



CITY OF MANZANITA

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COUNCIL WORK SESSION

Zoom Video Conference
<https://ci.manzanita.or.us>

AGENDA

July 10, 2024
02:00 PM Pacific Time

Video Meeting: Council will hold this meeting through video conference. The public may watch live on the [City's Website: ci.manzanita.or.us/broadcast](https://ci.manzanita.or.us/broadcast)

or by joining the Zoom meeting:

<https://us02web.zoom.us/j/81911169241?pwd=Ao3oiPybOuQQrDbR3RAMGt3y0YLRBI.1>

Meeting ID: 819 1116 9241

Passcode: 764376

Call in number: +1 253 215 8782

If you would like to submit written testimony to the City Council on items included on the agenda, please send your comments to cityhall@ci.manzanita.or.us and indicate the agenda item and date of meeting.

Note: Agenda item times are estimates and are subject to change.

- 1. CALL TO ORDER (2:00)**
Kathryn Stock, Mayor
- 2. SHORT-TERM RENTAL COMMITTEE UPDATE**
Linda Kozlowski, Council President
Jo Newhouse, Short Term Rental Committee Chair
Patrick Johnston, Short Term Rental Committee Member
- 3. ADJOURN (3:00)**
Kathryn Stock, Mayor

Meeting Accessibility Services and Americans with Disabilities Act (ADA) Notice

The city is committed to providing equal access to public meetings. To request listening and mobility assistance services contact the Office of the City Recorder at least 48 hours before the meeting by email at cityhall@ci.manzanita.or.us or phone at 503-812-2514. Staff will do their best to respond in a timely manner and to accommodate requests. Most Council meetings are broadcast live on the ci.manzanita.or.us/broadcast.

Short-Term Rental Committee

Executive Summary July 2024

SCOPE of our task *and the mission of the STR Committee*

The primary focus of the Short-Term Rental Committee (STR) is to research and propose potential policy that manages growth, while securing the long-term livability and well-being of our community. We recognize and have prioritized the necessity to balance the financial impact of STRs with maintaining our community's livability and neighborly village atmosphere.

BACKGROUND

Manzanita was one of the first towns on the Oregon coast to create vacation rental regulations. Since 1995, the city has managed STR licenses using a percentage-based system that allows license totals of up to 17.5% of housing stock in residential neighborhoods.

As the popularity and use of STRs grew, the capping process generally remained unchanged. The sole trigger and control for growth in the local STR population has always been the number of Manzanita houses.

In 2021, the STR Workgroup suggested to the Council a comprehensive rewrite of Ordinance 10-3, which governs short-term rentals. These changes were adopted by the Council and took effect in September 2021. (see attached).

Since implementing the percentage-based policy in 1995 the total number of households in the city has grown to approximately 1460 homes in 2024. As of May 30, 2024, there were 262 licensed STRs in the city of Manzanita.

In April 2022 the city council implemented a three-year partial freeze on STR license growth pending an in-depth citizen committee review of STR management practices and growth policies for our city. The partial freeze was set at 230 licensed STRs in residential zones R-2, R-3, and SR-R, but did not apply to the 32 licenses in the uncapped neighborhoods (C1, LC, and R4). The current STR population of 262 represents 17.8% of total houses.

Our community has been vocal on the topic of STRs. Citizens have voiced concerns that Manzanita is too STR-dependent, or that too many local STRs negatively impact their overall livability and well-being while others have stated that STR visitors add vibrancy to the town, or offer a needed income stream.

Manzanita is no longer a quiet town. Housing has doubled since 1990 and homes are getting larger. We have several large developments in progress with more on the horizon. A policy to manage the number and proximity of STRs needs to address this change. We have offered three options that all manage citywide growth and one easy-to-use measurement to address density.

PROPOSAL

After meeting with community members, conducting a community livability survey, and much research into STR management practices in neighboring communities we are suggesting that the council consider adopting a two-step STR license management system with mandatory periodic progress assessments:

- Step One: Establish a process for **citywide regulation** of STR licenses.
- Step two: Establish a process for **neighborhood density regulation** with proximity standards for all residential zones.

The Committee suggests that the above plan incorporates the following components:

- **Existing STR licenses would not be taken away.** All reductions in STR licenses would occur through attrition.
- **STR Growth control regulations would apply citywide**, expanding to all neighborhoods and building code zones. 7 in 10 residents who responded to the 2023 STR survey supported this change. This policy does not reflect a material change in percentages since the current city-wide number of licenses is at 17.8% (262 STRs).
- **The citywide growth regulation and the proximity standard would be implemented simultaneously.**
- **The proximity measurement will be a new tool to manage excess STR growth in our neighborhoods**, block by block. Over time, the proximity measurement will positively affect streets currently impacted by a high number of STRs. 77% of residents who responded to the 2023 STR survey supported a new density/proximity control.
- **STR license growth continues in commercial zones** without proximity standards(C1/LC) as long as these numbers do not exceed the new citywide STR license growth regulation.

70% of respondents to the 2023 STR Survey, which garnered almost 600 responses, indicated a desire to address neighborhood density. Members of the community, STR Committee, and Council have identified density as a key contributor to livability. Though density has many facets, we decided to focus on the concept of STR proximity, and the use of a proximity measurement to manage neighborhood density and proactively preserve livability.

For decades, our current STR ordinance did not address neighborhood density, or a control over total STRs in the city. The ordinance was applied to 4 of the 6 building code zones to distinguish between standard residential neighborhoods and higher traffic areas. Commercial (C-1) zones and High-Density Residential (R-4) zones were excluded from the original city cap counts.

The technology is in place for administering a neighborhood proximity system to address density. Tillamook County has a mapping system that tracks all Manzanita properties. This public GIS map is completely managed by the County, and anyone in Manzanita can use the GIS map for free from any computer, mobile device, or cell phone. The proximity measurement can be implemented upon request by the Council without additional fees or software maintenance requirements. The County system is accurate and available.

PART 1: CITY-WIDE REGULATION (STR Growth Controls):

To regulate total STR licenses in the city, we are suggesting that the council consider one of three control options listed below. While we suggest review periods, we recognize that the Council has the option of conducting a review at any time based on circumstances.

All of the following, including the benefits and drawbacks, are simply considerations that we discussed if this policy was chosen and continued for a period of years.

- Option A (Percentage-Based Growth - (modified status quo): An Increase based on 17 ½% of total houses with no STR numerical ceiling: Keep the percentage at the same number as in Ordinance 95-4 except that STR licenses in the previously excluded zones would be included in the count. We recommend a mandatory review when the number of new STR licenses grows by 10.
- Option B (Fixed Number Ceiling): Limit STR Licenses to a fixed ceiling. Our suggested number is 275 licenses.
- Option C (Incremental Growth): The Committee suggests that the number of STR licenses increase by two per year. We recommend a mandatory Council review with community feedback when the licenses have increased by 10.

All of these options rely on a single citywide growth control so there is no need for the city staff to conduct monthly calculations or tracking of “grandfathered” licenses, vs. commercial licenses vs. residential licenses. We believe that a citywide growth control is clear and consistent and therefore becomes much easier to explain to the general public and to potential STR license applicants.

A) Percentage-based [modified Status Quo]

Implementation cost: continued monitoring steps for the review process

Benefits	Drawbacks
STR Revenue keeps pace with housing growth	Not addressing survey responses of too many STRs (FT - 48%, PT - 29%)
No immediate STR license ceiling (revenue)	No immediate STR license ceiling (livability)
Less change to current budget projections	STR licenses are driven by development, not the city
	STR totals and traffic grow at the fastest pace of 3 plans
	Requires monthly calculation of 17.5% STR limit
	Has been a difficult plan to explain to public
	The City would need a policy revision to 95-4 to change “dwelling units” as the criteria to the 17.5% so that new apartments would not cause immediate growth in STR licenses.
	If the City experiences rapid growth in housing stock, mandatory Council reviews could happen often.
	Growth in STR totals is no longer allowed in all local coastal cities with more than 50 STR licenses.

B) Fixed License Ceiling

This would fix the number of STR licenses at 275 in Manzanita.

Implementation cost: Costs reduced; less monitoring time needed. Fewer questions from the public.

Benefits	Drawbacks
This plan has a fixed number ceiling that will end growth of STR licenses. Survey results show for full-timers, 263 STRs was appropriate for 41% and “too many” for 48% of surveyed residents.	The 275 number may be reached immediately
Generates more revenue to the City budget in the first 5 years.	Lower revenue growth in the long term
Addresses the community’s livability concerns	Funding sources needed for future infrastructure
Less uncertainty in city budget projections	
STR population is controlled by the City	
No exponential growth in STRs from new development, apartments	
Consistent with other coastal towns & counties	
Simplicity and transparency, easy to explain & track	
Growth control calculations are no longer required by city staff.	

C) Incremental Growth

The number of STR licenses would increase by two per year. There would be a mandatory Council review when the licenses have increased by 10.

Implementation cost: Costs reduced, less monitoring time needed. Fewer questions from the public.

Benefits	Drawbacks
Slightly slower, controlled growth than our current ordinance	Slightly slower, controlled growth than our current ordinance
Less impact on livability than the percentage plan, but more than a fixed ceiling.	All coastal cities with more than 50 STR licenses no longer allow growth in STR totals.
Consistent STR growth simplifies city budget projections	
No exponential growth in STRs from new development, apartments	
STR growth is controlled by the City	
Simplicity and transparency, easy to explain & track	
Growth control calculations are no longer required by city staff.	

PART 2: NEIGHBORHOOD DENSITY PLAN (Local proximity tool):

The committee suggests a proximity measurement for new STR license applicants as the most effective, affordable, and user-friendly tool to monitor neighborhood STR density levels. If the applicant meets the proximity/density standards the license will be approved. If the applicant does not meet the proximity criteria the license will be denied. This process is used by several coastal towns to manage STR density in their communities.

This new step expands Manzanita's current neighborhood process to protect our homes against excess STR flow while reducing the number of STR licenses over time on streets with significant STR concentrations.

Proximity Measurement Process:

- The process applies to each new STR applicant based on the number of STRs within a 100-foot radius of the applicant. The potential STR is the center of the 100-foot radius and is counted in the STR total.
- C1 (Commercial) or LC (limited Commercial) zones are not subject to the proximity measurement process. This allows larger growth of STRs in commercial zones as long as the City's STR license total remains below citywide growth controls.
- Down the road, a more advanced city map is also available that requires a monthly update by the software developer, or another interested party, to load the County's radius technology, which allows for a proximity measurement from a single "all in one STR map" for any STR applicant in Manzanita.

Density is a complex concept because the word means many things to many people. Based on community discussions and survey results, "density" could mean proximity of STRs in a certain area, the number of people (and dogs) occupying a given STR, flows of car traffic and pedestrians, volume or locations of parked cars, levels of STR usage, or number of days an STR is rented. The impact of density might rise on streets with dead ends or limited traffic egress. As such, it requires further study.

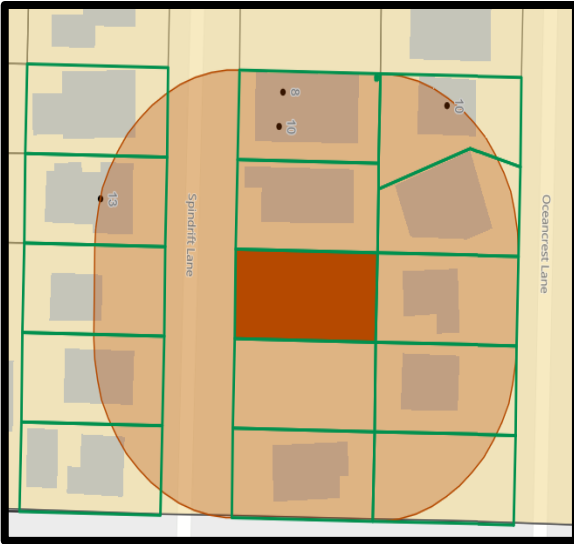
The proximity measurement tool can be implemented upon Council request without additional fees or maintenance using:

- 1) The Tillamook County GIS map, and 2a) The list of STR license addresses on the city website, or 2b) the GIS technology developed by Brian Sindt that shows the 262 existing STRs on the city map.

The digital city map requires one 10-minute update per month to upload the city's Excel list of all STR addresses to the local GIS software. Max Halverson, our code enforcement officer, uses this mapping system on his phone to locate short-term rentals in the city as part of his enforcement duties.

Examples:

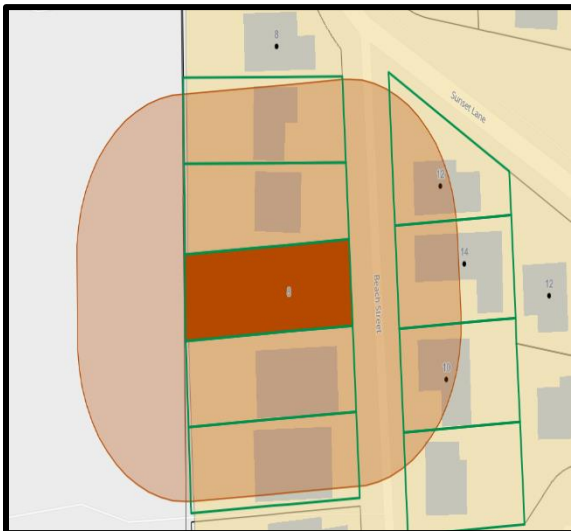
- A) "Approved" (1-5 STRs):** An STR license is granted if there will be 5 or fewer STRs (including the new applicant) within a 100-foot radius **and** the total STRs in the city are below the citywide growth control.
- B) "Not Approved" License (more than 5 STRs):** An STR license would be denied if there are more than 5 STRs in the 100-foot radius (including the new applicant).
- C) Unique Streets:** The 100-foot radius and 5 STR limit would still apply when considering potential STRs that are beachfront, next to unincorporated areas, or located next to the State Park.



A) **“Approved” (1-5 STRs):** (Count each green outlined lot) An STR license is granted if there will be 5 or fewer STRs (including the new applicant) within a 100-foot radius **and** the total STRs in the city are below the citywide growth control.



B) **“Not Approved” License (more than 5 STRs):** (Count each green outlined lot) An STR license would be denied if there are more than 5 STRs in the 100-foot radius (including the new applicant).



C) **Unique Streets:** (Count each green outlined lot) The 100-foot radius and 5 STR limit would still apply when considering potential STRs that are beachfront, next to unincorporated areas, or located next to the State Park.

IMMEDIATE ORDINANCE 10-3 CORRECTIONS:

- Change language in the ordinance to ensure an STR sign is **readable** from the street.
- Change the dark-sky paragraph to reflect the new city-wide ordinance.

OTHER FUTURE TOPICS FOR THE COMMITTEE:

The committee intends to explore other density issues further in the fall/winter. The number of people in each house is another potential area impacting density and livability. Other considerations are to put a limit on the number of days a year a home is rented or to put an upper limit on the number of occupants.

Another consideration is to let the 10-3 changes and code enforcement officer have at least one or two summers of experience before suggesting additional policies.

- Look at same-partner multiple license loophole. (If a home is owned by an LLC or trust, and the partner is not listed on the deed documents, a couple can own two STR homes.)
- Revisit fines/violations regarding renter pets, responsible parties, etc.
- Number of violations triggering revocation
- UGBs: The Manzanita Urban Growth Boundary STR licenses are controlled by County ordinance. If and when a UGB is annexed into the city, it would be wise to have a process for absorbing those STRs into the city program. There were 41 County STR licenses in the Manzanita UGBs in 2023. The Committee would like to address this at a later date.

PURPOSE

This report is written in response to a request from Manzanita City Council to the Short-Term Rental Committee to advise on Short-Term Rental (STR) policy as it relates to the management of STRs and the considerations of both positive and negative impacts on livability.

The STR Committee's mission statement is to: **propose policies on Manzanita short-term rentals that will enhance the City's livability; consider financial health; and inform residents, managers, and visitors about these policies.**

The specific focus of this STR policy report is to present suggestions for potential policy tools that aim to manage the number of STRs within the City limits. The STR Committee suggests that any policy tool managing the number of STRs within City limits also consider the density of STRs within neighborhoods, individual streets, and relative to each STR through the use of proximity metrics.

This report is organized into the following sections:

- Section 1: Background
 - Historical, Current, and Forecast Policy Context
 - Regional Policy Context
 - Historical, Current, and Forecast Budget Context
 - Survey Summary: 2023 STR Livability Survey
- Section 2: Need, Objective, and Policy
 - Core Policy Framework
- Section 3: Policy Implementation
 - Supporting Policies
 - Management of the Number of Licensed STRs
 - Density and Proximity of STRs

Committee Members:

Michael Duncan

Patrick Johnston

Carol Kennedy

Anupam Narayen

Jo Newhouse, Chairperson

Cheryl Ogburn

Jill Petty

Phil Mannan (Planning Commission)

Linda Kozlowski (City Council)

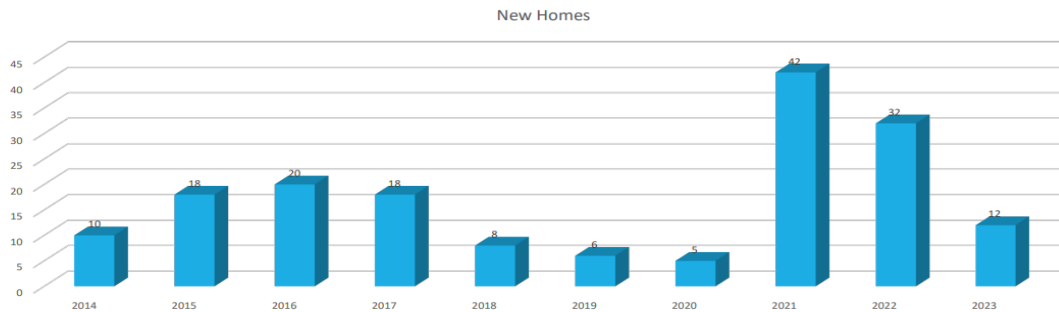
SECTION 1: BACKGROUND

The purpose of this section is to provide historical policy context and outline budget considerations as they relate to the management of the number of City-licensed STRs. This section also summarizes key findings from the 2023 STR Livability survey and summarizes STR-specific policy currently in use along the Oregon Coast.

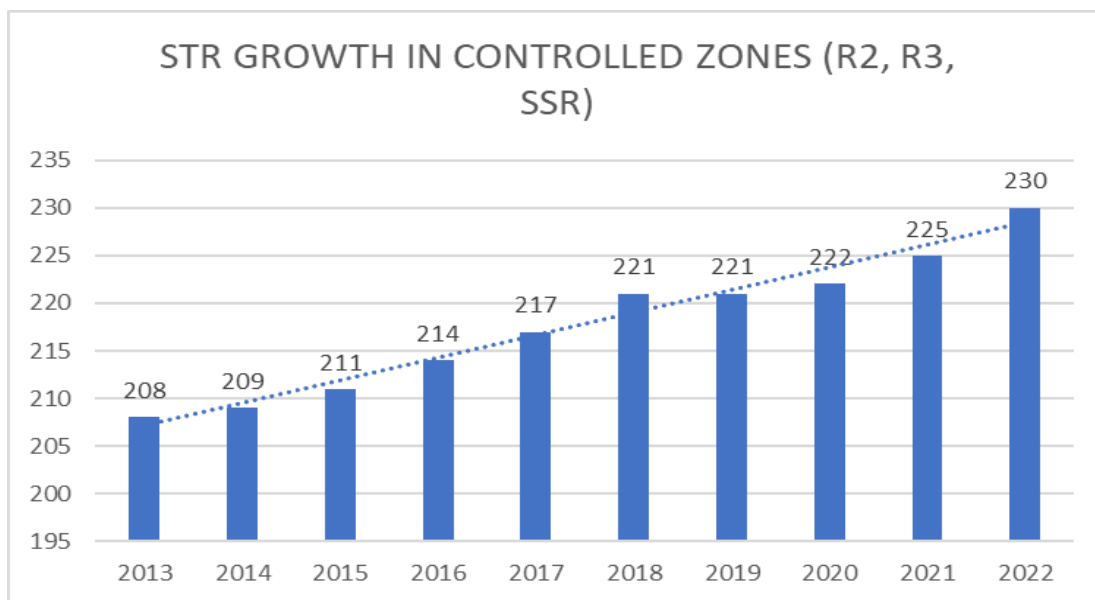
Historical, Current, and Forecast Policy Context

In 1995, the City adopted a policy that required a percentage-based system to manage the number of licensed STRs in Manzanita. This policy is implemented through Ordinance 10-3 which limits STRs to 17.5% of existing homes within Manzanita's City limits. This percentage-based limit does not include Commercial (C-1) and High-Density Residential (R-4) zoning.

Since the implementation of the percentage-based policy, the total number of households has grown to 1,470. According to census data, there were 695 households in 1990 and 1074 households in 2000.



As of May 30, 2024, there were 262 licensed STRs in all of Manzanita, including the C1 and R4 zones. This equates to approximately 17.8% of the City's existing housing.



This is an average increase of 2.4 homes per year over the nine years prior to the freeze.

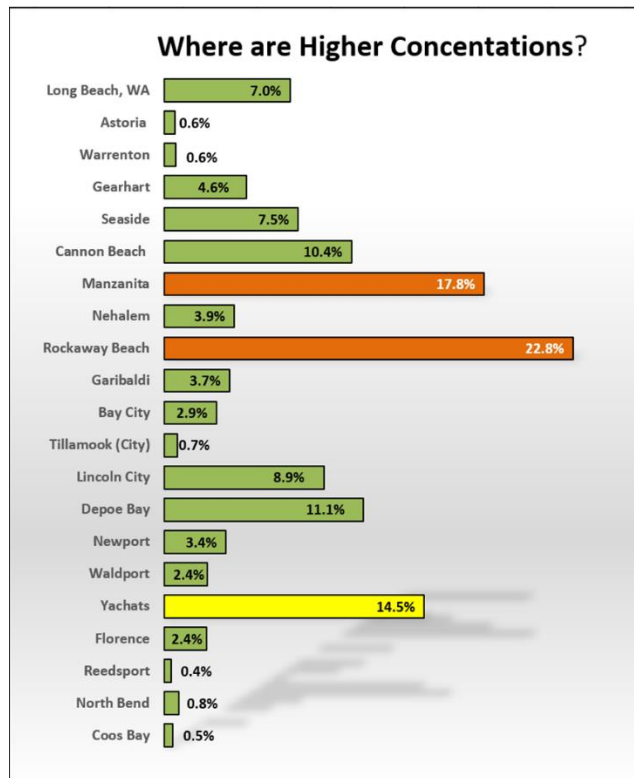
The Committee conducted a high-level analysis of the 2019 Buildable Lands Inventory based on forecasted population growth and the amount of buildable land available to be annexed from lands within the Urban Growth Boundary (UGB). Over a period of 20 years, the number of City-licensed STRs could increase by 100 STRs to approximately 360 by 2039. Due to zoning changes and prospects of multi-family dwellings, the number of dwelling units may be much higher.

City Manager Leila Aman met with the Committee in January of 2024 and said that it should be noted that the BLI will be updated once the state has finalized the rules for conducting a housing needs assessments. Our capacity will also change for vacant land, and developed land, depending on how SB 406 (Middle Housing) is implemented in Manzanita. (example: Parking reductions for Oregon's middle housing rules and requirements for STRs may be in conflict.)

It is important to note in addition to the 262 Manzanita licenses, there are currently 124 County-licensed STRs just outside of City limits, (within Neahkahnie (84) and the Manzanita UGB (41)) for a total of 386. In many ways, the community is already experiencing both positive and negative impacts from these County-licensed STRs, though without any of the Transient Lodging Tax revenue.

STR Totals	Location	Current STR Control over License & Policy	Potential Future Control over License & Policy	Generating City Income
262	Manzanita	City of Manzanita	City of Manzanita	Yes
84	Neahkahnie (UGB)	Tillamook County	Tillamook County	No
41	Manzanita (UGB)	Tillamook County	<i>City of Manzanita</i>	<i>Not yet (upon incorporation)</i>
386				

This chart shows STR levels in neighboring cities as of December 2023. Hotels are excluded from the following data:



In 2022, the City Council voted in favor of placing a partial freeze on STR growth for up to three years pending an in-depth review of policy managing the number of STRs and the considerations of how STRs impart both positive and negative impacts to livability. A freeze of 230 City-licensed STRs was placed on the City's R-2, R-3, and SSR zones. There was no freeze placed on the number of licenses issued in Commercial, High-Density Residential zoning. The 2022 license freeze expires in April of 2025.

In 2023 the City, through the STR Committee, conducted an update to the 2020 STR Livability survey. The 2023 STR Livability survey results, conversations with City Councilors, and the discussions among the members of the STR committee indicated that the large majority of community members want to enhance the City's livability and maintain our village atmosphere.

STR Progress since the Committee inception includes:

- Community surveyed about STRs with strong response rate
- Engaged with community (Library meetings with Councilors, public discussions)
- Researched peer communities on STR policy strengths and challenges
- Expanded Team
 - 7-person STR Committee
 - Chief Enforcement Officer
 - City STR by administrators (expanded)
- Created a Good Neighbor Guide
- Online form for complaints
- Delivered Essential Resources window film and Good Neighbor Guide to 1400 residents & homeowners.
- Established an interactive GIS website map with all STRs for info & enforcement.
- New and evolving STR Issues Tracking process (CEO & City)

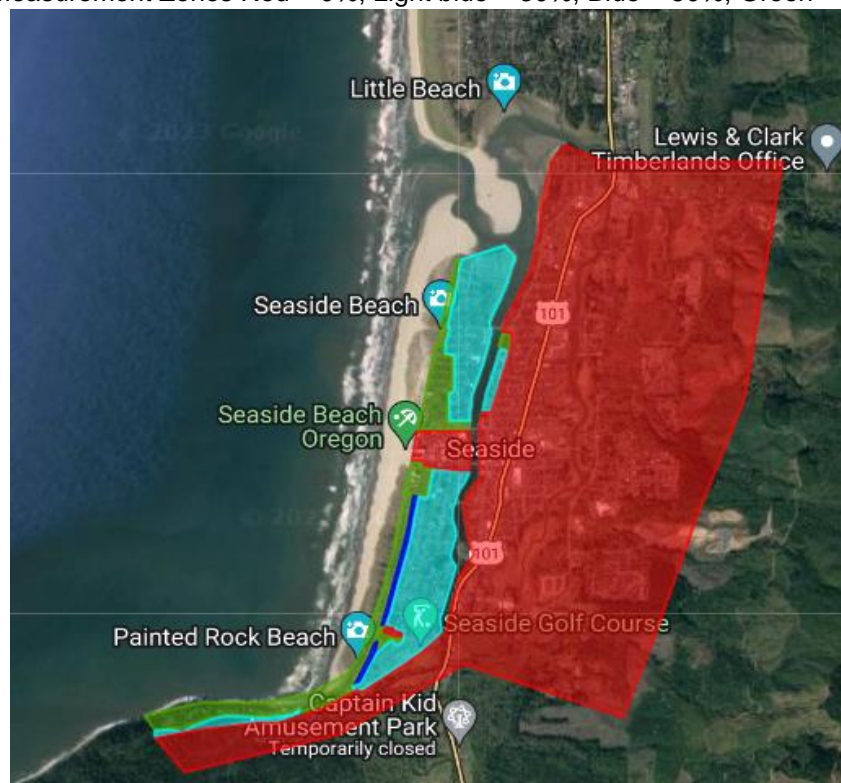
Regional Policy Context

Like Manzanita, many jurisdictions along the Oregon Coast have adopted policies to manage the number of licensed STRs (see Coastal Policy Chart below). These policies have been implemented either with a **Fixed Ceiling** or, similar to Manzanita's existing policy, an iteration of a **Percentage-Based Limit**. Policy managing STR licenses has been applied both jurisdiction-wide and by specific geographic boundaries (zoning, neighborhoods, etc.). Some communities have paired this policy with **Density Tools** or **Proximity Metrics**. The following is a summary of STR policies found in Coastal Oregon communities:

- **A Fixed Ceiling** places a static limit on the number of licensed STRs. A **Fixed Ceiling** STR policy is used by Tillamook County, Rockaway (began in 2024), Gearhart, Bay City, Lincoln City, Newport, Yachats, and Coos Bay.
- **Density Control** can be implemented by **Proximity Measurements** to ensure that the number of STRs does not exceed a predetermined density limit around a potential STR applicant. This protects neighborhoods from growth beyond established density levels and will reduce STR density over time through attrition in neighborhoods with higher STR density levels.

- **Proximity Measurements** are utilized in Seaside as a neighborhood density control. The Proximity Measurement determines the number/percentage of STRs in a 100-foot radius of each new STR applicant. (See picture).
 - **Note:** A standard block has 15 houses on 50 x 100-foot lots within a 100-foot radius. (For example, imagine 2 houses to your left and right (5 total), the 5 houses on the backyard side of your block, and the 5 homes across the street).

Seaside Proximity Measurement Zones Red = 0%, Light blue = 30%, Blue = 50%, Green = 100% (no limit)



- **Attrition Mode:** many cities block STRs from neighborhoods in some or all residential zones with “0% caps” (i.e., STRs may not be added or replaced in the identified zone). Seven surveyed cities presently use this method: Long Beach, WA, Astoria, Warrington, Nehalem, Garibaldi, Deport Bay, and Newport.
- **Lincoln County:** Lincoln County adopted a **Fixed Ceiling** policy. This policy limited the number of STRs to 2% of the housing stock (at the time of adoption), or 181 STRs. Lincoln County has 506 permitted STRs. STR re-balancing may take decades in Lincoln City.
- **Clatsop County** residents nearly voted to end STRs for the County and unincorporated areas. In May 2023, 49.5% (4,577) voted to end STRs. 50.5% of residents (4,666) voted to keep STRs.

In 2024 the Committee informally surveyed 23 incorporated cities on existing STR policies and STR cap histories. The Committee used this information to evaluate policy options.

Coastal Policy Summary:

	STR total at 12/31/23	STR % at 12/31/23	STRs Under 50	Restrict # of STR Licenses	Fixed Ceiling on STR #	Growth Ceiling (% based)	Residential Caps	Restrict STRs with Other Means	Restrict Location
1 Manzanita	255	16.7%	N	Y	N	Y	N		-
2 Long Beach, WA	110	7.0%	N	Y	N	N	Y	Block in residential zones	0% STRs R1, R1R, R2. 200' halo in 2FR & S2.
3 Astoria	32	0.6%	Y	Y	N	N	Y	Owner Occupied STRs only	0% Residential STRs without owner present. 2 BDR max.
4 Warrenton	17	0.6%	Y	Y	N	N	Y	Owner Occupied STRs only	0% Residential STRs outside Hammond area (Ft. Stevens). 1-2 BDR.
5 Gearhart	66	4.6%	N	Y	66	N	Y	New STRs will never be allowed	Commercial & R3 STRs only
6 Seaside	360	7.5%	N	Y	N	N	Y	90D post-sale; 2Y from C&D	100%/50%/30%/0% STR Density Cap (West to East) inside 100' halo
7 Cannon Beach	197	10.4%	N	Y	N	N	N	Permits w/o tie to housing stock	44 unlimited-use (Legacy) permits, 3 five-year permits, 150 limited-use permits.
8 Nehalem	7	3.9%	Y	Y	N	N	Y	Block in residential zones	0% low-density Residential(A1)
9 Rockaway Beach	451	22.8%*	N	Y	420	N	N	Fixed cap below current level	
10 Garibaldi	17	3.7%	Y	Y	N	N	Y	Block in residential zones	0% STRs N of Hwy 101 (80%). 0% new Rez STRs S of 101 post-2008
11 Bay City	29	2.9%	Y	Y	40	N	Y	Fixed cap (logic: 5% of housing)	200'/1BLK halo (M1/S3); 400F/2BLK halo (L1)
12 Tillamook (County)	1066	15.5%	N	Y	N	N	N	Fixed cap set by County	
13 Tillamook (City)	17	0.7%	Y	N	N	N	N		
14 Netarts (UIC)	102	13.3%	N	Y	N	N	N	Fixed cap set by County	
15 Pacific City/Woods (UIC)	316	22.7%	N	Y	N	N	N	Fixed cap set by County	
16 Lincoln City	627	8.9%	N	Y	285	N	Y	Fixed cap (logic: 10% of lots)	285=194 R1-5, 91 "R1RE" (Roads End beach area <10% of the City)
17 Depoe Bay	101	11.1%	N	Y	N	N	Y	Block in residential zones	0% Residential STRs. C1, L1 only (12 on North Coast Ave). Plus 1 new development.
18 Newport	192	3.4%	N	Y	176	N	Y	Fixed cap (logic: 2.5% of housing)	C-1 and "water zones". 5 BDR limit
19 Waldport	30	2.4%	Y	N	N	N	N		OK for Residential STRs. No Industrial zone STRs
20 Yachats	125	14.5%	N	Y	125	N	N	Fixed cap (logic: 15% of housing)	
21 Florence	26	0.5%	Y	N	N	N	N		Just beginning a first run at a STR process
22 Reedsport	9	0.4%	Y	N	N	N	N		Limited demand (4 owner-occupied STRs; 5 STRs)
23 North Bend	39	0.8%	Y	N	N	N	N		Limited demand
24 Coos Bay	38	0.5%	Y	Y	75+C1	N	Y	75 cap in residential zones	C-1 unlimited

* Rockaway Beach established a 420 STR ceiling in April 2024. It's STR% grew from 22.8% to 25.8% in the first four months of 2024

2023 STR Livability Survey

The following are relevant key findings from the 2023 STR Livability survey that were to be considered in developing policy used to manage the quantity of City-licensed STRs:

Survey Summary:

Sentiment regarding experiences with STRs:

.A **strong majority** of full-time (74%) and part-time (84%) respondents to the Manzanita Short-Term Rental Survey (2023), indicated that they have had **generally positive (25%/31%) or neutral (49%/53%) experiences with STRs.**

City-wide cap

A **majority** of Full-Time (69%) and Part-Time (53%) respondents to the Manzanita Short-Term Rental Survey (2023), indicated that the City-wide cap **should apply to all zoning** (including Commercial and High-Density Residential).

Density

A **strong majority** of Full-Time (77%) and Part-Time (59%) respondents to the Manzanita Short-Term Rental Survey (2023), indicated that they would be **in favor of regulating density/proximity limits** to STR homes.

Number of STRs

2023 Survey Question: Is the Current Number of STRs (263)

	Too Many		Reasonable		Too Few		No response		Total
Full-time residents	48%	107	41%	92	6%	13	6%	13	225
Part-time residents	29%	48	50%	83	12%	20	8%	14	165

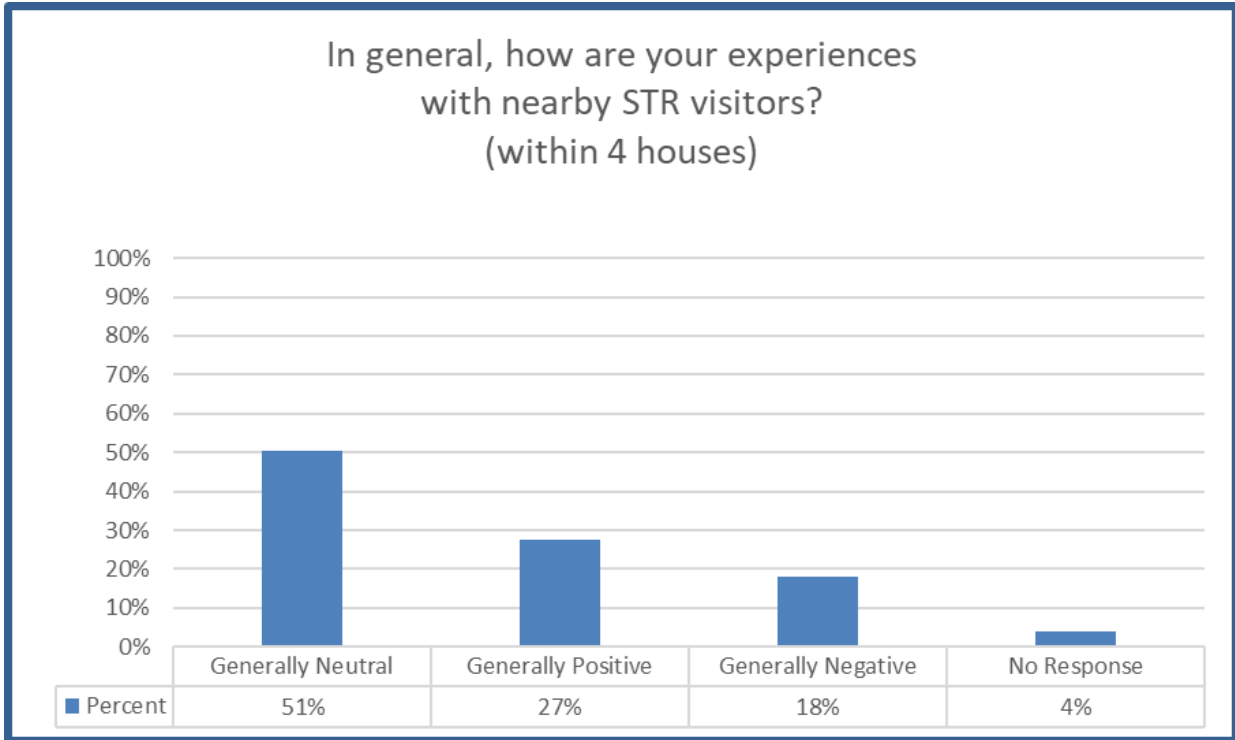
Full-Time respondents thought that 263 STRs was “too many” rather than “too few” by an 8-to-1 margin, (107 vs 13 responses).

Full-Time respondents indicated that **there are currently a reasonable number (41%)** (263 STRs at time of survey).

A **majority** of Part-Time (66%) respondents to the Manzanita Short-Term Rental Survey (2023), indicated that **there are currently a reasonable amount (50%) or too few (12%)** STRs (263 STRs at time of survey).

2023 STR Livability Survey Key Findings Summary

While both full-time and part-time survey respondents differ in their sentiment regarding the number of City-licensed STRs, a strong majority have had **generally positive or neutral experiences with STRs**.



Full-time Resident Detail:

Answer Choices	Responses	
Generally Neutral	49%	110
Generally Positive	25%	56
Generally Negative	23%	52
No Response	3%	7
	100%	225

Part-time Resident Detail:

Answer Choices	Responses	
Generally Neutral	53%	87
Generally Positive	31%	51
Generally Negative	12%	19
No Response	5%	8
	100%	165

Full-time and part-time respondents share similar sentiments regarding where an STR growth control should be applied and whether this should be implemented along with an STR density policy.

- A majority of both full-time (69%) and part-time (53%) respondents indicated that a City-wide control should apply to all zoning.
- A strong majority of both full-time (77%) and part-time (59%) respondents indicated that they were in favor of density/proximity limits to STR homes.

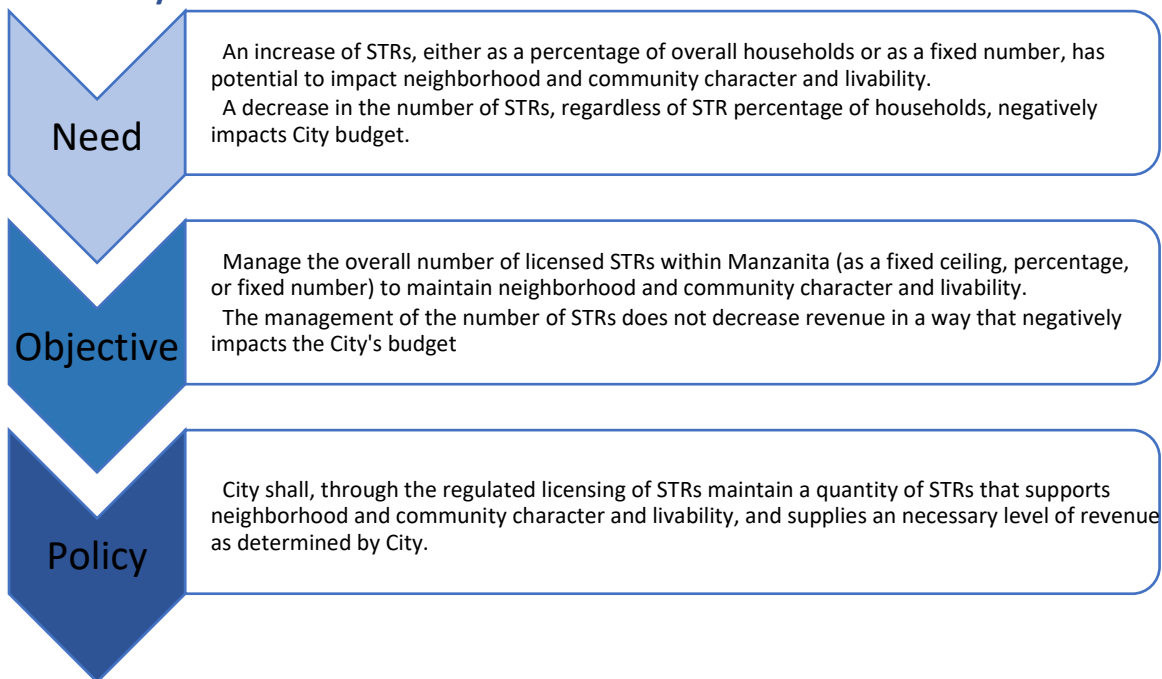
SECTION 2: NEED, OBJECTIVE, AND POLICY

The purpose of this section is to outline the need, objectives, and Core STR policy.

The need, objectives, and Core STR policy were developed in response to the request from the Manzanita City Council to the STR Committee to advise on STR-related policy. Input received from the City Council, community comments, and the results of the 2023 STR Livability Survey were used in identifying needs specific to the STRs and how they impact the City. The Objectives and Core STR Policy were drafted after considering current and historical policy context (local and regional) and community sentiment to develop an implementable policy that supports community character, neighborhood livability, and the City's budget needs.

As Manzanita grows, there is a need to maintain a balance between vibrancy and livability. As part of this expected growth, STRs and visitors to the City will continue to be an integral part of the community's character and are a critical source of revenue needed to support City operations. This balance must include mitigating negative impacts and supporting the positive elements of STRs as the community densifies within the City limits and expands into the Urban Growth Boundary. At some point, the Committee and Council need to address the absorption of the 41 UGB STR properties into the City.

Core Policy Framework



SECTION 3: POLICY IMPLEMENTATION

This section identifies specific supporting policies to implement the Core STR Policy. This section also contains a high-level analysis of those supporting policies.

To implement the Core STR Policy, two supporting policies should be considered. These supporting policies are grouped into these areas:

- Management of the Number of Licensed STRs; and
- Density/Proximity of STRs

Policy Options, an Overview

Budgetary Considerations

All three policy options provide continued revenue growth. Revenue growth rates differ.

- More STRs do not guarantee more revenue. If consumer demand changes, rental rates decline and TLT revenue can destabilize or deteriorate.
- No policy recommendations are being made to reduce STR revenue or STR totals from current numbers. However, if a fixed ceiling is chosen by the Council, revenue forecasts may need to be adjusted. A fixed ceiling on total STRs might increase the long-term risk of a budget shortfall from the costs of rising population, expanding housing stock, and staffing needs.
- Every other Oregon coast city with tourist flow has extended a fixed ceiling citywide, or no longer allows STRs in some residential neighborhoods.
- Future infrastructure improvements and maintenance needed to support increased population could be costly. Capital expenditures will be needed to address the increasing strain on roads, water, sewage, and traffic control. Funding sources for infrastructure become even more necessary.
- The City has a Revenue Diversification Committee that is looking at other revenue sources such as a prepared food tax or parking to mitigate the reliance on STRs.
- The City has raised multiple fees to increase revenue (water, development, STR fees).
- Manzanita earned the second-highest credit rating of “Double A” (AA-) from S&P Global in 2022.
- Tax revenue is extremely limited beyond TLT: Manzanita has no income or sales tax Federal timber subsidies ended in 2011. Property tax generates less than \$75k from residents, and less than \$300k overall.

Assessment of Manzanita’s financial strength and budget considerations:

From Leila Aman’s presentation of January 2024

Growth in STR tax revenue for the last 10 years:

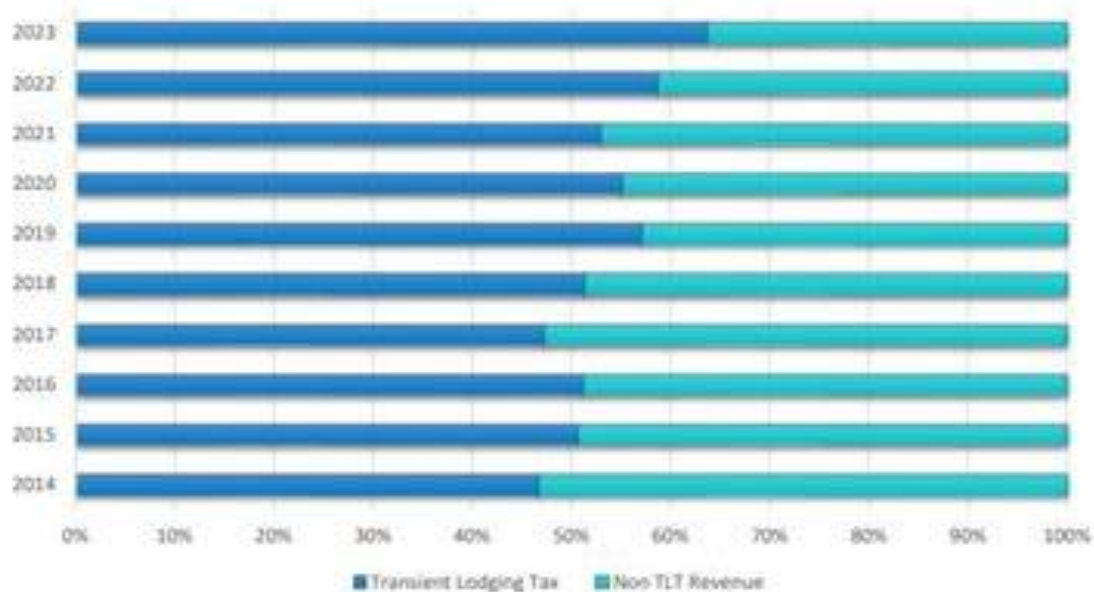
Fiscal Year	Total Actual TLT	Percent Change		Fiscal Year	Total Actual TLT	Percent Change
13/14	\$ 599,126.00			18/19	\$ 867,303.00	
14/15	\$ 678,788.00	13%		19/20	\$ 954,033.00	10%
15/16	\$ 720,840.00	6%		20/21	\$ 1,049,436.00	10%
16/17	\$ 811,090.00	10%		21/22	\$ 1,154,380.00	10%
17/18	\$ 893,329.00	13%		22/23	\$ 1,269,818.00	10%
18/19	\$ 1,026,517.00	15%		23/24	\$ 1,396,799.00	10%
Average Rate of Growth 13-19		11%		23/24 Budget Est	\$ 1,300,000.00	

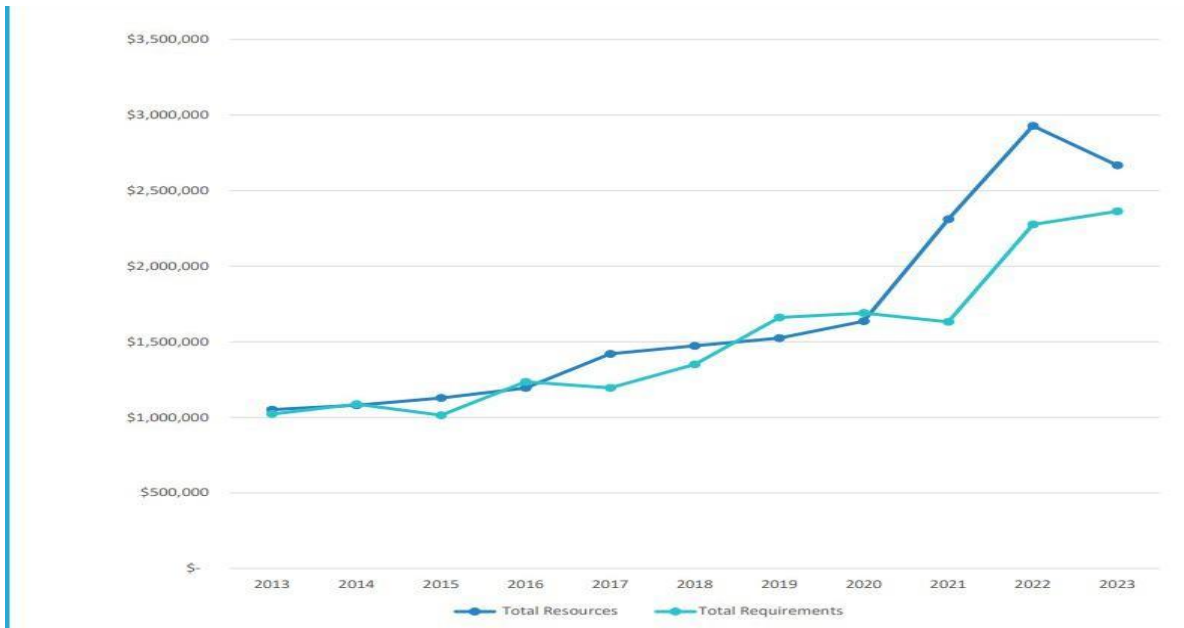
Average rate of growth for pre COVID years (FY 2013-2014 through FY 2018-2019) =11%

With a freeze and potential for new methodology for limiting new permits (thus decreasing potential new revenue) a conservative approach was advisable.

	FY 23-24	FY 24-25	FY 25-26	FY 26-27
Projected STR Revenue	\$ 1,300,000	\$ 1,378,000	\$ 1,460,680	\$ 1,548,321

TLT represents the largest funding source for city services and infrastructure.





- Projections from the city’s General Fund through FY 2028 reflect “more than adequate net revenues necessary to provide the required 1.20 debt service coverage ratio (DSC)” (State of Oregon).

2023 STR Livability Survey Considerations

Supporting policies should reflect the following considerations as identified in the 2023 STR Livability Survey:

- **Full-time and part-time** survey respondents have had **generally positive or neutral experiences with STRs.**
- **Very few** respondents indicated the need for more STRs by responding that there were “too few”.
- **Close to half of full-time** respondents indicated that there are **too many STRs.**
- A **majority of part-time** respondents indicated there is a **reasonable amount of STRs.**
- A **majority** of both **full-time and part-time** respondents indicated that **a City-wide cap should apply to all zoning.**
- A **strong majority** of both **full-time and part-time** respondents indicated that they were in **favor of density/proximity limits to STR homes.**

Growth Control Options, Analysis

This section provides an overview of policy considerations as they relate to each specific option. It does not rank or score the policy options but shows considerations that influenced our suggestions.

All Growth Control Options:

- Should be paired with a proximity policy.
- Should **apply City-wide**, specifically, to R-2, R-3, R-4, SSR, LC, and C-1 zoned land within City limits. There is precedence for this type of change.
 - In 2006, the SSR zone was added to the 17 ½% calculation without increasing the percentage. All homes in the SSR zone were grandfathered until the house was sold or the STR license was no longer valid (Ordinance 10-2 section 6.030).
 - Six out of seven cities on the coast include the commercial zones in their measurements.
- Review of the STR growth control policy should be re-evaluated after one year and then as noted for each option, or at a time consistent local periodic review of policy, revenue considerations, and community sentiment– whichever is sooner.

Growth Control Options:

- Option A (Percentage-Based Growth - (modified status quo): An Increase based on 17 ½% of total houses with no STR numerical ceiling: Keep the percentage at the same number as in Ordinance 95-4 except that STR licenses in the previously excluded zones would be included in the count. We recommend a mandatory review when the number of new STR licenses grows by 10.
- Option B (Fixed Number Cap): Limit STR Licenses to a fixed cap. Our suggested number is 275 licenses.
- Option C (Incremental Growth): The Committee suggested that the number of STR licenses increase by two per year with no STR numerical ceiling. We recommend a mandatory Council review with community feedback when the licenses have increased by 10.

Option 1: Percentage-based [Status Quo]

Policy Considerations:

- This policy option keeps the existing policy as it is currently written and implemented with a percentage-based number of STR licenses of 17.5%. The only change is that the percentage would be applied City-wide (including the C1, LC, and R4 zones).
- This approach offers straightforward implementation (i.e., keeping existing policy for managing STRs).
- Close to half of the full-time 2022 Livability Survey respondents feel there are too many STRs. A percentage growth would not address this concern.
- Maintaining the percentage-based system continues the City's projections of revenue. As the City grows, the TLT revenue grows with it.
- With a percentage-based policy tool, you pick a number and grow into it relational to household growth.
- If a proximity policy is not implemented, this option should be paired with additional policy language to consider households in HOAs and apartments and their role in the STR percentage calculation.

- We recommend a mandatory review each time the number of new STRs grows by a total of 10 since the last review. If there is a sudden spurt in dwelling units, this would trigger a review by the Council and Committee to determine whether a temporary freeze or re-evaluation of the policy is needed.

Option 2: Limited Number of STRs (also known as a fixed cap)

- We are recommending a cap of 275.
 - This plan has a fixed number ceiling that will end growth, 263 STRs was appropriate (41%) or “too many” (48%) to full-time surveyed residents.
 - This number is a balance between livability and financial strength.
- In the County, Tillamook put a cap on STRs using an increase of 1% of homes. Using the same approach, Manzanita has about 1460 homes. We currently have 262 STR licenses. Adding 14 new licenses would give us a cap of 277.
- The 275 cap draws from the Tillamook County process, which increased available STR licenses by 1% of houses before fixing its caps. (1% of Manzanita housing stock is 15 additional STRs).
- The number of STRs could jump immediately.
- Generates more revenue to the City budget than any other option in the first 5 years.
- All of Tillamook County's unincorporated areas are now using fixed ceilings.
- No other coastal communities with 50 licenses or more are allowing increases to STR license totals. See Coastal Policy Chart above.
- A fixed cap may not keep pace with projected budget estimates and needs.
- Simple and transparent, easy to explain & track
- No additional policy is needed to address HOAs that may limit the presence of STRs.
- A fixed cap policy keeps the number of STR licenses in the control of the City, rather than being dependent on development.

Option 3: Incremental Growth using a set number of STR increases per year

- With an Incremental Growth policy tool, you pick a number and grow at a predetermined pace.
- To allow for future growth the committee recommends adding two homes a year to the allowed number of STRs. In the past 10 years, the STR percentage of 17 ½ allowed an average growth of 2.4 homes a year. Adding two homes a year to the available licenses will slow down the growth of STRs somewhat, which the survey results support, but will still grow revenues.
- No additional policy is needed to address HOAs that may limit the presence of STRs if proximity is not addressed.
- An incremental growth policy places the growth of STRs back in the control of the City, rather than being dependent on development.
- The growth rate would be a city-administered function.
- In the absence of an in-depth economic analysis that forecasts infrastructure needs (water, sewer, transportation) over an extended period, using a consistent number tied to historical growth aligns with fiscal needs as defined by City staff.
- We recommend a mandatory Council review when the licenses have increased by 10.

Comparison of Plans

	17 ½% of homes	Fixed Ceiling	Two licenses per year
Meets expectations of majority of survey respondents	No	Yes	Yes
No Additional policy needed to address no STR HOAs	No	Yes	Yes
No Additional policy needed to address 'dwelling unit' definition	No	Yes	Yes
Used by other Oregon Coastal Cities	No	Yes	No
STRs increase as City Grows	Yes	No	Yes
Growth is proportional	Yes	No	No
Ease of City administration	No	Yes	Yes

Supporting Policy for Density/Proximity of STRs

Overview:

The 2023 survey indicated a desire by the majority of respondents to address density. Members of the Council also raised this issue. Density is a large issue, with many facets. (Number of total STRs, number allowed in a particular area, number of occupants/vehicles allowed at an STR, whether the house is on a dead-end street, etc.) We decided to focus on the element of STR proximity.

The committee suggests a proximity measurement for new STR applicants as the most effective, affordable, and user-friendly tool to address neighborhood STR density. Each new STR applicant would be subject to the proximity measurement tool before earning a license. A limit will be placed on the number of STRs that can exist within a given radius of a new STR applicant. Existing and easy-to-use tools facilitate the count and test. The process is currently used by several coastal towns to manage the proximity of STR homes in their communities.

This tool would establish a consistent localized method to manage the number of STRs in any given 100-foot radius. The Committee suggests that the number of STR licenses in a 100-foot radius be no more than five. An analysis was done of existing neighborhoods. Only a few neighborhoods had more

than 5 homes within a 100-foot radius, so the overall attrition necessary to attain the proximity limits city-wide would not be great. Further, survey results from neighborhoods with higher density show only 15% felt that the number of STRs in their neighborhood had a negative impact on their livability.

The C1 and LC (commercial zones) would not use the proximity measurement. Unlimited STRs would be allowed in these zones as long as the total number of STRs still falls within the boundary chosen for growth control for the entire city. This reflects a desire for an unlimited number of STRs in the higher-density zones as long as the City's STR total remains below the citywide cap.

Proximity Test Process:

The proximity measurement tool would be used for each new STR applicant based on the number of STRs that will be within a 100-foot radius of an STR applicant. The potential STR would be placed in the center of the 100-foot radius and the applicant is counted in the STR total.

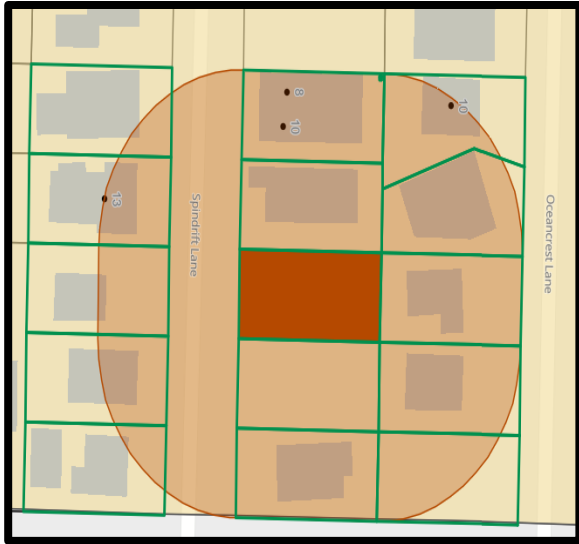
The proximity measurement tool can be implemented without additional fees or software maintenance requirements by using two existing tools,

- 1) the Tillamook County GIS map, and the list of STR addresses on the city website, or
- 2) GIS map technology showing the 262 existing STRs with all city streets and buildings.

The city's digital city map requires one short update per month to upload the city's Excel list of all STR addresses to the local GIS software. Our code enforcement officer (CEO) currently uses this mapping system (updated by a local volunteer with information supplied by the City) on his phone to locate short-term rentals in the city as part of his enforcement duties.

In the future, a more advanced city map could be available that does require a monthly update to load new homes from the County's radius technology. This would allow for a proximity measurement from a single "all-in-one STR map" for any STR applicant in Manzanita.

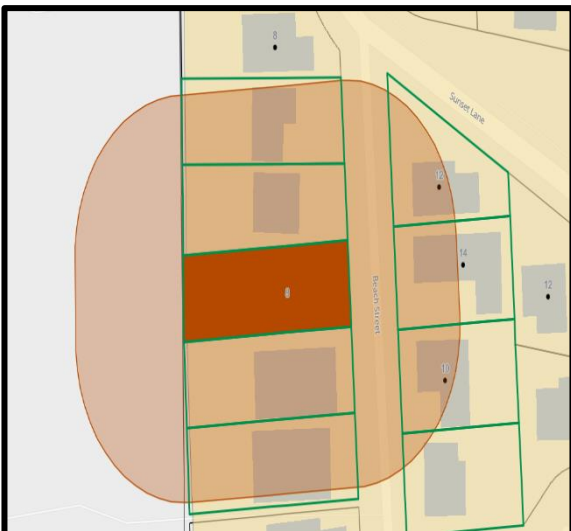
Approving a license for a new STR home in our community would be managed by establishing a 100-foot radius around that home. The potential STR would be placed in the center of the 100-foot radius.



A) “Approved” (1-5 STRs): (Count each green outlined lot) An STR license is granted if there will be 5 or fewer STRs (including the new applicant) within a 100-foot radius and the total STRs in the city are below the citywide growth control.



B) “Not Approved” License (more than 5 STRs): (Count each green outlined lot) An STR license would be denied if there are more than 5 STRs in the 100-foot radius (including the new applicant).



C) Unique Streets: (Count each green outlined lot) The 100-foot radius and 5 STR limit would still apply when considering potential STRs that are beachfront, next to unincorporated areas, or located next to the State Park.

Policy Options, Analysis

- A neighborhood plan to address proximity, i.e., a limit on the number of STRs in a given radius. would address survey participant concerns.
- STRs in C1/LC would not have a proximity limit. Still, the total STRs need to remain below the City-wide cap. This would allow a heavier concentration of STRs in the commercial zones.
- Existing STR licenses should not be taken away. Any reduction needed to meet new proximity limits would occur through attrition.

OTHER ISSUES FOR CURRENT CONSIDERATION:

- Change language in the ordinance to ensure the STR sign is **readable** from the street.
- Rewrite Ordinance 10-3 to reflect new Dark-Sky Ordinance language

ISSUES FOR FUTURE CONSIDERATION:

- Consider maximum occupancy limits for STRs.
- Talk about having a tiered license system (and potential use fee) to encourage smaller STRs by basing the fee on the number of bedrooms.
- Close the same owner multiple license loophole.
- Review Ordinances regarding violation of occupancy, parking, noise, or dog issues.