



# CITY OF MANZANITA

P.O. Box 129, Manzanita, OR 97130-0129  
Phone (503) 812-2514 | Fax (503) 812-2514 | TTY Dial 711  
ci.manzanita.or.us

## COUNCIL WORK SESSION

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

## AGENDA

August 14, 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/83410080049?pwd=RrTHXcORtJRIZb4ojpHGNAjt3PzdkA.1>

Meeting ID: 834 1008 0049

Passcode: 614917

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](mailto: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. WATER RIGHT AND WATER MANAGEMENT AND CONSERVATION PLAN UPDATE**  
Dan Weitzel, Public Works Director
- 3. LOC LEGISLATIVE PRIORITIES**  
Leila Aman, City Manager
- 4. SHORT TERM RENTAL COMMITTEE OCCUPANCY DISCUSSION**  
Linda Kozlowski, Council President  
Cheryl Ogburn, Short Term Rental Committee Chair  
Jo Newhouse, Short Term Rental Committee Member
- 5. ADJOURN (4:00)**  
Kathryn Stock, Mayor

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

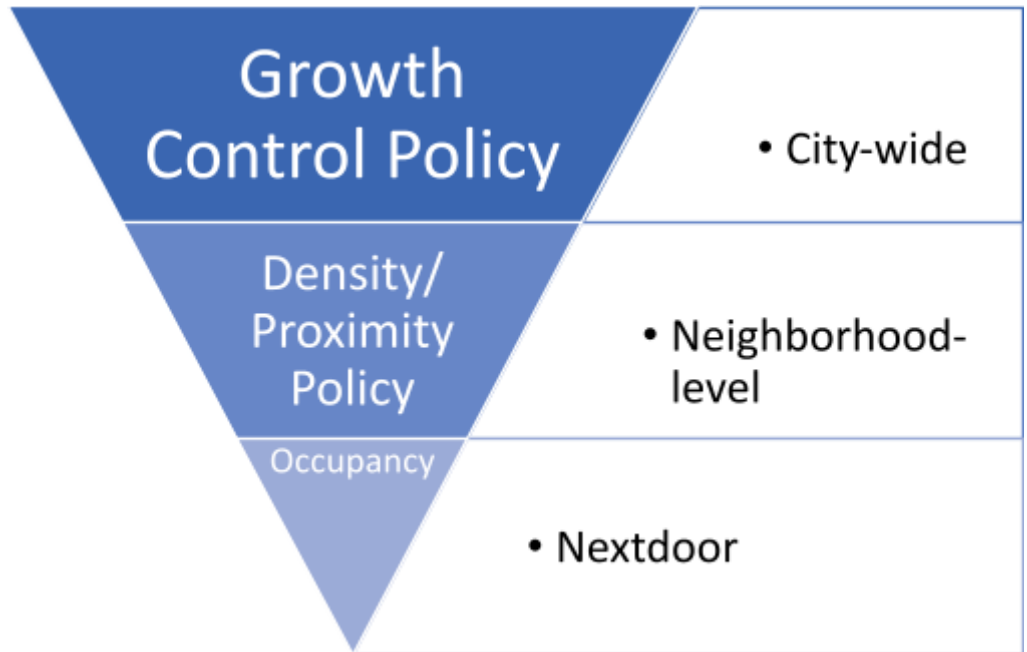
The city is committed to providing equal access to public meetings. To request listening and mobility assistance services contact the Office of the City Recorder at least 48 hours before the meeting by email at [cityhall@ci.manzanita.or.us](mailto:cityhall@ci.manzanita.or.us) or phone at 503-812-2514. 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](https://ci.manzanita.or.us/broadcast).

## STR Occupancy: Regulation, Limits, and Additional Considerations

This section provides policy considerations, recommendations, and background information to address STR Occupancy.

### Background

The Core STR Policy and the Supporting Policies for Growth Control and Density/Proximity aim to manage STR-related impacts City-wide, and at the neighborhood or street level, respectively. Parking, noise, and traffic generated by STR occupants also impact homes directly adjacent to or near a licensed STR. These impacts are especially challenging to manage



with high-occupancy STRs. Occupancy limits were a key topic throughout the year as the Committee discussed growth controls and proximity measurements. At the request of the Council, the Committee has revisited occupancy ideas and conducted follow-up research. The following is the result of this work.

In the 2023 STR Livability Survey, respondents indicated that congestion (parking, traffic), and noise were key issues impacting the livability of our community. The number of occupants is directly tied to these issues. The STR Committee recognizes that street parking and traffic policies are beyond the scope of the Committee. However, we feel lower occupancy limits will help with these issues. If and when the City forms new policies relating to street parking, a member of the STR Committee should be involved in the discussion.

### Policy Considerations

The following is an overview of key considerations in developing STR occupancy-related policy recommendations:

- While some Manzanita STRs have a maximum occupancy (2 per bedroom plus 4) of 14 people, most are less. The current average occupancy limit is 9.6.
- The average household size in Manzanita for full-time residents is 1.85 persons, lower than Oregon's average of 2.44, and a national average of 3.13.
- Fire and safety representatives have indicated that, from a fire safety standpoint:
  - Homeowner and long-term rental occupancy guidelines of 2 people per (pp) bedroom, plus 1.
  - The number of vehicles parked at a house or on the street can be a barrier in an emergency response situation.
- Most current industry reservation software does not distinguish between children and adults. There is no way to calculate occupancy based on age (for instance, 2 per bedroom plus 3 children under 12).
- The number of City-licensed STRs currently allowing 14 or more occupants is fourteen homes. As of March 2024, the breakdown of homes by maximum occupancy is as follows:

Chart I

Listed # of maximum occupants			Listed # of maximum occupants	
3	1		11	1
4	9		12	47
6	16		13	2
8	59		14	10
9	1		16	3
10	105		18	1

- We conducted an informal survey of advertisements for Manzanita STRs, comparing allowed occupancy (2 per bedroom plus 4) with advertised occupancy.

Chart II

	Number Surveyed	Under Max	At Max	Percent Under
Meredith	39	32	7	82%
Vacasa	30	22	8	73%
Sunset to Sunset	10	10	0	100%
Self-managed	18	16	2	89%

- Regional Occupancy context:
  - **Tillamook:** The maximum nighttime occupancy for a short-term rental shall be limited to **two (2) persons per bedroom plus two (2) additional persons**.
    - Regardless of the number of bedrooms, the **maximum nighttime occupancy of an STR shall not exceed 10** (ten) persons plus three (3) children aged twelve (12) and under.
    - The owner of an Estate Home (**5+ bedrooms**) shall be exempt from subsection (B) of this section and is allowed a **maximum nighttime occupancy of up to fourteen (14)** persons plus up to three (3) children, age 12 or under, to occupy the short-term rental.
  - **Seaside:** The occupancy of a VRD is calculated by multiplying the number of **bedrooms by 3 persons** over the age of three. The Building Official has determined that VRDs will not be granted an occupancy of more than 10 persons unless the VRD is equipped with a fire suppression sprinkler system.
    - The Seaside Planning Commission has determined that **in no event will an occupancy of more than 12** persons be granted, regardless of the number of bedrooms.
  - **Bend:** The maximum occupancy for the dwelling shall be **two persons per bedroom plus two** additional persons. For example, a two-bedroom dwelling would have a maximum occupancy of six persons. For owner-occupied short-term rentals, the occupancy shall be two persons per rented bedroom, in addition to the long-term residents of the dwelling.
  - **Palm Springs:** The Owner shall limit overnight occupancy of the Vacation Rental unit to a specific number of occupants, with the maximum number of occupants as no more than **two (2) persons per bedroom** within each Vacation Rental unit and a **maximum of no more than eight (8)** persons total within the Vacation Rental unit, except that Owner may allow up to two (2) minor children, age 12 or under, to occupy the Vacation Rental in addition to the maximum number of occupants otherwise provided in this Subsection.  
The Owner of an **Estate Home may have up to a maximum of twelve (12)** guests and up to two (2) minors age twelve (12) and under.
- Feedback from STR owners/managers and STR Management companies indicated pricing is not adjusted based on the number of occupants booked. As an example, if a home has a maximum occupancy of 10 people it could rent to one person or up to 10, and the price per night would not change. Furthermore, due to the complexities of dynamic pricing tools, it is exceedingly difficult to parse out whether a reduction of total occupancy impacts overall pricing.
- As shown in Chart II above, the majority of current STRs already list below maximum allowed occupancy indicating that there will not be a significant drop in TLT revenue with this change. STR management companies have also indicated that location (to the

beach, town, restaurants), and amenities (hot tubs, decks, number of bathrooms), are more important considerations for renters. Lastly, although most STRs currently advertise under the maximum occupancy, new construction has been trending larger by square footage. Smaller homes are being replaced by bigger homes. This increases the number of potential occupants. It is important to be proactive in addressing this issue now.

## **Policy Context and Recommendations**

**Need:** There is a need to manage the number of occupants within any given STR in a way that maintains community character, and mitigates impacts to livability.

### **Objective:**

The City shall, through the regulated licensing of STRs, manage the number of occupants permitted to stay in an STR in a way that supports neighborhood and community character and mitigates impacts on livability. Policy outcomes should include:

- A reduction in the number of STR occupants within each proximity radius.
- Related vehicle traffic: There is a correlation between number of occupants and number of bedrooms. A reduction in occupancy and an upper limit will lower the number of cars. This is especially important for narrow streets.
- A reduction in the number of STR-related noise and parking complaints.
- An increase in positive community sentiment regarding livability impacts.
- This policy would be consistent with other communities as shown above.
- An occupancy of over 14 in the current ordinance would require a 6-bedroom house or larger. Residents in Conversations With Councilor meetings have expressed a preference not to have larger homes that affect Manzanita's character and are more like small inns than private houses.
- The maximum number of occupants permitted to stay in an STR, regardless of number of sleeping areas (bedrooms) should consider that the current (2024 data) average number of occupants allowed per STR is 9.6 people. If the occupancy limit changes to two plus two, with an upper limit of 14, that average would change to 7.7 people.

### **Policy Recommendations:**

- **The maximum number of occupants permitted to stay in an STR should include all occupants (children and adults), infants aged 0 to 2 excluded.**
- **The maximum number of occupants permitted to stay in an STR should not exceed a total of two occupants per bedroom (sleeping area), plus two.**
- **The STR Committee recommends that the maximum number of occupants permitted to stay in an STR, regardless of number of bedrooms, should be 14.**
- **The STR Committee recommends that any policy that restricts the number of occupants below the current level takes effect at the next license renewal after**

**adoption (the end of July). Existing reservations made prior to policy adoption should be honored.**

**Proximity Policy Addendum:**

**Option 1:**

STRs having five (5) or more bedrooms (sleeping areas), would be defined as a “Large Home STR”. Large Home STRs would be counted as **two** STRs when calculating the number of STRs per each proximity radius (e.g., 5 STRs per 100’).

**Option 2:**

Instead of, or in addition to, the five homes in a radius, proximity measurements could establish a criteria using the number of occupants (e.g., no more than 50 maximum occupants per 100’).

Both achieve the same end, but option 2 would need further research and planning to determine how to manage the licensing process. Option 1 is easier for a potential STR owner to determine whether their STR home would be permitted, and more straightforward to implement.

**The views and opinions expressed in this document are those of a private citizen. They do not reflect the views or positions of the Manzanita Short-Term Rental Committee.**

### **Additional Information on New Occupancy / Proximity Ideas**

I'd like to offer some information from prior research on neighborhood controls (e.g., occupancy & proximity), since new ideas are under consideration, and the committee did not have time to discuss all factors in its last call.

The original STR plan protects the budget and our neighbors with:

- **A Code Enforcement Officer** to target enforcement towards those who do not follow the rules and address guests who are not good neighbors.
- **A Citywide growth control** to allow the city to control pressures from overall STR levels.
- **A Simple Proximity control** for new STR applicants measuring the number of STRs within 100 feet to protect neighborhoods from excessive incoming flows.

Citywide caps consumed most of our time in the past year. In the little time that remained, we sought neighborhood controls that were 1) *enforceable*, 2) *proven to make a difference*, and 3) *revenue neutral*.

#### **How do neighborhood controls compare?**

<b>Neighborhood Controls</b>	<b>Original Proximity Plan (5 per 100')</b>	<b>New Prox. Plan (Weighted near Beach)</b>	<b>Reduce Occupancy Limits</b>
<b>Sustains TLT Revenue Levels</b>	Y	No	No
<b>Measurable</b>	Y	Y	No
<b>Enforceable by City, Police, or Owners</b>	Y	Y	No
<b>Proven Impact on Livability</b>	Y	Y	Unknown

#### **Items worth consideration when modifying the original STR plan:**

- 1) Are the new ideas effective, measurable, and enforceable?
- 2) Do we need more Livability enhancements than the original proximity plan provided?
- 3) What is the risk of TLT Revenue reduction from new occupancy/proximity ideas?
- 4) How will the STR stakeholders react to a reduction in their current levels of occupancy?

Details are offered below.

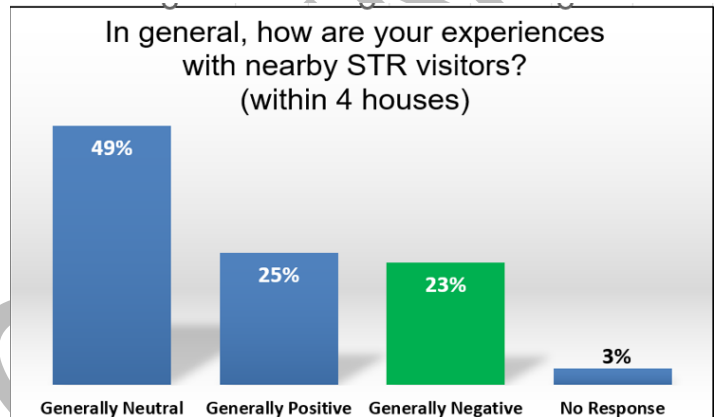
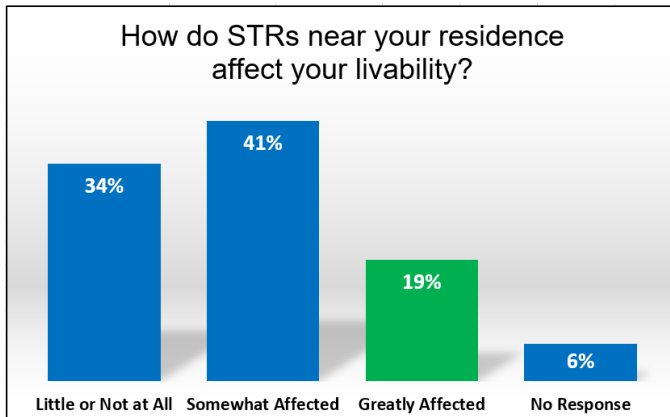
#### **Are the new ideas effective, measurable, and enforceable?**

- Occupancy is a less enforceable metric. It is hard to regulate/enforce something we cannot measure.
- Industry secret: no one knows occupancy levels on any given night (unless the STR is part of an owner-occupied building where management is on site).
- We only know "Reported Occupancy", which is a promise offered by guests on the honor system.
- A rule to reduce "Reported Occupancy" may not affect Livability and "Actual Occupancy" as hoped.
- So, there is no way for the City, police, or owners to hold guests accountable to new occupancy rules.

**The views and opinions expressed in this document are those of a private citizen.  
They do not reflect the views or positions of the Manzanita Short-Term Rental Committee.**

**Do we need more Livability enhancements than the original Proximity plan provided?**

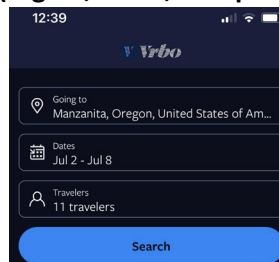
- The original plan provided effective Livability controls, ready to implement and make a difference.
- The Code Enforcement officer allows us to begin addressing “party houses” one-by-one, rather than restricting all STRs including those that pay the highest city taxes or generate the least noise.
- Complaints have been made on fewer than 1% of visits (estimated <15) in the past 12 months. A standard summer brings an estimated 3000 visits to Manzanita (250 homes x 12 weeks).
- Surveyed home owners in the neighborhoods near the beach with highest STR concentration were the **most** comfortable with nearby STRs (i.e. Occupancy & Proximity).
- A new occupancy rule would apply to all STRs, though neighbors are not burdened by every STR.
- 4 out of 5 surveyed residents report not being greatly affected by neighboring STRs:



**What is the risk of TLT Revenue reduction from new occupancy/proximity ideas?**

Reducing Occupancy limits removes two of Manzanita’s competitive advantages on Booking software search engines, which likely impacts potential TLT revenue.

- 1) A new occupancy restriction of “Bedrooms + 2” reduces demand by hiding Manzanita STRs from vacation searches. 84% of STRs are/were in the 8-12 occupancy range (213).
- 2) The number of competing houses increases under a new/lower Occupancy rule. Because VRBO/Airbnb search engines report the “region” not just the city. A VRBO or Airbnb search for “Manzanita” shows the consumer houses from Cannon Beach to Rockaway. Competition is significant, so occupancy is a competitive advantage. When fewer houses are available, the search engine goes farther north and south. Using the area Counting 4<sup>th</sup> of July week of 2025 as an example:
  - A 12-occupancy STR had 82 competing houses in our area. Resetting it to a “10-person” house results in 179 competitors.
  - A 10-occupancy STR with 179 peers will have 439 competing local STRs as a “10-person” STR.
  - **Example of STR search options (region, dates, occupancy):**





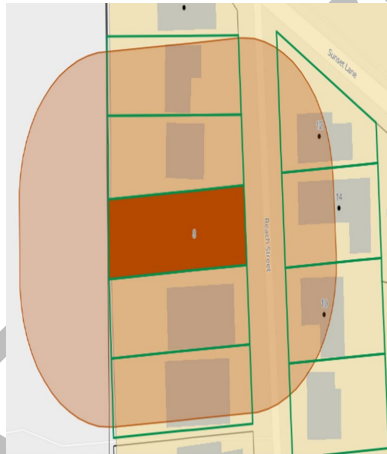
**The views and opinions expressed in this document are those of a private citizen.**  
**They do not reflect the views or positions of the Manzanita Short-Term Rental Committee.**

**Revenue Considerations when tightening Proximity calculations (i.e., counting larger STRs as 2 vs 1)**

STR-friendly towns generally have 100% STR allowance in the beach zones, similar to Manzanita's plan for C-1 & LC. Cities with 100% allowable STR beach zones include Rockaway and Seaside.

Restrictive Proximity levels is a common tactic employed by communities that hope to reduce STR totals, and accept lower TLT revenues.

- The original Proximity plan (count all STRs as 1) ensures that STRs near the beach - with the highest positivity ratings from the survey and greatest impact per house on TLT revenue - are not pushed out over time.
- The original Proximity plan generally allowed up to 60% STR. In other words, no STR license was allowed when there were 6 STRs within a beach area radius with an average of 10 homes.
- Counting larger STRs as 2 rather than 1 in any Proximity calculation is the equivalent of lowering the percentage of allowed STRs in our popular ocean-view areas.



Note: I have transitioned to another committee so I will not be presenting, yet I will be available on the Wednesday call to address any questions or concerns.

Sincerely,

Patrick Johnston