

CITY of LA GRANDE

Joint Work Session City Council and Planning Commission

Monday, January 30, 2023
6:00 p.m.

Council Chambers
La Grande City Hall
1000 Adams Avenue
La Grande, Oregon

You can view the Work Session on Facebook Live at the following link:
www.facebook.com/CityofLaGrande

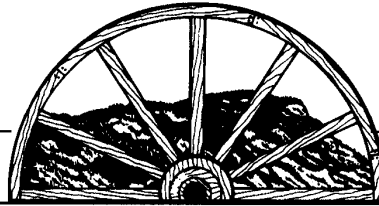
AGENDA

*The purpose of a Work Session is to provide an opportunity to informally discuss topics of common concern and interest and to exchange ideas with Staff, not to make decisions or to direct Staff toward a specific action or conclusion beyond identifying additional information the Council and/or the Planning Commission would like to have presented at a later date. As no decisions are made, there will be no voting at the Work Session. The City Manager or members of the Staff may confirm any additional information required as part of any future discussions regarding the presented topic(s). If a Work Session topic subsequently requires official action, it will become an action (voting) item on a following Regular Session Agenda. In accordance with the Oregon Public Meetings Law, Council Work Sessions are open to the public; however, in order to make efficient use of time, public comments and questions generally are not entertained during the discussion segment of the Work Session. **Time will not be designated for public comments at the conclusion of the discussion.** Members of the public are routinely provided with an opportunity to address the Mayor and Council during the Public Comments portion of each Regular Session Agenda. **Per ORS 192.670(1), some Councilors and/or Commissioners may be participating in this Work Session by electronic communication.***

1. **CALL to ORDER** 6:00 p.m.
~ Justin B. Rock, Mayor
2. **BED AND BREAKFAST (Short-Term Rental) MORATORIUM & CODE UPDATE DISCUSSION**
~Michael Boquist, Community Development Director
~Planning Commission Members
3. **ADJOURN** 7:00 p.m.

Stacey M. Stockhoff
Acting City Recorder

Persons requiring special accommodations who wish to participate in the Work Session are encouraged to make arrangements prior to the meeting by calling 541-962-1309. The City of La Grande does not discriminate against individuals with disabilities



JOINT CITY COUNCIL AND PLANNING COMMISSION

WORK SESSION

January 30, 2023

Background (Provided to the City Council during the September, 2022, and October, 2022, Regular Sessions, in consideration of the BnB Moratorium):

In 2019, the City of La Grande completed a Housing Needs Analysis (HNA), which was adopted by the City Council into the Goal 10 Chapter of the City's Comprehensive Plan Ordinance in 2020. The HNA identifies that La Grande has a shortage of needed housing, with a need for seven hundred ninety-five (795) new dwelling units over the next twenty (20) years, by the year 2040. This includes a need for three hundred thirty-six (336) single-family dwelling units, one hundred fifteen (115) duplex dwelling units, two hundred (200) multi-family dwelling units, and one hundred forty-four (144) other group housing dwelling units.

The following shows annual targets or goals, based on housing types, inventory needed per HNA, quantities of new housing built, quantities of housing lost to BnBs, and overall gain/deficit:

- **Single-family dwellings**
 (16.8 needed/year = **50.4 needed over 2020, 2021 & 2022** = 336 total 20-year need)
 - Over 2020-2023 period, gained 26 new dwelling units
 - Lost 18 dwelling units to BnBs
 - Total: Gained 8 dwelling units towards HNA 2020-2022 goal.
 - Overall, the City is 42 units short of 3-year goal.
 - Amounts to approximately a 2+ year setback in housing production.
- **Duplexes**
 (5.75 needed/year = **17.25 needed over 2020, 2021 & 2022** = 115 total 20-year need)
 - Over 2020-2023 period, gained 6 new dwelling units (6 duplexes)
 - Lost 2 dwelling units to BnBs
 - Total: Gained 4 dwelling units towards HNA 2020-2022 goal.
 - Overall, the City is 13 units short of 3-year goal.
 - Amounts to approximately 2+ year setback in housing production.
- **Multi-Family** (10/year = **30 needed in 2020-2022** = 200 total 20-year need)
 - Gained 97 – 17 new completed MF units w/ 82 new MF units under construction
 - Lost 3 to BnBs
 - Total: Gained 64 dwelling units towards HNA 2020-2022 goal.
 - Overall, the City gained 34 additional units
 - Puts the City approximately 2 years ahead of schedule.
- **Other: MH Parks & Group** (7.2/year = **21.6 needed in 2020-2022** = 144 total 20-year need)
 - No change.

In early 2021, the Planning Commission and City Council expressed a commitment toward addressing needed housing through the adoption of a Housing Production Strategy (HPS). The HPS provides a list of

recommended strategies that the City can take to promote the development of needed housing in the City. The first seven (7) strategies require amendments to the City's Land Development Code Ordinance, which are intended to encourage the production of needed housing. Other strategies are policy or program related that involved developing incentives.

To further emphasize the City's commitment to address needed housing, during the Council 2022 goal setting retreat, the Council emphasized the importance of continuing to pursue solutions to the housing shortage in La Grande per the City's adopted HNA and HPS. It was noted that the lack of adequate housing has an adverse impact on the ability of local businesses to recruit staff.

As a result of the recent adoption of the HNA and HPS, and the City Council's emphasis on pursuing solutions to address the City's housing shortage, **the Planning Commission requested the August 8, 2022, Work Session with the City Council to discuss the Commission's concerns regarding how Bed and Breakfast Inns may compromise the residential character of neighborhoods, and more importantly, adversely impact the City's needed housing inventory as a result of slower than anticipated residential growth due to various economic factors.** Such concerns have resulted in the Planning Commission raising the question of whether or not to establish a temporary moratorium on the permitting of new Bed and Breakfast Inns. As a result of Work Session discussions, by consensus of the City Council, staff was directed to schedule a public hearing to consider this matter during the City Council's Regular Session on September 7, 2022, limited to a temporary moratorium only on the conversion of entire dwelling units from full-time single-family dwellings to vacation rentals.

With regards to process, to establish a moratorium, notice is required to be provided to the Oregon Department of Land Conservation and Development at least 45-days prior to the final public hearing, in accordance with ORS 197.520(1)(a). Notice was provided to the State on August 15, 2022, which put the final public hearing on the City Council's October 5, 2022, Regular Session agenda.

To provide the public an opportunity to learn about the proposed temporary moratorium and to participate in the public hearings to consider this matter, the City Council elected to hold two (2) public hearings to receive public input. The first public hearing and First Reading of the proposed Ordinance was held on September 7, 2022. The second public hearing on the proposed Ordinance was held on October 5, 2022, at which time the Ordinance was read for the second time and considered for adoption.

The proposed Ordinance was drafted with an Emergency Clause, causing the Ordinance to go into effect immediately upon its passage on October 5, 2022. The purpose of this emergency clause was to minimize the additional loss of needed housing through new land use application submittals to convert dwellings to bed and breakfasts, should the City Council adopt the Ordinance. All land use applications submitted prior to the effective date of the Moratorium Ordinance were not subject to the moratorium and were considered for approval.

At the first public hearing held on September 7, 2022, the proposed Ordinance was read for the first time, by Title only. No written testimony was submitted regarding this matter, but oral testimony was provided in both support and neutral to this request during the hearing. The City Council continued the hearing to October 5, 2022.

Following the first public hearing, the proposed Ordinance was revised to remove the reference to "Air BnB" as this is the name of a private company. The Land Development Code refers to these types of properties as Bed and Breakfast Inns so all references to Air BnB were changed. There were no other revisions to the Ordinance.

During the October 5, 2022, Regular Session of the City Council, the Council passed the proposed Ordinance (Ord 3258, Series 2022), with the Emergency Clause. The Moratorium is scheduled to expire on February 2, 2023, which is 120 days from its adoption.

The City Council's approval and passage of this Moratorium came with the direction that the Planning Commission and Staff propose amendments to the Land Development Code to address the permitting of BnB's, potential neighborhood impacts, and to minimize the adverse impacts on the City's housing inventory.

Status Update:

Prior to and since the moratorium went into effect, the Planning Commission and Staff have held several work sessions and have developed proposed Land Development Code amendments to address the permitting of BnB's, potential neighborhood impacts, and to minimize the adverse impacts on the City's housing inventory as directed. (See attached)

Highlights:

Goals:

- To support the City's adopted Housing Production Strategies and to reduce and minimize adverse impacts on the City's needed housing inventory, such as loss of needed housing.
- To support the purpose and intent of residential zoning, which is to encourage new residential development at various densities; and, to preserve and protect existing residential uses and the residential character of neighborhoods.
- To retain the short-term rental business opportunity within the City.
- To provide a faster/expedited application process with predictable outcomes.
- Existing BnB's (short-term rentals) that were legally established through the City's Conditional Use Permit process would not be required to get a new Short-Term Rental Permit under this proposed Code revision. Their existing Conditional Use Permit would be recognized as being a valid Short-Term Rental Permit.

Proposed Code Elements:

- Better define the 2 types of short-term rentals (owner occupied rentals vs. vacation home rentals).
- Establishing an administrative (over the counter) permitting process
- Continue to allow short-term rentals in residential neighborhoods, but limit ownership to one short-term rental.
- Issue the permit to the current property owner, not transferrable with a property sale. A new owner would need to apply for their own permit as a new short-term rental business.
- Require the applicant/owner to obtain support (or no objection) from the majority of adjacent property owners.
- As part of communicating with neighbors, require the applicant/owner to share their contact information and short-term rental rules/operation plans with neighbors. Neighbors could then contact the owner to address issues, as needed.
- Limit short-term rentals to single-family, accessory dwellings and duplexes only (no multi-family)
- Ensure that short-term rentals have adequate parking which is functional.
- Ensure that improvements to support a short-term rental do not result in the permanent conversion and loss of a dwelling, rendering the property out of compliance with City code if/when converted back to a dwelling unit.
- Establish enforcement provisions that allow for permits to be revoked for any property owner who is not compliant with City Codes, including payment of required room taxes (via Lodging Operations Certificate issued and managed by the Finance Department).

DEFINITIONS (to be added to the Article 1.3 – Definitions)

SHORT-TERM RENTAL – Rental of a dwelling unit or portion of a dwelling unit for a period of less than thirty (30) consecutive days. The following are short-term rental use types:

BED AND BREAKFAST INN OR HOSTED HOME SHARE –. A single-family dwelling, occupied by the owner or manager, in which no more than five (5) guest sleeping rooms are provided for short-term rental, with or without a meal. This includes the short-term rental of a portion of the primary dwelling (e.g. bedrooms) or an accessory dwelling unit on the same property.

VACATION HOME RENTAL – The short-term rental of an entire single-family dwelling unit, which may also include an accessory dwelling on the same property, in which no more than five (5) guest sleeping rooms are provided for short-term rental.

NEW Proposed Code Section

ARTICLE 3.23 – SHORT TERM RENTAL

SECTION 3.22.001 – PURPOSE

The Purpose of this article is to allow short-term rentals in the City of La Grande with the goal of minimizing impacts to the residential housing stock in the city and to ensure and maintain livable neighborhoods. Short-term rentals are permitted in all residential zones, in both owner-occupied and leased properties, provided that the short-term rental meets the definition as stated in Article 1.3 of this Code; the requirements of this Article; and all other applicable City, County or State laws and regulations.

SECTION 3.22.002 – SHORT-TERM RENTAL PERMIT

- A. A Short-Term Rental Permit shall be required for operating a short-term rental in all Residential Zones within the City of La Grande. An application for a Permit shall be initiated by the property owner or long-term renter with the property owner as a co-applicant, on forms provided by the Community Development Director/Planner and shall include the following submittal information to demonstrate compliance with this Article:
1. Copy of property deed or other legal document showing proof of property ownership.
 2. For applications initiated by a long-term renter, the property owner shall be a co-applicant.
 3. A plot plan of the property showing the following:
 - a. The location and use of all buildings and structures on the property.
 - b. Identify the main entrance to the short-term rental dwelling on the property and the location of keypad or key lock box.
 - c. Identify the location and size of each required guest parking space.
 4. A signed acknowledgement statement of “no objection” from a majority of property owners described in ‘a’ and ‘b’ below:
 - a. From the majority of the owners of property adjacent to the short-term rental property.
 - i. For the purposes of this requirement, “adjacent” means only those properties that share property lines and those across a public alley.
 - ii. Where only two (2) adjacent properties exist, a minimum of fifty percent (50%) shall be required; and,

- b. From the majority of the owners of property within two hundred-fifty feet (250') of the short-term rental property.
- c. The applicant shall prepare and present an "Acknowledgement Packet" to those neighbors described in 4.a. and b. above. The Acknowledgement Packet shall include the following:
 - i. The plot plan as required in Item #2 above.
 - ii. An operation plan that identified the number of rooms for rent, whether the rental includes the entire house to one party or by the room to separate parties, whether pets allowed, other? [specify "other" requirements].
 - iii. A copy of the House Rules for Guests staying at the short-term rental.
 - iv. Emergency contact information of the property owner or manager of the short-term rental.
 - v. The acknowledgment statement to be signed by property owners shall read as follows:

"I have reviewed and fully understand the plans, operations and house rules for the proposed short-term rental, and I have no objections to the City of La Grande approving a Short-Term Rental Permit for operation of a short-term rental on the subject property as described in the Acknowledgement Packet."

5. Any other information deemed necessary by the Community Development Director/Planner to demonstrate compliance with this Article.
- B. Property owner shall be limited to possessing only one (1) Short-Term Rental Permit and owning only one (1) short-term rental within the City.
 - "Owner" is defined as natural person or legal entity that owns and holds legal title to the subject property. If the owner is a business entity such as a partnership corporation Limited Liability Company, Limited Partnership, Limited Liability Partnership or similar entity, each person who owns an interest in that business entity is considered an owner.
 - C. The Short-Term Rental Permit is not transferrable and does not run with the land. The Permit is assigned exclusively to the property owner that is identified in the application and the use is subject to all terms and conditions of the initial permit. The Short-Term Rental Permit shall not grant any permanent land use rights that may later be interpreted or construed as being a legal nonconforming use or grandfather right attached to the property.
 - D. Upon receiving approval of a Short-Term Rental Permit, the property owner shall also obtain and maintain a Lodging Operation Certificate from the City of La Grande Finance Department.
 - E. The Short-Term Rental Permit will presumptively be renewed annually and the applicant may continue the short-term rental operation under the terms and conditions of the initial permit, unless the permit has been revoked as provided in Section 3.22.004.

SECTION 3.22.003 – SHORT-TERM RENTAL REQUIREMENTS AND USE RESTRICTIONS

- A. Short-term rentals shall not include the use of a recreational vehicle, travel trailer, tent or other temporary shelter
- B. Multi-Family and Condominium Units Prohibited: Short-term rentals shall be limited to single-family or accessory dwelling units, and duplex dwellings. Short-term rentals shall be prohibited in all multi-family and condominium developments (three units or greater), as well as all cottage home developments.

- C. Only one (1) Short-Term Rental Permit is permitted per parcel, limited to one (1) residential dwelling, which may include an accessory dwelling unit that is rented to the same party.
 - a. A single-family dwelling with an accessory dwelling unit shall not be rented separately to different parties, as this would be considered two (2) separate short-term rentals on the same parcel and not permitted under this Code.
 - b. A short-term rental within a duplex shall be limited to one (1) side or one (1) dwelling unit only.
- D. The maximum occupancy for a dwelling used for a short-term rental shall be two (2) persons per guest bedroom, plus two additional persons. For example, a two (2) bedroom dwelling would have a maximum occupancy of six (6) persons.
- E. One (1) off-street (on-site) parking space shall be provided for every guest sleeping room. For Bed and Breakfast Inns and Hosted Home Shares, this requirement is in addition to the parking required for a single-family dwelling or duplex, whichever is applicable.
- F. Each required off-street parking space shall be fully accessible at all times and not stacked or blocked by another parking space. Parking space dimensions and access shall be designed in conformance with Section 5.7.005 of this Code, and shall meet the following standards:
 - 1. While meeting the 9'x18' required dimension, the parking area shall include two-feet (2') of minimum clearance on each side of the parking area for occupants to easily get in and out of a vehicle. If such clearance does not exist, the parking spaces within such area shall be deemed non-functional and invalid towards meeting minimum off-street parking requirements.
 - 2. Each off-street parking space shall be an integral part of the short-term rental use, and include an improved walkway directly to and from the entrance where a key lockbox shall be mounted for accessing the short-term rental.
 - 3. Required off-street parking shall be located and designed to be closer to an entrance of the short-term rental with a key lockbox, than the on-street parking within the public right-of-way. Such design shall encourage guests to use the required off-street parking as the primary parking space(s).
 - 4. Signage shall be installed at each required off-street parking space or area that clearly identifies the reserved and designated off-street parking for the short-term rental.
- G. Enclosed parking areas (garages, gated fences, etc.) shall not be eligible for meeting the parking requirements. Required parking spaces shall be open and conveniently accessible to guests at all times.
- H. Conversion of Covered Parking to Living Space: The conversion of a covered parking space(s) to living space shall only be permitted when the removal of such parking space will not result in a future nonconforming situation, should the short-term lodging use revert back to a residential occupancy.
- I. Other Conversions of Space: The conversion of a dwelling to a short-term rental is considered temporary. No alterations or improvements shall be permitted that will prevent the short-term rental dwelling from its ability to be reverted back to a full-time residential dwelling (e.g., elimination of kitchen or other alterations that may result in a nonconforming situation).
- J. Good Neighbor Policies:
 - a. House policies must be posted on-site for guests to easily see.
 - b. The short-term rental shall include the posting of a business sign in a location that is clearly visible and easy to read from the public right-of-way. Such signage shall include the phone number of the emergency contact for the owner or manager of the short-term rental.

- c. One or more emergency contacts for the short-term rental shall reside within ten (10) miles of the short-term rental and shall be responsive to neighborhood questions, concerns or complaints within two (2) hours.

SECTION 3.22.004 – ENFORCEMENT OF SHORT-TERM RENTAL PROVISIONS

- A. Upon receiving a complaint of a possible violation of this Article or the provisions of any other applicable ordinance or law, City Staff will investigate to determine if a violation exists; and when appropriate, will provide the property owner with written notice of the required actions to correct the violation.
- B. Revocation of Short-Term Rental Permit:
 1. Failure to complete corrective action to resolve a violation of this Article shall result in the revocation of the Short-Term Rental Permit.
 2. A third (3rd) violation of this Article, even if corrected, within a twelve (12) month period shall result in the revocation of the Short-Term Rental Permit.
 3. The expiration or termination of a Lodging Operation Certificate shall result in the revocation of the Short-Term Rental Permit.
 4. Submitting false information to the City shall result in the denial, suspension, or revocation of a Short-Term Rental Permit as determined by the City Manager in their sole discretion.
- C. Upon revocation of a Short-Term Rental Permit, a property owner shall not be permitted to submit a new application for a Short-Term Rental Permit for a period of two (2) years from the date the Permit was revoked.
- D. In the event that a tenant or property owner is found to be operating a Short-Term rental without the required Permit, the property owner shall immediately cease operating the Short-Term rental, submit an application for a Short-Term Rental Permit, obtain a Lodging Operation Certificate, and submit lodging taxes for all rents received while operating without a permit within 30 days of notice of the violation. Failure to comply with these provisions shall prohibit eligibility to submit an application for a Short-Term Rental Permit for a period of two (2) years.