

CITY of LA GRANDE

Joint Work Session City Council and Planning Commission

Monday, August 8, 2022
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.
~ Stephen E. Clements, Mayor
2. **AIR BnB 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

Discussion on Considering a Moratorium

The purpose of this Joint Work Session is to discuss the possibility of pursuing a temporary moratorium which would limit new BnBs.

Background

Since early 2020, the Planning Commission has experienced a significant increase in the number of land use applications to allow for Bed and Breakfast Inns (BnBs) within residential areas. The Land Development Code defines a BnB as any short-term rental of less than 30-day, with or without meals. This includes the daily or weekly rental of guest bedrooms in an occupied home, and the full rental of an entire home.

Over the past 2 years, the Planning Commission has considered 28 BnB applications (30 dwelling units). See attached Excel tracking spreadsheet which outlines the following stats:

- 24 of these were full-time dwellings that have been removed from the housing market (both rentals and ownership)
- 6 of these dwellings have been retained and occupied by a full-time tenant (either owner or manager), with the surplus area rented as a BnB (aka hosted home share). This includes the rental of bedrooms, a daylight basement or second floor, and/or the rental of an accessory dwelling unit.
- 3 of the applicants have more than one BnB investment property.

Impact on Housing Needs Analysis and Housing Production Strategy

The Planning Commission is concerned that this influx in BnB applications is in direct conflict with the City's recently adopted Housing Needs Analysis (HNA) and Housing Production Strategy (HPS). Over the next 20-years, La Grande needs to add 795 new dwelling units to its inventory to accommodate the projected growth of the City.

Since 2020, following is the breakdown of 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/year = **50.4 needed in 2020-2022** = 336 total 20-year need)
 - Gained 26 new dwelling units
 - Lost 18 dwelling units to BnBs
 - Total: Gained 8 dwelling units towards HNA 2020-2022 goal.
 - **42 units short of 3-year goal.**
 - **Approximately 2+ year setback in housing production.**
- **Duplexes** (5.75/year = **17.25 needed in 2020-2022** = 115 total 20-year need)
 - Gained 6 new dwelling units (6 duplexes)
 - Lost 2 dwelling units to BnBs
 - Total: Gained 4 dwelling units towards HNA 2020-2022 goal.
 - **13 units short of 3-year goal.**
 - **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.
 - **34 units additional**
 - **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.

Additional Information Supporting Need to Consider a Moratorium

- **Possible upcoming influx of more BnB requests:** A recent concern of the Planning Commission is that the Planning Division office has received a few calls from realtors and one investor looking for residential property in La Grande specifically to purchase and convert to BnBs. Additionally, one property manager in the City is looking to get out of the rental market and convert all 5 of their rentals to BnBs.
- **Market Influences:** Over the past 2-3 years, housing market and economy also has influenced housing production. While interest rates were very low for a while, increased building material costs and supply chain challenges led to a significant reduction in new construction. As a result, the new housing supply was unable to meet the demand, which resulted in a considerable increase in property and housing values, and higher rent rates.

In recent months, the supply chain issues have improved and material prices are starting to come down, although not fully resolved and back to pre-COVID levels. At the same time, mortgage rates have also started to climb, which has deterred some new construction, especially for new single-family residential homes.

The real estate industry has advised that the availability of housing choices continues to be limited and vacancies are relatively low. The City of La Grande is continuing to experience a growing need for new housing to accommodate our local work force, and the housing needs of our local businesses/agencies that are recruiting employees (e.g., GRH, LGSD, EOU, City, others).

The loss of housing to BnBs is having an adverse impact on the community's ability to meet the local housing needs by removing much needed housing from both the rental and home ownership market.

Moratorium Options

The Planning Commission has held several work sessions since November 2021, with the focus of discussions being on housing and whether a moratorium prohibiting new BnBs is justified. Since 2020, the Planning Commission has considered from 1 to 4 new BnB requests each month, which is resulting in a noticeable loss of housing and a considerable setback in achieving the City's 20-year housing goals (per the recently adopted HNA and HPS).

The City is approximately 2 ½ years into the 20-year forecast of the HNA, but have already lost 2+ years of progress, based on the slow housing growth and the loss of existing housing to BnBs. This stagnant growth and loss of housing is deeply concerning and the Commission feels that a moratorium is justified and should be considered immediately.

Following are two scenarios the Commission has discussed for establishing a moratorium to prohibit new BnB uses in La Grande. Either would allow the City time to fully explore, discuss and develop land use standards to govern the siting and operation of new BnBs within the City.

1. Temporary (until December 31, 2023) – Full Ban on ALL BnB requests in residential zones.
2. Temporary (until December 31, 2023) – Partial Ban to ONLY allow hosted home shares. The owner or caretaker occupies the property as their full-time dwelling, and rents out surplus living space such as daylight basement, extra bedrooms.

PERMITTED AIR BNB
2020-current

Year	Address	Permit #	Conversion/ off-market	Hosted Home Share	Apartments	Duplex	Guest suite/ADU
2020	1420 Z Avenue	01-CUP-20	1				
2020	1303 Hall Street	02-CUP-20	1				
2020	1306 1/2 5th St	03-CUP-20	1				1
2020	97 N Avenue	04-CUP-20	1				1
2020	1102 Cedar Street	05-CUP-20	1				
2020	2001 Fir Street	06-CUP-20	1				
2020	1406 5th Street	07-CUP-20	3		3		
2020	1203 Cedar Street	08-CUP-20	1				
	TOTAL 2020		10		3		2
2021	2513 H Street	03-CUP-21	1				1
2021	1307 Madison	04-CUP-21	1				
2021	1809 Washington	05-CUP-21	1				
2021	1507 Y Avenue	06-CUP-21	1				
2021	1502 Y Avenue	08-CUP-21	1				
2021	104 20th Street	09-CUP-21	1			1	
2021	804 Washington	10-CUP-21	1				
2021	2005 Fir Street	11-CUP-21	1				
2021	2717 Birch	13-CUP-21	1				
2021	112 S. 12th Street	14-CUP-21	1				
2021	2807 Greenwood	15-CUP-21	1				
2021	104 20th Street	16-CUP-21	1			1	
	TOTAL 2021		12	0		2	1
2022	1310 W Ave	01-CUP-22		1			
2022	406 2nd St	03-CUP-22		1			
2022	224 Deal Canyon	04-CUP-22		1			
2022	225 Deal Canyon	06-CUP-22		1			
2022	1602 7th Street	07-CUP-22	1				
2022	908 B	08-CUP-22	1			1	
2022	91 Mattoon Street	09-CUP-22		1			
2022	217 Deal Canyon	10-CUP-22		1			
	TOTAL 2022	28	2	6		1	

Grand Total 2020-current

24

6

3

3

3

Total of All BnB from 2020-current:

28 applications

24 dwellings converted and removed from the housing market

6 dwellings retained on the housing market, rented as hosted home shares

3 of the applicants have more than one BnB property.

 Colors reflect owners who have more than one bnb