



To: Sumas City Council  
From: Rollin Harper, City Planner  
RE: Brown Text Amendments re Bed and Breakfast / Short-term Rentals  
Date: January 5, 2018

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## MEMORANDUM

### Introduction

On December 8, 2017, the City Council received a letter from Mr. Bruce Brown, 834 Victoria Street, that raised issues related to the City's regulation of bed and breakfasts (B&Bs) and Air B&Bs. The City Code does not currently contain regulations addressing short-term residential rentals such as B&Bs, Air B&Bs, or vacation rentals by owner (VRBO). Although many municipalities in Washington do have regulations addressing traditional B&Bs, in the last couple of years some of these communities and others have begun developing regulations applicable to Air B&Bs, VRBOs and other short-term residential rentals.

At the City Council meeting held on December 11, 2017 the Council directed staff to review the issues raised in Mr. Brown's letter and come back to the Council with a recommendation regarding actions the City might take to address these issues. This memorandum is intended to respond to the direction given by the Council regarding issues related to the regulation of short-term rentals within the City.

### Discussion

Following some initial research, it is the staff perspective that the City does need to adopt amendments to the City's development regulations to address B&Bs, Air B&Bs, VRBOs and other short-term rentals. As part of completing these amendments, it will also likely be helpful for the City to review and update related regulations pertaining to commercial accommodations, including hotels and motels, to ensure clarity and consistency throughout the City Code.

As part of the process of preparing, reviewing and adopting regulations to address the above issues, the City will need to make decisions that answer the following questions:

#### Which uses are to be regulated and how will such uses be defined?

Given that long-term rental of residential units, whether through lease or subletting, is a permitted activity that is not subject to additional regulation, the City will need to define what constitutes a short-term rental that would warrant regulation by the City. This could be defined based on the length of stay, such as any rental less than one-month in duration, and/or based on the extent to which the residential dwelling is rented, such as single room, multiple rooms or whole dwelling. The City will also need to make clear distinctions between short-term residential rentals and commercial accommodations, such as hotels/motels.

#### In which zoning districts should such uses be allowed?

B&Bs and other short-term rentals would likely be allowed in all residential zones, but the City would need to identify any other zones (such as specific Business zones) where allowing such uses would be appropriate.

Should such uses be allowed as permitted uses or as conditional uses requiring approval by the City Council?

As noted in the letter from Mr. Brown, the neighboring jurisdictions of Lynden and Everson (and many other jurisdictions) regulate traditional B&Bs through the conditional use permit (CUP) approval process, which requires payment of a \$500 application fee, public notice and a public hearing before the City Council. The City will need to decide if a CUP should be required for all short-term rentals or if some lesser review and approval process would be appropriate for certain uses.

What other requirements related to short-term rentals should be addressed in amendments to City Code?

Other requirements that could be addressed in conjunction with allowing short-term rentals include:

- Parking, such as requiring one or more additional parking spaces
- Owner or long-term tenant required to reside in the dwelling or on the property
- Maximum number of rooms allowed to be rented
- Maximum number of days per year allowed to be rented
- Minimizing impacts on surrounding neighborhoods

Should some form of City license or registration be required?

The City will need to decide if a business license or some other form of registration will be required. This highlights the question of whether such operations are commercial or residential in nature.

What fees or taxes should be paid by those offering short-term rentals?

The City will need to decide whether to require short-term rentals to pay one-time or annual fees for a business license or some other form of registration. The City will also need to decide if any form of tax (hotel/motel or sales) should be paid by those offering short-term rentals.

## **Recommendation**

There is consensus among the staff that the gap in the City's regulations highlighted by Mr. Brown's letter should be addressed. The staff recommendation is that the Council direct staff to prepare draft amendments to City Code to address the regulation of short-term rentals (including B&Bs, Air B&Bs and VRBOs) and to clarify related definitions pertaining to hotels and motels.

## **Process**

Once draft amendments have been presented to and reviewed by the City Council and any initial revisions requested by the Council have been made, then the City would need to initiate the formal Code amendment process, which includes notifying the state, notifying the public, and setting the date for a public hearing. The Council should also decide whether or not to ask the Planning Commission to review the proposed Code amendments and submit a recommendation to Council. The City would also need to complete SEPA review prior to final adoption of amendments by the Council.