



**Agenda Planning Commission
Open Public Hearing
Gig Harbor Civic Center
Thursday, August 4, 2022
6:00 P.M.**

Planning Commissioners and staff will be participating in this meeting remotely via Zoom. Members of the public are encouraged to view and comment during the meeting using the Zoom platform at <https://zoom.us/j/95353411299> or by calling (253) 215- 8782 and entering Meeting ID 953 5341 1299. Optionally, members of the public may view the live Zoom broadcast in-person at the Gig Harbor Civic Center during the meeting. Please see the Meeting Procedures at the end of this agenda for information on options to make public comment.

- I. Call to Order/Roll Call:**
- II. Approval of Minutes:** July 21, 2022
- III. Public Comment Non-Agenda Items:**
- IV. Agenda Items for Formal Review:** Short Term Rental Regulations
 - a. Announcement of Application
 - b. Open Public Meeting Announcement
 - c. Staff Report
 - d. Applicant Introduction and Presentation
 - e. Public Comment (See Assistance Memo)
 - f. Discussion
- V. Other Business** Next meeting Thursday, August 18, 2022
- VI. Adjournment**

PUBLIC COMMENT & DECORUM

Commenters will be allotted 3 minutes per individual, unless revised by the Chair. In-person comments shall be made from the microphone, first giving the speaker's name and address. When there are 30 seconds remaining, staff will alert you to summarize your comments. At the end of your comments, staff will notify you it has come to the end of your comment period. Anyone making "out of order" comments may be subject to removal from the meeting.

Public comment may be made remotely via Zoom or by phone during designated portions of the meeting. To speak during the meeting, press the Raise Hand button near the bottom of your Zoom window or press *9 on your phone. Please refrain from raising your hand until the Chair has announced that the Commission has opened the public comment portion of the meeting. Your name or the last three digits of your phone number will be called out when it is your turn to speak. When using your phone to call in, you may need to press *6 to unmute yourself. All speakers will have up to three minutes to speak.

All remarks shall be addressed to the Commission as a body and not to any specific Commissioner. All speakers shall be courteous in their language and deportment and shall not engage in or discuss or comment on personalities or indulge in derogatory remarks or insinuations with regard to any Commissioner, the Chair, or any member of the staff or the public.

There will be no demonstrations during or at the conclusion of any public comment. These guidelines are intended to promote an orderly system of holding a public meeting, to give every person an opportunity to be heard and to ensure that no individuals are embarrassed by voicing their opinions.

AMERICANS WITH DISABILITIES (ADA) ACCOMMODATIONS ADA accommodations can be provided upon request. Those requiring special accommodations should contact the City Clerk at cityclerk@gigharborwa.gov or (253) 853-7613 at least 24 hours prior to the meeting.



**DRAFT Minutes Planning Commission
Gig Harbor Civic Center
Thursday, July 21, 2022
5:00 P.M.**

- I. **Call to Order/Roll Call** Chair Hoeksema called the meeting to order at 5:01, Commissioner Grina, Commissioner Soltess, Commissioner Krawczyk, Commissioner Bradbury were present. Commissioner Bennett & Brown were excused.
City Staff: Carl de Simas, Principal Planner; Assistant Planner Jeremy Hammar; Jami Hoffman-Perron, Community Development Clerk and Michelle Thomas, Planning Technician were present.
- II. **Approval of Minutes:** Move to approve the minutes of July 7, 2022 as written. Bradbury / Grina –All in favor Motion carried
- III. **Public Comment:**
 - a. Carolyn Allen | 3526 Harborview Dr.
 - b. Bonnie O'Malley | 8101 Bayridge Ave.
 - c. Glenn Peterson | 8921 Franklin St.
- IV. **Agenda Items:**
 - a. Short Term Rental Study Session - Staff & Commissions continued discussion of proposed ordinance to regulate Short Term Rentals
- V. **Other Business:** Next meeting Thursday, August 4, 2022 at 6:00 pm Short Term Rental Public Hearing. Update on Climate Change Comp Plan Amendment & status on new Planning Commissioners appointment.
- VI. **Adjournment:** Move to adjourn at 7:53 pm. Krawczyk \Soltess –All in favor Motion carried



Staff Memorandum

TO: Planning Commission

FROM: Planning Division Staff

SUBJECT: Short-Term Rental Public Hearing
August 4, 2022, 6:00 PM
Virtual

DATE: July 28, 2022

At the upcoming Planning Commission (PC) meeting on August 4, 2022, a Public Hearing will be held to hear public testimony regarding the draft short-term rental (STR) regulations. This will be the second public hearing before the PC regarding the topic of Short-term Rentals. At the PC's last two study sessions dated July 7th and July 21st, Commissioners reviewed a few outstanding issues related, in large part, to whom can be permitted under a short-term rental permit, the short-term rental permit application process, the related business license approval/renewal process, and enforcement of these proposed regulations.

One lingering issue remains after our last meeting. That is: Can the City allow those STRs that have been operating without City approved permits, and that are not the primary residence of the STR operator/owner, to apply for a permit under these regulations? The PC asked that staff analyze this question and provide our findings. To date, Staff finds no legal way to make this allowance. If the STR was not legally established under the current code, it cannot be deemed non-conforming and therefore must conform to the newly adopted ordinance.

The current draft of the regulations includes:

1. Draft of new Chapter 17.XX GHMC Short-term rentals
2. Amended Chapter 17.04 GHMC adding a definition for "Short-term Rental", "Primary Residence", and amending the definition of "Lodging, Level 1."
3. Amended Chapters 19.01.003 and 19.02.008 GHMC.

Commissioner Brown has provided some additional thoughts as he was unavailable at the PC's last meeting. Those have been provided in the PC packet. Several public comments were received outside of an advertised public comment period. Those have also been included in the PC packet for this hearing. In addition, Staff will update the packet with written testimony received leading up to the hearing date.

As always, please feel free to contact us directly with any questions. Thank you

City of Gig Harbor

Planning Commission

Draft Short-term Rental Regulations

July 28, 2022

Chapter 17.04

Definitions

17.04.444 Lodging, level 1.

"Lodging, level 1" means a single-family residence which provides overnight lodging for guests, and ~~may provide~~ provides meals or services for overnight guests, not to exceed five guest rooms.

17.04.XXX Primary residence.

"Primary residence" means a person's principal residence or usual place of return for housing as documented by the following: motor vehicle registration; driver's license; voter registration; tax documents showing the residential unit as the person's residence; a utility bill; or other such evidence as determined by the director. A person may have only one (1) primary residence and must reside there for a minimum of one hundred eighty-three (183) days during the calendar year.

17.04.XXX Short-term rental.

"Short-term rental" means a single-family dwelling unit or accessory apartment, or portion thereof, which is the primary residence of the owner that is offered as a rental to guests by a legal short-term rental property owner for fewer than thirty consecutive nights.

Chapter 17.XX

Short-Term Rentals

Sections:

- 17.XX.010 Intent.
- 17.XX.020 Applicability.
- 17.XX.030 Application procedures.
- 17.XX.040 Criteria for short-term rental permit approval and business license renewal.
- 17.XX.050 Duration of approval.
- 17.XX.060 Inspections, enforcement, and permit revocation.

17.XX.010 Intent.

This chapter is intended to provide regulations and procedures for the review of Short-term Rental Permit applications. These regulations are intended to:

- A. Protect Neighborhoods from adverse impacts of short-term rentals.
- B. Permit residents to offer their residences for short-term rentals subject to reasonable city regulations.
- C. Minimize impacts on long-term housing availability, attainability, and affordability.

17.XX.020 Applicability.

- A. The provisions of this chapter shall apply to all property owners seeking to operate a short-term rental within a legally established single-family dwelling unit or accessory apartment on a parcel owned by the same and that is established as their primary residence.

17.XX.030 Application procedures.

In order to operate a short-term rental within the City of Gig Harbor, a property owner must obtain an approved short-term rental permit and City of Gig Harbor business license.

- A. Type of permit. An application for a short-term rental shall be processed as a Type II procedure as set forth in Title 19 GHMC.
- B. Application fee. The application fee shall be listed in the adopted fee schedule.
- C. Complete application. In addition to the pertinent requirements of GHMC 19.02.002, the following items must be provided for a complete application:
 - 1. Narrative describing the proposed short-term rental operation including, but not limited to:
 - a. Description of the unit to be utilized for the short-term rental (i.e. single-family dwelling unit, accessory apartment).
 - b. Proof that the address provided is the applicant's primary residence.
 - c. Number of rooms to be rented.
 - d. Number of available off-street parking spaces.

17.XX.040 Criteria for Short-term Rental Permit approval. business license renewal.

The director shall approve applications for a short-term rental use, or renew a short-term rental business license, if the applicant demonstrates compliance with the following:

- A. Short-term rentals shall be permitted in all zones where single-family dwelling units are permitted consistent with Chapter 17.14 GHMC.
- B. An approved Short-term Rental Permit is required prior to operating a short-term rental within the City of Gig Harbor.
- C. The dwelling unit, or accessory apartment, must be the primary residence of the applicant at the time of application and business license renewal.
- D. Maximum occupancy shall be regulated consistent with Title 15 GHMC.
- E. The dwelling unit shall maintain all applicable performance standards for the zoning district and as required by local, state and federal law.
- F. Emergency and property owner contact information shall be clearly posted within the unit at all times.
- G. Listings for short-term rental units shall include the approved short-term rental permit number and City of Gig Harbor business license number.
- H. Off-street parking must be provided for all guests and available at all times during the guest's stay.
- I. The short-term rental shall be conducted in such a manner as to give no outward appearance nor manifest any characteristics of a business, in the ordinary meaning of the term, that would infringe upon the right of the neighboring residents to enjoy a peaceful occupancy of their homes.
- J. On or off premise signs advertising the short-term rental shall not be permitted.
- K. A short-term rental permit issued to one person shall not be transferable to any other person; nor shall a short-term rental permit be valid at any address other than the one appearing on the permit.

- L. Property owners, or their designee, shall be available at all times and able to respond within one hour to complaints, tenant concerns, inquiries and investigations conducted by City Officials.
- M. The short-term rental shall meet all local, state and federal requirements regarding licenses and taxes.
- N. Good Neighbor Policy
 - 1. A Good Neighbor Policy, in a form provided by the City, shall be signed by the property owner and posted on site in a visible location. It shall be the responsibility of the property owner to ensure the policy is enforced.
- O. Weddings, banquets, parties, charitable fund raising, or other gatherings for direct or indirect compensation are not permitted. The use of a short-term rental shall be consistent with typical residential uses.
 - 1. Small, informal non-commercial gatherings of family and friends of short-term rental guests are permitted, provided the gathering is not a disturbance to the surrounding neighborhood.
- P. The approved short-term rental permit number and City of Gig Harbor business license shall be provided as part of any third-party advertisement.

17.XX.050 Annual business license renewal.

- 1. In addition to the standard State of Washington and City of Gig Harbor business license renewal requirements, the following provisions shall also be enforced annually:
 - 1. City staff shall assess and consider the details of any code compliance cases brought against the property where the short-term rental is being operated.
 - 2. The applicant shall resolve all outstanding civil penalties, fees, fines, liens, infractions, or any other legal encumbrance prior to business license renewal.
 - 3. The applicant shall submit to the City a signed and notarized affidavit in a form approved by the Director and the City Attorney. The affidavit shall request information including, but not be limited to, the following:
 - a. Proof that the dwelling unit is the primary residence of the person(s) to which the short-term rental permit was issued.
 - b. Proof of a third-party platform affiliation (i.e. AirBnB, VRBO, etc.).
 - c. Number of days and nights the dwelling unit or accessory apartment was operated as a short-term rental.
 - d. Additional information deemed pertinent and necessary by the Director and the City Attorney.

17.XX.060 Duration of approval.

- A. An approved Short-term Rental Permit shall be issued to the legal property owner of record and considered valid until one or all of the following criteria exist:
 - 1. Property ownership changes; or
 - 2. The property owner no longer possesses a valid City of Gig Harbor business license.

17.XX.070 Inspections and enforcement.

- A. Prior to permit issuance, and prior to annual business license renewal, the short-term rental unit may be inspected by City Officials to ensure consistency with all applicable local, state and federal codes.
- B. Enforcement shall be conducted consistent with all applicable portions of Gig Harbor Municipal Code.

Chapter 19.01
Types of Permit Applications

19.01.003 Project permit application framework.

B. Decisions.

TYPE I	TYPE II	TYPE III	TYPE III-A	TYPE IV	TYPE V
Final short plat	Preliminary short plat	Plat vacations and alterations	Preliminary plats/major preliminary plat revisions	Final plats	Comprehensive plan amendments
Minor site plan review	Major site plan review	Conditional use permit	Preliminary PRD/PUD	Final PRD/PUD	Development regulation amendments
Minor amendments to PUD/PRD	Alternative design review ¹	General variances, sign permit variances	Major amendment to PRD		Zoning text amendments; area-wide zoning map amendments

Special use permits	Binding site plan	Shoreline substantial development, shoreline variance, shoreline conditional use			Annexations
Temporary trailers	Revisions to shoreline management permits ²	Major amendments to PUD			
Sign permits	Administrative variances	Amendment to height restriction area map			
Administrative design review ¹	Administrative interpretations	Mobile/manufactured home park or subdivision			
Land clearing	Shoreline permit exemptions ²	Performance-based height exception			
Home occupation permit	<u>Short-term Rental Permit</u>	Changes from one nonconforming use to another			
Alternative landscape plan		Site-specific rezone			

Nonconforming review		Critical area variances			
Minor preliminary plat revisions		Critical area reasonable use exceptions			
Boundary line adjustment					

¹ In addition to the procedures in this title, applications for design review shall follow the procedures set forth in Chapter [17.98](#) GHMC.

² The notice of application requirements of GHMC [19.02.004](#) and notice of decision requirements of GHMC [19.02.007](#) shall not apply to shoreline permit exemptions. The decision shall be subject to the procedural requirements of Shoreline Master Program subsection 8.2.3 and the appeal procedures of GHMC [19.06.004](#).

19.02.008 Duration of permit approval and expiration of permits.

A. *Duration of Permit Approval.* A land use permit shall expire three years from the date a permit is approved, except as specified in subsection [C](#) of this section.

B. When a project includes more than one land use permit, the expiration date of the land use permit with the longest permit approval duration shall govern all land use permits included in a project, except final plats, short plats, map amendments and Type V decisions.

C. The duration of approval, expiration and extension of the following land use permits shall not be governed by this section, except that subsection [B](#) of this section shall apply:

1. Shoreline permits shall be governed by the City of Gig Harbor Shoreline Master Program and WAC [173-27-090](#);

2. Subdivisions, short plats, binding site plans and boundary line adjustments shall be governed by GHMC Title [16](#) and Chapter [58.17](#) RCW;
3. Land use permits governed by a development agreement shall be pursuant to the development agreement;
4. Special use permits, land clearing permits, planned residential developments, planned unit development, short-term rental permits, and temporary trailer permits shall be governed by the provisions in the specific zoning code chapter regulating those permits;
5. Zoning district map amendments and height restriction area map amendments.

The original version of these notes contained several errors in the financial calculations. The erroneous calculations and the related text have been deleted from the revised version, below. Please accept my apology for the errors in the original version.

The “Primary Residence” STR Proposal prepared by the City Staff all but guarantees significant future risks for Gig Harbor

The “Primary Residence” solution: ***Declare the house to be your primary residence, live in it for 6 months and 3 days each year.***

Rent the entire house out the rest of the year, and rent sleeping rooms during the 183 days of your residence.

This won't work to prevent non-resident ownership of STR houses in Gig Harbor, and we know it won't if we think about it:

-When cheating promises an economic benefit, some will cheat. We know this from our knowledge of Income Tax fraud, whether that is hiding income or inflating deductions, and we know it from the “liar loans” of the 2007 Real Estate bust, and we know it from tax scams like the California Offshore Yacht Delivery dodge to avoid state sales tax.

-Affidavits will not prevent cheating

-A notarized signature on a form will not “all but guarantee” compliance

-And what does “primary residence” really mean? If I were the cheat, renting the entire house as much as I could, secretly living elsewhere, and the City challenged me to prove my 183 days of residence I would plan to show local receipts, mail addressed to me at the house, and other paperwork easily obtained. If questioned about absences I would explain I was travelling to visit family or on vacation, but the house in the Gig was my only residence.

-So what's the risk to Gig Harbor? There are several:

-This loose definition of “primary residence” will be an invitation to cheats to buy houses in the harbor, and cheats are not good neighbors nor do they build good neighborhoods.

-Citizens will notice the cheating and complain

--To stop the flood of STR applications the City will be tempted to invoke a “temporary moratorium” like Walla Walla did recently and look like it failed to manage the problem in the first place, especially if it is another “emergency” moratorium.

-Not afraid of cheats because the City can flex its compliance muscles and scare them all away? You still have a problem if the financial opportunity influences home owners/buyers to create cozy basement or garage based ADU’s, move in to the new space and rent out the house as an STR until it is paid for. Would this be the kind of neighborhood you had in mind when you signed up for your \$! Million+ mortgage near the water?

-All evidence tells us that there may well be around two dozen unlicensed, operating, non-owner occupied STR’s in the city now, and maybe more. If the City passes this “primary residence” ordinance these owners will be damaged, perhaps litigious, even more likely looking for other options like the ones suggested above. Why not accept the fact that the city has some responsibilities for procedural, licensing, compliance and enforcement lapses over the years and craft an ordinance that would invite them to continue to operate as compliant business partners? You might just dodge a few lawsuits.

Suggestions for such a plan follow.

CURRENT STATUS

-At present we do not have complete, accurate data on the number or types of STR’s operating in Gig Harbor.

-Not more than 10 have been licensed/permitted by the City.

- The Alliance has stated that their membership of several hundred includes approximately 33 operating STR's.
- There could be a significant pent-up demand: when WallaWalla opened up applications for STR licenses they had over 100 applications submitted in the first few months. They were overwhelmed, and imposed a moratorium.
- In Gig Harbor the existing STR's are concentrated in the historic district, as you would expect, and this is where we have the greatest risk of a large number of STR's overwhelming the residential nature of this neighborhood as we see in some resort towns.

SUGGRSTIONS FOR A NEW PLAN

- Define three types of STR's:
 - Primary residence, owner occupied at least 270 days per year, owner may rent individual rooms on a STR basis while owner is in residence, and the entire house may be rented for up to 90 days/year while the owner is away.
 - ADU STR's: a resident owner can apply for a permit/license to rent out either the primary dwelling unit or the ADU as an STR. The property owner must reside on the property in either unit.
 - Non-resident owners: The City should not permit new STR's owned by investors who are not using the property as a primary residence at least 270 days/year. To accommodate non-resident homeowners who have been operating STR's in the City, renewal permits/licenses should be issued to them if they meet the following tests:
 - They are able to show that taxes have been paid on their rentals
 - The property meets the residential standards of the City

- No complaints have been filed against activities on the property

Note: there may be as many as two dozen, and perhaps more, houses now being used as STR's by absentee owners. Given the lack of clear regulations and the lack of enforcement of the existing regulations it seems wise to offer these property owners an opportunity to get legal and continue operating if they choose. This seems preferable to closing them down as STR's and causing potentially significant financial losses.

ROLLING OUT THE NEW PLAN

- Announce that in the first 12 months beginning September 1, 2022, the City will process up to 50 STR applications and issue up to 50 new and renewal permits/licenses. Priority will be as follows:

 - Renewals for existing STR operators in good standing

 - Applications that were in the pipeline at the time the moratorium began

 - Applications for new STR's that will be the primary residence of the owner

 - Applications from non-resident owners of existing STR's applying for a license to continue operating on an earned exception basis.

Each year the City staff should analyze the number of applications submitted, approved and pending, and the number of operating STR's and their locations, along with other relevant factors and recommend to the Council the number of applications for new STR's the City will process in the coming year.

From: [Tom Brown](#)
To: [Carl de Simas](#)
Cc: [Greg](#)
Subject: STR Alternate Plan
Date: Wednesday, July 27, 2022 5:16:21 PM
Attachments: [STR Alternate Plan.pdf](#)

Carl:

I regret I was not able to participate in the last study session due to illness.

I did watch the recording and noted that there were still issues the Commission was wrestling with at the end of nearly three hours of discussion.

In my opinion, there are also some significant future risks in the plan presented by the Staff last week.

The attached notes address these risks, and provide some alternative concepts for consideration by the Council. Please distribute this material to the Commissioners prior to the August 4 hearing. They may be interested in my concerns about the plan discussed last week, and they may want to include some of these ideas in the Commission's recommendation to the Council.

Thank you,

Tom Brown
6787 Weather Glass Lane
Gig Harbor, WA 98335
253 225-6815

The “Primary Residence” STR Proposal prepared by the City Staff all but guarantees significant future risks for Gig Harbor

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-When cheating promises an economic benefit, some will cheat. We know this from our knowledge of Income Tax fraud, whether that is hiding income or inflating deductions, and we know it from the “liar loans” of the 2007 Real Estate bust, and we know it from tax scams like the California Offshore Yacht Delivery dodge to avoid state sales tax.

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-Are the returns great enough to tempt a cheat? If I owned a house in the Harbor and rented out the entire dwelling just half the time at \$400/night for 180 days it would gross \$722,000. Unrealistic? At \$200/night the gross would be \$361,000, plus of course any other income from room rentals the other six months of the year. That's if the owner followed the residency rules.

-Suppose I intended to purchase a home in the Harbor, to be called my “primary residence” but secretly planned to rent it out to the max as a STR until it was paid for, and then move in. I would furnish it properly, paint update and prune, and offer it at an obvious bargain nightly rate, both on a whole-house basis and on an individual room basis. A nice house in Millville should bring at least \$200 - \$250 per night, and 180 nights would yield \$360,000 - \$450,000, plus any room rental revenue. The mortgage could be paid in just a few years.

-Would someone really do this? Where would they live in the mean time? In the house they inherited from their parents. In their partner's apartment. Motivation would lead them to a solution: the answers are out there.

-And what does "primary residence" really mean? If I were the cheat, renting the entire house as much as I could, secretly living elsewhere, and the City challenged me to prove my 183 days of residence I would plan to show local receipts, mail addressed to me at the house, and other paperwork easily obtained. If questioned about absences I would explain I was travelling to visit family or on vacation, but the house in the Gig was my only residence.

-So what's the risk to Gig Harbor? There are several:

-This loose definition of "primary residence" and big money rewards will be an invitation to cheats to buy houses in the harbor, and cheats are not good neighbors nor do they build good neighborhoods.

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--To stop the flood the City will be tempted to invoke a "temporary moratorium" like Walla Walla did recently and look like it failed to manage the problem in the first place, especially if it is another "emergency" moratorium.

-Not afraid of cheats because the City can flex its compliance muscles and scare them all away? You still have a problem if the financial opportunity influences home owners/buyers to create cozy basement or garage based ADU's, move in to the new space and rent out the house as an STR for a few years until it is paid for. Would this be the kind of neighborhood you had in mind when you signed up for your \$! Million+ mortgage near the water?

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the years and craft an ordinance that would invite them to continue to operate as compliant business partners? You might just dodge a few lawsuits.

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Each year the City staff should analyze the number of applications submitted, approved and pending, and the number of operating STR's and their locations, along with other relevant factors and recommend to the Council the number of applications for new STR's the City will process in the coming year.

From: [Robert Himes](#)
To: [Carl de Simas](#); [Michelle Thomas](#)
Subject: Comments on STR draft for 6-2-22 Public Hearing
Date: Wednesday, June 1, 2022 6:52:49 PM

Carl:

Michelle:

I am supportive of the STR draft of 5-26-22 for review at the 6-2-22 Public Hearing. It maintains property owners' rights to have an STR, but with key provisions to avoid the rapid proliferation of short term rentals and associated problems in residential neighborhoods as seen in Napa, CA and Bend, OR. I believe the owner-occupied requirement and the 150 ft spacing are critical to maintaining the residential neighborhood character that underlies the City's residential zones. Further, the owner-occupied requirement should add an element of "local control" which will be difficult for the City to contain in real time. I don't believe this draft should be "watered down" to buy acceptance in residential neighborhoods; these are family residential zones not business zones. There may be some opportunity for compromise in the zones which are primarily business-related; e.g. B-2 or RB-2. Please incorporate these comments into the record. Thank you.

Bob Himes

From: [Ed Nadler](#)
To: [Michelle Thomas](#); [Carl de Simas](#)
Subject: STR Public Comment
Date: Thursday, June 2, 2022 9:33:51 AM
Attachments: [GHSTR6222.docx](#)

Short term rentals have made a lot of money for the internet-based service firms that created the market. They've also profited the property managers and real estate investors that have driven up home prices in the quest for profit. What about the communities and neighborhoods where the STR's are based?

Short term rentals (STR's) may provide property owners with a source of income, but at what price to a community. Allowing, yet alone expanding the presence of STR's pits the desire to house visitors against the need to house residents. How many homes in Gig Harbor could be home to families versus standing vacant a good part of the year because they are investment properties or a "second" home. How have these properties impacted the affordability of homes in Gig Harbor?

Displacement of low-income households – whether direct or indirect – cause real and lasting harm to individuals, families, and communities. The ability for low-income families, communities of color, immigrants, and refugees to live and work in Seattle must be prioritized over the growth of Airbnb. Puget Sound Sage, 2016 [Dramatic Growth of Short-Term Rentals in Seattle Could Reduce Apartment Supply](#)

"The largest and best-documented potential cost of Airbnb expansion is the reduced supply of housing as properties shift from serving local residents to serving Airbnb travelers, which hurts local residents by raising housing costs." (Economic Policy Institute, 1/30/19, "The Economic Costs and Benefits of Airbnb").

The STR businesses (Airbnb, VRBO, etc..) have and will make a lot of money from STR's, property owners will make some money. What will this cost Gig Harbor?

Studies have shown that with the rise in STR's, communities have experienced long term increases in crime. Crime not necessarily related to the visitors but rather crime that increases over the course of several years do the negative impacts STR's have on a neighborhood's social organization (PLOS One, Public Library of Science July, 2021 [Airbnb and neighborhood crime: The incursion of tourists or the erosion of local social dynamics?](#)) This study goes on to state:

"The results have important practical implications. To our knowledge, this paper is the first study to robustly test this particular externality of Airbnb at the neighborhood level. Airbnb-related crimes are viewed as a possible consequence of the home-sharing platform because the costs of these incidents are not addressed by the transactions between Airbnb hosts and guests. Instead, these costs are shouldered by increased expenditures for law enforcement and disturbances to neighbors. It is striking to see that the issue is not the visitors themselves but the conversion of units into short-term rentals. In a certain light, this observation is analogous to the effect of Airbnb on housing prices. In the one case, Airbnb has removed material capital from the market, raising prices for renters; in the other, Airbnb removes social capital from the neighborhood in the form of stable households, weakening the associated community dynamics."

Gig Harbor currently has several traditional Hotel and Bed & Breakfasts businesses that can accommodate visitors. The argument that STR's will support an increase in tourism, hence

increasing the economic benefit to local businesses is generally overstated as most of the tourism would have happened regardless of STR's. Studies have found that <5% of tourists based their travel plans solely on the availability of STR's. In other words, they were going to stay at a hotel.

STR's are a direct competitor to traditional lodging options, the negative impact to those businesses must be considered when evaluating STR's. Further, the collection of lodging tax and the impact on the community is another issue that must be addressed.

Several large American cities with a large Airbnb presence rely heavily on lodging taxes. Airbnb has largely blocked the ability of these cities to transparently collect lodging taxes on Airbnb rentals that are equivalent to lodging taxes on hotel rooms. One study found that the voluntary agreements Airbnb has struck with state and local governments "[undermine] tax fairness, transparency, and the rule of law." (Economic Policy Institute, 1/30/19, "The Economic Costs and Benefits of Airbnb").

The current proposal states, "Short-term rental" means an owner-occupied single-family dwelling unit or accessory apartment, or portion thereof, that is offered as a rental to guests by a legal short-term rental property owner for fewer than thirty consecutive nights; and, where the short-term rental of the entire single-family dwelling unit is limited to no more than 90 days per calendar year.

The proposal would allow full units (an entire house) to be rented on a STR basis for no more than 90 days per year. Obviously, this is a compromise. Why not 120 days, why not zero? **If the entire unit is being rented, how will the owner be able to occupy the dwelling?** Granting a property owner latitude in the use of property is, I imagine agreeable to everyone. What about the impact to other property owners? What about the impact to the entire community?

The proposal also sets the maximum number of rooms for STR's at two, with sufficient off street parking. With the requirement that the owner be on site, this compromise suggests that there could be at least three vehicles on site (possibly more if the owner has multiple vehicles or if visitors come in separate vehicles). How many properties in Gig Harbor can safely accommodate three or more vehicles? How many times have we encountered vehicles parked on the sidewalks?

The proposal limits STR's to 150' of one another basis the parcel boundary. How will we manage STR's on the same but opposite side of a street?

The proposal sets forth that a "Good Neighbor Policy" must be posted on site. Yet another compromise. The fact that such a policy needs to be considered acknowledges that STR's are not a good option for our neighborhoods.

This issue has been debated for many years and it is difficult to find a happy middle ground. There are communities around the country, indeed the entire world that have banned STR's completely. Others have gone the route of the onsite property owner. While I believe all STR's should be banned, I do appreciate the need for compromise. As such I advocate for the removal

of entire units from the City's proposal, allowing for the rental of no more than two rooms or an apartment at a property. Stressing the need for the property owner (not a manager) to be onsite, not merely reachable by phone. As for the number and location of STR's, the proposal needs some refinement on limiting the number. At present every other house along one side of a street could potentially have an STR, while at the same time every other house on the opposite side of the same street could as well. Think of the parking nightmare! That in a town already plagued by limited parking options.

Lastly, while the proposal does mention penalties for violating the proposed code, details are lacking as to how the code will be enforced. If left solely to renewal periods and not proactively enforced then this code will be another in our Municipal Code that goes unenforced and ignored.

Edward Nadler
9401 Harborview Dr.

From: [Carl de Simas](#)
To: [Michelle Thomas](#)
Subject: FW: STR's
Date: Friday, June 3, 2022 8:22:57 AM

Hi Michelle,

Please add to the record. We'll add the comments that came in late to the packet for June 16th.

Thank you,

Carl

--

Carl de Simas | Principal Planner
Community Development | 3510 Grandview Street | Gig Harbor, WA 98335
P (253) 853-7628 | F (253) 858-6408 | www.cityofgigharbor.net

From: Bay City Motors <baycitymotors@hotmail.com>
Sent: Thursday, June 2, 2022 2:55 PM
To: Carl de Simas <cDesimas@gigharborwa.gov>
Subject: STR's

Sent from [Mail](#) for Windows

Please read into the planning commission's record. Thank you all for your time and effort on this matter. It is of paramount importance that the City is being proactive regarding STR's rather than reactive. By taking the steps you are proposing you are doing the best you can to AVOID problems that many jurisdictions in the State and other parts of the Country have experienced. In Lieu of a ban of STR's the proposed ordinance may take care of potential negative impacts to residential neighborhoods.

you, Jim Franich

X

Thank

July 1, 2022

To: Gig Harbor Planning Commission, Mayor and City Council

From: Carolyn Allen

Re: Short-Term Rental Draft Regulations

My name is Carolyn Allen. I live at 3526 Harborview Drive. I am a lifelong resident of Gig Harbor and Founding member of the Gig Harbor Short-Term Rental Alliance LLC. I do not own a Short-Term Rental, but do own long-term rentals.

Recently, Chapter 17.04 (Draft) of the Gig Harbor Zoning Code was revised in regards to Short-Term Rentals. Though it is obvious community voices have been heard on several of the components of the draft, there remain several serious concerns that will adversely affect tourism, our downtown business owners, guests, and owners. As you continue your work with recommended adoptions for short-term rental regulations, I ask that you seriously consider the results of your proposal.

Here are my concerns to the revised draft:

17.04.XXX Short-term rental

“Short-term rental” means a single-family dwelling unit or accessory apartment, or portion thereof, which is the primary residence of the owner that is offered as a rental to guests by a legal short-term rental property owner for fewer than thirty consecutive nights; and, where the short-term rental of the entire single-family dwelling unit is limited to no more than 90 nights per calendar years.

Using facts to support the notion that the above restricts all non-primary (STR) residences, this restriction seems to be based on fear that if Gig Harbor were to allow non-owner residences to be allowed, there would be adverse repercussions. A public record search for the City of Gig Harbor, as you, as community representatives are well aware of, shows ZERO filed complaints or police records in relation to short-term rentals.

After repeated email and face to face requests, the City has refused to provide documented proof of short-term rentals assumed to be in operation in our city, and states they do not have anything to provide, yet has reported to the local newspapers that there are 44. They later reported 58 short-term rentals in Gig Harbor. The Gig Harbor Short-Term Rental Alliance conducted a study using AirDNA which showed 33, of which 3 are ADUs. My most recent public record search sent in late May, 2022, to the City of Gig Harbor, again came back again with no documentation other than the same emails already seen between The Peninsula Gateway Staff reporter and a City employee. No documentation available, no study conducted, just estimates and guesses. It was disappointing to know our city was giving guesses and estimates to the local newspapers on such a serious and important matter. Facts count.

Again, the basis for which the resolution of “Primary Residence” and the other limitations of the 17.04.XXX seems to be based on fear or bias, not on facts. Based on our research with AirDNA, over 90% of our City’s STRs are NOT the owner’s primary residence, which means the adoption of 17.04.XXX would result in destruction of over 90% of the city’s short-term rentals. Simply put, for the most part, our visitors do not wish to stay in a short-term rental with owners. They come to Gig Harbor to rent a home, not a room, and they come for relaxation, privacy, and for the enjoyment of all that our city has to offer, which includes supporting our area businesses.

“Primary residence” means a person’s usual place of return for housing as documented by motor vehicle registration, driver’s license, voter registration, driver’s license, voter registration, or other such evidence as determined by the director. A person may have only one residence.”

Does “Usual place of return for housing” mean one must remain in the home with guests at all times? Does it imply a certain time of arrival (the owner) to the home while occupied by guests? What if there is a family emergency or the owner has a medical emergency? Is the owner allowed to attend a function, but must return to the home at a certain hour? A curfew? How are you defining “Usual?”

How might “Or other such evidence as determined by the director,” be interpreted? This statement seems to imply a “Director,” (the City) will have all jurisdiction/control over an owner’s residence as interpreted by the “Director.” It also implies, that additional requirements could be placed on an owner at any time—in addition to the Short-Term Rental regulations once in place.

I ask, is it fair and reasonable or even legal to impose additional restrictions that are not part of a zoning code document? Is Code Enforcement prepared to enforce when an owner comes and goes or take calls from neighbors as to when owners enter or leave their residence? Is this restriction based on anything other than fear or bias? I totally disagree with the proposed regulation that the short-term rental must be the owner’s “Primary Residence,” and that the whole home may only be rented to no more than 90 nights per calendar year. This is NOT what is in place now in our city, nor have there been any adverse issues with such. There is no basis in which to make this drastic change or restriction.

17.XX.010 Intent

A. Protect the Neighborhoods from adverse impacts of short term rentals.

There have been no adverse impacts in a supposedly estimated number of 6-10 years of short-term rental history in our city. Please refer to citizen complaints and police calls to single family owner-occupied homes and long-term rentals to compare to zero complaints or police calls to Gig Harbor’s short-term rentals.

B. Permit residents to offer their residences for short-term rentals subject to reasonable city regulations.

Adopting a regulations that demands “Primary Residence” and a limit of a 90 day full home rental is not reasonable. This is a drastic change from what has been in place in our city. In fact, it is totally opposite!

C. Minimize impacts on long-term housing availability, and affordability.

This phrase could not be further from reality. I recently received my Pierce County Tax Assessors notice for the value of my home. My 2022 assessed value has risen over \$300,000. Last year, my home increased in assessed value by roughly \$400,000. What does that indicate? Another drastic increase in property taxes this year by approximately \$1,800.00. Last year the increase was \$2300.00. I live in Millville. I kindly challenge you to show me a home within the city of Gig Harbor, that has sold within the past year that is your estimation of “affordability.” This week a home went on the market in Millville. The address is 3400 Harborview Drive. The home is 122 years old. It’s listed sale price is \$975,000. Realtors estimate this home will have multiple bidders and a sale price of over 1 million

dollars. What highly concerns me is the very result you are trying to avoid—large businesses coming to Gig Harbor to invest in homes could happen as you push out the little guy. Most of the STR owners in our city are retired or semi-retired, and some depend on only the income that is produced from their short-term rental. Though purchasing a home as an investment for over 1 million dollars to rent it out short-term for approximate 4-5 good weather months, is not a good business decision because the numbers don't compute; forcing long-time residents out of their homes because they are no longer able to afford to maintain their homes do to the loss of income is frightening and a probable reality.

Availability: I rent out a home (long-term) in Millville that I try to keep as affordable as possible. Rarely is a tenant there for less than 2 years. The reason for vacating has never been affordability. I know no other homes in Millville that are long-term rentals. I know of no other homes in my neighborhood that would classify as "Affordable." Please do not use the above phrase loosely as an excuse to restrict short-term rentals in our city.

D. Balance economic opportunity created by short-term rentals with the need to maintain the city's housing supply and protect the rights and safety of owners, guests and neighbors.

The above *penned* words sound lovely, but they have no correlation to the present reality of our city. Please refer to the recent distributed press release from the City of Gig Harbor to the community, entitled, PRESS RELEASE: CITY OF GIG HARBOR ACCEPTING 2023 LODGING TAX GRANT APPLICATIONS. On page two, paragraph one, beginning with line 5 the document states:

- Increase hotel/lodging occupancy in the City of Gig Harbor by creating overnight stays.
- Increase the number of visitors to the City from more than 50 miles away.

"All applications must include estimates of how funding the activity will result in increases to people staying overnight, traveling 50 miles away or more, or coming from another state or country. To ensure this data is collected, the City is required to have applicants provide additional information in the lodging tax application."

How is destroying over 90% of the city's present short-term rentals by requiring "Primary residence," meeting the City's goals above? I ask that your words and actions coincide with one another. 17.XX.0100 D., is a not a "support of balance" of economic opportunity, but instead creates an imbalance of a well-run, existing system of overnight lodging through the availability of our city's short-term rentals.

17.XX.030 Application procedures

A. Type of permit. An application for a short-term rental shall be processed as a Type II procedure as set forth in Title 13 GHMC.

This newly created and proposed Type II procedure (permit) closely resembles the procedure of a Conditional Use Permit:

Erect a sign in the owner's yard
Send letters to all property owners within 300 feet
Conduct a hearing, and so on...

At the inception of the “Emergency Moratorium,” it was stated by City officials that there needed to be a simple, permitting process with reasonable regulations. A Type II permit process does not fit that description. A Type II process will simply open up neighborly tension that need not happen. If the regulations are clear, fair, precise, and reasonable and the owners are able to meet all of the criteria to obtain a permit, the permit should be granted. You are creating the need for additional staff time, a hardship on both the City and the owner, and as previously mentioned, open up the community for neighborhood tensions. Please consider the permitting process wisely. What is your intent? The goal should be to have an owner succeed if the owner meets the STR criteria, not to create distress to owners and neighbors in the community. I’ll repeat what I stated in my prior letter to the Commission, Mayor and Council:

Either an owner meets the criteria and agrees to follow the Short-Term Rental regulations or they do not. Either they are granted a permit by meeting and agreeing to the new regulations or they do not and are not granted a permit.

B.b. Required listing or booking platforms, as approved by the Director.

I question the legality of requiring ANY business to abide by the advertising that you dictate shall be used. Please do additional research on the legality of such practice. Is there another other single business in our city that is required to market themselves as the City dictates? I do not believe that this criteria is within your domain to dictate.

c. Number of rooms to be rented.

My question first is Why does the city need to know how many bedrooms are being slept in, in my home? The number of rooms needed for a family can change at any moment past the initial reservation. Someone becomes ill, and the room is not needed; grandma decided to come along, and a room is needed; a couple decided to not join the group and a room is not needed; a teen has football camp and is staying back and a room is not needed. This regulation carries no substance as life changes as quickly as do reservations. Upon discussing this topic with many of the members of the Gig Harbor Short-Term Rental Alliance, most respond that they operate their STR according to their needs. They block out dates/rooms according to their life and the changes that occur. It can be an ever-changing calendar during the year. Adopting this regulation will provide you zero accuracy as you are asking owners to project all of the above mentioned a year in advance that cannot be soundly assessed.

d. Expected number of days to be rented in the calendar year—whole unit and portion of unit.

Refer to my paragraph above. There is no way to predict with accuracy, and therefore this is not a reasonable request.

e. Rental fee per night—may be a range.

Again, no predictability that will provide accuracy. Supply and demand, season, and holidays, and events our city holds, affect nightly/weekly pricing in this industry. The best anyone could do is give you a useless guesstimate.

B.2. a. Number of available off-street parking spaces.

Where is the regulation? This is an open-ended regulation/document without detail. Please determine a fair and reasonable regulation so the owners and community may respond to your proposed parking requirement. Please also consider the fairness of requiring the exact same number of off-street parking spots as you do for a long-term renter or a single family residence. To assume that a short-term rental would increase the need for additional parking is false. A family travels together in one vehicle, according to members of the Gig Harbor Short-Term Rental Alliance. If a second couple or grown children share the rental, a second car needs a space...which is very rare. Please also consider the number of single families in our city that has or is raising children. Most teens begin driving at 16. With two teens in the home, that equates to 4 needed parking spots, far more than a typical Gig Harbor short-term rental. Please do not penalize STR owners, by assuming parking needs that simply are not true.

17.XX.040 Criteria for short-term rental permit approval and business license renewal

E. The number of rooms rented shall be limited to 2 bedrooms unless the rental period is within the 90 calendar days during which the entire dwelling may be rented.

How is this supporting 17.XX.010 D. “And protect the rights,...of owners....”?

How are you protecting the rights of owners by limiting the number of rooms allowed to be rented?

How does this compare to long-term rentals in our city?

By adopting this regulation I question if you are abiding by the constitutional rights of private property owners.

2. j. Off-street parking must be provided for all guests and available at all times during the guest's stay.

Again, please refer to **17.XX.010 Intent 2a** and complete the necessary verbiage for the regulation.

L. Signs shall not be permitted.

Please be specific. If you are referring to signs that indicate a Short-Term Rental is present then please state that in your regulation. I am certain you are not referring to signs such as, “Watch your step,” or “Grass may be slippery after watering.”

R. Weddings, banquets, parties, charitable fund raising, or other gathering for direct or indirect compensation are not permitted. The use of a short-term rental shall be consistent with typical residential uses.

1. Small, informal non-commercial gatherings of family and friends of short-term rental guests are permitted, provided the gathering is not a disturbance to the surrounding neighborhood.

I am choosing to address both statements combined above as they both pertain to the same regulation.

First, I want to address the definition of the first statement. As I’ve stated in my prior letter, a “Wedding” can be 3 people getting married in an owner’s living room, deck, or garden area that has complete privacy. A banquet can be a small reception after a college graduation, and a party can be a birthday celebration for grandma. Please remove Weddings, banquets, and parties from the R. Regulation.

Major platforms, including AirBNB have recently posted worldwide that they are prohibiting parties. They go on to define “parties,” which I believe the City should do as well to avoid confusion and intention. I am attaching the link of AirBNB’s new “No parties” ban. To view, please copy and paste into your browser.

<https://www.nytimes.com/2022/06/29/business/airbnb-bans-parties.html?smid=url-share>

Under R1, I believe you capture most of the implied intent, except for “Small.” Please define “Small.” To one owner, “Small” could be 1-15 people, to others, small is under 20 people, to a neighbor that wishes to read this regulation, “Small” could be interpreted as under less than 10 people. I believe the ambiguity and numerous ways of interpreting the mentioned terms will cause problems for not only owners and guests, but neighbors as well—not to mention the enforcement of such.

17.XX.050 Inspections, enforcement, and permit revocation.

V. Enforcement shall be conducted consistent with all applicable portions of Gig Harbor Municipal Code Title 17. In addition, violations of this chapter shall be subject to a \$500 fine for the first offense and a \$1,000 fine for each repeat offense.

Again, as stated in my previous letter to the Commission, these fees are comparable to fees for criminal behavior. I believe the fees should be tiered with a base of a \$100.00 first offense.

I ask that a warning be given before the first offense as we will be adjusting to new implementation of a community-learning zoning ordinance and regulations. As you are now aware from the zero complaints filed and zero police calls in relation to short-term rentals, you are not dealing with criminals allowing criminal behavior or destroying the peace of our neighborhoods.

In addition, it has been widely expressed by City officials that we are “Complaint Based,” in terms of code enforcement. I ask that for each and every complaint filed, the City requests:

1. Name of person filing a complaint.
2. Address of person filing the complaint
3. Date complaint was filed
4. Address and owner’s name of short-term rental
5. Reason for complaint and what regulation has been violated.
6. Time supposed violation occurred.
7. Subsequent to a verbal complaint, ALL complaints shall be followed by a written complaint either emailed or mailed, or hand carried to the City. A copy of the written complaint shall be given to the STR owner within 48 hours of City’s receipt and prior to implementation of a fine, so that the owner can respond to the complaint.

I want to thank the Gig Harbor Planning Department for allowing myself and Bonnie O’Malley to have an initial informal zoom meeting to help clarify several of the concerns we have as a community of property owners, concerned citizens, and short-term rental owners.

We realize setting these new regulations is a monumental task for all. And we also realize the Gig Harbor Planning Commission is a group of volunteers that care about our community.

We would greatly appreciate more open dialogue on this subject.

Carolyn Allen

From: [DENISE PETERSON](#)
To: [Tracie Markley](#); [Michelle Thomas](#); [Mayor & Council](#)
Subject: STR
Date: Monday, July 4, 2022 3:29:44 PM

To: Mayor Tracie Markley, Gig Harbor Council Members, GH Planning Commission

From: Glenn Peterson

Re: Proposed Short-Term Rental Regulations

Greetings – my name is Glenn Peterson, my wife and I own the residence at 8921 Franklin Ave., Gig Harbor . We have been watching the STR process unfold for many months with the hope there would be fair, simple and effective STR regulations for homeowners and the city in preserving property rights, supporting local business and the character of our wonderful city.

Regretfully, even with ongoing input and our desire to collaborate with the Planning Commission (hereinafter PC), the PC has been acting with a single purpose to effectively eliminate STR's. Again, we and many others want to work on regulations that are reasonable and meet the common objectives of all interested parties – if I'm sent an invite, I'll be there.

In the interim, I've outlined our concerns with the STR draft provided by the PC along with recommendations for your consideration.

Chapter 17.04 - Definitions

17.04.XXX Short-term rental

The proposed definition from the (PC) effectively eliminates single-family STR's in Gig Harbor by combining 3 provisions.

- 1 – Entire single-family dwellings
 - o Most STR's in Gig Harbor are single-family dwellings – approx. 88%. The preference to rent only rooms can add pressure to parking and increase home occupancy, while renting the entire home may have a neutral impact.
- 2 - Entire single-family dwellings are limited to 90 nights per Calendar year.
 - o This limitation conflicts with each provision of **Intent Section (17.XX.010)**. There are no facts or data that supports limiting single family dwellings to 90-days, other than eliminating STR's.
- 3 - Entire single-family dwelling must be your primary residence:
 - o This limitation is not reasonable and when combined with the 2-provisions above, **it works to eliminate most single-family dwelling STR's (88% of all STRs)**. Nearly all of these STR's incurred significant economic investment for guests as a secondary residence occupied part of the year or vacation home, which attracts visitors, friends, and family to

engage in the diverse social and economic activities offered by Gig Harbor. These 3 provisions eliminate nearly all of the single-family dwelling STR's.

Proposed Change

- Change the definition of Short-term rental:
 - o Remove "90-nights per calendar year"
 - o Remove "Primary Residence"
 - o Remove "only one Primary Residence"
- Note: most STR's in Gig Harbor are owned by residents of Gig Harbor or surrounding areas. Nearly all of us own only one STR and we all maintain a community connection with the same common interests as Gig Harbor, our local businesses and our community. I am happy to work with the (PC) on a workable definition.

17.XX.010 Intent

The **Intent section** should be more inclusive and acknowledge the diversity and benefit of well run STR's for our city. The sub-sections proposed contain general boiler-plate language used to restrict STR's, but there is no data to support or justify the generalized conclusions of the **Intent section**. Unfortunately, it appears the personal interests of a few have been able to manufacture a STR 'emergency' and continue to drive a false narrative of STR's. ☹

Proposed Change to sub-sections and comment:

- Sub-section A
 - o Remove sub-section A - it is stated as a conclusion and doesn't identify gov't interests.
 - o Replace with the following proposed language: **purpose is to support general public health, safety and welfare. A process to license, track and regulate STR's with reasonable and narrowly tailored rules to ensure compliance with local reg's, establish a Good Neighbor Policy for STR's occupants, and allow private property owners to fully exercise their property rights without undue interference.**
- Sub-section B:
 - o Agree
- Sub-section C:
 - o Remove sub-section C – this boiler-plate language has no applicability to Gig Harbor. Our area, along with nearly the entire northwest has undergone a high level of property inflation. Our Gig Harbor property taxes have increased over 20% in each of the past two years. **There is no data to support that STRs (less than 35) have any impact on Gig Harbor housing availability, attainability or affordability.**
 - o Note: the primary focus of STRs is in the downtown area, where there is limited availability for visitors to truly enjoy our city. Many of the STR's are adjacent to, across the street, or within a 1 block walk of commercial and

business properties. The nature of the STRs in these areas are unique and allows visitors and tourism to support our local businesses.

o Note: in our opinion, there are hundreds of new homes in developments that appear identical, even paint color and nearly touch each other. We believe these types of neighborhoods detract significantly from the character of Gig Harbor, rather than a few STR's that blend in with our history.

- Sub-section D
 - o Remove sub-section D – duplicative if proposed sub-section A language is adopted.

17.XX.020 Applicability

- Sub-Section A:
 - o Remove “Primary Residence” – for reasons stated earlier, most STR's are single-family dwellings used as a second home, vacation home, or occupied less than full-time during the year.

17.XX.030 Application procedures

- Sub-Section B.1.b.
 - o Remove “Required listing or booking platforms as approved by the director” – these platforms may change and STR owners would not have the flexibility to use alternative methods of marketing. However, all the reporting requirements, payment of fees/taxes would still be the responsibility of the STR owner.

17.XX.040 Application

We all want reasonable, fair and narrowly tailored regulations.

- Sub-section D
 - o Remove “limited to 2 bedrooms unless the rental period is within the 90 calendar days during which the entire dwelling may be rented.”
 - o Note: the STR of an entire single family dwelling should not be limited to 90-days. The 90-day limit is unreasonable and is not based on any benefit other than effectively eliminating STR's.
- Sub-section Q.1.
 - o Note: this appears to be a positive compromise. We agree we don't want parties and large gatherings that could disrupt neighbors, but using it consistent with typical residential uses is reasonable.

17.XX.050 Duration of Approval

- Sub-section R.2.
 - o Please consider a grace period to 'correct' or update the business license. This allows for unforeseen circumstances to be corrected reasonably.

17.XX.060 Inspections, enforcement, and permit revocation

- Sub-Section T
 - o Remove – “\$500 fine for the first offense and \$1,000 fine for each repeat offense.”
 - o Replace: provide 2 warnings, 3rd violation would result in a fine (\$250), then increase if not corrected.
 - o Note: there should be a reasonable process and accountability. It's not clear what 'offenses' are being referenced; how notice is received and when? Is there time to correct, there may be situations not in the control of the STR owner. We are in a learning process and want to make this work, but please be reasonable.

Thank you for your time and consideration. The current proposed reg's and definition of STR will eliminate approximately 88% of our STR's – this is not reasonable, not fair, and an unreasonable taking of property rights. We all want reasonable and narrowly tailored regulations that allows STR owners to maintain property rights, while supporting local businesses and our wonderful city. I am available to work with the Mayor, Council or Planning Commission in any manner if requested.

Glenn and Denise Peterson

From: [Jeanne Juneau](#)
To: [Michelle Thomas](#)
Subject: STR revised draft
Date: Friday, July 1, 2022 9:33:58 AM

Hi Michelle,

Please share my comments with the Planning Commission and add them to the public record.

Thank you to the Planning Commission and Gig Harbor staff for continued work on the short term rental ordinance. I have read the latest provision and am pleased to see that the Commission has removed the 150' proximity restriction, as well as the requirement to submit a detailed log of renter's personal information.

I am also very pleased to see the Commission holding firm to the requirement for owner-occupied properties. This is the most crucial issue, in my opinion, for protecting the character of the town. Investors and non-residents should not be purchasing properties and running them exclusively as short term rentals. Additionally, no single individual should be operating more than 1 short term rental within the city limits. The occupancy requirements in your ordinance provide appropriate controls for both issues.

I am hoping to see the Commission address specifics of the STR application/licensing process (steps, forms, fees, turn-around times for approval, inspection process, scheduling, grace periods, etc.) as well as details regarding enforcement (budget, personnel, notice process for violations, etc.)

Finally, I think you are aware that certain members of our community are already 'lawyering-up' to bring lawsuits re: any provision of the ordinance they don't like.

As a taxpayer, I hope that exquisite care is being taken to research and document the legal ramifications of every provision in this ordinance. Regardless of whether there ARE legal liabilities, the expense of defending against lawsuits is substantial. The Commission needs to prepare a detailed legal risk assessment and financial impact analysis to accompany this ordinance when submitting it to the City Council. Taxpayers need access to this analysis as well.

Again, I thank you for your work. I will be attending the online meeting on July 7th.

Jeanne Juneau
3012 Hunt Street



7.5.22

TO: mayorandcouncil@gigharborwa.gov planning@cityofgigharbor.net
RE: June Draft Proposal Regarding Short Term Rentals and General STR
Discussion Prior to July 7th Scheduled Open Meeting of the Commission
FROM: Bonnie O'Malley, Co-Founder, GHSTRA ~ 8101 Bayridge Ave., Gig
Harbor, WA 98332

There are a couple of points that I have expressed verbally which I would like to emphasize in writing for everyone to consider as we move forward with thoughts and recommendations on Regulations for STR's in Gig Harbor. First and foremost, the impact of any Regulations formed by the Commission and recommended to the Council will have a profound and lasting impact on both the STR owners and the Community at large, and must be evaluated over time with great scrutiny as to the effects on both, and therefore, I am in favor of not rushing to implement any Regulations until everyone is comfortable in the knowledge that they have been thoroughly vetted.

While the moratorium has been extended once, and the expiration for the extension is fast approaching, I do not believe that it is in anyone's best interest to make beating the deadline a priority. I am among those who await a license, but I do not want to rush the process and regret the outcome. I see too many stumbling blocks to think that we are close to refining anything.

I realize that the Alliance is currently addressing a "Draft" recommendation by the Commission for the Council, but I am referring to that Draft, which may or may not have been revised at this point.

1. A Type II Permit for Licensing is not appropriate for an STR. It is unnecessarily restrictive and expensive.
2. Forced marketing on a Public Booking Platform is probably not legal And is unenforceable. If the goal is to garner tax dollars, make the regulations and fees fair, and you will be better off. Make them cumbersome And punitive, and you will force STR owners to seek their own alternatives.
3. Cap the number of rooms to be rented as you would a Bed and Breakfast, making the regulations consistent.

4. There is no way to accurately predict the number of days to be rented. STR owners can not anticipate; they can only give you calendar days of availability at the time they obtain or renew a license for the coming months.
5. There is absolutely no need to commit to a rental fee that can be constantly changing. Again, if the purpose is to anticipate tax revenue, it won't work, and has no purpose.
6. Off street parking should be one per bedroom rented maximum. Rentals rarely show up in more than one car per bedroom. Is the city currently able to enforce off street parking other than to regulate parking spaces required for new construction?
7. Consider the value of STR's which are not a primary residence. Does it really make a difference in who or how the STR is rented? Why is having a second home that you rent a problem?
8. Define the signs that will not be allowed, in addition to city regulations that already exist regarding signs.
9. STR owners generally carry a 1,000,000 umbrella insurance policy, but if they choose lower coverage, how does that affect the city?
10. Define the parameters for who qualifies as a "neighbor" and devise a method of notice of STR operation other than the big orange billboards. Could a letter written by the city (for a fee) be sent by the city to everyone they consider to be our neighbors with an appropriate notification and opportunity to contact the city? This would allow better control, and better opportunity. i.e. I live on Bayridge Ave., which is a short dead end street. The city would send the form letter to approximately 15 houses on my street. @ \$1.00 per mailing. Just an example, but I think it works.
11. For defining "Events and Use", I would suggest that Council form a subcommittee with select STR owners as put forth by The Alliance to hammer out suitable language. Basically, STR use should be held to the same standards as sanctioned residential use.
12. Inspection should be consistent with the way any other small business is inspected.
13. The fine structure needs to be preceded by a warning as would happen with any residential infraction. Current proposed fines are excessive.

I look forward to speaking at the Open Meeting on July 7th to reiterate my concerns.

Respectfully Submitted ~

Bonnie O'Malley

July 4, 2022

Planning Commission, Mayor and Councilmembers

RE: STR Proposed Ordinance - FOR INCLUSION IN PUBLIC RECORD

I live in Millville having purchased my home in 1982. The property and house were included in Joseph Dorotich and John Novak's plat for the Town of Millville in 1888, yes the house is 134 years old. Just as a reminder, Joseph Dorotich and John Novak, and their wives, were some of this community's early property developers.

If we were still living back then, the idea of a rooming house might have made sense. When the owner living in the house rented out a room or two and the remainder of the house was shared by owner and guests. However in 2022, this type of arrangement no longer makes sense nor is it desirable. As a result, I do not have a STR.

However, three immediate neighbors do have STRs. Next door, the house has been operated as a short-term rental since shortly after the owner married approximately 5-6 years ago. Very few people were aware that it was or is a short-term rental. It is excellently managed and operated and has an abundance of 5 star recommendations. There have been no complaints on any of the Millville STRs, and I understand, no formal complaints on any STR in GH proper. If so, the complaints should be made public; one can redact (strike the names) show only the complaints.

Their rear property line abuts the rear property line of a STR on Ross Street which is one of the very few permitted STR as it was going through the process when the so-called emergency moratorium was put into effect. It too is excellently managed and operated. The Ross location has as a neighbor another recently available STR.

None of these STRs are parking on the streets. They're parking on parking spaces on the properties. Vehicles parked along Dorotich, if not the property's vehicle, are people patronizing the local businesses or walking the harbor. Vehicles parked on Ross appear to be property owners as they are the same cars, week after week, month after month.

Susanne's Bakery & Deli, Millville Pizza, Brix 25, and Netshed #9 are all in the immediate neighborhood and benefit from the guests of the STRs, as do other businesses in the downtown corridor.

Few of the houses in Millville or Finholm Districts could operate as a STR if the owner was required also to live there unless the house has been seriously updated. They generally are a single bathroom on the first floor, with all bedrooms upstairs. This would make using the bathroom in the middle of the night embarrassing should a guest, or owner, need at same time. What about the different times each prefers to go to bed? How would you react were it your home?

The city wishes to encourage tourism, especially visitors further away than 50 miles, according to the recently published Lodging Tax Applications document. Those visitors should they come, wish to stay in the downtown waterfront area. They do not want it to be a necessity to use a car, unless siteseeing away from the downtown waterfront area. So, where are they to be housed? The Maritime Inn cannot accommodate all of them, having only 16 rooms. The Waterfront Inn also has limited accommodations.

I believe if you were to revisit some of the letters submitted by owners of STR you would be able to highlight the donations and other contributions made to nonprofits, schools, etc. Also, if you were to review the manuals prepared by owners for their guests, you could see how the emergency information, the local businesses, both nonprofit and for profit, are identified, the calendar of events included, and so much more.

The idea that the city will establish a new position of Director to oversee STR is overreacting and overreach. The person overseeing the hotels can also oversee STRs as long as they are aware of the difference in regulation between the two. Also, duty should be restricted to licensing, and regulations, not the STR operations.

STRs are paying revenue taxes which are directed to the State, and then to the community itself. Gig Harbor is also receiving a benefit from the STRs. Should they be permitted? Yes. There should be reasonable regulations but the property owner should be allowed to exercise their rights as well. I believe that if you were to review an actual contract with all the attachments between an STR owner and the STR rental organization it would assist you

in this procedure. I do believe more guidance in this decision would be of benefit.

Tomi Kent Smith
3414 Harborview Drive

From: [Kirsten Moran](#)
To: [Michelle Thomas](#)
Subject: FW: Short Term Rentals new regulations
Date: Wednesday, July 6, 2022 2:31:44 PM
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)
[image004.png](#)

Hi Michelle, please submit and enter this into the STR meeting for tomorrow. Thank you, Kirsten

From: Kirsten Moran <kmoran03@gmail.com>
Date: Wednesday, July 6, 2022 at 2:29 PM
To: mayorandcouncil@gigharborwa.gov <mayorandcouncil@gigharborwa.gov>
Subject: Short Term Rentals new regulations

To: Mayor Tracie Markley, Gig Harbor City Council Members and Gig Harbor Planning Commission

From: Kirsten Moran

RE: Proposed Short-Term Rental regulations.

Hello, my name is Kirsten Moran, my family has been here since the late 70's, I graduated from Peninsula and am very concerned with the Planning Commissions regulations they are attempting to put in place. Namely the Primary Residence requirement, and the number of bedrooms that can be rented.

There are approximately 3,624 single family homes (according to our request for information from the city) in the city limits of Gig Harbor and there are approximately 31 of the homes being offered to our out-of-town guests that want to stay with friends and family. It is hard to believe that less than .01 % of the homes in Gig Harbor pose a threat to our safety, parking, quality of life, noise or any other fear that is being propagated by a small handful of people in this town.

The Planning Commission has not provided data, examples, or reasons for this entire "emergency moratorium" nor provided the basis for why decisions are being made. The cities arbitrary requirement that STR's must be owner occupied will likely wipe out 80-90% of all the 31 STR's in the city limits (according to our data study-see appendix below) that are available to our out-of-town guests.

How does the city plan to compensate the homeowners when they impose such drastic regulations for no reason? From our study from AirDNA, of the available STR's only 8 can sleep more than 6 people, 10 are 2 bedroom and 13 are 1 bedroom. Why so much effort into shutting these down? If the City Council passes these current policies for limited how many bedrooms can be rented, how is the city going to police these? Is the City suggesting that if a party of four make a reservation in a 3 bedroom home, that the host is to ask how many rooms they will use? Is the city going to put on their tourism website why they shut down STR's in Gig Harbor? Is the city going to suggest to out of town visitors that they can book basic hotel rooms for their 7-day visit or go outside city limits to book their STR?

I'd argue (and welcome any data points) that these homes are better kept than their neighboring homes-they must be to keep high reviews within the rental platforms. Why is the trying to shut these down with no data or support- Is there pressure from local hotel owners to shut them down? Why is there so much energy and money being spent to shut down such a small population of homes?

The people that are coming into our rentals are coming for an event, a family gathering, a work assignment (hospitals, JBLM) caring for family members, coaches for Harbor Soccer Club from Scotland, President of the GH Film Festival and many more use cases. The city has not proven they have noise complaints, the city has not provided data nor really understand how many STR's there are in the city limits, but the Planning Commission is making rules based on how they feel or how they've been influenced. They are also clearly taking advice from unelected officials that are guiding them on how to force this through with no public comment early on and to follow what Normandy Park put into place-(according to requested and reviewed emails between city officials). We are not Normand Park.

In my opinion, if STR's were in fact causing issues in the city, we would see these stories within the letters and public input, but we don't. That is because the positive impacts of STR's far outweigh the minuscule negative. The data, use cases, and economic benefits for STR's to our tourism, the jobs we create, the spending at our local businesses and the sheer warm welcome into our town supersedes how a couple of people 'feel' about STR's.

In the recent draft -**the Intent section** (17.xx.010) it states "(the intent of this draft is to) balance the **economic opportunities** created by short-term rentals with the need to maintain the city's **housing supply** and **protect the safety of owners, guests, and neighbors**."

1. **Economic Opportunities**-STR's provide economic opportunity to the city. We offer coupons, make recommendations for restaurants, source local product for gifts, and encourage our guests to stay in town. If we don't have these extra places to stay

and STR's are wiped out of the market, there will be a negative impact on our local businesses and jobs that support.

2. **Cities housing supply**- The city does not have the right to dictate how we use our homes, whether it is short-term, long term, having 10 family members live with us or what we want to do with our private property. This draft plan does not support increasing housing supply but rather it decreases the available housing by mandating the STR's must be owner occupied. This will wipe out a majority of the available STR's.
3. **Protect the safety of owners**- We do not need the city inserting rules to protect us in our homes except with basic city services. What are the safety concerns the city has and what is the city trying to protect the owners from?
4. **Safety of Guests-Safety** IS the core of why we take every guest reservation seriously to ensure they have a 5-star experience. If a STR does not take all safety precautions, it will be vocalized in their reviews within their listing.
5. **Safety of neighbors**- is there is a history of STR's putting neighbors at risk or jeopardizing their safety? Every STR accepts and posts the 'good neighbor' policy and should take great care that their STR is not infringing on their quality of life. Again, we have not heard from the planning commission that these exist other than they "might".

The 31 homes and future homes that are the focus of the new codes being drawn up would not be candidates for low-income housing regardless of what the home is used for. The homes within the city limits would have very high monthly rates for long-term renters just to offset the costs of keeping the home AND the city would have no tax benefit.

There have been many internal emails within the city and comments made about the rising number of STR however, according to AirDNA that number has decreased for Gig Harbor as a whole (City Limits and beyond) -a 7% decrease. The narrative that they are increasing rapidly also needs some common sense on economics-the PNW weather does not offer consistently high occupancy rates like other areas that we keep being compared to like Napa or Bend. Our occupancy rates dramatically drop October through May due to the low demand. This is not a prime market for large investment firms to "scoop up" homes and impact available housing. Fears and things that 'might' happen should not take away private property rights of homeowners.

By limiting what homeowners can do with their property, with no just cause or data, is clear government overreach and the current path is not building trust with STR owners. There can be reasonable permitting, however the city does not need to invade the privacy or land use rights of STR's that have been fully functional and contributing to the overall economic ecosystem of Gig Harbor.

Thank you, Kirsten Moran

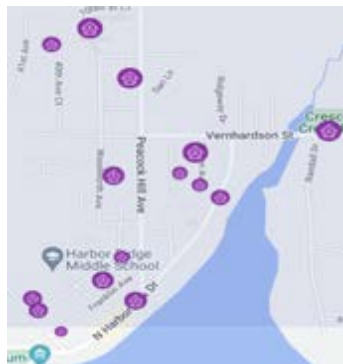
Appendix- Additional Data we've collected on actual numbers of STR's in the city limits.

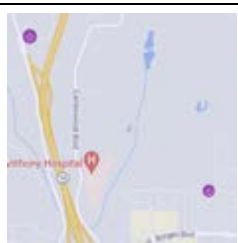
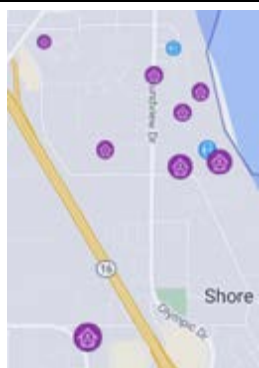
The Planning Commission has been given estimates from a variety of sources and stated there are 58 STR's in the GH city limits publicly to the press. We do not believe this is accurate and many are duplicates, boats or B&B's.

- **Granicus**-61 Listings from 56 unique rental units
- **AirDNA** at least 50 in the city limits
- **Avenue Insights**- 86 listings, 74 entire home and 12 shared homes.

We are not clear how these disparate numbers are being used to drive STR policy, but we felt it was important to provide our findings from AirDNA which compiles data from Airbnb (largest platform) and VRBO-which is owned by Expedia/Homeaway. The data below represents STR's that are **NOT** boats or B&Bs as this was determined not to be included in the new ordinances being discussed-please see areas of GH and associated number of "Entire Home" STR.

From our study the actual number is around 31, taking out boats and B&Bs.

Finholm's area-There are 13 homes not including the B&B's	
Millville area- There are 8 homes not including	

the boats	
North Gig Harbor-there are 2 homes	
Soundview area-There are 8 homes	

July 6, 2022

Dear Gig Harbor Mayor, City Council and Planning Commission,

My name is Diane Dahl. My husband, David Dahl and I own our residence at 3505 Grandview St, Gig Harbor, WA 98335. We have an STR, ADU above our garage at our home and have had an enormous success renting it on Airbnb. It is just one bedroom, with a nice sitting area, full bath and small kitchenette, with microwave, sink and coffee maker. No stove or washer or dryer.

Our normal guest stay is 3-5 days, occasionally a little longer, but without full kitchen or a laundry room, it would be difficult for any long-term stay.

I have excited to be a member of the Gig Harbor Short Term Rental Alliance to not only stay informed about the meetings and the new Rules and Regulations being proposed by the City, but to also share my ideas and opinions so we can all come to a fair and reasonable set of these guidelines for the future of our beautiful town.

My husband and I have lived and worked here for a long time. I have been in the Real Estate / Banking industry for over 30 years. We are very proud of Gig Harbor and are one of your most loyal advocates for our town and businesses. We send all our guests to shop and eat locally and they in turn, let us know how much they truly loved everything place they visited. We have many returned guests because of this and the being able to stay in the comfort of our small STR.

I have been very busy visiting many of the Restaurants, Shops and Real Estate Offices in Gig Harbor to bring to their attention and ask their opinion regarding the proposed changes to STR's in our town. Most have not heard anything about these discussions and their first response is shock and bewilderment. I am asked Why? Where are people, tourists, especially families going to stay? What are we doing wrong? Where did all of this come from? I ask myself the same thing. Where did this all start? We are not a party town, nor will ever be. Who is causing all of this fear?

It feels as if the Commission received a study from Betsy Sachs, with Granicus.com. After reading the study, I realized this is a general study to fit big town USA, not Gig Harbor. None of us use 100's of different platforms to market our STR's, only a few. There has not been a 239% increase in STR Party Complaints! I don't believe there has been even one! Again, we are not a party town. Gig Harbor shuts down at 8:00pm, and we are very seasonable, lots of cold gray days 70% of the year. Regarding Lost Economic Opportunities, there would be Loss without STR's here to help support our businesses. They earn money, pay sales tax, not to mentions the 10.6% lodging tax we STR businesses pay. The State and City do not make that from Long Term Rentals. Diminished neighborhood character? Please come look at our home! Really, please do. We are right across the street from City Hall. My husband has created such a gorgeous botanical garden that we were even asked to be on the Garden Tour but declined due to large number of visitors and cars. If you look at our house compared to the home next door that is a long-term rental, you will see what I mean, no comparison. Impact on housing affordability? As I mentioned I have been in the Real Estate market for over 30 years. Our 33 STR's in town have no impact at all! First of all, there are no Corporations coming into town, buying homes to turn them into STR's.

This does not make sense. Our tourist season is seasonable due to weather, and there are No Affordable homes in Gig Harbor! Waste of Time and Money? You tell me?

In conclusion, it feels like the City of Gig Harbor is trying to jump on the band wagon and create a problem with STR's that does not even exist. Why try and fix something that is not broken? Good, clear rules to help assure there are not problems in the future.

Please let us continue to support our town, tourists and businesses but letting us do what we do best. We will continue to pay our taxes and help our little City shine. This is our livelihood. This is part of my retirement plan. These are my property rights. If I do something wrong or create a nuisance let me know. I will comply.

I am also attaching the various Signatures I have collected from business owners, Realtors, and residents of our fine city.

Sincerely,

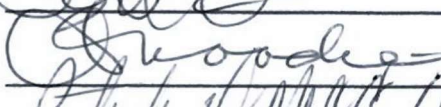
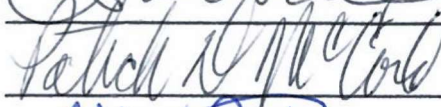
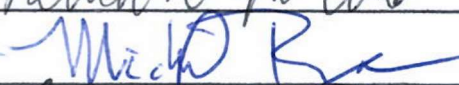
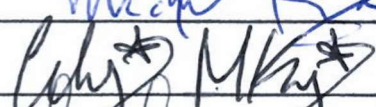
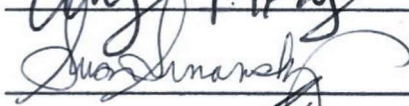
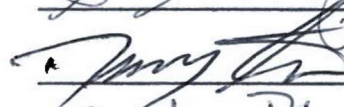
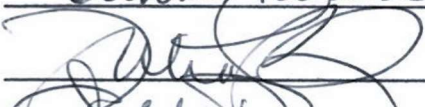
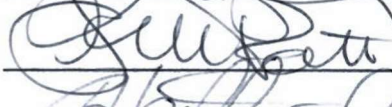
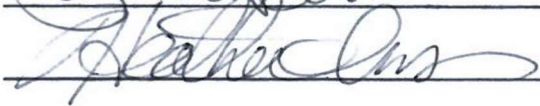
Diane Dahl

Diane and David Dahl,

360-271-4040

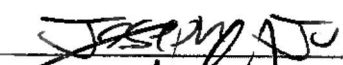
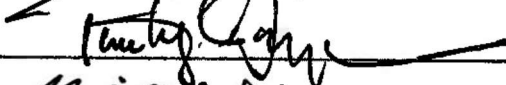
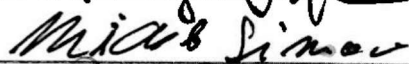
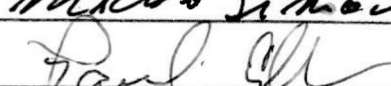
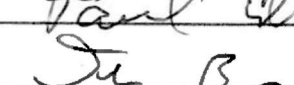
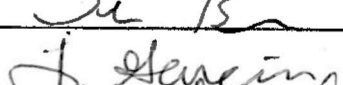
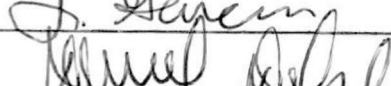
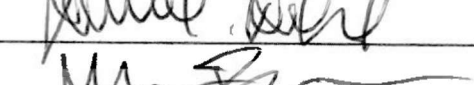
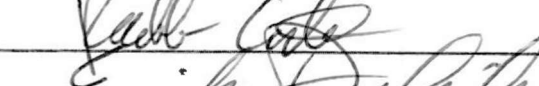
Gig Harbor Business Owners in Support of Fair and Reasonable Short-Term Rental Regulations in Gig Harbor

"As a small business owner in Gig Harbor I support balanced and reasonable rules that allow for Short Term Rentals in the city. Please work to insure we continue to be a welcoming community by acknowledging the need for Short Term Rentals and the vibrancy they provide for our city and economy. Please make sure the rules are fair and treat all home owners equally, without punitive fees or spurious requirements."

Name (Signature)	Business	Date
	Millville Pizza Co	02/11/22
	Cedar Harbor Marina	02/11/22
	Green Cottage Pkts	2/11/22
	Gig Harbor Books	2/11/22
	RE/MAX Exclusive	2/14/22
	THE HARBOR GENERAL	2/15/22
	Rainy Day Yarns	2/15/22
	West Marine	2-15-22
	William Patrick's	2-15-22
	Treasures 4 Humanity	2-15-22
		4-11-22
	RE/MAX Exclusive	4/11/2022
	Dolly Mama	4/11/2022
	Heather Imig	5/9/22

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Name (Signature)	Business	Date
	KIRAZA TEKIYAKI	5/26/22
	TEMA, Inc.	5/26/22
	IL LUCANO	5-26-22
	Gig Harbor Real Estate	5-26-22
	Cheeky Dog Outfitter	5/29/22
	OPH	5/29/22
	LANDSCAPER	5/31/22
	7 Seas	5/31/22
	RC MEDIA	6.1.22
	MARITIME	6.1.22
	MARITIME	6.1.22

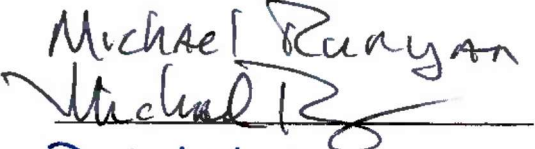
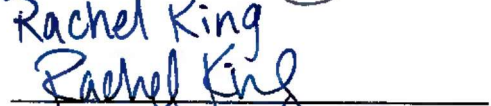
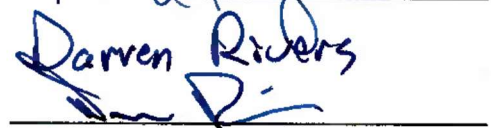
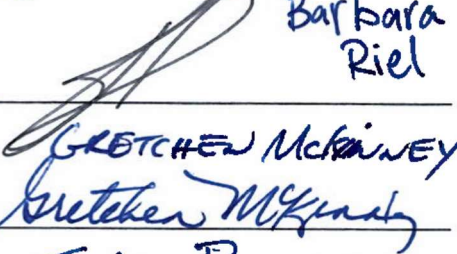
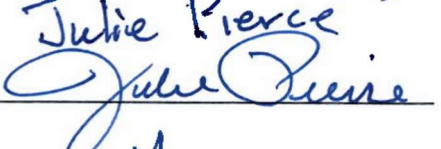
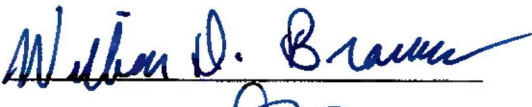
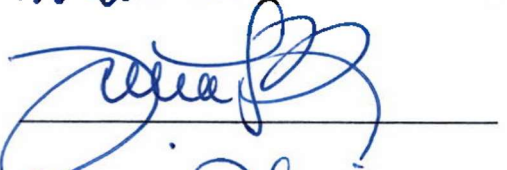
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Name (Signature)	Business	Date
John Picinich	Self	5/25/2022
Dan Hamby	Self	5/25/22
Joseph Hillier	Self	5/25/2022
Mark Adams	Self	5/25/2022
IMOTHY ACKER	Self/Team	5-25-2022
[Signature]	Self	5/25/2022
Linda Watermeyer	Self	5/25/2022
Steve O'Donnell	Self	5/25/2022
[Signature]	Self	5/25/2022
Steve Gordon	Self	5/25/22
[Signature]	Self	5/30/22
Julia Ortiz	Dolly/Mama	5/30/22
[Signature]	Gig Harbor Fly Shop	5/30/22
[Signature]	HR 132	6/1/22

Gig Harbors Realtors

In Support of Fair and Reasonable Short-Term Rental Regulations

Name (Signature)	Real Estate Office	Date
Michael Ryan 	RE/MAX Exclusive	6/1/22
Rachel King 	RE/MAX Exclusive	6/1/22
Darren Rivers 	RE/MAX Exclusive	6/1/22
 Barbara Riel	RE/MAX Exclusive	6/2/22
GRETCHEN McKINNEY 	RE/MAX Exclusive	2 JUN 22
Julie Pierce 	RE/MAX Exclusive	3 June 22
Jessia Hamble 	RE/MAX Exclusive	6/3/22
William D. Brauer 	RE/MAX Exclusive	6/3/22
 Julia Schere	RE/MAX Exclusive	6/3/2022
	RE/MAX Exclusive	6-5-2022

In Support of Fair and Reasonable Short-Term Rental Regulations

Date _____

6/2/2022

6/2/22

6/2/22

6/5/22

6/8/22

6/8/22

6/8/99

6/8/22

6/8/22

10872

Gig Harbors Realtors

In Support of Fair and Reasonable Short-Term Rental Regulations

Name (Signature)	Real Estate Office	Date
<u>Linda Knapp</u>	<u>Coldwell Banker Bain</u>	<u>5/31/22</u>
<u>Kangra Knapp</u>	<u>Coldwell Banker Bain</u>	<u>5/31/22</u>
<u>Lisa Vaitunkaus</u>	<u>Coldwell Banker Bain</u>	<u>5/31/22</u>
<u>Leri Oube</u>	<u>Coldwell Banker Bain</u>	<u>5-31-22</u>
<u>ML Wiif</u>	<u>CB Bain</u>	<u>6.1.22</u>
<u>Alba Hestinski</u>	<u>Coldwell Banker Bain</u>	<u>06/01/22</u>
<u>Laura MacFay</u>	<u>Coldwell Banker Bain</u>	<u>6/1/22</u>
<u>Virginia Black</u>	<u>Coldwell Banker Bain</u>	<u>6/2/22</u>
<u>Erin T. Jones</u>	<u>Coldwell Banker Bain</u>	<u>6-2-22</u>
<u>Jill Sanchez</u>	<u>Coldwell Banker Bain</u>	<u>6/3/22</u>
<u>Suzanne Openlock</u>	<u>OM</u>	<u>6.7.22</u>

Gig Harbors Realtors

In Support of Fair and Reasonable Short-Term Rental Regulations

Name (Signature)

Real Estate Office

Date

Maria R. Pedersen

WINDERMERE - Soundview

6/1/2022

Loni Monzon

windermere - Soundview

6/1/22

Amy Long

WRE GH

6/1/22

Pat Yukas

WRE GH

6.2.22

Susan Rand

Windermere / Gig Harbor

6.2.22

Ellen Hamilton

" " "

62-22

Jennifer Drestar

Windermere Gig Harbor

6/2/22

Nancy Jasey

Windermere GH

6/3/22

Jo C. Jan

W. WINDERMERE GH DT

6/3/22

Kristen Lamb

Windermere - Soundview

6/3/22

[Signature]

WINDERMERE GH

6.3.22

In Support of Fair and Reasonable Short-Term Rental Regulations

Date

Amylani Cozdz	Pacific Commercial	6/3/22
Amanda Kutz	Brokers	
Wendy Shi	Windermere GH	6/4/22
Wendy Shi	Windermere GH	6/5/22
Wendy Shi	WINDERMERE GH	6/6/22

Gig Harbors Realtors

In Support of Fair and Reasonable Short-Term Rental Regulations

Name (Signature)

Real Estate Office

Date

Terry Weller

Windermere
Downtown

6/1/2022

Joan Fiano

Windermere Downtown

6/2/2022

Rob Mitzner

Windermere

6/3/2022

Kris Ball

Windermere

6/3/2022

Allison M

Windermere / Gig Harbor

6/3/22

Kathy Barker

Windermere GH/DT

6-3-22

Claudia Gentzkow Windermere GH/DT 6.4.2022

Molly Diney

Windermere/DT

6-5-2022

Gig Harbors Realtors

In Support of Fair and Reasonable Short-Term Rental Regulations

Name (Signature)

Real Estate Office

Date

Bonnie Dapbell

Windermere GH

6-1-22

Name (Signature)

Real Estate Office

Date

Julie Sene

RE/MAX Exclusive

6/16/2022

Diane Dahl

From: Chris Dowd <cdowd@windermere.com>
Sent: Wednesday, June 1, 2022 11:39 AM
To: Diane Dahl
Subject: Re: Short Term Rentals, new proposed Rules and Regulations in Gig Harbor

Follow Up Flag: Follow up
Flag Status: Flagged

I Rick and Chris Dowd (residents in the City of Gig Harbor) both oppose the Emergency Moratorium regarding Short Term Rentals.

Signed:
Rick and Chris Dowd
June 1st 2022

Chris Dowd | Realtor/Broker

Windermere Real Estate Gig Harbor
5801 Soundview Dr. #101
Gig Harbor, WA 98335

Residents and Visitors

In Support of Fair and Reasonable Short-Term Rental Regulations in Gig Harbor

Name (Signature) / Date

Ann, Pat 6-4-22

[Signature] 6/4/2022

Bru 6/4/2022

Rick Strickland 6/4/22

[Signature]

Jackie 6-4-22

[Signature] 6-4-22

Monika Sloan 6/4/22

Jan Call 6/4/22

Krist 6/4/22

Hillary Melnyk 6/4/22

Name (Signature) / Date

[Signature] 6/4/22

John W. Rimmelt

[Signature] 6/4/22

[Signature] 6-4-22

[Signature] 6/4/22

Parity Lyden 6/4/22

[Signature] 6/4/22

[Signature] 6/4/22

[Signature] 6/4/22

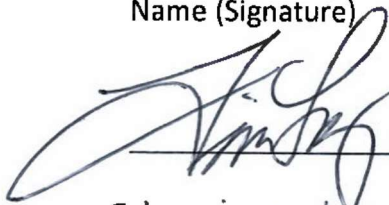
[Signature] 6/4/22

[Signature] 6/4/22

Residents and Visitors

In Support of Fair and Reasonable Short-Term Rental Regulations in Gig Harbor

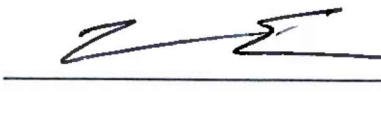
Name (Signature) / Date

 6/4/22

Sherine Rohwein 6/4/22

 6/4/22

Chuko Maclean 6/4/22

 6/4/22

 6/4/22

Dennis R. Hill 6-4-22

 6/4/22

 6/4/22

Susan Fuchs 6/4/22

 6/4/22

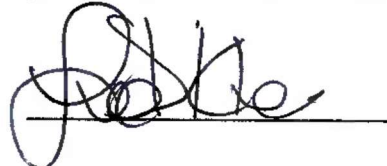
Name (Signature) / Date

 6/4/22

Richard T. Reyes 6/4/22

Tatiana Rogier 6/4/22

 6/4/22

 6/4/22

Jayne Kelley 6-4-22

Mike Kulp 6/4/22

Christine Fournier 06-04-22

Philip Carter 6/4/22

Robert L. Hansen 6/4/22

Mary Jo Hansen 6-4-22

Residents and Visitors

In Support of Fair and Reasonable Short-Term Rental Regulations in Gig Harbor

Name (Signature) / Date

JSZ 6/4/22

Lona G 6/4/22

Kurt 6/4/22

Wing Hawthorn 6/4/22

Zenobia Contreras 6/4/22

Jude Villanue 6/4/22

AS 6/4/22

Sh Ch 6/4/22

David 6/4/22

Robert 6-04-22

Salvia Ricciardelli
6/4/22

Name (Signature) / Date

Thomas Ricciardelli 6/4/2022

Ryan H 6-4-22

Mark Dohl 6-8-22

July 6, 2022

Dear Planning Commission, Mayor and City Council members,

Please read this letter into the records.

As stated in a previous letter back in May we currently own an STR located at 3507 Ross Ave in the Millville District of Gig Harbor, a few blocks from where we currently reside full time.

As a follow up from our previous letter, based on revised information from the Planning Commission meetings and the last minute agenda that was just posted, we would like to make some additional comments to the Planning Commission, City Council, and Mayor.

~What does 'primary residence' mean if an STR is owned by an LLC, Trust, or other entity with multiple members? How many members must reside there? What percentage of the LLC, Trust, or other entity do they have to own to reside there? What if the LLC, Trust, or other entity has a business license in the city of Gig Harbor and the mail is sent to that address, does that qualify as a satisfactory document? What if no one receives mail at that address and the LLC, Trust, or other entity uses a PO Box?

~If your intention is to minimize impact on attainability of long term housing you are missing the mark. Many long term owners of STR's need to rent out their houses so they can afford to keep them. For some, it is a dependable income for their retirement plan, others want to keep the house in the family. Would the city compensate STR owners for their lost income if their homes can no longer be used as an STR's?

~If your intention is to 'balance' the economic opportunity created by short term rentals with the need to maintain the city's housing supply then why did the City send out a grant application request indicating the need for more accommodations for tourists, both local and abroad? Why would the city exclude the STR's from this request for accommodations?

~What sort of timeline would the application procedure have? How about the cost? Would you honor current bookings? If so, how far out?

~Why does there need to be emergency *and* property owner contact information in the unit? One emergency number should suffice; it shouldn't matter whether it is the owner of the property if it is managed by a property management company.

~Define which type of signs would not be allowed.

~If an STR is owned by an LLC, Trust, or other entity what will happen to an STR permit between members if people leave the LLC, Trust, or other entity or new members are added? Would the LLC, Trust, or other entity lose its STR permit because it's not transferable? If the LLC, Trust, or other entity were to be inherited by another, would the STR permit still stand?

~Why would insurance be mandated? Insurance decisions should be up to the owner of the STR. How does private insurance coverage effect the city?

~The house directly next door to our STR is also an STR. This house is not owner occupied. After many months and fees, I believe these investors were approved as an STR with a

conditional use permit. Is it fair for them to have been afforded this process with excessive time and money, while we as 10-year homeowners of our property next door, within 150 feet, would be unable to use our property as an STR due to the proximity of these two houses? The property line/privacy between the two houses entrances/entertaining areas are steps away from each other it just makes sense to have another STR next door during these busy summer months. As a side note, there have been no issues with our neighbor's STR, and we have had nothing but positive interactions with both the homeowners and their guests next door.

~Your study compares Walla Walla STRs with Gig Harbor. Walla Walla is known for wine tasting, bachelorette parties, etc. and is also a college town. Gig Harbor restaurants and bars, specifically in Millville, shut down anywhere between 8-10pm. It is and always has been a tranquil place where people come to enjoy the natural beauty.

~Has the city compared the number of complaints within the city of long term rental tenants vs short term rental guests? According to the GHSTRA, there are no filed complaints with the city against any short term rental guests. Have there been complaints on the record re: long term rental tenants? STR's are reviewed by their guests and the house and yard must be kept to a high standard in order to continue to get bookings and high ratings on their rental platforms. Long term renters are locked into a lease or monthly rental agreement where they have no incentive to maintain the property even if their agreement requires it. Neighbors may prefer to have an STR next door rather than a long term rental. It is exceedingly difficult to evict non-compliant long term renters. This is why our long term rentals have been sold or are STR's.

~Given the fact that it can take the city over a year to move simple permitting through the city how would short term rental inspections and permits move through the system? Can the city afford to hire a director specifically for this purpose? If so, should the city spend money on this?

Please reach out to us if you need to clarify any information or have any questions for us.

Respectfully,

Christy and Mike Dowd
3519 Harborview Drive #1
Gig Harbor, WA 98332
Dowdhouse@gmail.com
253-381-5323

My name is David Baumgardner, my wife is Annie Jolie of 5202 Cromwell dr nw Gig Harbor. Thank you for the opportunity to have a few minutes to weigh in on STRs. By way of introduction, my wife and I own and manage several STRs in the area, although none are within the city limits.

However, 2 of my properties outside of the city (the 2 houses adjacent to the Gig Harbor lighthouse) for some unexplained reason were made the subject of previous PC meetings. I guess as an negative example of owners who “fly under the radar” and implied we do not pay taxes, etc. While I am tempted to to address in detail the complete fabrication and misrepresentation of my properties in order to serve your agenda and mislead the public and city council... at the advice of my attorney , I am saving my response on this subject for another time.

On another note, Having successfully served thousands of guests over the years, we understand well the problems, potential problems as well as the benefits to the community of STR. As far as managing STR's within the Gig Harbor City limits, there are reasonable and win/win strategies for a successful solution. However, I find it disingenuous that the commission spent months working on this issue and as far as I know, never bothered to meet with or discuss STR concerns, problems or successful practices with the citizens who actually own or operate these properties. What input did commission receive from the hundreds of guests who use these STR's? In what universe would you not seek both sides of an issue for a real solution from citizen with experience ?Most of what I have read, seen and heard from commission seems to be restricting, penalizing, limiting and punitive, yet I have seen no evidence of formal complaints warranting an emergency moratorium.

I have seen/heard/read that Commission is consulting other cities to come up with a plan, an ordinance to manage/restrict STR's. That is fine for ideas, successes and failures, but does Gig Harbor want to pattern after Normady Park, Walla Walla or some city in California? These cities are nothing like Gig Harbor in almost every aspect..Normady Park is not a destination, it is a city near seatac, has maybe a few STR's, has no theater, no working harbor, no museum, no parades, no hotels, no concerts, no Gondola, no tourism..the top restaurants in Normady Park are in Des Moines and SeaTac. Gig harbor has 10000 residents and 2 hotels. Walla walla has 40,000 and 20 hotels. Walla Walla has 4 colleges. Does Gig Harbor want to be like these? Gig Harbor is better than that and capable of creating your own rules and ordinances based on thoughtful planning.

Going forward, There is a win win solution for all with a little dialog and thought.

The deal breaker that will negatively impact Gig Harbor as a whole is requiring owner occupied STR's. This will shut them down if that is your goal. If the council makes this a requirement, advise the shops, restaurants and galleries to prepare. Close the tourism office, because there is no way Inn at GH and Best Western can handle all of these now displaced guests...and council also assumes that every family visiting gig harbor wants to stay in a hotel.

The GH short term alliance would be more than willing to contribute proven business practices and create real solutions for a win/win for all. All you need to do is ask.

David Baumgardner, Ann Jolie

From: [Annie Rubeyo](#)
To: planning@cityofgigharbor.com; mayorandcouncil@cityofgigharbor.com; Michelle.Thomas@cityofgigharbor.com; cdesimas@gigharborwa.gov
Subject: Public comment - STR
Date: Thursday, July 7, 2022 7:20:33 PM

- Commissioner Soltess is incorrect that people do not rent single bedrooms often. I do this often as do my friends. We see young people who are trying to travel inexpensively do this often.
- The STRA simultaneously claims that they are almost entirely primary residences or owner occupied most of the time but then also that it should not be required because it would cause many of them to not be compliant, sometimes saying almost all will be gone. STRA member Kristen Moran claims that they expect 80-90% of STRA owners to be eliminated by this requirement – doesn't that mean that they are admitting that 80-90% are investment owners and not owner occupied? Carolyn's letter plainly states the same – "Over 90% of our City's STRs are not the owners primary residence". Doesn't that conflict with a huge portion of their arguments that people are just renting their homes out in the Summer (90 days).
- The STRA data is flawed in interpretation. Their letters (see Kristen Moran's letter) claims that they are only .01% of the homes in Gig Harbor based on their own count of 31. While I don't trust that that is an accurate count, even if you accept it, it's actually closer to .855%, which is almost 86 times more than she claims in her interpretation.
- I really don't want to see Gig Harbor allow people who are already doing it to have a different standard than those starting post regulation. We either need the regulations or we don't. There is a lot of focus on what people want to do, people's feelings and personal plans, and not of what needs to be done.
- When we talk about considering violations-what is a violation? Does it require a police report? Gig Harbor police are not responding in person to noise complaints at this time in my experience.
- There are public posts by hosts in the facebook group that show that many of them do not use public marketplaces like Airbnb that collect taxes, etc.
- When asked by a member how they offset their impact (parking, environmentally, etc), everyone was confused by the question-they felt that they do not have to do that and should not have to do that, only that they can make a profit and do what they like and everyone else can suffer if needed. Smith's public letter directly says that they expect to see no operational restrictions from the City of Gig Harbor.
- Most of the STRs are not homeowners renting their house out six months a year by their own public posts-most of them are interested in passive income without having to do any work, that is why they do not want to have owner phone number public.
- STRA uses villainization of the resident renters (people on leases of over a month) that they are displacing to boast how superior a short term renter is (One example is Christy Dowd's public letter)
- Regarding the comments (IE, Kirsten Moran letter) that travelling nurses are often their guests-I find that hard to believe that this would be restricted as they almost exclusively book 14 week contracts-not short term.
- See Moran and Dowd public letters-they cite that reviews will drive them to operate the

way they should. I find that very hard to believe, that a customer's concerns are the same as the city and residents.

- Their own data that they submitted re: occupancy conflicts with the assertions from the Moran letter that they are rarely rented due to the PNW weather fluctuations.
- STRA letters simultaneously claim protection is needed for them due to it being a way to maintain their homes, as homeowners, or their right to run a business and make money. They want to claim to be savvy investment business owners but also innocent homeowners struggling to pay their bills needing help from the city. Which is it?
- In STRA's public posts and statements, they have referenced this: <https://time.com/6175183/airbnb-aims-to-solve-overtourism-are-tweaks-to-its-app-enough/> - these are the problems they claim don't exist, but now they are saying that the problem they say doesn't happen is being fixed, so we don't need to worry.
- Respectfully, Mr. Krawczyk may research not the reasoning behind not using the word "grandfathering" please in the public forum due to its roots in racism. I know that was not the intention but I would want someone to let me know, especially on a recorded call where he himself pointed out that someone else doesn't like the term..

From: [Carolyn Allen](#)
To: [Carl de Simas](#)
Cc: [Allison Merwin](#); [Amy Long](#); [Ann Jolie](#); [Blake Merwin](#); [Bonnie O'Malley](#); [Carly & Alex Grundmann](#); [Carolyn Allen](#); [Christine Bates](#); [Christy Dowd](#); [Chuck West](#); [Deborah Strickland](#); [Denise Peterson](#); [Diane Dahl](#); [Griffin Doane](#); [Hayley Nichols](#); [Heather Imig](#); [Jeanne Juneau](#); [Jenna Torquato](#); [Jennifer Stiefel](#); [Joan Zach](#); [John Harkness](#); [John Moist](#); [Josh and Hannah Lopez](#); [Julia Runyan](#); [Julia Stearns](#); [Julie Porter](#); [Justin Stiefel](#); [Kenzie Bailey](#); [Leia Dingman](#); [Lynne Rieck](#); [Maggie Medlicott](#); [Marcia Painter Owens](#); [Maria Kalafatich](#); [Marlene Druker](#); [Megan Bennett](#); [Paige Schulte](#); [Pam Kamerer](#); [Paul Kadzik](#); [Ron Roark](#); [Sarah Kowash](#); [Shelly Williams](#); [Tara Hogan Tangney](#); [Tomi Kent Smith](#); [Michelle Thomas](#); [Mayor & Council](#)
Subject: Clarification of Gig Harbor short-term rentals
Date: Thursday, July 7, 2022 9:03:46 PM

Carl,

After viewing tonight's Gig Harbor Planning Commission meeting, I am pleased to see progress on several regulations, thank you-- and much more work to be done on others.

I wanted to touch base with you immediately after this evening's Planning Commission Meeting to clarify a comment you made toward the beginning of the meeting, during your introduction. I'm assuming it was a simple misunderstanding.

As you have read through my letters, including the most recent sent a few days ago, you will note that I state by the City adopting "Primary Residence" as a regulation, I continue to repeat that 90% of our present STRs will be eliminated. This is precisely indicating to you and the Commission, that our owners' short-term rental is **not** their Primary Residence. We have informed you that we know of no STRs that rent out separate rooms only, but instead the entire home. You will also see this fact repeated in many of our members' letters to the Planning Commission, Mayor, and Council.

What I did share with you was the **one** individual who does rent out her primary residence (whole house), and leaves to spend the night with friends, in order to afford to remain in her beautiful home in downtown Gig Harbor. We explained that guests will not rent out "rooms" nor wish to remain overnight with owners and their families. I went on to explain the great possibility of creating social problems trying to blend unknown families together in one home, which would be considered an "owner-occupied" short-term rental.

I also shared with you the need for supplemental income for owners to be able to keep their properties--pay the property taxes, maintenance, insurance, etc. This comment was referring to not only the one owner mentioned above, but all of our city's short-term rental owners, whom are non-primary residences. For many, homes that have been kept in the family would also be greatly affected by the Primary Residence regulation, as many owners' are only able to keep their homes in the family by having the additional income provided by renting out their **WHOLE** family home, as a short-term rental and as a non-primary residence.

What I heard you state this evening is that at our recent meeting, (Bonnie/I) stated that the most of the STR owners in our city were primary residence owners. This is opposite of what is true of our 33 short-term rentals in our city.

Please make sure to clarify the misinterpretation error in the introduction to the July 21, 2022 Planning Commission Meeting.

If your statement was true, the GHSTRA would not be fighting for the Primary Residence regulation to be removed.

We appreciate the willingness to listen to all of the members of GHSTRA and look forward to additional collaboration in order to come to fair and reasonable regulations for short-term rentals.

Thank you for the diligent work you are doing to achieve a fair outcome for all.

Carolyn Allen

From: [Bonnie O"Malley](#)
To: [Carolyn Allen](#)
Cc: [Carl de Simas](#); [Allison Merwin](#); [Amy Long](#); [Ann Jolie](#); [Blake Merwin](#); [Carly & Alex Grundmann](#); [Christine Bates](#); [Christy Dowd](#); [Chuck West](#); [Deborah Strickland](#); [Denise Peterson](#); [Diane Dahl](#); [Griffin Doane](#); [Hayley Nichols](#); [Heather Imig](#); [Jeanne Juneau](#); [Jenna Torquato](#); [Jennifer Stiefel](#); [Joan Zach](#); [John Harkness](#); [John Moist](#); [Josh and Hannah Lopez](#); [Julia Runyan](#); [Julia Stearns](#); [Julie Porter](#); [Justin Stiefel](#); [Kenzie Bailey](#); [Leia Dingman](#); [Lynne Rieck](#); [Maggie Medicott](#); [Marcia Painter Owens](#); [Maria Kalafatich](#); [Marlene Druker](#); [Megan Bennett](#); [Paige Schulte](#); [Pam Kameron](#); [Paul Kadzik](#); [Ron Roark](#); [Sarah Kowash](#); [Shelly Williams](#); [Tara Hogan Tangney](#); [Tomi Kent Smith](#); [Michelle Thomas](#); [Mayor & Council](#)
Subject: Re: Clarification of Gig Harbor short-term rentals
Date: Friday, July 8, 2022 7:47:33 AM

Good Morning Carl ~

Carolyn beat me to the internet with this explanation. I believe the misunderstanding came from my statement that I know of many people who have a primary residence and a vacation property and who operate the way that I do ~ we rent whichever home we are not currently occupying. Please let me clarify that these are NOT Gig Harbor STR owners, but friends and contacts that I have personally gathered along the way in my constant travels.

I also mentioned that my STR, if sanctioned, is a lock out on one floor of my primary residence, so I have the option of renting just that portion, or my entire house while I travel. I will be an exceptional situation. Carolyn is quite correct. We believe that the majority of the Gig Harbor STR's now operating are absolutely not primary residences, and this is why the primary residence issue is so important not only to us, but to Gig Harbor. These STR's are currently housing the bulk of Gig Harbor's visitors for this hot Tourist Season, and per last nights discussion, the Commissions current take on Primary Residence Qualification will totally eliminate them and drastically affect our Tourism, our Local Businesses and The STR Owners livelihood.

I apologize for the confusion, and I would like to reiterate that we sincerely appreciate your personal efforts to educate the Commission on the intricacies of these regulations!

On Thu, Jul 7, 2022 at 10:03 PM Carolyn Allen <[cgsunharbor@yahoo.com](mailto:cdsunharbor@yahoo.com)> wrote:
Carl,

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Thank you for the diligent work you are doing to achieve a fair outcome for all.

Carolyn Allen

--

Regards,

Bonnie O'Malley, Co-Owner
ExhibitEase LLC
203-481-0792
www.exhibitease.net

WBENC Certified

From: [Carl de Simas](#)
To: [Michelle Thomas](#)
Subject: FW: Correction to Carolyn Allen
Date: Friday, July 8, 2022 10:09:27 AM
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)
[image007.png](#)

Carl de Simas | Principal Planner

3510 Grandview St • Gig Harbor, WA 98335

253-851-6170 253-853-7628 (direct) www.cityofgigharbor.net



From: Jeanne Juneau <jjuneau98@gmail.com>

Sent: Friday, July 8, 2022 5:06 AM

To: Carl de Simas <cDesimas@gigharborwa.gov>

Subject: Correction to Carolyn Allen

As you probably know, Carolyn Allen forwards every piece of communication she writes re: STRs to the entire GHSTRA group that she formed. Last night's letter to you was regarding owner-occupied STRs.

Ms. Allen states that none of the currently operating STRs rent rooms within their homes, implying that they only rent entire single family properties. This is not the case. My STR has a separate guest suite with its own entrance on the lower level of my home. It is completely separate from my (full-time, owner-occupied) living space on the upper level. It has its own parking space. But it is under the same roof as my primary residence.

I know that my property is not unique among STRs presently operating in Gig Harbor. In fact, I have a friend in the Finholm district who regularly rents out rooms within her home on a short term basis, usually to traveling nurses.

Let me reiterate, as I already have said over the phone to Michelle, GHSTRA does NOT represent the perspective of all STR owners in the city, despite what Ms. Allen wants you to believe. She certainly does not reflect my views on these issues; I've written to the Planning Commission separately.

Thank you for allowing me to clarify and thank you for all your hard work on this matter.

Jeanne Juneau
3012 Hunt St NW, Gig Harbor, WA 98335

From: [Cindy Andrews](#)
To: [Michelle Thomas](#)
Subject: FW: Short Term Rental Regulation
Date: Monday, July 11, 2022 7:35:20 AM

Forward

From: Rosa Alejo <rosa.alejo@gmail.com>
Sent: Thursday, July 7, 2022 2:49 PM
To: Mayor & Council <mayorandcouncil@gigharborwa.gov>; planning
<planning@cityofgigharbor.net>
Subject: Short Term Rental Regulation

Hello,

My family and I live in Gig Harbor and purchased another home for rental purposes. We would like to use it as a short term rental so we can use it to host family from out of state (e.g., our parents). We noticed in the short term rental regulations draft that it may be a requirement to reside in the property. We have thought about this, however, we would not feel comfortable in the same house as our short term renters with our children. Also, they may not like having children and our dogs around. It is not feasible. I hope you consider our circumstances and I am sure there are others who are facing the same issue.

Best,

Rosa

From: [Carolyn Allen](#)
To: [Carl de Simas](#); [Michelle Thomas](#); [Mayor & Council](#)
Subject: Housing Affordability Study
Date: Tuesday, July 12, 2022 7:17:56 AM
Attachments: [20191119-Expedia-report-final \(1\).pdf](#)

Mr. De Simas, Gig Harbor Planning Commission, Mayor, and Council,

Attached is a study by VRBO, published by Oxford Economics on housing affordability, in correlation with short-term rentals.

Thank you for your continued work on short-term rental regulations and permitting in our city.

Carolyn Allen



THE DRIVERS OF HOUSING AFFORDABILITY

An assessment of the role
of short-term rentals

NOVEMBER 2019

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EXECUTIVE SUMMARY

In the past year, **the US-wide affordable housing crisis has consistently made headlines**. Today, some 18 million US households spend more than half their gross income to pay basic accommodation costs.¹

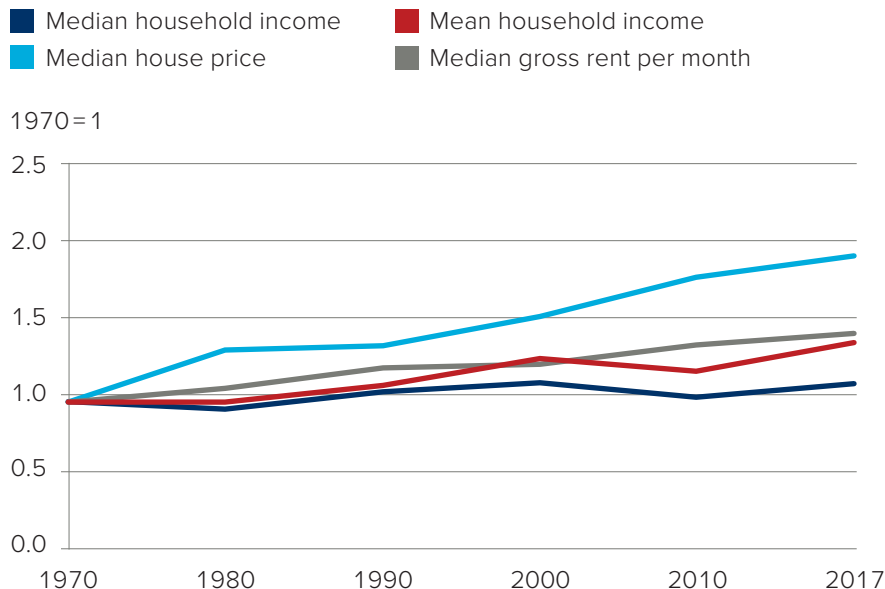
The root causes of the housing crisis can be traced back to changes that significantly pre-date the growth of the short-term rental (STR) market. The rising unaffordability of housing is a long-term trend reflecting four decades during which rental and house prices have grown consistently faster than incomes (Fig. 1). Indeed, Fig. 1 also provides a strong indication of the underlying causes of the problem. While the income of a typical (median) household stagnated between 1970 and 2010, average US household incomes grew strongly, supporting sustained growth in house prices. These trends were the manifestation of the significant increase in income inequality that occurred in the US during this period.

18.2 million

Number of US households who now spend more than half their income paying basic housing costs.



Fig. 1. Growth rate of median and mean household incomes, median house prices and median gross rent per month, 1970–2017²



Source: 1970–2000 Decennial Censuses, 2010 and 2017 ACS

¹ Joint Center for Housing Studies of Harvard University, “The State of the Nation’s Housing 2019”, 2019.

² It is important to note that rents have been growing faster than incomes over the past decades, as illustrated in Fig. 1. However, over the past few years, incomes have picked up and therefore, during our study period, the real growth in income was greater than that in rents.

“The shortfall in new homes is keeping the pressure on house prices and rents—eroding affordability, particularly for modest-income households in high-cost markets.”

—Joint Center for Housing Studies

Recently, public attention has increasingly focused on supply side issues in the market, which have been argued to have exacerbated the current crisis. For example, in a recent study, the Joint Center for Housing Studies concluded that the core of this crisis is a supply issue, with net new housing supply held back mainly by high building costs, zoning restrictions, and labor shortages in the construction sector. On the other hand, other commentators have focused on the role of STRs, as they allegedly reduce the supply of affordable housing by removing properties from the rental market, displacing long-term tenants, and raising the cost of living.

Given this context, Oxford Economics was commissioned by Vrbo to carry out a study to:

- 1) learn the key drivers of increasing house prices and rents; and
- 2) analyze the role played by STRs with regard to housing affordability.

The dynamics of housing markets have been the subject of academic literature for decades, with the general consensus concluding that:

- **rent** is mainly determined by the number of housing units, the number of households, and income levels; while
- **house prices** depend positively on disposable income and demographic growth, and negatively on housing stock and the “user cost of capital”.³

Our study borrows the backbone of its modeling framework from this literature. We also included STR density and a mix of other explanatory variables to answer our second research question.

MODEL FINDINGS

For this study we constructed a comprehensive dataset of all US counties over the period 2014–2018.⁴ The dataset included over 70 variables, ranging from average household income to the number of residential building permits in each county.⁵ We then used this database to build two econometric models, one aimed at determining the drivers of rents, and

³ The user cost of capital includes the mortgage interest payments that an owner has to make, but also annual property taxes, depreciation costs, and any expected capital gain.

⁴ 2014 was the first year covered in the AirDNA database, our data source for STR listings. Listing data were missing for some US counties, so we had to exclude those from our study.

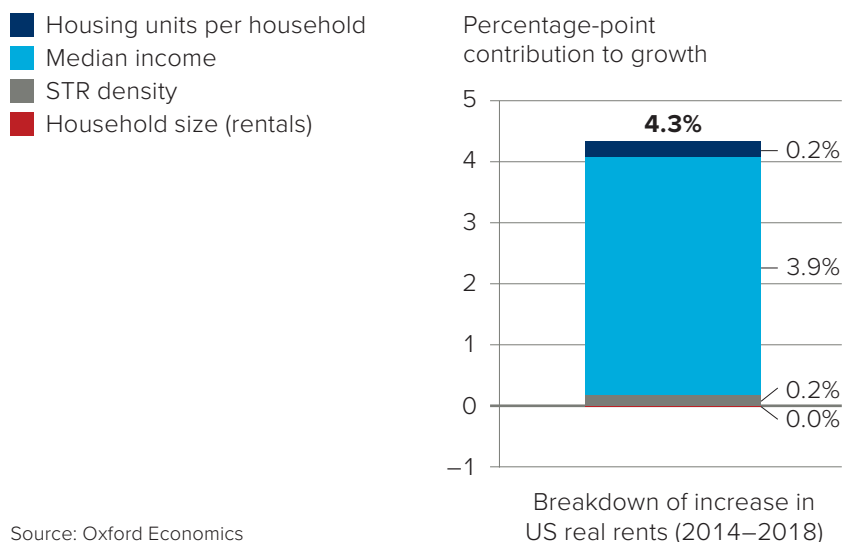
⁵ Building permits represent the number of new privately-owned housing units authorized by building permits in the United States. As shown later in this document, we derive our “permits per household” variable by dividing the number of building permits by the number of households.

the second focusing on house prices. In both models, all variables have the expected effect and are statistically significant—for example:

- Household income is found to have a *positive* impact on both rents and house prices—the greater purchasing power afforded by higher incomes enables households to increase expenditure on housing.
- On the other hand, housing supply is found to have a *negative* impact on rents and house prices—more abundant supply, as defined as a higher number of housing units per household, allows house buyers to shop around more, helping to keep a lid on price growth.⁶

The findings of our rental model, combined with changes in the explanatory variables over the study period, show that the **overwhelming driver of the observed increase in real rental prices during the 2014–18 period was household earnings**. Median income increased by 10.4% in real terms over our study period. We estimate that this growth alone was responsible for around 3.9 percentage points (or 91%) of the overall 4.3% increase in median real rents in this period (see Fig. 2).

Fig. 2. Drivers of the growth in real rents between 2014 and 2018



Source: Oxford Economics

⁶ Housing supply is measured as the number of housing units divided by the number of households in each county. As a result, our housing supply variable is independent of the STR density. For example, if one unit is subtracted from the STR market and added back to the long-term rental market, this will not have any impact on housing stock per household. In other words, the effect of this change would be fully captured by the impact of STR density and would not “double up” as a boost in housing stock.

3.9 percentage points

Estimated increase in real rents attributed to rising household earnings between 2014 and 2018.



The overall increase was 4.3%.

6.8 percentage points

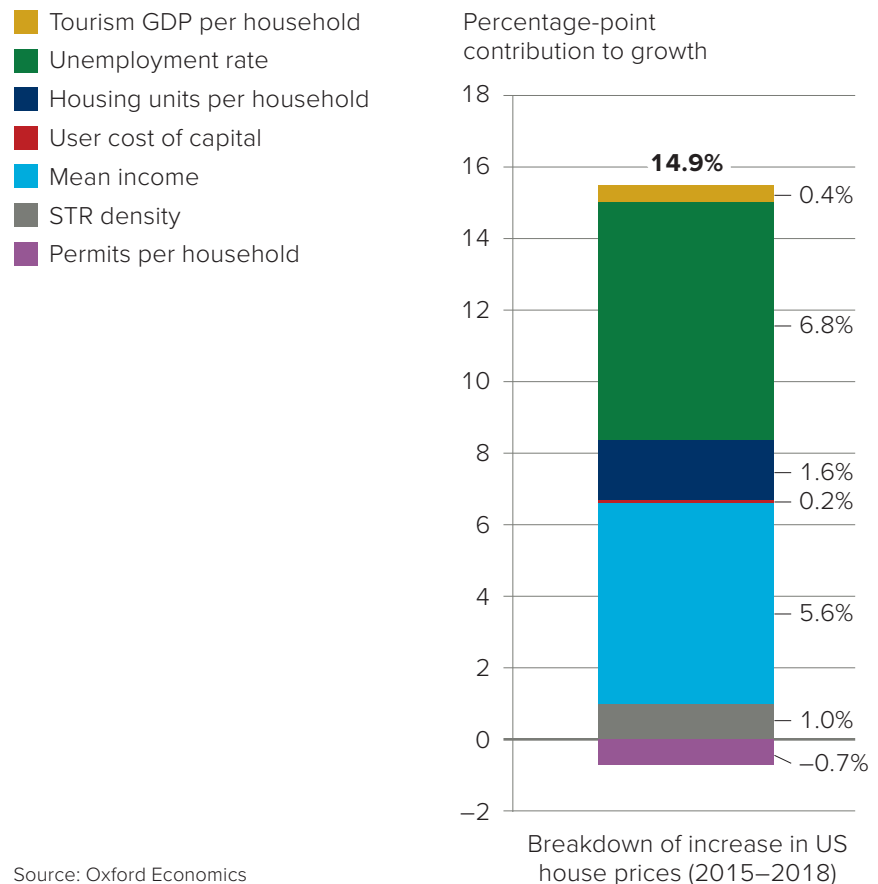
Estimated increase in real house prices attributed to dropping unemployment over the study period.



The overall increase was 14.9% between 2015 and 2018.

In our house price model, we found that **the biggest contribution to the growth in house prices came from labor market improvements**. Specifically, the drop in US unemployment over the study period is estimated to have added 6.8 percentage points to US house prices growth (see Fig. 3). Income was another major contributor, adding 5.6 percentage points to house price growth over the study period. We also find that housing supply and building permits had an impact on house prices growth during the period.

Fig. 3. Drivers of growth in US house prices between 2015 and 2018⁷



⁷ The inclusion of lagged variables in the house price model implies that their growth between 2014 and 2015 starts affecting prices in 2015–16. For this reason, the contribution analysis for house prices only covers the period 2015–18 and not 2014–18.

THE IMPACT OF SHORT-TERM RENTALS

Our modeling indicates that **the presence of STRs has not substantially driven the US house price and rent increases over the past few years.**

For the period 2014–18, we find that, in the absence of any growth in the number of STRs, real rents would still have grown by 4.1%, as opposed to the actual growth rate of 4.3%. Put another way, **median monthly rents would have been only \$2 lower in 2018** if STRs had remained at their 2014 levels. In the homeowners' market, the impact attributable to the growth in STR density represents less than a one-percentage-point difference in house prices growth. In other words, we estimate the **average annual mortgage payment would have been \$105 cheaper** if STRs had remained at their 2014 levels.

What do these findings tell us about affordability? To answer this question, we estimated the 2018 median price of a property in the US in a counterfactual scenario where STRs did not grow over the study period. When considering these counterfactual house prices in relation to average household incomes, we found that **the price-to-income ratio would have increased to 2.39 in 2018 in a scenario with no STR growth, as opposed to the actual value of 2.41.**

Interestingly, an extension of our baseline models suggests that, in the long run, **the effect of STRs on both house prices and rents is weaker in highly seasonal areas.**⁸ One explanation for this is that, in vacation markets, homes are less likely to be rented on a long-term basis. In addition, home owners of properties in seasonal destinations have been renting out their properties long before the advent of internet platforms offering STRs (through agencies and brokers) and therefore the value from such rental revenue has long been priced in the value of homes in these localities.

Our findings suggest that adopting stricter regulations on STRs is unlikely to solve the housing affordability crisis faced by many American households, in both the rental and homeowners' market.

Moreover, it is important to weigh these potentially modest affordability benefits against the associated negative consequences for the local economy, e.g. lower levels of tourist expenditure and tax receipts.

⁸ Short-run effects look at the immediate impact of a variable X over Y. Over time, given the dynamic nature of the housing market, there will be several equilibrating adjustments to the short-run effects, as the economy and people readjust. As a result, the long-run effect of a given variable X over Y is different.

\$2

Estimated reduction in median monthly rent for 2018 if STR density remained at its 2014 level.

\$105

Estimated increase in average annual mortgage payment attributed to growing STR density over the study period.

“Adopting stricter regulations on STRs is unlikely to solve the housing affordability crisis faced by many American households.”

1. SCOPE AND STRUCTURE OF THIS REPORT

Oxford Economics was commissioned by Vrbo to carry out a study of housing affordability and short-term rentals. Specifically, our analysis sought to:

- learn the key drivers of house prices and rents;
- analyze the role played by short-term rentals on affordability; and
- establish whether relationships vary across housing market types.

The resulting report begins by introducing the US affordability

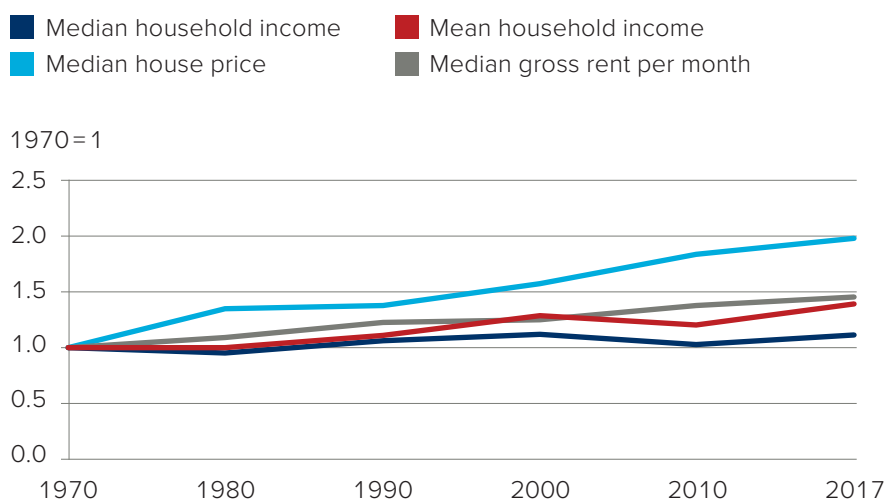
crisis (Chapter 2), before reviewing existing literature on housing and short-term rentals (Chapter 3). First and foremost, this study aims to contribute to the literature on housing market dynamics, as well as adding to the still limited literature studying the effect of short-term rentals on housing markets.

In Chapter 4, we set out a new approach to modeling house prices and rents, based on a panel dataset covering the period 2014–18, with the objective of identifying which variables are statistically significant drivers of prices and rents.

Our results from this approach, set out in Chapter 5, illustrate the sensitivity of house prices and rents to different macroeconomic drivers, including the supply of housing, cost of capital, and household earnings, as well as STR density. Armed with these results, we then calculated the contribution that each macroeconomic driver made to the housing market variable. We find that economic and labor market conditions explain the lion's share of housing market developments during our study period.

2. AMERICA'S AFFORDABLE HOUSING CRISIS

Fig. 4. Growth rate of median and mean household incomes, median house prices and median gross rent per month, 1970–2017⁹



Source: 1970–2000 Decennial Censuses, 2010 and 2017 ACS

Housing is increasingly an issue of public policy concern, as the US faces an affordable housing crisis. For decades, rents have been growing faster than incomes (Fig. 4), and nearly 200 US cities had a median home value of at least \$1 million as of June 2018.¹⁰ After a few years of decline, the

number of people experiencing homelessness has grown again over the past couple of years.¹¹

Theoretical models and the empirical literature on the housing market suggest that, over the long run, house prices depend positively on disposable income

and demographic needs, and negatively on user costs and the housing stock.¹² This last factor in particular has been thoroughly discussed in the policy debate.

Many experts have argued that, at its core, the US housing crisis is a supply issue.¹³ Between 2014 and 2018 (the period covered in our study), 5.1 million new households are estimated to have formed in the US, while net new housing supply was up only 4.1 million.¹⁴ This implies the ratio of housing units-to-households declined between 2014 and 2018.

In the remainder of this chapter, we present snapshots of the affordability issue for renters and homeowners in turn. We then introduce the short-term rental market, the growth of which has created debate among local governments, housing activists, and residents about its impact on the availability of affordable long-term housing.

⁹ It is important to note that rents have been growing faster than incomes over the past decades, as illustrated in Fig. 4. However, over the past few years, incomes have picked up and therefore, during our study period, the real growth in income was greater than that in rents.

¹⁰ Zillow, "List of \$1M (Home Value) Cities Could Grow by 23 in the Next Year", 9 August 2018.

¹¹ HUD Exchange, "2018 AHAR: Part 1 – PIT Estimates of Homelessness in the U.S.", December 2018.

¹² A variable X is said to have a positive impact on variable Y when an increase in X is associated with an increase in Y. A variable X is said to have a negative impact on variable Y when an increase in X is associated with a drop in Y. IMF, "Fundamental Drivers of House Prices in Advanced Economies", *IMF Working Paper*, July 2018.

¹³ Joint Center for Housing Studies of Harvard University, "The State of the Nation's Housing 2019", 2019.

¹⁴ These numbers represent the net growth in the two variables. In other words, more than 5.1 million households may have formed over the study period, but at the same time some households may have dissolved. The net household formation was 5.1 million between 2014 and 2018.

WHY CAN'T THE US BUILD ENOUGH HOUSES TO MEET THE DEMAND?

Since 2011, residential housing construction has increased, but not enough to meet demand, according to Freddie Mac. There are various reasons for this.

First, the **housing boom in the early 2000s** produced an excess stock of houses, making builders and creditors more cautious of speculative construction projects that would inflate the housing stock too fast. Another contributing factor is **home building cost**, which encompasses the cost of land and raw materials. The price of raw materials has risen by over 20% since the recession, according to Bureau of Labor Statistics' data.

Laws and regulations such as local **zoning restrictions** on lot sizes, building height, and minimum number of parking spots also increase the cost of building a home, in turn reducing the supply of new houses. The National Association of Home Builders (NAHB) estimates that regulatory costs increased by 29% between 2011 and 2016.

Another reason for the lower level of housing production, relative to the population, is said to be the **shortage of skilled labor** currently faced by the construction industry. The NAHB reports that the number of unfilled jobs in the construction sector reached post-crisis highs in 2018.

2.1. THE RENTAL MARKET

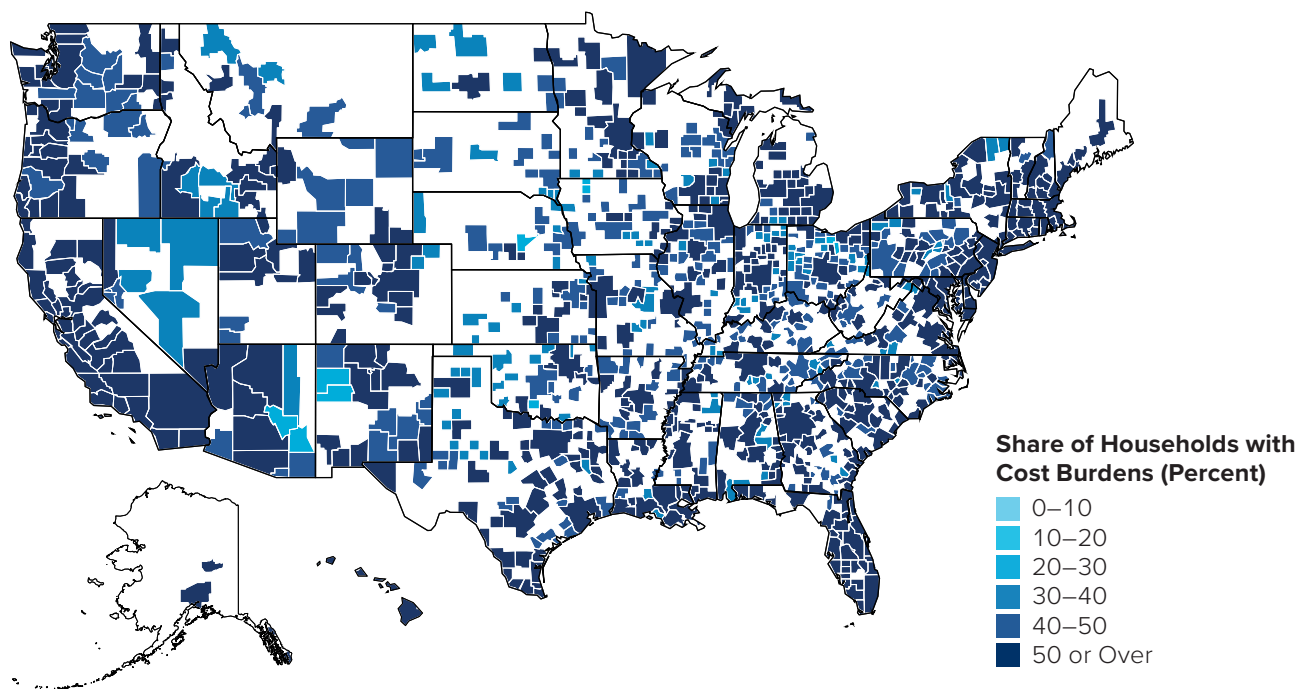
A study by the Joint Center for Housing Studies of Harvard University found that renters appear to be more burdened by housing costs than homeowners, with cost-burdened renters outnumbering cost-burdened homeowners by more than 3.0 million (where cost-burdened is a household paying more than 30% of its gross income for housing).¹⁵ In addition, renters

make up 10.8 million of the 18.2 million severely burdened households that pay more than half of their incomes for housing.

The spread of renter cost burdens is most evident in expensive metropolitan areas such as Los Angeles, New York, San Francisco, and Seattle (see Fig. 5). Not surprisingly, households with the lowest incomes have

the highest cost-burden rates, although such rates are rising rapidly among renters higher up the income scale. The cost-burdened share is highest among among African American and Latinx American renters, suggesting minorities are heavily hit by America's housing affordability crisis.

Fig. 5. Share of cost-burdened households, renters



Source: Joint Center for Housing Studies of Harvard University

¹⁵ Joint Center for Housing Studies of Harvard University, "The State of the Nation's Housing 2019", 2019.

2.2. THE HOME-OWNER MARKET

In the owners' market, much lower proportions of households appear cost-burdened.¹⁶ After falling for over a decade, US homeownership rates edged up in both 2017 and 2018, reaching 64.4%. This rebound in homeownership comes amid worsening affordability, with house prices having climbed steadily since the recession. Nationwide, the ratio of median

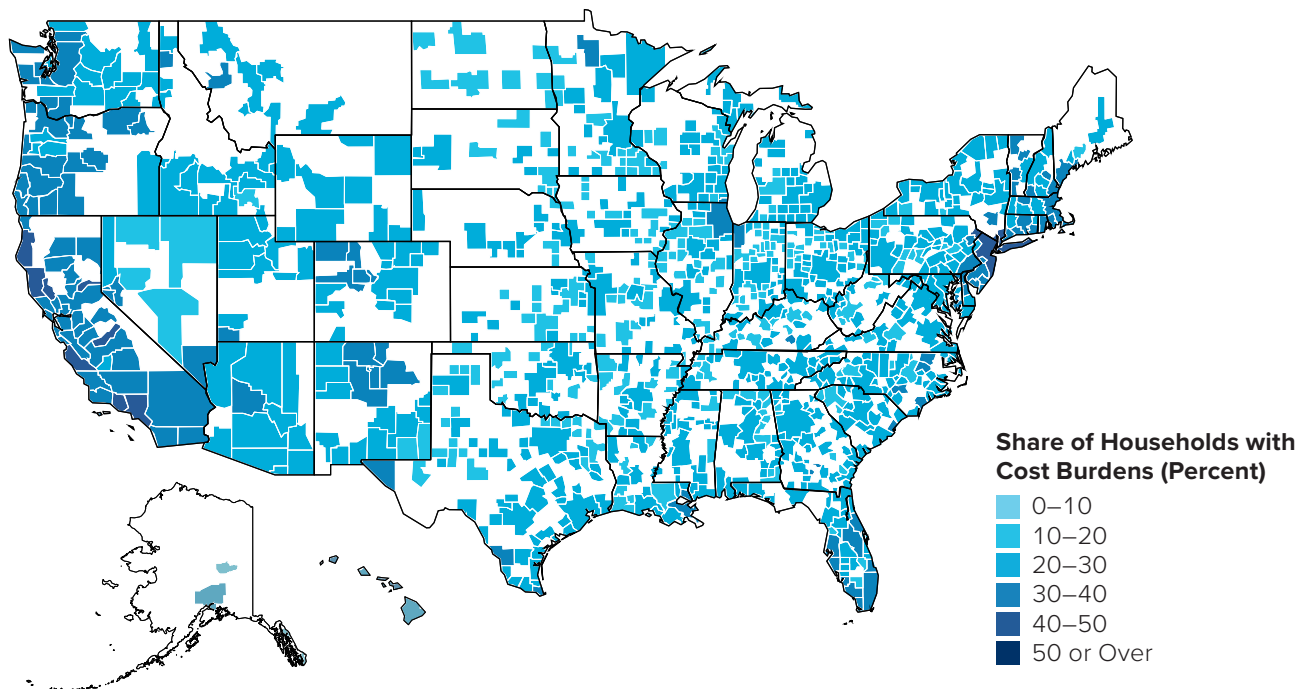
house price to median household income rose sharply from a low of 3.3 in 2011 to 4.1 in 2018, having reached its peak at 4.7 in 2005.

Interestingly, however, cost burdens are improving for homeowners, with the latest American Community Survey reporting the share of cost-burdened households inched down 0.5 percentage point. Much of this progress was among

homeowners, whose overall cost-burden rate declined by nearly 8.0 percentage points in 2010–2017. Its 2017 value was the lowest level since 2000. Among the metropolitan areas characterized by the highest cost-burden shares among owners are Los Angeles, New York, and Miami (Fig. 6).

Even if house prices have made homeownership less accessible

Fig. 6. Share of cost-burdened households, owners



Source: Joint Center for Housing Studies of Harvard University

¹⁶ For homeowners, housing costs include mortgage payments (including interest), taxes and insurance.

for the median US resident, those who are able to move up the housing ladder are less burdened than they used to be a decade ago.

2.3. THE SHORT-TERM RENTAL MARKET

Short-term rentals (STRs) are often cited as intensifiers of the affordability crisis. Increasingly, affordable housing advocates have argued that STRs are displacing long-term tenants and raising their cost of living. Therefore, in the name of protecting affordable long-term housing, several cities are reducing the number and type of housing units that can be offered as short-term rentals.¹⁷ These

include Washington, D.C., New York, Chicago, and San Francisco.

On the other hand, short-term rental advocates argue that the presence of STRs lowers travel costs by increasing the supply of travel accommodation. This in turn attracts a wider pool of visitors, whose spending benefits the local economy, supporting jobs and business creation in the area. In addition, the earnings from renting out their properties are likely to be spent locally, further contributing to the economy. Lastly, tax revenues raised on short-term rental income can be used to fund housing services, as demonstrated by the city of Seattle, which earmarked such revenues to support affordable housing.

¹⁷ The Pew Charitable Trusts, “Cities Tell Airbnb to Make Room for Affordable Housing”, 18 October 2018.

3. THE HOUSING MARKET: AN ANALYSIS OF EXISTING STUDIES

Our study contributes to two key research questions: (i) what are the key drivers of house prices and rents? and (ii) what is the impact of short-term rentals on these variables? Before we introduce our modeling, this chapter presents a review of some of the existing academic literature addressing these questions.

3.1. EXISTING LITERATURE ON HOUSING MARKET DYNAMICS

Housing market dynamics have been widely studied in academic literature for decades. Because this literature is well established, this section does not point to individual studies, but rather takes a meta-analysis approach by reviewing the key drivers of housing market dynamics.

Academic studies of the rental market show that rent is determined by the **number of housing units, the number of households, and income levels**.¹⁸ Similarly, theoretical models and empirical literature on house prices suggest that, over the

long run, house prices depend positively on **disposable income** and **demographic needs**, and negatively on the **housing stock** (undersupply conditions can contribute to housing price gains) and **user cost**.¹⁹

This last factor—user cost—requires further explanation, as it comprises many elements. These include not just the mortgage interest payments that an owner has to make, but also annual property taxes, depreciation costs, and any expected capital gain. Taken all together, and adjusted for expected inflation, these costs are referred to as the real user cost of capital. Multiplying this by the house price gives us the annual user cost of owning and can be understood as the rent equivalent for homeowners.

Housing market equilibrium is described in Fig. 7. When rents and annual user costs of owning are not aligned, markets automatically move toward equilibrium conditions through adjusting demand for housing investments.

Fig. 7. Housing market equilibrium conditions



¹⁸ For example, C. Swan, "Model of Rental and Owner-Occupied Housing", *Journal of Urban Economics*, 16(2) (1984): 297–316.

¹⁹ For example, IMF, "Fundamental Drivers of House Prices in Advanced Economies", *IMF Working Paper*, July 2018.

3.1.1. Applications for our study

We borrow the backbone of our modeling framework from the studies referenced above. In particular, we exploit the fact that rents are found to have an impact on house prices and, following the example of other studies, in our house price equation we replace real rent with its main determinants—real income, housing stock, and household numbers.

In addition, a recent Oxford Economics (2016) study of the UK housing market found rising employment was among the main drivers of the boom; we therefore also include labor market conditions as an additional driver.²⁰ Moreover, our price model takes into account the hedonic characteristics of the area, measured by tourism GDP, and supply constraints, measured by building permits per household.

3.2. EXISTING LITERATURE ON SHORT-TERM RENTALS

We are aware of only a handful of academic papers that directly study the effect of short-term rentals on housing costs. There are two main reasons for the dearth of literature. First, the STR phenomenon is relatively recent and therefore a limited amount of data exists. Second, the research question is methodologically challenging, since many cities have become increasingly popular among both locals and tourists in recent years, leading to higher housing prices and a higher number of STR listings. In other words, “popularity” affects both prices and listings positively, as locals and tourists have a preference for living and staying in neighborhoods with high-quality amenities. This “popularity” variable, however, is unobservable, and its omission in the model implies that the impact of STR on prices is biased upwards, as part of the popularity impact gets erroneously captured by STRs.

The study whose methodology most closely aligns with our approach is that of Barron et al. (2018), which assesses the impact of STRs on residential house prices and rents.²¹ The authors, however, fail to control for a number of explanatory variables included in our models. Using a dataset of Airbnb listings from the entire United States and an instrumental variables estimation strategy, they find that a 10% increase in the number of Airbnb listings leads to a 0.39% increase in rents and a 0.65% increase in home values. In Section 5.3.3, we show how our results compare to this study and conclude that our findings show a much smaller impact over our study period.

Most other studies, however, differ from ours (and Barron’s) in two key respects. First, they focus on specific housing markets, rather than looking at US-wide relationships. Secondly, they use sales-level data to determine whether the proximity to STR-intensive areas affects sale prices.

²⁰ Oxford Economics, “Forecasting UK house prices and home ownership”, November 2016.

²¹ Barron, Kyle and Kung, Edward and Proserpio, Davide, “The Effect of Home-Sharing on House Prices and Rents: Evidence from Airbnb”, 29 March 2018. More detail on the instruments used can be found in Fig. 18.

Among these studies, Horn and Merante (2017) use Airbnb listings data from Boston in 2015 and 2016 to study the effect of Airbnb on rental rates.²² Similarly, Sheppard and Udell (2018) present an evaluation of the impacts of Airbnb on residential property values in New York City.²³ A third example is the article by Koster et al. (2019), which studies the effects of STRs in Los Angeles County using a quasi-experimental research design.²⁴ The main findings of these studies, and their main limitations, are summarized in the Appendix.

Another strand of literature provides descriptive analysis of STRs in specific markets. For example, Lee (2016) focuses on the Los Angeles housing market and makes recommendations

on how municipal policymakers can best regulate Airbnb.²⁵ Other articles simply apply coefficients from other authors' analyses to their specific markets to derive estimates of local STR impacts (for example, Wachsmuth et al., 2018).²⁶

3.2.1. Applications for our study

We build upon the studies referenced above to produce a nation-wide estimate of the impact of STRs on the housing market. In particular, this work presents the first econometric estimate that uses comprehensive data from across the US, as well as covering more STR platforms than only Airbnb. This means that we are able to include both owner-occupied home sharing and whole-property STRs. Our

study does not have the objective of challenging existing literature, but rather to provide context for the findings and contribute to the body of work on housing dynamics.

As discussed earlier, one of the challenges in determining the impact of STRs on prices (and rents) relates to the fact that neighborhoods (and cities) tend to become popular with residents and tourists at the same time. In order to try to control for the so-called hedonic features of an area, we have used tourism GDP as a proxy. As an area becomes more popular for residents, bars and restaurants will start to appear, and at the same time hotels will start attracting tourists. Astoria in New York City or Corktown in Detroit are great examples of these popularity bursts.

²² Keren Horn and Mark Merante, "Is home sharing driving up rents? Evidence from Airbnb in Boston", *Journal of Housing Economics*, 38 (2017): 14–24.

²³ Stephen Sheppard and Andrew Udell, "Do Airbnb properties affect house prices?", 1 January 2018.

²⁴ Hans R.A. Koster and Jos van Ommeren and Nicolas Volkhausen, "Short-term rentals and the housing market: Quasi-experimental evidence from Airbnb in Los Angeles", 8 March 2019.

²⁵ Dayne Lee, "How Airbnb Short-Term Rentals Exacerbate Los Angeles's Affordable Housing Crisis: Analysis and Policy Recommendations", 2 February 2016.

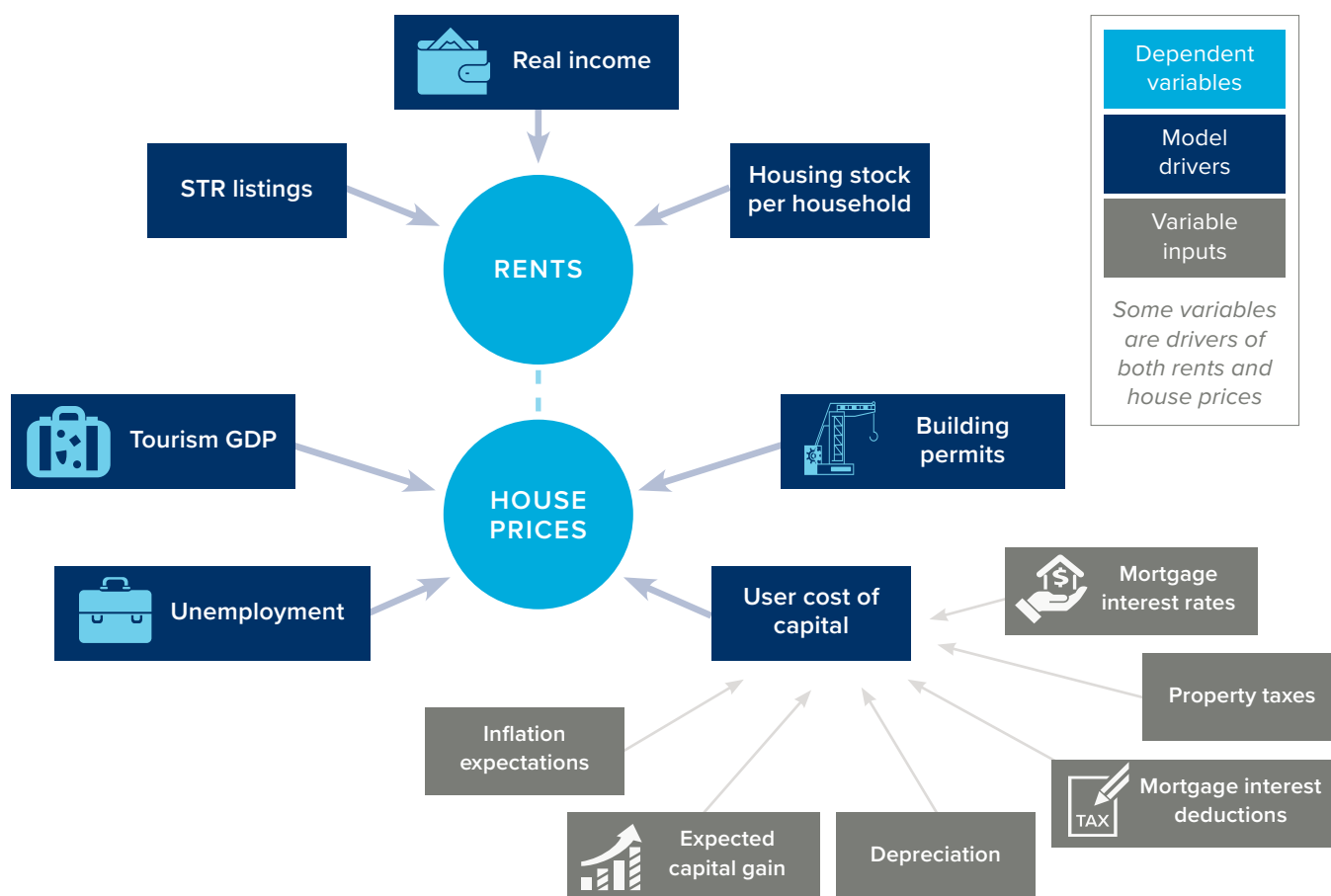
²⁶ Urban Politics and Governance research group - School of Urban Planning - McGill University, "The High Cost of Short-Term Rentals in New York City", 30 January 2018.

4. MODELING APPROACH AND DATA

This chapter sets out our approach to modeling rents and house prices, in the context of the housing market relationships explained in the previous chapter. For this study we constructed a comprehensive dataset of all US counties over the period 2014–2018. The dataset included

over 70 variables, ranging from average household income to the number of residential building permits in each county. This chapter begins by considering how best to model rents, and then moves on to house prices. All the relationships analyzed in this work are illustrated in Fig. 8.

Fig. 8. Drivers of rents and house prices



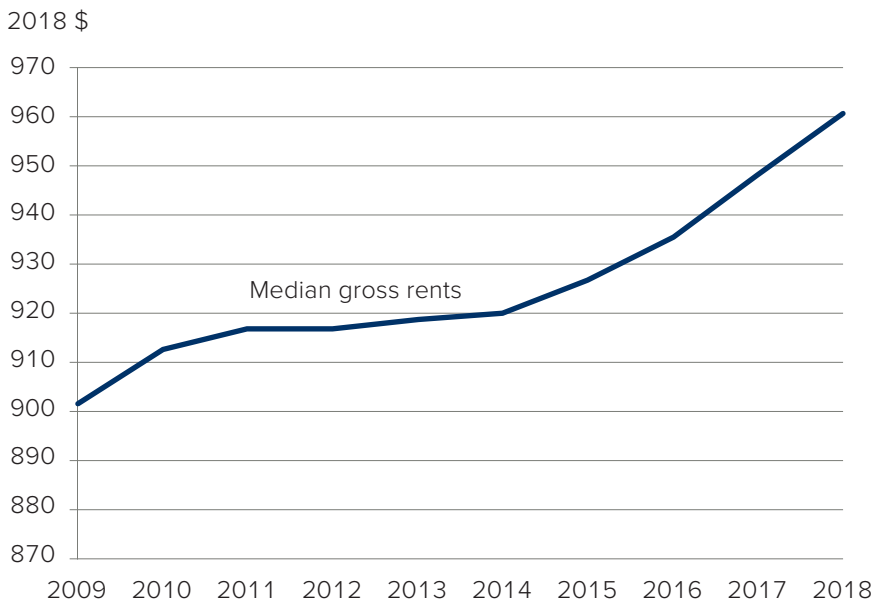
4.1. THE RENTAL MODEL

In this chapter, we argue that household income, housing stock, and the number of households are the main determinants of residential rent. We do so by analyzing rental prices, STRs and several socio-economic features of over 2,500 counties between 2014 and 2018.²⁷ Each variable is described below in turn.

4.1.1. Median rents

The dependent variable of this first model is real median rent (in logarithmic form, to be more specific). Real rents increased by just over 1% per year over the study period, but they had been flat in the years just before that (Fig. 9). The data were sourced from the American Community Survey (ACS), and the 2018 data point was estimated using historical growth rates.

Fig. 9. Median gross rents



Source: ACS

4.1.2. The STR density variable

The advent and fast growth of the sharing economy have impacted the accommodation sector. While vacation rentals have been a critical component of communities across the globe for well over a hundred years, the technology revolution in flexible accommodations brought about by platforms like Vrbo and Airbnb has not only opened up millions of unique rental options for travelers but also changed the foundation of the travel ecosystem.

Data provider AirDNA suggests there were over 1.3 million active listings across the US as of June 2019, rising from just over 70,000 five years earlier.²⁸ Back in 2014, for every 1,000 housing units there was just over one STR listing, while in 2018 this ratio grew to 8 listings per 1,000 housing units.²⁹

Fig. 10 shows the geographic distribution of STR density in 2014 and 2018. It shows there is significant geographic heterogeneity in STR density, with most listings occurring in states with large cities and along the coasts. Moreover, there exists significant geographic heterogeneity in the growth of STR density over time. The

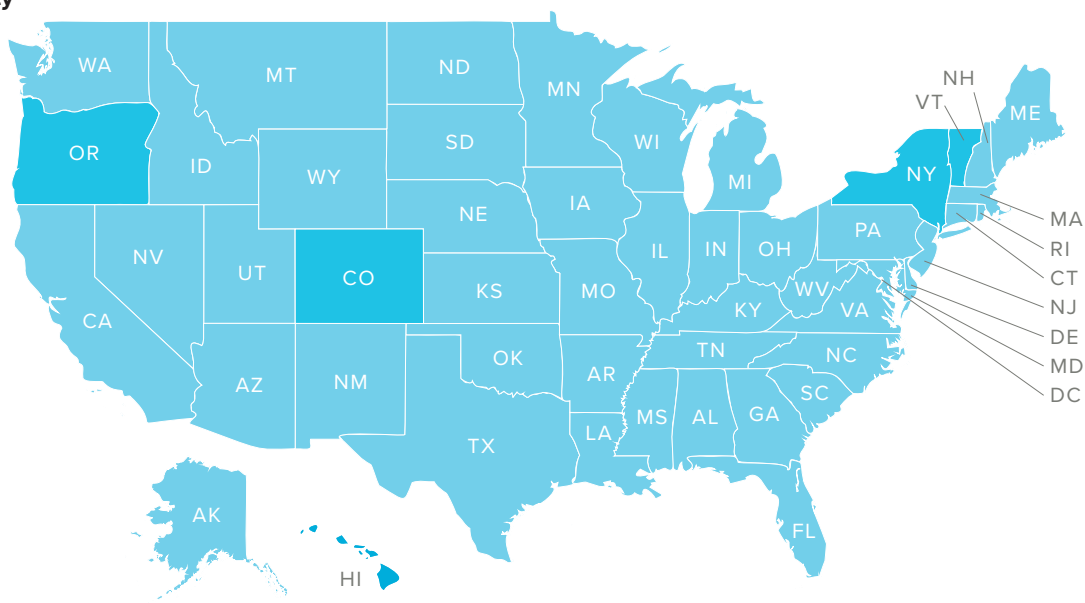
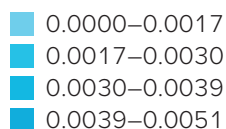
²⁷ Listing data were missing for some US counties, so we had to exclude those from our study.

²⁸ This study does not distinguish between whole-home rentals and owner-occupied units and includes both types of STRs.

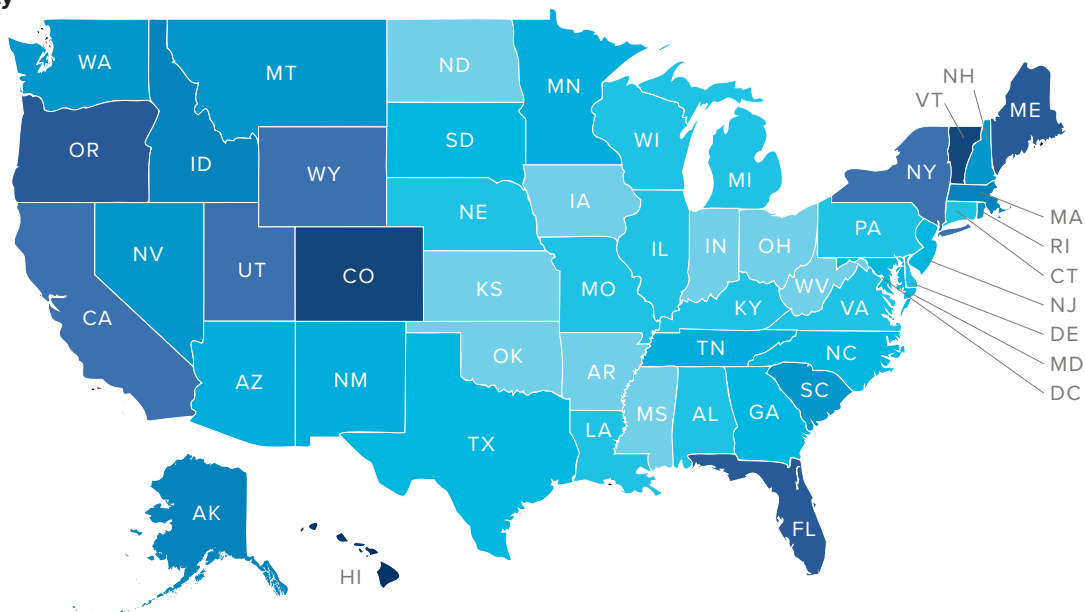
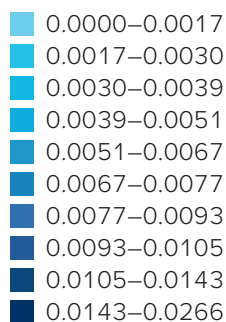
²⁹ This is how we define STR density, i.e. as the number of STR listings per 1,000 housing units.

Fig. 10. STR density in 2014 and 2018, by state

**Short term rental density
by US State 2014**



**Short term rental density
by US State 2018**



Source: AirDNA, ACS, Oxford Economics

number of listings per housing unit grew exponentially in some states, while in others there was no growth at all.

4.1.3. Real incomes

Real mean household income data from the Census Bureau show a marked slowdown in growth in 2018 relative to previous years (Fig. 11). Median household incomes also only rose slightly in 2018 and 2017, after registering more impressive gains in the two years prior: a 5.2% gain in 2015 and a 3.2% gain in 2016.

Income data by county and over time were obtained from the American Community Survey and complemented with Oxford Economics' North American Cities and Regions databank to fill the gaps left in 2018 by the ACS (the latest available edition was 2017).

4.1.4. Housing supply

Since reaching their lowest point in 2011 at just 633,000 new housing units that year, additions to the housing stock have grown at a fairly slow pace, partly in response to persistently weak growth in the number of households after

the recession. With the economy finally back on track, household growth picked up in 2016–2018, but new construction was still depressed relative to demand, with additions to supply barely keeping pace with the number of new households.

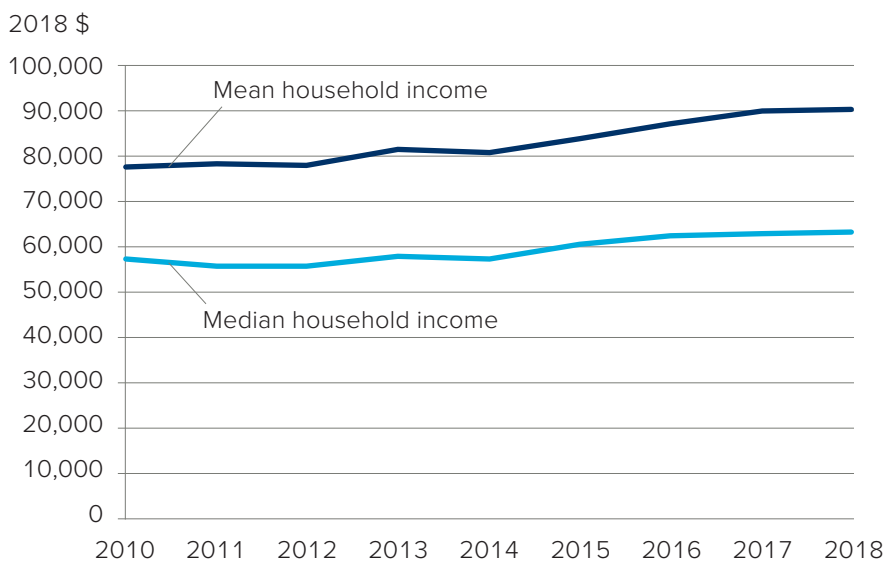
In our dataset, the number of housing units was drawn from the Census' Population Estimates, while the number of households was drawn from the ACS and carried forward to 2018 using Oxford Economics' North American Cities and Regions databank.

4.1.5. Household size

As one might expect, median rents are also related to the size of the average household (average number of people in one household). As this grows, households will require bigger properties, resulting in higher median rents. In particular, we restrict our analysis to households that occupy rented accommodations (i.e., in our rental model, we disregard the size of owner-occupier households as this should not affect rents; only the size of renter households is expected to impact rents).

Generally speaking, household size has been on a declining trend for centuries, with an

Fig. 11. Average and median household income, constant prices, 2010–18



Source: Oxford Economics

average of 5.79 people per household in 1790 to 2.58 in 2010.³⁰ However, Census Bureau data suggests this might be the decade when this long-term trend is reverted, with 2018 size ticking up to 2.63. Going forward, this might have impacts on housing demand, and therefore housing costs (provided it does not immediately translate into weaker residential construction).

4.2. THE HOUSE PRICE MODEL

As discussed in Section 3.1, rents are likely to affect home

buying decisions, and therefore most of the drivers of rents are also included in the house price model. Above and beyond these, we also included labor market outcomes, the user cost of capital, the availability of building permits, and the size of the tourism sector as additional explanatory variables. The rest of this chapter describes each variable in turn and provides a rationale for inclusion in the model.

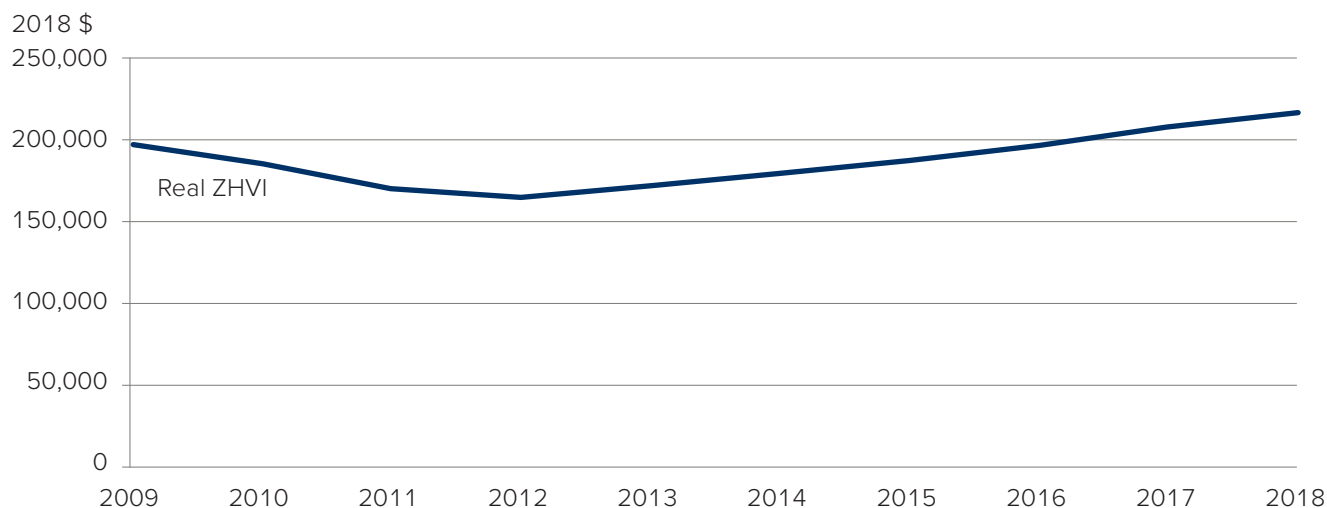
4.2.1. House price index

As a dependent variable for our second econometric model, we

used the Zillow Home Value Index (ZHVI), a smoothed measure of the median home value across all US counties. This is a dollar-denominated figure, which we then adjusted for inflation using the Consumer Price Index (CPI). This variable was available on a monthly basis for all counties in the US.

Since the recession, house prices have climbed steadily, boosted by low interest rates and the recovering economy (Fig. 12). This study aims at identifying the key drivers of house prices during the period between 2015 and 2018.

Fig. 12. Real US Zillow Home Value Index, 2008–2019



Source: Zillow, Oxford Economics

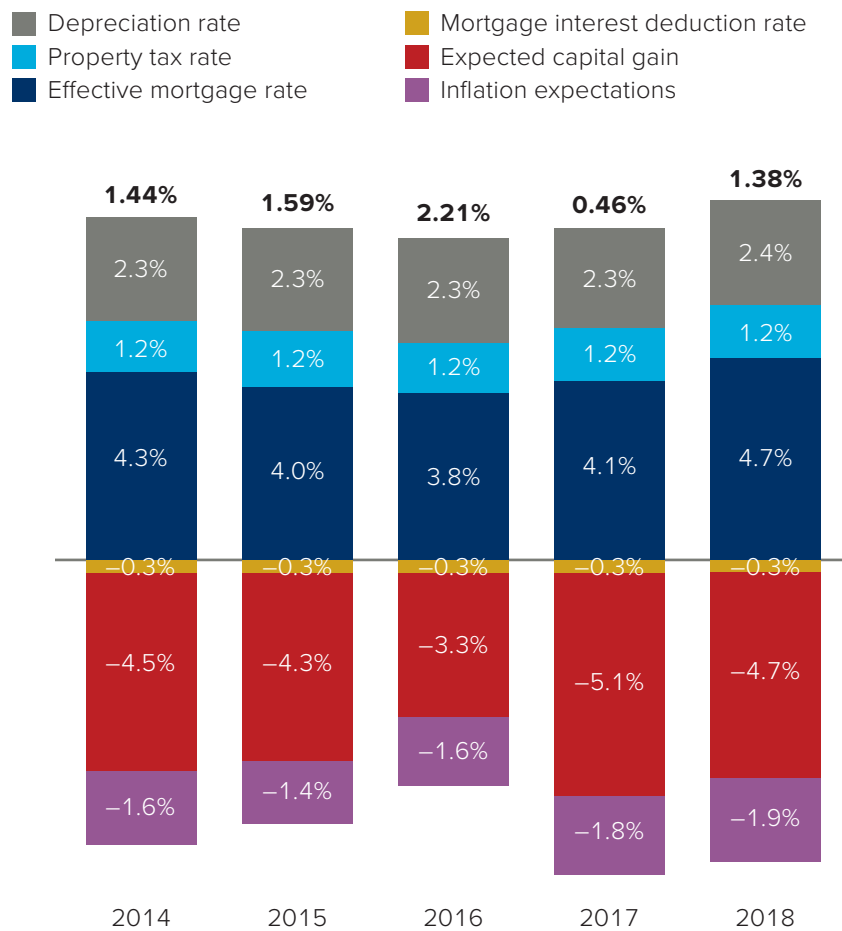
³⁰ Pew Research Center, "The number of people in the average U.S. household is going up for the first time in over 160 years" <<https://www.pewresearch.org/fact-tank/2019/10/01/the-number-of-people-in-the-average-u-s-household-is-going-up-for-the-first-time-in-over-160-years/>> [accessed 22 October 2019]

4.2.2. User cost of capital

As discussed in Chapter 3.1, the so-called “user cost of capital” is determined most obviously by the mortgage interest rate (Fig. 13); if this rises so does the cost of owning a property at any given price level. In addition to this, property taxes (minus mortgage interest deductions), expectations of inflation and capital gains, and depreciation rates all affect how costly it is to own a house of any given price.

Not all components of this variable could be gathered at the county level; for example, effective interest rates paid by mortgage holders were obtained from the Federal Housing Finance Agency by state. Expected inflation, capital gains, depreciation and mortgage interest deductions were estimated for the US as a whole. Average property tax rates, however, were estimated using ACS data at the county level, dividing the median tax value by the median property value.

Fig. 13. Estimated user cost of capital, 2014–18



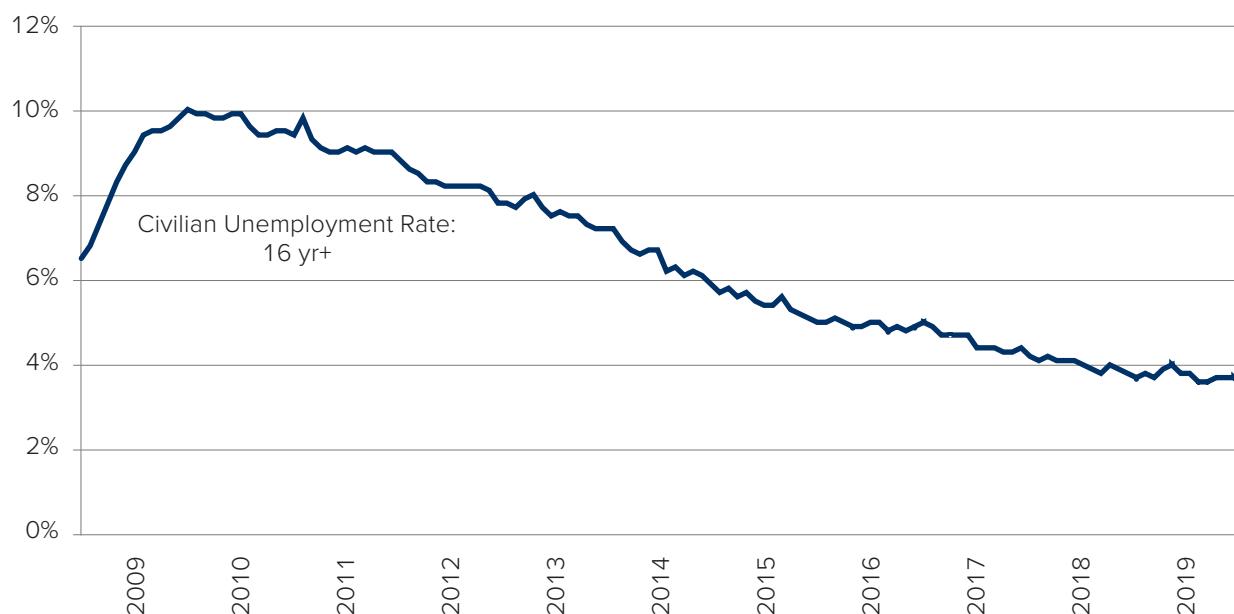
Source: Oxford Economics

4.2.3. Unemployment rate

Existing academic research provides an analysis of the extent to which unemployment influences housing market outcomes (see for example Gan and Zhang, 2018, among others).³¹ Intuitively, a stronger local labor market makes an area more desirable to potential migrants and increases willingness to pay for housing in the area, and vice versa.

This channel is particularly relevant in light of the recent positive developments of the US labor market. September's unemployment rate hit a 50-year low, reaching 3.5% (Fig. 14). These labor market improvements are found to have had an impact on house prices, as we will discuss in Chapter 5.

Fig. 14. US unemployment rate



Source: BLS

³¹ Li Gan and Qinghua Zhang, "Market Thickness and the Impact of Unemployment on Housing Market Outcomes", *Journal of Monetary Economics*, 98 (2018): 27–49.

4.2.4. Building permits

As described in Section 4.1.4, housing supply is a key determinant of housing market dynamics. However, the actual number of housing units is not the only supply-related factor that is likely to affect house prices. Projected housing supply is also potentially relevant for today's house prices. In our model, building permits are used as a proxy for this. This variable was obtained from the Building Permits Survey, produced by the Census Bureau.

The latest national level data released in September show that permits for future home construction rose to levels last seen in 2007. The recent surge in

both housing starts and permits relieved some of the pressure on house prices over our study period, as we will describe in Chapter 5.

4.2.5. Tourism

As discussed earlier, one of the challenges in determining the impact of STRs on prices (and rents) relates to the fact that neighborhoods (and cities) tend to become popular with residents and tourists at the same time. In order to try to control for the so-called hedonic features of an area, we propose using tourism GDP as a proxy.

This work controls for growth in the tourism sector (food and

beverage and accommodation services), as we believe **it is important to break down the impact of tourist attractiveness of a locality from the pure impact of STRs**. We measure tourism as the average GDP produced by the hospitality sector for each resident household. Therefore, areas where hospitality GDP has grown at a faster pace than household formation will see a growth in their tourism variable, and vice versa.

In the US as a whole, tourism GDP has grown at a slightly faster pace than households during our study period, thus exerting a slight positive pressure on house prices, as shown in Chapter 5.

5. RESULTS AND DISCUSSION

In this chapter, we set out the results of our models of rents and house prices and explain their interpretation. We also compare our results with those of past studies where comparable analysis has been carried out.

5.1. THE RENTAL MODEL

In the rental model, all variables have the expected impact and are statistically significant. The effect of income is positive and significant, while that of housing stock per household is negative and significant, as expected.

The long-run impact of STR listings is equivalent to 0.0007, or in other words, an increase of one listings per 1,000 housing units is associated with a 0.07% increase in median rents.³² In a hypothetical county with a \$1,000 median rent, if STR density increased by one listing per 1,000 units, the associated long-run increase in median rents is equivalent to \$0.7 per month.

The long run coefficients from the model for the other explanatory variables can be interpreted as follows:

- a 10% increase in real median income is associated with an 8.8% increase in median rents.
- a 10% fall in the housing units-to-household ratio is associated with a 4.9% increase in median rents.
- a 10% increase in the average household size is associated with a 2.6% increase in median rents.

How well does this model reflect the reality of how rent is determined? We can calculate a MAPE (Mean Absolute Percentage Error) to assess our model accuracy.³³ We calculated this to be 2%; in other words, considering the average rent across the counties used in our dataset, the margin of error in our model prediction will be around \$14.

5.2. THE HOUSE PRICE MODEL

In the house price model, all variables have the expected impact and are statistically significant. The effect of income is positive and significant, while that of housing stock per household

is negative and significant, as expected.

Focusing on some of the long-run effects, the coefficient for the variables can be interpreted as follows:

- an increase of one STR listing per 1,000 housing units is associated with a 0.13% increase in the real house price index. In other words, in a hypothetical county with a \$100,000 house price index, if STR density increased by one listing per 1,000 units, the associated long-run increase in the price index is equivalent to \$130.
- a 10% increase in mean income is associated with a 3.2% increase in the real house price index.
- a 10% fall in the housing units-to-household ratio is associated with approximately a 18.9% increase in the real house price index.
- a 1-percentage-point increase in the unemployment rate is associated with a 2.4% fall in the real house price index.

³² Short-run effects look at the immediate impact of a variable X over Y. Over time, given the dynamic nature of the housing market, there will be several equilibrating adjustments to the short-run effects, as the economy and people readjust. As a result, the long-run effect of a given variable X over Y is different. Our econometric methodology can distinguish between the long-run and short-run effects. The estimated coefficients presented in Fig. 19 represent the short-run effects, and the long-run effects are estimated using the Delta method, whereby the short-run effects are discounted by one minus the coefficient on the lagged dependent variable.

³³ The mean absolute percentage error (MAPE) is the mean or average of the absolute percentage errors of forecasts. Error is defined as actual or observed value minus the forecasted value (in our case, the model predicted value). This measure is easy to understand because it provides the error in percentage terms.

- a 1-unit increase in the number of building permits per household is associated with a 6.9% fall in the real house price index.

Here too, the house price model fits the actual data well, as illustrated by the MAPE. We calculated this to be 1.7%. In other words, considering the average house price across the counties used in our dataset, the margin of error in our model prediction will be around \$2,600.

5.3. CONTRIBUTION ANALYSIS

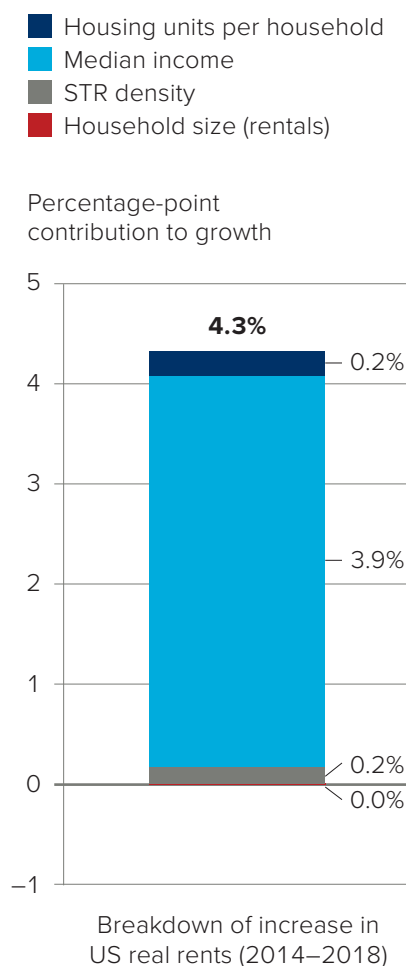
5.3.1. Rent growth between 2014 and 2018

In the four years between 2014 and 2018, US median rental prices rose by 4.3% in real terms. The findings of our rental model, combined with changes in the explanatory variables over the study period, show that the **overwhelming driver of the observed increase in real rental prices during the 2014–18 period was household earnings.**

Median income increased by 10.4% in real terms between 2014 and 2018 and we estimate that this growth alone was responsible

for around 3.9 percentage points of the 4.3% increase (Fig. 15).

Fig. 15. Drivers of the growth in real rents between 2014 and 2018³⁴



Source: Oxford Economics

Between 2014 and 2018, 5.1 million new households are estimated to have formed in the US, while net new supply was 4.1 million in the same period. This implies the ratio of housing units-to-households has declined between 2014 and 2018, pushing up rents. We estimate this drop contributed about 0.2 percentage point of the 4.3% increase in real rents.

The ratio of STR listings to housing units has grown by a factor of 6 during the study period. This increase, however, contributed to 0.2 percentage point of the increase in rents. Putting it all together, Fig. 15 reveals the contributions of various factors to the 4.3% increase in rents in the four years from 2014 to 2018.

5.3.2. House price growth between 2015 and 2018

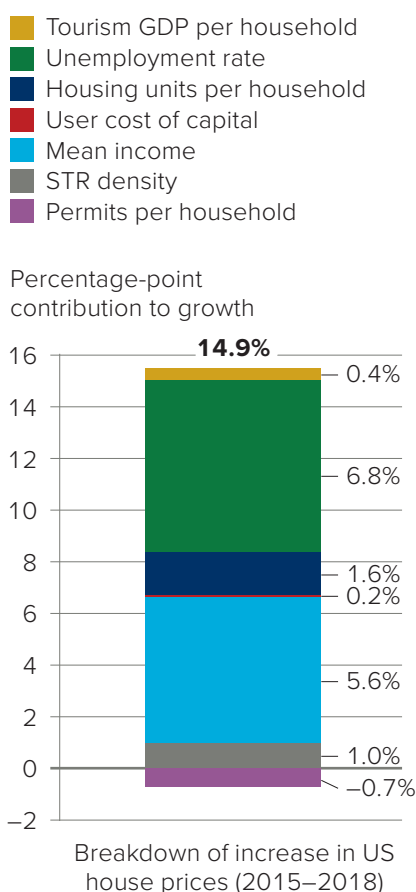
House prices have increased steadily during our study period, with real US median price index estimated to have increased by 14.9% during the period 2015–18.³⁵ Using the model to break down the causes of this rapid growth, we see that **the biggest contribution to the increase came from labor market improvements.**

³⁴ This section and chart assume that 100% of the growth in median rents can be explained through the model's explanatory variables. This is a simplifying assumption, and we are aware that our model's variables do not explain the totality of the change.

³⁵ As the house price model contains some lagged variables, the focus of this contribution analysis will be limited to the period 2015–18. The inclusion of lagged STR in the model implies that STR growth between 2014 and 2015 (the first available year-on-year growth rate) only starts affecting house prices in 2015–16. For this reason, the contribution analysis presented here only covers the period 2015–18 and not 2014–18.

More specifically, the drop in unemployment rate is estimated to have contributed 6.8 percentage points to US house price growth by the end of 2018 (Fig. 16).

Fig. 16. Drivers of the growth in house prices between 2015 and 2018³⁶



Source: Oxford Economics

The second-largest contributor to the house price growth was the increase in average incomes. Over the whole period, higher real incomes are estimated to have boosted house prices growth by 5.6 percentage points.

The drop in housing stock-per-household has also contributed to house price growth. This reduction contributed to an increase in house price growth over the period of around 1.6 percentage points. The ratio of STR listings to housing units has grown by a factor of 3 during 2015–18. This increase contributed 1.0 percentage point to the house price increase based on our econometric model. The number of building permits per household has grown over this period, which offset some of the increase driven by other factors. Lastly, tourism GDP growth and the drop in user cost of capital contributed around 0.4 and 0.2 percentage points to price growth, respectively.

5.3.3. Discussion

Summing up the findings presented in Fig. 15 and Fig. 16,

we estimate the growth in STR density only contributed to 0.2 percentage point of the 4.3% increase in rents (or 6%) and 1.0 percentage point of the 14.9% increase in house prices (or 5%) over our study period.³⁷

This result is more modest than the conclusions drawn by Barron et al., who found that the growth in Airbnb listings contributed to about one-fifth of the average annual increase in US rents and about one-seventh of the average annual increase in US housing prices. Our model includes a number of explanatory variables not considered by Barron et al., suggesting their results are likely to suffer from omitted variable bias.

5.3.4. What does this tell us about affordability?

When interpreting the house price model, it is important to note that, while house prices are interesting per se, housing affordability is a more relevant metric for policy makers. In this work, we measure affordability as the median house price divided by the mean household income.

³⁶ This section and chart assume that 100% of the growth in median house prices is explained through the model's explanatory variables. This is a simplifying assumption, and we are aware that our model's variables do not explain the totality of the change.

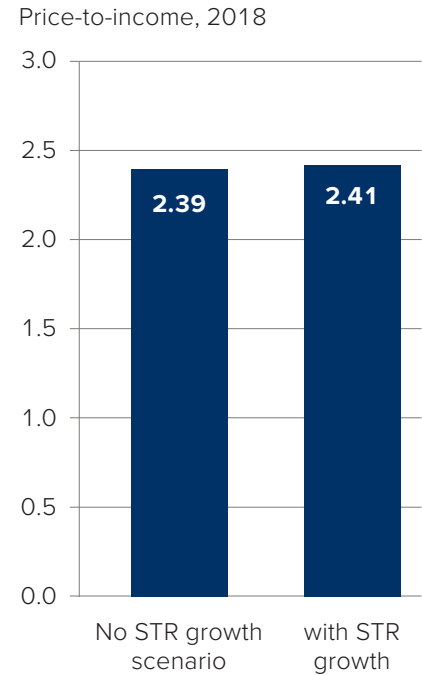
³⁷ Adding up all the individual explanatory variables' contributions (measured in percentage points) results in the total growth rate in the dependent variable (measured as a percent increase).

In this study, we found that house prices have increased by 14.9% during the period 2015–18, and that only 1.0 percentage point of this growth can be attributed to increased STRs. We are therefore able to estimate the 2018 median price of a property in the US in a counterfactual scenario where STR numbers did not grow. We do so by subtracting from the current house price value the amount that was due to STR growth. By dividing this estimated counterfactual house price by the average household income in

2018, we obtained the price-to-income ratio for the scenario where STR did not grow.³⁸

We find that the price-to-income ratio would have increased to 2.39 in 2018 (from 2.23 in 2015) in a scenario with no STR growth (Fig. 17). In the current baseline scenario (with STR growth), the price-to-income ratio was at 2.41 in 2018. This suggests that STRs are estimated to be responsible for a 0.02-point fall in affordability (or increase in the price-to-income ratio).

Fig. 17. Price-to-income ratio in 2018, with and without STR growth



Source: Oxford Economics

³⁸ The underlying assumption here is that the lack of STR growth would have no impact on average incomes.

MODEL EXTENSION 1: THE IMPACT OF STRS IN VACATION DESTINATIONS

Is the impact of STRs on prices and rents different in traditional vacation markets? In both the house prices and the rental model, we find that, in the long run, the effect of STRs on the dependent variable is weaker in these highly seasonal areas.

This result is in line with expectations. As far as the **rental market** is concerned, in vacation markets, homes are less likely to be rented on a long-term basis. That means that STRs have an even smaller effect on rents in these markets. For example, **Tillamook County, OR**, popular for its scenic coastline and rivers, has seen its STR density grow by a factor of 10 between 2014 and 2018, but its median rents have actually fallen in real terms. Some 88% of its vacant housing is for seasonal use in the area.

In the **homeowners' market**, by their very definition, vacation-destination housing markets

have higher vacancy rates that reflect more volatile seasonal housing demand. The impact of STRs on house prices is found to be weaker in these areas, as home owners have been renting out their properties long before the advent of internet platforms offering STRs (through agencies and brokers) and therefore the value from such rental revenue has long been priced in the value of homes in these localities. An example of this is **Barnstable County, MA**, home to popular New England beach destination Cape Cod. In this county, over 91% of vacant properties are for seasonal use, and STR density has increased by a factor of four between 2015 and 2018, which was faster than the national average. Real house prices, however, have increased by 11.2% over the same period, a slower pace than the US as a whole.

MODEL EXTENSION 2: THE IMPACT OF STRS IN URBAN AREAS

Does the impact of STRs on prices and rents vary across urban and rural counties? In both the house prices and the rental model, we find that the effect of STRs on the dependent variable does not depend on the level of urbanization. In other words, we do not see a significant difference in the long-run impact of STRs on prices and rents between urbanized and rural areas.

San Diego is an example of how the US-wide results apply to highly urbanized areas. Its house prices have grown by an estimated 15.0% between 2015 and 2018, and its STR density has grown by a factor of 3 within the same period. This compares to a very similar US-wide house price growth of 14.9% and an STR density growth of a factor of 3.

6. CONCLUSION

The aim of this study was to assess the contribution of STR growth on the growth in house price, rental price, and affordability. We have found that **the rapid US house price and rent increases of the past few years have not been substantially driven by STRs**. We estimate the growth in STR density only contributed to 0.2 percentage point of the 4.3% increase in rents and 1.0 percentage point of the 14.9% increase in house prices over our study period. This compares to a 3.9 percentage points impact of median incomes to rental growth and a 6.8 percentage points effect on house price growth stemming from the drop in US unemployment over the study period.

This has important implications for a policy debate that has focused heavily on short-term rentals as both the cause of the problem of high house prices and its solution. It suggests instead that **the major sources of volatility in rental and**

house prices lie in economic and labor market outcomes.

Second, this study has found that **additional housing supply and more abundant building permits are likely to have a meaningful impact on house prices**. It is estimated that in the long run, a 10% increase in the housing units-to-household ratio is associated with approximately a 18.9% fall in the house price index, and a one-unit increase in the number of building permits per household is associated with a 6.9% fall in the house price index.

Finally, our analysis has pointed to the fact that **adopting strict regulations on STRs is unlikely to solve the housing affordability crisis faced by many US households**. During the period 2014–18, in the absence of STR growth, real rent would have grown by 4.1%, rather than 4.3%. In other words, monthly rents would have been \$2 lower in 2018 if STRs had not increased from their 2014 levels.

Similarly, in the homeowners' market, prices would have been only \$1,800 lower in 2018 if STR density had not gone up from its 2014 level. Considering that most households do not pay the full price of a house upfront, but rather apply for long-term mortgages, the expected annual impact attributable to the STR sector is \$105.³⁹

Interestingly, a model extension suggests that the effect of STRs on both house prices and rents is weaker in vacation destinations. Possible explanations for this are that, in vacation markets, homes are less likely to be rented on a long-term basis and home owners in these destinations have been renting out their properties long before the advent of internet platforms offering STRs. On the other hand, the effect of STRs on both variables does not appear to depend on the level of urbanization.

³⁹ Mortgage maturity and effective interest rate are assumed to be as reported in the latest Federal Housing Finance Agency's Monthly Interest Rate Survey.

STR LITERATURE FINDINGS

Fig. 18 summarizes the main findings of the studies presented in Chapter 3.2, and their main limitations.

Fig. 18. Summary of existing STR literature

Author	City of interest	Main findings	Main limitation
Barron et al. (2017)	US-wide	A 10% increase in Airbnb listings leads to a 0.39% increase in rents and a 0.65% increase in home values.	The authors construct an instrument based on Google Trends searches for Airbnb. Unfortunately, these are not accurately available at the zip code level, so to obtain an instrument that varies at the zip code level they interact these searches with a measure based on the number of hospitality establishments in the zip code area. The validity of this instruments can therefore be disputed.
Horn and Merante (2017)	Boston	0.4% increase in asking rents associated with a one-standard-deviation increase in Airbnb listings	The authors rely on weekly rent data from September 2015 through January 2016 and Airbnb data from September 2014 to January 2016. Thus their time dimension is fairly limited. We believe this hinders their ability to establish meaningful relationships between the various variables.
Sheppard and Udell (2018)	New York	6.46% increase in NYC property values associated with a doubling in the number of total Airbnb accommodations	The authors do not convincingly account for the fact that neighborhoods tend to become more attractive to residents and tourists at the same time.
Koster et al. (2019)	Los Angeles	3% fall in house prices as a result of Home Sharing Ordinances in Los Angeles	The authors use Airbnb listings as a proxy for tourism demand, which means that they do not control for other tourism variables. That runs the risk of overestimating the impact of Airbnb and attributing the entire “touristic location” effect to the fact that STRs are present. In contrast, this work controls for tourism GDP unrelated to STR activity.

METHODOLOGICAL APPENDIX

INTRODUCTION TO DYNAMIC PANEL MODELS

House prices (or rents) in the current period might be affected by past trends in house prices (or rents), as well as housing supply and general economic conditions. In such cases, dynamic panel methods, such as the Arellano Bond estimator (also known as Difference GMM) and Blundell Bond estimator (System GMM), would allow us to account for the presence of such “dynamic effects.” Difference GMM estimation starts by transforming all regressors, usually by differencing, and uses the generalized method of moments (GMM). This work employs Difference GMM.

Dynamic panel models have become increasingly popular in

many areas of economic research, and their use has provided new insights. Using dynamic panel models allows us to find overall (long-run) coefficients for the explanatory variables as well as the contemporaneous (or short-run) ones.

The advantages of dynamic models include:

- controlling for the impact of past values of house prices (or rents) on current values;
- estimation of overall (long-run) and contemporaneous (short-run) effects; and
- use of past values of explanatory variables as instrumental variables to mitigate the bias due to: two-way causality between economic conditions

and the housing market, omitted variable bias and measurement error.

The need for a dynamic model: Wooldridge test for serial correlation

The Wooldridge test allows us to test whether the errors are serially correlated; if these are found to be autocorrelated, we may infer that there is a need for a dynamic model.⁴⁰ The disadvantage of a dynamic panel model, however, is that it can add considerable complexity to the modeling process. A simpler static model might therefore be a preferable approach if the Wooldridge test does not suggest a dynamic panel is necessary.

⁴⁰ Strictly speaking, the Wooldridge test is a test for autocorrelation and not a definitive test to choose between static and dynamic panel methods. However, it is commonly applied to inform choices between static and dynamic panels.

Use of instruments

Instruments are used to control for potential endogeneity in a regression. We have found median incomes (rent model), permits per household, housing supply per household and STR density (house prices model) to be endogenous variables, and therefore the instrumental variable method was used to estimate their impact.

MODEL RESULTS

As explained, our model specification is known as Difference GMM; such approach, by virtue of being a dynamic model, has both a short- and long-run impact. The short-run results from the rent and house price models are given in Fig. 19. To obtain the long-run impact, we used the Delta method and discounted the short-run impact by one minus the coefficient on the lagged dependent variable.

Contribution analysis

The modeling results shown in Fig. 19 tell us about the sensitivity of rents and prices to changes in their macroeconomic determinants. But these results can also be used to find out which of the determinants were responsible for past changes in the dependent variables. For instance, Fig. 19 shows that the user cost of capital has a significant negative effect on house prices. But while house prices may be sensitive to changes in the user cost of capital, if there was no (or little) change in the user cost over the study period, then this variable will not have influenced house prices during that period.

The “contribution” of a given variable in explaining changes in house prices or rents is therefore a combination of both the estimated sensitivities and the change in that variable over the period under analysis.

Fig. 19. Models results

Rental price model <i>Dep var: Log real median rents</i>	Short-run coefficients
Lagged log real median rents	0.706***
STR density	0.0002**
Log median income	0.259***
Log housing units per household	-0.144*
Log household size (rental)	0.076*

House price model <i>Dep var: Log real median house prices</i>	Short-run coefficients
Lagged log real median house prices	0.719***
Lagged STR density	0.0004*
Lagged log mean income	0.091***
Lagged user cost of capital	-0.161***
Log housing units per household	-0.531***
Lagged unemployment rate	-0.663***
Lagged tourism GDP per household	6.345**
Permits per household	-1.929***

legend: * p < 0.1; ** p < 0.05; *** p < 0.01

Models with interactions

Is the impact of STRs on prices and rents different in traditional vacation markets? The model coefficients described so far measure the average impact of STRs on the dependent variables (prices and rents). Our baseline model looks as follows (in the example of prices):

$$house\ prices_{it} = a \times STR_{it} + \beta X_{it} + \gamma house\ prices_{it-1}$$

However, in order to isolate vacation markets, we added an interaction term to our models, using the percentage of seasonal housing as a proxy to define these areas.⁴¹ The model is now specified as follows:

$$house\ prices_{it} = a1 \times STR_{it} + a2 \times STR_{it} \times vacation_i + \beta X_{it} + \gamma house\ prices_{it-1}$$

Without the interaction term, a would be interpreted as the total effect of STRs on prices. But the interaction means that the effect of STRs on prices is different for vacation markets and less touristic areas. The effect of STRs on prices in non-touristic counties is equal to $a1$. However, in vacation markets the effect is equal to $a1 + a2$.

In both the house prices and the rental model, the interaction term for vacation markets is negative and statistically significant, suggesting that the effect of STRs on the dependent variable is weaker in these highly seasonal areas.

We run a similar model replacing the vacation dummy variable with an urban dummy variable.⁴² In this case, however, the interaction term for urban centers is not statistically significant, suggesting that the long run effect of STRs on the dependent variable (either house prices or rents) does not depend on the level of urbanization.

⁴¹ The vacation variable is a dummy taking value 1 if the county's % of seasonal housing is above average, and 0 otherwise.

⁴² The urban variable is a dummy taking value 1 if the county's % of urban population is above average, and 0 otherwise.

OXFORD ECONOMICS

November 2019

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RESEARCH LEADS ON THIS REPORT

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Alice is experienced in economic impact and econometric studies. While at Oxford, she worked on several econometric projects including a study to assess the value of the academic publishing ecosystem, and a forecast of infrastructure needs globally.

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From: [Ann Jolie](#)
To: [Michelle Thomas](#)
Cc: [Carolyn Allen](#); [David Baumgardner](#); [Carl de Simas](#); [Jeremy Hammar](#)
Subject: Re: Missing pages from planning commission documents
Date: Tuesday, July 12, 2022 8:48:59 AM

Can staff request the entire report to see what was omitted? Seems that they cherry picked what to share. The information they provided is way off in comparison to other studies. They also indicate that under 10 percent of short term rental owners collect and remit taxes.

If they get their count of STRS operating in the city from scraping data from Airbnb and Vrbo (as the indicate they do) then 100 percent of Gig Harbor City Str owners are collecting and submitting taxes. How could they possibly improve that number?

They have also almost doubled their count since many STR owners are listed on both sites. It appears they have also included boats in this count.

This could be troublesome for many reasons, the quote they provided to you for their services is based on inaccurate information. They would be charging you double.

Secondly, If the primary residence restriction goes through, the actual count of operating strs would be so low you would not require their service to monitor.

VRBO and Airbnb have government contact programs. The commission can reach out to them and they will provide you with accurate counts.

I can provide contact information if you would like.

Thank you for your response. I appreciate your time.

Sent from my iPhone

> On Jul 11, 2022, at 12:31 PM, Michelle Thomas <mthomas@gigharborwa.gov> wrote:

>

> Ann Jolie,

>

> Thank you for reaching out regarding the Planning Commission agenda materials from July 7th. The materials that were included in the materials packet is exactly what we received from Granicus. We did not modify it at all. We also did not pay for this report. It was provided as a follow-up to a consultation staff attended with them.

>

> Michelle Thomas | Planning Technician

> 3510 Grandview St . Gig Harbor, WA 98335

> 253-851-6170 253-853-8255 (direct) www.cityofgigharbor.net

>

>

>

>

> -----Original Message-----

> From: Ann Jolie <annjolie@smartchoicepet.com>

> Sent: Monday, July 11, 2022 11:21 AM

> To: Michelle Thomas <mthomas@gigharborwa.gov>

> Cc: Carolyn Allen <cdsunharbor@yahoo.com>; David Baumgardner <d1baum@yahoo.com>

> Subject: Missing pages from planning commission documents

>

> Hello, I was just reviewing the study done and attached to the July 7 agenda of the planning commission. It

appears that pages of the study are missing.

>

> Can you please send me pages 6,8,11. Pages 30 to 40 and pages 42 and 43

>

>

>

> I do not know if they were provided to the commission by the group who did the study or if they were omitted from the agenda, either way I think it is important to see what those pages of the study show.

>

> Thank you

>

> Ann Jolie

From: [planning](#)
To: [Carl de Simas](#); [Katrina Knutson](#); [Michelle Thomas](#)
Subject: FW: Please discard previous .docx attachments and replace
Date: Thursday, July 21, 2022 9:53:28 AM
Attachments: [GHSTRA Ltr.withRevised Proposal 7.20.22.pdf](#)
[FINAL-GHSTRA-AddressAgenda-7.21.22 .pdf](#)

For your information and review

Best Regards
Cindy Andrews
Planning Technician
City of Gig Harbor
CAndrews@gigharborwa.gov
Phone - 253-853-7625

From: Bonnie O'Malley <bonnie@exhibitease.net>
Sent: Wednesday, July 20, 2022 8:45 PM
To: Mayor & Council <mayorandcouncil@gigharborwa.gov>; [planning](#)
<planning@cityofgigharbor.net>
Subject: Please discard previous .docx attachments and replace

Please use the attached pdf files to distribute to your members. I apologize for the inconvenience.

Regards,

Bonnie O'Malley, Co-Owner
ExhibitEase LLC
203-481-0792
www.exhibitease.net

WBENC Certified



7.20.22

TO: mayorandcouncil@gigharborwa.gov
planning@cityofgigharbor.net

RE: Comments regarding July 7 Open STR Discussion
And Revised GHSTRA Proposal for Planning Commission

FROM: Bonnie O'Malley, Co-Founder, GHSTRA ~ 8101
Bayridge Ave., Gig Harbor, WA 98332

I am Bonnie O'Malley, Co Founder of the Gig Harbor Short Term Rental Alliance. I reside at 8101 Bayridge Ave. I respectfully request that you read the following letter and proposal in to the record for consideration prior to the next Planning Commission Meeting on July 21, 2022.

Thank you for the opportunity to address the Commission in Public Comment on July 7 with regard to the agenda you put forth on July 6th. Subsequent to noting points of discussion during the commission public working session on July 7th, and as a result of also reviewing and discussing existing regulations of other cities, we have gone back to a review of our original Proposal to the Commission dated January 3, 2022 and have redrafted that proposal, as attached to this letter.

I would like to note that I discovered a common thread in discussions with other cities which substantiates my verbal comments to the Commission on July 7th referencing the proposal from *Avenu Insights and Analytics* to the City of Gig

Harbor. Virtually every city had been contacted by *Avenu Insights and Analytics* or a similar entity soliciting the need for cities to contract for their services in an effort to, as one representative stated “Curb the Proliferation of STR’s”. As we found by reading through the presentation directed to the City of Gig Harbor by the above referenced company, the general theme was a very well written marketing piece from a company who seeks to take advantage of the current trend around the country and around the world to use scare tactics, hyperbole and undocumented statistics to encourage cities to spend significant taxpayer dollars toward regulating an industry through their vision and with substantial profit. It is a solicitation form letter on a much larger scale.

I read absolutely nothing to substantiate the random numbers they threw out. Please do not encourage our local government to spend our hard-earned tax dollars in this manner. I would ask every member of the Commission, The Mayor and the Council to put the fear mongering aside and only consider facts when you draw up the STR Regulations. It is all about Education and Communication. Please don’t be unduly influenced by a fancy brochure that puts forth nothing but negativity; it is not a bandwagon that our city needs to join.

On that note, please consider the attached proposal as an educated effort to enact fair and well thought out regulations, and allow the citizens of our community to cooperate with the governing bodies to define and refine STR Regulations.

Respectfully Submitted ~

Bonnie O’Malley



7.20.22

TO: mayorandcouncil@gigharborwa.gov
planning@cityofgigharbor.net

RE: Revised Proposal for STR Regulations

FROM: Carolyn Allen, Founder, GHSTRA
3526 Harborview Dr., Gig Harbor, WA 98332
Bonnie O'Malley, Co-Founder, GHSTRA
8101 Bayridge Ave., Gig Harbor, WA 98332
Kirsten Moran, Member

REVISED STR REGULATIONS PROPOSAL

1. **OWNER OCCUPANCY** is not required, providing the STR owner exhibits proof of ownership by deed to the property that is designated in permitted zones. We firmly believe the results of the research that we have done confirm our statement that the bulk of existing STRs currently serving Gig Harbor are NOT owner occupied and never will be. Many in the downtown area are inherited properties passed down through generations of founding families. Others have become unaffordable for their owners who now require the income that they bring in to pay taxes and other expenses in order to keep them. Some are second homes and inhabited by their owners when they spend their own vacation time in Gig Harbor. What they are NOT, is affordable housing, and they never will be. They inhabit a prime location for tourists visiting

our city who want to be close to the beauty and activity that Gig harbor offers. Instituting this regulation will most likely shut down the STR accommodations that our tourism industry depends on.

2. AN EXISTING PERMITTED ADU on the property may be used as an STR, but not in addition to the primary residence, or any portion thereof. An owner may build a new ADU on residential property for the purpose of using it as an STR if legally permitted by the city. Licensing should be confirmed at the time of permitting. Only one STR rental is allowed per property parcel. An owner may have more than one STR if they are on separate parcels.
3. Owners must submit a list of either **STR PLATFORMS** and/or private marketing venues they will utilize for advertising purposes at the time of licensing, and notify the city of subsequent changes. This will give the city direct access to availability as an indication of rental activity, but should not be taken as a guarantee of bookings / income, and therefore taxes owed.
4. The city recommends \$1,000,000 **INSURANCE** coverage for liability, etc. Proof of insurance will reflect positively on an application for licensing, whether provided by a public platform or subscribed to directly by the STR owner.
5. **Spacing and Caps appear to be eliminated.**
6. **CODE ENFORCEMENT**

The city must list and define what will be considered As “Non-compliant” in order for fines to be issued.

STRs proven to be non-compliant with any regulation put forth in the code specifically regarding STR'S will be issued one warning. If a second proven offense occurs for the same reason, the STR owner will be required to pay a \$250.00 fine to the enforcement department within one week of the verified (by City Enforcement with the STR owner) offense. A third verified (as defined above) offense on record for the same reason incurs a \$500.00 fine payable within the one week limit. A fourth offense results in a loss of license for 12 months time of the fourth verified offense. BURDEN OF PROOF OF NON-COMPLIANCE IS ON THE ACCUSER.

a. If the offense is reported by a neighbor, during times that the STR is rented, the complainant must provide their name, address, description of the complaint (including location, date, time etc. and supporting documentation such as video) directed to the designated authority provided by the city. Responsible parties have one hour from the time of notification by the proper authorities to address the complaint and resolve the issue before higher authorities are notified to intervene. If authorities are required to intervene, the first offense will receive a warning, the second a \$250.00 fine, and the third a \$500.00 fine. A fourth offense results in 12 month loss of license.

In the case of neighbor-initiated complaints, the STR owner may invoke the right to mediation by a neutral party to protest the

complaint as a means of averting fines and revocation of license by an unduly antagonistic neighbor.

- b. Any STR proven to be operating without a license issued by the City will be ordered to cease rental operations within two weeks and to file for a license and comply with all requirements within two weeks of notification by the city. Failure to cease operations will initiate a fine of \$500.00 per day to the city commencing on the 15th day after notification until such time as they are granted a license and are in compliance.

- 7. **TAXES** will be collected through the following methods:
 - 1. From Public Platforms which collect and submit directly.
 - 2. From STR owners who must submit a Quarterly Revenue Statement to the State of Washington. Any STR owner who fails to file the required report and pay taxes accordingly will forfeit their License for a 12 month period, and must reapply thereafter.
- 8. **GUEST LOGS have been eliminated from the proposal.**
- 9. **EXISTING STRs** can be identified by the city through public platform research, (i.e. AirDNA, Airbnb, VRBO), and through State Tax Venues. At the time of Regulation, the City must provide multiple notifications to the general public seeking compliance with licensing mandates for

existing and potential STRs. Notifications should be numerous and visible, giving everyone the equal opportunity to comply.

10. **EVENTS DEFINITION** to be commensurate with current residential zoning regulations, but do not include any “For Profit” Functions to be held on premises or any function that requires a special permit
11. **MAXIMUM NUMBER OF TENANTS** should be compliant with Existing Residential Code – Occupants per bedroom. Tenants may have guests over to visit but may not spend the night.
12. **FINES** – See separate section
13. **COMPENSATION FOR LOSSES** Should be applicable to any STR that loses a previously **city sanctioned** business which can prove they have paid taxes to the state and the city, and if the city demands such current STR operations must now be primary residences, and the owner can not comply with this newly initiated regulation.
14. **DEMAND FOR STRs – The Alliance can supply**
An educated guess for Supply and Demand. For Example: According to AirDNA (compiles data from VRBO and AirBnB) Gig Harbor has a B- rating and only a 75 for demand. To put it in perspective Kirkland has an 88 rating, a far more vibrant bar scene and much younger demographics. Bellingham has an 86 is a college town and much Younger demographics. Occupancy rates plummet and are very low from October through April so this is not a market for outside investors to buy a 1.5 million dollar home only to be rented for half of the year.

15. **PRE-EXISTING NON OWNER OCCUPIED** – See Separate Section

16. **LICENSING AND ANNUAL RENEWAL**

Online Application

Short Term Rental defined as a Residential Home, ADU, Condominium or Duplex providing temporary lodging from 2 consecutive nights (minimum stay) to 29 consecutive nights in single or multiple bedrooms or an entire residence. Owners that own an entire multiplex or duplex must occupy one unit and be allowed to rent 1 unit as a STR.

Licensing application process to be designed by the City

City will set up a business account for a permitted STR and assign a permit number. The assigned Permit number must appear on all marketing Venues, public and private, to verify the STR is Licensed by the city

Applications processed and permits issued in the order they are received.

Applicants will provide the following:

1. Complete Residential Address

***2. Parking Plan including a Photo or Digital Scan showing the number and Location of Parking Spaces

An STR must limit the number of vehicles a renter may bring to the number of off-street parking spaces they are able to provide for RENTER use only. This will be detailed in the STR listing and posted.

***3.Safety Sheet method of Egress, Gas, Water And Electrical shut offs if applicable.

***4.Complete contact information including name, address, email and phone for:
Owner
Property Manager if applicable
Emergency Contact (Individual)

***5.Photo or Digital scan for Trash and Recycling Access including acceptable items for Both and dates for pick up

6.Written Notice to neighbors of a request for STR Permit. "Neighbor" to be defined as a residence or business within one city block of the STR property boundaries. Copies of The letters to be provided to the city for Mailing to each designated "Neighbor" at the Applicants expense

***7. Photo or digital scan of smoke and carbon monoxide protectors when applicable

***8. Photo or digital scan of fire extinguisher locations. If the structure has a sprinkler System, provide the last date of inspection

9. Photo or digital scan of the STR building and category designation (House, ADU, etc.)

***This information must also be visibly posted within the STR

Permits are not transferable from owner to owner
Or property to property

Contact person must be available 24/7 to respond
To verified complaints during times that the
STR is rented. The complainant must
Provide their name, address, description of the
Complaint, including date, time and description
of the offense. Responsible parties have one
hour to address the complaint and resolve the
issue before authorities are notified to
intervene

First year with approval of application	\$300.00
Annual renewals thereafter	\$100.00

17. **RENTAL FEE DATA** – Not Pertinent

18. **PARKING** – See Separate Section

19. **CURRENT STRs** – See Separate Section

From: [danny.stewart](#)
To: [Michelle Thomas](#)
Subject: Short term rentals
Date: Wednesday, July 20, 2022 7:48:39 PM

Dear Planning Commission, Mayor and City Council members,

Thank you for the opportunity to address the Commission.

First and foremost, the information presented by the members (#of STRs and complaints) is inaccurate and leads into your support to eliminate short term rentals in Gig Harbor.

If information/statistics is being used to support your position, please provide how it was obtained since it varies widely from the information provided by the STR Alliance.

I have read the minutes from prior meetings and they tend to highlight all the negatives, which again feeds into the unreasonable restrictions you are trying to impose on the STR owners. In your most recent packet, the focus covers "Cities gone bad" with STRs and a "Study" of Gig Harbor's STRs with HUGELY inflated numbers--again, no documentation of exact properties, photos, addresses, etc.

Any reasonable person reading this information would see how biased the approach is to STRs.

The question is WHY? What has been the issue with STRs? Why all of a sudden there is this fear and anxiety about STRs? The energy and effort put into this should and could be used in so many other ways.

I hope you will consider the impact it will have on STR owners and the GH community. I hope you will be reasonable in your approach to handling STRs.

Thank you.

Danny S.

Sent from my T-Mobile 5G Device
Get [Outlook for Android](#)

From: [DENISE PETERSON](#)
To: [Michelle Thomas](#); [planning](#); [Mayor & Council](#)
Subject: Short-Term Rental Regulations
Date: Thursday, July 21, 2022 11:59:32 AM
Importance: High

7/21/22

To: Mayor Tracie Markley, Gig Harbor Council Members, GH Planning Commission

From: Glenn Peterson

Re: Proposed Short-Term Rental Regulations

My name is Glenn Peterson, my wife Denise and I own the residence at 8921 Franklin St. in Gig Harbor. I appreciate your reviewing our comments.

While many on the Planning Commission may view STR's with hostility or fear; the last Planning Commission discussion included some important questions that challenged the adopted position of many Commission members working to effectively eliminate STRs. We appreciate this movement from a few Commission members to consider a broader perspective that includes benefits to local businesses, tourism, property owner rights and benefits to neighborhoods and our city.

With this in mind, review of the Planning Commission documents since our last meeting reflect a continued focus on finding cities with restrictive STR reg's. Walla Walla was a focus in the last meeting and several citizens provided comment/data concluding no relevant similarity between Walla Walla and Gig Harbor. Today, we see 5 additional cities listed by the Commission as examples on how to restrict or effectively eliminate STR's using 'primary residence' language. What isn't listed or discussed are the many other cities with reasonable and fair STR reg's that do acknowledge the benefits of STR's to their community.

It appears we're at a point where the Planning Commission and community agree there are no facts or data relevant to Gig Harbor that support any STR impact to housing availability, affordability, crime or neighborhood character, health, safety and welfare. We know this because the Commission clarified they were formed to prevent future problems and also made it clear they are looking for 'justification' to restrict STR's by borrowing the STR language of other cities.

We are hopeful Gig Harbor will tailor STR regulations in a way that aligns with the facts and data of our city and to meet the needs of our community, not just a few with personal interests to eliminate STR's. We need to consider the benefits to tourism, local businesses, property owner rights, neighborhood character and the city. If we don't, then we don't have local representation.

Outlined are some of the key points for your consideration:

- **If the current definition of STR's offered by the Commission is used, approximately 90% of the STR's in Gig Harbor will be eliminated.** The reason is that nearly all of the STR's are single family dwellings used as second homes or vacation homes. This is not fair or reasonable.
- **Fair regulations are supported; we also believe reasonable limitations on the number of STR's has support.** But regulations need to be tailored to the facts/data of Gig Harbor.
 - o Example only: if the current ratio of STR's to our population is approx. (.08%). A ratio based on population may be workable and can be evaluated every 2-3 years.
- **Collaboration with the community** - though many on the Commission appear to want to eliminate STR's with restrictive language, we appreciate the inquiry and questions from a few Commissioners to help bring more light to the STR regulations. In particular, Commissioner Robert Solstess' questions noted in the documents can help us start the process of finding workable solutions that include the entire community. Again, I and others are willing to work with the Commission on fair and reasonable regulations.

Thank you for your time and consideration. We all want reasonable and narrowly tailored regulations that allows STR owners to maintain property rights, while supporting local businesses and our wonderful city. I am available to work with the Mayor, Council or Planning Commission in any manner if requested.

Glenn and Denise Peterson

From: [Jeanne Juneau](#)
To: [Michelle Thomas](#); [Carl de Simas](#)
Subject: Comments from last night's Planning Commission discussion
Date: Friday, July 22, 2022 9:11:53 AM

Once again, I thank you for your dedication in continuing to research issues regarding short term rentals in Gig Harbor.

I continue to strongly support the provision that STRs should be the owner's primary residence. As I expressed in my earlier letter, and as echoed last night in Carl's comments, this provision, in and of itself, serves to ensure that one individual is limited to ONE property for STR, thus limiting the total number of STRs in the City, and limiting the total number of days the entire property would be available for short term rental.

Please be aware that there already has been chatter on the GHSTRA Facebook page that married couples who own 2 properties plan to circumvent this requirement by declaring each property as a separate primary residence for the 2 parties in the marriage. I'm no CPA, but I can imagine that such a declaration could present a problem of inconsistency if also filing joint income taxes as a married couple.

Secondly, there was conversation last night about providing accommodation to residents who have been legitimately running successful STRs and paying lodging taxes without a business permit, a conditional use permit, etc. Given that the City has not previously had clear requirements for such a business (I know this from my own inquiries to the City prior to creating the STR within my home), I strongly support that these residents should be given such an accommodation, with appropriate time frames for approval of any required permitting.

However, if such an accommodation is allowed, there should be a ***minimum required period of operation as an STR***. I recommend that the STR will have operational for at least one year, with evidence of lodging taxes paid in 2021.

Given the amount of animosity and heat that the founders of the GHSTRA have generated on this issue, I would expect many 'bandwagon jumpers' to take advantage of any accommodation for current STR operators. Someone who rents out a bedroom to a friend for a few days this summer should not be able to claim sufficient status as a pre-existing 'STR operator' in order to circumvent the provisions of the proposed ordinance.

I hope the Planning Commission finds my comments helpful in understanding the many wrinkles of this issue. Thank you for your time.

Jeanne Juneau
3012 Hunt St NW, Gig Harbor, WA 98335

From: [Josh Stecker](#)
To: [Michelle Thomas](#); [Carl de Simas](#)
Subject: FW: Planning Commission STR Study
Date: Tuesday, August 2, 2022 10:15:39 AM
Attachments: [Maggie letter for Aug 4 Public Input \(2\).docx](#)

FYI

From: Maggie Medlicott <maggiemedlicott@gmail.com>
Sent: Tuesday, August 2, 2022 9:46 AM
To: mthomas@gigharborwa.net; Mayor & Council <mayorandcouncil@gigharborwa.gov>
Subject: Planning Commission STR Study

Here is my letter. Please add it to the public file for commission study.

--

Maggie Medlicott

Margaret H Medlicott
9363 Goodman Ave
Gig Harbor, Wa 98332

To: mthomas@gigharborwa.net

Mayorandcouncil@gigharborwa.gov

My name is Margaret H Medlicott. I live at 9363 Goodman Ave, Gig Harbor, 98332. I have attended all of the Planning Committee meetings watching the evolution of the proposals related to Short Term Rental (STR) regulations. There are several points that don't appear to get resolved or given proper credit. They include the following issues:

- 1) Benefits of STR's to the City of Gig Harbor by increasing tourism AND increasing Lodging tax collected from STR's.
- 2) Quantity cap on numbers of STR's.
- 3) Definition of STR to include non-owner occupied

Benefits of STRs to the City of Gig Harbor

The financial aspect of increased tourism and increased lodging tax to support activities in the City can only be a win-win by embracing what STRs do for both tourism and lodging tax. Tourists love staying in STRs because they are more like home. Owners of STRs enjoy the individual or small business income that ownership offers. The city and all merchants profit from STR stays as guests enjoy the benefits of all the city offers. With the recent Press Release of the LTAC (Lodging Tax Advisory Committee), it clearly states that one of the goals of the LTAC is to INCREASE overnight lodging for visitors that come from over 50 miles away. So why come down so hard on short-term rentals? Wouldn't that be contrary to the LTAC goal?

Quantity cap on number of STR's in the city.

There is no need to cap the numbers of STRs because the Market will take care of that issue. If there isn't demand the quantity will not increase. If there is demand the city and all merchants will benefit. Let the market determine growth or decline of STRs not regulations.

Definition of STR

STRs are a hospitality business. Owners work very hard to provide upkeep on interior and exterior amenities that tourists demand. They work tirelessly to present clean and sanitary lodging including but not limited to tirelessly washing sheets, cleaning toilets, washing/sanitizing all surfaces and knobs, etc. This is hard work. The exterior and interior of the home must be in optimal condition.

Owners are typically individual or small business owners. They understand they will lose their market share if they are not responsive to guest demands and create a welcoming atmosphere with neighbors. Negative online reviews from any of online advertising platforms, result in loss of rental income.

Lets not make life difficult for them. They are trying to make supplemental income (many are senior citizens) to allow them to keep their Gig Harbor properties.

As it has been stated over and over again the current STRs in Gig Harbor do not fit the STR definition created by the City. The City needs to open the definition to include all small or individual business owners and not destroy existing business with thoughtless definitions. To crush existing and future business will not help the city meet their tourism and lodging tax goals. Doesn't the City have a moral obligation to help individuals stay in business rather than crush them with undue regulations?

I believe that people are basically good and want to do the right thing. Like the proposed affidavit for license renewal. Lets build a partnership with the City and STRs to benefit all. Certainly, fair and reasonable regulations are acceptable, but let's not look at STRs as the enemy. Let's look at STRs as a city partnership for the benefit of all. Let's promote partnerships not adversity.

Respectfully,

Margaret H Medlicott

From: [Bonnie O'Malley](#)
To: [Mayor & Council](#); [planning](#); [Michelle Thomas](#)
Subject: Letter to Commission for STR agenda 08.04.22
Date: Tuesday, August 2, 2022 2:15:45 PM
Attachments: [08.04.22 Packet Response.pdf](#)

Attached is our submission to the Commission for the 08.04.22 Please add to the record.

Thank you.

Regards,

Bonnie O'Malley, Co-Owner
ExhibitEase LLC
203-481-0792
www.exhibitease.net

WBENC Certified



TO: mayorandcouncil@gigharborwa.gov
planning@cityofgigharbor.net

RE: 08.04.22 Packet Response

FROM: Bonnie O'Malley, Co-Founder, GHSTRA
8101 Bayridge Ave., Gig Harbor, WA 98332
Carolyn Allen, Founder, GHSTRA
3526 Harborview Dr., Gig Harbor, WA 98332

Comments are the shared perspective of the Co-founders referenced above.

WITH REGARD TO CURRENT CODE PROPOSAL

We remain steadfastly opposed to the Primary Residence Requirement for all of the reasons previously stated. For us, it is a property rights issue, even though at least one of our proposed STRs will be in compliance with this regulation if implemented. We are focused on the larger picture and the greatest benefit for Gig Harbor as a whole, and STR owners as well.

If Primary Residency becomes mandatory in the Code, We would advocate for no limitation on the number of days that the STR could be rented, whether or not the owner is in residence. This is not a concession to the legality of mandating Primary Residency.

Regardless of Regulations that are put into code, We would oppose preferential treatment for STRs which operated without appropriate sanction by the City according to the most rudimentary code which existed at the time, and/or who did not pay taxes; but how will you know? All new applications should be first come, first served. Those currently operating within code should be allowed to continue.

We think your "Events" language still needs work. It's a difficult one!

Absolutely NO third-party platform requirement. Most STRs will be on one of the major platforms anyway, but it serves no purpose except to guarantee the collection of some tax revenue, and we do not believe that you can legally tell an STR owner where they can market their venue.

NO open-ended requirements for affidavit. Additional Requirements must be added legally with a change of code.

RESPONSE TO LETTERS INCLUDED WITH THE PACKET

I am certain that Commissioner Brown's written letter which has been added to this agenda has already been thoroughly scrutinized for the fact that his calculator seems to have an extra zero☺ I would like to purchase one of those calculators for determining my bottom line! However, the extra zero drastically affects the logic of his statements. The thoughtfulness behind the comments is apparent, but assuming maximum occupancy without time to sweep the floor and change the sheets just isn't any more realistic than that extra zero!

Thank you for posting letters provided to the Commission that present opposing views. This is part of the “Education” component of the GHSTRA Mission Statement. Everyone’s point of view is important, and reaching a suitable compromise is the best solution to regulation. It can’t happen without communication and transparency.

That being said, we have to address some inaccuracies in said letters as they apply to GHSTRA and particularly where they are personal in nature.

YES ~ As Administrator of the GHSTRA Facebook Page, Carolyn Allen, with my assistance, does post virtually all membership written comment and discussion in order to promote further discussion and education. BTW ~ It’s an overwhelming task, but a number one priority to assure transparency.

NO ~ We have never claimed to reflect the views of the entire group as a whole, particularly as they relate to the Proposed Regulations. There is much discussion among the group, and a variety of opinions. The letters that we write to the Commission are informed opinion and recommendations arrived at through open discussion and research. Every member has equal opportunity to do the same on our forum, regardless of their position. We encourage them constantly to do so.

YES ~ Many of us question the legality of some proposed regulations, particularly as they affect property rights, and we are thoroughly tuned in to organizations around the country who are equally well informed. It is a component of a well-

educated and organized movement to oppose unfair regulation.

NO ~ We do not claim to have undisputable first hand, knowledge of ALL of the currently operating STR's within the city limits or of whether they are primary residences, whether they are operating legally, or whether or not they pay their taxes. To our knowledge, we have never stated that the 33 existing operating STRs are or are not members of GHSTRA. We simply do not know. Our "analysis", as one writer labels it, comes primarily from researching availability on AirDNA, third-party platforms and word of mouth. We have provided the data as we have found it to the Commission. We do work hard to vet the information that we make public, and we stand behind our research and the members who perform it. The insinuation in one letter that information we have provided has been twisted to accommodate our position is not valid.

NO ~ We do not advocate any clandestine manner of circumventing whatever regulation the City decides to implement. That's not to say that unfair regulations will not spur questionable solutions. But we do not, nor will we ever, advocate such behavior. We firmly believe that reasonable regulations will encourage close to full and honest participation. Those who are going to cheat will do so no matter what.

NO, NO, NO ~It is not the intention of Carolyn or I to generate "Animosity and Heat". We are all about education and support. While we respect the right of every member to have a differing opinion on any aspect of this public discussion, the member of GHSTRA who has publicly made this and other accusations has crossed the line on our rules of engagement.

YES ~ We have an agenda. We are advocating for something we truly believe in. As previously stated, the Primary Residence issue will most likely not affect me (Bonnie); my STR will be in my residence. That being said, I oppose it. This is not an agenda of self-interest for either of us.

We sincerely hope that you have found our interactions to be respectful and informative. If we have been redundant in our letters and comments, it is because we want to see fair and equitable resolutions to the concerns of all, and again, to the benefit of the community. If we have not made our points to date, we don't anticipate further comment will add value to our position. We do thank you for your time. We are certain you will be grateful to pass this hot potato to the Council.

Regards,

Bonnie and Carolyn

From: [Tomi Kent Smith](#)
To: [Carl de Simas](#); [Mayor & Council](#); [Michelle Thomas](#); [Katrina Knutson](#)
Subject: STR-FOR PUBLIC RECORD
Date: Wednesday, August 3, 2022 6:17:30 AM
Attachments: [Blank 3.docx](#)

Sent from my iPad

Carl deSimas, Planning Commission,
Honorable Mayor, Concilmembers

RE: STR - For inclusion in Public Records

Once again I wish to express my opposition to the requirement that all STR be owner occupied. I have mentioned in every communication I have provided you with that this is totally unfair to a great number of individuals wishing to open a STR. As well as explaining that the average renter of a STR is looking for accommodations where they are free to use the rental as they would if they were at home.

I believe that it is redundant for the city to employ an outside agency to oversee the operations of the STR because most STR are already utilizing a major platform which collects the state and city taxes. Total unnecessary burden for everyone.

Events should include the activities that are common for families to have at home. The idea that suddenly STR will be used for public gatherings is a stretch of the imagination. Gig Harbor is not now, nor will be in the future or ever was a "spring break type location". College students and others seeking a place for partying, drinking, drugs and carrying on are not ever going to seek out Gig Harbor.

Tomi Kent Smith
3414 Harborview Drive

From: [Miriam Battson](#)
To: [Mayor & Council](#); [Michelle Thomas](#)
Subject: STR Public Input meeting
Date: Wednesday, August 3, 2022 11:48:20 AM
Attachments: [image001.png](#)
[August 2-STR-Primary Residence Opposition.docx](#)

Dear Mayor, City Council, and Planning Commission,

The Gig Harbor Chamber of Commerce is grateful for the Planning Commission's work in streamlining the application process for Short-Term Rentals. After watching several of the commission meetings, we want to express our appreciation for the care being put into the process.

On behalf of the Chamber's nearly 500 members and the more than 2,100 businesses in the greater Gig Harbor area we **oppose the Primary Residence requirement of the STR code proposal** as it will severely impact the ability for visitors to find adequate housing within the city limits. This in turn will be harmful to the local business community who rely on tourism and traveling contract employees. This will also be harmful to the City for tax revenue.

Please find the attached document for our full input.

All the best,

Miriam Battson

President/CEO
Gig Harbor Chamber of Commerce
3125 Judson St - PO Box 102 - Gig Harbor, WA 98335

253-851-6865 o | 253-226-2845 c | 253-851-6881 f



[If you'd like to schedule a time to meet click here](#)

[Website](#) | [Facebook](#) | [Twitter](#) | [Instagram](#)



Via Email and U.S. Mail

August 2, 2022

The Honorable Mayor Tracie Markley
City Council
Planning Commission
City of Gig Harbor
3510 Grandview Street
Gig Harbor, WA 98335

RE: Gig Harbor Chamber of Commerce Opposition to wording in Short Term Rental code proposal

Dear Mayor, City Council, and Planning Commission,

The Gig Harbor Chamber of Commerce ("Chamber"), on behalf of its nearly 500 members and the more than 2,100 businesses in the greater Gig Harbor area **opposes the Primary Residence requirement of the STR code proposal** as it will severely impact the ability for visitors to find adequate housing within the city limits. This in turn will be harmful to the local business community who rely on tourism and to the City for tax revenue.

With a limited number of beds available in hotels, and the desire of travelers to stay in STR's this restriction will make it challenging for visitors to find their ideal location to stay within the city limits and thus pursue other locations in the county or other areas entirely. Traveling nurses heavily rely on STR's for their 13-week contracts. With the employee shortages this could have an unintended negative consequence.

I have spoken with several people at the visitor center who have rented houses here for a month to explore where they want to move. If this restriction is made, the ability for people to come and enjoy our area for a longer period will be restricted. The requirement to have an STR be a primary residence is simply too restrictive. For those who use these as retirement income in order to keep family homes in the family, this language would take away the ability of a homeowner/family to have retirement income.

The Gig Harbor Chamber of Commerce is grateful for the Planning Commission's work in streamlining the application process for Short-Term Rentals. After watching several of the commission meetings, we want to express our appreciation for the care being put into the process.

Respectfully,

Gig Harbor Chamber of Commerce

Miriam Battson

President/CEO

From: [planning](#)
To: [Carl de Simas](#); [Katrina Knutson](#)
Cc: [Michelle Thomas](#)
Subject: FW: STR regs
Date: Wednesday, August 3, 2022 2:54:21 PM
Importance: High

For your review and response.

-----Original Message-----

From: Carolyn Mumper <carolynmum@icloud.com>
Sent: Wednesday, August 3, 2022 9:15 AM
To: Mayor & Council <mayorandcouncil@gigharborwa.gov>; planning <planning@cityofgigharbor.net>
Subject: STR regs

With regard to current code proposal:

My name is Carolyn Mumper, I reside at 3002 79th Ave.Ct. NW. While I am not a resident of the city, my husband and I own long term rental property in the city.

I have been following the recent discussion the city is having about STRs within city limits. I do understand the need for the city to get a handle on this issue and have some regulations. That being said, I absolutely oppose the requirement that an STR must be the owner's primary residence. This ruins the STR experience for most families that prefer STR over hotel rooms, they want a private home like experience. I think that comparing Gig Harbor to some of the cities that have been mentioned is ludicrous. Gig harbor is not a year round tourist destination, like Bend and Napa; is not a college town like Walla Walla. It is a quiet bayside city that gets visitors mostly in the warmer months. It is more like La Connor or Poulsbo or Friday Harbor. I have not heard towns like those mentioned at all as being places to investigate what kinds of STR regs have worked there. Let's get a grip and not rush into requiring all STR's in our city be the primary residence of the owner.

My husband and I have stayed in Airbnb or VRBO advertised homes on many occasions in other cities, most recently last weekend in Friday Harbor, never have we stayed in one that was the primary residence of the owner. They have been well operated businesses, or second homes for the owners. What is your problem with this concept.

Thank you for your consideration.

Carolyn Mumper

Sent from my iPad

From: [DENISE PETERSON](#)
To: [Michelle Thomas](#); [Mayor & Council](#); [planning](#)
Subject: Proposed STR Regualtions
Date: Wednesday, August 3, 2022 4:45:19 PM
Attachments: [Proposed STR Regulations.pdf](#)
Importance: High

8/3/22

To: Mayor Tracie Markley, Gig Harbor Council Members, GH Planning Commission

From: Glenn Peterson

Re: Proposed Short-Term Rental Regulations

Many of us are requesting fair and reasonable regulations of STR's to support the character of our city, tourism, property rights and local business. We have been wanting to work with the Planning Commission (hereinafter PC) in getting to fair solutions but to no avail. The process has been disappointing, but here are some things we learned to this point:

- We learned there is no data or trends that reflect STR's have a negative impact on the city, as initially proffered, to support a community 'emergency' that started this entire process.
- We learned after investigation there is no identified impact to housing availability, affordability, crime, complaints or damage to city character.
- Importantly – when pressed, we learned the PC clarified their role as working to prevent future problems. OK – so let's work together and be reasonable.

We see the (PC) continues to hastily move forward to effectively eliminate STR's as quickly as possible. So why aren't we working together as a community to find reasonable options for STR's? We can't say for sure, but this is what we know:

- The (PC) continues to ignore available data that undermines their premise that STR's are 'bad for the community'.
- The (PC) ignored any serious research or discussion in the evaluation of fair/reasonable STR reg's that were shared with the (PC). But instead, a few (PC) members and city planners actually congratulated themselves on the good work they've done. For whom – we don't know?
- The (PC) ignored the input of Gig Harbor citizens and business on how STR's can improve the community, tourism, business, and maintain the character of our community.

We appreciate the questions from '2' (PC) members. Unfortunately, their questioning was shut down by city planners. Here are some additional facts we would like the (PC) to consider.

- When '2' (PC) members asked about meeting with the public and finding options – the city planners took over and said 'we don't need to do this', then followed up

with 'we have a plan and we should just make the recommendation of the majority, the council doesn't have to approve it'.

- This process hasn't been about working with the community, we're asking the (PC) to not abdicate their charge to a few city planners who have consistently expressed their own interests, plans, and ability to guide the legislation in only one direction. We hope the (PC) will insist on options in getting to fair/reasonable regulations – they exist and we can help if asked.
- Nearly all STR owners are local and have only one STR. We are all attached to the community, this is our backyard. There is no proliferation and lifting the moratorium for 30-days to allow STR owners to properly register can help meet feared proliferation concerns expressed by some on the (PC).
- The STR issue appears driven by about 11-homes in the Melville area. This is not a city emergency; this is a strong-arm by a few influential homeowners that simply don't want STR's. This is not reasonable and will have a negative impact on our community and property rights.
- **The current definition of STR's offered by the (PC) will eliminate approximately 88% of the STR's in Gig Harbor.** The reason is that nearly all of the STR's are single family dwellings used as second homes or vacation homes. Some were inherited, some were used as an investment, some because we want to be closer to downtown. This should be 'OK', but the (PC's) action to date tells us this isn't 'OK'.

Again, the path of the (PC) appears based on the interests of a few individuals, mostly in Melville, that want STR's gone. The entire process has never been evaluated from the perspective of what's good for the community, small business owners, tourism and property owners. Property rights are being hammered unreasonably without a supported gov't interest. The (PC) still has time to make an adjustment and we hope you will consider the broader community and do what you truly can to improve our community.

I am available to work with the Mayor, Council or Planning Commission in any manner if requested.

Glenn and Denise Peterson

From: [Suzanne Wiltbank](#)
To: [Michelle Thomas](#)
Date: Thursday, August 4, 2022 7:55:33 AM
Attachments: [STR Gig Harbor.docx](#)

Sent from my iPhone

Concerning the new STR regulations that Gig Harbor is implementing.

My name is Suzanne I own the home on 3310 Harborview.

I have been extremely blessed to own one of the original fishermen homes.

I grew up on Fox Island and I've lived in downtown Gig Harbor for more than 30 years.

When the home was bought years ago many of the downtown homes were sat vacant. Mine was one that the city wanted to have Condemned. All I could see was the beauty it would have once I restored to its original Charm. There isn't one part of that house that I have not Personally touched to restore its original beauty.

Then Covid hit, lost Job, sick elderly parents brought me to the opportunity of renting my home short term. STR has saved me from the poorhouse and given me the ability to take care of my parents. Family and friends Have told me I've saved their life's over and over again by being their caretaker. Having the ability to stay with them part time-while my home is making me a living. Without my short term rental My parents would likely be put into assistant living facility and being that they don't have much I'm sure it won't be A very nice one.. Before my parents rise or After I tuck my parents in bed for the night I lovingly go to work At my Sweet Fisherman's home.

The Airbnb platform has taught me how to implement rules and Regulations. I have off road parking only! no pets no parties no children unless they're my family and Friends no extra overnight guess, other than the 4 maximum designated people. And the list goes on as detailed and strict as you want. The platform has each guest reviewed so it keeps them accountable to following all the rules or they'll never be able to stay at another rental again. It's fabulous and better regulated than Hotels. That makes it safer for our whole Community. The home is a museum within itself and my guess are blessed to have experienced a little piece of Harbor history. Not to mention the thousands of dollars they pour into the downtown Restaurants and retail businesses.

By implementing these new regulations you will be greatly impacting many more lives than my own. I will most likely have to completely move out of my home. There is no long term renter that will keep my home sparkling clean and taken care of it as I do. As it stands my Home is a reflection of our beautiful Historic downtown community. I do understand The preservation of our Community i've lived here since the late 1960's. Please help me keep it alive. It is my livelihood and my home.

Please consider changing the full-time living in the home regulation.

Suzanne