



TO: Councilor Jill Duson, Chair
Members of the Housing and Community Development Committee

FROM: Victoria Volent, Housing Program Manager
Housing and Community Development Division

DATED: July 23, 2018

SUBJECT: Proposal to Increase Short Term Rental Registration Fees

Introduction

During the May 21 meeting of the City Council, by a passage of 5 – 3, the City Council referred Order 225-17/18 (introduced by Mayor Ethan Strimling) to increase fees for registering short term rental units, and direct revenue related to the fee increase to the Housing Trust Fund. These changes would be effective January 1, 2019. The Council further ordered the Housing Committee to review the issue and provide its final recommendation to the Council.

Order 225-17/18

The *Order Referring a Proposal to Increase Short Term Rental Registration Fees to the Housing Committee* proposes to increase the fees for registering a short term rental unit to \$500 for the 1st unit; \$1,000 for the 2nd unit; \$2,000 for the 3rd unit; \$3,000 for the 4th unit; and \$5,000 for the 5th unit. The fee increase shall be applied to; an Owner-Occupied Single Family Home or Tenant Occupied Unit; Multi-Unit Owner-Occupied Buildings, and Island Short Term Rentals; and Multi-Unit Non-Owner Occupied Buildings.

Order 225-17/18 appeared as Amendment 3 to the Fiscal Year 2018 – 2019 Municipal Budget Order 218-17/18 Appropriation Resolve Prepared by Corporation Counsel for Mayor Strimling.

Section 6-152 Registration Fees

Upon initial registration, and by January 1st of each year, registrants of short term rentals shall pay the City a registration fee for each rental unit in the amounts set forth in Section 6-152 (c); Short Term Rental Registration Fee Structure.

The following chart is a redlined version of the current fee schedule with the proposed fee increases in red.

Owner Occupied Single Family Home, or Tenant Occupied	\$100 <u>500</u>
Multi-Unit Owner Occupied Building, Island Short Term Rentals	1 st Unit - \$100 <u>500</u> 2 nd Unit - \$250 <u>1,000</u> 3 rd Unit - \$500 <u>2,000</u> 4 th Unit - \$1,000 <u>3,000</u> 5 th Unit - \$2,000 <u>5,000</u>
Multi-Unit Non-Owner Occupied Building	1 st Unit - \$200 <u>500</u> 2 nd Unit - \$500 <u>1,000</u> 3 rd Unit - \$1,000 <u>2,000</u> 4 th Unit - \$2,000 <u>3,000</u> 5 th Unit - \$4,000 <u>5,000</u>

Recommendation

Staff does not recommend adopting this proposal to increase short term rental fees at this time. Current data suggest rental fees are covering the cost of program administration, which is the primary goal of the current fee schedule. The Housing Committee may review and discuss the fee schedule amendment, and consider a motion to recommend or not recommend the amendment to the City Council or table the amendment for further review.

Attachments

Order 225-17/18 Order Referring a Proposal to Increase Short Term Rental Registration Fees to the Housing Committee

Chapter 6, Article VI, Residential Rental Unit Registration Requirements

Order 225-17/18

Passage: 5-3 (Mavodones, Costa, Duson) on 5/21/2018

Effective 5/31/2018

ETHAN K. STRIMLING (MAYOR)
BELINDA S. RAY (1)
SPENCER R. THIBODEAU (2)
BRIAN E. BATSON (3)
JUSTIN COSTA (4)

CITY OF PORTLAND
IN THE CITY COUNCIL

KIMBERLY COOK (5)
JILL C. DUSON (A/L)
PIOUS ALI (A/L)
NICHOLAS M. MAVODONES, JR (A/L)

**ORDER REFERRING A PROPOSAL TO INCREASE
SHORT TERM RENTAL REGISTRATION FEES TO THE HOUSING COMMITTEE**

ORDERED, that the City Council hereby refers a proposal to increase the fees for registering short term rental units to \$500.00 for the 1st unit, \$1,000 for the 2nd unit; \$2,000 for the 3rd unit, \$3,000 for the 4th unit and \$5,000 for the 5th unit, increasing revenues by \$250,000 in the Permitting and Inspections Department account 100-25-03, and that the revenue from the increase be allocated to the Housing Trust Fund, to the Housing Committee; and

BE IT FURTHER ORDERED, that the Housing Committee review the issue and provide its final recommendation to the City Council.

2. Whether the rental unit is owner-occupied, tenant-occupied, or non-owner occupied;
 - a. For Short Term Rental units that are owner-occupied, the registrant must provide a notarized primary residence affidavit, on forms provided by the City.
 - b. For Short Term Rental units that are tenant-occupied, the registrant must provide a notarized primary residence affidavit, a notarized statement of permission by his/her landlord, both on forms supplied by the City.
3. The address and tax assessor's chart, block, and lot number of all other short term rentals in the City in which the registrant has an ownership interest;

(d) *Display of Short Term Rental Registration Number Required.*

Once registration is approved by the City, each short term rental shall be given a registration number, which must be displayed in the rental unit and in any and all advertisements for the rental unit.

(e) Upon request by the City, at any time, all registrants and/or agents of short term rental units must provide the City with their registration information, rental history, and upcoming reservation information. Failure of short term rental unit owners, tenants, and/or their representatives to adequately respond to inquiries by the City within a forty-eight (48) hour period shall be considered a violation under this ordinance.

(Ord. No. 443-89, 6-7-89; Ord. No. 53-89, 7-17-89; Ord. No. 246-97, 4-9-97; Ord. 298-14/15, 7-6-2015; Ord. 69-15/16, 10/5/2015; Ord. 179-16/17, 3-27-2017)

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Sec. 6-152. Registration Fees.

(a) *Annual Registration Fee.* Upon initial registration and by January 1st of each year, registrants shall pay the City a registration fee for each rental unit, in the amounts set forth below. A rental unit shall not be considered registered unless and until this fee is paid in full.

(b) *Long Term Rental Registration Fee.* The registrant of a long term rental shall pay thirty five dollars (\$35.00) to the City by January 1st of each year.

(c) *Short Term Rental Registration Fee Structure.* The registrant of a short term rental shall pay the fee specified in the chart below. All fees will be cumulative and will increase based on the number of total units registered by the owner. The fee total will accumulate first by counting any short term rental units operating in a single family home or owner occupied multi-family buildings and then fees will be attributed at the higher rate for any units located in non-owner occupied buildings. If an owner registers units in both owner occupied and non-owner occupied buildings then the owner occupied fees will be considered the first unit under the fee structure starting with the 1st unit fee as described in the chart below regardless of the order in which the units are registered.

Owner Occupied Single Family Home , or Tenant Occupied	\$100
Multi-Unit Owner Occupied Building Island Short Term Rentals	1 st Unit - \$100 2 nd Unit - \$250 3 rd Unit - \$500 4 th Unit - \$1,000 5 th Unit - \$2,000
Multi-Unit Non-Owner Occupied Building	1 st Unit - \$200 2 nd Unit - \$500 3 rd Unit - \$1,000 4 th Unit - \$2,000 5 th Unit - \$4,000

(d) *Registration and Renewal Fee Discounts.* The following discounts shall apply to the registration and renewal fees:

- (1) \$10 discount for each rental unit within a fully-sprinkled building as verified by a testing report, maintenance report or a maintenance contract, which shall be provided at the time of registration and upon each registration renewal;
- (2) \$7.50 discount for each rental unit within a building with a centrally-monitored fire alarm as verified by Fire Department logs or an alarm contract, which shall be provided at the time of registration and upon each registration renewal;

- (3) \$5.00 for a rental unit that has been subject to and has passed a Housing and Urban Development Housing Quality Standard (HQS) inspection within the preceding year as verified by the HQS inspection report, which shall be provided at the time of registration and upon each registration renewal;
- (4) \$10.00 for a rental unit that has been subject to and has passed a Housing and Urban Development Uniform Physical Condition Standard (UPCS) inspection within the preceding year as verified by the UPCS inspection report, which shall be provided at the time of registration and upon each registration renewal;
- (5) \$2.50 for a rental unit that is subject to a signed lease which prohibits smoking by tenants as verified by a copy of the current lease, which shall be provided at the time of registration and upon each registration renewal. The existence of and enforcement of this provision may be verified through an inspections of each rental unit.

The total amount of discounts from the annual registration or renewal fee as described above shall not exceed \$20.00, and the minimum annual fee for registration or renewal shall be \$15.00 per unit.

(Ord. No. 443-89, 6-7-89; Ord. No. 53-89, 7-17-89; Ord. 298-14/15, 7-6-2015; Ord. 179-16/17, 3-27-2017)

Sec. 6-153. Violations.

(a) *Occupancy Limit.* Overnight short term rental guest occupancy in each rental unit will be limited to two (2) guests per bedroom plus no more than two (2) additional guests.

(b) *Limitation on Total Number of Short Term Rentals.* No more than 300 non-owner occupied mainland short term rental units shall be registered in any one calendar year.

(c) *Limitations on number of Short Term Rentals an Individual or Entity May Register.* An individual or entity may only register up to five (5) short term rentals in the City, including the Islands, in any one (1) calendar year. For purposes of this section, short term rentals registered by an entity in which the registrant has an ownership interest shall be counted towards this limit.