



Jeff Levine, AICP
Director, Planning & Urban Development Department

Memorandum

To: Housing Committee, Mayor Strimling
From: Jeff Levine, Director
Date: August 29, 2018
Re: Short Term Rentals and the Rental Housing Market

I have been asked to put together some information on the short-term rental (STR) market in Portland and how it may affect the overall housing market in the City. While there is no easy answer to that question, attached and below are some summary data that frame the debate.

According to Permitting & Inspections, there are currently 17,774 registered rental housing units in the City. There are 726 STR registrations. That means that 4.08% of the registered rental housing stock is registered for STR use as well.

However, there is no easy way to determine how often those units are actually used as STR's, as they are required to register if they are used for even a short period of time over the course of a year. This is a critical piece of data in determining the impact of STR's on the overall housing market. Even a small swing in available rental units can affect a tight housing market. On the other hand, having the ability to use your rental unit for short term use if you wish, or having the flexibility to rent out a room in your unit as an STR, can increase the affordability of your housing as you are able to collect supplemental income to pay the rent.

There are therefore two extreme scenarios we can outline. On the one hand, if all of these STR's were operating full time, the removal of that number of units from the market would have a significant increase on median rents and reduction of available vacancies. On the other hand, if all of these STR registrations are for convenience and flexibility only, the impact on median rents and vacancies would be minimal.

The reality is most likely somewhere in the middle. There is probably some increase in median rents and decrease in vacancies for long-term rentals as a result of the STR market. However, the precise level and overall impact on housing in Portland is difficult to pinpoint.

For additional reference, I attached the report provided by Permitting & Inspections on the registration programs from the July 31st Housing Committee meeting. You may also

want to look back to the work that was done in October of 2016 while the Housing Committee was debating the STR issue and developing the current ordinance.

I hope this background information is helpful.



Permitting and Inspections Department
Michael A. Russell, MS, Director

Housing Committee Update July 30, 2018

FY18 Financials

	Total	Long term	Short term
Revenue	\$614,266***	\$522,484	\$91,782***
Expenditures	\$484,785*	\$393,003	\$91,782
Tyler Technology	\$129,481**	-	-

*Staff expenditures represent 91% of all expenditures.

**Contribution towards City's \$2 million investment.

***After contributing \$33,139 to the Housing Trust Fund

FY18 Short Term Rental Registration by Number of Properties and Units

	Total	Island*	Non Owner Occupied	Owner Occupied	Tenant Occupied**
Properties	605	116	110	354	25
Units	729	116	149	439	25

* No multi-family properties are currently registered on the islands.

**Tenants are allowed to register only one unit.

FY18 Rental Registration by Total Number of Units and Properties

	Long term	Short term
Units	17,774	726
Properties	4,376	605

FY18 Rental Registration Follow-up Efforts by Number of Landlords

Type of Follow-up*	Total	Long term	Short Term
Email**	4,000	4,000	0
Letter or Notice of Violation	2,168	1,700	468
Summons	39	39	0

*Some landlords own multiple properties and receive one notice for all.

**Approximate number of emails.

FY18 Rental Inspections by Number and Type

	Total
Housing Safety	3,802
Infestation/Insects	68
Legalization of Unit	37
Total	3,907



Permitting and Inspections Department
Michael A. Russell, MS, Director

Successes

- Short term rental registrations far exceeded the initial estimate, however, the non-owner mainland cap is not close to the maximum allowed. The current number registered is 110 properties and 151 units.
- Short term revenue surpassed budgeted estimate by 108.2%.
 - Budgeted \$60,000; collected \$124,921, exceeding projections by \$64,921
- Delinquent rental registrations have been greatly reduced by concentrated outreach efforts during the first half of this calendar year.
- Following up on Two Family properties for a second inspection and collaborating with the Fire Department on 3+ Family properties.
- Egress window informational bulletin to clarify the Office of the State Fire Marshal's policy.

Challenges

- Unresponsive landlords to registration and inspection requests.

Recommendations

- Automatic renewals for short term rental registrations.
- Allow tenants to register more than one bedroom as a short term rental.