City of Langley
Planning Advisory Board
AGENDA
September 5, 2018 – 3:00 PM
LANGLEY CITY HALL
112 2nd Street, Langley WA

1. Call to Order
2. Approve agenda
3. Review minutes of August 1, 2018 meeting
4. Housing Code Amendments update
5. Short Term Rentals
   a. Policy objectives for new code (attachment)
   b. Impact of STRs on housing market (attachment)
6. Rhonda Salerno – Bluff Properties presentation
7. New Business
8. Citizen comments
9. Announcements
10. Adjourn

Next Regular Meeting: October 3, 2018
MINUTES  
CITY OF LANGLEY  
PLANNING ADVISORY BOARD REGULAR MEETING  
August 1, 2018

The meeting was called to order at 3:00 PM.

ATTENDANCE  
PAB: Thomas Gill, Chair, Maralie Johnson, Burt Beusch, Rhonda Salerno, JR Fulton  
Staff: Brigid Reynolds, Planner

1. Approval of the Agenda  
The agenda was approved with the following amendments:  
   Add Bruce Kortebein re. bluff properties to the agenda

2. Minutes  
Minutes of July 10 were reviewed and approved.

3. Bruce Kortebein – Edgecliff Dr Bluff Properties  
Rhonda introduced Bruce and the subject with the intent of seeking a recommendation for Council’s consideration of adding a Bluff Element to the Comprehensive Plan in the future.  
Bruce gave a presentation about drainage issues and their impacts on Edgecliff Drive properties and the bluff.  
Rhonda indicated she would like the PAB to continue this discussion at future meetings.  
Thomas stated that drainage is currently under discussion by the East Langley Infrastructure Ad hoc Committee.

4. Linda Kenny – Housing Forum  
Linda attended the open house and congratulated the City on the meeting. She pointed out that focusing on housing affordability for households with an income between 80 to 120% of Area Medium Income (AMI) is not addressing the problem as there are many working people that have incomes at about 50% AMI. She also stated there are people in the community living in cars and RVs and this definition is not broad enough.  
She offered her assistance in putting together a community housing forum.

5. Code Amendments  
a. Tiny Homes  
Maralie Johnson recused herself.
Brigid spoke to the draft and the proposed changes since the last version. She asked the Board to consider renaming this housing typology as ‘tiny homes’ is commonly understood that these units are on wheels.

JR spoke to his concern about making a Tiny Home neighborhood a conditional use as this creates additional cost and another hurdle. He stated that Cottage Home neighborhoods are not a conditional use so why should this be different. He also indicated that permitting the use outright in Neighborhood Business and Mixed Residential Zone districts is not the best use given the limited land area that is within these zone districts.
Rhonda expressed concern about the increasing density and stated that making these a conditional use is necessary. She also stated that these should not be permitted beyond the RS5000 zone district.
Someone in attendance stated that stormwater should be added to the utility requirement.

Rhonda moved that the Tiny Homes Neighborhood use should not be permitted in the RS15000 zone district. There was no seconder for her motion. Motion failed.

JR moved and Thomas seconded that the Tiny Homes Neighborhood use should not be a conditional use as it would be subject to an Administrative Review and would create another hurdle and more cost.
Majority voted in favor.
Rhonda requested her dissent be explicitly identified.

b. Accessory Dwelling Units
The Board reviewed the draft code.
Rhonda moved and JR seconded that this code amendment be forwarded to Council.
All in favor.

c. Boarding House
The Board reviewed the draft code and suggested that a limit of 2 adults per bedroom be established and this would not exclude children under 16 years.
Rhonda moved and JR seconded that this code amendment be forwarded to Council.
All in favor.

d. Ch. 18.04 Innovative Permanently Affordable Housing Projects
The Board reviewed the draft code.
Rhonda moved and Burt seconded that this code amendment be forwarded to Council.
All in favor.

6. Short Term Rentals
Brigid explained the reasoning behind the six-month moratorium on short term or vacation rentals and that this will give the PAB some time and space to review the Code and recommend amendments to Council.

Burt Buesch stated that he owns a short term rental but it is not located in Langley or on Whidbey Island.

A public hearing for the moratorium ordinance is scheduled for the August 20th Council meeting.
The Board reviewed the discussion paper in the agenda. Issues identified that have not been raised before:

- whether the City can collect a tax or fee that could be used for long term rental housing.
- Establish a limit on the number within the City
- Enforce using a bounty

Members were asked to review this, other background documents and review other codes and to consider what works in the current code and what does not. And be prepared to discuss this topic in detail at the next meeting.

7. **New Business**

Burt asked that there be a presentation by the East Langley Infrastructure Project ad hoc committee at a future PAB meeting.

The meeting was adjourned at 5:25 p.m.
Summary of Housing Code Amendments
8/30/2018

Amendments to reduce barriers to increase different housing typologies

<table>
<thead>
<tr>
<th>Accessory Dwelling Unit</th>
<th>18.01.040</th>
<th>Definition</th>
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<tr>
<td></td>
<td>18.22.155</td>
<td>ADU consolidate into one section</td>
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<td>18.06/07/08</td>
<td>RS setbacks move to 18.22.155</td>
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<td></td>
<td>18.22.030</td>
<td>Yards move to 18.22.155</td>
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<td>18.22.200</td>
<td>Clustered residential development permit ADU</td>
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<td></td>
<td>18.34.030</td>
<td>Design Review Board remove ADU</td>
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<td>18.36.025</td>
<td>Administration</td>
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<td>13.50.110</td>
<td>Utilities</td>
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<tr>
<td>Boarding House</td>
<td>18.01.040</td>
<td>Definitions</td>
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<td></td>
<td>18.09.010</td>
<td>Land Use Table</td>
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<tr>
<td></td>
<td>18.22.250</td>
<td>New Section for Boarding House</td>
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<td>18.36.025</td>
<td>Administration</td>
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<tr>
<td>Innovative Permanently</td>
<td>18.04</td>
<td>Amend to include MF and rental</td>
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<td>Affordable Housing</td>
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<tr>
<td>Tiny Home</td>
<td>18.01.040</td>
<td>Definition</td>
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<td></td>
<td>18.09.010</td>
<td>Land Use Table</td>
</tr>
<tr>
<td></td>
<td>18.22.155</td>
<td>Add Tiny Home to ADU Code</td>
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<tr>
<td></td>
<td>18.22.260</td>
<td>New Section for Tiny Home as MF</td>
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<td>18.36.025</td>
<td>Administration</td>
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</tbody>
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Zoning Map Amendments

Rezone block between Park and DeBruyn Avenues and north side of First to Fourth Streets from RS7200 to RS5000.

Rezone H for H lots from RS7200 to MF
Short Term Rentals
Possible Policy Objectives¹
2018-9-5

Below is a list of policy objectives that we can use, modify or add to provide more clear direction for preparing the STR code amendments.

Possible policy objectives for an affluent residential community in attractive location
- Ensure that traditional residential neighborhoods are not turned into tourist areas to the detriment of long-time residents
- Ensure any regulation of short-term rentals does not negatively affect property values (and property tax revenue)
- Ensure that homes are not turned into pseudo hotels or “party houses”
- Minimize public safety risks and the noise, trash and parking problems often associated with short-term rentals without creating additional work for the local police department
- Give permanent residents the option to occasionally utilize their properties to generate extra income from short-term rentals as long as all of the above-mentioned policy objectives are met

Possible policy objectives for an urban community with a shortage of affordable housing
- Maximize the availability of affordable housing options by ensuring that no long-term rental properties are converted into short-term rentals
- Ensure that short-term rentals are taxed in the same way as traditional lodging providers to ensure a level playing field and maintain local service jobs
- Ensure that the city does not lose out on hotel tax revenue that could be invested in much needed services for permanent residents
- Minimize public safety risks and the noise, trash and parking problems often associated with short-term rentals without creating additional work for the local police department
- Give citizens the option to utilize their properties to generate extra income from short-term rentals as long as all of the above-mentioned policy objectives are met

Possible policy objectives for a working-class suburban community with ample housing availability and a struggling downtown
- Give property owners the option to utilize their properties as short-term rentals to help them make ends meet
- Encourage additional tourism to drive more business to downtown stores and restaurants

¹ Source: A Practical Guide to Effectively Regulating Short-Term Rentals on the Local Government Level, Ulrik Binzer, Host Compliance LLC
• Minimize public safety risks and the noise, trash and parking problems often associated with short-term rentals without creating additional work for the local police department.

• Ensure that the city does not lose out on tax revenue that could be invested in much needed services for permanent residents.

Possible policy objectives for beach town with a large stock of traditional vacation rentals

• Ensure any regulation of short-term rentals does not negatively affect the value of second homes (and thereby property tax revenue).

• Encourage increased visitation to local stores and restaurants to increase the overall availability of services and maximize sales tax collections.

• Minimize public safety risks and the noise, trash and parking problems associated with existing short-term rentals without creating additional work for the local police department.
Evidence of the Impact of Short-Term Tourist Accommodations on the Housing Market

Empirical Research:


Summary: We assess the impact of home-sharing on residential house prices and rents. Using a dataset of Airbnb listings from the entire United States and an instrumental variables estimation strategy, we find that a 1% increase in Airbnb listings leads to a 0.018% increase in rents and a 0.026% increase in house prices at the median owner-occupancy rate zip code. The effect is moderated by the share of owner-occupiers, a result consistent with absentee landlords reallocating their homes from the long-term rental market to the short-term rental market. A simple model rationalizes these findings.


Abstract: This paper looks at the effects of recent growth in private renting to tourists on the net supply of housing and house prices in Iceland. The growth in private renting to tourists is documented and used to adjust estimates of housing supply. Data on actual bookings of apartments in the capital region of Iceland on Airbnb is used as an indicator for supply of housing to short term tourism rentals. This information is used to estimate the effects of short-term lodging on real house prices in Iceland as well as for making a suggestion for the measure of the residential housing stock. The contribution of the growth in the Airbnb market on real house prices is estimated at 2% per year over the last three years, or about 15% of the total increase in real house prices during that period.


Relevant findings:

We sought to estimate the impact that Airbnb listings have had on neighborhood rents. Utilizing neighborhood level data for the years 2009 to 2016, we found that:

- For each one percent of all residential units in a neighborhood listed on Airbnb, rental rates in that neighborhood went up by 1.58 percent.
- Between 2009 and 2016, approximately 9.2 percent of the citywide increase in rental rates can be attributed to Airbnb.
• In aggregate, New York City renters had to pay an additional $616 million in 2016 due to price pressures created by Airbnb, with half of the increase concentrated in the neighborhoods highlighted above.


Media Summary: “An independent analysis done by Tillamook County found that seasonal units jumped from 4,600 to 7,223 between 2000 and 2014, while the number of non-seasonal homes decreased by 110. In addition, only an astonishing 27 percent of homes purchased were listed as the owner’s permanent address.” (Tillamook County Pioneer, 07/03/2018, citing Green, Emily. “Tourism’s coastal crunch: Vacation rentals and crowds create livability issues”. http://news.streetroots.org/2018/06/15/tourisms-coastal-crunch-vacation-rentals-and-crowds-create-livability-issues. Street Roots News, 15 June 2018. Accessed 17 Aug. 2018.


Abstract: The growth of the sharing economy has received increasing attention from economists. Some researchers have examined how these new business models shape market mechanisms and, in the case of home sharing, economists have examined how the sharing economy affects the hotel industry. There is currently limited evidence on whether homesharing affects the housing market, despite the obvious overlap between these two markets. As a result, policy makers grappling with the effects of the rapid growth of home sharing have inadequate information on which to make reasoned policy decisions. In this paper, we add to the small but growing body of knowledge on how the sharing economy is shaping the housing market by focusing on the short-term effects of the growth of Airbnb in Boston neighborhoods on the rental market, relying on individual rental listings. We examine whether the increasing presence of Airbnb raises asking rents and whether the change in rents may be driven by a decline in the supply of housing offered for rent. We show that a one standard deviation increase in Airbnb listings is associated with an increase in asking rents of 0.4%
