

available for short-term rental, over 4,000 rentals are for entire homes or apartments and at least 1,000 are not the primary residence of the owner.

Because no specific regulations in the Land Use Code currently address this type of business, these rentals have been treated the same as any residential use, despite the commercial nature of the use. Additionally, the conversion of housing units from permanent rental housing to nightly and weekly rentals for visitors has increased concerns about the ensuing loss of housing for long term rentals in the midst of a housing crisis.

The proposed code changes would establish regulations to address this emerging type of land use, given that the current standards, such as for bed and breakfast uses, in the Land Use Code do not apply to many of these rentals. The proposal is intended to update the Land Use Code and Licensing Code (hereafter “Codes”) to address this emerging land use in a way that helps preserve the availability of long-term rentals and reduces any indirect negative effects on the availability of affordable housing, while allowing the economic opportunity that short-term rentals offers residents of Seattle. The proposal also aims to:

- more consistently regulate bed and breakfasts, short-term rentals, and other types of lodging activities;
- help protect the rights and safety of owners, guests, and neighbors of these short-term rental units;
- protect the livability of residential neighborhoods; and
- implement goals and policies in the Seattle Comprehensive Plan related to housing, land use, and economic development.

The proposed code changes create a new definition for “short-term rentals” as a type of lodging use, establish standards for the operation of short-term rentals in a new Chapter 6.600 SMC and a new Section 23.42.060 SMC, and allow short-term rentals in any residential dwelling unit, except in certain Shoreline zones or in a dwelling unit established as caretaker’s quarters. Short-term rentals would be subject to the development standards for dwelling units, in addition to the land use and licensing requirements for short-term rentals contained in the proposal. The proposal modifies the requirements for bed and breakfasts in single-family and multifamily zones in Sections 23.44.051 and 23.45.545 SMC.

Public Comment

Proposed changes to the Land Use Code require City Council approval. Public comment will be taken on the proposal during Council meetings and a public hearing.

Proposal Description

The proposal is a non-project legislative action proposing amendments to the Land Use Code and the License Code (hereafter “Codes”) to address short-term rentals as an emerging type of land use and business activity, for which there is not a definition or specific standards. There is no specific site or development proposal.

The proposed amendments would:

- Add a new Chapter 6.600, Short Term-Rentals, establishing standards related to the licensing and operation of short-term rentals as a type of business activity;
- Add a new Section 23.42.060, Short-term rentals, establishing standards related to short-term rentals as a type of land use;
- Establish a new definition for “short-term rental” as a type of lodging use (SMC 6.600.030 and SMC 23.84A.024);
- Establish new definitions for “short-term rental operator”, “short-term rental platform”, “primary residence”, and other related terms (SMC 6.600.030, SMC 23.84A.030, and SMC 23.84A.036);
- Generally allow short-term rentals in any dwelling unit and establish related standards for the use, including a limit on the number of dwelling units that an individual may operate as a short-term rental (SMC 6.600.070 and SMC 23.42.060);
- Allow exceptions to otherwise applicable numeric limits on short-term rental units per operator, for the continued operation of existing short-term rental units in specific areas within the Downtown, South Lake Union, and Uptown Urban Centers (SMC 6.600.070);
- Incorporate in the Land Use Code an existing requirement in SMC Title 6 that all short-term rental operators have a business license from the City (SMC 23.42.060);
- Require that all short-term rental uses have a short-term rental operator’s license from the City (SMC 6.600.040 and 23.42.060);
- Require that all short-term rental platforms have a short-term rental platform’s license from the City (SMC 6.600.040);
- Establish a process for the enforcement of licensing requirements (SMC 6.600.090 through 6.600.140);
- Allow existing “bed and breakfast” uses to continue but regulate new bed and breakfast uses as short-term rentals (SMC 23.44.051 and SMC 23.45.545);
- Clarify what types of lodging uses and rental activities are required to register with the Rental Registration and Inspection Ordinance (SMC 22.214.030); and
- Make various updates and clarifications in the Land Use Code.

ANALYSIS - SEPA

This proposal is adoption of legislation and is defined as a non-project action. The disclosure of the potential impacts from this proposal was made in an environmental checklist submitted by the proponent, dated March 21, 2017. The information in the checklist, a copy of the proposed code changes, and the experience of the lead agency with review of similar legislative actions form the basis for this analysis and decision.

This change to the Land Use Code (Title 23 SMC) and Licensing Code (Title 6 SMC) would adopt standards for short-term rental uses and modify the definition and standards for bed and breakfast uses. The proposed amendments may result in potential environmental impacts, which are identified and discussed below.

ELEMENTS OF THE ENVIRONMENT

Natural Environment

Earth, Air, Water, Plants and Animals, Energy, Natural Resources, Environmentally Sensitive Areas, Noise, Releases of Toxic or Hazardous Materials

The proposed ordinances are unlikely to result in significant adverse impacts to these elements of the environment: earth, water, air, plants/animals, fisheries, energy, natural resources, environmentally sensitive areas, noise, or releases of toxic/hazardous substances. The reasons for this conclusion are discussed below.

The eligible locations for the affected kinds of lodging uses would not be significantly altered by the proposal, and the proposal would not alter procedures or regulations related to natural environment protections. The City's Land Use Code currently allows bed and breakfasts (B&Bs) as an accessory use in zones where residential uses may occur, including single-family and multi-family zones. Existing B&Bs would be allowed to continue to operate under the proposal. The proposal creates a new category of lodging use, short-term rentals, which are currently not specifically regulated or otherwise addressed in the Land Use Code, and establishes requirements and limitations on the use that are not in place today. The proposed changes, given their particular content leading toward increased regulation and limitations on this type of use, are not expected to increase the pace or scale of future new residential development with short-term rental uses. When compared to the existing conditions that entail an absence of specific regulation, it is unlikely that the proposal would lead to increased expansion of residential structures and expansion of the frequency of such uses. Therefore, outcomes such as increases in land disturbance or land coverage that might generate adverse increased discharges to water or unstable conditions in the natural environment are not expected to occur. With respect to the proposal's changes as they relate to B&Bs, please see the discussion that discusses noise impacts below.

The proposed changes would result in no direct negative impacts, and are unlikely to result in indirect or cumulative adverse impacts related to energy or natural resources. The eligible locations for short-term rental uses would not be significantly altered by the proposal, and the proposal does not alter any procedures or regulations related to energy consumption or natural environment protections. While short-term rental uses would unavoidably consume energy to the extent they are occupied by lodgers, the same condition of energy consumption by occupied short-term rental uses already occurs today or is possible to occur, and thus future energy use patterns are not expected to be substantively different or adversely impacting as a result of this proposal. The proposed changes are thus not expected to alter the pace or scale of new residential development, nor generate adverse impacts related to inordinate energy consumption or depletion of natural resources.

Built Environment

Land & Shoreline Use

Relationship to Plans and Policies

Implementation of the proposal would allow for land uses and land use patterns that are compatible with the Comprehensive Plan. This includes, but is not limited to, goals and policies related to land use, housing, and economic development (see a list of relevant policies from the Comprehensive Plan in the response to Question #D.7 in the environmental checklist). The proposal includes land use regulations newly addressing the manner in which such lodging uses can be conducted within dwelling units, with an intent of maintaining overall compatible land use conditions in residential

areas. The proposal's relationship to, and consistency with, housing policies is slightly more indirect. The proposal includes limits on the operation of short-term rentals to help ensure that this growing industry does not significantly reduce the City's supply of sufficient, diverse, and affordable housing.

Land Use and Shoreline Use Impacts

The proposal would create a new category of lodging land use, known as short-term rentals, which is currently not specifically defined, regulated or otherwise addressed in the Codes, and would establish requirements and limitations on this use. The new land use, short-term rentals, would be allowed in any structure established as a dwelling unit, except as restricted by the existing provisions of the Shoreline Code, SMC 23.60A. In addition, short-term rentals would not be an allowed use in any dwelling unit established as caretaker's quarters. The short-term rental use could be accessory to the primary use as a residence, as is currently common practice, or could be the primary use of the structure in certain instances. New requirements would limit an individual to operating just their own residence and a restricted number of other units they own (such as one, two or three additional housing units) as a short-term rental. One policy intent for this is to constrain the future attraction for housing owners to convert housing units from long-term tenancies to short-term rentals, in a manner that might substantively affect the availability in the housing market of housing opportunities for long-term tenants and owners. Given the range of policies pertaining to housing in the Comprehensive Plan, such as those summarized in the checklist, it is important to avoid potential adverse impacts on both the availability of housing for individuals as well as the overall functionality of the citywide housing market.

The proposal would allow an exception to the proposed limits on short-term rental units for the operators of existing rentals located in Downtown, South Lake Union, and Uptown Urban Centers. This would allow operators to continue operating existing short-term rental units in multiple locations in those areas, without being restricted by the otherwise applicable limit of two dwelling units. This exception would allow for the continuation of land uses that are generally compatible and consistent with the dense, urban commercial nature and zoning of these areas, which serve as the office, residential, entertainment, and retail core of the city and as the center of the tourism and lodging industries. This suggests that continued operation of such rentals in locations where they occur today would not contribute to incompatible land use patterns or activity levels and so no significant adverse land use impacts are expected as a result of the exception.

This proposal would not affect rentals for periods of longer than 30 consecutive nights. Property owners renting out housing units for periods of longer than 30 nights, such as those that serve temporary/contract workers or visitors undergoing lengthy medical care, would be able to continue to do so. Therefore, no significant adverse housing-related operational impacts of the proposal on long-term rentals are likely.

The Shoreline Code allows lodging uses on upland portions of lots in the Urban Commercial, Urban Harborfront, and Urban Industrial shoreline designated areas, and therefore short-term rentals would be permitted uses on those portions of lots, under the proposal. However, short-term rentals would be prohibited in other shoreline designated areas regulated by the Shoreline Code. By addressing shoreline designated areas in this manner, no significant adverse land use impacts with respect to shoreline areas are likely.

Bed and breakfasts are currently allowed as an accessory use in single-family and multi-family zones, and existing B&Bs would continue to be allowed under the proposal. Any proposed new B&B operations would be considered short-term rentals under the proposal and regulated as such.

In terms of the proposal's potential for generating adverse effects on existing short-term rental lodging opportunities, it is not expected to dramatically reduce the availability of lodging on a nightly or weekly basis in the city. Based on information pulled from the online platform Airbnb in January 2017, around 80% of the units currently offered for nightly or weekly rentals through their website would be able to meet the requirements proposed for short-term rentals, and could be able to continue to operate at their current activity levels. To the extent that approximately 20% of the units currently offered might not comply with the proposal, it is reasonable to anticipate that some might be able to modify their business operations within one year of the adoption of the legislation to be in compliance, and that some other locations might need to cease operations. (Already established B&Bs would be able to continue without such modifications.)

The proposal is not expected to increase the pace or scale of future new residential development, or otherwise adversely affect the number of physical housing units present in the city. It is also not expected to increase eligibility for short-term rental uses or to result in significant differences in their geographic distribution across the city, given the continued eligibility for this use in zones where residential uses may occur in the city. These factors suggest there is little if any potential for the proposal to generate different or greater adverse land use impacts related to the potential growth or proliferation of these land uses in any given location. Rather, the proposal would provide increased regulation and constraints on this type of lodging activity, in comparison to the existing condition where such uses are permissible without particular controls because the Land Use Code and other codes are silent.

The discussion above contributes to a conclusion that the proposal would not generate significant adverse land use impacts because it would not be likely to cause land use incompatibilities. Rather, it would be setting new requirements that would help to avoid compatibility issues. One example of this is that certain arrangements of these uses, such as renting out parked recreational vehicles or other kinds of non-permanent housing structures, would be prohibited by the proposal. This would help to avoid situations that might otherwise generate nuisance compatibility complaints such as excessive noise or activity levels in locations outside of structures.

Regarding certain aspects, the proposal would continue to accommodate conditions that can already occur in the existing condition, given the Codes' silence on this kind of use (as distinguished from bed and breakfast uses). For example, the proposal accommodates the short-term rental use in accessory dwelling units that could include detached accessory dwelling units (DADUs). Given a lack of change between existing and future conditions in the possible land use and structure arrangements that could host short-term rentals, this aspect of the proposal would not result in new potential for adverse land use impacts regarding compatibility or height/bulk/scale matters.

In terms of the potential for differences in physical arrangements of structures and uses and their operation, the proposal has slightly different implications for bed and breakfast uses as compared

to short-term rental uses. These arise due to the proposed amendments to existing regulations that would allow existing B&Bs to continue their operations. The proposal's amendments to B&B provisions would allow for their operation in accessory dwelling units including DADUs, which in DADUs is not possible currently. This means existing B&Bs could potentially expand their operations through physical structure expansions or new detached structures. This expansion potential could add to overall structural height and bulk on a given B&B site, with an associated increase in potential for B&B lodging activity. This incremental change would represent a new land use impact of the proposal, one that is evaluated as "adverse" but not "significant adverse" in nature due to the relatively limited presence of such existing uses across the city, and a relatively low probability that B&B expansions would be frequent or sufficiently large or substantially disruptive in their operations.

The proposal also includes the deletion of a handful of operational provisions that currently ensure that existing B&B uses fit into their surrounding neighborhoods with low potential for generating disruptive impacts. The amended regulations would continue to apply to existing B&Bs, and so the deletion of limits in the worst case might generate the potential for differences in B&B operations and adverse impacts such as added noise. Examples of these removed limits include:

- Building owner no longer would need to be the primary resident (but the primary resident must still be the B&B operator);
- A two-employee limit on non-resident employees;
- Minimum dispersion of 600 feet between B&Bs (which would be a moot point if no new B&Bs could occur; rather, such operations would be categorized as short-term rentals);
- Certain provisions that require operating plans and building designs meant to minimize potential for operational noise, light, traffic, and similar disruptions.

Despite the potential for these changes in operational provisions to generate an adverse land use compatibility impact in terms of worst-case changes in noise generation and activity levels, this is not evaluated as a probable significant adverse land use impact due to the relatively limited presence of existing B&Bs across the city, availability of other enforcement mechanisms, and a low likelihood that these regulatory changes would lead to substantial changes in daily use practices at existing B&Bs. (Any future B&B-style uses would be operated as short-term rentals according to the proposal.) Existing B&Bs would remain subject to City noise limits and similar limitations on nuisance conditions, through typical code enforcement provisions, meaning that the realistic potential for significant spillover land use compatibility impacts is likely to be low.

This checklist does not identify any particular potential for cumulative adverse impacts, meaning there is little potential for these regulatory changes, in combination with other pending or recent land use legislation, to generate unforeseen kinds of significant adverse land use compatibility impacts.

Transportation

The proposed changes in this non-project proposal would result in no direct impacts and are unlikely to result in significant indirect or cumulative adverse impacts related to the transportation element of the environment.

The proposed changes, given their particular content and meaning leading toward increased regulation and limitations upon short-term rental uses, are not expected to increase the pace or scale of future new residential development with such uses. They are also not expected to increase eligibility for such uses or to result in significant differences in the geographic patterns or distributions of their presence across the city. These factors suggest there is little if any potential for generation of different or greater adverse transportation impacts or public service/utility impacts in any given location. This includes a conclusion of a low potential for adverse impacts on streets, transit, parking, and traffic operations in any given location across the city.

Based on information pulled from the online platform Airbnb in January 2017, around 80% of units currently offered for nightly or weekly rentals through their website would meet the criteria proposed for short-term rentals, and would be allowed to continue to operate at their current frequency. To the extent that this suggests a potential cessation of short-term rental uses for around 20% of current short-term rental offerings, it is possible that some of these uses might be re-used as long-term rentals, adapted in ways to become compliant with new regulations, occupied by owners, or left vacant. Given such a range of possible future outcomes, it is difficult to forecast whether the net result would be a shift upward or downward in total transportation trips or maintenance of a relatively similar pattern. However, the potential for significant adverse transportation impacts at such locations would appear to be minimal, given that residential patterns of use or some form of short-term rental use would continue to occur, or reduced traffic trips if such housing became vacant or more lightly used.

To the extent that 20% of units currently offered as short-term rentals might need to cease operations, competitive market forces might lead to additional offerings of lodging uses in more locations, and thus the specific patterns of locations where lodging activity occurs could shift over time, generating a speculative potential for altered transportation impact patterns. However, it would be difficult to know where such new short-term rental uses would occur across the city, given the wide range of zones in which such uses are possible. It would also be difficult to isolate differences in transportation effects if compared to other kinds of normal turnover or variation in the patterns of residential use and possible lodging activities and their related variability in transportation patterns. Therefore, the potential for identifiable significant adverse transportation impacts as a result of the proposal is concluded to be minimal.

Public Services and Utilities

Using a logic similar to that discussed above for Transportation impacts, no direct or cumulative adverse impacts on public services and utilities are identified. Also, projected outcomes of the proposal do not include an increased pace of development including short-term rental uses, and it appears unlikely that the proposal would generate geographic or operational-related differences that might translate to meaningful differences in the consumption of public services and utilities. Therefore, the potential for identifiable significant adverse public services and utilities impacts of the proposal is concluded to be minimal.

DECISION - SEPA

This decision was made after review by the responsible official on behalf of the lead agency of a completed environmental checklist, the proposed Code amendments, and other information on file

with the responsible department. This constitutes the Threshold Determination and form. The intent of this declaration is to satisfy the requirement of the State Environmental Policy Act (RCW 43.21.C), including the requirement to inform the public of agency decisions pursuant to SEPA.

Determination of Non-Significance. This proposal has been determined to not have a significant adverse impact upon the environment. An EIS is not required under RCW 43.21C.030(2)(c).

Determination of Significance. This proposal has or may have a significant adverse impact upon the environment. An EIS is required under RCW 43.21C.030(2)(c).

RECOMMENDED CONDITIONS - SEPA

None.

Signature: On file Date: 4/24/17
Gordon Clowers, Senior Planning & Development Specialist
Department of Construction and Inspections