



MEMORANDUM

TO: Deschutes County Board of Commissioners
FROM: Peter Gutowsky, AICP, Director
DATE: February 2, 2024
SUBJECT: Short-term Rental Program / CDD Resource Needs

I. CDD Resource Limitations

The Community Development Department (CDD) remains responsive to the Board of County Commissioners' (Board) annual goals including its commitment to economic development and rural housing opportunities. The department, however, is concerned about the possibility of receiving additional un- or under-funded duties in association with the administration of a Short-Term Rental (STR) program. This is due to existing operational constraints, as well as competing obligations that do not directly generate revenue for CDD as a fee-supported department.

CDD is experiencing structural and operational vulnerabilities stemming from recent resignations in Coordinated Services, layoffs, and a retirement. Development activity continues to reflect a continuation of permitting volume decreases for the second year in a row. Volume decreases range from 15.6% to 32.4% and continue to trend in alignment with volumes experienced during 2014 through 2016. Of CDD's 58 FTEs, eleven remain unfilled. All the divisions, except for Building Safety, lost staff this fiscal year, creating significant limitations in managing our day-to-day responsibilities let alone taking on additional tasks. New employees require significant training to become proficient in their duties, whether they are a permit technician, onsite wastewater specialist, plans examiner, building inspector, or land use planner.

When the Board directs CDD to amend its zoning codes, for example for Rural Accessory Dwelling Units (ADUs), it requires coordination throughout the entire department to ensure implementation and administration are well structured. CDD must update its website so the public can understand eligibility criteria and the application process, develop workflows, customize its computer software to take in fees and submittals, and train its staff to disseminate onsite, land use, and building code requirements. As customer inquiries and pre-application requests occur, staff expend significant time ensuring the public makes an informed decision. Quite often, this level of customer service does not lead directly to development permits and corresponding revenue for CDD.

II. Short-Term Rental Programs

Most counties in Oregon administer their STR program by first amending their zoning codes and then coupling it with a license and/or a certificate of authority. A zoning code amendment allows a jurisdiction to specify and confirm:

- Eligible zones for a STR
- Legal lot of record
- Single-family building permit
- Authorized number of bedrooms
- Onsite septic system capacity
- Code enforcement procedures

Upon receiving a land use permit, a STR license, issued potentially through the Finance Department, enables a jurisdiction to then request:

- All STRs must be registered
- Application requirements
 - Overnight (quiet time) hours
 - Property owner information
 - Contact person responsible for responding to complaints
 - Proof of liability insurance
 - Termination provisions (ex. property is transferred)
- Signed affidavit of compliance
- Standards and conditions
 - Applicable fees
 - Legally established permanent dwelling
 - Maximum occupancy
 - Noise
 - Garbage
 - Off-street parking
 - Building and fire safety (smoke detectors, fire extinguishers, etc.)

III. CDD Resource Needs and Text Amendment Timeline

To implement and administer a STR program in collaboration with the Finance Department, CDD will likely need an initial infusion of \$500,000 to \$1 million dollars.¹ This will offset costs related to adding and training new permit technicians and code enforcement specialists, purchasing software modules for Accela, developing customized software to upload, route and track submittals, building intake forms, responding to customer inquiries, processing applications, and enforcing complaints.² Without additional revenue, CDD will not have the bandwidth to absorb these responsibilities while also fulfilling our primary duties of timely processing and issuing building, land use, and onsite wastewater permits.

Lastly, the Planning Division does not presently have the capacity to draft findings and initiate an STR text amendment and complete all other previously initiated, Board-directed work plan items. If the Board wants to prioritize this task, CDD's existing work plan will need to be rearranged or identify additional resources. Staff can return at a subsequent meeting to receive Board direction. A legislative amendment will take approximately 6 to 8 months before an ordinance is considered for adoption. Based on the experiences of other Oregon counties, an appeal by STR opponents to the Land Use Board of Appeals (LUBA) is likely.³

¹ This amount applies regardless if the Board chooses to amend the County's zoning codes. CDD expects that as land use, business license, and/or renewal fees are collected, a subsidy from the General Fund and/or Transient Room Taxes (TRT) will be lower over time to offset operational expenses. Ideally, fees will cover CDD's administration of an STR program.

² Code enforcement complaints that cannot be resolved between owners, registrants, occupants, and/or neighbors would be sent to a Hearings Officer. The cost would presumably be absorbed by TRT.

³ Curry, Clackamas, and Tillamook counties STR programs were appealed to LUBA.