



Memorandum

TO: The Honorable Whatcom County Council
The Honorable Satpal Sidhu, County Executive

FROM: Cliff Strong, Senior Planner

THROUGH: Steve Roberge, Asst. Director

DATE: January 13, 2023

SUBJECT: Vacation Rentals – Responses to Council Questions following the Advisory Public Hearing

Purpose

After holding an advisory hearing on 5/10/22, on 5/24/22 the Council's Committee of the Whole (COTW) further discussed what to do with the vacation rental code amendments. They then directed staff to develop a "white paper" on the issues and questions they had, which are discussed below.

Background

Whatcom County's Procedural History

In late 2014, after having received complaints from citizens neighboring vacation rental units, the Council started a process to develop and adopt regulations. When the review process first started the Council was provided a range of regulatory schemas. After a series of discussions¹ and a recommendation from the Planning Commission², the Council chose a schema that would (see Exhibit A for details):

- Add vacation rentals as an accessory use in UR, URM, URMX, RR, RRI, TZ, RC, STC, AG, and R, and as a conditional use in the Lake Whatcom Watershed Overlay District;
- Adopt performance standards addressing parking, maximum numbers of guests, signage, health and safety measures, etc.;
- Require those on septic to provide a current satisfactory Report of System Status upon registration (and thereafter every three years);
- Require owners to annually register with the County; and,

¹ The Council has discussed this issue in committee 13 times so far, from 9/16/2014 through 5/24/2022.

² The Planning Commission also held several workshops on the Title 20 amendments, and a public hearing on 1/8/2015.

- Amend the definitions of “bed and breakfast establishment” and “bed and breakfast inn” and add a new definition of “vacation rental unit.”

So as to maintain consistency between zoning (Title 20) and the Shoreline Management Program (SMP), amendments were also proposed to Title 23 (Exhibit B). These amendments:

- Included vacation rental units and bed and breakfast establishments as part of a single-family residential use (rather than a commercial use) for purposes of determining permitted uses in various shoreline designations;
- Removed bed and breakfasts as a conditional use in the Urban Conservancy and Conservancy shoreline designations; and,
- Amended several definitions and add a definition of “vacation rental unit.”

Both sets of draft amendments have been reviewed by the Planning Commission, who recommended approval. In 2016, the Council held a hearing on the SMP amendments and passed Resolution 2016-039, forwarding the SMP amendments to the Department of Ecology (DOE) for its review (which approved them). However, Council has not yet adopted an ordinance effecting them³. Nor has Council held a hearing on or adopted the Title 20 (Zoning) amendments.

During the advisory hearing, on 5/10/22, 13 people spoke. Of those, 3 (residents) were in favor of regulations and 7 (primarily vacation rental hosts) were against. And 3 were neither for nor against but urged caution. Actionable comments included:

- In the Lake Whatcom Watershed, permitting should be the same as in other zones (accessory use, not a conditional use);
- The vacation rental landscape has changed since the Planning Commission weighed in, so it should be sent back to them;
- Need to do more research and think about the regulations more

History of Short-Term Rentals

(from <https://blog.keycafe.com/the-history-of-short-term-rentals/>)

Short-term rentals have had an incredible surge in popularity due to home-sharing platforms like Airbnb strongly gaining traction over the past decade. Before home-sharing platforms popularized short-term renting, the practice was still fairly common but more often found under a different name: vacation rentals. People looking to escape their everyday homes for a holiday would look to vacation rentals as an inexpensive alternative to a hotel. By the 1950s, renting a vacation home was a customary tradition for many, with advertisements and listings for short vacation rentals beginning to appear in newspapers.

The First Online Vacation Rental Platforms

The first online platform to enable vacation or short-term rental bookings was VRBO (Vacation Rentals by Owner) which launched in 1995. VRBO’s website allowed users to browse and book various vacation rental properties that were managed by their individual owners, with most of the website’s listings and bookings in the United States. A year later in 1996, another future giant in the industry was created when Booking.com was founded in the Netherlands. Booking.com was originally a travel fare aggregator, providing comprehensive searching of hotels and lodging options, but it also became the first hotel booking site to advertise vacation rentals.

³ These amendments have been included in the SMP Periodic Update that Council has approved, though are not yet adopted into code as we’re awaiting Department of Ecology approval prior to final adoption.

Around the same time as VRBO and Booking.com were being created, Craigslist turned from a simple mailing list into a website for people to list ads and request services online. The website provided a more informal platform where advertisements for sublets, short-term, and even long-term rentals were posted. In 2004, eBay purchased a 25% stake in Craigslist, but the company remains privately owned with the majority of ownership residing with the original creator, Craig Newmark. The mid-2000s also brought the launch of HomeAway, a merger of five different rental sites, which later acquired VRBO in 2006. Almost ten years later in 2015, Expedia purchased Homeaway to overtake Booking.com and become the world's largest lodging seller in terms of hotels.

Airbnb Brings Home Sharing to Short-Term Rentals

As online lodging companies continued to grow, Airbnb came onto the scene as a small San Francisco startup in 2008. While the previous companies offered various forms of vacation rentals and hotel bookings for short stays, Airbnb was the first company to allow guests to book a single room in a host's home and pay using a credit card over the internet. Over the years, Airbnb has grown exponentially, going from 10,000 users and 2,500 listings in March of 2009 to the current estimates of around 150 million users and over 6 million listings around the world. The company has also started expanding outside of the short-term rental space with Airbnb Experiences, which allow users to host unique city tours, events, and classes that anyone can sign up for through the Airbnb website.

While not exactly a short-term rental platform, since 2004 Couchsurfing International has provided a form of short stays for travelers, and doesn't look to monetize the operation for profit. Instead, the website incentivizes couch-owners to offer their space voluntarily simply to meet travelers and new people. While Couchsurfing started as a non-profit organization, in 2011 they made the switch to a for-profit corporation after the IRS rejected their application to be a non-profit organization. Since its inception, Couchsurfing has had continuously increasing membership numbers, with over 14 million members currently sharing and surfing on couches today.

The Future of Short-Term Rentals

The past decade has seen the short-term rental space grow exponentially largely thanks to Airbnb bringing the concept of profitable and convenient home-sharing to the industry. Now, leading hotel companies like Marriott International are looking to expand their services to the home rental space, with their Homes and Villas division looking to bring 2,000 upscale homes for short-rental to the market. Meanwhile, Airbnb is preparing recently purchased suites in the Rockefeller Centre to create what seems like a more curated hotel experience. As these companies start to encroach upon each other's markets, it's clear that home-sharing and short-term rental companies have greatly disrupted the hotels and accommodation sector, and time will tell if traditional hotels will be able to keep up.

The short-term rental space has also seen a rising crop of alternate accommodation startups like Sonder, Stay Alfred, and Lyric. These companies have been rapidly raising funding and garnering attention for their upscale yet still affordable boutique hotels and suites for travelers. While short-term rentals were popularized with Airbnb's casual home sharing platform, professional property managers and companies are entering the space to help meet the rising standards of the growing customer base. In order to remain competitive, independent hosts are turning to co-hosting companies like Luckey by Airbnb, Hostnfly, and Vacasa, as the short-term rental market continues to expand its offerings and improve the quality of its stays.

New Competitors in the Short-Term Rental Market

Although hotels' entry into the home sharing and short-term rental industry has attracted some attention, various other Airbnb competitors have also been working to carve out their own piece of the market. While some like the Indian accommodation giant OYO have received investment from Airbnb

themselves, companies like Sonder and StayAlfred are offering alternative stays for travelers that want the professionalism of a hotel along with the charm and comforts of a vacation rental.

These companies provide purpose-built and designed suites that provide better and more flexible accommodation at more affordable prices. These spaces are professionally prepared and managed, helping reduce the friction that inexperienced hosts on platforms like Airbnb can cause. With each of these companies raising multiple millions of dollars in their funding rounds, it's clear that demand for short-term rental solutions is continuously growing.

Why Regulate Short-Term Rentals?

Rather than reinvent the wheel, staff suggests reading Exhibit C, "A Practical Guide to Effectively Regulating Short-Term Rentals on the Local Government Level," written by Ulrik Binzer and published by Granicus. This primer addresses why a jurisdiction might want to regulate STRs, identifying policy objectives to consider, enforcement considerations and best practices, and viable regulatory approaches.

Impacts on Communities

(from <https://granicus.com/blog/six-ways-that-short-term-vacation-rentals-are-impacting-communities/>)

Additionally, on their website Granicus has identified "Six Ways That Short-Term Vacation Rentals Are Impacting Communities," from which the following was excerpted.

Short-term vacation rentals have created a good deal of controversy since the start of their existence about ten years ago and have been growing at an incredible speed ever since. Short-term vacation rentals are flying under the radar less and less, but there are a variety of factors to consider when developing an ordinance or updating existing regulations. Here's six of the key ways short-term vacation rentals are impacting communities.

1. Positive Economic Impact

Short-term vacation rentals can bring a positive economic impact to a city or county in several ways. For example, they can provide a city with an additional income through tax revenues. At the same time short-term vacation rental guests can benefit the community as a whole in terms of economic benefit because guests will spend their money in other visitor related amenities such as restaurants, bars and museums. Research in San Diego showed that \$86.4 million was spent on such activities by visitors staying in short-term vacation rentals. The total economic impact in San Diego has been estimated at \$285 million. Additionally, it can help local residents make ends meet or enable young families to go on a holiday while retirees stay in their home.

2. Less Long-Term Rentals Available

The scale on which short-term vacation rentals are operating is ever growing and not only designated to large urban areas anymore.

Since short-term vacation rentals are mainly located in residential areas, by renting a short-term vacation accommodation, tourists are using up space that otherwise might be used for living. In some places this is resulting in a decrease of long-term housing availability. This effect is especially strong in large cities that are already facing problems with affordable housing like New York and San Francisco. Stories about tenants being evicted from their apartment, only later finding out they were making way for permanent short-term vacation rentals, are starting to pop up in places all over the United States. In Los Angeles several tenants have been suing their landlords and Airbnb for evicting them out of apartments and in Burnaby, Canada, three students were forced to leave in order for the landlord to run a full-time Airbnb rental business.

The scarcity this creates could eventually contribute to increasing housing and rental prices. For Los Angeles, a report on the relation between short-term rentals and LA's affordable housing crisis has shown that the density of Airbnb listings overlaps with higher rental prices and lower rental vacancy. In New York short-term vacation rentals reduced the available housing stock with at least 10%. Besides these major cities, many smaller coastal cities and mid-size cities like Long Beach City and Madison are starting to express concerns about this issue as well.

3. Neighborhood Changes

Living next door to a short-term vacation rental can range from mildly concerning to completely life altering. Visitors usually rent the accommodation only for a couple of days, thus neighbors see new people coming and going every few days, especially when the density of short-term vacation rentals in the area is high. Related complaints about trash, parking issues and noise disturbance continue to worry local governments. A recent article about Los Angeles exemplifies this with stories about short-term vacation rentals being turned into party houses with nightmarish results for neighbors.

At the same time local residents worry the penetration of short-term vacation rentals in their neighborhood will change the character and transform the quality of life of the area. This has already led to heavy protests in the past in big cities like New York and San Francisco. Smaller cities such as Santa Monica are also dealing with such complaints. This leaves local governments with the incredibly difficult task of finding ways to regulate short-term vacation rentals in such a way that they protect neighborhoods while balancing a home-owners property rights.

4. Increased Tourism Activity

For some cities, Airbnb and other short-term vacation rental platforms are a way to boost the local tourism sector. Because of the price advantage of those rentals, less popular tourist destinations become more attractive with the arrival of short-term vacation rentals. The City of Brevard recently announced that it is going to approve short-term vacation rentals in the hope to attract tourists as they currently lack a good number of hotels. And even cities that already have an established tourist industry are benefiting from short-term vacation rentals. A study on the effects of the sharing economy in Idaho found a direct correlation between short-term rentals and job creation in the tourism sector. In San Diego short-term vacation rentals are helping to support 1,842 jobs.

5. Unfair Playing Field for Traditional Lodging Partners

On the other side of the argument, short-term vacation rentals are considered disruptive for the traditional lodging industry. The hotel industry claims that the business models of short-term vacation rental platforms offer unfair economic advantages in two distinct ways. First of all, short-term vacation rentals do not have to pay for staff and aren't regulated like hotels, which increases costs substantially. This allows short-term rentals to offer lower rates compared to traditional tourist accommodations. A second factor is that short-term vacation rentals are usually not charged with tourist taxes, which is further deepening the unequal competition. A report from the American Hotel & Lodging Association shows that in cities like Portland, Airbnb-style rentals have increased vastly both in revenue and the number of hosts with multiple units. Because short-term vacation rentals are not treated like similar businesses this could form a threat to the hotel industry. A study from scholars at Boston University and the University of Southern California showed that mainly lower-end hotels in Texas are already suffering from the increase in short-term vacation rental listings.

6. Missed Tax Revenues

Since short-term vacation rentals are not taxed in many cities, local governments are missing out on millions of dollars. When allowing but regulating short-term vacation rentals, local governments can increase their revenue through taxes, permits, and business licenses. For example, Mill Valley, a small

California community and a Host Compliance customer requires hosts to purchase a business license and pay a registration fee. As a result, the city has collected nearly \$96,000 in taxes since the program began, in addition to registration fees. On the other side, it's estimated that Boston is currently missing out \$4.5 million in tax revenues.

Conclusion

It's important to know how short-term vacation rentals are impacting your community. Even though this new accommodation brings substantial economic benefits to communities, when unregulated, Airbnb-style rentals can put pressure on communities and the accommodation industry. With the immense growth of short-term vacation rentals in every community, ignoring the impact, whether positive or negative, is not an option anymore. Local governments need to work towards effective and enforceable regulations to protect communities, neighborhood character and housing availability.

Council Questions & Issues

In their 5/24/22 discussion, the Council's COTW raised several questions and issues that they directed staff to address:

Long- vs. Short-Term Rentals

- ***Under our current code, what are the differences the between how we regulate short-term vs. long-term rentals, and might there be benefits to having some uniformity?***

Whatcom County does not regulate long-term (30+ days) rentals (though some jurisdictions do). Nor do we regulate the short-term rental of single-family dwellings.⁴ However, we do regulate *some forms* of short-term rentals, including bed and breakfast (B&B) establishments and inns and rooming houses, defined as follows (definitions shown with amendments proposed through this process):

20.97.027 Bed and breakfast establishment.

"Bed and breakfast establishment" means a privately-owned dwelling that is the primary residence(s) of the owners and in which, for compensation, one to two rooms are used as sleeping units to house or lodge individuals or families for periods of less than ~~one month~~ 30 days as transient visitors with or without limited food service. The use of the dwelling unit for the bed and breakfast shall be clearly incidental and subordinate to its use for residential purposes and the purpose of the applicable zoning district. At least one owner shall be present overnight when a guest room is rented.

20.97.028 Bed and breakfast inn.

"Bed and breakfast inn" means a privately-owned dwelling that is the primary residence(s) of the owners in which, for compensation, three to five rooms are used as sleeping units to house or lodge individuals or families for periods of less than ~~one month~~ 30 days as transient visitors with or without limited food service. The use of the dwelling unit for the bed and breakfast shall be clearly incidental and subordinate to its use for residential purposes and the purpose of the applicable zoning district. At least one owner shall be present overnight when a guest room is rented.

⁴ Lacking a prohibition, the Planning and Development Services Director has interpreted the code to mean that vacation rentals are allowed wherever single-family dwellings are allowed.

20.97.355 Rooming house.

“Rooming house” means any dwelling in which, for compensation, three or more persons, either individually or as families, are housed or lodged, with or without meals. A boarding house, lodging house, tourist home, or a furnished room house shall be deemed rooming houses. A rooming house with six or more sleeping units, occupied by transients, shall be deemed a hotel.

As you can see, B&Bs are homes in which the owner lives but rents out bedrooms for short-term use (though common spaces may be accessible). We differentiate B&B types based on how many rooms are rented out. In a rooming house the owner doesn’t have to live there, so they’re essentially renting out the whole unit (of 5 or fewer bedrooms) to a group of people (with no time limits).

The proposed definition of a vacation rental unit is:

“Vacation Rental Unit” means a single-family dwelling unit, detached accessory dwelling unit, or accessory apartment that, for compensation, is rented as a single unit used to lodge individuals or families for a period of less than 30 days and where the owner is not present in the rented unit during the rental period. Individual sleeping rooms shall not be rented individually.

Each are (or proposed to be) allowed as follows:

Table 1

District	B&B Establishments	B&B Inns	Rooming Houses	Vacation Rentals (proposed)
Rural	accessory use*	conditional use		accessory use*
Rural Residential	accessory use*	conditional use		accessory use*
Rural Residential-Island	accessory use	conditional use		accessory use
Eliza Island				accessory use
Urban Residential	accessory use*	conditional use		accessory use*
Urban Residential – Medium Density	accessory use	conditional use	conditional use	accessory use
Urban Residential Mixed	accessory use	conditional use		accessory use
Agriculture	accessory use	conditional use		accessory use
Rural Forestry	conditional use			conditional use
Point Roberts Transitional Zone	accessory use			
Point Roberts Special District <ul style="list-style-type: none"> • In any zone • if zoned Resort Commercial) 	accessory use permitted use	accessory use permitted use		accessory use
Rural General Commercial				accessory use
Small Town Commercial	accessory use	accessory use		accessory use
General Commercial				accessory use
Resort Commercial	accessory use	accessory use	permitted use	accessory use
Lake Whatcom Watershed Overlay District	conditional use	conditional use		conditional use

* If located in the Lake Whatcom Watershed Overlay District, its rules supersede those of the specific zone.

As to whether there might there be benefits from some uniformity in the regulations between those for short- vs. those for long-term rentals, well, staff can’t think of any.

- **Why would we want to consider doing something different for short-term than for a long-term rentals?**

Staff points you to the above section, “Why Regulate Short-Term Rentals?,” which describes some of the impacts (both positive and negative) of STRs.

Effects on the Housing/Rental Market

- *Are STRs affecting housing prices?*

Staff does not know of any studies done here in Whatcom County regarding this issue, but we have found some descriptions of studies in other places that might inform the discussion:

From MRSC

<https://mrsc.org/Home/Stay-Informed/MRSC-Insight/December-2021/Affordable-Housing-and-the-Impact-of-Short-Term-Re.aspx>

One item that has recently been facing increasing local government scrutiny is the impact that STRs have on the supply of affordable housing. The worry is not about a homeowner renting out a room or two to help with monthly mortgage payments. Instead, there is a concern that investors will purchase existing residential units and rent them out on a short-term basis to out-of-town visitors, thereby taking those units out of the long-term rental housing market.

While not the primary cause of affordable housing problems, many experts believe that STRs do have a negative impact on affordable housing at the local level, especially in high-tourism communities. Several organizations, such as The Pew Charitable Trusts and the Harvard Business Review (HBR), have conducted or published research showing that as the number of short-term rentals increase in a community, the quantity of affordable housing units decrease.

The authors of a 2019 HBR article focusing on the effects of Airbnb observed that, “because of Airbnb, absentee landlords are moving their properties out of the long-term rental and for-sale markets and into the short-term rental market.” The authors noted that as absentee landlords reduce the housing supply, it increases the housing cost for local renters:

(I)n aggregate, the growth in home-sharing through Airbnb contributes to about one-fifth [or 20%] of the average annual increase in U.S. rents and about one-seventh [or 14%] of the average annual increase in U.S. housing prices.

But what about non-absentee property owners using online platforms like Airbnb to rent out their properties, you might ask? The HBR researchers found that “owner-occupiers” who rent out their spare rooms or even an entire house (when they are away for a set period of time) to short-term visitors using a virtual house-sharing platform do not impact the long-term rental market.

From Granicus

[\(https://granicus.com/blog/are-short-term-vacation-rentals-contributing-to-the-housing-crisis/\)](https://granicus.com/blog/are-short-term-vacation-rentals-contributing-to-the-housing-crisis/)

While still a theory, more and more evidence is suggesting that these effects [on the housing market] are in-fact real. As an example, a 2016 study from the University of Massachusetts concluded that in Boston, MA “home sharing is increasing rents by decreasing the supply of units available to potential residents [and] that a one standard deviation increase in Airbnb listings relative to the total number of housing units in a census tract is associated with an increase in asking rents of 0.4%. For those census tracts in the highest decile of Airbnb listings relative to total housing units, this increase in asking rents ranges from 1.3% to 3.1%, which equates at the citywide mean monthly asking rent to an increase of as much as \$93.”

This conclusion is consistent with other independent academic studies which like this recent paper published by researchers at the National Bureau of Economic Research, the University of California, Los Angeles (UCLA) and the University of Southern California concluded that on a national basis “a 10% increase in Airbnb listings leads to a 0.42% increase in rents and a 0.76% increase in house prices. Moreover, we find that the effect of Airbnb is smaller in zip codes with a larger share of owner-

occupiers, a result consistent with absentee landlords taking their homes away from the long-term rental market and listing them on Airbnb.”

Given that the short-term rental industry has grown by 800% since 2011, it is therefore not hard to see why many people are concerned about this industry’s impact on the affordability and availability of long-term rental housing. Just think about, if a 10% increase in the number of short-term rental listings was found to lead to a 0.42% increase in rents, the actual 800% increase in short-term rental listing since 2011, would be responsible for a 33.6% rent increase over that same time period! For comparison the median household income in the U.S. grew only 18.0% between 2011 and 2016.

From “Short-term rentals and the housing market: Quasi-experimental evidence from Airbnb in Los Angeles”

By Hans R.A. Koster, Jos van Ommeren, & Nicolas Volkhausena, published in the Journal of Urban Economics, Volume 124, July 2021, 103356 <https://www.sciencedirect.com/science/article/pii/S0094119021000383>

We have seen a spectacular growth of online short-term housing rental platforms in recent years. So, what is the effect of regulation of short-term housing-rentals on the housing market? We focus on Los Angeles County, where 18 cities have implemented Home Sharing Ordinances that restrict short-term rentals between 2014 and 2018. Using microdata for house prices, and listings, we apply a Spatial Panel Regression-Discontinuity Design around the borders of those areas and exploit the differences in the timing of the HSOs. Home Sharing Ordinances reduce Airbnb listings by about 50% and reduce house prices by 2% on average, which captures the fact that houses cannot be used for their most profitable use anymore. Using aggregate data and a difference-in-differences estimation strategy we find essentially the same effects for rents. Forbidding short-term rentals may lead to a reallocation away from privately-owned housing towards the long-term rental market – a housing supply effect.

Our estimates imply that Airbnb regulation has stark distributional implications because it induces losses for homeowners that are very substantial in areas that are popular for tourists. The opposite holds for households who typically rent and who can only gain from regulation as it increases rental housing supply and therefore reduces rents.

Our estimates imply that the total effect of Airbnb on property values in LA County is modest (3.6%). This makes sense because in large parts of this County, Airbnb is not so popular. However, in areas attractive to tourists, where the Airbnb listings rates are quite high, the effects of Airbnb are substantial. Within 2.5 km of Hollywood, for example, the increase in property values is almost 15%.

- ***Is there information on whether people are renting out just a room (or two) in a house or whether whole houses are being taken off the rental market?***

Granicus has reviewed their data and found that 2%, or 59 listings, were partial home as of April 29, 2022.

Equity

- ***Do the proposed rules treat differently people with one unit vs. people with several units? Should they?***

The proposed regulations would treat everyone equally, whether they only have one STR or multiple. From the Council’s discussion, it seemed that perhaps some Councilmembers may wish to consider having different rules for single- vs. multiple-unit owners, or that the rules would only apply to multiple-unit owners.

However, it seems that this would be harder to administer. For one, how would staff know how many units a person owns? What if they are in a shared ownership, or they own multiple shares of multiple units? What if they owned one in Whatcom County but another or more in the City of Bellingham or even another region?

Ultimately, having a division of rules for essentially doing the same thing doesn't seem equitable, nor would it help solve any of the issues raised in the above "Why Regulate?" section.

- ***Should there be a limit on how many units we allow as vacation rentals?***

Staff isn't quite sure what Council meant by this: Should there be a limit on the total number of units allowed in Whatcom County?, or Should there be a limit on how many STRs one person (or company) can have in Whatcom County?

If the former, would create an inequitable system. Those [however many] first to apply for STR licenses would be granted a license to that would not be available to others. Like taxi medallions in NYC, or cannabis licenses here in Washington, if there are only so many allowed then those that applied quickly would reap a windfall, while those who come after would be out of luck. There would be reduced competition, and prices would reflect that.

If the latter, well, this would be hard to administer, as staff would have no way to verify how many are owned by one person or company (see response to the Equity question, above).

Data Collection

- ***In terms of the number of STRs in Whatcom County, there seems to be a big discrepancy between the data provided in 2014 vs. that provided in 2021-22. Why? And how accurate are the estimates of the number of STRs in the unincorporated area?***

Back in November 2015 staff had informed Council that there appeared to be 414 vacation rental units listed in Whatcom County. This information was obtained using the only two known websites (AirBnB and VRBO), counting the number (and estimating the locations) shown on those websites' maps of available rentals. Using this same method in November 2018, staff counted 164 vacation rental unit listings in Whatcom County. Then in August 2021, in Granicus' presentation of their software capabilities to Council, they identified 1,656 unique rental units in unincorporated Whatcom County.

Why are there such discrepancies? Back in 2015 staff only knew of the two websites through which one could advertise their STR. Now there are over 150. And while one could review those websites' listings and maps, they only show what's available for the dates one enters; it does not include those units that might be available at other times. Furthermore, addresses are not provided until one actually rents the unit, and some of the units may have been listed on both.

Granicus (and we assume other similar vendors) has better methods of obtaining their information. Using artificial intelligence (AI), their software scans the world's 60+ largest STR websites for all listings. It then identifies each listing and extracts as much information as possible to allow their AI models to narrow down the list of possible address/owner matches. They then combine AI and human analysts to identify the exact addresses and owner information for each identifiable STR.

Staff doesn't have access to or intimate knowledge of Granicus' software operating parameters, but their representative has assured us that their software is accurate. We do know that it *has* to be more accurate than our previous method of estimating the number of units.

Harmonizing State & County Regulations

- ***Doesn't the state already regulate STRs? Would our regulations be duplicative or contrary?***

In 2019 the State Legislature adopted STR regulations, codified under Chapter 64.37 RCW (see Exhibit A: Proposed Amendments to WCC Title 20 (Zoning)), and there has been concern by Council that the County's regulations—particularly the registration requirement—would be duplicative.

Chapter 64.37 RCW does a few things:

- It requires that applicable taxes be paid, either by the operator or the platform on which it's advertised.
- It requires that certain health and safety measures are in place, including the presence of carbon monoxide alarms and emergency contact information (though not much else).
- It requires that operators have primary liability insurance of not less than one million dollars.
- And it requires that rental platforms register with the State Department of Revenue and pay taxes.

Note that RCW 64.37.040(2) only requires that short-term rental *platforms* register with the Washington State Department of Revenue. "Platform" refers to the internet service that "provides a means through which an operator may offer a dwelling unit, or portion thereof, for short-term rental use, and from which the person or entity financially benefits." It does not require short-term rental operators to register. This registration system has been set up so as to make sure lodging taxes are being paid. And though Whatcom County does receive a portion of those taxes, Brad Bennett, Finance Director, says he can't determine what portion of the lodging taxes are paid by STR operators vs. hotel/motels.

The Council's proposed regulations, including the registration system for operators, would not be duplicative, and would provide the County with information and means to better enforce performance standards, safety measures, and nuisance complaints.

Complaints/Enforcement

- ***How many complaints and/or enforcement actions have we had for STRs?***

Council has sought information on how many complaints and enforcement cases we have annually received. Unfortunately, neither PDS's Code Enforcement division nor the Sheriff's Department⁵ tracks complaints based on whether a dwelling unit is a STR or not. Thus, that information cannot be provided.

Nonetheless, anecdotally we do know that some complaints have been received over the years—usually about party noise—which are typically dealt with as a "Disorderly House" (WCC Ch. 9.40) by the Sheriff's Dept. Though PDS Code Enforcement did look into some complaints back in 2014-2017, none were cited or otherwise prosecuted as our land use code doesn't address STRs.

Having STR regulations as proposed would provide the County with additional enforcement capabilities (and responsibilities), as proposed WCC 20.80.960(3) (see Exhibit B) would require STR operators to register their rental units with PDS in order to operate, and "The department may revoke registration of a vacation rental unit if the owner has been cited for two or more code violations within a 12-month period." Revoking registration would mean that that operator couldn't operate that STR (20.80.960(3)).

⁵ Substantiated by an email from Sheriff Elfo to CM Galloway dated 5/10/22 and personal communication with Garret Faddis, PDS Code Enforcement lead.

Staff has also recommended to Council that if they do desire a registration system that the County contract with a software vendor to administer such a system. One of the offered modules is a 24/7 hotline for calling in complaints. This system would allow complainants to call one number at any hour of the day to file a complaint. If the STR is registered, the vendor immediately calls and texts the host/emergency contact to seek acknowledgement and resolution. If the STR is not registered, or if an issue cannot be resolved, then the case is forwarded to the appropriate department (PDS and/or Sheriff) for resolution, citation, and/or removal from the register. Cases are tracked through the system so that serial offenders can be de-registered.

Note that PDS has concerns that requiring registration (and any follow up de-registration) would potentially cause a substantial increase in code enforcement cases, potentially causing the need for an addition code enforcement officer (and accompanying budget).

Permitting

- ***What are the permitting requirements and cost for accessory uses vs. conditional uses?***

The proposed regulations would make STRs an accessory use in many of our zoning districts; except, that in the Lake Whatcom Watershed Overlay District as proposed they and B&B establishments would be a conditional use⁶ (see Table 1, above).

As an accessory use, no permits would be required from PDS (unless a building permit is also required, e.g., for building a structure or making improvements for occupancy requirements), and therefore no costs. As a conditional use, a Conditional Use Permit (CUP) would be required. CUP's typically take about 3 months to process as, at a minimum, fire, health, planning, and engineering review; public noticing; and a public hearing before the Hearing Examiner is required. A CUP for an existing house to be used as an STR would cost approximately \$4,300.

Tracking

- ***What are the options for tracking STRs?***

As staff sees it, there are two options for tracking STRs:

The first option is what Council originally proposed and is reflected in the draft regulations (Exhibit A), that being a registration requirement. The draft regulations would require "each vacation rental unit to be registered by the owner in the County's Vacation Rental Registry, maintained by Planning and Development Services. Registration must be reapplied for annually, by the date of the owner's first registration. A registration fee may be collected by the department, as specified in the County's Unified Fee Schedule. The department may revoke registration of a vacation rental unit if the owner has been cited for two or more code violations within a 12-month period. The department shall issue a registration number for each vacation rental unit and the owner shall include the registration number in all advertising for the unit. The registration shall apply to the owner and not run with the land.

Information provided at the time of registration shall include, at a minimum:

- (a) Name and telephone number of the owner or an authorized agent who is available on a 24-hour basis to resolve problems associated with the unit,
- (b) Copies of the signage required to be posted by subsection (8),

⁶ Council was originally considering requiring a CUP for STRs in the Whatcom Watershed Overlay District primarily due to environmental concerns (more people using the lake, overuse of septic systems, etc.). However, several current Council members have recently expressed the opinion that all STRs should be an accessory use regardless of their location.

- (c) A checklist of safety features required by the Building Official and Fire Marshal that the owner certifies are present in the unit,
- (d) A statement that by signing the registration/permit application the owner or agent authorizes the County to inspect the property, and agrees to engage in dispute resolution and act in good faith to resolve disputes with neighbors arising from the use of a dwelling as a vacation rental.
- (e) A copy of the current State of Washington business license, including the Unified Business Identifier (UBI) number.”

The second option would be to require a business license. Business licenses could essentially be used in lieu of, but have the same requirements and penalties as, the above registration system. Staff understands that Whatcom County currently does not require nor issue business licenses for any businesses, and that instituting a business license in Whatcom County would require a bigger discussion and process. But we raise this because the Planning Commission has suggested doing so for other recent issues, such as cannabis production, processing, and sales. Requiring business licenses is a very common way for jurisdictions to gather information, ensure proper taxation, and enforce operational regulations.

- ***Can't the County just get the registration list from the Department of Revenue so as not to duplicate that effort?***

As explained under “Harmonizing State & County Regulations,” the state does require STR *platforms* to register with the State Department of Revenue, but it does not require STR *operators* to register their individual rental units, only *platforms*. The platform register could be obtained, but it wouldn't be helpful in achieving what our registration system is intended to do (i.e., better enforce safety measures and nuisance complaints).

Registration Fees

- ***Could we exempt registration fees for a first short-term rental and/or offer a sliding pay scale so that people who own more rentals pay more and those who own fewer pay less?***

Council sets fees annually through the adoption of the Unified Fee Schedule. Given that the STR rules have not been adopted, there currently is no fee for STR registration. Were Council to adopt such regulations, staff has suggested that the ordinance effect the regulations several months out so that we could work with the Finance Department to provide you with options.

Granicus provided you with one option in their presentation. The annual cost for their four modules PDS recommended⁷ would be about \$110,600. They suggested that we set our annual registration fee at two times the mean nightly rate⁸ that operators charge, or about \$400. If all known STR's were registered and paid, this would generate an annual revenue of about \$662,400, netting the County a little over a half a million dollars annually.

But these fees could be set at whatever Council deems appropriate, and include a sliding scale if that's what Council wants. But as mentioned, PDS would want to work with Finance on developing the final system based on Council's direction.

- ***Could we use excess revenue from registration fees for affordable housing and/or tourism efforts?***

The short answer to this question is yes, the fee structure could be developed however the Council wants. Given that Council sets the budget, any excess revenue from registration fees could go into the

⁷ Address Identification, Compliance Monitoring, Permitting & Registration, and the 24/7 Hotline

⁸ Was \$207 in August 2021

general fund or be earmarked for a particular purpose. We just need direction from Council, then work with Finance to develop the details.

Consumer Protection

- ***Rental safety and renter protection***

There wasn't a question attached to this, but we assume Council wants to know whether the proposed regulations would help with rental safety and renter protection.

As mentioned above, the state regulations require that certain health and safety measures are in place, including the presence of carbon monoxide alarms and emergency contact information. And it requires that operators have primary liability insurance of not less than one million dollars.

Council's proposed regulations go a bit farther. Proposed WCC 20.80.960 would:

- Require that the owner certifies that a checklist of safety features required by the Building Official and Fire Marshal are present in the unit;
- Allows PDS (Building & Fire) to do safety inspections;
- Limits the number of people that can occupy the unit (based on number of bedrooms); and
- Requires that rules of conduct and contact information for the owner/agent be posted in the unit.

Staff has reviewed other jurisdictions' STR regulations and we haven't found any other requirements to recommend for Whatcom County.

Other Suggestions

As Council is aware, staff has been working with Granicus and other vendors interested in the County contracting them to provide certain STR services. In marketing to us, Granicus has provided more accurate data than staff was able to obtain, but they have also reviewed our proposed code and suggest that we add additional language:

- Requiring operators to abide by emergency orders, including not renting during an emergency (e.g., flood, pandemic, etc.);
- About making sure one's septic system is sized appropriately to accommodate the number of people they plan on renting to;
- Requiring operators to keep a record of taxes, number of nights' stays, etc.
- Requiring operators to provide proof of insurance (standard homeowner's insurance doesn't cover short-term renting)

Staff thinks all these are good ideas, and if Council agrees we can add such language to the proposed amendments.

Options for Council

As mentioned above, Council has remanded this issue back to their Committee of the Whole. Staff suggests that after the Committee reviews and discusses this memo it provides staff with clear direction. Based on Council's discussions, staff sees two main options for Council (underlining shows the differences between 1 and 2):

1. **Adopt Exhibit A as has been discussed (and attached):**
 - allowing STRs allowed as an accessory use in most zones where single-family residential uses are allowed, though as a conditional use in the LWWOD;
 - having performance standards (and potentially adding those listed under Other Suggestions);
 - revising the definitions (so as to be consistent with those in the SMP); and,
 - having the registration requirement.
2. **Minimum to be consistent with approved Shoreline Management Program:** Adopt a modified version of Exhibit A:
 - allowing STRs allowed as an accessory use in most zones where single-family residential uses are allowed (not as conditional use in the LWWOD);
 - having performance standards found in §20.80.960 (and potentially adding those listed under Other Suggestions, above);
 - revising the definitions (so as to be consistent with those in the SMP);
 - but removing the registration requirement (§20.80.960(c)); and,

Staff Recommendation: *At a minimum, staff recommends Option 2 so as to maintain consistency between the zoning code and the Shoreline Management Program Council has approved.*

Additionally, if Council wishes, you can request that PDS and the Planning Commission evaluate the impact of STRs on the supply of affordable housing as part of the 2025 Comprehensive Plan Update and recommend whether additional regulatory measures are warranted.

Depending on what Council chooses to do, staff will revise Exhibit A to meet your intent. If Council provides clear direction and is ready to move forward after this meeting, staff can revise Exhibit A and schedule a public hearing.

Exhibit A: Proposed Amendments to WCC Title 20 (Zoning)

CHAPTER 20.20 URBAN RESIDENTIAL (UR) DISTRICT

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20.20.100 Accessory uses.

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.106 Bed and breakfast establishments, except in the Lake Whatcom Watershed Overlay District, where bed and breakfast establishments are a conditional use, per WCC 20.51.070.

.107 Vacation rental units, per WCC 20.80.960, except in the Lake Whatcom Watershed Overlay District, where vacation rental units are a conditional use, per WCC 20.51.070.

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CHAPTER 20.22 URBAN RESIDENTIAL – MEDIUM DENSITY (URM) DISTRICT

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20.22.100 Accessory uses.

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.107 Vacation rental units, per WCC 20.80.960.

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CHAPTER 20.24 URBAN RESIDENTIAL MIXED (UR-MX) DISTRICT

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20.24.100 Accessory uses.

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.107 Vacation rental units, per WCC 20.80.960.

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CHAPTER 20.32 RESIDENTIAL RURAL (RR) DISTRICT

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20.32.100 Accessory uses.

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.106 Bed and breakfast establishments, except in the Lake Whatcom Watershed Overlay District, where bed and breakfast establishments are a conditional use, per WCC 20.51.070.

.107 Vacation rental units, per WCC 20.80.960, except in the Lake Whatcom Watershed Overlay District, where vacation rental units are a conditional use, per WCC 20.51.070.

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CHAPTER 20.34 RURAL RESIDENTIAL - ISLAND (RR-I) DISTRICT

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20.34.100 Accessory uses.

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.107 Vacation rental units, per WCC 20.80.960.

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CHAPTER 20.35 ELIZA ISLAND (EI) DISTRICT

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20.35.100 Accessory uses.

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.108 Vacation rental units, per WCC 20.80.960.

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CHAPTER 20.36 RURAL (R) DISTRICT

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20.36.100 Accessory uses.

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.109 Bed and breakfast establishments, except in the Lake Whatcom Watershed Overlay District, where bed and breakfast establishments are a conditional use, per WCC 20.51.070.

.110 Vacation rental units, per WCC 20.80.960, except in the Lake Whatcom Watershed Overlay District, where vacation rental units are a conditional use, per WCC 20.51.070.

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CHAPTER 20.37 POINT ROBERTS TRANSITIONAL ZONE (TZ) DISTRICT

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20.37.100 Accessory uses.

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.108 Vacation rental units, per WCC 20.80.960.

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CHAPTER 20.40 AGRICULTURE (AG) DISTRICT

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20.40.100 Accessory uses.

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.114 Vacation rental units, per WCC 20.80.960.

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CHAPTER 20.42 RURAL FORESTRY (RF) DISTRICT

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20.42.150 Conditional uses.

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.160 Vacation rental units, per WCC 20.80.960.

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CHAPTER 20.51 LAKE WHATCOM WATERSHED OVERLAY DISTRICT

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20.51.060 Accessory uses.

All accessory uses in the underlying zone districts are permitted except as expressly prohibited or made conditional, or further conditioned by this chapter.

20.51.070 Conditional uses.

All conditional uses in the underlying zone districts shall remain conditional uses unless expressly prohibited, made conditional, or further conditioned by this chapter. In addition, the following uses shall only be conditionally permitted:

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.074 Bed and Breakfast Establishments and Inns.

.075 Vacation Rental Units, per WCC 20.80.960, with the following additional criteria in the Lake Whatcom Watershed Overlay District:

- (1) In vacation rental units adjacent to the Lake Whatcom shoreline, the owner shall post notice to renters information about prevention of aquatic invasive species.
- (2) The owner of a vacation rental unit using an on-site septic system shall provide to the department a current satisfactory Report of System Status upon registration and shall provide updated reports every three years thereafter for conventional gravity systems or annually for all other systems.

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CHAPTER 20.59 RURAL GENERAL COMMERCIAL (RGC) DISTRICT

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20.59.100 Accessory uses.

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.108 Vacation rental units, per WCC 20.80.960.

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CHAPTER 20.61 SMALL TOWN COMMERCIAL (STC) DISTRICT

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20.61.100 Accessory uses.

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.111 Vacation rental units, per WCC 20.80.960.

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CHAPTER 20.62 GENERAL COMMERCIAL (GC) DISTRICT

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20.62.100 Accessory uses.

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.106 Vacation rental units, per WCC 20.80.960.

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CHAPTER 20.64 RESORT COMMERCIAL (RC) DISTRICT

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20.64.100 Accessory uses.

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.113 Vacation rental units, per WCC 20.80.960.

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CHAPTER 20.80 SUPPLEMENTARY REQUIREMENTS

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20.80.580 Parking space requirements.

For the purpose of this ordinance, the following parking space requirements shall apply (See also WCC [20.97.140](#)):

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(7.1) Bed and Breakfast Establishments and Inns: 1 for each rented sleeping unit in addition to the parking spaces required for the single-family dwelling.

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20.80.960 Vacation Rental Units

Vacation rental units are subject to all of the following standards:

- (1) Vacation rental units in the Lake Whatcom Watershed Overlay Zone are subject to a conditional use permit per WCC 20.51.070 and WCC 20.84. A conditional use permit may set standards that are more restrictive than the standards in this section.
- (2) There shall be no more than one vacation rental unit per lot.
- (3) **To operate, each vacation rental unit must be currently registered by the owner in the County's Vacation Rental Registry, maintained by Planning and Development Services. Registration must be reapplied for annually, by the date of the owner's first registration. A registration fee may be collected by the department, as specified in the County's Unified Fee Schedule.** The department may revoke registration of a vacation rental unit if **the owner has been** cited for two or more code violations within a 12-month period. The department shall issue a registration number for each vacation rental unit and the owner shall include the registration number in all advertising for the unit. The registration shall apply to the owner and not run with the land. Information provided at the time of registration shall include, at a minimum:
 - (a) Name and telephone number of the owner or an authorized agent who is available on a 24-hour basis to resolve problems associated with the unit,
 - (b) **Copies of the signage required to be posted by subsection (8),**
 - (c) A checklist of safety features required by the Building Official and Fire Marshal that the owner certifies are present in the unit,
 - (d) A statement that by signing the registration/permit application the owner or agent authorizes **the County** to inspect the property, and agrees to engage in dispute resolution and act in good faith to resolve disputes with neighbors arising from the use of a dwelling as a vacation rental.
 - (e) A copy of the current State of Washington business license, including the Unified Business Identifier (UBI) number.
- (4) The maximum number of persons permitted to stay in a vacation rental unit shall not exceed two per the number of legally permitted bedrooms being rented, plus two additional persons.

The owner shall not advertise occupancy higher than the maximum number permitted by this subsection or by a conditional use permit, whichever is the lesser.

- (5) Other than the contact information required to be posted by subsection (8)c, there shall be no outdoor signage or any other visible feature that would distinguish the unit from surrounding residential units.
- (6) The vacation rental shall be operated in a way that will prevent unreasonable disturbances to nearby residents, per WCC Chapter 9.40.
- (7) Off-street parking shall be provided per WCC 20.80.580(50).
- (8) The owner of the vacation rental unit shall post notices to renters in prominent places, to include:
 - a. The maximum number of guests, as calculated in subsection (4)
 - b. Guest rules of conduct and their responsibility not to trespass on private property or create disturbances.
 - c. The name and telephone number of the owner or authorized agent who is available on a 24-hour basis to resolve problems associated with the unit (to be posted both inside, for the guests, and outside, near the primary entrance).
 - d. A copy of the current State of Washington business license, including the Unified Business Identifier (UBI) number.

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CHAPTER 20.97 DEFINITIONS

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20.97.027 Bed and breakfast establishment.

“Bed and breakfast establishment” means a privately-owned dwelling that is the primary residence(s) of the owners and in which, for compensation, one to two rooms are used as sleeping units to house or lodge individuals or families for periods of less than ~~one month~~ 30 days as transient visitors with or without limited food service. The use of the dwelling unit for the bed and breakfast shall be clearly incidental and subordinate to its use for residential purposes and the purpose of the applicable zoning district. At least one owner shall be present overnight when a guest room is rented.

20.97.028 Bed and breakfast inn.

“Bed and breakfast inn” means a privately-owned dwelling that is the primary residence(s) of the owners in which, for compensation, three to five rooms are used as sleeping units to house or lodge individuals or families for periods of less than ~~one month~~ 30 days as transient visitors with or without limited food service. The use of the dwelling unit for the bed and breakfast shall be clearly incidental and subordinate to its use for residential purposes and the purpose of the applicable zoning district. At least one owner shall be present overnight when a guest room is rented.

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20.97.445.1 Vacation Rental Unit.

“Vacation Rental Unit” means a single-family dwelling unit, detached accessory dwelling unit, or accessory apartment that, for compensation, is rented as a single unit used to lodge individuals or families for a period of less than 30 days and where the owner is not present in the rented unit during the rental period. Individual sleeping rooms shall not be rented individually.

Exhibit B: Chapter 64.37 RCW Short-Term Rentals

RCW [64.37.010](#) Definitions.

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

- (1) "Contact" means the operator or the operator's representative who is the point of contact for any short-term rental guest for the duration of the guest's stay in the short-term rental.
- (2) "Department" means the department of revenue.
- (3) "Dwelling unit" means a residential dwelling of any type, including a single-family residence, apartment, condominium, cooperative unit, or room, in which a person may obtain living accommodations for less than thirty days, but not including duly licensed bed and breakfast, inn, hotel, motel, or timeshare property.
- (4) "Fee" means remuneration or anything of economic value that is provided, promised, or donated primarily in exchange for services rendered.
- (5) "Guest" means any person or persons renting a short-term rental unit.
- (6) "Operator" or "short-term rental operator" means any person who receives payment for owning or operating a dwelling unit, or portion thereof, as a short-term rental unit.
- (7) "Owner" means any person who, alone or with others, has title or interest in any building, property, dwelling unit, or portion thereof, with or without accompanying actual possession thereof, and including any person who as agent, executor, administrator, trustee, or guardian of an estate has charge, care, or control of any building, dwelling unit, or portion thereof. A person whose sole interest in any building, dwelling unit, or portion thereof is solely that of a lessee under a lease agreement is not considered an owner.
- (8) "Person" has the same meaning as provided in RCW [82.04.030](#).
- (9) (a) "Short-term rental" means a lodging use, that is not a hotel or motel or bed and breakfast, in which a dwelling unit, or portion thereof, that is offered or provided to a guest by a short-term rental operator for a fee for fewer than thirty consecutive nights.
(b) "Short-term rental" does not include any of the following:
 - i. A dwelling unit that is occupied by the owner for at least six months during the calendar year and in which fewer than three rooms are rented at any time;
 - ii. A dwelling unit, or portion thereof, that is used by the same person for thirty or more consecutive nights; or
 - iii. A dwelling unit, or portion thereof, that is operated by an organization or government entity that is registered as a charitable organization with the secretary of state, state of Washington, or is classified by the federal internal revenue service as a public charity or a private foundation, and provides temporary housing to individuals who are being treated for trauma, injury, or disease, or their family members.
- (10) "Short-term rental advertisement" means any method of soliciting use of a dwelling unit for short-term rental purposes.
- (11) "Short-term rental platform" or "platform" means a person that provides a means through which an operator may offer a dwelling unit, or portion thereof, for short-term rental use, and from which the

person or entity financially benefits. Merely publishing a short-term rental advertisement for accommodations does not make the publisher a short-term rental platform.

RCW [64.37.020](#) Taxes.

Short-term rental operators must remit all applicable local, state, and federal taxes unless the platform does this on the operator's behalf. This includes occupancy, sales, lodging, and other taxes, fees, and assessments to which an owner or operator of a hotel or bed and breakfast is subject in the jurisdiction in which the short-term rental is located. If the short-term rental platform collects and remits an occupancy, sales, lodging, and other tax, fee, or assessment to which a short-term rental operator is subject on behalf of such operator, the platform must collect and remit such tax to the appropriate authorities.

RCW [64.37.030](#) Consumer safety.

- (1) All short-term rental operators who offer dwelling units, or portions thereof, for short-term rental use in the state of Washington must:
 - (a) Provide contact information to all short-term rental guests during a guest's stay. The contact must be available to respond to inquiries at the short-term rental during the length of stay;
 - (b) Provide that their short-term rental is in compliance with RCW [19.27.530](#) and any rules adopted by the state building code council regarding the installation of carbon monoxide alarms; and
 - (c) Post the following information in a conspicuous place within each dwelling unit used as a short-term rental:
 - (i) The short-term rental street address;
 - (ii) The emergency contact information for summoning police, fire, or emergency medical services;
 - (iii) The floor plan indicating fire exits and escape routes;
 - (iv) The maximum occupancy limits; and
 - (v) The contact information for the operator or designated contact.
- (2) Short-term rental platforms must provide short-term rental operators with a summary of the consumer safety requirements in subsection (1) of this section.
- (3) For a first violation of this section, the city or county attorney must issue a warning letter to the owner or operator. An owner that violates this section after receiving a warning letter is guilty of a class 2 civil infraction

RCW [64.37.040](#) Short-term rental platforms.

- (1) No short-term rental platform may engage in the business in the state of Washington unless the short-term rental platform is in compliance with the requirements of this chapter.
- (2) A short-term rental platform must register with the department.
- (3) Short-term rental platforms must inform all operators who use the platform of the operator's responsibilities to collect and remit all applicable local, state, and federal taxes unless the platform does this on the operator's behalf.
- (4) Short-term rental platforms must inform all operators who use the platform of short-term rental safety requirements required in this chapter.

- (5) Short-term rental platforms must provide all operators who use the platform with written notice, delivered by mail or electronically, that the operator's personal insurance policy that covers their dwelling unit might not provide liability protection, defense costs, or first party coverage when their property is used for short-term rental stays under chapter [7.80](#) RCW.

[RCW 64.37.050 Liability insurance.](#)

A short-term rental operator must maintain primary liability insurance to cover the short-term rental dwelling unit in the aggregate of not less than one million dollars or conduct each short-term rental transaction through a platform that provides equal or greater primary liability insurance coverage. Nothing in this section prevents an operator or a platform from seeking contributions from any other insurer also providing primary liability insurance coverage for the short-term rental transaction to the extent of that insurer's primary liability coverage limits.