

November 20, 2017

## MEMORANDUM

**To:** Planning, Land Use and Zoning Committee  
**From:** Aly Pennucci, Central Staff Legislative Analyst  
**Subject:** Short-term Rental Regulations

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On Monday, November 27, 2017, the Planning, Land Use and Zoning Committee (PLUZ) will hold a public hearing on Council Bill (CB) 119082 and discuss the proposed legislation that would establish a regulatory framework for short-term rental activity in the City of Seattle. This memo: (1) describes the CBs; (2) describes potential amendments and includes specific amendatory language for the Council's consideration; and (3) provides background discussion on the proposed regulations.

[CB 119081](#) would:

- Define and establishes a regulatory licensing framework for short-term rental platforms and operators, and bed and breakfast operators who utilize short-term rental platforms;
- Establish a cap on the number of dwelling units a person can operate as a short-term rental to two dwelling units;
- Exempt from the cap units lawfully operated as a short-term rental prior to September 30, 2017, within the Downtown, Uptown or South Lake Union Urban Centers, and units in certain building types in the First Hill/Capitol Hill Urban Center; and
- Require that all short-term rental operators, bed and breakfast operators who use short-term rental platforms, and platform companies, have a Title 6 Regulatory License.

[CB 119082](#) would:

- Add a definition and standards for short-term rental uses in the Land Use Code;
- Modify the definition and standards for bed and breakfast uses;
- Add other definitions related to the new short-term rental and bed and breakfast standards.
- Apply the City's Rental Registration and Inspection Ordinance program to short-term rentals.

### POTENTIAL AMENDMENTS

Proposed amendments to CB 119081 fall into the following categories: (1) technical and clarifying amendments; (2) amendments that would loosen or further limit the number of dwelling units a person can operate as a short-term rental; (3) modifications to the proposed license fees; and (4) reporting on implementation. See Attachment 1 – Table 1, for more details. Proposed amendments to CB 119082 are primarily clarifying amendments. See Attachment 1 – Table 2, for more details.

### BACKGROUND

In June of 2016, the Affordable Housing, Neighborhoods and Finance (AHNF) Committee began discussions on regulating short-term rental activity. The original proposal focused on limiting the number of nights a dwelling unit can be provided as a short-term rental, if it is not the operator's primary residence. After additional discussion with stakeholders, and staff analysis that highlighted the challenges the City would face in enforcing those provisions, the proposal was revised. Instead of limiting the number of nights a non-primary dwelling unit could be used as a short-term rental, the

revised proposal limits the number of units a person can operate as a short-term rental. The primary goal of both the original and revised proposal is to balance the economic opportunity created by short-term rentals with the need to maintain supply of long-term rental housing stock at all price ranges.

This proposal is expected to allow the majority of housing units currently offered for short-term rental use to continue operation while limiting the number of housing units that may be removed from the long-term housing market. The proposal recognizes that there are some benefits short-term rentals provide to people who operate them as well as their visitors. Operators of short-term rentals have stated that their short-term rental business allows them to afford the cost of living in the City and to pay various expenses. In addition, it can be less expensive to stay in a short-term rental than a hotel; and short-term rentals often provide more room and access to a kitchen, making this type of vacation accommodation more affordable for families or larger groups.

However, housing units that are removed from the long-term housing market to be used solely for short-term use results in a reduction of the supply of residential units available for the City's permanent residents. The City of Seattle expects 120,000 new residents and 70,000 new housing units by 2035. Further, the City's Housing Affordability and Livability Agenda has a goal of 50,000 new housing units, including preservation and production of 20,000 affordable units, over the next 10 years. When units intended for the long-term housing market are lost or replaced as short-term rentals, this reduces the supply of units available for long-term tenants or ownership opportunities and undercuts the City's housing goals and plans for growth. When there isn't enough supply, demand from higher income households is directed to the next tier of available units, which may result in driving up rents and reducing housing options for those with lower incomes. This proposal seeks to balance the benefit of allowing owners to capture some income from short-term rentals while preserving the bulk of longer-term rentals to provide housing for permanent residents.

**Attachments:**

1. Tables 1 and 2: Potential Amendments to CB 119081 and CB 119082
2. Amendment 1 to CB 119081: Technical corrections
3. Amendment 2 to CB 119081: Recital
4. Amendment 3 to CB 119081: Expand exemption
5. Amendment 4 to CB 119081: Further restrict STR use for future operators
6. Amendment 5 to CB 119081: Reduce area subject to the exemption
7. Maps illustrating exempt areas as proposed and impact of amendments 3, 4 and 5
8. Amendment 6 to CB 119081: Add a license fee for STR platform companies
9. Amendment 7 to CB 119081: Status update on implementation
10. Amendment 1 to CB 119082: Modify language about the type of use
11. Amendment 2 to CB 119082: RRIO applicability

cc: Kirstan Arestad, Central Staff Director  
Ketil Freeman, Supervising Analyst

**Attachment 1 – Potential Amendments to CB 119081 and 119082**

<b>Table 1 - Potential Amendments to CB 119081</b>		
<b>Category</b>	<b>Potential Amendment</b>	<b>Sponsor</b>
<b>A. Technical and Clarifying Amendments to CB 119081</b>	1. Technical corrections and language that needed clarification. This includes extending the effective date to January 1, 2019. (See Attachment 2 for specific amendment language)	CM Johnson
	2. Add a recital noting the potential disproportionate impact to people of color and low-income residents when long-term housing units are converted to short-term rentals. (See Attachment 3 for specific amendment language)	CM O’Brien
<b>B. Loosen or further limit the number of short-term rentals a person can operate</b> As proposed, an operator could obtain a license to operate up to two dwelling units as short-term rentals, with some exceptions in certain urban villages.  <i>Note: amendment options 3 and 4 conflict; only one could be adopted. In addition, amendments 3 and 5 conflict; only one could be adopted.</i>	3. Expand the exemption on the number of dwelling units a short-term rental operator can operate to include all existing operators. As proposed, CB 119081 would exempt units being operated as a short-term rental prior to September 30, 2017, that are located within the Downtown, Uptown, or South Lake Union Urban Centers, and units in certain building types in the First Hill/Capitol Hill Urban Center. This amendment would expand the exemption to apply uniformly to all existing operators. (see Attachment 4 for specific amendment language and Attachment 7 for a map illustrating where the exemption applies)	CM Johnson
	4. Modify the proposed limit on the number of dwelling units a short-term rental operator can operate as follows: <ul style="list-style-type: none"> <li>Operators who lawfully operated two or more dwelling units as short-term rentals prior to September 30, 2017, could obtain a license to continue to operate up to two dwelling units as short-term rentals.</li> <li>All other operators not operating units prior to September 30, 2017 as a short-term rental could obtain a license to operate their primary residence and up to one additional dwelling unit as a short-term rental.</li> </ul> (see Attachment 5 for specific amendment language and Attachment 7 for a map illustrating where the exemption applies)	CM Herbold & CM O’Brien
	5. Reduce the area that would be exempt from the proposed limit on the number of dwelling units a short-term rental operator can operate. As proposed, CB 119081 would exempt units being operated as a short-term rental prior to September 30, 2017, that are located within the Downtown, Uptown, or South Lake Union Urban Centers. This amendment would reduce	CM Bagshaw & CM O’Brien

Category	Potential Amendment	Sponsor
	that area to apply only within the Downtown Urban Center, south of Olive Way and north of Cherry Street (See Attachment 6 for specific amendment language and Attachment 7 for a map illustrating where the exemption applies)	
<p><b>C. Modify proposed license fees</b> As proposed, short-term rental operators would be required to obtain a regulatory license with a \$75 annual fee. Platform companies would also be required to obtain a license but the ordinance as proposed does not impose a license fee for platform companies.</p>	<p>6. Impose a license fee for platform companies. This amendment would introduce a license fee for platform companies that would be based on the total number of nights booked for short-term rental use through the platform. The per night fee would be \$2, calculated and paid on a quarterly basis. The Director would have authority to adjust fees annually to achieve cost recovery. (See Attachment 8 for specific amendment language)</p>	<p>CM O'Brien</p>
<p><b>D. Report on status of implementation</b></p>	<p>7. This amendment would require that the Department of Finance and Administrative Services (FAS) report to the Council on the implementation of the regulatory license requirements for short-term rentals. (See Attachment 9 for specific amendment language)</p>	<p>CM Johnson &amp; CM O'Brien</p>

**Table 2 - Potential Amendments to CB 119082**

Category	Potential Amendment	Sponsor
<p><b>A. Defining the use</b> As proposed, CB 119082 specifies that STR is permitted as an accessory use to any residential use.</p>	<p>1. This amendment clarifies that short-term rentals are not necessarily an accessory use and are prohibited in caretaker’s quarters. (see Attachment 10 for specific amendment language)</p>	<p>CM Johnson</p>
<p><b>B. Rental Registration and Inspection Ordinance - Applicability</b> The RRIO program helps ensure that all rental housing in Seattle is safe and meets basic housing maintenance requirements by requiring that all landlords register rental units, and requires that all registered units be inspected at least once every 10 years. CB 119082 would require that all units used as a short-term rental are registered through the RRIO program.</p>	<p>2. Today, if an owner of a housing unit occupies that unit and rents out a room within the unit (i.e. the owner has a roommate), that unit is exempt from the RRIO program. This amendment would apply the same RRIO exemption to short-term rental operators who offer their primary residence (i.e. their own home) for short-term rental use. Today, if an owner of a housing unit occupies that unit and rents out a room within the unit (i.e. the owner has a roommate), that unit is exempt from the RRIO program. This amendment would apply the same RRIO exemption to short-term rental operators who offer their primary residence (i.e. their own home) for short-term rental use. (see Attachment 11 for specific amendment language)</p>	<p>CM Johnson</p>

**Amendment 1 to CB 119081**  
Sponsor: Councilmember Johnson

This amendment would make technical corrections, clarifies language, and modifies the effective date to be consistent with CB 119083 and gives FAS adequate time to prepare for implementation.

*Note:*

- Language proposed to be added by this amendment is shown with a double underline.
- Language proposed to be deleted by this amendment is shown with a ~~double-strikeout~~.

**6.600.040 License required**

\* \* \*

B. Operators. It is unlawful for any person to operate as a short-term rental operator within the City without a valid short-term rental operator license issued pursuant to this Chapter 6.600. A short-term rental operator license permits an operator to offer or provide a maximum of two dwelling units, or portions thereof, for short-term rental use, except for the following:

3. If the license applicant wishes to continue operating a short-term rental in a location described in subsections 6.600.040.B.1 or 6.600.040.B.2, the applicant must provide the Director with the following evidence of prior short-term rental use:

a. A business license tax certificate issued by the Department of Finance and Administrative Services for the short-term rental use, in effect on prior to September 30, 2017; and

b. Records demonstrating collection and remittance of all applicable local, state and federal taxes within the 12-month period prior to September 30, 2017; and

c. A registry identifying the dates the dwelling unit was used as short-term rental within the 12-month period prior to September 30, 2017.

d. Certification that, if the applicant is a renter, the owner has authorized the tenant’s operation of the dwelling unit as a short-term rental. If requested by the Director, the applicant shall provide documentation demonstrating that the owner has provided that authorization.

\* \* \*

**6.600.060 Short-term rental platforms general provisions**

All platforms operating in Seattle shall comply with the following:

\* \* \*

C. Remove any listings for short-term rentals or bed and breakfast units from the platform upon notification if notified by the Department, ~~that~~ The Director shall develop, by rule, processes and procedures for the removal of any listing.

~~1. The listing is not associated with a valid operator license or bed and breakfast operator license; or~~

~~2. The license number provided to the platform by the operator or bed and breakfast operator for the listing is not valid; or~~

~~3. The Department has revoked the operator license or bed and breakfast operator license.~~

~~4. The platform shall remove the listing within 10 calendar days of the date of the written notification provided by the Department to the platform.~~

\* \* \*

**6.600.070 Short-term rental operator general provisions**

A. All operators who offer dwelling units, or portions thereof, for short-term rental use in Seattle shall comply with the following:

Attachment 2 – Amendment 1 to CB 119081

1. Possess no more than one operator license issued pursuant to this Chapter 6.600.

2. Be a principal or spouse of a principal in no more than one operator license issued pursuant to this Chapter 6.600.

3. Offer or provide no more than the maximum number of dwelling units, or portions thereof, as provided in subsection 6.600.040.B.

~~3~~ 4. Post the Department-issued operator license number for the short-term rental on every listing advertising or offering the dwelling unit, or portion thereof, for use as a short-term rental.

~~4~~ 5. Comply with all standards provided in Section 23.42.060.

~~5~~ 6. Provide local contact information to all short-term rental guests during a guest's stay. The local contact must reside in King County, Washington and be available to respond to inquiries at the short-term rental during the length of the stay.

~~6~~ 7. Comply with the requirements of the Housing and Building Maintenance Code in subsection 22.214.050.M and the Rental Registration and Inspection program.

~~7~~ 8. Comply with RCW 19.27.530 by ensuring that all dwelling units have working smoke detectors and carbon monoxide alarm(s) in every bedroom and on all habitable floors and a properly maintained and charged fire extinguisher.

~~8~~ 9. Post the following information in a conspicuous place within each dwelling unit used as a short-term rental:

a. Emergency contact information for summoning police, fire, or emergency medical services.;

b. Short-term rental street address;



- c. Floor plan indicating fire exits and escape routes;
- d. Information about how a guest can contact The City’s Customer

Service Bureau to report any concerns or complaints;

- e. Maximum occupancy limits; and
- f. Contact information for the operator or the designated local

contact;

9 10. Maintain liability insurance appropriate to cover the short-term rental use in the aggregate of not less than \$1,000,000 or conduct each short-term rental transaction through a platform that provides equal or greater insurance coverage.

~~10~~ 11. Remit all applicable local, state, and federal taxes unless the platform does this on the operator’s behalf.

~~11~~ 12. Upon request by the Director, provide documentation and a signed declaration of compliance attesting to compliance with subsections 6.600.070.A.1 through 6.600.070.A.~~10~~11.

\* \* \*

#### **6.600.090 License fees**

A. Short-term rental platform license fees. The fee for a platform license issued pursuant to this Chapter 6.600 shall be a quarterly fee based on the total number of nights booked for short-term rental use through the platform. Platforms shall pay \$0 per night booked. The per night fees shall be calculated and paid on a quarterly basis. If a platform fails to provide complete information as required by subsection 6.600.060.~~ED~~, the Director may estimate the quarterly per night license fee.

\* \* \*

Attachment 2 – Amendment 1 to CB 119081

Section 3. Section 1 of this ordinance shall take effect and be in force on ~~September 30,~~  
~~2018~~ January 1, 2019, to ensure there is adequate time for rule-making and any adjustments in  
business practices.

**Amendment 2 to CB 119081**  
Sponsor: Councilmember O'Brien

This amendment would add a recital noting that people of color and low-income residents may be disproportionately impacted by removal of long-term rentals from the housing stock.

*Note:*

- Language proposed to be added by this amendment is shown with a double underline.
- Language proposed to be deleted by this amendment is shown with a ~~double-strikeout~~.

AN ORDINANCE relating to the regulation of short-term rental businesses; adding a new Chapter 6.600, Short-Term Rentals, to the Seattle Municipal Code.

..body

WHEREAS, housing vacancy rates are at low levels, making it increasingly difficult for people to locate permanent housing; and

WHEREAS, removal of residential units from the long-term housing market contributes to low vacancy rates; and

WHEREAS, the conversion of long-term housing units to short-term rentals could result in the loss of housing for Seattle residents; and

WHEREAS, the conversion of long-term housing units to short-term rentals could disproportionately impact people of color and low-income residents; and

WHEREAS, limiting operation of short-term rental properties to property owners will reduce opportunities to convert long-term housing units to short-term rentals; and

WHEREAS, it is in the public interest that short-term rental uses be regulated in order to conserve limited housing resources; and

**Amendment 3 to CB 119081**  
Sponsor: Councilmember Johnson

This amendment would extend the exemption to the proposed limit on the number of dwelling units a short-term rental operator can operate to all existing operators. As proposed, an operator could obtain a license to operate up to two dwelling units as short-term rentals. Units that a short-term rental operator operated prior to September 30, 2017, within the Downtown, Uptown or South Lake Union Urban Centers, and units in certain building types in the First Hill/Capitol Hill Urban Center, would be exempt from this limit. This amendment would apply the exemption uniformly to all existing operators.

*Note:*

- Language proposed to be added by this amendment is shown with a double underline.
- Language proposed to be deleted by this amendment is shown with a ~~double-strikeout~~.

**6.600.040 License required**

A. Platforms. It is unlawful for any person to operate as a platform within Seattle without a valid platform license issued pursuant to this Chapter 6.600.

B. Operators. It is unlawful for any person to operate as a short-term rental operator within the City without a valid short-term rental operator license issued pursuant to this Chapter 6.600. A short-term rental operator license permits an operator to offer or provide a maximum of two dwelling units, or portions thereof, for short-term rental use, except for the following:

1. An operator who offered or provided a short-term rental ~~in the Downtown Urban Center, Uptown Urban Center, or the South Lake Union Urban Center, as established in the Seattle Comprehensive Plan (2016),~~ prior to September 30, 2017, may obtain a short-term rental operator license allowing them to continue to operate those units and to offer or provide up to two additional dwelling units for short-term rental use, subject to the requirements of subsection ~~6.600.040.B.3~~ 6.600.040.B.2.

2. ~~An operator who offered or provided a short-term rental in any dwelling units within a multifamily building constructed after 2012 that contains no more than five dwelling units established by permit under Title 23 and is located in the First Hill/Capitol Hill~~

Attachment 4 – Amendment 3 to CB 119081

~~Urban Center, as established in the Seattle Comprehensive Plan, prior to September 30, 2017, may obtain a short-term rental operator license allowing them to continue to operate those units and to offer or provide up to two additional dwelling units for short-term rental use, subject to the requirements of subsection 6.600.040.B.3.~~

~~3.~~ If the license applicant wishes to continue operating a short-term rental in ~~a location~~ described in subsections 6.600.040.B.1 ~~or 6.600.040.B.2~~, the applicant must provide the Director with the following evidence of prior short-term rental use:

- a. A business license tax certificate issued by the Department of Finance and Administrative Services for the short-term rental use, in effect on prior to September 30, 2017; and
- b. Records demonstrating collection and remittance of all applicable local, state and federal taxes within the 12-month period prior to September 30, 2017; and
- c. A registry identifying the dates the dwelling unit was used as short-term rental within the 12-month period prior to September 30, 2017.

\* \* \*

## Attachment 5 – Amendment 4 to CB 119081

### Amendment 4 to CB 119081

Sponsors: Councilmember Herbold and Councilmember O'Brien

As proposed, an operator could obtain a license to operate up to two dwelling units as short-term rentals. Units that a short-term rental operator offers today within the Downtown, Uptown or South Lake Union Urban Centers, and units in certain building types in the First Hill/Capitol Hill Urban Center, would be exempt from this limit. This amendment would modify the proposed limit on the number of dwelling units a short-term rental operator can operate as follows:

- Operators who lawfully operated two or more dwelling units as short-term rentals outside of the urban centers listed above, prior to September 30, 2017, could obtain a license to continue to operate up to two dwelling units as short-term rentals;
- All other operators not operating units prior to September 30, 2017 as a short-term rental could obtain a license to operate their primary residence and up to one additional dwelling unit as a short-term rental.

Note:

- Language proposed to be added by this amendment is shown with a double underline.
- Language proposed to be deleted by this amendment is shown with a ~~double-strikeout~~.

### 6.600.030 Definitions

\* \* \*

"Person" means any individual, firm, corporation, association, governmental entity, or partnership and its agents or assigns.

"Primary residence" means a person's usual place of return for housing as documented by motor vehicle registration, driver's license, voter registration, or other such evidence as determined by Director's rule. A person may have only one primary residence.

"Principal" means a principal or governing member of any business entity, including but not limited to: LLC member/manager, president, vice president, secretary, treasurer, CEO, director, stockholder, partner, general partner, or limited partner.

\* \* \*

"Short-term rental operator" or "operator" means any person who is the owner of a dwelling unit established under Title 23, or portion thereof, who offers or provides that dwelling

unit, or portion thereof, for short-term rental use or a person who is the tenant of a dwelling unit, or portion thereof, who offered or provided a short term rental as set forth in subsection 6.600.040.B.~~2~~.

\* \* \*

### **6.600.040 License required**

A. Platforms. It is unlawful for any person to operate as a platform within Seattle without a valid platform license issued pursuant to this Chapter 6.600.

B. Operators. It is unlawful for any person to operate as a short-term rental operator within the City without a valid short-term rental operator license issued pursuant to this Chapter 6.600. A short-term rental operator license permits an operator to offer or provide a maximum of ~~two dwelling units, or portions thereof, for short term rental use, one dwelling unit, or portion thereof, for short term rental use, or a maximum of two dwelling units if one of the units is the operator's primary residence,~~ except for the following:

1. An operator who offered or provided a short-term rental outside of the locations described in subsections 6.600.040.B.2 or 6.600.040.B.3 prior to September 30, 2017, may obtain a short-term rental operator license allowing them to continue to operate up to two dwelling units for short-term rental use, subject to the requirements of subsection 6.600.040.B.4.

2. An operator who offered or provided a short-term rental in the Downtown Urban Center, Uptown Urban Center, or the South Lake Union Urban Center, as established in the Seattle Comprehensive Plan (2016), prior to September 30, 2017, may obtain a short-term rental operator license allowing them to continue to operate those units and to offer or provide up to ~~two~~ one additional dwelling units for short-term rental use, or a maximum of two dwelling

units, if one of the units is the operator’s primary residence, subject to the requirements of subsection ~~6.600.040.B.3~~ 6.600.040.B.4.

3. An operator who offered or provided a short-term rental in any dwelling units within a multifamily building constructed after 2012 that contains no more than five dwelling units established by permit under Title 23 and is located in the First Hill/Capitol Hill Urban Center, as established in the Seattle Comprehensive Plan, prior to September 30, 2017, may obtain a short-term rental operator license allowing them to continue to operate those units and to offer or provide up to ~~two~~ one additional dwelling units for short-term rental use, or a maximum of two dwelling units, if one of the units is the operator’s primary residence, subject to the requirements of subsection ~~6.600.040.B.3~~ 6.600.040.B.4.

3 4. If the license applicant wishes to continue operating a short-term rental in a location described in subsections 6.600.040.B.1, ~~or~~ 6.600.040.B.2, or 6.600.040.B.3, the applicant must provide the Director with the following evidence of prior short-term rental use:

- a. A business license tax certificate issued by the Department of Finance and Administrative Services for the short-term rental use, in effect on prior to September 30, 2017; and
- b. Records demonstrating collection and remittance of all applicable local, state and federal taxes within the 12-month period prior to September 30, 2017; and
- c. A registry identifying the dates the dwelling unit was used as short-term rental within the 12-month period prior to September 30, 2017.

\* \* \*



## Attachment 6 – Amendment 5 to CB 119081

### Amendment 5 to CB 119081

Sponsors: Councilmember Bagshaw and Councilmember O'Brien

This amendment would reduce the area that would be exempt from the proposed limit on the number of dwelling units a short-term rental operator can operate. As proposed, an operator could obtain a license to operate up to two dwelling units as short-term rentals. Units that short-term rental operators offer today within the Downtown, Uptown or South Lake Union Urban Centers would be exempt from this limit. This amendment would reduce that area to apply online within the Downtown Urban Center, south of Olive Way and north of Cherry Street.

Note:

- Language proposed to be added by this amendment is shown with a double underline.
- Language proposed to be deleted by this amendment is shown with a ~~double-strikeout~~.

#### 6.600.040 License required

A. Platforms. It is unlawful for any person to operate as a platform within Seattle without a valid platform license issued pursuant to this Chapter 6.600.

B. Operators. It is unlawful for any person to operate as a short-term rental operator within the City without a valid short-term rental operator license issued pursuant to this Chapter 6.600. A short-term rental operator license permits an operator to offer or provide a maximum of two dwelling units, or portions thereof, for short-term rental use, except for the following:

1. An operator who offered or provided a short-term rental in the Downtown Urban Center, ~~Uptown Urban Center, or the South Lake Union Urban Center~~ south of Olive Way and north of Cherry Street, as established in the Seattle Comprehensive Plan (2016), prior to September 30, 2017, may obtain a short-term rental operator license allowing them to continue to operate those units and to offer or provide up to two additional dwelling units for short-term rental use, subject to the requirements of subsection 6.600.040.B.3.

2. An operator who offered or provided a short-term rental in any dwelling units within a multifamily building constructed after 2012 that contains no more than five dwelling units established by permit under Title 23 and is located in the First Hill/Capitol Hill

Urban Center, as established in the Seattle Comprehensive Plan, prior to September 30, 2017, may obtain a short-term rental operator license allowing them to continue to operate those units and to offer or provide up to two additional dwelling units for short-term rental use, subject to the requirements of subsection 6.600.040.B.3.

3. If the license applicant wishes to continue operating a short-term rental in a location described in subsections 6.600.040.B.1 or 6.600.040.B.2, the applicant must provide the Director with the following evidence of prior short-term rental use:

a. A business license tax certificate issued by the Department of Finance and Administrative Services for the short-term rental use, in effect on prior to September 30, 2017; and

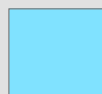
b. Records demonstrating collection and remittance of all applicable local, state and federal taxes within the 12-month period prior to September 30, 2017; and

c. A registry identifying the dates the dwelling unit was used as short-term rental within the 12-month period prior to September 30, 2017.

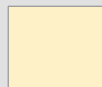
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## **CB 119081 As Introduced**

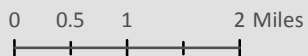
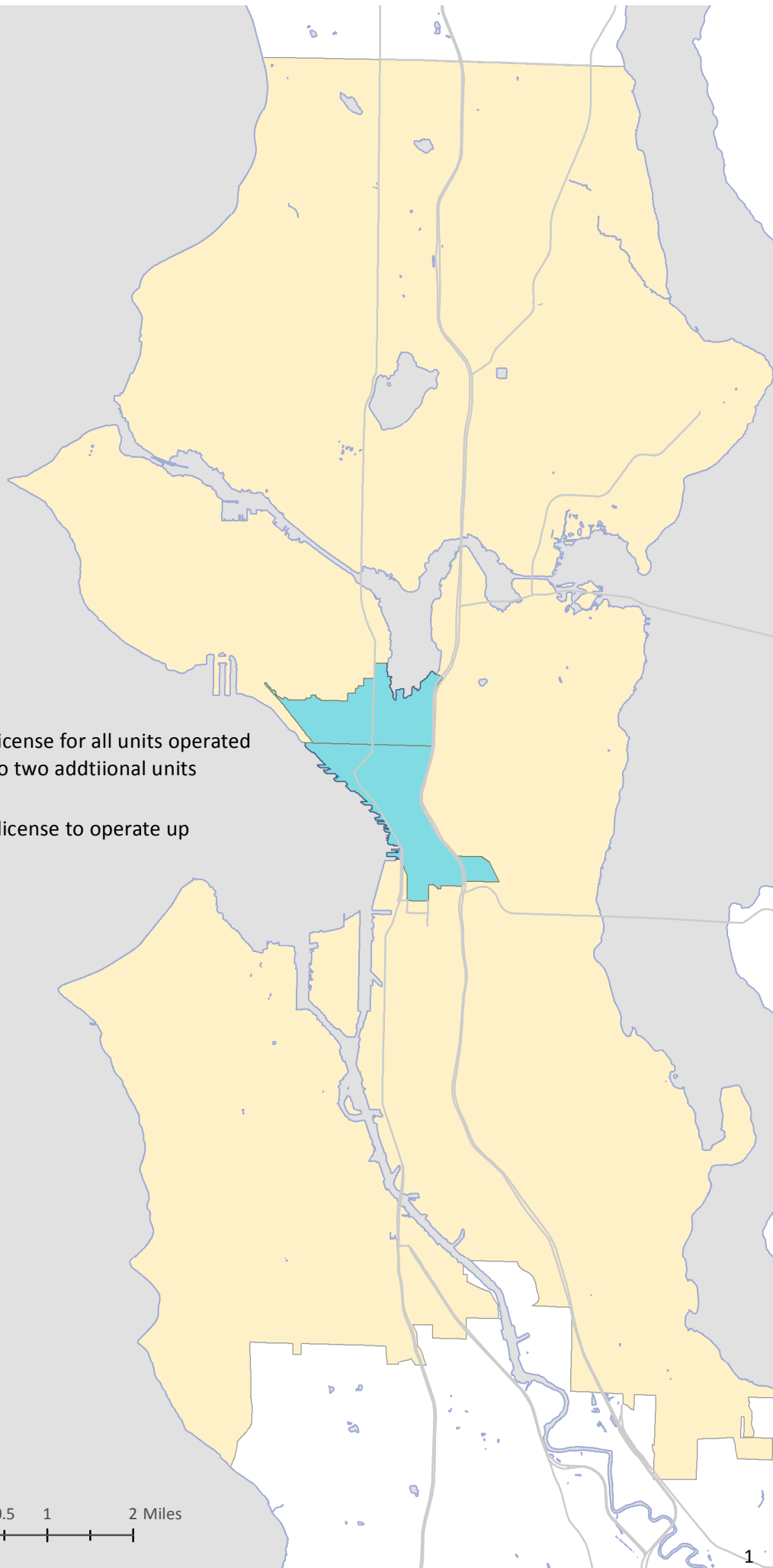
**Limits on the number of units a person could operate as a short-term rental (STR)**



Existing operators could obtain a license for all units operated as a STR prior to 9/30/17 and up to two additional units

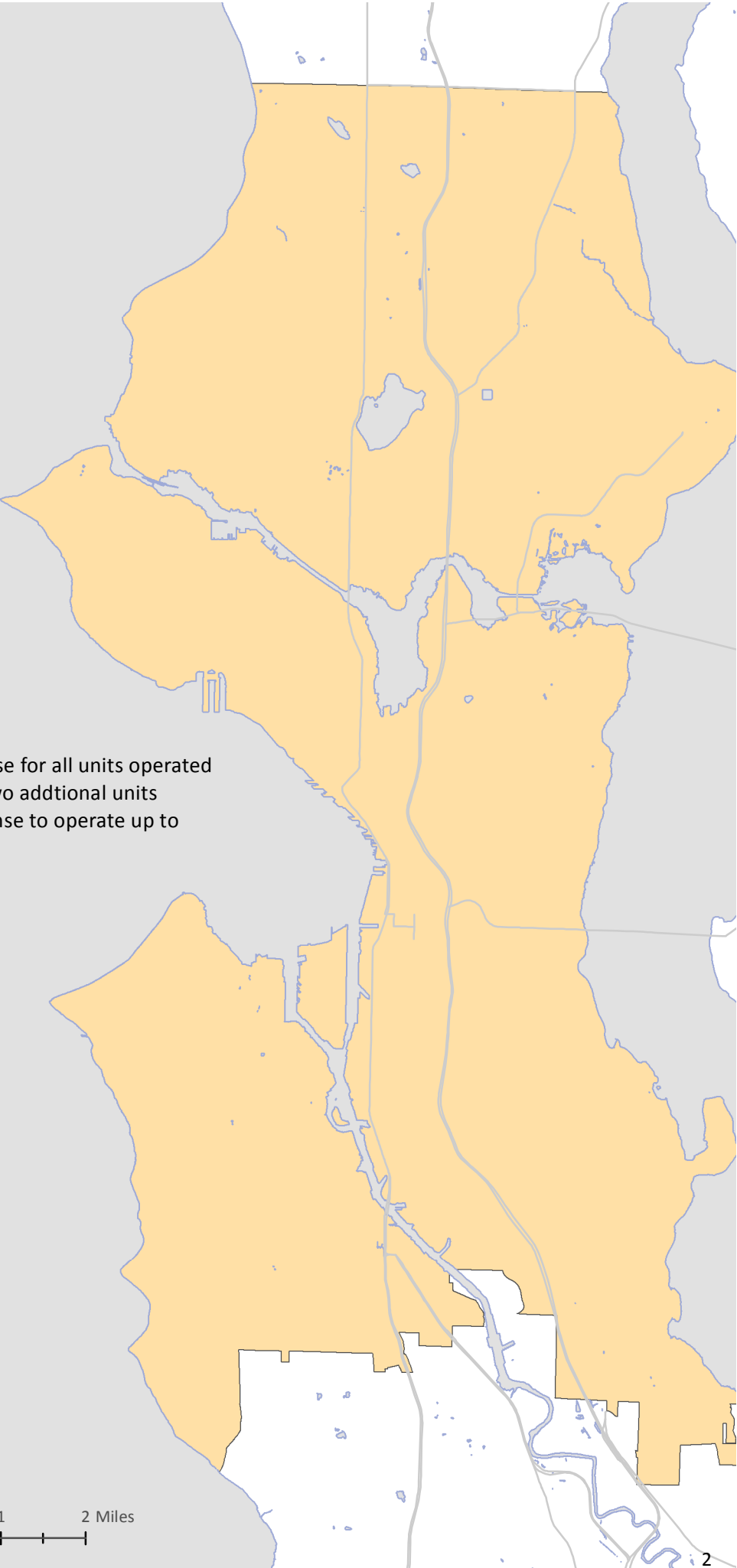


All other operators could obtain a license to operate up to two units as a STR.



## **Amendment 3 to CB 119081**

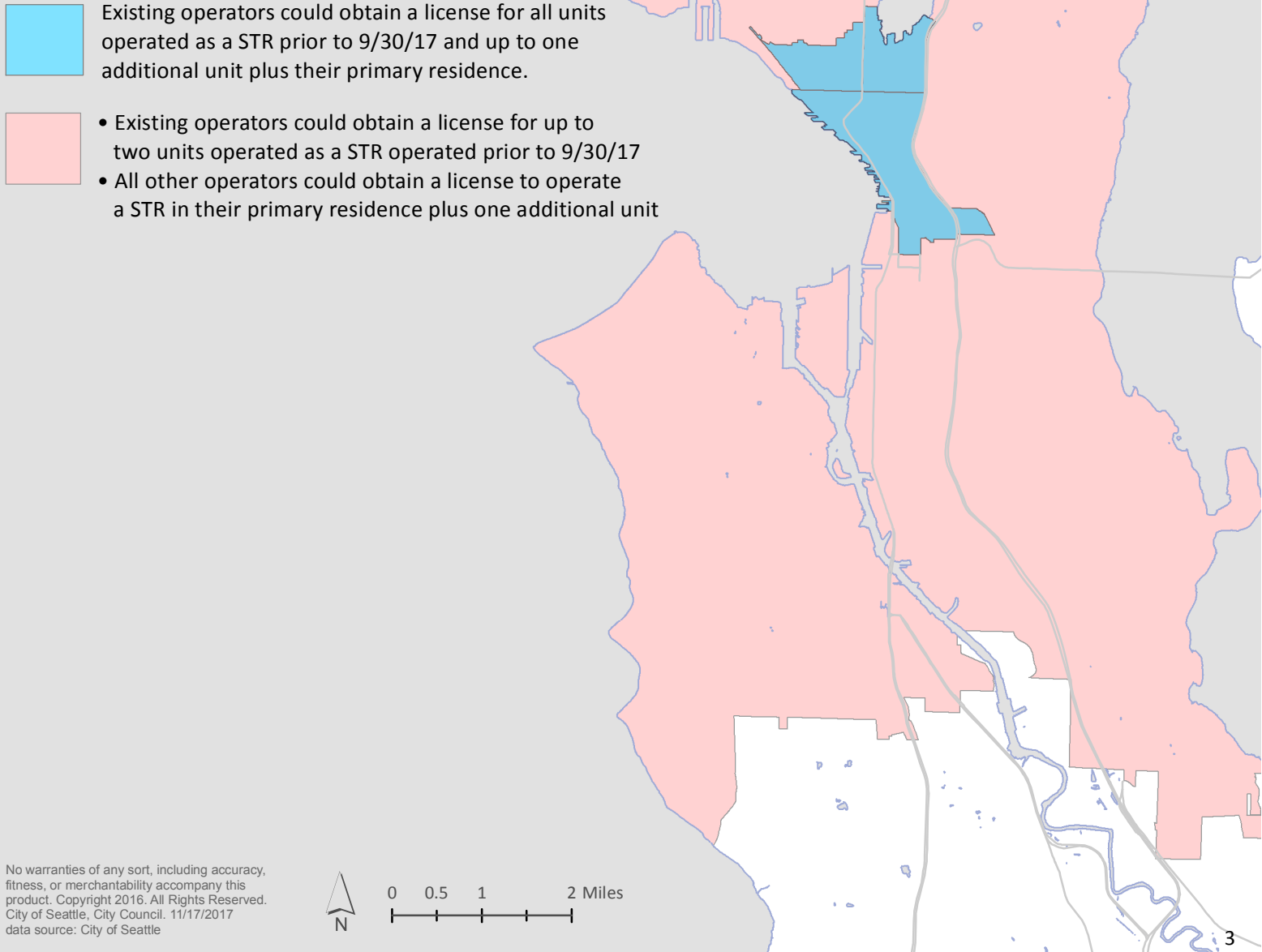
### **Limits on the number of units a person could operate as a short-term rental (STR)**

- 
- Existing operators could obtain a license for all units operated as a STR prior to 9/30/17, and up to two additional units
  - All other operators could obtain a license to operate up to two units as a STR




## **Amendment 4 to CB 119081**


### **Limits on the number of units a person could operate as a short-term rental (STR)**

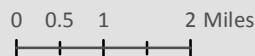
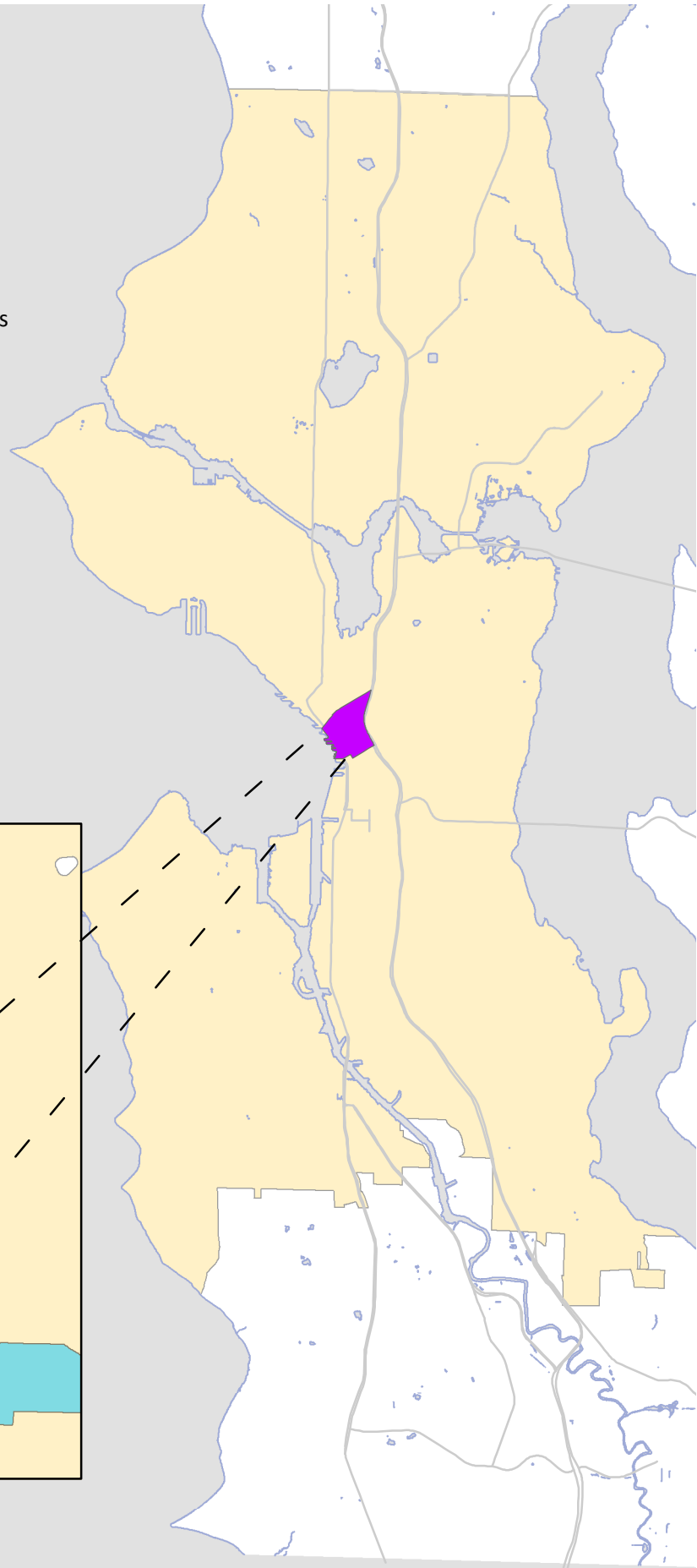
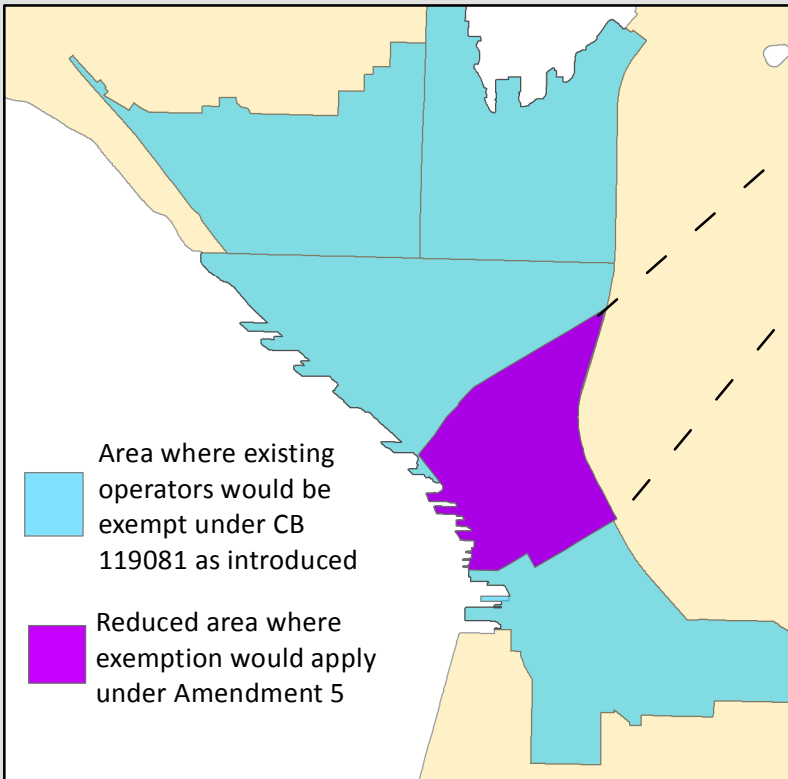


## **Amendment 5 to CB 119081**

### **Limits on the number of units a person could operate as a short-term rental (STR)**

 Existing operators could obtain a license for all units operated as a STR prior to 9/30/17 and up to two additional units

 All other operators could obtain a license to operate up to two units as a STR



**Amendment 6 to CB 119081**  
Sponsor: Councilmember O'Brien

This amendment would introduce a license fee for platform companies based on the total number of nights booked for short-term rental use through the platform. The per night fee would be \$2, calculated and paid on a quarterly basis. The ordinance would allow the Director to adjust fees annually to achieve cost recovery of the Director's administrative, enforcement and other regulatory costs and no more.

*Note:*

- Language proposed to be added by this amendment is shown with a double underline.
- Language proposed to be deleted by this amendment is shown with a ~~double-strikeout~~.

**6.600.090 License fees**

A. Short-term rental platform license fees. The fee for a platform license issued pursuant to this Chapter 6.600 shall be a quarterly fee based on the total number of nights booked for short-term rental use through the platform. Platforms shall pay ~~\$0~~ \$2 per night booked. The per night fees shall be calculated and paid on a quarterly basis. If a platform fails to provide complete information as required by subsection 6.600.060.C, the Director may estimate the quarterly per night license fee.

B. Short-term rental operator license fees. The fee for an operator license issued pursuant to this Chapter 6.600 shall be \$75 per dwelling unit annually, paid at the time the application is submitted to the City.

C. Bed and breakfast operator license fees. The fee for a bed and breakfast operator license issued pursuant to this Chapter 6.600 shall be \$75 per bed and breakfast, paid at the time the application is submitted to the City.

D. The Director may adjust annually any of the licensing fees in subsections 6.600.090.A, 6.600.090.B and 6.600.090.C in the Director's Rules after consideration of the following factors:

Attachment 8 – Amendment 6 to CB 119081

1. The projected costs and annual budget allotted for administrative, enforcement and regulatory costs across the short-term rental industry;
  2. The need for increased enforcement to reduce illegal activity;
  3. The total number of nights booked in City limits across the short-term rental industry; and
  4. The administrative burden of issuing additional platform or operator licenses.
- E. The purpose of any adjustment is to ensure the fees achieve full cost recovery of the Director’s administrative, enforcement and other regulatory costs and no more.
- F. License fees are non-refundable and non-transferrable.



**Amendment 7 to CB 119081**

Sponsors: Councilmember Johnson and Councilmember O'Brien

This amendment would require that the Department of Finance and Administrative Services (FAS) report to the Council on the implementation of the regulatory license requirements and tax for short-term rentals.

*Note:*

- *Language proposed to be added by this amendment is shown with a double underline.*

Section 2. Council requests that the Department of Finance and Administrative Services provide a written status update to Council's Planning, Land Use and Zoning Committee by June 1, 2018, on any progress made implementing the short-term rental regulatory license requirements, and the short-term rental tax enacted by the ordinance introduced as Council Bill 119083. This should include updates on: (1) the resources needed for implementing and administering the regulatory license requirements and the tax (including costs already incurred); (2) the status of developing rules, procedures and processes; and, (3) any new data obtained on the anticipated number of short-term rental operators and the estimated number of nights booked for short-term rental use in Seattle through short-term rental platforms.

[Renumber Sections Below]

**Amendment 1 to CB 119082**  
Sponsor: Councilmember Johnson

This amendment clarifies that short-term rentals are not necessarily an accessory use and are prohibited in caretaker's quarters.

*Note:*

- Language proposed to be added by this amendment is shown with a double underline.
- Language proposed to be deleted by this amendment is shown with a ~~double-strikeout~~.

**23.42.060 Short-term rentals**

Short-term rental uses are subject to the following provisions:

A. Short-term rental uses are permitted (~~(as an accessory use to any residential use)~~) in any structure established as a dwelling unit unless (1) the proposed use is in a dwelling unit established as a caretaker's quarters, or (2) the proposed use is over water or otherwise prohibited by the shoreline regulations contained in Chapter 23.60A.

B. A short-term rental use may be located in a dwelling unit or an accessory dwelling unit.

C. Business license

1. All operators of short-term rental uses shall have a valid business license tax certificate issued by the Department of Finance and Administrative Services.

2. All operators of short-term rental uses shall have a valid short-term rental operator's license issued by the Department of Finance and Administrative Services.

\* \* \*

**Amendment 2 to CB 119082:**  
Sponsor: Councilmember Johnson

Today, if an owner of a housing unit occupies that unit and rents out a room within the unit (i.e. the owner has a roommate), that unit is exempt from the Rental Registration and Inspection Ordinance (RRIO) program. This amendment would apply the same RRIO exemption to short-term rental operators who offer their primary residence (i.e. their own home) for short-term rental use.

*Note:*

- Language proposed to be added by this amendment is shown with a double underline.
- Language proposed to be deleted by this amendment is shown with a ~~double-strikeout~~.
- Language previously proposed to be deleted but retained by this amendment is shown with a dashed underline.
- Language previously proposed to be added but removed by this amendment is shown with a ~~single-strikeout~~.

Section 1. Section 22.214.030 of the Seattle Municipal Code, last amended by Ordinance 124312, is amended as follows:

**22.214.030 Applicability**

A. The registration provisions of this Chapter 22.214 shall apply to all rental housing units with the exception of:

1. Housing units lawfully used as (~~vacation rentals for periods not to exceed three consecutive months and not consecutively used by the same individual or individuals for more than three months in any twelve-month period~~), short-term rentals, if the housing unit is the primary residence of the short-term rental operator as defined in Section 23.84A.030;

2. ~~1.~~ Housing units rented for not more than 12 consecutive months as a result of the property owner, who previously occupied the unit as a primary residence, taking a work-related leave of absence or assignment such as an academic sabbatical or temporary transfer;

3. ~~2.~~ Housing units that are a unit unavailable for rent;

~~4.3.~~ Housing units in hotels, motels, inns, bed and breakfasts, or ~~((#))~~ similar accommodations that provide lodging for transient guests, but not including short-term rentals as defined in Section 23.84A.024 unless the short-term rental qualifies for an exemption under subsection 23.214.030.A.1;

~~5.4.~~ Housing units in facilities licensed or required to be licensed under ~~((RCW))~~ chapter 18.20, ~~((RCW))~~ 70.128, or ~~((RCW))~~ 72.36 RCW, or subject to another exemption under this Chapter 22.214;

~~6.5.~~ Housing units in any state licensed hospital, hospice, community-care facility, intermediate-care facility, or nursing home;

~~7.6.~~ Housing units in any convent, monastery, or other facility occupied exclusively by members of a religious order or congregation;

~~8.7.~~ Emergency or temporary ~~((-))~~ shelter or transitional housing accommodations;

~~9.8.~~ Housing units owned, operated, or managed by a major educational or medical institution or by a third party for the institution; and

~~10.9.~~ Housing units that a government entity or housing authority owns, operates, or manages; or units exempted from municipal regulation by federal, state, or local law.

\* \* \*