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March 24, 2015

To: Okanogan County Planning Department, Okanogan County Commissioners & Okanogan County Public Health Department

From: Kathleen & Kyrie Jardin, Owners of Central Reservations, LLC, Winthrop, WA, 509-996-2148 E-mail: Info@CentralReservations.net

Re: Overnight Lodging/Nightly Rental Regulations & Zoning Requirements

We are writing as owners of Central Reservations and as unofficial representatives of about 100 privately owned cabins/homes and Inns in the Methow Valley. This is our 5th year owning Central Reservations, which is a 33 year old lodging company based in Winthrop. We rent homes in the Lost River, Mazama, Winthrop, Wolf Creek, Twisp, and Leavenworth communities.

As a company we feel honor bound to follow the letter of the law renting private homes, but feel that the direction moving forward needs to be defined more clearly. When we bought Central Reservations, internet booking was in its infancy, with VRBO (Vacation Rentals By Owners), Home Away, and Air B& B just beginning. We are state of the art technology ourselves, and have a "real time" booking engine that is current at all times, so we actively compete with larger cyberspace companies in the online world, spending around \$6k/month to get guests to visit the Methow Valley.

The Okanogan County Planning Department has a zoning requirement which states that in order to be a Legal Nightly Rental, a home needs to be either in a Planned Development, or be "Grandfathered" in. The Town of Winthrop has its own zoning requirements, which are in designated business areas; and the Town of Twisp has its own rules which are vastly different than Winthrop, and are in residential areas.

In addition to the Okanogan County zoning requirements, there is a second requirement that an owner have an Okanogan County Public Health Overnight Transient Accommodations Permit, which can be obtained without being in a legal location, which does not make sense.

Today it is very easy for anyone to put their private residence online to rent, and compete with licensed homes. It is also very simple to locate who owns them and where they are located.

Present situation:

1. Every week Central Reservations turns down owners of homes who would like to rent through us, because they don't meet the zoning requirements, and then we find ourselves competing with them on other websites.

2. More than likely, those houses not in compliance are probably not 'part of the system'. As a result, The State of Washington, as well as Okanogan County are, most likely, losing tax revenue dollars that should be collected and paid.
3. The number of legal nightly rentals are dwindling, as homes sell and new owners may or may not choose to continue renting them; and we are not able to replace them with new legal rental homes.
4. Property prices of legal nightly rentals are inflated due to their ability to be rented, where the house next door that is not grandfathered in as a nightly rental, cannot legally be rented.

What we propose is that Okanogan County revisit the zoning regulations governing nightly rental properties. We ask that the regulations that are presently in place, be either, enforced by the County, or that new rules are established. The playing field needs to be "level" for all property owners.

Some additional thoughts:

1. In all cases, the Okanogan County Public Health Department requirements should be enforced.....as an example, some of the unlicensed homes have hot tubs, etc.
2. Neighborhood association rules should be the defining factor as far as nightly rental property zoning is concerned.
3. On San Juan Island, homeowners in the County can apply for a Vacation Rental Permit, which has a public input process, and includes feedback from immediate neighbors, and it seems to be working well. In the Town of Friday Harbor the town's zoning rules must be adhered to in order to rent nightly. We might suggest that this could be used as one possible template.
4. If we can help you in any way, we will do our best. Just ask.

We have attachments from a number of owners and neighborhood associations, which reflect different opinions and angles, which is expected. We are talking about an individual's property rights. What we are asking for is that you take a look at the situation before you finalize any new zoning rules.

Kathleen Jardin, Kyrie Jardin
Kathleen and Kyrie Jardin

Central Reservations
PO Box 1275, Winthrop WA 98862
509-996-2148
info@centralreservations.net

LOST RIVER - "grandfathered" in
AIRPORT community
Legally Rented Homes OWNERS: CEDAR CREEK
CABIN

From: Nina & Kevin Jahne <nkjahne@hotmail.com>

Date: Tue, 7 Oct 2014 21:02:03 -0700 (PDT)

Hi,

Kevin & I read your letter with great interest regarding legally rented vs. non-legally rented homes.

When my husband and I wanted to purchase a vacation home in the Methow, we also knew we wanted to rent it out for nightly rentals. This would help us to pay the mortgage and allow others to enjoy the beauty of the Methow. It was important to us that we purchase a home that could be legally rented. While cabin hunting it was pointed out to us that no one actually enforces the laws. However, my feeling at that time was (and it hasn't changed), that at some point someone would enforce the laws. I'm hopeful that this will occur.

The laws do a couple of things that I think are important:

- A home that is regulated is checked periodically for health and safety issues. Those that aren't paying their dues are not. I think this is vitally important. As someone who might rent a cabin elsewhere, I want to be assured that like a hotel, it meets certain basic health and safety standards.
 - Adequate fire safety items
 - Fridge/ freezer kept at the proper temperatures
 - etc etc.

If someone isn't regulated then a renter may rent a home that is not safe, which while they may never stay there again, it's still not safe at the time. I feel that there should be a minimum base level.

- Obeying the regulations puts everyone on an equal playing field.

It certainly does annoy me that people in the area do rent out their homes without permits. This means that we are having to jump through hoops that others don't have to, at a cost to us. Most of these homes would easily qualify as healthy, lovely places to visit, but they are taking business away from us without having to pay their fair share of the dues.

- Regulating how many vacation rentals there are and where they can be placed preserves the neighborhoods of the Methow Valley. For those who purchased in an area that is not zoned for nightly rentals, they do not want every other cabin to become a nightly rental and I have heard many complaints about nightly rentals and a desire to not have too many of them in any one

place.

- Provides income to the state / county..
 - Realistically speaking however, I'm wondering if the fees cover the costs of overseeing the properties. If they don't the dues should be raised to cover the associated costs.

I feel that one of 2 things should happen:

- Either Enforce the laws.
 - The zoning laws can also be amended, BUT any change to zoning laws should go through the usual processes so that all the neighbors in an area can weigh in with their thoughts on the issue.
- Abolish the laws.

Either of these is acceptable, although I far prefer option 1 as I think the health and safety issues are important and without adequate oversight, there could be health and safety issues.

From Central Reservations (and other sites) viewpoint, I greatly appreciate that they are not advertising everyone out there. However, this unfairly penalizes them for obeying the laws, which reduces their ability to make a living.

Nina Jahne

LOST RIVER

AIRPORT community - grandfathered
in

RE: Legally Rented Homes

CEDAR CREEK CABIN

From: Nina & Kevin Jahne <nkjahne@hotmail.com>

To: Central Reservations Rotstan <info@centralreservations.net>

Date: Wed, 8 Oct 2014 16:58:43 -0700 (PDT)

Hi Kathleen,

Sorry I haven't had a chance to weigh in on this. Nina and I have similar views in this area, but I have a slightly different position.

I'm not sure what you are intending to do with our opinions on this. I know there are cabins renting without licenses and I kind of take the view that more tourists helps spread the word and it probably has a long-term benefit as people start looking for different places in the valley to stay once they've been there. I'd be curious what other businesses think of it since tourists of unlicensed rentals are not providing local taxes. The taxes that keep the valley as a tourist destination.

Anyway ...

I don't think the zoning regulations fall into an enforce or abolish position. Have the zoning ordinances and regulations protects the area and resources, is a selling factor for new homeowners, and provides a source of legal remedy/recourse should it be needed. It actually might be a liability to an association to have an open secret about unlicensed nightly rentals when the by-laws indicate otherwise, but I'm not sure.

I am also hesitant to notify the authorities of an unlicensed nightly-rental because I do not want to create bad feelings within the small community where we have a cabin. It's not worth it. That leaves me no alternative except to be better at marketing than they are.

Things that would be interesting to consider to address this problem:

- A campaign (by licensed lodgings naturally) about how renting from licensed lodgings is better for the valley/community/etc as a whole: better jobs, local taxes, local income, supporting the valley trails and ecology, etc.
 - valley flyers
- Post a licensed cabin on airbnb that undercuts most pricing and is basically an ad for using centralreservations.net for licensed valley lodgings
- Create a graphic for licensed lodgings that can be used on the sites with the benefits of renting for licensed
 - For extra credit, link the graphic to a central res page with an explanation of the value of using licensed cabins

KEVIN JAHNE

permits

LOST RIVER AIRPORT community
RIVERSTONE cabin

From: Bonnie Cech <bcech@cechsystems.com>

Date: Sun, 5 Oct 2014 20:04:07 -0700 (PDT)

To: Centra Reserva <info@centralreservations.net>

Hi Kathleen and Kyrie,

Thanks for the letter regarding permits. We are in the pool of folks who paid for an attorney way back when to be able to keep renting our place legally. And, we think some rules should apply for vacation destinations (otherwise lots of issues can arise). The worst scenario is having requirements, but not enforcing them. Whatever we do, I'd like it to be legal. Hence, we are in the boat of either 1-making everyone have a permit and enforcing it, or 2-change the rule and eliminate the permits.

Bonnie

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Bonnie Jasman Cech
President, Cech Systems, Inc.
Phone: (206) 755-7102

Thank you

MAZAMA- LOST RIVER ROAD
OWNERS: GOAT WALL RETREAT

From: Leighfar <leighfar@aol.com>

Date: Mon, 6 Oct 2014 19:39:01 -0700 (PDT)

**Cc: "rcampbell@co.okanogan.wa.us"
<rcampbell@co.okanogan.wa.us>**

To: "info@centralreservations.net" <info@centralreservations.net>

Dear Kathleen and Kyrie,

Thank you so much for your thoughtful letter about the present state of Illegal rentals in the Methow Valley. We very much appreciate your insights and comments.

Roy and I have been legally renting our Mazama home since the late eighties. We pay for all the permits and taxes. We were told sometime in the early nineties that we would be 'grandfathered' in and that newly constructed homes would not be allowed to compete for rental income or flood the rental market. We have become aware over the past few years that new neighbors who do not obtain permits and do not pay sales or lodging taxes have been renting their homes illegally. We, too, are law abiding and honorable and it disturbs us that so many new homeowners are not operating within the laws in Okanogan County. We feel that property owners who are renting without permits and licenses should be contacted and told to comply with the laws of Okanogan County. We are cc ing Ray Campbell and hope that he will convey our thoughts to Perry Houston and let us know what the county decides on tis issue.

Again, thank you so much for taking the time to address this issue and for soliciting our thoughts and comments. We are grateful for all you do.

Sincerely,

Leigh and Roy Farrell

>>> Sent from my iPad

WOLF CREEK AREA

§ Cottonwood MEADOWS

07/12/2013 03:17:22 PM
Recording Fee \$95.00 Page 12 of 14
Covenant's
Okanogan County Washington

INLAND PROFESSIONAL TITLE

3183843



C. "No Hunting" signs are permitted as needed.

12.8 Maintenance. All Property and all improvements shall be maintained in a clean and safe condition, and in good repair. The Association shall maintain all Common Areas.

12.9 Renting and Leasing of Property. Renting and leasing of dwellings must follow the

Okanogan County statutes. No other family rentals are allowed. A Single Family Dwelling can only be leased or rented as a unit, and only to one family. Any other structure(s) on the Lot shall not be separately rented or leased.

SECTION 13
INSURANCE

13.1 Duty to Obtain Insurance. The Association shall obtain and maintain the following policies of insurance:

A. Hazard Insurance. With respect to the Common Area, a policy of hazard insurance covering loss or damage to all parts of the Common Area in the amount of the full replacement value thereof, providing protection against all direct causes of loss. The policy shall name the Association (for the use and benefit of the individual Owners). The policy shall and shall contain the standard mortgage clause, naming the holders of first mortgages (and their successors and assigns) as the mortgagees.

B. Liability Insurance. With respect to the Common Area, a comprehensive general liability insurance policy, with policy limits and endorsements deemed appropriate by the Board of Directors, relating to the operation of the Common Area, covering all

PINE FOREST NEIGHBORHOOD

RE: CC & R's regarding Nightly Rentals

PINE-FOREST.ORG

From: Kent Hitch <kenthitch@outlook.com>

To: Central Reservations <info@centralreservations.net>

Date: Wed, 11 Mar 2015 13:15:28 -0700 (PDT)

We believe the last offending party, regarding nightly rentals, is selling their home. The Board took several actions which resulted in the owners deciding to sell rather than face a legal fight. An inspector was looking at the home today. Previous nightly rentals have been found to be not worth the effort by the owners. So our "problem" is solving itself.

Regarding the CCR's, Pine Forest has depended upon the two Okanogan county ordinances (1. Pine Forest is not zoned for nightly rentals and 2. Nightly rentals must be licensed which implies a number of features including sprinklers). Pine Forest has a covenant which bans commercial activity. There is also a covenant which bans illegal activity. The use of a home for "transient tourist accommodation" in Pine Forest was pointed out to be not consistent with lawful and approved use. If the matter were to go to court, owners could not expect to find comfort since nightly rentals are clearly not within regulations.

Pine Forest CCR's can be found online at Pine Forest.org. Zoning for a particular home can be found on the Assessor's site. Pine Forest is zoned "residential". The chapter and verse of nightly rental regulations can also be found on a county web site. A quick google search makes things faster.

I hope I have answered your questions!

Date: Wed, 11 Mar 2015 12:43:10 -0700

From: info@centralreservations.net

To: kenthitch@pine-forest.org

Subject: CC & R's regarding Nightly Rentals

Hi Kent.....

Kyrie and I are writing a letter and would like supporting documentation regarding nightly rentals in the Methow Valley. We consistently turn down home owners who are not in compliance with the regulations that govern their neighborhood, and we have heard that Pine Forest does not allow homes to be nightly rentals, and we have turned down all owners who have approached us since we bought Central Reservations over 4 years ago.