

**CITIZEN TESTIMONY
SUBMITTED FOR
FEBRUARY 14, 2024
CITY COUNCIL MEETING**

(Received as of 02/06/2024)

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On Feb 5, 2024, at 1:59 PM, Justin McMahan <[REDACTED]> wrote:

Council Members, City Planner and Mayor,

Thank you for taking time to read this email as I outline my concerns about short-term license caps. I came to last month's meeting and shared some of my concerns. Below I will outline several solutions and challenges, some of which I shared, about this ordinance. Along with this I would like to make a request for more time to speak at the upcoming city council meeting on February 14th. Three minutes is not enough time to discuss such a complex and multi-faceted challenge and most STR owners feel like they are not being heard, that they are being discriminated against and that we are being targeted by a council that is anti-business and anti-short-term rental. To be clear I'm not making this accusation, yet, I am just stating the general feeling from owners I have spoken with. My request is for 15 minutes for me to share and discuss the solutions below.

ANALYZING THE STATED PROBLEM

Here's the stated concerns from the ordinance condensed for my purposes. I am going to give my thoughts on each one.

#1 Affordable Housing for Locals

At the last city council meeting I shared irrefutable proof as to the fallacy of this solution. The average worker in Rockaway makes \$50k per year, the average price of a house is \$533k (and much higher for STRS), even a double income family with a 20% down payment of \$80k can only afford at most \$400-\$450k at current interest rates. Even if all STRS became rentals with the lowest interest rates in the last 20 years 3.25% interest (which doesn't exist anymore) most STR owners switching to long-term rentals would have to rent the home out at \$2500-\$3500 a month to cover mortgage and very minimal income. What these statistics tell us is that the housing problem here is driven by home values being high due to coastal location in general and the global economic climate; not STRS. Most studies on this issue base the numbers on STR's in large cities. STR caps work in large cities because income is far higher than here. Portland's median income is \$75k which means if Rockaway was Portland we would have an issue and would need to lower STRs because average income could afford the available STR's if turned into home sales and long-term rentals. The solution to housing in Rockaway is first building a better economy that can pay higher wages as well as providing more reasonably priced homes such as apartments or condos away from the beach like Garibaldi has done. Do we face a housing crisis on the coast? Yes. Will this STR cap solution help solve this problem? Not even a little. Have you hired anyone to do any research on our unique area that would refute what I'm saying? If so can I have access to this information? Handicapping your number one industry is not the solution. It's finding ways to build more median priced housing and building new industries for higher wages that will solve this specific concern in the ordinance.

#2 Health & Welfare of Residents

What study was done to confirm this besides anecdotal evidence? What solutions have already been enacted to support this concern? I will share my solutions that speak to this below but if there hasn't been an in-depth survey done about the welfare of the citizens in Rockaway then how can you know besides making this determination from the vocal minority.

#3 Balance Needs of all People in Rockaway

I love this part of the ordinance and I am pro-balance. How are you balancing the needs of our STR owners? The answer is the ordinance doesn't address our needs. Balance will be offered in my solutions below.

#4 Toll on City Services

I agree that STR's and tourists are a toll on city services. Given that tourism is our number one industry STR's and their patrons are the reason city employees have jobs. City services and jobs should grow as industry grows. The real question is have we increased city infrastructure as city income has grown from STR funds? My guess is we haven't grown them at the same rate as income has grown from STR's which is why city savings have increased exponentially. The solution to strained services isn't to hamstring our economy. It is to build more infrastructure and hire more employees.

ROCKAWAY BEACH COMPREHENSIVE PLAN & CITY CHARTER HIGHLIGHTS

The city's comprehensive plan that you are required to follow as the council states several things that are in conflict with a blanket STR cap.

Citizen Involvement

MY COMPREHENSIVE PLAN SUMMARY & MY OBSERVATIONS:

#1 All citizens should be involved in the decision making process. STR owners have been under-represented in this process in our opinion.

#2 All economic findings say to support the tourism industry and build other industries. What are we doing to support the comprehensive economic plan? Currently trying to limit our number one industry while not actively and strategically planning to grow other industries is not working to achieve our comprehensive economic plan.

#3 The comprehensive plan states that the city should undertake building, subsidizing and providing for lower and middle income housing. How is the city providing more of this housing? STR's do not fit these two categories. As far as I can tell I don't see any housing being built like they have done in Garibaldi. Instead the solution is an STR cap that won't be affordable to these two groups.

SOLUTIONS:

I am offering solutions because you have given none except to hurt the investment of STR owners with zero concern for what we would have to sacrifice. Mr. Mayor you said you want to do things "the right way" in the recorded work meeting but have only punished one group in this ordinance and that's STR owners. Why are we carrying the full sacrifice of this issue with such a strict cap rule and no grandfather clause? This certainly is not doing things the right way. In most cities that have enacted STR caps the sale price of STR homes has

been drastically affected. Also in communities where STR owners have been unheard and no compromises have been found STR owners have filed class action lawsuits and in the 10 cities I looked at STR's won concessions and legal fees in arbitration in 7 out of 10 cases. I don't share this as a threat or as something I want to do, I'm just sharing facts for consideration and challenging you to work towards a compromise and not an ultimatum.

Here are several solutions that speak to different parts of the ordinance in a balanced way that considers the need of all citizens:

HARD CAP WITH GRANDFATHER CLAUSE: this is what STR owners want. A hard cap sounds great. Allow those with licenses and those you mentioned in the middle of building have the chance to get a license. Then give all owners access to a grandfather clause and as the next few years progress let that number decrease naturally through lack of renewals or home sales that are second homes and primary homes. Let's say in theory that first high number is 475, that's your maximum high cap but instead of leaving the cap there you lower it as licenses go away until you reach the floor of where you want to be at around 450. It wouldn't be until you hit 449 that any new licenses would be made available. This solution means that those of us who have invested don't lose \$100's of thousands of dollars, the city gets their decrease in strain and the vocal minority of resident complaints sees a solution that is measurable over time.

WEST OF TRACKS UNCAPPED ZONE: this idea is simple, leave everything west of the railroad tracks (predominantly STR's, condos and hotels) uncapped since it is primarily vacation rentals and second homes already. Then relook at the rest of the city to determine a reasonable cap with a grandfather clause.

COMMISSIONED STUDY FOR HEALTH & WELFARE: before any decision is made I am calling for the hiring of an outside firm to conduct a study of the citizens of Rockaway health and welfare along with an economic and city review for analysis of the city's citizen health, economics, government and infrastructure development. Having this done by an outside company will give us an impartial, balanced perspective on what is best for the city as a whole.

DEVELOP HOUSING: seek out firms that have a desire to build middle income and subsidized lower income housing. These companies can be attracted through provided deeply discounted service and support in fast-tracking discounted permits, discounted city land sold to developers and other services. In other words make it impossible for builders to ignore our city. If you want housing you will have to build housing not punish STR owners.

DEVELOP BUSINESSES: same idea as the housing. What are we doing to attract businesses to make Rockaway Beach their home? Discounts on city taxes, and other fees is a great start. We should also hire a firm that works to find businesses for our city. If we want people to afford houses they must be able to get jobs in places other than cleaning houses and working retail.

COMMUNITY POLICING ORGANIZATION: speaking to the welfare of our citizens forming a community organization to help owners who have complaints. They can be a part of reporting problem properties or areas that may need special attention in how homes are managed. This should be community led with STR owners and non-owners on the committee. They could come to the city council quarterly to discuss any problems and seek solutions.

3 STRIKE RULE: again, for the welfare of our citizens another great accountability measure to put in place would be 3 strike warning system for STR owners that don't enforce strict rules on their guests. This system could be abused easily especially by vindictive neighbors so a checks and balances system would have to be in place to protect all parties involved.

TOLL ON CITY SERVICES SOLUTION: hire people, buy equipment, use resources, end of story.

I would love to sit down with the mayor, city planner, or city council members to discuss these ideas. Let me know when you have time and I will make time!

Thank you,

Justin McMahan