

Sophia Cassam

From: Cindy Wolf
Sent: Thursday, February 18, 2021 2:23 PM
To: Ingrid Gabriel
Subject: Fwd: Follow Up Thoughts to our Conversation

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From: Joseph Cohen <josephcohen77@gmail.com>
Sent: Thursday, February 18, 2021 2:14:47 PM
To: Cindy Wolf <cindyw@sanjuanico.com>
Cc: Joseph Cohen <josephcohen77@gmail.com>
Subject: Follow Up Thoughts to our Conversation

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Cindy:

Thanks again for taking 30 minutes earlier today to talk about the Vacation Rental matter (issue).

First (again) I share my personal bias on various issues - in the interests of transparency:

1. I love Orcas and the 'feel' of the community we live in.
2. I am grateful for a healthy business community in Eastsound - empty storefronts are not something I would hope for. Many of the businesses are run by women - in fact, I did a count one day and was surprised at how few men were (in fact) in a small business in Eastsound. (It seems most of the guys are in construction)
3. I am concerned about 'too much of a good thing' (or perhaps: Be careful what you wish for). Tourism does drive our healthy business community (in part) - but if we are over run by 'too much tourism' - that is not healthy either.
4. I support a hard cap on Vacation Rental permits in the SJI's - would love to see it at 500. But even if we limited it to 1000 - at least we would have the 'hard cap' on the future growth of vacation rentals
5. Vacation rentals should operate legitimately - and follow the same standards as hotels, hostels, and other permitted & regulated facilities. Enforcement of those standards is a problem (people resources in SJC government) — so those holding permits should pay an annual fee (say \$ 250+) for the privilege of using their property for vacation rentals - and to compensate the county for the administrative burden of inspection and compliance. (Note: The Outlook Inn pays certain

taxes and fees - and those fees support (in part) SJC's administration of our county.). It seems reasonable that those who reap the economic benefit of a permit should pay for the costs of administering the permit compliance - not the rest of the islanders who have no vested interest in more vacation rentals.

6. Existing Permits that are NOT in compliance: (My idea). It is the responsibility of the owner of a permit to remain in compliance. It is NOT the responsibility of SJC to remind an owner of the compliance requirement. So, if an owner is out of compliance - then the county should be empowered to (a) offer a path to compliance, or (b) unilaterally revoke the permit.

7. The path to compliance should offer a carrot and a stick. *The carrot*: If you meet your compliance requirements within 60 days and pay a "**compliance delinquency fee of \$ 500**" - you will be allowed to retain your permit. *The stick*: If you do not take care of your compliance requirements - you forfeit your permit. (Note & Opinions: Doing this will result in some non-compliant permit holders losing their permits - this is OK as it will force those folks to decide through an economic payment (delinquency fee) to stay in the vacation rental permit game. A by-product is that the total number of issued permits will drop to something less than 1000 (reduced by those who don't become compliant). And, for those that opt in to become compliant (pretend it is 200), the SJC collects ($\$ 500 \times 200$) = $\$ 100,000$ (the start of funding a part-time compliance officer for this function).

8. **Market Forces at Work**: Let's now pretend SJC ends up with 750 permits (250 opted not to become compliant). The 750 now becomes the county 'hard cap' - we haven't forced anyone to give up their existing permit.

Going forward - there are no new permits to be issued. But owners of permits can (i) offer their permits to purchasers of the property to which it is attached (as part of the purchase price), or (ii) hold a right to sell their permit at anytime to anyone with a provision that it must be attached to a new property that meets the SJC permit process. *This then creates a market for permits - within which holders of permits can make decisions to sell or purchase a permit*. The price of a permit (because there is a fixed quantity out there) will likely rise over time. Some will sell and reap the benefit; others will purchase for reasons of their choosing. And the county could also purchase permits if it wanted to reduce the numbers outstanding (probably no funding for this!).

Joseph Cohen
josephcohen77@gmail.com
619.818.1496