

Sophia Cassam

From: Mark and Aylene <agmz@centurylink.net>
Sent: Friday, February 19, 2021 8:16 AM
To: Council Public Comment
Subject: Vacation Rental Moratorium--Public Comment For Council's Consideration

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To: County Council

From: Aylene Geringer and Mark Zipkin, Vacation Rental Permit Holders San Juan Island (87 Bison Place, Friday Harbor)

Date: February 19, 2021

Re: Hearing on Extending Vacation Rental Moratorium, Adding Findings of Fact and Work Plan

Thank you for the opportunity to be heard relative to the scheduled hearing on February 23, 2021. We are confident that the Council will take the discussion below under advisement in their deliberations relative to the subject matter noted herein.

By way of introduction, we have been visiting San Juan Island for the past 30 years, have owned 3 separate properties over the course of those 30 years, were the owner/operator of the Trumpeter Inn B&B between 2001 and 2005, and returned in 2017 after purchasing a home on Bison Place. We now own and operate Friday Harbor Chocolates and operate a 600 sq. ft. Cottage year round under the terms of our County issued vacation rental permit (#2001CU002)(parcel 352631004000) which "ran with the land" at time of purchase.

We are in full compliance with the current regulations for operating a vacation rental and limit our guests to 2 adults per reservation. We have never had any complaints lodged against us by our guests nor our neighbors (we do share a common driveway with 2 other homes).

We have reviewed the past transcript of Council members' discussion about the grounds for the current moratorium and potential changes to County Code Section 18.40.275 contemplated by the Council to limit the future number of active vacation rental permits County wide.

Though the stated purpose of the scheduled hearing on February 23 is to determine whether the moratorium on the issuance of new permits should be extended, we are concerned that whether or not the moratorium is extended the Council will subsequently commence work on a "work plan" to limit the number of vacation rental permits in a manner which may ultimately have an adverse economic impact on the value of our property; therefore we are compelled to speak out on that issue at this time.

Council members have already raised the possibility that one means of achieving a limit on the number of vacation rentals is to change the County Code Section 18.40.275 to preclude active vacation rental permits to "run with the land" at time of sale.

Historically, the permits have always been deemed an intrinsic asset of real property and fully transferable to the buyer of any property with a vacation rental permit in place. And we dare say that historically property which comes up for sale in the San Juans with a vacation rental permit has always been hot commodity undoubtedly as a means for earning income, operating a business as part of the owner's lifestyle on the island and most importantly building equity in the property for the owner's financial security.

Indeed, the only reason we purchased our current home was because it had a valid vacation rental permit. The main house was in deplorable shape (as was the condition of the auxiliary dwelling unit/cottage) and had little to no redeeming qualities. The price of the house was over our budget but knowing the vacation rental permit would enable us to rent out the Cottage for income, we would be able to pay off our debt, in part, as well as remodel the house to increase its market value.. Accordingly, after purchasing the property we incurred over \$60,000 in cost to upgrade the Cottage. We have successfully operated the Cottage since August 2017 and it has in fact given us enough revenues to remodel, in part, the main residence.

Due to our improvements, the property value has risen significantly not only because the main house is now livable but the Cottage has a continuous flow of guests and yields a steady flow of income making the property quite marketable.

If the Code Section was to change and the vacation rental permit expired at time of a future sale, our property value would plunge from its current market value. The value of the Cottage as an asset of the property would fall precipitously. Our financial planning is now in peril should the Council decree that the vacation rental permit will expire at time of a future sale.

The above scenario arguably is the equivalent of the County exercising eminent domain over a portion of our property but without compensation and without due process of our rights as property owners.

Not only would this government infringement on our property rights be intolerable and arguably unconstitutional under our State's property laws, but it is the least effective means to achieve the Council's stated goals of providing more affordable housing for our island residents and putting a dent in the number of tourists who visit the San Juans.

This draconian measure of taking islanders' property from them by cutting out the vacation rental permit at time of sale will yield no change in the amount of affordable housing. No accessory dwelling unit or house which is currently used as a vacation rental can be converted into a an affordable rental.

The mortgages on these properties are far too high and cannot be adequately paid by rents which would be classified as "affordable" under the standards for "affordable housing".

Moreover, many of the accessory dwelling units which are vacation rentals on said properties are not designed for long term use. In our case, the Cottage on our property has no stove or oven, as the terms of our rental permit precludes having an "open flame" to cook upon, no storage, no closets, no garage, etc. etc. It is designed for a couple of adults to use it for no more than a week at best due to the lack of a cooking kitchen and closet space. We dare say this would be a similar scenario with many of the other smaller accessory dwelling units on the island being rented out under the terms of a vacation rental permit.

As for property owners who choose to rent out their entire house when they are not using the house for their own personal use, those owners would not convert their homes into long term affordable rentals; again because the rental rate would be insufficient to pay for the property and the homeowner would lose their ability to enjoy their home whenever they chose to use it as their second or primary residence.

For all of the above reasons, we implore Council to no longer contemplate changing the Code Section to have the vacation rental permits expire at time of sale and include it in its Work Plan for minimizing vacation rental permit.

Respectfully,
Aylene Geringer and Mark Zipkin