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February 17, 2021

To San Juan County Council,

(and Hosting on the Rock membership and The Vacation Rental Work Group)

As a professional property manager for thirty-five years on Orcas Island, and as a vacation rental and long-term rental owner (2 houses) I would like to submit multiple thoughts for your consideration.

My husband and I own Cherie L. Lindholm RE and it was our 1999 court case which prevailed in Superior Court in San Juan County and whose verdict subsequently allowed all islanders to be able to rent houses as vacation rentals. Thus, I believe we speak from a place of authority and experience for the years we spent in the courts and in person at meetings and hearings, not to mention the \$35,000 we personally outlaid, plus the grant I wrote which garnered another \$5,000 from the Washington Association of Realtors and another \$1500.00 I raised from individual donors/homeowners. The expenditure of time and money was worth it to not have property rights diminished.

The April 18, 2000 ruling from the Prosecuting Attorney's office read in part, "Judge Hancock ruled that the neighbor's testimony was based on fears and unfounded stereotypes. He said that the Board could not deny an application for a transient rental without particularized evidence that vacation rentals resulted in greater impacts than long-term rentals, which are allowed outright under County regulations." Also, "Judge Hancock has ruled that community displeasure with vacation rentals is not a sufficient enough reason for denying them. The Board is free to attach conditions which must be followed in operating vacation rentals. However, in the judge's view, unless the neighbors can demonstrate with specificity that no conditions can be attached to moderate the impacts from vacation rentals, future permits must be granted."

In a pro-vacation rentals meeting our host twice asked *where* had we all been while the opposition amassed 3,000 signatures on a petition. My opinion is that we have our permits, pay the renewal fees and are less concerned with those who come behind us and want a vacation rental permit, too. In truth, the more vacation rentals, the thinner the slices of the pie become and less money for me. As a business owner who had the longest running and largest vacation rental management on Orcas for over 30 years, it was in my interest to fight to preserve the right to vacation rent. However, when marketing agents such as VRBO, FlipKey and AirBNB arrived, they cut into my business and the larger issues began. The bulk of owners who avoided my management (or my competitors) did so to save the 20-35% charged for our commissions to oversee the rentals. And often, owners flying without on-island management, more interested in collecting the most dollars versus managing the guests' behaviors are partially responsible for having placed the islands in the current situation. Proudly in all my years, I only had two official complaints filed upon my vacation rentals and in BOTH instances it was the owner and the owners' family using the house that caused the complaint. When the County found that out, they could do nothing to the owner whose guitar club was causing a musical raucous nor to the owners' extended family who provided a large, noisy gathering. This is not to say my management nor my guests were infallible, but I was not afraid to reprimand a guest who was exhibiting inappropriate behavior. I placed strong wording in my contracts, in my rentals and in person as to what the expected behavior was and what would happen if it was not followed. Additionally, I worked hard to have maps with clear no trespass guidance to assist guests to legal beach access and guided owners to improving ways to avoid violations (such as large house address numbers, distinct driveway signs, quiet time warnings, tips on voices in hot tubs at night and how they

carry over the water, etc .) A far greater number of issues arose when off-island owners began vacation renting by just handing guests the keys/door code and saying have a good time.

The Vacation Rental Work Group asserts that vacation rentals disrupt neighborhoods and take away long term renting opportunities. There is some truth in this. As a professional property manager, I have guided many owners to consider keeping their retirement home as a long-term rental when it did not have a good ocean view, or was not waterfront, as that is what the majority of vacation renters want. Since the islands have been discovered (greatly expanded in the last ten years) I see more and more inland home owners jumping on the vacation rental bandwagon. These owners will pick up some peak season reservations indeed, when the ocean view and waterfront homes are all booked up or when someone on more of a budget not wanting to pay the waterfront or ocean view prices - chooses the house over the hotel, B & B or condo stay.

I have worked with hundreds of owners over my 35 years on Orcas and thousands of guests and hundreds of tenants. I can say with authority that often when someone buys/builds a house here, due to the extreme costs, they want to use the house themselves, and a vacation rental affords that. The owner gets a bit of income from vacation renting but also can use the house themselves. Often that same owner will never consider long- term renting because they want to enjoy their investment themselves, wish to protect that expensive investment from guests or renters who may not care for it as they themselves would and virtually at no time would the income from a long- term rental come close to covering the mortgage, let alone insurance, taxes and all the other expenses a homeowner incurs.

As a real estate office/broker, we have sold many homes that had vacation rental permits, but the new owner did not elect to continue renting. I would like to see the County allow the permits to run with the land as long as the homeowner remains compliant with whatever rules have been set forth. The County already has a fine set of rules in place. Enforce them. Doing so supports the owners who have complied and respects them as well as the neighbors. (Just like starting a meeting on time. Respect those who bothered to responsibly get there on time. Don't hold the meeting for the late comers.)

As a business owner with property in the heart of Eastsound, I know the frustration of not being able to park anywhere near my own place of work in the peak summer season. I know the frustration of island visitors who seemingly leave their brains on the seat of the ferry and walk in the streets and not on the sidewalks and crowd our grocery stores and leave no room for locals' ferry reservations. I actually pay taxes for a separate "piece of land" next to my building that is only a parking lot. Do I get to reserve it for my staff's private use? Nope. We each must recognize that not all the ills of island neighborhoods can be tossed onto vacation rental guests.

As a property manager for houses all over Orcas Island, I know of locals who drive well over the proper speeds on neighborhood roads. I watch US mail delivery trucks zoom past exceeding the speed limits. I see delivery trucks and neighbors using other people's driveways instead of backing on to the roadways. I know of island residents who burn in neighborhoods where burning is prohibited. They let their dogs run loose, poop in other peoples' yard, leave their pet waste bags on the ground as if bagging it was doing the environment a favor only to leave it on the roadside. They trespass through private yards, have bonfires, late night parties, have cars with bad mufflers and rowdy children. Some residents and long- term renters alike don't maintain their yards, don't cut their grass, and treat the grounds as if it were a refuse dump. And guess what? They are here to stay...month after month, year after year, yet an errant vacation rental guest is gone in a matter of days. Which is the greatest offender?

I imagine we all have heard the stories of homeowners who ceased long-term renting because of the year-round renter who trashed the rental. There are plenty of great renters in the islands, but there is also a huge number of renters who have treated houses so poorly that when they owner gets the house back their repairs average \$7,000 at minimum and go up from there. If the owner received \$12,000 in annual rent (\$1,000 per month), they have little "profit" to put toward taxes and general upkeep when the house must be redone due to damage. Sadly, bad apples are responsible for a large number of owners jumping ship on long term renting. A vacation renter cannot come close to trashing a house like a long-term renter can.

Many NIMBYS (not in my backyard) current homeowners ponder if one cannot afford to live here, or buy here, then don't. But the truth is our average home price for a modest inland, three bedroom home is about \$550,000 and that same house on the mainland would be \$350,000.00. So it's not the exclusively wealthy who are here, but middle class America. And if only the elite can afford to buy here then the extremes between our working class and our second home/retirement home owners will be even more disparaged. We all should care what is affordable. And often times "affordable" to buyers are homes that can be vacation rentals as they help subsidize high mortgages.

The limited industry of the County (job opportunities), the lower wages, the higher store prices, the higher cost of building, increasing utility prices, higher fuel costs (gasoline, diesel, fuel oil, propane, firewood, etc.) all contribute to a disparity for singles, elderly, and young families wanting to live here. Will making vacation rentals tougher to obtain and fewer in number truly solve any of the above? I encourage my long-term rental owners to keep the monthly rental prices affordable. What is affordable to me is not affordable to you and so forth. I do my altruistic part by offering my inland long-term rental, at least four hundred dollars below the going market rate! But with sewer, water, and taxes rising, we really don't know how much longer we can do that. It has also been shown that some vacation rentals use more water in the summer as guests come and go, but use little to none in the fall, winter, spring because they are largely unoccupied. Are not the utilities and resources then a toss-up?

Thus, I ask the County Council to think wisely about the money vacation rentals bring into your coffers. Have you researched exactly how much money it is, how much money the lodging tax and the real estate sales tax brings in, how many dollars go to the arts and other community projects from lodging taxes and if you diminish the number of vacation rentals, where will those dollars be replaced? Which newspaper, magazine, tourism board and more will you dissuade from writing an article about the San Juans? If you don't succeed and they publicize the islands, the visitors and friends and relatives of islanders will still visit and some will stay or find a way to return. Vacation rentals will not stop the out-world from coming here. Limiting vacation rentals won't stop the over 967,000 annual visitors to Moran State Park – who crowd our ferries, our stores, our access to town, etc.

I have seen the monthly rental prices for long term rentals increase year after year. I have witnessed the "housing shortage" every year for 35 years. I have seen the average for a long-term rental rise from \$800 to \$1500.00 and as reliable internet has arrived in the islands, and the pandemic, more people are able to work from home and those same people from off island – wanting to escape the crowds, violence and undesirable circumstances of the larger cities have relocated to the islands in the last year. I have seen an exponentially greater increase in the price of monthly rental rates and what the off-island people are willing to pay, than in any other year of my last 35. And that change has nothing to do with vacation rentals.

Occasionally I hear that investment buyers buy in the islands under a corporation with no personal attachment to the islands, and only to make money from vacation renting. I would be most curious to see documentation

proving how many people/houses this applies to. My experience is no corporations owned any of the houses I managed. They were all individuals who wanted to own a house as their own vacation get-away or as a retirement home.

I believe the Council has four main considerations:

- 1) Do not continue a moratorium.
- 2) Enforce the good rules you already have on your books.
- 3) Limit the number of vacation rentals (via annual permits/lottery).
- 4) Renew the permits and allow them to run with the land as clearly not all permit holders are active. Through attrition a balance will be sustained from those that are new, versus those that drop off or become owner occupied.

Some opponents of vacation rentals use a shortage of housing as validation to eliminate vacation rentals from their streets. These islanders may indeed get vacation rentals out of their neighborhood and may feel victorious as the house will now stand empty, but one cannot assure those same houses in turn will become long term rentals, especially "affordable" ones. Thus, I urge the Council to recall Judge Hancock's words and not make decisions based upon fear and stereotypes.

Respectfully,


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