



**TO:** Government Performance and Finance Committee  
**FROM:** Steve Victor, Chief Deputy City Attorney  
**SUBJECT:** Comparison of Short-Term Home Rental Regulations  
**DATE:** December 9, 2024

## INTRODUCTION

This Memo provides a comparison of Tacoma’s whole-home rental regulations with those of neighboring jurisdictions in Washington. Tacoma’s current regulations are explained, and regulations of neighboring jurisdictions which are not present in Tacoma’s code are described.

### TACOMA SHORT-TERM WHOLE-HOME RENTAL CODE

Tacoma’s existing code on short-term home rentals is minimal and gives homeowners considerable latitude to rent entire homes, portions of homes, and Accessory Dwelling Units on a business basis. TMC 13.06.080. M. states:

“The purpose of this section is to support entrepreneurship by providing residents with an opportunity to use their homes to engage in small-scale business activities; to support tourism; to make efficient use of structures; to provide safe alternative forms of lodging; and to protect neighborhood character. This is accomplished by establishing standards to ensure that short-term rentals are operated in a safe manner, and do not significantly affect the residential character of the neighborhood.”

As will be discussed in more detail below, the complaints have focused on whole-home short-term rentals and alleged that the homes were not being used as a home at all but were simply commercial event venues that are unlawfully sited and operated in Residentially zoned districts. A primary component of the complaints was event-related on-street parking. This memo will focus on both the core issue of whole-house short-term rentals, and the related issue of on-street parking.

#### 1. Tacoma Municipal Code on Short-Term Whole-Home Rentals

**A. TMC 13.06.020.E.4.** This TMC Section is a table which lists by zone what uses are permitted, prohibited, or possible through Conditional Use Permits. Short-term rental of an “entire dwelling” in an R1 district is permitted (“P”) with a note that it is “subject to additional requirements contained in TMC 13.06.080 “A” which pertains only to Accessory Dwelling Units (ADU), and to TMC 13.06.080. “M”.” The short-term rental

business also requires a business license. (TMC 6B.10). The business license regulations in TMC 6B do not contain any regulations specific to short-term home rental.

**B. TMC 13.06.080. M.** “Short Term Rentals” provides the following:

M. Short-term rental.

1. Applicability.

2. Purpose.

The purpose of this section is to support entrepreneurship by providing residents with an opportunity to use their homes to engage in small-scale business activities; to support tourism; to make efficient use of structures; to provide safe alternative forms of lodging; and to protect neighborhood character. This is accomplished by establishing standards to ensure that short-term rentals are operated in a safe manner, and do not significantly affect the residential character of the neighborhood.

3. Use standards.

a. Owner occupancy.

For short-term rentals that involve rental of individual guest rooms within a dwelling, the dwelling must be occupied by an owner of record during the rental term.

b. Safety sign.

There must be a clearly printed sign inside the door of each rental guest room with the locations of fire extinguishers, gas shut-off valves, fire exits, and/or pull fire alarm.

c. The home shall be equipped with functioning smoke detectors and carbon monoxide detectors.

d. Occupancy.

Maximum occupancy shall be dictated by the Minimum Building and Structures Code, a business license, and following the requirements of TMC License Code 6B.10.

Under TMC 13.06.080. M, whole home short-term rentals are the least-restricted category of short-term rentals. For short-term rentals of rooms within a house, the owner must occupy the home (TMC 13.06.080. M. 3.A.), and for short-term rental of ADUs, the owner must reside in another part of the property. For short-term whole-home rentals the owner need not reside in the home or on the property. In addition, though the code includes aspirational statements about protecting the “residential character of the neighborhood”, other than the owner occupancy requirements applicable to short-term

rental of individual rooms or ADUs, there are no other neighborhood character-related regulations.

**2. Tacoma Municipal Code on On-street Parking.** On-street parking is regulated under TMC 11.05. That code sets a number of specific rules and restrictions for on-street parking relating to manner and duration of parking in some areas, but unless residential streets are part of a lawfully established Residential Parking Zone (TMC 11.05.235), general parking on residential streets is allowed.

### **3. Summary of Tacoma’s Whole-home Rental Regulations:**

A. With a business license, any owner of a home in a Residential zoning district may engage in the business of short-term rental of the whole home, without ever self-occupying the home.

B. Unless a Residential Parking Zone has been established, general parking is allowed on residential streets.

Complaints have alleged that homes are being rented as “event venues” rather than homes. Where the City has found evidence of that practice through publicly available marketing materials, staff have advised owners that such marketing and use is contrary to the code and have received compliance in the form of changes to, or removal of such publicly available advertising. This has not stopped the events or the complaints. Some complainants have demanded to know where events on residential property in R1 residential districts are allowed in the code. From a legal perspective the relevant question is whether they are prohibited, and they are not. No City code prohibits the owner of a residence in an R1 or other residential district from hosting a wedding, political event, corporate event or any other kind of event, and no law prohibits their guests from parking along residential streets. The same is true for a short-term renter of a residence.

### **4. Whole-home Rental Regulations of Neighboring Jurisdictions Not Present in Tacoma’s Code.**

#### **A. Pierce County**

Pierce County allows two types of home rentals, a “Bed and Breakfast” (B&B) or a “Vacation Rental” (VR). Whole-home event rentals are not allowed without a Conditional Use Permit. The regulations applicable to B&Bs and VRS are as follows:

PCC 18A.37.040

Bed and Breakfast (B&B) and Short-Term Vacation Rentals

A. A Bed and Breakfast shall be allowed, on a parcel upon which the bed and breakfast proprietor resides, within a legally established single-family dwelling or accessory structure when the following criteria are met:

1. Not more than five guest rooms are provided;
2. Not more than ten travelers are lodged at any time;
3. Lodging for each guest does not exceed two weeks;
4. Compensation of any kind is paid for the lodging; and
5. The B&B owner files an affidavit with Pierce County Planning and Public Works which indicates the location of the property and that the property will be used as a bed and breakfast.

B. A Vacation Rental (VR) is a short-term rental accommodation within a legally established single-family or accessory dwelling. Longer term rentals exceeding 30 days are not regulated under this Chapter. Vacation rentals shall be allowed when the following criteria are met:

1. A total of five guest rooms may be provided.
2. Two guests per bedroom, not to exceed a total of ten guests may be lodged at any time.
3. Compensation of any kind is paid for the lodging.
4. The VR owner or representative shall provide guests with information indicating the location of guest parking spaces.
5. The VR owner or representative shall provide notification of the presence of the vacation rental business to all neighboring property owners directly adjacent to the vacation rental property.
6. The property owner shall file a Vacation Rental Affidavit with the Pierce County Planning and Public Works Department which indicates the following:
  - a. The property owner's intent to use their residence as a Vacation Rental.
  - b. Contact information for either the owner, representative, or property management company including phone number and e-mail.
  - c. Listing of the internet site(s) where the Vacation Rental property is advertised.

d. The required neighborhood notification has been provided.

7. A Good Neighbor brochure for short-term rentals is provided to each renter describing the appropriate etiquette of residing in a Vacation Rental.

C. If the standards described in either PCC 18A.37.040 A. or B. above are exceeded or otherwise cannot be met, the proposed use shall require a Conditional Use Permit.

## **B. City of Olympia**

Like Pierce County, the City of Olympia allows Homestay, and Vacation rentals but does not allow, by definition, short-term whole-home event rentals.

Olympia Ordinance No. 7289

### Definitions

Short Term Rental (STR) – A lodging use that is not a motel, hotel or bed and breakfast, that is offered for a fee for fewer than 30 nights.

There are two Types of STRs: 1) Homestay and 2) Vacation Rental

- Homestay – A residential use wherein rooms are rented within a dwelling unit that is occupied by a permanent resident or property owner. Allowed outright without a permit, as a home-based business that is subordinate and incidental to the main residential use of the dwelling unit.

- Vacation Rental – A lodging use wherein an entire dwelling unit is rented for overnight stays for less than 30 consecutive nights and property owner does not reside on-site. A permit is required for a vacation rental.

### Permitting

- A City permit (and associated fee) is required for each vacation rental unit; biennial renewal required.
- City and state business license is required for homestays and vacation rental units.
- Proof of primary liability insurance for homestays and vacation rental units.
- Remit all applicable local and state taxes.

### Performance Standards

Homestays and Vacation Rentals:

- Permitted in Accessory Dwelling Units (ADUs), single-family, duplex, tri-plex, four-plex, townhouse, and multifamily developments.

- The number of overnight guests is limited to a maximum of ten adults or two adults per bedroom, whichever is less, except children under 12 years of age may occupy a bedroom with no more than two adults.
- STRs will be permitted everywhere residential and commercial uses are permitted; prohibited in Auto Services (AS) and Industrial (I) zones.

• Vacation rentals and homestays in existence on September 27, 2021, will be permitted to continue without additional parking for as long as they are in continuous use as a short-term rental.

Homestays only:

- Primary resident, property owner, or long-term tenant must occupy the dwelling as their permanent residence, including whenever a guest is residing in the homestay unit.
- One additional off-street parking space will be required when renting more than two bedrooms in one dwelling unit.

Vacation rentals only:

- Maximum of two (2) separate vacation rental units in Olympia per property owner. This restriction does not pertain to homestays. Vacation rentals in existence on September 27, 2021, may continue as a vacation rental, provided all other applicable requirements are continuously met.
- Maximum of two vacation rentals per parcel on land containing a single-family home.
- Vacation rental unit may be permitted in one dwelling unit or three percent of the non-income-restricted dwelling units, whichever is greater, on a legal parcel of land or adjacent parcels in common ownership.
- One additional off-street parking space will be required if renting two units on a parcel in which one unit is a single-family residence.
- Identify a local contact person available 24/7 within 15 miles of the short-term rental, or within Thurston County

Good Neighbor Guidelines (required of all STRs):

- Posted guidelines for guests
- Posted emergency contacts, floor plan, evacuation plan
- Posted copy of license and permit number

Enforcement and Oversight

- Compliance with all applicable health, safety and nuisance requirements – building code, fire code, sanitation, noise, odor, etc.
- Violations subject to civil penalties and suspension and/or revocation of City license or permit.

### **C. City of Kirkland**

The City of Kirkland requires the owner to occupy the rented premises at least 245 days of the year, and imposes other requirements.

#### **Kirkland Ordinance O-4607**

1. The property owner, or an authorized agent, must occupy the property as a primary residence at least 245 days per year to enter into short-term rentals there.
2. A property manager living within 15 miles of the residence must be identified for those days when neither the owner nor an authorized agent are occupying the property.
3. The property owner must have a State business license.
4. The property owner (or authorized agent) also must complete and submit a business license application for the City of Kirkland, and pay licensing fees.
5. As part of the application, a declaration must be filled out and signed. If the applicant is not the owner, it must still be signed by the owner, as owners retain specified responsibilities in all events.
6. Lodging taxes for short-term rentals must be paid and those payments are the responsibility of the property owner.