

Consideration of Short-Term Rentals in the City of Chelan Special Use District (SUD).

City of Chelan Planning Commission

August 21, 2024

What is being proposed?

We are proposing a change to our existing short term rental code to give farmers an option to keep agriculture in place while supplementing their income with short term rentals in the SUD.

Without this change, farmers would be limited to development of RV parks / campgrounds, wineries, small-scale craft beverage production, residential neighborhoods, and short-term events, and bed and breakfasts.

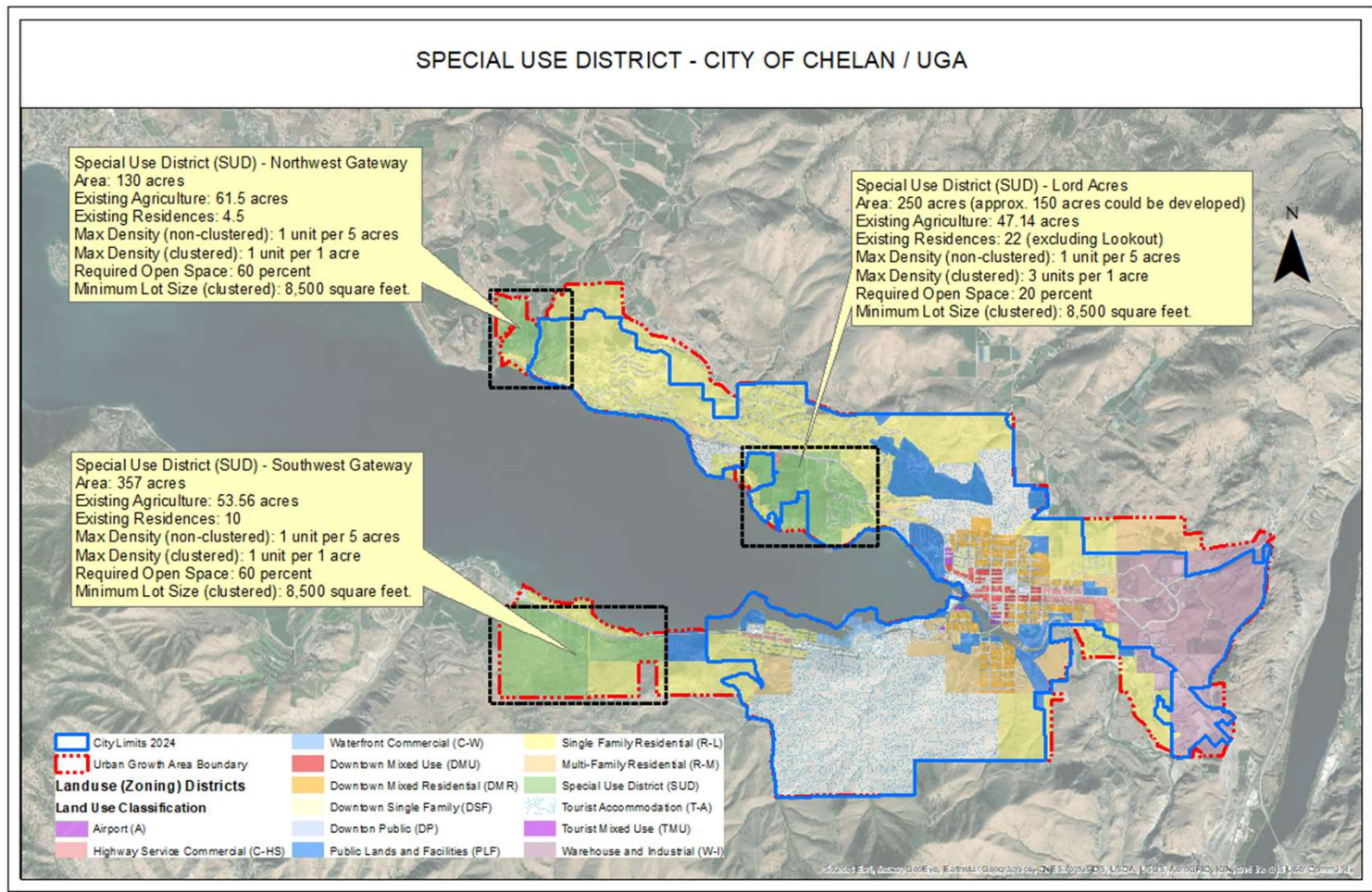
What is the SUD?

I.

The SUD District is designed to:

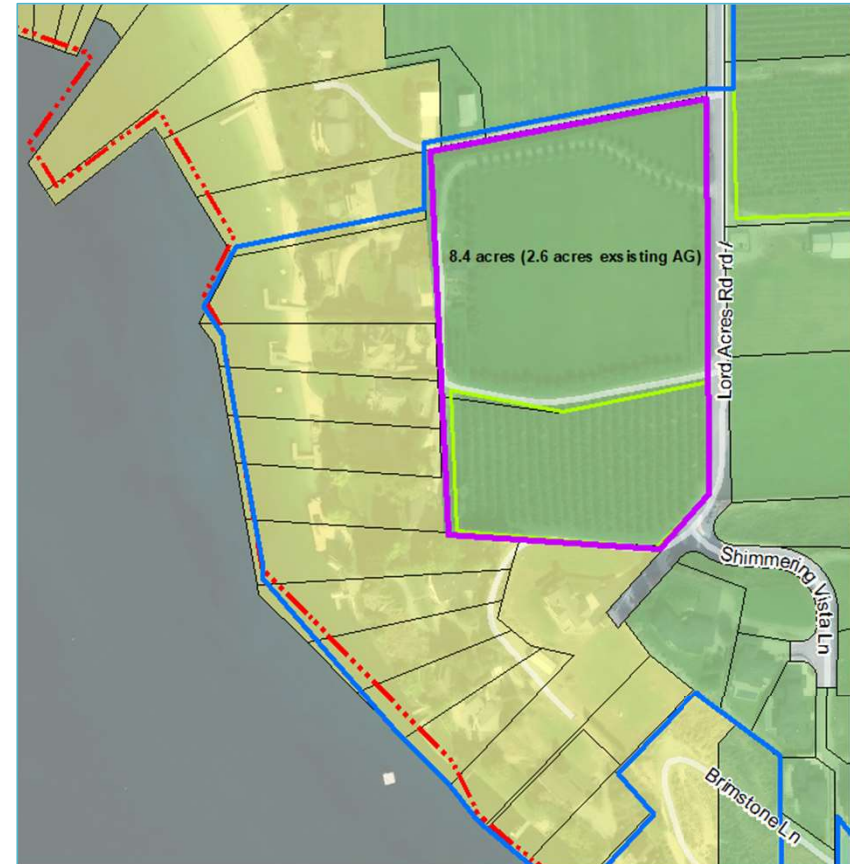
- (1) support and enhance agricultural operations and their essential pastoral setting,
- (2) allow low impact tourist commercial and educational uses at a scale that is complementary to agricultural pursuits, and
- (3) provide an opportunity for lower density residential housing. Densities allowed serve as a transition from the rural area to the urban area and reinforce an urban separator character.

Where is the SUD Located?



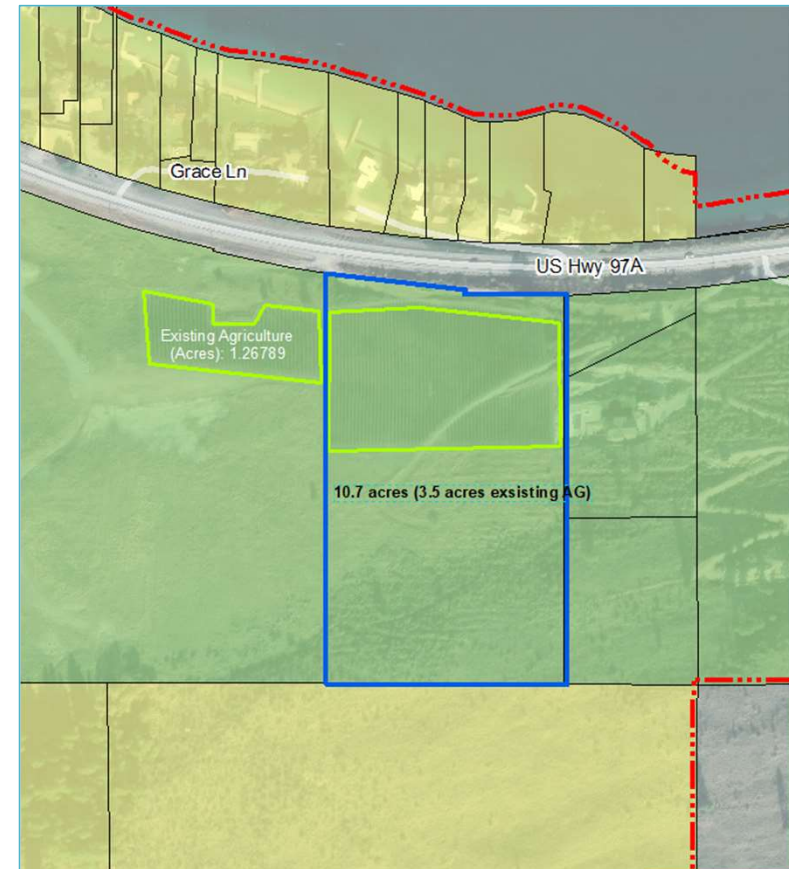
Example Development Scenarios

SUD - LORD ACRES EXAMPLE (8.4 Lot with 2.6 acres of existing agriculture)			
	CURRENT CODE		PROPOSED CODE
	NON – CLUSTERED (interim water and septic) [1 unit per five acres]	CLUSTERED [3 units per acre, 20 percent open space and ag]	AG-BASED SHORT-TERM RENTAL [1 unit per 2.5 acres]
Potential Number of Lots	1	25	3
Required Open Space / Ag Required; 20 percent	0	1.68 acres	1.68 acres
Minimum Lot Size	12,000 square feet	8,500 square feet	2.5 acres
Minimum Active Ag Required on site (in addition to required open space); 1.25 per lot	0	0	3.75 acres – additional agriculture would be required to exist before the third lot could be established because there is only 2.6 acres existing)
Total Open Space and Ag Required	0	1.68 acres	5.43 acres
Max number of units with one accessory dwelling unit	2	50	6
Max number of units with two accessory dwelling units (2026 State Requirement)	3	75	9 (only one of the two accessory dwelling units could be used as a short-term rental
Other Requirements:	No Land Division required.	Full subdivision including frontage improvements and potential off-site mitigation	Short Subdivision including frontage improvements. Conditional Use Permit for short term rental



Example Development Scenarios

SUD – SOUTHWEST GATEWAY EXAMPLE			
	CURRENT CODE		PROPOSED CODE
	NON – CLUSTERED (interim water and septic) [1 unit per five acres]	CLUSTERED [1 unit per acre, 60 percent open space and ag]	AG-BASED SHORT-TERM RENTAL [1 unit per 2.5 acres]
Potential Number of Lots	2	10	3 (see total open space requirement that would not allow four lots)
Required Open Space / Ag Required; 60 percent	0	6.42 acres	6.42 acres
Minimum Lot Size	12,000 square feet	8,500 square feet	2.5 acres
Minimum Active Ag Required on site (in addition to required open space); 1.25 per lot	0	0	Five acres
Total Open Space and Ag Required	0	6.42 acres	11.42 acres (this required open space and existing agriculture exceeds the underlying lot area, meaning four lots could not be established)
Max number of units with one accessory dwelling unit	4	20	6
Max number of units with two accessory dwelling units (2026 State Requirement)	6	30	9 (only one of the two accessory dwelling units could be used as a short- term rental
Other Requirements:	Short Subdivision required, Hillside Development Standards.	Full subdivision including frontage improvements and potential off-site mitigation	Short Subdivision including frontage improvements. Conditional Use Permit for short term rental



Results of the Farming Community Survey

Brief summary of the key findings:

- 1. Enhancing Agricultural Tourism:** Many of you highlighted the potential of integrating tourism with agriculture to help offset the thin margins in farming due to increasing land prices and property taxes.
- 2. Reviewing Land Use and Farming Regulations:** There were concerns about overregulation, the dedesignation of farming land for development, and the lack of flexibility in land use.
- 3. Promoting Small-Scale Farming:** Some of you suggested that allowing for smaller farming parcels could help preserve farms and grow future farmers.

[SURVEY RESULTS](#)

Reponses to Public Comments and Questions

At what cost is agriculture worth preserving in the Chelan UGA?

In the Chelan UGA, preserving agriculture on a 2.5-acre parcel with a single STR and 1.25 acres used for farming or open space means prioritizing the rural feel and open areas that are important to the community.

Allowing STRs in this context gives landowners a way to generate income while keeping the land in agricultural use. Without the proposed changes, a non-STR subdivision with 1 to 3 homes per acre focuses on building more houses, which might lead to a more developed and urban look, reducing the amount of farmland, and impacting infrastructure.

Preserving agriculture here means providing landowners with an alternative income option through STRs to keep the rural atmosphere.

Is a 1.25-acre farm really agriculture worth preserving in exchange for adding an STR and the negative impacts that go along with it?

Dedicating 1.25 acres to agriculture alongside a single STR on a 2.5-acre property in the Chelan UGA helps balance low-impact tourism with maintaining productive land and the rural landscape. STRs offer landowners a way to earn income while ensuring that a significant portion of the property remains agricultural.

This approach supports Chelan's goals of preserving agricultural land and open space. In contrast, opting for a non-STR subdivision with more homes would remove the agricultural use and could alter the rural character of the area. Keeping 1.25 acres in agriculture is valuable for maintaining Chelan's agricultural roots and scenic open spaces while providing landowners with a sustainable economic option.

Does the City of Chelan really want to add significantly to the STR population within the Chelan UGA?

In the Chelan UGA, allowing a single STR that includes 1.25 acres of agricultural land supports the city's agricultural heritage while keeping population density lower. STRs provide landowners with a way to earn income while maintaining a commitment to agriculture. A non-STR subdivision, however, would add more housing units, increasing population density and putting more pressure on local infrastructure.

Choosing between these options reflects Chelan's priorities—whether to preserve its agricultural and rural character while providing landowners with viable income options or to focus on expanding residential housing.

Based on an analysis of development options in the SUD, the potential STR population is significantly less lots at much lower density compared with the potential lots created through a cluster subdivision or short subdivision.

Has the current STR code in the City of Chelan resulted in runaway growth and impacted neighborhoods?

Approximately 25 homes, apartments, or condo units within the City have been converted to STRs since 2017.

Of the approximately 400 STR licenses issued by the City, about 95% are in areas that permitted short-term rentals prior to the introduction of the STR licensing program in 2017. These areas include Chelan Resort Suites, the Grandview, Chelan Shores, Lakeside Villa, Paradise Condos, Park Point Condos, Petersons, Spader Bay Condos, the Lookout, and Cabana Condos (across from Don Morse Park).

Will STRs in the SUD reduce the potential for affordable housing options?

The SUD permits the development of single-family homes. However, as recognized by many jurisdictions, single-family homes, by their nature, are not a viable option for increasing affordable housing. Additionally, Chelan has a significant population of second-home owners, further limiting affordable housing opportunities.

Consequently, the City is working on providing more affordable housing options in areas such as Apple Blossom Center by promoting "missing middle" housing at higher densities.

Should the proposed approach apply only to existing areas of agriculture, or should it also allow for the addition of new agriculture?

In the Chelan UGA, combining STRs with existing or new agricultural use on larger properties supports the city's goals of preserving its rural and agricultural character.

This approach allows both current and new farming activities to continue alongside low-impact housing or tourism development, giving landowners a way to sustain or start agriculture while generating an income.

Focusing only on non-STR subdivisions might reduce opportunities for new agricultural developments, affecting Chelan's rural feel and potentially making it harder for landowners to keep their land in productive use.

Additional Considerations

What about the statement that significant numbers of residences within the SUD will be affected?

There are approximately 35 homes currently within the SUD.

Should the Planning Commission consider whether or not it would be best to simply remove HSEs from CMC 17.47 and leave it at that?

This code amendment is being proposed for the following reasons:

The recent hearing examiner's decision regarding highlights a paradox where HSEs cannot be implemented under the current code, creating legal and practical conflicts. Removing HSEs from the code would eliminate this inconsistency, ensuring that the city's regulations are clear and enforceable.

Special Use District (SUD) is designed to balance agricultural operations, low-impact tourism, and residential housing in a way that supports the agricultural setting and minimizes conflicts between farm and non-farm uses. Replacing HSEs with short-term rentals within the SUD aligns with these goals, as short-term rentals can be regulated to ensure they are low-impact and complementary to agricultural and residential uses.

Simplifying the zoning code by removing the conflicting provisions regarding HSEs reduces confusion and streamlines the regulatory framework. This will make it easier for property owners to understand what is permissible within the SUD, potentially leading to better compliance and more consistent development outcomes.

The SUD's focus on preserving agricultural lands, open spaces, and environmentally sensitive areas suggests that low-impact short-term rentals may be a more suitable option than HSEs. By concentrating development in appropriate areas and preserving the majority of the land for agriculture or open space, the SUD can maintain its intended character and purpose.