

Dear Mayor, Town Council Members, Friends and Neighbors:

I appreciate the discussion at hand about STR's in Skykomish as the issue is an important one in the age of the "sharing economy" in which we now live. Skykomish is truly a unique community in so many ways and one that I believe has a bright future. It is up to us to decide the course and how we position the town with the larger region, our environment, and even amongst ourselves and neighbors.

On Clarity and Honesty of Process

First I want to acknowledge that STR's can quickly become a passionate topic. From reading written testimony submitted to date I can see there is a diversity of views and strong opinions on the matter. I trust that your deliberations will recognize this for all its aspects. That said, what I think is most important in local deliberations and decisions like this is clarity of motivation and intention.

I'll do my part and state clearly that I support STR activities and we personally engage in limited renting of our home in Skykomish when we cannot be there to enjoy it and have a suitable application from a requested guest. We have rented our home at points during every year we've owned it so far (2017, 18, and 19) and have averaged around 20 to 40 nights rented to guests per year. We reside in our home 100-200 days a year when we aren't traveling (and that is tapering down now that we live in Bellevue primarily). Our rental income doesn't pay for our cost of ownership, but it offsets it. We contribute about \$7,000 per year to **local workers** for cleaning and maintenance services. We directly spend about \$2,500 per year in Skykomish on gas, food and beverage shopping. We estimate our guests spend about \$25 per night, on average, in the local community. What's your local impact on employment, economic contribution, etc...?

For those engaged in this discussion I would ask for the same clarity: if you don't have a dog in the fight, say so. If you have a vested interest, such as owning a home you STR, say so. If you are invested in a property or business that would benefit from STR restrictions or the lack thereof (such as local lodging developments, construction businesses, food and beverage, etc...), please clearly say so (especially if you are in a leadership position within the town). If you are neighbor to an unruly STR operator and have had a bad experience trying to talk to the homeowner about it (or haven't given them that neighborly courtesy), clearly say so. If you like your peace and quiet and just don't like the idea that a neighbor might choose to have someone other than themselves visit their home, that's fine - just say so clearly.

Our Story

We purchased our home at 526 Sky Lane from Jeff and Missy Long in January of 2017. We have four kids (now ages 11 - 7) and at that time we wanted to get out of Seattle's Ballard neighborhood which was becoming hard to enjoy as well as be closer to Skiing as our kids reached that age. We hoped to potentially live in Sky, but quickly realized the impracticalities of that due to distance to the city and a lack of local resources (such as groceries). Those who do live full-time in Sky - I truly respect and appreciate that. I grew up in Eastern Wa on Highway 410 about 40 miles "upriver" from town. I get it comes with it awesome benefits and challenges. As things went, we have made Sky our primary residence for a couple of periods to date (we travel often for work and usually take our kids with us, so we've never been there all the time). Today, we've finally settled in the Bellevue area, and Skykomish is now just a part-time home for us which we use in the winter when our kids ski on the Skykomish Ski Team and when we are able to get up there in the other seasons.

When we bought our home we did so knowing that we could only afford it with STR revenue helping to offset ownership costs. We did this in Ballard with our home there and it worked out well, enabling us to buy and improve the home. In Skykomish, our STR revenues do not entirely pay for our cost of ownership, but they help offset it and make keeping up our home and working towards improvements feasible. If we had not been able

to count on STR activity, or if STR activity were to be restricted such that we could not continue it, what would our story have been, and what would it become? Our story is not unlike many in the community who do not reside full-time.

On Intended and Unintended Consequences

I want to admonish you to think about intended and unintended consequence of this decision. Any way it goes, there will be impact. Intended impact is one thing, but what will really bite us down the road are the unintended ones. Arguments like housing prices and long-term rent prices get people fired up. But are they really driven by STR activity, or by larger market forces or supply and demand?

On Home and Rent Prices

Would not having an STR option have meant home prices and rental prices would have gone down in Skykomish when we bought? At the time we bought our home it had been on the market most of the year and wasn't selling. Either it would have needed to have further price cuts to sell, or what? High sale prices are good for someone (sellers) and bad for others (buyers). Would outlawing STR's really benefit the community? When it comes time to sell *your* home and it's worth 20%, 30% less than it is today because the market prices in STR revenue to purchase price considerations, will that be good for you? For your neighbor?

If there were no STR's, would the part-time resident owners really rent those homes long-term? Not likely, because they are **part-time residents** which means they can't have a long-term renter. This wouldn't free up homes for rental or sale, it would simply deprive the community of economic benefits of visitors or worse, potentially, it would force part-time residents to sell their homes. What happens if lots of homes go up for sale? Prices go down. Good for buyers? Yes. If the whole town's **comparable sales nosedive**, that's actually **quite bad** for the community if you're someone who needs to sell your home.

What solves issues of home prices comes down to supply and demand. We need more supply. To build supply, we need demand. To drive demand, we need jobs. To drive jobs we need employers. Employers need **customers**. Customers come from where??? Here, they'll mainly come from visitors.

If you want to solve rent and home availability **Customers = Employers = Jobs = Demand = Supply**.

Limiting STR's and making STR's hard to operate won't contribute to that equation, it will hurt that equation.

On Our Future and Why STR's Even Exist

If you've never been a "guest" at an STR or a "host" of one I can imagine it would be hard to relate to how the market works. I'd encourage you to give it a try if you haven't. If you're a family, in particular, staying in a home is often the only viable way to travel. Staying in a hotel when you have several kids, or travel with relatives or grandkids is so completely different than staying in a well kept, comfortable home. **STR markets exist because there are customers for that market**. As a community, if we decide to limit or abolish participation in that marketplace, **the marketplace doesn't stop existing, it just goes elsewhere**.

When I think about Skykomish and the future I see two directions:

1. One is forward, heads up, eyes open, aware of the way the world is. It recognizes changes in technology, economics, the climate, population centers, etc... Vail Resorts buying Stevens Pass is a big deal. They aren't in the business of operating Sky Lifts. They are in the business of operating **year-round destinations**. This will happen and Skykomish can either participate in it or not. Participation will

come through lodging for people to stay, places for those people to dine and shop, and places for those people to enjoy their time.

2. The other is looking back, trying to keep Skykomish what it was. This isn't necessarily bad, but it needs to be acknowledged for what it is: a limited future. Stevens Pass seems to have tripped-down on it's Leavenworth connection. Why is that? Leavenworth is an inviting ***destination***. Could Skykomish be this? It would take lots of time and effort and development, but it certainly won't have a shot at it if we are staring at the past and trying to keep Skykomish the way it was in a certain time period.

On the Skykomish School and Keeping It Open

Some have suggested that STR's are hurting prospects of keeping the Skykomish school viable because they restrict the number of potential full-time residents with school-aged kids. I'd be curious to know if there are any documented cases of this actually happening. I suspect that the real reason this area is a challenge comes back to the above mentioned equation of economic viability.

Instead of looking back or living in fear, what if we focus on future potential and goals? How many people would need to live up here to justify a local mini grocery store and other service businesses? How might we achieve that level of growth? What's the path to get there with partners like Vail moving into our backyard? I suspect that STR's as a component of economic impact would play a very helpful role in this, not a hurtful one.

Specific Inputs for STR Regulations

I've read the proposals for STR regulations and have some specific inputs, having experienced this process before.

1. Recognize *there are different kinds of STR's: owner occupied/operated ones and "sneaky hotels."* The former is great - good for homeowners, good for guests, good for local economies. The latter is not so great - good some some distant 3rd party investor, bad for guests, and neutral to local economies. **Do not confuse the two.**

There is a REAL difference between an owner occupied home that is STR'd and a home that is operated as a hotel. *You can always tell this by the silverware in the kitchen.* SERIOUSLY! Nobody who actually lives in a house equipped to sleep 10 has only 4 bent Ikea forks in the silverware drawer and three chipped, stained coffee cups. A kitchen that is equipped with real cooking pots, pans, adequate silverware, etc... is one that is lived in my the owner, at least part time.

Homes that are purely "hotels" should be treated differently. This is where a limit could apply. For example, we own and use our home in Sky. When we're not able to use our home we sometimes open it for rentals. We've only ever used Airbnb but could use other platforms, except we trust the ratings system in Airbnb to help us ensure we can control who we allow to stay (we don't want problem guests, just like our neighbors don't want problem guests at our house). That's because we actually LIVE there. Our skis are in the garage. Our kids' books are in the living room. Some of their Christmas presents stay in the closet so they can play with them when we are there. I hand-built the bunk beds. Our home is NOT a hotel - it's our home.

Now, compare that with the cabin next door. I've never seen the owner there. It is owned by someone, but it is managed by a property management company. I've only ever seen it occupied by renters. It's never been a problem in our experience except for the occasional bear attack on garbage (which we've

had too, but finally solved for with a \$200 bear proof can I bought on Amazon this summer). That said, it is something entirely different than our home.

A policy that differentiates between homes that are full or part-time residences of the owner and homes that are purely arms-length investments being operated as a hotel are needed. Do this by limiting the number of properties a single owner can operate as an STR to one or two. This will discourage non-resident investors from buying up properties and hotel-operating them. This will enable existing residents and future full or part time residents to be able to afford their homes and stay connected to the community.

2. The proposed inspection criteria that hold homes to present-day standards may not work for the many older cabins and homes in Skykomish. The proposed standards wouldn't be much of an issue for me personally since my home is newer, but I can imagine many who rely on STR income to afford their cabin may not be able to afford the renovations needed to become compliant. Either grandfather older or existing homes in, or provide consideration appropriate for construction age.
3. If a permit system is used, have a mechanism for revocation of the permit if issues arise and aren't resolved. Provide a pathway for re-approval once issues are remedied. Charge fees for violations.

For example, parking. If you arbitrarily set parking spaces it could be unfitting for the property or still be problematic for neighbors. Hosts can absolutely hold their guests to things like number of cars - if guests violate this, they'll get a bad review from a responsible host, and nobody wants that as a guest. At our home, we could accommodate 8 cars between our garage, carport, driveway and parking strip. However, we would never allow a guest to bring 8 cars. The one case where we have had a guest (1% of our experience) who violated our policies on number of people and treated our home badly, we charged them for damage and rated them badly. A host isn't going to rent to a guest with a rating that says they brought double the people they said they would bring and stained carpets and furnishings.

If someone's guests clog up the street and a neighbor is concerned, submit a photo, contact the guest, contact the owner. Fine them a warning fee. I guarantee you they will self-police this with that and future guests. IF they care about their STR and their neighbors, and their pocketbook, they'll work to prevent issues like this pro-actively.

4. A local contact is a good idea, but defining it in a "drive time" isn't. Define "local" by specific areas (a boost for local employment). For example, a local contact should be in Skykomish or nearby communities such as Index, Barring, Grotto, etc... I live in Bellevue just over an hours drive in no traffic, so I couldn't meet a 1 hour drive time unless I drove *really fast*. I have several people in Sky/Index/Barring who are on-call and help us with maintenance/cleaning and can help if there is a guest issue. We've never had a problem in three years with addressing an issue (and very few have come up). I suspect this is the case for most if not all STR's in Skykomish.
5. A 20 minute call-back time is impractical. If there is a problem that is as dire as that, emergency services are probably needed. Further, it's unlikely that a designated contact on a permit application is going to be available 24x7x365 on 20 minute notice. Do you expect them to never turn off their phone? Do you expect them to never have a vacation? What about when the power goes out?

The only way to viable try to meet this requirement would be to engage a property management company that is large enough to have a 24x7x365 staff and call center. Here's the thing: property management companies are setup to work with **disengaged homeowners** and that's **the opposite** of what we need. An **engaged homeowner** is one who cares about their home and their community. I haven't hired a property management company because I don't want to hand over my home to some cold, unengaged 3rd party because **we live there too** and we care about our home and neighborhood.

There's certainly a middle ground, but I think the best thing to rely on is the sharing community trust.

6. Think **so cautiously** about **adding regulation**. STR's have been occurring in Skykomish and the Sky Valley for as long as people have been living here (do you really think that the logging boom didn't have boarding/rooming houses, houses owned by people in the City and rented to visitors and workers?) and it seems to have been working well. The "sharing economy" is largely well self-policed. Are there **actual** and **documented** cases of problems? If so, let's get that in the record.

For example, one of our neighbors stated in a letter to the record for STR's that he once saw "8 cars parked at the rental across the street." I don't know if he was referring to my house or the cabin next door, but I suspect it would be my house since the cabin next door is tiny. Photos and a date could clarify this readily. We have an outdoor driveway security camera recording 24x7 and I monitor all guest check-ins remotely. If I see something concerning I immediately contact the guest. We've never had a guest not be responsive to a concern, nor had any major concerns come up in the many dozens of stays we've hosted over the years. I've not seen 8 cars except when **we are at home and have the Skykomish Ski Team** over. So maybe that is what he was referring to. I don't know - I'd welcome the feedback and if there is ever an issue with a guest, I'd be all over it, but I haven't heard from him about this though I'd love to if it is a concern with us.

I think the last point sums up what I feel is most important: neighbors need to talk to each other for better and worse. If there is a homeowner that is so absent or some cold corporation, that's an issue I'd agree is a problem. But for those of us who are just people trying to enjoy our experience in Skykomish, let's not overly complicate our lives with regulator paperwork that burdens the town. Some rules could be great for all and some revenue for the Town certainly would help. But what will help most is looking to the future and talking to each other about that vision as we work to achieve it.

Thank you for your consideration.

Best Regards,

Caleb Whitmore