REPORT TITLE
Measure 20-386 Dunes City

OFFICIAL TITLE
Prohibit new short-term rentals, change regulation of existing short-term rentals.

INITIATIVE
The measure is an ordinance amendment placed on the ballot with 107 valid signatures. Petitioners were Linda John and John Colwell, private citizens.

QUESTION
Shall voters adopt an ordinance prohibiting new short-term rentals and adding permit, on-site host, and complaint requirements for existing rentals?

FINANCIAL IMPACT
Existing short-term rentals (STRs) generate City revenue through a $500 application fee, a permit fee of $1,000 per year, and a monthly fee equal to 5% of gross rental revenue. To the extent existing STRs cease operating under the new requirements, City revenue from those sources would decline. The measure may also affect City administrative and enforcement costs and capability. The total fiscal impact has not been quantified. Property taxes do not subsidize STR code enforcement.

PROBABLE RESULT OF A "YES" VOTE
A "Yes" vote would amend the Dunes City Code of Ordinances to ban new STRs and impose new requirements on existing STRs. The new ordinance could only be changed with approval of voters in a new election.

PROBABLE RESULT OF A "NO" VOTE
A "no" vote would leave in place the existing system of requirements relating to STRs.

BACKGROUND
There are over 886 single-family homes in Dunes City, 21.4% of which are not permanent residences, meaning that they are not occupied full-time. Some have been in families for generations. Over the years, some have been rented out as vacation homes. Some STR owners live outside of Dunes City and hire local property management companies to manage the STRs, the furthest of which are located in Florence.

In 2024, Dunes City adopted an ordinance regulating STRs. An STR is defined as "a permanent residential dwelling unit or any portion of a residential property, rented for occupancy for a period less than 30 consecutive calendar days." Such units include "vacation rentals," "vacation homes," "Air Bnbs," and "VRBOs," as well as units rented out privately by their owners for less than 30 days. After enactment of the 2024 ordinance, there was a significant decrease in STRs. Prior to the 2024 ordinance, there were approximately 75 STRs operating in Dunes City. Now there are 27 licensed STRs.

In 2026, between January and late August, there were five complaints about STRs that were found to be code violations. One complaint is unrelated to rentals or occupancy. The other four are occupancy-related at the same address, the license of which is currently under review.

According to the City, implementation of the 2024 STR ordinance included a focus on inspections and new permitting of STR septic systems. There are now three homes awaiting final septic approvals by the County, and those have had regular routine inspections. The City reports that there have been no verified overflows or failures of septic systems within its jurisdiction since before enactment of the 2024 ordinance.

Dunes City's code enforcement officer is part-time. The only law enforcement that serves most Lane County coastal communities is a single Lane County Sheriff's deputy, who does not respond to complaints about code violations. Quiet hours under the noise ordinance were amended recently from 7 pm to 10 pm. Since that change, there has been one verified complaint of excessive noise from STRs.

The City observes that seeking revocation of an STR license to operate based on alleged violations is not immediate. It requires due process, which takes time for notice and opportunity for a hearing, and appeal rights.

PROPOSAL

The proposed amendment would ban new short-term rentals. The current maximum allowed is 35; 27 are currently licensed.

The amendment would impose new requirements on owners of existing STRs, including:

- A requirement that they have an on-site host whose primary and permanent residence is the rental dwelling, who is physically present during guest occupancy, who is available 24/7 to receive complaints from tenants and neighbors, and who is required to remedy complaints regarding use of the STR, such as excessive noise and numbers of users, within 60 minutes of the complaint being made. Owners who fail to meet this requirement could not continue operating the property as a short-term rental.
- A requirement that owners document compliance with required septic permits and acknowledge applicable rules and regulations as a prior condition to issuance of a license to operate.
- The total number of guests would be limited to 8.

SUPPORTERS SAY

- Limiting STRs to the current 27 would allow closer regulation of licensing STRs and prevent any increase in non-compliance with code and regulations.
- Neighbors have reported large parties at STRs that they believed exceeded the permitted number of occupants and disturbed the peace. Since current law does not require STRs to have on-site managers; neighbors are left to police disturbances personally, with no assurance of immediate remediation when violations occur.

- Current law does not provide a fixed deadline for resolution of complaints. Under this measure, a complaint to the on-site host must be remedied within 60 minutes. If it isn't, the complainant may file a complaint with Dunes City. Penalties for failure to comply with the STR ordinance include a fine, and denial, suspension or revocation of an STR license to operate. Supporters believe that requiring a resident host on-site at all STRs will make it more likely that complaints by neighbors will be addressed in a timely fashion.
- To limit potential disruption to a neighborhood, no STR would be licensed for more than 8 occupants.
- To limit impact to the environment, no STR would be licensed for more than 8 occupants. Occupancy that exceeds the number permitted for septic approval could strain septic systems and potentially affect nearby lakes and the community's water safety. While STRs served by private septic systems are permitted for occupancy that does not exceed that system capacity, proponents say that some licenses have been approved provisionally without all required environmental submissions. This measure would make it a pre-condition of issuing a license to operate an STR, that all required septic, DEQ (Department of Environmental Quality), and Land Use Compatibility documentation is complete before a permit or renewal is issued.

OPPONENTS SAY

- Opponents support enforcement of existing STR regulations against substantiated violations, rather than imposing a permanent prohibition on new permits and a residency requirement on the majority of STRs that have been compliant.
- Many existing permitted STRs would not be able to continue operating under the measure."On-site host" does not mean a local property manager or nearby emergency contact. The measure requires the host to reside in the STR dwelling as a primary and permanent residence and to be physically present during guest occupancy.
- The requirement of a resident, on-site host in the same house would be unacceptable to renters interested in a whole-home rental.
- This measure could reduce a necessary source of City revenue that currently covers the cost of code enforcement and administrative costs.
- Permitted STRs also generate City revenue through the City's 5% charge on gross rental revenue, and transient lodging tax revenue. If existing permitted rentals cannot comply with the new requirements, those City revenues would decline.
- If passed, the ordinance could not be amended, revised, or repealed by the City Council. The Council could not make routine corrections or respond to changing conditions through the normal public-hearing and ordinance process. Owners of STRs who are not full-time City residents can not vote in local municipal elections; they would not have a voice in any proposed change.
- Current or future Dunes City homeowners would not be able to obtain a STR permit if their circumstances change. Existing permits that cease will not be replaced.
- If STRs cease operating, some local workers and service providers would lose work and income.

- Imposing a permanent prohibition on new permits and a residency requirement on the majority of STRs that have been compliant is unduly restrictive.

*Footnote: Data from the City: The running tally of code enforcement complaints for 2026 is 48, 15 of which were determined to be non-actionable. These are typically not a violation of any code or ordinance, but someone was uncomfortable, so they submitted their complaint to the City, and after an investigation, no action was taken.
Of the remaining 33 complaints, 20 were found in compliance (no violation).
Of the remaining 13, seven are in review awaiting Lane County concurrence or information. Of the remaining 6, 5 were violations: 4 were cases where occupancy exceeded limits, and one was violating public peace, which related to site work at an STR. The last one is labeled "in progress" - recent complaint about an overflowing trash can (bears are often the culprits).

The seven complaints "in review," as well as some of the 20 that were found in compliance (no violation) were part of a group of 21 complaints regarding septic approval from Lane County. During the involved period, Lane County, which regulates septic, had some staff turnover, and some owners have encountered difficulty paying for a required inspection, which resulted in delays beyond the City's control. The City is now down to three homes for which payment to the County (for inspection) is pending. Those three septic systems were properly designed, reviewed, permitted and inspected upon construction and those that needed a routine City inspection are up to date.