

## The Oregonian

### Portland tries to make peace with Airbnb as 'sharing economy' moves into the mainstream

By Elliot Njus

Advocates of Airbnb and similar ventures like to talk about the “sharing economy” – a philosophy highlighting borrowing, bartering and renting rather than buying and owning.

For Airbnb -- company that is apparently considering a major customer service outpost in Portland -- that means establishing a website that helps homeowners rent their home (or a room in their home) to travelers for a few days at a time as an alternative to commercial hotels.

But as far as the city of Portland is concerned, it's a black market. Few of the Airbnb hosts have gone through the lengthy land-use process to legitimize their accommodations, or paid the thousands of dollars in permitting fees that would have been required of a traditional business.

Maybe most importantly, the city worries that few pay the lodging taxes that hotels have to pony up.

“From a land-use perspective, all cities are dealing with this,” said Sandra Wood, a supervising planner with the Portland Bureau of Planning and Sustainability. “Do you allow it and to what extent? This is happening all over the place.”

#### What's next

The Portland Bureau of Planning and Sustainability will hold an open house on proposed regulations for bed-and-breakfast operations, including short-term rentals.

Where: Bureau of Planning and Sustainability, 1900 S.W. Fourth Ave., Room 2500B, Portland

When: 5-7:30 p.m. Feb. 11

The Planning and Sustainability Commission will hold a hearing later this year and make a recommendation on the proposed regulations. The City Council will hold another hearing, then vote on the proposal.

But Portland is moving to ease its restrictions on short-term rentals, perhaps easing the way for the hundreds of residents with listings on Airbnb and other sites like it to come out of the shadows — if they're willing to pay a permit fee and collect lodging taxes.

Cities all over the world are struggling with how to confront the groundswell of off-the-books vacation rentals facilitated by online middlemen, which are riddled with regulatory and policy concerns.

One-off rentals don't drive employment or tax revenue like hotels, and they can supplant what would otherwise be affordable long-term housing. Private homes also aren't subject to the safety regulations hotels are, and neighbors can find the revolving door of strangers unnerving.

Some municipalities have cracked down. New York, for example, passed a law in 2011 banning short-term rentals in multifamily buildings in an effort to prevent landlords from operating illegal hotels, and last year the state's attorney general subpoenaed Airbnb for data on its hosts as part of an investigation.

Others, like Austin, Texas, have changed their rules to allow and regulate short-term rentals. Similar to Portland, Austin allows owner-occupants to rent parts of their property for a \$285 fee.

Portland's proposal is similar to Austin's: a homeowner could rent one or two bedrooms in their primary residence to short-term lodgers. The hosts would have to supply neighbors with details and contact information before getting an over-the-counter permit for about \$150. (The proposed fee in Portland hasn't been finalized.)

"We feel this provides flexibility for property owners," Wood said. "It really allows for communication between neighbors."

It will also allow the city to collect a registry of homeowners offering lodging, many of whom — depending on the number of visitors they host — would owe an 11.5 percent occupancy tax to the city and county.

That would be a welcome change for Tijana and Milos Jovanovic, who had rented the ground-floor apartment in their Irvington home to travelers for 2 1/2 years through the sites VRBO and FlipKey and paid lodging taxes along the way.

But in October, a complaint prompted a warning from the city that their rentals violated city code. (It's not clear who lodged the complaint, since they are confidential with the city.)

The Jovanovics have since switched to renting the apartment for terms of at least a month at a time, which is allowed in residential zones. Milos Jovanovic said he's not sure of the city's rationale in allowing only the longer-term rentals.

"If I was to rent out that space and there were people living there, they would have a car and park that car just like a short-term rental," Jovanovic said. Besides, he says, short-term guests are fun to have around. "We end up hanging out or talking to the new and interesting people who come."

Jovanovic said he'd never heard a complaint directly from his neighbors, and that some neighbors had arranged for visiting family to stay in his rented space.

Portland has taken a complaint-driven approach to policing short-term rentals, and a cursory search of city records suggests the number of cases annually is in the dozens. Most are resolved simply by sending a notice, said Mike Liefeld, whom manages enforcement for the Bureau of Development Services.

Airbnb has taken the position that most local laws are out of step with the digital age, and it has chronicled efforts to change the laws in its favor on its public policy blog.

"We're still examining these proposals, but we know Portland values the sharing economy and they're moving in the right direction," the company said in a statement.

Oregon cities are slowly weaving a patchwork of rules on short-term rentals.

Some communities on the Oregon Coast allow them, but limit how frequently a property can be rented out. Nearly all that allow the rentals require special permits, business licenses and collection of lodging taxes.

The city council in Ashland — which sees an influx of tourists each year during the Oregon Shakespeare festival and other events — voted last year to keep in place a ban on the short-term rental of entire homes in residential areas, and additionally made it illegal to advertise such rentals on sites like Airbnb.

But the city's staff is preparing a second ordinance that would allow marketing and renting part of an occupied home, similar to the Portland proposal.

"The big pressure on the whole system is that there's more and more demand," said Bill Molnar, Ashland's community development director. "Every city that has a robust visitor population is trying to deal with it."

Though Portland's proposed rules would loosen restrictions, some users say they wouldn't go far enough.

The Portland proposal, as in Ashland, would maintain the existing restrictions on renting out entire homes to tourists, including condos in some of Portland's hottest neighborhoods.

That would rule out places like a studio apartment in Northwest Portland that has been listed by Bradley Twiss, who's managing the condo for a friend living abroad.

"When I've traveled as a guest, I've preferred to stay in places that are not primary residences. They are well appointed and don't have the personal items around that make you feel like you are in someone else's personal space," Twiss wrote in an email. "I don't think that any Airbnb host wants to be operating outside of these ordinances, but these rules simply haven't caught up with the sharing economy."

## **Portland Water Bureau, Revenue Bureau dealing with computer virus**

By Brad Schmidt

The Portland Water Bureau and its billing partner, the Revenue Bureau, have been hit with a computer virus that shut down work Thursday afternoon.

"All I know is we did get hit with a virus," said David Shaff, administrator for the Portland Water Bureau.

Shaff said it's believed that the virus impacted the city's Cayenta billing system, targeting computers in the Water Bureau and the Revenue Bureau.

Shaff said city technology officials at this point are checking to see if the virus could impact the billing system. Customers shouldn't worry about personal information being compromised, he said.

Some city staff were instructed to turn their computers off. Shaff said he expects to receive more information by Friday morning.

## **Portland unveils new emergency coordination center in Southeast Portland**

By Stuart Tomlinson

The toilets flush with rain water. Computer servers bounce on big rubber bands in case of an earthquake. And the roof looks like a lawn.

Some of those features will likely earn the City of Portland's \$19.8 million emergency coordination center in Southeast Portland LEED (Leadership in Energy and Environmental Design) Gold Certification in the coming months.

On Thursday, city officials including Mayor Charlie Hales, Commissioner Steve Novick and Portland Bureau of Emergency Management director Carmen Merlo, officially opened the 29,000-square-foot building for business, with a ribbon cutting, tables groaning under the weight of mini-cupcakes and about 150 people.

"It's like moving from the farm leagues to the major leagues overnight," Merlo said. "I've seen this building on paper for several years and to finally see it come to life is an extraordinary experience."

Before the building at 9911 S.E. Bush St. was completed, Merlo said she and others from her department worked out of a empty training room at the 9-1-1 center next door that took 2 hours to set up.

Now she and her staff and public safety officials from the city, state and federal government--will be able to coordinate disaster relief and response from one central location.

It can't hurt that it's one of the most seismically sound buildings in the state, with a full kitchen that can handle 200 workers at a time. Merlo said designers wanted to it to become place that was comfortable for those days during emergencies that can stretch to 12 and 16 hours.

That meant using a lot of natural materials, bringing in natural light and creating a communication system that would function when cellular phones, landlines and even radios go dead during an earthquake or powerful storm.

"This building really centralizes the two things that need to work in a disaster -- coordination and communication," Merlo said. " It gets the right people in the same room."

The building's main floor looks like you might expect: A massive video screen dominates one wall (12 individual monitors that can show one image, or 12 separate video feeds), and smaller monitors tuned to news channels and the Weather Channel are mounted all around.

The roof bristles with satellite dishes and UHF, VHF and amateur radio towers.

There are two art installations -- one inside and one outside. The "Heart Beacon" outside resembles a rocket about to take off, and features a thumb-reading device that translates the users heartbeat into pulsing, multi-colored lights.

That theme is then carried into the building's main lobby with " Heroic City," which features panels of brightly lighted plastic that change colors.

Three conference rooms surround the main floor, including an executive conference room set aside for the mayor's disaster policy council.

The building can generate its own electricity and captures rain water that can be used throughout the building (but is not potable.)

Upstairs, a large kitchen and dining area leads out to an outdoor deck and a view of a living roof covered with plants.

"This is the personification of the Boy Scout motto, ' be prepared,'" said Mayor Hales. "We need to be prepared to have city workers coordinate all the details and craziness of the response to a real emergency."

## Willamette Week

### State Hopes to Complete City Hall Harassment Investigation Within Six Months

By AARON MESH

Portland Mayor Charlie Hales is dealing with the latest allegation of misconduct by his staff—a civil rights complaint by a mayoral aide charging for being HIV-positive. The mayor says he won't comment until a state investigation is finished.

Hales is going to have to wait.

The Oregon Bureau of Labor and Industries, which investigates workplace complaints, is hoping to complete its investigation into the complaint against Shibley within six months, says agency spokesman Charlie Burr.

"We will be conducting a BOLI investigation," Burr tells WW. "Yes, it has begun. We have an investigator assigned."

The state investigator has one year to examine the civil rights complaint, Burr said, but that the case probably won't take that long. "I think it's reasonably likely to be completed within six months," he says.

WW first reported Tuesday that a mayoral staffer filed a Jan. 14 complaint saying Shibley pressured him into revealing that he is HIV-positive and then verbally harassed him because of his illness. The complaint says Shibley called him a "skank" and said his previous boss, former Mayor Sam Adams, was also a "skank."

Shibley has said the allegations are "groundless." The staffer has declined to talk to WW.

Burr says BOLI will attempt to interview both the staffer and Shibley, and look for documents independently verifying what happened.

## The Mercury

### Hall Monitor Too Much of a Good Thing

By Dennis Theriault

THIS YEAR'S BUDGET was supposed to be less savage for Portland City Hall.

Last year, faced with a \$21.5 million deficit, city commissioners found themselves awkwardly cast as battlefield surgeons—threatening to hack off limbs and telling their patients (that's us!) to drink some whiskey and bite on some rope until the screaming was all over.

Compare that to now. For the first time in a few years, there's money to spend instead of cut. The December budget forecast showed close to \$6 million in new ongoing revenues and a bit more than \$3 million in one-time cash.

But with city hall's "hell week" upon us—that annual scramble of meetings and napkin arithmetic before bureaus turn in their budget requests on February 3—no one's sure that seemingly good news will leave city hall any less bloody. Requests for new funding could be double or triple what's actually available.

"After years of cuts," says one city source, "there's a lot of pent-up demand. Everybody's eyeing that money."

Mayor Charlie Hales has tried to head off those squabbles. In a budget memo submitted last year, he personally beseeched his colleagues and the bureaus they oversee not to go for broke.

Hales wanted what he called a "stabilization" budget. Then, as the size of the surplus made itself known, he and the council tried to agree on a framework for weighing so-called "add-ons." That short list was very specific: hunger and homelessness, neighborhoods, and emergency preparedness.

Every bureau got that memo. It's just not clear everyone read it.

City sources point most emphatically at the police bureau, which draws the most money traditionally from the city's operating fund. The bureau, overseen by Hales, has been floating a call for \$5 million in restored funding.

True, that money would add back dozens of positions cut last year and even reopen the bureau's long-closed Southeast Precinct. But it also would eat up most of the surplus—without helping the homeless or making the city's buildings more resilient in the event of a major earthquake.

Hales, who has final say over the police bureau's budget, will have to reckon with that.

Because beyond the cops, pretty much every other bureau will have a hand out. And most will be making a better case for the money.

Commissioner Dan Saltzman's office says it's working up funding requests for the city's housing and fire bureaus—the latter under the rubric of "preparedness." The Portland Bureau of Emergency Management, in the business of disaster prevention and recovery, wants to talk about finally outfitting a Westside operations center.

Meanwhile, the city's utilities bureaus may push for shifting more of their programs onto the general fund in a bid to keep water, sewer, and stormwater rates down. (Those bureaus, sources say, also are being asked to contemplate multimillion-dollar cuts in operations).

In almost every way, this is still a better problem than having to figure out which programs should get cut the most. But it's still going to make for a list of victors. And potentially sore losers.

As Commissioner Steve Novick warns: "There will be blood."