



MEMORANDUM

CC-26-085

Resolution 26-028, a Resolution of the City Council of Homer, Alaska Asking the Economic Development Advisory Commission (EDC) to Review Short-Term Rentals (STRs), Gather Community Input, and Provide Findings and Recommendations to the City Council.

Item Type: Backup Memorandum
Prepared For: Mayor Lord and Homer City Council
Date: April 7, 2026
From: Julie Engebretsen, Community Development Director; Councilmembers Shelly Erickson and Jason Davis
Through: Melissa Jacobsen, City Manager

SUMMARY:

This resolution asks the Economic Development Advisory Commission (EDC) to take a focused look at short-term rentals (STRs) and how they may relate to housing conditions in Homer. This is not a proposal to regulate STRs. It is a step toward getting a clearer, shared understanding of local conditions before making decisions.

BACKGROUND:

Short-term rentals are frequently discussed in connection with housing availability, seasonal workforce needs, and economic activity. At the same time, they are also part of Homer's visitor economy and may contribute to local income and tax revenue.

Homer also has a distinct seasonal pattern, with peak demand concentrated in the summer months. Understanding how housing availability shifts during those periods—and how STRs fit into that picture—is an important part of the conversation.

At present, much of the discussion locally is based on partial information, individual experiences, or comparisons to other communities. There are also residents and groups who have already gathered information or developed their own perspectives. This effort is intended to bring those viewpoints together and consider them alongside broader community input.

The resolution asks the EDC to focus on practical steps: hearing from people directly affected, developing a reasonable picture of STR activity in Homer, considering how housing availability

changes through the year, reviewing how other communities have approached similar questions, and thinking through the potential role and structure of a basic registration approach.

It also encourages a balanced view, including consideration of both potential benefits and unintended consequences for housing and the local economy.

The goal is for the EDC to come back with a clear summary of what it heard and observed, key takeaways, a short list of possible near-term steps, and, if useful, a broader set of potential approaches.

An initial report is anticipated within six months.

Also attached is a summary of STR approaches used in other Alaska and tourism-based communities. This document is intended as background only and should not be viewed as prescriptive.

RECOMMENDATION:

Adopt Resolution 26-028

ATTACHMENTS:

Summary of STR approaches

SHORT-TERM RENTAL REGULATIONS

Caps, Zoning, and Ownership Rules in Alaska and Comparable Tourism Communities

Research survey of approaches in Alaska, Oregon, and Washington | 2025–2026

At a Glance: Community Comparison

The table below summarizes the regulatory approaches of the communities researched. Detail on each follows in subsequent sections.

Community	Approach	Key Details
Seward, AK	Zoning + Permit	Residential zones: 50% of bedrooms, max 3; commercial zones: max 5. Annual life safety inspection required. STRs banned in boat harbor.
Soldotna, AK	Tax + Permit	4% lodging tax effective Jan 2025. New permit ordinance (2025): all STRs require administrative permit; owner-occupied units previously exempt.
Sitka, AK	Owner Occupancy	New STRs require owner to live on property as primary residence ≥6 months/year. Effectively bans investor-owned vacation rentals.
Anchorage, AK	Licensing (Data-First)	Municipal STR license required as of Sept 2024 (\$400/yr). No cap or zoning restriction. Primary goal: data collection. Vetoed once by mayor.
Juneau, AK	Registration Only	Free CBJ registration; listing must display registration number. 14% lodging tax. No caps, no zoning limits, no owner-occupancy requirement.
Bend, OR	Spacing + Type Tiers	Type II (non-owner-occupied whole house): must be 500 ft from nearest Type II. Type I (owner-occupied, ≤2 rooms): no spacing limit. Effective cap via distance rule.
Newport, OR	Neighborhood Caps	Hard caps by district: Nye Beach ~100 licenses; Oceanfront ~75; other residential ~30. Plus 250-ft spacing rule.
Chelan County/Leavenworth, WA	Hard Housing Stock Cap	County-wide cap at 6% of housing stock. Leavenworth area at ~16% and closed to new permits. Non-transferable permits (expire on sale).

1. Alaska: The Regulatory Landscape

Alaska has no statewide STR registration, licensing, or cap system. There is also no statewide lodging tax — Alaska is the only state in the nation without one. All regulation is municipal. This creates a patchwork where approaches vary widely even between neighboring communities on the Kenai Peninsula. A 2023 Alaska House bill (HB 184, Rep. Andrew Gray) proposed a statewide registry and a limit of one STR per owner, but it did not advance out of committee. As of early 2026, no statewide framework has passed.

Soldotna

Soldotna has been actively tightening its STR framework since 2023. In December 2023, the city council adopted a 4% lodging tax on stays under 30 days, effective January 1, 2025, with revenue directed to a Tourism Enhancement Fund. The ordinance was amended in December 2024 to add quarterly reporting requirements, a \$25 penalty for failure to file, and a \$250/day fee for unlawful operation.

A second ordinance (2025-039), under consideration as of early 2025, would require all STRs — including owner-occupied units currently exempt — to obtain an administrative permit and meet operational requirements. Non-owner-occupied units already require a local point of contact, occupancy limits, and parking/signage restrictions; the proposed change would bring owner-occupied units into the same framework. As of the time of this research, the ordinance had not yet been adopted.

Note: *Soldotna currently has no hard cap on STR numbers, no zoning restrictions by district, and no owner-residency requirement — but the pending permit ordinance would close the exemption for owner-occupied units.*

Seward

Seward has one of the more developed STR frameworks on the Kenai Peninsula, shaped by its acute housing shortage and heavy summer tourism. Key features of the current code:

- Residential zones: STRs limited to 50% of bedrooms per unit, with a maximum of 3 bedrooms rentable. This effectively ensures that in a whole house, at least half the bedrooms remain in residential use.
- Commercial zones: up to 5 bedrooms permitted for STR use.
- Annual permit required (\$50 application fee + \$45 life safety inspection fee), renewable each January.
- Listing must display the STR permit number.
- STRs are not permitted in the Seward Boat Harbor.

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Seward's Planning and Zoning Commission considered more aggressive measures in 2022, including a ban on new whole-house rentals in residential zones and a 4-year waiting period for non-Seward-area residents seeking commercial-zone permits. These proposals met resistance from the City Council and as of 2022 had been postponed. Community Development Director Jason Bickling noted that residents rejected an outright cap: "People did not want an actual cap because there were some downsides... but to see if we could come up with some other ways to reach our goals of protecting residential housing, keeping land speculation out."

Note: *Seward's bedroom-ratio rule is a notable alternative to a hard cap — it limits STR intensity per property without setting a ceiling on the total number of permitted STRs. The proposed non-resident waiting period would be a significant tool against outside land speculation if enacted.*

Sitka

Sitka has Alaska's most restrictive STR policy for investor-owned properties. Following a 2022 ordinance tightening, new STRs are only permitted if the owner occupies the property as a primary residence for at least six months of the year. This effectively prohibits investor-owned whole-house vacation rentals while still allowing homeowners to host guests seasonally. Sitka also maintains a Planning Commission permitting process to control STRs in residential neighborhoods.

Anchorage

Anchorage's path to STR regulation has been contentious. The Assembly passed a licensing ordinance in March 2024 on a 7-5 vote; Mayor Bronson vetoed it within 24 hours, calling it "meddling" with property owners. The Assembly overrode the veto, and the licensing program went into effect September 15, 2024. Requirements include:

- Municipal STR license per unit: \$400/year (renewable every 2 years). Fee waived to \$50 if the unit is the owner's primary residence or rented long-term for more than 180 days — explicitly designed to incentivize return to long-term rental market.
- Minimum \$500,000 liability insurance (waived if major platform provides equivalent coverage).
- 24/7 on-call contact who can respond to issues within 24 hours.
- 12% room tax on stays under 30 days.

Notably, Anchorage's program was framed primarily as a data-collection exercise — to understand how many STRs exist, who owns them, and whether they are materially affecting the housing market. No caps, no zoning restrictions, and no owner-occupancy requirements have been adopted. Assembly member Zaletel: "We need to figure out: Is it a problem? If it is, how big is it?"

Juneau

Juneau takes the lightest-touch approach of Alaska's major cities. Registration with the CBJ Sales Tax Office is required and is free. Every listing must display its CBJ registration number. The 14% combined tax (5% sales + 9% lodging) is substantial. But Juneau has imposed no caps, no zoning

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restrictions, and no owner-occupancy requirements. As of July 2025, platforms like Airbnb and VRBO are required to collect and remit Juneau's taxes on behalf of hosts.

State-Level Proposal: HB 184 (2023)

In May 2023, Representative Andrew Gray (D-Anchorage) introduced HB 184, which would have established a statewide STR registry and limited each owner to one registered STR unit. The bill was grounded in research showing that ownership-limit policies have a larger effect on STR market size than registration-only policies. UAA economist Brett Watson stated: "It seems that the policies that are enforcing strict rules have some bite, and they decrease the size of the market." The bill did not advance past committee. No comparable statewide measure has passed as of early 2026.

2. Oregon: Sophisticated Density Controls

Bend

Bend has one of the most carefully engineered STR frameworks in the Pacific Northwest, developed in response to explosive STR growth (over 1,000 listings by 2022 in a city of ~100,000). The core mechanism is a two-tier permit system tied to owner occupancy and a geographic spacing rule:

- Type I (Owner-Occupied or Infrequent Use): Covers owner-occupied rentals of up to 2 bedrooms, or whole-house rentals limited to 4 periods or 30 days per year. No spacing requirement — anyone may obtain this permit. Application fee: ~\$1,315.
- Type II (Non-Owner-Occupied Whole House): Requires that no other Type II rental exists within 500 feet, measured radially from the property boundary. This 500-foot buffer was increased from 250 feet in 2022. Application fee: ~\$3,657. Minimum \$500,000 liability insurance required.

In practice, the 500-foot rule effectively functions as a density cap without being a numeric cap — as STRs fill in a neighborhood, the 500-foot bubble around each one prevents new permits from being issued nearby. Practitioners note that as of 2023, "the regulations put an effective stop on new short-term rentals" in much of Bend. Pre-2015 permits are grandfathered and transferable, making those properties significantly more valuable.

The land use permit is property-specific and non-transferable for post-2015 Type II permits. Operators also need a separate annual operating license (\$205/year renewal). Occupancy is capped at 2 per bedroom plus 2 additional (e.g., 8 guests maximum for a 3-bedroom home).

Note: Bend's spacing rule is a highly replicable model for communities wanting density control without a hard numeric cap. It avoids the legal vulnerability of numeric caps (see Idaho section) while achieving a similar result geographically.

Newport

Newport (pop. ~11,000, home of the Oregon Coast Aquarium) enacted a significant STR ordinance in 2019. Newport uses hard numeric caps by neighborhood district — an unusual approach among Oregon cities:

- Nye Beach historic district: capped at approximately 100 STR licenses.
- Oceanfront area: capped at approximately 75 licenses.
- Other residential zones: smaller district caps of approximately 30.
- Total city cap set initially around 200 licenses, with a goal of reducing to ~170 through attrition.
- 250-foot spacing buffer between STRs in certain zones.

Newport's approach is directly relevant for communities that want to limit STR concentration in particular neighborhood types — distinguishing, for instance, between a historic downtown or touristy waterfront zone and quieter residential areas. Enforcement tightened in 2023.

3. Washington: Hard Housing-Stock Caps

Chelan County / Leavenworth

Chelan County (home to the tourist destination of Leavenworth) enacted comprehensive STR rules in July 2021 after a moratorium. The county uses a hard housing-stock cap approach:

- County-wide cap: STRs may not exceed 6% of the total housing stock in most areas. In the immediate Leavenworth, Lake Wenatchee, and Plain areas, the cap has been exceeded (the area is at approximately 16% of housing stock) and is closed to new permits indefinitely.
- Owner-occupancy tiers: Tier 1 (owner within 200 feet of property at all times during guest stays) is allowed in most zones. Non-owner-occupied properties face stricter zoning requirements (Rural Residential/Resource, 5+ acres minimum in some categories).
- Non-transferable permits: STR permits expire when a property is sold. New owners cannot inherit the STR permit and must reapply — but since the cap has been exceeded, they cannot get a new one. This effectively means STR-permitted properties in Leavenworth sell at a premium and that the permitted inventory shrinks over time through attrition.

The city of Leavenworth itself takes an even harder line: STRs are largely prohibited in residential zones within city limits, with exceptions only for owner-occupied bed-and-breakfast operations (conditional use permit required, owner must be on premises during all guest stays). Non-owner-occupied STRs within city limits are prohibited in all residential districts.

Chelan County's non-transferable permit design is worth particular attention: it allows existing operators to continue while ensuring that permits don't become a tradeable commodity, and that over time the total inventory declines through natural turnover.

4. Synthesis: What Works, What Doesn't, and What Alaska Communities Can Learn

On Caps and Limits

Numeric hard caps — a fixed ceiling on the number of permitted STRs across a community or zone — are the most direct tool. Alaska has no court precedent or state preemption statute limiting their use, and the communities in this report that have adopted them have done so without successful legal challenge to date. Alternatives to a hard cap exist and are worth knowing about, as they can achieve similar density-control results through different mechanisms:

- Geographic spacing rules (Bend's 500-foot buffer between non-owner-occupied whole-house rentals) — effectively create scarcity without a numeric ceiling.
- Housing-stock percentage caps (Chelan County's 6%) — frame the limit as a proportion of the housing market, not an absolute number, which may be more defensible as a legitimate land-use regulation.
- Bedroom-ratio rules (Seward's 50% of bedrooms) — limit intensity at the property level without capping total numbers.
- Neighborhood/district caps (Newport's tiered district approach) — target high-tourism areas specifically.

On Zoning Approaches

Limiting STRs by zoning district — allowing them in commercial or resort zones while restricting or banning them in residential zones — is among the most widely used and legally durable approaches. Leavenworth prohibits STRs in residential zones entirely; Seward limits STR intensity by bedroom ratio within each zone. For Alaska communities, a zoning-based approach has several advantages: it aligns with existing land-use planning frameworks, it is spatially targeted, and it preserves residential neighborhoods for long-term housing without eliminating tourism accommodation capacity in appropriate commercial zones.

The key implementation challenge is enforcement: rules on paper without dedicated staffing produce large illegal markets. Communities that have added a dedicated STR enforcement officer — funding the position through licensing fees — have seen materially better compliance.

On Owner Occupancy and Ownership Limits

Owner-occupancy requirements are among the most effective tools for preserving residential housing stock. The core logic: a homeowner renting spare rooms or hosting while away is a fundamentally different activity from an outside investor converting a home into a de facto hotel. Sitka (Alaska) has adopted this directly, requiring new STR operators to be primary residents for at least six months annually — the most directly usable Alaska model for other communities considering this approach.

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One-per-owner limits (the approach proposed in Alaska's HB 184) target the commercial multi-STR investor rather than the homeowner supplementing their income. Research from UAA suggests ownership-limit policies have a larger effect on market size than registration requirements alone.

Non-transferable permits (Chelan County) achieve a similar result indirectly: by ensuring that STR permits don't survive property sales, the policy discourages pure investment acquisition while allowing existing operators to continue. This approach may be more legally defensible than ownership limits because it regulates the permit, not the person.

Key Takeaways

- Registration and taxation alone (the Juneau model) generate revenue and data but do not limit STR growth or protect housing stock. They are a starting point, not a complete policy.
- Geographic spacing rules and zoning restrictions — alongside hard caps — each have a track record of effectiveness; the right tool depends on community goals and political context.
- Owner-occupancy requirements are the single most direct tool for separating homeowner hosting from investor-owned vacation rentals — and Sitka's approach is a usable Alaska model.
- Non-transferable permits (Chelan County model) are an underused tool that naturally limits permit inventory over time without requiring enforcement of a hard cap.
- Dedicated enforcement staffing is essential — regulations without an enforcement mechanism produce large illegal markets. Self-funding enforcement through licensing fees is a proven model.
- A pre-resident or local-residency waiting period (Seward's proposed 4-year waiting period for non-Seward-area residents) is a creative tool specifically targeted at outside land speculation.
- The Anchorage model of data-first licensing before additional restrictions is sensible for communities that don't yet know the scale of the problem — but should include a stated timeline for evaluating whether additional measures are needed.

— End of Report —