



AGENDA REPORT

Planning & Zoning Commission Meeting

TODAY'S DATE: October 13th, 2025

MEETING DATE: November 17th, 2025

TO: Chairman Dunkel, members of the Planning & Zoning Commission

FROM: Jason Welker, Planning & Community Development Director

SUBJECT: PUBLIC HEARING: Amendments to Title 3, Chapter 12: Short Term Rental of Dwelling Units

PURPOSE:

The purpose of this item is to consider proposed amendments to Sandpoint City Code Title 3, Chapter 12, regulating short-term rental (STR) operations within city limits. The amendments modernize the existing ordinance, clarify permitting and enforcement provisions, and align the City's regulations with Idaho Code §67-6539, which affirms the authority of municipalities to regulate STRs in order to protect public health, safety, and neighborhood character while respecting private property rights.

DESCRIPTION/BACKGROUND:

Sandpoint first adopted regulations governing short-term rentals (STRs) in 2018, with minor amendments made in 2020. In the years since, Idaho's legal and regulatory landscape surrounding STRs has continued to evolve, shaped most recently by two significant court decisions. In *Idaho Association of Realtors, Inc. v. City of Lava Hot Springs* (2025), the Idaho Supreme Court invalidated that city's prohibition on non-owner-occupied STRs in residential zones, holding that Idaho Code §67-6539 expressly forbids any ordinance that has the "express or practical effect" of prohibiting short-term rentals of any type. Soon after, in *Scott v. City of McCall* (2025), the Fourth District Court largely upheld McCall's STR ordinance as a reasonable exercise of local police power under the same statute—emphasizing that municipalities retain authority to impose objective, health, safety, and welfare-based regulations so long as they do not amount to a functional ban.

Together, these rulings have clarified the boundaries of permissible STR regulation in Idaho, confirming that while cities may not prohibit STRs outright or by effect, they may regulate them to mitigate impacts on neighborhood character and livability. Recognizing that Sandpoint's current ordinance predates these precedents and includes provisions, such as a numerical cap on non-owner-occupied STRs, that are increasingly difficult to defend under state law, the proposed amendments remove that cap while preserving and strengthening the City's ability to regulate operational and neighborhood impacts through reasonable, objective standards related to parking, noise, occupancy, and safety. These changes ensure the City's STR regulations remain legally defensible, enforceable, and consistent with Idaho Code §67-6539.

OVERVIEW OF CHANGES:

The proposed amendment to Sandpoint City Code Title 3, Chapter 12 modernizes and simplifies the City’s short-term rental regulations to improve clarity, enforceability, and alignment with Idaho state law. The ordinance has been reorganized for better structure, now moving logically from purpose and applicability to definitions, permitting, operational standards, and enforcement. The purpose statement has been rewritten to clearly align with Idaho Code §67-6539, affirming the City’s authority to regulate short-term rentals in order to protect public health, safety, and neighborhood character while balancing private property rights and housing opportunities.

The amendment removes the outdated cap limiting non-owner-occupied short-term rentals in residential zones and eliminates references to owner-occupied distinctions, which are increasingly inconsistent with state law and have been subject to legal challenges in other Idaho cities. In its place, the ordinance introduces two clear permit types, Standard and High-Occupancy, based on guest capacity. High-Occupancy rentals, defined as those accommodating twelve or more guests, require a conditional use permit in residential zones but not in commercial districts.

Other updates consolidate and clarify administrative procedures, including annual renewal requirements and non-transferability of permits. Operational standards have been expanded to include off-street parking requirements to mitigate neighborhood impacts, while existing safety and inspection requirements remain in place. Enforcement language has been strengthened, with fines now tied to the City’s adopted fee schedule and clarified provisions for revocation, appeal, and illegal advertising.

Overall, the proposed amendments eliminate outdated and potentially unenforceable restrictions, provide clearer direction to both staff and property owners, and ensure that Sandpoint’s short-term rental regulations are consistent with state law and best practices statewide.

Table 1: Comparison between existing STR ordinance and proposed amendment

Topic	Current Ordinance (2018; amended 2020)	Proposed Amendment (Oct 2025 draft)
Purpose	Emphasizes protecting neighborhoods by limiting non-owner-occupied STRs and regulating all STRs.	Rewritten to expressly align with Idaho Code §67-6539, focusing on public health, safety, and neighborhood character while balancing property rights and housing opportunities.
Chapter Structure	Purpose → Definitions → Requirements → Standards → Violations.	Purpose → Applicability (renamed from Requirements) → Definitions → Permit Administration → Standards → Violations.
Permit Categories	One general STR permit; no capacity-based tiers.	Two tiers: Standard STR (<12 guests) and High-Occupancy STR (≥12 guests). High-Occupancy requires a CUP in residential zones; not required in commercial zones.
Owner-occupancy / Caps	Includes a 35-unit citywide cap on non-owner-occupied STRs in residential zones; defines “Owner Occupied.”	Removes the 35-unit cap and owner-occupancy distinctions; retains one STR per parcel and two-night minimum in residential zones.
Local Representative	Must be “readily available to respond” (no distance requirement).	Must be “readily available to respond” and reside within 20 vehicular miles of Sandpoint city limits.

Permit Administration	Permit issuance/renewal embedded within Standards; transfer rules present but dispersed.	New Permit Administration section: annual term and renewal and non-transferability (limited exceptions)
Operational Standards	Safety/inspection requirements (smoke alarms, CO detectors, extinguishers); posting and contact info; no STR-specific parking.	Retains safety/inspection and posting; adds off-street parking: 2 spaces/unit + 1 per bedroom over two (max 4); clarifies driveway/garage counting and excludes on-street from minimum.
Enforcement & Penalties	Fixed \$100 fine for operating without a permit; advertising language present.	Fines tied to City's adopted fee schedule; refined suspension/revocation, appeal, and illegal advertising provisions.

CONSISTENCY WITH THE COMPREHENSIVE PLAN:

The proposed amendments to the City's short-term rental regulations are generally consistent with the goals and policies of Sandpoint's 2024 Comprehensive Plan, particularly those addressing neighborhood preservation, housing availability, and livability.

The Comprehensive Plan acknowledges that approximately 20% of Sandpoint's housing stock is used for seasonal, recreational, or occasional purposes and notes that the proliferation of short-term rentals has a *direct impact on the availability of year-round housing*. It further recognizes community concern over the effects of STRs on neighborhood character, affordability, and sense of community, stating that "residents continue to want regulations and enforcement of short-term rentals to ensure neighborhood residential character is maintained."

Within Chapter 5: *Housing and Neighborhoods*, the Plan sets forth policies to (1) *protect the residential character of existing neighborhoods* and (2) *continue to manage short-term rentals to mitigate adverse impacts on year-round residential neighborhoods as allowed by law* (Goal 3, Policy C).

The proposed ordinance advances these goals by strengthening operational standards that address neighborhood impacts, such as parking, occupancy, and safety, while improving clarity and enforceability. It aligns with state law by removing numerical caps that have proven difficult to defend legally, shifting instead toward impact-based regulation consistent with the Comprehensive Plan's intent to "manage" rather than prohibit short-term rentals.

However, staff acknowledge that removal of the citywide cap on non-owner-occupied short-term rentals may represent a *partial divergence* from the Plan's policy direction to maintain housing availability for full-time residents. While the proposed amendment upholds the Plan's neighborhood protection objectives, it does so through administrative and operational controls rather than through quantitative limits on the number of STRs.

Overall, the proposed changes maintain substantial consistency with the Comprehensive Plan by focusing regulation on mitigating neighborhood and housing impacts, ensuring compliance with Idaho Code §67-6539, and preserving the City's ability to monitor and manage STR activity as part of its broader housing strategy.

STAFF RECOMMENDATION:

Staff recommend that the Planning & Zoning Commission recommend adoption of the proposed amendments to Sandpoint City Code Title 3, Chapter 12, as presented. The revised code provides a clearer, more enforceable, and legally defensible framework for regulating short-term rentals consistent with state law and community objectives.

ACTION:

The Planning and Zoning Commission may choose from the following actions:

1. **Recommend approval** of the proposed amendment to Sandpoint City Code, Title 3, Chapter 12, as presented;
2. **Recommend modifications** to the proposed amendment prior to forwarding a recommendation to City Council;
3. **Postpone or table** consideration to a date certain to allow for additional information or revisions; or
4. **Recommend denial** of the proposed amendment.

WILL THERE BE ANY FINANCIAL IMPACT? N HAS THIS ITEM BEEN BUDGETED? N/A

ATTACHMENTS:

Draft amendments to §3-12 Short Term Rental of Dwelling Units