

This is KPTZ FM 91.9 in Port Townsend, Washington. I'm Rachel Perkins, bringing you news and commentary from the Jefferson County *Beacon* for Wednesday, January 7, 2026.

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Washington's short-term rental market is a significant economic engine. It's estimated that the state's short-term rental market generated 4.7 billion dollars in 2024. Many defend short-term rentals as a way for senior citizens to rent a vacation room in their homes, using the extra income to cover their housing costs. However, the vast majority of short-term rentals in Jefferson County are entire homes (73% in Port Townsend and nearly all in unincorporated areas), representing housing units removed from the long-term rental stock.

This dynamic – profitable short-term rentals squeezing an already tight housing market – is not unique. Research confirms that increases in short-term rental listings are associated with rising rents and a decrease in the supply of long-term rentals nationwide, as reported by the National Low Income Housing Coalition. The effect is often most acute in desirable, tourist-friendly neighborhoods.

Jefferson County exemplifies the struggle between economic benefit and community preservation. Short-term rentals support a vital tourism economy. Existing lodging tax funding is distributed through the city and county's Lodging Tax Advisory Committee for tourism events like the Wooden Boat Festival and the Port Townsend Film Festival, which bring in millions in direct visitor spending.

The county has taken regulatory steps, enacting an ordinance that caps short-term rentals at 4% of dwellings per zip code, and requires operators to obtain a permit within 6 months of April 2025. New regulations cap the total of allowed short-term rentals throughout the county at 468. The city of Port Townsend added strict regulations on short-term rentals in 2017 and grandfathered in around six short-term rentals. Data on the City of Port Townsend's website showed twenty-six permitted short-term rentals as recently as 2024, though Air DNA, an online service that compiles data from Airbnb and Vrbo, states there are 224 properties within the zip code.

In response to crises like Jefferson County's, Washington lawmakers have proposed a targeted solution: Senate Bill 5576. This bill, currently in the state legislature, would allow local governments to impose a special 4% excise tax on short-term rental lodging. The funds must be used for affordable and workforce housing programs. This includes acquiring, rehabilitating, or constructing housing; providing rental assistance; and funding supportive services. Local governments must publish an annual public report on how the revenue is spent.

For Jefferson County, the financial potential is significant. Data from Air DNA shows Jefferson County's 411 active short-term rentals generate an estimated 17.5 million dollars annually. A potential 4% tax on that activity could produce well over 700,000 dollars dedicated to local housing efforts.

However, enforcement is a critical weakness. As of January 2026, Commissioner Greg Brotherton noted that only 9 of the estimated 400 to 500 non-permitted rentals had come into compliance. Recent budget cuts to county compliance staff hinder efforts to bring the shadow market of hundreds of unpermitted short-term rentals into the light, reclaim potential housing, and capture all due revenue. Proper enforcement capacity would need to be reinstated for SB 5576 to truly work.

Ultimately, housing advocates argue that the community must also embrace creative housing solutions. This includes backing specific projects like Community Build's Tiny Homes on Wheels, advocating for regulatory reforms to allow more diverse housing types – such as accessory dwelling units and middle housing – and accepting the necessary density to allow growth through updated comprehensive planning. They believe that only through this combined approach of enforced regulation, dedicated funding, and community-supported innovation can meaningful progress be made.

The choices made by state legislators in Olympia, and by local leaders and citizens in communities across the Olympic Peninsula will determine whether this moment becomes a turning point. The path forward requires moving beyond seeing short-term rentals as either a villain or a savior. It demands recognizing them as a powerful economic force that must be intentionally managed. The goal is a calibrated model where tourism supports the community without consuming it – where there are homes for the people who make the coffee, serve our food, teach the children, and keep the heart of the destination beating, long after the tourists have gone home.

Reporting on this story by Rachel Nutting.

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