



FREE GUIDE

Short-Term Rentals in the Upper Valley

Buying a place to rent out nightly, or hoping one pays some of its own way: what the rules actually allow, what the numbers actually look like, from someone who manages short-term rentals here.

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Start here: the city limit decides which rulebook you're under

The first question is never the price or the view. It's whether the property sits inside the City of Leavenworth or out in unincorporated Chelan County, because those are two completely different sets of rules, and the mailing address won't tell you which one you're in.

A Leavenworth address covers Plain, Lake Wenatchee, the Icicle, the Chumstick and a lot of ground in between. Almost all of that is county. The city itself is small, and inside it the rules are stricter than most buyers expect. Peshastin, Dryden and the country around Cashmere are county too.

So before anything else, I pull the parcel up on the county's GIS map and check which side of the line it sits on. Everything below depends on that answer.

Inside the City of Leavenworth

In the city, a whole-house nightly rental in a residential zone isn't an option. The city's written interpretation ([Administrative Interpretation 2023-01](#)) allows short-term rentals in the commercial zones, and in the residential zones only an owner-occupied bed and breakfast with a conditional use permit.

If a house in town is being sold as a working nightly rental, ask for two things:

- **The building permit that converted it** from a regular residence to a transient rental. The city requires that change for non-owner-occupied use, and it can mean fire sprinklers, accessibility work and railing upgrades.
- **A current city business license.** The city only issues one when the use is legal under its zoning.

A design review approval or a sign permit is not permission to rent nightly. The city says so directly. An unpermitted conversion becomes the buyer's problem the day after closing.

In the county: three tiers

Out in the county, short-term rentals run under Chelan County Code 11.88.290, and every permit is one of three tiers.

Tier	What it is	Max guests	Under the cap?
1	You're there: rooms rented while you're home, a second dwelling on the same parcel as your home, or the whole house rented 15 days a year or less	8	No, and applications are taken year round
2	You're not there: the whole house rented nightly	12	Yes
3	Either, larger groups, needs direct access off a classified highway	16	Yes

Most buyers picture Tier 2: a cabin they use some weekends and rent the rest. That's also the tier the cap controls. Tier 1 is narrower than it sounds. If you plan to rent the whole house while you're away for more than a couple of weeks a year, you're not Tier 1.

The county's own page is [here](#). The annual permit fee runs \$728 for Tier 1 or 2 and \$1,092 for Tier 3.

The cap, and where there's still room

The county caps Tier 2 and Tier 3 rentals at a share of the housing in each area, 6 percent almost everywhere. When an area is over its cap, no new permits are issued there until the count drops back under. In most of the valley buyers care about, it's over.

Area	Status in the county's August 2026 count
Lake Wenatchee	Over, by 53
Plain	Over, by 4
Unincorporated Leavenworth (98826)	Over, by 4
Peshastin (98847, outside the growth area)	Room for 14
Peshastin urban growth area	Capped at zero
Dryden (98821)	Room for 9
Unincorporated Cashmere (98815)	Room for 81
Cashmere urban growth area	Room on the county's line, but the City of Cashmere's own rules decide it

Two things to know about that table. First, it moves: the county recalculates every spring, so check the [live count](#) before you count on anything. Second, room on the chart isn't a yes for a specific parcel. Zoning, lot size and a few other rules below can still rule a property out.

New Tier 2 and Tier 3 applications are only taken once a year, June 1 through July 31, for the following year's permit. Buy in September and the earliest you can operate is the next year, if the area has room.

A few properties sit outside the cap entirely: rural commercial zones, master planned resorts, and planned developments that existed when the code was adopted and whose recorded plat expressly allows short-term rentals. If a listing claims one of those, check the recorded plat and the county, not the listing remarks.

The permit doesn't come with the house

This is the one that changes deals. A county short-term rental permit belongs to the owner, not the property, and it does not transfer when the house sells. Not on a sale, not on a death, not on a divorce.

There used to be one exception. Rentals that were operating before the code took effect could pass their permit to a new owner one time, within five years. That window closed on September 27, 2026. Today, when a permitted rental sells, the seller's permit ends and the buyer applies as a brand-new applicant, against the cap, in the June window.

In Plain, Lake Wenatchee or unincorporated Leavenworth, where the areas are over their caps, that means the rental income in the listing is the seller's, not yours. A cabin with a great booking history is still a great cabin. Just price it as a cabin, and treat any rental income as something you'd have to earn a permit for later, if the area ever has room.

If a listing leans on its permit or its rental history, get Chelan County Community Development to confirm in writing what you could do with that specific parcel, before your feasibility period ends.

The operating rules that trip people up

Even with a permit, these are the rules I see catch owners:

- **The septic decides the bedroom count.** Guests are capped at two per bedroom, children included, and you can only rent as many bedrooms as the septic permit was approved for. A four-bedroom house on a two-bedroom septic approval is a two-bedroom rental.
- **Lot size gates the tier by zone.** New Tier 2 or 3 rentals need 10 acres in RR10 and RR20, 5 acres in RR5, and 2.5 acres in RR2.5 (Tier 2 only). Small-lot zones allow Tier 2 on about a quarter acre, and no Tier 3.
- **200 feet from the next rental.** A new Tier 2 has to sit at least 200 feet from an existing short-term rental, structure to structure, with no variance.

- **Parking stays on your parcel.** Not on the shared driveway, and not inside a recorded access easement. Boats, trailers and campers count as vehicles too, if a guest wants to bring one along.
- **One rental per parcel.** The main house or the ADU, not both.
- **Open code violations block you.** An unpermitted deck or a converted outbuilding makes the property ineligible to apply until it's cleared. And expect the county to look the whole property over as part of the permit. If a previous owner finished a bathroom or added on without a permit, that becomes your problem when you buy: you'll have to permit it and bring it up to code before the rental permit is approved. Check the permit history before you write an offer, not after.
- **The ongoing requirements:** \$1 million in primary liability insurance, a fire and life safety inspection every other year, a property management plan on file, a posted sign with the permit number, a local contact who can be on site within 60 minutes, and lodging tax filed with the state.

The renewal calendar

Every county permit expires December 31, no matter when it was issued, and it has to be renewed every year.

When you renew	What it costs you
September 1 to October 31	The renewal fee. On time.
November	Renewal fee plus a late fee of twice the permit fee
December	Renewal fee plus three times the permit fee
After December 31	Not accepted. The rental stops January 1 and loses its standing.

That last row is the one that ends rentals. In an area that's over its cap, a missed renewal means starting over as a new applicant with no room to get in. If you own one, put the September 1 window on your calendar now.

What a rental actually nets

Here's the honest version: most nightly rentals here don't pay for themselves with a mortgage. If your mortgage started after 2020, at the rates since then, it probably won't pencil out. People still buy them, for good reasons. But you should see the math before you do, not after.

These are last year's real numbers, not a projection or a promise.

What the market grossed. Across the 206 two-bedroom rentals PriceLabs tracks around Leavenworth, the average from September 2025 through August 2026 was about \$308 a night, booked about 47% of the time. That's roughly **\$53,100 a year** in booking revenue for a typical two-bedroom. December runs near \$500 a night and fills. March and April sit near \$225 and a third full.

What comes off the top. Here's what typically comes out of the booking revenue:

Line	How it works	On \$53,100
Airbnb's fee	About 15% of the booking, taken before you're paid	-\$7,970
Management	About 30% of the room revenue after the platform fee, the most common rate here, if you hire it out	-\$13,540
Cleaning	Charged to the guest and paid to the cleaner, so it's a wash	\$0
Lodging and sales tax	Collected from the guest and remitted, a wash	\$0
Left before any bills		\$31,590

One worked example. The median two-bedroom that sold in the Leavenworth MLS area over the last 12 months went for \$590,000. Put 25% down and borrow the rest at 7.03% (Freddie Mac's 30-year average the week of September 24, 2026) and the principal and interest run about \$2,950 a month, or **\$35,400 a year**.

That's more than the \$31,590 left over, and it's before property tax, insurance, utilities, internet, supplies, repairs, snow removal, the hot tub service and the \$728 permit. Self-manage and you keep the \$13,540, which leaves about \$9,700 to cover all of those bills and your time.

The ones that work tend to have a few things in common:

- The owner uses it. The rental income pays part of the cost of a place they want anyway.
- A big down payment or cash, or a price paid years ago.
- It sleeps a group. Larger places with a hot tub and a view book at the top of the market: the top quarter of two-bedrooms prices at \$376 a night or more, against a \$285 middle.

If you're looking at a specific property, I'll run these numbers on it with its real taxes, insurance and bookings before you write an offer.

Before you write an offer

If rental income is part of why you're buying, get these answered inside your feasibility period, not after closing:

- ☐ **City or county?** Check the parcel on the county GIS map.
- ☐ **In the city:** the conversion permit and a current business license, or assume it can't rent nightly.
- ☐ **In the county:** is the area under its cap on the county's live count, and does the parcel's zone and acreage allow the tier you want?
- ☐ **The seller's permit won't come with the house.** Get Community Development's answer in writing on what you could apply for, and when.

- ☐ **The septic permit's bedroom count**, from the Chelan-Douglas Health District.
- ☐ **Parking on the parcel**, outside any recorded easement.
- ☐ **Open code violations**, checked with the county.
- ☐ **Real numbers**: the seller's booking history, taxes, insurance quote and utilities, run against your actual loan.
- ☐ **An offer that lets you walk** if any of the above comes back wrong.

How I help

I sell property here, and my family manages nightly rentals here, so I see both sides: what a listing claims and what the calendar actually does. If you're looking at a place and wondering whether it can rent, send it to me. I'll check the parcel, the cap and the permit, and run the numbers with you before you're committed to anything.

If you're still deciding where to buy, BUY covers the six towns and what life is like in each. CHECKLIST walks through wells, septic, roads and insurance on a mountain property. Message me any of those words and I'll send it.

Text or call (509) 652-2023, or email hello@justinhorvath.com.

Sources: [Chelan County short-term rentals and statistics](#); Chelan County Code 11.88.290; [City of Leavenworth AI 2023-01](#); PriceLabs market data (206 two-bedroom listings, Sep 2025 to Aug 2026); NWMLS sold data, area 972; [Freddie Mac PMMS](#), week of September 24, 2026.

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General information, not legal or tax advice. Rules and counts change; confirm the details for a specific property before you rely on them.