Short-Term Rental Policy Considerations

Tim Carr, Senior Planner
March 8, 2023
Outline

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III. STRs in the LUPC service area

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What are Short-Term Rentals (STRs)?

Short-Term Rental (STR): typically defined as rental of a dwelling or part of a dwelling for ≤ 30 days/nights

Similar terms include:
- Vacation rental
- Vacation cottage/Cottage rental
- Tourist Home
- Transient Rental
- Seasonal Rental
- Hosted Rental

Uses typically distinct from STRs
- Bed & breakfasts
- Hotels/Motels
- Campgrounds/RV Parks
- Recreational Lodging

• Long history in Maine, including in the LUPC service area

• Economic benefits
  o Homeowners
    ▪ principal home or second home
    ▪ especially retirees/fixed income
  o Local economies through increased tourism: more beds = ↑ tourism
LUPC Regulation of STRs

- Rental of one entire dwelling on a lot = residential use
  - allowed in zones where residential uses are allowed
  - does not meet the definition of home-based business
  - no permit required to rent

Rental of multiple dwellings on a lot = commercial use
  - allowed in zones where commercial uses are allowed
  - Development Permit required

- Rental of a portion of an owner-occupied dwelling = could be a home-based business, requires a permit

- “Commercial Use” - first defined in 2000. Rental of a “single dwelling on a single lot” was excluded from “commercial use” at the time.
Why Consider STRs Now?

• Growth in STRs statewide

• Increase in complaints regarding STRs in the LUPC’s service area, including:
  o noise
  o parking
  o trash/litter
  o dwelling/wastewater system capacity exceeded
  o pets
  o firearm discharge
  o snow removal/dumping

• Staff concern that current LUPC regulations do not adequately address impacts and nuisance issues

• Ongoing efforts across the state to address impacts of STRs
  - Many municipal ordinances over the past 5 years
  - Examination of effects of STRs on affordable/workforce housing – legislative commissions, MSHA
Research on STRs in the Service Area

AirDNA MarketMinder – compiles STR listings from Airbnb and VRBO

• Map-based snapshot

• Information Available

For each active listing:
  o township, plantation, or town
  o rental type – whole house, apartment, room in house, etc.
  o # of bedrooms and # of beds
  o maximum # of guests
  o # of bathrooms

For each AirDNA market area (usually includes OT):
  o # of active rentals/quarter for past 3 years
  o # of days available for rent
  o # of days booked
  o occupancy rates

• Information Not Available
  o LUPC zoning subdistrict
AirDNA Active Listings by LUPC MCD

569 Active Listings in Q4 2021

MCDs with the most active listings:

1) Rangeley Plt – 63
2) Sandy River Plt – 50
   Rockwood Strip (T1 R1 NBKP) – 50
3) Dallas Plt – 29
4) Beaver Cove – 25
5) T1 R9 WELS – 21
6) Wyman Township – 20
7) Taunton & Raynham – 18
   Matinicuis – 18
8) Connor Township - 17

*Monhegan has > 45 STRs but owners do not generally advertise on Airbnb and VRBO. Staff are not aware of other similar MCDs.
Based on 96 Listings

- ≤ 2 guests/bedroom = 55% of listings
- > 2 guests/bedroom = 45% of listings

Rule of thumb for residential wastewater system design flows:

1 bedroom = 2 people
Conclusions

• STRs are concentrated in areas of the jurisdiction with historically greater concentrations of residential development
  o access to certain resources important
  o Rangeley, Moosehead, Millinocket regions account for 52% of the active listings
    - Moosehead Region = ~25% Rangeley Region = ~18% Millinocket Region = ~9%
  o 10 most active MCDs account for 37% of total listings

• Nearly 100% of listings in the UT are for entire homes (meet the ‘commercial use’ exclusion)

• Most properties are available for ≤ 6 months; most are rented for ≤ 3 months

• Clustering around lakes and ponds

• Seasonality in listing numbers

• ~ 569 listings in Q4 2021
**STR Definitions and Distinctions**

- Most common STR definition = a residential (or accessory) unit rented for less than 30 days/night
  - May be variations to distinguish STR vacation rentals from month-to-month rentals for workforce housing
  - Definitions typically exclude hotels, bed and breakfast, recreational lodging facilities, timeshares

- Distinctions:
  - Primary Residence Rental - a dwelling unit, or portion thereof, that is the primary residence of the property owner or on the owner’s primary residence property
  - Non-primary Residence Rental - an entire dwelling unit that is not the primary residence of the property owner
  - Hosted Rental – property owner lives on site throughout the hosting period (home-based business)
  - Non-Hosted Rental – property owner does not live on site (not a home-based business)

Some jurisdictions allow long-term tenants to engage in STR activity with the landlord’s permission – may offset high housing costs and encourage housing stock to be used for long-term/workforce housing
- Local responsible agent/contact person required – not necessarily the owner; may need 24/7 availability

- Occupancy limits – 2 people/bedroom
  - 2 people/bedroom + 2
  - children under a certain age may not be counted
  - tied to on-site wastewater disposal system design
  - may vary such that day > night

- Limits on days per year available for rent (for example, 90, 120, or 180 days, etc.)

- On-site wastewater system inspection required

- All guests must be housed in the dwelling: no use of tents, trailers, campers, RVs, etc.

- Rental to minors prohibited

- Potable water requirement

- Parking requirements/limits

- Noise limits

- Trash disposal requirements

- Parties and events limited or prohibited
- Requirements to post certain information in the rental unit
- Requirements to include certain information in the rental contract
- Registration/permit number required to be posted on all advertising
- Insurance requirements (use of major advertising platforms may provide some insurance coverage)
- Minimum rental duration requirements/limits on rental contracts per week
- Signage limits
- Outdoor fire standards
- Requirements for pets
- Operator may not prepare meals without additional license
- Emergency vehicle access
- Interior safety standards
- Building and fire code requirements, inspection by CEO or self-certification
Registration/Permitting

- Application (STR-specific information required)
  - responsible agent/local contact
  - wastewater disposal design/capacity
  - occupancy
  - parking

- Fee

- CEO Inspection or Applicant Self-Certification that STR standards are met

- Limits
  - total number of registrations or permits available may be limited
  - only property owners can register/apply
  - # units registered per individual may be limited
  - limits may vary for residents v. non-residents
  - non-transferable
Zoning Approaches

• Includes STR-specific standards and registration/permitting

• Tied to zoning such that:
  • # may be limited by zone or neighborhood
  • may not be allowed in residential zones
  • new STRs may not be allowed in residential zones
  • may differ by hosting status
    o hosted rentals (property owner or tenant present) may be allowed in residential zones
    o non-hosted rentals may be excluded from residential zones
  • may differ by dwelling status
    o STRs in dwellings that are primary residences may be allowed in residential zones
    o STRs in dwellings that are not primary residences may be excluded from residential zones

Regulatory Approaches of Other Jurisdictions
Enforcement

- **Denial/Revocation/Suspension:**
  - Submitting false or misleading information on the application
  - Failure to pay taxes
  - Violation of performance standards
  - Revocation may be for a limited time – 1 yr is typical
  - Suspension duration < Revocation duration
  - Require cancellation of rental reservations and removal of all advertising

- **Other Enforcement**
  - Operating without a registration, license, or permit = fine, 1 yr prohibition on applying for a permit
  - Violation of occupancy limits = fine or fine/day
  - Providing false information = fine

- **Appeal Procedures**
Regulatory Models Considered by Staff

1) Current Standards and Permit Conditions
2) Notice + Current Standards and Permit Conditions
3) Notice + New STR-Specific Standards
4) Registration + New STR-Specific Standards
5) Use by Permit
Current Standards and Permit Conditions

• STRs are either a residential or a commercial use
  o Renting one entire dwelling on a lot = residential use; allowed without a permit
  o Renting a portion of a dwelling = residential use; potential home-based business; allowed with a permit
  o Renting multiple dwellings on a lot = commercial use; allowed with a Development Permit

• For renting of one entire dwelling (residential use), general standards and permit conditions apply

• Staff concerns regarding compliance and enforcement of residential STRs
  o Permit conditions have changed over time
  o Clearer basis needed for addressing nuisance issues
**Notice**
- Provides information about where STRs are occurring
- Self-certification that standards are met
- No fee
- Parallels existing approaches for some uses and a potential new approach for accessory structures

**Registration**
- Provides information about where STRs are occurring
- Self-certification that standards are met
- Could include a fee
- Could refuse to renew after a hearing

**Permitting**
- Provides information about where STRs are occurring
- Staff review
- Fee
- Higher burden on applicants
- Tailored conditions of approval

- Rulemaking required
- Create notice form
- Staff training
- Outreach to property owners
- Rulemaking required
- Create registration system
- Staff training
- Outreach to property owners
- Higher staff burden
- Rulemaking required
- Create application
- Staff training
- Outreach to property owners
- Highest staff burden
STR – Specific Standards

- Could address nuisance issues and water quality concerns
- Self-certification or staff review possible
- Provide clearer regulatory basis for enforcement
- Input from stakeholders important
Recommended Option for Non-Commercial STRs

#3 Notice + New STR-Specific Standards

- Retains STRs of one entire dwelling on a lot as a residential use
- Minimal procedural burden: Notice < Registration or Permitting
- Provides useful information
- Protective of resources
- Provides clear basis for enforcement/addressing complaints
- Parallels proposed approach for accessory structures
- May achieve a balance between those who offer homes as short-term rental properties and those who choose not to
- May be a system that is easier to modify moving forward
Staff are seeking guidance from the Commission on:

• the overall approach to STRs,

• action the Commission would like to take at this time, and

• additional information on STRs that the Commission may need, including feedback from stakeholders.