



# Short-Term Rental Policy Considerations

Tim Carr, Senior Planner  
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# Outline

- I. What are Short Term Rentals?
- II. Why consider STRs now?
- III. STRs in the LUPC service area
- IV. Regulatory approaches in other jurisdictions
- V. Regulatory models considered by staff
- VI. Staff recommendation

# What are Short-Term Rentals (STRs)?

**Short-Term Rental (STR):** typically defined as rental of a dwelling or part of a dwelling for  $\leq 30$  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
  - Homeowners
    - principal home or second home
    - especially retirees/fixed income
  - Local economies through increased tourism: more beds =  $\uparrow$  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:
  - noise
  - parking
  - trash/litter
  - dwelling/wastewater system capacity exceeded
  - pets
  - firearm discharge
  - 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:

- township, plantation, or town
- rental type – whole house, apartment, room in house, etc.
- # of bedrooms and # of beds
- maximum # of guests
- # of bathrooms

For each AirDNA market area (usually includes OT):

- # of active rentals/quarter for past 3 years
- # of days available for rent
- # of days booked
- occupancy rates
- Information Not Available
  - LUPC zoning subdistrict

# AirDNA Active Listings by LUPC MCD

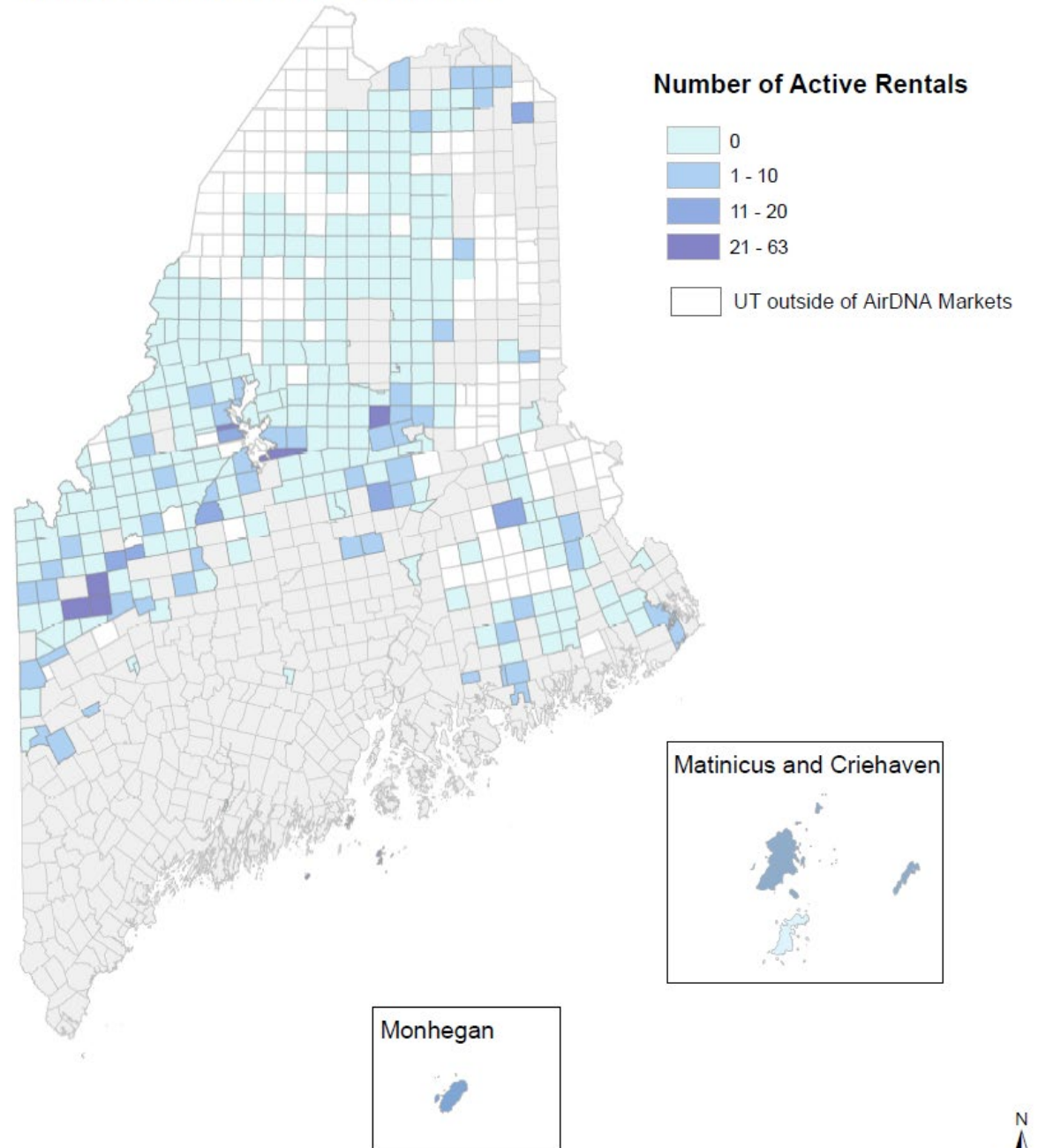
569 Active Listings in Q4 2021

## 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  
Matinicus – 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.

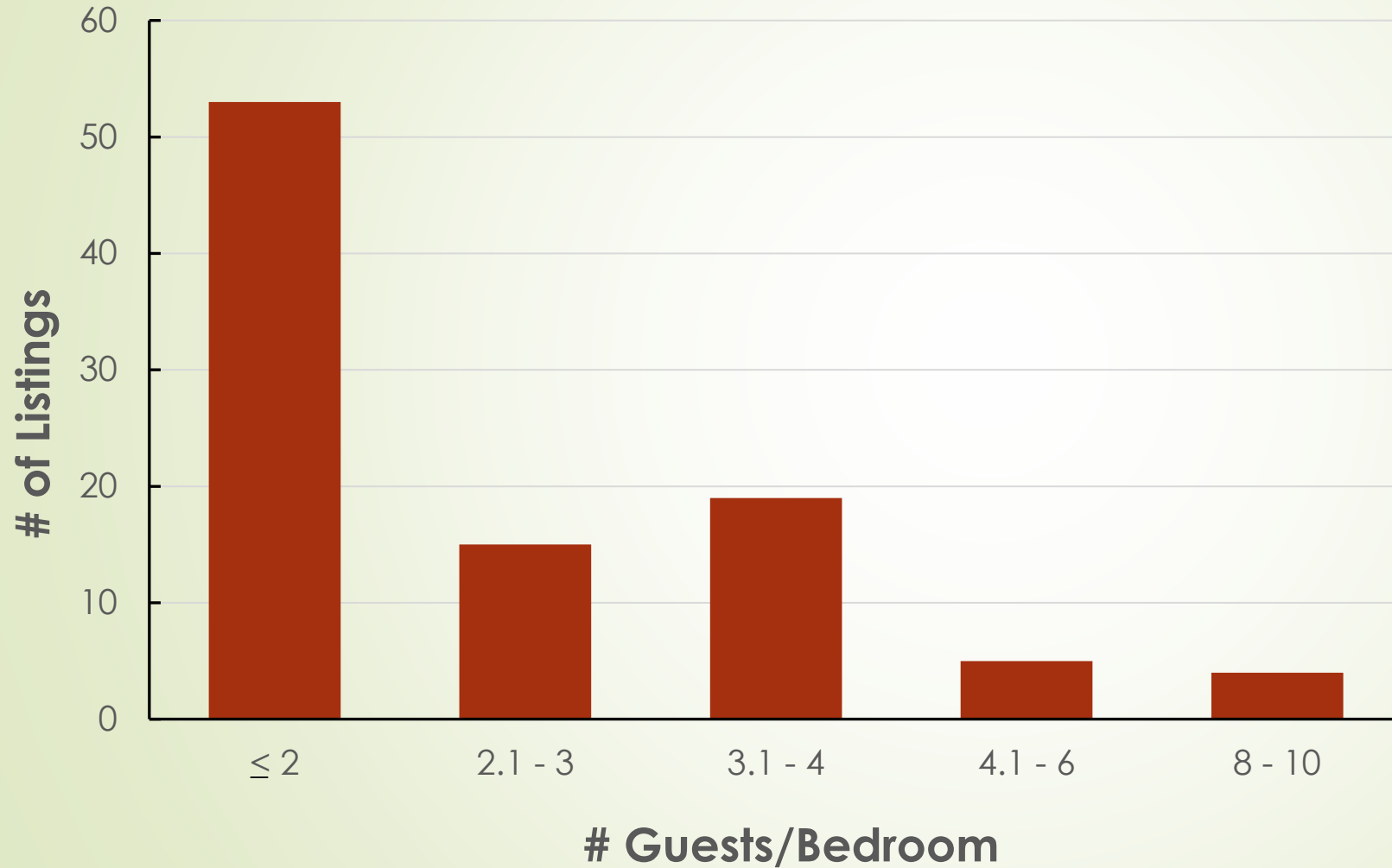
## Short Term Rentals - Q4 2021



# # Guests Per Bedroom

Based on 96 Listings

- $\leq 2$  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
  - access to certain resources important
  - Rangeley, Moosehead, Millinocket regions account for 52% of the active listings
    - Moosehead Region = ~25%      Rangeley Region = ~18%      Millinocket Region = ~9%
  - 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  $\leq 6$  months; most are rented for  $\leq 3$  months
- Clustering around lakes and ponds
- Seasonality in listing numbers
- ~ 569 listings in Q4 2021

# STR Definitions and Distinctions

## Regulatory Approaches of Other Jurisdictions

- Most common STR definition = a residential (or accessory) unit rented for less than 30 days/nights
  - 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

# STR-Specific Standards/Requirements

## Regulatory Approaches of Other Jurisdictions

- Local responsible agent/contact person required – not necessarily the owner; may need 24/7 availability
- Occupancy limits – 2 people/per 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

# STR-Specific Standards/Requirements

## Regulatory Approaches of Other Jurisdictions

- 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

- 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

## Regulatory Approaches of Other Jurisdictions

- 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
    - hosted rentals (property owner or tenant present) may be allowed in residential zones
    - non-hosted rentals may be excluded from residential zones
- may differ by dwelling status
  - STRs in dwellings that are primary residences may be allowed in residential zones
  - STRs in dwellings that are not primary residences may be excluded from residential zones

# Enforcement

## Regulatory Approaches of Other Jurisdictions

- 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
  - Renting one entire dwelling on a lot = residential use; allowed without a permit
  - Renting a portion of a dwelling = residential use; potential home-based business; allowed with a permit
  - 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
  - Permit conditions have changed over time
  - Clearer basis needed for addressing nuisance issues

# Notice, Registration, and Permitting

## 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
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- Rulemaking required
- Create notice form
- Staff training
- Outreach to property owners

## 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
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- Rulemaking required
- Create registration system
- Staff training
- Outreach to property owners
- Higher staff burden

## Permitting

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