

Designing Short-Term Rental Policy

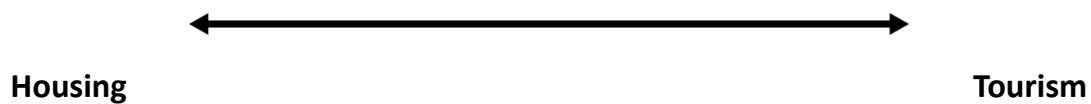
A Framing Document Prepared for The Five Rivers Affordable Housing Subcommittee

Overview:

Effective short-term rental regulation starts with 1) explicit policy objectives and 2) a clear understanding of what regulatory requirements can be enforced (See a full resource here: [Granicus, A Practical Guide to Effectively Regulating Short-Term Rentals on the Local Government Level](#)).

1. Creating Clarity: Making Explicit STR Policy Objectives

For the Five Rivers working group, the tension between housing and tourism emerged as an important organizing framework for the STRs discussion. How do we define the line between housing (units for longer-term tenancy) and tourism (units for transient, shorter-term use)?



This question has the potential to be answered differently by each community. However, the process of a community working to articulate their distinction will help not only clarify a community's policy objectives related to STR regulation but will also inform what type of regulation a community feels comfortable creating and enforcing.

2. Creating Parity: Operationalizing Policy Objectives into Regulatory Requirements

The task of clarifying policy objectives aims to establish the acceptable characteristics of STRs for a specific community. Regulatory requirements play a role in ensuring uniformity in the application and enforcement of rules and regulations based on how the community defines the acceptable use and characteristics of STRs.

- For example, if a community agrees that existing units can be converted into STRs to support tourism (clarity of use), then the design of regulations for these STRs should align closely with how other types of tourism units in the community are regulated, aka motels, B&Bs, etc. (parity in regulation).

How communities have identified the nature of STRs and implications for regulatory requirements:

- **Freeport:** In a community where tourism is woven through the structures and everyday function of the town itself, there is minimum regulation of STRs, with only a mandatory town registration for STR units.
- **Harpwell:** With the town’s long tradition of seasonal rentals, there is less interest in regulating STR use and far more focused on the STRs industry’s impacts on the community’s ‘health and safety’.
- **Bath:** Given the city’s long history of a robust Bed and Breakfast and smaller hospitality industry, along with their diverse housing market, the community is particularly concerned with how STRs are/will affect the existing hospitality industry and the availability of longer-term tenancy options in the city.

3. Matrix of Existing STR Policies:

Each community will, in the end, need to shape its own policy goals, which will, in turn, inform the regulatory requirements needed to enforce those objectives. As a resource for communities as they work to craft their STR regulatory requirements, below is the STR Regulatory Matrix that outlines how different communities across the state have identified and designed elements of their STR regulations. For those interested in additional STR best practices, please see: [🌐 Regulating Short-Term Rentals: A Guidebook for Equitable Policy](#) .

Municipal Engagement	Town Registration & Fee	All Towns
	Inspection of Units	Portland, South Portland, Chester VT, South Burlington VT
	Ordinance explicitly states 30 days or less	Bar Harbor, South Portland, Freeport, Kennebunkport, Falmouth, Arlington TX, Burlington VT, South Burlington VT
	\$1 Million dollar liability insurance for STR	Proposed by Camden
	Limit on number of STR licenses issued per year	Proposed by Camden
Unit Use Parameters	STR Exemptions (motel, hotel, B&B, Inns)	Freeport, Kennebunkport, Arlington TX
	Minimum length of stay 6 days (no long weekends)	Proposed by Camden
	Only owner occupied units or property	Cape Elizabeth, Burlington, South Burlington, Portland Referendum
	Owner/non owner occupied units or property	Bar Harbor, Portland, Chester
	Limits on STR units an owner can register	Portland, Burlington VT
	Prohibition of corporate or non-local owners	Portland Citizen’s Referendum
	Limit number of guests per room	Chester VT
Zoning Parameters	Minimum acreage requirements for STRs	Cape Elizabeth
	Geographic restrictions for locations of STRs	Arlington TX
	Density considerations for permitting STRs	Discussed in Bath