

To: Mayor Casale and the City Council
From: John Clarke, City Planner
Date: January 24, 2018
Re: Short-Term Rentals

Short-term rentals in the City are operating largely under the radar and without legal status. Potential problems with short-term rentals that might be addressed by the Council include the following issues:

- Unregulated commercial-type use in residential zoning districts;
- Compliance with fire, building, and health codes and the need for periodic inspections;
- Unfair competition with local hotels and bed and breakfasts (no room taxes, extra insurance, etc.);
- Impacts on neighbors, such as parking, noise, trash, or security concerns;
- Absentee owners with no contact for complaints or emergencies;
- Possible effects on adjacent property values; and
- Replacement of more stable and affordable rental units.

As online short-term rentals become more numerous and profitable, some municipalities have noticed a decline in traditional rental units, thereby increasing overall rents to higher levels. In more successful tourist-oriented cities, investors have been buying up multiple houses and converting them to exclusively short-term rentals. This is certainly not the only reason for a shortage of affordable housing, but it is becoming a contributing factor.

The first step is to begin to track the number of short-term rentals advertising on the main websites to understand the number and locations of regularly rented units in Beacon. The City has small lots with houses close together, so potential impacts on neighbors are more likely and immediate. Communities all over the country have been upgrading their codes to address the growing demand for short-term rentals. They typically offer lower rates than other regulated lodging options and also allow some residents to earn extra money to be able to afford where they live. Most short-term renters prefer entire home locations with no on-site hosts.

The City should, at the very least, require permits and annual inspections for fire and safety compliance. Permitting should also be coordinated with the County to allow for the collection of room occupancy taxes. Beacon could require owner-occupancy for any short-term rentals, which would begin to address the absentee-owner issue and the problem of investors taking multiple properties out of the housing market. Municipalities can also require on-site resident hosts or local managers with contact numbers to deal with complaints or emergencies.

Other short-term rental issues that should be decided as part of any adoption process include:

1. Limits on the number of rooms and the number of total guests;
2. Maximum days a year that rooms or houses may be rented (difficult to monitor and enforce);
3. Whether a guest room can be in an accessory building;
4. Any separation requirement from existing short-term rentals;
5. Administrative review, site plan, or special permit approval to address parking location, lighting, screening, and other site issues.
6. Delay in enforcement for a certain number of months so as not to disrupt current bookings and to give time for the permitting process.

I understand that a draft amendment for Bed and Breakfasts and Tourist Homes that addressed most of these questions was considered in 2015. The Council could start by reviewing that draft document and begin to make decisions on the extent of regulation that is appropriate for the City.