



## Short-term Rentals: Proposed Regulations



Stonington Selectmen Meeting  
August 15, 2022

# Stonington's Short-Term Rental Task Force

- Convened by the Stonington Economic Development Committee in April 2022
- 5 Meetings + External Research

## Members

- Linda Nelson, Economic & Community Development Director, Chair
  - Judy Jenkins, Code Enforcement Officer
    - Kathleen Billings, Town Manager
    - John Steed, Stonington Selectman
  - Renee Sewall, Stonington Planning Board Chair
  - Maggi St. Amand, Stonington, seasonal rentals
- Julia Zell, Stonington, Island Heritage Trust Executive Director
  - Morgan Eaton, The Island Agency
  - Mary Elsa Theobald, Stonington, AirBNB host

## Honored Guests

- Jim Fisher, Deer Isle Town Manager
- Heather Cormier, Deer Isle Town Clerk



## STR Task Force Primary Goal for Stonington

**In recognition that the vacation rental market has a long and valuable history in Stonington and on the island, these recommendations seek to improve the current rental market for all participants:**

- Property owners – making it easier to regulate tenants and provisions for property use
- Vacationers – creating life safety, resource usage standards, and educational materials to enhance their immersion in the island in ways that truly add value and do not detract
- Workforce – incentivizing the creation of, and freeing up existing housing units, for year-round workforce rentals
- Community – proactively maintaining the unique character and culture that make Stonington Stonington

# Short-Term Rental Defined for Stonington

Any property rented for periods of less than 30 days in two different categories:

- owner-occupied, as defined by using the Homestead Exemption as a guideline; or
- nonowner-occupied, a vital component of our economy to balance

This distinction is important as the Task Force wants to ensure the ability of year-round residents to continue our historic legacy of summer rentals without tipping the economy completely into tourism.

The Task Force agreed to recommend no distinctions based on the zone in which the property is located (Shoreland Zone or other).

# Short-term Rentals Facts, Stonington

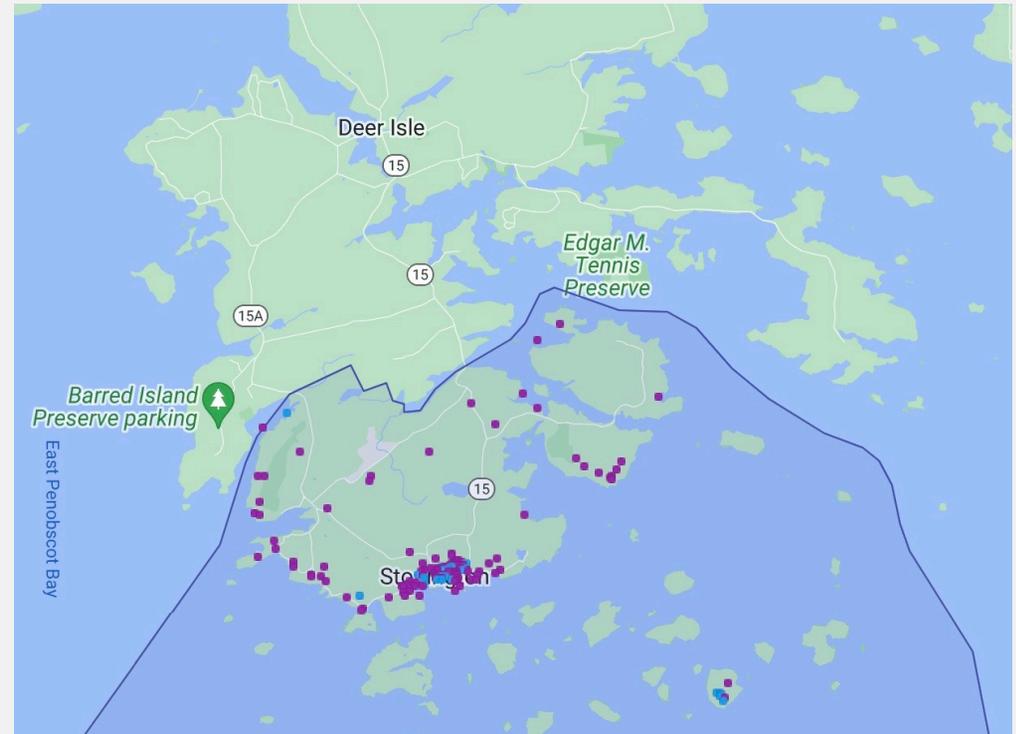
- Conservatively: Approximately 115 listings in Stonington and 124 in Deer Isle
- 1,350 taxable properties in Stonington
- Total # of Homestead Exemptions in Stonington: 269 (20%)
- Median Nightly Rate-\$214
- According to AirDNA / MarketMinder website – a website geared toward investors – 81% of these are single family units with the host offsite
- Estimated Total Value of Stonington STRs Memorial Day - Indigenous People's Day: **\$2,817,738**
- Estimated Total Value of Hancock County STRs in 2021: **\$37 million**



# Additional Impact: ADU's

## The Impact of [LD 970](#) and additional Additional Dwelling Units (ADU's)

- Creates potential for the creation of new ADU's as short-term rentals
- Unclear how this will impact who WILL have the housing
- Bangor Daily News article on AirBNB's/short term rentals includes Hancock County revenues – highest in State. We are the epicenter
- Any action on the Town's part should help us to get ahead of the game for the 10% affordable workforce housing provision in the legislation – the town and task force want to encourage this



# Research

- Reviewed short-term regulation landscape in Maine
  - At least 10 Maine municipalities have short-term or vacation rental ordinances
    - Bar Harbor, Camden, Cape Elizabeth, Falmouth, Freeport, Old Orchard Beach, Portland, Rockland, Saco, and South Portland
    - Sedgwick has folded into Site Plan Review Ordinance so they are aware of new ones being built
    - Under consideration in several other Hancock County towns





## Commonalities Across Ordinances

- Short-term rental defined as a dwelling unit for rent for less than 30 days
  - Some municipalities require minimum rental periods of 5-7 days regardless of the actual number of days the property is occupied
- Rental owners are required to register and/or obtain permits
- Life safety inspection upon registration
- Notification to abutters that rentals have been registered
- Insurance requirements
- Occupancy and parking limits
- Owners are required to provide a local contact
- Owners are required to keep records of rental transactions for presentation to the municipalities upon request



## STR Task Force Goals for Stonington

- Educate residents and visitors on, and mitigate the negative impacts of, short-term rentals particularly in regard to water and sanitary district use as well as trash, parking, etc.
- Protect owner-occupied short-term rentals – the legacy and livability of our year-round population
- Strengthen our year-round community by emphasizing the need and ability to increase the amount of available year-round and workforce rentals, as well as maintaining a balance with traditional hospitality industry
- Ensure life safety standards similar to hotels and inn's and protect against nuisances
- Generate enough revenue to cover enforcement costs
- Generate additional revenue, if possible, to create a fund to incentivize year-round rentals and affordable workforce housing in more units



# STR Task Force Recommendations for Stonington #1

## **Require ALL rental units, both long and short term, to be permitted with a fee structure**

- Three tiers: year-round, owner-occupied and non-owner occupied based on Homestead Exemptions. *OPTION: Cape Elizabeth allows short-term rentals ONLY in owner-occupied, Homestead Exemption properties*
- Requiring permitting of all rental units provides us with the inventory gauge we need to better manage the situation
- Proof of residency/Homestead Exemption required for owner-occupied properties
- Insurance, occupancy, and parking requirements. Occupancy requirements based on Sanitary District where applicable. This is important as many STR's are being rented to too many people for water/sewer to support.
- Owners must provide local contact and keep records of transactions for presentation to Town upon request



# STR Task Force Recommendations for Stonington #2

## **Establish flat rate fee structure with clear explanation of fee usage**

- Tiered fee structure for year-round, owner-occupied and non-owner occupied rentals
- Lower fees for year-round and owner-occupied work as incentive toward those options
- Fees needed mainly for enforcement. Fire enforcement is critically important and some towns charge an additional fee for this.
- Any additional fees to fund the stimulation and support of increased workforce housing



# STR Task Force Recommendations for Stonington #3

## **Possible cap on total # of permits for one or both STR categories**

### **Options include:**

- allowing 0 to very few non-owner-occupied units
- Establishing cap based on % of total housing inventory
- Not capping owner-occupied units



# STR Task Force Recommendations for Stonington #4

**Establish a short-term moratorium ASAP  
on first-floor change of use in  
downtown shoreland zone (Main St.)**

- Desperately needed and widely supported to preserve commercial space and Main Street character in hot housing market



# STR Task Force Recommendations for Stonington #5

## Re-establish the former Victualers' Licenses for Motels and B&B's

- Require Motels, B&B's, and Inn's to be owner-occupied to be in separate category of licensing
- **Any # of rental units or occupancy exceeding 3 BR / 6 individuals must be registered in this category and pay a Victualer's License (meaning they must also be owner-occupied)**
- Enforce STR occupancy limits, prohibiting the addition of campers and tents to rental properties in excess of plumbing and occupancy codes
- If desired, can add future cap to total number of such units
- Fee could also be applied to food trucks if desirable

# Owner-occupied vs. Non-owner-occupied

Task Force members recognize the importance of both types of rentals to Stonington's economy and seek to sustain non-owner-occupied rentals but to BALANCE these with year-round and workforce housing needs:

- 5 of the municipalities studied require **proof of residency** as a registration requirement for owner-occupied units
- Most of the municipalities **allow owner-occupied, short-term rentals in accessory dwelling units and multi-unit buildings** if the owner resides in another unit on the property
- Several municipalities allow **residents** who rent their houses in their absence for less than 180 days annually to be permitted in the owner-occupied category. Others prohibit non-hosted home stays entirely.
- Bar Harbor: non-owner occupied STRs capped at 9% of total units in town, with a minimum length of stay of 4 nights
- Portland: No more than 400 non-owner-occupied mainland short-term rental units shall be registered in any one calendar year
- South Portland
  - Non-hosted home stays are prohibited in all residential zoning districts
  - Single family homeowners may rent their primary residence for up to 14 days without the owner present and without regard to the zoning district in which the property is located.
- Boston: All short-term rental units must be owner-occupied.
- Seattle: Operators may only operate two units: the operator's primary residence and a secondary unit

## Sample Registration Fees

- Bar Harbor: **\$250** annual application fee
- Cape Elizabeth: **\$50** annual fee
- Rockland: **\$100** Planning Board Review/Permit fee
- South Portland: **\$200** for hosted rentals and **\$400** for non-hosted rentals, plus **\$100** fire safety inspection fee and **\$20** processing fee



## Enforcement

- In the majority of municipalities surveyed, the Code Enforcement Officer is the enforcement authority:
- Challenges and costs: Achieving registration compliance is a significant staff burden, especially if not using an enforcement company; Difficult to track down owners of unregistered rentals; Assisting owners with registration process, application review, and inspections is time consuming; Complaints often are reported after hours or on weekends
- Portland and SoPo use short-term rental regulation enforcement company, also used by more than 310 cities and counties
- Violations are typically handled either through a fee structure and/or with potential loss of permit depending on severity of violation, with the goal being to solve the problem

