

# MEMO - TOWN OF MIDDLEBURY & SHORT-TERM RENTAL HOUSING VERMONT

From: David Sophrin, Assistant Town Manager  
 To: Town Manager; Middlebury Policy Review Committee  
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## OVERVIEW OF POLICY REVIEW COMMITTEE

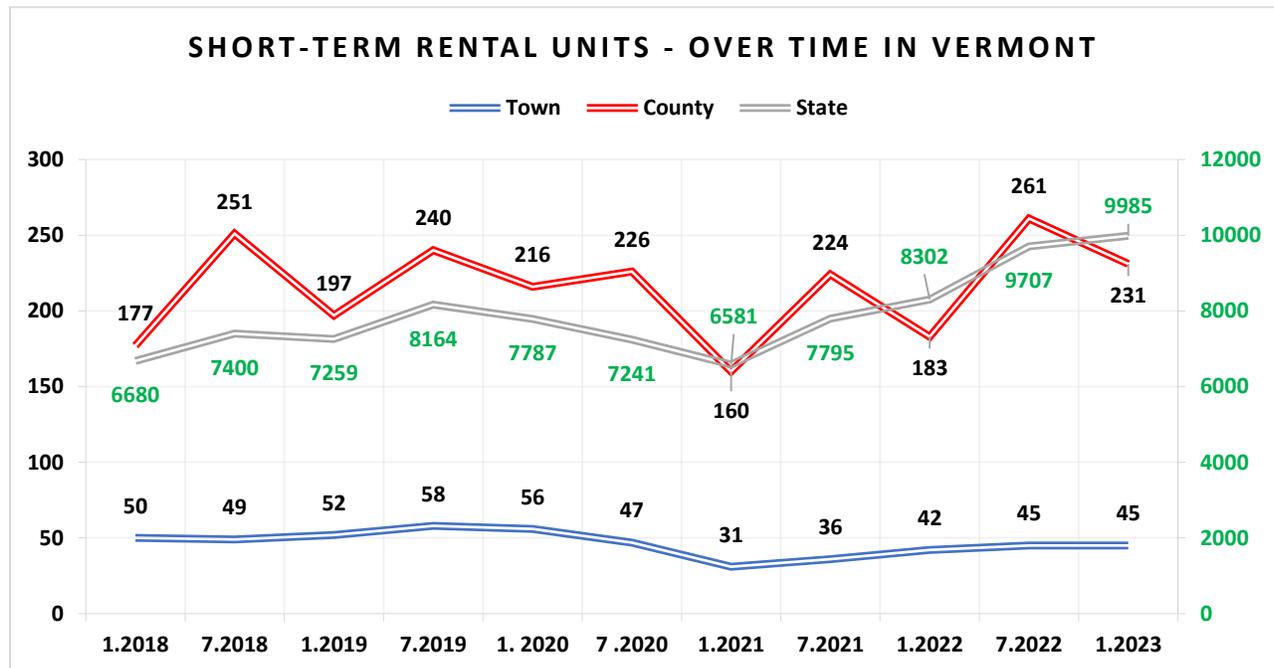
The Town of Middlebury Selectboard recently reestablished its Policy Review Committee. At the request of the Selectboard, the Policy Review Committee’s scope will not just cover the periodic review of operational policies of the municipal government but also provide thoughtful consideration and review of broader public policy matters, eventually offering advice and direction to the Selectboard when needed.

## POSSIBLE STARTING POINTS ON A SHORT-TERM RENTAL HOUSING POLICY DISCUSSION

- What is the *underlying reasoning*/drive to address this issue?
- What are the *basic facts* surrounding Short Term Rental Units (STRUs)?
- What are the practical, operational, and legal *limitations* for the Town surrounding this issue?
- How are other *similarly situated communities* addressing this emerging topic?

## SHORT-TERM RENTALS - BASIC FACTS

- **Statewide:** 3% of all Vermont housing units are short-term rentals (compared with 17% of stock as seasonal, or vacation/second, homes) (2020)
  - The communities with the most STRUs, and with highest growth rates, were nearly all skiing/tourism towns
  - Towns with the highest % of short-term rentals are also the towns with the highest % of seasonal homes
  - *Who Owns STRUs?*: 93% of Vermont STRUs owners operate 2 or fewer STRUs in the state (2020); However, half of all STRUs in the state are owned by just 7% of the STRU owners (2020)
- **Addison County:** 1% are short-term rentals and 11% of housing stock are vacation homes (2021)
- **Middlebury:** 1% are short-term rentals and 4% of housing stock are vacation homes (2021)
  - 3/2023: \$3,930 - avg. monthly revenue; 50% occupancy rate for STRUs in town



SOURCE: State of Vermont Housing Finance Agency; AirDNA

Note: # of STRUs tends to fluctuate seasonally, with the peaks during the summer. Fluctuations during the year would suggest that some owners are putting them on the market as STRUs only in the warmer months, while others are available year-round. These figures do not include STRUs that are individual rooms rented out.

## **INITIAL OBSERVATIONS FROM FACTS & COMPARATIVE RESEARCH**

- While the number of STRUs statewide have steadily grown since 2018, there has been no noticeable growth trend in either the county or town
- The figures for Middlebury reflect the larger statewide trend of significantly lower STRU numbers for those VT communities beyond the tourism/ski resort communities (and Burlington)
- Potential revenues from STRUs significantly exceed average rental rates in area, at least partially explaining the presence of STRUs
- The regulatory steps taken by Vermont communities regarding STRUs have varied significantly in terms of oversight and restriction, from permit-based site requirements & time-based limitations on STRU operations, down to more passive basic registry/contact information requirements

## **VERMONT STATE ACTIVITY**

- State law *passed* in 2018 requiring that STRUs post contact information for the hosts at the STRU
- State legislation in 2021 to establish statewide STRU registry was *vetoed* by governor

## **VERMONT LOCAL COMMUNITY ACTIVITIES ON STRUS**

While the enacted and proposed local regulations relating to short-term rental units vary in purpose and effect, common steps taken typically include the establishment of a registration process, through which an applicant provides contact information, proof of meeting any applicable state regulations, and sufficient information showing adequate preparation to address certain common issues (ex: trash removal); related penalties/consequences. While broader concerns about housing availability may be part of some motivations, other issues such as health/safety, nuisance activity, and proper remittance of local taxes are also issues that drive local actions. Some communities have established broader limitations on the intensity/use of a STRU.

## **SPECIFIC EXAMPLES OF REGULATORY STEPS BY TOWNS**

- Zoning regulations amended to define STRUs
  - Allowing them but only as conditional uses (providing some local oversight)
- Proof of adequate trash removal services
- Meeting state health/fire marshal requirements
- Requiring proof of specialized insurance coverage for STRU activity at property
- Requiring local registration/registry - annual registration; fee; contact information for resolving issues at property; proof of compliance with state regulations
- Requiring off-street parking at location of STRUs
- Requiring minimum length of stay at STRUs/maximum rental days per year
- **BURLINGTON**
  - 2022 Ordinance: Instituted requirement that prohibits STRUs unless the owner of the STRU lives at the property; limits ownership of whole-unit STRUs to 1 per person STRUs as an accessory use at the operators' primary residence allowed; otherwise, converting an off-site housing unit to short-term rental requires that the operator turn another unit they operate into affordable housing (this has resulted in only 25 new affordable units being created); levied a new 9% tax on short-term rentals (to be put into housing fund)
  - This disqualified 80% of all existing STRUs from operating
  - There is a pending lawsuit filed by property owners challenging the Burlington ordinance
- **GREENSBORO**
  - *Proposed policy* - Establishing local registration; impact mitigation conditions established for all STRUs
- **KILLINGTON**
  - Registration with Town Zoning Administrator is required/fee charged for registration; registration/fee are required annually; State inspection report required if STRU has more than 8 units; declaration of insurance required; parking for STRU users must be off-street

- STRUs are allowed in all zoning districts if fewer than 16 guests at STRU
- **KIRBY**
  - Allowing STRUs as a conditional use (related to preventing nuisance activity)
- **LONDONDERRY**
  - *Proposed policy* - Limiting STRUs to 150 days in any calendar year; owner must engage with local property manager
- **MORRISVILLE**
  - 2017: Restricted STRUs to the downtown
  - 2022: Residents can only have 1 STRU, and it must be their primary property; units must meet occupancy limits; existing STRUs were grandfathered in
- **STOWE**
  - 6/2023: Town considering ordinance to establish of a STRU registry, to better ensure potential public safety issues relating to short-term tenants are able to be addressed (STRU users may hinder fire response; current difficulty contacting owners when issue emerges at property); fines for not registered would be included
  - Requires that person(s) staying at an STRU must stay for a minimum of one week
- **WILMINGTON**
  - *Proposed policy* - Limiting STRUs to homes with 3 or fewer bedrooms
- **WOODSTOCK**
  - Limited the renting of rooms short-term no more than 6 times per year, except during the fall (foliage season); Town also created a stipend to encourage long-term rental over short-term
  - 8/2023 - Moratorium on any new STRU applications until April, 2024

#### **USEFUL RESOURCES/ARTICLES/REPORTS ON THIS TOPIC**

- Dartmouth University Policy Report (2020) - [Short-Term Rental Units: Regulations & Impacts in Vermont -](#)
- Sevendaysvt (1/2023) - [Towns Across Vermont Are Beginning to Regulate Short-Term](#)
- Vermont Department of Housing & Community Development - Vermont Housing Needs Assessment: Report - 2020-2024 (published 2.2020)
- Vermont Housing Finance Agency - Housing Data mapping website
- Vermont Public (3/2023) - [How Many Airbnb's are 'taking away' from Vermonters? It's complicated.](#)
- Vermont Short-Term Rental Alliance - Research/Policy Recommendations