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TOWN OF ORONO
COUNCIL COMMITTEE MEETING
COMP PLAN IMPLEMENTATION

MONDAY, JANUARY 7, 2019 AT 6:00 P.M.
COUNCIL CHAMBER – MUNICIPAL BUILDING

MINUTES

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1. Roll Call

Councilors Present: Meghan Gardner (Comp Plan Committee Chair), Cheryl Robertson, Tom Perry, Laurie Osher, Cindy Mehnert and Sam Kunz. Absent: Councilor Tom Spitz.

Staff Present: Community Development Director Dave Milan, Town Planner Kyle Drexler and Town Manager Sophie Wilson.

2. Rental Classifications (Short v. Long Term Rentals)

Background: On November 5, the Committee was given a presentation on the idea of streamlining the Town's rental classification process to more accurately represent current trends in short-term rentals and travel accommodations. The presentation discussed Orono's current way of handling these short-term rental situations and how there are certain aspects not being fully accounted for due to the ever-changing landscape of the lodging and short-term rental industry. Finally, the Committee was shown a few potential options going forward that could help to make Orono's policy more comprehensive.

Planner Kyle Drexler gave a presentation to further explore how other communities, both in Maine and around the country, are dealing with short-term rentals from a policy standpoint. *(See the attached PowerPoint presentation.)* Staff and Council discussed the positive and negative impacts that short-term rentals can have on a community.

Staff will be compiling data on the existing long-term and short-term rental landscape in Orono and reaching out to renters and lodging businesses to gather feedback. Staff will also develop a list of questions to ask renters and lodging businesses to bring back to the Committee.

2. Brief Town Manager's Report

Ms. Wilson gave a brief Town Manager's report on the following:
- Introduced Orono's new Assessor Michael Noble
- An abatement to come before Council
- Legal process regarding a subpoena

4. Adjourn at 6:50 p.m.
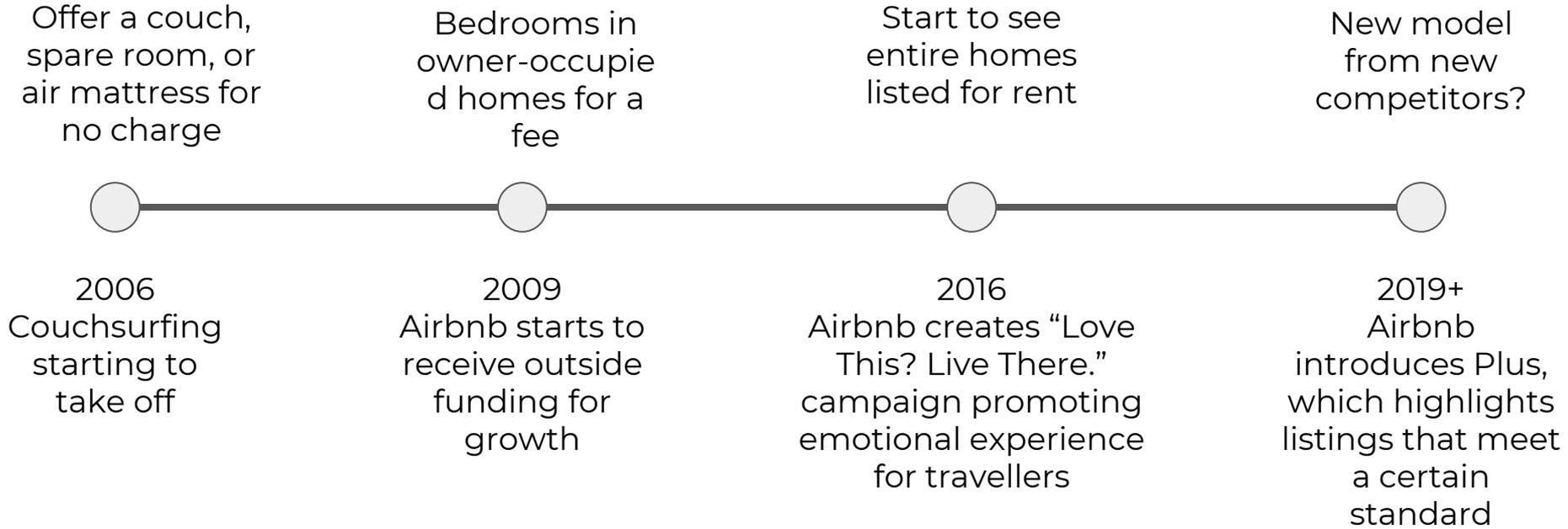
The meeting adjourned at 6:50 p.m.

Minutes are summary only. An audio recording of the meeting is available on the Town's website at www.orono.org under Agendas and Minutes.

Respectfully submitted,

Sophia L. Wilson
Town Manager

Short-term Rental Best Practices

History

Offer a couch, spare room, or air mattress for no charge

Bedrooms in owner-occupied homes for a fee

Start to see entire homes listed for rent

New model from new competitors?

2006
Couchsurfing starting to take off

2009
Airbnb starts to receive outside funding for growth

2016
Airbnb creates "Love This? Live There." campaign promoting emotional experience for travellers

2019+
Airbnb introduces Plus, which highlights listings that meet a certain standard
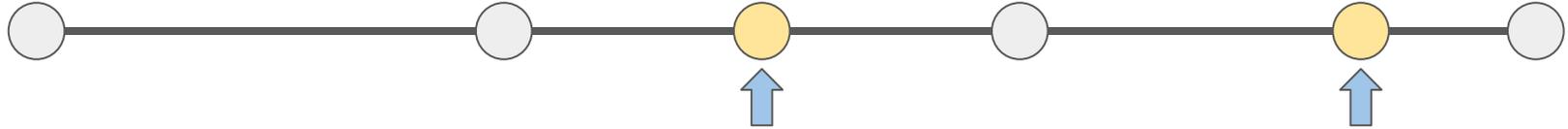
Timeline

Offer a couch, spare room, or air mattress for no charge

Bedrooms in owner-occupied homes for a fee

Start to see entire homes listed for rent

New model from new competitors?

Orono's current regulatory position

Current market

Facts

- Rooms in Maine booked through Airbnb
    - 2015: 85,400
    - 2017: 284,500
    - Through August 2018: already at 281,000

- 2017 revenue generated from Airbnb
    - Bar Harbor: $4.3 million
    - Ellsworth: $1.9 million

Stakeholders

- Property owners
- Residents/neighbors
- Town
- Prospective renters

Positives

- Income opportunity for residents
- Provides additional lodging options for tourists
  - Can allow for things like kitchen access and more space
  - Opens up new areas of the town to stay
- Perceived as more interesting than traditional lodging due to local, homey character
- Potential tax income for state and municipalities
  - Massachusetts recently signed legislation to tax and regulate short-term rentals
    - Subjects short-term rentals to same 5.7% state levy paid by hotels
    - Cities and towns can impose additional 6% tax of their own

Negatives

- Potentially damaging to housing availability and affordability
  - Single-family homes that may have been owned or rented to residents in town can now become rented on a short-term basis by non-residents
- Possible concern of increased traffic, parking and noise in neighborhoods
  - Could cause a neighborhood to lose its residential feel
- Added competition to traditional lodging businesses while not necessarily needing to abide by the same standards

Best Practices: Regulating Short-term Rentals

- 3 ways to regulate
    - Do nothing
    - Require registering rentals, but no restrictions
    - Place restrictions on where and how short-term rentals operate

Rockland, ME

- Short-term Rental
  - **Purpose:** to authorize the use of legally-existing single-, two-, and multi-family structures for the accommodation of short-term guests, for compensation, for periods of less than one month, while ensuring the safety of the occupants and minimizing the impact of such use on the surrounding neighborhood.

  - **Definition:** the use of all or part of a legally-existing dwelling unit for rental to a person or persons unrelated to the owner or occupant of the unit

Rockland, ME

- STR-1

  - One room in owner-occupied structure
  - One unit in an owner-occupied two-family structure

- STR-2

  - Rental of entire single-family house
  - One unit in a non-owner occupied two-family structure

- STR-3

  - Rental of entire unit in multi-family structure

Rockland, ME

- Planning Board review required for initial applications

- No detached accessory building, RV, trailer, tent, or other mobile residential equipment other than a mobile home can be used a STR

- Permittee must keep records of all STR transactions for review by Code Enforcement Officer upon request

- If non-owner occupied, applicant must demonstrate that his/her residence is elsewhere in Rockland or that they are a resident of a surrounding community

Portland, ME

- Residents voted in November to support new ordinance
  - Bans non-owner occupied STRs in residential neighborhoods
  - Places cap on number of STRs allowed
- Registration fee for non-owner occupied units is doubled the fees of owner-occupied units
- Registration fee goes up for each unit by a single person
  - 1st unit = $100
  - 2nd unit = $250
  - 3rd unit = $500
  - 4th unit = $1,000
  - 5th unit = $2,000

As of November 2017, South Portland had 282 short-term rentals, 75% of which were for entire homes.

Bar Harbor, ME

- "Vacation rental" is less than 30 days but a minimum of 5 days

- Must be registered with Town prior to renting

- Must pass inspection prior to receiving a registration card

Camden, ME

- Lodging split into homestay, rooming house, inn, and hotel/motel
  - Homestay must be owner-occupied
- No licensing or permitting process
- Currently in research process to address need of more in-depth policy
  - Hearing complaints from lodging business owners in town

Tacoma, WA

- 3 types:
  - Rental of entire home
  - Rental of separate unit, such as accessory dwelling unit
  - Rental of individual rooms within a home
- STR are rentals under 30 days
- Must be owner-occupied if renting rooms or separate unit
- Can be non-owner occupied if renting entire home
- Require a safety sign in each room showing location of fire extinguisher, exits, etc

Kirkland, WA

- STR are under 30 days

- STR agreements limited to 120 days per property per year

- Landlord or authorized agent must live at property for at least 245 days per year
  - Essentially forces the home to be a primary residence and keeps people from buying multiple properties for the sole purpose of renting short-term

South Haven, MI

- All STR must be registered
- Must have a "local agent"...an individual to oversee the rental who lives within 45 miles of the dwelling unit
- 2 types:
  - Personal STR
    - Can rent dwelling up to 28 days a year
    - No annual permit fee
  - Business STR
    - Rent dwellings as many days as wanted
    - Must pay annual fee for inspections
    - City will place cap on total number of permits using a 4:1 ratio of city's housing stock

Plymouth, MN

- Requires STR owners to attend multi-housing training session

- Limits STR stays to under 30 days

- Allows for one STR in a consecutive 30-day period

Best Practices for Enforcement (ICMA)

- Require hosts to register and provide detailed records of rentals

- Make sure ordinance is enforceable by specifying that advertisement of unpermitted STRs will be considered evidence of illegal activity

- Plan for reality that without proactive enforcement, only a fraction of STRs will get permits

- Need to constantly monitor a variety of platforms to find renters

- Make the registering process simple

- Provide easy method for neighbors to report STR related problems

Going Forward

- Compile data on existing long-term and short-term rental landscape in Orono
  - Does the Town need to simply track STRs or is more strict regulation needed to protect long-term rental availability?
- Deciding what is best for Orono, 4 types of STR:
  - Owner-occupied, single-family, rental of room
  - Two-family, one unit owner-occupied and one unit rented
  - Single-family, non-owner occupied, has primary occupants
  - Single-family or two-family, non-owner occupied, no primary occupants
- Reaching out to renters and lodging businesses to gather feedback
- Other ideas?