

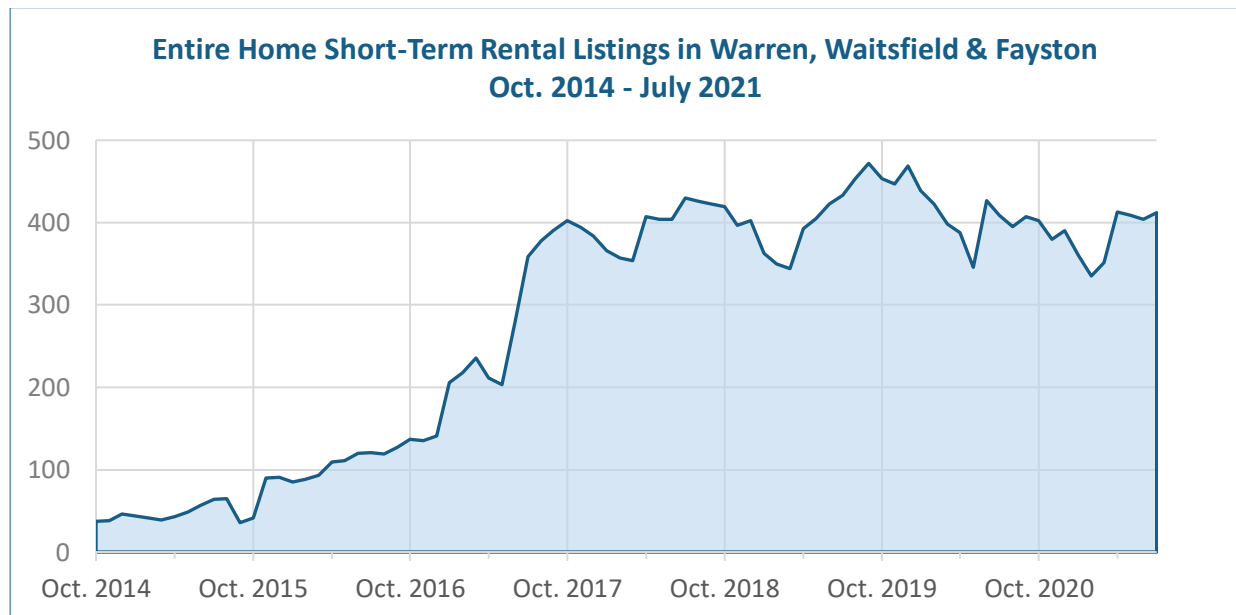


Short-Term Rentals in the Mad River Valley

Context

This document serves to provide an overview of short-term rentals in the MRV and lays out a framework for better understanding and balancing their potential impacts.

MRV community members and municipal leaders work continuously to achieve a balance between being a welcoming year-round destination for visitors, while maintaining a high quality of life for fulltime residents. Short-term rentals (STRs), such as AirBnB, highlight where this balance can become markedly more challenging. Given the rise in popularity of online platforms like Airbnb and HomeAway/VRBO, many communities have begun to examine the economic and social impacts of short-term rentals. The MRV has a long history of renting homes to the vacationing public, predating the advent of online platforms. However, the growth of STRs within the past decade have resulted in a new chapter. While historic data is, at best, limited, online listings from the past few years provide a record of their utilization within the community. In 2019, the annual average of entire home STRs (excluding room rentals) in the MRV was 417, representing almost 9% of total housing units and an increase of 261% over 2016.¹² The peak number of entire home STRs was 472, reached in September 2019.



STRs provide owners with the opportunity to earn income; in some cases, this additional source of income can help subsidize a cost of living that may otherwise be challenging. They also benefit the MRV's tourism economy and provide guests with a convenient, and sometimes more affordable, place to stay when traveling.

¹ In 2017 AirDNA acquired data from the HomeAway platform

² Source: AirDNA short-term rental listings, via housingdata.org

However, STRs do not come without potentially negative impacts. Some have the effect of removing dwelling units for long-term occupancy, and may contribute to rising housing costs.³ Given the high turnover of guests, STRs may bring nuisance impacts to quiet rural neighborhoods.⁴ Further, STRs are not subject to the same health and safety regulations as traditional lodging facilities or rentals, resulting in an uneven playing field with established MRV inns and B&Bs and additional risks posed to visitors and neighbors.⁵

The current iteration of STRs is still relatively new and their impact on communities are not yet fully understood. As defined by the State of Vermont, a Short-Term Rental is defined as “a furnished home, condominium, or other dwelling rented to the transient, traveling, or vacationing public for a period of fewer than 30 consecutive days and for more than 14 days per calendar year.”⁶ Yet, they are also uniquely flexible and come in a variety of forms - beyond the major distinction between whole unit and partial unit STRs. Cities and towns have started to address STRs in several ways, though each community’s actions are based on their specific needs and goals.

Why Address Short-Term Rentals?

We have characterized the variety of concerns that have been expressed related to STRs in the MRV in the following manner: health and safety, availability of year-round housing, and community externalities.

1. Health & Safety
 - a. Lack of tracking and ability to enforce health & safety regulations poses risks for renters and neighbors (e.g., compliance with the VT Fire & Building Safety Code and the VT Rental Housing Health Code).
2. Year-Round Housing
 - a. Conversion of residential units can further stress an already tight housing market by reducing availability and increasing costs of rental and ownership options. Lack of affordable housing stresses the local employment base, school enrollment, and impacts community vitality.
3. Community Externalities
 - a. Potential impacts on neighborhoods with a high density of STRs (especially those that can accommodate large numbers of guests) include visible trash, increased traffic & parking demands, and excess noise.
 - b. A decline in long-term neighbors impacts neighborhood character and value, as well as general investment in the community.

How Are Short-Term Rentals Currently Being Addressed?

Given the newness and uniqueness of peer-to-peer platform based STRs, as well as their impacts on individual communities, approaches to reduce negative impacts in Vermont are limited or non-existent.

³ Barron, Kyle and Kung, Edward and Proserpio, Davide, *The Effect of Home-Sharing on House Prices and Rents: Evidence from Airbnb* (March 4, 2020). <https://ssrn.com/abstract=3006832>

⁴ Nicole Gurran & Peter Phibbs (2017) *When Tourists Move In: How Should Urban Planners Respond to Airbnb?*, *Journal of the American Planning Association*, 83:1, 80-92, DOI: [10.1080/01944363.2016.1249011](https://doi.org/10.1080/01944363.2016.1249011)

⁵ *Short-term Rental Working Group Report 2017 Report to the Legislature*, Section 6 of Act 76 of 2017, An act relating to executive branch and judiciary fees and food and lodging establishments (2017). <https://legislature.vermont.gov/assets/Legislative-Reports/2017-Act76-ShortTermRental.pdf>

⁶ 18 V.S.A. § 4301 (14). <https://legislature.vermont.gov/statutes/section/18/085/04301>

The State of Vermont continues to take steps to address STRs, such as requiring Meals & Rooms tax remittance (2016) and providing municipalities the authority to regulate STRs (2019). The Vermont House and Senate passed S.79 in 2021, establishing a statewide registry of long and short-term rental units and fund health and safety enforcement.⁷ However, the bill was vetoed by the Governor on 7/2/21. The fate of such an effort in future legislative sessions is unknown.

At the local level, efforts to understand STRs in the MRV date back to 2017.⁸ In 2020, addressing short-term rentals was identified as a priority at the Tri-Town Leadership Meeting where selectboard members discussed housing needs and solutions; this resulted in MRVPD tasked with exploring potential methods for a Valley-wide approach to STRs.⁹ Local planning commissions have also initiated discussions about how STRs may be regulated through zoning and other mechanisms. The approaches being utilized by communities to address STRs can broadly be categorized as: tracking, regulating, taxation, and licensing/permitting. To date, only a few towns in Vermont have implemented such mechanisms to address STRs, including the destination communities of Killington and Woodstock.

What's Next?

Given the variety of potential concerns and action steps associated with STRs, a greater understanding of the Mad River Valley's primary concerns and goals is needed. For instance, Woodstock's primary concerns with STRs is community externalities, whereas the program currently in development for Burlington is year-round housing; both are tailoring their approach based on their identified needs. Thus, a public engagement process in the MRV would serve to identify priority concerns that the three towns could then use to determine the most appropriate course of action. MRVPD is poised to lead a public engagement process for the three towns, consisting of a community survey, analysis and syntheses of results, and reporting back the findings. The insight gained from this process would be key to providing direction and serving as the basis for clarifying what needs further exploration (and likely data). Subsequent steps could include a STR committee to further clarify community concerns populated by key stakeholders, including representation from each town, zoning administrators, the MRV Chamber of Commerce and lodging community, the MRV Housing Coalition, and STR owners.

Another potential step after determining priority concerns is ascertaining finer scale data on STR activity in the MRV. S.79 would create a statewide rental registry that could check this box, though the bill was vetoed by Governor Scott this summer and its future is unclear. Municipalities have the authority to hire a compliance management company, or establish an internal registry (for example, through zoning permits). A compliance management company could reduce staff time required for registry creation, management and enforcement; while this is the more costly option, one example of pricing for the three towns came out to an annual fee of approximately \$40 for STR-owners.

Last, MRVPD is committed to continuing its research, surveying, and categorization of the variety of methods that communities across the country are employing to address their individual STR concerns.

MRVPD is committed to supporting its member towns in identifying a pathway that balances the needs and opportunities presented by short-term rentals. For more information and to be a part of the solution, contact MRVPD Executive Director Joshua Schwartz: joshua@mrvpd.org or 802.496.7173.

⁷ S.79, 2021 Reg. Sess. (VT 2021). <https://legislature.vermont.gov/bill/status/2022/S.79>

⁸ Mad River Valley Planning District. (2017). *2017 Mad River Valley Housing Study*. https://mrvpd.org/wp-content/uploads/2018/09/MadRiverValleyHousingStudy2017_11.29.17_2.pdf

⁹ "Minutes of the MRV Planning District Steering Committee & Tri-Town Leadership Meeting." 11 November 2020. https://mrvpd.org/wp-content/uploads/2020/11/TriTown-Leadership_Minutes_11.19.20_Final.pdf