

# MIDDLETOWN LEADS

## WHAT IS MIDDLETOWN LEADS?

*Middletown Leads* is a weekly newsletter intended to connect the Middletown community by providing information about the civic undertakings of the Town.

## SHORT-TERM RENTALS

The usual definition of a short-term rental (STR) is “a rental of a residential dwelling unit or accessory building for periods of less than 30 consecutive days.”

The University of Rhode Island recently issued a report entitled *Short-Term Rentals in Rhode Island* at the request of the Rhode Island League of Cities and Towns with the overall aim of creating a universal tool that municipalities could use in managing short-term rentals (e.g., *Airbnb*, *Homeaway*, etc.)

URI concluded that, within the current environment for short-term rentals, “the complexities associated with the short-term rental market became clear and made evident how such a tool does not fit the current Rhode Island short-term rental economy.”

However, “Residency restrictions (i.e., property operators must reside in property being offered as short-term rental) and quantitative restrictions ( e.g., maximum number of days a short-term rental may be offered, maximum number of short-term rentals per municipality, etc.) each allow for addressing both nuisance and housing stock concerns.”

## AFFORDABLE HOUSING & SHORT-TERM RENTALS

Among a variety of impacts on municipalities of short-term rentals is the impact on the housing market. “Decreased low and moderate income housing availability is perhaps one of the most consequential documented effects of STR prevalence in communities.”

Low and moderate income housing is generally considered vital as a building block for effective community economic development and economic growth.

As early as 2004, the RI General Assembly actually passed the Low and Moderate Income Housing Act (RIGL 45-53-2) that recommends that municipalities have at least ten percent of their housing units categorized as LMIH. According to the URI report, only five RI communities meet this standard.

In 2017, Middletown reported only 5.44%, something that has been an adjunct to the senior housing concerns of the Town Council.

## ISSUES THAT MAKE REGULATION INAPPROPRIATE

Because short-term rentals can be defined differently, the distinction between commercial and residential activity does not lend itself well to regulation, especially when there are positive economic effects on the tourism industry and local entrepreneurs.

Is a short-term rental a room or rooms or is it a house or something in-between? Is the short-term rental simply a homeowner's attempt to earn a little extra money on a temporary basis? Is the short-term rental one of several investment properties? Is the short-term rental listed by a third-party agency with no ties to the community?

## POLICY OPTIONS

The URI report identifies policy alternatives that could address issues related to short-term rentals.

One issue is nuisance behavior, which could include noise, increased trash, parking issues, additional traffic and, more specifically, loud music, profanity, marijuana smoke, after-hours parties, etc.

Pro-active policies might include "house policies", which would be posted and included in rental contracts, as well as financial penalties, such as the imposition of fines.

Requiring short-term rentals to be owner-occupied would prevent commercial operators from large-scale renting. One identified community requires the host-owner to reside in the property for 275 days of the year.

Other ways to address the issues could be to limit the number of days renting can occur on short-term rental properties or to place limits on the number of occupants allowed per household or per room.

## TAXES AND OTHER ECONOMIC IMPLICATIONS

The State of Rhode Island currently taxes short-term rental owners depending on the type of dwelling with a small percentage of the proceeds going to municipalities. State law precludes municipalities from creating their own taxes on short-term rentals.

The real issues undermining potential economic benefits include the underreporting of short-term rentals coupled with the costs of enforcement of any regulatory policies.

## FOOTNOTE

Weekly essays about Middletown community and municipal affairs will appear on the Middletown Public Library website.

Editorial essays may appear in the following: [MiddletownLeads@blogspot.com](mailto:MiddletownLeads@blogspot.com).