



POLICY GUIDE FOR VERMONT MUNICIPALITIES

REGULATING SHORT-TERM RENTALS

Prepared by:

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About this Guide

This policy guide has been designed for use by Town & City Planners, Zoning Administrators, Planning Commissions, Selectboards, and any municipal governing body with the authority to regulate short-term rentals (STRs) in Vermont.

This STR policy guide recommends a step-wise approach to STR regulation based on the best practice analyses and academic insights cited in the STR White Paper authored by Rent Responsibly.

Municipalities are advised to consider the intentionally sequential and escalating nature of the following policy recommendations as a suggested approach to effectively introducing STR regulations to a community.

This STR Policy Guide was prepared by the Vermont Short Term Rental Alliance (VTSTRA) in partnership with Rent Responsibly and input from global STR industry leaders: MuniRev/LodgingRev, Vrbo/Expedia Group, and Airbnb.

Vermont Short Term Rental Alliance, Inc.



Learn More

To learn more about the short-term rental industry in Vermont and the latest best practice policy solutions for regulating STRs, please visit:

www.vtstra.org/gov-resources

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About VTSTRA

Vision

To be the voice for the vacation home and short-term rental industry in Vermont.

Mission

The mission of our nonprofit advocacy group is to represent and advance the interests of short-term rental operators and vacation rental owners in Vermont; while providing members with the educational, networking, and other resources they need to run responsible and profitable businesses.

Values

We value a thriving vacation home and short-term rental industry in Vermont that:

1. Strengthens the Vermont economy
2. Prioritizes guest safety
3. Offers exceptional hospitality
4. Promotes the best of Vermont
5. Respects neighbors
6. Cares for our communities and environment

About Rent Responsibly

Rent Responsibly is the community building and education platform for local short-term rental alliances. Their tools and alliance management services equip local leaders to build successful, self-sustaining organizations of short-term rental hosts, managers and all other stakeholders. They make it easy for leaders and members to connect, collaborate, solve common challenges, work in partnership with their local governments, advocate for themselves, steward their communities, and rent responsibly. Learn more at RentResponsibly.org.

Approach to Regulating STRs

01

Define 'Short-Term Rental' and their Allowable Use in Town Regulations

Create a foundation for regulating STRs

02

Identify & Monitor the STR Activity in Your Town

Measure beneficial and adverse impacts of STRs to design data-driven regulations that address identified issues and deliver desired impacts

03

Set Standards for STR Safety & Community Well-being

Ensure fair competition in the marketplace and mitigate negative environmental, economical, and social impacts to your community

04

Mitigate Loss of Long-Term Rental (LTR) Housing

Preserve housing stock while enabling sustainable growth of nontraditional and transitional housing options, increasing tourist capacity, and providing economic opportunity for residents

05

Encourage Equitable Access to Homeownership & STR Opportunity

Address wealth and income inequality and impacts of historic and ongoing racism by ensuring equitable access to the income generation, financial stability, and asset growth opportunities that STRs offer

Define 'Short-Term Rental' and Allowable Use in Town Regulations

Solution A

Amend zoning regulations to include official definition of “short-term rental” and STR as a defined use:

1. An STR is an allowed use; OR
2. An STR is a permitted use, whereas the permit does not run with the land. A change of ownership shall require a new STR permit; OR
3. An STR is a conditional use, subject to review & approval.

Solution B

Create an STR Ordinance with an official definition of STR.

Select criteria for STR license eligibility.

(See Appendix for template)

Definition

A “short-term rental” is defined under [Act 10 \(2018\)](#) as:

“a furnished house, condominium, or other dwelling room or self-contained dwelling unit 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”

Additional Conditions:

- Short-term rentals are subject to Vermont’s 9% Meals and Rooms Tax (MRT)
- Short-term rentals may be subject to 1% Local Option Tax
- Short-term rentals are prohibited from providing food service without a license from the Vermont Department of Health
- Short-term rentals are not a [licensed lodging establishment as defined under VT Law](#)

Create a Registry to Identify & Monitor STR Activity in Your Town

Solution A

Create in-house STR registry and assign management to staff person.

Mandatory annual registry, with penalty for noncompliance.

Registration fee paid by owner at a flat rate:

- *i.e. \$100/year/rental unit*

Solution B

Hire third-party STR compliance service to manage and enforce registry.

Mandatory annual registry, with penalty for noncompliance.

Registration fee paid by owner on a sliding scale:

- *i.e. 2x highest nightly rate*

Solution C

Defer to state requirements for short-term rental registration; do not require municipal STR registration.

Sample STR Registration Form

- Property owner, name, mailing address & contact information
- Property manager (if different), name, mailing address & contact information
- STR property address
- Other rentals on property?
 1. Yes (separate registration required)
 2. No
- Expected STR activity this year
 1. 180+ rentable nights
 2. 61-179 rentable nights
 3. 15-60 rentable nights
 4. fewer than 15 rentable nights (exempt from STR registration)
- Type of structure
 1. ADU
 2. Apartment building
 3. Condo/townhouse
 4. Single-family home
 5. Duplex or triplex
 6. Room within a home
 7. 3-season structure
- Size of rental
 1. Number of bedrooms
 2. Number of baths
 3. Number of guests
 4. ADA accessibility
- Number of designated off-street parking spaces
- Safety
 1. Number of smoke alarms
 2. Number of CO alarms
 3. Date of last fire safety inspection
- Type of STR Insurance
 1. Homeowners insurance with rental/business activity endorsement
 2. Landlord insurance plus liability umbrella policy
 3. Commercial STR insurance
 4. Other
- Type of waste management
 1. Municipal sewer system
 2. Private septic tank
 3. Composting toilet / outhouse
 4. Other
- Acknowledgment of signed [STR Obligations Form](#) required by the Vermont Department of Public Safety displayed in rental

Set Standards for STR Safety & Community Well-being

Solution A

Draft STR memorandum of understanding (MOU) that outlines what it means to be in good standing with the municipality and/or community.

Require signature on MOU with any STR license, permit, or registration.

Solution B

Set standards for STR permitting and/or STR licensing approval (see below for recommendations).

Include minimum standards in your STR Ordinance and require compliance with any STR license, permit, or registration.

Suggested Standards

- Property manager or owner must submit one type of rental safety certification to regulating town office:
 1. Self-certification (STR Obligations Form)
 2. Self-certification verified by third party
 3. Private inspection by home inspector
 4. State or city inspection
- Property manager or owner must be available to respond in person to emergencies within ___ hour(s)
- Property manager or owner must inform in writing all adjacent neighbors of expected STR use
- Advertised minimum night stay must be equal to or greater than 2 nights

Note: Higher minimum night stay reduces likelihood of parties
- Advertised occupancy does not exceed number of bedrooms x 2 plus 2 (excluding children under 2 years old), whereas bedrooms are defined according to wastewater permit or rental housing code standards
- Property manager or owner who receives a noise complaint will be required to install noise monitoring system and post designated quiet hours
- Property manager or owner must submit proof of suitable waste disposal services
- Property manager or owner must submit proof of insurance appropriate to business activity:
 1. Homeowners insurance with rental/business activity endorsement
 2. Landlord insurance plus liability umbrella policy
 3. Commercial STR insurance

Mitigate the Loss of Long-Term Rental Housing

Solution A

Modernize zoning regulations to remove disincentives or restrictions that inhibit new housing production and replace them with zoning provisions that encourage the creation of new housing.

Solution B

Include ONE of the below STR restrictions to control STR growth.

STR Use Restrictions

1. Prohibit STR use within 2-3 years of a property sale; or
2. Prohibit STR use for more than 6-months of a calendar year; or
3. Prohibit STR use of more than 50% of units in a multi-unit building; or
4. Limit the absolute number of STR permits or licenses issued to off-site managers per year
Note: Set quota just above current STR use to preserve the current stock and inhibit uncontrolled growth

Exempt when STR use does not result from the conversion of a pre-existing long-term rental housing unit.

EXEMPT STRs from restrictions when the:

- 1. STR is new construction;**
- 2. STR is converted from nonhousing space;**
- 3. STR is a rehabilitated dwelling unit that was unoccupied for the previous 2 years; and**
- 4. STR manager lives onsite**

Encourage Equitable Access to Homeownership & STR Opportunity

Partner

Policy meant to improve equitable access cannot be developed without BIPOC voices at the table. Work with community partners to support BIPOC community members in conversations about local STR policies, programs and resources.

Promote

Make local STR resources available in multiple languages, based on census bureau data and distribute to community resource centers for ethnic minorities and first-time homebuyers.

Reinvest

Use STR registration fees and/or STR conversion fees to support community reinvestment in housing projects that support BIPOC communities and first-time homebuyers.

Enable

If regulations cap or restrict STRs, allow exemptions for applicants that can demonstrate economic hardship in retaining their existing, or entering into, primary home ownership without access to STR income.

Enforcing STR Policy Solutions

VTSTRA

Work with local organizations to connect with STR operators and develop outreach and engagement strategies to encourage high compliance.

Vrbo and Airbnb

Work with short-term rental platforms like Vrbo and Airbnb to advertise and require compliance obligations to short-term rental owners and managers.

GovOS/MuniRevs

Hire a third-party STR compliance service provider to build, implement, track, monitor and enforce STR policies and engage directly with STR owners without additional work for your staff.

Collaboration Makes it Easy

Enforcement of STR regulations is difficult and often unsuccessful, but municipalities are not alone when it comes to enforcing new STR regulations:

- The Vermont Short Term Rental Alliance (VTSTRA) is building a community of vacation home and short-term rental operators in Vermont who care about running safe, responsible, and profitable businesses. As a liaison to STR hosts and STR industry experts, VTSTRA is a resource for towns and cities seeking guidance and education on creating reasonable and enforceable regulations for STRs.
- Policy Affairs Specialists at STR platforms, such as Airbnb and Vrbo/Expedia Group, are available to help municipalities enforce regulations through their platform listing requirements and direct host communications.
- STR compliance software and services are available through a number of vendors, including Muni/LodgingRev, and can alleviate the burden to your town without compromising on outcomes.

Evaluating STR Policy Solutions



Compliance

Compliance with registration, licensing, and permitting may be assessed by cross-checking registered property addresses against aggregate online STR listings analyzed and enforced by third party service providers for a fee. Fewer restrictive policies often lead to higher compliance.



Trends & Impacts

Tracking changes in the number and type of STRs over time will reveal actual prevalence and use. Comparing STR data to other factors will enable analysis that can determine beneficial and adverse impacts of STR trends. Third-party compliance service providers can further analyze data related to complaint frequency, ordinance violation incidents, and more.



Safety & Community Standards

Establishing a dedicated Complaint Hotline for STRs will help identify recurring problems, enable your town to remove repeat violators from the STR marketplace, and ease residents' concerns over accountability and disturbance.



Housing Market

Tracking new construction permits and certificates of occupancy along with your STR activity will help maintain diverse yet balanced housing options in your town. Though STRs have not been shown to significantly impact housing affordability in Vermont, changes in vacancy rates, rental rates, and home prices will indicate the health of your housing market overtime.



Equity

Census data can provide insights on homeownership by race and ethnicity, and cost burdened households by race, however policy makers should seek insights from community leaders to address and correct for bias in data sources often used to determine investment and resource allocation.

Appendix: Model STR Ordinance

Town of [City Name] Short-Term Rental Ordinance

Section 1: Authority

a. This ordinance is enacted pursuant to the authority granted to the Town under 20 V.S.A. 2736 & 24 V.S.A. Chapter 59.

Section 2: Definitions

a. Short-Term Rental: "Short term rental" means a furnished house, condominium, or other dwelling room or self-contained dwelling unit 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.

Section 3: STR Requirements

a. Short Term Rental (STR) of a property in all Districts is a permitted use in all zoning districts and requires a zoning permit. An STR permit does not run with the land. A change of ownership shall require a new STR permit.

b. The contact information required by 18 V.S.A. 4467 shall be displayed in plain sight within the STR.

c. The owner of the STR or the owner's designated manager must be geographically proximate and available and on call 24 hours a day, seven days a week to respond in the event of an incident.

d. The Vermont Short-Term Rental Safety, Health and Financial Obligations Form, as required by 18 V.S.A. 4468(b), shall be completed and displayed in plain sight within the STR.

e. The owner shall obtain the educational information packet regarding Short-Term Rentals provided by the Vermont Division of Fire Safety, as required by 18 V.S.A. 4468(a).

f. Accurate occupancy limits shall be included in all advertisements of the STR.

g. The owner of the STR is responsible for the collection and payment of applicable Vermont Taxes.

h. All vehicles associated with the STR of a property, including guests of the short-term renter(s), shall have designated off-road parking and not use shared private driveways, private roads, or public highways, unless public parking is readily available.

i. Provisions must be in place for timely trash removal after each rental.

Section 4: Permit Application Requirements

a. Submission of Vermont Short Term Rental Safety, Health and Financial Obligations Form, as required by 18 V.S.A. 4468(b).

b. Declaration of occupancy based on the number of approved bedrooms as determined by a Wastewater Permit or Lister Card shall not exceed 2x the number of bedrooms, plus 2 (excluding children under the age of 2).

c. An accurate drawing of the subject property that depicts and identifies the following information: location of proposed STR on lot; location of all other buildings; location of the septic system; number and location of all parking spaces, including designated off-site parking.

d. Meals and Rooms Tax ID Number from the Vermont Department of Taxes as required by 32 V.S.A. 9282.

Effective date of this ordinance: [Date]