

# TCRPC

## Planning Toolkit Fact Sheet

# Short-Term Rentals



## INTRODUCTION

Short term rentals (also called vacation rentals or STRs) in Pennsylvania are defined as a dwelling unit that is rented for less than 30 days by the same person and tends to be popular in destination areas. Short term rentals can range from single family units, townhouses, apartments or even a single room in a house that the homeowner rents out. They provide renters complete living facilities including sleeping, eating, and sanitation. STRs often operate without the knowledge of local governments or even adjacent property owners as the reservation is a private transaction between two parties. The Pennsylvania Municipal planning code (MPC) gives local municipalities the authority through comprehensive plans and ordinances to regulate operation and maintenance of short term rental units. Short term rentals are seen as an alternative to hotels and tend to be more appealing than hotels because of the lower prices, amount of space and increased flexibility. Short term rentals have become a popular way of traveling either for vacation or for business travel to stay comfortable while staying affordable. Short-term rentals are projected to continue their rapid growth in popularity into the future.

Short term rentals have become very popular over the past few years due to the popularity of companies such as Airbnb, VRBO and HomeAway. Although they are great for people wanting to vacation and avoid hotels, they have become a major issue for homeowner associations, residents and local governments. The somewhat recent prominence of short-term rentals has left local governments, property owners and community members unsure of their impact on the community and legality as a whole. It is important that all stakeholders have access to the resources they need to understand short-term rentals and the impact they can have on a community.



Many municipalities do not have separate regulations dedicated to short term rentals and there is much confusion and debate surrounding the definition and functionality of short-term rentals. Regulating short-term rentals may be unnecessary for municipalities with an abundance of affordable rental properties which have a low demand for STR's. However, in areas with tight rental markets and a lack of affordable housing, short-term rentals can price out residents and take up units that could be used for permanent members of a community. As a greater portion of the housing inventory is taken off the long-term market, the reduction in supply of permanent housing increases rents, costs and long-term availability and affordability of neighborhood dwelling units. In these cases regulation may be necessary. Hotels, motels and other traditional lodging establishments may also suffer a loss in revenue due to short-term rentals. State and local governments also may lose out on revenue because short-term rentals do not pay occupancy taxes that are paid by traditional commercial lodging. However, short-term rentals in Pennsylvania are subject to paying the 6% occupancy tax. Many other municipalities also subject short term rentals to a lodging tax.

There are multiple different types of regulations that can be applied to the short-term rental industry. Municipalities can introduce annual licensing fees for properties that are listed as short-term rentals to ensure general applicable code compliance. Municipalities can also establish new definitions for short-term rentals in the code making them fall under new standards which must be obeyed. Short-term rentals can also be regulated via zoning as to the location, number of allowable units and terms of tenancy. If short term rentals are regulated as a separate use, they should be clearly defined and differentiated from other similar uses. It is important that decisions regarding short-term rentals are made with the concerns of the home sharing firms, property owners and the community as a whole in mind.



## BENEFITS

- Allows flexibility for travelers to rent anywhere from a few days to a month.
- Have the ability to add to neighborhood character.
- Supports tourism by providing additional supply for overnight stays.
- Can bring revenue to an area due to increased tourism.

## DRAWBACKS

- Can cause excessive noise, more traffic, parking issues, vandalism and litter.
- Perceived unfair competition with other similar uses such as bed and breakfasts, hotels, motels, and inns that are held to higher regulatory standards.
- Can price out long term residents of an area and contribute to an area's housing affordability.
- Increased conflict between residents and people using short-term rentals, especially in residential areas.
- Confusion surrounding short-term rentals can lead to legal challenges.

## PRACTICAL TIPS

- Before adopting an ordinance based on short term rentals, a municipality should review the land use goals and objectives that are identified in the comprehensive plan.
- Language and processes about short-term rentals in local codes, ordinances and programs should be straightforward and easy to understand.
- If establishing a licensing system, make sure it is an effective system that can be easily maintained, enforced and monitored.



## RESOURCES

- **Chester County eTools: Short-Term Rentals**
- **Lancaster County Short-Term Rentals Community Planning Tool**
- **Short Term Rental Guidelines- Cumberland County PA**
- **Jackson Township Monroe County, PA- Short Term Rentals**
- **Derry Township, Dauphin County Short Term Rentals- Page 180-181**
- **SLICE OF LIFE LLC v. HAMILTON TOWNSHIP ZONING HEARING BOARD | FindLaw**

## RELATED TOOLKIT FACT SHEETS

- **Affordable Housing**
- **Commercial/Office Redevelopment**
- **Zoning Ordinances**

