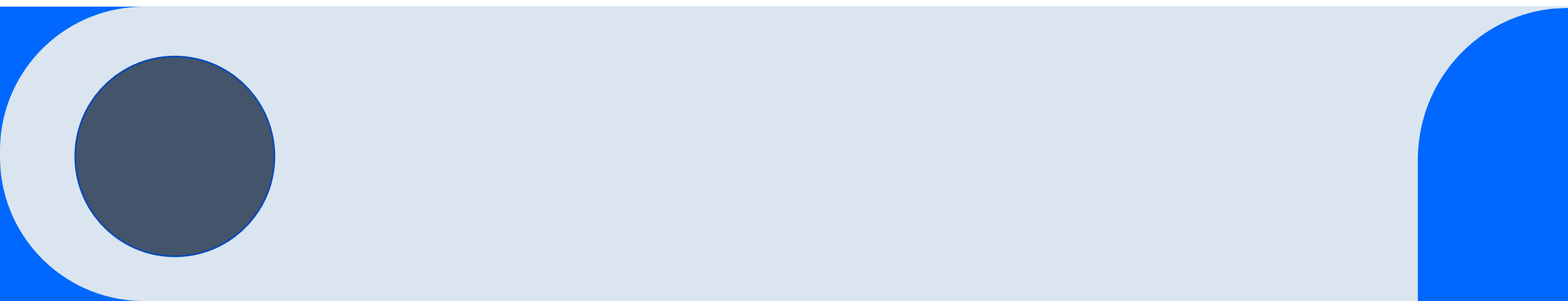




Short Term Rentals

Dennis Turano

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Agenda

Introduction to STR

Middletown Short Term Rentals

State Ordinance

Pro's STR Market

Con's STR Market

Question & Observations

Summary

Introduction to STR

Short-term rentals are a type of accommodation that allows travelers to rent a property for a short period of time, usually less than a month. They are often offered through online platforms such as Airbnb, VRBO, and others. Short-term rentals have both advantages and disadvantages, depending on the perspective of **the owner, the guest, and the community.**

Middletown Short Term Rentals

CHAPTER 98: SHORT-TERM RENTAL LEASES

98.04 REGISTRATION AND INSPECTION REQUIRED.

(A) All dwelling units which are let, leased, rented or otherwise occupied, in whole or in part, by a tenant for rental and/or dwelling purposes for a period of 31 days or less under a short-term rental lease shall be registered by the record property owner with the registrar before any tenant occupies the premises.

(B) Each dwelling unit shall have an annual registration. The dwelling unit shall be subject to annual inspection by the Building Official or his or her designee. The purpose of the inspection is to determine the occupancy limit of the unit pursuant to § [98.09](#) of this chapter.

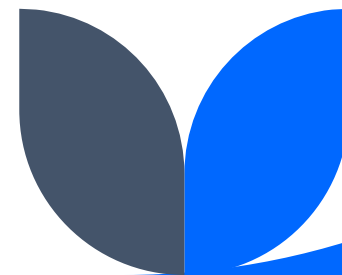


Middletown Short Term Rentals

CHAPTER 98: SHORT-TERM RENTAL LEASES

§ 98.08 FEE.

The fee for registering under this chapter shall be \$55.00 for each bedroom in the unit with a minimum fee of \$55.00; the fee for premises on which the owner maintains his or her principal residence shall be \$55.00 per dwelling unit, regardless of the number of bedrooms.



Middletown Short Term Rentals

CHAPTER 98: SHORT-TERM RENTAL LEASES

§ 98.09 OCCUPANCY LIMITS AND PARKING REQUIREMENTS.

(A) The maximum occupancy for the dwelling unit shall be two persons per bedroom. The maximum occupancy may be further limited by the requirements of division (B) below. For the purpose of establishing occupancy, a person is defined as an individual at least 12 years of age; provided however, that in no event shall the occupancy of a dwelling exceed the occupancy load as defined in the current version of the Rhode Island Building Code SBC-1, which requires a floor area of 200 gross square feet per occupant; fractions shall be rounded down to the next lower whole number; and provided further, that in no event shall the occupancy of a dwelling exceed the design load of the property's septic system, if applicable.

(B) One off-street parking space shall be provided on the same lot on which the short term rental is located for each two persons of dwelling occupancy, as determined by division (A) above. All parking spaces required hereunder shall not be located on any lawn area. On street parking by residents of short term rentals is prohibited. Each bedroom in every dwelling unit must have a minimum parking area of nine feet by 18 feet.



Middletown Short Term Rentals

CHAPTER 98: SHORT-TERM RENTAL LEASES

§ 98.10 OWNER'S OBLIGATIONS.

(A) *Required lease terms.* All short-term rental leases shall have as an attachment a copy of the applicable Short-Term Rental Permit for the premises, and contain the following provisions, either as worded below or in substantially similar language:

(1) The legal occupancy of this dwelling unit is limited by town ordinance and may not exceed the number of persons aged at least 12 years of age set forth on the Short-Term Rental Permit attached hereto. Exceeding said occupancy limit is a violation of this chapter and is subject to a fine of up \$1,000 per day.

(2) If you sublet any portion of the premises, you become subject to the requirements of the Short-Term Rental Leases ordinance, including the requirement to register the subleasing at the Town Hall. Allowing a person who is not a tenant to stay one or more nights on the premises in exchange for money or anything else of value constitutes a sublease.

(B) In addition to the foregoing mandatory provisions, the record owner may include in the lease a provision restricting or prohibiting any subleasing of the premises.



Middletown Short Term Rentals

CHAPTER 98: SHORT-TERM RENTAL LEASES - Continued

§ 98.10 OWNER'S OBLIGATIONS.

(C) *Posting ordinances.* The record owner shall post, in plain view and in a conspicuous place within the rental dwelling unit, a notice containing:

(1) The full text of ordinances pertaining to noise, keeping dogs on a leash, parking, trash maintenance and disposal, and dwelling occupancy limits, and any other ordinance which the Council may deem appropriate from time to time. Printed form notices shall be available at the office of the registrar;

(2) The maximum number of occupants permitted to stay in the dwelling, and notice that failure to conform to the occupancy limit is a violation of this Code and is subject to a fine of up \$1,000 per day;

(3) The name and telephone number where the record owner can be reached;

(4) Where applicable, the name of the record owner's local representative and a telephone number where the local representative may be reached;

(5) The number and location of onsite parking spaces

(6) The telephone number and website address for the Middletown Police Department.

(7) Trash pickup requirements, including the location of trash cans.



Middletown Short Term Rentals

STR SUMMARY DATA - STROM

Count: 431 Individually Registered Properties

% Owned by Middletown Residents: 55% (238)

% Owned by RI Residents: 68% (293)

% Owned by Out of State: 32% (138)

People that Own 3+ STRs: 0

People that Own 3 STRs: 1

People that Own 2 STRs: 11

People that Own 1 STRs: 419



Middletown Short Term Rentals

STR SUMMARY DATA - STROM

Total Bedrooms: 1,495 (represents 62% of lodging options in Middletown)

Total Assessment Value All STR's: \$272,997,132

Average Assessment of STR: \$633,404

Taxes if Residential Rate (12.59): \$3,437,034

Taxes at Non-Resident Rate (13.53): \$3,693,651

Additional Taxes Collected from STRs at Non-Resident Rate: \$256,617

Local Registration Fees Collected: \$82,225



State Ordinance

Chapter 63.1 Tourism and Development

RI General Laws 42—63.1-14

42-63.1-14 – Offering residential units through a hosting platform.

Hosting Platforms that offers rentals and collects and remits sales and compliance.

State registration should include:

- Principle place of the business owner or agent

- Phone number owner or PM

- Email Address of Owner or PM

- Address of the rental

- Number of rooms to be rent

- More...

Penalty:

- \$250. for the first 30 days of non-compliance

- \$500. between 31-60 days of non-compliance

- 1000. for more than 60-day of non-compliance

Pro's STR Market

Pros:

- For owners, short-term rentals can provide higher potential income, increased flexibility, and better maintenance. [According to Roofstock¹](#), short-term rentals can generate more revenue per night than long-term rentals, especially during peak seasons or events. Owners can also adjust their prices and availability according to market demand and their own preferences. Additionally, short-term rentals tend to be cleaner and better maintained than long-term rentals, as owners have to ensure that the property meets the standards and expectations of guests.
- For guests, short-term rentals can offer more variety, comfort, and convenience. Short-term rentals can cater to different tastes, budgets, and needs of travelers, as they can choose from a wide range of properties, locations, and amenities. Guests can also enjoy more privacy and space than in hotels, as well as access to facilities such as kitchens, laundry, and parking. Furthermore, short-term rentals can provide a more authentic and local experience for guests, as they can interact with hosts and neighbors and explore the culture and lifestyle of the destination.
- For communities, short-term rentals can stimulate economic activity, create jobs, and support tourism. Short-term rentals can increase the supply and diversity of accommodation options for visitors, which can attract more tourists and boost spending in the local economy. Short-term rentals can also create employment opportunities for hosts, cleaners, property managers, and other service providers. Moreover, short-term rentals can promote cultural exchange and social interaction between guests and locals, which can enhance the image and reputation of the destination

Con's STR Market

Cons:

- For owners, short-term rentals can entail higher risk, cost, and regulation. Short-term rentals can expose owners to various uncertainties and liabilities, such as property damage, theft, legal disputes, insurance claims, and tax issues. Short-term rentals can also incur higher operating expenses than long-term rentals, such as cleaning fees, utilities, marketing costs, and platform commissions. Additionally, short-term rentals can face stricter regulation and opposition from local authorities and residents, who may impose limits or bans on short-term rentals due to concerns about housing affordability, neighborhood quality, and public safety.
- For guests, short-term rentals can pose challenges in terms of quality, security, and service. Short-term rentals can vary widely in terms of quality and consistency, as they depend on the standards and practices of individual owners and platforms. Guests may encounter problems such as inaccurate descriptions, poor cleanliness, faulty appliances, or hidden fees. Short-term rentals can also raise security issues for guests, such as unauthorized access, theft, fraud, or harassment. Furthermore, short-term rentals can lack professional service and support for guests compared to hotels or other formal accommodation providers.
- For communities, short-term rentals can have negative impacts on housing availability, neighborhood character, and public resources. Short-term rentals can reduce the supply and affordability of housing for local residents by converting long-term rental units into short-term rental units. This can exacerbate the housing shortage and increase rents in high-demand areas. Short-term rentals can also alter the character and cohesion of neighborhoods by introducing more transient visitors who may not respect the norms and values of the community. Moreover, short-term rentals can strain public resources such as infrastructure, services and enforcement by generating more traffic, noise and waste without contributing adequately to taxes or fees.

Q&A and Observations

Things to think about:

- How do you see STR's affecting Real Estate on Aquidneck Island
- How do you see STR's it affecting Businesses on Aquidneck Island
- How do you see STR's impacting the economy as a whole
- How do you think STR's will impact your clients
- How do you think STR's will impact residents



Short Term Rentals

Next Steps:

Middletown

Newport

Rhode Island

Nationwide

Summary

In conclusion, short term rentals are a complex and controversial issue that has both pros and cons for different stakeholders. Whether they are a bad idea or not depends on the perspective, situation, and goals of each party involved.



Thank you

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