

Report on Issues with Short Term Residential Rentals in the City of Frederick, Maryland



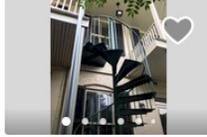
ENTIRE TOWNHOUSE - 3 BEDS
Live like a local, steps from downtown
\$120 per night · Free cancell...
★★★★★ 8



ENTIRE GUEST SUITE - 2 BEDS
Suite in Historic Frederick!
\$75 per night · Free cancell...
★★★★★ 4



ENTIRE GUESTHOUSE - 5 BEDS
ROMANTIC GETAWAY near historic Frederick
\$190 per night · Free cancell...
★★★★★ 60 · Superhost



ENTIRE APARTMENT - 1 BED
Trendy downtown apartment
\$99 per night · Free cancell...
★★★★★ 20 · Superhost



ENTIRE APARTMENT - 3 BEDS
Cozy New Downstairs Apt with Separate
\$68 per night · Free cancell...
★★★★★ 46 · Superhost



ENTIRE APARTMENT - 3 BEDS
Mayflower's Flat in Historic Downtown
\$136 per night · Free cancell...
★★★★★ 94 · Superhost



PRIVATE ROOM - 1 BED
Home Away From Home
\$55 per night · Free cancell...
★★★★★ 14 · Superhost



ENTIRE TOWNHOUSE - 5 BEDS
Downtown Rowhouse-renovated classic, walk
\$125 per night · Free cancell...
★★★★★ 14 · Superhost

December 2018

Sharon Kemper Suarez, MPA, AICP,
STRR Committee Chair

Executive Group: Philip LeBlanc, Thomas Evans, Alan Feinberg

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Introduction

The attached report is the result of more than a year's exploration of Short-Term Residential Rentals (STRRs) by a group of Frederick residents. STRRs refer to the practice of booking/reserving rooms in residential properties, a growing home-based industry locally, nationally, and throughout the world. Guests stay several days or weeks in an STRR property, as they would in hotels, Bed and Breakfasts (B&Bs), or tourist homes. Some STRR hosts offer guests one or more rooms within their home, while others rent the entire house to guests while the owners reside elsewhere. Most stays are booked through various online sites such as Airbnb, Home Away, and VRBO.

The rapid growth of STRRs demonstrates that they have considerable value to those who operate them and to the guests who choose to stay in them. They provide income for homeowners and investors and expand the room offerings for tourists. When taxed, they can provide tax income for the hosting city. On the other hand, there are undeniable negative consequences of unregulated STRRs for neighborhoods and citizens subjected to inequities of regulations. Our group chose to study the *challenges* that STTRs pose to residential neighborhoods and the city. While our focus was particularly on the impact on NAC 11, we believe that the research, issues, and recommendations can be applied throughout the city. With this report, we bring our findings and recommendations to the attention of Frederick City government.

The report elaborates on three primary issues of concern:

1. **Regulatory Oversight and Inequity** – The lack of consistent regulatory, zoning, and ongoing operational oversight of STRRs in Frederick contrasts with the stringent requirements placed on hotels, motels, owner-occupied B&Bs, and tourist homes.
2. **Changing the Character of Residential Neighborhoods** - STRRs threaten to change the residential character and quality of life in neighborhoods by adding commercial uses, parking challenges, increased noise, and rising rental and housing prices.
3. **Tax Revenue Stream** – Frederick city does not currently tax STRRs as commercial enterprises, resulting in a lost revenue stream.

This report package includes:

- **Report** - A summary of our research, findings, and recommendations. This report is available online at: https://drive.google.com/open?id=1u46P_AdXQZo6pY0IzoxNp6tF3xtKWmgG
- **Appendix A Draft STRR Legislation** - Draft legislation for Frederick that is designed to equitably regulate and tax STRRs in residential and business districts
- **Appendix B Resources** – List of reports, articles, and other resources to illustrate the impact of STRRs in nearby cities and counties. The entire set of material is available in a separate notebook, and temporarily housed online at this location: <https://drive.google.com/drive/folders/1dSHRvOuV2DWmbyfzterAZn1LHtHZMte9?usp=sharing>
- **Appendix C Comparison of STRR Legislation in Frederick's Neighboring Jurisdictions** - A table showing how neighboring jurisdictions have sought to address STRR matters in legislation

Our committee believes that Frederick will ultimate need to institute equitable regulations, taxation, and application/notification processes for STTRs, as other jurisdictions in the metro-DC area have

done. Until that time, we recommend that the city institute a formal advisory group to further study STRRs and develop recommendations for the Mayor and Board of Aldermen. The study group should be broadly representative of the stakeholders in this issue, including STRR operators, regulated lodging establishments, relevant government agencies, and residents. Members of the STRR Committee would welcome the opportunity to share their significant subject-area knowledge with the advisory group.

Background

Last fall, the issue of unregulated and untaxed STRRs became one of NAC 11's front burner issues, when several members formed a committee to study the issue. Members of the committee agreed, generally, that the STRR use should be regulated, but members came to that belief from different experiences and perspectives.

Some members joined because STRRs were popping up around them. Some were concerned with the competition for scarce on-street parking and believed STRRs were making things worse. Others focused on the stunning tax and regulatory inequity. Most suspected STRRs could have negative impacts on housing affordability. Some members wanted to learn more about the issue, to understand how it might affect them personally. The committee was also joined by a Frederick County resident who owns an STRR in the historic district; this person wanted to be aware of the committee's work and advocated against restrictions that might constrain the profits from that business.

The Hotelization of the City of Frederick

It is unlikely that most Frederick residents would approve of an unoccupied building used by unknown guests for unregulated motels or hotels, but that is what's happening.

Earlier this year, the Frederick News Post reported that there are 100+ STRRs listed on Airbnb in the City of Frederick.¹ There are likely many more because Airbnb listings are only a portion of the STRRs. At three bedrooms per unit, they represent 300 bedrooms – or the equivalent of three or four mid-sized hotels. Unlike hotels or motels, however, the STRRs are not subject to fees, licenses, regulations, parking plans, compliance criteria, inspections, registry requirements, check-in protocols, hotel taxes, or requirements for commercial liability insurance, notification of neighbors, and emergency contact information. We are unsure if even sales taxes are being collected. If residents do not live onsite, then the units may not be contributing local income taxes from this income either.

We have a free form, sprawling, unconnected, and unauthorized hotel—one that continues to spread horizontally across the City of Frederick. This conversion of residential units to short-term vacation-stays is referred to as “hotelization” by the American Planning Association. You could also refer to this as “scattered-site” hoteling/moteling or disbursed-hotels or underground B&Bs, or something similar. The use remains essentially unconstrained by regulation or taxes.

Given the lucrative, unregulated nature of these home-based enterprises, the Committee believes the conversion of the City's historic residential housing stock to STRRs will continue in an uncontrolled fashion unless we join the ranks of surrounding jurisdictions that have already begun to regulate and tax STRRs.

¹ Frederick News Post, September 29, 2018. Deregulating B&Bs A Good First Step.

Defining Short Term Stays

To discuss STRRS we need to understand the difference between residential occupancy and guest occupancy. The definition of occupancy includes several characteristics, but for this discussion a review of the following two characteristics is sufficient.

Contract – The type of agreement or contract that gives people the right to occupy

Duration – How long each occupancy lasts and how many days per year

Residential Occupancy - Some residents may have clear title to their dwelling, while others pay a mortgage or a lease. Clear titles, mortgages, and leases give owners the right to reside in their dwelling for long periods of time. Residents with mortgages or leases are rewarded with good terms, as far as the market may allow, in return for their long-term commitment to reside in the dwelling. In return for good terms, the lender and landlord each get reliable income over a long period of time. Ending a mortgage through anything other than sale is not easily done, nor is breaking a lease early. Owners and renters comply with local ordinances and laws, register to vote in local elections, send their children to local schools, pay local income taxes, and, in the case of property owners, pay local property and income taxes. They contribute to the stability of the neighborhood.

Guest Occupancy – Guests do not require leases or mortgages. Instead they characteristically use hotel-style booking systems to gain “transient occupancy.” They are also called “vacation stays.” These occupancies typically last for periods of less than 30 days.

STRRs offer transient or vacation stays. The status of the STRR occupant is “guest” and the room(s) are booked using web-based booking platforms, not mortgaged or leased. In fact, the use of a booking system – not a lease or a mortgage – is the hallmark of an STRR. Guests do not have to sign a lease or get a mortgage to stay on the premises, and they don’t need to break a lease or default on a mortgage when they leave.

Regulatory Oversight and Inequities

There are two regulatory issues of concern for Frederick. The first is the lack of oversight for these home-based business operations. The second is the inequity between STRRs and other short term stay homes such as B&Bs and tourist homes.

Given their similarity in terms of contract type and duration of stay, STRRs should seek zoning approval like all other short-term residential uses: hotels, motels, B&Bs, tourist homes, and rooming houses. It is worth noting that the City requires residents seeking to use their homes for business office space to apply for a special exception includes rules to prevent impact on the residential quality of the neighborhood. The City Code references to this process are listed below.

- **Home Occupation** definitions are in Section 829 of the City of Frederick Code, which includes these stipulations: *The applicant must provide guarantees that the use of a property as a home occupation will not constitute a nuisance because of increased pedestrian or vehicular traffic, noise, or other activity associated with the use of the dwelling for business purposes which may be disruptive to the residential character of the neighborhood.*
https://library.municode.com/md/frederick/codes/land_management_code?nodeId=ART8SUUSRE_S829HOOC
- **Bed and Breakfast/Tourist Home** regulations are in Section 809 of the Frederick City Code which stipulates facility adequacy, nuisance from increased traffic, disruption to the

residential character, distance to other B&Bs, resident onsite, signage, parking, event uses, meals, duration, and occupants per room and registry of guests.

https://library.municode.com/md/frederick/codes/land_management_code?nodeId=ART8&USRE_S809BEBRTOHO

Being of a similar nature to B&Bs and tourist homes, STRRs should be licensed and inspected, subject to sales, use taxes, and Transient Occupancy Taxes (TOTs), commercial liability insurance requirements, and parking plans.

Frederick lags behind neighboring jurisdictions in considering STRR issues. The STRR Committee worked to understand the issue and to compare STRR regulations from the neighboring jurisdictions in Maryland, Virginia, and Washington, DC. Several members of the committee reviewed the City's definitions and regulations to determine whether STRRs could be regulated using the current language in the existing B&B/Tourist Homes regulation. The Committee decided the B&B/Tourist Home regulations were a close fit, and agreed to use those regulations as a starting point.

The STRR Committee reviewed the progress made by other jurisdictions in our metropolitan area. We noted that most of the jurisdictions from Fairfax, VA north to the Frederick County line have already adopted STRR regulations, and all the jurisdictions already have agreements with Airbnb to collect transient occupancy taxes on their behalf. This resulted in a table describing the elements of the legislation of other jurisdictions. See [Appendix C: Comparison of STRR Regulations in Frederick's Neighboring Jurisdictions](#).

APPENDIX C. COMPARISON OF STRR REGULATIONS IN FREDERICK'S NEIGHBORING JURISDICTIONS

Issue	Fairfax Co VA	Arlington Co, VA*	City of Alexandria, VA	Loudoun Co, VA	City of Frederick	Washington DC	Montgomery Co, MD	Baltimore City, MD
STRR Regulations	Adopted**	Adopted Transient Tax Collection and Licensing Regs.	Adopted Transient Tax Collection. Was Fairfax Virginia tax STRR.	Adopted Transient Tax Collection		Adopted Transient Tax Collection	Adopted Transient Tax Collection and Licensing Regs.	Has held public hearings on Transient Tax Collection. Under consideration* RH is now in 3 rd Reading.
Adopted	2018*	2016	2017	2018		2015	2017	Liberty adoption in Fall 2018
Effective Date	October 1, 2018	2016	January 1, 2018	July 1, 2018		2015. Update pending.	July 1, 2018	City of Transient tax December 31, 2018. Restrictions (regulations) kick in later, if adopted.
Requires Online Booking sites to Collect Transient Tax	Yes. Permit number must be included in listing	Yes. Permit number must be included in listing	Yes. Permit number must be included in listing	Yes. Permit number must be included in listing		Yes. Permit number must be included in listing	Yes- Permit and/or SEU number must be included in listing	Yes
Requires STRR to be licensed or registered	Yes	Yes	Yes	Yes		Yes	Yes	Yes. City is working on licensing requirements now.
Registration Fee	\$200 for 2-year Permit	Yes. No fee.	Yes. No fee.	Yes.		Yes. Fee depends on number of units	Yes. \$150 license fee annually, plus other fees. Separate license fee for each listing.	Yes. \$100 license fee for each unit. Not more than two units can be grandfathered.
Violation for operating without registering or getting a permit	Revocation of Permit	Revocation of Permit	\$500	\$500		\$1,000 or more	Additional Fees, revocation of license.	\$500
Amount of Transient Tax	6%	6.3%	6.3%	7%		7%	7%	7%

It is important to understand that most of the owners of unregulated STRRs do not have any particular criteria to meet on behalf of the City of Frederick. The online booking sites may have their own requirements. It is useful to note that among the provisions of regional STRR regulations the following are included:

1. Requires online booking sites to collect transient tax
2. Requires STRRs to be licensed
3. Registration required
4. Violation for operating without registering or getting a permit
5. Amount of transient tax
6. Guest registry required
7. Dwelling type
8. Inspections required
9. Use of accessory apartments as STRRs
10. Type of approval
11. Land use & zoning categories
12. Neighbor notification required
13. Residency required
14. Categories
15. Proof of residency
16. Parties (contracts) per stay
17. Duration per stay
18. Building code restrictions
19. Restrictions for condos and coops
20. Can detached accessory apartments be used as STRR
21. Number of stays per year
22. Max number of lodgers per stay
23. Parking requirement
24. Are STRRs allowed everywhere in the County

Changing the Character of Residential Neighborhoods

When the Historic District was created and later expanded, the residential district was described as having integrity. When areas or districts such as residential, industrial, commercial, and institutional districts are described as having integrity, it means those areas are identifiable as such. If a residential area has integrity, it means the essential identity and nature of the residential district remains intact.



A residential district is where people live. It is where people reside, dwell, take up residence, put down roots. In our study of the impact of STRRs on residential neighborhoods we identified these issues:

- Commercialization of residential blocks
- Increased traffic and parking concerns on downtown streets
- Loss of rental units due to conversion to STRRs
- Increased housing prices due to investor competition to create STRRs
- Lack of notification to neighbors of the hotel uses of neighboring properties

For regulated STRRs, like B&Bs and tourist homes, the property owner must reside on-site. This basic residency requirement maintains the integrity of the residential district. All other transient stay facilities (B&Bs, tourist homes, rooming houses, etc.) in our residential zone require a resident onsite. The resident can be the owner of the unit or it can be a renter with a lease who acts as the owner’s representative or as the resident manager. Without a resident onsite, an unoccupied STRR fails the most elementary requirement of transient housing in a residential district. Without a resident onsite, the STRR use is purely commercial and ought to be prohibited in a strictly residential district.

Without any constraint from regulation or taxation, this owner is less likely to rent a house to a tenant because fair market rents cannot compete with the unimpeded profits available with an STRR investment. Additionally, when owners sell the property, the asking price will reflect the value of both the extremely high income it generates and the total lack of regulation that constrains it.

Tax Revenue for the City

While property taxes will be paid regardless of the use of a home, the city can benefit from two other kinds of taxes resulting from STRR revenue – transient occupancy taxes and income taxes. Currently STRRs pay no transient occupancy tax. With over 100 STRRs in Frederick city and growing, a considerable amount of revenue could be achieved by instituting transient occupancy taxes. Other jurisdictions have quickly captured this revenue. The short table below is an excerpt from *Appendix C: Comparison of STRR Regulations in Frederick’s Neighboring Jurisdictions*. Neighboring jurisdictions have tapped into a source of revenue from STRRs bookings that range from 6% to 14.5%.

Fairfax Co VA	Arlington Co, VA	Alexandria, VA	Loudoun Co, VA	Washington DC	Frederick, MD	Montgomery Co, MD	Baltimore City, MD
6.0%	7.25%	6.5%	7.0%	14.5%	--	7.0%	9.5%

The amount of income tax paid depends on how much of the net STRR income remains after the costs of doing business are subtracted. If the net STRR income is less than the Maryland minimum filing amount, owner may not have to pay Maryland income tax.

Here is an example. One STRR listing in downtown Frederick has six bedrooms and five bathrooms—a 13-person capacity. It rents for about \$400 per night and seems to be booked most weekends. Let's assume it has a relatively high gross income from listings on Airbnb. At the time of our research, the owner lived in Florida and the host/operator lived in Montgomery County, MD. The host/operator will pay income taxes to both the State of Maryland and Montgomery County, but possibly none to the City of Frederick, if the net is below the minimum filing threshold.

Unlike income taxes, transient occupancy taxes are not calculated on the net rental income. They are calculated on the gross rental income. On a high-income generating property like the one in our scenario, it is likely that the amount of transient occupancy taxes collected would be substantially greater than the non-resident income tax revenue, which would be based on the rental income after expenses.

Recommendations

This report describes known issues and lost revenue opportunities associated with Short Term Residential Rentals. As mentioned earlier, it represents only the challenges facing Frederick as a city with unregulated and untaxed of STRRs. The STRR Committee recommends both regulating and taxing STRRs. Before taking action, however, more work is needed. The inequities, benefits, problems, and opportunities of STRRs needs to be further investigated. Input is needed from all the stakeholder groups – residents who do not own STRRs, resident and nonresident owners of STRRs, investor owners, B&B or tourist home owners, aldermen and city staff. We recommend that:

1. The city begin collecting Transient Occupancy Taxes immediately. We believe that regulations and taxes can be separate efforts from the other issues and may proceed concurrently.
2. The city convene a STRR legislative workgroup to develop fair and equitable STRR regulations to protect neighborhoods, maintain affordable housing, and equalize treatment among other short term stay entities like B&Bs and Tourist Homes
3. Include members of the STRR Committee in the proceedings. Our expertise and our compiled information and work products will be valuable to the workgroup.

We thank you for your willingness to undertake this issue.

Appendix A Draft STRR Legislation

1 SAMPLE DEFINITIONS

2
3 Underlined text indicates text to be added
4 ~~Double Striked Through Text~~ indicates text to be removed
5 *** Asterisks indicate that unchanged text has been omitted from this
6 document in order to save space or because it is not germane to the topic.

7 City of Frederick, Land Management Code, Article 10 Definitions

8 §1002 Definitions

9 * * *

10 **Bed and Breakfasts**~~Inns~~

11 A conditional use. The Bed and Breakfast definition and standards also apply to
12 Tourist Homes, hostels, residential vacation stays, and any other short-term
13 residential rental of 30 days or fewer.

14
15 A Bed and Breakfast ~~inn~~ is an owner-occupied, single-family dwelling used for
16 the lodging of transient guests for a fee and that may provide meals breakfast
17 only in a common area of the dwelling normally used for the preparation or
18 consumption of food. Such facility is not a home occupation. The property
19 owner(s) or an owner-authorized resident manager resides at the Bed and
20 Breakfast. Breakfast may or may not be provided. Other than breakfast, no
21 other meals may be provided and no separate cooking spaces are permitted
22 other than the kitchen of the owner.

23
24 a) Bed and Breakfasts shall have four or fewer guest bedrooms – exclusive of
25 the owners' or resident managers bedrooms. All guest bedrooms shall be
26 habitable spaces.

Appendix A Draft STRR Legislation

- 27 b) Facilities with more than four guest bedrooms, exclusive of the owners'
28 bedrooms, shall be certified as Hotels/Motels, and only allowed in the
29 appropriate non-residential zones.
- 30 c) Single-family dwelling applies to all conventional single-family housing
31 structures (i.e., detached, attached, duplex, and townhouse).
- 32 d) A dwelling unit on wheels or one that is considered in this land management
33 code to be a temporary or seasonal structure shall not be permitted to be a
34 Bed and Breakfast in any zone.
- 35 e) Owners of a Bed and Breakfast must be in compliance with the rules of the
36 homeowner association, common-ownership association, or cooperative
37 association, if the dwelling is governed by any such association.

38 * * *

39 **Community Safety Training**

40 Community Safety Training shall be periodically required for
41 owners/resident managers, and off-site property managers who provide
42 transient lodging for a fee. Such training may vary from year to year and
43 may focus on different issues from time to time. Topics covered will
44 strive to train owners and managers to spot and report wrong-doing, such
45 as human trafficking, drug trafficking, abuse of family members, general
46 or specific criminal activities, as well as possible terrorist activities.

47 * * *

48 **Dwelling, Duplex**

49 Two dwelling units arranged or designed to be located on abutting and
50 separate lots and separated from each other by a continuance vertical party
51 wall, without openings from the lowest floor level to the highest point of the roof
52 which lies along the dividing lot line, and such dwelling is separated from any
53 other structure by yards or other green areas on all sides. Duplex units are
54 considered single-family dwellings, with each unit able to directly access the
55 outside without having to use a shared internal hallway/foyer.

56 **Dwelling, Multiple Family**

Appendix A Draft STRR Legislation

57 A building containing three or more dwelling units. Multifamily units access the
58 outside from a common internal hallway/foyer.

59 **Dwelling, Single Family**

60 A dwelling designed for and used exclusively by one family. Single-family units
61 are characterized by direct access to the outside without having to use a
62 shared internal hallway/foyer.

63 **Dwelling, Townhouse**

64 One of a series of three or more attached dwelling units separated from one
65 another by continuous party walls, which are without openings from lowest floor
66 level to the highest point of the roof. Each unit of a townhouse has direct access
67 to the outside without having to access a shared internal hallway/foyer.

68 **Dwelling, Two Family**

69 A dwelling which is located on a single lot and which contains two dwelling
70 units, which are arranged one above the other or side-by-side. No more than
71 one family occupies either dwelling unit. Such units may or may not have direct
72 access to the outside, and, if not, may share an internal hallway/foyer.

73 * * *

74 **Guest**

75 ~~Same as visitor.~~ Any person who reserves or “books” and pays for short-term
76 accommodations using a hotel-type booking system instead of a lease and who
77 occupies a hotel or motel room, dwelling unit, rooming house, ~~or~~ bed and
78 breakfast, or other short-term residential rental or vacation-stay
79 accommodation for a period of 30 days or less. A guest is a person other than
80 the owner, a member of the owner's family, or a long-term tenant of the owner.
81 (See the definitions for “Residential Occupancy” and “Tenant.”)

82 * * *

83

Appendix A Draft STRR Legislation

84 **Habitable Space**

85 A space in a building for living, sleeping, eating or cooking. Bathrooms, toilet
86 rooms, closets, hall, storage or utility spaces and similar areas are not
87 considered habitable spaces. (Source: 2015 IRC, Chapter 2, Definitions)

88 * * *

89 **Hotel/Motel**

90 Any hotel, motel, inn, bed and breakfast, hostelry, tourist home or house, motel,
91 apartment hotel, dwelling unit or group thereof ~~which~~ that contains five or more
92 guest sleeping rooms, exclusive of the bedrooms for the owner or resident
93 manager, and that offers for compensation lodging and/or meals for
94 compensation. ~~are provided for compensation to five or more guests. The~~
95 owner or the owner's authorized resident manager is on duty at a hotel/motel at
96 all times.

97 A hotel or motel does not include:

- 98 a) Fraternity or sorority houses, school or college dormitories, boarding or
99 rooming houses, or group homes;
- 100 b) a hospital, medical clinic, nursing home, rest home, convalescent home,
101 assisted living facility, or home for elderly individuals; or
- 102 c) a facility owned or leased by an organization that is exempt from taxation
103 under section 501 (c)(3) of the Internal Revenue Code if the primary use of
104 the facility is other than housing overnight guests.

105 * * *

106 **Motel (See Hotel/Motel)**

107 Any group of rooms, units, or structures combined or separate on the same or
108 adjacent tract of land which are used for the purpose of housing transient
109 guests and for which each unit ~~of which~~ is provided ~~with~~ its own toilet,
110 washroom, and off-street parking facilities; however, motels do ~~does~~ not
111 include boarding or rooming houses. An owner or owner-authorized resident
112 manager is on duty at a motel at all times.

Appendix A Draft STRR Legislation

113

* * *

114

Parking Space

115

Usable space within public or private parking area, or a building of sufficient

116

size and area, available for the parking of one motor vehicle on a transient

117

basis exclusive of passageways and driveways appurtenant thereto and giving

118

access thereto, and having direct usable access to the street.

119

* * *

120

Property Owners Association

121

A non-profit organization operating under recorded land agreements meeting

122

the provisions of [State or federal law reference]. Such organizations are also

123

known as homeowners associations (HOAs), condominium owners

124

associations (COAs), and cooperative corporations.

125

* * *

126

Residential Occupancy

127

For the purposes of this code, residential occupancy considers the tenure

128

(owner, renter, or guest), the instrument used to convey occupancy rights, and

129

the duration of the residency.

130

(a) Owner. Rights are conveyed by a mortgage or deed. There are three main

131

types of ownership: fee simple, condominium, and cooperative. Each type

132

allows the owner to enjoy a certain package of rights associated with legal

133

long-term occupancy of the land and the improvements thereon. Ownership

134

could be forever, or until the property is sold to a new owner. Depending on

135

the location of the property, owners of land with dwelling units may be

136

required to comply with homeowner associations, condominium

137

associations, or cooperative corporations.

138

(b) Tenants. Occupancy rights are conveyed by a signed lease. Tenants stay in

139

accommodations for periods of greater than 30 days. Typically, leases give

Appendix A Draft STRR Legislation

140 tenants many of the same property rights as an owner – just for a shorter
141 term. Commercial leases are typically longer than residential leases,
142 though 20 and 30 year leases are common for leases for cooperative
143 housing units. Commonly, residential leases begin with a term of one year
144 and then become renewable on a month-to-month basis.

145 (c) Guests. Guest rights of occupancy are conveyed or reserved through
146 hotel-type booking systems, and many such systems are now online, such
147 as Airbnb, VRBO, Flipkey. Hotel-type booking systems allow guests to both
148 book and pay for short-term accommodations. Booking systems do not
149 require guests to sign leases to stay longer than originally planned or to
150 break leases to leave early.

151 * * *

152 **Residence, Principal**

153 In Maryland, the principal or primary residence is the dwelling unit in which a
154 person “resides” for more than six months each year.² A person or family can
155 only have one principal or primary residence at a time.

156 (a) Only the *principal residence* is eligible for the Homestead Tax Credit, the
157 Homeowners' Tax Credit, and local income tax offset credits.³

158 (b) Non-principal residency. A secondary residence is a dwelling occupied by
159 the owner for a period less than six months each year. A person or
160 household can have more than one secondary or non-principal residence.

161 * * *

162 **Resident Manager and Non-Resident Property**

³ Source: <https://dat.maryland.gov/realproperty/Pages/Maryland-Homestead-Tax-Credit.aspx>. As a condition of the Homestead Tax Credit, the owner can only get a homestead tax credit on the “owner’s principal residence and the owner must have lived in it for at least six months of the year, including July 1 of the year for which the credit is applicable, unless the owner was temporarily unable to do so by reason of illness or need of special care. An owner can receive a credit only on one property---the principal residence.”

Appendix A Draft STRR Legislation

163 Because Bed and Breakfast/Tourist Home/Short-Term Residential Rentals are
164 true residential uses, either the owner or an owner-authorized resident manage
165 shall reside in the dwelling and be present during the rental stay. When either
166 the owner or property manager resides on site, there is no limitation on the
167 number of days each year that the property may be used as a Bed and
168 Breakfast/Tourist Home/STRR.

169 In order to allow Bed and Breakfast/Tourist Home/STRR to operate when either
170 the owner or the owner-authorized resident manager is absent for personal or
171 business reasons, a local offsite property manager may be appointed, as
172 described by the standards in 809(b), for periods of up to 30/60⁴ days each
173 year.

174 * * *

175 **Short-Term Residential Rentals (STRRs)**

176 A Conditional Use. STRRs are considered transient lodging and are subject to
177 the requirements of the Bed and Breakfast Conditional Use application
178 requirements and approval processes, as listed in Section 809(a) and (b) for
179 Bed and Breakfast/Tourist Home/Short-Term Residential Rentals (STRRs).
180 Persons who stay in STRRs are guests, not tenants. Short-term residential
181 rentals do not include sororities, dorms, boarding homes, rooming houses,
182 shelters, or single-room occupancy (SROs) accommodations.

183 * * *

184 **Tenant**

185 ~~For purposes of the Supplemental Use Regulations for Bed and Breakfasts,~~
186 ~~Rooming Houses, and Tourist Homes, a~~ A "tenant" is a natural person who
187 occupies land or premises or who occupies, uses, and enjoys real property for
188 a fixed period of time that is greater than 30 days. Typically, the tenant signs

⁴ Pick one: 30 days or 60 days.

Appendix A Draft STRR Legislation

189 ~~through~~ a lease. For the purposes of this definition, a “lease” includes a lease
190 with the owner, a sublease from a lessee of the property owner, or any other
191 renter’s interest or successor to a renter’s interest.

192 A person who books a lodging through a hotel-style booking system instead of
193 a lease shall be considered a guest not a tenant, even if the booking is
194 extended for a period greater than 30 days.

195 For all other regulations, the term “tenant” has the same definition as above,
196 but may also include a business, corporation, partnership, or similar entity.

197 * * *

198 **Tourist Home_**

199 A Conditional Use. An owner-occupied or renter-occupied dwelling in which, for
200 compensation, transient lodging only is provided or offered to not more than
201 nine five (5) transient guests. No meals are provided. A tourist home is not a
202 home occupation. A tourist home shall be required to meet the same standards,
203 otherwise, as a Bed and Breakfast. See the definition of “Bed and
204 Breakfast/Tourist Home/Short-term Residential Rental (STRRs).

205 * * *

206 **Transient Lodging**

- 207 (a) Any hotel, inn, hostelry, tourist home or house, bed and breakfast inn, short
208 term residential rental, vacation stay, motel, apartment hotel, rooming house,
209 dwelling unit or other lodging place that offers for compensation sleeping
210 accommodations in the City for a period of 30 days or less.
- 211 (b) Periods of transient lodging of 30 days or less are subject to a transient
212 lodging tax, which is sometimes called a “hotel room tax.”
- 213 (c) Periods of transient lodging greater than 30 days are typically exempt from
214 transient lodging tax.
- 215 (d) A hotel or motel does not include:

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- 216 a. A hospital, medical clinic, nursing home, rest home, convalescent home,
217 assisted living facility, or home for elderly individuals; or
218 b. A facility owned or leased by an organization that is exempt from taxation
219 under section 501 (c)(3) of the Internal Revenue Code if the primary use
220 of the facility is other than housing overnight guests.

221 * * *

222 **Vacation Stays [See Short-Term Residential Rentals (STRRs)]**

223 A Conditional Use. Vacation stays are short-term residential rentals and are
224 considered one of several types of transient lodging within the broader
225 category of Bed and Breakfast/Tourist Home/Short Term Residential Rental
226 (STRR). Vacation stays must meet the same requirements and approval
227 processes, as listed in Section 809(a) and (b) for Bed and Breakfast/Tourist
228 Home/Short Term Residential Rentals (STRRs). Persons who stay in
229 vacation-stay accommodations are known as guests, not tenants, and typically
230 such guests book and pay for vacation stay lodgings using online hotel-style
231 booking systems, such as AirBnB, VRBO, and Flipkey, to name a few.
232 Vacation stay rentals do not include fraternities, sororities, dormitories,
233 boarding homes, rooming houses, shelters, or single-room occupancy (SROs)
234 accommodations.

235 * * *

236 **Visitor ~~or Guest~~**

237 Any person who occupies a dwelling unit, rooming house, or bed and breakfast
238 other than the owner, a member of the owner's family, or a tenant of the owner.
239 Any person who temporarily occupies a unit at the invitation of an owner,
240 tenant/renter, or guest. Depending upon the constraints listed in the various
241 occupancy agreements signed by owners, tenants, or guests, visitors may be
242 restricted or prohibited.

243 * * *

Appendix A Draft STRR Legislation

244 SAMPLE REGULATIONS

245

246

Underlined text indicates text to be added

247

~~Double Striked Through Text~~ indicates text to be removed

248

*** Asterisks indicate that unchanged text has been omitted from this document in order to save space or because it is not germane to the topic.

249

250

Sec. 809 - **BED AND BREAKFAST/TOURIST HOME/SHORT TERM RESIDENTIAL**

251

RENTAL (STRR)

252

(a) *Applicability.* Bed and Breakfasts/Tourists Homes/STRRs may be permitted as a conditional use in a principal residence in RO, R4, R6, R8, R12, R20, PB, NC, DB, DR, DBO, and MU districts, provided all ~~of~~ the standards established in subsection (b) are met. Because the property owner or an owner-authorized residential property manager resides in the unit, the conditional use, if approved, will not change the residential character or use of the property. Regardless of zone or location, no trailers, mobile homes, or recreational vehicles shall be permitted use as a Bed and Breakfast/Tourist Home/or STRRs⁵

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The use category referred to as Bed and Breakfast/Tourist Home/STRR includes a variety of types of short-term residential rentals for periods of 30 days or fewer).

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266

These uses must all meet the same standards as Bed and Breakfasts, and so are referred to, interchangeably as “Bed and Breakfasts” or “STRRs.”

267

268

269

(b) *Standards*

⁵ [Refer to Section 867(g).]

Appendix A Draft STRR Legislation

- 270 (1) The applicant must provide guarantees as deemed appropriate by the
271 Board⁶ that the property is adequate for the proposed use and that the use
272 of a particular property for a bed and breakfast home will not constitute a
273 nuisance because of increased vehicular traffic, noise, odor, on-street
274 parking, safety, or any other activity associated with the use which may be
275 unsafe or disruptive to the character of the neighborhood.
- 276 (2) Notice to Neighbors and Associations
- 277 a) The owner shall give adjacent and confronting neighbors a minimum of
278 15-days notice of the intent to make application for conditional
279 approval of any Bed and Breakfast, which includes any short-term
280 residential rental type, as described in the definition for bed and
281 breakfast/tourist home (Article 10, Definitions).
- 282 b) The applicant must provide letters to prove that the conditional use, if
283 allowed, will not violate the restrictions or limits of the deed, mortgage
284 instrument, lease, insurance, or the rules of the homeowners'
285 association, condominium association, or cooperative corporation, if
286 applicable.
- 287 c) Short-term residential rental of units be clearly allowed in the rules
288 or leases of common ownership communities.
- 289 d) Letters from lenders must indicate that the use will not violate those
290 instruments.
- 291 e) Letters from insurance companies must attest that liability
292 coverage is adequate.
- 293 ~~(3)~~ Except as otherwise provided in this paragraph, the Board may not
294 approve a bed and breakfast/tourist home on the same block as, or
295 closer than 500 feet to, another bed and breakfast or tourist home.
296 This distance shall be measured along the street frontage from the
297 closest property line between the subject properties. A bed and
298 breakfast home or tourist home proposed to be located in the NC, DB,
299 or DBO district, or in any other district within the Historic Preservation
300 Overlay District, is not subject to the limitation of this paragraph. (The

⁶"Board," herein, refers to the Zoning Board of Appeals.

Appendix A Draft STRR Legislation

- 301 last sentence was added by Ordinance G-13-23, approved by the
302 Mayor and Board of Aldermen on 3 Oct 2013)
- 303 ~~(43)~~ The property owner or the owner's authorized resident property
304 manager shall reside at the subject property. A dwelling unit used as
305 Short-Term Rental must be the property owner's or owner-authorized
306 resident's principal residence, regardless of dwelling unit type.
- 307 a) If the property owner or an owner-authorized resident manager
308 resides in the dwelling and is physically present during the rental
309 stay, there is no limitation on the number of days each year that the
310 conditionally approved use may operate as a Bed and Breakfast.
- 311 b) If the property owner or authorized resident manager is not present
312 in the residence, the property may continue to operate for a period
313 of 30/60 (pick one) days each year as a STRR, as long as an
314 owner-authorized property manager lives within 15 minutes of the
315 STRR and is available on call. In this case, the off-site property
316 manager must be present to:
- 317 a. Check in guests.
- 318 b. Explain guest rules and neighborhood expectations.
- 319 c. Explain safety procedures.
- 320 d. Identify emergency exits.
- 321 e. Explain check-out procedures, and
- 322 f. Maintain the registration records.
- 323 ~~(54)~~ There shall be no exterior evidence that a building is being used for
324 any purpose other than a residence except for one permitted sign of no
325 more than two square feet.
- 326 ~~(65)~~ Owners must have a parking plan approved by the Board of Zoning
327 Appeals as part of the conditional use permit process. Except as
328 otherwise provided in this subsection (b)~~(5-6)~~, off-street parking shall
329 be provided at a rate of one space per guest room, in addition to one

Appendix A Draft STRR Legislation

- 330 space for each of the owner's bedrooms. In no case shall parking be
331 provided in a front yard. All parking areas must be adequately
332 screened as required by Section 605 of this Code. The Zoning Board
333 of Appeals may consider:
- 334 a) ~~The Board may approve~~ Modified parking requirements, if
335 reasonable mitigation is provided or if the existing character of the
336 structure, ~~or site,~~ or the neighborhood would be negatively
337 impacted by the provision of parking in accordance with this
338 subsection.
- 339 b) Valet Parking, if the property is within a block of a municipal
340 parking garage.
- 341 c) On-street parking for the owner or resident manager who resides in
342 the Bed and Breakfast, as long as the property is within the
343 downtown residential parking district and as long as the owner or
344 resident manager does reside in the Bed and Breakfast and would
345 ordinarily be allowed to purchase a residential parking permit, the
346 same as for any other resident or tenant of a dwelling within the
347 parking district.
- 348 (76) Dwelling units approved for Bed and breakfasts homes shall not be
349 used, leased, marketed, or rented for business, corporate, or wedding
350 reception activities.
- 351 (87) Breakfast is the only meal that may be served to guests, and it must
352 not be served to any other paying nonresident of the premises. No
353 separate cooking areas shall be maintained other than the main
354 kitchen.
- 355 (98) A paying guest must not remain in a bed and breakfast or tourist
356 lodging for more than ~~14 days within~~ a 30-day period.
- 357 (109) In order to preclude adverse neighborhood impacts the Zoning Board
358 of Appeals shall set a limit for the number of occupants per bedroom,
359 and the total number of occupants in the party, but in no case shall the
360 Bed and Breakfast have more than four (4) guest sleeping spaces,
361 excluding the owner's bedrooms. If the Bed and Breakfast has more

Appendix A Draft STRR Legislation

362 than four (4) guest sleeping spaces, then it shall be considered a
363 Hotel/Motel and regulated as such.

364 ~~(1140)~~ The owner of the premises must maintain a register of all paying
365 guests listing the guests' names; dates of arrival and departure; room
366 number and number of occupants per room. If requested, this register
367 must be made available to appropriate city officials.

368 (12) The owner of the premises shall provide Emergency Contact
369 Information.

370 a) If the conditional use of a Bed and Breakfast/Tourist Home is
371 approved, the owner shall provide emergency contact information
372 to all adjacent and confronting neighbors, as well as to the
373 appropriate Neighborhood Advisory Council.

374 b) The owner must prominently post within the dwelling emergency
375 contact information for the owners, resident manager, and, in their
376 absence, the off-site property manager, along with other fire and
377 life safe emergency contact information.

378 c) For dwellings that are governed by
379 homeowner/condominium/cooperative associations or boards, the
380 property owner shall also notify the association or board of the
381 approval of the conditional use and shall provide and post
382 emergency contact information as required by the homeowners'
383 association.

384 ---End of section 809---

385

386

387

Table 301-1 Notice Requirements

Application	Reviewing Body	Publication	Signage	Mailing	NAC Meeting Applicability
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Appendix A Draft STRR Legislation

Conditional use for Bed and Breakfast/Tourist Home/- Short-Term Residential Rentals (STRRs)	Zoning Board of Appeals	15 days before public hearing	15 days before public hearing	sent by applicant at least 18 days before public hearing	not require <u>Mandatory</u>
---	-------------------------	-------------------------------	-------------------------------	--	--

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389

390 **Suggested changes to online violation reporting:**

391 **LAND MANAGEMENT CODE VIOLATIONS**

SIGNAGE PROHIBITED: Sec. 864(b)	HISTORIC COMM. APP. REQ.: Sec. 423(b)(4)(a)(i)
SIGNAGE ZONING CERT. REQ.: Sec 864(a)(2)	ZONING CERT. REQUIRED: Sec. 302(a)(1)
SIGNAGE (ILLUMINATION): Sec. 864(b)(1)	CERTIFICATE OF U&O REQ.: Sec. 304(a)(1)
SIGNAGE (LOCATION): Sec. 864(e)	PORTABLE STORAGE CONTAINERS: Sec. 803(f)
SIGNAGE (ACTIVITY): Sec. 864	ROOMING HOUSES: Sec. 858
SIGNAGE (BILLBOARDS): Sec. 864(o)	
SIGNAGE (REAL ESTATE DIR): Sec. 864(q)(4)	

392

393 “Bed and Breakfast/Tourist Home/Short-Term Residential Rental” shall be added to the list of
394 Land Management Code Violations. Examples of typical violations may include:

- 395 • Failure to obtain a conditional use zoning certificate for any Bed and Breakfast, Tourist
396 Home, or Short-Term Residential Rental, as defined in Section 10 of the Land
397 Management Code of the City of Frederick.
- 398 • Failure to have an owner or owner-authorized resident manager residing in the dwelling.
- 399 • Failure to designate a property manager for those allowable periods when the owner or
400 owner-authorized resident manager may be absent.
- 401 • Excessive absence of the owner or owner-authorized resident manager.

Appendix A Draft STRR Legislation

- 402 • Failure of authorized parties (owner, resident manager, or property manager) to
- 403 check-in guest(s)
- 404 • Use of non-habitable spaces as guest bedrooms
- 405 • Improper marketing. Bed and Breakfast/Tourist Home/Short Term Residential Rental
- 406 (STRR) may not be marketed as suitable for business, corporate, or wedding activities
- 407 • Operating without an occupancy permit.
- 408 • Overcrowding.
- 409 • Operating without or contrary to an approved parking plan: inadequate parking spaces,
- 410 • Using visitor parking temporary tags to park paying guests on the street,
- 411 • Excessive noise levels
- 412 • Failure to obtain Community Safety training for hospitality workers.
- 413 • Failure to provide and update emergency contact information to neighbors and NAC;
- 414 • Failure to prevent unregistered visitors from guest sleeping areas of the Bed and
- 415 Breakfast/Tourist Home/Short Term Residential Rental (STRR)
- 416 • Failure to maintain adequate insurance coverage,
- 417 • Failure to post sales and use certificate and license number in the dwelling, on the
- 418 property's website, and to any online booking site.
- 419 • Failure to collect sales taxes.
- 420 • Failure to collect (or have booking system collect) transient lodging tax

421

422 **Suggested Community Safety training as part of the licensing or approval process for**
423 **owners/resident managers, and off-site property managers could address** human
424 trafficking, drug trafficking, physical abuse, and other criminal activities.

425

Appendix B Resources

Part 1 of 3 - The following resources can be downloaded from this location:

<https://drive.google.com/drive/folders/1dSHRvOuV2DWmbyfzterAZn1LHtHZMte9?usp=sharing>

 13-760 November 26 2013 ZBA 13 760 Bed and Breakfast C... 
 A.c_Staff_Report_13-760.pdf 
 A.c_Staff_Report_13-760.pdf 
 Aa_SAMPLE_STRR_Definitions.pdf 
 Ab_SAMPLE_STRR_Regs.pdf 
 Appendix C Legislation comparison.docx 
 Attachment_B_MoCo.docx 
 Attachments - Section K - Virginia .pdf 
 Attachments Section L - Other Studies.pdf 
 B-a-i-Bill 14-15E.pdf 
 B-a-ii-Bill-2-16.pdf 
 B-a-iii-Bill 18-30 _17-03.pdf 
 B-a-iv-1-Analyst Packet 14-15E .pdf 
 B-a-iv-2-Analyst Packet for Bill 2-16.pdf 
 B-a-iv-3-Analyst Packet for Bills 17-03 incl. Bill 2-16.pdf 
 B-a-iv-4-Analyst_Packet for 16-03.pdf 
 B-a-iv-5-MNCPPC_Staff report ta 16-03.pdf 
 Bed-and-breakfast challenges lack of local oversight for Air... 
 C-a-i-18-0189 - Interlineated Version.pdf 
 C-a-ii-Agency_Comments_on_18-0189.pdf 
 City looks at pros, cons of regulating short-term rentals in F... 
 City_of_Frederick_Attachments.docx 
 County Council bill seeks to waive impact fees for tiny hous... 
 D-a-i-Ordinance_28-11-Amended-2016.pdf 

Appendix B Resources

Continued - Part 2 of 3 - The following resources can be downloaded from this location:
<https://drive.google.com/drive/folders/1dSHRvOuV2DWmbyfzterAZn1LHtHZMte9?usp=sharing>

 PDF	D-a-ii-Short-term-rental-license-2016.pdf	
 PDF	Deregulating B&Bs a good first step _ Editorials _ frederickn...	
 PDF	Downtown Airbnb's may be forced to close with successful ...	
 PDF	E-a-i-SB1081.pdf	
 PDF	E-a-ii-HB_1604.pdf	
 PDF	E-a-iii-SB463-analysis.pdf	
 PDF	F-a-i-B22-0092.pdf	
 PDF	F-a-ii-Revised-Fiscal-Impact-Statement.pdf	
 PDF	G-a-i-zo18473.pdf	
 PDF	G-a-ii-Staff report.pdf	
 PDF	G-a-iii-Dept_PZ_Overview.pdf	
 PDF	G-a-iv-stl-flyer.pdf	
 PDF	G-a-v-Staff_Report- ZoningAppeal_of_violation.pdf	
 PDF	Gmail - Section B attachments - Email 2 of 2.pdf	
 PDF	Gmail - Section B of the list of Attacments - Email 1 of 2 rela...	
 PDF	Gmail - The Word versions for the Frederick PDFs I sent.pdf	
 PDF	H-a-i-Adopted_ZOA-2016-11Acc_Homestay_12-10-2016.pdf	
 PDF	H-a-ii-Board_Report_36_Posted_12-06-2016(1).pdf	
 PDF	h-A-III-Staff_Presentation_Posted_10-14-2016.pdf	
 PDF	K-a-iii-Dept_PZ_Overview.pdf	
 PDF	New Airbnb regulations abound in D.C.pdf	
 W	SAMPLE Defs and Regs-Letter Portrait.docx	
 W	Sec F Washington - list of attachments.docx	

Appendix B Resources

Continued - Part 3 of 3 - The following resources can be downloaded from this location:
<https://drive.google.com/drive/folders/1dSHRvOuV2DWmbyfzterAZn1LHtHZMte9?usp=sharing>

	Sec F Washington - list of attachments.docx	
	Sec F Washington - list of attachments.docx	
	Sec G Fairfax County VA - list of attachments.docx	
	Sec J Loudoun County VA - List of Attachments.pdf	
	Section A - Frederick City MD.docx	
	Section A - Frederick City MD.pdf	
	Section B - Montgomery County MD.pdf	
	Section C- Baltimore City - List of attachments.docx	
	Section C- Baltimore City MD.pdf	
	Section D - Annapolis MD.pdf	
	Section D Annapolis - list of attachments.docx	
	Section E - Maryland.pdf	
	Section E State of Maryland - list of attachments.docx	
	Section F - DC.pdf	
	Section G - Fairfax County VA.pdf	
	Section H - Arlington Co VA - list of attachments.docx	
	Section H - Arlington County VA.pdf	
	Section I - Alexandria VA.pdf	
	Section J - Loudoun County VA.pdf	
	Section K - Virginia.pdf	
	Section L - Other Studies.pdf	
	strr_transient_tax_model.xlsx	
	Vacation Rentals, Homes, Experiences & Places - Airbnb.pdf	
	Yield Est of Transient Occupancy Taxes-Letter Portrait.docx	

Appendix C Comparison of STRR Legislation in Frederick’s Neighboring Jurisdictions

Comparison of STRR Legislation in Frederick’s Neighboring Jurisdictions

Issue	Fairfax Co VA ⁷	Arlington Co, VA ⁸	City of Alexandria, VA	Loudoun Co, VA	Washington DC	City of Frederick	Montgomery Co, MD	Baltimore City, MD
STRR Regulations	Adopted ⁹	Adopted Transient Tax Collection and Licensing Regs	Adopted Transient Tax Collection. Was first in Virginia to tax STRR	Adopted Transient Tax Collection	Adopted Transient Tax Collection		Adopted Transient Tax Collection and Licensing Regs.	Has held public hearings on Transient Tax Collection. Under consideration. ¹⁰ Bill is now in 3 rd Reader.
Adopted	2018 ¹¹	2016	2017	2018	2015		2017	Likely adoption in Fall 2018
Effective Date	October 1, 2018	2016	January 1, 2018	July 1, 2018	2015. Updates pending.		July 1, 2018	Collect Transient tax December 31, 2018. Restrictions (regulations) kick in later, if adopted.
Requires Online Booking sites to Collect Transient Tax	Yes. Permit number must be included in listing	Yes. Permit number must be included in listing	Yes. Permit number must be included in listing	Yes. Permit number must be included in listing	Yes. Permit number must be included in listing		Yes – Permit and/or S&U number must be including in listing.	Yes

⁷ Fairfax, VA, Short Term Lodging FAQs:
<https://www.fairfaxcounty.gov/planning-zoning/zoning/short-term-property-rentals/faqs>

⁸ Arlington VA Short-Term Residential Rental FAQs:
<https://projects.arlingtonva.us/plans-studies/land-use/zoning-studies/short-term-residential-rentals/faqs/>

⁹ Short-Term Lodging STL.

¹⁰ Airbnb has been rapidly expanding across the Baltimore region. There were roughly 1,260 active hosts and 2,105 active rental units in the city as of April 2018. The finance department’s analysis only took into account 1,478 active units, because the proposed legislation would restrict the number of properties allowed per host to two. These short-term rentals would generate between \$587,000 and \$1 million in hotel tax revenues annually, should the legislation remain as written. At least 40 percent of the proceeds would go to [Visit Baltimore](http://www.visitbaltimore.com), the city’s tourism arm.
<http://www.baltimoresun.com/news/maryland/baltimore-city/bs-md-ci-airbnb-hearing-20180718-story.html>

¹¹ “Without any kind of regulation or oversight, it could be interfering with the quiet enjoyment of people’s neighborhoods and homes.”
https://www.washingtonpost.com/local/virginia-politics/fairfax-adopts-rules-taxing-airbnb-style-rentals/2018/08/02/fd369bbc-95d5-11e8-a679-b09212fb69c2_story.html?utm_term=.afe4fa6b7f54

Comparison of STRR Legislation in Frederick’s Neighboring Jurisdictions

Issue	Fairfax Co VA ⁷	Arlington Co, VA ⁸	City of Alexandria, VA	Loudoun Co, VA	Washington DC	City of Frederick	Montgomery Co, MD	Baltimore City, MD
Requires STRRs to be licensed or registered	Yes	Yes	Yes	Yes	Yes.		Yes	Yes. City is working on licensing requirements now.
Registration Req'd	\$200 for 2-year Permit	Yes. No fee.	Yes. No fee	Yes.	Yes. Fee depends on number of units		Yes. \$150 license fee annually, plus other fees. Separate license for each dwelling.	Yes. \$100 license fee for each unit. Not more than two units can be grandfathered.
Violation for operating without registering or getting a permit	Revocation of Permit	Revocation of license. ¹²	\$500	\$500	\$2,000 or more		Additional Fees, revocation of license.	\$500
Amount of Transient Tax	6% ¹³	7.25% ¹⁴	6.5%	7%	14.5		7%	9.5% ¹⁵
Guest Registry Required	Yes	Yes	?	Yes	Yes		Yes	Yes

¹² An Accessory Homestay Permit may be revoked if Arlington County staff finds that (1) the conditions of the Accessory Homestay Permit are not being met, (2) 3 or more violations are reported to Arlington County staff within a one (1) year period, and/or (3) if the occupant of the dwelling unit refuses to cooperate with Arlington County staff to investigate a complaint. If revoked, the resident of a dwelling unit cannot re-apply for a new Accessory Homestay Permit until one (1) year from the date revoked.

¹³ 6% = 2% TOT for general county expenditures + 2% TOT for tourism + 2% TOT for the Transportation District.

¹⁴ If you're making money offering short-term lodging in an Arlington home, you need to collect and remit to Arlington County 7.25% Transient Occupancy Tax (TOT) of total price paid by the ultimate consumer for the use or possession of any room or space used for lodging, regardless of the number of transients accommodated per night. The 7.25% includes the local 5% TOT, the local 0.25% tourism TOT, and the state 2% regional TOT (for the Northern Virginia region). ... If you prefer to apply for your business license and zoning permits in person you can visit the Zoning Office and the Office of the Commissioner of Revenue at 200 Clarendon Boulevard in Arlington. The Zoning office (for accessory homestay permits and home occupation permits) is located on the 10th floor. The Commissioner of Revenue (for business licenses and to set up a transient occupancy tax account) is located in Suite 208 on the second floor.” <https://taxes.arlingtonva.us/accessory-homestay-rentals/>

¹⁵ Getting rid of those two restrictions (in order to allow hosts to rent for more than 60 days per year and to allow them to own up to two dwellings for STRRs) could generate between \$1.6 million and \$2.2 million in additional hotel tax revenues, according to the city’s analysis.

Comparison of STRR Legislation in Frederick’s Neighboring Jurisdictions

Issue	Fairfax Co VA ⁷	Arlington Co, VA ⁸	City of Alexandria, VA	Loudoun Co, VA	Washington DC	City of Frederick	Montgomery Co, MD	Baltimore City, MD
Dwelling Type	Dwelling or mobile home.	Bedrooms or Internal accessory appts. Not allowed in detached accessory appts.	A unit or room in a Single-family home, apartment, or condominium	Will be addressed in Phase II of the Short-Term Rental program development .	? (appears to be any dwelling unit)		A unit or room in a Single-family home, apartment, or condominium	Dwelling unit per § 202.2 of the Baltimore City 13 Building Code.
Inspection required	No, but must be open for inspection by County personnel	?	?	?	Yes		No, but may inspect if complaint is received.	?
Can detached accessory apartments be used as STRR	No	Yes	?	Will be addressed in Phase II of the Short-Term Rental program development .	?		No	?
Type of Approval	Special Exception	PZ Director Review	?	Will be addressed in Phase II of the Short-Term Rental program development .	?		DHCA approval	?
Landuse & zoning categories	Permitted as an accessory use in your primary residency only in any zoning district that permits residential uses	Home Occupation . Accessory use under household living zoning category	?	Will be addressed in Phase II of the Short-Term Rental program development .	?		Permitted as a limited use	?
Neighbor notification required	Yes	Yes	?	Will be addressed in Phase II of the Short-Term Rental	?		Yes	?

Comparison of STRR Legislation in Frederick’s Neighboring Jurisdictions

Issue	Fairfax Co VA ⁷	Arlington Co, VA ⁸	City of Alexandria, VA	Loudoun Co, VA	Washington DC	City of Frederick	Montgomery Co, MD	Baltimore City, MD
				program development				
Residency req'd?	Must be your primary residence (owned or rented) only in any zoning district that permits residential uses.	Yes. Dwelling is the primary residence of owner or tenant.	No	Will be addressed in Phase II of the Short-Term Rental program development			Two categories: primary residence of owner or tenant; or unoccupied by owner or tenant. ¹⁶	
Proof of residency	Yes	Yes ¹⁷	Yes	Will be addressed in Phase II of the Short-Term Rental program development	Yes		Yes	Yes
Parties (contracts) per stay	One	One	One	Will be addressed in Phase II of the Short-Term Rental program development	One		One	One
Duration per stay	Less than 30 consecutive days	Less than 30 consecutive days	Less than 30 consecutive days	Less than 30 consecutive days	90 or fewer consecutive days		Less than 30 consecutive days	Less than 30 consecutive days
Building Code	Yes	Yes	Yes	Will be addressed in	Yes		Yes	Yes

¹⁶“...ZTA 17-03 was approved with two revisions: (1) The dwelling unit used as a short-term rental must be the property owner’s or owner-authorized resident’s primary residence, which was an amendment recommended by the PHED Committee and (2) If the property owner or owner-authorized resident is not present in the residence, the property can be used as a short-term residential rental for a maximum of 120 days in a calendar year, which was an amendment recommended by Councilmember Katz”

<https://conduitstreet.mdcountries.org/2017/10/12/montgomery-passes-legislation-on-short-term-rentals/>

¹⁷ The applicant for the Accessory Homestay Permit must occupy as their primary residence the dwelling unit for which the permit is being sought. The dwelling unit must be occupied for at least 185 days per year. <https://building.arlingtonva.us/project/starting-accessory-homestay/>

Comparison of STRR Legislation in Frederick’s Neighboring Jurisdictions

Issue	Fairfax Co VA ⁷	Arlington Co, VA ⁸	City of Alexandria, VA	Loudoun Co, VA	Washington DC	City of Frederick	Montgomery Co, MD	Baltimore City, MD
restrictions				Phase II of the Short-Term Rental program development				
Any restrictions for condos and coops?	Depends on CRRAs.	Depends on CRRAs.	Depends on CRRAs.	Depends on CRRAs.	Depends on CRRAs.		Depends on CRRAs.	Depends on CRRAs.
Can detached accessory apartments be used as STRR	No ¹⁸	Yes	Yes	Will be addressed in Phase II of the Short-Term Rental program development	No		?	?
Number of stays per year	60 days per year w/o resident in dwelling; No limit if resident lives in dwelling.	180 days per year or less, if restricted by lease.	?	Will be addressed in Phase II of the Short-Term Rental program development	120 days per year w/o resident in dwelling; No limit if resident lives in dwelling.		?	?
Max Number of lodgers per stay	6, with a limit of not more than 2 adults per bedroom.	Determined by Bldg. code, but in no case more than 6 lodgers; or not more than 2 per bedroom.	6, with a limit of not more than 2 adults per bedroom.	Will be addressed in Phase II of the Short-Term Rental program development	6, with a limit of not more than 2 adults per bedroom.	Suggested: 6, with a limit of not more than 2 adults per bedroom.	6, with a limit of not more than 2 adults per bedroom.	6, with a limit of not more than 2 adults per bedroom.
Parking requirement	Yes. One off-street space per contract,	Yes.		Will be addressed in Phase II of the				

¹⁸ STL is prohibited in a detached accessory structure, accessory dwelling unit, temporary family health care structure, affordable dwelling unit or workforce dwelling unit.
<https://www.fairfaxcounty.gov/planning-zoning/zoning/short-term-property-rentals>

Appendix C Comparison of STRR Legislation in Frederick’s Neighboring Jurisdictions

Comparison of STRR Legislation in Frederick’s Neighboring Jurisdictions

Issue	Fairfax Co VA ⁷	Arlington Co, VA ⁸	City of Alexandria, VA	Loudoun Co, VA	Washington DC	City of Frederick	Montgomery Co, MD	Baltimore City, MD
	unless listing states parking is prohibited. Location of space must be in listing.			Short-Term Rental program development .				
Are STRRs allowed everywhere in the County?				No allowed in certain incorporated sections or towns.	Not allowed in Chevy Chase Village, Chevy Chase, Chevy Chase View, Gaithersburg, Garrett Park Kensington, Laytonsville, Poolesville, Rockville, Somerset and Washington Grove			