

LOTTERIES, CAPS & ZONING REGULATIONS

These 3 topics overlap, as towns are implementing lotteries and zoning regulations to achieve caps on STRs.

LOTTERIES

Several towns have tried or are trying lotteries, with different outcomes. To name a few... less than a year ago, New Orleans drew numbers to limit STRs to one per block, however a federal judge halted the lottery after the first drawing, and the town is awaiting a decision. On the other hand, an appellate court upheld the lottery implemented in Pacific Grove, CA to impose a cap of 250 STRs, to be located no closer than 55 feet from each other. A few years ago, Wilmington, NC conducted lotteries, but after 3 years of litigation, they were overthrown. San Diego's lottery was scrapped when they received less applications than the cap they set out to achieve. Long Beach, CA implemented a lottery in 2021 to cap them at 800. Couer D'Alene, ID and Steamboat Springs, CO have also been considering lotteries.

CAPS

There are numerous types of caps towns have been trying out: limiting STRs a minimum distance of feet from each other, one per block, one per census track, caps by percentages – a percentage of a block or a percentage of a town, or just a cap of an arbitrary number. Some towns have different caps for owner occupied homes, than properties owned by investors. There are caps for minimum number of nights a guest can stay to how many days a year an STR can be rented out. Many wait lists have caps - in some towns owners have to wait a year before renting out a home they have purchased. More and more towns are imposing the biggest cap of all - a complete moratorium on any STR activity until they figure out what to do. A few examples: Honolulu, HI banned rentals under 90 days but is being challenged in court, Alamosa City, CO has a 5% cap per neighborhood, Frisco, CO has a bigger cap of 25% but owners have to live at the property 10 months of the year; Nashville has a 3% cap of the total number of single and two family dwellings.

ZONING REGULATIONS

I found many caps and outright bans of STRs in various parts of the same town, in many Zoning Regulations. Some university towns allow more of

them near colleges, but less or none in areas further away, some ski towns allow more near the resorts than in parts of their residential areas, and many beach communities allow some near the water, but not as many or none in other parts of town. Several towns only allow them in mixed use or commercial areas, but not in residential areas. Park Township, MI just prohibited STRs in residential neighborhoods, Palm Springs, CA allow 20% of their residential area to have an STR, Fort Worth, TX has restricted STRs from residential neighborhoods, Dallas TX has redefined an STR as "lodging" which would prevent them in residential neighborhoods, and we have all seen in the paper that Groton is looking at banning them in certain zones of their town.

MY THOUGHTS

Lotteries seem very inequitable, someone's fortune based on the luck of the draw. Depending on the lottery rules, a person could be selected to have an STR one year, but not win the year after. Financially that could be hard.

Caps based on other criteria are a better solution, however one cap doesn't always work for all parts of town. For citizens that have chosen to live in residential areas and feel it is their right NOT to live next to a "mini hotel", different Zoning regulations for different areas seem to make the most sense. In East Lyme, Pine Grove does not want to be turned into a commercial area and does not allow them, and enforces their rules. For areas that do have them, maybe town wide regulations apply with regard to permits, safety, parking, etc.