



Short Term Rental Regulation in Connecticut

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Short term rentals (STRs), known colloquially by their brand names such as ‘Airbnbs’ and ‘VRBOs,’ are currently a growing segment of the travel market. Locally, Connecticut has seen a significant increase in the number of hosts of STRs in recent years. According to the Hartford Business Journal, Airbnb alone had nearly 6,000 hosts in Connecticut between Memorial Day and Labor Day of 2019, hosting approximately 93,300 guest stays in that period, 20,400 of which were in New London County.¹

Nationwide, the STR market experienced a major decline during the COVID-19 pandemic. While the number of active listings on Airbnb increased in 2020 by 2.6% from 2019 to 2020, the number of bookings severely dropped, from 425.5 million nights and experiences booked in 2019 to 242.7 million nights and experiences booked in 2020.² Bookings have since rebounded somewhat, with 13% more nights booked in the first quarter of 2021 than the same period in 2020.³

While people of all ages utilize STRs, the accelerating popularity of such rentals is fueled by younger travelers. According to *Conde Naste Traveler*, seven in ten millennial business travelers express interest in staying in short term, locally hosted rentals.⁴ The continuing growth of the Short Term Rental market segment presents distinct challenges and opportunities for municipalities, especially in the tourism-rich southeastern Connecticut region.

Short Term Rental Challenges

Common concerns about the operation of Short Term Rentals include disruptions to residential neighborhoods, safety issues, and the loss of available housing. Some residents and local governments are concerned that the character of residential neighborhoods will change dramatically with the spread of STRs, due to an increase in traffic and parking issues. Noise concerns are also common, and neighbors worry that STRs will be used as party houses that require frequent police intervention. There are also wider concerns that STRs may not be safe for visitors if renters are housed in areas that would not otherwise be suitable for short-term overnight habitation, especially since STRs are not built or inspected in the same way as officially designated motels and hotels. Particularly in areas with housing shortages, there are worries that STRs will further decrease the number of housing units available for permanent residents.

¹ Hartford Business Journal. “Airbnb: CT Hosts Earn Record \$27M in Summer Rentals.” September 2019.

<https://www.hartfordbusiness.com/article/airbnb-ct-hosts-earn-record-27m-in-summer-rentals>

² All The Rooms Analytics. “Airbnb & Vacation Rental Statistics [2021].” April 2021.

<https://www.alltherooms.com/analytics/airbnb-statistics/>

³ Yahoo! Finance. “Airbnb revenue climbed 5% to \$887M, beating expectations.” May 13, 2021.

<https://www.yahoo.com/now/airbnb-q-1-2021-travel-recovery-201644244.html>

⁴ Conde Naste Traveler. “What Millennials Can Teach Us About Business Travel.” March 2017.

<https://www.enrtraveler.com/story/what-millennials-can-teach-us-about-business-travel>

Benefits of Short Term Rentals for Municipalities

Short Term Rentals can provide economic benefits to communities that successfully regulate them. By permitting STRs, communities that have little traditional lodging can open themselves up to tourism dollars that would not otherwise be available. Municipalities that do have traditional lodging stand to gain from visitors who are looking for more personalized travel experiences. Permanent residents who host short term renters can supplement their income and consequently be in a better financial position to maintain and improve their home. Between Memorial Day and Labor Day in 2019, Airbnb hosts in Connecticut earned a collective \$27 million, a 30.4% increase from the same timeframe in 2018.⁵ Ordinances or regulations can be used to minimize negative impacts of STRs, which could make the benefits outweigh the risks. The Wharton School of the University of Pennsylvania notes that “governments that look ahead and adapt to these developments [short term rentals] will derive substantial benefits for their economies and their communities.”⁶

Other great vacation rentals in Lebanon

 <p>★ 4.96 (103) Private room · Columbia Waterfront B&B for Nature Lovers Guest... \$151 / night</p>	 <p>★ 5.0 (3) Private room · Windham Conveniently located 1 bedroom! \$35 / night</p>	 <p>★ 4.82 (28) Entire cabin · Windham Secluded Cabin on Golden Pond \$147 / night</p>	 <p>★ 4.85 (88) Entire cottage · Lebanon Go Jump in the Lake! \$107 / night</p>
 <p>★ 4.88 (16) Private room · Colchester The Johnston Room at The O'Connell Ho... \$125 / night</p>	 <p>★ 4.63 (8) Entire residential home · Lebanon NEW! Pet-Friendly Lebanon House w/ La... \$158 / night</p>	 <p>★ 4.93 (28) Farm stay · Bozrah Six Paca Farm \$280 / night</p>	 <p>★ 4.67 (3) Entire rental unit · Windham Apartment on small farm \$60 / night</p>

A search for short term rentals in Lebanon, CT reveals numerous houses, apartments, and other accommodations in and around the town, shown in this screenshot from <https://www.airbnb.com/lebanon-ct/stays>. Screenshot taken on December 9, 2021.

Current Short Term Rental Regulations and Laws

In the past, short term rentals were largely unregulated by their parent companies, relying on hosts to self-certify that they comply with local regulations. However, in response to the pandemic, Airbnb created rules in 2020 which banned ‘party houses,’ defined as homes being rented to more than 16 people. In 2021, Airbnb partnered with VRBO to create the “Community

⁵ Hartford Business Journal. “Airbnb: CT Hosts Earn Record \$27M in Summer Rentals.” September 2019. <https://www.hartfordbusiness.com/article/airbnb-ct-hosts-earn-record-27m-in-summer-rentals>

⁶ The Wharton School of the University of Pennsylvania. “How the Sharing Economy Is Transforming the Short-term Rental Industry.” February 2019. <https://knowledge.wharton.upenn.edu/article/short-term-rentals-the-transformation-in-real-estate-and-travel-set-to-check-in/>

Integrity Program,” with the further intent of eliminating party houses by sharing information regarding problem rentals with competing rental sites.

The State of Connecticut currently has no legislation in place regulating short term rentals statewide, other than charging a room occupancy tax rate of 15%.⁷ The State Legislature may introduce relevant bills in future sessions, but it is currently left to individual municipalities to decide how best to regulate (or not regulate) these types of rentals. Local governments therefore have the opportunity to tailor STR laws to their unique community concerns and goals. There are generally three options municipalities utilize to address STRs: **regulation through zoning**, **regulation through municipal ordinances**, or by **maintaining the status quo** without establishing any new STR-specific regulations. Each of these options presents distinct benefits and challenges, which are outlined briefly below.

Short Term Rental Regulation via Zoning Regulations

Several municipalities in Connecticut have chosen to regulate short term rentals through their local zoning codes (e.g. Section 3.0 of the [Hartford Zoning Regulations](#)). Zoning regulations can allow STRs in certain zones only, and can also enable the Planning and/or Zoning Commission to review site plans for the proposed use to ensure adequate parking and other site improvements are in place. Approvals through zoning run with the land, and are valid unless and until the permitted use is expressly discontinued/abandoned by the property owner (which rarely occurs). Other characteristics of zoning also limit zoning’s ability to effectively manage STRs:

- Zoning regulations are enforced by local zoning enforcement officers, who routinely work at most a Monday-Friday schedule, and are rarely available at night, when most noise and parking complaints occur.
- In some cases, properties have been rented out as STRs by owners for decades. Any STRs lawfully established prior to the adoption of restrictive zoning regulations would be considered legal non-conforming uses, and therefore would not be required to comply with the new regulations.

Short Term Rental Regulation via Municipal Ordinance

The legislative body of a municipality can choose to adopt an ordinance pertaining to STRs, which could require an owner/operator to obtain a license and abide by certain rules. Locally, [Ledyard](#) and Bozrah have adopted ordinances to regulate STRs. This process has several distinct advantages over zoning. Complaints can be addressed by local law enforcement, able to respond on nights and weekends. Additionally, ordinances can require periodic license renewals, and a new license would be required for subsequent property owners. This would eliminate any ‘grandfathering’ issues that may arise through zoning. However, local Planning and/or Zoning Commissions would not be involved in approving site plans.

⁷ CT Dept. of Revenue Services. Policy Statement: Room Occupancy Tax on Short-Term Rentals. 2017. <https://portal.ct.gov/-/media/DRS/Publications/pubsp/2017/PS20173pdf.pdf?la=en>

Maintaining Status Quo

Some municipalities have chosen, at least temporarily, not to update regulations or ordinances and instead to regulate STRs as traditional bed and breakfasts or boarding houses. In some cases, this requires special permit or site plan approval from the Planning and/or Zoning Commission. Other municipalities have chosen not to regulate STRs, continuing a tradition of allowing unregulated short term rentals. Still others have taken the position that STRs are prohibited, as they are not expressly permitted in their zoning regulations. These solutions all come with challenges and benefits. While it is easier not to create any new standards for STRs, current regulations and standards rarely address potential land use conflicts unique to short term rentals. STRs do not neatly fit into definitions of bed and breakfasts or boarding houses, so new regulation is likely warranted. Additionally, if the growth in the STR market continues, municipalities would most likely want to have some safeguards in place to ensure smooth operation.

Regulation and Enforcement Options

If a municipality chooses to move forward with zoning regulations or an ordinance for Short Term Rentals, it is important to consider what the ultimate goal of STR regulation is in the municipality. Regulations attempting to prohibit (or nearly prohibit) STRs would likely be very different from those that seek to establish rules for safe and inoffensive operation.

If the goal of a municipality is not to prohibit, but rather control STRs, a few strategies are available. Several examples of ways to regulate STRs are listed below:

- Only allow STRs in certain areas of town;
- Require a minimum separation distance between STRs;
- Limit the number of STRs town-wide;
- Allow STRs only in an owner's primary residence (proof of residence could be obtained via vehicle or voter registration, or by another suitable method);
- Place limitations on the number of nights that can be rented;
- Limit the number of guests that can stay at any given time;
- Require adequate off-street parking.

If using an ordinance approach, municipalities should ensure that each STR is registered with the town. The registration should designate a 24/7 point of contact who can address any issues quickly. If STRs are regulated by zoning, hosts should be required to file an application for a zoning permit or special permit with the municipality, as well as provide point-of-contact information. Ordinances should provide for adequate and efficient means of enforcement, and should include means to revoke a STR permit if its owner does not comply with municipal requirements.

Municipalities may also consider contracting out registration and enforcement responsibilities to a third-party vendor. Several of these companies currently exist to relieve the burden of town staff monitoring STRs. These companies search online databases for advertised STRs, and maintain online portals for registration. The third-party companies can also accept complaints and correspond with hosts to address issues. Use of a third-party vendor is likely best suited for larger towns and cities where a significant number of STRs exist.