

City of Salem

In the year Two Thousand and Eighteen

An Ordinance to allow short-term rentals in the City of Salem.

Be it ordained by the City Council of the City of Salem, as follows:

AN ORDINANCE ALLOWING SHORT-TERM RESIDENTIAL RENTALS IN THE CITY OF SALEM

Be it ordained by the City Council of Salem, as follows:

SECTION 1. A new section of the City of Salem Code, Ordinances, PART III, CHAPTER 15 SHORT-TERM RENTALS is hereby enacted as follows:

“Chapter 15 Short-Term Residential Rentals.

15-1 Purpose.

The purpose of this section is to provide a process through which certain dwelling units may be registered with the City of Salem for use as short-term rental units under the stipulations laid out within the ordinance.

15-2 Definitions.

Booking Agent. Any person or entity that facilitates reservations or collects payment for a Short-Term Rental on behalf of or for an Operator.

Director. Director of the Inspectional Services Department or a designee.

ISD. City of Salem Inspectional Services Department.

Operator. A natural person who is the owner of the Residential Unit that he or she seeks to offer as a Short-Term Rental. Only one owner may be registered as an Operator for a residential Unit, and it shall be unlawful for any other person, even if that person is an owner and meets the qualifications of Primary Resident, to offer a Residential Unit for Short-Term Residential Rental.

Home Share Unit. An entire Residential Unit offered as a Short-Term Rental that is the Operator's Primary Residence.

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Limited Share Unit. A Residential Unit that is the Operator's Primary Residence, a portion of which is offered as a Short-Term Rental while the Operator is present. Occupancy shall be limited to three bedrooms or six guests in a Limited Share Unit, whichever is less. One bedroom must be reserved for the Operator.

Non-Owner Occupied Unit. An entire Residential Unit where the Operator or owner does not live in either the unit or the building and it is not the Operator's primary residence offered as a Short-Term Rental.

Owner-Adjacent Unit. An entire Residential Unit offered as a Short-Term Rental that is not the Owner's Primary Residence but that is located within the same dwelling as the Primary Residence of, and is owned by, said Owner.

Primary Residence. The Residential Unit in which the Operator resides for at least six months out of a twelve-month period. Primary residence is demonstrated by showing that as of the date of registration of the Residential Unit, the Operator has resided in the Residential Unit for six of the past twelve months or that the Operator intends to reside in the Residential Unit for six of the next twelve months, as demonstrated by at least two of the following: utility bill, voter registration, motor vehicle registration, deed, lease, driver's license, other state-issued identification, or proof of residential exemption.

Residential Unit. A Residential Unit is a dwelling unit within a dwelling classified as a residential use, as those terms are defined in the Building Code, but excluding: a congregate living complex; elderly housing; a group residence; a homeless shelter; temporary dwelling structure; and transitional housing.

Short-Term Rental(s). The use of a Residential Unit for residential occupancy by a person or persons for a period of fewer than fourteen (14) consecutive calendar days for a fee. A Short-Term Rental may or may not be facilitated through a Booking Agent

15-3 Short-Term Residential Rentals in the City of Salem.

No Residential Unit shall be offered as a Short-Term Rental except in compliance with the provisions of this section and any regulations that may be promulgated by the Building Inspector to carry out the provisions of this section.

15-4 Ineligible Residential Units.

a. The following Residential Units are not eligible to be offered as Short-Term Rentals:

(i) Residential Units that are located within properties designated as "Problem Property" pursuant to Section 2-705 (a) (4) of this Code.

(ii) Residential Units that are the subject of three or more findings of violations of this section within a six (6) month period, or three or more violations of any municipal ordinance or state law or code relating to excessive noise, improper disposal of trash, disorderly

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conduct, or other similar conduct within a six-month period. Units found ineligible pursuant to this subsection shall remain ineligible for a six (6) month period immediately following the third violation.

(iii) Residential Units located within a property subject to any outstanding building, sanitary, zoning, or fire code violations, orders of abatement, stop work orders, unpaid taxes, water/sewer or tax liens, or other existing judgments or penalties imposed by the City so long as the matter remains unresolved. If a violation or other order is issued after the Residential Unit has been registered, ISD shall suspend the Residential Unit's registration until the violation has been cured or otherwise resolved.

15-5 Residential Units Not Subject to Certain Provisions of this Chapter.

a. ***Currently Licensed Lodging Houses.*** A Residential Unit offered as a Short-Term Rental that is located in a dwelling holding a current and valid Certificate of Occupancy as a lodging house from ISD and a lodging house license from the Salem Licensing Board as of the effective date of this section shall be subject to the registration and room occupancy excise tax requirements contained herein but shall not be subject to any limitation with respect to the number of days per year that a unit or units may be rented out as a Short-Term Rental.

b. ***Existing Bed and Breakfasts.*** A Residential Unit offered as a Short-Term Rental that holds a current and valid Certificate of Occupancy as a bed and breakfast from ISD as of the effective date of this section shall be subject to the registration and room occupancy excise tax requirements contained herein but shall not be subject to any limitation with respect to the number of days per year that a unit or units may be rented out as a Short-Term Rental.

c. ***Residential Units Contracted for Hospital Stays.*** The use of a dwelling unit or portion thereof for which a contract exists between the owner of the dwelling unit and a healthcare facility or government entity or non-profit organization registered as a charitable organization with the Secretary of the Commonwealth of Massachusetts or classified by the Internal Revenue Service as a public charity or private foundation that provides for the temporary housing in such unit of individuals who are being treated for trauma, injury, or disease, or their family members, shall not be considered a Short-Term Rental.

d. ***Residential Units Used for Furnished Institutional or Business Stays.*** The use of a Residential Unit for which a contract or an agreement exists between the building owner, a corporate housing operator and an institution or business for the temporary housing of employees or individuals affiliated with such institutions or business, where the minimum stay is at least ten days, shall not be considered a Short-Term Rental.

15-6 Requirements for Short-Term Rentals.

An Operator may only offer a Short-Term Rental subject to the following provisions:

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a. **Registration** pursuant to Section 2-705. Consistent with Section 2-705, every new owner and/or Operator is required to complete a new registration form and obtain a new certificate of fitness prior to making the unit available as a Short-Term Rental.

b. **Short-Term Rental of a Home Share Unit.** An Operator may use his or her Home Share Unit as a Short-Term Rental for up to 365 days per year. Individual rooms within Home Share Units may not be offered on as separate Short-Term Rentals.

c. **Short-Term Rental of a Limited Share Unit.** An Operator may use his or her Limited Share Unit as a Short-Term Rental for up to 365 days per year.

d. **Short-Term Rental of a Non-Owner Occupied Unit.** An Operator may use his or her Non-Owner Occupied Unit as a Short-Term Rental for up to 90 consecutive or non-consecutive days per year. Individual rooms within Non-Owner Occupied Units may not be offered as separate Short-Term Rentals.

e. **Short-Term Rental of an Owner-Adjacent Unit.** An Operator may use his or her Owner-Adjacent Unit as a Short-Term Rental for up to 120 consecutive or non-consecutive days per year. Individual rooms within Owner-Adjacent Units may not be offered as separate Short-Term Rentals.

f. **Permission of Owner.** An Operator must certify at the time of registration that he or she has the following permissions to offer his or her Residential Unit as a Short-Term Rental:

(i) Operator is the owner of the Residential Unit offered as a Short-Term Rental; and

(ii) that offering the Residential Unit as a Short-Term Rental complies with applicable condominium documents, bylaws, or other governing documents.

g. **Local Contact.** When registering, an Operator must provide his or her name and contact information, and, in the event the Operator is not present during the Short-Term Rental, the name and contact information of an individual who is able to respond in person to any issues or emergencies that arise during the Short-Term Rental within two (2) hours of being notified. Contact information must include a telephone number that is active twenty-four (24) hours per day to tenants, Short-Term Rental occupants, and public safety agencies. This phone number shall be included in the registration of the Short-Term Rental unit at the time of registration.

h. **Compliance and Interaction with Other Laws.** The Operator shall comply with all applicable federal, state, and local laws and codes, including but not limited to the Fair Housing Act, G.L. c. 151B and Sec. 2-2055 of this Code, and all other regulations applicable to residential dwellings. The Residential Unit offered as a Short-Term Rental shall continue to be subject to the requirements of Sec. 2-705 of this Code to obtain a certificate of fitness and the applicable requirements of the State Sanitary Code. Occupancy limits contained in the Zoning Ordinance and the State Building and Sanitary Codes shall apply. A Residential Unit offered as a Short-Term Rental may also be subject to annual fire prevention inspection.

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i. ***Retention of Records.*** The Operator shall retain and make available to ISD, upon written request, records to demonstrate compliance with this section, including but not limited to: records demonstrating number of months that Operator has resided or will reside in Residential Unit; records showing that Operator is the owner of Residential Unit offered as a Short-Term Rental; and records demonstrating number of days per year that Residential Unit is offered as a Short-Term Rental. The Operator shall retain such records for a period of three years from the date the Residential Unit is last registered for a certificate of fitness inspection.

j. ***Notifications.***

(i) The Operator shall furnish each guest with a Community Information Card containing, at a minimum, (a) emergency telephone numbers for the Salem Police Department and Salem Fire Department, (b) a description of the regulations, if any, relative to on-street parking at the address and fines for parking violations, (c) a description of the City's trash and recycling requirements, including the date of trash and recycling collection at the address, and (d) a copy of the City's noise ordinance. A current copy of the unit's Community Information Card should be furnished to the City at the time of registration or inspection. The Operator shall also post a sign on the inside of the Residential Unit providing information on the location of all fire extinguishers in the unit, and, if applicable, the location of all fire exits and pull fire alarms in the dwelling.

(ii) The Operator, upon listing a Short-Term Rental with a Booking Agent, or modifying an existing listing shall file with the City an exact duplicate of the listing, including property address. Listings must specify the quantity of off-street parking, if any, and whether or not the address is located in a resident-parking zone, including the October resident-parking zone. The City shall maintain a list of the address and unit type of all short-term rentals on file with the City that are currently being offered.

(iii) The Operator must have on file with the City the name and contact information for the Operator if local or, if not local, the name and telephone number of an individual who can respond in person to any issues or emergencies at the property within two hours of being notified.

(iv) A Booking Agent with any listings in the City shall provide to the City on a quarterly basis an electronic report, in a format to be determined by the City. The report shall include a breakdown of where the listings are located, whether the listing is for a room or a whole unit, the number of nights each unit was reported as occupied during the applicable reporting period, and the Operator's name and full contact information

15-7 Room Occupancy Excise.

Any Short-Term Rental Units to which the Commonwealth extends any excise or surcharge, and the City extends a local option of such, shall comply with the provisions of said statutes. However, where allowable operators may use a Booking Agent and the Booking Agent may

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enter into an agreement with the City for the collection and remittance of such tax. If the Operator does not use a Booking Agent to do so, the Operator is solely responsible for collecting and remitting the applicable tax.

15-8 Complaint Process; Violations.

Complaints shall be made to the Inspectional Services Department and investigation shall commence within 30 days. Violations may, at the Building Inspector's discretion, result in a warning or an Ordinance ticket and the maximum appropriate fine. Three (3) or more such tickets within a six (6) month period will result in the unit no longer being eligible to that Operator for use as a short-term rental for a period of six (6) months following the most recent violation.

Violations may include any failure to abide by this ordinance including, but not limited to, offering an ineligible unit, failure to observe the limitation of days per year, failure to furnish copy of Booking Agent listing or include required parking information in such listing, failure to furnish a Community Information Card to guests or furnishing one without the required minimum information, or failure to remit any required excise tax or surcharge as required by law. Unpaid taxes or surcharges shall also be liened against the property.

15-9 Enforcement.

a. ***Enforcement by City.*** The provisions of this section may be enforced in accordance with the noncriminal disposition process of M.G.L. c. 40, § 21D, and, if applicable, by seeking to restrain a violation by injunction. A violation of this section shall be sufficient cause for revocation of the right to operate the Short-Term Rental and/or a penalty by a non-criminal disposition, as provided in M.G.L. c. 40, § 21D, **in an amount set forth in section 1-10 of this Code.**¹ Any person aggrieved by the revocation of the right to operate a Short-Term Rental or the imposition of a penalty may file an appeal as provided by the general law.

b. ***Enforcement by Booking Agent.*** The City shall enter into agreements with Booking Agents for assistance in enforcing the provisions of this section, including but not limited to an agreement whereby the Booking Agent agrees to remove a listing from its platform for exceeding the maximum number of days a Residential Unit may be offered as a Short-Term Rental, whereby the Booking Agent agrees to remove a listing from its platform that is deemed ineligible for use as a Short-Term Rental under the provisions of this Ordinance, and whereby the Booking Agent agrees to prohibit a host from listing any listing without proof of registration.

Any Booking Agent that fails to enter into such agreements to actively prevent, remove or de-list any ineligible listings shall be prohibited from conducting business in the City.

c. ***Featured Short-Term Rental Status.*** An Operator who is able to certify that there are no health, building, zoning, or other violations (including police citations) in the prior twelve (12) months associated with the property, is current on all excise and property taxes, and who has

¹ Need to decide on fine amounts and amend Section 1-10 accordingly.

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filed the Booking Agent listing and a copy of the Community Information Card with the City for the past twelve (12) months, shall be eligible for listing as a ‘Featured Short-Term Rental.’ ”

SECTION 2.

This ordinance shall take effect as provided by City Charter.

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