



Short-term Rental Orientation

PREPARED FOR THE RESIDENTS OF THE CITY OF NEW CASTLE AND THE PLANNING COMMISSION

January 9, 2025

Cynthia Batty, Design Intelligence

Note: Author emphasis is **bold, purple and underlined** in this document

Please note: This document has been prepared with public sources (cited within) and data provided through a FOIA by the City of New Castle. While the information contained herein is about legal issues, it is not intended as legal advice or as a substitute for the particularized advice of your own counsel. Anyone seeking specific legal advice or assistance should retain an attorney.



The regulation of short-term rentals (i.e., Air BnBs, Tourist Homes, etc.) is a local zoning matter, and a global concern.

Around the world, housing is typically regulated by **cities**, not countries or states.

This is why the matter was remanded to the Planning Commission, which has jurisdiction on zoning evaluation and recommendation.

The question is not *whether* to allow short-term rentals in the Historic District of New Castle; the question is, *under what terms*.

There are many platforms offering short-term rentals



VRBO
Booking.com
Marriott Homes & Villas
Expedia
Tripadvisor
... And many more

Typical challenges of unregulated short-term rentals for municipalities

- Ratio of short-term rentals to homes can become unmanageable and fundamentally change the nature of the city
- Enraged neighbors; cause homeowner flight and property value loss
- Create division and strife between neighbors
- Set the city's business interests against the homeowners and residents
- Whole house short-term rentals devolve into party houses in most jurisdictions in the world, provoking the strong drive to regulations

Problems specific to New Castle

- This is a tiny city and the process to create a solution should be appropriately sized
- We do not have the time and money to do a huge research project – and we don't need to do that with all the information available now

The good news

- Many other cities have addressed the regulation of these businesses, and we can learn quickly from them

We must consider all our stakeholders and have a fair process

This will not be the last technology-enabled business to disrupt our little city. Let's make a roadmap to solve these problems fairly and openly.

This is not the first time New Castle has considered regulating Tourist Houses

An effort was made in 2018 with Ordinance 517 to regulate “tourist homes” by requiring all new tourist homes in the Historic Residence district to be approved by the Board of Adjustment as a special exception.

Ordinance No. 517

An Ordinance to revise Chapter 230, Article IV, to revise Section 230-19 in the Zoning Code of the City of New Castle to make “Tourist Home” usage of properties in the Historic Residence District permissible only with the grant of a special exception from the Board of Adjustment.

WHEREAS, the Council of the City of New Castle (“Council”) wishes to regulate “tourist homes” (as defined in §230-1 of the Code) proposed in “Historic Residence” zoned portions of the City of New Castle (the “City”) by requiring that they be first approved as a “special exception” by the Board of Adjustment; and

NOW, THEREFORE, be it ordained by the Council of the City of New Castle, as follows:

SECTION 1: Section 230-19 A of the City Code is hereby amended to delete the reference to “Tourist Homes” as a use permitted by right in the Historic Residence zoning district.

SECTION 2: Section 230-19 B of the City Code is hereby amended to add new subsections (6) which shall read, in its entirety, as follows:

§ 230-19 B The Board of Adjustment shall have jurisdiction and authority to grant special exceptions in accordance with §230-57B of this Chapter, to permit the following uses in the Historic Residence zones:

(6) Tourist Homes, including without limitation, rooming houses, “AirBNB” rentals and all other residential rental accommodations where the term for such rental is for thirty (30) days or less.

- The draft Ordinance was created to address the fact that the two Historic Area was the only zone in the city to allow tourist homes and that the Historic Area had no recourse to contest or protest such commercial development in their neighborhood, apparently unlike the rest of the City zones
- The proposed Ordinance addressed only the Historic Residence District and **not** the Historic Commercial District
- In the City Council meeting on October 9, 2018, the City Council voted to send the matter to the Planning Commission for further review, which apparently never took place

<https://newcastlecity.delaware.gov/files/2018/10/Ord-517-Tourist-Homes-in-HR-Zone.9.4.18-3.pdf> Ord-517-Tourist-Homes-in-HR-Zone.9.4.18-3.pdf

Immediate recommendation to City Council:

A six-month moratorium on short term rental / tourist home licenses while the Planning Commission and City Council consider the best way forward in the best interests of all the New Castle City stakeholders.

Deliverable: Identify code updates during this time in a collaborative community approach which will be approved immediately at the end of this moratorium.

- Six months is not long, and will give adequate time to resolve this matter to the satisfaction of the city residents and businesses – as well as ensuring this is not an endless frustrating process for stakeholders
- Ensures no homeowner or businessperson makes a decision that may be negatively impacted by the regulatory and zoning implementation by City Council (i.e., acquires property to make a tourist home that is then unfeasible when revised zoning is determined)
- Calms residents and stakeholders on all sides who are upset and concerned that a fair process should take place, and no one will be rushed to “give in” or have their property values affected

Recommendation for next steps

Most cities are hundreds of times larger than New Castle – and have made a rich blueprint for potential solutions. Let's be logical and do it in a way that is commensurate with our scale and neighborhood.

- Schedule **two public interactive workshops** with members of the public, especially stakeholder groups who are organized and able to make presentations about their issues, who may testify about their concerns and recommendations and have a dialog with the Planning Commission members in this process
 - Promote the workshops in the local paper and online so everyone knows they are happening and can attend
- Two workshops give everyone time to think and reflect after hearing each other and the Commissioner's questions and discussion
- In these workshops, seek input from experts who have been through this already; for example, a member of the Charleston, South Carolina working group who developed the code for Charleston to give us a case study of their problem and their solution
- Also hear specifically from existing local hospitality businesses on their perspective
- A final, public, commissioners-only workshop of the Planning Commission to finalize proposed language for the City Council, with public input, evidence and data to support the recommendation

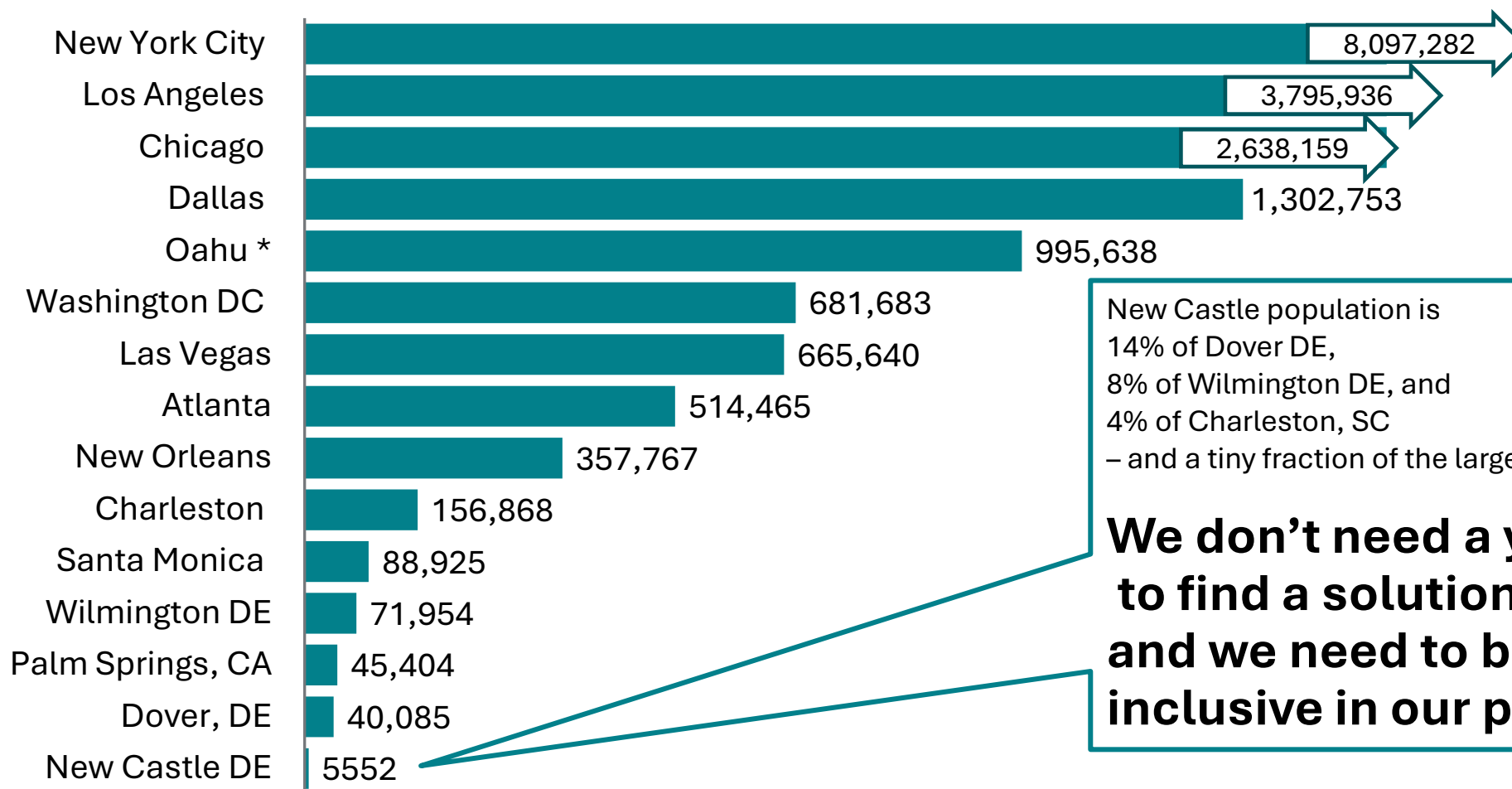
All to be completed by August 2025.

Who we need to engage

- Stakeholders
 - Historic Area Homeowners
 - Historic Area Businesses
 - Short-term rental operators
- Historic Area Commission
- Local hospitality businesses
- Professionals with experience solving this problem in other cities
- City Administration
- City Police
- City Fire Department
- *Who else?*

Why the public hearing approach?

2024 Population: Cities Cited in this Paper Regulating Short-Term Rentals



New Castle population is
14% of Dover DE,
8% of Wilmington DE, and
4% of Charleston, SC
– and a tiny fraction of the larger cities.

**We don't need a year-long activity
to find a solution for our problem –
and we need to be completely
inclusive in our process.**

Source: <https://worldpopulationreview.com/> * Oahu latest available 2021

Questions for stakeholders to address at the public workshop

Objections imply a vision – what is the vision of the presenter for the Historic City and how do their recommendations fit with that vision?

This is useful as the Planning Commission considers the update to the Comprehensive Plan.



What is your vision of the future
Historic New Castle area?



Do you think that the Historic Commercial District and the
Historic Residence District could or should have different rules?



What are your greatest concerns about negative impacts of
short-term rentals on you?



What do you think regulated short-term rentals could do
to enhance Historic New Castle?

Questions the Planning Commission must address

Thought starter – we will have more but getting us thinking.

- Where do short-term rentals fit in the overall Comprehensive Plan for the future of the New Castle Historic Area?
- What are the guard rails that need to be put in place around the existing definition in City code for a “Tourist House”?
Currently it is defined together with a Boardinghouse and Lodging House as a building arranged or used for lodging, with or without meals, for compensation, by more than five and not more than 20 individuals – probably not the right answer for 2025 and beyond.
 - Are off-street parking regulations that exist now adequate, or do we need more?
 - Do we want to remove the potential for a Boarding House and Lodging House from the Historic Residence area? From all of the City of New Castle?
- How should our definition of a short-term rental fit with the Delaware state definition?
 - *Short Term Rental: A house, duplex, multi-plex, apartment, condominium, houseboat, trailer, or other residential dwelling unit where a tourist or transient guest rents sleeping or living accommodations rented for no more than 31 consecutive nights.**
- Should the Historic Commercial District have different regulations than the Historic Residence District?
- What regulations would make the most residents in the city comfortable and happy if there were an increasing prevalence of short-term rentals in our Historic District?
- If we recommend to continue with regulated short-term rentals, should that be extended to the rest of the City as well?

Source: ***Delaware.gov, Division of Revenue, Short Term Rental FAQs** <https://revenue.delaware.gov/short-term-rental-faqs/>

Most prevalent restrictions among 27 global cities

Cities studied have between 1 and 5 rules applied, with an average of 2.2 rules.

Restriction	Percent
Restrictions on number of days per year for rentals	48%
Have a permit for short-term rental	33%
Owners must live in the property at the time of the Air BnB rental	22%
Banned or soon to ban most Air BnBs, or heavy restrictions	19%
Zoning restrictions	15%
Cap on total short-term rental properties	15%
License for second homes	15%

Every city restriction is specific to the zone/code of that city and there are variations across all cities – this is a general characterization of the zoning codes implemented since 2015 on short-term rentals.

Source: <https://www.cntraveler.com/galleries/2016-06-22/places-with-strict-airbnb-laws>; CB number crunch doc **Table of Code Requirements for Air BnBs 2024-12-28 v1**

Basic Statistics about the Historic Area of New Castle

***The City of New Castle has
5,552 residents as of 2024****

***The Historic Area presently has
less than 500 structures and
approximately 500 residents***

***We presently have
158 rental dwelling units
in the Historic Residential zone*****

- This is an Historic Area problem
- It affects less than 10% of the population of the City of New Castle
- Rental dwelling units are relevant because should there be an impetus to create more short-term rentals quickly, they are the obvious first adopters

Source: *<https://worldpopulationreview.com/us-cities/delaware/new-castle>

** Cynthia Batty FOIA to City of New Castle City, October 18, 2024

Current restrictions on Tourist Homes

§ 140-6 Definitions.

BOARDINGHOUSE, LODGING HOUSE, TOURIST HOUSE A building arranged or used for lodging, with or without meals, for compensation, **by more than five and not more than 20 individuals**.

§ 230-19 Historic Residence District HR.

Code/Ch 230: Zoning/Ch 230 Art IV: District Regulations

A. The following uses are permitted as a matter of right:

(3) Tourist homes.

§ 230-28 Off-street parking and loading requirements.

A. There shall be provided, at the time of construction, alteration, enlargement or **change in use of any main building or structure, minimum off-street parking spaces**, allowing a minimum area for each parking space as set forth in § **230-1** of this chapter, plus adequate provisions for ingress and egress as follows:

(12) Tourist homes: one space for each guest room or suite.

(14) In a General Commercial District:

(b) Parking requirements for specific uses are as follows:

[16] Rooming and boarding houses: 1.25 spaces per guestroom.

§ 230-20 Historic Commerce District HC.

Code/Ch 230: Zoning/Ch 230 Art IV: District Regulations

A. The following uses are permitted as a matter of right:

(10) Tourist homes.

Note these parking space regulations are not specific to zone, though a tourist home is only permitted in the Historic Area.

Current known short-term rentals in the Historic District



This data is taken from the Air BnB website, based on input dates April 4-6, 2025 to try to capture all available. May be slightly incorrect.

Based on requirement for the short-term rental to have a dedicated off-street parking place, it is likely that some of these are non-compliant with current regulation.

What is a “tourist home”?

New Castle City Code only cites the Historic Districts

§ 230-19 Historic Residence District HR.

Code/Ch 230: Zoning/Ch 230 Art IV: District Regulations

This district is intended to preserve, promote and protect the historic area now predominantly residential of the City in its colonial form. In order to achieve this intention, architectural review is provided for by this chapter. It is not an exclusive residential district; however, incompatible uses are prohibited.

A. The following uses are permitted as a matter of right:

(1) Single-family dwellings:

- (a) Detached.
- (b) Semidetached.
- (c) Attached.

(2) Two-family dwellings:

- (a) Detached.
- (b) Semidetached.
- (c) Attached.

(3) Tourist homes.

(4) Parks and playgrounds.

(5) Signs subject to the provisions of § 230-37 of this chapter.

(6) Public utility rights-of-way and structures in accordance with § 230-38 of this chapter.

(7) Accessory uses and structures:

- (a) The renting of one room to nontransient roomers or boarders.
- (b) Other accessory uses and structures clearly incidental and customary to and associated with the permitted use.

§ 140-6 Definitions.

BOARDINGHOUSE, LODGING HOUSE, TOURIST HOUSE

A building arranged or used for lodging, with or without meals, for compensation, by more than five and not more than 20 individuals.

§ 230-20 Historic Commerce District HC.

Code/Ch 230: Zoning/Ch 230 Art IV: District Regulations

This district is intended to preserve, promote and protect the historic commercial heart of the city. A large portion of the city's commercial activity takes place in this area; a situation which is expected to continue resulting in a living monument to the past. Encroachment of elements not consistent with the colonial period of the city's history is to be prohibited.

A. The following uses are permitted as a matter of right:

(1) Convenience stores and shops, such as grocery and drugstore.

(2) Personal service shops, dealing directly with customers; beauty parlor, barbershop, clothes cleaning agency and similar establishments.

(3) Bakeries.

(4) Bank and office establishments.

(5) Eating and drinking establishments.

(6) Antique shops.

(7) Jewelry stores.

(8) Institutions of an educational, religious, medical, charitable, philanthropic or governmental nature.

(9) Clubs and lodges.

(10) Tourist homes.

(11) Dwelling units as follows:[Amended 9-7-1982 by Ord. No. 253; 9-6-1983 by Ord. No. 257]

(a) Single-family detached, semidetached and attached.

Etc. (b) Two-family dwellings, detached, semidetached and attached.

(c) Multiple dwellings, provided that the greatest dimension in

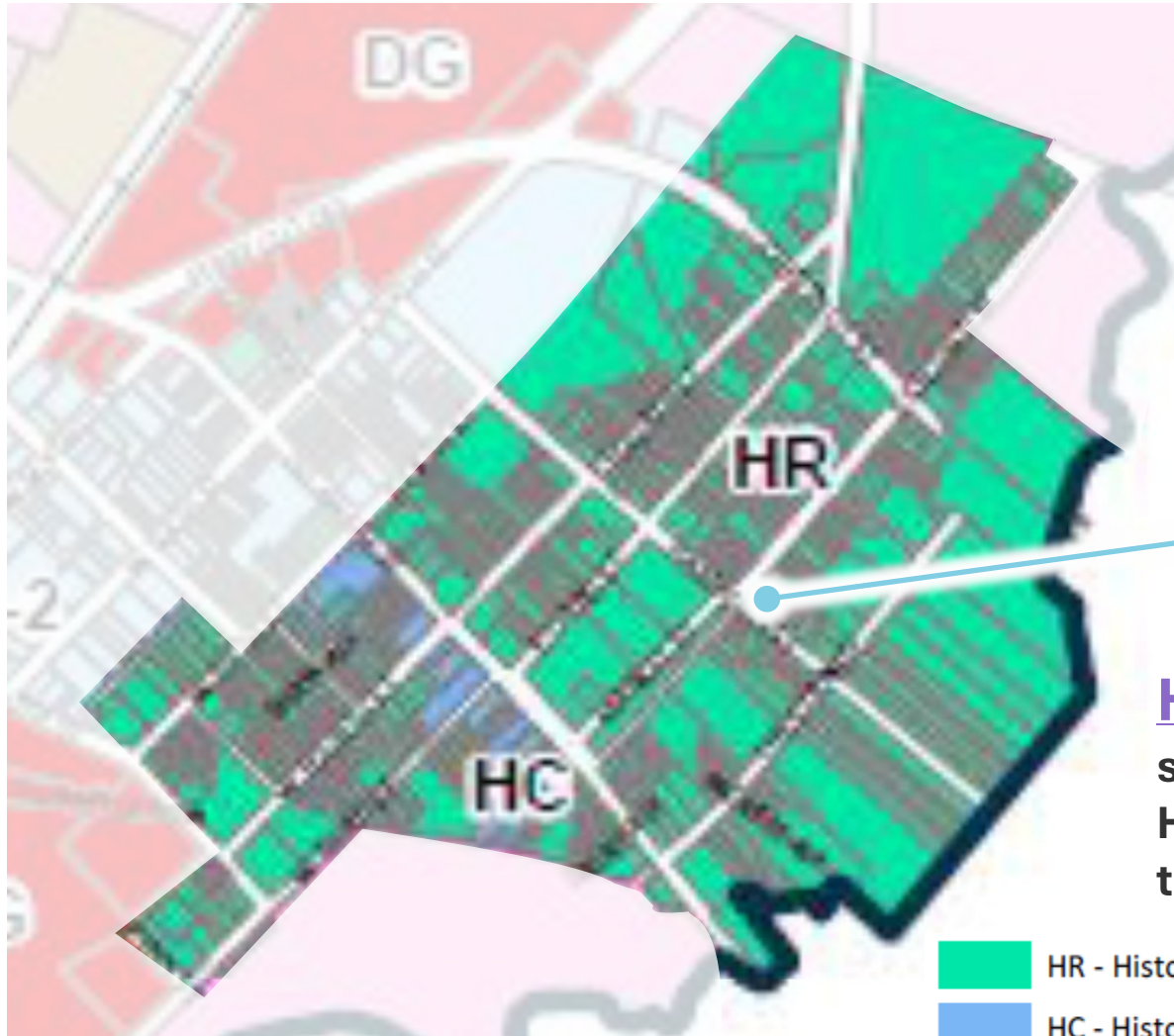
“Tourist Homes” in the Comprehensive Plan 2020, page 42

- *Historic Residence District (HR)* – This district is intended to preserve, promote and protect the historic area, now predominantly residential, within the City. In order to achieve this intention, architectural review is provided for in this zone. It is not an exclusive residential district; however, incompatible uses are prohibited. Permitted uses include single family (detached, semidetached and attached), two-family dwellings (detached, semidetached and attached), **tourist homes**, and parks and playgrounds.
- *Historic Commerce District (HC)* – This district is intended to preserve, promote and protect the historic commercial heart of the city. A large portion of the city's commercial activity takes place in this area; a situation which is expected to continue resulting in a living monument to the past. Encroachment of elements not consistent with the colonial period of the city's history is to be prohibited. Permitted uses include retail and personal service shops, bakeries, banks, restaurants, club and lodges, **tourist homes**, single family dwelling units (detached, semidetached and attached), two-family dwellings (detached, semidetached and attached), and multiple dwellings.

The words “tourist homes” only appear twice in the Comprehensive Plan – notably, they are not intended for any other part of the City of New Castle.

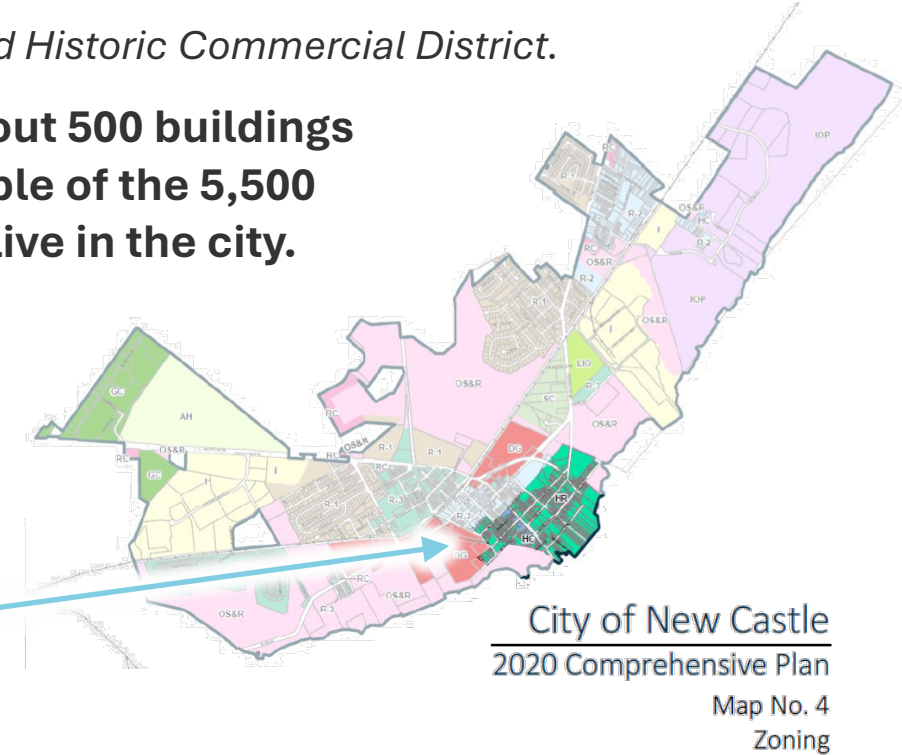
Which are the zones affected?

A very small part of the total city of New Castle; the Historic Residential District and Historic Commercial District.



HR - Historic Residence
HC - Historic Commerce

A total of about 500 buildings and 500 people of the 5,500 people who live in the city.



However, it is a National Park and the subject of a substantial amount of code regulation and Historic Area Commission guidelines to ensure the historic preservation of the area.

Delaware local zoning laws today – cities near New Castle

Nearby cities are creating strict enforcement zoning codes for short-term rentals, which could drive inordinate demand to New Castle to compensate..

Wilmington, Delaware

Approves New Regulations

On June 11th, 2024 the Wilmington Town Council approved new regulations which [include a cap on the number of short-term rentals to 150](#). Wilmington aims to preserve neighborhoods and maintain a good relationship with rental properties, so to protect the relationship they urge all owners and landlords to [understand the application process](#) and abide regulations. Please visit the [Wilmington website](#) for more information and to stay up to date.

The following regulations are in place:

- Business License: A local and state business license is required to operate as a short-term rental.
- Safety: Windows, walls, ceilings, floors, hallways, stairs and landings must be secure and sound. Electricity, mechanical and plumbing must also be properly installed and working with all unused gas lines capped. The kitchen must have appropriate ventilation, lighting and outlets.
- Fire Protection: Smoke detectors and carbon monoxide detectors are required in the unit. This includes bedrooms, common areas, basements and cellars. This will be observed in the inspection aspect of the application.
- Bathrooms: Must have hot and cold running water at each fixture, proper lighting, ventilation and working outlets.
- Exterior: Regulations currently include lawn maintenance, sound structures such as chimneys, stairways, porches, decks, balconies, fences and more.
- Inspection: Every unit must undergo an inspection to operate as a short-term rental.

Dover, Delaware

Places Strict Regulations on STR Hosts

New regulations in Dover will limit hosts when it comes to operating your vacation rental business. In a previous ordinance, the city defined short-term rentals as rentals of 30 days or less, however, the new ordinance only allows you to rent your home for [a total of 30 days in a calendar year](#). These strict [Airbnb laws and regulations](#) are still under debate, as local hosts express concerns.

The city feels as if these regulations are a compromise stating, “This Ordinance recognizes that short-term rentals are an economic asset, allowing for increased travel, visitation, and tourism and affording property owners of the opportunity to earn revenue from such occupancy while setting forth the purposes and establishing regulations to ensure that such uses do not create public safety risks or become nuisances.”

Some of the new regulations include:

- Owners must have a short-term rental license.
- Owners must be permanent residents of Dover and live in the home when they are not renting it out.
- The number of guests should never exceed double the amount of rooms. (For example, a three-bedroom house has a maximum of six people).
- Owners cannot rent their homes for more than 30 total days in a calendar year.

The Ordinance further elaborates on these regulations stating:

- The Owner of the property being offered as a Short-Term Rental Use must be a resident of the City of Dover and such owner may offer for Short-Term Rental Use only that property which is the owner’s primary residence.
- Property not owned by a resident of the City of Dover shall not be used for Short-Term Rental Use. Such property shall not be used for overnight accommodations unless such property qualifies as a Bed and Breakfast Inn.
- The Owner has the responsibility to not knowingly allow any illegal or criminal activity on the property nor permit the guests to create a public nuisance.
- The Owner of any dwelling proposed for a Short-Term Rental Use must obtain an annual Short-Term Rental Use license. An inspection by the City of Dover code enforcement office shall be required to determine compliance with property maintenance and all other applicable codes. The inspection shall be required the first time a license is issued and may be required at renewal at the discretion of the code enforcement office.
- The ordinance establishes standards for occupancy, parking, signage, special events, and information required to be provided to guests.

Source: **Current Airbnb Laws and Regulations in Delaware – What Hosts Need to Know** <https://www.proper.insure/regulations/delaware-airbnb-laws/>



Definitions

Terms – some from articles, some from AI, some from governments

Definitions vary, but this is a place to start.

Tourist House: A dwelling made available in the early days of highways, a category of accommodations based in a private residence or a small cabin, where passing travelers could rent a room for a few nights during the first wave of automotive travel. Hundreds of thousands of short-term rentals served a growing class of American traveler. Certain tourist homes served a crucial safety and social function for Black road trippers, who were frequently refused service or subjected to violence while traveling. Often entrepreneurial ventures. Began to decline with the development of highways, along with the beginning of state governments beginning to enforce regulations on them.

Travelers Homes: See Tourist House

Air BnB, VRBO and others: A short-term housing rental service that connects travelers with property owners who have spaces to rent. It offers a variety of accommodations, including whole homes, private rooms, shared rooms, and unique stays.

Short Term Rental (STR): Generic term for any type of rental that

serves a customer for only a few days. A short-term rental (STR) is a property that is rented out for a short period of time, generally less than 30 days. However, the exact definition of a short-term rental can vary by location and jurisdiction. For example, some laws may consider a property a short-term rental if it's rented out for six months or less.

Peer-to-Peer (P2P): rental of property is a growing business model for people who own real estate, cars, clothing, sporting goods, or other property that they choose to temporarily rent to another person for a fee.

Transient vacation units: Commonly referred to as a vacation rental. Also **Transient Lodging Facility:** Any establishment that receives payment in any form of exchange for the use of any dwelling for thirty (30) consecutive days or less, including any hotel, motel, bed and breakfast, boarding house, hostel or the like.

And many more variants!

References

How the forgotten tourist homes of the 1930s predicted Airbnb <https://www.washingtonpost.com/travel/2024/11/09/tourist-homes-airbnb-short-term-rentals/>
Peer-to-Peer Rentals , Department of Revenue, State of Mississippi [https://www.dor.ms.gov/sites/default/files/Business/Peer%20to%20Peer%20Rentals%20\(002\).pdf](https://www.dor.ms.gov/sites/default/files/Business/Peer%20to%20Peer%20Rentals%20(002).pdf)
DEFINITIONS OF SHORT-TERM RENTAL / HOSTEL / TRANSIENT LODGING UNIT, Springdale, UT
<https://www.springdaletown.com/AgendaCenter/ViewFile/Item/1010?fileID=4721#:~:text=Commonly%20referred%20to%20as%20a,house%2C%20hostel%20or%20the%20like.>

How do we define a Tourist Home?

Short-term rentals go by many names and definitions

The industry seems to characterize them as Short-Term Rentals. Beyond that, definitions seem to be specific to the city and zoning ordinance. The definitions include the type of physical rental, the presence of owner, the minimum and/or maximum length of rental, the permitted zones, and so forth.

- Owner occupied: Room(s) in a private home
- Non-owner Occupied: Whole house or apartment rented empty
- Short-term rental in commercial building

New Castle, DE: § 140-6 Definitions. BOARDINGHOUSE, LODGING HOUSE, TOURIST HOUSE A building arranged or used for lodging, with or without meals, for compensation, by more than five and not more than 20 individuals.

Ashville, NC: Distinguishes between Homestay and STR

- A homestay is the rental of a room or rooms in a private home. A permanent resident must be staying in the home during the time of the homestay. Homestays can be permitted in residentially-zoned areas if they meet the regulatory requirements of the zone district.
- Overnight rental of an entire dwelling unit is called a short-term rental (STR), and these types of uses are prohibited in all residential districts. STRs can only be permitted in commercially zoned areas and will require a change of use permit.

Denver: Short term rentals are defined as a primary residence used for lodging accommodations to transients for a period of less than 30 days

New Orleans: short-term rentals only in owner-occupied homes. The recommendations keep in place earlier regulations that allow people to rent out their homes for 30 days a year.

Santa Fe, NM: A short-term rental or vacation rental is any dwelling unit rented for less than 30 calendar days

Beauford, NC: Short term rentals are permitted in all residential zoning districts with the exception of the Traditional Beauford Residential District, The Point or where prohibited by covenants

- Non-owner occupied requires special exception
- Owner occupied is a conditional use

Portland, OR: Designates between Type A and B Accessory Short Term Rentals

- Type A – no more than 2 bedrooms
- Type B- 3-5 Bedrooms
- 6+ Bedrooms are not considered Accessory Short Term Rentals

Source: New Castle City Code;

Charleston SC Document: STR-Research-of-Other-Cities-Summary-Table, available on <https://www.charleston-sc.gov/2530/Short-Term-Rental-Task-Force-2016-2017>

Short term rentals: Pros and Cons

Pros

- Short-term rentals emerge as catalysts for economic vitality, cultural exchange, and community resilience; stimulate economy
- Peer-to-peer accommodation networks offer people without permanent (or sufficient) employment the possibility to earn money or to supplement their income by renting out spare space
- Entrepreneurial jobs such as intermediaries between hosts and guests, and services assisting hosts such as cleaning, gardening, pool maintenance, and laundry
- Availability of accommodation during unexpected disasters, such as earthquakes, accommodating displaced residents and tourists
- Airbnb offers diverse economic benefits, including additional income for homeowners, new jobs, and more tax revenue
- Travelers benefit from unique experiences and cultural immersion, fostering deeper connections with local neighborhoods
- While acknowledging challenges, embracing a balanced perspective on short-term rentals can harness their potential to create thriving, inclusive communities

Cons

- Residential areas with a traditionally low tourist presence experienced an influx of visitors, affecting the use of space in neighborhoods originally designed for use by locals and homeowners only
- The lucrative business of short-term accommodation can affect local real estate markets; Houses and apartments rented out to long-term tenants are repurposed to become short term rentals which reduces housing availability and affordability for locals; long-term tenants evicted to make space for tourists
- Tourists use residential areas can significantly burden local infrastructure for both residents and tourists, putting pressure on regulators in urban and rural areas to restrict tourist presence or enable town planners to redesign spaces
- Parking spaces are suddenly used by residents and tourists
- The town planning process had never accounted for this additional demand, causing shortages
- Presence of tourists changes how space is being used, completely transforming the character of the neighborhood and negatively affecting the quality of life of residents.
- Frustration among residents include additional noise
- Safety concerns due to the presence of non-locals with no place attachment or sense of obligation to behave appropriately; apartment dwellers experience anxiety because apartment keys for high-security residential buildings can change hands daily
- Unhosted rentals have the most detrimental effect in popular cities with a deficient housing stock
- Regulators lack funding for enforcement because peer-to-peer accommodation hosts did not pay the same taxes and fees as professional, licensed tourist accommodation providers
- Without safety regulations, privately traded spaces can increase risks for guests; lack of accessibility for those with special needs
- Licensed premises have to pay tourist taxes, comply with employment regulations, set up accessible rooms, and pay electricians to install and regularly check smoke detectors and carbon monoxide detectors. Peer-to-peer accommodation hosts do not need to pay these expenses, they are able to keep their prices low, giving them a competitive advantage over commercial, licensed providers

Source: **The Benefits of Airbnb for Communities** <https://www.airdna.co/blog/benefits-of-airbnbs-for-communities>

The evolution of Airbnb regulations <https://uq.pressbooks.pub/airbnb-978-1-74272-321-1/chapter/the-evolution-of-airbnb-regulations/>

Delaware state law today – limitation on consecutive nights and taxation

Delaware state Short Term Rental definition:

*Short Term Rental: A house, duplex, multi-plex, apartment, condominium, houseboat, trailer, or other residential dwelling unit where a tourist or transient guest rents sleeping or living accommodations rented for **no more than 31 consecutive nights**.*

Source: ***Delaware.gov, Division of Revenue, Short Term Rental FAQs** <https://revenue.delaware.gov/short-term-rental-faqs/>

HOUSE OF REPRESENTATIVES

152nd GENERAL ASSEMBLY

HOUSE BILL NO. 168

AS AMENDED BY

HOUSE AMENDMENT NO. 1

AN ACT TO AMEND TITLES 9 AND 30 OF THE DELAWARE CODE RELATING TO LODGING TAX.

§ 6202. Levy of short-term rental lodging tax.

There is imposed and assessed a short-term rental lodging tax at the rate of 4.5% of the rent upon every occupancy of a short-term rental within this State.

§ 8112. Lodging tax.

(a) New Castle County may impose, by duly enacted ordinance, a local lodging tax of no more than 3 percent of the rent, in addition to the amount imposed by the State, for any room in a hotel, motel, or tourist home, or short-term rental, as defined in § 6101 and § 6201 of Title 30, which is located within the unincorporated areas of the county.

Per <https://revenue.delaware.gov/short-term-rental-faqs/>, **If the owner of the property uses a third-party rental listing company (e.g., Airbnb, Vrbo, Booking.com, Expedia, Tripadvisor, etc., or a local or similar a rental listing company) to book the short-term rental, only the third-party rental listing company is required to collect and remit the appropriate short-term rental accommodations tax.**

Delaware requires the booking platform to collect and pay the 4.5% state tax on short term rentals.

Unfortunately, the cost to pursue such taxes in most jurisdictions when collected from the property owner (and not the booking agent) appears to cost more than the actual revenue recognized.

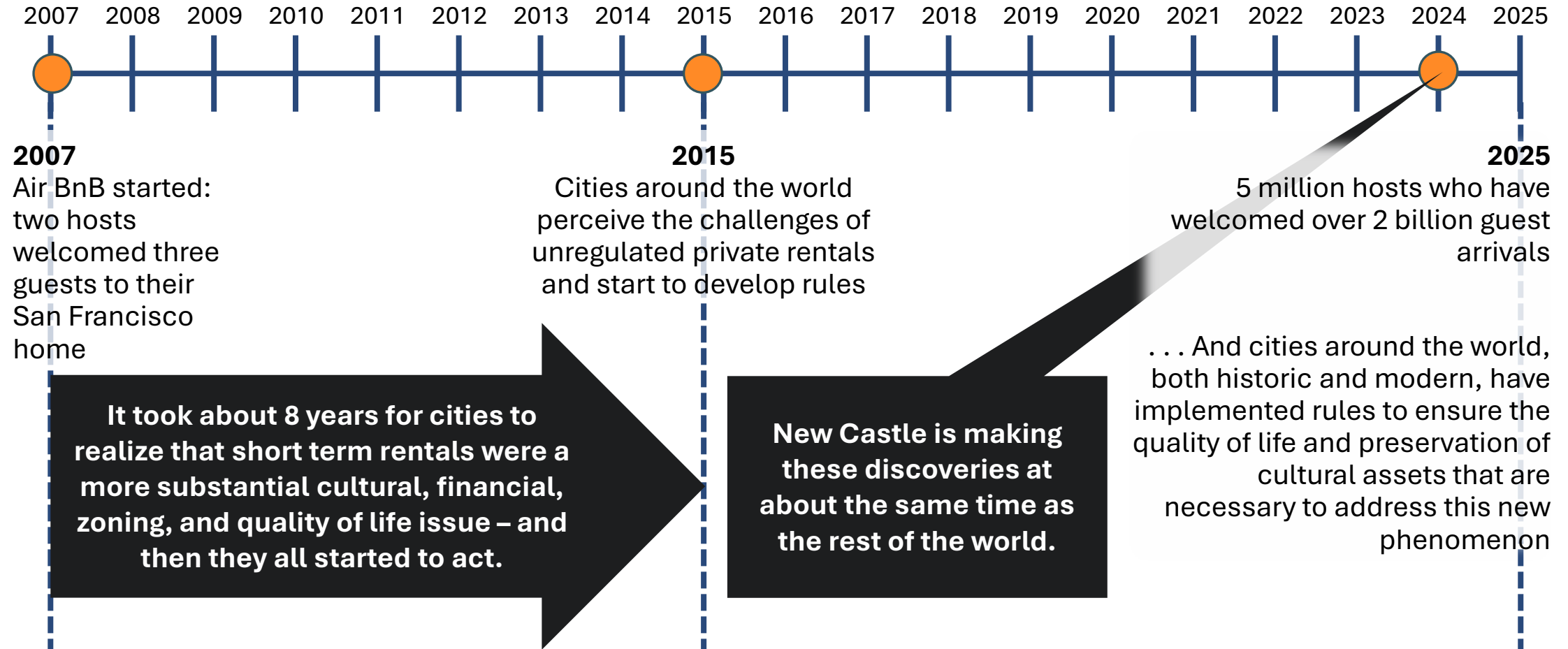
Source: **HOUSE OF REPRESENTATIVES 152nd GENERAL ASSEMBLY HOUSE BILL NO. 168**

Regulating Short-term Rentals

A DISCOVERY PROCESS AROUND THE WORLD

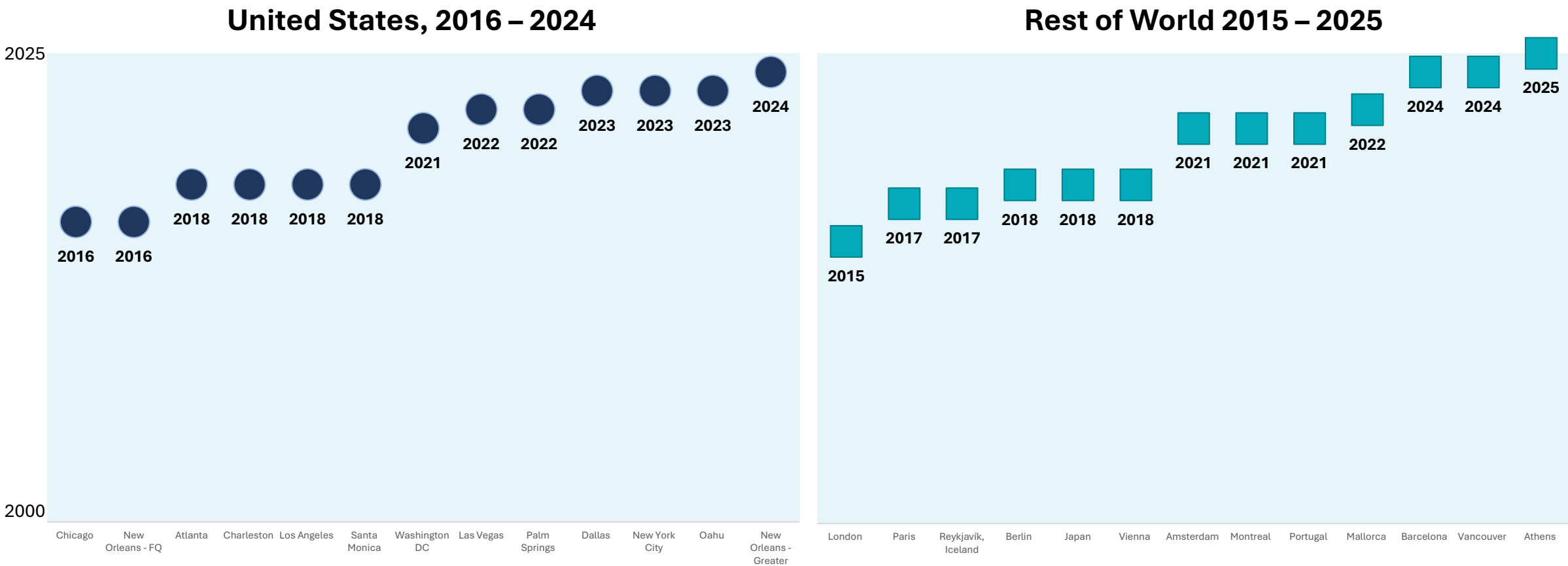


Short-term rental evolution timeline



When did cities start to act to regulate short-term rentals?

From the Conde Nast Traveler article on 27 cities.



NB: Singapore initiation date not known

Source: <https://www.cntraveler.com/galleries/2016-06-22/places-with-strict-airbnb-laws>; CB number crunch doc **Table of Code Requirements for Air BnBs 2024-12-28 v1**

Types of restrictions used to regulate Short-Term Rentals/Air BnBs

Not all are applied at one time; but typically, 2-5 restrictions (or more) are applied per city.

Restrictions on number of days per year for rentals

Occupancy restrictions

Affected housing

Banned or soon to ban most Air BnBs, or heavy restrictions

Limit per area (i.e., block)

Ban on corporate ownership

Parties expressly forbidden

Collect taxes

Owner income cap

Restrictions on number of rooms let

Cap on total short-term rental properties

Owners must live in the property at the time of the Air BnB rental

Have a permit for short-term rental

Temporary structures

Zoning restrictions

Year of regulations

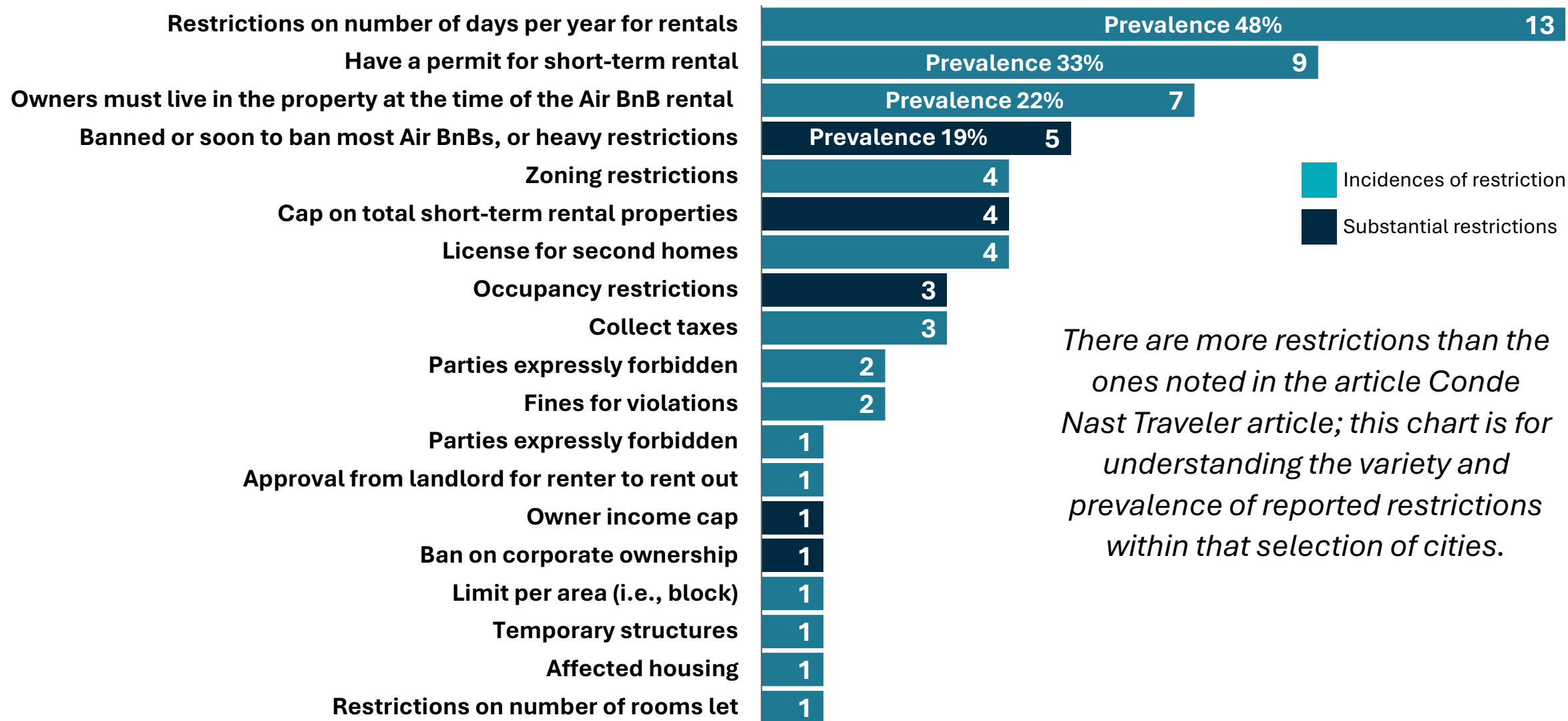
Fines for violations

License for second homes

... and more

Source: <https://www.cntraveler.com/galleries/2016-06-22/places-with-strict-airbnb-laws>; CB number crunch doc **Table of Code Requirements for Air BnBs 2024-12-28 v1**

From the Conde Nast Traveler Article – 27 cities' rules



Source: <https://www.cntraveler.com/galleries/2016-06-22/places-with-strict-airbnb-laws>; CB number crunch doc **Table of Code Requirements for Air BnBs 2024-12-28 v1**

It's not as clear as the table makes it look

- Each aspect of regulation has details embedded, and no two are exactly alike
- Every city must make its own solution based on perceived need, risk, and conciliation of varied interests
- The current definition in the City of New Castle is so vague as to invite substantial problems almost immediately – for example, Tourist Homes are defined in the same terms as a Rooming House – with potential legal occupancy of up to 20 people and no defined rental time limit; this is not specific enough
- We may trust current providers in the Historic area, however, with 158 rental dwelling units in the Historic Residence District, we could see an explosion of problematic situations very quickly and no legal recourse for the city or private homeowners

References & Recommended Reading

Required reading

The evolution of Airbnb regulations

<https://uq.pressbooks.pub/airbnb-978-1-74272-321-1/chapter/the-evolution-of-airbnb-regulations/>

Required reading

27 Places That Regulate Airbnbs and Other Short-Term Rentals

<https://www.cntraveler.com/galleries/2016-06-22/places-with-strict-airbnb-laws>

Philly is cracking down on unlicensed Airbnb hosts, with 1,500 listings at risk of removal

<https://billypenn.com/2023/07/26/philadelphia-airbnb-vrbo-short-term-rental-license/>

Required perusal

Charleston, SC: Short Term Rental Task Force (2016-2017)

<https://www.charleston-sc.gov/2530/Short-Term-Rental-Task-Force-2016-2017>

Delaware issues guidance ahead of new tax on Airbnb and similar short-term rentals

<https://www.delawareonline.com/story/money/business/2024/11/24/delaware-issues-guidance-new-short-term-lodging-tax/76487147007/>

10 Alternatives to Airbnb: The Main Airbnb Competitors in 2024

<https://www.bookinglayer.com/article/airbnb-competitors>

How the forgotten tourist homes of the 1930s predicted Airbnb

<https://www.washingtonpost.com/travel/2024/11/09/tourist-homes-airbnb-short-term-rentals/>

Data to get

AirDNA (<https://www.airdna.co/>) report on New Castle and environs from Air BnB. Paid membership required.

Other data TBD



Rentals in Historic New Castle

Rental units are the most likely to immediately convert to short-term rentals with substantial consequences for long-term renters and the quality of the neighborhood

FOIA request to city, October 18, 2024

Text of the FOIA request:

Please provide a list of all rental properties in the Historic Residence Area, with as much specificity as possible. At a minimum, the number of rental properties in the Historic Residence Area. If possible, the addresses of the rental properties as well. The City is required to be notified of all rental properties per code, so this information is available in the office.

What was provided:

All rental units in the combined Historic Commerce and Historic Residential area.

Why was this done?

If it became apparent that turning properties into short-term rentals was profitable, the easiest path to do this would be to convert existing long-term rentals into short-term rentals. It would be interesting to understand what that opportunity might look like.

Residential disruption is most likely immediately with the eviction of long-term tenants in favor of short-term rentals, which affects the housing availability and the neighborhood substantially.

Source: FOIA response 2024 Rentals in Historic District.pdf

Rental distribution looks like this:

158 total rental dwelling units (apartments and houses), approximately 35 in the Historic Commerce district. If owners can realize revenue faster as a short term rental, they will – and it will fundamentally change the neighborhood by driving out long-term renters.



*This map represents an **approximate placement** of rentals to give the understanding of where rental properties are located. It is not perfect; it is intended to provide a sense.*

Historic Commercial District is also approximate.

Source: FOIA response 2024 Rentals in Historic District.pdf, CB number crunch doc **Data sort on rentals 2024-12-30 v1.xlsx**

Appendix

RULES BY CITY, AND HOW THEY ARE APPLIED

Sources:

- (1) <https://www.cntraveler.com/galleries/2016-06-22/places-with-strict-airbnb-laws>
- (2) <https://billypenn.com/2023/07/26/philadelphia-airbnb-vrbo-short-term-rental-license/>



Rule: Owners must live in the property at the time of the Air BnB rental

- Santa Monica, 2018 (1)
- Washington DC, 2021 (1)
- Vancouver 2024 – limit any Airbnb-style rentals to a homeowner’s main residence, “plus one additional unit, secondary suite or laneway home/garden suite on the property in communities where populations are greater than 10,000 people.” “These short-term rental rules are vital in tackling the housing crisis not just in Vancouver, but across British Columbia,” Ken Sim, mayor of Vancouver, said in a statement. (1)
- Chicago 2016 – a single-family home or for an apartment in a building with two to four units, the listing must be a primary residence. (1)
- Charleston (1)
- Philadelphia (2)

Rule: License for second homes

- Washington DC, 2021 – no second home permitted for short term rentals (1)
- Atlanta 2022 – hosts can only list two short-term rental properties, one of which must be a primary residence (1)
- Chicago 2016 – registration number required to list on Air BnB or other sites. (1)
- Chicago 2016 – if hosts approved for more than one registration, they must apply for a Shared Housing Unit Operator (1)
- Berlin, 2018 - secondary residences are subject to a 90-night per year limit. The potential fine for violation of its rental rules to a maximum of 500,000 euros. (1)

Rule: Restrictions on number of days per year for rentals

- Santa Monica can only host for 30 days or less (1)
- Washington DC max 90 days in the year for “entire property” rentals, however room rentals when owner is present are unrestricted (1)
- Vienna – capped at 90 days per year, maybe exceptions by special permission (1)
- Singapore – stay minimums of 3 months in private homes, public apartments 6 months. Any rentals advertising shorter stays are illegal, they heavily fine violators. (1)
- Oahu, 2023 – minimum stay to at least 90 days outside of resort-zoned areas (existing units grandfathered at 30 days) (1)
- London, 2015 – short-term home rentals of main residences to 90 nights or less per calendar year, with new restrictions in 2024 across England to require planning permissions for any new short-term rentals – to address housing shortages (1)
- Berlin, 2018 –unlimited nights per year; however many other restrictions. (1)
- Los Angeles, 2018 – restricts hosts to 120 days of Airbnb-ing, and requires that they register with the city for \$89 every year. Hosts can also only rent out one home—their primary residence where they spend at least six months a year (1)
- Amsterdam 2021 – register their property with the city council and have only been allowed to rent their entire home for a total of 30 nights per year. (1)
- New York City 2023 – short-term rentals—defined as less than 30 days—can only rent out their primary residence where they currently live, they must remain in the residence during the rental period, and they are limited to just two guests. (1)
- Reykjavík (1)
- Paris (1)
- Japan (1)
- Philadelphia (2)

Rule: Restrictions on number of rooms let

- Las Vegas (1)

Rule: Collect taxes

- Santa Monica - 14% occupancy tax, no matter the room, hotel, or Airbnb. (1)
- Dallas - 9% hotel occupancy tax (1)
- Amsterdam 2021 – Hosts are responsible for paying the applicable VAT and tourists taxes. (1)

Rule: Fines for violations

- Berlin, 2018 - The potential fine for violation of its rental rules to a maximum of 500,000 euros. (1)
- Paris, 2017 - Hosts of illegal listings are fined immensely. But it isn't just hosts who feel the pressure of these fines. In 2021, a Paris court fined Airbnb \$9.6 million for illegal listings, TechCrunch reported. (1)

Rule: Have a permit for short-term rental

- Washington DC – permit required for less than 30-day rentals (1)
- Montreal 2021 – in Quebec province, short-term rental hosts must register with the city and pay taxes on their rental incomes. In Montreal, only allowed in certain areas of the city. Restrictions now strictly enforced after a deadly fire. (1)
- Atlanta 2022 – ordinance on short-term rentals that requires all hosts to obtain a short-term rental license. To qualify for the license, hosts must be Atlanta residents, pay a permit fee of \$150 per year, and an 8% rental tax fee. (1)
- Berlin, 2018 – require homeowners to apply for a general rental permit from their borough with unlimited nights per year; owners who want to leave a property without a tenant for three months or longer will need an additional permit to do so. (1)
- New York City 2023 –hosts also register with the city prior to listing their properties. (1)
- Oahu (1)
- Reykjavík (1)
- Japan (1)
- Philadelphia (2)

Rule: Cap on total short-term rental properties

- Palm Springs, 2022 – licenses cannot exceed 20% of the total residential dwelling units in the neighborhood; rentals can only be single-family dwelling units—short-term rentals in apartments are prohibited—and vacation rentals are only allowed as a secondary use of residences. (1)
- Mallorca 2022 –government placed a moratorium on issuing new vacation rental licenses for four years, to be reassessed in 2026. (1)

Rule: Occupancy restrictions

- Charleston, 2018 – at least one full-time resident must sleep there every night during guests' stays (a guest house is fine if your host is across the driveway; private rooms are also approved). (1)
- Philadelphia (2)

Rule: Affected housing

- Portugal, 2021 – The 2021 census in Portugal, more than 720,000 vacant housing units across the country. To crack down on a resulting housing cost crisis, Portugal ruled in 2023 to stop issuing new short-term rental licenses, except in more rural areas with less dense populations. (1)

Rule: Temporary structures

- Los Angeles, 2018 – RVs, trailers, and tents are no longer permitted because they are considered “temporary structures,” not a primary residence. The laws apply to all of LA, so even airstreams in Venice are now outlawed (1)

Rule: Zoning restrictions

- Dallas, 2023 – city council approved a ban on short-term rental properties in neighborhoods of single-family homes, which is presently hung up in litigation (1)
- Oahu – Airbnb-style rentals of less than 30 days are only allowed in resort-zoned areas, such as Waikiki (1)
- Mallorca 2018 – Air BnBs are illegal except in detached homes which are not on protected lands or near the airport. In 2022, the government placed a moratorium on issuing new vacation rental licenses for four years, to be reassessed in 2026. (1)
- Charleston, 2018 – The city's listings have been divided up into three categories, based on how old or historically important the home is. For instance, Airbnbs in the Old & Historic Districts must be on the National Register of Historic Places to be rented out, while the rest of Airbnbs on the central Charleston peninsula must be at least 50 years old to be listed. (1)
- Philadelphia – some zones do not permit any short-term rentals (2)

Rule: Banned or soon to ban most Air BnBs, or heavy restrictions

- Charleston (1)
- Japan (1)

Rule: Limit per area (i.e., block)

- Oahu (1)

Rule: Ban on corporate ownership

- Oahu (1)

Rule: Owner income cap

- Reykjavík (1)

Rule: Approval from landlord for renter to rent out

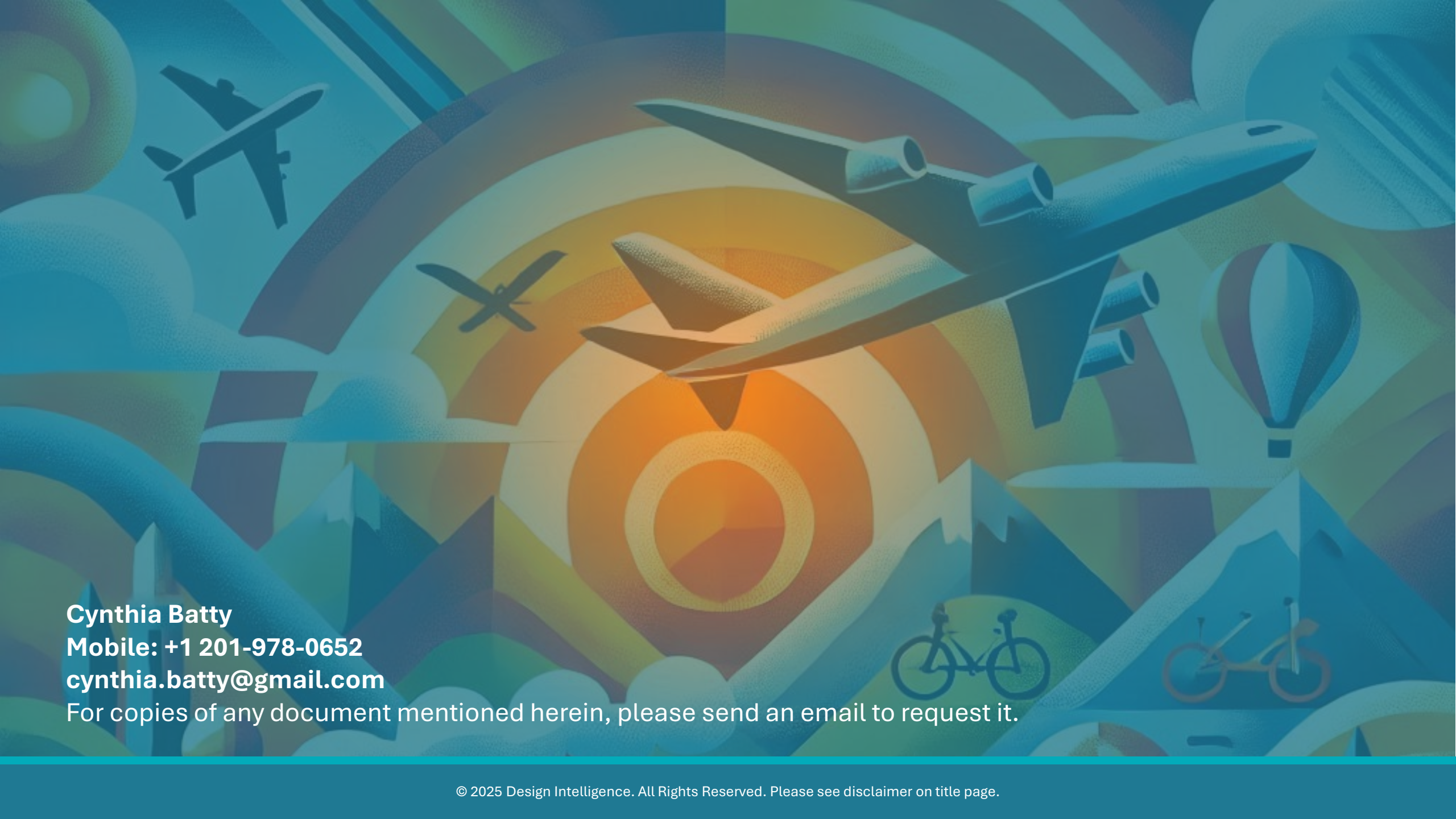
- Paris (1)

Rule: License through city-approved sites only

- Philadelphia



Thank you for listening
and engaging!



Cynthia Batty
Mobile: +1 201-978-0652
cynthia.batty@gmail.com

For copies of any document mentioned herein, please send an email to request it.