

MEMORANDUM

TO: Cape Elizabeth Town Council
FROM: Matthew Sturgis, Town Manager
DATE: June 29, 2020
SUBJECT: Short Term Rental Permit Fees

Introduction

As part of the Town's ongoing overhaul of Short Term Rental (STR) policy, the Town Council has indicated that STR permit fees should be changed.

Third Party STR enforcement

At the Town Council's direction, the town has solicited proposals and will contract with Hamari for one year of third party enforcement of STRs in the amount of \$8,030.00. The contract will run from July 1, 2020 to June 30, 2021. The Code Enforcement Officer anticipates that this service will immediately help with tracking STR activity and complaints. The intent has been for STR fees to be adjusted to fully fund third party enforcement. In addition, with increased enforcement, it is likely that there will be associated legal costs.

(There are approximately 60 STR permits at this time. Multiple sources have estimated 150 STRs operating in Cape Elizabeth.)

Transition

As of July 1, 2020, the town's emergency declaration prohibiting STR rentals will expire. The current moratorium on *new* STR permits will remain in effect through 2020. Existing STR permits may obtain a permit renewal. Many STRs operating in town do not require a permit under current STR regulations. For these reasons, very little permit revenue is expected prior to 2021.

It is likely that the town will adopt new STR regulations that will be in effect in 2021. Those regulations will likely extinguish any outstanding 2020 STR permits and require all STRs to obtain a permit during January, 2021.

Suggested Permit fees

Concurrent with the new third party enforcement, the Town Council may want to address STR fees. The current STR fee, which only applies to some STR

operations, is \$50 annually. Within the constraints described above, the following fee schedule is proposed:

Effective Date	Fee
Immediately	\$250
January 1, 2021	\$500

Recommendation

The Town Council moves to amend the Town Fee Schedule as follows:

Short Term Rental Permit	\$250
Short Term Rental Permit (effective January 1, 2021)	\$500