

A Balanced Approach to Short-Term Rentals in Malden

Proposed Arguments for City Council Adoption

Introduction

Honorable Councilors of the City of Malden,

I am writing to urge your consideration and support for the proposed Short-Term Rental (STR) Ordinance. This carefully crafted ordinance represents a balanced approach that addresses the evolving landscape of short-term rentals in our city while protecting our housing stock, generating revenue, and fostering community cohesion.

As the only municipality in our region without comprehensive short-term rental regulations, Malden is missing a critical opportunity to create order in a rapidly growing market that directly impacts our neighborhoods and housing availability.

1. Current Regulatory Gap is Costing Malden

Malden currently has approximately 486 active short-term rental listings operating without municipal oversight or regulation. This represents a significant unregulated business activity occurring within our city borders.

Financial Impacts of Inaction:

- No registration or licensing revenue from any of these 486 properties
- No community impact fees being collected
- No mechanism to ensure proper safety standards
- No contribution to affordable housing from this profitable use of residential properties
- No enforcement mechanism for problematic properties

While our neighboring communities collect millions in registration fees, safety inspection fees, occupancy taxes, and community impact fees, Malden receives nothing from this thriving market that utilizes our infrastructure and impacts our neighborhoods.

2. Regional Alignment and Competitive Disadvantage

Malden stands as an outlier in the Greater Boston region, as the only municipality without an STR ordinance among our immediate neighbors:

- **Medford:** Has comprehensive STR regulations with registration requirements
- **Everett:** Enforces STR regulations through their zoning code
- **Revere:** Collects fees and taxes through their STR ordinance
- **Melrose:** Regulates STRs with a focus on owner-occupied properties
- **Saugus:** Requires registration and compliance with safety standards
- **Somerville:** Strictly regulates STRs, allowing only primary residences
- **Boston:** Limits STRs to owner-occupied properties with comprehensive regulations

The following surrounding municipalities to the City of Malden all allow Short-Term-Rentals (STRs). Below are links to their municipal codes allowing STRs with specific stipulations about their details.

Medford

- **Municipal Code Link:** <https://www.medfordma.org/departments/city-clerk/city-ordinances/>
- **Ordinance Reference:** Ordinance No. 2019-09
- **Summary:** Allows short-term rentals for both owner-occupied and non-owner-occupied properties. Different regulations apply to each category, but both types are permitted with proper registration, safety compliance, and liability insurance.

Everett

- **Municipal Code Link:** <https://www.codepublishing.com/MA/Everett/>
<https://everett.municipal.codes/EMC/19.08.150>
- **Ordinance Reference:** Chapter 19 19.08.150 (Zoning Code)
- **Summary:** Allows short-term rentals for both owner-occupied and non-owner-occupied properties. All properties require registration, safety compliance, and a designated local contact person.

Revere

- **Municipal Code Link:** <https://www.revere.org/departments/city-clerk/city-ordinances>
- **Ordinance Reference:** Ordinance No. 2019-035
- **Summary:** Allows short-term rentals for both owner-occupied and non-owner-occupied properties, though there are restrictions on the number of rental units a single owner can operate in the city.

Melrose

- **Municipal Code Link:** <https://www.cityofmelrose.org/city-clerk/pages/city-ordinances>
- **Ordinance Reference:** Chapter 27 (Zoning)

- **Summary:** Allows short-term rentals with a focus on owner-occupied properties, though non-owner-occupied properties may be permitted with additional restrictions and limitations on annual rental days.

Saugus

- **Municipal Code Link:** <https://www.saugus-ma.gov/town-clerk/pages/town-bylaws>
- **Ordinance Reference:** Zoning Bylaws section
- **Summary:** Allows short-term rentals for both owner-occupied and non-owner-occupied properties with proper registration and compliance with health and safety regulations.

Somerville

- **Municipal Code Link:**
https://library.municode.com/ma/somerville/codes/code_of_ordinances
- <https://www.somervillema.gov/strs>
- **Ordinance Reference:** Chapter 7, Article V (Short-Term Rentals)
- **Summary:** Allows short-term rentals only for primary residences (owner-occupied properties). The ordinance distinguishes between owner-present rentals (where the owner remains on-site) and whole-unit rentals (where the owner is away but the unit is still their primary residence).

Boston

- **Municipal Code Link:** <https://www.boston.gov/departments/city-clerk/municipal-code>
- <https://www.boston.gov/departments/inspectional-services/short-term-rentals>
- **Ordinance Reference:** Chapter 9-14 (Short-Term Residential Rentals)
- **Summary:** Allows short-term rentals only for owner-occupied properties. Investment properties or non-primary residences cannot be used as short-term rentals. The ordinance recognizes three categories: home share (room rental with owner present), limited share (whole unit when owner is away), and owner-adjacent (separate unit in owner-occupied two/three-family building).

Our lack of regulation creates a regulatory haven that potentially draws investment property owners from surrounding communities to Malden, further stressing our housing market. Additionally, we are missing the opportunity to collect substantial revenue that other municipalities are already receiving.

3. Substantial Financial Benefits for Malden

Based on market analysis of the 486 verified Airbnb listings in Malden, the proposed ordinance would generate significant and ongoing revenue:

Five-Year Revenue Projection:

- **Year 1:** \$321,842
- **Year 2:** \$244,077
- **Year 3:** \$200,590
- **Year 4:** \$206,608
- **Year 5:** \$212,806
- **Five-Year Total:** \$1,185,923

First Year Revenue Breakdown:

- Registration Fees: \$33,800
- Community Impact and Affordable Housing Fees: \$57,442
- Enforcement Revenue: \$230,600

Revenue Allocation:

- General Fund: \$259,321 (enforcement revenue plus 50% of fee revenue)
- Affordable Housing Initiatives: \$17,233 (30% of fee revenue)
- Infrastructure Improvements: \$11,488 (20% of fee revenue)
- Administrative Costs: \$33,800 (covered by registration fees)

This nearly \$1.2 million in five-year revenue represents new income for the city without raising taxes on residents. These funds can support critical municipal services, infrastructure improvements, and affordable housing initiatives that benefit all Malden residents.

4. Preserving Housing Affordability in Malden

Housing affordability is one of the most pressing issues facing our city. The unregulated short-term rental market directly impacts housing availability and affordability in several ways:

- Currently, 1.85% of Malden's housing stock (486 units) is being used as short-term rentals
- 281 of these units (57.9%) are likely investment properties, not owner-occupied
- These investment properties could otherwise serve as long-term housing for Malden residents

Impact of the Proposed Ordinance:

- Potential return of approximately 197 housing units to the long-term market
- 0.75% increase in available housing stock
- Reduction in upward pressure on housing costs
- Preservation of neighborhood character

For our residents struggling with rising costs—whether seniors on fixed incomes, young families facing childcare expenses, or middle-class homeowners dealing with increased utility costs and property taxes—every housing unit matters. By requiring owner occupancy, we ensure that short-term rentals supplement household income rather than remove housing from the market.

5. Building Stronger Communities Through Owner Occupancy

The owner occupancy requirement in this ordinance does more than protect housing stock—it strengthens our neighborhoods:

Benefits of Owner-Occupied STRs:

- **Community Investment:** Owner-occupants have a direct stake in neighborhood quality and typically invest more in property maintenance and improvement
- **Community Safety:** Owner presence provides natural oversight and reduces the likelihood of nuisance behavior from guests
- **Community Stability:** Owner-occupants tend to be long-term stakeholders in the neighborhood
- **Guest Experience:** Travelers receive authentic local guidance and connections to the community
- **Accountability:** Problems can be addressed immediately when owners are on-site or nearby

Research consistently shows that neighborhoods with higher owner occupancy rates have stronger civic engagement, better property maintenance, and greater community cohesion. By limiting STRs to owner-occupied properties, we ensure that those profiting from our community are also invested in its well-being.

6. Economic Benefits Beyond Tax Revenue

While the direct revenue to the city is substantial, the economic benefits extend throughout our community:

- **Local Business Support:** STR guests spend an estimated 2.1 times more than hotel guests in local businesses, including restaurants, cafes, and retail stores
- **Tourism Growth:** Properly regulated STRs can expand tourism in underserved areas of the city
- **Job Creation:** Maintenance, cleaning, and property management services create local employment
- **Supplemental Income:** For owner-occupied hosts, STR income helps offset mortgage costs, allowing greater financial stability
- **Property Value Stability:** Regulated STRs can contribute to neighborhood stabilization without the negative effects of unregulated commercial activity

By allowing owner-occupants to participate in the short-term rental market while preventing commercial exploitation, we create balanced economic benefits that serve the entire community.

7. A Balanced Approach with Broad Appeal

This ordinance represents a thoughtful middle ground that offers multiple benefits addressing diverse priorities and concerns:

Property and Economic Benefits:

- **Property Rights Balance:** Owner-occupants retain the right to use their property to generate income while preventing unchecked commercialization
- **Market Fairness:** Creates level competition between STRs and traditional accommodations
- **Administrative Efficiency:** Utilizes existing departments for implementation without creating new bureaucracy
- **Fiscal Responsibility:** Generates revenue without raising taxes on residents
- **Self-Funding Implementation:** Program costs covered by registration fees

Community and Housing Benefits:

- **Housing Protection:** Prevents conversion of needed housing to de facto hotels
- **Affordable Housing Support:** Dedicates funds specifically to affordable housing initiatives
- **Community Investment:** Ensures profits from tourism benefit the entire community
- **Neighborhood Preservation:** Maintains residential character of neighborhoods
- **Public Safety:** Ensures proper safety standards for visitors and residents alike
- **Consumer Protection:** Provides clear standards and expectations for guests

Conclusion

Malden stands at a crossroads. We can continue as the only municipality in our region without short-term rental regulations, missing out on substantial revenue and allowing unregulated commercial activity in our residential neighborhoods. Or we can join our neighboring communities in implementing thoughtful regulations that protect housing, generate revenue, and create a sustainable framework for this growing industry.

The proposed ordinance would:

- Generate nearly \$1.2 million in revenue over five years
- Return approximately 197 housing units to the long-term market
- Create a framework that supports owner-occupants while preventing commercial exploitation
- Align Malden with regional best practices
- Strengthen our neighborhoods through owner involvement
- Support local businesses through appropriate tourism

I urge you to support this balanced approach to short-term rental regulation in Malden. It represents a fiscally responsible, community-minded solution that addresses the challenges and opportunities presented by the sharing economy.

Respectfully submitted,

Shawn and Jennifer Malloy
Malden Resident