

Friends of Park County

Promoting thoughtfully planned growth in order to protect and enhance Park County, Montana's vibrant communities, sustainable working lands, and healthy natural resources.

May 2023

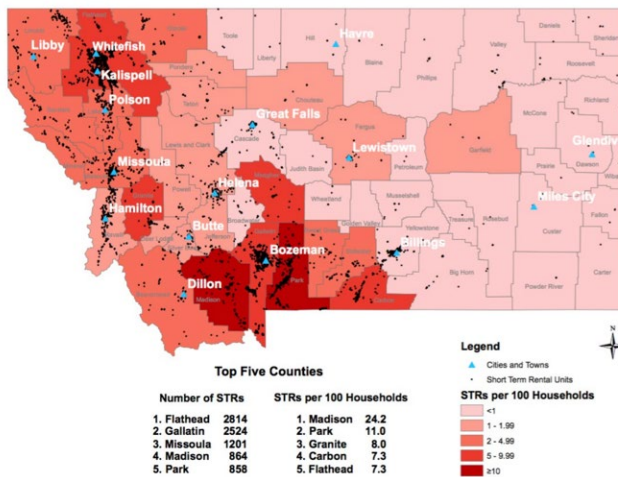
Short Term Rentals: Boon, bane or both in Park County and Montana?

Short term rentals (STRs) like AirBnB and VRBO are a hot topic in Park County across Montana, and for good reasons, there are a lot of them and they intersect with even hotter topics, housing costs and the changing character of Montana communities.

The Institute for Tourism and Recreation Research commissioned a report "[The State of Short Term Rentals in Montana.](#)" It was published in February 2021.

The research had two components; interviews with 30 local officials across the state, including Park County, and an online opinion survey of 1,419 STR users and hosts.

Figure 5: Volume and density of known STRs in Montana



Madison and Park Counties have more STRs per number of households in those counties than all other counties in Montana.

Source: AirDNA, 2020; U.S. Census Bureau, American Community Survey (ACS), 5-Year Estimates, 2015-2019.

The researchers found there were no regulations in most smaller towns and communities but in some cities, zoning is used to identify where STRs may be allowed and some cities place limits on the total number of STRs allowed.

The authors reviewed the literature on STRs from around the West and internationally, including research conducted in Gardiner and Whitefish. The relationship between housing (ownership and rental) costs and STRs is complex but their conclusion, based on that literature review, was that they could trigger gentrification and deplete affordable housing options.

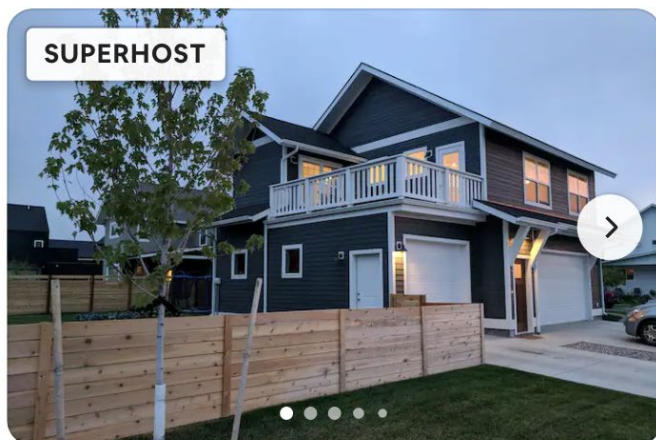
*Research shows short term rentals tend “to fracture communities, disrupt neighborhoods, raise safety concerns, deplete affordable housing options, and trigger gentrification processes.”**

The study’s findings about why people rent out rooms or their home suggest that owners’ very different economic circumstances mean there are very different reasons for operating an STR. This is shown in the table below, which is derived from Table 15 in the study. (It omits the “Somewhat important’ category.)

Importance of reasons for renting out a room, house, second house.	Not at all important	Extremely & Very Important
Provides income so I can keep the place	11%	53%
Helps pay for insurance, taxes & utilities	7%	57%
Might as well make money	13%	58%
It is an investment opportunity	30%	40%

The difference in STR owners’ needs and motivations between higher and lower income households is also suggested by the table (Table 2 page 18) showing education and income levels of STR hosts and guests. (There was no explanation of why the results for hosts and users were not shown separately.) 35% had a BA degree and 33% had an advanced degree, like an MD or JD. 69% of guests and hosts had a household income of \$75,000 or more, compared to the 2021 Montana median household income of \$60,560.

Below: Advertisement for a brand-new home built in Bozeman serving as a short-term rental.



Entire home in Bozeman

Newly Built Modern Home!

4 guests · 2 bedrooms · 3 beds · 1 bath
 Wifi · Kitchen · Free parking · Washer

★ 4.93 (169 reviews)

The research showed that interacting with local residents and learning about local culture are not important to STR users, any more than they are to people staying in motels.

The research showed that STR users do not choose STRs because they provide a more authentic experience and interaction with the residents. On a scale of 1 “not at all important” to 4 “extremely important,” proximity to their activities was at the top of the ranking. At the bottom of the list were “learning about local culture” which 45% said was “not at all important” and “interactions with locals” which was “not at all important” to 46% of respondents. “Learning about local culture” and “interactions with locals” was “extremely important” to only 4% of the respondents.

Those sentiments are known by the locals who live in Livingston, as reported in an April 17, 2023 [article on gentrification in Montana](#). Fee Lammon, who has worked as a prep cook at the Rib & Chop House, at Taco Bell, and as a cashier at Town Pump in Livingston said to the reporter: “ “It’s like, ‘We don’t care if we’re displacing people who’ve lived here a hundred years!’ They don’t give a shit about the history or the people or anything that makes this place good — they don’t care.”

As Lammon’s comments make clear, the survey research would have been more helpful if it had interviewed renters in communities in Montana to find out what experience they had with trying to find affordable rental housing.

The benefits of STRs and the debate in Park County.

On the other hand, STRs are a way people of more modest means can afford housing or supplement their income by renting out a spare bedroom now and then. That is even more important now as housing costs are soaring. The benefits of STRs were recognized in the [2021 Draft Housing Action Plan for Park County](#): “STRs benefit the community by allowing owners to generate income and adding value to the local tourism-based economy,” (page 19.)

The debate came to the County Planning Board in November when the Board was asked to adopt the draft Housing Action Plan. In addition to noting the benefits, the draft action plan described the overwhelming economic incentive of renting our homes, an estimated \$21,870 in gross income for 90 summer nights. That is far more profitable than renting out a home or apartment long-term for someone working in Park County. The draft Housing Action Plan included the following recommendation:

Recommendation:

1. City of Livingston and Park County partner to create standards for STRs including a local fee for STRs and a maximum percentage of dwelling units by community.

2. Release an RFP for contract services to manage compliance and collect fees funded through fees on STRs. Additional funds will support community housing priorities.

[The minutes of that meeting](#) state that the Planning Board recommended that the County “Commission consider modifying the language in the plan to highlight and emphasize the plan as non-regulatory, modifying the section on short term rentals, and to recommend the Commission add language that guarantees that any future consideration involving short term rentals will include individuals that own and operate short term rentals.”

Friends of Park County’s thoughts about the regulation of STRs.

Friends of Park County believes a balanced set of regulations to govern STRs should distinguish between units used by full-time residents to supplement their income versus STRs that are commercial businesses. We believe commercial uses like motels should be subject to zoning regulations, not just in Livingston, but in our rural lands. And if motels should be regulated by zoning, then STRs, which function as detached motel units, should be as well.

When there is solid evidence that STRs are having a significant impact on the supply and cost of housing for permanent residents, mitigation of those effects should be part of the regulation.

Local governments in Park County also need an annual permit system to make sure STRs operate in ways that do not interfere with their neighbors’ enjoyment and use of their property, including neighbors using their lands for farming and ranching.

* “The State of Short-Term Rentals in Montana” Institute for Tourism and Recreation Research 2021 pages 3 and X, summarizing conclusions of papers published by Nickerson and Fitzgerald in 2018 and Nuland and Van Malik in 2020.