



MUNICIPALITY OF PRINCETON

Department of Health &
Community Services
Health Department

1 Monument Hall
Princeton, NJ 08540
(609) 497- 7608

healthdepartment@princetonnj.gov

MEMORANDUM

To: Mayor and Members of Council
Bernard Hvozdovic, *Administrator*
Dawn Mount, *Clerk*
From: Jeffrey C. Grosser, MHS, HO, CPM, *Deputy Administrator / Health Officer*
Subject: Short-Term Rental Ordinance Introduction
Date: November 21, 2025

The purpose of this memorandum is to provide an overview of the short-term rental ordinance and key developments that have shaped it, in preparation for its introduction at the Council meeting to take place on November 24th.

Council Work Session and Follow-Up

An initial draft of the ordinance was distributed and discussed during the Council work session on October 8th. The work session highlighted the ordinance's importance and timeliness, presenting research from the STR Workgroup and comparable New Jersey municipalities. Discussion addressed key ordinance components, implementation processes, projected revenues and costs, and options for the principal residence requirement.

Council discussions covered several STR-related topics, including a proposed cap on non-principal STRs similar to liquor licenses. While creative, the approach raises equity and administrative concerns and could favor large investors. Exemptions for nonprofits are under review, and administrative costs remain a factor, as some options may require added staffing.

Detailed STR data will become available once Deckard begins monitoring; current figures rely on public estimates. Verification of principal residency is based on owner documentation, and STR complaints have recently increased and are now being tracked. The overall goal is to balance neighborhood affordability with the viability of STR businesses.

Principal Residence Requirement

STRs can reduce the supply of homes available for rent or purchase, particularly in high-demand markets, by incentivizing property owners to prioritize short-term guests over long-term residents. This dynamic can drive up housing prices, reduce affordability, and encourage speculative investment, further limiting opportunities for first-time or low- to moderate-income buyers.

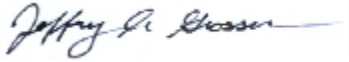
In the ordinance, there is a Principal Residence requirement, which specifies that an owner of a property must use that property as their principal residence in order for it to operate as a short-term rental (as defined in Article VIII, Section 16-78: Definitions). This requirement aims to mitigate the potential negative impacts of short-term rentals.

Following a review of options related to the Principal Residence requirement during Council work sessions and follow-up discussions, Option 2 has emerged as the preferred approach with a revised

phase-out timeline. This approach provides owners and long-term lessees of existing non-principal STRs a 36-month period to either convert the property to a long-term rental or establish it as their principal residence. This plan supports the ordinance's goals of preserving residential character for year-round residents and visitors, fostering community, discouraging speculative investment, and promoting housing affordability in Princeton.

The attached ordinance incorporates feedback and revisions gathered from Council and the STR Workgroup.

Best Regards,

A handwritten signature in blue ink, reading "Jeffrey C. Grosser", followed by a horizontal line.

Jeffrey C. Grosser, MHS, HO, CPM
Deputy Administrator / Health Officer