

Nantucket Short Term Rental Working Group

Meeting Summary

November 22, 2022 | 5:00 PM – 8:00 PM ET

Meeting Objectives

- Review data on Short Term Rentals (STR) in Nantucket
- Discuss member input on goals and policy approaches
- Discuss next steps

Welcome & Internal Group Work

Stacie Smith, Consensus Building Institute, welcomed the Working Group (WG) members, alternates, and the public to the meeting. She went over the agenda and ground rules. She turned to approval of the November 8th meeting summary. One member made a motion to approve, and it was unanimously approved.

To see the full list of WG members and alternates in attendance, please see Appendix A.

Overview Nantucket STR Data

Stacie introduced Jeffrey Goodman, Granicus, to give an update on data. He gave an overview of what they have found so far including average nightly rate, median listing capacity, median number of bedrooms, STR ownership type, and type of listings. Granicus found that there were 3688 units and 5305 listings, with an average nightly rate of \$1099.93. 7% of listings were entire homes, with the median listing capacity being eight occupants. They also found that 74% of units were owned off-island, 26% were owned by Nantucket locals, and 60% of units were owned by natural persons. Jeffrey acknowledged that this data was not fully vetted for accuracy and also did not include the assessor's data and usage information nor information from local real estate company transactions, and that he would be working on integrating that information.

Stacie then opened the discussion to WG members:

Data Concerns

Members expressed concern that many elements of the data were inaccurate because it did not reflect their understanding of the reality of the STR market and was different than other data sets they had seen. For example, they noted that there were few to no one bedroom STR rentals, while Jeffrey's data listed 1 bedroom as both the median and mode. Jeffrey noted that many listings on platforms did not accurately represent the number of bedrooms in their units, but that the number of occupants was likely more accurate, which had mean and modes of 8 occupants. Members also noted that the ownership data was too general, as it did not distinguish between LLCs owned by families and corporations, and that the usage information did not address seasonality, which is of high relevance on Nantucket.

NAREB

One member explained that he had conversations with the president of NAREB, who is willing to help the WG and Granicus collect data about Nantucket's STR market. They suggested that one or two members of the working group meet with them in between STRWG meetings to work on data gathering and analysis. Stacie reminded the group that any meetings that included Work Group members related to the mandate of the Work Group should be public in order to comply with Open Meeting Law, and recommended that, since the goal was to achieve full confidence in the data, all efforts should be made to ensure the data gathering process was seen as legitimate and credible.

Data Needs

Several members agreed that the group has still not decided what kind of data they find most important, and what data points are needed to make a decision about STR policy. Members emphasized that this needs to be a data driven process, and accurate, holistic data is necessary. Other members expressed concerns about the timeline and how long it would take to get the data being requested. Stacie clarified that CBI would work with Granicus, NAREB, and the Town to develop a plan for data collection.

Stacie ended the discussion by reminding members that while data is important, there were limits to how well any available data would resolve the key questions and points of contention of members - ultimately, the group was going to have to make policy decisions based on their own interests and experiences, drawing on whatever relevant data the consultants could bring forward.

Review Initial Input on STR Policy Approaches

Stacie then moved the group into a conversation about initial policy ideas. Earlier that week, she had sent WG members a survey to elicit their ideas about potential policy approaches that they thought promising for further discussion. In the survey, she asked members to rank the group's policy goals and suggest policy mechanisms that could achieve that goal. Most notably, members said their highest priority was preserving Nantucket's character and quality of life. Others prioritized tax income for the town, preserving infrastructure, and avoiding loss of available housing. She then shared a synthesis of the recommended policy mechanisms from the survey, organized by the who, what, where, when, and how policy framework that Granicus had introduced at the previous meeting:

WHO

- Prohibit STRs not owned by a "natural person" or an LLC that refers to a "natural person or people"
- Limit STRs to owner-occupied a minimum three months a year or six months long term rental
- Grandfather existing STRs, regulate new

WHAT

- Limit STRs to single-family home or ADU only
- Limit to one (or two) STRs per family going forward
- Increase taxes/fees for additional STR permits (ex: 5% for the 2nd, 10% for the 3rd) (grandfathering existing)
- Prohibit fractional ownership in zoning definition
- Cap number of STRs (by beds or number of people) during high season of July & August
- Place a moratorium on **new**, non-resident STR's (grandfather existing), consider cap at that number (or below) and use attrition and new permits as appropriate to maintain or control the number of STR's over time
- Prohibit STRs as the primary use (or exclusive use) of a home in a residential neighborhood
- Protect the right for homes that are used as one's primary residence to be short-term rented
- Allow for seasonal residents the ability to offset expenses by short-term renting in proportion with their personal use of the property

WHERE

- Explicitly allow STRs in residential districts in zoning by-laws, then regulate use in general by-laws
- Allow current STR's to exist in the zones in which they are currently located, but consider limiting new permits only in certain zones (perhaps after a moratorium or cap)
- Define STR caps by neighborhood to stop loss of affordable housing

WHEN

- Minimum stay of 3 days, with an enforced "timeout" after rentals of less than a week so the next rental cannot begin until the week after the state of the previous rental
- Limit the number of STR contracts to 12 per house per year
- Anti-flipping "time-out" period: after sale of a home, STRs are not allowed until one calendar year (or three years) from sale of home

HOW/OTHER

- Temporary (sunset clause) on any regulations or zoning changes we agree to so that we can see their impact before they become permanent
- Define "owner occupied" as at least three months
- General bylaw codifying Article 39's intent to promulgate regulations
- Adopt the 3% Community Impact Fee excise on STRs, to fund island infrastructure, affordable housing, or other Town priorities.

Stacie opened the discussion to WG members to elicit their thoughts and feedback on the survey:

Members wanted more clarity on what would qualify as owner occupied. They also wanted clarity on the Community Impact Fee - to whom would it apply, how would it be determined, and who would decide where the money from the fee would go. One member suggested that the group consider getting more data on tax revenue and the potential impacts of any STR limits. Finally, someone reminded the group that any regulation of STRs would take away people's property rights and recommended deep consideration of impacts before jumping to any policies to be sure that the costs on those owners would be worth the benefits to the Nantucket community. They recommended that the group consider all possible consequences.

Public Input Subgroup Meeting

Stacie announced that there will be a subgroup meeting on Monday November 28 to discuss the plan for the STRWG Public Input session being held on December 12th. Anyone is welcome to join who can make it. Thomas Dixon, Kathy Baird, Peter Schaeffer, and Karen Zagayko all volunteered. *[Note: because the Monday meeting was not posted on time before the Thanksgiving holiday, that subgroup meeting was postponed until Wednesday November 30.]*

Public Comments

- Jon Delano: Although I am not sure where this process is going, I am still optimistic about this group. Data is very important, and it needs to be tied into the relevant facts. We should not assume that vacation rentals are a problem without the data that proves that. And, is it even possible to get that data? Ultimately, we need to understand the impact of various solutions on the quality of life on Nantucket and the island's economy.
- Mike Herlihy: We need to quantify the problem. The fast track schedule of this process has a lot of people scared. It is not realistic to be ready in late January given the holiday break. We need to take the time pressure off of this process.
- Robin Nydes: We really need to understand the economic impact on the island of some of these proposals. Based on a straw poll we conducted, limiting STR operation to those who lived on Nantucket for at least three months each year would eliminate 80% of non-resident owner STRs. Looking at Jeffrey's data, it would mean eliminating 50% of the vacation/housing stock on the island, and the economic impacts to everyone would be huge.
- Caroline Baltzer: I am shocked that more than 45 minutes of the meeting was dedicated to looking at data that Jeffrey then agreed was not valid.

Next Steps

Stacie Smith went over the next steps and action items:

- CBI will schedule sub-group meeting for Nov 28

- The next WG meeting is on December 5th, and it will be a hybrid meeting, with participants and the public able to join in person or on Zoom
- CBI will create a meeting summary from this meeting for approval

Stacie thanked everyone for their participation and closed the meeting.

Appendix A: Subgroup Members and Attendance

Working Group Members

John Kitchener, At Large
Karen Zagayko, At Large
Dave Iverson, Planning Board Member
Peter Schaeffer, Finance Committee Member
Julie Lindner, ACK Now
Thomas Dixon, Affordable Housing Advocate
Jim Sulzer, At Large
Kathy Baird, Nantucket Together
Peter Kahn, Advisory Committee of Non-Voting Taxpayers
Meri Lepore, Board of Health Designee (Non-voting)

Working Group Alternates:

Robin Nydes, Nantucket Together
Carl Jelleme, ACK Now (ABSENT)
William Gardner, Advisory Committee of Non-Voting Taxpayers
Barry Rector, Planning Board (ABSENT)
Jon Delano, At Large
Joseph T Grause, Jr., Finance Committee Member (ABSENT)

Working Group Staff

Stacie Smith, Consensus Building Institute
Simenesh Semine, Consensus Building Institute
Megan Trudel, Planning Department Liaison
Adrian Rodriguez, Administrative Team

Granicus Staff

Jeffery Goodman, Granicus