

Nantucket Short Term Rental Working Group

Meeting Summary

March 14, 2023 | 6:00 PM – 9:00 PM ET

Meeting Objectives

- Hear from other communities addressing STRs
- Explore promising policy levers
- Updates on data gathering plan and meeting schedule

Meeting Materials:

- STRWG February 14 Meeting Summary
- Revised Policy Framework
- Overview materials about Panel Communities
- Synthesis of WG Input on Limiting Owners to 1 STR
- Updated STRWG Work Plan and Timeline
- Fall 2023 Special Town Meeting Timeline

To find meeting materials, please visit the project website [here](#).

Welcome & Overview

Stacie Smith, Consensus Building Institute (CBI), welcomed members of the Short-Term Rental Working Group (STRWG) and the public to the eighth meeting. She reviewed the meeting agenda. She then asked the group to approve the meeting summary from February 14th, which was passed by the group. She noted that a Working Group (WG) member and member of the public raised a question about moving public comment to the beginning of the meeting, and explained her reason for placing it at end of meeting, so that the public can address topics discussed during the meeting. Members of the WG agreed with this approach. She suggested that, if the WG is going to vote, she could allow public comment in advance, and , noted that members of the public are welcome to use the Zoom "Q+A" function throughout the meeting or send comments to the CBI team for distribution to the Working Group.

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

STR Community Panel

Simenesh Semine, CBI, introduced three panelists who were invited to the meeting to discuss their respective communities' experience with STR regulation. Patrick Clifford, from Palm Springs, CA; Brent Stockwell, from Scottsdale, AZ; and Lena Phomsouvahn, from Honolulu, HI introduced themselves and spoke about their communities' current regulations, successes, and challenges.

Palm Springs, CA

Palm Springs is a community that has heavy tourism and has had Short Term Rentals for a long time. Regulation of their STRs was prompted by the dramatic increase in rentals due to technology and online platforms. Although they have had regulations requiring registration, tax collection, and monitoring of vacation rentals since 2008, there was a push from the community to address and mitigate impacts to single-family residential zones. In 2018, there was a constituent-led vote to ban STRs, which was rejected

but prompted development of ordinances that restricted permits to “Natural Persons” and limited each person to one permit. The administration and enforcement of those regulations is handled by a dedicated Vacation Rental Compliance Department which is funded entirely by permit fees, which cost over \$1000 a year per STR. In 2022, the city council passed an ordinance to limit STRs within neighborhoods to no more than 20% of total residential homes in any given neighborhood. Existing permits were grandfathered in. They also reduced the number of times a STR can be used per year (from 32 to 26) to limit their profitability.

For more information on Palm Springs STR Regulation, click [here](#).

Scottsdale, AZ

Scottsdale, AZ is unable to limit STRs by a 2016 law which prohibits cities from banning or limiting the number of short-term rentals in their jurisdictions. Prior to 2016, STRs were not allowed in Scottsdale, but they had timeshares and hotels. A 2022 state law allowed cities to set up STR licensing and to suspend or revoke the licenses of STRs with chronic violations. To address the impacts of STRs, Scottsdale created a Working Group of 12 residents to develop recommendations for the town. Their goal was to increase the likelihood that negative impacts were prevented, and to improve monitoring and enforcement.

For more information on Scottsdale STR regulation, click [here](#).

Honolulu, HI

Honolulu regulates STRs in their land use ordinance, which specifies geographic areas in which STRs may or may not be located. Honolulu has a significant affordable housing crisis with high average rents, and because they are an island, they must import their food and fuel. During the pandemic, there was less tourism that led to more available properties. Their regulations only allow STRs in resort areas (outside of non-conforming use), and all new STRs can only be in these areas. Along with this, their 2022 ordinance started a registration system and ruled that people need to apply every year to operate an STR.

For more information on Honolulu STR regulation, click [here](#).

After their comments, WG members asked them the following questions:

What went well? What impacts have you noticed?

- Palm Springs: While Palm Springs has noticed some reduction in nuisance, there is still disruption within neighborhoods. Mr. Clifford noted that one thing they did well was implement a comprehensive enforcement staff to ensure compliance. They are continuing to look at regulation through the lens of density.
- Scottsdale: Mr. Stockwell noted that they had a very well informed and organized process that allowed residents to work collaboratively. They were tasked with clear goals and included two city council members in the group. They also had a strong response team that included the city manager, code enforcement, attorneys, and planning members that were dedicated to listening to community members and homeowners.

What issues or concerns does your community still face?

- Scottsdale: Mr. Stockwell said that one concern they were addressing was properties that were being rented for hosting events, which caused nuisance concerns and did not make use of the event

spaces already available. Also, in communities close to Scottsdale, such as Sedona, there are a higher number of international cooperative owners buying properties to turn into STRs. Scottsdale is also seeing that but has sufficient housing availability.

- Honolulu: Ms. Phomsouvahn advised the group that it is important to have a good and reasonable timeline that can account for hiccups. They had difficulty getting everyone registered all at once and noted it would have been nice to have more time built into the process.

What data did you gather?

- Palm Springs: Used parcel data from their county. They had a Vacation Rental Work Group to discuss density.

Do you grandfather?

- Palm Springs: Yes, existing STRs were grandfathered, with the goal of reducing numbers through attrition. Multi-family dwellings were phased out more quickly than duplexes - owners had until 2019 to sell or rent long term, and STR license's are transferable to the next owner unless it is not renewed.
- Honolulu: STRs are restricted in non-resort areas unless permitted by a Nonconforming Use Certificate (NUC).

Natural Persons

- Palm Springs: Requires a "Natural Persons" to operate an STR. They verify ownership by running titles and deeds to confirm ownership. If the house is an LLC, they require articles of incorporation, and their latest ordinance allows for LLC's of up to 4 natural persons.

STR and Tourism landscape

- Palm Springs: Has 56,000 hotel rooms, and 2,600 STR units. Most of these are secondary homes. Although the intent is for STRs to be secondary or ancillary use, most residents live elsewhere. They require all renters to have a local contact that can respond within 30 minutes in case of emergency.
- Scottsdale: Has 5,000 STR properties out of 100,000 units. All units are required to be licensed, and about 61% are so far. They have more than 50 hotels and 9000 hotel rooms. Although tourism used to be supported by hotels, it is now around 60% STRs and 40% traditional stays. Mr. Stockwell noted that if the city was allowed to, they would likely prefer a ban or a more limited process that allowed limited STRs rather than By Right.
- Honolulu: Honolulu has had tourism and Short-Term Rentals for decades. Since the 80's community members have said they did not want short term rentals, and through regulation, they have gotten down from 1,000 to about 700.

Stacie and WG members thanked the panelists for their insights and time, and Work Group members shared the following key take-aways:

- STR regulation is an iterative process, with initial steps and changes over time as communities figure out what is working and what isn't.

- Each community is different and needs policies that fit their needs. Palm Springs and Honolulu have a lot of strict regulations which might not be the best option for Nantucket. Others agreed that these communities were different from Nantucket in many ways.
- It is important to think about enforcement hand-in-hand with regulation. One member noted the significant cost and enforcement infrastructure required to ensure compliance in Palm Springs, which seemed impossible for Nantucket.
- Several of the panelists mentioned seeking a balance, to address concerns of residents who oppose STRs with those who short-term rent their homes.
- Another member noted concern about the idea of multinational companies coming in and buying up property, and that is something Nantucket should prevent.
- Members noted that all communities used grandfathering in some way, and that no communities set different rules for year-round and part-time residents.
- None of the communities had extensive data when setting their initial policies.
- One member noted that panelists had not noticed changes in the affordability of housing due to their regulations.

Policy Development Framework: Limit 1 STR Per Person

Next, Stacie reviewed the Policy Development Framework survey results for the potential policy lever to limit permits to 1 STR per person. Overall, people felt that this policy could help eliminate the proliferation of purely profit-based STRs, especially for corporate entities, though several members suggested the right limit might be 2 or 3 rather than 1. People thought it was important to have data on the total number and percentage of STR operators who own/rent out more than one STR, how many entities own multiple properties and how many do they each own, if there are changes over time that we can identify such as entities acquiring more and more properties over time, and if there are differences in geographical areas for these numbers.

During the meeting, one member said that this policy lever might be redundant if the group also implemented a Natural Persons policy, because it would eliminate business entities. Another member felt like this lever was "a solution looking for a problem" and thought this lever would hurt locals as many people have 2 properties. One member agreed that this policy should only be considered if they allow people to grandfather or sunset their STRs. A member noted that this policy lever supported Nantucket's traditional renting model and could be paired with other policies. Another member countered that this policy could unintentionally push out wealthy corporate community members with multiple rental properties who contribute a lot of money to the island.

Data Gathering Process

Stacie then gave the group an update on the data gathering process. There was one applicant to the Towns RFP, [Process First](#). They were hired and WG members and the public will have an opportunity to meet Matt Haffenreffer at a Data Subgroup meeting Friday, March 17th. A member of the group requested that the group receive their proposal before that meeting and noted their concern about the lack of subject matter expertise from the data aggregator.

A member disclosed that Process First had a contract with their non-profit to do food and security work and felt that they did a terrific job; they did not feel there would be a conflict of interest.

STRWG Schedule

Next, Stacie noted that Process First was still uncertain about the timeline for receiving data from NAREB to meet the current schedule. NAREB updated Stacie that they are currently in the data collection phase and cannot commit to a deadline at this time.

Members felt that there was still opportunity to work on processing data from platforms in the meantime. Stacie noted that Process First will be purchasing the data from online platforms and then working to clean and integrate it with NAREB data once its available.

One member said it was important for WG members to know the dates for the in-person meeting so they could schedule their travel plans. The group agreed that the in-person meeting will happen on May 4th and they will work with whatever data is available at the time. One member asked if it would be possible for the Working Group to give an update or presentation at Town Meeting on May 6th. This announcement would have to be made by a registered voter on the island. Stacie committed to getting in touch with the Town Moderator to see if this was possible and noted that, if allowed, that there would be an agenda item at the May 4th meeting dedicated to determining the content of that statement. Finally, she committed to sending a concrete start time for the in person meeting once CBI investigated travel.

Other Policy Considerations

Finally, Stacie asked members to reflect how they are feeling about the current approach for analyzing policy levers, and what other levers they would like to discuss. One member felt that the group needed to talk about zoning and how it could define the legal use of STRs. Other members noted that the zoning article would likely stipulate that all STRs beyond those regulated in the general by-law are legal.

People suggested that the group talk about the following options next:

- Caps (percentages)
- Regulation by neighborhoods
- Limiting the number of rental contracts per year
- Certificate breakdowns as seen in Palm Springs (Junior Certificate, different fee for state homes, different price points for different types of rentals... etc.)

One member felt that no person on this WG was qualified enough to discuss STR regulation by neighborhood. Another member agreed it was a complex issue, but thought it was a good way to deal with the different neighborhoods and their unique needs. Someone noted that data can help inform this idea.

One member suggested that after the WG analyze the next two policy levers, the WG sit down with Town Council and Judi Barrett to discuss the legal possibilities and realities of these options. CBI committed to summarizing the takeaways from the policy lever summaries to send to Town Council the first week of April.

Public Comment

- Robin Nydes: Regarding the selection of Matt Haffenreffer from Process First, there may be a conflict of interest in him begin rewarded the contract because he sits on the Board of the Land

Council, where there are members who are known to have an anti STR bias. This should be considered.

- Jon Delano: I really appreciate the panelists. As an At Large alternate, I agree with my primary counterparts. Nantucket is not any of those communities, but that doesn't mean their advice can't be helpful. It means we must forge our own path and not have biases because other communities spoke to us. I took away that none of these three communities discriminates between year-round and part time residents and that is fundamental for our solutions. I was also struck by how overwhelmingly big these regulations were in these large communities, with access to significant resources for enforcement. There is no point in Nantucket putting regulation in place that it cannot enforce. I think we are reaching common ground as a group.
- Curtis Barnes: I continue to ask why we are not looking at Barnstable and Yarmouth, they are similar and have very competent people, why are we not reaching out to them.
 - Simenesh Semine (CBI): We reached out to a number of MA communities, but they did not attend today due to lack of interest or availability.
- Ron Kokot: I thought the panel discussion was amazing, and I was pleasantly surprised. One of the takeaways was that all of their efforts were 100% designed to control noise and nuisance issues but did not have any impact on affordable housing. This was a big issue we were taking about at the beginning, and I encourage the group to reach out to the Breckenridge people who had tried punitive measures to control STRs that did not work but had success using significant incentive measures.
 - Stacie Smith: This group is really focused on STR regulation, not so much incentive programs, or strategies to improve year-round housing, but it is a good point to keep in mind that STR regulation is just one piece of the puzzle regarding affordable and available housing.

Next Steps

Stacie Smith went over the next steps and action items:

- CBI will create a meeting summary
- CBI will contact the Town Moderator about speaking at Town Meeting
- CBI will send meeting times for the May 4th in person meeting
- CBI will create and send new policy lever survey's
- CBI will summarize takeaways from policy lever surveys after the next meeting

Subsequent Working Group meetings will be moved back from 5:00 pm - 8:00 pm. Stacie thanked everyone for their participation and closed the meeting.

Appendix A: Members and Alternates 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
William Gardner, Advisory Committee of Non-Voting Taxpayers
Jon Delano, At Large
Joe Grause, Finance Committee Member

Working Group Staff

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