

Nantucket Short Term Rental Working Group

Meeting Summary

March 28, 2023 | 5:00 PM – 8:00 PM ET

Meeting Objectives

- Updates on data gathering plan and meeting schedule
- Explore promising policy levers

Meeting Materials:

- STRWG meeting summary from March 14
- Synthesis of WG input on Policy Levers

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 ninth Working Group (WG) meeting. She reviewed the meeting agenda. She then asked the group to approve the meeting summary from the March 14th meeting. The summary was approved. She noted that Bill Gardener, Alternate, Advisory Committee of Non-Voting Taxpayers, would be filling in for Peter Khan as he was unable to make the meeting, and noted that Sinéad Talley, CBI, would be filling in for Simenesh Semine who had to leave midway through the meeting.

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

Updates on Data Gathering

Stacie introduced Matt Haffenreffer, Process First, who is the project lead on the data aggregation process. His firm does software and data consulting, and he will be supporting this project in data analytics, cleaning, and collection. He also has personal connections to Nantucket and has worked on several projects on the island. Matt introduced his team: Alex Judge (working on general analytics, problems, and challenges with a background in real estate), Cara Lee (Professor of data science and information systems at Northeastern), Tom Monks (software development), and Sam Modabber (Project manager). He noted that Kelly Stephan, who recently resigned from the Board of Ack Now, works with his team on food insecurity and is now running the Land Bank, but assured members that he would not be a part of this project in any way, and that their data systems communications were siloed. He further explained that Process First is working to collect and synthesize data, and that interpretation and any value judgements, such as data definitions, will be guided by the input of the Working Group.

He then gave an overview of progress to date on acquiring data sets, including:

- Town Assessor Data
- Town Census and Voter Registry
- STR Platform Data (via an Aggregator)
- NAREB Data

The following summarizes the information shared and WG questions and comments regarding these data sources:

Town Assessor Data

Matt noted that they had acquired most of the available data from the Town Assessor from 2018-2023, with one additional data field they needed to get access to. A WG member recommended they get that field through GIS data sets.

Town Census (aka Street List) and Voter Registry

Matt explained that the combination of these data sets would provide the most comprehensive understanding of who lives on the island.

One member recalled that the Planning Staff had done the work of matching the GIS to the registry to the assessor data and noted the value of the assessor's data is that it gives the property details. Another member explained that there a map had been developed using the street list that showed the location of STRs, but that it was not made available to the public (and that this group should not be looking at dates and addresses). Matt replied that his group would need the underlying data behind any mapping that has been done, rather than just the map, in order to be useful.

Platform Data

Matt said that there are many platforms that pull data from online websites, and that his group is undertaking a detailed analysis to determine which platform to use. In the meantime, they have purchased monthly access to a data API that provides real-time snapshots to clarify what data is available. A consideration in the decision of which aggregator to choose is how complete their data is. AirDna and Key Data were the ones discussed so far, but Process First is evaluating 5 other sites to see which aggregator would work best for the information requested by the group. A member asked if they planned to combine the aggregated platform data with the NAREB data. Matt confirmed this, and added that in the meantime, his team is working on building an integration model that will help combine the different data sets. The completeness of the aggregator data and the team's ability to include it into an integration model will be important.

One member asked about the level of detail about the data that Matt will be allowed to share from the online aggregator. Matt explained that without the contracts in hand, he does not know to what extent he will be able to share information from the data sets, but ultimately,

what he can share will be based on the lowest common denominator of both the aggregator and NAREB contracts.

One member asked Matt to talk about how this group will be involved in the vetting process for the aggregator sites. Stacie explained that Matt has a set of criteria for the evaluation of the data set he will choose, and added he is always interested to hear source input and expertise this group might have. Stacie suggested that as Matt is looking at the sources and analyzing them against criteria, where there are decisions to be made, CBI will schedule subgroup meetings to discuss those. For the sake of time and efficiency, this should happen when the trade-off of the decision is unclear or there is no clear winner.

One member noted that there may be more duplications than expected on the platforms and stressed the importance of a comprehensive deduplication process. They asked if Process First was able to use state registration ID as a part of the aggregator information to help with deduplication. There was discussion about how the State issues registration IDs, how they are used by different platforms and aggregator sites, and how Process First can go about using them. Matt noted his team was still looking into this process and would have more information as they dig deeper but acknowledged that the group felt this was a high priority data point.

Matt then reviewed the sites they were considering, the main criteria for determining the aggregator data, and how they will decide the measure of accuracy.

To see these documents, please see Appendix B.

Data Timeline

Matt explained that he does not have a finalized timeline for access to the NAREB data but feels confident they are diligently working to get that information to this WG. In the meantime, Process First will be compiling aggregator data and creating a processes for data integration.

Definitions

Finally, Matt opened a discussion about potential definitions that the group will need to agree on to properly evaluate the data. The group discussed the following:

LLC's

One member wanted to talk about how Matt would evaluate LLCs, as it can be difficult to determine the entities listed as a beneficiary on an LLC. It can be hard to differentiate if it is run by individuals or companies. Stacie noted that Process First is not currently scoped to chase down every LLC that may be in the data set to determine whether it is owned by a natural person or not. Matt asked the group for their opinions on this, and they outlined the following:

- You should go one step beyond the name of the LLC and get the LLC manager (who is usually a natural person)

- o Matt noted that this could still be inconclusive to determining if the owner is a natural person or a business entity.
- We need to recognize that there may be limits to our ability to gather data to prove the identity of business entities, and weigh the importance/benefit of this approach in light of the cost of enforcement, which could require a significant raise in the cost of STR licensing.
- One member wondered if there was a publicly accessible method to figure out LLC owners and asked if that was a task WG members can take on.
- One member wanted to see how many LLCs were associated with a particular address and did not feel it would be very difficult to figure out who owned it.
- It's important to differentiate between concerns about business entities and concerns about multiple STRs owned by one entity. This group may choose to regulate how many STRs any owner can operate, which is different from the data for corporate vs. natural person ownership.

Resident Vs. Non-Resident

One of the definitions raised by the group's data questions relates to identifying residents versus non-residents. One member reminded the group that none of the communities who came to the Community Panel meeting differentiated between the two, and expressed a preference for a non-discriminatory policy. Another member said that the group might want to consider ideas like varying the fee depending on if properties were owner occupied vs. not. Another member cited the Fifth Circuit decision from New Orleans to argue that it would be very difficult for this group to restrict people's ownership based on where they live.

Enforcement

Members reinforced the importance of thinking about enforcement. One member noted that they thought a large enforcement department would be unrealistic given the size and economics of the STR market, and someone else suggested that the core issue would be finding enough staff to hire for an enforcement department given the difficulties of finding housing.

Matt then summarized the following based on the discussion:

1. A building can be owned by a business, a trust representing a person, or a person.
2. A person can be a resident or a non-resident, but we don't have any further definition that would make more distinctions.
3. A building can be listed and rented some amount, listed and not rented, or not listed and, in that scenario, presumably not rented
 - o If it's listed in the registry but not listed on platforms, it may still be rented through word of mouth. This might not be possible to capture in data sets
 - o People would like to know how often units are rented and for how long

Examine Promising Policy Levers

Stacie then gave an overview presentation of survey responses on two additional policy levers: Capping the number of STRs and Limiting the number of STR contracts. She noted that the summaries had been sent to the group in advance of the meeting.

Capping the Number of STRs

To the extent there was support for caps, members felt that creating geographic boundaries and limiting the number or percent of permits within each of those would be the most promising strategy for creating a cap. People noted things like density, affordability of neighborhoods, and lot sizes as considerations for caps, and noted that simpler was better to start with. Only one of the ten respondents suggested that the goal of caps should be to decrease the number of STRs allowed, with four supporting maintaining existing numbers (or percentage of housing stock), and others feeling that more data was needed to determine this. If there were a goal to decrease the total number of STRs, opinions were mixed on whether to set the cap at the current and reduce through attrition as current permit holders choose not to reapply or set at current but do not allow it to follow after sale. She then reviewed the data needs members wanted about this lever, and potential intended and unintended consequences. (Please see the presentation for more detail.)

In the meeting, one member expressed concern that this policy lever would not allow anyone new to begin renting out their home, regardless of their situation. This concern was also echoed in the survey results. They felt like many voters would not support this lever because it rewarded those who had already been renting, and would especially hurt year-round residents who wished to rent in the future. Another member responded that putting STR limits in place was ultimately going to impact *someone*, and capping can allow the town and neighborhoods to maintain control over STRs while also giving them the flexibility to change caps as they learn community impacts. They added that this mechanism can be especially helpful to protect historically residential, affordable neighborhoods. Another member, however, felt that it would be very difficult to cap by neighborhood considering how difficult and complicated the zoning was. Another member added that it could actually hurt owners in affordable neighborhoods because less ability to STR would lower the value of their homes.

Another member felt critical of the ability of caps to successfully regulate STRs, especially in the Nantucket context, and agreed with their fellow WG member that it would end up hurting community members more than it would address the problem. They felt like there were other levers that would both help the community and keep initial STR regulation simple. Another member, however, felt that kicking caps 3-5 years down the road would be a mistake because by then STRs could become a real problem that got out of the Town's control. They added that the community cannot wait for more properties to become STRs because it is more difficult to take away existing STR rights than to stop new ones. Another member suggested that there were other policy levers on the table that could control growth (like limit the number of STRs someone can operate) that would not be as controversial.

Limit the Number of Rental Contracts

In the survey, if they were to limit the number of rental contracts, half of the members supported limiting the total number of contracts in a year, while others were interested in limiting the number of contracts only during the “high season” (June-August), or in the high and shoulder seasons. People felt this policy lever would address the high turnovers of STRs, and address noise, nuisance, and incentivize longer term rentals.

In the meeting, one member noted that limiting the number of rentals allowed could disincentive purely commercial use of homes, and suggested that it could include a buffer period of 1-2 years prior to taking effect, to give people a chance to transition. At the same time, they raised concerns about how this would be enforced. Another member agreed that enforcement would be very difficult, and could even promote under the table renting that would be more harmful. They also felt that this would hurt businesses, especially in the shoulder seasons. One member suggested that in order to make it easier, this lever could be combined with one rental per week or allow for both short and longer-term stays.

Another member felt concerned that this policy was too restrictive of STRs and didn't understand what impact this would have, since a large number wouldn't change anything and too small a number would be so harmful to owners and tourism. They also felt that this policy lever did not address the problems this group aimed to solve. Several other members agreed that they were not very enthusiastic about this lever.

One member noted that overall, the underlying question to these levers is how much tourism we want to have, because a vast majority of the tourism on the island is facilitated through STRs. They suggested that the group engage in the conversation about how much we can and want to reduce tourism.

A member noted that Woodstock, Vermont is a community that has this policy lever. Another member suggested that this group reach out to Woodstock to talk about their experience. In the interest of time, Stacie suggested that one WG member give them a call and report back to the group, and the group agreed that John Kitchener would be that point of contact. [Note: after the meeting, the Town agreed that two members could do this together without violating Open Meeting Law.]

Next Steps and Considerations

Stacie suggested that now this group has looked at a number of policy levers, she will send out a survey to see which levers are more favorable to the group, and also ask them to revisit their views on the group's policy goals.

Stacie noted that she spoke to the Town about this group giving an update on their progress at Town Meeting, which might have to happen during the discussion of the citizens petition

articles. The nature of the update needs to be agreed upon by all members of this group and would not be to discuss the content of the citizen petition articles.

The group noted a few questions that it has for Town Counsel, including what impacts the current STR articles would have on this group if any of them pass at Town Meeting. Another member asked about the legality of limiting Business Entities in the same way as Palm Springs. Stacie replied that this question was in the original memo from Town Counsel, who said it would be legal.

Finally, a member noted that the Town Boards have recommended no action on several citizens articles (Article 40, 58, 59, 60, 61) in deference to the work of this group. Because of that, they suggested that the WG evaluate these articles to ensure we understand them. Stacie noted this request and that she would raise it with the Select Board.

Public Comment

- Jon Delano: Many of the policy levers that have been discussed by the Working Group are dependent on the data we get from Matt, so I am looking forward to getting that information. I also agree that we should not go for the most controversial policy levers, especially if the goal is to reach consensus. Finally, I suggest to my voting colleagues that implementation is a key part of each of these levers, and they should be considering that closely.
- Virginia Vidoni: My husband and I have been renting our house for 24 years to mostly the same family every year. Things have changed significantly over the years, and you should know that the landscape has changed dramatically. Normal families cannot come here for more than one week because the island has become very expensive.

Next Steps

Stacie Smith went over the next steps and action items:

- CBI will create a meeting summary
- CBI will send out a survey about STR policy lever overview
- CBI will talk to the Select Board to get clarity on discussing Citizen Petitions
- CBI will reach out to Town Council about the legal questions around policy levers
- CBI will announce any data subgroup meetings that may be scheduled before the next meeting.

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
Meri Lepore, Board of Health Designee (Non-voting)

Working Group Alternates:

Robin Nydes, Nantucket Together
Jon Delano, At Large
William Gardner, Advisory Committee of Non-Voting Taxpayers

Working Group Staff

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