

Nantucket Short Term Rental Working Group

Meeting Summary

May 4, 2023 | 10:00 AM – 8:30 PM ET

Meeting Objectives

- Discuss updates on data
- Create and evaluate potential policy packages
- Develop and approve statement for Town Meeting

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 twelfth Working Group (WG) meeting. This was a Hybrid meeting held over Zoom and in person on Nantucket. She reviewed the meeting agenda. She noted that Julia Linder, Ack Now, would be joining the meeting after lunch.

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

Data Presentation and Discussion

Stacie turned to Matt Haffenreffer and Alex Judge, Process First, to give an update on data. They began by contextualizing this information based on the questions they were asked and noted that as the Town begins data gathering through their STR registration platform, Nantucket will have more information. This is a snapshot of what is occurring on the platforms. They discussed updates on total listings, types of rentals, bedroom count, occupancy limits, number and location of STRs, how they are leased and contract information, revenue by week, and owner occupancy. Throughout the presentation the group discussed the following topics:

NAREB Data

Process First shared a slide outlining that they did not have access to NAREB data, but that NAREB is working with a hired organization to compile, anonymize, and aggregate data about their office listings. People asked for an update of when the NAREB data would be ready - which covers STRs that are rented through Nantucket Real Estate agencies - and expressed concern about the project timeline. Matt explained that they had not received data from NAREB yet, but felt confident that NAREB understood the urgency of the situation and were working diligently. He noted that from a data standpoint, this process has moved incredibly fast and that NAREB has their own timeline that might not necessarily match with the STRWG's. One member noted that earlier in the process, NAREB had discussed having a WG liaison that would help them get and share data, and asked to follow up on if that would still be helpful. Stacie said she would reach out to NAREB and ask.

Revenue by Week

Process First shared a slide that showed the inferred revenues for 2022 rentals for entire home/apartment listings only. Matt clarified that the data showed gross revenue. One member observed that this data seemed to show that the "peak" of rentals was about six weeks. Another member felt this data was accurate based on the data they saw from the revenue from their business. Someone else noticed that there was significant growth in off season rentals for entire apartments since 2022. Another member asked if Process First could try and graph this information against another time period to see how it would compare. They said they could do that, but it would only give the group information about changes in platform data, not necessarily about changes to rental patterns.

Percentage of Contracts

Process First shared a slide that showed AirDNA data showing the mean contract lengths by number of nights (entire home/apartment and private rooms) from 2017-2019 and 2022. When shown information on the percentage of rentals that were 7 days or more, one member noted that they did not know anyone who rented for less than 7 days in the peak season. Another member noted that they and other people on the island do this. While there will always be pockets of certain rental behavior, the overall trend is that platform contracts have gotten shorter. Process First noted that the NAREB numbers will likely be higher, and their data is likely to impact this question significantly.

Number of Contracts per Year

Process First showed a slide that showed the number of contracts per year of entire home/apartment rentals and private room rentals from 2017-2019 and 2022. People wondered how construction workers, remote work, and weddings contributed to the number of contracts per year. One member asked if it was possible to calculate how much money weddings contribute to the economy, since there are a significant number and they are expensive. Another member noted it's usually homeowners who have weddings. Group members also observed that it seemed like the peak season had the least amount of rentals compared to the shoulder seasons, to which Matt explained that was because it was a shorter period of time. Another member continued by noting that although people often think that the summer/peak season is the busiest, this chart shows that the shoulder seasons are relatively similar. This suggested that congestion in the summer season is not caused only by STRs, but rather is likely a combination of all of the seasonal homeowners coming to use their homes, the day trippers, and the churn due to shorter rentals.

Count of STRs by Nights Booked:

Process First showed a graph listing the count of STRs by nights booked in 2022 for entire homes/apartments. A member asked if there was a mean or median for this number, and what that would mean. Process First noted that the number existed, but they did not have it at that

time, and wondered what information they were trying to figure out with that number. Another member noted that if they were considering policy levers that limited the number of nights people would book, this graph would help determine the number of rental nights they would lose. The group noted they wanted to see this information represented in the same graph showing counts of STRs and nights booked in 2022 (not including rentals that were 0-14 nights or more than 31 nights for an individual contract since those were not considered STRs), and to include the mean and median number of the count in the graph. Some of these STRs might have also been rented as long-term rentals, and those should be taken out.

Another member observed that the increase in shoulder season contracts could exacerbate the trend of shifting from longer-term rentals because it incentivizes people to short term rent for longer. Someone else felt that making a policy addressing this would hurt people who need the income from the STRs.

Occupancy

One member asked if it would be worth translating the number of days into the number of people to get a visitor count and see how policy levers would impact the number of visitors the island gets. Process First noted that would likely not be an accurate number because the bedroom count is different from the number of people who fill a room (a two bedroom could technically sleep more people). Someone else asked how Process First was getting occupancy data. They said they got it from AirDNA along with the lease data set, but noted it would be very difficult to enforce the number of people in bedrooms. Rather, they suggested the WG focus on regulation that assumes compliance.

Economic Impact

Several members were interested in understanding the economic impact of the WGs potential policy levers. Matt explained that there are a lot of assumptions that have to be made in order to do an economic analysis, which is difficult to do considering the data they have been asked to present. He noted that the Donoghue Institute likely used a metric to measure economic analysis that they could potentially use. Members offered observations such as: people who come to the island for weddings are spending a lot of money, and week-long renters likely spend more money per week than those with two week rentals since they are spending money quicker. Matt also noted time as a serious limitation to Process First answering questions about economic impact.

Implementation

Someone noted that a mistake that is made during policy development is a lack of consideration for implementation of the policy mechanisms. Matt noted that regarding data, you want to create systems that make data easy to collect, clear in what they require, and give you the information you are looking for. Ultimately, if the WG is going to impose a requirement, they are asking the community for self-compliance. One member noted that the WG could add questions to the registry and Health Board data.

Owner Occupied

Process First showed a table that showed the percentage of listings by owner occupied status (is this short term rental property in an owner occupied 2 or 3 family dwelling? or is this short term rental property 1 of 2 or more in the same city or town and *not* owner occupied?). When shown a chart evaluating the number of rentals that were owner occupied, some members felt confusion about what the data was telling them and the collection method. One member noted how difficult it is to compare ownership type and status between neighbors because there are so many unique situations on Nantucket. One member asked if the WG could make the definition of the property the burden of the homeowner on the registry side rather than trying to define it on the data side. Someone else noted that whatever information this group asks of the public, they need to be able to provide proof of their answer.

Corporate Ownership

Someone noted that not all STR operators who participate in "commercial" or non-owner-occupied ownership only offer STRs, such as the Copley Group. The Copley group has rented long term rentals in the winter months for years to year-round residents, weeks coming to the island, and families who choose to come for a month or two in the winter months. This should be considered by the group as a possible exemption for corporate owners who provide year-round housing.

Other Questions

- What is the definition of a private room?
 - Private rooms only include online postings that say private room. Members expressed interest in removing private rooms from the rest of the analysis, and the data shared excluded private rooms.
- Was the pandemic considered an anomaly when you were looking at contract information over time? How is that represented?
 - Yes, 2017, 2018, and 2019 were used to average as a baseline that was considered against 2022
- Is it fair to say people go online to do short rentals and realtors for longer rentals?
 - Maybe. We did hear Penny say that most rentals are 1-week or longer, but we will know more when we get NAREB data
- What type of information in Granicus is going to be asking for in the registry?
 - CBI will follow up with the Town about the registry process

After the discussion, Matt said Process First would come back to the group with more information based on this discussion. WG members thanked them for their work so far.

Small Group Work on Packages

Stacie then instructed the group to work in small groups to develop possible policy packages based on the policy levers the WG has discussed so far. The packages should draw on the

information they heard from Process First and the group's initial mechanisms (Zoning Bylaw, General Bylaw, and revising Health Regulations). She began the discussion by asking the group to discuss their policy goals, giving examples such as addressing congestion, churn, availability of homes for long term rental or occupancy, and limiting corporate ownership/operations of STRs. WG members also wanted to discuss the importance and nuance of protecting the fabric of Nantucket communities (having an opportunity to know your neighbors and maintaining history and tradition) and preserving the opportunity for middle class families to join or stay in the Nantucket community. People also noted they wanted to avoid discrimination between seasonal and year-round residents and avoid people losing their homes. Ultimately, the WG came up with the following policy goals:

- Preserve the opportunities for those who need to STR in order to keep their homes to do so (presently and in the future, so you can them be apart of the Nantucket community)
- Address the *transient impact of STRs, and to the extent our policy can, have neighborhoods where people are connected to each other, and taking care of the homes*
- Avoid discrimination against seasonal residents, avoid people who care about Nantucket losing their homes, and avoid negative economic impact on the local economy and those who rely on it
- Address the issue of STRs so that there is ability to move on as a community and discuss other things (a policy that will pass + a policy that will not promote even more citizen articles)

The group acknowledged that some goals are already being addressed, but protections do not exist for residents. With their policy they want to change legal protections, churn, and the investor only trajectory of STR ownership.

In the small groups, the WG members came up with the following draft Policy Packages. (Please note, this was an initial exploration, and these were not necessarily agreed on by all members of the groups):

Group 1:

1. *Limit corporate ownership. Stop any growth in pure commercial rentals, and find ways to limit those who already operate them in their ability to maximize profits.*
2. *Question for the future: Workforce and employee entry level housing. Put in the second phase of regulation a phase to look at data and where the Town can de-incentivize 1- and 2-bedroom homes for STRs*
3. *Address quality of life issues, such as getting reservations and noise*
4. *Ensure cause and effect before levers are recommended to the community. We do not have to do everything this first round, and the group should start where there is*

consensus and knowledge. Less is more right now, and the WG should work on building trust and consensus

5. *Create a policy to stop corporate ownership by finding a definition of "Natural Person"*

Group 2:

1. *Zoning Bylaw that would codify use in all zoning districts subject to regulations in a general bylaw that would be approved at the same Special Town Meeting*
2. *General Bylaw with the following terms, only to be approved with the above zoning bylaw)*
 - a. *Prohibit non-natural persons (Great Barrington, MA definition) and update the Health Regulations to have each entity prove its ownership through documentation*
 - b. *Prohibit STR in affordable or subsidized areas except for two week or 14 days per year*
 - c. *Limit the number of STR to two licenses per owner on the same or separate property*
 - d. *Allow pre-existing STRs that don't conform to new regulations to continue to operate until they are sold or abandon the use*
 - e. *Limit the number of contracts to 9 total (of any length) in July + August*
 - f. *3% Community Impact Fee on professionally managed properties (only apply to pre-existing, according to legal definition)*

Group 3:

1. *Zoning ordinance legalizing STRs outside of listed below*
2. *Memorial Day to Labor Day: 1 contract per week during that period of any duration up to 7 days (Saturday and Sunday as the start of the week)*
3. *Grandfather (or a similar mechanism) all existing STRs*
4. *Allow anyone on the island to have their own home as STR plus one other*
5. *Proof of evidence of ownership, no corporate ownership*
6. *Registration Fee set at \$250 maximum*
7. *Zoning ordinance that caps the number of STRs and 10% above current level*

The group decided that they would build their policy packet based on Group 2's package. WG members noted the following:

Though not universally supported, some members wanted to consider Group 3's idea of capping STRs at 10% above the current level.

One member felt concerned about limiting the number of units someone can own to 2 because they felt there was no data to back up that number. They felt that maybe the policy should allow 3 per person, in order to impact less people. There was also concern that with this policy, people who had houses across the island would have to put their homes in different

family members' names. Someone brought up the fact that this is a value question rather than a data question, and while it is fair for a family to live in one house and rent another, 3 or more properties qualifies as investment, which is what this group is trying to limit.

Some members felt that it was important the policy packet not include too many policy levers so as not to overwhelm the public. Group 2 discussed the idea of presenting all of the policies in their packet but breaking them out as the "core" of the packet and the additional policies. One member noted it will be important to poll the public at the public meeting on what levers would get their vote. Another member noted that when these are presented to the public, they need to be tied back to the groups goals stated above and given clear rationale. They felt that Group 2's packet addressed bending the curve to commercial properties ownership type, and churn but struggled to address middle income goals.

Other questions or comments:

- Are there other approaches to restrict commercial STRs outside of prohibiting non-natural persons?
- Would Group 2's 2(b) policy make renting in multi-use units illegal? How would this impact the affordability of affordable units?
- Can the pre-existing exemption be passed down? WG members asked Process First to report data on the number of people who owned 3 or more properties.

After the discussion, Stacie said that CBI would talk to Judi and John about the legality and enforceability of this policy packet, and would think through how to get meaningful feedback from the public through the public meeting or surveys.

Town Meeting Message

Prior to this meeting, Stacie got approval from the Town MEeting Moderator to allow the STRWG to make a statement at Town Meeting to give the community an update on where the group stands in developing their policy packet. Stacie opened a discussion about what the group wanted to say and who would say it. Jim Sulzer, At Large Member, was nominated and unanimously supported by the group to speak on their behalf. After reading [a brief statement he had prepared](#), the group gave the following feedback:

- Megan Trudel will print out copies of the group's Public Statement to hand to community members as they walk into town hall. Willing members and alternates should sign the statement.
- Members suggested that Jim state this message was approved by a majority vote of the voting members of the STRWG and begin and end the statement by urging voters to vote no on Article 60 and all STRs bylaws
- Members suggested mentioning the public meeting on June 1 to get public input on these ideas and plans to adjust their final policies accordingly
- Members suggested to note these policies are drafts

- Add a sentence about data and timeframe – namely that this group will have Articles ready to submit by early July

Public Comment

- Carolyn Baltzer: You guys are doing an amazing job. In terms of the public statement, I am keeping an ear open to the public, and you don't have a PR team. This issue is so polarized and people are projecting on the group: It is important to say today you have started to work on levers, the main criticism has been there have been hours and you haven't even started to talk about levers. Having your names signed will really help because it will put names to the group. We are getting closer in the language that does not strike the right note, we are just about there. I want to make sure you know how the public has started to see the group, and I am concerned about that because I think it will cause problems on Saturday. A strong statement from you guys about what you are doing, and a timeline is a great idea because it will inspire confidence.
- Matt Fee: I think you guys are doing a great job. One of the statements was that if we do something we are going to ruin the economy - and if we do nothing, we will ruin the economy - some of the softness is uncertainty in the market but it's the experience that when people come here there is not enough service. These complaints will have an impact on everyone. This is a collective effort, and we need to make improvements. We need to protect the owners. Quality of life: this is linked to that. In Amsterdam they are inundated with STR and they are having Multi-million dollar campaigns to keep the British out of there. But it's not just quality of life. It is impacting housing. Caps: putting a cap that says we are fair to all the people who are existing and that we are controlling it after is good. Zoning vs. General: you need both, but the zoning must have enough specificity in it that it is difficult to change. An example is the disagreement on two sides where one said they should sewer the whole island, the other half disagreed, and we made sure that it was a specific enough zoning bylaw that people who really need sewer can get it, but it needs a 2/3s vote. If you change this to a general bylaw, people can constantly be contesting it. I look at 61 and 42 from last year. You should say you recommend all the recommendations from the Planning Board and the Select Board. You should push more on the zoning versus bylaw thing. Town Council can sometimes follow the director of what he is pushing them, don't be afraid to push back a little bit. Whatever you do, keep it simple. Everyone is busy and working hard, and they are hoping someone else will do it. So, think about if things are implementable, you cannot be putting too much work on any one of those entities. If you make it too easy to change it will keep changing. HTC is dealing with real issues right now, we seem to always be going in one direction and it's really hard to go back. We are hoping that you make it hard to open the barn door. Don't let us become Amsterdam. Codify under a zoning law and make it harder to change and do it carefully.

Next Steps

Stacie Smith went over the next steps and action items:

- CBI will create a meeting summary
- Process First will draft a list of next steps based on the questions and graphics that were requested by the group and a list of potential further suggestions to the Town or Board of Health
- Process First will reach out to NAREB for an update and communicating data from this group
- CBI to send language to Jim for Town Meeting Statement
- CBI to send signed public statement to Megan to be printed for Town Meeting
- CBI to send policy levers to John and Judi for comment and feedback on language

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 (Online)

Thomas Dixon, Affordable Housing Advocate

Jim Sulzer, At Large

Kathy Baird, Nantucket Together

Peter Kahn, Advisory Committee of Non-Voting Taxpayer (Online)

Working Group Alternates:

Robin Nydes, Nantucket Together

Jon Delano, At Large

Working Group Staff

Stacie Smith, Consensus Building Institute

Simenesh Semine, Consensus Building Institute

Megan Trudel, Planning Department Liaison

Adrian Rodriguez, Administrative Team