

Nantucket Short Term Rental Working Group

Meeting Summary

May 30, 2023 | 5:00 AM – 8:00 PM ET

Meeting Objectives

- Brief Short Term Rental Discussion from Town Meeting
- Explore Data Updates
- Discuss Legal, Enforcement, and Implementation implications of draft policies

Meeting Materials

- STRWG April 25 Meeting Summary
- STRWG May 4 Meeting Summary
- Data Slides

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

Welcome & Internal Group Work

Stacie Smith, Consensus Building Institute (CBI), welcomed members of the Short-Term Rental Working Group (STRWG) and the public to the fourteenth Working Group (WG) meeting. Members approved the meeting summaries from April 25th and May 4th, once corrections were made that were sent via email.

Stacie noted that Tomas Dixon, Affordable Housing Representative, was elected to Select Board, but that he would continue to represent affordable housing interest's on the workgroup.

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

Data Updates

Stacie turned the meeting to Matt Haffenreffer, Process First, to give an updated presentation on data. He then went through his updated presentation, where WG members noted the following questions and comments:

Limiting Peak Summer Contracts

Matt showed a slide that highlighted the potential impacts to STRs if the group chose to limit the number of contracts in peak summer (July and August). He noted that because weeks overlap from June and September, Process First calculated these numbers by when a contract begins. He noted that most of the NAREB contracts take place in July and August, whereas on platform listings, the percentage of nights in peak season is about 50%. His data showed that limiting rentals to 9 contracts could remove 10% of peak summer rental nights on platforms, and ~5% total (platforms and NAREB.)

Quantity by Ownership

Matt then reviewed data that showed the total number of listings that are owned by someone who owns multiple STRs. His chart estimated that 20% of units are owned by someone owning at least 2 units, with another 10% possible due to uncertainty.

One member noted they were concerned about the number of people who are only operating 1 STR who could begin operating multiple. Another member added that this graph solidified to them that the group should be limiting the number of rentals to 1 per person. Since most owners are only listing 1 property, they do not want to see Nantucket go down the path of other communities such as Palm Springs where they have seen mass commercialization of the STR market. Other members disagreed and noted that this shows only a small percentage of owners own 2 or more units, meaning the group is creating unnecessary regulation. One member added that given the high cost of building houses, limiting to 1 STR will be fine because cost factors will be restrictive anyway. Another member added support for reducing the bylaw from 2 STRs to 1, and reminded the group that the grandfather provision will protect current homeowners.

One member noted concern that there was not clarity on terms like "unit" and "property". Another member said they did not understand what problem the STRWG is trying to solve with limiting the number of STRs a person can operate.

Matt then showed a chart showing the total number of listings that are owned by type of entity (Corporation, Partnership and Trust, LLC, and Natural Person). It showed that 60% of listings are in the names of Natural Persons, with ~36% owned by LLCs, Partnerships, and Trusts - which may be made of Natural Persons but may not - and only ~4% owned by Corporations.

One member noted that some corporations are people, and did not want too many people to get lost in the classifications of the groups. Matt noted that corporations do not make up a significant number of the data.

Another member added that it might be more significant to focus on the LLC's. Matt noted that Process First went to the level of LLCs by the listed officers. The complication is that just because officers are listed, that does not speak to the property's ownership type (at least half of the properties have listed officers). For the properties that did not have a listed officer, they cannot be sure if that is a natural person. He added that most of the LLCs would get assigned to a natural person, so it will be important to define that term rather than try and find the percentage.

One member asked Matt how Process First defined corporation. Matt said they were showing data for how people and companies represented themselves. If it was an Inc. or corporation instead of someone's name, they would be listed as a corporation. One member suggested

that the group request the information the STRWG would like to know into the questions for the new Town registry. One member asked Matt how the group could define or capture couples in their definitions. Matt noted the group will have to rely on self-reporting, but suggested the group ask Town Council about how the Town could regulate that.

Building Breakdown

Matt then showed a table from Town assessor data that showed STRs as a share of properties on the Island. This showed that STRs make up about 20% of the listed properties, year-round homes make up 40%, and seasonal homes that are not STRs make up ~32%. The chart included 8% as non dwelling units or where don't know exactly the breakdown of Seasonal and Year round housing that is reflected in the STR market.

Data Presentation at Public Meeting

The group then discussed what information Matt should be prepared to share with the public at the public input session on June 1. Members agreed that the focus of the discussion should be the policy levers, and participants should be referred to the data presentations via the project website. The group agreed that CBI would include a slide outlining the information that has been presented to the STRWG.

Finalizing Draft Bylaws

Stacie then turned the discussion to the STRWG draft bylaws, and reviewed the materials sent by John Giorgio, Town Council, which included the draft language, and the five draft bylaws that would have to be voted on separately: 1. a General bylaw that regulates the operation of short term rentals; 2. a Zoning bylaw that clarifies the use of short term rentals; 3. a 3% Community Impact Fee on "professionally managed properties" 4. a 3% Community Impact Fee that includes primary residents, and 5. a bylaw that would allocate 100% of the Community Impact Fee for affordable housing (this would need to pass a 2/3rd vote). She opened the discussion to the group to hear their questions and concerns on the current draft bylaws:

Community Impact Fee Bylaws

One member noted support for including the first and third separate Community Impact Fee bylaws in the overall packet. They added that the second option might be confusing and did not feel that there were enough of the outlined multi-family homes on Nantucket to be included. Someone else noted that Town Council probably included that option to name it as an option but agreed it did not apply properly to Nantucket. Others agreed to remove that option. One member added their support for the first and third option a la cart, and would help with Town costs and might help with churn. One member confirmed that this would only apply to grandfathered owners, which would make this a small pool of money, and noted that people should understand the limitations of these policies. The group overall agreed that the

General Bylaw Draft

Stacie then turned the group's attention to the rest of the packet. People made the following comments:

Limiting the Number of Units to 1 or 2

One member said that Palm Springs does this by limiting to unit 1 per natural person, and if the group wrote the policy based on that the public might feel more comfortable limiting the number of units to 1 (so each member of a couple could own a rental unit). One member suggested that the group put together some case studies about how this would apply to different families on the island. Another member added that given the current environment, limiting by individuals is the only way to do this bylaw. They reiterated the need to understand the different legal ways this will impact families. One member wanted it to be made clear to the public that these bylaws are not yet approved by the WG, and that they are very interested in hearing their thoughts at the public meeting. The WG then agreed that they would present the bylaw as limiting to 1 unit for the public meeting.

Restriction of STRs in Detached Single Family Dwelling Units

Stacie noted that this lever was changed from units within deed restricted buildings to detached single family dwellings because it takes away some legal concern while still addressing the goal of the lever, which is to protect affordable housing from STRs.

One member noted that they were in favor of STRs being able to rent for up to 4 weeks per year in these dwelling units. One member expressed support for that idea, but that the WG needs to make sure it does not interfere with any restrictions from Nantucket Housing.

9 Contracts in July and August

One member noted that the data presented today made them feel confident that this lever would have a limited impact on the economy. One member suggested the WG include this lever a la carte to ensure the packet does not become too complicated, but agreed to wait until after the public meeting to change it. One member noted concern about if there is a bad year for rentals, and the impact that could have on families.

Grandfathering

One member expressed concern and requested clarification about what this meant for people who are trying to pass down properties to family members. Stacie explained that this bylaw was written to explicitly say you cannot pass multiple STRs down to one family member, but that you may pass one down. If you have multiple, this means you must pass them on to different people. Another member added that it is important to protect legacy families to rent and pass them down, and suggested adding waivers similar to those the Land Bank uses. Another member agreed and added that this lever is important for protecting the Town from being sued by corporations, since it honors their properties as well.

Stacie asked members to give their input on the idea of an end to the grandfathering after an amount of time, which was suggested by a WG member. Members generally did not want to move forward with a sunset.

Additional Levers

Stacie noted that there was reluctance around incorporating a cap, but turned to one WG member who proposed a new policy lever: when there is a sale (not inheritance) of property, those properties would be limited to 4 STRs contracts in high season (July and August). This would also apply to new construction. There would be no restrictions the rest of the year. The rationale behind this lever is that it would disincentive investor only STRs, while still allowing 4 contracts to new homeowners who may need or want the STR income.

One member expressed strong support for this lever, and felt that it addressed many of the issues the group has been discussing such as reducing churn, giving an entry point to new owners, and limiting people who want homes only to STR. One concern noted was the potential for long-term reduction of available tourist accommodations, and noted a need to monitor if needed to replenish the rooms lost. Another member agreed that this lever creates a more fair playing field for year round residents trying to purchase homes, and suggested adding an exemption for year round residents.

One member said they did not like the lever as it felt out of the blue, elitist, was moving STR regulation too fast and had many unintended consequences. Another member suggested the group delay presenting this to the public because it needs more discussion from the WG and Town Council. They noted concern that this lever would impact the sale price of homes.

A member expressed concern that seasonal and year-round residents be treated equally. Another noted numerous examples of policies that help year-round residents more than seasonal residents, because they are needed to help locals stay on the island. Another member felt that this would not stop people from getting into STRs, but that it encouraged good behavior for new homeowners.

One member felt concerned that this lever was very complicated, and it would push middle class people out of Nantucket, since they would not be able to rent enough to recoup costs. Another member reminded the group that these policies need to be future focused and change the STR landscape to be credible to voters.

Matt asked the WG what data they would need to evaluate this lever.. Members noted the following:

- How many houses have sold and then become investment only STRs?
- How many STRs rent 4 weeks or less during high season?
- What number of properties would be impacted?

Preparing for the June 1 Public Input Session

Stacie then reviewed the agenda for the public input session on June 1, and asked the group for any feedback or questions:

- How many small groups will there be?
 - CBI: There are currently 137 people registered. The breakout rooms will be limited to 8 people, and CBI will be asking WG members and the public to help with notetaking. There will also be a poll for the public about the levers.
- Last time, it took 6 weeks to collate information. We need to be quicker about it. How will we handle it differently?
 - CBI: Last time was the holidays, I don't think we will need it this time.
- Can we get a template with the 6 or 8 policy levers we are discussing for note-taking purposes?
 - CBI: Yes, we can do that.
- How do you moderate conversation and take notes at the same time?
 - CBI: You could ask for a volunteer note-taker
- How long will it take to get the meeting registration data?
 - CBI: We can give a breakdown sometime tomorrow.
- How much time will the public have in small group discussion?
 - CBI: We propose a little over an hour in the small groups. The meeting is from 6:00pm – 8:00pm ET.
- Will people be able to see the poll ahead of time?
 - CBI: We can create it and play around with ideas.

There was a brief discussion about what the meeting poll should look like. Stacie recommended the poll ask members of the public to rate each policy from strongly disagree to strongly agree, and how likely they are to support the package. The small group discussions will give members an opportunity to give their feedback on each element of the package. One member asked CBI to send the draft note-taking sheet and the poll to the WG before the meeting so they can make any necessary suggestions.

Future STRWG Meeting

Several members expressed interest in having a meeting on June 6th to debrief the public meeting, to which the group agreed to have a meeting from 3:30pm – 5:30pm ET.

Another member wanted an update from NAREB, and whether their data would be available for this group to discuss. Matt noted that they are currently summarizing their information to share with the public in some capacity. He noted that he has heard from them their information aligns with his, but that their work will continue to inform Process First's.

Public Comment

- Bruce Mandel: We've been carefully looking over and watching documents that have been sent out, and sending questions back. We want to make sure that the public sees the draft bylaws for the public meeting, and that the group accepts written comments as well. We had a terrible experience in the first public forum, because we were limited in what we were allowed to discuss. It is distressful that the group won't share all the data - we want assurances that those comments will be shared. The data is not easy to find on the website and seems not transparent.
- Alvin Fargo: There was a good discussion about LLCs and partnerships that are really family-owned. I want to be sure the protections also apply for an S Corp that is made up of natural persons. I'm just urging you to get this cleaned up before Thursday.
- Caroline Baltzer: I am a member of multigenerational family, and feel like there has been a lot of speculation about data. Now that the data is coming out, we should tie the conversation to that data, and be sure that your policies are supported by data.
- Henry Sanford: Looking at the year a house was built might provide insight about what types of houses can be stayed in for longer than a week. I've leased homes for 13 years, and only some structures lend themselves to longer term leases. There are a lot of houses out there that are generally used only in the summer. You pre-suppose an unlimited shoulder season, but this doesn't translate. Also, the length of stays affects the intensity of spending. If you have a policy lever that changes the spending habits, it could be a dramatic turn. I would urge a sense of nuance to that discussion. In discussions about the number of properties: you are disadvantaging people who don't have kids or aren't married and can't pass down all of their properties to 1 per person. I will at one point be faced with inheriting more property. People are not happy when this happens.
- Scott Wilson: I suggest creating a town commission to write these bylaws, made up of people who are passionate about the issues to ensure it is written correctly.
- Rebek: The group had a good recommendation about separating out some of the levers into separate bylaw proposals. I'm a voter. There is a large silent majority in this conversation. People we hear are passionate about protecting our rights. People are concerned about STRs who just can't imagine property being infringed upon.
- Jon Delano: I agree with adding S-corps to the bylaw language. Putting on my political hat, I've been in a lot of campaigns, and agree that our job doesn't end once the bylaws and articles are prepared. We must then become advocates for our own work product.

Next Steps

Stacie Smith went over the next steps and action items:

- CBI will create a meeting summary
- CBI will create slides, materials, template and note taking, and polls for June 1 (By 3 PM) and send to everyone ahead of time.
- CBI will create an agenda for June 6th meeting
- CBI will clean up calendar invites
- CBI will check in with selectboard about additional work

- CBI will continue to work with John and Judi based on the discussion today to refine the policies specifically around lever and see if they can come on the 6th.
- Stacie showed scheduled over the next several weeks.

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

Thomas Dixon, Affordable Housing Advocate

Jim Sulzer, At Large

Kathy Baird, Nantucket Together

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