



# Town of Nantucket Finance Committee

[www.nantucket-ma.gov](http://www.nantucket-ma.gov)

**Committee Members:** Denice Kronau (Chair), Stephen Maury (Vice-chair), Joseph T. Grause Jr., Peter McEachern, Joanna Roche, Peter Schaeffer, Chris Glowacki, Jill Vieth, George Harrington

## MINUTES

**Thursday, January 14, 2021**

*This meeting was held via remote participation using ZOOM and YouTube,  
Pursuant to Governor Baker's March 12, 2020 Order Regarding Open Meeting Law*

Called to order at 4:00 p.m. by Ms. Kronau

Staff in attendance: Libby Gibson, Town Manager; Brian Turbitt, Director of Finance; Alexandria Penta, Financial Analyst; Tucker Holland, Housing Specialist; Terry Norton, Town Minutes Taker

Attending Members: Kronau, Maury, Grause, Roche, Schaeffer, Vieth, Harrington

Absent Members: McEachern, Glowacki

Sponsors: Tobias Glidden, sponsor Article U; Julia Lindner, Executive Director ACKNow

Public speakers: Robin Nydes; Bill Grieder, F Street; Peter Brace; Hillary Rayport, Main Street; Leslie Forbes, Madaket; Alyson Mitchell

Documents used: December 10, 2020 draft minutes; Citizen Warrant Articles for 2021 Annual Town Meeting; ACKNow PowerPoint; correspondence

### Adoption of Agenda

Motion **Motion to Approve.** (made by: Harrington) (seconded)

Roll-call Vote Carried unanimously//Schaeffer, Grause, Maury, Roche, Harrington, Vieth, and Kronau-aye

### I. ANNOUNCEMENTS

### II. PUBLIC COMMENT

1. None

### III. APPROVAL OF PRIOR MEETING MINUTES

1. December 10, 2020
2. January 7, 2021 (misabeled)

Motion **Motion to Approve.** (made by: Schaeffer) (seconded)

Roll-call Vote Carried unanimously//Schaeffer, Grause, Maury, Roche, Harrington, Vieth, and Kronau-aye

### IV. COMMITTEE REPORTS

1. None

### V. WARRANT ARTICLES FOR 2021 ANNUAL TOWN MEETING (ATM)

1. Article U (New General Bylaw: Licensing of Short-Term Rentals) Tobias Glidden

Discussion **Maury** – Recused.

**Glidden** – We are looking to having a measured approach to regulating short-term rentals in a manner that will have a positive effect on the community.

**Lindner** – Reviewed research on hidden impacts of investor-owned, short-term rentals. Since 2019, the State has a registry for collecting short-term rental (STR) tax; we now know we have over 2200 registered STRs; that's 20% of our housing stock with 80% owned by off-island individuals and businesses. 370 STRs are held by owners with multiple STRs on Island. In the past 8 years, 500 homes were converted from year-round housing to STR. If the trend continues, we will lose 1300 in the next decade. At the same time, our year-round population is growing. Even in mixed income 40B projects, we are building more STRs than affordable

homes. Cited transition examples from neighborhood case studies. The more businesses, owners, and residents we talk to, the more we see the impact on the Island's economy. Residents are paying exorbitant prices for homes and rentals. STRs also disrupt neighborhoods. Objectives are sustainable community, protecting year-round residents to rent their homes, and provide neighborhood protection. Reviewed what she has learned from other communities. We can ban STRs, put a cap on STRs, limit duration, have occupancy requirements. Proposed bylaw would prioritize residents through a permitting process; residents could rent their property for up to 90 days per year. Language includes a minimum stay of 1 week.

**Schaeffer** – Asked if they are considering grandfathering.

**Lindner** – We talked about that; we are trying to create a level playing field. Nantucket has attracted investors; if 6 weeks isn't enough for them, over time, they might decide that Nantucket isn't the place to be.

**Vieth** – of the 2200 STRs, how many are investor owned and resident-owned.

**Lindner** – We know that 80% of the 2200 are owned by off-Islanders. We have looked at every property to figure out where the owner is located. Not every off-Island owner is an investor; there is, however, a growing number of vendors offering STR.

**Vieth** – For residents who want to rent their homes, it seems they could be greatly impacted; asked if there is a way to make up money the Town makes from STRs that would be lost.

**Glidden** – We looked at the issue of residents and focused the bylaw to help them by giving them a leg up by allowing them to rent their home year-round. We also want to encourage more year-round housing and hope the 90 days will encourage that.

**Vieth** – What she's hearing is that year-round residents are being hurt.

**Glidden** – If the 80% only get to rent for 45 days a year, we are increasing the bandwidth for residents.

**Roche** – Her questions are similar to Ms. Veith's. If a year-round resident has a lot large enough to build another home to rent, they would be limited to 90 days STR. She can see the argument for limiting investor-owned STRs but not limiting year-round residents.

**Harrington** – He seconds what's been said about residents being able to rent properties they own. He'd like to see different numbers for a set of options, so we know what the Town would get for taxes that could be used to create a housing bank or some device to get people into housing.

**Lindner** – There is a concern about creating a dependency on taxes from STRs by allowing the Town to allocating money to year-round housing. What we're proposing won't stop the STR tax, though it won't grow at its past rate.

**Kronau** – Asked why the number of days a year isn't a multiple of 7. For property owned by off-Islanders, they too might rent their properties short term to subsidize their ownership and use. She expects the restrictions could make it even more expensive and more properties could be converted to STR with the rental price would go up. She wants to know how the demand side would be changed.

**Lindner** – From what we've gathered through research, 10 weeks means you're more likely to be an investor owner. The number of properties rented on the shoulder season have dropped off.

**Schaeffer** – Asked how this would make a house more affordable and improve our affordable situation.

**Lindner** – There are hundreds of properties assessed at under \$1.25m that are registered as STR properties owned by off-Island owners; and we know our year-round homes are converting into STRs.

**Glidden** – Next time we can go through numbers in stays more detail.

**Nydes** – He is a single-property homeowner who stays on the property 4-6 weeks a year and he has targeted 10 weeks a year of rental. He argues that over 1000 properties are over the

\$1.5m and do not impact the STR. Pointed out that most businesses are owned by off-Island investors; off-Island investors are not enemies of the Island.

**Lindner** – We have a lot of non-resident folks who support this article because their properties have been negatively impacted by STRs.

**B.Grieder** – His family has done STRs to supplement their income for many years going back to when White Elephant, Folger House, and Wauwinet House were the only STRs. Over the last 20 years, the national economy has allowed people to purchase properties normally out of their reach by using STRs. Some good points have been made today that would make an imperfect article better.

**Brace** – He owns a covenant home, which he rented before it went into the covenant program. No matter how hard he worked, he would never have had enough money to buy the covenant house without an inheritance, which helped him purchase it. We can work out the issues on the bylaw. The increased number of STRs are diluting the year-round community by pushing people off island.

**Dickler** – He’s heard a lot of support for a form of restriction on STRs from people who don’t live here year-round; there’s a lot of pressure for housing. He agrees the article might not be in a final form that can be supported but it can be made to work to put breaks on the unending appetite for on-island properties.

**Rayport** – Regarding the STR tax revenue, the reason we have that tax revenue is because Governor Baker allowed municipalities to impose taxes on STRs. The Town imposed the tax because STRs put a strain on our infrastructure. Asked the framework FinCom uses to review this bylaw. Ms. Lindner provided excellent evidence that we are losing year-round affordable homes to STRs.

**Kronau** – We are responsible to make a motion on every article in the Town warrant; some have a financial impact and others have a larger impact on the whole Island. This Article will have incremental costs on Town Administration to implement the article, it will have an impact on taxes, and could result in a possible loss of tourism.

**Forbes** – She’s been following ACKNow. Her concerns are for the neighborhoods. As part of the Town Comprehensive Planning Project, Madaket developed the Madaket Area Plan to maintain the low density and rural nature of the area. Renting in Madaket is a tradition which helps owners maintain ownership and allows renters to experience Madaket. STRs with a commercial or business owner are purpose built or renovated to that purpose; that doesn’t align with our vision of a low-density, rural neighborhood. If there is a problem, you can’t call the owner and it is a burden on Police Department to call them when renters are causing problems. Also, as of today, there are 45 STRs in Madaket; we have 220 septic in Madaket; that is a large percentage of STR properties.

**Mitchell** – She is a renter who grew up here. She and her husband have worked hard and held good jobs and rented at high prices but are still unable to catch up. It’s a challenge to live in this high-cost-of-living Island. It’s devastating to people who live here to commit their time and energy to the Island and not be able to buy a home. This fall, her landlord decided to sell the home we had lived in for 9 years; they could not afford to buy it. The reality is the Island can’t afford to make it hard for employees who support the Island to live here; either pay them more or provide more affordable housing. The Police Department has a high turnover rate because of the cost of living.

**Brace** – When you rent, you don’t feel like you live here because you’re at the mercy of your landlord. He’s willing to bet most people attending this meeting own their home.

**Lindner** – We understand the shoulder season is a focus by businesses and has grown. To say that the winter and deep fall are attractive periods when people come to this island is not reasonable. COVID has changed that with people wanting to get away but it isn’t normal.

**Kronau** – Closed Public Comment portion. The next time we discuss this, we need input from Town Administration and impact on the STR tax and income.

Motion No action at this time.

Roll-call Vote N/A

## **VI. NEXT MEETING DATE/ADJOURNMENT**

Date: Tuesday, January 19, 2021; 4:00 p.m.

Adjournment

Motion **Motion to Adjourn at 5:36 p.m.** (made by: Harrington) (seconded)

Roll-call Vote Carried unanimously//Schaeffer, Vieth, Harrington, Roche, Maury, Grause, and Kronau-aye

Submitted by:

Terry L. Norton