

- **Why did we decide on a temporary cap rather than a permanent cap?**

The purpose of this article is to permit sufficient time to collect and analyze data to determine whether a permanent cap is needed. Nantucket is an island with limited space and a fragile environment. Up until this article was written and presented, limited and questionable data to make decisions on how many short-term rentals the Island and its residential neighborhoods can accommodate, without destroying its historical and community character, have been largely unavailable or open to dispute. Nantucket residents and voters need facts, not speculation, when making decisions that affect the Island's economy, environment, housing needs, community, and quality of residential life. With Nantucket's form of government, and particularly after the recent explosion in growth, it is premature to suggest a permanent cap in the absence of solid metrics and quantitative analysis that produce reliable projections, including potential adverse impacts.

- **Why did we choose 36 months?**

This timeframe was chosen in order to be sure that data from one season does not skew data results. The Covid years created an exceptional period during which the cost and length of short-term rental visits were elevated far beyond the Island's normal pre-Covid experience. A full three years will permit analysis of the more typical Island experience. It is unwise to be making (or not making) decisions based upon one or two potentially fluctuating years when outliers and extremes can lead to unsustainable economic conditions and outcomes as in the case of Covid.

- **Why did we choose the limit of 1350?**

Because there is currently no reliable statistical data, this number was selected based upon data from the Nantucket Health Department, AirDNA (a worldwide data collection platform that tracks the data of 10 million Airbnb & Vrbo vacation rentals) and data presented by a spokesperson for Nantucket real estate agents/brokers at the Annual Town Meeting 2024.

The Health Department expects applications under its new requirements in the range of 1200-1500 following the release of 936 letters to known short-term rental registrants with the State early in 2024. It was the result of eliminating hundreds of duplicate registrations for the same address on that site. The average of 1200 plus 1500 is 1350. AirDNA's data show +/-1300 current listings for Nantucket. Realtor Penny Dey's presentation at Annual Town Meeting reported the payment of 1758

properties that paid occupancy tax in 2022 during the wind down of Covid. In addition to legally operating short-term rentals, this number also included all hoteliers on Nantucket to include hotels, guest houses, vacation clubs, B&B's, etc. It is a number far higher than for short-term rentals alone. We averaged 936 letters sent by the Health Department, AirDNA's 1300 records (derived through documentation and conversations with representatives of AirDNA), and Ms. Dey's reported occupancy tax payments from 2022, a number obviously much higher than for short-term rentals alone. This average is 1331.

Accordingly, the number of 1350 was chosen as reasonable.

- **How did NNF arrive at 70 days for owners of one or two properties or two dwellings on one property?**

Nantucket Neighborhoods First has participants who short-term rent. We listened to their input. It was felt that this number, under a cap, would permit properly registered owners the ability to STR during the summer high season months of July and August, plus allow for additional shoulder season rentals. Useful, but now aging data presented to the Select Board on June 14, 2023 by Process First, indicates a downward shift between the pre-Covid period of 2017-2019 and 2022 in the average number of days per contract in the summer months and an upward shift in the number and average of short-term rentals in the shoulder seasons (page ___). This number is not only a test of how much the Island can accommodate (up to 94,500 rental days) but also supports property owners that leave their properties open to short-term rent in the lighter periods that benefit the local economy.

The selection of 70 days during this period for an owner who STRs one property or two dwellings on one property, or a maximum of two properties under the same ownership permits a balanced approach that will reduce the disruptions due to frenetic changes of occupancy and possibly and discourage further investor interest in Nantucket. In its report to the Select Board, Process First noted that in 2021 and 2022, 23.1% of all sales were followed immediately by a registration to short-term rent (Page ___).

- **How will property owners get a certificate of registration to short-term rent from the Board of Health.**

We suggest that property owners who wish to short-term rent visit the Board of Health's web site to learn the application process, required documentation, and procedures. The Board of Health explained this in its letter in early 2024 to the verifiable 936 owners of short-term rentals. By October 17, 2024 only 410 applications had been received.

During this 36-month period, the NNF article suggests a fair way to support those who have engaged in the Nantucket tradition of renting short-term to pay the rising expenses of home ownership on Nantucket. It also encourages early filing of applications to take some of the burden off the Board of Health and Health Department. We have suggested that the continuous payment of occupancy tax under the same ownership be used as the primary criteria for ranking of applicants and then by the date of application as the second factor. Breaks in the chain of either the payment of occupancy tax or changes in ownership, even though the property has been short-rented in the past, will result in a lower ranking among the 1350 owners who receive a certificate of registration. "Other certifiable documentation" may also be submitted to support an application, but only when the form of ownership may be exempt from the payment of occupancy tax.

- **How will the temporary cap be enforced?**

We suggest that property owners who short-term rent thoroughly familiarize themselves with Chapters 123 and 338 of Nantucket's Bylaws along with the current application process and documentation required by the Board of Health. Chapter § 123-5 lays out the enforcement options available to the town for violations up to and including \$5,000 a day under §123-5(D). Applicants for a certificate of registration with the Town are required to accurately report the number of rental days in the prior year and are required to submit supporting documentation. Failure to follow the Board of Health's rules may result in the rejection of the application among more serious consequences such as being barred from short-term renting for a stipulated period.

It is hoped that, in addition to the fines and penalties that may be collected under this section, the payment to the town of up to \$337,500 each year in application fees will result in those moneys being earmarked for the Health Department to hire additional administrative and enforcement staff.

Most owners of properties in residential neighborhoods are aware of short-term rentals in their vicinity. A robust process has now been established by the Board of Health to investigate complaints that are filed regarding potential violations of either Chapter 123 or the Board of Health's requirements. Renting in excess of 70 days would be a violation.

- **What will happen if my application is not approved because the temporary limit will be reached.**

This will be a decision for the Board of Health, but the most likely outcome will be that the Health Department will manage a waiting list based upon criteria it

determines are the fairest. As properties are sold, ownership changes, or there may be a break in the continuous chain of occupancy payments (should a ranking system of that kind be used), owners who short-term rent and have an existing certificate of registration will either be removed from the 1350 approved owners and replaced by those on the waiting list or find themselves lower on the ranked order.

What if I want to STR my home in the future and the cap is full?

As indicated above, during this temporary cap, the Board of Health will establish a waiting list with priority being given to owners based on continuous years of rental history as evidenced by payment of Occupancy Tax to the Commonwealth of Massachusetts. Any Nantucket property owner is permitted to register with the Commonwealth of Massachusetts and to pay the \$250 a year fee to register with the Town through the Board of Health. We certainly cannot speak for decisions to be made by the Board of Health, but in other matters where permits are required by the Town, for moorings or taxi medallions, for example, for which the Town has set a limit, the process follows a FIFO procedure where those who apply are placed on a waiting list by the date of application. In this case, then, when an owner fails to re-register or the property is transferred to new ownership, or the owner is removed for other reasons, the owner next in line on the waiting list is offered the opportunity to receive a certificate of registration to short-term rent.

- **What is the relationship between NNF and Ack*Now?**
- No relationship exists. NNF is a completely separate and distinct organization from Ack*Now and receives no legal or financial support from that organization. NNF is completely self-funded and guided by its core group.