

THE CITY OF NEWPORT, RHODE ISLAND – AMERICA'S FIRST RESORT
Planning Board

March 26, 2019

Re: Short Term Rental Investigatory Group (STRIG)

To: City Council

The Goal of the Short Term Rental Investigatory Group is to assess the impact of Short Term Rentals (STR) on the city, its neighborhoods and stakeholders, and to draft a more concise policy with the goal of providing guidance to the city on rules and enforcement of Short Term Rental properties. While the group wishes to encourage economic opportunity for residents and homeowners, we recommend the following policies to ensure public safety and maintain neighborhood cohesion. Please see the attached report for further description of our work.

In our meetings we have heard many public wishes and concerns, the common themes are;

- Clear rules and policies between departments
- Clear registration process
- Impact on housing market
- Impact on dark houses
- Enforcement of registration and violators
- Impact on parking

To address these concerns the group is recommending the following;

- Short Term Rental Administration Officer: A full time position that coordinates between departments, ensures all registrations are collected and filed, acts as a liaison between governments and hosting platforms, policing of registered and non-registered units and working with municipal courts on fees.
- Registration process modified to gather more information and involve all appropriate departments.
 - Increased Registration fee, certificate to be posted onsite, floor plan required, online filing option
- A unique Registration number is assigned to each registration and must be posted in all advertisements.
 - This will assist in enforcing existing code, will drive The Guest towards legally registered units for their own safety
 - Number and owner information shared between departments
- Substantially increase fines for unregistered units and habitual bad hosts
 - Create a mechanism for the public to file complaints for STR in the city.
- Guest Houses to continue operating by right in business zones including GB, LB, WB & CI.
- In Residential Zones, allow STR by special use permit for owner occupied only. Zones to include R-3, R-10, R-10A.
 - Owner occupied must be present at times of rental.
- Expand the definition of “Guest House” to include “Limited Guest House”, or when an owner rents up to 2 rooms within their dwelling unit.

Sincerely,

Jeffrey Brooks
Secretary, Newport Planning Board
Chairman, STRIG

CITY OF NEWPORT

SHORT TERM RENTALS INVESTIGATORY GROUP (STRIG)

MEMORANDUM

Date: September 27, 2018

To: The Newport City Council and Planning Board

From: Jeff Brooks, Chairman STRIG

Re: Short Term Rentals

At its June 2018 meeting, the Planning Board formed a Short Term Rentals Investigatory Group (STRIG) and selected me as chair. Volunteers who formed the group were the Planning Board Chair, Melissa Pattavina, Vice Chair, Liam Barry, former Chair of the Zoning Board, Rebecca McSweeney, Newport Fire Marshal Wayne Clark, Newport Fire Captain Robert Dufault, and Newport citizens, Turner Scott who has concentrated his practice in land use and municipal matters, and Terry Mullany, a property and business owner.

The Group held a series of seven meetings from June through September 2018. The meetings had strong attendance and participation from the public including City Councilors Jamie Bova and Susan Taylor, State Representative Lauren Carson, and Newport citizens and property owners who conduct a variety of short term rental businesses. Attendance also included members of the public who opposed short term rentals due to the surge of Airbnb in their neighborhoods. STRIG also received written communications from host platform Airbnb and residents and/or property owners who could not attend meetings.

GOAL:

The Group's Goal is to quantify the impact of Short Term Rentals (STR) on the city, its neighborhoods and stakeholders, and to draft a more concise policy with the goal of providing guidance to the city on rules and enforcement of Short Term Rental properties.

IMPACT STATEMENT:

Over the course of seven meetings, STRIG heard the following concerns from residents, business owners and stakeholders. A few themes consistently arose throughout the meetings;

1: Airdna.co data dated July 2018

2: Quoted from Airbnb Letter to STRIG dated July 25th 2018

3: Guest House Registration List Dated July 1 2018 provided by the City Clerk's Office

4: City of Newport Comp Plan, data 2014

5: Compiled Noise Violation Data

<ul style="list-style-type: none"> • Clear rules and policy between all departments 	<ul style="list-style-type: none"> • A clear registration process 	<ul style="list-style-type: none"> • Neighborhood Fabric
<ul style="list-style-type: none"> • Noise 	<ul style="list-style-type: none"> • Unregistered STRs 	<ul style="list-style-type: none"> • Housing Market
<ul style="list-style-type: none"> • Safety for guests & neighbors 	<ul style="list-style-type: none"> • Ability to maintain residence 	<ul style="list-style-type: none"> • Parking
<ul style="list-style-type: none"> • Dark houses 	<ul style="list-style-type: none"> • Clear Regulations 	<ul style="list-style-type: none"> • Enforcement Procedure

ECONOMIC GROWTH AND TAX REVENUE

Over the past few years Airbnb as well as other hosting platforms have generated substantial revenue for the state, city and the city’s residents even while Newport’s hotels continue to experience revenue growth and increased occupancy rates.¹

Of the revenue generated from the 4,070 nights booked at 325 different properties in 2017 as well as the 7,440 nights booked YTD in 2018 at 441 properties¹, 7% went to the state as a sales tax and 1% went to the City of Newport as a Hotel Tax. A 6% room tax remits to the state as well for room shares, renting out a single room in your own home. Airbnb alone has remitted over \$3,500,000 in taxes to the State of RI since 2015 including over \$360,000 remitted to the city of Newport as of March 2018.²

As of July 1st 2018 there were a total of 340 Guest House Registrations comprised of 2,858 rooms able to accommodate up to 6,418 guests. Of those Registrations, 281 were for 5 bedrooms or less and accounted for 462 of the rooms available for rent, or only 16.16% of the total Registered Guest House rooms for rent.³ Showing that 5 out of 6 registered guest house rooms are in hotels and other transient facilities.

There is a clear disconnect in the number of advertised STR listings vs Registered Guest Houses. These un-registered units pay their taxes through Airbnb, but skew the data as to the impact on neighborhoods and amount of housing stock actually being used for STRs. According to Airdna.co there are 708 active “Entire Home” listings in Newport showing an extreme disconnect in registered STR vs unregistered.¹

Noise has been an issue in many neighborhoods in Newport for some time, but over the past few years there has been a steady decline on issued noise violations and noise complaints.⁵ This is contrary to the increase in STRs and use of hosting platforms. Rating systems on guests and hosts, integral to most hosting platforms, self-police for guests to be responsible and respectful and for hosts to provide appropriate accommodations. While the guests may be respectful of their surroundings, their increased use of local infrastructure and housing is weighing on neighborhoods.

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EFFECT ON NEWPORT'S HOUSING

STR are adding to the city and state's revenue as well as adding income to local residents but it is also squeezing housing inventory. Newport has a total of 13,170 Residential Dwelling units in the city, of which 57.4% (7,559) are rental units and 13% are seasonal units (1,737)⁴. Registered and unregistered guest houses eat up a share of available rental inventory. According to Airdna.co, in the trailing 12 months leading up to July 2018 there were a total of 708 listings for 1br-4+ br guest houses in Newport.¹ That is 9.36% of all rental inventory in Newport. While STR can help alleviate the dark house effect with occasional guests, it can't be ignored as weighing on the rental market as a whole.

RECOMMENDATIONS;

A few recommendations from STRIG for the city to consider moving forward

SHORT TERM RENTAL ADMINISTRATION OFFICER

A dedicated position within the city for managing, handling, enforcing and registering all Short Term Rentals would easily pay for itself with registration fee revenue. The person in this position could also address many of the day to day concerns and questions that arise regarding Short Term Rentals in the city.

Some of the officer's tasks would include;

- Collecting registration forms and fees
- Policing Illegal Guest Houses by reviewing hosting platforms
- Cross Referencing registration numbers as advertised and registered
- Liaison between The City and hosting platforms for enforcement and policy
- Collecting and following up on neighbor complaints
- Work alongside Host Compliance on letters and notifications to Unregistered Guest Houses
- Work alongside the Municipal Court for enforcing fees
- Work alongside city and state tax office to ensure appropriate revenues are being received
- Onsite visits and walkthroughs

REGISTRATION PROCESS

The registration process for many applicants is quite confusing. A clearer registration process, Guest House Permits and increased communication between departments is recommended.

The Registration Form itself should include the following information;

- Application process should be online.

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- Include a unique registration number attached to the owner and the property, so all departments can search the number (fire, police, city clerk, tax, zoning, etc.)
 - Included with the registration number across all departments is the owner, agent and their contact information and primary place of residence.
- Registration Fee; should be substantially increased to cover cost for enforcement and paperwork between departments. Request city & departments to investigate this cost and make a recommendation on the fee increase.
- "Type" should be expanded to include; Single family, two family, multi-family, guest rooms, mixed use, Bed & Breakfast, Boat
- Questions on property to include;
 - # of Bedrooms (change from "Rooms" to "Bedrooms")
 - Total number of guests allowed and max number advertised
 - # of Parking Spots available to the guests and the owner
 - % allocated for common area if it's a Limited Guest house/guest rooms being rented
- Floor plan required with registration
- Require upfront physical inspection with initial registration, required updating every 5 years or as recommended by the City Fire Marshall
- "Please list all hosting platforms and/or room resellers"
- "Owner's residence address" vs just Owner's Address
- Person attached to the property in the case of an LLC or corporate owned property to be identified.
- Should also include block for cell phone and email address of the owner and the owner agent if one is assigned.

Departments to Approve Registrations should include: Zoning, Building Inspector, Fire Marshall and Tax Collections; similar to current approval process.

Certificate of Registration should be similar to that of a Liquor License; clearly visible to guests and the city. Certificates and Registration form should be clearly delineated with the Owner and Agent name and contact info clearly on display.

Increase Registration Fees significantly to an appropriate amount to compensate for the added work required by the city. The figure should be investigated and recommended by the city.

Special Use Permits are required for all STRs in residential Zones in Newport including R-3, R-10 and R-10A. Special Use Permits to carry with the owner, not the property.

- Owner Occupied is required for residential areas where Special Use Permits are required for STR. Owners are to be present at the time of the rental.

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ENFORCEMENT

Registration Number attached to every Guest House Permit, which is shared between departments and clearly visible on all advertisements.

- If a residence is being advertised for an occupancy of <30 days there must be a registration number included in that advertisement. If it is not the listing ad will be removed. Possible fines imposed for repeat offenders.
- Easier to police which STR are advertising incorrect information
- Easier to police unregistered STRs as they're being advertised
- Can enforce STR regulations without having to catch guests/hosts in the act or exchanging money.
- Easier reference between all departments including building, zoning, police, fire, finance and the city clerk's office.

Neighbor initiated complaints: City to have a procedure in place for any complaints to be filed to the STR Administrator. The complaint form should allow for attachments such as photos and print-outs of the ad. We recommend a single form for all complaints ranging from noise, to trash pick-up and unregistered rentals.

Violation Fine Schedule: Two separate fine schedules are recommended, one for un-registered units and the other for registered units to manage their properties correctly.

- Un-registered Schedule
 - Minimum of \$1,000 for the 1st offense
 - Increasing fee schedule if continued to advertise illegally or rent without registration
 - Fines and penalties increases to the max allowable limit by law to deter repeat offenders
- Registered Units
 - Three Strike Policy: If you have 3 strikes for violations such as noise complaints, mismanagement of the property, taking out trash etc, registration revoked for the remaining of the year
 - Start fines small and increase: \$250 first Offense, \$500 second, \$1,000 3rd Plus revoked Registration
 - Habitual offenders lose right to register in perpetuity

ZONING CODE

A few recommended changes to existing code to help alleviate inconsistencies and add clarity.

Limited Guest House: A rental of two guest bedrooms or less, to no more than a total of four persons in the owner's dwelling unit. Only one such use shall be permitted on a lot.

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Guest Houses by Special Use Permit: Owner occupied required with these registrations. If an Onsite Resident Manager is used instead of an Owner, the Onsite Resident Manager should have a vested interest in the Guest House and participate as a Stakeholder.

Onsite Resident Manager: Living on the property in which a Guest House is operated either in the same dwelling unit or adjacent to. Must have a medium of compensation and a vested interest in the Guest House's operation.

Guest Houses by Right; In business zones, such as GB, LB, WFD & CI, the Owners are running a business, where the services of the business is a Short Term Rental. They should operate their businesses responsibly as required by the city and state. Being onsite is not a requirement, but they should have an owner or manager within an hour of the site in the event of an emergency.

CONCLUSION

Short Term Rentals have a positive impact on the city in many ways including added industry, increased tax revenue, increased investment in the city, added income for local home owners and an avenue for visitors to experience the city in a way a conventional hotel would not offer. As a city that embraces technology and change we should welcome the advent of hosting platforms like Airbnb, VRBO & Home Away with open arms. It is the habitual infringement on existing ordinances that is creating a negative atmosphere and causing disruptions in neighborhoods and the housing market. If ordinances were more strictly enforced it would foster appropriate growth that wouldn't impede on the fabric of our neighborhoods, the livelihoods of neighbors and impair those businesses trying to operate within the law. If the City considers our recommendations and follows through on enforcement and policy we as a group feel the city will be positioned well for the coming century and the changing economic environment.

Thank you for considering our findings.

Sincerely,

Jeff Brooks; Chairman of the Short Term Rental Investigatory Group
Melissa Pattavina; Planning Board Chairperson

STRIG Members: Wayne Clark, Robert Dufault, Turner Scott, Terry Munnely, Rebecca McSweeney, Liam Barry

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CITY OF NEWPORT
CITY MANAGER
Joseph J. Nicholson, Jr., Esq.

To: Mayor Jamie P. Bova and Members of the City Council
From: Joseph J. Nicholson, Jr., Esq., City Manager
Date: January 14, 2020
RE: Docket of January 22, 2020 – Update on Short-Term Rental Investigatory Group Recommendations

At the previous Council Meeting, reference was made to a June 10, 2019 memorandum that addressed recommendations made by the Short-Term Rental Investigatory Group.

The recommendations were, in part, suggestions on how to improve the registration and complaint processes, some of which have been implemented and/or reviewed.

The primary recommendation of the Group that has been implemented is the hiring of a short-term rental Administrative Officer. That Officer is the single point of contact for enforcement issues as well as working closely with the City Clerk's Office on administrative issues.

The role of the short-term rental Administrative Officer is to do just that—continually administrate and enforce issues related to short-term rentals.

JJN/paf
Attachment



CITY OF NEWPORT
CITY MANAGER
Joseph J. Nicholson, Jr., Esq.

TO: The Honorable Mayor and Members of the Council
FROM: Joseph J. Nicholson, Jr., Esq., City Manager
SUBJECT: Short-Term Rental Investigatory Group Recommendations
DATE: June 10, 2019

We have reviewed the 7 recommendations of the Short-Term Rental Investigatory Group (STRIG) and have the following comments:

1. STRIG Administrative Officer

Staff consensus is that a dedicated position would be helpful and is needed to coordinate enforcement and administrative efforts among the departments otherwise responsible. The number of registrations has doubled since 2014. Illegal uses seem prevalent. Keeping up with compliance and tax issues are difficult. More proactive enforcement is needed. Cost of administration, compliance monitoring, and enforcement in a vacuum are on the uptick.

Our recommendation is to immediately establish a single point of contact for now in the Zoning Office for enforcement issues which I can do unilaterally. We also will recommend the hiring of a part-time staff person to interface on all administrative issues which we believe can be financially self-supporting.

2. and 3. (same issue) The registration process modified to gather more information and coordination between departments.

The void in the report noted by staff is the lack of input solicited from key administrative employees. We don't necessarily believe the registration process needs to be modified to gather more information. Key departments are already involved in the registration process. The registration fee does need to be increased and can be justified under the law. Floor plans are submitted with new applications. Posting of the registration certificate is required. Online filing options are being reviewed with the new website and otherwise implemented. The clerk will review the registration form for improvement.

4. Unique registration number

It was implemented by staff June 1st in any event.

5. Fine schedules

Under review by Solicitors' Office but do not recommend minimum mandatories or revocation or fine schedules. Undermines prosecutorial discretion, role of Municipal Court system and some of the recommendations exceed the jurisdiction of the court. On the other hand, fines need to be severe enough to deter repeated offense. Within a year, repeated violations can be flagged so that conduct can be considered during the registration process. I would leave this suggestion to the Solicitors' Office in terms of severity of enforcement.

6. Mechanism for filing complaints

The complaints should be filed with the Zoning Officer. We will publicize a mechanism for this season, pending the hiring of an administrative officer. Issues with short-term rentals are for the most part zoning-based; albeit the fallout sometimes is the residual issues of trash and noise, which are not necessarily issues all-encompassing to short-term rentals. An organized online complaint portal is desirable and will be considered going forward.

7. The Zoning Ordinance characterizes short-term rentals as a guesthouse use otherwise permitted though a special use permit in the R-3 and R-10 zoning districts but prohibited in the R-10A zoning district. The use is allowed by right in the various commercial zones but allowed by special use permit in the R-20 and R-40 zoning districts. The owner or a manger must reside at the guest house premises unless the use is permitted by right.

The Group has some policy recommendations which are a bit out of focus, but we would defer to the Planning Board as your policy advisors on these recommendations. My recommendation to the Council is to focus on the policy of use as it relates to short-term rentals. What I mean by that is control. Is there a concern relative to the proliferation of use? If so, what can be done or what should be done? The Planning Board's role as your advisor would assist with the policy issues of use.

THE CITY OF NEWPORT

RESOLUTION

**OF THE
COUNCIL**

No. 2020-03

WHEREAS: issues related to short term rentals continue to be ever present in the details that need to be addressed; AND

WHEREAS: in some instances, room taxes for short term rentals are remitted from the State to the City of Newport and other communities through hosting platforms, that fails to identify the exact address of the respective tax paying property; AND


WHEREAS, to appropriately monitor and determine whether the City of Newport is receiving its fair share of the remittance, there is a need for these hosting platforms to identify the property that it is remitting taxes on behalf of; NOW, THEREFORE, BE IT

RESOLVED, that the General Assembly delegation consider submission of appropriate legislation that mandates that the hosting platform identify the property they are remitting hotel taxes on behalf of; AND, BE IT FURTHER

RESOLVED: the City Clerk forward a copy of this resolution to all cities and towns and to all members of the Rhode Island General Assembly.

Jeanne Marie Napolitano
Lynn Underwood Ceglie

IN COUNCIL
READ AND PASSED
JANUARY 22, 2020



Laura C. Swistak
City Clerk