

**Planning Board  
Minutes January 28, 2020**

**Members Present:** Judith Esmay, Brian Edwards, Iain Sim, Nancy Carter

**Alternates Present:** Beth Esinhart, Paul Simon

**Staff Present:** Vicki Smith, Rob Houseman

**Others Present:** Jolin Kish, Barbara Lynch, Mia Arnold, Jeremy Katz, Chris Ng

Chair Judith Esmay called the meeting called to order at 7:27 PM. Alternates SIMON and ESINHART were appointed to serve.

**Discussion of Proposed Zoning Amendments for Town Meeting 2020**

ESMAY made the point that unlike the listening sessions last Tuesday and on Saturday, the meeting tonight is a work session, but it is not a public hearing. Anything the Board formulates will be brought to the public for hearing and comments.

Vicki had distributed a list of issues that required the Board's attention following the listening sessions. During the discussion of goals, SIM outlined a list of overarching goals:

- protect the housing supply especially family owner-occupied housing, long-term rentals and workforce and affordable housing.
- preserve neighborhood character by maintaining the quality of life, preventing nuisance and maintaining economic diversity.
- ensure accountability of the landlords by implementing effective registration, inspection, and monitoring.
- create a registration, inspection, and monitoring system that is not a financial burden to tax payers of the town.

The Board discussed how to regulate short-term rental (STRs) to accomplish goals proposed by SIM. ESINHART wanted to limit STR to properties which Hanover residents call their principal or primary residences. In the listening sessions she heard that residents did not want to see investors buying up properties. ESINHART also favored an incremental approach to allowing STRs. She said that it is a divisive issue in the Town and the Town therefore needed to proceed with great care. EDWARDS seconded that and was worried about unintended consequences. EDWARDS acknowledged that the Town must deal with the shared economy, but he also favored an incremental approach to determine what we can do to make the Town a better place, protect neighborhoods, and let residents use their property. He offered the idea that with the regulatory and enforcement questions still unanswered that maybe the Board was rushing things for this Town Meeting.

CARTER shared the other members' interest in an incremental approach. Her interest was in having the Board focus on un-hosted rentals in appropriate locations for a limited number of days and implement this for 2020. She noted that based on the email sent by SALAS, she thought that SALAS would agree on proposing un-hosted STR this year. SIM noted that once you allow STR on a property, the use cannot be retracted as it would be grandfathered if the Zoning Ordinance were to change to prohibit un-hosted STR. SIM worried about what STRs do to the availability of housing in the town. He noted that the Regional Planning Commission had just sent out a survey about the housing shortage in the Upper Valley.

ESINHART suggested that instead of a cap on number of days, that a limit be imposed based on density to moderate impacts to specific neighborhoods. She remembered a resident at the listening session who was worried about her entire block disappearing and a resident on Rope Ferry Road who said she lived in a ghost town. SIM said that his neighborhood is full of empty homes purchased by the College because of the contamination at Rennie Farm. Mr. Houseman explained that there was no sun-setting with zoning. A permitted right is part of the bundle of rights that makes up property ownership. He thought that once the Town had a process in place to allow STR that it would be very difficult to step back. Mr. Houseman reminded the Board that the Town needs to address the fact that the Town does not permit STR except as a Bed and breakfast, Motel or Tourist home. He thought that an ordinance enabling licensing of STRs was needed in addition to zoning. The licensing would trigger the inspection and registration process. The Board wondered if both the zoning amendment and regulatory structure could be developed prior to Town Meeting?

ESINHART mentioned that with all the new systems that needed to be in place for registration, inspection, and regulation, the Board needed to be realistic about the implementation so there was some time to work out the kinks with hosted STR before managing un-hosted STR. The devil is in the details. SIM recalled that it is not easy to get an ordinance adopted by the Selectboard based on his memory of the adoption of the Rental Housing Ordinance.

EDWARDS pointed out that one of the webinars used a pie chart to show that for North America, 82% of STRs were for the whole house with 1.8 million homes enrolled. There are over 120 platforms like AirBnB. Lessons from the webinar are: Do your research; Listen to stakeholders; Hold proactive meetings with commercial bed and breakfast and hotel owners; The more you do, the more you will be successful.

SIM noted that the Hanover properties that are top five producers grossed their revenues in 47- 80 days. He said this is like a red rag to an investor bull. He wanted to know how the Town can create a set of regulations that results in only resident owners renting their property. ESINHART pointed out that some owners were willing to move out of their homes for 210 days.

SIMON did not think residents will honor the hosted or un-hosted limitation. He was in favor of allowing both for a smaller increment of time and allowing longer increments of time by special exception. EDWARDS said that the Board has not done a lot of thinking about time limits associated with un-hosted STR. That is why he did not think it is wise to go with un-hosted STR. In his opinion If a resident owner is on the property, he did not think there was a need for a temporal limit. Mr. Houseman noted that the Town cannot track down where owners sleep on any given night. He said that most of information from Host Compliance is marketing from them. The Town needs a proposal from them and to contact end users to hear about their experience with the service.

The Board thought that condominium short-term rentals could be governed by the homeowners' association. All agreed that there was a greater risk of being disturbed with STR in a condominium unit next door.

CARTER noted that Hanover is a town of 11000 people and the Board needs to remember that this is a small community. Conversation turned to the STR effect on property valuations? If someone is making a significant amount of STR income, is that included in the valuations? Jolin Kish added that you need to look at the relative effort in short-term v long-term renting. If everything shifts to short-term, we affect

the housing market for current renters- students and lower income families who cannot afford to purchase a home.

SIMON supported limiting the period of un-hosted renting. He thought that the Town needs a registration process and during that process that a guidebook be given to homeowners stating the rules regarding STRs. Maybe a training session should be required? He wanted to find a way to help staff.

Mr. Houseman said that our zoning language does not need to mirror host site language. If the Town permits un-hosted rentals outside the GP district, it should be the principal dwelling of the owner. Host Compliance will look for unregistered sites. Principal dwelling needs to be defined and in the registration process proof of principal residency will be required. ESMAY thought that regulation of STR is analogous to removing the specific uses for home occupation, since the Town is most interested in the impacts on the neighborhood, not what is going on in the house.

SIM questioned the use of an Accessory Dwelling Unit (ADU) for STR. He said that the ADU is supposed to help augment the supply of housing. He worried that an ADU is a Trojan horse for proliferation of STRs. This is housing that is supposed to be available for young professionals and for aging in place. Mr. Houseman said that a separate ordinance will set requirements for STR registration and enforcement. With an approved registration, units need to be inspected on a regular cycle. Continued complaints might result in more regular inspections. For the Rental Housing Ordinance, the Town went from registration and inspection to registration only. SIM wondered if now is the right time to start STR regulation when the Town is not effective in assuring compliance in the long-term rentals. Mr. Houseman said that given what we have in place we enforce to the best of our ability. We have landlords who are cooperative. There is a difference between management wishes and occupant behavior on a site. If there are violations the Town requires that they be corrected. The Town would be best served by a proactive inspection program. If there are deficiencies the Town works with owners to address health and safety issues. Getting broad buy in by Town management and the Selectboard is the next step for a registration and monitoring program that will meet the goals. He thought the Board would be ill-advised to move forward without support of the Selectboard.

The enforcement authority lies in Fire Code with the Fire Chief. A new inspection position must be created. The Town is still determining in which department would be the best place to house that person. Code compliance is different than emergency response.

Modification of the zoning language needed. The Board generally agreed to permit hosted STR in the residential areas and un-hosted STRs in the GP district but not elsewhere at the moment.

Staying in an ADU to fulfill the requirement of the owner being continually present on the premises was discussed. The purposes of Accessory Dwelling Units (ADUs) in Section 702.1 were reviewed. It was pointed out that Section 702.1c does not support use of an ADU for allowing STR. ADUs were added to increase the housing stock. The Board concluded that a room in the ADU or a room in the principal residential structure might be used for STR, but that STR use of either of the full dwelling units would be contrary to a stated purpose for which ADUs were permitted in Hanover.

The meeting was opened for public comment. Jeremy Katz spoke to the reasons for STR, such as reunion and graduation events and what a positive it is for the Town to have STR during those times. Jolin Kish who manages 526 rental units encouraged the Board to limit STR periods or be faced with a loss to the long-term housing stock. She pointed out that there is a financial tipping point, somewhere

between \$3000 and \$3600 per month. This is the average amount for which a house in Hanover can be rented to long-term tenants. She did not want the Town's regulations to create a scenario where annual revenues from a STR are greater than revenues from long-term rental use. She noted that investors and business people "follow the money" and would make the decision to rent short-term rather than long-term.

The Board reviewed the material provided by Mr. Houseman that listed the revenues produced by the highest yielding homes in Hanover in 2019. He pointed out that average daily rental price was between \$603 and \$789 per day, so that the number of days per month rented short-term would need to be set so the yield would be less than the \$3000-\$3600 cited by Ms. Kish.

It was pointed out that there is an informal network of short-term rental properties that will never show up on any of the on-line platforms. Mr. Katz thought that the reunion committees pass possible rental property information on each year to the next reunion committee. Dartmouth College should be made aware that STR are not permitted.

Mr. Houseman will meet with the Town Manager and Fire Chief to make plans for inspection and enforcement staffing. Assuming that plans for staffing are appropriate, he will work on getting an ordinance ready for the Selectboard.

ESINHART was supportive of having a regulatory process in place but was concerned about being ready to allow hosted STRs for 2020. Staff will work on getting a proposal from Host Compliance, definitions, a limitation on rental period and items identified in the issues list. SIM was unsure about going forward this year with any STR proposal. SIMON would like a booklet prepared outlining the "dos and don'ts" of short-term rentals and suggested a mandatory session for all licensees.

ESMAY appointed ESINHART and ESMAY to serve on an adhoc committee to work with staff on re-working the STR amendment.

The Board agreed to meet on February 18 and 25 to continue work on the zoning amendments.

#### **Minutes of January 7 and January 21, 2020**

The Minutes of January 7, 2020 were reviewed. An amendment was suggested on page 2. ***On a motion by SIM that was seconded by SIMON, there was approval of the amended Minutes of January 7, 2020. CARTER, EDWARDS and ESINHART abstained from the vote.***

The Minutes of January 21, 2020 were reviewed. One correction was suggested replacing 182 with 185. ***On a motion by SIM and a second by ESINHART, there was unanimous approval of the Minutes of January 21, 2020.***

#### **Adjourn**

The meeting was adjourned at 9:37 PM

Respectfully submitted,  
Vicki Smith  
Scribe Pro Temps