

PRELIMINARY MINUTES

**TOWN OF LUDLOW
BOARD OF SELECTMEN/TRUSTEES**

**SPECIAL JOINT MEETING
Short Term Rental Registry Public Discussion
TUESDAY, DECEMBER 19, 2023
6:00PM
HEALD AUDITORIUM**

Zoom Link & Info:

Select Board/ Village Trustees Special Joint Meeting - December 19, 2023

Meeting ID: 985 7952 6808

Passcode: 264890

SELECT BOARD MEMBERS PRESENT:

Brett Sanderson, Chairman	Bob Brandt	George Tucker, Jr.
Scott Baitz	Justin Hyjek	

TRUSTEES PRESENT:

Bob Brandt, Chairman	Justin Hyjek	Earl Washburn
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STAFF PRESENT:

Brendan McNamara	Jarrold Jowdy
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OTHERS PRESENT:

Eric Alden	Joe Josselvn	Alice Nitka
Lynn Baldwin	Heather Kelly	Melissa Rockhill
Stephen Box	Angie Kress	Bruce Schmidt
Terry Carter	Darcy Laskwhich	Noah Schmidt
Shawn Decker	Astrid Lehman	Allen Seiple
Graeme Dempster	Ally Madei	Linda Seiple
Suzanne Garvey	Julie Marks	Ryan Silvestri
Andrea Goldman	Steve Meyers	Jean Strong
Glenn Heitsmith	Julie Nicoll	

I. Call to Order

1. Bob Brandt called the meeting to order at 6:00 p.m. and led all in the Pledge of Allegiance.

II. Board to engage in public discussion regarding implementing a “Short Term Registry.” Julie Marks of Vermont Short Term Rental Alliance (VSTRA) will be in attendance for questions

1. Brendan McNamara said the board is here to receive public input on Short Term Rental Registry. This has been being discussed for at least one year. We need to gather information and decide what is in the best interest of the Town. Julie Marks (VSTRA) and Graeme Dempster (Granicus) are here to provide information and answer questions.

2. Julie Marks explained that VSTRA is a 501(C) 6 organization that works with towns to develop rental registries. They look at:
- i. Government regulations and how to enforce those regulations
 - ii. Standards for hosting practices
 - iii. Building connections between vacation realties and local businesses.

She said that we know about Short Term Rental (STR), and have various partners for data collection. She said that Vermont passed Act 10 in 2018 that defines STR and gave municipalities the authority to regulate them. The State has a form, Short Term Rental Safety, Health and Financial Obligations, which is required to be posted in all STR units. However, there is no requirement for these to be filed with the State or local government. The towns have the authority to tax and to enforce standards. Rentals of less than 30 consecutive days are STR; over 30 consecutive days are Long Term Rentals (LTR.) Rentals of less than 14 days are not required to post the form and don't have to pay taxes. STR are less than 30 days, are furnished, and do not provide food. Alternate rentals are units such as: yurts, tiny houses, tree houses and RVs can be managed by owner on or off site. Some units are managed by Property Management companies (this is most common in VT ski towns.) VT has about 11,500 STR, accounting for 3% of the housing stock. There are about 55,000 2nd homes, accounting for about 17% of housing stock. Most STR units are:

- i. Owned by persons over 55
- ii. Women owned/managed
- iii. Owned by full or part time Vermont residents
- iv. Occupied by owner for personal use,
- v. Offered as monthly, furnished rentals in addition to STR
- vi. Part of small real estate portfolio

She said that there are basically 5 categories:

- i. Private room suites
- ii. Whole home (primary home)
- iii. Whole home (secondary home)
- iv. Investment property
- v. Rental/non-dwelling

She said that there are basically ways that the properties are entered:

- i. Existing vacation home
- ii. Existing occupied space
- iii. New purpose built or renovation

She said that there are 651 STR in Ludlow, as of September 2023. In 2021 gross STR were \$9,759,381, in 2021 and \$8,960,195 in 2022. If Ludlow had a Local Options Tax (LOT) the revenue would have been about \$683,000 in 2021 and \$627,000 in 2022. She said that the town needs to define STR in its by-laws. She listed the following considerations:

- i. Desired outcome
- ii. Property rights
- iii. Privacy (lock boxes for EMT services)
- iv. Community nuisances (noise, trash, parking)
- v. Economic impact
- vi. Enforcement
- vii. Existing ordinances

- viii. Parity with LTR requirements - safety of any renter - LTR or STR should be considered
- ix. Administrative resources
- x. State/Town resources
- xi. Risk of litigation

She said that STR management should

- vii. Registration process should be simple and on-line with easy renewal process
- viii. Collect information relevant
- ix. Establish means of communication between Town and STR manager
- x. Distribute educational material (emergency contacts)
- xi. Establish complaint system - enforcement, noise, parking, garbage disposal
- xii. Avoid overburdening existing limited resources

Recommendations for Ludlow

- i. Monitor STR activity without added restrictions
- ii. Apply standards for responsible hosting
- iii. Focus on homeowner and community education
- iv. Permit in all zoning district where residential housing is allowed
- v. The permit to run with the owner, not the land
- vi. 3rd party service provider (Ludlow is using Granicus)
- vii. Safety inspections once every 5 years, unless a complaint is filed - she added that a qualified home/building inspector could file the report. She said there are also DIY inspections with 3rd party verification (www.breezeway.10/safety)
- viii. Occupation limits - 2 persons per bedroom
- ix. 3 Strikes You're Out process - repeat violations; noise, nuisance with civil penalties or permit revocation
- x. She said that models of ordinances/registration forms are available

- 3. Steve Meyers asked of the 3% of the state STR, how that translates to Ludlow.
- 4. Julie Marks said that is a question for the Zoning Administrator.
- 5. Justin Hyjek asked, of the STR, how many days are they used by the owners.
- 6. Julie Marks said 90% of the STR are used by the owners at some point during the year. She doesn't have any clearer details. Federal Taxes show about 2 weeks per year.
- 7. Justin Hyjek asked if LLCs are buying up housing inventory.
- 8. Julie Marks said that it has become general practice to purchase property under an LLC and it is advice you would receive from a financial planner or attorney for liability protection. There is no evidence the properties are being purchased by hedge funds or Big Business.
- 9. Suzanne Garvey said that the percentage of properties registered as LLC ownership is very prevalent. It has been a long -term practice.
- 10. Andrea Goldman asked about the percentage of Vermont towns that have STR or are currently considering one and the costs to the owners.
- 11. Julie Marks said at least 2 dozen are actively discussing it, lesser have enacted it. It is very patchwork and inconsistent. It is becoming inefficient for Towns and we are encouraging statewide actions. Costs vary by town and size of units. Stowe is discussing it. There is a need for financial balance and there is no right answer. You need to look at the revenue to the town and back-calculate the fee costs needed to cover the costs.

12. Andrea Goldman asked what if Ludlow had an LOT.
13. Julie Marks said Ludlow should consider adopting one. The town would see about \$600,000 additional revenue per year.
14. Graeme Dempster said that Julie Marks made some smart recommendations. He said that looking at his data, 14 units are owned by LLCs. There are 732 active STR units at an average of \$500/ night. He said that registration fees could be 2 times the nightly rate.
15. Terry Carter asked about homeowner insurance.
16. Julie Marks said we recommend homeowner insurance but we caution against requiring it. That is personal... There are commercial policies available for STR, but they are very expensive. Regulate homeowner insurance is now coming out with STR add-ons.
17. Ally Madei asked if any towns are doing the STR well.
18. Julie Marks said that Killington is the best example and has several years of data.
19. Lbw asked for more information about lawsuits, privacy and property rights. She noted that there was a suit in Louisiana regarding the town wanting to restrict STR in certain areas.
20. Justin Hyjek said there were suits in Austin, TX, Conway, NH and Grand Isle, VT. The VT case involved requiring CO for use. They are not needed. She said there was nothing about privacy. In California, there was a case where the court ruled in favor of the homeowner that the ordinance was overreaching the zoning restriction.
21. Eric Alden asked if the data has looked at ski towns with great influx over a 2 to 3 month period.
22. Graeme Dempster said the influx in Ludlow starts in September. They only have one year's worth of data specific to Ludlow. He said that ski towns are more impacted by STR than beach towns
23. Julie Marks said that housingdata.org indicates that STRs are lowest in the summer and peak in the winter.
24. Eric Alden asked if the data shows 651 STR, what it is in the rest of the year. Are STR available for 6- month rentals or do they sit vacant? If STRs were banned, would that create an influx of housing for the town?
25. Julie Marks said really. She said that vacation rentals are not aligned with VT housing needs which are more affordable and smaller. She said that the average vacation rentals are 3 - 4 bedrooms and higher value.
26. Graeme Dempster said that the data shows what listings are taken down or not accepting guests during certain times during the year.
27. Julie Marks said Waterbury and Manchester did deeper dives into STR and only a small percentage of the STR were eligible to return to the LTR market.
28. Suzanne Garvey said that owners can do seasonal rentals - November to April. People pay upfront and are responsible for utilities.
29. Justin Hyjek noted that Julie Marks had said that as of 9/23, there were 651 STR in Ludlow.
30. Graeme Dempster said as of today, there are 732 STR units. Of that number 97% are entire homes and 2.5% are partial rentals.
31. Justin Hyjek asked about Montpelier, Stowe and Manchester
32. Julie Marks said that the data is imperfect. There are different ways of mining data and the process that Granicus uses is more accurate than what we use. She said that Stowe is in

- conversation and had extensive public discussion. Manchester just passed an ordinance and did a STR impact study. Montpelier is in discussions.
33. Justin Hyjek asked about the Planning Commission Survey.
 34. Terry Carter said that the Planning Commission (PLC) sent postcards and also put the survey online. They received 297 responses. 50% said that STR would have a negative effect on the town, while 20% said it would have a positive effect on the town. 60% were in favor and 20% said no. People wanted the income to go to housing and public safety.
 35. Steve Meyers said that some people think that STR is the reason for lack of housing in Ludlow. Think there is a need to consider that the giant houses on the mountain have no need to rent them out.
 36. Astrid Lehman said that she would never rent out STR. She uses the income for retirement. If the property were left empty it would be in danger of breakdowns. She asked about the category for the ski house and if they are regulated and what about the number of cars. She is waiting to hear that data about regulations and EMS and nuisance.
 37. Julie Marks said that is interesting and she doesn't know the status of ski houses.
 38. Graeme Dempster said they are zoned differently and are exempt from STR regulations. Most are residential. He added that time shares are subject to state laws.
 39. Glenn Heitsmith listed ski club houses: Grumman, Sikorsky, Norwich, Manchester, and Mt. Laurel.
 40. A question was asked if there was a correlation between STR and lack of workforce housing.
 41. Julie Marks said we don't see a correlation. They have spoken to the Affordable Housing people and data does not show it. The best way to support affordable housing is by increasing density and wages. Income is the greatest influencer of housing prices. More higher income people are moving to VT.
 42. Graeme Dempster said there are some creative regulations in Durango to ADUs for workforce housing. Some places have incentives to convert some units back to LTR and ways to leverage STR owners to build some affordable units.
 43. Julie Marks said there are stipends offered that have been ineffective. The tax incentive for annual, unfurnished rentals and about 20% of STR also have LTR offerings and diversified portfolios.
 44. Eric Alden said it boils down to what do you want to achieve, what is your goal and that is not on the record.
 45. Ryan Silvestri said that originally STR was considered for Health, Fire and Safety. The tangible goal needs to be Health, Fire Safety and Education. He has seen single bedrooms with 4 to 5 bunk beds and 3 - 4 bedroom houses with as many as 30 occupants.
 46. Brett Sanderson said that Public Safety is his #1 priority and he has seen where people pile people into these units. That impacts life safety, septic and water usage.
 47. Suzanne Garvey said safety seems to be something people can get around. She has seen rentals that should be inspected and not just STR, but all rentals. Many of the STR and LTR do not have smoke alarms.
 48. Brett Sanderson asked where we go from here.

49. Brendan McNamara said the board needs to establish its goal. We will discuss this and keep working on it. We will discuss it at the January meeting and look at the goal, focus, where to end the discussion and what comes next.
50. Eric Alden said that this has been discussed a lot and he thought they should discuss goals tonight.
51. Steve Meyers said there are abuses in rooms and terrible rental conditions, but it is a slippery slope to tell people what they can do with their houses. Houses are inspected. He said that his property rights mean a lot to him. What people can do with their bedrooms is their business.
52. Glenn Heitsmith said that when he had the Inn, it was inspected once a year by the State for cleanliness, working toilets, beds. He doesn't think we should compare STR with lodging.
53. Justin Hyjek said he reiterates that the committee started over 1 ½ years ago and our mission was to determine if it was viable to have STR. The committee said yes based on safety. LTR are a very small part, but regulated by the state.
54. Ryan Silvestri said that the Fire Marshall is contacted due to complaints or issues. Typically, with LTR, there are none. The STR Committee has for 18 months been looking for guidance from the Select Board.
55. Justin Hyjek asked if LTR can be incorporated into Granicus' software.
56. Graeme Dempster said it can be done, but the data would be from different platforms that we tend to avoid or monitor. If the information is on traditional platforms, we can capture the data.
57. Justin Hyjek said that our duty is to make rentals as safe as possible.
58. Terry Carter said that per Vermont Law, we cannot regulate LTR.
59. Noah Schmidt said safety is a huge thing and we need to make sure that people are following the rules. All of the property owners that he works with go through inspections and most do not pass the Fire Marshall on the first inspection, but most want to because of. Some don't with over-occupancy. There are some renovated units where there are no state or local COs or permits. Most people want to be safe and comply.
60. Eric Alden said if the goal is safety, you may decide that STR regulations do not fit that need.
61. Justin Hyjek said just because LTR are not regulated, we should not overlook STR.
62. Lynn Baldwin if this is about safety, it is not fair to single out STR and have Granicus scraping data every 3 days. How do you know what's going on in the big houses on the mountain? We don't need Granicus scraping data every 3 days. Do the LOT and pay to hire someone locally. AI surveillance targeting STR doesn't make sense. She would rather have a local person do the work.
63. Glenn Heitsmith said the board is kicking the can down the road on doing something.
64. Justin Hyjek said this is a public forum to engage in public input, not to vote.
65. George Tucker, Jr. said that Julie Marks made a nice presentation and he would like to sit on the note. No one wants a half-heated decision. We will look mostly at safety and we have heard your concerns. Just because we may not be able to get 100% compliance at first, we have had some good information and need to formulate plans.
66. Steve Meyers asked who makes the decision.
67. Brett Sanderson said it can go either way.
68. Julie Marks said she will provide slides and more information to the website.

69. Suzanne Garvey said that we heard the presentation and it makes sense to sit on what we heard. It is a very complicated issue. She would like to review the recording of Julie Marks' presentation.
70. George Tucker, Jr. asked the average nightly rates.
71. Graeme Dempster said about \$508/night for STR in Ludlow.
72. Glenn Heitsmith noted that some time back, Scott Baitz asked for a report for how the \$40,000 for Granicus was spent.
73. Brendan McNamara said that he has been asked about that, but is not totally familiar with that system. It was \$37,000.
74. Lynn Baldwin asked if Granicus has an inside agreement with Air B&B to collect other data.
75. Graeme Dempster said that all of the data they collect is publicly available.
76. Lynn Baldwin asked if Granicus pays for additional data.
77. Graeme Dempster said no part of the data is additional information.
78. Lynn Baldwin said she wants a list of the 350 points of data that Granicus collects.
79. Graeme Dempster said it is 150 points relative to our STR contract. He said that the town does have the access to provide her with that information.
80. Lynn Baldwin said she wants a copy of the list of 250 points.
81. Lisha Klaiber verified that the number of points requested by Lynn Baldwin was 350 and is now 250 points.
82. Terry Carter that the Planning Commission has discussed STR and Plymouth, Chester, Killington and Winhall have STR. Killington has information: over 14 days per year requires permit; less than 14 days per year - owner available by phone at all times, 2 people per bedroom + 2 more allowed, 1-2 bedrooms - \$400/night; 3 bedrooms - \$450/night; 4 bedrooms - \$500/night. If over 8 people, State Fire Inspection is required. On-site parking; owner available at all times.
83. Suzanne Garvey said others do self-certification with VT Fire and Safety for up to 8 occupants with the on-line system. For over 8 occupants, Fire and Safety must inspect.
84. Justin Hyjek asked about the cost for Granicus, he thought it was between \$26,000 and \$28,000.
85. Graeme Dempster said \$26,000.
86. Brett Sanderson said the board will continue discussion at their January meeting.
87. Stephen Box said the purpose is to look at other communities and support local tourism, economics and visitors. Safety is important, but from the Fire Department perspective, only 3% of the claims were safety. He said that Granicus has all fire related, and asked about the other 97%. If this is to pursue safety, we should look not just at regulating, but also empowering. Educating. Empower the community. His properties were inspected 7 times last week by federal, state and local inspectors and not one had a checklist. We need to educate the public. The average owners are "Mom & Pop" owners. Regulating doesn't improve performance.

III. Possible FY 2025 Budget Workshop

1. Tabled.

IV. Other Business

1. There was none discussed

V. Executive Session (If necessary)

1. None needed

VI. Adjourn

1. **MOTION by Earl Washburn and seconded by Bob Brandt to adjourn this meeting. Motion passed unanimously.**
2. Meeting adjourned at 8:04 p.m.

Respectfully submitted,

Lisha Klaiber

BOARD OF SELECTMEN:

Brett Sanderson, Chairman

Justin Hyjek

Scott Baitz

George Tucker, Jr.

Bob Brandt

TRUSTEES:

Bob Brandt, Chairman

Justin Hyjek

Earl Washburn