

## **Chapter 4.30—Short-Term Rentals**

### **4.30.010—Short Title**

This Chapter may be cited as the Short-Term Rental Ordinance of the City of Cambridge.

### **4.30.020—Statement of Purpose**

The purpose of this ordinance shall be to make the operation of short-term rentals legal for Cambridge residents, protect the safety of renters, owners, visitors, and neighbors, and ensure that short-term rentals will not be a detriment to the character and livability of the surrounding residential neighborhood.

### **4.30.030—Definitions**

- (1) Short-term rental. Any rental stipulated to be less than 30 consecutive days.
- (2) Owner-occupied unit. Any dwelling unit with short-term rentals that is also the primary dwelling unit for its owner, or occupied by the primary lease-holder.
- (3) Owner-adjacent unit. Any dwelling unit in a residential building with four or fewer total units where all units are owned by the same person or entity, and one of the four units is used as the owner's primary place of residence.

### **4.30.040—Requirements**

Short-term rentals are permitted in all districts where residential use is permitted subject to the following limitations:

- (1) All short-term rentals are either in owner-occupied units or owner-adjacent units.
- (2) All short-term rental operators are registered with Inspectional Service Department prior to use and occupancy.
- (3) If the short-term rental is to occur in an owner-adjacent unit, that unit must have been inspected for fire safety, building code violations, and sanitation within 6 months of its registration in order to be rented.
- (4) Compliance with codes shall be posted at the main entrance to the unit.
- (5) The proprietor of a short-term rental operates no more than one (1) owner-occupied unit and one (1) owner-adjacent unit.
- (6) Short-term rentals may be subject to fees and or taxes as promulgated by the City and or State authorities

Owner-adjacent units can be rented out only as a whole unit.

The number of short-term rentals in an owner-occupied unit shall be limited by the number of bedrooms in the unit, not by the number of unrelated residents.

### **4.30.050—Penalty To be designated during Ordinance Committee hearing**

### **4.30.060—Enforcement To be designated during Ordinance Committee hearing**

### **4.30.070—Registration Shall be per regulation to be promulgated by Inspectional Services Department and updated as appropriate**

#### **4.30.080—Advertising**

Any advertisement for a short-term rental by print, display, publication, distribution, or online listing offering a short-term rental shall include the operator license number for the room(s) as defined in 4.30.070, as well as a notice of the requirement to register as defined in regulation issues by the License Department. Violation of the provisions of this section may result in a warning from the License Department that the operator's license may be revoked, suspended, or denied. The warning shall include notification to the operator of his or her obligation to obtain a short-term rental license and pay all taxes and fees associated with the lawful operation of a short-term rental unit. Subsequent violations of the provisions of this section may constitute sufficient cause for revocation, suspension, or denial of license.

### **Regulations**

#### **Notice: Requirement to Post and Defined**

In addition to the license number, any advertisement for a short-term rental by print, display, publication, distribution, or online listing offering a short-term rental shall include the following notice:

*This license number is proof that the operator of the advertised short-term rental is registered with the City of Cambridge and has been advised on the requirement to meet all safety, sanitary, and housing codes. Listings without a license number may not be operating lawfully.*



# CAMBRIDGE CITY COUNCIL

Craig A. Kelley  
City Councillor

## Public Safety Working Group: Short-Term Rentals in Cambridge

7:00 p.m. Wednesday, February 22, 2017  
City Hall, 2<sup>nd</sup> Floor, Sullivan Chamber

*The Public Safety Committee will hold a public working group meeting to gather feedback on a short-term rental policy for Cambridge. These findings will be communicated to the Public Safety Committee during a meeting scheduled on March 1, 2017 at 4:00 PM.*

Present at the working group were Councillor Craig Kelley, Chair of the Public Safety Committee; Councillor Leland Cheung; Councillor Nadeem Mazen; and Wilford Durbin, Council Aide.

Also present Rebecca Rutenberg; Margaret O'Mara; Collen Kochman; Mary Ann Hart; Lydia Lowe; Jane Hirshi; Peter McLaughlin; Marie Kemmler; Kristina Nies; Nick LaCerna; Joan Squeri; Lesley Cohen; Dave Slaney; Ying (Cambridge resident)

Councillor Kelley explained that the purpose of the meeting was to discuss what a policy should look like in Cambridge. Having a formal meeting was not going to work, he said, so participants should consider the working group a very informal meeting. He said the idea for the meeting was to give people an opportunity to talk about what they want.

Councillor Kelley told participants that copies of proposed legislation on short-term regulations from Rep. Michlewitz's were available to view, and though the details may change, it serves to give an example of what other people are doing.

He explained that he is likely to refer to Airbnb, but he used that company as only shorthand for short-term rental platforms broadly. He said regulations would not be directed toward any particular company. He encouraged participants to share their comments electronically, including ahead of the Public Safety Committee Meeting on March 1.

Mr. Durbin outlined the major points of Rep. Michelwitz's HD.3761, "An act regulation and insuring short-term rentals." He explained that in order for Cambridge to access the revenue generating capabilities of the bill, it must meet several requirements outlined by the law, including a responsibility to: "promulgate rules and regulations requiring all Short-Term Residential rentals within the city or town to undergo an annual safety inspection before said unit shall be offered for Tourist and Transient Use;" and to "distribute half" of all revenue from "commercial host to programs addressing low and moderate-income housing." The bill also set

out several ala cart provisions that the City could adopt, such a requirement to “restrict Short-Term Residential Rentals...to Permanent Residents of the Residential Unit.” He explained that the House proposal provided the framework in which Cambridge’s own bill may operate.

Ms. Hart asked if municipality adds taxes, are any restricts applied.

Mr. Durbin said that it appeared so, though he was not in a position to definitely represent the provisions of the bill. He said he and the Councillor were meeting with Rep. Michelwitz’s Office on Tuesday, February 28 to ask questions.

A participant asked whether the City Council can pass something before the state version is passed.

Councillor Kelley said yes, and they probably should.

Ms. Lowe introduced herself, and said she was mainly concerned about losing housing stock to people treating Cambridge’s housing stock as investment money.

Ms. Hirshi said she wanted the City to do something about business that was operating in her neighborhood, and mentioned the impact of a nearby bad operator. She said the house was the subject of multiple email streams from neighbors.

Mr. McLaughlin introduced himself as an attorney representing Sonder, a professional provider of short-term rental units in Kendall Square, Harvard Square, and Boston. He said that the company had hundreds of units around the country, and Cambridge should create a separate category for professionally managed units.

Ms. Kemmler said she represents a group of bed and breakfast owners, and has done so for many years. As much as Airbnb has allowed operators to get better recognition, it has also caused a lot of trouble for her group. They had been operating for many years with existing state regulations.

Ms. Nies said that she had lost apartment when her landlord decided to convert their long-term apartment into short-term accommodation. She stressed that this was a real problem in Cambridge, and needed to be addressed before the impact to affordable housing spread.

Mr. LaCerna said he lived in the same apartment for 4 years, and is looking his for first home. He loves Cambridge, and wants to stay, but is concerned about finding an affordable place to buy when he is competing with STR operators now as well.

Ms. Squeri said that she has been an Airbnb host in her home for 8 years, and has had nothing but positive experiences with her many guests. She believes she has had a very positive impact on her community by directing guests to local businesses, and maintains good relationships with her neighbors. The City should not try to restrict her, but go after the “bad apples.”

Ms. Cohen said that she had been a long time renter in Cambridge, and is now an owner of single family home, from which she operates a STR through Airbnb. She said she is concerned about apartments being taken off the market for STR use, and about the availability of affordable housing.

Mr. Slaney said that while he benefits from renting an Airbnb room, he too is concerned about the negative impact the increase in STRs has on availability on affordable units. He liked the portion of Michelwitz's plan that would funnel STR tax revenue to affordable housing.

Councillor Mazen stated that he was a frequent Airbnb user, but recognized its affect in commodifying housing stock for purposes it was not originally intended.

Ms. Nies worked at Harvard and has had a good job for several years, but still she can't afford to buy a house in Cambridge, and that is emotionally difficult. She now lives and works in Kendall Square. When short-term rentals take apartments off the market, it does impact the housing market.

Ms. Hart asked if they could talk about the policy that was being proposed for Cambridge.

Councillor Kelley said no. The point is to hear comments and then send something to Public Safety Committee, and then Ordinance. He said he had met with several city Departments, License, Assessors, ISD, etc. He said he was going to meet with Fire Department, CDD, and others.

Ms. Hart said that if you are renting your kid's bedroom, you are not taking affordable unit off the market. That should be differentiated from commercial uses.

Ms. Lowe referred comments on data, she said they have data on Boston, which is a similar housing market. She said in Boston, from 7/2015-7/2016, listing grew from 29% to 40% by multiple hosts, and 59% were whole apartment listings. She works in Boston, and has monitored housing stock in Chinatown. Units have been turning over rapidly, some of them have been converted to STR. Average housing price went from 800k-900k to 1.3M at least in their community.

Councillor Kelley said they also have data for Cambridge, and read some of the information provided by Airbnb. He said facing a couple of challenges, the most important would be how to manage and catch units improperly taken off the market. ISD will say it is difficult to enforce, but it gets fuzzy.

Ms. Squeri said she was under the impression that there was already a distinction in Kelley's proposed ordinance between owner occupied and commercially occupied.

Councillor Kelley responded in terms of policy, he was not anywhere yet, and hasn't submitted anything to the Council.

Ms. Squeri responded that she thought it was far too premature if legislation were to be based on the conversation here, we all want people who are taking housing off the market to stop, but there are many factors. There is flexibility to the STR. Benefits to the city. She has had over 800 guests. We have a ton of tourists that come in, and that has a benefit. Referral of businesses and capital economic growths are pivotal. The only reason to act with urgency to stop worsening scenarios, but those don't seem to be materializing, and for people like her it's far too premature.

Ms. Cohen said any time any a house is taken off the market, it has an impact. There are many reasons the housing market is getting tighter, and one of those is Airbnb.

Mr. Slaney, I'm agreeing with most people, most concerned with affordable housing stock being removed. That puts pressure on the housing market, driving up rents. If you take 770 units, the rents for remaining units will increase. Most here today agree that we need to minimize impact. Utility revenue to offset negative impact.

Ms. Rutenberg said she was encouraged by the commonalities she heard from the group: a deep care for Cambridge; and similar stories about the negative impact bad actors can have. Clearly there were some issues that can be clarified by regulatory framework, she said. No one wants to take units off market for sole purpose of Airbnb. There are mechanisms the Council could adopt to help: Do we consider cap on units? Caps on number of days? One point of agreement that she has heard consistently is to apply a light regulatory touch on primary residential hosts, and anyone who rents for less than 90 days.

Colleen said that short-term renting is helping with her retirement. She does not rent out more than 90 days. There are very different categories of owners, she continued, say she didn't want to have the situations of people being priced out of Cambridge.

Ms. Hart thought there was agreement on people being okay with renting out your bedroom, and trying to prevent others from buying up whole apartments. She would like the flexibility to have mixture of long-term and short-term rentals. There needs to be a middle ground, she said.

Councillor Kelley said that we don't have anything written down right now. One of the concerns is that we need to be able to enforce whatever regulation we come up with. Conceivably we could tie renting to the residential tax exemption. Other groups like Sonder live in another area altogether, he said. People come here for 45 days or more for medical treatments, or classes. If people aren't willing to rent to them, we may diminish the stock for those people and other needs as well.

Ms. Lowe said that she was aware of three state-level proposals currently before the statehouse. Gov. Baker's, Rep. Michlewitz', and Senator Lesser's. Lesser's bill would preempt cities and towns from enacting their own regulations. She said we should do something before such a policy goes forward. There is a big difference between home-owners and other uses. An owner should not be putting multiple units on the market. Perhaps we can have a bed & breakfast and hotel category for STRs.

Mr. McLaughlin thought that the present process was a big task for the Council, and acknowledged that it was impossible to make everyone happy. Sonder is for-profit, professional provider of corporate housing. They provide services to a "who's-who" of Boston based companies and universities. He asked the Council to consider a separate definition for professionally managed STR, or a carve-out, by designating different tax rate for corporate or professional provider. He could provide a list of things that establish you as a corporate provider. Let the market settle itself, he said. There was a difference between affordable housing and the housing stock. It's not just short-term housing that causing problems. If you allowed more, you would be able to create affordable housing stock, not permanent maybe, but affordable for teachers and other service providers. Harvard Square is unique, he thought, with residential and commercial together.

Ms. Ying wanted to add an investor's perspective. Her husband is here on a scholarship to Harvard. A lot of people are coming to do short programs, and they decided to buy housing here because it's a good investment. She said it does not matter if short-term rentals are banned, they

will still buy. Harvard is global place. Airbnb for investors is not that important when it comes to decision to buy.

Ms. Kemmler shared her head is spinning for the complexity of this, and the duty to understand this. Her advocacy started a long time ago, when there were agencies that tried to help promote bed & breakfast locations. She proposed an idea to use existing language: if you are a room or two, or three in home, there is a law in the state that says you are a bed & breakfast homestay. You do have to serve a continental breakfast. Part of the group of citywide STR could be reclassified as B&B. When someone wants to convert a luxury apartment, or build a hotel, what guidelines apply, she asked.

When taking house off the market, she asked what the actual impact is. Some disruption to the affordable housing stock is rising costs, and asked how much of that is cyclical. Boston rents are going down, she said, yet they have Airbnbs. She has a friend in Boston that can't rent for \$1750 a month.

Ms. Nies said there was one issue they had not talked about, which is people who post on multiple platforms. How would legislation capture that? If you are taking an apartment off the market, you are creating a hotel, and that needs to be treated the same way, with building code and fire safety. Most STR are not ADA compliant, and as someone with reduced mobility, she frequently finds that STRs falsely advertise on ADA compliance. If there is going to be an additional burden to the housing market, how do we handle that?

Mr. LaCerna loved Lydia's comment that whole rentals are not in the same category as rooms in a residential apartment. In terms of 60 vs. 90 days, someone renting out their couch doesn't matter as much as the removal of whole apartments or buildings. I'd love to be a guest in anyone's home here, he said, but a business use is different.

Ms. Squeri observed that accountability seems to be a big concern. If the home owner is there, that settles some of the concerns from the neighbors. They can communicate with me, they can let me know someone is smoking on the porch. The urge to regulate is curious. The City should take out the bad operators first before going after 60 or 90 day rentals, she thought. There was perhaps a clear and present danger from commercial operators, but not from residential. Instead of worrying about the taxation, go after the main offenders.

Ms. Cohen said the main concern is people that take units off the market. As STR operators, we should be paying taxes. She considers it fine to regulate all of them, and both regulation and taxes. If one unit is taken off the market, that is one family that is prevented from moving in. It's hard for a city, especially when we can't have rent control, but we can do this. We could work around people here on sabbatical or for treatment. She disagrees with the Sonder model. What is Airbnb willing to do, she asked, in those cities.

Mr. Slaney said he appreciates the willingness for Airbnb to say they don't want to take housing units off the market. There seems to be a simple dividing line, owner occupied or commercial, with a light regulatory touch for owner occupied. Regarding allowing the market settle this issue, look at Cambridge, he advised. The market has no interest in people's lives, only investor values. Cambridge should not be a giant hotel, but instead should intervene aggressively to stem the lost of rental units.

Councillor Kelley said he was not sure there are any legal Airbnbs in Cambridge. When we say we want to regulate and tax, that allows the use as well. Right now, everyone in the room running an Airbnb was probably running a STR illegally.

Councillor Cheung said what has to be decided is where to draw the line. He knows of people who are renting out the second apartment, and others that are becoming STR slum lords. How do we programmatically define the line, he asked. Hotels are not threatened. For people that want to have more local experience when they visit, STR is available. They can explore some of the ways to set clear standards for fire and safety. The City needs clear guidelines for how to define STRs. We have examples from extremes of spectrum on both ends, but they need to fit within a framework.

Ms. Rutenberg asked it if would be helpful if we all use same data. She would put in a request to Airbnb to give updated information, and to help ground the discussion in realities. Something that may come up is to streamline the process, Chicago law says renter must establish direct line to Airbnb to resolve issues. Councillor Cheung hit nail on the head when he said find the middle ground. Look at Philadelphia, she said. If you don't own the home you are renting, you are limited to 180 days. There is more flexibility that way.

Mr. Durbin said that there was a patchwork of municipal approaches to Airbnb across the United States, which was probably okay. The benefits of STR to a rural area may cause problems in an urban environment. Airbnb has provided cities with a cherry-picked list of the most favorable legislation, but we should look at other cities, like Portland, which was able to negotiate a "One Host, One Home" policy.

He added that arguments claiming STRs propped up the local economy were misleading. He said he had just moved to a new apartment over the weekend, and as long-term renters, he and his wife had purchased a vacuum, and went to a local vacuum store; he had purchased a bed, and went to a local mattress store. Long-term renters support some of the same businesses as do short-term renters, but also a much more robust economy of florists, mechanics, dry-cleaners, etc. Not just businesses that serve the tourist economy.

Mr. Durbin asked if the participants would agree to regulations that tied the number of bedrooms one can advertise on STR platforms to the number of rooms recognized by the City as inhabitable bedrooms.

Councillor Kelley said that he had visited STR in various locations that put him in non-legal living spaces.

Ms. Hart agreed that it was probably a good idea to post no more than the bedrooms in your house. That seems appropriate. If there was a STR in a two family, she'd like to see 2<sup>nd</sup> unit exempt from a limit on the number of days. For a three family that was owner occupied, only one should be rented short-term, rather than both. There was some precedent for owner occupied homes distinctions, she said. They need to limit larger investor types. And she thought the city has to regulate. As far as taxes, when you go to hotel, the guest pays taxes. Maybe fire regulations were in order as well.

Ms. Lowe said that she really liked the One Host, One Home program that had been applied in other cities. Maybe that should be implemented here.



Mr. McLaughlin said that this was an interesting discussion. People here have a vested interest because it's your home and community. My interest is watching public policies form. We should try to find some facts that taking units off market has an impact. In order for it to make an impact, tax it. The global market is a good example. Public policy seems to protect permanent housing for people that come for school.

Ms. Kemmler wanted to speak on behalf of some of the property owners who she represents. She understands the position of participants and their concern. I have a friend who bought a property, and saw that a better investment could be made through STR. People like them, however, are going to be punished for the bad actors. They need regulation that allows some non-owner occupied units. Bad actors can come from owner occupied, renters, everyone.

Ms. Nies observed that one of the great things about the city are the people who come and want to stay. The city needs mechanism to get a permit, and have price of permit cover the cost of inspections and staff.

Ms. Squeri asked whether the discussion was on STRs or Airbnb? There are a lot of different models, but she would talk about Airbnb, her experience. She lives in area that allows tourist homes. People can buy insurance. My kitchen isn't going to pass inspectional services, but the platform promotes self policing. Crowdsourcing takes care of bad operators on Airbnb. If you have a bad bed, people are going to talk about that. Would not like to see Cambridge rewrite the whole policy.

She added that crowdsourcing does work.

Ms. Cohen talked on what units to exempt. She would not exempt the two- other three-family STR units unless they were owner occupied. In Cambridge with so many faculty members coming and going, that should be a line, to people providing housing for professors or those on sabbatical. As a major industry in Cambridge, it should be excluded. In terms of Airbnb working with ISD, that sounds great. If Cambridge did pass regulations, Airbnb should provide information to help Cambridge. If Cambridge passes regulation, would Airbnb help enforcement, she asked the representatives from Novus Group.

Ms. Rutenberg responded that on providing data, yes, but it was not that simple. They are bound by privacy issues. Airbnb has worked with other cities, and built a subpoena process into legislation to allow access to information. It can be tricky to protect the privacy of hosts.

Mr. Slaney said if he were drawing the legislation, he would tax and lightly regulate all owner occupied units. He liked the idea of one host one home. Need to work on some definition for owner occupied. It was more likely for owner occupied to keep their neighbors happy. He would outlaw STR in non-owner occupied rental units.

Councillor Kelley said that the city only enforces, but don't write the law on building codes, inspections, or food preparation. The other thing we have to worry about, when we change the type of use, we change the restrictions. ADA may be triggered, for example

Ms. Hart said they should look to other cities. And really look at distinctions at two- or three-family rentals.

Ms. Cohen said at least under rent control, all units were on the market. This is a different situation.

Ms. Hart responded that if you wanted to regulate the other units, you could limit the number of days. Would be nice to allow flexibility.

Ms. Rutenberg said that in the instances discussed, some hosts rent to students, and need to fill the space when school is off. They could put a cap on non-owner occupied rentals per year. The majority of hosts in Cambridge are renting under 90 days a year.

Councillor Kelley thanked everyone for their participation and for sharing their thoughts.

Mr. Durbin reminded the participants that a Public Safety Committee meeting would be held in the same room the follow week, and advised them on how they might submit their comments in writing.

**Draft from 3/1/17 Public Safety hearing**

In amendment to the Ordinance entitled: “Zoning Ordinances of the City of Cambridge.”

Be it ordained by the City Council of the City of Cambridge that the Zoning Ordinances of the City of Cambridge be amended as follows:

*(Note placement in the Zoning Ordinances needs to be reviewed – I do not believe this is the correct cite.)*

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*(3) needed additional work by the Fire and Inspectional Services Department*

- (4) Compliance with codes shall be posted at the main entrance to the unit.

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**4.30.060—Enforcement** *To be designated during Ordinance Committee hearing (Law Department to provide language).*

**4.30.070—Registration and Inspection** *Shall be per regulation to be promulgated by Inspectional Services Department and updated as appropriate*