




CITY OF NEWPORT
CITY MANAGER
Colin K. Kennedy, MPA

To: Mayor Xay R. Khamsyvoravong and Members of the City Council
FROM: Colin K. Kennedy, MPA, City Manager 
Date: September 17, 2024
RE: Docket of September 25, 2024 - Seasonal Rentals

As per Council Resolution No. 2024-98, attached is a communication from staff in regard to seasonal rentals.

/paf
Attachment

**Office of the City Clerk
M E M O R A N D U M**

September 17, 2024

TO: Colin Kennedy
City Manager

FROM: Laura C. Swistak
City Clerk

SUBJECT: Seasonal Rentals

Pursuant to Resolution No. 2024-98, the following information is being provided regarding the seasonal rentals.

Finance/Tax Assessor

Short of an amendment to the RI General Laws, there isn't a mechanism that would allow me to tax seasonal rentals differently. Unfortunately, it seems the only way to incentivize year-round rentals at this point would be to increase the fees associated with the 1 to 9-month rentals to make them a less attractive option, and have stronger enforcement tools to ensure that the program is not abused. The city had R.I.G.L. amended to allow the bifurcation of our current residential tax rates. We have 3724 participating properties, which is 44.6% of all eligible residential parcels.

The two-tiered tax rate program was created to incentivize year-round rentals, so landlords who rent units to year-round residents were eligible, along with properties that are owner-occupied. Currently, the exemption is structured in a way that qualifying properties receive a \$284,433.00 reduction to their assessments, for a savings of \$1,983.92 on their tax bill, and additional savings of \$1.246 on the remainder of their assessed value, per thousand. While this has been an incentive for some property owners to rent long term, I recognize that others, many of whom receive tens of thousands of dollars in rentals during the summer months, would be resistant to rent year-round rentals, which would result in comparable or even diminished returns.

With the level of tourism this city experiences each year, I do not see a future where short-term rentals of 1-9 months, particularly the 1-3 months seasonal properties diminish in favor of long-term rentals. In addition, our declining year-round residency diminishes state aid, which has an impact on our schools and overall budget.

Fire Marshal

R.I. Life Safety Code, Chapter 24 (One & Two Family Homes) permits the inspection of smoke & CO detectors at the time of sale or transfer of title only for one and two-family homes. It does not permit inspections for rentals that are more than 30 days. The Fire Marshal and the entire fire prevention staff are currently inspecting Short Term Rentals (under 30 days) which take a great deal of time. If long term rentals were added to our inspections, it would require working around the R.I. Life Safety Code and find creative strategies with staffing to accomplish this.

Planning Director/Building Official

1. The City of Newport has approximately 300 1 to 9 month non-owner occupied Rental-Dwelling registrations this year.
2. The City of Newport's minimum housing inspector performs and organizes compliance inspections yearly of each of these units. The inspection only addresses building code and safety issues, not if the unit is compliant with the city code.
3. These rental units are not considered long-term, and allow for a variety of rental durations, as long as it's not less than 30 days. It also leaves some open opportunities for owners and investors to use these for added income in peak times. It is especially true if the main use is student rentals during the academic year, leaving the summer months available.
4. Enforcement to monitor and prosecute violations of 1-9 month rentals is currently being done in response to complaints. Complaints to this date have been limited.
5. Monitoring all short term and 1 to 9 month rentals would require additional enforcement officers. Additional staff would use time for court preparation, legal counsel, and management of cases. These enforcement officers will not be managers, they will be in the City working to gain compliance. The additional caseloads will also bring a larger burden to the Solicitors Office.

Short Term Rental Supervisor

GovOS, the current software provider for Short-Term rentals, and we were advised they can handle the registration portion, the compliance component would be difficult. The system is designed to review ads from online hosting platforms for rentals seven days or less. Ads are identified as long-term rentals when the ad states there is a 30-day minimum but has no way to identify if there is a 9-month maximum. The remaining investigation work would be a manual in-house process. GovOS does not have the ability to review ads from local real-estate agents, where the bulk are believed to be advertising.

City Clerk

In 2023, there were 278 properties registered. As of September 13, 2024, there are 304 registered properties which has generated \$18,225 in revenue. I would propose increasing the registration fee from \$25 to \$100 and the inspection fee from \$ 25 to \$250. Doing so would increase revenue from \$18k to approximately \$105k. The increased revenue could support the addition of seasonal staff in the Zoning Department and Building Department to assist with enforcement. Salve students and military residents generate a need for 1-9 month rentals.

**We recommend the City Solicitor review any proposed changes.*

THE CITY OF NEWPORT

RESOLUTION

OF THE

COUNCIL

No.2024-98

WHEREAS, On June 26, 2024, the Newport city council directed city administration to provide a report and make recommendations to the council by July 24th to include seasonal rental data, the cost of managing seasonal rentals from a municipal standpoint, building/fire code inspections results, registration, annual registration updates, enforcement, taxation and fee structure; AND

WHEREAS, No new data has been presented to the council; NOW, THEREFORE BE IT

RESOLVED, City administration will report said recommendations for the next council meeting on September 25, 2024.

ANGELA LIMA
JEANNE MARIE NAPOLITANO
LYNN UNDERWOOD CEGLIE
CHARLIE HOLDER

IN COUNCIL
READ AND PASSED
September 11, 2024


LAURA C SWISTAK, CMC
CITY CLERK