

EAGLE COUNTY SHORT-TERM RENTAL ANALYSIS

BOCC Work Session
April 4, 2023



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TODAY'S MEETING

1. Project overview
 - Tasks and schedule
2. STR conditions update
 - Updated data
3. Policy options
 - Licensing
 - Fees
 - Administrative
 - Housing
 - Additional policy considerations (e.g. geographic variability)
4. Next steps

Key outcome is guidance on how to move forward in structuring policies and programs, which will be brought to the Commissioners for review and approval at a future meeting

Today's goal is direction on the policy options being considered, with details to be determined following the meeting

1. PROJECT OVERVIEW

- STR Conditions (*complete*)
 - Provide understanding of current status, challenges, and opportunities
- Fee Study (*draft*)
 - Document local housing needs associated with STRs in the unincorporated County
- Policy Evaluation (*ongoing*)
 - Build from existing policy and provide direction for regulatory fee structure
 - Build from peer communities to understand options and define recommendations

2. STR CONDITIONS SUMMARY

1. STR geography

- Active STR counts have stayed relatively flat since 2017
- In the unincorporated County, STRs are primarily located in the Vail to Edwards area
- STRs account for roughly 14% of condos/single-family units in the unincorporated County

2. STR physical characteristics

- STRs in the unincorporated County are primarily entire units
- STRs are a mix of attached (62%+) and detached (22%+) units
- Most STRs are 1–4 bedrooms

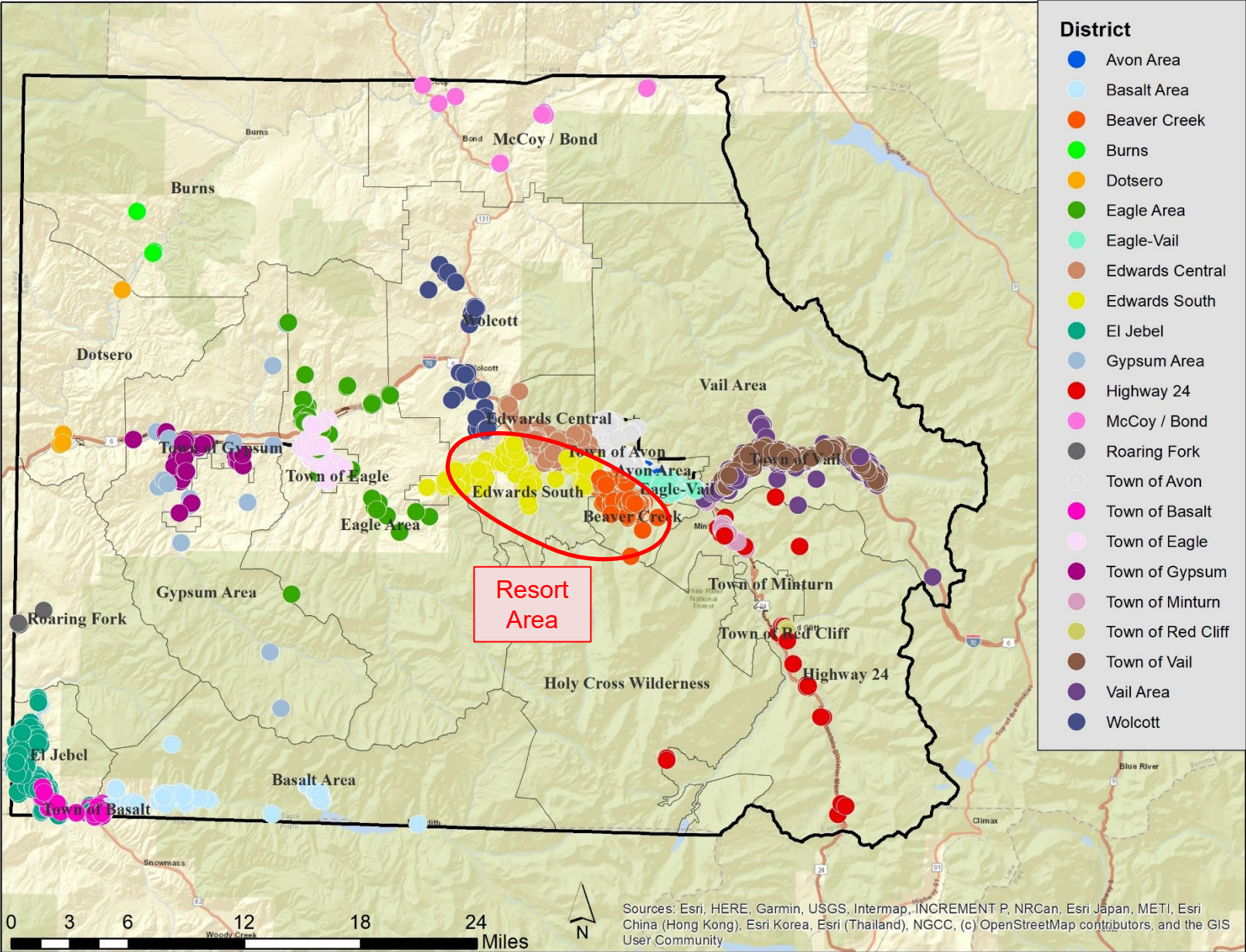
3. STR operating metrics

- Strong seasonality in occupancy
- Occupancy has trended up
- ADR and RevPAR have been increasing, and are higher in winter than summer

4. District comparisons

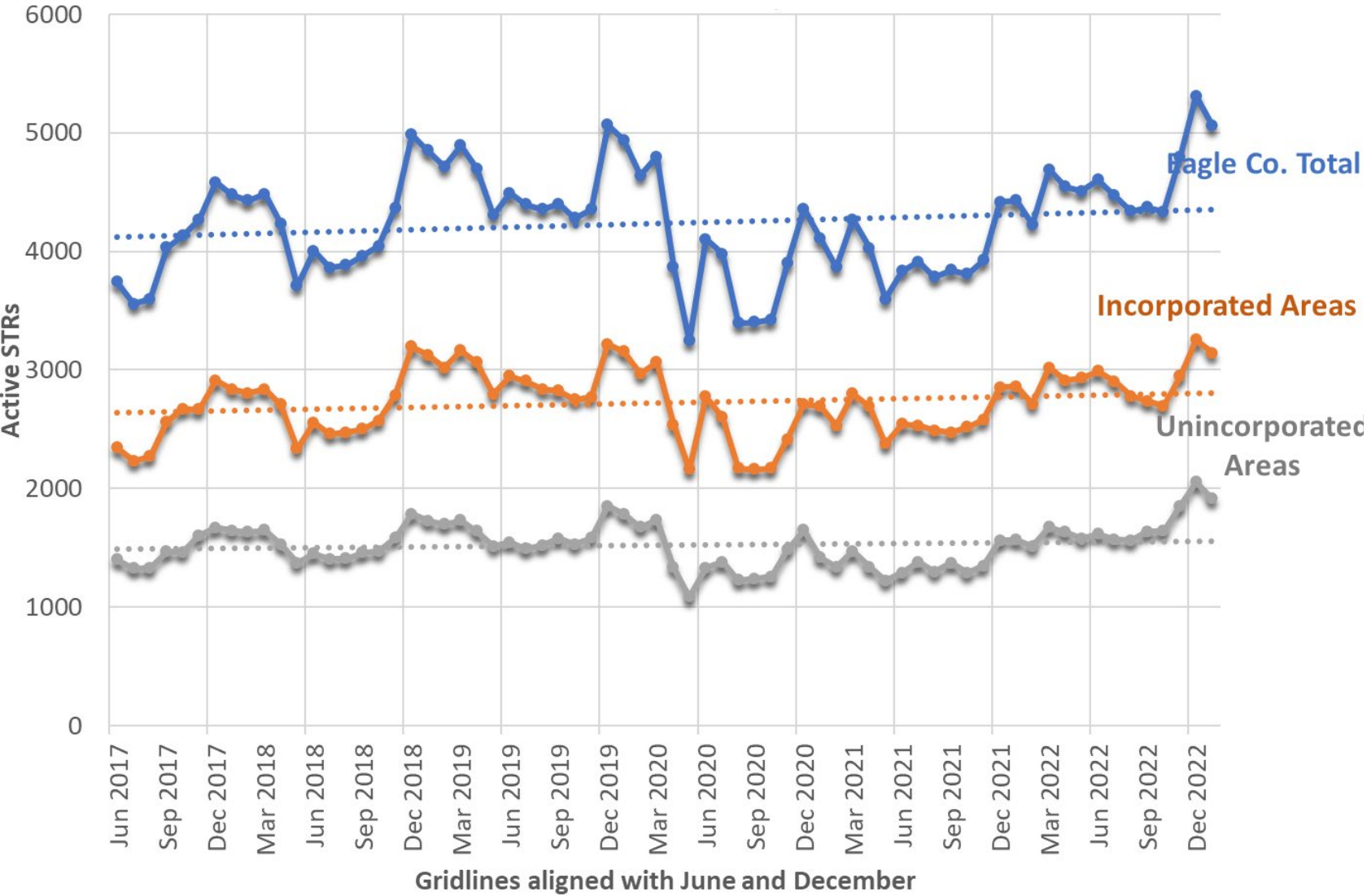
- STR utilization is fairly similar across most districts
- Beaver Creek and Edwards South (Arrowhead) have highest ADR and RevPAR

STR Locations, 2022



Source: AirDNA

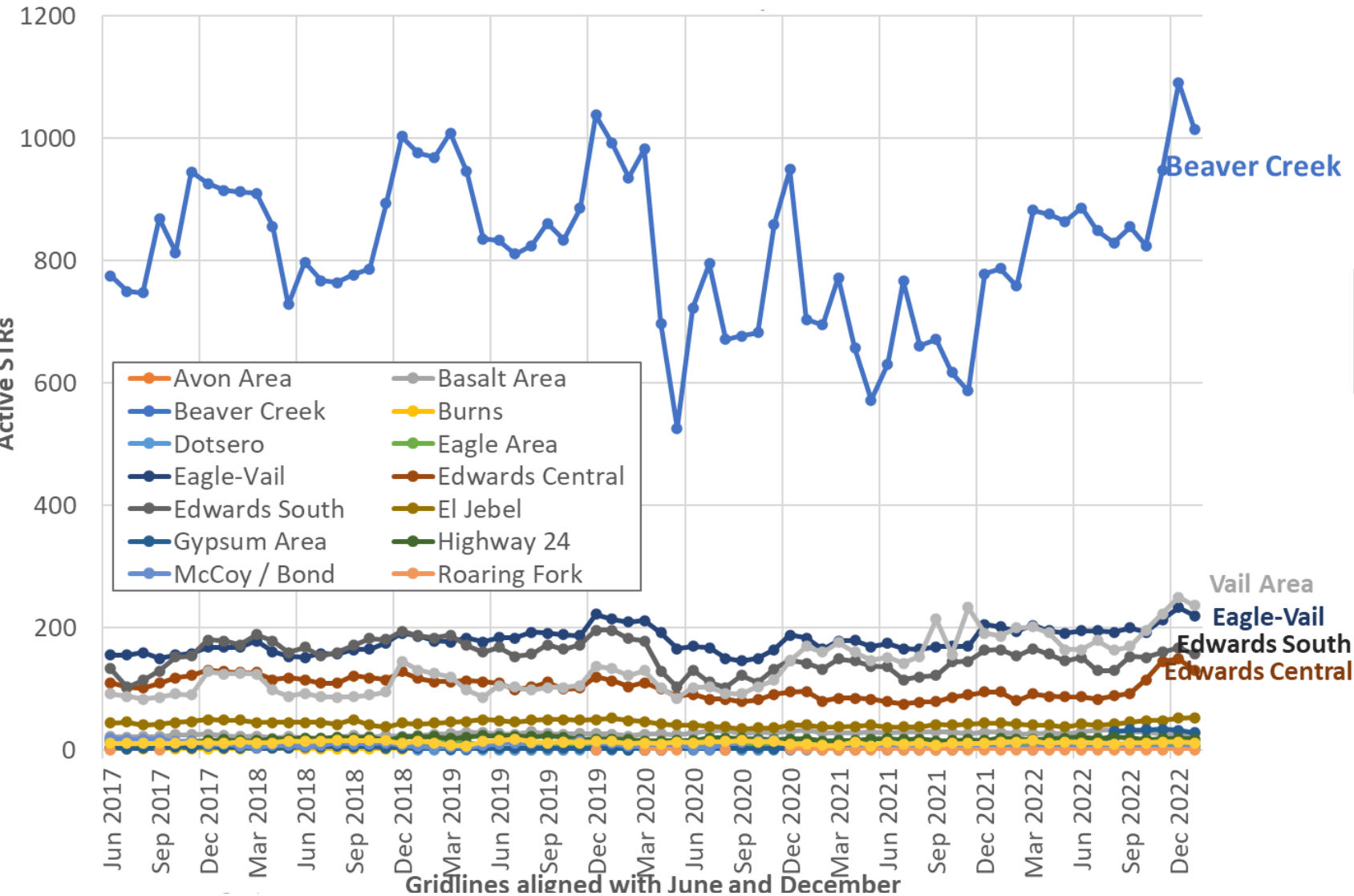
ACTIVE STRS BY MONTH



Active Eagle County STRs
by Month
June 2017 – January 2023

Active STR counts have stayed relatively flat since 2017, but are trending slightly upwards

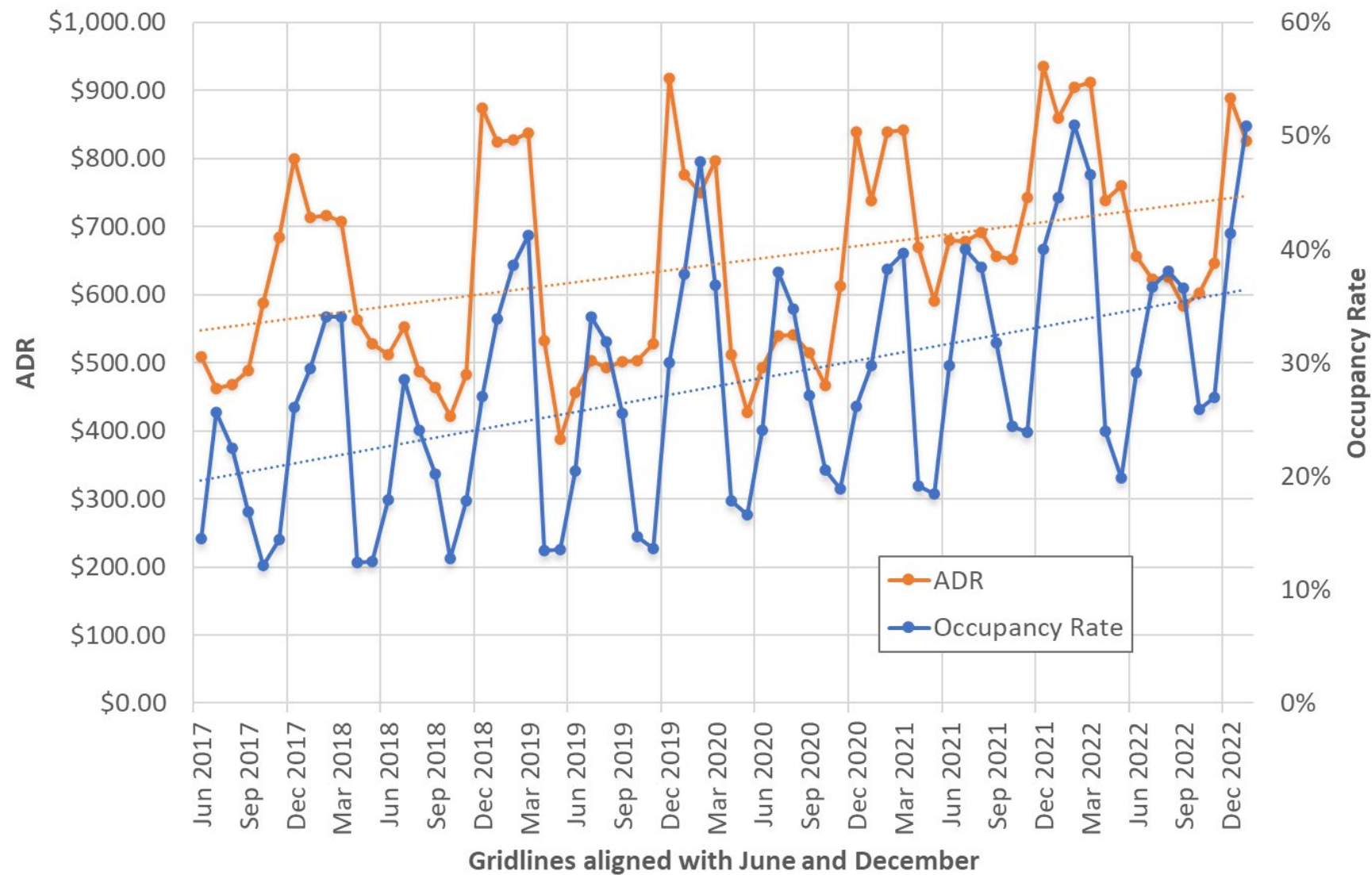
ACTIVE STRS BY LOCATION



Active Eagle County STRs by Month
June 2017 – January 2023

In the unincorporated County, STRs are primarily located in the Vail to Edwards area

AVERAGE DAILY RATE & OCCUPANCY



Active STR ADR & Occupancy by Month
June 2017 – January 2023
Unincorporated Eagle County

Strong seasonality in occupancy (winter peaks)

Occupancy has trended up

ADR and RevPAR have been increasing, and are higher in winter than summer

3. POLICY OPTIONS

Three Components Under Consideration

- A. Licensing
- B. Fees
 - i. Administrative
 - ii. Housing
- C. Additional policy considerations (e.g. geographic variability)

Key question to keep in mind:

What issues are we looking to address?

- Program management
- Housing need
- Community character

A. LICENSING

- A licensing program would require STR owners to register their properties with the County
- Can be simple data collection mechanism, or can be a tool to implement program standards
- Implementation considerations include:
 - Compliance monitoring (staffing needs)
 - License duration (how often to renew)

Policy Objectives

- Track how many STRs are in the community
- Collect data on types of STRs (unit type, size, etc)
- Have mechanism to communicate any regulations, enforce STR program components
- Understand locations and neighborhood impacts of STRs

A. MUNICIPALITIES WITH LICENSES/PERMITS

Cities/Towns			Mountain Communities	Counties
<ul style="list-style-type: none"> Denver City of Boulder Broomfield Eagle (Town) Vail Avon* Colorado Springs Manitou Springs* 	<ul style="list-style-type: none"> Carbondale Glenwood Springs Winter Park Crested Butte* Mount Crested Butte Durango* Leadville* Fort Collins Fruita* 	<ul style="list-style-type: none"> Grand Junction Ouray* Ridgway* Aspen* Basalt Steamboat Springs* Telluride* Breckenridge* Frisco* 	<ul style="list-style-type: none"> * STR License Cap 	<ul style="list-style-type: none"> Boulder County Larimer County Mesa County Ouray County* Pitkin County San Miguel County Grand County Lake County Summit County* Jefferson County

A. LICENSING – KEY QUESTION

Should the County create an STR licensing/registration program?

B.I ADMINISTRATIVE FEE

- An administrative fee would be charged annually on each STR in the County
- This would be structured to cover the administrative costs to the County of managing and implementing STR regulations
- Fee can be standard across the County, or differentiated in resort/non-resort areas for differential administrative needs (e.g. less staff time needed for properties with front desks)

Policy Objectives

- Cover the costs to Eagle County to administer an STR program
- Account for fully loaded personnel costs and direct expenditures
 - Affected departments will likely include finance, legal, and community development

B.I ADMINISTRATIVE FEE – KEY QUESTION

Should the County create an administrative fee to charge annually on STRs?

B.II HOUSING FEE

- A large portion of Eagle County's economy is based on guests and tourism
 - Guests visiting the County support jobs in retail, food & beverage, recreation, services, and transportation
- A regulatory fee can be charged on STRs (in addition to an administrative fee) to address the County's need for local workforce housing
- The fee is based on a "gap analysis" considering what workers earn vs. the cost of housing

Policy Objectives

- Local businesses need a dependable workforce to support the customer and guest experience
- Housing for the local workforce is a core policy of the County, and additional revenue will help support housing programs

B.II HOUSING FEE

Key question: what is the impact of local and guest spending on the need for local employee housing?

Fee accounts for impacts of guest spending above & beyond local spending

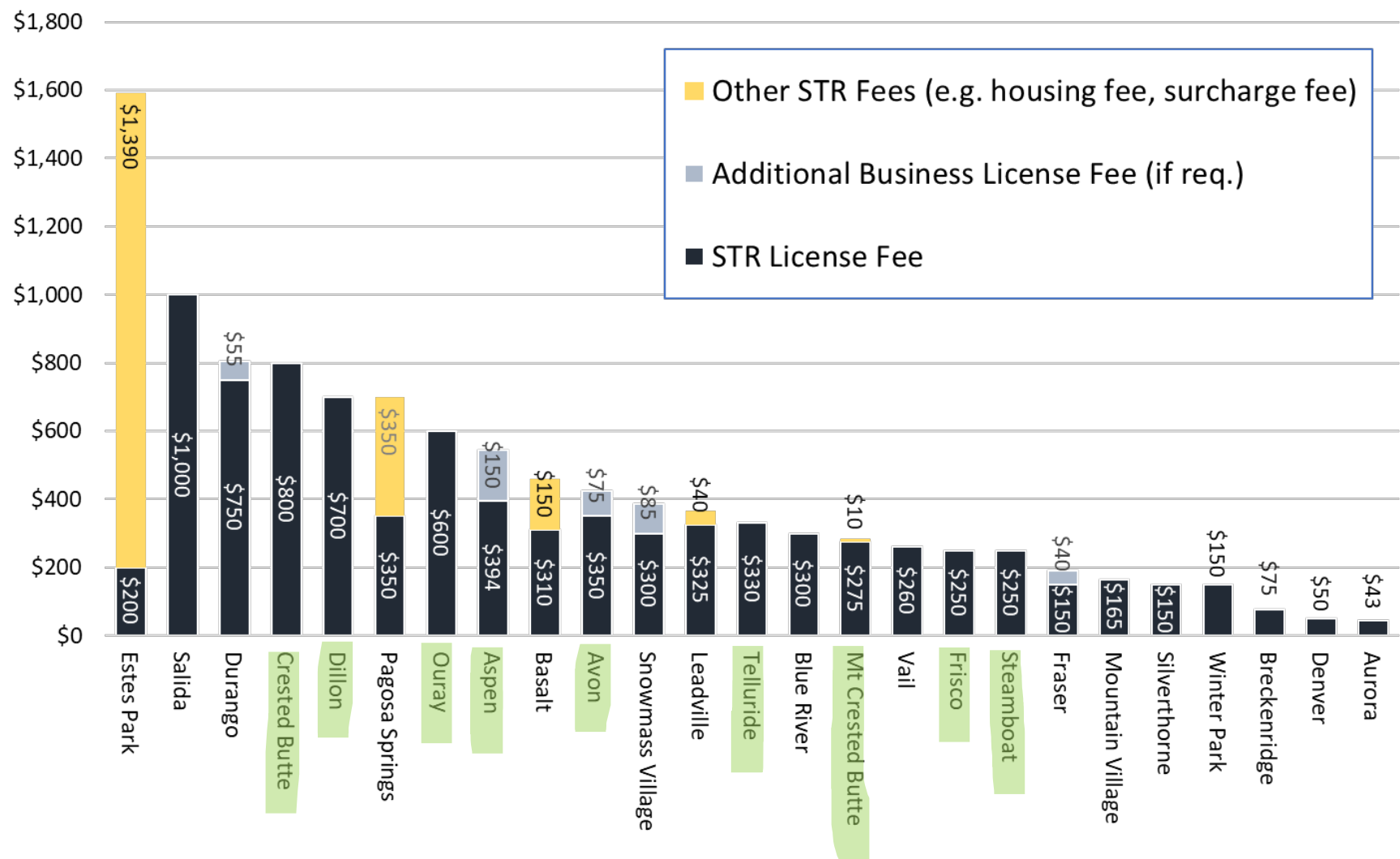
Model compares impact of a home occupied by a local household (Census median income) to a home occupied by guests

STR Impact = Guest impact minus local household impact



Mitigation Rate	Fee per Bedroom	Fee for 2–Bedroom Unit	Est. Annual Revenue
Full Fee (100% Mitigation)	\$1,315	\$2,630	\$5.84 million
90%	\$1,183	\$2,366	\$5.26 million
80%	\$1,052	\$2,104	\$4.68 million
70%	\$920	\$1,840	\$4.09 million
60%	\$789	\$1,578	\$3.51 million
50%	\$657	\$1,314	\$2.92 million
40%	\$526	\$1,052	\$2.34 million
30%	\$394	\$788	\$1.75 million
20%	\$263	\$526	\$1.17 million
10%	\$131	\$262	\$584,000

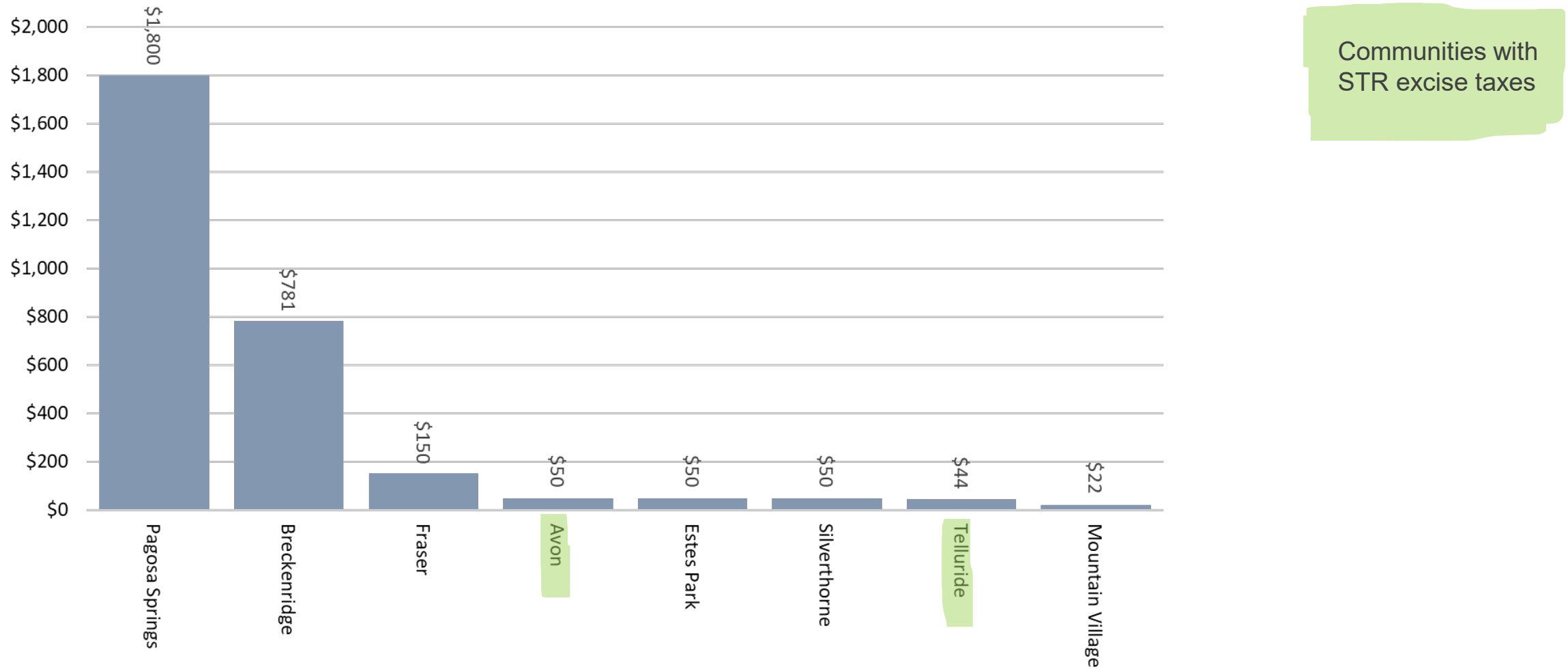
B. STR FEE EXAMPLES – ANNUAL PER UNIT



Communities with STR excise taxes

Source: Town websites

B. STR FEE EXAMPLES – ANNUAL PER BEDROOM



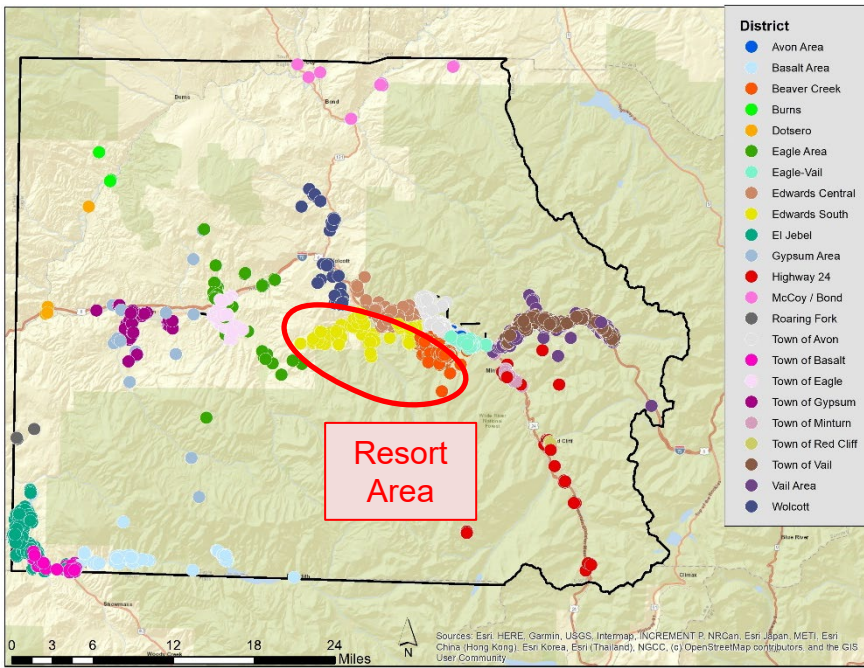
**Additional Fees per Bedroom are shown for base number of bedrooms (e.g. studio/1br); fees multiply with additional bedrooms.
Source: Town websites*

B.II HOUSING FEE – KEY QUESTION

Should the County create a regulatory fee to charge annually on STRs to address local workforce housing needs?

C. ADDITIONAL POLICY CONSIDERATIONS

- In addition to the policy components discussed, the County can incorporate other considerations within an STR program
- The most common program components in mountain resort communities are a differentiation between resort and non-resort areas, and owner-occupancy/full-time resident and second homes
- Policy differences may include license caps, annual rental limits (nights/year), and/or fee differences



Policy Objectives

- Focus STR use within resort areas of the County
- Incent units in non-resort areas to go into the long-term rental pool
- Maintain the local resident nature of neighborhoods within the County

C. ADDITIONAL POLICY CONSIDERATIONS – KEY QUESTION

Should the County differentiate STR policy by geography (resort, non-resort)?

4. NEXT STEPS

- Refine policy options, based on today's feedback
- Public engagement and feedback
- Draft policy for review during future BOCC meeting
- BOCC approval

QUESTIONS?
