



Staff Report

To: Summit County Council

From: Jeffrey B. Jones, AICP
Economic Development Director

Work Session Topic: Short-term Rentals (STR)
Presentation by Brumby McLeod, Ph.D.

Date: December 26, 2018

RECOMENDATION

This is an informational item only and requires no County Council action.

SUMMARY

To better understand the potential impacts associated with the expansion and growth of the short-term rental (STR) market, Summit County, Park City Municipal and the Park City Chamber of Commerce/ Convention & Visitors Bureau have committed resources to research and quantify the residential short-term rental market in Summit County. This will set the stage for the County and its partners to better determine policy and to plan and implement appropriate monitoring and management systems, first related to all short-term, transient housing and then the broader housing market.

Supporters of short-term rentals credit them with providing financial assistance during difficult financial times, enabling travelers to find a less expensive alternative to a hotel and that short-term rental guests end up staying longer and spending more money in the communities in which they stay.

Critics argue that short-term rentals adversely impact neighborhood character, reduce long-term housing options, increase rents, skirt regulations (e.g. health/safety inspections and taxes), and potentially harm hospitality industry jobs and wages.

While some level of home-sharing and vacation rental has likely always occurred in tourist friendly geographies, short-term rentals have exploded

in accessibility and popularity with the arrival of websites such as Craigslist, Vacation Rentals by Owner (VRBO), HomeAway and Airbnb.

More recently, mainstream tourist websites like Expedia and Hotels.com have also begun advertising short-term rentals, increasing the reach of short-term rentals beyond a once niche audience. As a result, the global number of homes listed for short-term rental has also increased. Airbnb currently offers 4 million listings covering over 191+ countries.¹

As the number of short-term rentals continues to increase, Summit County, like other counties has had to react to the demand for these services. Although a business license is required to operate short-term rentals within Summit County, the County's development codes are silent on the matter and only reference the traditional transient occupancy uses- hotels, motels, and bed and breakfast establishments.

FISCAL IMPACT

The Park City Chamber of Commerce/ Convention & Visitors Bureau entered into a contract with Vermont based Inntopia to complete Phase I of the project study in September of 2017. The total cost for Phase I was \$25,000. Summit County's portion of the \$25,000 contract was \$8,333.00 and was paid in October 2017.

BACKGROUND/EXISTING CONDITIONS

Benefits of short-term rentals

Those in favor of short-term rentals argue that short-term rentals bring significant benefits to those who operate them as well as their visitors. Hosts may vary from students to young professionals to empty-nesters. Guests vary from vacationing families to relocating professionals to foreign travelers. Their reasons for hosting or renting are just as varied; however, some common themes are described below:

Host Perspective

Short-term rentals make efficient use of space by hosting guests in a unit or room when that unit or room might otherwise go unused. Many hosts have used short-term rentals as a way to help afford their own homes, recover from the loss of a job or health issue and have meaningful, culturally enriching interactions with visitors from around the world.

Airbnb, the largest home-sharing platform, recently published statistics claiming nearly 11% of their hosts in Denver, CO reported that the extra

income helped prevent them from losing their home to foreclosure or eviction.²

Given the affordability challenges occurring in Summit County region, short-term rentals may help to offset the housing cost burden.

Guest Perspective

For guests, short-term rentals often represent a more affordable and flexible option. Many travelers indicate a preference for a residential environment and sole access to the amenities provided as part of the guest space (pool, spa, outdoor grille or patio, kitchen and eating areas, etc.) in lieu of a hotel or motel where these amenities are not available or are shared amongst guests.

Additionally, many travelers enjoy being a part of a local neighborhood as opposed to a typical commercial district. Individuals relocating to new areas often cite home-sharing as an opportunity to try out different neighborhoods or communities prior to making a rental or homeownership decision.

Economic Development

For some communities, short-term rentals present potential economic benefits, either directly through taxes on hosting or indirectly through increased tourism spending. By filling up spare bedrooms, hosts are maximizing the economic potential of their homes. Besides the direct money coming from the short-term rentals, visitors can provide spin-off benefits to the local business community.

Collection of Transient Room Tax (TRT)

The collection of transient room tax (TRT) is an important aspect of regulating the short-term rental market.

In October of 2016, Airbnb and the state of Utah announced a tax partnership where guests who book listings now pay the state's combined sales tax, local transient room taxes and other applicable taxes.³ However, Airbnb is only one of many short-term rental websites operating in the United States. Most listing companies leave remittance of tax to the individual hosts who must then calculate their income and their taxable amount.

Concerns of short-term rentals

Concerns regarding short-term rentals are common and generally fall into one of three categories: nuisance activity, impacts on existing housing stock and consistency with residential use and character.

Nuisance Activities

Short-term rentals can be the subject of nuisance complaints involving loud noise, parties, trash, fighting, inconsiderate guests, inadequate parking, excessive coming and going, as well as commercial use of residential properties for private events.⁴

Some have suggested that short-term rentals where the host is not on-site during the entire length of stay foster situations where the host is difficult to contact, unwilling or unable to remedy problems, or may even be actively hostile to complaints.

Impact on Housing Stock

Some have expressed concern regarding the potential impact of short-term rentals on the housing stock in tourism communities. To the extent that rental units are removed from the long-term housing market and instead used solely for short-term use, overall, residential supply may be reduced and further exacerbated.⁵ In some regions/markets, multifamily apartments have been converted to short-term rentals.⁶

As previously described in this report, some hosts have used short-term rentals as a way to supplement their income and making it possible to stay in their home. Additionally, some owners have an incentive to convert housing units from long-term to short-term use because, in some neighborhoods/regions there is a substantial financial premium to be earned from short-term rentals.

Technology has allowed for easy pairing of hosts and guests, leading to a situation where long-term rents are under pressure as the regular rental market increasingly competes with the short-term market.

Residential Use and Character

Some neighbors of short-term rentals feel that the activities of short-term rentals have resulted in the loss of stable residential character as their long-term neighbors are increasingly replaced by short-term guests. As such, residents may feel their neighborhood character is compromised as the home next door evolves into a %otel.+

While supporters of short-term rentals argue that hosting platforms advertise their units by the maximum number of guests in an effort to

protect hosts from unwanted guests (e.g. bachelor party or private event), critics argue that some hosting platforms or listings advertise specific to these situations as a way of maximizing profits.⁷

PURPOSE & PROJECT PHASING

To research and quantify the residential short-term rental market in Summit County (including Park City) to better determine policy, then plan and implement appropriate monitoring and management systems, first related to all short-term, transient housing and then the broader housing market. The project is divided into two phases. The county is currently contracted for Phase I.

Phase I

Led by Dr. Brumby McLeod⁸, Phase I consists of data acquisition, interviews, research and analysis specifically focused on the broader short-term housing market in Summit County/Park City.

Deliverables:

- An assessment of the various jurisdictions and unincorporated areas within Summit County and their requirements for operating short-term rentals. The assessment addresses key categories identified by the project team for evaluation;
- Quantitative snapshot of the current housing mix in a static state. This analysis will provide a benchmark of the current situation, but recognizes the seasonal fluctuations and dynamics in an amenity rich resort community/region.
- Visual representations of the housing mix using existing data points such as county GIS data, County Assessor data, US Census data, online scanning technology, and licensing data;
- Gap analysis of the assimilated data findings and series of recommendations to inform the implementation of a fact-based housing program.
- Recommendations for Phase II based on the above findings.

RESEARCH APPROACH

Phase I is the assimilation of existing data sources across participating entities to establish the current housing knowledge around residential short-term rentals and the overall housing mix. The data sources for Phase I from Summit County include GIS, Assessors, Building, and Licensing data. Park City Municipal Corporation data sources include licensing data for nightly rentals and property management companies. Park City Chamber data includes lodging inventory counts. A fourth source

of data source comes from the environment scanning of online listings. These data sources are then joined to establish a snapshot of the current housing mix and residential short-term rentals across Summit County. The purpose of Phase I is to establish what can be attained from the existing data sources and determine the short-falls or gaps in quantifying short-term rentals in the overall housing mix for Summit County. Phase I informs Phase II.

While the details of Phase II will be based on the results of Phase I, Phase II will ultimately include variations of an online tracking system that will identify use types of individual units throughout Summit County. The system includes monitoring and reporting for an entire year following setup and implementation, and will include a series of quarterly presentations and updates on the housing details discovered. Regardless of the current decisions around ordinances, compliance or enforcement, this fact-based program allows for better decision making and knowledge of housing and the management of short-term rentals in the market.

ATTACHMENTS

Presentation by Brumby McLeod, Ph.D.
Summit County Letter Agreement

REFERENCES

¹ <https://press.atairbnb.com/app/uploads/2017/08/4-Million-Listings-Announcement-1.pdf>

² <https://www.airbnbcitizen.com/data/denver-2015/>

³ <https://www.deseretnews.com/article/865673370/Utah-Airbnb-hosts-earned-355-million-welcomed-246000-people-in-2016.html>

⁴ <https://brentwoodhomepage.com/nolensville-strengthens-anti-airbnb-policy/>

⁵ <https://www.seattletimes.com/seattle-news/politics/seattle-imposes-new-limits-on-airbnb-other-short-term-rentals-with-7-0-council-vote/>

⁶ <http://www.redrocknews.com/news/88888896-city-news/42980-new-short-term-rental-law-leads-to-evictions>

⁷ <http://www.sun-sentinel.com/news/fl-vacation-rentals-hollywood-20151021-story.html>

⁸<http://sb.cofc.edu/academics/academicdepartments/hospitalitytourism/facultyandstaff/mcleod-brumby.php>

COUNTY MANAGER



THOMAS C. FISHER

October 17, 2017

By email only (bill@visitparkcity.com)

Bill Malone, President & CEO
Park City Chamber Bureau
1850 Sidewinder, Suite 320
Park City, UT 84060

Re: Rent By Owner Housing Study

Dear Bill:

We are in receipt of the attached invoice for Summit County's Phase 1 portion of the Rent by Owner Housing Study for Summit County. I understand that both Park City Municipal Corporation, and Park City Chamber Bureau, are also contributing \$8,333.00, as the total project cost is \$25,000.00.

If you are in agreement with the above, please sign and send this letter back to Annette at asingleton@summitcounty.org and she can begin to process Summit County's payment of \$8,333.00.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas C. Fisher".

Thomas C. Fisher
County Manager

A handwritten signature in black ink, appearing to read "Bill Malone".

Bill Malone, President & CEO
Park City Chamber Bureau