EXECUTIVE SUMMARY: PITKIN COUNTY

Economic & Workforce Housing Impacts of STRs and STR Regulations | February 2024

INTRODUCTION

In recent years, the demand for residential real estate in resort communities throughout the United States has risen dramatically. As a result, prices have gone up sharply and housing affordability for local residents and workers is now a major challenge. This is particularly true in mountain resort destinations across the western U.S.

RESEARCH FOCUS AND OBJECTIVES

Of the multiple factors contributing to housing costs, short-term rentals (STRs) are the most contentious and have spurred myriad policies from local governments to control and limit them. The research in this series of reports focuses on STRs and their impacts in three counties, chosen to represent the wider geography of western mountain resort markets. They include **Pitkin County** (Aspen) and **Summit County** (Breckenridge) in Colorado along with **Teton County** (Jackson Hole) in Wyoming.

The data and key findings are divided into three separate reports for each of the focus counties. This Executive Summary captures the research highlights for Pitkin County that were gleaned from the accompanying full report for that area of Colorado.

This report specifically looks at the economic and workforce housing impacts of STRs and STR regulations. It also provides a profile of STRs in Pitkin County and summarizes recent survey findings on resident and property owner sentiments toward STRs.

RESEARCH SPONSORS

The study was commissioned by the *Western Mountain Resort Alliance (WMRA)* with support from the *National Association of REALTORS (NAR).* The survey component of the research was cosponsored by the *Northwest Colorado Council of Governments (NWCCOG)* and the *Colorado Association of Ski Towns (CAST).*

RESEARCH CONDUCTED BY:

RRC & INNTOPIA

ABOUT THE RESEARCH PROVIDERS

The study was led by ***RRC Associates*** with support from ***Inntopia***. Based in Boulder, Colorado, RRC has been a leader in economic, recreation, tourism and planning research for more than 40 years. The firm has conducted hundreds of projects for municipalities, counties, state governments and private-sector clients across the U.S. with particular expertise in mountain resort markets. RRC is the primary research partner for the National Ski Areas Association (NSAA) and is the official visitor research provider for the National Park Service (NPS).

WHERE WE CAME FROM

Affordable housing in resort destinations has been challenging since the popularity of skiing began to transform mountain towns throughout the Western U.S. However, the tensions between the use of housing for resident housing, short-term lodging, and vacation homes have been magnified in the last 8-10 years as housing availability and affordability have tightened, particularly for the local workforce. At the same time, residents are pushing back against the impacts of growth and mountain geography which often limits the expansion of new housing inventory.

STRS HAVE A LONG HISTORY IN SKI TOWNS

While relatively new in non-resort markets, STRs have been a staple of mountain lodging for decades. As the popularity of skiing shot up in the 1960s and 70s, the demand for guest rooms often exceeded supply. Because hotels had financial and operational risks due to high seasonality, private condominiums became an ideal solution. Local management companies sprang up and allowed second homeowners to rent their units when not in use. The result was a win/win. Using underutilized beds to add lodging capacity alleviated shortages, boosted local economies and created a new income stream for owners. The success of this model spawned growth in the second home market as well as an entirely new business model known as "timeshares." Private condos and homes rivaled hotels as the dominant lodging option in many mountain destinations, including Pitkin County.

ONLINE BOOKING SPURRED STR GROWTH

Fast forward to the digital age and the advent of online booking platforms such as Vrbo and Airbnb. These websites made it easier for travelers to utilize STRs and for owners to rent directly to consumers. This increased market efficiencies and boosted profit margins for homeowners.

Without question, these tech-driven market changes drew new buyers to mountain real estate markets as well as to beach, desert and urban destinations. The growth in STRs has clearly had an impact on housing. However,

FACTORS DRIVING RECENT INCREASES IN RESORT HOUSING PRICES

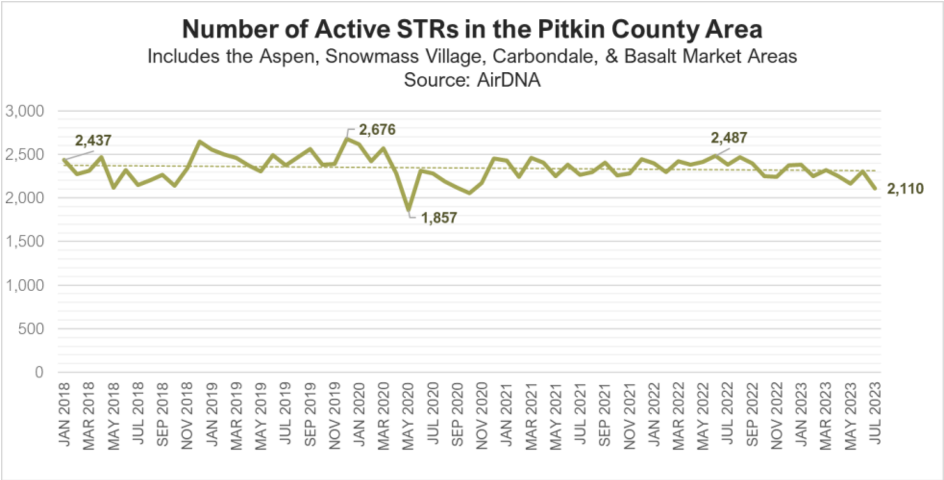
There are many factors contributing to the sharp increase in both demand and prices for resort real estate, including:

- A strong economy, including in the western U.S.
- Rapid growth in nearby metro areas
- Millennials in peak homebuying years
- Covid-driven increases in remote work lifestyles and early retirements
- Demand for short-term rental (STR) units in lieu of traditional lodging options
- A deep, extended slowdown in housing construction in many resort areas following the Great Recession/housing bust
- Historically low mortgage interest rates during the Covid period

the conclusion that it is the dominant factor driving housing prices may be an oversimplification. Numerous other market and economic forces must also be considered.

STR PROFILE IN PITKIN COUNTY

Overall, the total number of active STRs in the Pitkin County Area (including the non-Pitkin County communities of Carbondale and Basalt) has trended roughly flat since January 2018, with some fluctuations. The same roughly flat trend has occurred in the Aspen, Snowmass Village, Carbondale and Basalt market areas.



- There were 2,066 governmentally licensed STRs in Pitkin County as of July/August 2023, including 1,182 in Aspen, 767 in Snowmass Village, 115 in unincorporated Pitkin County, and two STR permits in the Pitkin County portion of Basalt.
- Based on STR licensing records and the Pitkin County Assessor database, most STRs in Pitkin County are condominiums (71%), while 15% are single-family units, and 4% are duplex condominiums. (An additional 10% have other or undetermined unit types.)
- A large majority of STRs are also condominiums in Aspen (73%) and Snowmass Village (76%). By contrast, in unincorporated Pitkin County, most STRs are single-family residences (81%).
- Most of the active STRs in the Pitkin County area have one (20%), two (31%) or three (23%) bedrooms. Most multi-family STRs units also have 1-3 bedrooms (88%), while most single-family STRs have 3 or more bedrooms (81%).
- Most STR units in Pitkin County were built in the 1960s and 1970s (71%), mirroring the County's growth boom in that period, and underscoring the long history of STRs in the community (as many such units were originally designed for STR use).

OWNERSHIP & MANAGEMENT

- Most STRs are owned by second homeowners from outside Colorado (72% overall). Of those owned by out-of-state owners, the top owner states are California, Florida, and Texas – also the top out-of-state visitor markets in Aspen (and likely the County overall as well). In-state STR owners mostly reside in Pitkin County (18% overall), with the remainder split between downvalley locations (2%), the Front Range (6%), and elsewhere in Colorado (2%).
- Most STRs in the Pitkin County area are professionally managed (71%).

- Owners of multiple STRs are uncommon. 90% of STRs in Pitkin County are owned by persons who own just one STR. Most owners of multiple STRs have two properties. As such, the data suggest that widespread investment in multiple units by a single owner is not prevalent in Pitkin County.

OCCUPANCY & RATES

- Based on data from AirDNA, STR occupancy rates have been trending up in Pitkin County, rising from 25% in 2018 to 35% in 2022, with an upward trend in all communities.
- STR average daily rates (ADRs) have also been trending up countywide, rising from $680 in 2018 to $891 in 2022.
- Given that the number of STRs has trended relatively flat, the data indicate that STR revenues have grown due to more intensive use of the STR inventory (more nights occupied at a higher price per night), rather than an expansion in the number of STR units.
- As would be expected, STR occupancies follow a highly seasonal trend, with peaks in summer and winter, and troughs in May and November.
- Average occupancy rates are slightly higher for multi-family units than single-family units. Conversely, the average ADR is significantly higher for single-family units than for multi-family units.

ECONOMIC IMPACT OF STRS IN PITKIN COUNTY

STRs contribute substantially to the economy of Pitkin County, accounting for 55% of the county's rental lodging inventory and generating about one-quarter of the county's tourism jobs, as further documented below.

ECONOMIC IMPACT NUMBERS

- In 2022, STRs are estimated to have directly or indirectly supported 2,480 jobs in Pitkin County and generated $553 million in economic output, $340 million in GDP, and $99 million in labor income. These impacts stem from STR guest spending on vacation rentals, restaurants/bars, shopping, recreation, entertainment, transportation, and other items.

Economic Impacts of STRs in Pikin County, 2022

<table>
<tr><th>Effect</th><th>Employment</th><th>Earnings ($M)</th><th>Output ($M)</th><th>Value-added (GDP) ($M)</th></tr>
<tr><td>Direct</td><td>2,049</td><td>$77</td><td>$439</td><td rowspan="2">$317</td></tr>
<tr><td>Indirect</td><td>280</td><td>$15</td><td>$78</td></tr>
<tr><td>Induced</td><td>152</td><td>$7</td><td>$36</td><td>$23</td></tr>
<tr><td>Total</td><td>2,480</td><td>$99</td><td>$553</td><td>$340</td></tr>
</table>

- Additionally, overnight visitors staying in STRs are estimated to have paid $31 million in city and county sales and lodging taxes in Pitkin County in 2022. STR owners are also estimated to have paid $6.3 million in real estate transfer taxes in 2022 and are projected to pay in $6.7 million in property taxes in 2024.
- STR share of tourism jobs: Overnight visitors staying in STRs are estimated to have generated 24% of Pitkin County's trip-related tourism jobs in 2022.
- STR share of total jobs: STRs are estimated to have directly or indirectly supported 12% of Pitkin County's total jobs (in all sectors) in 2022.
- STR share of total GDP: STRs are estimated to have directly or indirectly accounted for 11% of Pitkin County's total GDP in 2022.

COMPARING STRS AND COMMERCIAL LODGING (HOTELS)

- As of 2022, STRs accounted for 55% of Pitkin County's rental lodging units and generated almost 50% of the county's rental lodging revenue, further indicators of their importance to the tourism economy.

Pitkin County Rental Lodging Units and Revenue, 2022

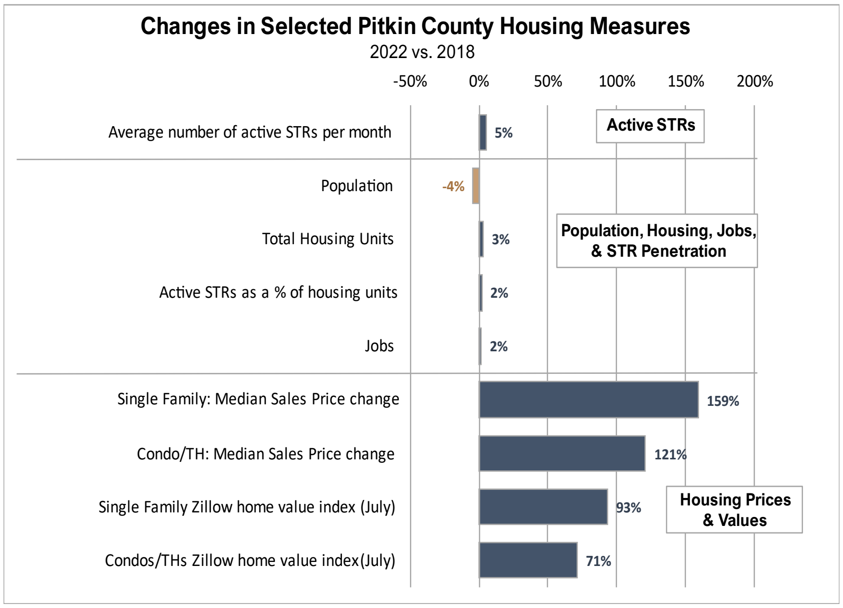
	Units		Room revenue		Avg annual
Unit Type	#	%	$	%	revenue/unit
STR	2,066	55%	$223,136,852	49.7%	$108,004
Hotel / lodge	1,669	45%	$226,128,266	50.3%	$135,487
Total	**3,735**	**100%**	**$449,265,118**	**100.0%**	**$120,285**

- AirDNA data indicate that STR rental revenues have grown substantially in Pitkin County since 2018, due to more intensive use of STRs (higher occupancy rates and higher average daily rates), rather than an expansion in the number of STRs.
- Comparing performance metrics by unit type, Pitkin County's STRs tend to have a lower occupancy rate (35% in 2022) than hotels/motels (56%). However, STRs have a much higher average daily rate (ADR), ($891 vs. $626). STRs have a somewhat lower average daily revenue per available room ($308 vs. $351).
- The higher ADRs achieved by STRs are likely in significant part due to the larger size of STR units (averaging more square footage, rooms, and pillows) and the frequent presence of expanded in-unit amenities (such as kitchen facilities). Accordingly, STR units tend to host larger travel parties and more people per unit than hotels.
- STRs and hotels can be viewed as complementing one another, offering different unit sizes, amenities, experiences, and price points. Together they offer a broader array of lodging options to visitors than any one product type can alone.

STRS & PITKIN COUNTY HOUSING MARKET

While they are likely a contributing factor, the data indicate that STRs were not a major cause of the run-up in Pitkin County housing prices in the period from 2018 to 2022. Note the following facts:

- Active STR counts trended roughly flat over the period. By contrast, housing values soared in the county.



- Other areas, without abundant STRs, experienced dramatic price increases similar to Pitkin County (Denver metro, Fort Collins, Boulder, etc.). In fact, most of Colorado saw a steep increase in prices.

MANY FACTORS IMPACT HOUSING PRICES

Numerous other market forces likely or potentially influenced gains in housing prices in the 2018-2022 period:

- Historically low mortgage interest rates during the period
- Economic and societal disruptions stemming from Covid caused a sharp spike in demand for resort real estate
    - These included changes in housing preferences and choices (preferences regarding urban vs. suburban/rural locations, expanded space needs associated with working from home and more time spent at home, growth in remote work which expanded flexibility to relocate, early retirements, etc.).
- Millennials in peak homebuying years
- Increased costs of construction due to supply chain impacts, labor shortages, construction defect laws, government regulations, and local opposition to growth and new housing
- Strong national economy, stock market and labor market
- A deep, extended slowdown in housing construction in Colorado and nationwide following the Great Recession/"housing bust."

CONVERSION OF STRS TO WORKFORCE HOUSING WOULD BE DIFFICULT

It is often assumed that a portion of units that drop out of the STR market could become workforce housing. However, only a small portion of Pitkin STRs would likely be affordable to most locals, and many (perhaps most) of the less expensive STRs were not designed for (and in many cases prohibit) full-time resident occupancy.

- Assuming a household can affordably spend 30% of its income on housing, for those making 100% of the Area Median Income (AMI) in Pitkin County, only about 2.6% to 4.4% of STRs would be affordable for 1-4 person households to purchase. At 200% of AMI, 8.6% to 11.6% of STRs would be affordable.
- About 7% (128 of 1,838) STRs have valuations under $500,000. However, a large majority of these units are in condotels, intended for (and in many cases restricted to) short-term occupancy only. Many do not have kitchen facilities. As such, only a very small share of these units would be available and suitable for local resident occupancy.
- An additional 8% (152 of 1,838) of STRs have valuations of $500,000 - $999,999 – potentially affordable to higher-income local residents. However, most of these units are again located in condotels and many have owner usage restrictions. Additionally, most of these units are small (41% studios, 45% 1 bedrooms), which would limit the households who could live in them, and limit the potential for housing payments or rent to be split across multiple workers.

STRS AND HOUSING COSTS

There is some correlation between STR density and housing costs within Pitkin County, but with significant variability, and the presence of multiple confounding factors.

- Pitkin County communities with higher STR densities (Aspen and Snowmass Village) tend to have higher home values than downvalley areas with lower STR densities.

- However, while Aspen and Snowmass Village each have similar densities of STRs as a share of total free-market housing units (22-23%), Aspen property values per square foot are about twice as high as in Snowmass Village.
- Additionally, downvalley communities with similar STR densities have significantly different values per square foot. For example, the Woody Creek and Basalt postal areas have similar STR densities (1%) but very different average values per square foot ($3736 vs. $966 respectively for single family residential). The Old Snowmass and Redstone postal areas have similar STR densities (5-6%), but average value per square foot for single family residential is about three times higher in Old Snowmass.
- The wide variations in values across communities with similar STR densities suggest that factors other than STR densities are important contributors to property values.
- An additional complicating factor is that communities with high STR concentrations also tend to be closest to ski areas and resort amenities – and also have the highest non-local ownership. This makes it difficult to disentangle the overlapping effects of STR density, proximity to resorts, non-local ownership, and other factors affecting values.

Clearly, the housing market impacts of second homes for personal use and STRs are intertwined and hard to isolate from each other.

- STRs are just one source of nonresident demand for Pitkin County housing. An overlapping factor is the demand for vacation homes, whether placed in the rental pool for lodging or not.
- Pitkin County's free-market housing stock is dominated by second homes, according to Assessor data. Among Pitkin's 9,779 free-market condos/single family residences/townhomes, 61% are owned by non-Pitkin owners.
  - As such, nonlocal ownership is a quantitatively larger factor in the housing market (61% of units) than STRs specifically (19% of Pitkin's free market housing).
- Most nonresident owners do not STR their unit (75%); a minority do (25%).
  - Thus, nonresident owners who don't STR their unit likely have more influence on housing market trends than nonresident STR owners.
  - Nonresident owners who do not STR their unit (46% of total free-market units) also account for a larger share of units than all STR owners, local or not (19% of total units).
- Our survey conducted for this study indicates that most Pitkin County STR owners also use their unit for vacations/personal use (86%).
  - The survey also finds that, if prevented from renting their unit, more Pitkin STR owners would likely leave it vacant than convert it to a full-time rental or sell it. This would imply an STR → 'cold bed' conversion instead of an STR → full-time residence conversion.
- At the same time, over the longer term, restrictions on STR licenses would likely deter would-be STR owners from entering the market. This would reduce one source of housing demand pressure and potentially increase availability for locals – albeit at the expense of foregone benefits of STRs (local income, STR taxes/fees, etc.), and in most areas of the county, prices would likely still be out of reach for most locals.
- A regression analysis of the drivers of Pitkin County property values indicates that factors such as the location, number of bedrooms, and age tend to have a much larger impact on the value of a given unit than the STR status of the unit.

HOUSING IMPACTS OF STR REGULATIONS

- Regulations of STRs in Pitkin County vary between communities in terms of limitations (e.g. caps, number of days a unit can be rented), permitting fees and taxes.

    - In unincorporated Pitkin County, only those units that were used as STRs between May 2017 and May 2022 may be issued a STR license. The County also imposes what are typically the highest annual licensing fees, which can be thousands of dollars per unit since the fees are calculated as a percentage of the STR's Assessor home market value.
    - In 2022, Aspen implemented caps on STR numbers which vary by zoning district. Eight of 14 residential districts are either at or beyond the maximum number of permits allowed. Aspen also implemented a new 5-10% tax on STRs (varying by STR type) effective May 1, 2023. This brings the total sales tax on STRs in Aspen to 16.3% - 21.3%, the highest in Pitkin County.
    - At the other end of the spectrum, Snowmass Village and Basalt do not cap or limit STRs[1] and do not levy additional taxes specifically on their use (other than licensing fees).
    - The lowest tax rate on STRs as well as other lodging types is in unincorporated Pitkin County – 6.9%.
- The caps and taxes on STRs in Aspen and unincorporated Pitkin County were implemented in 2022/2023 which makes assessing impacts difficult, given the short period they have been in effect, as well as the many other factors influencing real estate trends.
    - The Aspen area did see decreases in the median sale prices of condominiums (-4%) and single-family homes (-6%) from 2022 to 2023, which correlates with the implementation of STR caps and significantly higher taxes on short-term rentals.
    - Snowmass Village, which has lighter regulations and taxes on STRs, experienced a 22% increase in the median condominium sales price from 2022-23, but the median single family home price dropped 12% year over year.
    - The geography of home purchasers in Pitkin County and most of its subareas held relatively steady in 2023 from 2022.
    - Overall, the real estate market in Pitkin County has cooled from the high sales volumes and rapid escalation in prices that characterized 2020 and 2021. However, this is likely due more to macro factors than STR regulations, as similar patterns have been observed throughout Colorado and much of the rest of the country.
    - Altogether, real estate sales data to date is inconclusive as regards the impacts of STR regulations on the housing market. Any impacts that may have occurred to date are likely too subtle to disentangle from other factors that are influencing the housing market.

STR OWNER OPINIONS

Survey results indicate that Pitkin STR owners are likely to leave their units vacant to an increased degree in the event of a hypothetical STR ban. They are less likely to sell their unit and very unlikely to rent it to locals in the event of a ban.

- Conversion of current STRs into longer-term rentals for residents and/or the workforce is also challenged because 86% of STR owners also use their unit as a vacation home (for an average of 4.8 weeks per year).

Most STR owners (67%) indicate they would have not purchased their home if STRs were banned at the time of purchase.

- As such, the survey results suggest that an STR ban (and likely a stringent cap) could be effective in removing STR buyers from a given market, which could reduce one source of pressure on housing prices and availability over time.

[1] One exception is that STRs which are single family homes or duplexes in Snowmass Village have a minimum four-night stay requirement.

ECONOMIC IMPACTS OF STR REGULATIONS

In theory, STR caps/regulations and taxes/fees could have a variety of possible economic effects. For example, they could possibly shift STR activity from areas with stricter regulations and/or higher taxes to areas with looser regulations and/or lower taxes. They could also possibly shift overnight stays from STRs to hotels. They could possibly reduce overall visitation, if guests decide to go elsewhere as a result of limited lodging choices, availability, and high prices.

It is difficult to discern whether any such effects have occurred yet in Pitkin County and its communities, given the recency of changes in STR regulations and taxes, the numerous other market factors at play, and limitations in data availability and quality. However, there are some potentially cautionary signs in Aspen.

- AirDNA data through July 2023 indicates that STR activity continued to be healthy through that time, with continued strong occupancies, ADRs, room nights and revenues across communities in Pitkin County.
  - Stronger occupancies and ADRs appear to have been largely driven by increasing demand, given that these trends pre-date the onset of stricter STR regulations and are spread across communities.
- Notably, Aspen lodging and STR tax collections are showing potentially cautionary patterns. STR taxable sales as a share of total STR and hotel room rental sales held roughly steady year-over-year in 2023 through August. However, STR room rental sales dropped significantly YOY in both absolute terms and as a share of combined STR and hotel room revenue from September through November 2023 (the most recent available data). These patterns warrant close monitoring going forward in case they are a sign that regulations and taxes are shifting lodging activity away from Aspen STRs to a greater degree than intended, or if this is a temporary anomaly. (Note that Aspen's 5-10% STR taxes became effective May 1, 2023.)
- Zooming out, the overall economy of Pitkin County and its municipalities appears to be healthy, based on state taxable sales through October 2023. Pitkin County as a whole experienced a boom in taxable sales in 2021 and early 2022, and has retained those gains in the post-Covid period, similar to other mountain resort counties. Aspen, Snowmass Village and Basalt have also experienced similar patterns, although Snowmass Village has outpaced Aspen and Basalt in terms of taxable sales gains in late 2022 and 2023.

Again, given the recency of STR regulations and potential signs of important consequences in Aspen, close monitoring of economic trends is warranted going forward to assess possible unintended impacts of STR regulations.

STR CONTRIBUTIONS TO AFFORDABLE HOUSING EFFORTS

STRs generate significant taxes and fees for local governments, and a portion of those monies is used for creating affordable housing. The following is a summary of STRs' contributions to affordable housing funding in Aspen, Snowmass Village, and Pitkin County.

In Aspen, new affordable housing development is budgeted within the Housing Development Fund. Monies for this fund come from a 1% housing real estate transfer tax, a portion of the 0.45% sales tax for affordable housing and Kids First, and (starting May 1, 2023) a minimum of 70% of the 5-10% STR excise taxes. Additionally, the Housing Development Fund from time to time also receives various non-tax monies. STRs contribute a significant portion of the tax monies in this fund.

- Current STR owners paid an estimated $3.5 million in housing RETT in 2022, equivalent to 21% of the $17.1 million in total HRETT collected in 2022.

- Approximately 45% of the 0.45% housing/Kids First sales tax was directed toward housing in 2022, an amount equating to $2.46 million. STR guests are estimated to have paid a pro-rated 19% share of these taxes (or about $466,000).
- STR 5-10% excise taxes are budgeted to generate $2.9 million for housing in 2023 and $5.5 million in 2024.
- Combined, STRs are estimated to have generated $4.0 in taxes for affordable housing in 2022, rising to a projected $5.8 million in 2023 and $8.5 million in 2024.
- The share of total affordable housing tax revenue which is generated by STRs is accordingly projected to rise from 21% in 2022 to 34% in 2023 and 43% in 2024.

In Snowmass Village, much of the funding for new affordable housing development comes from a discretionary portion of the 2.5% sales tax and 2.4% lodging tax which are accounted for in the Tourism Fund. The Town has budgeted transfers of $4.6 million in 2023 and $5 million in 2024 from the Tourism Fund to the Capital Improvements Fund for housing purposes. Based on RRC's tax modeling, STR guests are estimated to have generated approximately half of these combined sales and lodging tax monies in 2022. Should that ratio hold steady going forward, STR guests would generate approximately $2.3 million of this affordable housing funding in 2023 and $2.5 million in 2024.

- Additionally, STR license fees (budgeted at $360,000 annually) are allocated to the Housing Fund, which supports the operations and maintenance of existing affordable rental housing in Snowmass Village.
- Affordable housing development is also supported by discretionary transfers from the General Fund and RETT fund, which are supported by STRs.

In Pitkin County, new affordable housing development is supported by housing impact fees assessed on new development (dollars which are not attributable to STRs, since new units are prohibited from becoming STRs), as well as discretionary transfers from the General Fund. It is difficult to identify the precise share of these General Fund transfers which is ultimately traceable back to STRs, but STRs do indirectly contribute to these transfers via the taxes and fees that they generate.

In addition to these housing-directed monies, STRs also generate other taxes that benefit Pitkin County residents and workers. These include taxes that support RFTA and town transit systems, and thus help to reduce resident transportation costs. These taxes also support the wide array of other services and amenities provided by local governments.

- All told, STRs generated an estimated annualized $44 million in taxes for Pitkin County and its municipalities in 2022 or 2023, used for housing and non-housing purposes. This includes $31 million in sales and STR taxes, $6.7 million in property taxes, and $6.3 million in real estate transfer taxes. STRs' tax contributions will likely go up considerably in 2023 and 2024 as a result of collections from Aspen's 5-10% STR taxes.

Estimated Pitkin County and Town Taxes Paid by STR Visitors and Owners

2022 Taxes Paid by STR Visitors	TOTAL
Countywide RFTA Taxes	$1,586,742
Countywide Transit Service (1%)*	$3,958,294
Countywide Mass Transtit System Improvements (0.5%)**	$1,979,147
Countywide General Use (2.0%)*	$7,916,588
Countywide Water Quality (0.1%)	$395,829
City Sales Tax	$10,537,107
City Lodging Tax	$4,617,598
Total City/County Taxes	**$30,991,306**
Taxes Paid by STR Owners	
Property tax (2023 tax year, due in 2024)	$6,703,044
Aspen Housing RETT (current STRs bought in CY 2022)	$3,544,836
Aspen Wheeler RETT (current STRs bought in CY 2022)	$1,797,418
Snowmass Village RETT (current STRs bought in CY 2022)	$963,313
Total Property Tax and RETT Tax	**$13,008,610**
Total Taxes Paid by STR Owners & Visitors	
GRAND TOTAL	**$43,999,916**

INCREASED ECONOMIC ACTIVITY & JOB CREATION

STRs generate more economic activity – and more funding for affordable housing – than second homes that are not STRs. Based on the Pitkin County resident and STR owner survey conducted for this study, Pitkin STRs are utilized an average of 41.1 weeks a year and left vacant an average of 10.9 weeks per year.

- The 41.1 weeks of utilization include an average of 32.8 weeks as a vacation rental (rented or available for rent), 4.8 weeks as a vacation residence for the owner, and 3.5 weeks for other purposes.

By contrast, second homeowners who do not STR their unit utilize their home a lower 28.7 weeks per year, on average (primarily for their personal use). These units are left vacant at a higher 23.3 weeks per year on average (as compared to 10.9 weeks vacant for STR owners).

In addition to higher utilization rates for STRs than non-STR vacation homes, visitor surveys indicate that STR guests tend to have higher spend (and associated tax payments) per unit per day than owners – primarily because STR guests pay for lodging (while owners don't), and because STR guests tend to have larger travel parties. This higher spend per unit per day for STRs than non-STRs also contributes to higher tax generation from STR guests, a portion of which gets directed to housing. Additionally, STRs are in some jurisdictions subject to special taxation for housing purposes that non-rented units aren't – including STR and lodging taxes in Aspen and lodging taxes in Snowmass Village.

STRs also provide jobs and income for local residents, which in turn gets used to pay for housing. As noted in the economic impact section, STRs directly or indirectly generated 2,480 jobs and $99 million in labor income in Pitkin County in 2022 – providing a livelihood (and mechanism for paying for housing) accordingly.

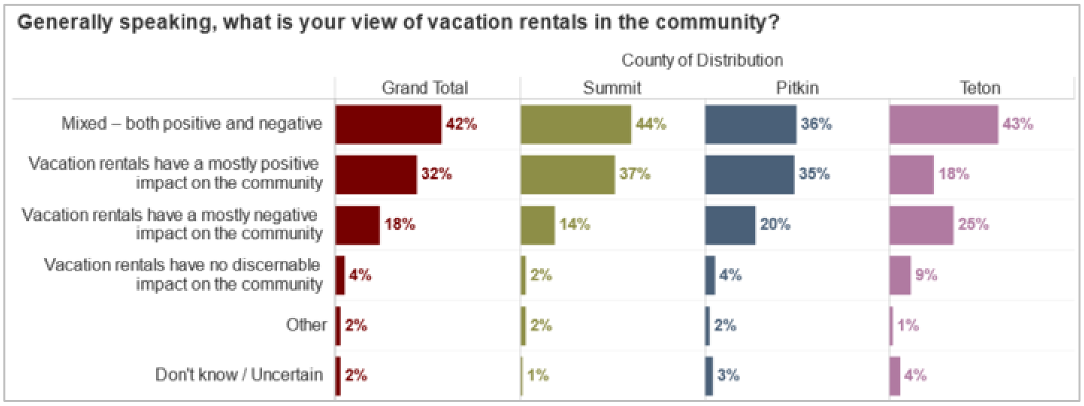
- Pitkin County residents themselves own approximately 333 STRs in Pitkin County. For these residents, STRs represent an important source of income and/or wealth, and likely help them achieve economic security in the county.

COMMUNITY SURVEY RESULTS

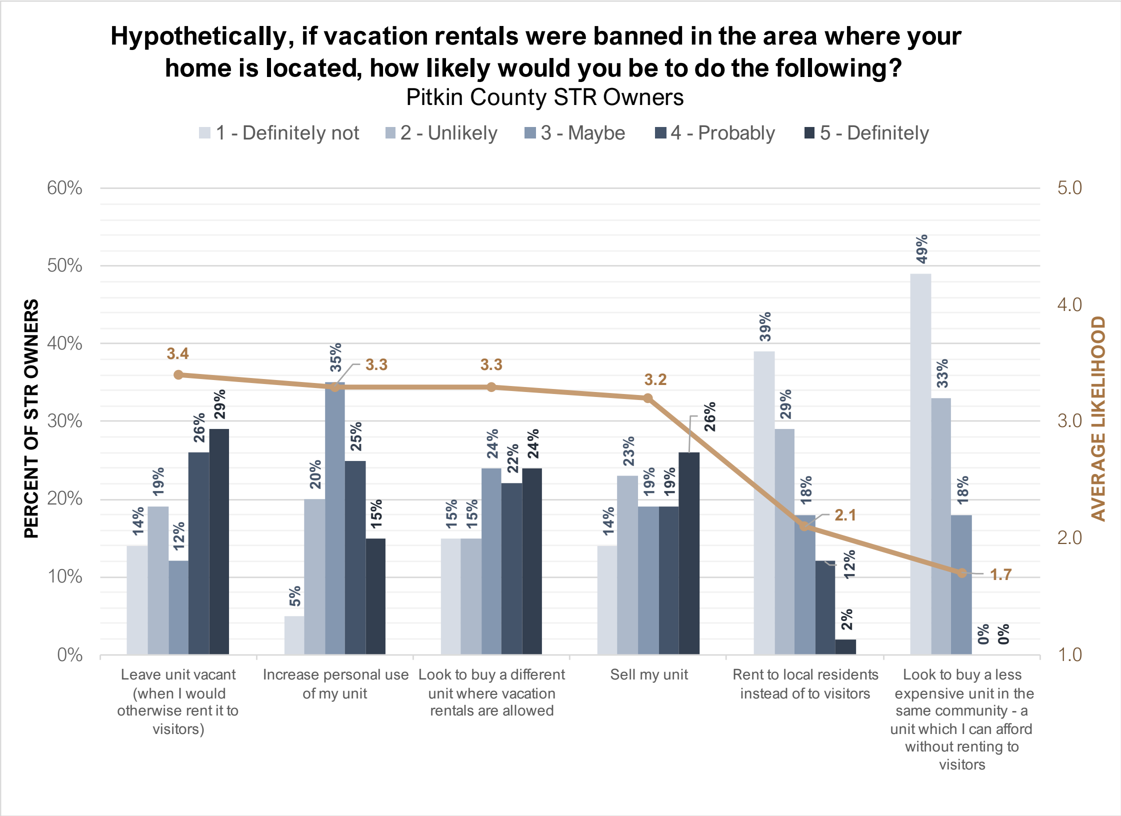
As a part of the overall STR research, a random sample survey was conducted among residents and homeowners in Pitkin County. The inclusion of both full-time residents and second homeowners provides a source of quantitative and qualitative input from a broad sample. The opinions expressed help to understand stakeholder perceptions of STRs, with the following key findings arising from the research.

- Pitkin respondents are primarily vacation homeowners or local residents who own their property.
    - 51% of respondents own a vacation home/second home in Pitkin County and 43% are local residents; nearly all (89%) own their property.
    - Nearly two-thirds of respondents (63%) have used the property as a vacation home at any point during ownership and about one-third of respondents have used the property as a primary residence (37%) and/or vacation rental (31%) at any point.
- Pitkin County homeowners carry mixed feelings about vacation rentals in their community.
    - 36% of all Pitkin respondents report that they have both positive and negative feelings about vacation rentals. Another 36% believe STRs have a mostly positive impact on the community, while 20% believe they have a mostly negative impact.
    - 71% of all respondents across Pitkin, Summit, and Teton counties who use their property as a vacation rental indicate that vacation rentals have a mostly positive impact on the community.
    - 64% of all Pitkin respondents indicate that vacation rentals benefit the local economy, and 45% believe that vacation rentals enable the community to have more amenities.

- At the same time, significant shares of Pitkin respondents have concerns about the impacts of vacation rentals on the housing supply for locals (46%) and community character and quality of life (36%).



- Respondents who use their property as a vacation rental primarily do so for use flexibility and additional income.
  - Among respondents who have used their property as a vacation rental within the past 12 months, 76% have done so for investment/income purposes and 60% have done so because it allows the property to be used personally or as a vacation home.
  - On a scale of non-dependence (1) to extreme dependence (5), Pitkin respondents who rent to visitors are moderately dependent on renting to afford the home (average of 3.5/5). These respondents are less dependent on renting to afford their livelihoods in general (average of 2.6/5).
  - Among those who have ever used their home as a vacation rental but not as a long-term rental for local residents, 61% have not rented to locals because it would prevent their own use or use by their family/friends. Over half (54%) have not done so to avoid the risk of damage or wear and tear to the unit.
- The survey contained several policy questions.
  - Two-thirds of respondents (67%) who have ever used their unit as a short-term/seasonal rental would not have purchased the home if vacation rentals were prohibited from the area.
  - In a hypothetical situation where vacation rentals were banned, on a scale of definitely not likely (1) to definitely likely (5) to react in certain ways in response to the ban, respondents who have ever used the unit as a short-term/seasonal rental are moderately likely to just leave the unit vacant (average of 3.4/5), look to buy a different unit where vacation rentals are allowed (average of 3.3/5), or increase personal use of the unit (average of 3.3/5). Respondents are much less likely to rent the unit to residents (2.1/5).



CONCLUSIONS

Rising housing costs in all sectors have created an environment where local governments are pressured to react and address the needs of residents. This is particularly true in mountain resort communities that are challenged to address workforce housing demand with limited capacity to create new supply.

STRs have received significant attention in recent years and a variety of regulatory initiatives are in their early stages. For the most part, it is too soon to say conclusively whether the new regulations and limitations will materially impact housing prices or the local economy in Pitkin County.

STR IMPACTS ARE GENERALLY POSITIVE

The overall conclusion from extensive research suggests that the impacts of these units are generally more positive than negative. They require management and regulatory attention to address their impacts on neighborhood livability and housing demand. Owners should be paying fees and guests should be taxed commensurate with those impacts. However, in markets like Pitkin County, they provide a vital economic engine that should be recognized and encouraged to succeed.

The data indicate that STRs have not been the major contributor to the recent gains in the price of housing or the availability of year-round homes for workers. They are one of many factors affecting housing availability and affordability, and are likely not as powerful as the more macro demographic and economic trends at play in the post-Covid era.

Instead, STRs encourage the best and highest use of underutilized beds as they have since the early days of mountain resort towns. As this research effort has shown, the STR inventory serves visitor needs by diversifying the bed base while generating major economic benefits and funds to support affordable housing efforts.

Furthermore, public sentiment supports the conclusion that the impacts of STRs are “mixed” and complicated, but in general residents and second homeowners alike recognize that these units offer community benefits.

FUTURE PUBLIC POLICY CONSIDERATIONS

Although beyond the scope of this analysis, we recognize that Pitkin County is likely to experience continued pressure on its housing stock in the future due to the overall attractiveness of the Roaring Fork Valley as a place to live and to recreate. The region has a world-class reputation and there will continue to be growth in higher-income households able to afford second homes. Pitkin County, like other mountain resort areas, has limited space to accommodate future growth, and it has an interest in preserving its attainable free-market housing stock. STRs are one piece of a larger puzzle as the community looks to balance a variety of objectives in planning for the future.

As local decision-makers consider policy changes and appropriate regulations of STRs, it is critical that their decisions are informed by relevant information. It is also essential to maintain a broad perspective on the complex and interwoven forces impacting housing costs, and on the best strategies for sustaining economic vitality, in balance with other community needs and priorities.

This study has generated a large amount of data as captured in the report that accompanies this document. The consultant team would be happy to further discuss this information if questions and needs arise.