EXECUTIVE SUMMARY: TETON COUNTY

Economic & Workforce Housing Impacts of STRs and STR Regulations | March 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. The recent focus on STRs has spurred many local governments to regulate, limit, and/or tax STRs in differing ways across mountain communities. 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 **Teton County** (Jackson Hole), **Pitkin County** (Aspen), and **Summit County** (Breckenridge).

The data and key findings are divided into three separate reports, one for each of the focus counties. This Executive Summary captures the research highlights for Teton County that were gleaned from the accompanying full report, including findings regarding the profile of STRs, the economic and housing impacts of STRs and STR regulations, and recent survey findings on 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 U.S. National Park Service (NPS). **Inntopia** is a travel technology company that provides business intelligence, e-commerce and CRM solutions, and is based in Stowe, Vermont.

WHERE WE CAME FROM

Affordable housing in resort destinations has been challenging since the growth of tourism and the popularity of skiing began to transform mountain towns throughout the Western U.S. However, tensions regarding the use of housing for residents, 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 and public land ownership often limits the potential for expanded housing inventory.

STRS HAVE A LONG HISTORY IN MOUNTAIN RESORTS AND 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. Teton County has experienced many of these same patterns in the growth of STRs, particularly in the Teton Village area and selected other locations, although it also has a much longer history as a visitor destination than many other mountain areas, pre-dating the emergence of STRs.

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

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

in STRs has clearly had an impact on housing. However, 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.

A NOTE ON THE TETON COUNTY STR ANALYSIS

DATA AVAILABILITY IN TETON COUNTY

Teton County has some unique governmental practices that make the analysis of STRs challenging. For one, in contrast to other counties in this study, we were unable to access the Teton County Assessor property database (other than the Tax Roll database and associated GIS coverage file, which contain very limited property information). As a partial workaround, the team used the MLS (multiple listing service) database maintained by the Teton Board of Realtors to access detailed property information. However, the MLS database does not cover all properties – only properties that have come up for sale are included. As such, many of the property and STR analyses contained in this report are based on properties that were sold between January 2010 and February 2024, not all properties.

TETON COUNTY DOES NOT LICENSE INDIVIDUAL STRS

Another challenge is that Teton County does not license individual STRs in its unincorporated areas, and thus does not maintain a database of properties that are used as STRs. Additionally, while the Town of Jackson does license STRs within the Town, the license database cannot always be readily matched to the Assessor database, since the Assessor database does not contain unit numbers (for distinguishing units with the same street number). As a result, some of our STR property analyses are based on identifying properties that are "STR-eligible" (i.e., permissible per zoning), rather than units that are actually used as STRs.[1]

Despite these limitations, the research team feels that useful findings and inferences can be gleaned regarding STRs through an analysis of STR-eligible properties (and the subset of such properties that have sold since 2010). Additionally, insights on STRs are also available from AirDNA data[2] and from Inntopia's Teton County transient inventory study.

STR PROFILE IN TETON COUNTY

According to AirDNA, the total number of active STRs[3] in Teton County (inclusive of Jackson) has trended relatively flat since 2019, edging up 2% from 2019 to 2022.

- As illustrated in the graph to follow, the number of active STRs in Teton County rose from 2018 to 2019, dipped in 2020 and 2021 during Covid, and rebounded in 2022 and 2023.

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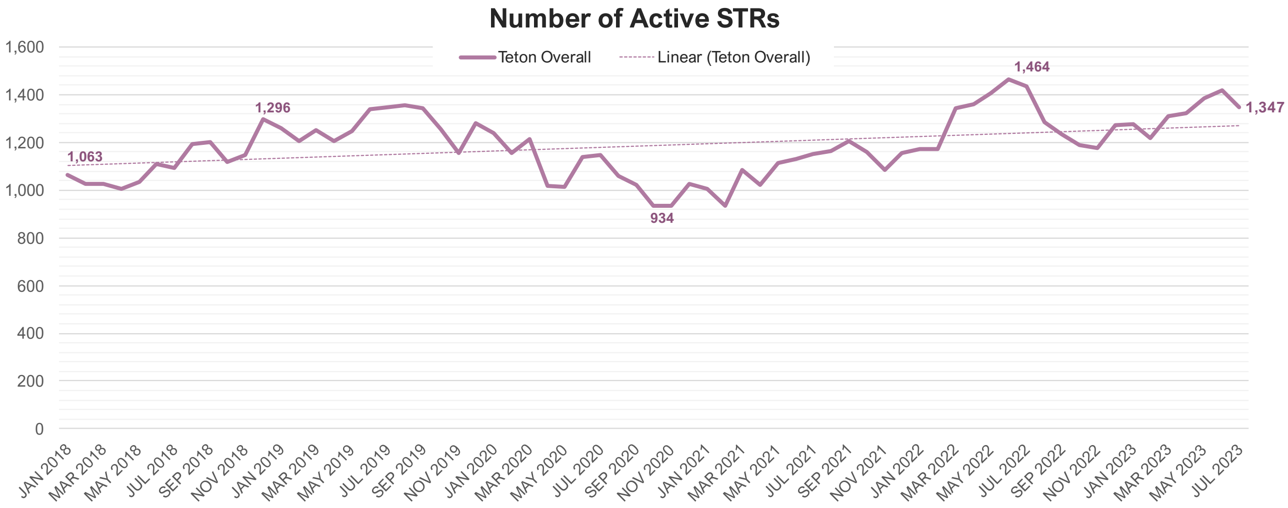
[1] For purposes of this analysis, STR-eligible properties in the Town of Jackson are defined as properties with Lodging Overlay zoning or Planned Resort-Snow King zoning. STRs are allowed on a highly restricted basis in selected other zoning districts in Jackson, but those properties are not counted as STR-eligible in this analysis.

[2] AirDNA is a business which sells STR inventory and business performance data.

[3] Active STRs are STRs that are rented or available for rent at least one day in a given month.



Source: AirDNA

- There were 1,347 active STRs in Teton County as of July 2023 per AirDNA. These STRs had an aggregate of 3,334 bedrooms (average 2.48 bedrooms per STR), and an aggregate of 9,096 pillows or maximum possible guests (average 6.75 pillows per STR).

Looking at subareas of Teton County, there has been an increase in the number of active STRs in Jackson since 2019, while the number of STRs has declined in the Wilson postal area and held roughly flat in Teton Village and elsewhere in the county. In Teton County as a whole, based on MLS data for a sample of sold properties, the largest share of STR-eligible properties are condominiums (56%), while 21% are single-family homes, 16% are townhomes, 5% are condotels, and 3% are fractional units.

- Per AirDNA, most active STRs in the most recent available 12 months are an entire home/unit (91%), while 9% are a private room. Most of the active STRs as of July 2023 had one (23%), two (29%), or three (29%) bedrooms. An additional 13% had four bedrooms, 8% had five bedrooms, and 3% were studios (zero bedrooms).
  - Most multi-family units have one (20%), two (41%) or three (29%) bedrooms. In contrast, most single-family home STRs have three (24%), four (38%) or five or more bedrooms (28%). Part of the appeal of STRs is the ability to serve relatively large guest parties, and STRs do in fact tend to house more people per unit at a given time than hotel rooms.

Based on a sample of sold properties in the MLS database, most STR-eligible properties were built in the 2000s (31%, reflecting the construction of Hotel Terra, Teton Mountain Lodge, Four Seasons, Love Ridge, Snake River Lodge, and a variety of other developments), or in the 1970s (30%, with The Aspens being the largest contributor).

- Smaller shares of STR-eligible properties were built in the 2010s (8%), 1990s (15%), 1980s (14%), and before 1970 (1%). These data paint a picture of the history of properties built and bought in part for STR use.

A majority of the 10,530 Teton County Assessor property records classified as “residential improvements” are not STR-eligible, per zoning (8,503 or 81%). Among the 2,027 STR-eligible residential properties, most are in unincorporated Teton County (1,622 or 80%), while 405 (20%) are in the Town of Jackson.

OWNERSHIP & MANAGEMENT

Per Assessor records, of the 2,027 total STR-eligible properties in Teton County, most are owned by out-of-state owners (60%). Teton County residents own another 37% of STR-eligible properties, with the remainder owned by other Wyoming residents (2%) and international owners (1%).

- The most represented states of owners of STR-eligible properties (excluding Wyoming) are California (16% of out-of-state owned units), Texas (9%), New York (8%), Florida (7%), and Illinois (5%).

Owners of multiple STR-eligible properties are uncommon. Fully 87% of STR-eligible properties in Teton County are owned by persons who own just one such property. Roughly half of owners of multiple STRs have two properties, while the other half own three or more properties. As such, the data suggest that widespread investment in multiple STR units by a single owner is not prevalent in Teton County.

- Per AirDNA and Inntopia, most STRs in Teton County are professionally managed (80%). Professional management of STRs is highest in the Teton Village postal area (90%), followed by the Jackson postal area (81%) and elsewhere in the county (70%).

OCCUPANCY & RATES

Based on data from AirDNA, the average annual occupancy rate of active STRs has been trending up in Teton County, rising from 27% in 2018 to 40% in 2022, with gains across the major subareas of the county.

- The highest average occupancy rate in 2022 was in the Town of Jackson (44%), followed by the Wilson postal area (41%), Teton Village (38%), and elsewhere in Teton County (33%).
- Strong seasonality is evident in the data, with occupancy peaks in winter and summer months, and troughs in November and April.

The average daily rates (ADRs) of STRs have also been trending up countywide, rising from $602 in 2018 to $726 in 2022.

- The highest ADR in 2022 was in Teton Village ($987), with the Town of Jackson at $587, the Wilson postal area at $578, and the rest of Teton County at $763.
- There is also seasonal variation in ADR, most prominently in Teton Village, where ADR in the most recently available 12-month period peaked in December 2022 at $1,223 and fell to $691 in May 2023.
- In 2022, multi-family STRs outperformed single-family STRs in terms of occupancy rate (at 54% vs. 38% respectively). Conversely, single-family STRs greatly outperformed multi-family STRs in terms of ADR (at $1,361 vs. $540 respectively).

ECONOMIC IMPACT OF STRS IN TETON COUNTY

STRs contribute substantially to the economy of Teton County, accounting for about 22% of the county's rental lodging inventory and generating a similar share of the county's tourism jobs, as further documented below.

ECONOMIC IMPACT NUMBERS

In 2022, STRs are estimated to have directly or indirectly supported 1,907 jobs in Teton County and generated $547 million in economic output, $339 million in GDP, and $128 million in labor income. These substantial impacts stem from STR guest spending on vacation rentals, restaurants/bars, shopping, recreation, entertainment, transportation, and other items.

Additionally, overnight visitors staying in STRs are estimated to have paid $23.5 million in sales and lodging taxes in Teton County in 2022, of which $11.2 million was retained by the State of Wyoming and $12.3 million was distributed locally.

- **STR share of tourism jobs:** Overnight visitors staying in STRs are estimated to have generated 19% of Teton County's trip-related tourism jobs in 2022.
- **STR share of total jobs:** STRs are estimated to have directly or indirectly supported 8% of Teton County's total jobs (in all sectors) in 2022.

Economic Impacts of STRs in Teton County, 2022

Effect	Employment	Earnings	Output	Value-added (GDP)
Direct	1,536	$92,969,429	$402,031,802	$302,018,902
Indirect	236	$23,113,824	$93,661,328	
Induced	135	$12,088,765	$51,354,104	$37,223,372
Total	**1,907**	**$128,172,018**	**$547,047,234**	**$339,242,274**

- **STR share of total GDP:** STRs are estimated to have directly or indirectly accounted for 8% of Teton County's total GDP in 2022.

COMPARING STRS AND COMMERCIAL LODGING (HOTELS)

As of 2022, STRs accounted for 22% of Teton County's rental lodging units and generated almost one-third of the county's combined hotel and STR lodging revenue, further indicators of their importance to the tourism economy.

Teton County Rental Lodging Units and Revenue, 2022*

Type	2022 Units #	2022 Units %	2022 Room Revenue $	2022 Room Revenue %	Average Annual Revenue/Unit
STR	1,293	22%	$135,974,821	32%	$105,135
Hotel**	4,573	78%	$285,713,595	68%	$62,481
Total	**5,866**	**100%**	**$421,688,416**	**100%**	**$71,885**

Source: AirDNA and CoStar.
*Excludes campgrounds and RV parks, B&Bs, and selected other lodging types.
**Includes several cabin and ranch properties.
Total taxable lodging revenue in Teton County was $526 million in 2022, per WY Dept of Revenue.

- AirDNA data indicate that STR rental revenues have grown substantially in Teton County since 2019, due primarily to more intensive use of STRs (higher occupancy rates and higher average daily rates), rather than a large expansion in the number of STRs.

Comparing performance metrics by unit type, Teton County's STRs tend to have a lower occupancy rate (40% in 2022) than hotels/motels (58%). However, STRs have a much higher average daily rate (ADR), ($726 vs. $294), and much higher average daily revenue per available room ($288 vs. $171).

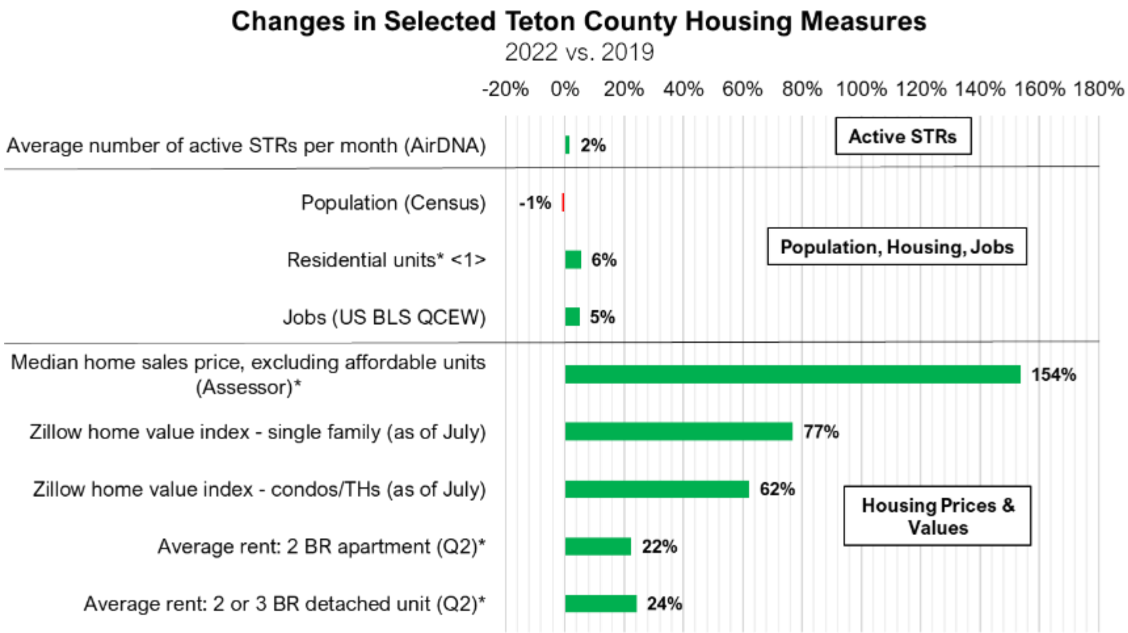
- The higher ADRs achieved by STRs are due in part to the larger size of STR units (averaging more square footage, rooms, and pillows) and the frequent presence of expanded in-unit amenities (such as kitchen facilities). Accordingly, STR units tend to host larger travel parties and more people per unit 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. The occupancy rates and ADRs achieved by STRs speaks to the market demand for them.

STRS & TETON COUNTY HOUSING MARKET

While they are likely a contributing factor, the data indicate that STRs were likely not a major cause of the run-up in Teton County housing prices in the period from 2019 to 2022. Note the following facts:

- Active STR counts edged up by 2% across the period. By contrast, as illustrated in the graph below, housing values soared (by 62% and 77% for condos and single-family units respectively), and rental costs rose significantly too (22-24%).
- Other regions without abundant STRs experienced dramatic price increases as well. For example, between 2019 and 2022, home prices jumped 66% in Idaho, 57% in Utah, 54% in Montana, 41% in Colorado, and 35% in Wyoming, per the Federal Housing Finance Agency all-transaction house price index.



**Source of asterisked items: 2023 Teton County Indicator Databook, https://www.jacksontetonplan.com/297/Past-Indicator-Reports.*

<1>Residential units in Teton Co. Indicator Databook is defined as roughly equal to the ACS housing unit count, minus Yellowstone units, minus short-term rental units (like Aspens condos and Spring Creek units) and dude ranch cabins, minus guesthouses.

MANY FACTORS IMPACT HOUSING PRICES

Numerous other market forces likely or potentially influenced gains in housing prices in the 2019-2022 period, including the following:

- Historically low mortgage interest rates during much of the period
- Economic and societal disruptions stemming from Covid caused a spike in demand for resort real estate
    - These included changes in housing preferences and choices, such as shifts in 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, and local opposition to growth and new housing
- A strong national economy, stock market and labor market

- An extended slowdown in housing construction in Teton County (and nationwide) following the Great Recession/"housing bust", starting in 2009 and extending several years.

STRS AND HOUSING COSTS

Most STRs have property values that are well in excess of what local resident buyers can afford. This limits the degree to which STRs could be an attainable housing option for local residents.

- Based on Assessor 2023 valuations and MLS property characteristics, most STR-eligible properties in Teton County (82%) have values of more than $1 million, putting these properties out of reach for most Teton County residents.
- A negligible share of STR-eligible properties have values of under $500,000 (2%).
- A modest 16% of STR-eligible properties have values of $500,000-$999,999, primarily concentrated between $800,000 and $999,999 (12 ppts of the 16 ppts), and thus could be attainable for some higher-income residents.
  - However, most of these units are small, with 75% having one bedroom or less and 72% having one bathroom, narrowing the number of locals for whom these units would be a good fit, and limiting the number of wage earners who could live in (and help pay the costs of) these units.

There is evidence that STR eligibility may impact home values. However, this effect is smaller than some other factors like location, and the effect is hard to distinguish from other potentially confounding factors such as proximity to resort or town amenities.

- Areas of Teton County with higher concentrations of STR-eligibility properties (such as Teton Village) tend to have higher residential property values per built square foot than communities with lower concentrations of STR-eligible properties (such as Jackson, Wilson, and elsewhere in the county).
  - However, Teton Village is also closest to Jackson Hole Mountain Resort amenities, and has the highest level of non-local ownership, overlapping factors that also likely impact property values.
  - In the Jackson postal area, the average value per square foot is higher in STR-eligible areas than in non-eligible or restricted areas. However, nonlocal ownership is also higher in STR-eligible areas than non-eligible areas, and STR-eligible areas are also relatively closer to resort and/or downtown amenities, factors that are difficult to disentangle from each other.
- A multiple regression analysis of the drivers of housing values in Teton County indicates that STR eligibility does impact housing values, although some other factors such as location have a larger and more robust impact on value than STR eligibility.
  - The analysis indicates that STR eligibility is associated with a 27% increase in home values, after controlling for other factors such as unit type, square footage, age of property, and location. Some caution is required, however, insofar as STR eligibility overlaps heavily with proximity to resort or downtown amenities, as well as nonlocal ownership.
  - The same analysis indicates that location has a very strong impact on values, with values in Teton Village being 203% higher, Jackson being 72% higher, and Wilson being 114% higher than properties located elsewhere in the county, after controlling for other housing characteristics.
  - The analysis also indicates that an increase in livable space of 1000 square feet is associated with a 31% increase in home value. Additionally, net of other housing characteristics, single-family units tend to have significantly higher values than condominiums or townhomes.

Finally, it should also be remembered that only 19% of residential-improved properties in Teton County are in STR-eligible zoning districts (per Assessor and GIS records), while 81% are in districts where they are prohibited or highly restricted. As such, STR eligibility has direct impacts on only about one-fifth of the County's residential properties, while the remaining four-fifths aren't directly affected by STRs. This suggests that STRs are a less widespread factor influencing the County's overall housing market dynamics than other factors that apply throughout the entire county.

HOUSING IMPACTS OF STR REGULATIONS

STR eligibility in unincorporated Teton County is limited to specified areas with Lodging Overlay zoning and/or Planned Resort zoning, with no STR licensing requirement or fee required for areas in which STRs can operate.

- The Town of Jackson likewise limits STRs by area, and has three geographic classifications for STR eligibility:
  - Zoning districts where STRs are allowed without limitation (i.e., Lodging Overlay and Planned Resort zones).
  - Zoning districts where STRs are allowed but restricted (to a maximum of 3 stays with a total of 60 nights per calendar year), i.e., zones NL-1 to NL-5, NM-1, NM-2, NH-1, R, MHP, and OR.
  - Remaining zoning districts, where STRs are prohibited.
  - Unlike the county, the Town of Jackson has an STR licensing requirement and associated permit and licensing fees.
- Unlike some areas in Colorado, there are no STR-specific lodging taxes in Teton County, and no STR regulatory fees (such as fees to offset the affordable housing demand generated by STRs).

Given the STR regulatory context in Teton County, with its strong focus on allowed vs. prohibited areas for STRs, a logical avenue for analysis of the impacts of STR regulations is to compare housing dynamics in STR-eligible vs. STR-ineligible/ restricted areas.

- For example, if STR eligibility has become an increasingly important factor in the Teton County housing market over time, one might expect prices to rise more rapidly in STR-eligible areas.
- One might also expect nonlocals to purchase an increasing share of STR-eligible units, insofar as nonlocals may have higher incomes, and may have more interest in STR'ing a unit than locals (as locals are comparatively more likely to live in units themselves).
- It is unclear whether STR eligibility would be correlated with frequency or volume of sales. On the one hand, if STR eligibility increasingly drives buyer interest, that might result in faster sales activity. On the other hand, that effect might be counteracted by higher prices and/or owners having less interest in selling.

The available data on property transactions, sales prices, and the geography of buyers suggest that the above dynamics are either not present or are too subtle to discern, and that other factors are likely more important in driving sales patterns.

- In terms of share of property transactions by area, the proportion of sales occurring in STR-eligible areas has trended down from 2014 through 2023 (by about 0.5 ppt/year), while the share of sales occurring in areas where STRs are prohibited or highly restricted has trended up.
- According to Zillow, all postal areas of the county have experienced a more than doubling in home values from January 2016 to November 2023, regardless of the degree STR eligibility. Interestingly, Teton Village, the area with the greatest proportion of units with STR eligibility, has slightly trailed other areas with greater STR restrictions.
- In Teton County overall, the share of units purchased by Teton County residents declined from 2020 to 2023 – perhaps as a result of sharp price increases. However, these declines in resident purchases were largely concentrated in areas where STRs are prohibited or highly restricted, suggesting that STR prohibitions did not deter nonlocal buyers in these areas. In areas where STRs are permitted, the share of nonlocal buyers held roughly steady from 2015 to 2022, although local buyer share did drop in 2023.

These patterns suggest that If the community want to retain a steady share of local owners going forward (in contrast to these trends), tighter STR regulations may not be a panacea.

In other findings, while Teton County home values dipped slightly in late 2022 following the pandemic surge, but values resumed climbing again in January 2023 and have reached new highs (per Zillow). This differs from many other mountain resort communities, where values have stagnated or remained down slightly following the Covid boom.

- In early 2023, Teton County surpassed Colorado's Pitkin County in Zillow's Home Value Index, which has historically topped this study's selected mountain communities in value.
- Several Colorado mountain communities have enacted stricter STR regulations in 2022 and 2023, and some of these communities have had stagnating values since that time, although the pattern isn't universal and may reflect other factors.

Teton County does differ from many of its peer mountain resort communities insofar as it has a higher share of resident-occupied housing units (73% per 2020 Census) than Pitkin County (61%) and Summit County (41%). However, it is unclear whether this is due to Teton County's more restrictive STR regulations (greater prohibitions), and/or to other factors (such as a favorable tax environment for high-income residents, comparative remoteness from major metro areas and interstate highways, a smaller downhill ski offering relative to other resorts, and/or other reasons).

STR OWNER OPINIONS

A survey was conducted as a part of the STR analysis (discussed more fully later in this summary). The survey contained several questions that relate to Teton County homeowners' opinions concerning the impacts of hypothetical STR regulations.

- In the hypothetical event that STRs were banned, Teton STR owners say that they would be comparatively likely to leave their units vacant. They are less likely to sell their unit, and unlikely to rent it to locals in the event of a ban.
- The survey found that conversion of current STRs into longer-term rentals for residents and/or the workforce is also challenging because 74% of Teton STR owners also use their unit as a vacation home (for an average of 6.8 weeks per year).
- A significant share of Teton STR owners (37%) indicate they would have not purchased their home if STRs were banned at the time of purchase. This is evidence that STR eligibility can be a significant purchase consideration for many owners.

ECONOMIC IMPACTS OF STR REGULATIONS

Teton County has a comparatively more restrictive regulatory context than many other mountain resort counties, particularly with the prohibition on STRs throughout most of the County and Town. However, this does not appear to have discernably impacted Teton County's economy relative to its peers. Teton County's taxable sales have grown strongly over the past several years, closely paralleling other resorts. Its job count grew 33% from 2010 to 2022, significantly more than in Summit County (23%) and Pitkin County (11%).

Additionally, while STRs are a smaller share of the lodging inventory in Teton County than Summit and Pitkin counties, the STR sector appears to be economically vibrant, with growing occupancies, ADRs and revenues.

Interestingly, while the STR inventory has trended up in recent years in the Town of Jackson (per AirDNA), the STR inventory appears to have declined in the Wilson area and plateaued elsewhere in the county. The reasons for this are unclear (e.g., market forces, regulatory effects, or otherwise). All things held equal, a strong STR economy might be expected to encourage growth in STR units. The fact that STR growth hasn't occurred in several areas of the county might suggest saturation in STR penetration, changing owner preferences (e.g., sufficient owner affluence to not need to STR), and/or other factors. Going forward, stricter STR regulations implemented in Jackson effective 1/1/2024 may impact STR economic activity in Jackson.

STR CONTRIBUTIONS TO AFFORDABLE HOUSING EFFORTS

STRs generate significant taxes and fees for local governments, and a portion of those monies is used for affordable housing purposes. Following is a summary of STRs' contributions to affordable housing funding in Teton County and the Town of Jackson.

Sales and Lodging Taxes Paid by Teton County STR Visitors in 2022

2022 Sales and Lodging Taxes	TOTAL
4% Wyoming sales tax	$10,382,254
1% Teton Co. General Purpose Option Tax	$2,569,608
1% Teton Co. Special Purpose Option Tax	$2,569,608
5% State / County Lodging Tax	$6,771,546
2% Teton Village Resort District Sales Tax	$1,224,987
Total	**$23,518,002**

- 1% Special Purpose Excise Tax: This tax supports specified capital improvement projects in Teton County that are voted on individually by the electorate. The 2022 election resulted in voter approval of SPET funding for several affordable housing projects in Teton County, including housing for employees of the Teton County School District, St John's Health, Teton County and the Town of Jackson, as well as for community housing projects generally. STR guests are estimated to have generated $2.6 million in SPET tax dollars in 2022.
- The Jackson/Teton Housing Department is jointly operated by the Town and County. The Department is responsible for generating new affordable housing supply which is funded by a variety of sources, including SPET dollars and general fund allocations from the Town and County. Both SPET dollars and general fund revenues are in part generated from STR taxes.
- Town and County housing projects: The Town and County also pursue their own affordable housing efforts (e.g., for their own employees), which are frequently funded in part by tax revenues derived from STRs (e.g. via transfers out from general fund budgets).
- START bus funding: Although the START bus service is a transportation system rather than a housing program, it does provide transportation options for local residents, and thus the potential to reduce transportation expenses for residents and commuters. Rental housing is also offered to START bus drivers on a first-come/first-served basis. The service is funded in part by lodging tax and general fund dollars, a portion of which are generated by STRs.

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 Teton County homeowner survey conducted for this study, Teton STRs are utilized an average of 44.9 weeks a year and left vacant an average of 7.1 weeks per year.

- The 44.9 weeks of utilization include an average of 33.4 weeks as a vacation rental (rented or available for rent), 6.8 weeks as a vacation residence for the owner, and 4.7 weeks for other purposes.
- By contrast, second homeowners who do not STR their unit utilize their home a lower 21.5 weeks per year, on average (primarily for their personal use). These units are left vacant at a higher 30.5 weeks per year on average (as compared to 7.1 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.

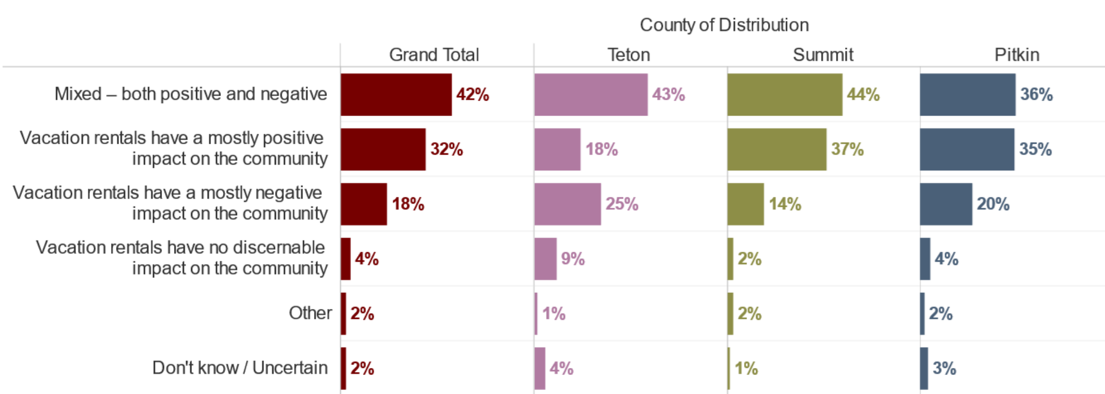
STRs also provide jobs and income for local residents, which in turn gets used to pay for housing. As noted in the economic impact section, STRs directly or indirectly generated 1,907 jobs and $128 million in labor income in Teton County in 2022 – providing a livelihood (and means for paying for housing) accordingly.

HOMEOWNER SURVEY RESULTS

As a part of the overall STR research, a random sample survey was conducted among homeowners in Teton County including residents and second homeowners. 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 for understanding stakeholder perceptions of STRs, with the following key findings arising from the research.

- Teton survey respondents are vacation homeowners or local residents who own their property.
  - Half (43%) of respondents own a vacation home/second home in Teton County and 46% are local resident owners.
  - Nearly half of respondents (46%) have used the property as a vacation home and/or as a primary residence (49%) at any point during ownership. A small share of respondents has used the property as a vacation rental (17%) at any point.
- Teton County homeowners have varying opinions about vacation rentals in their community.
  - Almost half (43%) of Teton respondents' report that they have "mixed," both positive and negative feelings, about vacation rentals; this is comparable to results in Summit and Pitkin counties. However, among those that did not report mixed opinions, the Teton sample was more likely to call STR impacts to be "mostly negative" (25%) than "mostly positive" (18%).
  - 71% of all survey respondents (from all three counties combined) that use their property as a vacation rental indicate that vacation rentals have a mostly positive impact on the community.
  - 65% of Teton respondents indicate that vacation rentals benefit the local economy; however, a significant segment of this same group also indicate downsides pertaining to the impact on Teton's community character (59%), and on the housing supply for locals (45%).

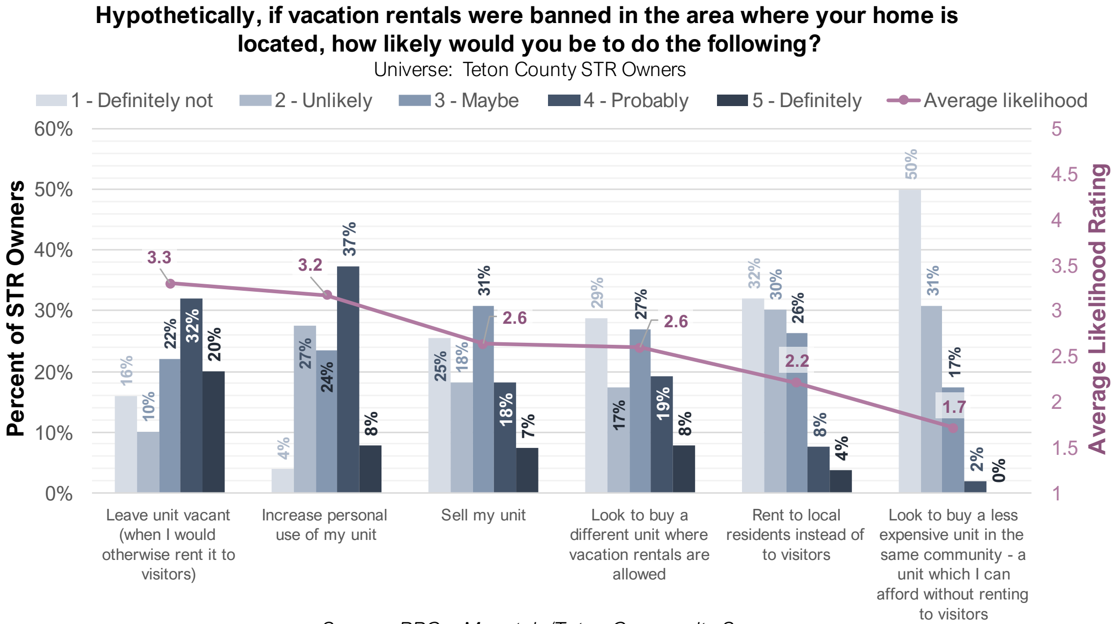
Generally speaking, what is your view of vacation rentals in the community?



Source: RRC – Mountain/Teton Community Survey

- Teton County respondents who use their property as a vacation rental primarily do so for use flexibility and additional income.

    - Among respondents that have used their property as a vacation rental within the past 12 months, 90% have done so for investment/income purposes and 51% 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), Teton respondents that rent to visitors are moderately dependent on renting to afford the home (average of 2.7/5). These respondents are less dependent on renting to afford their livelihoods in general (average of 2.0/5).
    - Among those who have ever used their home as a vacation rental but not as a long-term rental for local residents, 64% have not rented to locals because it would prevent their own use or use by their family/friends. Over half (53%) have not done so to avoid damage to the unit.
- The survey contained several policy questions.
    - One-third of Teton respondents (37%) who have ever used their unit as a short-term/seasonal rental would not have purchased the home if vacation rentals were prohibited in 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, Teton respondents who have ever used the unit as a short-term/seasonal rental are moderately likely to just leave the unit vacant (average of 3.3/5), increase personal use of the unit (average of 3.2/5), or look to buy a different unit where vacation rentals are allowed (average of 2.6/5). Respondents are less likely to rent the unit to local residents (2.2/5).



Source: RRC – Mountain/Teton Community Survey

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 in some communities. Teton County has experienced fewer recent STR regulatory changes than many Colorado resort areas, although the Town of Jackson recently implemented tighter restrictions on STRs outside of lodging overlay and planned resort zones. The prohibition on STRs in most of unincorporated Teton County has been longstanding, with ample time for the market to adjust to that regulatory context.

STR IMPACTS ARE GENERALLY POSITIVE

The overall conclusion from extensive research suggests that the impacts of STRs 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 Teton 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 just 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 Teton County is likely to experience continued pressure on its housing stock due to the overall attractiveness of the region as a place to live and to recreate. Jackson Hole, Teton Village, and the surrounding national parks have world-class reputations, attracting higher-income households able to afford second homes. Teton County, like other mountain resort areas, has limited space to accommodate future growth and has a vested interest in preserving attainable free-market housing stock. STRs are one piece of the larger planning puzzle to manage 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.