

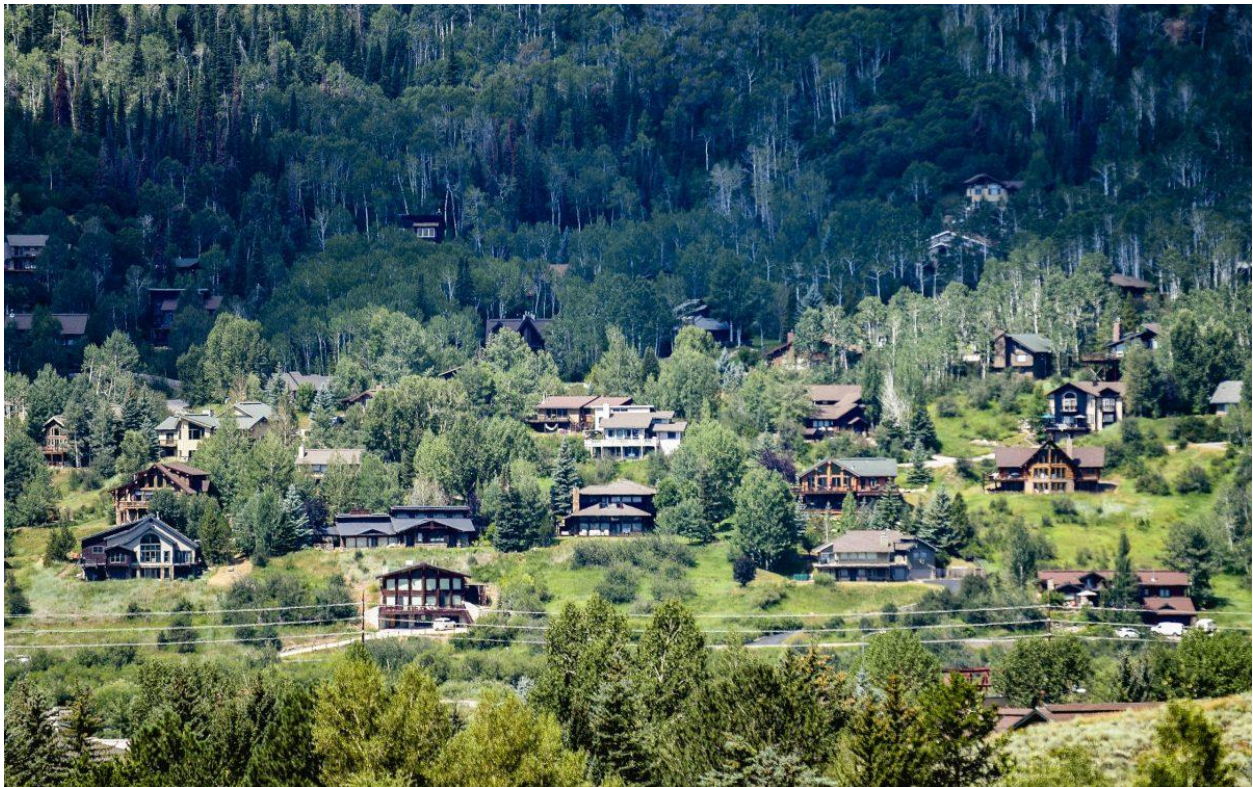
[ELECTION 2022](#)

Voters across Colorado's high country will weigh in on new taxes on short-term rentals, affordable housing proposals

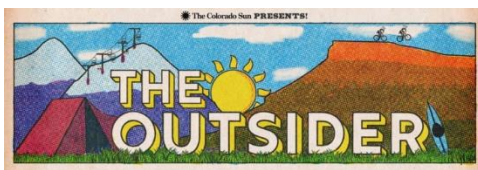
As many as 14 Colorado municipalities and counties will ask voters next month to increase or repurpose taxes on short-term rental properties — offered on sites by Airbnb and Vrbo — to help fund affordable housing



[Jason Blevins](#) 3:50 AM MDT on Oct 25, 2022



Houses dot a hillside in Steamboat Springs, Aug. 3, 2022. The city council passed a rule in June that could prove to be a model for other vacation towns: A ban on new short-term rentals in most of the city and a ballot measure to tax bookings at 9% to fund affordable housing. (AP Photo/Thomas Peipert)



*This story first appeared in **The Outsider**, the premium outdoor newsletter by Jason Blevins.*

In it, he covers the industry from the inside out, plus the fun side of being outdoors in our beautiful state.

After an explosive two years in Colorado's high country that saw [real estate prices more than double](#), a [crushing labor shortage](#), spiking food and hotel prices and a tsunami of work-from-anywhere newcomers [shifting cultural tides in mountain towns](#), things are settling a bit.

Home prices remain high, but they are not selling like seats on a rocket ship. Housing projects are underway to offer more close-to-work beds for locals. Visitation has slowed. Businesses are staffed well enough to handle the flow.

Even with the leveling, voters across the Colorado mountains will weigh increased regulation and taxation of short-term rentals as local leaders grapple with a wave of new property owners renting to visitors, not local workers.

After a couple years of moratoriums, caps and innovative adjustment for curtailing vacation rentals, mountain towns are asking voters to affirm new bulwarks for the short-term rental tide that is transforming mountain communities.

"This is about finding the right balance point," said Tamara Pogue, a commissioner in Summit County, where the short-term rental industry is transforming neighborhoods that used to be home to working families. "We need to regain that balance between the number of short-term rentals and long-term rentals."

That housing equilibrium is so out of whack that it's been distilled into a bumper sticker making the rounds in Colorado's mountain valleys. The name of the place is interchangeable. It reads something like "Welcome to Salida, where the locals live in motels and the visitors stay in houses." That's a riff on employers buying up motels and hotels for workers while vacationers take over homes owned by investors who earn big dollars in the red-hot short-term rental market.

Now, mountain town voters will get to choose whether to pry more cash out of short-term rentals and direct new tax revenue toward something better than converted motels for locals.

Here's a list of Colorado municipalities and counties asking voters to increase taxes on short-term rental properties to help fund affordable housing:

- **Aspen** — The city wants to levy an [additional 5% to 10% lodging tax on short-term rentals](#), depending on whether the property is owner-occupied, which would put the lodging tax in the city of Aspen as high as 21.3%. The measure could raise more than \$9 million a year, with 70% directed toward affordable housing and 30% for infrastructure maintenance and repair and environment initiatives.
- **Carbondale** — Town leaders hope [a 6% excise tax on short-term rentals](#) will help fund affordable and attainable housing programs and projects.
- **Dillon** — Voters will weigh [a 5% excise tax on short-term rentals](#) to fund community projects and services to address visitor impacts. Another measure asks voters to raise the lodging tax to 6% from 2%.

- **Grand Junction** — City leaders want to increase the lodging tax to 7% from 6% and [increase the tax on short-term rentals](#) to 23.52% from 14.52% to fund housing projects for residents making 80% of the area's median income.
- **Steamboat Springs** — Voters will consider [a new 9% lodging tax on short-term rentals](#) that could add an expected \$14 million to the city's housing fund for the first phase of a planned 2,300 affordable units on the 536-acre Brown Ranch, which was donated to the Yampa Valley Housing Authority by an anonymous donor.

Summer lodging occupancy was down

Summer lodging occupancy in Western resort communities was down about 5% from 2021 and 6% from the pre-pandemic high set in 2019, according to DestiMetrics, a division of Inntopia that tracks more than half the commercial lodging – but not short-term rentals – in 17 mountain destinations in seven Western states.

DestiMetrics lodge owners are setting records for revenue, however, with visitors paying high prices for rooms. The company's early bookings data shows winter reservations down slightly compared with last year and up about 8% over 2019, with lodge keepers again posting all-time revenues.

The 27 municipalities in the Colorado Association of Ski Towns are watching that decline in occupancy alongside increasing lodging and sales tax revenues. They don't anticipate a sustained decline in the supply or demand for short-term rentals, association director Margaret Bowes said. And resort communities are not backing off increased regulation and taxation of short-term rentals because of recent shifts in lodging patterns, she said.

"Most resort communities have been in a position of catch-up in regulating short-term rentals and the current number of short-term rentals is exceeding what many communities see as an ideal ratio of short-term and long-term units," Bowes said. "I heard one CAST member say to another recently, 'Do more than you think you need to against STRs because it's hard to put the genie back in the bottle.'"



The 13-bedroom Little Mountain Lodge in Breckenridge — seen here in September 2021 — is available for short-term rentals. The owners worry that limits on vacation rentals in Breckenridge could hurt the resort town’s economy. (Hugh Carey, The Colorado Sun)

The U.S. vacation rental industry reached all-time highs in 2021, with bookings climbing 33% between 2019 and 2021, fueling a \$13.3 billion industry. [Those numbers are from Evolve](#), a Denver-based vacation rental management company that represents more than 25,000 vacation-rental properties, including about 1,735 in Colorado.

Evolve [surveyed 5,000 of its travelers in 2021](#) and found demand higher in outdoor-friendly locations, with bookings down in urban areas, which mirrors the national trend during the pandemic. The number of property owners listing their properties through Evolve increased 21% in Summit County in 2022 compared to 2021, while the listings in Steamboat Springs stayed flat and in Telluride, the number of listings fell 17% in 2022.

Evolve works with property owners to get them registered with local governments and submitting lodging taxes – similar to efforts by industry giants Airbnb and VRBO, which collect and [remit taxes for property owners](#) in more than [50 Colorado towns and cities](#) and . which so they can both host visitors and generate revenue for communities.

“We can do more when the government, communities and industry work together on solutions,” Evolve spokeswoman Julia Marvin said. “Pragmatic and balanced approaches are far more effective than outright bans that cause owners to leave their homes dark and unused most of the year — ultimately harming local economies without helping to address the housing and labor shortages.”

Reallocating lodging taxes

Several municipalities and counties are asking voters to approve either new lodging taxes or expanding use of existing lodging taxes to include affordable housing.

That reallocation of lodging taxes is allowed under last year's House Bill 1117, which [allows voters in 29 Colorado counties to redirect taxes](#) from tourism marketing toward workforce housing, child care and recreational infrastructure.

Voters in at least nine Colorado communities will consider using lodging taxes for affordable housing.

- **Chaffee County** — Voters will decide whether to [reallocate revenue from the 1.9% lodging tax](#), with 40% used for tourism promotion and 60% for workforce housing and child care.
- **Durango** — Voters will be asked whether the city can [retain excess revenues of \\$1.1 million](#) from a lodging tax increase voters approved in April 2021 (increasing to 5.25% from 2%), with 66% going toward affordable housing, 20% for parking and transportation and 14% for cultural events.
- **Eagle County** — Voters will consider a proposal to [levy a new 2% lodging excise tax](#), with 10% going toward tourism promotion and 90% to fund housing and child care in unincorporated areas of the county and the Town of Gypsum that do not have lodging taxes.
- **Gilpin County** — Voters will decide whether to [levy a new 2% lodging tax](#), with 10% of revenue going toward tourism promotion and 90% toward housing, child care and recreational infrastructure.
- **Glenwood Springs** — Asking voters to approve [an additional 2.5% lodging tax](#) funding affordable housing, on top of 2.5% lodging tax dedicated to tourism promotion.
- **Gunnison County** — Voters will consider a proposal to [reallocate a 4% Local Marketing District lodging tax](#), with 40% for “tourism-supporting” projects like housing, child care and recreational infrastructure and 60% for tourism marketing and promotion.
- **Park County** — Voters will weigh a proposal to [levy a new 2% lodging tax](#) to fund housing and child care, recreational infrastructure and tourism promotion.
- **Summit County** — Voters will weigh a proposal to [levy a new 2% lodging tax](#) in unincorporated areas, with 10% funding “social, cultural and environmental uses related to local tourism” and the rest supporting child care and housing.
- **Snowmass Village** — Voters will consider a proposal to [reallocate a 2.4% lodging tax](#) from only tourism promotion to allow funding for workforce housing.

Cash for converting to long term

Winter Park and Breckenridge deployed [one of the most interesting strategies](#) for reining in short-term rentals. Both towns offered cash to property owners who yanked their homes out of the short-term rental market and rented instead to locals.

Breckenridge partnered with Summit County on a \$1 million effort to convert 100 short-term rental bedrooms into long-term leases for working locals. The Lease to Locals program offered property owners up to \$20,000 if they inked year-long leases with local employees.

The Winter Park Town Council renewed its Short-Term Fix program in September, budgeting another \$425,000 for the coming winter season with hopes to convert 50 bedrooms in condos and homes into long-term rentals. The council expects to exhaust that funding by year's end. And the council expects to revisit possible new fees and ways to reduce the impacts of short-term rentals in 2023, Winter Park assistant town manager Alisha Janes said.

"Everyone wants to see short-term rental operators contribute to housing solutions," Janes said.

Frisco Mayor Hunter Mortenson said his community's discussion around short-term rentals has yielded increased regulations and taxation.

This month the Frisco council passed a 25% cap on short-term rental licenses, limiting the number in the town to about 900. Earlier this year, town voters overwhelmingly approved a 5% excise tax on short-term rentals to fund affordable housing, pushing the tax rate paid by short-term rental owners — and visitors — to 15.7%.



Town of Frisco sits at 9,097 feet above sea level with approximately 3,000 residents on July 11, 2022. (Hugh Carey, The Colorado Sun)

The council this month also passed an ordinance allowing the Unsheltered in Summit group to create an area in a Frisco parking lot with trash cans and restrooms for people who live in their cars.

No one spoke up at council meetings against the new parking lot or the cap on short-term rentals, Mortenson said.

“I think that shows we are gaining more support than ever to be aggressive in our actions to find places for people to live,” he said.

Growing chorus of opposition to crackdown

The vacation rental industry has worked to pitch its property owners and customers as critical contributors to Colorado’s rural economies.

An [economic impact report](#) by industry giant Airbnb released earlier this year showed short-term rental visitors spending \$1 billion in Summit, Grand, Eagle, Pitkin and Routt counties in 2020, which supported 14,700 jobs and generated \$600 million in worker earnings.

A [consortium of high country commissioners blasted the report](#), saying Airbnb ignored the myriad negative impacts of converting homes into vacation rentals.

“Airbnb narrowly focused on positive impacts, and facts appear selected to craft a story that is not entirely true, especially when it comes to negative impacts created by the STR industry,” read a June response to the report from commissioners in Eagle, Grand, Gunnison, Pitkin, Routt, San Miguel and Summit counties.

Property owners are joining the industry in response to the crackdown on short-term rentals. Some groups are suggesting alternatives to taxes on short-term rentals, like the [Citizens for Responsible Housing Policies](#) in Steamboat Springs that presented a plan for a 2% lodging tax increase and a sales tax increase to fund affordable housing.

The [Summit Alliance of Vacation Rental Managers](#) works with local elected leaders in Summit County to support a 33% saturation rate, which would allow a third of the county’s roughly 32,000 homes to be rented as short-term rentals. That’s close to the level of short-term rentals in the county right now, said Julie Koster, the executive director of the alliance.

The alliance, which represents 175 individual homeowners and more than 4,400 homeowners who work with 30 property management companies, is pushing for more in-depth research into both short-term rentals and long-term rentals in the county, which is home to four ski areas that account for more than a quarter of Colorado’s skier visits. If short-term rental caps or regulations are approved, Koster is hoping elected leaders who script the details include benchmarks for measuring how the new rules are working.

“Are we achieving these goals set forth in 2022 and 2023 and then we need to figure out which levers to pull to correct the course to achieve those goals,” Koster said.



A home for sale in Frisco on July 14, 2022. Summit County has seen \$932.9 million in real estate sales through May 2022, a decline from last year's record-setting pace. (Hugh Carey, The Colorado Sun)

Summit County has seen a decline in visitation this year but tax revenues continue to climb as visitors pay more for hotels and dining. Koster's group fears the looming economic downturn could slow traffic even more, forcing businesses to further raise prices to cover the decline in volume.

"Are we at the top of a bubble right now? Locally, we could see decreasing tax revenue in the coming years. Less tourists means less money," she said. "I think we will see a new look at the workforce housing projects underway or being planned."

Koster's group also fears regulations that prohibit short-term rentals will push properties into the hands of buyers who don't need to rent to vacationers to cover costs.

"We have been forecasting ghost towns. All these council members and county commissioners are talking about community character and preserving neighborhoods and bringing back family neighborhoods, but what we think is going to happen is the exact opposite," she said. "What we will see are mega-wealthy buyers scooping up houses, remodeling them into beautiful mountain escapes and then leaving them dark for 50 weeks a year. The community character of Summit County will become darkened windows and empty streets. It just creates a different culture."

\$20 million for worker housing in Summit County

Summit County has budgeted more than \$20 million for affordable housing in coming years, including \$13 million in housing projects developed with Colorado Mountain College, the Town of Breckenridge,

the Forest Service and Centura Health. The county’s latest housing assessment shows a shortage of about 2,600 rental units for working locals by next year.

The slowdown in tourist traffic from the all-time high of 2021 has not fazed leaders or their spending on housing — especially since home prices remain at record highs, even as interest rates climb.

“Summit County real estate prices would need to drop by 50% to become a livable community,” Pogue, the county commissioner, said.

Since that isn’t happening, the county is finding new ways to fund workforce housing. The county has passed two moratoriums on new short-term rental licenses, giving leaders time to watch the economy and impacts to housing. Pogue called it “a pause button.”

County staff are poring over real estate records, trying to figure out how many locals bought houses in the years leading up to pandemic-triggered shift in 2020. Early indications show a steep drop in locals buying housing in Summit County in the past two years, Pogue said.

“We have seen so much growth in short-term rentals in Summit County and not enough workforce to support that growth,” Pogue said. “I don’t see finding that balance as a goal for our short-term rental industry in this county, which is not necessarily concerned with making sure there is enough infrastructure to support itself. We need roads, housing, water, sewer and law enforcement. Those needs transcend what is happening in the economy right now.”



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The learning loss from 2019 to 2022 on the National Assessment of Educational Progress, known as NAEP, points to the...

[Jason Gonzales, Chalkbeat Colorado](#) 10:44 AM MDT on Oct 24, 2022

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