

SHORT-TERM RENTAL PROPOSED POLICY RECOMMENDATIONS



SHORT-TERM RENTAL POLICY CONSIDERATIONS

- Caps / Limits
- Base fee to cover administrative costs
- Mitigation fee to address housing impacts
- Violations and late fee
- Health and Life Safety Inspections

REGISTRATION LIMITS

- Limit Registrations in **Zone 2 Unless Owned for 5 years or More**
 - Set the limit to existing level; (Approximately 20%); no new registrations unless owned by same person/entity for 5+ years
 - Could curtail the potential speculative buying of properties for the purpose of conversion into STRs
 - Requires STR owners to “invest” in the community and neighborhood for a long period before operating an STR
 - May help to preserve neighborhood character

REGISTRATION LIMITS

- Limit Density in Multi-Unit Buildings & Complexes in Zone 2
 - Limit STR registrations to no more than 20% of units in a building or complex governed by a common HOA with 6 or more units
 - Similar measures have been implemented in other communities to address “distortions” in the housing market caused by STRs
 - Minneapolis implemented a 10% cap on buildings with 20 or more units as a “safeguard [for] the availability of affordable housing for low-income residents.”
 - Attached housing in Vail has a median sale price 11% lower than the overall median price of \$1.4M

BASE REGISTRATION FEES

- Flat Rate Base Fee to Cover Town of Vail Administrative Costs – \$352K
- Lower fees for owner-occupied, primary residences which are rented for 30 days or fewer per year; and fractional units, managed by the owner and rented for 30 days or fewer per year.

STR Type	Flat Annual Fee
Fractional: Managed by owner, 30-day registration	\$25 per owner
Owner-occupied, 30-day registration	\$25
Fractional: Managed by Front Desk	\$150 per unit
Owner occupied, unlimited registration	\$150
Non-primary residence	\$150

PER-BEDROOM FEE

- Revenue from this fee would be dedicated to housing fund initiatives. Staff is requesting clarification on the fee rate Council would like to impose
- A \$2,000 per-bedroom fee would cost the average STR in business license zone 2 **\$5,550 per year.**
- Staff recommends a lower rate of \$100 per bedroom for owner-occupied, primary residences and fractional units.

Description	Fee Per Bedroom	Est. Annual Revenue
Maximum Annual Fee	\$5,912	<i>5,700 bedrooms with 460 at reduced rate</i>
Mitigation Rate		
15%	\$900	\$4,852,000
20%	\$1,200	\$6,454,000
25%	\$1,500	\$8,056,000
30%	\$1,800	\$9,658,000
35%	\$2,100	\$11,260,000
40%	\$2,400	\$12,862,000
45%	\$2,700	\$14,464,000
50%	\$3,000	\$16,066,000

PER BEDROOM FEE

- The below table based on actual STR advertised nightly rates in Vail provides context on how these fees could impact STR owners

	Average Nightly Rate	Average # of Bedrooms per STR	Est. Revenue @ 30 Nights Per Year	Est. Revenue @ 100 nights per year	Est. Revenue @ 200 nights per year	Est. Monthly Avg. Rental Rate Per Bedroom	Est. Annual Avg. Revenue for Long-Term Rental
Zone 1	\$1,096	2.3	\$32,894	\$109,645	\$219,290		
Zone 2	\$499	2.7	\$14,981	\$49,938	\$99,876	\$1,350	\$43,740

HEALTH AND LIFE SAFETY STANDARDS

- Fire Department Inspections
 - Require an in-person safety inspection every three years
 - Exempt units with 24/7 onsite management and those in buildings already inspected by the fire department for commercial purposes
 - Most safety standards are already required by code

- Proof of Adequate Insurance
 - Require proof of insurance beyond a standard home-owners policy

- Update Current Local Representative Requirements
 - Exempt fractional units and 24/7 onsite managed units from the requirement to increase compliance

DISCUSSION AND NEXT STEPS

- Discussion – Does Council Wish to Adopt the Following:
 - Registration limits?
 - Per-bedroom fees for housing?

- At the prior meeting, Council was supportive of the following items. Does Council wish to provide additional feedback or confirmation of support:
 - Increase base fees to cover admin costs?
 - Increase fines and penalties for violations?
 - Fire department inspections?
 - Insurance requirements?
 - Update local representative requirements?

NEXT STEPS

- Provide further analysis as requested by council
- Return to council with a draft ordinance on April 19th
- Draft resolution for adoption of new fees