EXECUTIVE SUMMARY: SUMMIT COUNTY

Economic & Workforce Housing Impacts of STRs and STR Regulations

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 **Summit County** (Breckenridge) and **Pitkin County** (Aspen) 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 Summit 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 Summit 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 has 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 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 were risky to finance and operate 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 outnumbered hotels as the dominant lodging option in many mountain destinations, including Summit County.

ONLINE BOOKING SPURRED STR GROWTH

Fast forward to the digital age and the advent of online booking engines such as Vrbo and Airbnb. These platforms 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 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

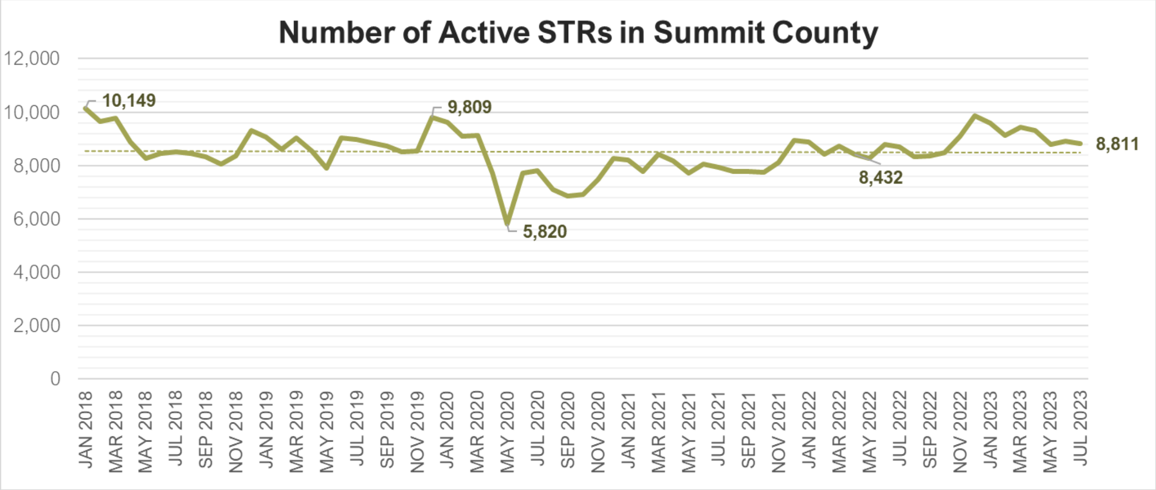
There are many factors contributing to the sharp increase in both demand and prices for resort real estate, including:

- 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 SUMMIT COUNTY

Overall, the total number of active STRs in Summit County dropped from about 10,000 at the start of 2018 to roughly 7,000 during the depths of Covid-19, before rising back to 8,811 units in July of 2023, according to AirDNA.[1] Likewise, the overall number of available STR "pillows" has dropped from nearly 76,000 in early 2018 to about 62,000 this past summer. Note that "pillows" is defined as maximum occupancy for a unit.



- STRs are most likely to be multi-family units, particularly condominiums. This is true for all municipalities within the county other than Silverthorne and Blue River, where single-family units comprise most of the STR supply.
- Most of the active STRs in the county have one (23%), two (34%) or three (20%) bedrooms. Most multi-family STRs units also have 1-3 bedrooms (88%), while most single-family STRs have 3 or more bedrooms (84%).
- As of summer 2023, Summit County had a higher number of governmentally licensed STRs (~10,700) than actively marketed STRs (~9,000). While the reasons for the differential are not clear, they likely include preparation for renting, owner deciding to no longer rent, owner use of the unit, unit maintenance or renovation, and change in property ownership. Additionally, it may be that some properties such as some condotels and timeshares do not fully advertise all of their rental units on leading STR platforms.

OWNERSHIP AND MANAGEMENT

- Most STRs are owned by second homeowners (90%), the largest share of whom are from Colorado (47%). Among the 43% out-of-state and international owners, the top states of origin are Texas, Florida, and Illinois which largely mirrors the top states for visitation.
  - The remaining 10% of STRs are owned by Summit County residents.
- Most STRs are professionally managed (79%).
- Large, multi-unit owners are rare. 90% of STRs in Summit County are owned by persons/entities who own just one STR. Most owners of multiple STRs have two properties.

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

OCCUPANCY AND RATES

- Occupancy peaked in February and July in the most recent 12-month period of the study, following a seasonal trend. Average Daily Rate (ADR) also follows a seasonal trend but is much less abrupt, with rates peaking in December at $501 on average for the county.
  - Average occupancy rates are slightly higher for single-family units than multi-family units. Average ADR is over twice as high for single-family units than multi-family units.

ECONOMIC IMPACT OF STRS IN SUMMIT COUNTY

As mentioned in the introduction, STRs are not a new phenomenon in Summit County. They commanded a dominant share of the overnight lodging market for many years before the arrival of online booking platforms. In 2022, STRs accounted for more than 80% of the roughly 13,000 lodging units in the county and an even greater share of overnight revenue.

Economic Impacts of STRs in Summit County, 2022

Effect	Employment	Earnings ($M)	Output ($M)	Value-added (GDP) ($M)
Direct	5,874	$292	$1,202	$908
Indirect	908	$68	$284	
Induced	910	$56	$215	$136
STR Economic Impact Total	**7,693**	**$416**	**$1,701**	**$1,044**

ECONOMIC IMPACT NUMBERS

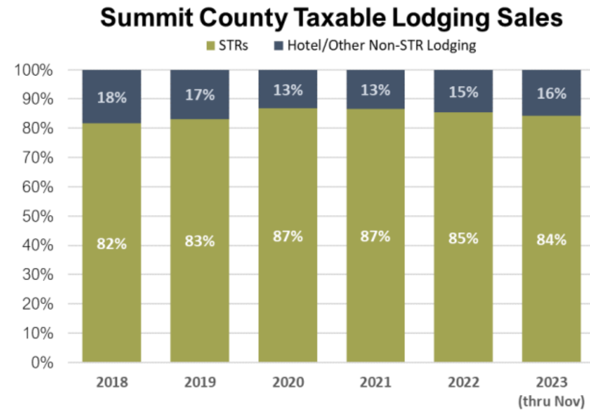
Not surprisingly, the impact of STRs and their guests is substantial in the local economy:

- STRs are estimated to have directly or indirectly supported 7,693 jobs in Summit County and generated $1.7 billion in economic output, $1.04 billion in GDP, and $417 million in labor income in 2022. These impacts initially 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 $70.7 million in city and county sales, lodging and STR-specific taxes in Summit County.
- STR share of tourism jobs: Overnight visitors staying in STRs are estimated to have supported 54% of Summit County's trip-related tourism jobs in 2024.
- STR share of total jobs: STRs are estimated to have directly or indirectly supported 28% of Summit County's total jobs (in all sectors) in 2022.
- STR share of total GDP: STRs are estimated to have directly or indirectly accounted for 22% of Summit County's total GDP in 2022.

COMPARING STRS AND COMMERCIAL LODGING (HOTELS)

- STRs are estimated to have accounted for a slightly higher share of Summit County lodging revenues (85%) than lodging units (82%) in 2022.

- Total STR rental revenues are estimated to have grown from $287 million in 2018 to $314 million in 2019, dipped slightly to $304 million in 2020, and leaped to $447 million in 2021 and $532 million in 2022.
    - AirDNA data indicate that the growth in STR rental revenues has been primarily 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, Summit County's STRs tend to have a lower occupancy rate (42.5% in 2022) than hotels/motels (58.7%). However, STRs have a much higher average daily rate (ADR), inclusive of STR cleaning fees ($427 vs. $174). Consequently, STRs tend to have higher average daily revenue per available room ($182 vs. $102).
- 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 & SUMMIT 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 Summit County housing prices in the period from 2018 to 2022. Note the following facts:

- Active STR counts fluctuated over the period but were actually lower in 2022 than in 2018. During that same period, housing values soared in the county.
- Other areas, without abundant STRs, experienced dramatic price increases similar to Summit 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 disruptions caused a sharp spike in demand for resort real estate
    - Covid impacts: changes in housing preferences (e.g., rural vs. urban, remote work, early retirements)
- Millennials in peak homebuying years
- Increased costs of construction: supply chain impacts; labor shortages; construction defect laws; government regulations; local opposition to growth and new housing
- Strong national economy, stock market and labor market
- Booming Front Range economy and population growth

- A deep, extended slowdown in housing construction in Summit County and in Colorado as a whole 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 would become workforce housing. However, only a small portion of Summit STRs would likely be affordable to most locals.

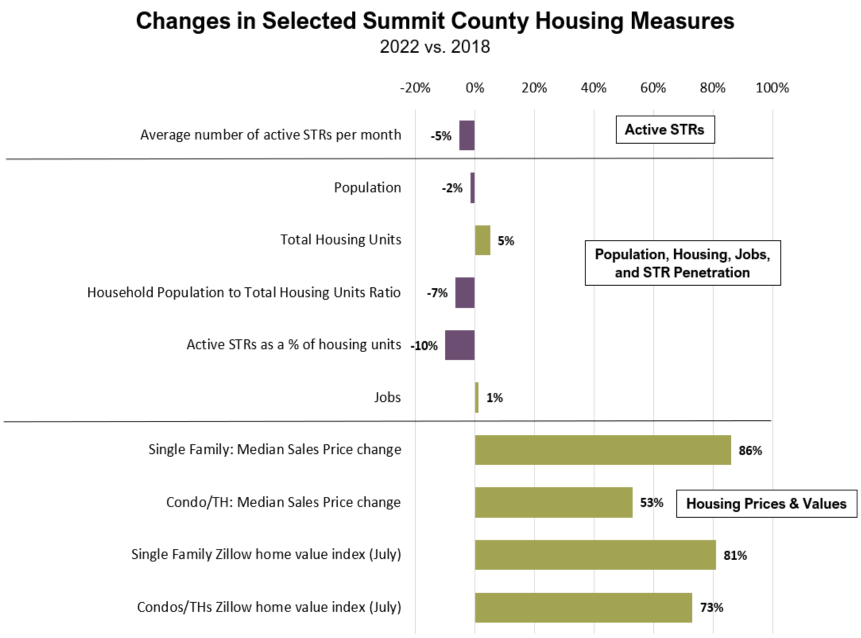
- Assuming a household can affordably spend 30% of its income on housing, for those making 100% of the Area Median Income (AMI) in Summit County, only about 0.1-1.3% of STRs would be affordable for 1-4 person households to purchase. At 200% of AMI, 7-31% of STRs would be affordable.
- Less than 5% (460 of 9,866) STRs have valuations under $500,000.

Units that are under $500,000 in valuation are quite small and likely not suitable for more than one or two people. Over half are studios and more than a third are one-bedroom units. 67% are under 500 livable square feet.

The limited sizes of attainable STRs valued under $500K would likely limit the market of locals who could live in them. The small sizes would also limit the potential for housing payments or rent to be split across multiple workers.

STRS AND HOUSING COSTS

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

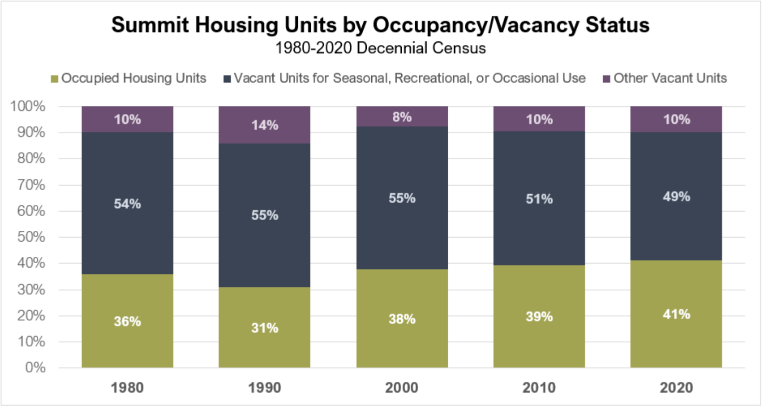


- Summit County communities with higher STR densities tend to have higher home values than communities with lower STR densities.
- However, several Summit County communities with similar densities of STRs have significantly different average property values and value per square foot.
- The variations in values across communities with similar STR densities suggest that factors other than STR densities are important contributors to property values.
- For example, Breckenridge, Copper, Keystone, and the Peak 8 area of unincorporated Summit have similar STR densities (57-62%) but exhibit significant variations in value/sq ft.
- Likewise, Frisco, Dillon and Blue River also have similar densities of STRs (24-30%), but significant differences in housing 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

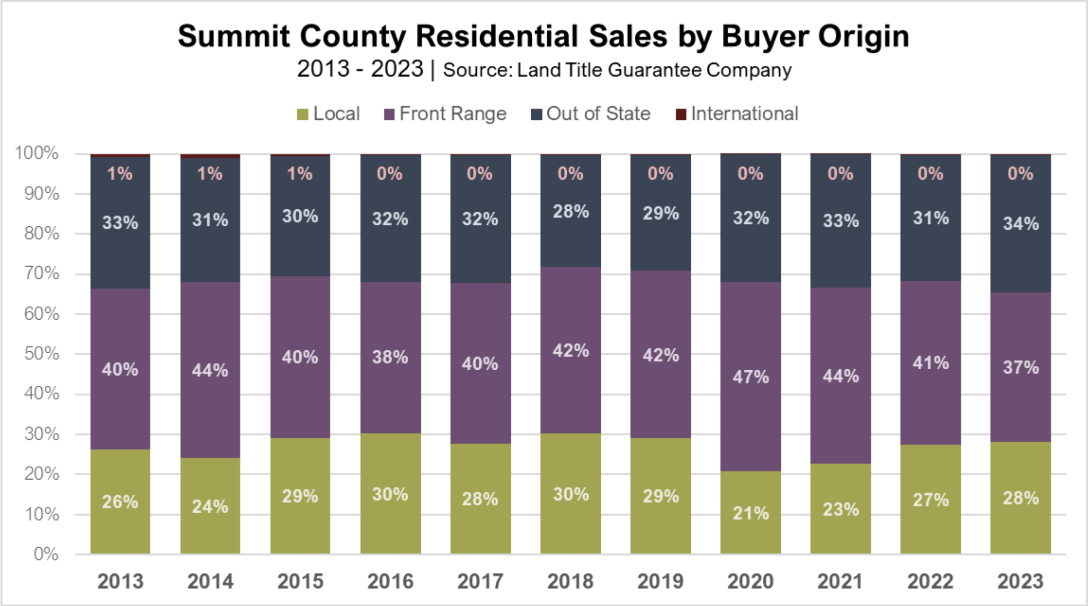
disentangle the overlapping effects of STR density, proximity to resorts, non-local ownership, and other factors affecting values.

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 Summit County housing. An overlapping factor is the demand for vacation homes, whether placed in the rental pool for lodging or not.
- Summit County is dominated by second homes. Among Summit's 27,854 free-market condos/SFRs/townhomes, 72.2% are owned by non-Summit owners.



  - As such, nonlocal ownership is a quantitatively larger factor in the housing market (72.2% of units) than STRs specifically (35.4% of units).
- Most nonresident owners do not STR their unit (55.7%); a minority do (44.3%).
  - Thus, nonresident owners who don't STR their unit likely have more influence on housing market valuations than nonresident STR owners.
  - Nonresident owners who do not STR their unit (40.2% of total units) also account for a larger share of units than all STR owners, local or not (35.4% of total units).



- Our survey conducted for this study indicates that most Summit County STR owners also use their unit for vacations/personal use (81%).
  - The survey also finds that, if prevented from renting their unit, more Summit 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, which would reduce housing pressure, and potentially increase availability for locals – albeit at the expense of foregone benefits (local income, STR taxes/fees, etc.)
- Local buyers have accounted for a relatively steady share of Summit residential transactions across the 2013-2019 and 2022-2023 periods. 2020-2021 was an outlier, with an influx of out-of-county buyers.
- In longer-term perspective, the patterns also suggest a relatively steady share of local purchasers over time, notwithstanding concerns that rising prices and STRs are pushing locals out of the for-sale market.
- A regression analysis of the drivers of Summit County property values indicates that factors such as the number of bedrooms, property grade, property type, age and location 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

STATE OF REGULATIONS

Strategies to regulate STRs differ across Summit County and vary in the extent to which they cap or limit STR use within a community. Many of the STR regulations in Summit just went into effect in 2022 or 2023, and it will likely take an extended period of time for the housing impacts of those regulations to fully play out. Close monitoring of trends and impacts is warranted going forward.

- Regulations range from an outright ban of STRs (Montezuma) to caps on the number of permitted STRs (Frisco, Silverthorne, much of Breckenridge, and the unincorporated Summit neighborhood overlay zone), to no caps on STR licenses (Blue River, Dillon, Breckenridge resort zone, and unincorporated Summit resort overlay zone).
    - The most restrictive areas that allow STR use are Zone 3 in Breckenridge and the unincorporated Summit County Neighborhood Overlay Zone, as STR caps in these areas are set well below current STR licenses.
- All communities that allow STRs require licensing fees, either fixed or variable based on the number of bedrooms in the home, and Dillon and Frisco also levy STR-specific sales taxes on their use.

HOUSING SALES

The effects of STR regulations on housing sales volumes and sales prices appear modest so far, although there are possible signs of impacts in some more-regulated areas.

- Regarding sales volumes, Breckenridge's heavily restricted Zone 3 has had a falling share of county home sales in 2022-23 (consistent with a likely reduction in STR buyer demand). However, on a countywide level, the split of sales between STR-capped vs. uncapped areas has trended relatively stable.
- Study results suggest that the implementation of STR policies has not yet significantly impacted median sales prices or sales prices per square foot. Across the board, all areas experienced a doubling in median sales prices from 2015 to 2023, no matter the amount of STR regulation.
- In a note of caution, Zillow home value estimates indicate that Summit County has experienced a deeper correction in home values in 2023 than many other resort communities. However, it is difficult to say whether stricter STR policies are the cause, as comparison communities have varying STR policies and real estate market dynamics.

While 2020-2022 was characterized by an elevated share of out-of-county home buyers, 2023 marked a return to a more typical mix of homebuyer origins, with Summit residents rebounding to historic levels.

- This pattern has occurred throughout Summit County, including areas that are and are not subject to STR caps, suggesting that the onset of stricter STR regulations in 2022 and 2023 has likely not (yet) significantly impacted buyer origins (and has not [yet] driven an increase in local buyer purchases).
- In longer-term perspective, the 2020-2022 period appears to have been an aberration, with a low share of local buyers in that period as compared to the higher share of local buyers in 2015-2019 and again in 2023.

SURVEY SENTIMENTS

Survey results indicate that Summit 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. Additionally, most STR owners indicate they would have not purchased their home if STRs were banned at the time of purchase.

- Conversion of current STRs into longer-term rentals for residents and/or the workforce is also challenged because 81% of STR owners also use their unit as a vacation home (for an average of 8.1 weeks per year).
- These 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 pressure on housing prices and availability over time.

ECONOMIC IMPACTS OF STR REGULATIONS

STR caps/regulations may diminish a community's share of active STRs and reduce its share of STR rental days and rental revenue. From 2018 to 2023, the share of Summit's active STRs which are located in Blue River, Dillon, Frisco, and Silverthorne largely held steady. By contrast, the shares located in Breckenridge and the Unincorporated Neighborhood Overlay Zone (NOZ) – with stricter regulations – fell slightly in 2021-2023 from prior years' levels. Conversely, the share of active STRs in the Unincorporated Resort Overlay Zone-ROZ (no cap and fewer regulations) was elevated in 2021-2023.

The share of rental days per community tells a similar story, with the shares of rental days falling in the Unincorporated NOZ and Breckenridge in 2021-2023, and rising in the Unincorporated ROZ.

- Rental revenue also may be affected by regulation, as rental revenue fell in comparative terms in Breckenridge and the Unincorporated NOZ in 2023 and rose in the Unincorporated ROZ. However, revenue changes haven't been fully correlated with room night shifts, and are susceptible to changes in ADR, necessitating caution in interpreting the patterns.

Estimated Summit County and Town Taxes and Fees Paid by STR Visitors and Owners

2022 Taxes Paid by STR Visitors	TOTAL
County Mass Transit tax (0.75%)	$9,398,047
County Affordable Housing tax (0.725%)	$8,130,339
County sales tax (2%)	$25,061,458
City sales taxes	$17,664,591
City lodging taxes	$10,444,146
City STR taxes	$483,131
Total sales, lodging & STR taxes	**$71,181,713**
Taxes/Fees Paid by STR Owners	
2023 Property taxes	$18,860,240
STR licensing fees and taxes (at 2023 STR counts & fee rates)	$9,646,713
2022 RETT taxes paid by 2023 STR owners (excl. timeshares)	$2,122,451
Total taxes/fees paid by STR owners	**$30,629,405**
Total Taxes/Fees Paid by STR Owners & Visitors	
GRAND TOTAL	**$101,811,117**

Occupancy rates are at 6-year highs across all communities, with growth irrespective of regulations. ADR is also up from the same period last year for all communities other than Breckenridge.

- 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. However, as regulations constrain supply, occupancy rates and ADRs for those STRs which remain could be expected to increase, as appears to be the case.

The regulations of Unincorporated Summit's NOZ limit the number of stays per STR per year, leading one to possibly expect owners to prefer and book stays of longer durations there. However, this does not appear to be the case to date, as the average length of stay in 2023 is similar across communities (3.1-3.2 nights), and has edged down slightly in recent years.

- Within the Unincorporated NOZ itself, AirDNA data indicate that the average length of stay held steady at 3.2 nights in both 2022 and 2023, and was 3.3 nights in 2019-2021.

Summit County's taxable sales remain strong, notwithstanding the recent onset of STR regulations. Summit as a whole experienced a boom in taxable sales in 2021 and early 2022, and has retained those gains in the post-Covid period.

- Summit has somewhat under paced the taxable sales gains observed in other resort counties since 2016. However, STR regulations have become stricter in several other counties which have outpaced Summit in taxable sales, suggesting that other factors may be at play.
- Within Summit, the towns of Breckenridge, Dillon, Silverthorne and Frisco all enjoyed strong gains in taxable sales in 2021 and early 2022, and have largely retained those gains since then, despite varying STR regulations.

As noted previously, STR regulations may be impacting the real estate economy in portions of Summit County, e.g., with a comparative drop in sales activity in the STR-capped Breckenridge Zone 3 area. Many of the STR regulations in Summit just went into effect in 2022 or 2023, and it will likely take an extended period of time for the economic impacts of those regulations to play out. Close monitoring of trends and impacts is warranted going forward.

STR CONTRIBUTIONS TO AFFORDABLE HOUSING EFFORTS

TAX CONTRIBUTIONS

Taxes on STRs generate significant revenues for affordable housing in Summit County. STRs accounted for an estimated 46% of taxes and fees directed toward affordable housing countywide in 2022/2023, including the following taxes and fees.

- Summit County affordable housing sales tax. STR visitors are estimated to have paid $8.1 million in Summit County 0.725% affordable housing sales taxes in 2022. These funds comprise an important component of the affordable housing budgets in Summit County as well as the towns of Breckenridge, Dillon, Frisco and Silverthorne.

- Frisco and Dillon STR taxes. In 2022, STR visitors also paid $483,131 in Frisco 5% STR taxes, funds which are directed to affordable housing. Since Frisco's STR tax only became effective 6/1/2022, full-year tax collections will be greater in 2023 and forward. Dillon also implemented a 5% STR tax effective beginning 7/1/2023; collections statistics are not yet available.

- Breckenridge STR regulatory fee. Breckenridge recently implemented an STR regulatory fee charged annually and scaled to the number of bedrooms in an STR. Breckenridge budgeted $6.4 million of these revenues for affordable housing in 2023.

- Unincorporated Summit lodging tax. Summit County instituted a 2% lodging tax in the unincorporated portion of Summit County effective 1/1/2023, which was projected to generate $4.7 million in 2023, of which $2 million was budgeted to be transferred to the county's Affordable Housing Fund. STRs might be conservatively assumed to account for 85% of this housing contribution (or $1.7 million).
- Summit County property tax – 2010 Fund. A portion of the Summit County property taxes associated with the "2010 Fund" are frequently budgeted for affordable housing purposes, including $1.3 million in 2021, $4.0 million in 2022 and $5.6 million in 2023 – collectively representing 82.8% of the $13.5 million in total expenditures from the fund in 2021-2023.
    - The 2010 Fund was budgeted to generate $2.2 million in revenues annually in 2022 and 2023. STRs accounted for 25% of Summit County's assessed valuation as of 6/30/2022. As such, STRs likely generated $560,000 in total 2010 Fund revenues in both 2022 and 2023, of which $460,000 each year (82.8% of total funds) were effectively allocated to housing.
- Combined, the above STR taxes/fees generated $17.2 million in annualized funding in 2022 or 2023 for affordable housing for Summit County and its municipalities. As such, STRs are responsible for a substantial share of the funding for affordable housing purposes in the county. To put this in context:
    - This represents 27% of the $64.7 million of combined housing funding across the county and towns in 2023.
    - Additionally, STRs generated 46% of the $37.8 million in combined housing funding stemming from taxes and fees.

STRs also generate other taxes that benefit Summit residents.

- Mass transit taxes. STR guests paid an estimated $9.4 million in Summit County mass transit taxes in 2022, helping fund the free Summit Stage which helps reduce transportation costs and enhance affordability for Summit locals.
- Other taxes. STRs also generate substantial other sales, lodging, property, RETT, and other taxes and fees.
- All told, STRs generated an estimated annualized $101.8 million in taxes and fees of various types for Summit County and its municipalities in 2022 or 2023, used for housing and non-housing purposes. This includes $71.2 million in sales/lodging/STR taxes, $18.9 million in property taxes, $9.6 million in licensing and regulatory fees, and $2.1 million in real estate transfer taxes.

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 Summit County resident and STR owner survey conducted for this study, Summit STRs are utilized an average of 42.3 weeks a year and left vacant an average of 9.7 weeks per year.

- The 42.3 weeks of utilization include an average of 30.6 weeks as a vacation rental (rented or available for rent), 7.9 weeks as a vacation residence for the owner, and 3.8 weeks for other purposes.

By contrast, second homeowners who do not STR their unit utilize their home a much lower 24.0 weeks per year, on average (primarily for their personal use). These units are left vacant at a much higher 28.0 weeks per year on average (as compared to 9.7 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 regulatory fees in Breckenridge, STR taxes in Frisco, and a portion of lodging taxes in unincorporated Summit.

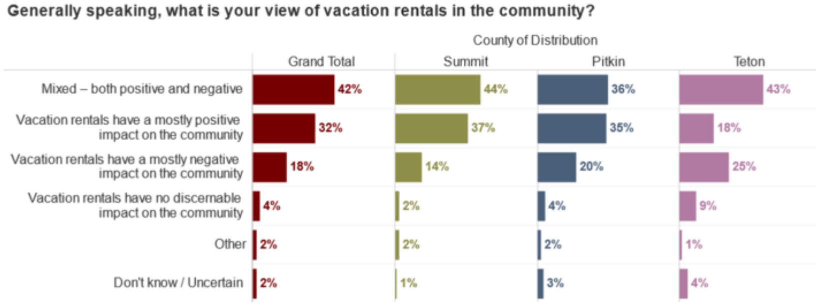
STRs also provide jobs and income for local residents, which in turn gets used to pay for housing. As noted in the economic impact section, STRs directly or indirectly generated 7,693 jobs and $417 million in labor income in Summit County in 2022 – providing a livelihood (and mechanism for paying for housing) accordingly.

- Summit County residents themselves own approximately 1000 STRs in Summit 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 Summit 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.

- Respondents are primarily vacation homeowners or local residents who own their property.
  - 63% of respondents own a vacation home in Summit County and 31% are local residents; nearly all (98%) own their property.
  - Two-thirds of respondents (66%) have used their property as a vacation home and about one-third of respondents have used it as a vacation rental (32%).
- Homeowners have mixed views on vacation rentals but skew more positive than negative.
  - About 44% of all Summit respondents report that they have "mixed" - both positive and negative feelings about vacation rentals.
  - 37% view vacation rentals to have a mostly positive impact and 14% describe a mostly negative impact.
  - A strong majority (71%) of all second homeowner respondents from the three counties that use their property as a vacation rental indicate that vacation rentals have a mostly positive impact on the community. Responses from local resident owners are more nuanced, with 45% calling the impacts "mixed," 17% saying they are mostly positive, and 29% saying they are mostly negative. However, local residents that STR their unit believe STRs have a mostly positive impact (68%), similar to the opinions of second homeowners.



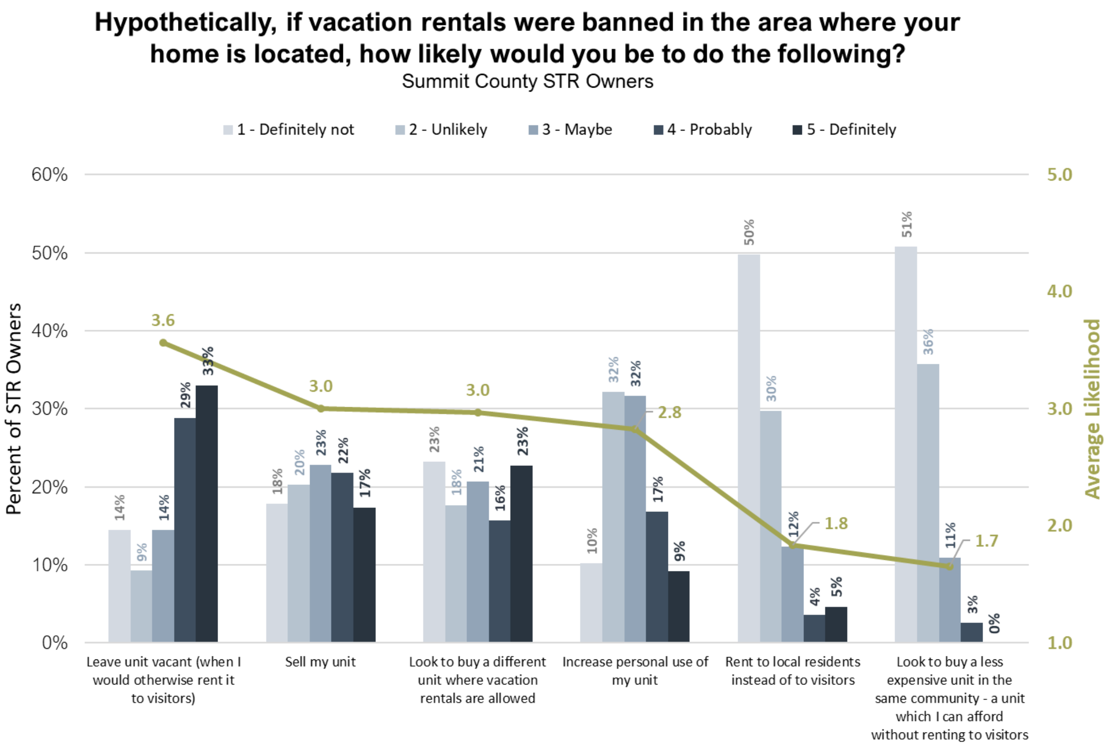
- Respondents clearly see both benefits and negative impacts of STRs in Summit County.
  - About 84% of all Summit respondents indicate that vacation rentals benefit the local economy, and 64% believe they enable the community to have more amenities. However, substantial shares

of this same group have concerns about the impacts of STRs on Summit's community character and quality of life (43%) and on the housing supply for locals (39%).

- Only 10% saw "no benefits" to STRs, and only 22% had "no concerns" about STRs.

- Clearly, the survey responses indicate mixed and complex opinions toward STRs.

- Among STR owners, the primary motivations for renting the unit are the use flexibility and additional income.
  - About 7 in 10 STR owners rent out their unit for investment/income purposes (69%) and/or because it allows flexibility for personal use (70%).
  - Summit respondents who rent to visitors are moderately dependent on renting to afford the home (average of 3.3 on a 1-5 scale).
  - Among those who have used their home as a vacation rental but not as a long-term rental, 80% have not rented to locals because it would prevent them from using the property, and 59% don't want to risk damage to their unit.



- The survey contained several questions that have direct policy implications – respondents were asked about their home purchase decision and their likely response to an outright ban on STR use.
  - Over half of respondents who have used their unit as an STR would not have purchased it if vacation rentals were prohibited from the area (55%).
  - In the hypothetical scenario where vacation rentals were banned in Summit County, most people would be inclined to allow their unit to sit vacant during times when not using it themselves.

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 Summit 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 Summit County, they provide a vital economic engine that should be recognized and encouraged to succeed.

The data show 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 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.

Further, 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 Summit County is likely to experience continued pressure on its housing stock in the future due to such factors as ongoing growth in the Front Range, improvements to I-70 and growth in higher-income households able to afford second homes. Summit 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 in 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.