REGIONAL HOUSING ALLIANCE
RHA LA PLATA COUNTY

RHA Informational Meeting

Thursday July 13th, 2023

The meeting commenced at 2:22 pm. All RHA Board of Directors members were present except Katie Sickles, whose absence was excused. Directors Porter-Norton and Craig attended via conference call. Also in attendance were Nicole Killian, Michael French, Sarah Tober, and J.J. Desrosiers.

The purpose of the meeting was for LPEDA staff to share time-sensitive updates with the Board. Mr. French handed out an informational document on proposed sustainable funding sources for the RHA and clarified that it is just a draft and already outdated, but modifications will be made as needed. He reminded the Board that Ms. Tober had secured a technical assistance grant to explore sustainable funding sources and best practices -- this update is primarily related to funding sources.

LPEDA staff have, through the Technical Assistance Grant, been working with a Glenwood Springs consulting firm called Community Builders that does work related to housing and tax initiatives. The effort was to explore all potential tax initiatives available to us as a sustainable funding source. Staff learned that historically most successful ballot initiatives were not just limited to housing but included other things such as childcare, transportation, etc.

After looking at the available options, a short-term rental (STR) tax emerged as the best option. Although the staff is confident that municipalities can pass such a tax, they were unsure if the County could do the same. This is important because we are in a unique situation where most local STRs are in the unincorporated county, about 900, while only 120 or so are in the City (Bayfield has 5, Ignacio has 1). The primary source of confusion has been that Summit County –which has served as a model for this initiative– has a resolution that defines an STR tax as an "excise tax"; however, several other entities have informed staff that doing so is, in fact, illegal. So, despite the substantial media coverage of an STR excise tax in Summit County, we now believe that counties *do not* have the authority to levy such a tax and are searching for an explanation for what happened in Summit County. The other complication is that any modification to a lodger's tax can go to ballot only on even-numbered years.

According to some rough math using last year's data, a 5% increase in STR taxes in the County would net almost $2 million a year as opposed to $400,000 a year in the City. Alternatively, if the County raised its lodger's tax, it would have a nearly identical effect as there are very few traditional lodgers and mostly STRs in the unincorporated county -- other than Purgatory Ski Resort and some RV parks. However, it is doubtful that the county is legally allowed to raise its lodger's tax above 2%.

Secretary's Note: It was later confirmed that the County cannot raise its lodger's tax which is currently at 2%.

The possibility was raised of a second home tax (hypothetically levied on everyone but with rebates for locals). Mr. French was open to exploring the idea but ultimately concluded that *getting a tax on the ballot this election cycle is not currently feasible*.

Mr. French explained that the path forward seemed much more plausible when this meeting was called a week and a half ago. Staff were anxious to pursue whatever possibility existed as 2023 represented an almost empty ballot, which would most likely not be true in 2024. It was an excellent window that they did not want to miss, Mr. French relayed, and if the housing window had been checked off, it would have helped initiatives that came after in 2024.

The directors discussed the vital role of good messaging if they should renew efforts to pass a tax in 2024 and brainstormed some potential narratives. It was also mentioned that the RHA can apply for Prop 123 even if the County does not, and there is almost no downside for anyone to do so.

Vice-Chair Porter-Norton expressed gratitude for the creative effort from staff but reiterated that STRs are already taxed under the existing lodger's tax. Still, the option is open to holding a 2024 ballot question related to reallocating (up to 90%) the proceeds from that tax to housing. However, she stressed that the County *cannot* levy an excise tax on STRs (and she has no idea why Summit County used that language). Also, she believes that the County can raise its lodger's tax. Mr. French reiterated that doing so would be almost equivalent to an STR excise tax because of the aforementioned lack of hotels in unincorporated county. However, Vice-Chair Porter-Norton pointed out that raising the lodgers tax would result in pushback from the tourism industry. LPEDA staff will continue to explore all options and seek the greatest return for the least political pushback, using the technical assistance available for a year.

Discussion ensued about other options, and each municipality's approached the issue. Chair Vaughn commented that it is oxymoronic to want tourists but not have workers to serve them, as they will have a bad experience, not return, which hurts tourism. Ms. Tober highlighted using a recent survey to gather information for the initiative. Mr. French discussed addressing NIMBYism (Not in My Backyard) and the need for housing to create capacity.

He added that anytime LPEDA has a conversation about tourism and housing, their narrative is that "housing creates capacity for tourism," and the two are not in conflict. Director Henson also mentioned the need to address NIMBYism head-on instead of ignoring it. Director Hall noted that when you bring this question to the unincorporated county, the benefits will not be as apparent as they are to the Durango metro area.

On a positive note, the Board discussed how refreshing it is to see so much collaboration between local governments. And, that the idea of reallocating lodger's tax polls over 80%, even among conservative Republicans. Even if there is some opposition, the public is still behind this idea. If it ever got to that point, $10-20,000 would be needed for marketing, and Ms. Tober has already identified a funder for that need. While working with the consultants, LPEDA staff has, they feel, gained a fantastic inside look at how this will work are will be much better prepared going forward.

It was asked where the even-number year requirement comes from. Vice-Chair Porter-Norton clarified she believes that it only applies to counties, meaning that Bayfield and Durango may still have a window to levy a tax this year.

Chair Vaughn adjourned the meeting at 2:55 pm.