



# Housing, Lodging, and the Sharing Economy



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# OUTLINE

ASPEN



DURANGO

- Review Sharing Economy
- Overview of Destination Community Trends
- Case Studies:
  - Aspen
  - Durango
- Conclusion
- Questions

# KEY TERMS

- **Sharing Economy** – Businesses leveraging excess supply to provide goods and services without formal ownership
- **Grey Market** – A market using irregular methods outside of formal regulations to circumvent normal channels of business
- **VR** – Short-Term Vacation Rental
- **RBO** – Rental By Owner
  - i.e. properties listed on HomeAway, VRBO, AirBnB
- **VRMC or MC** – Vacation Rental Management Company

# THE “SHARING ECONOMY”

- “Peer-to-peer or collaborative economy... built around the sharing of human and physical resources...”

*-Wikipedia*

- “...leveraging information technology to empower individuals, corporations, non-profits and government with information that enables distribution, sharing and reuse of excess capacity in goods and services...”

*-Harvard Business Review*

# THE “SHARING ECONOMY”



## Key Features of the Sharing Economy

- Excess or shared resources
- Desirable commodities
- Internet connectivity
- Web-based platform
- Trusted brokers
- Trusted user groups
- Freedom from ownership



# THE “SHARING ECONOMY”

## Freedom from Ownership

*“What you’re doing is creating a world where people can belong anywhere, and it’s incredibly, incredibly powerful.”*

-Brian Chesky, AirBnB Founder

*“We’re moving from a world where we’re organized around ownership to one organized around access to assets.”*

-Lisa Gansky, Ofoto Founder

# THE “SHARING ECONOMY”

“You don’t want the drill, you want the hole.”

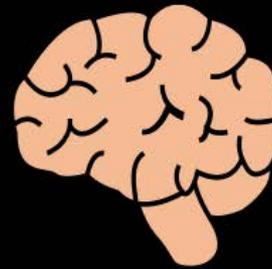
-*Greg Hanscom, grist.com*



REVOLUTION?    DISRUPTION?    PARADIGM SHIFT?

# THE “SHARING ECONOMY”

## Major Markets in the Sharing Economy

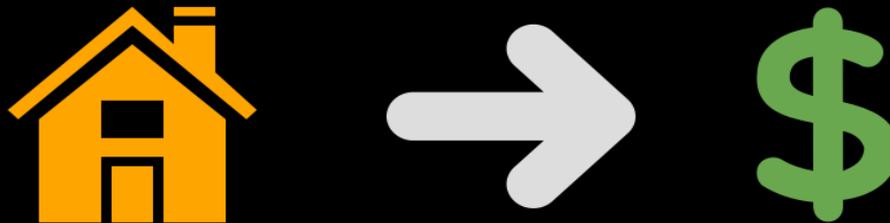


# HOUSING & THE “SHARING ECONOMY”

Second homes are occupied 24.6% (12.8 weeks) of the year

2005 Northwest Colorado Council of Governments Study

Therefore, 76.4% of the home is an under-utilized resource



# HOUSING & THE “SHARING ECONOMY”

Lodging sector attracts venture capital investment

**\$900 million in private investment** from 2005 - 2012

2013 Phocuswright U.S. Vacation Rentals Study

Market Cap/Valuation

HomeAway: **\$2.96 billion**

AirBnB: **\$10 billion**

2015 Yahoo Finance

*“On day one we had 60,000 listings. Today we have 1.05 million listings. Yet there are still 10 million vacation homes available throughout the world.”* - Brian Sharples, HomeAway Founder

# GROWTH OF AN INDUSTRY

- \$23 billion in vacation rentals (2012)
  - 7% of U.S. travel market (2012)
- 108 million U.S. 'rented nights' (2012)
- \$211 average daily rate (2012)
- 24% of VR reservations booked online
- 1 in 4 RBO properties are owner occupied

2013 Phocuswright U.S. Vacation Rentals Study

# BRIEF HISTORY – PRIVATE VACATION RENTALS

*OLD SCHOOL*



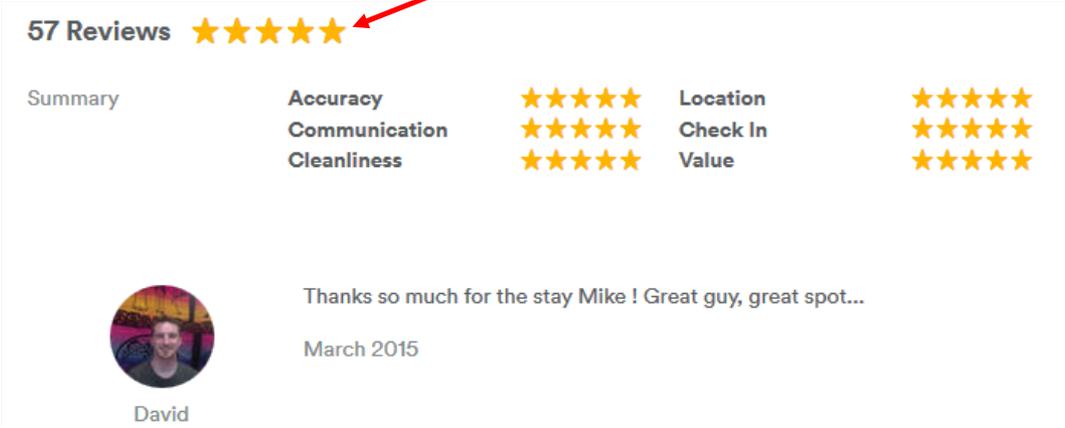
*NEW SCHOOL*



*INTRODUCTION*

# WHY REGULATE VACATION RENTALS?

- RBO Companies argue *no regulation is needed*
  - Market should dictate the industry
  - Government is slow and reactionary
  - “Community” model provides quality and impact control



57 Reviews ★★★★★

Summary

Accuracy	★★★★★	Location	★★★★★
Communication	★★★★★	Check In	★★★★★
Cleanliness	★★★★★	Value	★★★★★

 Thanks so much for the stay Mike ! Great guy, great spot...  
March 2015

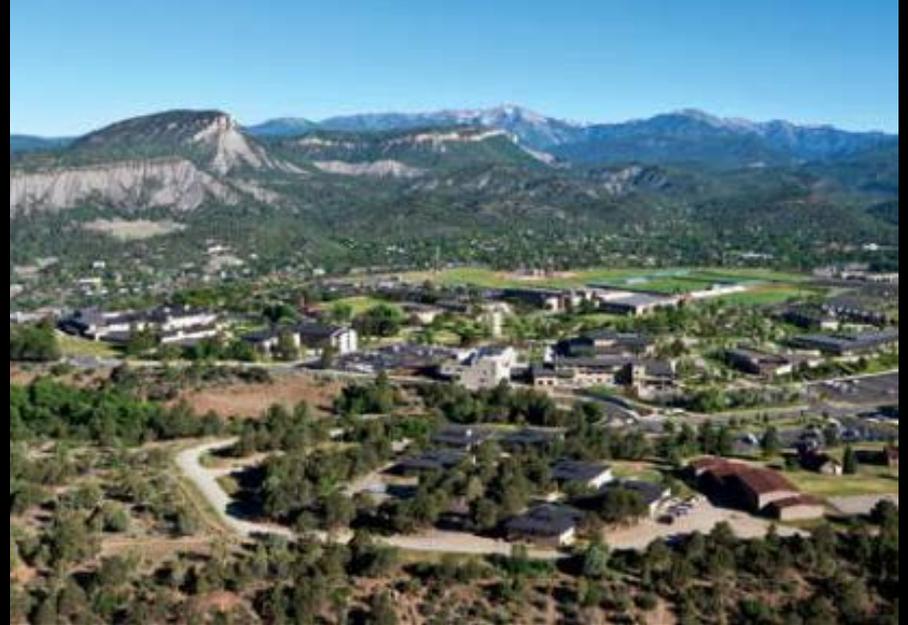
David

A red arrow points from the text "Community" model provides quality and impact control to the 5-star rating in the screenshot.

# WHY REGULATE VACATION RENTALS?

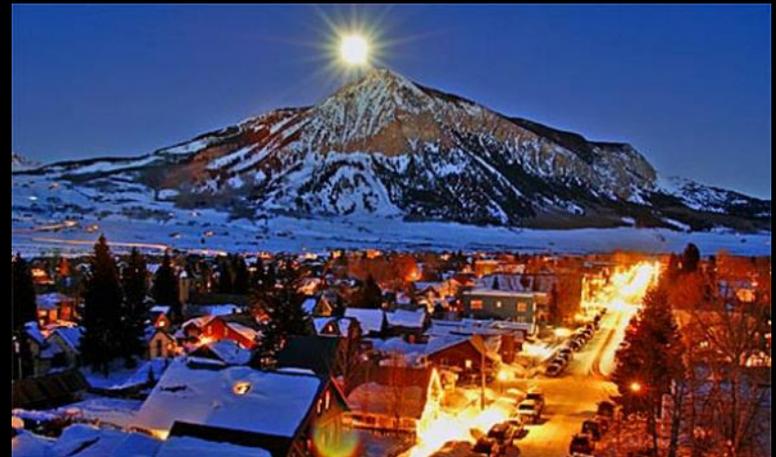
- Preserve residential character
- Collect sales and lodging tax
- Create a “level playing field” between RBOs and property management companies
- Ensure adequate lodging options for tourists
- Ensure adequate housing options for residents
- Ensure vacation rentals meet existing health and life safety regulations

# DESTINATION COMMUNITY TRENDS



# DESTINATION COMMUNITIES

- Amenity rich, sometimes remote
- Ski areas, national parks, national forest, recreation, water/coastal
- Lifestyle seekers (ski bums, etc.)
- Second homeowners
- Retirees
- Location neutral workers
- Entrepreneurs



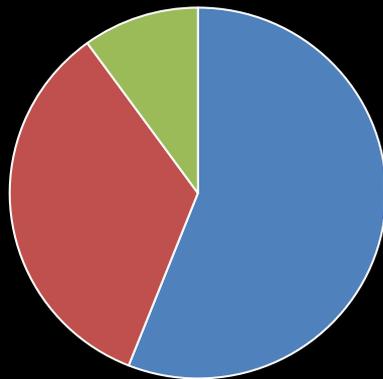
# DESTINATION COMMUNITIES

- Economic Base
  - Visitor economy (“HOT beds”)
- Housing Affordability
  - Nightly Rental Income
- Aspen
  - Visitors and market share
- Durango
  - Affordability, neighborhood impacts
- Tension: Resort Community or “Community with a Resort”?



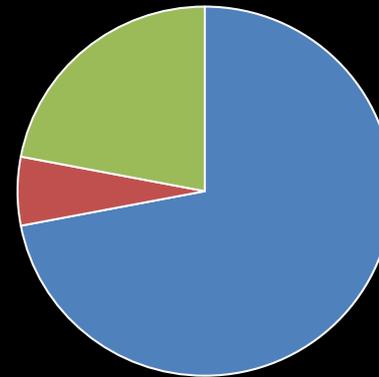
# SALES/TAX REVENUE FROM VISITORS

## Snowmass Village



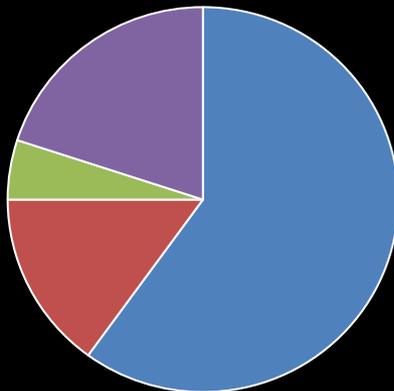
- Overnight Visitors
- Permanent Residents
- Day visitors and inflow

## Telluride Mountain Village



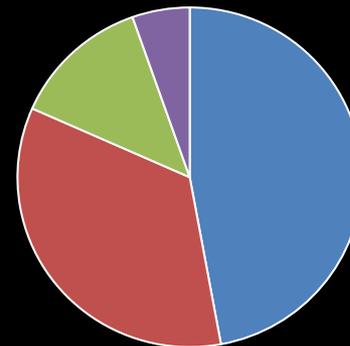
- Overnight Visitors
- Permanent Residents
- Seasonal/2nd Home
- Day visitors and inflow

## Vail



- Overnight Visitors
- Permanent Residents
- Seasonal/2nd Home
- Day visitors and inflow

## Winter Park



- Overnight Visitors
- Permanent Residents
- Seasonal/2nd Home
- Day visitors and inflow

# Land Use and Development Context

- Land constraints
  - Topography
  - Public land
  - Land values
- Difficult development climate
  - Discretionary processes
  - Highly engaged public
- Multiplies housing affordability challenges
- Difficult to adapt/redevelop obsolete resort properties



# RESORT CONDOMINIUMS

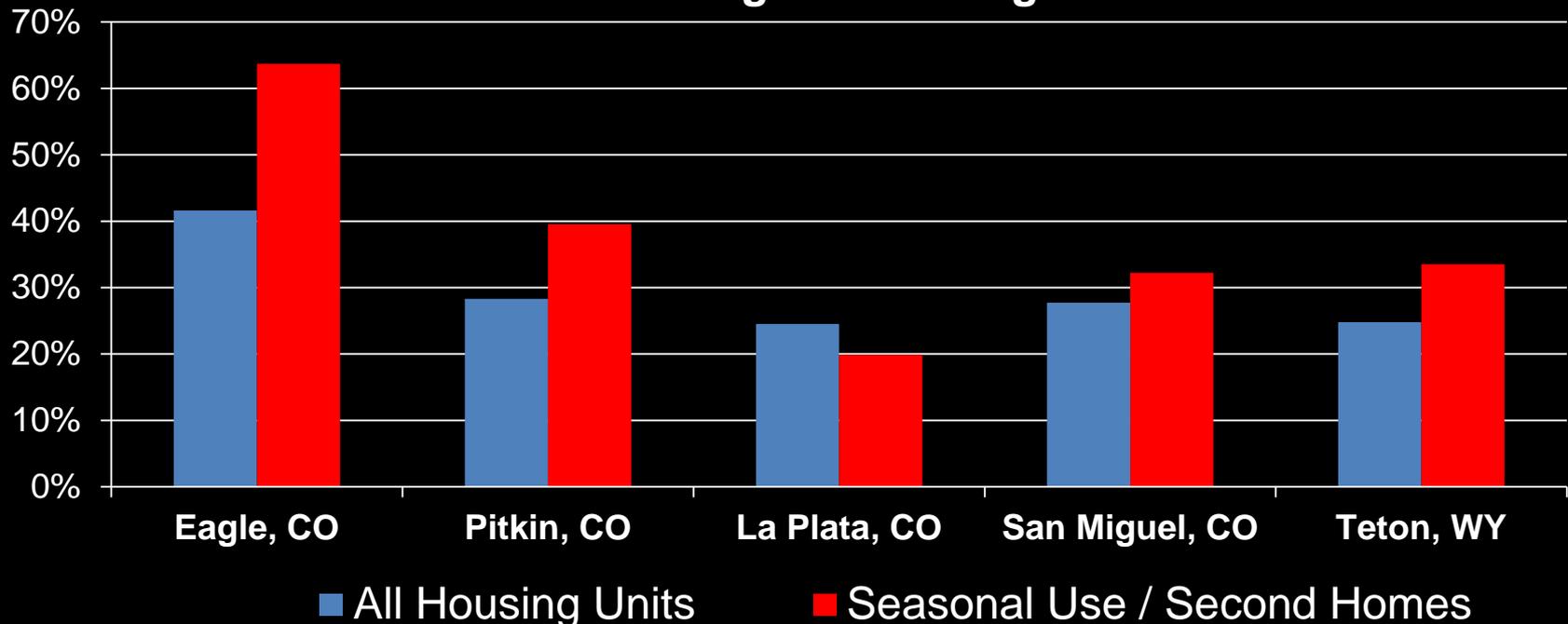
- Value in Ownership (Boomers)
  - Wealth building
- Pay for What you Use
  - Gen X, Y, Millennials
  - Great Recession
  - Management fees, HOAs, taxes
- RBO
  - Leverage underutilized inventory
  - Lower ownership costs



# SECOND HOME GROWTH

- Second homes and condos are growing faster than year round workforce housing

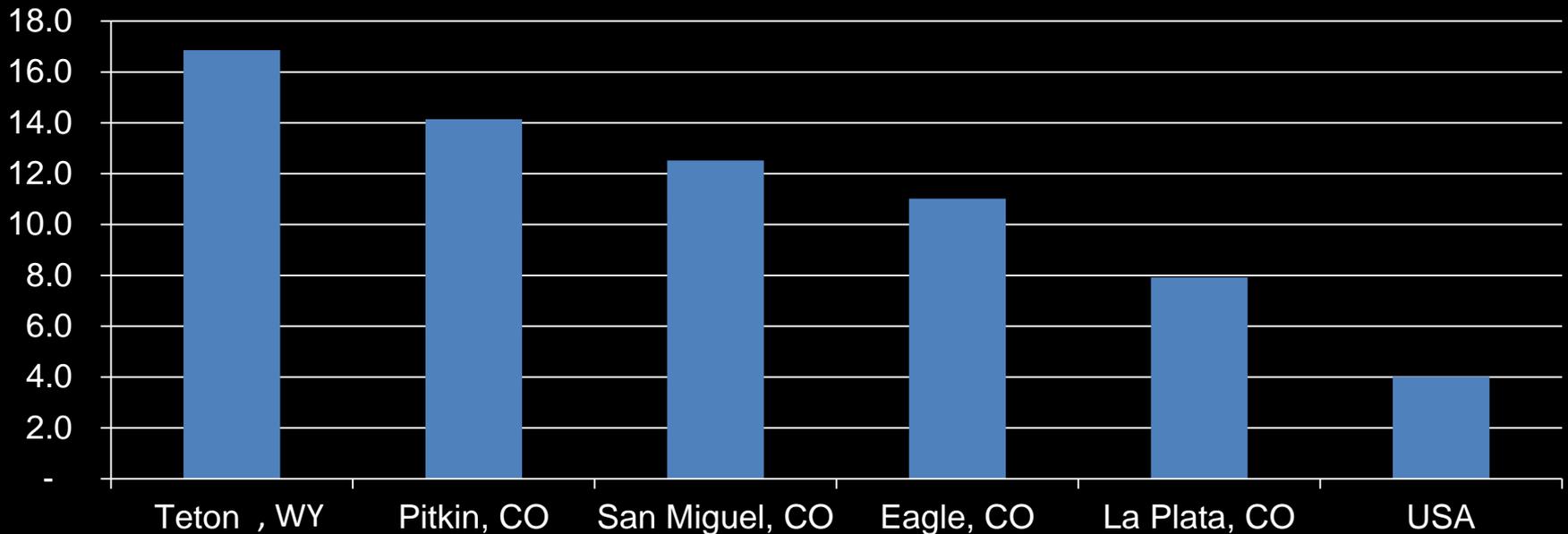
**Percent Change in Housing Units 2000-2010**



# HOME PRICES VS. WAGES

- Investment income
- “Location neutral” workers
- Housing prices **decoupled** from wages

Ratio of Home Price to Average Annual Wage

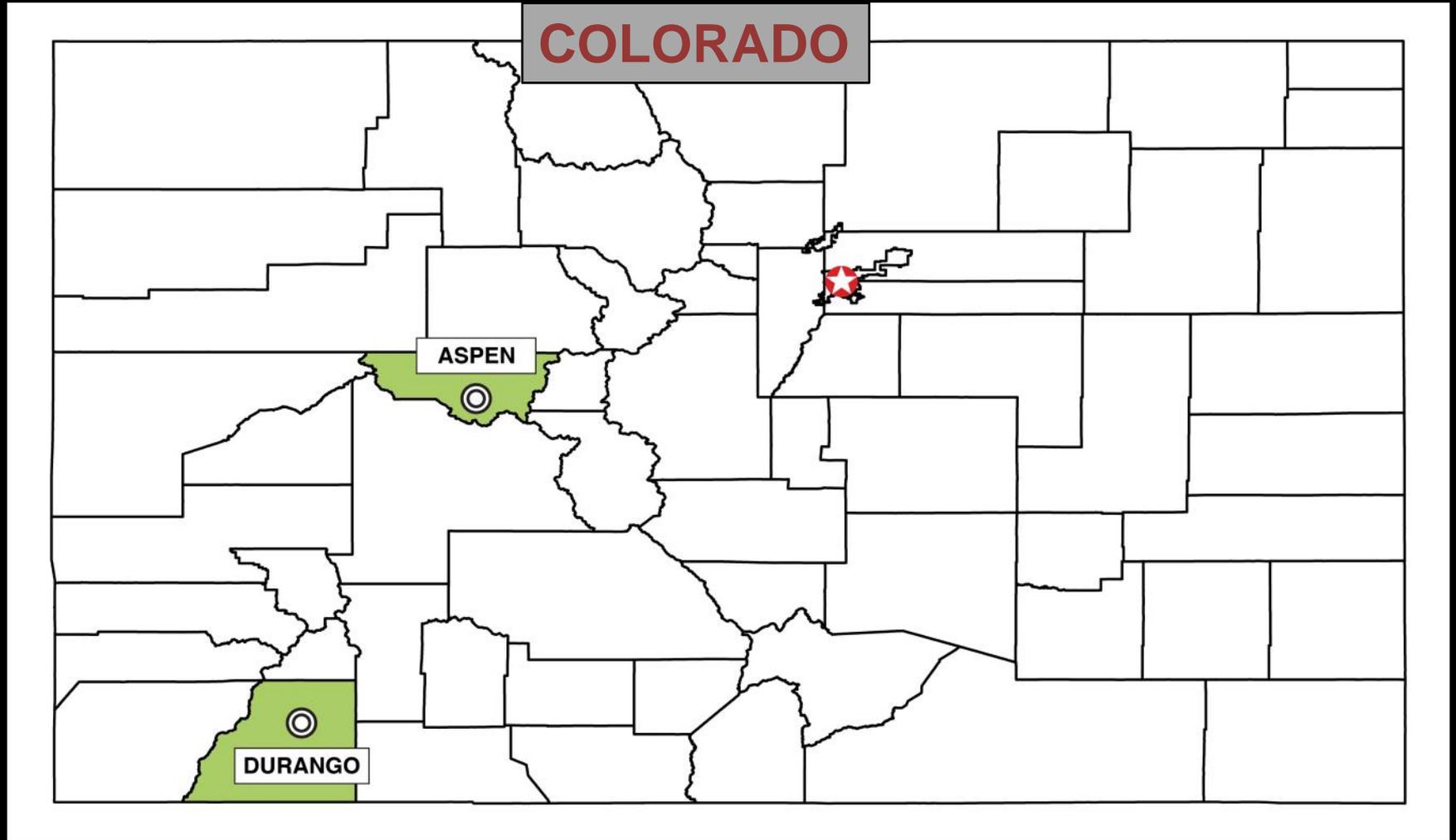


# HOUSING AND ECONOMICS

- Family stability and **wealth creation**
- Commuting
  - Social health, community involvement
  - **Environmental**
- Workforce
  - **Employee** attraction and retention
  - **Business** attraction and retention
- Rental Income: \$300+ per night
  - RBO: Investor buyers
  - AirBnB: Supplemental income



# DESTINATION ASPEN



THE NEW COTTAGE INDUSTRY  
*short-term rentals in destination communities*

# DESTINATION ASPEN



*ASPEN, COLORADO*

# DEMOGRAPHICS

- 6,700 full-time population
- 35,000 at peak occupancy
- 6,000 total housing units
- 2,200 total affordable housing units



*ASPEN, COLORADO*

# WINTER ATTRACTION



*ASPEN, COLORADO*

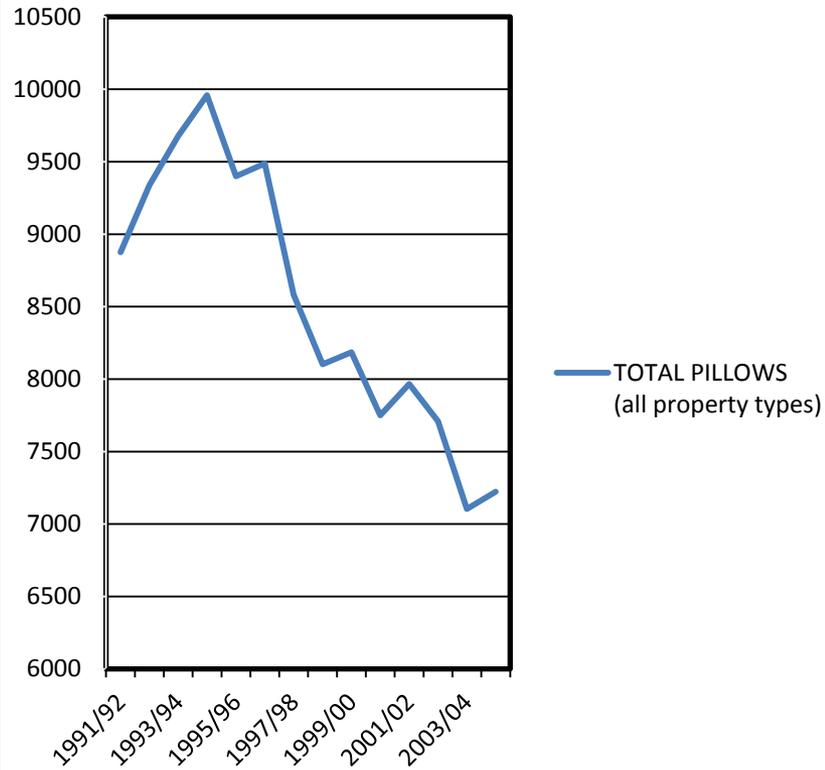
# SUMMER ATTRACTION



*ASPEN, COLORADO*

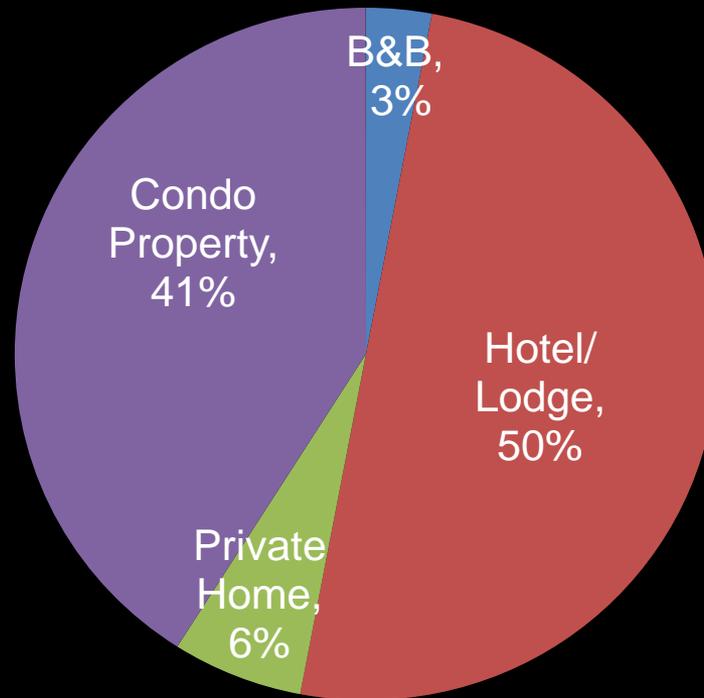
# DECLINING BED BASE

## TOTAL PILLOWS (all property types)



# BED BASE COMPOSITION

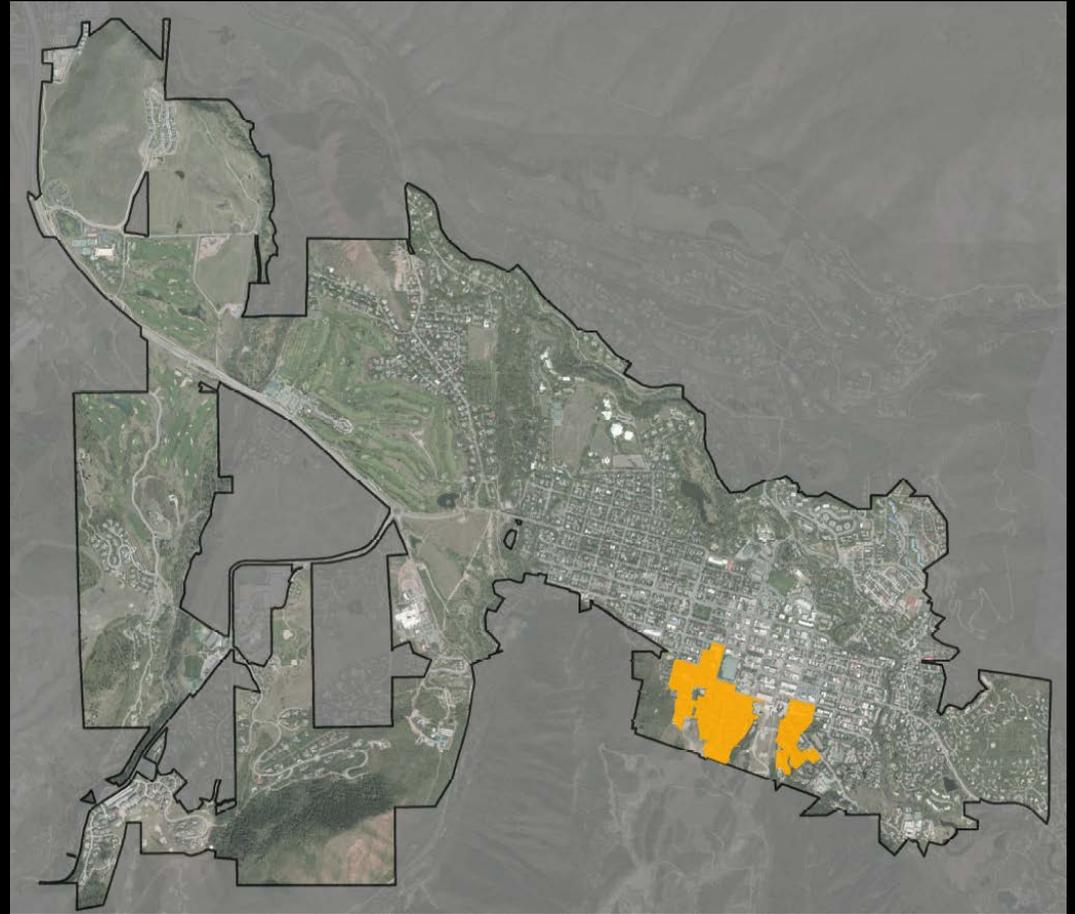
## Units by Property Type



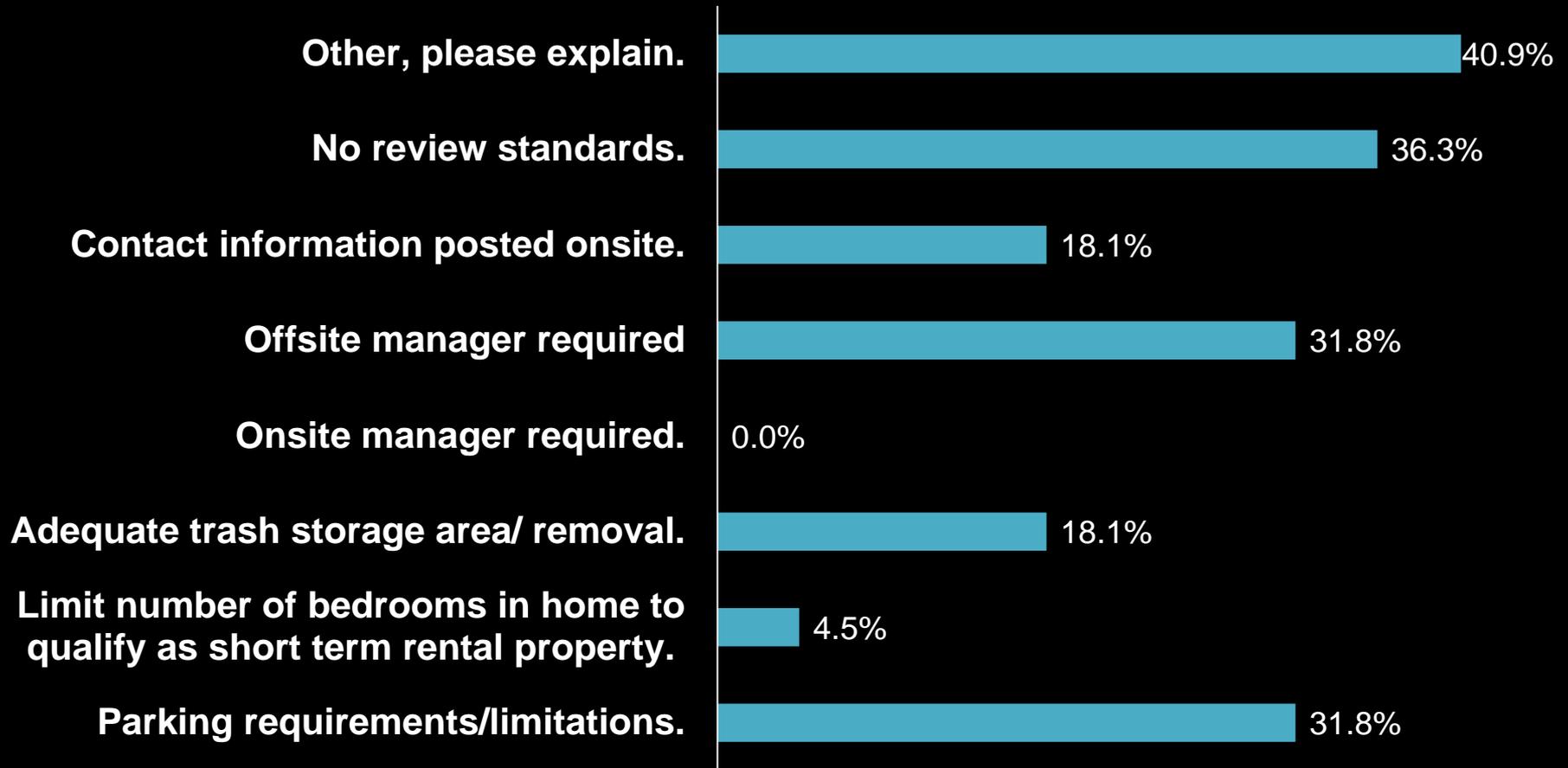
2012 MTRiP Aspen Snowmass Transient Lodging Inventory Study

# OLD VACATION RENTAL REGULATIONS

- Prohibited in all zone districts except Lodge
- Non-Lodge zoned properties could rent on short-term basis (30 days or less) twice a year



# VACATION RENTAL REGULATION TRENDS



CAST 2011 Short-Term Rental Survey

*ASPEN, COLORADO*

# PROPOSED REGULATIONS (2011)

- Limited Areas
- Minimum # Parking Spaces
- Bear-Proof Trash Containers
- Require Local Rep
- HOA Notification
- Special Notice to Neighbors
- Special Signage
- Obtain Business License
- Annual Revocable Permit



# GOAL: PRESERVE THE ASPEN EXPERIENCE



*ASPEN, COLORADO*

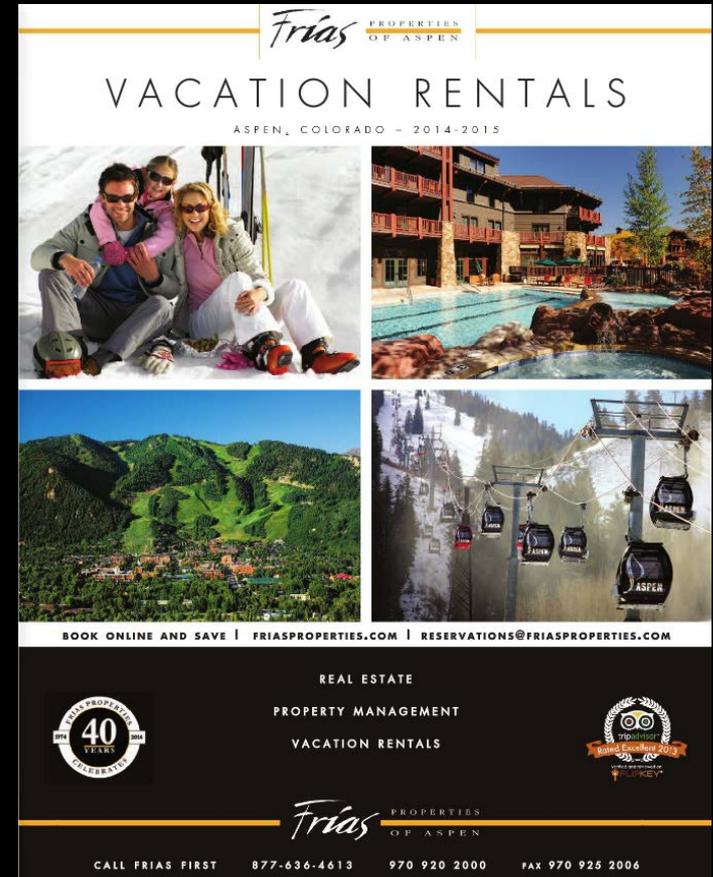
# GOAL: PRESERVE THE ASPEN EXPERIENCE



*ASPEN, COLORADO*

# APPROVED REGULATIONS (2012)

- Allowed Everywhere
- Prohibits Single-Room Rentals
- HOA Notification
- Obtain Business License & Vacation Rental Permit
- Local Owner Representative
- Meet City Codes
- Signs Allowed, Not Required



*Frias* PROPERTIES OF ASPEN

## VACATION RENTALS

ASPEN, COLORADO - 2014-2015

BOOK ONLINE AND SAVE | [FRIASPROPERTIES.COM](http://FRIASPROPERTIES.COM) | [RESERVATIONS@FRIASPROPERTIES.COM](mailto:RESERVATIONS@FRIASPROPERTIES.COM)

REAL ESTATE  
PROPERTY MANAGEMENT  
VACATION RENTALS

*Frias* PROPERTIES OF ASPEN

CALL FRIAS FIRST 877-636-4613 970 920 2000 FAX 970 925 2006

40 YEARS CELEBRATION

2014-2015 Gold Excellence Award

SPONSORED BY THE ASPEN VALLEY CHAMBER OF COMMERCE

The advertisement features a collage of four images: a family of three in winter gear sitting on a snowy slope, a large resort building with a swimming pool, a scenic view of a mountain town, and a ski lift with gondolas. The bottom section includes a 40th anniversary logo, a Gold Excellence Award logo, and contact information.

ASPEN, COLORADO

# PROGRAM SUCCESS

- Vacation Rental permits have doubled
- \$225,000 in new revenue
- No complaints

Dear Aspen Homeowners,

If you rent out your home as a vacation rental the regulations have changed. There is no longer a limit on the number of rentals allowed per year. Rentals are now allowed in all Aspen zone districts without limitation.

You now need a permit from Community Development for rentals that are 30 days or less.

For more information please go to

<http://www.aspenpitkin.com/Departments/Finance-City-of-Aspen/Business-Sales-Tax-License/>

or call the Planner of the Day line at 970-429-2764.



THE CITY OF ASPEN

# ISSUES: COMPLIANCE

The screenshot displays the Airbnb search results for "Aspen, CO, United States". The search bar at the top shows the location and a search icon. The page is filtered to show "12 Rentals - Aspen". The listings are arranged in a grid, each with a thumbnail image, a price tag, a title, and a brief description. The map on the right side shows the location of the listings in Aspen, Colorado, with red pins indicating the specific locations of the properties. The map also shows major roads and landmarks in the area.

**airbnb** Aspen, CO, United States Browse Sign Up Log In Help [List Your Space](#)

More Filters Room Type X 12 Rentals - Aspen

**\$ 102**  
Powder Day Getaway - Aspen downtown  
Private room · 7 reviews · Aspen

**\$ 263**  
2 Blocks to Gondola Mountain Chalet  
Private room · 6 reviews · Aspen

**\$ 113**  
Cozy Aspen Condo  
Private room · 51 reviews · Aspen

**\$ 318**  
Aspen Colorado Penthouse 2/1.5  
Private room · 32 reviews · Aspen

Search When I Move the Map

Map data ©2022

Language and Currency

ASPEN, COLORADO

# ISSUES: DEED RESTRICTED UNITS

Aspen Housing Authority x +  
www.apcha.org Search



- Home
- Rentals
- Sales
- Information
- HOA
- Documents
- Housing
- Guidelines
- New
- Projects
- Housing
- Forms
- Housing
- Board
- Housing
- Compliance
- Strategic
- Methodology
- Contact Us
- Aspen/Pitkin
- County
- Other
- Resources
- Post a Rental
- Looking for
- Housing...



***Under NO circumstances are you allowed to rent your deed restricted home or room out through VRBO, Airbnb or equivalent.***

***\*\*The Aspen employee housing program exists to help people who work within Pitkin County seeking home ownership or long and short-term rental opportunities, and who would not otherwise have the opportunity to build a life as part of our community. To the left are navigation buttons to useful pages which can answer your questions, notify you of upcoming opportunities, and provide application forms and information for sales and rental units.\*\****

**COULD YOU USE \$2,500 TO UPGRADE YOUR HOME?**

**IMPROVE THE COMFORT, SAFETY AND EFFICIENCY OF YOUR HOME WITH "REACH"**

**INCOME-QUALIFIED HOMEOWNERS CAN RECEIVE:**

- Insulation
- Heating Appliances
- Solar
- And More!

**REACH** A PROGRAM OF **CORE**  
Commitment Office for Resource Efficiency

[www.aspencore.org/reach](http://www.aspencore.org/reach) **CLICK HERE**

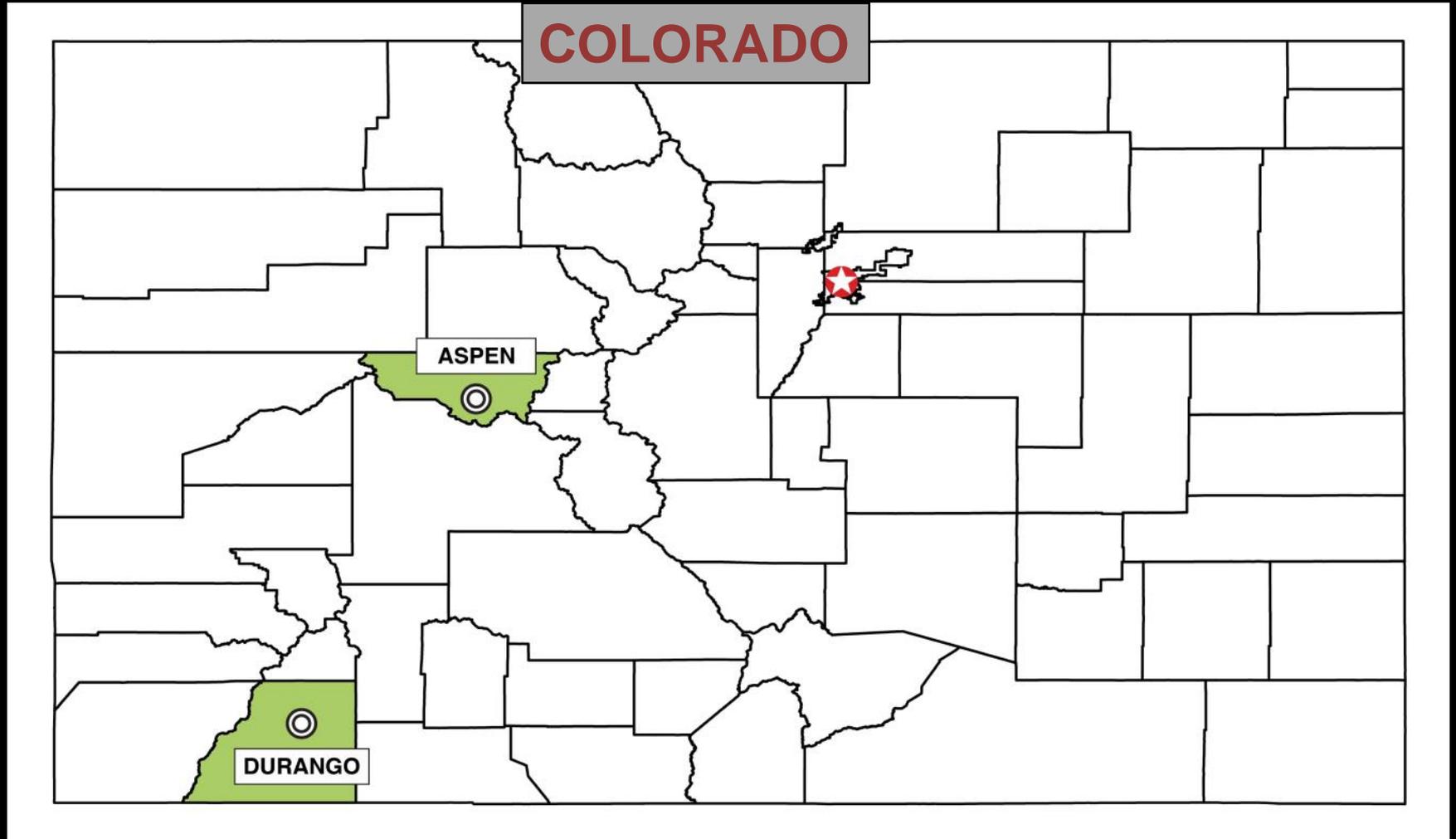


# KEY TAKEAWAYS

- Outreach is critical
- Simple can be better
- Enforcement is ongoing
- Market continues to evolve
- Difficulties with VR companies
- Opportunities for municipal coordination
- Challenges even with regs



# DESTINATION DURANGO



THE NEW COTTAGE INDUSTRY  
*short-term rentals in destination communities*

# DESTINATION DURANGO



Durango-Silverton Narrow Gauge Railroad



Downtown Historic District



Southwestern Cultural Resources



Recreation

# DEMOGRAPHICS



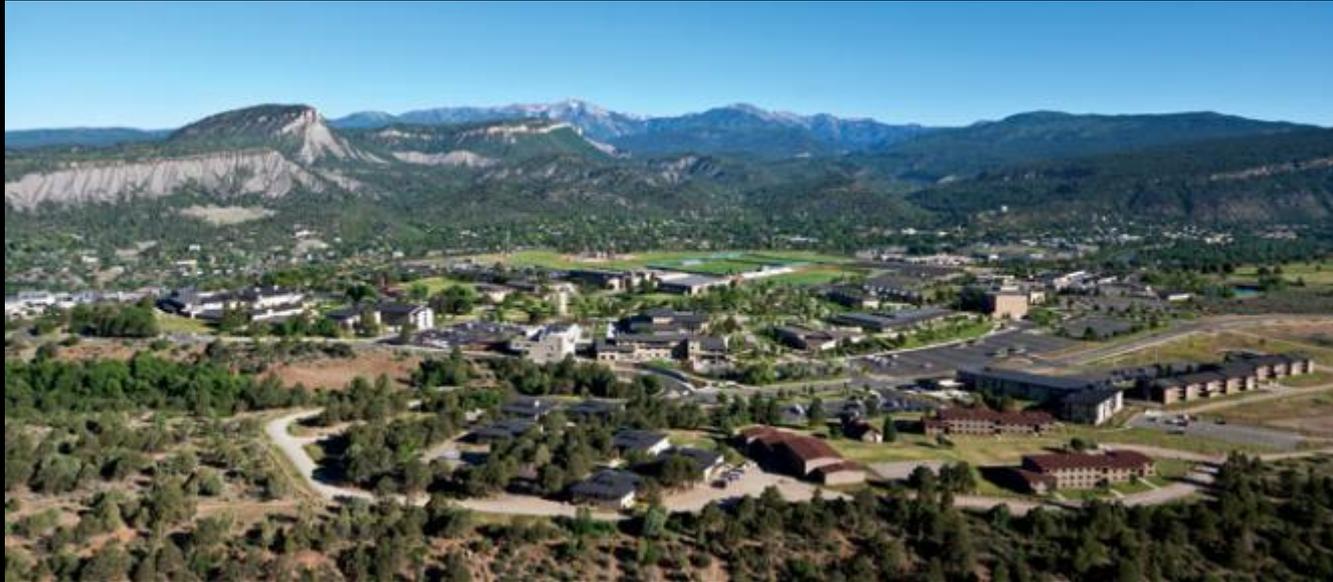
Population:  
17,557

Median family income:  
\$50,814

Projected growth:  
3.7%

*DURANGO, COLORADO*

# FORT LEWIS COLLEGE



Four year state college

The “Skyhawks”

Located on College  
Mesa in 1950

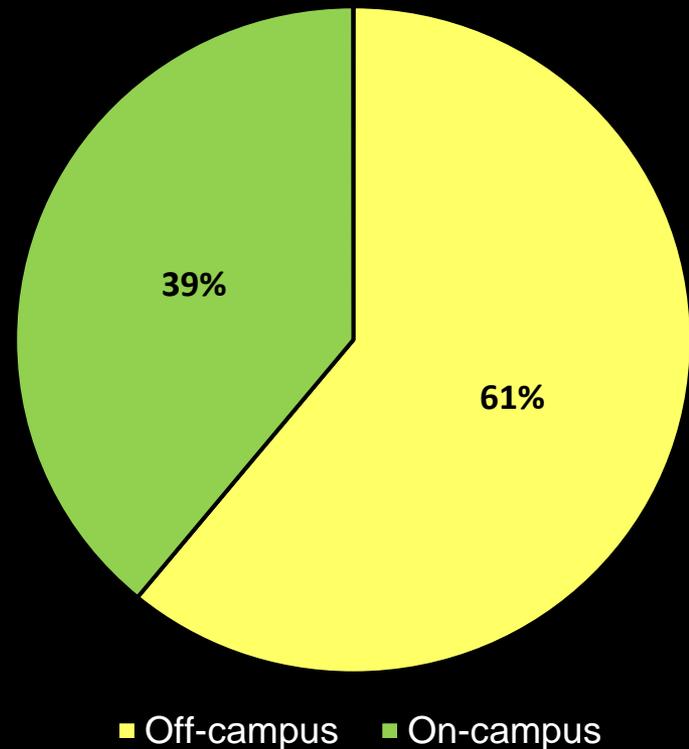


*DURANGO, COLORADO*

# FORT LEWIS COLLEGE

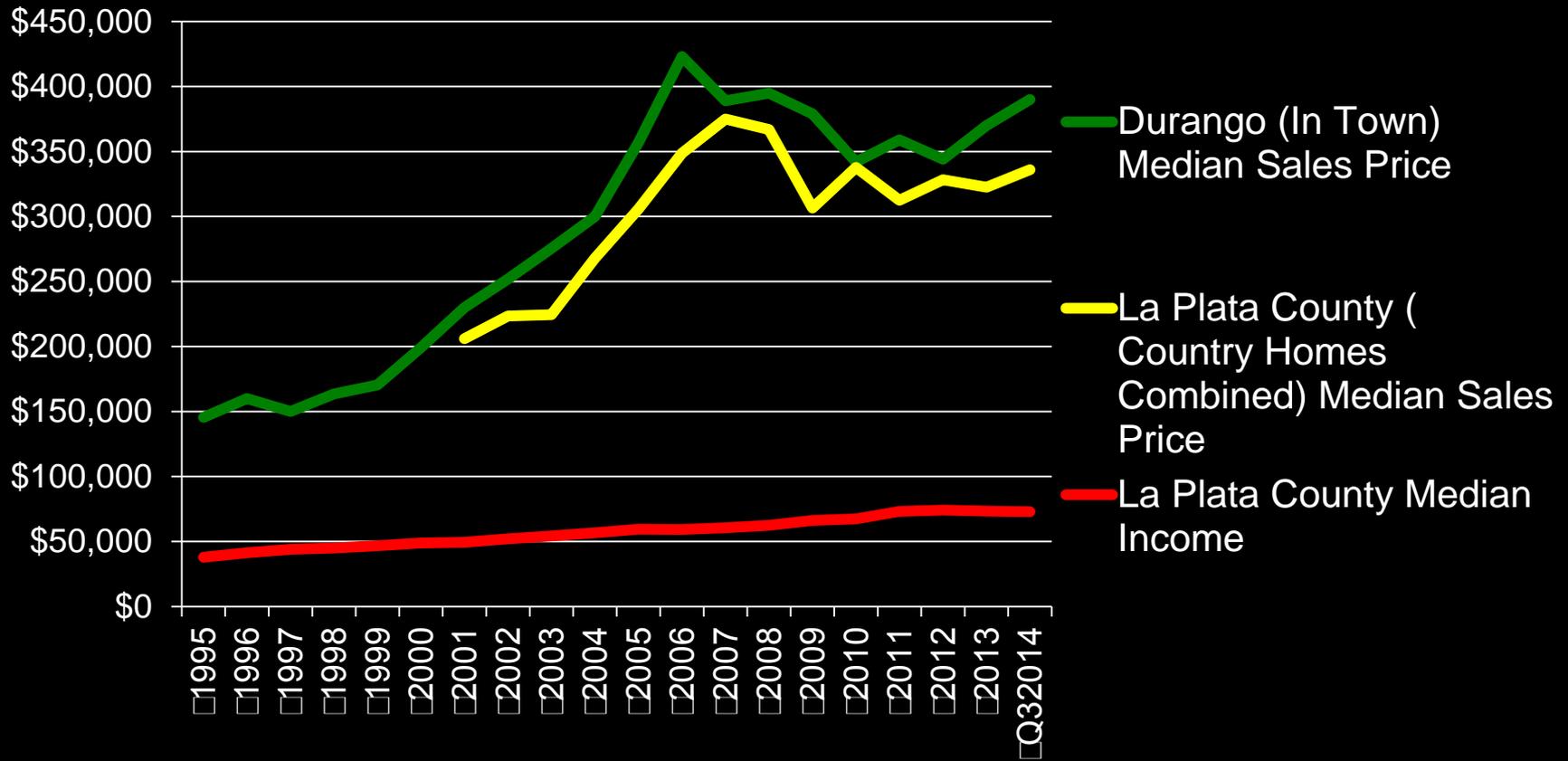
- 3,865 full-time students
- 2,317 (61%) off-campus residents
- 24.5% of Durango residents are FLC students
- 15% of Durango renters are FLC students

FLC Student Housing



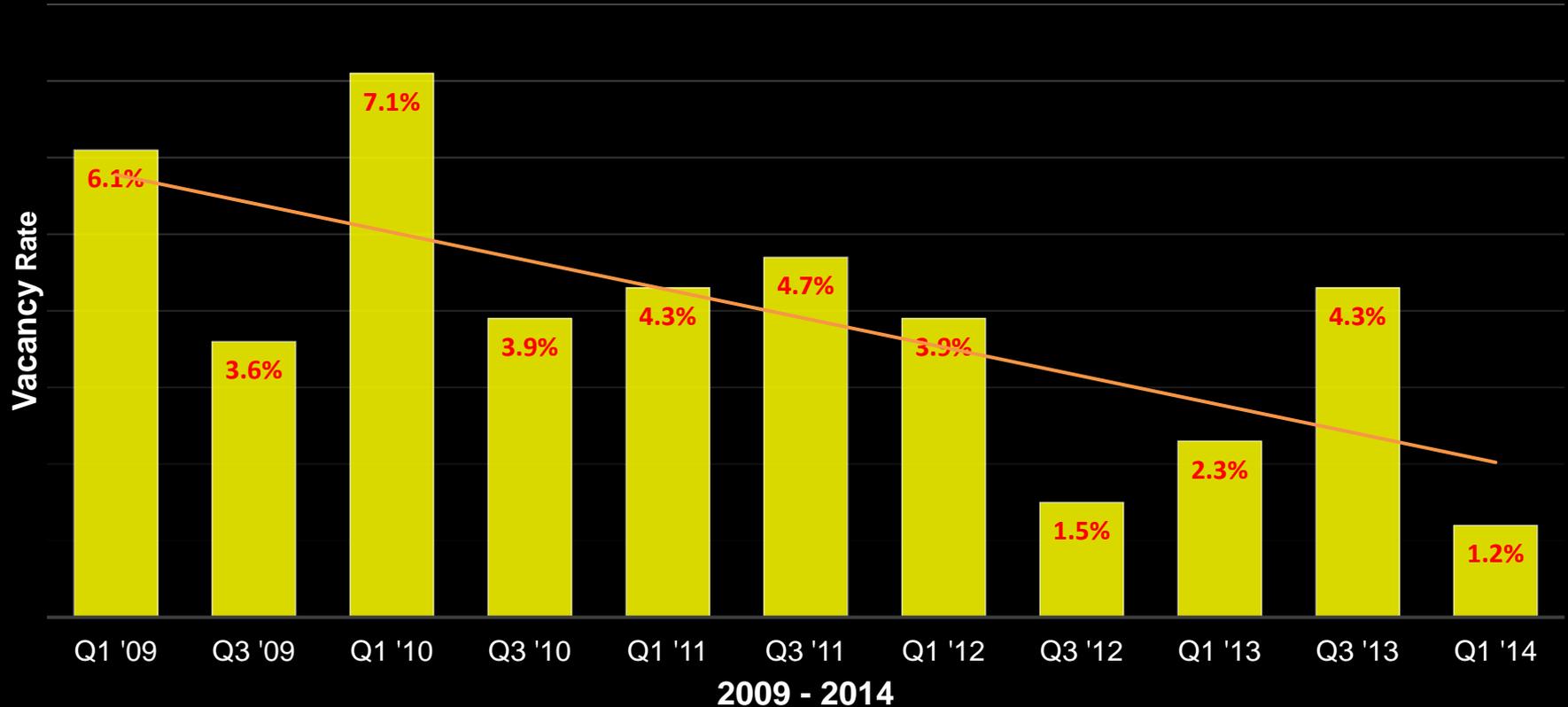
# HOUSING PROFILE

## Median Income and Median Residential Sales Price, 1995-2014



# HOUSING PROFILE

## Rental Vacancy Rate in Durango 2009-2014

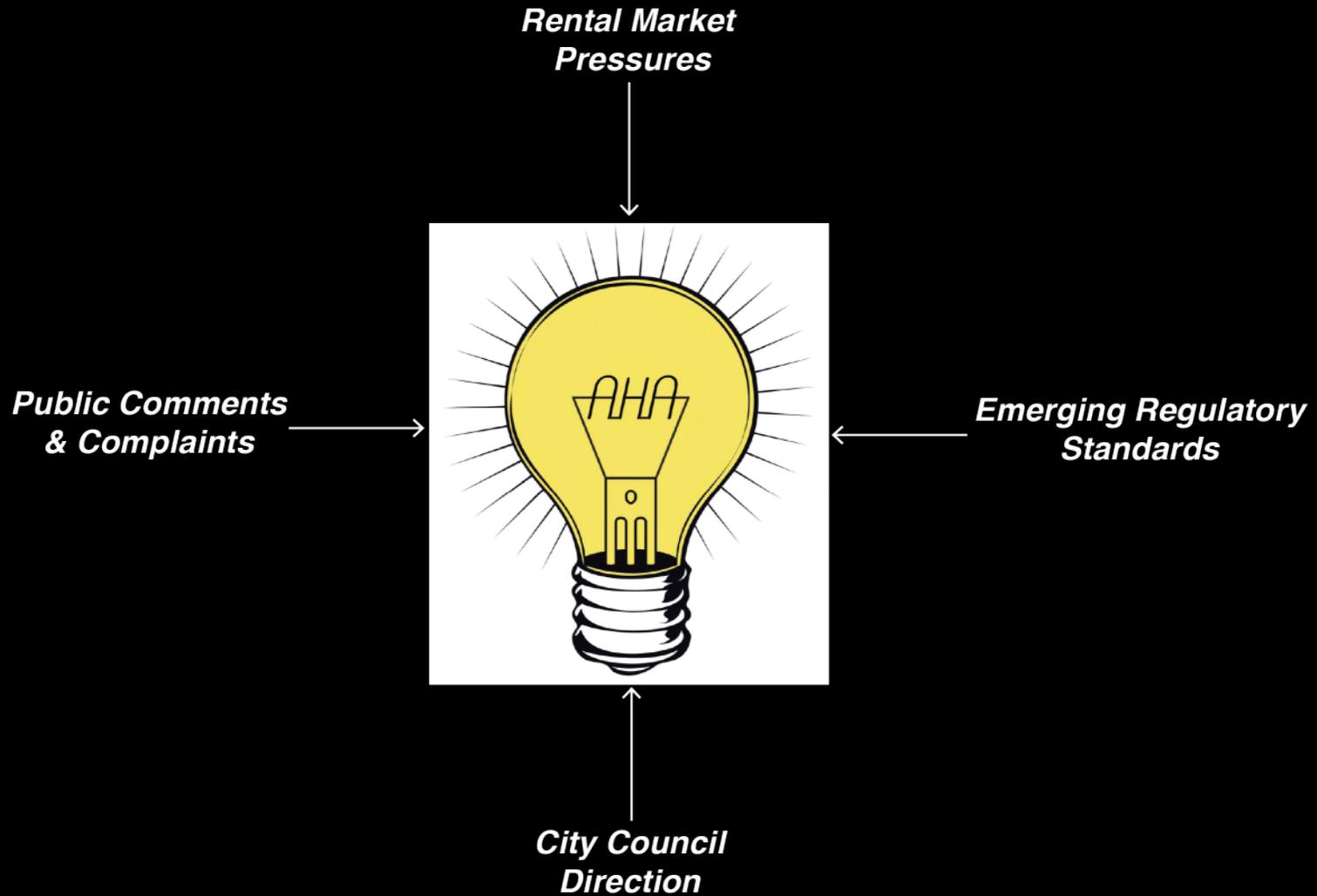


■ Vacancy Rates Durango

— Linear (Vacancy Rates Durango)

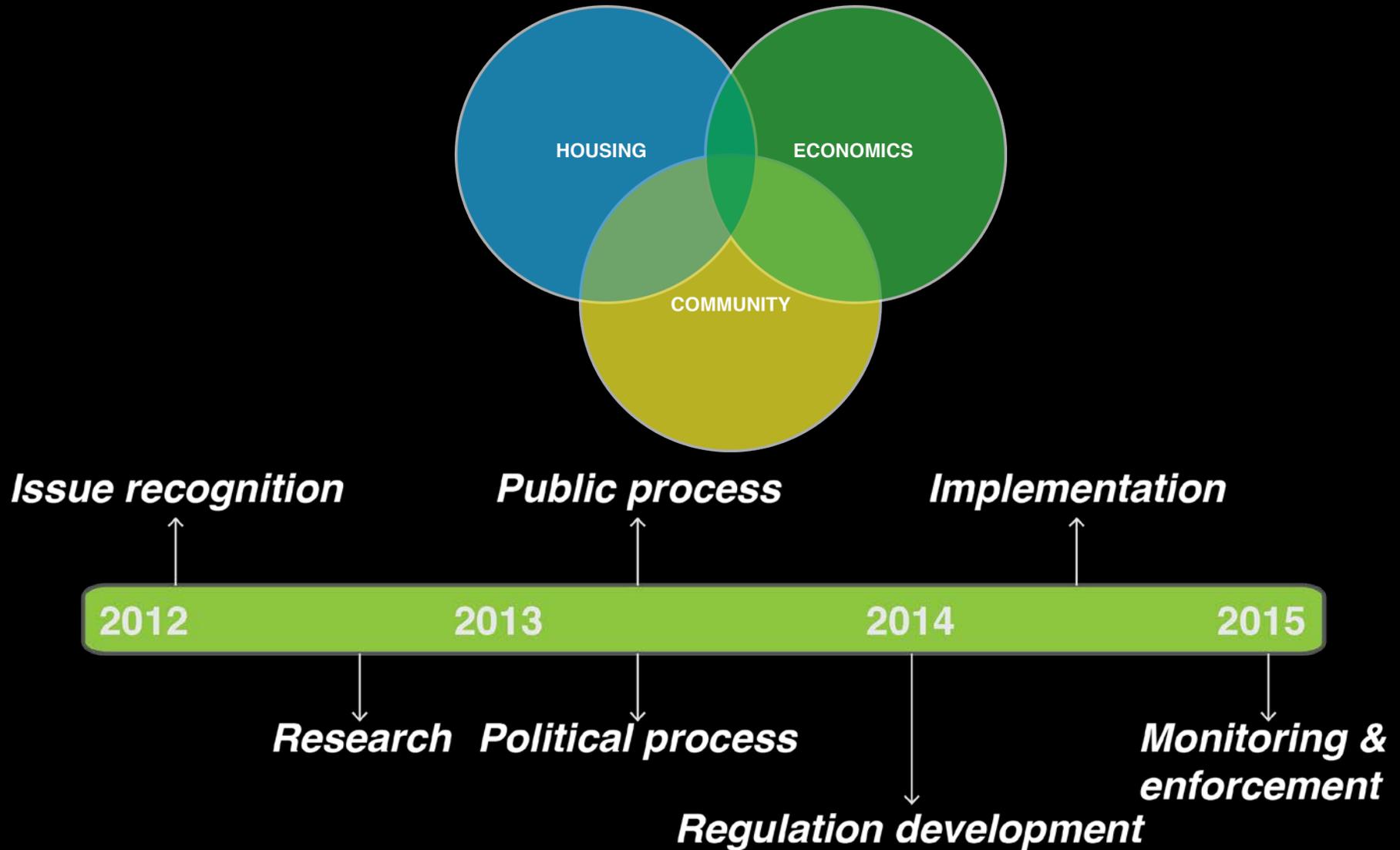
*DURANGO, COLORADO*

# THE CITY OF DURANGO – REGULATING VR USES



*DURANGO, COLORADO*

# THE CITY OF DURANGO – REGULATING VR USES



# REGULATION OF VACATION RENTALS

## Congenial Community Meetings



*DURANGO, COLORADO*

# COMMUNITY CONCERNS



## Housing Impacts

*loss of long-term rentals*  
*reduced owner occupancy*  
*increased housing cost*  
*speculative investments*

## Neighborhood Impacts

*parking*  
*noise*  
*wildlife protection*  
*dark blocks*

## Lodging Impacts

*loss of revenue*  
*lack of regulation*  
*safety & taxation*

*DURANGO, COLORADO*

# THE CITY OF DURANGO – REGULATING VR USES

## Rationale

*Neighborhood preservation*

*Quality of life*

*Housing preservation*

## Regulatory Tools

*Zoning*  
*Licensing*

## Strategies

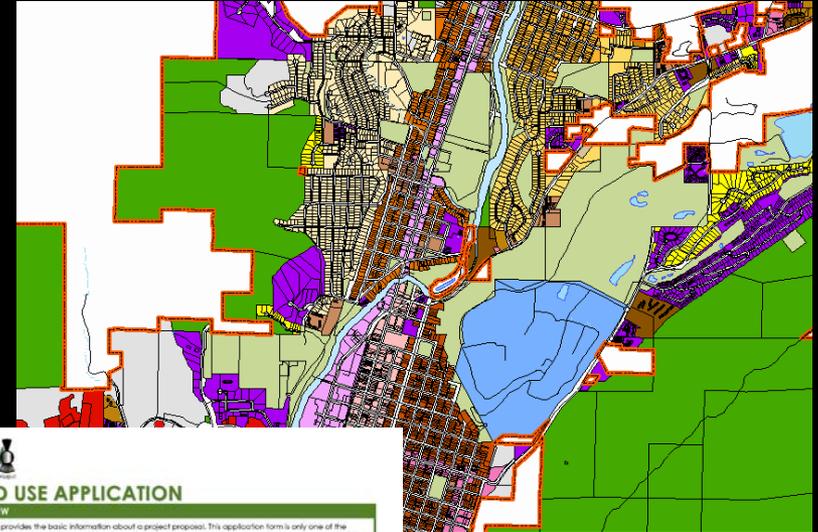
*Spacing requirements*

*Neighborhood caps*

*Permitting review process*

*Code enforcement inspections*

*Monitoring*



**CITY OF DURANGO**  
COMMUNITY DEVELOPMENT

### LAND USE APPLICATION

**OVERVIEW**

This form provides the basic information about a project proposal. This application form is only one of the items required for a complete project submittal. It is the responsibility of the applicant to ensure that all other required materials are submitted. It is also the responsibility of the applicant to clearly demonstrate through narrative, visual representations, and other materials that the proposed activity complies with the City of Durango's Land Use and Development Code. Incomplete or substandard applications may cause delays. All applications shall include digital files as well as the hard copy unless otherwise determined by staff.

**PROJECT TYPE (select one or more)**

<input type="checkbox"/> Temporary Use Permit (TUP) <input type="checkbox"/> Class A TUP <input type="checkbox"/> Class B or C TUP	<input type="checkbox"/> Subdivision, Major (5 or more lots) <input type="checkbox"/> Conceptual <input type="checkbox"/> Preliminary <input type="checkbox"/> Final
<input type="checkbox"/> Special Use Permit (SUP)	<input type="checkbox"/> Pattern Book Approval
<input type="checkbox"/> Limited Use Permit (LUP)	<input type="checkbox"/> PD Development Agreement Amendment
<input type="checkbox"/> Vacation Rental LUP	<input type="checkbox"/> Major <input type="checkbox"/> Minor
<input type="checkbox"/> ADD Review LUP	<input type="checkbox"/> EN Alternative Compliance (ENAC)
<input type="checkbox"/> Conditional Use Permit (CUP)	<input type="checkbox"/> Design Review
<input type="checkbox"/> Rezoning	<input type="checkbox"/> Certificate of Non-Conformity
<input type="checkbox"/> Site Plan Review <input type="checkbox"/> Minor (<10,000 SF) <input type="checkbox"/> Major (10,000 SF or more)	<input type="checkbox"/> Zoning Verification
<input type="checkbox"/> Annexation & Initial Zoning	<input type="checkbox"/> LUDC Text Amendment
<input type="checkbox"/> Planned Development (PD) <input type="checkbox"/> Conceptual <input type="checkbox"/> Preliminary <input type="checkbox"/> Final	<input type="checkbox"/> Comprehensive Plan Amendment
<input type="checkbox"/> Subdivision, Minor (5 or fewer lots) <input type="checkbox"/> Preliminary <input type="checkbox"/> Final	<input type="checkbox"/> Abandonment/Vacation Request
	<input type="checkbox"/> Variance
	<input type="checkbox"/> Appeal of Decision
	<input type="checkbox"/> ADU Owner Occupancy Certification
	<input type="checkbox"/> Oil & Gas Permit, Major or Minor
	<input type="checkbox"/> Other _____

**PROJECT DESCRIPTION**

**PROJECT NAME:** \_\_\_\_\_

**PROJECT LOCATION:** \_\_\_\_\_

**PROJECT SUMMARY** (Additional details must be included in other application materials)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Updated June 2014 Page 1 of 2

# THE CITY OF DURANGO – VR REGULATIONS

## **Zoning & Density**

*- Allowed in limited zones*

## **Parking**

*- Off-street only*

## **Spacing Requirement**

*- One per block*

## **Management**

*- Listed with City*

## **Occupancy Limit**

*- Based on bedrooms*

## **Life, Safety & Wildlife**

*- All relevant codes, regs. apply*

## **Appearance**

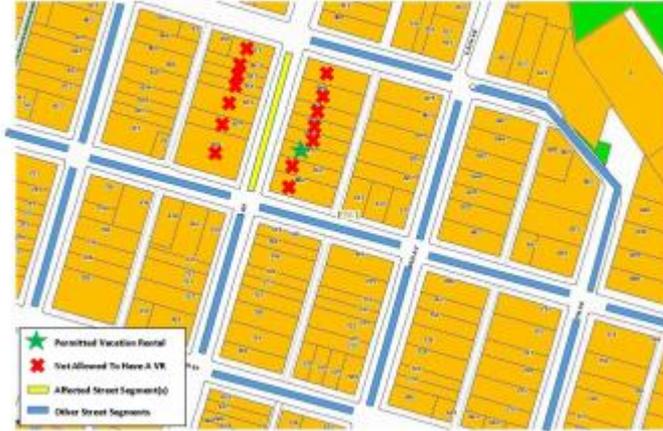
*- No signage, well kept*

## **Permitting & Monitoring**

*- Revocable, complaint-based*

# STREET SEGMENT CAP

Street Segment Illustration: VR as a 'Frontal' Frontage



Street Segment Illustration: VR as a Corner



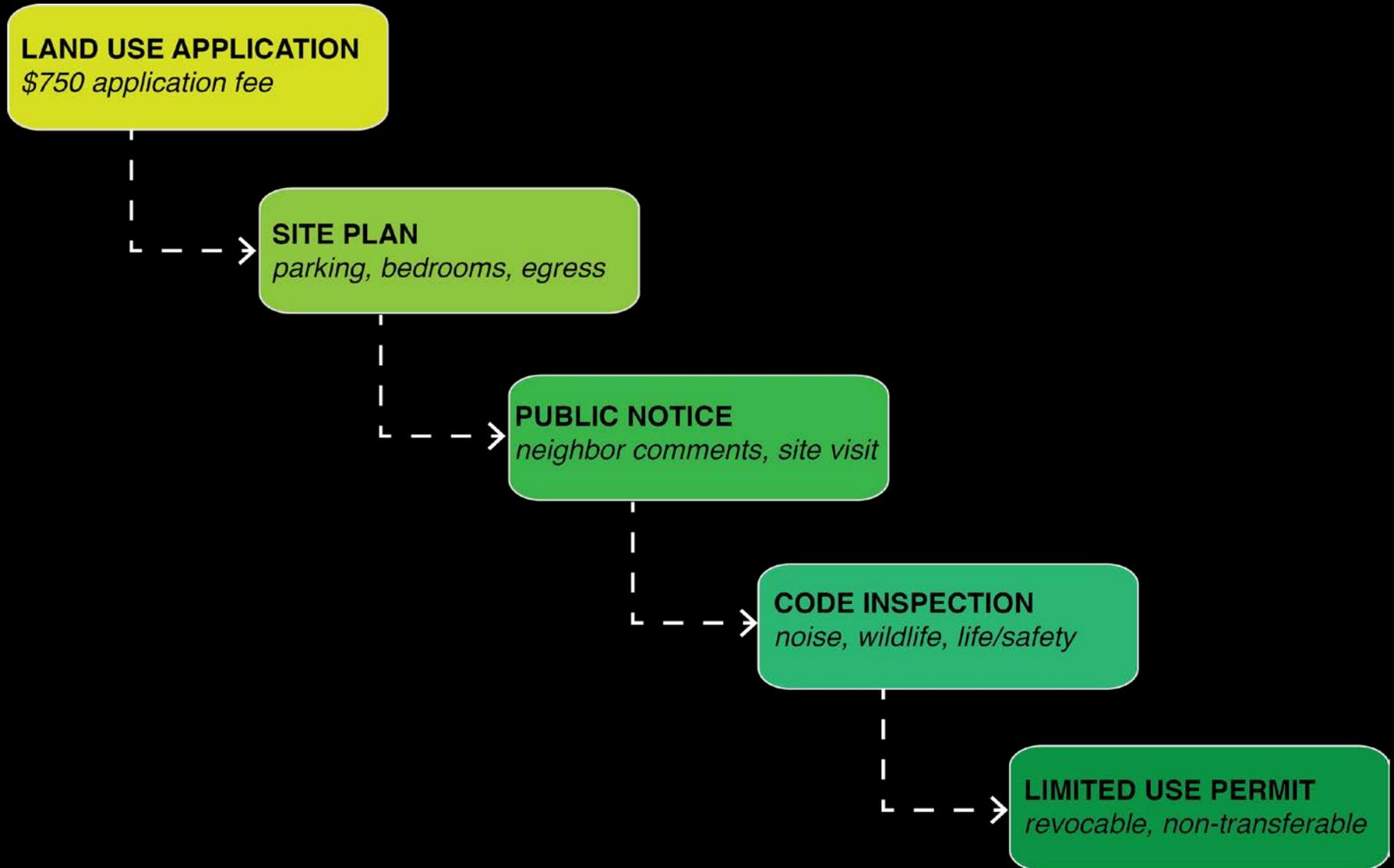
Street Segment Illustration: VR as a 'Street' Frontage



Street Segment Illustration: VR on an Avenue and a Street Frontage



# REVIEW & PERMITTING



# LICENSING

## **BUSINESS LICENSE**

*\$130 in fees*

*3% sales tax*

*submit application to Clerk's  
property inspected*

*renewed annually*

## **LODGERS TAX LICENSE**

*\$25 fee*

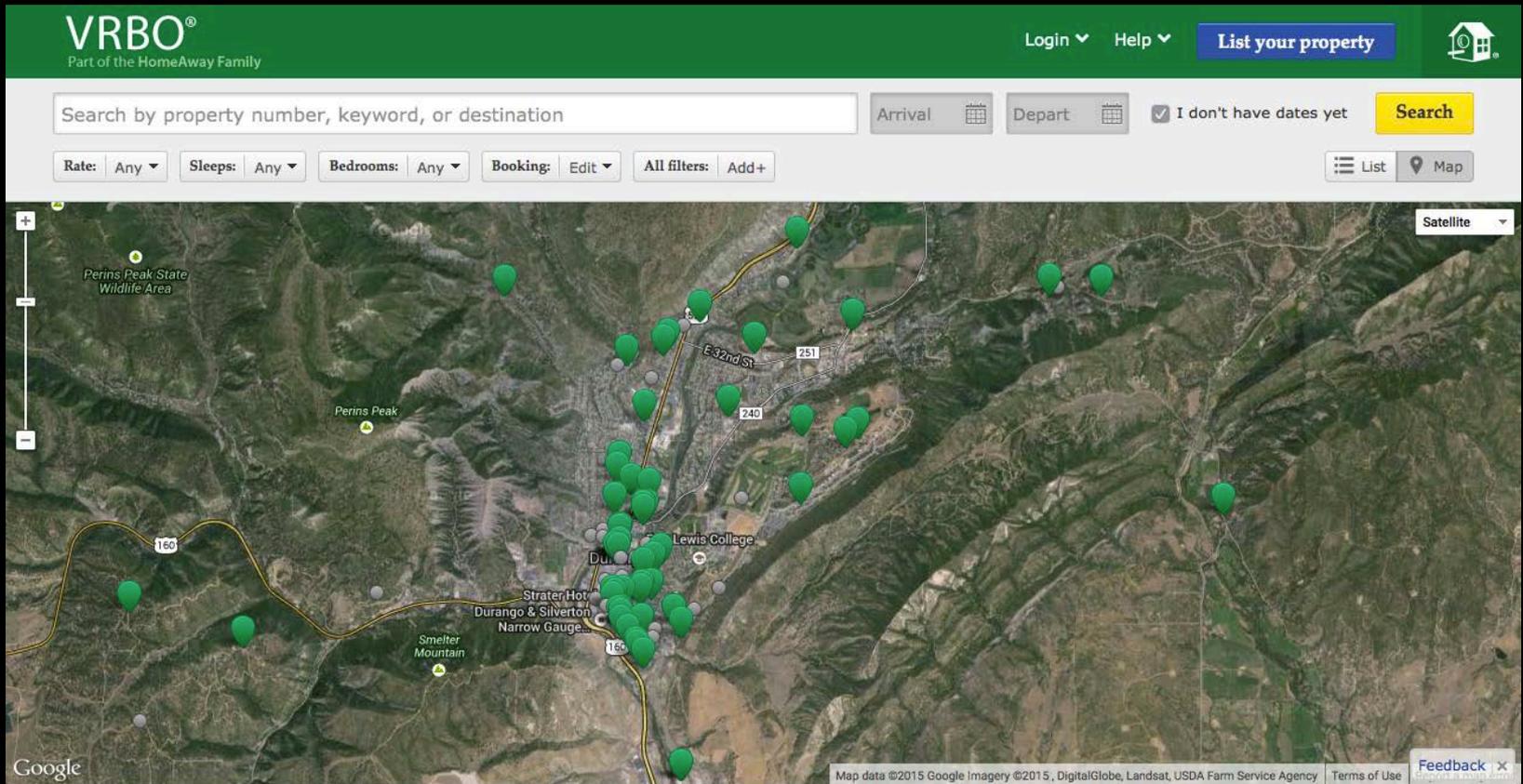
*2% tax rate*

*submit application to Clerk's  
renewed annually*

**CLERK'S APPROVAL**

**BUSINESS LICENSE ISSUED**

# A LIMITED MARKET

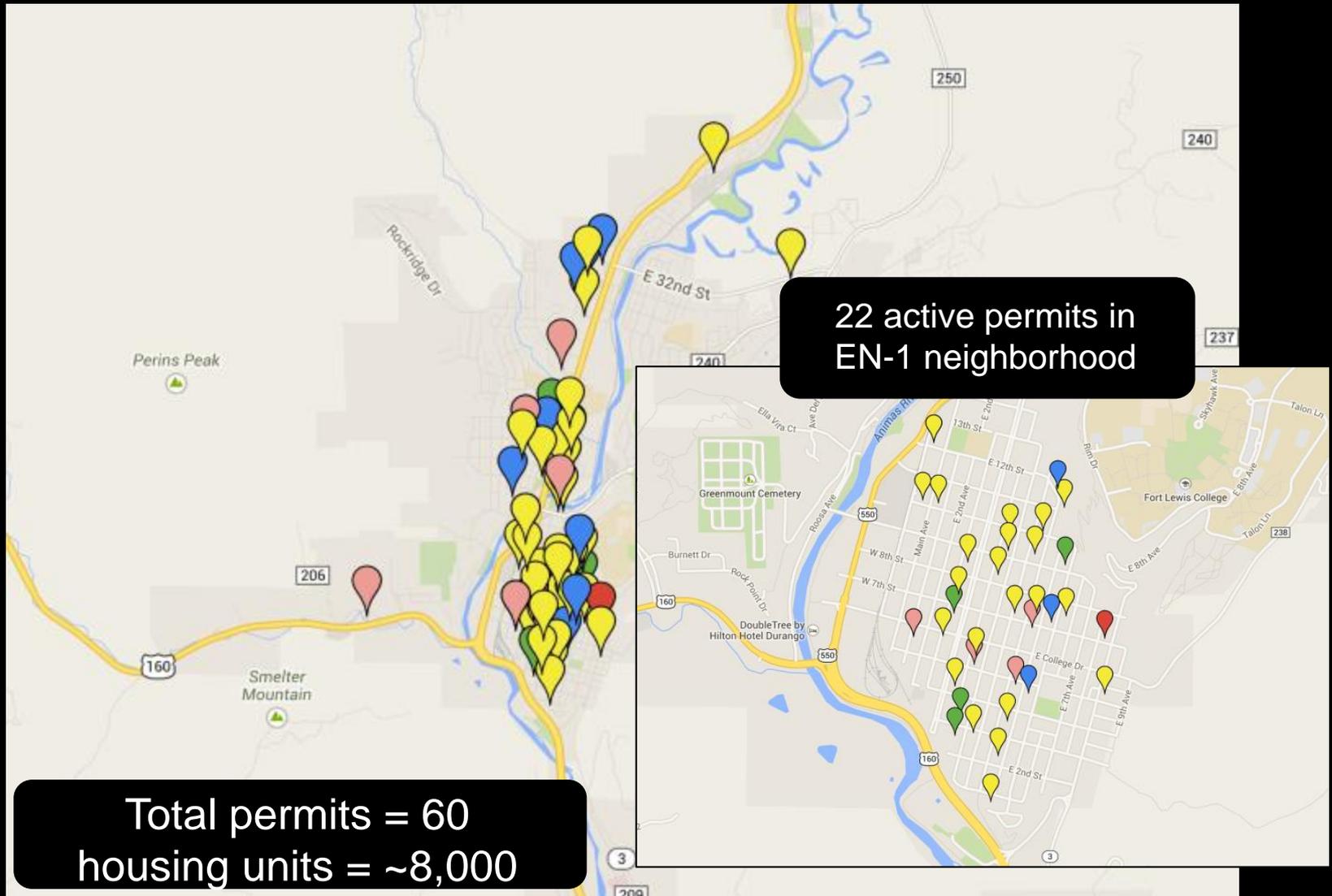


- Not allowed in all zones
- Ongoing website monitoring
- Prevents market saturation

- Reduces traditional lodging conflict
- Ensures compatible land uses in EN neighborhoods

*DURANGO, COLORADO*

# PERMITTED VACATION RENTALS



# REGULATION TRENDS

- Public Process
- Require licensing
- Collect lodging taxes
- Pursue delinquent lodging tax remittance
- Some specific zoning regulations on RBOs
- Enforce zoning restrictions
- Monitor size of RBO market through internet searches



*CONCLUSION*

# REGULATION TRENDS

“Low Regulation” communities generally require:

- A business license
- Sales/lodging tax remittance
- Comply with life safety and trash regulations

“High Regulation” communities generally:

- Limit the location and timeframes for rentals
- Require special signage and/or neighbor notification
- Have special parking requirements

# REGULATORY OPTIONS

- Many options, but **no uniform solution**.
- Regulate Vacation Rentals based on your unique **social and economic** needs.
- Ask: what are the **community goals** and what issues you are addressing?



*CONCLUSION*

City of Durango, 2013 Vacation Rental Survey

CAST, 2010 Vacation Rental Survey

“Cities, the Sharing Economy, and What’s Next,” National League of Cities,  
March 10, 2015

Northwest Colorado Council of Governments: “The Economic and Social Impacts  
of Second Homes in Four Mountain Resort Communities in Colorado. 4/7/05

“U.S. Vacation Rentals 2009 – 2014: A Market Reinvented,” PhoCusWright  
Reports

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# Housing, Lodging, and the Sharing Economy



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