TO: Kari Jimenez FOR PUBLIC RECORD

Chris Hart, Mayor

Mike Scott, City Council

Dennis Mehr, City Council

Adele Murphy, City Council

Jenny Johnson, City Council

Lance Anderson, City Council

FROM: Sharon Gillespie 575 E. Ridgecrest Circle Ivins

RE: SHORT-TERM RENTALS PROS AND CONS

September 1, 2022

Definitions

Short Term Rental: Ivins City appears to be lacking a definition of Short-Term Rental (STRs) therefore, we are using the definition adopted by the Washington County Commission defines STR as property that is occupied, possessed, or used by any person or entity for transient lodging where the term of occupancy, possession or use is offered for twenty-nine (29) consecutive calendar days or less, for direct or indirect compensation or other consideration.

Hotel: Ivins Table 33-2 Table of Uses defines a hotel as a building offering temporary lodging accommodations, or overnight accommodations for guests, with access provided through a common entrance, lobby or hallway to 4 or more guest rooms and which may include additional services such as restaurants, meeting rooms, entertainment and recreational facilities.

Motel: Ivins Table 33-2 Table of Uses defines a motel as a building or group of buildings containing 4 or more guest rooms, some or all of which may have a separate entrance leading directly from the outside of the building with a garage or parking space located on the lot and designed, used or intended wholly or in part for the accommodation of persons usually traveling by private automobile or motor coach and which may include additional services such as restaurants, meeting rooms, entertainment and recreational facilities.

Bed and Breakfast: Ivins Table 33-2 Table of Uses defines this as a residential structure, located on a legal lot offering transient lodging accommodations in separate guestrooms and where meals may be provided. B&B shall provide no more than 3 guest rooms and shall meet all applicable requirements of the building code and Land Use Ordinances as adopted by the city. A guest room is one having no kitchen facilities.

Resort: Ivins Table 33-2 Table of Uses defines a resort as a specialized guest complex intended for relaxation and enjoyment, designed for occupancy of limited duration, including recreational activities such as tennis, golf, swimming, horse riding, and body conditioning. Hiking and similar activities intended primarily for use of guests. A resort may also include residential units of various types or commercial uses designed to serve and provide for the convenience of guests, including restaurants, gift shops and similar uses.

Resort Hotel: Ivins Table 33-2 Table of Uses defines a resort hotel as a building or buildings offering temporary lodging accommodations, or overnight accommodations for guests, with a common room reservation system, 4 or more guestrooms, and which may include additional services, such as restaurants, meeting rooms, entertainment, and recreational facilities.

The term "Horizontal Hotel" was originally used to make this proposal more palatable. There is no such term. Then it was changed to "Resort Hotel," but as the developer continues to use the term Short Term Rental (STRs) in the project plan dated September 1, 2022 – This is how we will refer to them as that is what they are. Trying to call them anything else is akin to putting lipstick on a pig!

Data on STRs in the Area and Utah

- WA county has the third largest number of STRs in the state representing 14.9% of the total 2021 listings. STRs in WA County are estimated at 5,552 making up 3.4% of Washington County's housing stock. The top 5 cities in Utah for STR listings include St George. St George has 976 STRs in 2021 the 4th highest. Listings increased 14% from 2020 to 2021 (Kem Gardner Policy)
- Utah has experienced a 39.4% increase in STRs over the past 4 years. Predominately houses 40% and apartments 37%.
- Ivins has 1704 current or in development STRs
  Red Mountain = 108, Crescent Moon = 10, Movara = 40, RV Resort = 136, Movara Villas = 20, Encanto = 30, Sentierre = 98, BDR = 1233. Tuacahn Suites (2 months of the year = 29
- We have a population in Ivins of 9000 (Approx)
- There is not a lack of hotels in the surrounding area.
- Santa Clara Offers a minimum 300 STRs including Arcadia, Paradise Village and 120+ Airbnb Rentals listed. These are the ones that can be qualified

Concerns

Less Long-Term Rentals: Tourists are using up space that otherwise might be used for living. (Granicus) This is especially strong in areas already facing housing shortages such as the St George Area. They also stated that this scarcity can contribute to increasing housing and rental prices. Also, can result in a lack of consistent rental income, higher operating costs due to ease of financing and lower tenant turnover. WA County Commission cited a statistic that for every 10% increase in STRs local area leads to 42% increase in rents.

- Kem Gardner Policy Blog: Initially these were lauded as income-generators that allowed local residents to rent out their personal space. However, they have now generated controversy as neighborhood disruptors and key contributors to local and employee housing shortages

- Kem Gardner Policy Institute: Academic research indicates a relationship with increasing STR supply leading to a decrease in affordability and housing options as supply is occupied by visitors rather than full-time residents.
- Increase in the state of 26.8% in two years in 2021
- Entire homes are the most popular rental. Increase from 12,000 in 2019 to 17000 in 2021 at the same time private room listings declined
- Growth of STR's concentrated in 5 counties (Washington County being one) that accounted for 2/3 of the growth between 2021 and 2022

Property Management: There is a discussion of single Property Management. Questions that need to be addressed BEFORE THIS CHANGE IN ZONING IS CONSIDERED are:

- Will this be the developer?
- Will the Developer hire the PM company?
- Who will manage them? I was HOA President for 2 years and went through 2 companies.
- How will the city manage the complaints when they come to you?
- Will we need to add a full-time person for the city to address complaints, taxes, control violations, etc..
- Will they determine the rental rates?
- Will we even be competitive with other areas more centrally located?

No Airbnb? City Council tells us "We will have a single Management Company managing all aspects of the STRs"

Granicus tells us that "STR Property listings are spread across 100's of different websites." If an individual googles STR in the St George area – over 20 sites pop up – just on the first page. The alleged Property Management Company will have to post on these sites as well. They go on to say that "manual Tracking and Enforcement can be a nightmare." Additionally, all these sites manage tax revenue differently. How will this accurately be tracked?

Illegal STRs/Missed Tax Revenues: property owners working around the rules to control cost and rental dollars coming directly to them. "Difficult to address illegal STR's" Property owner claims – "it is my mother-in-law staying there". In locations where they tried to implement fines, they are not feared as they are seen as a "cost of doing business."

- Utah law constrains local regulatory agencies such as city and county governments from using vacation websites (Airbnb) to find and shut down unlicensed rentals
- Encanto is only 30 units versus 500+ this council is considering.

Safety: Ivins residents "check in" on each other regularly. Transient occupants usually rent the accommodation for only a few days, especially when the density of short-term rentals in the area is

high, thus neighbors see new people coming and going every few days. There is also the consideration of how many people are in the home, room, or unit. (I think Chris Haddad is speaking on safety, this is here because it was stated in almost every source I found.)

Traditional Lodging Partners:

- "STRs are considered disruptive for the traditional lodging Industry"
- "They offer unfair economic advantages in two distinct ways: 1) STRs don't have to pay for staff and are not regulated like hotels which increase costs.2) This allows STRs to offer lower rates and are a threat to the hotel industry.
- A study showed that even lower-end hotels in Texas are suffering from the increase in STR listings.
- Are we prepared to present unfair competition to Red Mountain Resort, Black Desert Resort and Sentierre, after all they will have invested?

Preserving Community Character:

- Balancing the need for revenue with "Transient room tax dollars" (Granicus)is the lingo.
- Several small communities in Colorado state that "The over tourism facilitated by platforms like Airbnb negatively impact house prices and communities"

Quality of Life Issues: "Complaints about trash, parking issues and noise disturbances continue to worry local governments" Transient occupants have no cares about keeping Ivins Special.

PROS

Being aware of Confirmation bias...only searching for data that supports your opinion... I actually did look for the pros to STR, not just the cons, but even the "Pro STR" Comments and research are like backhanded compliments. They still present problems.

- The "pros" were mostly ads and the majority focused on the final advantages.
- One "positive" that does come up is that homeowners renting a portion of their home...or renting their home while on vacation can help them offset costs. I know that some on the planning commission and city council see this as a way to "affordable housing" in Ivins. The questions then become one of how to plan for consistency in rental lockout to manage this, or again will the owner attempt to do illegally to increase revenue?
- Another positive raised is that while long-term rentals are more predictable, there are limitations to raising the rent and the risk of renting to the wrong tenant. STRs can offer a higher potential gross rental income, increased flexibility, and better maintenance. The questions arise, however, who controls the rate?

WA County's Commission ruled in Oct of 2021 new restrictions on STRs:

- Ban non-owner-occupied short-term rentals as well as restrict how large rentals can be.

- Commissioners all shared the same sentiment that STRs had grown too quickly and have caused problems for residents in the county. They expressed displeasure that they felt the need for the government to step in to regulate this market to stop bad actors from taking advantage of the STR market in Washington County.
- Now anyone who owns an STR needs to live on the property where that rental is located the majority of the year.
- Local management company is of course against these changes since it impacts their business (My Second Home Vacation Rental) saying the new requirement makes it need to operate more like a Bed and Breakfast) making 96% of the current market illegal.
- Commission defended the ordinance saying locals and not outside investors will be able to operate and profit from STRs and the size requirement makes it harder to host large groups (families not baseball teams)

Comments From Santa Clara on STRs

- Councilman Jarett Waite said he was concerned about short-term rental homes in Santa Clara eventually taking over all land that could be developed with homes for full-time residents. "I know it's more profitable for a developer to build something with vacation homes tied to it, but I'd hate to give up the little bit of land we have left so my kids can't live here someday."
- We're becoming known as the short-term rental city," Councilman Dickie said. "It's like a business. We're a bedroom community."
- Councilman Wendell Gubler told St. George News in March that "as long as I'm in the City Council, I will always oppose these vacation rental homes."
- Gubler was the only council member who voted against approving a short-term rental home on Santa Clara Drive earlier this year.

Conclusion

- The Kem Gardner Policy stated that with all the problems being encountered "we will continue to see a growing body of legislation and local policies addressing STR rental regulations, particularly in Utah's tourism areas" Are we wanting this burden?
- Additionally, the problems resulting in multiple ordinances needing to be stronger and stronger to address issues then create more ill will in the community and water will be the primary focus of additional ordinances affecting residents not the STRs. Are we ready for this?
- **In a webinar by Utah State Univ, former Mayor of Gardner City, UT stated "Don't let the general plan get away from you". "Look at your General Plan that defines what you want in your community." "What is your community all about?"**

Our ask today is that you do not pass the zone change without significant due diligence!!!

LINKS

Airbnb Data on 120 Vacation Rentals in Santa Clara, UT

https://www.thespectrum.com/story/news/2021/10/06/southern-utah-washington-county-short-term-rental-regulations-airbnb-vrbo/6023225001/

https://granicus.com/blog/six-ways-that-short-term-vacation-rentals-are-impacting-communities/

https://www.keepneighborhoodsfirst.org/strproblem

https://learn.roofstock.com/blog/short-term-rental-vs-long-term-rental#:~:text=Advantages%20of%20a%20short%2Dterm,or%20prohibiting%20short%2Dterm%20rentals

https://www.worthross.com/how-to-handle-short-term-rentals-in-your-community/

https://www.wilmingtonbiz.com/insights/dave__sweyer/short-term_vs_long-term_rentals/3236

https://gardner.utah.edu/blog-the-good-the-bad-and-the-ugly-addressing-utahs-short-term-rental-market-growth/

https://gardner.utah.edu/wp-content/uploads/ShortTermRent-PB-Jun2022.pdf?x71849

https://www.youtube.com/watch?v=NnOCzRUYtEk&t=2s

https://www.utah.gov/pmn/files/756987.pdf