

Town of Avon Ballot Issue 2C
Short-Term Rental Tax for Community Housing
Ballot Question
November 2, 2021 ballot



BALLOT ISSUE 2C: The Avon Town Council referred Ballot Issue 2C, a Short-Term Rental Tax for Community Housing Question, to the Avon voters. Ballot Issue 2C proposes a 2% Short-Term Rental Tax (STR Tax). All the revenues from the 2% STR Tax would be dedicated to Avon’s Community Housing Fund. The STR Tax would be applicable to a short-term rental of residential property for a period of time that is fewer than 30 days. The STR Tax does not apply to any property that is assessed as a commercial property (such as a hotel, motel or bed and breakfast).

BACKGROUND: The 2018 Town of Avon Community Housing Plan states a goal to secure additional local funds for housing and to seek opportunities for new funding sources. The Town of Avon does not currently have a dedicated funding source for Community Housing. The Avon Town Council did take action in 2020 to allow transfer of up to 10% of the Real Estate Transfer Tax each year towards Community Housing.

A 2% STR Tax is estimated to generate at least \$1 million annually and may potentially generate up to \$1.5 million annually. The STR Tax can only be used for Community Housing. Permitted expenditures for Community Housing include the acquisition of land for housing, construction of housing, extension of public infrastructure to serve Community Housing development, purchase of deed restrictions, down payment assistance programs, partnerships with public and private entities to

develop Community Housing, and related costs for administration, design, legal and consulting work.

The Avon community along with other mountain resort communities are experiencing a shortage of affordable and attainable housing. A consequence of the COVID-19 pandemic is a significant influx of urban remote workers who are able to afford higher real estate prices than local residents and Eagle County employees, which has increased real estate prices dramatically over the last 18 months.

FINANCIAL INFORMATION:

Town	Total
Crested Butte	18.400%
Telluride	15.150%
Snowmass Village	12.800%
Avon	12.400%
Breckenridge	12.275%
Mt. Crested Butte	11.800%
Steamboat Springs	11.400%
Aspen	11.300%
Winter Park	11.200%
Dillon	10.875%
Frisco	10.725%
Beaver Creek	10.710%
Silverthorne	10.375%
Vail	9.800%
Keystone	6.375%
Copper	6.375%

COMMUNITY HOUSING PROJECTS: The Town of Avon adopted its first Community Housing Plan in 2018 which establishes goals and strategies to increase Community Housing in Avon. Updates to the Avon Community Housing Plan are under review by the Avon Town Council in October.

The goals and strategies include funding the *¡Mi Casa Avon!* deed restriction purchase program, seeking to acquire and develop new Community Housing projects, and pursuing public and private financial partners. *¡Mi Casa Avon!* has helped 20 households purchase a residence in Avon since its inception in August of 2020. These properties are subject to a permanent deed restriction which limits the use & ownership to local Eagle County Employees.

The Town of Avon currently owns six acres to the northeast of the Post Blvd - I-70 interchange which is currently under study for a potential Community Housing project. The Town of Avon is also in discussion with properties owners and other local governments in Eagle County to explore partnerships for new Community Housing projects. The intent and expectation is that revenues from the STR Tax would be leveraged to obtain state and federal housing funds as well as pursue partnership with other local governments and private entities.

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BALLOT QUESTION LANGUAGE:

BALLOT ISSUE 2C - SHALL THE TOWN OF AVON'S TAXES BE INCREASED BY ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000) IN THE FIRST YEAR (2022), AND BY WHATEVER ADDITIONAL AMOUNTS ARE RAISED ANNUALLY THEREAFTER BY LEVYING AN EXCISE TAX OF 2% ON THE AMOUNT CHARGED TO ANY PERSON LEASING A SHORT-TERM RENTAL UNIT, DEFINED AS LEASING ANY PROPERTY ASSESSED AS RESIDENTIAL BY THE EAGLE COUNTY ASSESSOR FOR A PERIOD LESS THAN THIRTY DAYS, FOR THE PURPOSE OF FUNDING COMMUNITY HOUSING, INCLUDING THE ACQUISITION OF LAND FOR HOUSING, CONSTRUCTION OF HOUSING, EXTENSION OF PUBLIC INFRASTRUCTURE TO SERVE COMMUNITY HOUSING DEVELOPMENT, PURCHASE OF DEED RESTRICTIONS, DOWN PAYMENT ASSISTANCE PROGRAMS, PARTNERSHIPS WITH PUBLIC AND PRIVATE ENTITIES TO DEVELOP COMMUNITY HOUSING, AND RELATED COSTS FOR ADMINISTRATION, DESIGN, LEGAL AND CONSULTING, ALL IN ACCORDANCE WITH ORDINANCE NO. 21-11 ADOPTED BY THE AVON TOWN COUNCIL, AND SHALL THE TOWN BE PERMITTED TO COLLECT, RETAIN, AND EXPEND ALL REVENUES DERIVED FROM SUCH TAX AS A VOTER APPROVED REVENUE CHANGE AND AN EXCEPTION TO LIMITS WHICH WOULD OTHERWISE APPLY UNDER ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW?

Arguments to vote YES on Ballot Issue 2C: (1) The primary benefit of a Short-Term Rental Tax is that it will generate revenues that will be used to increase available Community Housing. (2) A STR Tax will increase the financial disincentive to use residential properties for Short-Term Rentals, which may increase residential properties available for long term rental. (3) Available, attainable and affordable housing for full-time residents and employees is at a record low. Many private businesses and public entities are not able to fill job vacancies due to the lack of available and affordable housing. Enacting the STR Tax as a dedicated funding source for Community Housing is a substantial step forward for the Town of Avon to increase housing opportunities for full-time residents and employees. (4) The STR Tax will be paid by visitors and will not be paid by Avon residents. (5) An adequate supply of Community Housing is an essential foundation to maintain a healthy and stable community.

Arguments to vote NO on Ballot Issue 2C: (1) The existing 4% sales tax rate and 4% lodging tax rate in the Town of Avon is high compared to other mountain resort communities. The Town compared information of total rate of lodging tax and private fee assessments in our peer ski resort areas. Avon is already 1.8% higher than Beaver Creek, 2.6% higher than Vail and higher than the majority of our peer ski resort communities. An additional tax on lodging within the Town of Avon could discourage visitors from staying in the Town of Avon and reduce our visitor economy. (2) The development of more Community Housing may increase congestion in the Town of Avon. (3) Town governments should not be in the business of funding or developing affordable housing.

_____ YES/FOR _____ NO/AGAINST

