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Short-term rentals aren't eroding worker housing in Colorado, new study argues

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As Colorado's booming short-term rental sector comes under increasing criticism for helping to drive up property costs in mountain communities, national industry leader Airbnb fired back Tuesday with a new report arguing that the rentals bring enormous tax benefits to communities without eroding the availability of worker housing.

The report, commissioned by Airbnb (Nasdaq: ABNB) and done by New York-headquartered HR&A Advisors, looked at the short-term rental portfolio in five of Colorado's leading mountain resort counties — Summit, Eagle, Grand, Routt and Pitkin. And it found that short-term rental users spent a combined \$1 billion in those counties in the pandemic-ridden year of 2020 — spending that supported 15% of all jobs in those counties that year and made up 12% of all worker earnings across the region.

The study comes as towns from Breckenridge to Avon either have capped short-term rentals or have added new taxes to them, arguing they need a way to set aside resources for affordable housing at a time when property owners are moving from longer-term rentals to more lucrative overnight and weeklong visitors. Summit County Commissioner Tamara Pogue told a special legislative committee last fall that a full one-third of her area's housing units now are short-term rentals, including many that used to be rented to workers.

However, the HR&A study looked at the number of shorter-term rental options in the five counties and at the housing options available to lower-income workers, and it said there's no evidence to suggest one sector is eating into the other.

In 2021, for example, there were about 49,200 cumulative short-term rental units available through different platforms across the five counties — a number roughly equal to the total of seasonal-, recreational- or occasional-use units in recent years. While the nature of how these units are rented may have changed with the explosion of platforms like Airbnb or VRBO, the existing short-term rental inventory historically has been used as tourism-related lodging or was occupied part-time, the study argued.

Meanwhile, the inventory of renter-occupied housing units serving low- and moderate-wage workers has stayed relatively stable in recent years too, the study found. What has changed is that job growth in the counties reached 17% between 2010 and 2019 versus only an 8% growth in overall housing units, meaning that more season and lower-wage workers are competing for a limited inventory of housing that's not growing fast enough to support them, the study argued.



PHOTO PROVIDED BY AIRBNB

An Airbnb rental property in Pitkin County

“Every day, Airbnb hosts across Colorado not only welcome visitors to their communities, but also encourage them to spend their dollars locally in restaurants, shops and attractions,” Airbnb Public Policy Manager Ayisha Irfan said in a statement. “As this report shows, hosts are playing a crucial role in both the statewide and local economies, from bringing in millions of dollars in tax revenue to supporting tens of thousands of jobs.”

While the report is unlikely to end the debate about the role of short-term-rental units in Colorado’s vacation-destination communities, it likely offers the first documented statistics with which sector leaders can push back. And the subject may well be a topic of debate at the Capitol in 2023.

Sen. Chris Hansen, D-Denver, has said he wants to have a larger conversation about whether short-term units should be taxed at the rate for nonresidential properties, which is more than four times higher than the rate for residential properties.

Sector leaders have warned that doing so could cause those property owners to take their second homes off the market, leaving a continuing dearth of housing while possibly affecting the tourist economy in mountain towns. The HR&A study found that about 30% of visitors to the five counties stayed in short-term rental units.

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