



MEMORANDUM

P.O. Box 4100 ♦ FRISCO, COLORADO 80443

TO: MAYOR AND TOWN COUNCIL
FROM: JEFF DURBIN, INTERIM TOWN MANAGER
RE: HOUSING ACTION ITEMS
DATE: JUNE 22, 2021

Summary and Background:

As you recall, at the June 8th Town Council Meeting staff was directed to work expeditiously towards implementation of the following:

- Increase Nightly Rental (STR) licensing fees in order to cover administrative costs associated with the program.
- Establish a proactive STR compliance program and amend the code accordingly.
- Establish a new STR coordinator position.
- Solicit a Request for Proposals for a new STR licensing software partner.
- Solicit a Request for Proposals for a Property Management Company.

At the June 22nd meeting we would like to provide updates and seek additional direction.

Analysis:

Increase STR licensing fees in order to cover administrative costs associated with the program.

Staff has been putting the numbers together in regards to the administrative costs of the program. My initial proposal was to amend the fee structure "now," however, after further discussion with staff we are recommending an effective date of January 1st because we are already well into renewal season and there is an equity issue with the concept that those who renewed early would benefit from a much lower rate. On the other hand, Council may support a higher fee for those who renew their licenses late. I would ask for Council direction on this question.

We are also working with Breckenridge to evaluate the possibility of a “Workforce Housing Program Fee.” We are working with EPS (the consulting firm that conducted the countywide housing needs assessment) on a scope (and ultimately a proposal) for a study that we would need to implement such a fee. Conceptually, if we can document that people who are staying in STRs eat out more often and create a higher demand for service workers, and we can associate costs with that demand, we could implement that fee as part of the license requirement. Funds from that program could then be used for workforce housing projects. We are not aware of any other municipality that has done this before, but believe it has some merit for consideration. Once we have a proposal and cost estimate, we’ll bring it forward for your consideration.

You may have seen that Steamboat Springs recently adopted a moratorium on new STR licenses. This may be worth consideration in Frisco for two reasons. First, it would assist in allowing our Housing Coordinator to focus more attention on strategic programming. Second, and more importantly, it would limit the artificial expansion of STRs resulting from property owner concerns while they are hearing conversations about STR caps, and increasing fees, etc. I would ask for Council direction on this question.

Council heard a presentation at the last meeting about a ballot initiative which would essential prohibit STRs in single family detached homes. If this gains traction and becomes a ballot question this fall, we’ll have to watch that closely as relates to the impact that would have on administration of the STR licensing program. Approximately 37% of the Frisco STR licenses are for single family detached homes (recall that we have up to 650 STR licenses and 17% of the total dwelling units in Frisco are STRs).

As an alternative to the “Workforce Housing Program Fee” referenced above, Council could put forth a ballot question for a tax on STRs. This may be worth consideration, and if there is already going to be Frisco ballot questions it would not increase election related expenses. If Council is interested in discussing this further, I’d appreciate getting that direction so we could begin work on that asap (the election deadlines can be found in the Peak School memo in this packet).

Establish a proactive STR compliance program and amend the code accordingly.

Provided that Council supports filling the STR Coordinator position now (see below), it would be my proposal to have this position work on the compliance program and related code amendments along with the Housing Coordinator. It would help accelerate the learning curve in regards to the program and it’s challenges, along with ensuring clear expectations about the compliance program.

Establish a new STR coordinator position.

We have been working on implementation of the STR Coordinator position. Attached is an overview of duties we are looking at for that position as well as the Housing Coordinator for your reference. If we are not increasing STR license fees until January 1st, I would appreciate direction from Council in regards to filling that position now. I would recommend that we start advertising now, and am seeking concurrence from Council.

Solicit a Request for Proposals for a new STR licensing software partner.

We have scheduled a meeting with Host Compliance to discuss our challenges and concerns.

Solicit a Request for Proposals for a Property Management Company.

The Request for Proposal has been drafted and will be distributed shortly. Council will be presented with proposals and analysis for consideration at an upcoming meeting.

Update on Near Term Action Items:

Staff continues to work on data and background, moving beyond what was presented at last meeting in preparation for the Housing Strategic Planning work.

Staff is working on Housing Helps 3.0 and awaiting data and materials from various resources.

A Housing Summit has been scheduled. It will be called the Housing Action Initiative, Summit County is coordinating with participation from all the municipalities. We'll provide more details soon, including an agenda and location. All of Council will be invited to attend.

Financial Impact: Financial analysis is ongoing.

Alignment with Strategic Plan:

All of the matters referenced in this report are directly aligned with the broad strategic goals of Inclusive Community and Thriving Economy.

Environmental Sustainability: NA

Staff Recommendation:

Staff is seeking direction from Council as noted above.

Approved By:

Jeff Durbin, Interim Town Manager
Bonnie Moinet, Finance Director

Attachments:

STR Specialist Position