

July 5, 2021

To: Mayor and City Councilmembers
City of Ketchum

From: Mark Westman
Owner, Alpine Lodging Sun Valley, LLC

Re: Short-term Rentals Draft Ordinance

Background:

Alpine Lodging Sun Valley (ALSV) traces its roots back to the late 1980's when it was known as Base Mountain Properties. After a series of ownership and name changes over the years, ALSV is now 100% locally owned and operated. The company manages approximately 100 short term rentals, 10 long term rentals, and provides caretaking services to an additional 40 properties. ALSV is one of the largest property management companies serving Blaine County.

Comments on the Draft Ordinance:

As a professional property manager, I support a permitting process for short-term rentals to protect the health, safety and welfare of short-term rental guests, neighboring residents, and the public. However, several of the Permit Requirements do nothing to achieve this goal, and the ordinance lacks a mechanism for the ongoing monitoring of health and safety requirements.

1. F. Occupancy Tax – Requiring a STR to maintain a business license and list that license number on print and online marketing material makes it much easier for authorities to verify that taxes are being collected and paid on rentals. While we support this effort, it does nothing to achieve the stated purpose of the ordinance.
2. H. Residential Zones – There is absolutely no justification for limiting STR to 2-night minimum stays. I am unaware of any evidence that a 1-night stay increases the likelihood of safety violations. By eliminating an option for a potential guest, it will likely have a negative impact on city's tourism opportunities and economic impacts. Unless the ordinance extends the 2-night minimum to include hotels, it seems as though the ordinance is designed to take money from STR owners and give it to hotel operators.
3. I. Non-Owner-Occupied STRs – As noted by the City's attorneys, limiting the total number of potential STRs should be based on something other than copying the number from Sandpoint. Again, there is no link to health and safety.
4. I.1b – Obviously, this section, if used, needs significant revision to reflect the realities of Ketchum. As written, it could have adverse impacts on Warm Springs and West Ketchum near the lifts. The reality is that properties designed for vacation rental usage have been built throughout Ketchum, with the exception of the industrial area. The values of these properties is partially dependent on the ability to generate rental income. Therefore, any restriction limiting the number will transfer value from non-renters to permit holders. Again, this provides no health and safety gains.

5. Standards 1. – Inspection – I don't see the value of a one-time inspection, and requiring a private certified inspector to check if windows can open and smoke and CO detectors are operational seems overkill and costly. The proposed ordinance seems to be designed to add cost and inconvenience to homeowners with little benefit. For properties managed by professional property management companies, I suggest that the property manager can certify that smoke and CO detectors are in place, batteries have been changed as needed, and fire extinguishers are available.
6. Standards 1.a.iii.4. Fire Extinguishers – It is an unnecessary burden to specify the mounting requirements for the fire extinguishers unless, of course, the same requirement is made for all homeowners and standard for all hotel rooms. Typically, our homeowners maintain fire extinguishers near the kitchen, either below the sink or in a pantry, which is normal practice for homeowners.
7. Standards 2. – Posting – It is unreasonable and does not support the goals of the ordinance to require the posting of the property owner name and phone numbers. A significant value we provide as professional property managers is take care of guest issues without bothering the owner. In addition, the location of the posting by the front door is unreasonable and does not serve to further the purposes of the ordinance. Most property managers provide a guest guide to the property. This guide would include all the described information, as well as additional property and community information. Forcing a posting on the wall at the front entrance will likely conflict with the interior designs of the homeowners and serves no additional benefit to the guest. Furthermore, it is not unusual for this information to change, and a permanent posting on the wall makes changing more difficult. We are comfortable with providing the required information, excluding owner information, as part of our registration package as well as in the property guide, which is prominently displayed in the property.
8. Standards 1.3.i.2 – It is not unusual for large properties to include a bunk room for kids. These rooms can be configured for 6-8 guests. In addition, it is fairly common for smaller condos to include a pull-out couch to sleep 2 in a living room or family room. This would allow for a total occupancy of 6 for a 1-bedroom condo. Finally, many properties in the area include lofts that often contain beds. Are lofts considered bedrooms for this calculation?
9. Standards 1.3.i.4 – The City of Ketchum does not require bear proof solid waste containers. It is unreasonable to expect STR properties to provide these.
10. High Occupancy Standards – While Alpine Lodging does not offer any properties with occupancy of 20 or more guests, I wonder what is special about 20.

Additional comments:

1. "Significant" growth in STRs – I believe growth in STR revenues is due to a number of factors:
 - a. in the past 18 months, I believe a significant portion of that growth has been driven by COVID impacts. People who normally would stay at a hotel have decided to stay at a vacation rental due to perceived safety benefits of separate entrances, access to kitchens, and larger spaces to spread out compared to hotel rooms.
 - b. With COVID, and hopefully going forward, we have seen a significant reduction in the slack seasons. Prior to 2020, we viewed most of June and September as being in slack. Coinciding with COVID, we have seen a material pick up in business in both months. That doesn't mean additional STR units. It simply means better average occupancy for

the current STR properties. It is my understanding that the City wants this type of growth.

- c. Average daily rates and average length of stays have gone up. This is good for the City for tax revenues, and I don't see how it hurts health and safety.
 - d. Adjusted for acquisitions, the 4 largest professional STR property managers in the area, have seen only modest STR unit growth, if any, over the past few years. Unless there is a large influx of individual owners managing their own STR properties, it doesn't appear that Ketchum is facing a significant change in the numbers.
2. Restricting STRs does not have a material impact on long-term rental supply. The fact is, long-term rentals generate more income for owners than STR, on average. The vast majority of the property owners we serve have a vacation home in Ketchum because they love to visit and use their properties. If regulatory and/or cost hurdles are too high for STR, most of these homeowners would simply leave their properties dark, which helps no one.
 3. As one of the largest long-term rental managers in the area, we have not seen any of our homeowners switch from long-term to STR. The only time we have seen a switch is when a property is sold and the new homeowner wants to use the property from time to time. It is my belief that most individual homes and condos that are rented long-term are owned by people who have held the property for a long time and are no longer regularly visiting the area.

I would be happy to address the Council in person if that would help.

Respectfully submitted,

Mark Westman