

# MEMO



To: Mayor and Board of Trustees  
From: Nicole Schafer, Assistant Town Manager  
Date: 12/10/2024  
Re: **BOT 7- HOUSING MITIGATION RATE / ASSISTANT TOWN MANAGER**  
7:00 PM  
Department: Town Manager  
Time of Agenda Item: 7:00 PM  
Agenda Request No.

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## Subject

**BOT 7- HOUSING MITIGATION RATE / ASSISTANT TOWN MANAGER**  
7:00 PM

## Summary

[HB24-1050](#) was approved by the Colorado legislature to try and simplify processes regarding certain local government taxes. While the Town of Granby does not have a specific local lodging tax, "any other tax or fee that is imposed upon the transaction of furnished rooms or accommodations in exchange for consideration" may fall under this policy.

The Town has not established a local lodging tax, but we have established an impact fee for short-term rentals. As such, we will comply with the act by providing documentation to the state regarding our short-term rental fee schedule. Additionally, our mitigation rate needs to be revisited annually. Recall, in 2023 we hired Economic & Planning Systems EPS, to complete a comprehensive review on the availability and the cost of employee housing in Granby, known as the STR Nexus Study.

Two important conclusions shared in the report:

1. STRs are a critical aspect to the TOG economy
  - a. We offer approx 164 hotel rooms compared to 395 licensed STRs
  - b. STRs offer a mountain experience that is attractive to tourists
  - c. STRs also, in part, impact the cost of housing and housing demand
  - d. The alternative path suggesting commercial property rates on STR residential homes is not appropriate in our community and local linkage fees show local government is taking action
2. STR owners will benefit from housing programs funded by impact fees
  - a. Improved access to affordable housing by our workforce provides a reliable and stable workforce for STR maintenance and cleaning
  - b. Hiring staff that live and work in Granby provides safety benefits from a short commute and environmental benefits from less automobile traffic
  - c. Guest experience is improved when service jobs are filled -- they are more likely to come back, to extend their stay, and to tell their friends that Granby is a desirable destination

The nexus study documented that the direct impact of STRs on housing affordability would justify a maximum annual fee of \$1120 per bedroom.

The Board of Trustees believed only 65% of those who work in Granby desire to live in Granby and included a 65% mitigation rate into the ordinance. This amended the Granby Municipal Code 3.30.090, establishing an annual short-term rental unit regulatory linkage fee. We will maintain a separate account for this revenue that can ONLY be spent on providing affordable housing in Granby.

The Fraser River Valley Housing Authority uses a mitigation rate of 50%. Other mountain communities:

- Winter Park 35%
- Aspen 65%
- Telluride 65%
- Breckenridge 35%

## Recommendation

Because we have not repeated the nexus study and because many of the workforce housing needs have remained consistent, staff would recommend we retain the 65% mitigation rate and, as an outcome, keep the per bedroom linkage fee at \$728/bedroom (\$1120 \* 65%) as

reflected in GMC 3.30.090.

**3.30.090 Annual short-term rental workforce housing regulatory linkage fee.** Revised 4/24

(a) The annual permit fee to secure a short-term rental permit as referenced in Chapter 5.20 GMC shall consist of a short-term rental workforce housing regulatory linkage fee beginning with the 2024 permitting year. The initial amount of the fee shall be \$1,120 multiplied by the current mitigation rate annually per studio and/or per bedroom in any short-term rental unit. No short-term rental permit shall be issued or renewed pursuant to Chapter 5.20 GMC until the annual fee has been paid. The mitigation rate shall be 65 percent for the year commencing January 1, 2024, and may be set by a resolution of the board of trustees for each subsequent year on or before January 1st of that year.

At the time this Board feels a change in the fee amount or mitigation rate is warranted, staff would recommend investing in a subsequent nexus study prior to instituting any changes.

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