Short Term Rental Conversion Pilot

Presented by
Sybil Tate
Strategy & Innovation
1. Background

2. Review of Thrive Asheville Proposal

3. Next Steps
Background

• At the direction of the BOCC, staff looked at models for encouraging the conversion of Short-Term Rentals into Affordable Housing

• Staff presented potential options to BOCC in December and received direction to issue a Request for Information

• Thrive Asheville was only respondent to the RFI
Contextual Data: AHSP cost per unit

- AHSP policy allows the County to pay 10% of cost per unit and 20% cost per unit for LIHTC.

- Current average subsidy from AHSP for new construction is $20,000.

- AHSP funded units must remain affordable for 20 years and LIHTC units must remain affordable for 30 years.
Thrive Asheville's Proposal

Focus on households making between 50-80% AMI
(existing incentive program targets below 50% AMI)

<table>
<thead>
<tr>
<th>Item(s)</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discovery Phase (Will this program work? If so, how much?)</td>
<td>Months 1-3</td>
</tr>
<tr>
<td>Marketing Campaign</td>
<td>Months 4-5</td>
</tr>
<tr>
<td>Application period and leasing</td>
<td></td>
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<tr>
<td>Program application opens, begin tenant selection</td>
<td>Months 6-7</td>
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<tr>
<td>Application closes – begin leasing and pay incentives</td>
<td>Months 8-9</td>
</tr>
<tr>
<td>Ongoing management and final report</td>
<td>Months 10-21</td>
</tr>
</tbody>
</table>

Cost: $240-390K
Thrive Asheville's Proposal

Discovery Phase- $15K (3 months)

• Focus Groups with Property Owners
• Surveys of Property Owners and Tenants
• Outcomes:
  • Identification of financial incentive amount
  • Identification of non-financial incentives
    • Tenant Recruitment
    • Tenant Selection
  • Blueprint for the pilot implementation
Marketing Campaign - $15K (2 months)

• Promote the campaign to solicit property owners and tenants
• Outcome: Launch of marketing campaign to include:
  • Printed Materials
  • Pilot Website
  • Digital Marketing
Thrive Asheville's Proposal

Application Period and Leasing- $60,000 (4 months)

• Full-service management of program
• Thrive screens and matches Tenants and Property Owners
• Pay out 1/3 of incentive at lease signing ($98K incentives)
• Outcome: Turnkey management of pilot program that converts up to 20 Short Term Rentals for a one-year period
Thrive Asheville's Proposal

Ongoing Management and Final Report- $20,000 (11 months)

• Full-service management of program
• Monitor lease compliance
• Pay out 1/3 of incentive at 6 months; 1/3 at end of lease ($196K incentives)
• Outcome: Turnkey management and final evaluation

Reporting data
- Number of units converted from short to long-term rentals
- Types of homes unlocked (size, location, type)
- Rental prices for each unit in the program with the average per bedroom
- Income of renters served
- Demographics
- Employers served
- Number of rentals extended beyond twelve-month leases
- Property owner and tenant satisfaction
# Proposed Pilot Conversion Program

**Potential Incentive Ranges: Assuming 20 STR conversions for the Pilot Phase**

<table>
<thead>
<tr>
<th>Type of Unit</th>
<th># of Units</th>
<th>Incentive per unit/yr</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>5</td>
<td>$4,000-$8,000</td>
<td>$20,000-$40,000</td>
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<tr>
<td>1 bedroom</td>
<td>5</td>
<td>$5,000-$12,000</td>
<td>$25,000-$60,000</td>
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<tr>
<td>2 bedroom</td>
<td>5</td>
<td>$8,000-$15,000</td>
<td>$40,000-$75,000</td>
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<tr>
<td>3 bedroom</td>
<td>5</td>
<td>$10,000-$20,000</td>
<td>$50,000-$100,000</td>
</tr>
<tr>
<td></td>
<td>20</td>
<td></td>
<td>$135,000-$275,000</td>
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</tbody>
</table>

Data gathered during discovery phase may impact these ranges
<table>
<thead>
<tr>
<th>Item</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discovery Phase</td>
<td>$15,000</td>
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<tr>
<td>Marketing Campaign</td>
<td>$15,000</td>
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<tr>
<td>Program Implementation and Management</td>
<td>$80,000</td>
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<tr>
<td>Rental Gap Assistance</td>
<td>$10,000 - $20,000</td>
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<tr>
<td>Incentive Amount</td>
<td>$135,000 - $275,000</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$240,000 - $390,000</strong></td>
</tr>
<tr>
<td>Cost per Unit (20 units)</td>
<td><strong>$12,000 - $19,500</strong></td>
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Considerations

• AH Subcommittee voted to recommend moving forward with the $15K Discovery Phase now (ie. FY24).
• If the Discovery Phase shows that the program is not feasible, then the contract will end.
• STR regulations and STR incentive program may occur independently of each other
Next Steps

1. Return with follow-up information at next meeting
   OR
2. Move forward with $15K discovery phase, using current year funding; remaining funding (~$375k) included in $2.3M FY25 AHSP request
   - Contract negotiation
   - BOC Regular meeting for contract approval – Apr 16
   - Begin Discovery Phase – May-July
   OR
3. Recommend full cost ($390k) in the AH budget request; begin Discovery in July
   OR
4. Do Nothing