



Short Term Rental Conversion Pilot

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Agenda

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)**

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

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



Thrive Asheville's Proposal

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

Type of Unit	# of Units	Incentive per unit/lyr	Total
Studio	5	\$4,000-\$8,000	\$20,000-\$40,000
1 bedroom	5	\$5,000-\$12,000	\$25,000-\$60,000
2 bedroom	5	\$8,000-\$15,000	\$40,000-\$75,000
3 bedroom	5	\$10,000-\$20,000	\$50,000-\$100,000
	20		\$135,000-\$275,000

Data gathered during discovery phase may impact these ranges



Proposed Cost

Item	Price
Discovery Phase	\$15,000
Marketing Campaign	\$15,000
Program Implementation and Management	\$80,000
Rental Gap Assistance	\$10,000 - \$20,000
Incentive Amount	\$135,000 - \$275,000
Total	\$240,000 - \$390,000
Cost per Unit (20 units)	\$12,000 - \$19,500



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

