

Email to City Council sent Tuesday, August 16, 2022

Aspen City Council,

For your review and consideration for tonight's work session, and subsequent meetings, I am writing to urge you to exclude condominiums from your STR Sales Tax considerations. Either all properties need to be taxed equally, or the STR tax needs to be applied more specifically to where the increased occupancies and staffing pressures are being generated. The way the questionnaire was written eludes to houses in residential areas. It was not clear in its presentation that it would include legacy condominium properties.

In posing an additional STR Sales Tax, it creates varying tax rates for different lodging sectors in Aspen, specifically between hotels and condominiums. Both of which make up traditional lodging base in Aspen and have for over fifty years. This has a number of consequences and disruptions to the lodging community. I understand the notion of placing an additional tax on STR houses, but traditional condominium lodges should be excluded. Here are my supporting comments for your consideration. I am going to use The Gant extensively as an example in my comments but the example extends throughout the condominium properties.

1. Condominiums make up a large portion of the traditional lodging bed base and have for many years. By and large these operations have not changed. The perceived impacts to the community are not being driven by these operations and an imposed tax to mitigate for these impacts on condominium operations burdens the wrong market segment.
 - I can demonstrate, at The Gant for example, that annual occupancy over the past twenty years is roughly flat. Slightly fewer rental units and same size staff. Any notion that we have somehow increased our impacts to the community is incorrect.
 - Likewise, staff sizes for The Gant and other operations are largely unchanged as well. We require the same number of housekeeping staff and front desk agents we did many years ago, but if anything are having a hard time filling those positions.
 - The lodging sector as a whole is confronting and competing for employees with the STR phenomenon, we are not generating the demand.
2. An additional Sales Tax on just part of the lodging sector fractures the lodging community and creates unfair burden.
 - This will result in rate reductions to remain competitive with other Aspen Lodges.
 - It creates a competitive disadvantage with properties in Snowmass, Vail, and other mountain destinations.
3. Private Home Staffing – not influenced or affected by a new tax
 - There needs to be an acknowledgement that part of the staffing demands we are all dealing with are due to private homes who have more owner occupancy now and need more staff.
 - Private homes can pay much higher wages for their staffs, and hire staff directly to manage and maintain their homes

- Property management companies have expanded due to increased demands on the private home sector.
4. Gant & St. Regis Property Tax Comparison
- I understand the thought and notion to tax a private residence for impacts when they operate as a commercial business. But this notion does not translate to larger properties. The notion that the St. Regis is paying 4x more in taxes than The Gant is inaccurate.
 - Yes, the St. Regis pays more in property taxes than The Gant, as they should. They have a larger footprint and impact.
 - The St Regis is 20 years newer
 - 100,000 square feet larger under roof
 - Has far more amenities to support the hotel, meeting space, F&B services, retail, spa, etc., etc.
 - Has 5x (or more) staffing size
 - Generates far more in revenues
 - Despite all of this, The Gant has the higher property value. If you look at property taxes paid per sq. ft. the variance is only 28%.
 - To try and equalize property taxes between St Regis and The Gant would actually be unfair and not equitable. Further, given the operational differences, property sizes, staff sizes, and resulting impacts I would argue that there is not a disproportion that actually exists.
5. Employee Mitigation
- The Gant, like so many other operations, has mitigated for employees over the years through the acquisition of employee housing at great costs.
 - Today, The Gant generally houses between 25% and 30% of our staff.

I have tried to provide additional data points for you all to consider in your deliberations. Breckenridge for example, re-classed the condominium properties as “Resort Accommodations” to remove them from the STR conversations entirely. I am urging Council to go the same direction. A one size fits all approach does not work for our community as noted in my comments and examples. Again, I think we all expected support for a STR tax, I think we just need to discuss where it is applied so there are not disruptions to existing lodging community, tax is applied to where pressure is being generated and not burdened to existing lodging properties that have supported the community for fifty years.

I appreciate your consideration and look forward to ongoing dialog.

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