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Mayor Blackburn, Members of the Hood River City Council:

There have been repeated claims that proposed STR regulation will have disastrous effects on our city's business community, predicated on the mistaken belief that transient rental is the heart of tourism, and tourism is the heart of our economy. Below is data, with citations, demonstrating that STRs account for a small portion of tourism, and tourism is a small part of the city and regional economy. I have additional data with more detail, so if this analysis raises any specific questions I'd be happy to respond.

Assertion: All spending by guests staying in short-term rentals in the residential zone accounts for less than 5% of the travel dollar. Short-term rentals do not equate to tourism.

Travel Oregon's annual analysis of traveller expenditures estimates \$83.7 million¹ in direct destination spending (spending in Hood River County on lodging and other goods and services) in 2014. Of this \$83.7 million, 56%² is spent by people staying overnight in hotels, motels, B&Bs, and STRs. 11%³ of the TRT dollars paid to the city come from STR lodging. As the current policy discussion only considers restricting STRs in residential zones, it is useful to split STR spending by zone. 68%⁴ of STRs are in the residential zones. This leads to the estimate that of the total destination spending, 4.2% comes from spending of people lodged in STRs in the residential zone. This calculation assumes people staying in STRs spend money on items other than lodging at the same rate as people staying in hotels. Data from the Hawai'i Tourism Authority indicates STR patrons spend 34% less⁵ on items other than lodging, but since we don't have local data segmenting visitor spending by lodging type we will make the conservative assumption the average STR patron purchases items other than lodging at the same rate and with the same mix of goods and services as other hotel/motel patrons.

Assertion: Spending by travelers (including tourists, business travel, family visits) accounts for roughly 5% of county economic activity:

¹ Dean Runyan Associates, "Oregon Travel Impacts 1991-2014p", page 120, retrieved from http://www.deanrunyan.com/doc_library/ORImp.pdf, December 22, 2015

² *ibid.*, page 118, derived data: \$47.0 million in Hotel, Motel visitor spending out of \$83.7M total visitor spending = 56%. (Travel Oregon confirms "Hotel/Motel" category includes all accommodations which collect TRT)

³ City of Hood River Finance Director Summer Sears email correspondence to City Manager Steve Wheeler, November 20, 2015

⁴ Email from City Recorder Jennifer Gray, February 26, 2016, identifying 149 TRT collections (hosted homeshares excluded) in residential zones and 70 in commercial zones.

⁵ Allison Schaefer, The Honolulu Star-Advertiser, April 20, 2015, "HTA Data Shows Guests of Vacation Rentals Spend 36% Less than Guests of Hotels on Island Getaways", retrieved from internet December 23, 2015, http://www.hotel-online.com/press_releases/release/guests-at-vacation-rentals-bbs-spend-less-on-their-island-getaways

ECONorthwest identifies Hood River County Non-farm economic activity at \$1.567B⁶ in 2011. This is the most recent year for which such data is available. Travel Oregon reported countywide travel destination spending of \$72.2M⁷ for 2011. This travel spending would account for 4.6% of the countywide economic activity. Bureau of Labor Statistics data for the City of Hood River, while not as comprehensive due to sample size and reporting restrictions, suggests the city economic activity breakdown is similar to the county non-farm economic activity, which shouldn't be too surprising as most of the county's tourism and industry are within the city limits.

Assertion: When a transient rental displaces a year-round household it results in an annual net loss of spending of more than \$22,000.

Travel Oregon reported \$47 million in direct spending countywide for visitors staying overnight in accommodations subject to TRT⁸. Making the generous assumption that all this traveller spending was within the city, and applying the 11% of city TRT collections (see footnote 3) which came from 166 STRs remitting TRT in the city in 2014⁹, the average direct spending per STR was \$31,145¹⁰. The average household spending in 2014 was \$53,495¹¹. Therefore where an STR displaces a year-round household, these estimates predict an average net economic loss of \$22,350¹². If some of the \$47M in spending by guests staying in accommodations countywide subject to TRT is spent outside of the city, this net loss will be higher.

⁶ ECONorthwest, "Economic Impacts of the Port of Hood River," page 3, table 2, December 2013.

⁷ Dean Runyan Associates, *op. cit.*, page xxx

⁸ Dean Runyan Associates, *op. cit.*, page 118.

⁹ email from City Manager Steve Wheeler to Mayor and Councilors, "Short Term Rental Update", December 23, 2015

¹⁰ \$47M spending from all TRT paying lodging * 11% TRT remitted by STRs/ 166 STRs remitting TRT

¹¹ United States Department of Labor Bureau of Labor Statistics data, retrieved December 22, 2015 from <http://www.bls.gov/news.release/cesan.nr0.htm>

¹² \$31,145 traveller destination spending less \$53,495 in lost household spending.