



TOWN OF JEROME

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RESOLUTION NO. 676

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF JEROME, ARIZONA,
DECLARING A HOUSING EMERGENCY FOR THE TOWN OF JEROME,
PRIORITIZING AFFORDABLE HOUSING WITHIN TOWN OPERATIONS TO CREATE
SAFE, DECENT, AND AFFORDABLE HOUSING OPPORTUNITIES FOR ALL
COMMUNITY MEMBERS, AND URGING THE STATE LEGISLATURE OF THE STATE
OF ARIZONA TO ADDRESS THE IMPACTS OF SHORT-TERM RENTALS ON THE
SUPPLY OF HOUSING FOR ARIZONA RESIDENTS.**

WHEREAS, zoning power is a fundamental authority used by modern cities to structure their development and is considered a legitimate exercise of police power;

WHEREAS, the power to zone is the power to divide up the locality's geographic area into different categories of land use that are inconsistent with each other;

WHEREAS, residential areas are commonly separated from commercial and industrial areas, and residential districts are usually further separated into single-family and multi-family districts;

WHEREAS, courts have long upheld the distinction between residential and commercial uses because the police power allows for the creation of zones where family values, youth values, and the blessings of quiet seclusion and clean air make the area a sanctuary for people;

WHEREAS, the Town of Jerome ("Town" or "Jerome") has a legitimate governmental interest in preserving the residential character of neighborhoods that enhance the quality of life for its residents and visitors by minimizing the adverse impacts of short-term rentals ("STRs") through regulation;

WHEREAS, local regulations are necessary to ensure that such short-term rental ("STR") activities do not become a nuisance, threaten the public health, safety, or welfare of neighboring properties, or threaten the residential character of neighborhoods;

WHEREAS, reasonable regulations to limit the number and location of STRs will provide a balance between STRs and available housing stock, further regulate nuisances associated with STRs and help preserve the residential neighborhoods character and integrity;

WHEREAS, local governments apply design standards tailored for residential neighborhoods for their roads, driveways, emergency services planning, public shelters, emergency evacuation plans, solid waste collection, utilities, and buffers, and also tailored in assessing their infrastructure impacts and their corresponding fair and proportionate impact/connection fees;

WHEREAS, permanent single-family home residents inherently understand and know their physical surroundings, to include any safety gaps and potential risks to their families, because they have daily familiarity;

WHEREAS, short-term vacation rental occupants, due to the transient nature of their occupancy, are unfamiliar with local emergency evacuation plans, the location of fire extinguishers, and other similar safety measures that would readily be provided to guests in traditional lodging establishments;

WHEREAS, short-term vacation rental owners may live elsewhere and not experience the quality of life problems and negative impacts associated with larger, unregulated short-term vacation rental units on residential neighborhoods;

WHEREAS, permanent residents within residential neighborhoods often establish long-term friendships, social norms and a sense of community which leads to mutual respect among property owners on an ongoing basis;

WHEREAS, a single-family dwelling home is typically the largest investment a family will make in their lifetime, with the home held sacred in popular culture as the heart and the center of the family unit;

WHEREAS, permanent residents within established residential neighborhoods deserve the right to tranquility and peaceful enjoyment of their home without over intrusion by an excessive number of transient occupants in the neighborhood;

WHEREAS, the U.S. Census Bureau data indicates in 2023 the average household size in Jerome is 1.57 persons and average family size is 2.31 persons;

WHEREAS, the operation of some short-term vacation rentals in established neighborhoods in Jerome creates a huge disparity in short-term vacation rental impacts, some with occupancy for 7+, or up to three (3) or more times the average occupancy of an existing single-family residence, making the higher occupancy of the rental homes incompatible with established neighborhoods;

WHEREAS, current vacation rental industry practice is to set maximum limits upon the number of transient occupants within a short-term vacation rental unit, but lacking provisions for verification and enforcement when overcrowding occurs;

WHEREAS, current vacation rental industry practice is to charge a flat rental fee for the term of the lease, regardless of the transient occupant count, which incentivizes the common practice for lessees of oversized structures used as short-term vacation rentals to increase the transient occupant count so as to spread out the cost burden for the rental term among as many payers as possible;

WHEREAS, allowing single-family residential property to be rented on a short-term basis for periods of 30 days or less is not in the public welfare because the removal of home units from the Town's housing stock affects affordable housing options available in the Town and conflicts with the Town's zoning and General Plan;

WHEREAS, with the proliferation of STR use due to the growth of internet platforms that consolidate and facilitate the short-term rental of property, the Town of Jerome has seen increased violations of its prohibition against illegal hotel and motel uses;

WHEREAS, the Town has received complaints related to the operation of STRs in residential neighborhoods, including excessive occupants, noise, reduction of street parking and increased trash;

WHEREAS, STR visitors usually rent the accommodation only for a couple of days, thus neighbors see new people coming and going every few days, especially where the density of short-term vacation rentals in the area is high. As such, living next door to a short-term vacation rental can range from mildly concerning to completely life-altering;

WHEREAS, residents worry the penetration of short-term vacation rentals in their neighborhood will change the character and transform the quality of life of the area creating an incredibly difficult task for local governments of finding ways to regulate short-term vacation rentals in such a way that they protect neighborhoods while balancing homeowners' property rights;

WHEREAS, traditional lodging establishments (hotels, motels, and bed & breakfasts) are generally restricted to commercial and other non-residentially zoned areas where intensity of uses is separated from less busy and quieter residential uses;

WHEREAS, traditional lodging establishments have stricter development standards, undergo annual inspections, and have more stringent operational and business requirements;

WHEREAS, short-term vacation rentals are not treated as similar businesses posing a threat to the hotel industry, which claims that the business models of short-term vacation rental platforms offer unfair economic advantages because short-term vacation rentals do not have to pay for staff and are not regulated like hotels which increases costs substantially;

WHEREAS, STRs eliminate critically important housing units from Jeromes's available housing stock;

WHEREAS, STRs have a direct effect on the decline of workforce housing and the preservation of residential neighborhoods in Jerome;

WHEREAS, since short-term vacation rentals are mainly located in residential areas, by renting a short-term vacation accommodation, tourists are using up space that otherwise might be used for living, resulting in a decrease of long-term housing availability which contributes to increasing housing and rental prices;

WHEREAS, a shortage of affordable housing exists in in the Town; i.e., housing that is of good quality, aesthetically compatible with the surrounding neighborhood, and is affordable to a diverse population;

WHEREAS, in year 2024, 12% of available rooms are STRs with 20% of those STRs being owned by people who do not live in Arizona, and 52% of those STRs being owned by people who do not live within the Town of Jerome;

WHEREAS, an Urban Institute Study found that cities and counties across the country face significant rental housing affordability challenges as more households with low and moderate incomes compete for a shrinking number of affordable units;

WHEREAS, a 2019 *Harvard Business Review* study found the growth of STRs contributes to about one-fifth of the average annual increase in U.S. rent and one-seventh of the average annual increase in housing prices;

WHEREAS, in 2021 **Elliott D. Pollack & Company** found in its study titled, "**The Negative Consequences of Short-Term Rentals – Arizona's Recipe for Disaster**," that "The STR platforms also significantly overstate their economic impact on local economies by failing to recognize that the vast majority of visitors would continue to travel to their destinations even if Airbnb did not exist."

WHEREAS, lower-income households feel the squeeze most severely and face the fewest options for affordable housing;

WHEREAS, growing affordability challenges also contribute to housing instability and homelessness;

WHEREAS, access to housing is not the same as access to homeownership, and inordinate reductions in the supply of housing available for standard rentals has a destabilizing effect on housing affordability;

WHEREAS, a 2019 **Economic Policy Institute** cost-benefit analysis concluded the local economic costs of STRs likely outweigh the benefits. While the introduction and expansion of STRs carries large potential economic benefits and costs, the costs to renters and local jurisdictions likely exceed the benefits to travelers and property owners;

WHEREAS, the **Economic Policy Institute** study also made the following findings:

- Rising housing costs are a key problem for American families, and evidence suggests that the presence of STRs raises local housing costs as properties shift from serving local residents to serving Airbnb travelers, which hurts local residents by raising housing costs. This cost is real.
- Because housing demand is relatively inelastic (people’s demand for somewhere to live does not decline when prices increase), even small changes in housing supply (like those caused by converting long-term rental properties to STRs) can cause significant price increases. Inelastic demand means individual households cannot go without housing even when it becomes more expensive, forcing them to bear the burden of higher costs.
- The rising cost of housing is a key problem for American families. Housing costs have risen significantly faster than overall prices (and the price of short-term travel accommodations) since 2000, and housing accounts for a significant share (more than 15 percent) of overall household consumption expenditures.
- The potential benefit of increased tourism supporting municipal economies is much smaller than commonly advertised. There is little evidence that cities with an increasing supply of short-term Airbnb rental accommodations are seeing a large increase in travelers. Instead, accommodations supplied via STRs are nearly pure substitution for other forms of accommodation. Two surveys indicate that only 2 to 4 percent of those using Airbnb say that they would not have taken the trip were Airbnb rentals unavailable.
- Studies claiming that STRs are supporting a lot of economic activity often vastly overstate the effect because they fail to account for the fact that much of this spending would have been done anyway by travelers staying in hotels or other alternative accommodations absent the Airbnb option.
- Property owners do benefit from Airbnb’s capacity to lower the transaction costs of operating short-term rentals, but the beneficiaries are disproportionately white and high-wealth households. Wealth from property ownership is skewed, with higher-wealth and white households holding a disproportionate share of housing wealth overall—and an even more disproportionate share of housing wealth from nonprimary residences because they are much more likely to own nonprimary residential property (such as multi-unit Airbnb rentals).
- The shift from traditional hotels to Airbnb lodging leads to less-reliable tax payments to cities. Several large American cities with a large STR presence rely heavily on lodging taxes. STR platforms have largely blocked the ability of cities to transparently collect lodging taxes on STRs that are equivalent to lodging taxes on hotel rooms. One study found that the voluntary agreements STR platforms have struck with state and local governments “[undermine] tax fairness, transparency, and the rule of law.”

- Town residents suffer when STRs circumvent zoning laws that ban lodging businesses from residential neighborhoods. The status quo of zoning regulations in cities reflects a broad presumption that short-term travelers are likely to impose greater externalities on long-term residents than do other long-term residents. Externalities are economic costs that are borne by people not directly engaged in a transaction. In the case of neighbors on a street with short-term renters, externalities include noise and stress on neighborhood infrastructure like trash pickup. These externalities are why hotels are clustered away from residential areas. Many STR units are in violation of local zoning regulations, and there is the strong possibility that these units are indeed imposing large costs on neighbors.

WHEREAS, Arizona is the only state in the country that preempts local government from regulating short-term rentals;

WHEREAS, reasonable regulations on STRs as to numbers and locations can strike a balance between a property owners' rights to fair use of their properties and the rights of surrounding property owners to set and maintain community standards;

WHEREAS, returning local control over short-term rentals is one of the only issues that has gathered bipartisan support in the Arizona legislature;

WHEREAS, every community is different when it comes to what works and what doesn't. What may work in one community could potentially be a complete disaster in another community, necessitating a return of local control over the regulation of STRs;

WHEREAS, regulating STRs means looking at the different variables and planning objectives of each community and taking them into consideration, such as housing costs, the general appetite for visitors, availability of traditional lodging, the value of tourism, the percent of existing STRs, and more;

WHEREAS, even within Jerome, there are differing built neighborhoods, some generally with narrower streets and limited off-street and on-street parking, which are more impacted by commerce and tourists than other neighborhoods of the Town, circumstances that require careful consideration if the neighborhood's residential character is to be protected; and

WHEREAS, the entire Town of Jerome is a National Historic Landmark and archaeological district, which presents additional unique hurdles and limitations on its already reduced housing stock; and

WHEREAS, absent appropriate controls on the number and manner and places of operation of STRs, neighborhoods stand to be harmed by undue commercialization and disruption to the primary and overarching purpose of a neighborhood being first and foremost a residential community, where people actually live, not a place of transient occupancy;

WHEREAS, with state preemption, these critical elements are being overlooked; and

WHEREAS, reasonable regulations on the number and location of short-term rentals will balance the Town's desire to promote economic development and tourism with the Town's legitimate need to mitigate the adverse impacts often associated with short-term rentals, including the decline in workforce housing, a general decrease of long-term housing availability which contributes to increasing housing and rental prices, excessive noise, overcrowding, reduction of street parking, and the accumulation of refuse.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE TOWN OF JEROME, ARIZONA AS FOLLOWS:

SECTION 1. The Town of Jerome declares that a housing emergency exists within our Town and region and recognizes the need to make housing a leading priority for the organization of the community.

SECTION 2. The Town of Jerome recognizes that the housing emergency is exacerbated by the proliferation of short-term rentals and requests the State Legislature return local control to cities and towns to implement reasonable zoning restrictions on STRs, including limitation on the number and location of short-term rentals.

SECTION 3. The Town of Jerome calls on the legislature and Governor of the State of Arizona to allow local governments to adopt reasonable regulations on the number and location of STRs as to strike a balance between property owners' rights to fair use of their properties and the rights of surrounding property owners to set and maintain community standards.

Passed and approved this 14th day of January, 2025.

Approved:

Mayor

Attest:

Approved as to Form:



Brett Klein, Town Manager / Clerk

William Sims, Town Attorney