

Rental Amenity Fee Proposal

SVEA Rental Amenity Fee & Technology Committee

Presentation to SVEA Board

July 12, 2024

Current Situation

- SVEA charges the homeowners of each rental unit in Elkhorn an annual fee of \$600 that allows their tenants access to Elkhorn amenities
- The \$600 fee was established in 2021 in reaction to a noticeable increase in the number of amenity cards issued to renters and the looming expense facing SVEA to rebuild our pools
- The fee is justified on the additional load placed on our amenities and is believed to be very reasonable compared to the fees charged for access to other similar amenities
- SVEA realizes revenues of ~ \$202,000 annually from 338 homeowner/landlords of rental units
- Homeowner/landlords have challenged the fee & structure as being unreasonable:
 - Those with short-term rentals suggest that actual amenity usage is not as high as indicated by amenity card issuance
 - Those with long-term rentals say that their renters use the amenities much less than short term renters
 - Those with occasional rentals say the annual fee is not fair given the limited time their units are rented
 - Some say their tenants never use the amenities

The Rental Amenity Fee & Technology Committee- Actions

- In May, in response to homeowner input SVEA President Clark Furlow established the Rental Amenity Fee & Technology Committee with the following mission:
 - *Examine alternate methodologies for setting and administering rental amenity fees that would best align the fee with the portion of load placed on SVEA's resources by rental activity – and explore options that increase flexibility for homeowner/landlords*
- The Committee held a “listening” meeting on June 6, 2024 where homeowner/landlords were invited to share their concerns and suggestions regarding the rental amenity fee.
- SVEA attorney reviewed Idaho Code 55-3211 and provided counsel that the application of a fee on rental units did not limit or prohibit an owner's right to rent their units and is therefore allowable under Idaho code
- The Committee and SVEA staff collected and analyzed 12 months of amenity usage data
- SVEA's annual costs were analyzed to identify those costs allocable to amenity usage
- A new fee calculation & fee structure that addresses homeowner/landlord concerns was developed and is presented today for board review and feedback

Listening Meeting- Homeowner/Landlord Input

- This table summarizes homeowner/landlord input received at the listening meeting and via emails over past 12 months and includes the committee's evaluation of each suggestion.

	Homeowner/Landlord Suggestion	Further Explanation of Suggestion	Include? Yes/No	Our Rationale
1	Vary the rental fee based on the size of unit	Fee based on number of bedrooms in unit	No	Actual amenity usage is not aligned with the size of a unit
2	Vary rental fee based on the actual % of time each individual unit is rented	Could be applied in tranches (ie, < 1 month, <3 mos, etc)	No	The amenity fee pays for access to amenities and will be based on the average usage of each category of rental unit. Tailoring the fee to individual units creates an unmanageable administrative burden.
3	Provide a rental fee option for very low rental occupancy (< 15 days)	Allows a landlord to purchase weekly access for those weeks a unit is actually occupied	Yes	Annual or seasonal access for the occasional landlord is too expensive for the expected limited occupancy. We plan to include weekly amenity access that landlords can purchase prior to the arrival of their tenants.
4	Charge a higher rental fee for summer months, lower in winter	Pools and Tennis/Pickleball usage peaks in summer, so summer fees should be higher	Yes	Data shows that amenity usage is significantly higher in the summer months, so we plan to offer seasonal access (Summer/Winter) with a pricing differential between the two seasons
5	Allow homeowners to assign amenity access rights to tenants	If homeowner doesn't plan on using the amenities, he should be able to transfer rights to a tenant. Particularly applicable if a landlord owns multiple units	No	Transfer or assignment of rental amenity rights by a homeowner is not consistent with the Master Declaration. Every SVEA homeowner pays the same dues and may access amenities as much or as little as they like. Also, renters use SVEA amenities far more than homeowners who do not rent.
6	Establish lower amenity rates for long term rentals	Landlords perceive that their long term tenants use the amenities much less or not at all	Yes	Usage data shows that long term tenants use the amenities much less than short term rentals, so we plan to set the fees accordingly.
7	Allow landlords to opt out of purchasing the rental fee	If a tenant will not use the amenities, a landlord should only have to pay a small administrative fee	Yes	We plan to require a fee only to provide amenity access. Landlords may choose not to purchase amenity access for their tenants and not pay a fee
8	Institute a "pay per use" amenity access fee	Landlords would be charged based on the number of amenity card "swipes"	No	We plan to move to the access fee concept, requiring a fee only to provide tenant access to amenities. A pay per swipe is administratively burdensome

Recommendation: Tenant Amenity Access Fee

- The fee would be renamed “Tenant Amenity Access Fee”
- The fee is not mandatory. It allows the homeowner landlord to choose to pay the fee if they wish for their tenants to have the right to access to SVEA amenities
- Should they choose to pay the Amenity Access Fee, homeowner/landlords will pay their fair share of the cost to operate, maintain and replace SVEA’s amenities
- Fair share determined by historical (June 2023 thru May 2024) usage of our amenities (one use = one card swipe per day per person) for each category of user
- Rental categories would be re-defined as follows:
 - Long term rentals re-defined as rentals with a 12-month lease or greater
 - Short term rentals re-defined as “Standard Rentals” (less than 12 month lease or more than a few weeks), with option to choose annual or seasonal access
 - A new category called “Weekly Rentals” provides amenity access on a weekly basis for those homeowner/landlords renting only occasionally

Benefits of Amenity Access Fee Structure

- Homeowner/Landlords pay nothing if they do not wish to provide SVEA amenity access for their tenants or wish for their tenants to only have access to their condominium association amenities
- Homeowner/Landlords with long term rentals (12 month lease or longer) have the option to provide amenity access for their tenants with a significantly reduced annual fee
- Homeowner/Landlords with Standard Rentals (less than 12 months) have the option to purchase amenity access for the full year or seasonally (winter or summer)
- Homeowner/Landlords who only occasionally have tenants may purchase weekly amenity access for their tenants as the need arises. Week starts on date of their choosing
- This structure embraces most of the suggestions made by homeowner/landlords and provides flexibility to align the fees paid with their fair share of amenity usage

Amenity Usage By User Type & Category

- 12 months of usage captured (June 1, 2023 thru May 31, 2024)
- 21% of the dwellings in SVEA are rented and account for 42% of overall amenity usage
- 13% of dwellings in SVEA are rented short term and account for 36% of overall amenity usage
- Amenity usage by long term rentals is only slightly higher than units not rented
- These findings support higher fees for S/T rental units and lower fees for L/T rental units
- *Note: Public usage is not included in calculation; paid for by racquet program revenues & fees

User Type	Unit Category >>>	Total	Not Rented	Total Rentals	Standard Rental	L/T Rental	Public(RS)
Homeowner Units		1,642	1,304	338	218	120	
Percentage of total units		100%	79%	21%	13%	7%	
Homeowner actual usage		10,114	8,636	1,478	1,175	303	
Homeowner guest usage		5,050	4,927	123	79	44	
Renter usage (Renter + Renter's guest)		8,202	-	8,202	7,230	972	
Public usage - Racquet Sports Pgm (pays fee)		-					936*
Total Annual Usage		23,366	13,563	9,803	8,484	1,319	936*
% of Total Usage		100%	58%	42%	36%	6%	na*
Annual Usage per Unit		14.2	10.4	29.0	38.9	11.0	

SVEA Costs Allocable to Amenities

- Line-item review of 2023/24 budget completed by SVEA staff & Committee
- 51% of Management expense is driven by amenities related activities
- Allocation of racquet sports costs is very low due to program revenues & fees offset
- Harker Pool operating expenses are adjusted to reflect full year of operations, estimated at 100% of Village Pool annual expenses
- No costs were allocated for common area and Harker Center expense
- Conclusion- 60% of SVEA costs are driven by Amenity operations & depreciation expense

Operating Expenses tied to amenities (Operations Budget plus depreciation)	2023/24 Budget w/ depreciation	Amenity Allocation	Amenity Related Costs
1- Mgmt (split general admin vs amenities)	\$ 699,761	51%	\$ 357,459
2-Common Area maintenance	\$ 88,610	0%	\$ -
3-Village Pool	\$ 127,480	100%	\$ 127,480
4-Harker Pool (est. for full year ops)	\$ 127,480	100%	\$ 127,480
5-Harker Center (Structure)	\$ 17,705	0%	\$ -
6-Racquet Sports (Offset by RS revenues)	\$ 170,960	18%	\$ 31,210
7-Other Expense	\$ 53,555	58%	\$ 31,300
8-Depreciation (non cash item)	\$ 242,330	100%	\$ 242,330
Total Costs plus depreciation	\$ 1,527,881	60%	\$ 917,259

Amenity Access Fee Calculation

- Allocable amenity costs of \$917,259 were distributed to each user category based on category usage
- Tenant amenity access fees are net of the portion of dues currently paid by the Homeowner/Landlords that are allocable to amenity operations, maintenance and depreciation
- Average amenity access fee for all rental categories is \$698 (compare to the \$600 fee set in 2021)
- Standard rental amenity access fee set at \$1,000 annually; driven by dramatically higher usage per unit
- Long term rental amenity fee set at \$100 annually to account for administrative effort

Category >>>	Total	Not Rented	Total Rentals	Standard Rental	L/T Rental	Public(RS)
Homeowner Units	1,642	1,304	338	218	120	
% of Total Usage	100%	58%	42%	36%	6%	na*
Amenity related annual cost	\$ 917,259	\$ 532,431	\$ 384,828	\$ 333,062	\$ 51,766	\$ -
Amenity related annual cost per unit (adj for usage)		\$ 408	\$ 1,139	\$ 1,528	\$ 431	na
Amount paid by amenity portion of current dues pmts		\$ 441	\$ 441	\$ 441	\$ 441	
Incremental Amount due to usage	na	\$ (32)	\$ 698	\$ 1,087	\$ (9)	na
Proposed Tenant Amenity Access Fee (annual)		na	na	\$ 1,000	\$ 100	

Amenity Access Fee Structure

- Long Term Rental- Annual Access \$100/ year
 - Provides annual access for tenants with leases of 12 months or more
- Standard Rental - Annual Access \$1,000/ year
 - Provides annual access for tenants of any duration year around
- Standard Rental- Seasonal Access \$900/ summer (May-Oct)
\$200/ winter (Nov-Apr)
 - Provides seasonal access for tenants of any duration
- Occasional rental- Weekly Access \$225/week summer(May-Oct)
\$50/week winter (Nov-Apr)
 - Provides weekly access for tenants on an as needed basis
 - Cost effective for landlords renting less than 4 weeks/year
- This structure provides many options for landlords to choose from, including not purchasing any access for their tenants
- Fee levels are appropriately set based on historical amenity usage by rental category and SVEA costs allocable to amenities
- Annual revenues SVEA receives from the fee are expected to decline given the flexibility afforded to homeowner/landlords

Comparison to Local Clubs

- **Sun Valley Company**- Amenity access for eligible property owners with rental units
 - \$3,437 per year for family & guest/tenant access to Inn and Olympic pools
 - \$ 450 per season for family access to tennis/pickleball courts
- **Gravity**- Amenity Access for individuals, paid monthly. No family rate
 - \$1,200 per year for gym and court access, no pool. Individual membership
- **YMCA**- Amenity access for families, paid monthly
 - \$1,555 per year for gym, pool access and classes; no tennis or pickleball facilities
- **High Altitude Fitness**- Gym access for individuals. No pools, no tennis, no pickleball
 - \$475 per year or \$305 per 6 months. Paid up front

Next Steps

- July- Present draft proposal to homeowner/landlords following SVEA board meeting for feedback
- September- Incorporate 2024/2025 budget and updated depreciation figures; recalculate fees
- September- Review final proposal with SVEA board & gain approval
- October- Formal communication to SVEA homeowners with May 1, 2025 effective date
- October- Set up transition plan to migrate homeowner/landlords to new fee structure
 - Bridge homeowner/landlords whose current amenity fee expires before May 1, 2025
 - Credit homeowner/landlords whose current amenity fee expires after May 1, 2025
- November- Begin modifying existing systems to handle new fee structure
- February- Begin training employees; define requirements for new system & website
- March- Present access fee options to homeowner/landlords for decision & payment by April 30th
- May (2025)- New amenity access fee structure becomes effective