



WELCOME

THE BCTDA ANNUAL PLANNING SESSION WILL BEGIN AT 10:00 AM

EXPLORE
ASHEVILLE
POWERED BY | Buncombe County Tourism
Development Authority



CALL TO ORDER

Brenda Durden
BCTDA | Chair

EXPLORE
ASHEVILLE
POWERED BY | Buncombe County Tourism
Development Authority

FOR OUR REMOTE VIEWERS

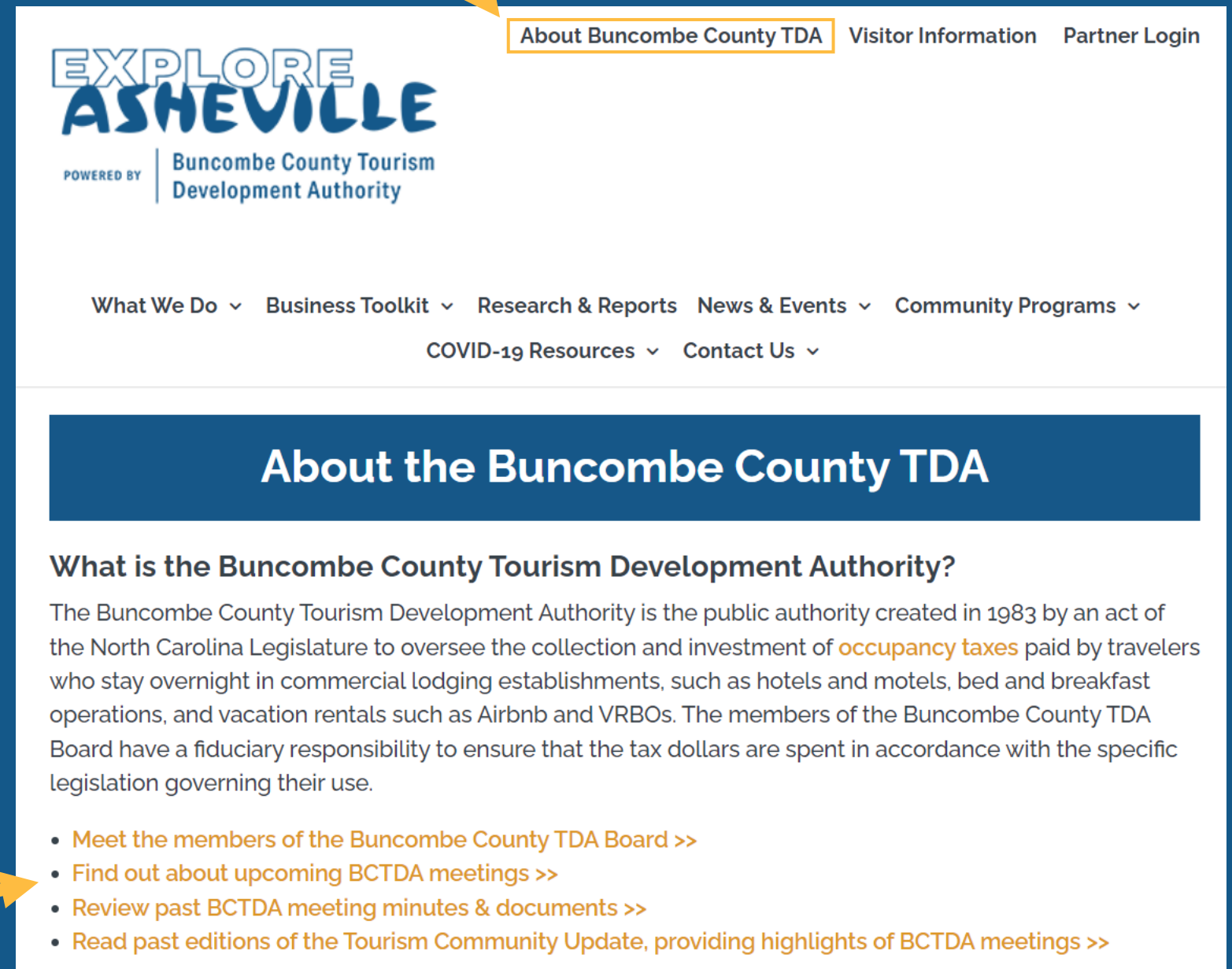
Chair Brenda Durden

For our viewers watching remotely, documents were emailed to everyone who registered on Zoom by 8:00 this morning.

The agenda and relevant planning session documents are also available online.

Go to:

- AshevilleCVB.com
- About Buncombe County TDA
- Find out about upcoming BCTDA meetings



The screenshot shows the Explore Asheville website. An orange arrow points from the top navigation bar to the 'About Buncombe County TDA' link. Another orange arrow points from the 'Find out about upcoming BCTDA meetings' bullet point to the corresponding link in the 'About the Buncombe County TDA' section.

EXPLORE ASHEVILLE
POWERED BY | Buncombe County Tourism Development Authority

About Buncombe County TDA Visitor Information Partner Login

What We Do ▾ Business Toolkit ▾ Research & Reports News & Events ▾ Community Programs ▾
COVID-19 Resources ▾ Contact Us ▾

About the Buncombe County TDA

What is the Buncombe County Tourism Development Authority?

The Buncombe County Tourism Development Authority is the public authority created in 1983 by an act of the North Carolina Legislature to oversee the collection and investment of **occupancy taxes** paid by travelers who stay overnight in commercial lodging establishments, such as hotels and motels, bed and breakfast operations, and vacation rentals such as Airbnb and VRBOs. The members of the Buncombe County TDA Board have a fiduciary responsibility to ensure that the tax dollars are spent in accordance with the specific legislation governing their use.

- [Meet the members of the Buncombe County TDA Board >>](#)
- [Find out about upcoming BCTDA meetings >>](#)
- [Review past BCTDA meeting minutes & documents >>](#)
- [Read past editions of the Tourism Community Update, providing highlights of BCTDA meetings >>](#)



PLANS FOR TODAY

Chair Brenda Durden

MORNING

10:00am – 10:30am || Welcome & Introductions

10:30am – 11:15am || The Role of the TDA

11:15am – 11:30am || *Break

11:30am – 12:00pm || Tourism Economics Forecast

12:00pm – 12:30pm || *Lunch

AFTERNOON

12:30pm -1:45pm || Housing Supply & Affordability

1:45pm – 2:00pm || *Break

2:00pm-2:45pm || 2024 Resident Perspectives on Tourism

2:45pm – 3:30pm || Nurturing & Growing Our Workforce Panel

3:30pm – 3:45pm || Wrap-up & Adjourn

** NOTE: The livestream will be paused during lunch and breaks throughout the session.*



POWERED BY | Buncombe County Tourism Development Authority

FY25 BCTDA Annual Planning Session

Friday, March 22, 2024 | 9:30 a.m.

Highland Brewing Company, Barrel Room | 12 Old Charlotte Highway, Asheville

Members of the public may attend in person or [register here](#) to view a livestream* of the session.

AGENDA

| | | |
|------------|--|--|
| 9:30 a.m. | Breakfast and Social Time | Open Discussion |
| 10:00 a.m. | Call to Order, Welcome & Introductions <i>*Livestream begins at 10:00 a.m.; in-person participants gather at 9:30 a.m.</i> | Brenda Durden |
| 10:30 a.m. | Setting the Table: The Role of Tourism Development Authorities in NC a. NC Occupancy Tax and Their Usage b. BCTDA Overview c. Buncombe County Legislation & Investment Capacity i. Tourism Product Development Fund (TPDF) ii. Legacy Investment from Tourism (LIFT) Fund | Chris Cavanaugh, Magellan Strategy Group Vic Isley Vic Isley |
| 11:15 a.m. | Break <i>*Livestream pauses during scheduled break and resumes after 15 minutes.</i> | |
| 11:30 a.m. | National, State and Local Travel and Economic Outlook | Travis Napper, Tourism Economics |
| 12:00 p.m. | Lunch and Social Time <i>*Livestream remains paused during lunch and resumes at 12:30 p.m.</i> | Open Discussion |
| 12:30 p.m. | Housing Supply and Affordability Overview | Scott Dedman, Retired |
| 1:45 p.m. | Break <i>*Livestream pauses during scheduled break and resumes after 15minutes.</i> | |
| 2:00 p.m. | 2024 Resident Perspectives on Tourism | Chris Davidson, MMGY Global |
| 2:45 p.m. | Nurturing and Growing our Workforce Panel Discussion • Robyn Pass, Career Academy Coordinator, Erwin High School, Buncombe County Schools • Dawson Winchester, Assistant General Manager, Hampton Inn & Suites • Alucia Noonan, Housekeeping Supervisor, Grand Bohemian Hotel • Christy Greer, A-B Tech Culinary Arts Graduate | |
| 3:30 p.m. | Wrap-Up & Adjourn | Brenda Durden |

The next joint BCTDA monthly meeting is **Wednesday, April 24, 2024**, at 9:00 a.m., in the Board Room of Explore Asheville, located at 27 College Place. Please contact Julia Simpson at jsimpson@ExploreAsheville.com or 828.333.5831 with questions.

BCTDA Mission Statement

To be a leader in the economic development of Buncombe County by attracting and servicing visitors, generating income, jobs and tax revenues which make the community a better place to live and visit.





WELCOME & INTRODUCTIONS

Brenda Durden
BCTDA | Chair

EXPLORE
ASHEVILLE
POWERED BY | Buncombe County Tourism
Development Authority

WELCOME BOARD & GUESTS

Chair Brenda Durden

- **Welcome board members, TPDF/LIFT committee members, Explore Asheville staff, presenters, and guests who are in attendance**
- **Let's kick off the session with introductions around the room**
Please share your name, organization/title, and board or committee positions (if applicable)
- **ICEBREAKER PROMPT**
Describe yourself in three words
- **Thank you all for participating!**





THE ROLE OF TOURISM DEVELOPMENT AUTHORITIES IN NC & HERE AT HOME

Chris Cavanaugh
Magellan Strategy Group | President

Vic Isley
Explore Asheville | President & CEO

EXPLORE
ASHEVILLE
POWERED BY | Buncombe County Tourism
Development Authority



OVERVIEW OF NORTH CAROLINA TDAS AND OCCUPANCY TAXES

Chris Cavanaugh

Magellan Strategy Group

The ABCs of TDAs

- A Tourism Development Authority (TDA) is the vehicle created by the State to oversee the collection and investment of occupancy taxes in most communities in NC.
- In NC, it's a “quasi-governmental” body, usually a board of representatives from the local visitor economy and ex officio members.
- TDAs can only be created by a specific act of the Legislature granting approval to a local body (county commissioners or a council) to appoint members and formally authorize an occupancy tax.
- The legislation is always specific to that community.

Overview of North Carolina Occupancy Taxes

First occupancy tax legislation was passed in North Carolina in 1983, including here in Buncombe County.

- 90 counties now enabled to collect occupancy tax.
- 110 cities and towns enabled to collect occupancy taxes, often in addition to their county's tax.

All commercial “lodging” required to collect the tax, including vacation rentals.

Occupancy tax rates range from 1% to 6%. Total occupancy tax charged to the consumer cannot exceed 6% except for Mecklenburg, which levies 8%.



Overview of North Carolina Occupancy Taxes

- Consumers always pay sales tax on the cost of their lodging in addition to an occupancy tax. (And the lodging property pays local property taxes as well.)
- Occupancy tax is different from prepared meals taxes, which are levied by 5 communities in NC and governed by their own legislation. All of this legislation dates to the early 1990s.
- While lodging tax rates can be compared to those in other states, the laws and mechanisms which govern collection and investment of taxes vary greatly.

Who Pays the Tax?

- Guests of all commercial lodging for stays of less than 90 nights.
- Properties that rent for less than 15 days a year are exempt.
- Occupancy tax is always in addition to sales tax.
- Tent campgrounds and RV parks are excluded.
- For rentals made via Airbnb and VRBO, the tax is paid at the state level. NC Department of Revenue collects the tax then remits it to the local jurisdiction where the rental occurred.



North Carolina Occupancy Tax Guidelines

NC House of Representatives occupancy tax guidelines first written in 1997 introduced two important concepts into the tourism lexicon:

- **At least 2/3** of occupancy tax revenue must be invested in destination promotion: *“To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area.”*
- **Up to 1/3** of revenue can be invested in “*tourism-related expenditures*,” which include capital expenditures.
- A majority of NC communities now have legislation that mandates the above split of occupancy tax revenue.

“Tourism-Related Expenditures”

“Expenditures that, in the judgment of the TDA, are designed to increase the use of lodging facilities, meeting facilities, or convention facilities in the county. The term includes tourism-related capital expenditures.”

- Before occupancy tax guidelines adopted in 1997, a few communities were legislatively allowed to allocate lodging tax to non-tourism expenditures. (Many of these were small beach communities.)
- “*Tourism-related*” funding has been used to support a variety of projects, including capital assets—stadiums, arenas, convention centers, sports complexes, museums, etc.—and non-capital expenses such as events.

Investment of Occupancy Tax Revenue: Counties

90 counties enabled to collect the tax

19 counties with less than 2/3 of revenue mandated for destination promotion:

- Typically found in NC counties with large specific investments in arenas, stadiums, and convention centers, or in beach nourishment.

10 counties without a mandated percentage for destination promotion:

- All have legislation predating 1997 guidelines.



Investment of Occupancy Tax Revenue: Municipalities

110 municipalities enabled to collect the tax

12 municipalities with less than 2/3 of revenue mandated for destination promotion:

- Often in NC communities with large investments in arenas, stadiums, or convention centers, or in beach nourishment.

14 municipalities without a mandated percentage for destination promotion:

- Most have legislation predating 1997 guidelines.



What's a "tourism-related
expenditure"?



CURRITUCK SLAPPED WITH SUIT OVER \$40 MILLION IN OCCUPANCY TAX SPENDING

🕒 May 23, 2019 👤 OBX Today 📁 Featured 💬 Comments Off



BUDGET & TAXES, BUSINESS, LAW, LOCAL GOVERNMENT, STATE GOVERNMENT

Appeals Court rules against Currituck County in occupancy tax dispute



MARCH 19, 2024



Three Components of a NC Tourism Development Authority



Destination Leadership Responsibilities

The staff and board members of a publicly-funded TDA have a *fiduciary duty* to ensure that lodging tax dollars are spent in accordance with the specific legislation and rules governing their use.



Fiduciary: Relating to or involving trust

What does it mean to execute a fiduciary duty?

“Perform each of their duties as board members...in good faith and with that degree of diligence, care and skill which an ordinary prudent person in like position would use under similar circumstances and may take into consideration the views and policies of any elected official or body, or other person and ultimately apply independent judgment in the best interest of the authority, its mission and the public.”

*Public Authority Board Member and Staff Training,
State of New York*



Overview of North Carolina Occupancy Taxes

The latest version of our North Carolina occupancy tax overview can always be downloaded at: <https://www.magellanstrategy.com/research/>.



OVERVIEW OF NORTH CAROLINA TDAS AND OCCUPANCY TAXES

Chris Cavanaugh

Magellan Strategy Group



BUNCOMBE COUNTY TOURISM DEVELOPMENT AUTHORITY OVERVIEW

Vic Isley

Explore Asheville | President & CEO



BUNCOMBE COUNTY TOURISM DEVELOPMENT AUTHORITY

BCTDA organizational overview, mission, and vision

The Buncombe County Tourism Development Authority (BCTDA) is the public authority created in 1983 by an act of the North Carolina Legislature to oversee the collection and investment of occupancy taxes paid by travelers who stay overnight in commercial lodging establishments, such as hotels and motels, bed and breakfast operations, and vacation rentals such as Airbnb and VRBOs.

The members of the BCTDA have a fiduciary responsibility to ensure that the tax dollars are spent in accordance with the specific legislation governing their use.

The members of the Buncombe County Tourism Development Authority carry on a long and proud legacy that has inspired economic growth in Asheville, Buncombe County, and Western NC.

BCTDA Mission Statement

To be a leader in the economic development of Buncombe County by attracting and servicing visitors, generating income, jobs and tax revenues which make the community a better place to live and visit.

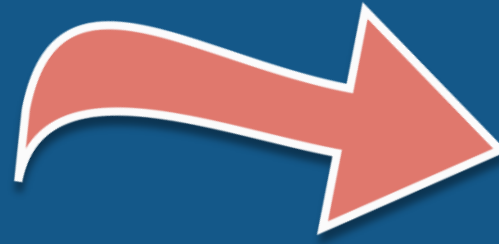
BCTDA Vision Statement

Asheville/Buncombe County will retain its unique, authentic and environmental charm while welcoming global visitors searching for personal enrichment and memorable experiences.

THE VIRTUOUS VISITOR CYCLE

Lodging tax investment grows the local economy

69% of visitor spending
takes place outside of
lodging businesses.



Lodging tax paid by visitors
shoulders 100% of marketing
and product investment.



Marketing and product
investment helps inspire
visitor spending.



BCTDA RECEIVES “NET PROCEEDS” OF THE OCCUPANCY TAX

County remits gross proceeds less the cost of administering and collecting the tax

Legislation states:

"Sec. 21. Disposition of Taxes Collected. – (a) Buncombe County shall remit the net proceeds of the occupancy tax to the county Tourism Development Authority in Buncombe County. "Net proceeds" means gross proceeds less the cost to the county of administering and collecting the tax. ~~The Authority may not use more than ten percent (10%) of the funds distributed to it pursuant to this subsection for administrative expenses of the Authority.~~ tax, not to exceed five percent (5%) of the gross proceeds collected each year.

CHANGE IN BUNCOMBE COUNTY ADMINISTRATIVE FEE

Buncombe County to receive \$2 million in lodging tax annually

- Legislative changes advocated for by local hoteliers and passed in 2022 impacted the administrative support contract between Tourism Development Authority and Buncombe County.
- Historically, the administrative fee has been approximately \$500,000 annually.
- For FY24, we anticipate Buncombe County to receive an additional \$1.5 million in administrative fees, totaling \$2 million, or 5% of the lodging tax annually going forward.

\$2
MILLION
ANNUALLY

FROM 5% ADMIN FEE



ADMINISTRATIVE FEE

FY23 and FY24 Comparison

| Month of room sales: | All Funds, By Month | | | | | | | | |
|-------------------------|------------------------------|---------------|---------------|-----------------|---------------|---------------|----------------------------|---------------|---------------|
| | Occupancy Tax Revenue, Gross | | | Collection Fee | | | Occupancy Tax Revenue, Net | | |
| | Current Year | Prior Year | (%) Change | Current Year | Prior Year | (%) Change | Current Year | Prior Year | (%) Change |
| July | \$ 3,426,074 | \$ 3,711,930 | -8% | \$ (171,323) | \$ (55,687) | 208% | \$ 3,254,751 | \$ 3,656,243 | -11% |
| August | 2,942,412 | 3,181,873 | -8% | (147,382) | (47,891) | 208% | 2,795,030 | 3,133,982 | -11% |
| September | 3,292,512 | 3,274,702 | 1% | (165,005) | (49,132) | 236% | 3,127,507 | 3,225,570 | -3% |
| October | 4,080,371 | 4,285,382 | -5% | (204,308) | (64,378) | 217% | 3,876,063 | 4,221,004 | -8% |
| November | 3,248,641 | 3,078,811 | 6% | (162,476) | (46,277) | 251% | 3,086,165 | 3,032,534 | 2% |
| December | 3,072,077 | 3,107,142 | -1% | (153,621) | (46,771) | 228% | 2,918,456 | 3,060,371 | -5% |
| January | 1,813,438 | 1,952,145 | -7% | (90,723) | (29,331) | 209% | 1,722,715 | 1,922,814 | -10% |
| February | - | 1,972,022 | - | - | (29,712) | - | - | 1,942,310 | - |
| March | - | 2,716,633 | - | - | (40,758) | - | - | 2,675,875 | - |
| April | - | 2,866,003 | - | - | (43,095) | - | - | 2,822,908 | - |
| May | - | 2,943,741 | - | - | (44,257) | - | - | 2,899,484 | - |
| June | - | 3,357,855 | - | - | (50,383) | - | - | 3,307,472 | - |
| Total | \$ 21,875,526 | \$ 36,448,239 | | \$ (1,094,839) | \$ (547,672) | | \$20,780,687 | \$ 35,900,567 | |

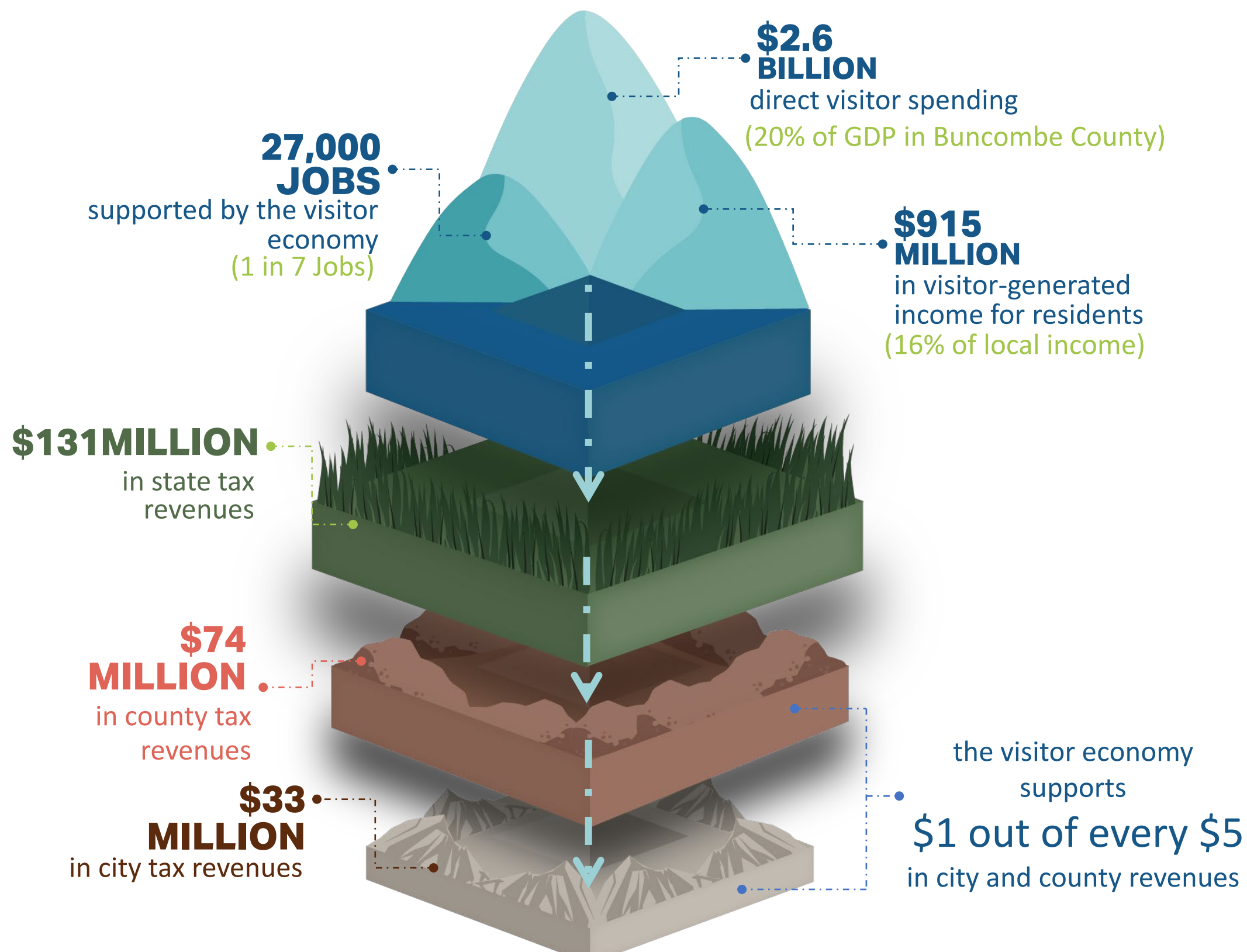
THE BENEFITS OF VISITORS IN ASHEVILLE & BUNCOMBE COUNTY RUN DEEP

The visitor economy supports local businesses and contributes to local government revenues.

\$238 MILLION

in state & local tax revenues are generated by the visitor economy

Buncombe County households would need to pay an additional \$2,261 in taxes annually to replace the visitor generated taxes received by state and local governments.



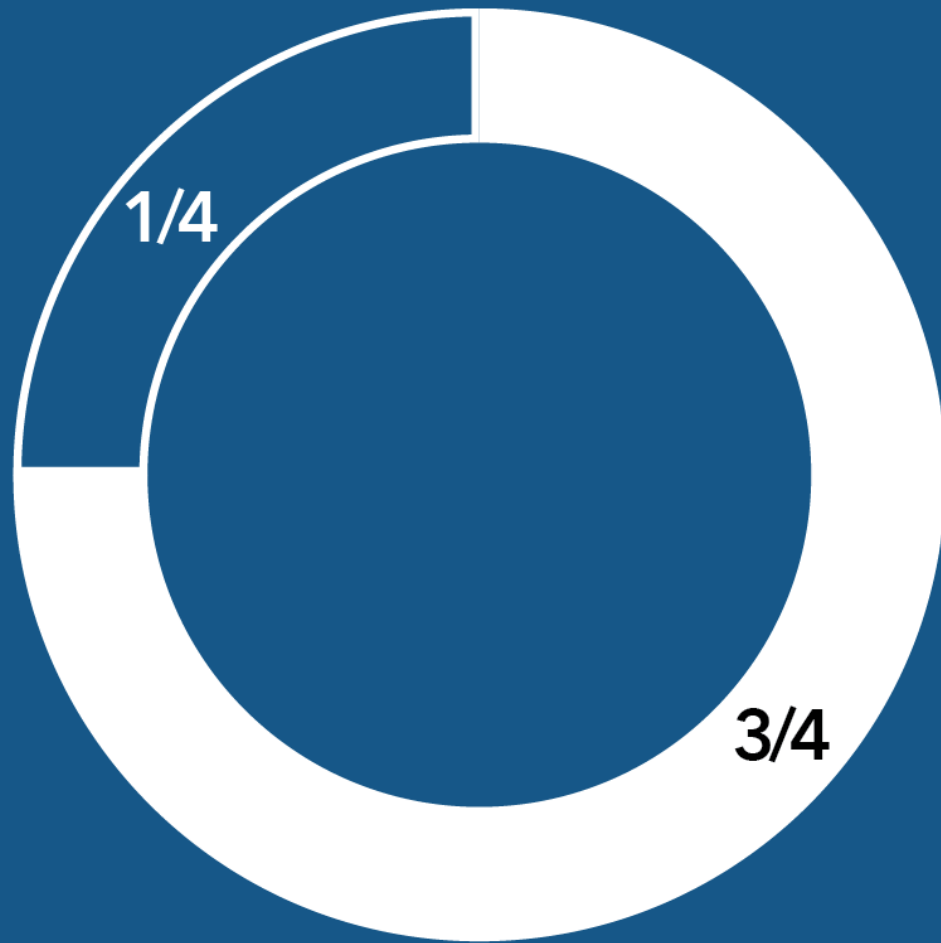


TPDF & LIFT FUND CAPABILITIES

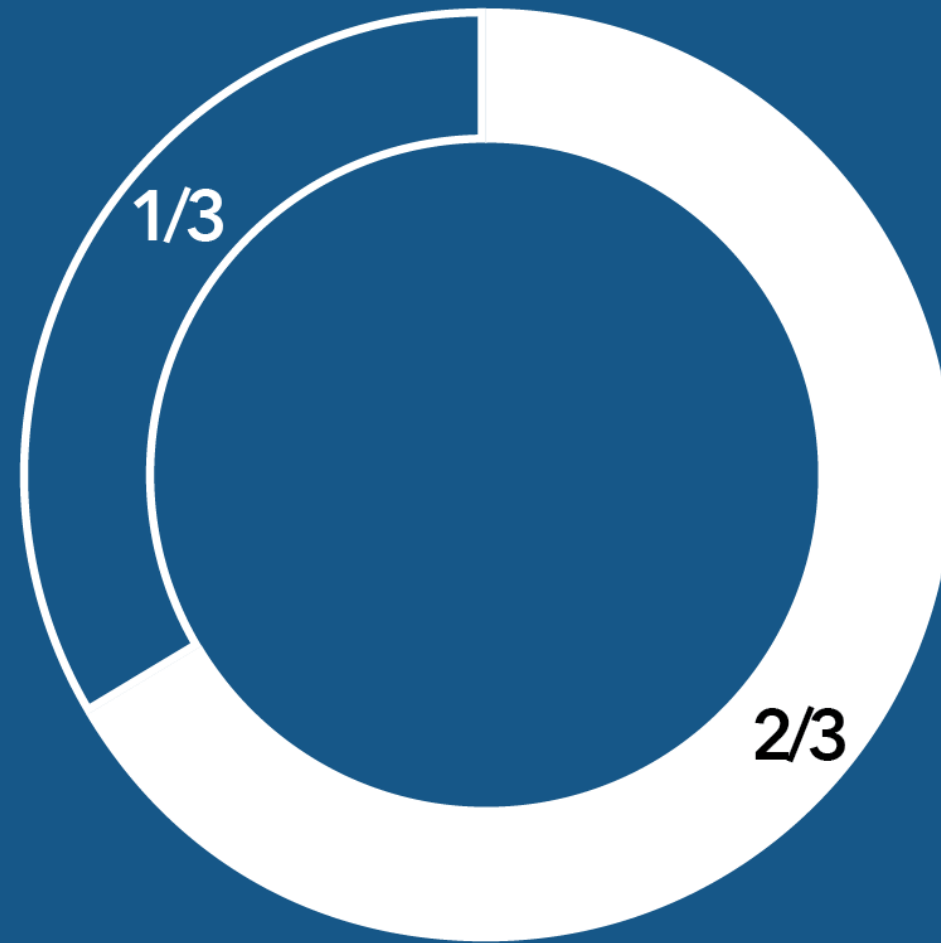
Vic Isley
Explore Asheville | President & CEO



ALLOCATION OF BUNCOMBE COUNTY LODGING TAX PAID BY VISITORS IN HOTELS, VACATION RENTALS, BED & BREAKFAST INNS

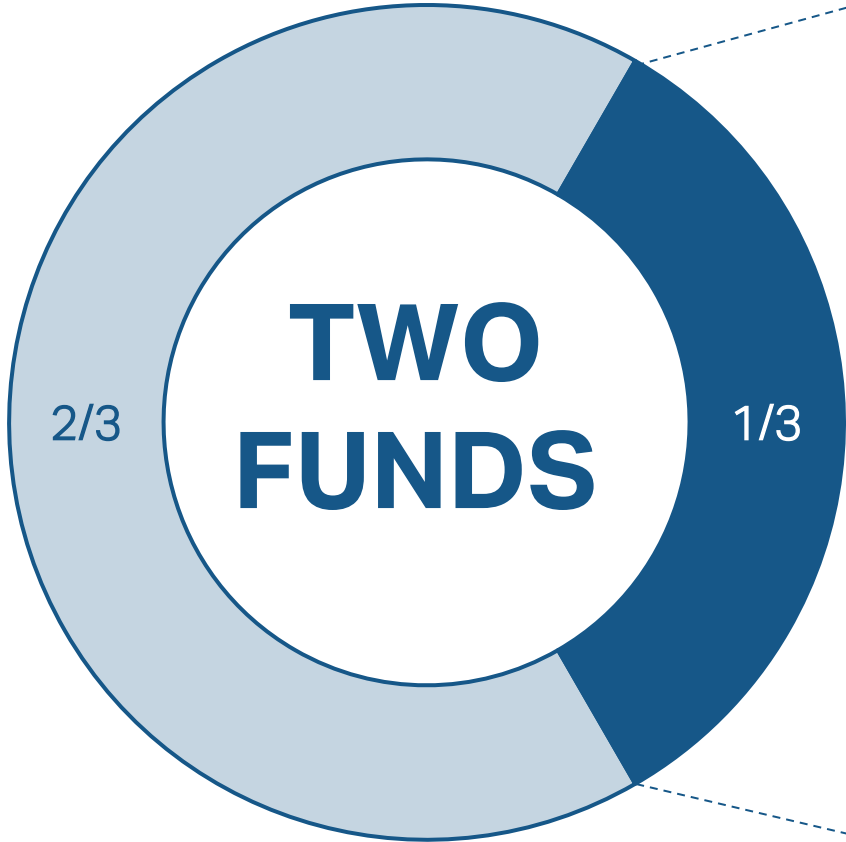


Previous legislation



New legislation

COMMUNITY CAPITAL PROJECT INVESTMENT



\$9.5M
THIS SPRING

Legacy Investment From Tourism (LIFT) Fund

Provides financial investment for **tourism-related capital projects** in order to increase patronage of lodging facilities and **benefit the community at large in Buncombe County, including maintenance, design, project administration, restoration, rehabilitation, enhancement of natural resources, or expansion of necessary infrastructure.**

\$9.4M
THIS FALL

Tourism Product Development Fund (TPDF)

Provides financial investment for **major tourism capital projects** in order to increase patronage of lodging facilities in, and **further economic development in Buncombe County.**

Per legislation, cannot include operational expenses

TOURISM PRODUCT DEVELOPMENT FUND

Two decades of investment in community projects in Buncombe County

41

PROJECTS

\$86M

INVESTED



TOURISM PRODUCT DEVELOPMENT FUND INVESTMENT SUMMARY

Municipal partners are the primary beneficiaries of investments

79%

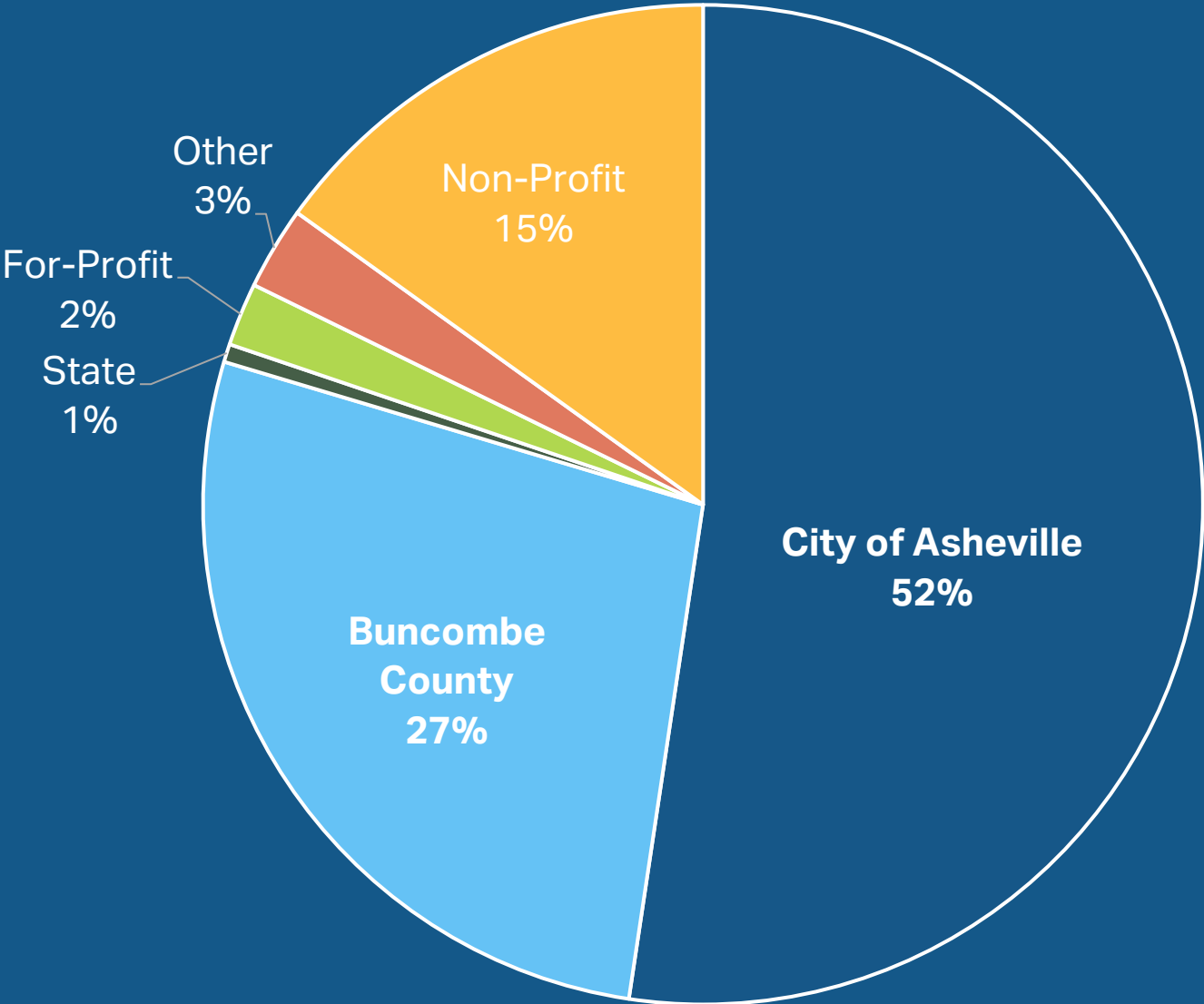
TO CITY AND COUNTY
GOVERNMENT PARTNERS

\$45M

TO CITY
GOVERNMENT
PARTNERS

\$23M

TO COUNTY
GOVERNMENT
PARTNERS





DEBT SERVICE CAPACITY

DEBT SERVICE LEGISLATIVE LANGUAGE

For TPDF and LIFT Funds

- (3) The Authority is not required to exhaust all of the funds generated each year and may accumulate money in order to create a revolving fund to further the purposes of this section. The Authority may not commit for purposes of debt service a portion of the net funds in excess of thirty-three percent (33%) of the average net funds received over a rolling three-year average for a period of time in excess of 15 years for any one project. The Authority shall not be the sole funding source for any debt service.

TPDF DEBT CAPACITY

2% Increase in Budget

| Year | Budget | McCormick Field | Investment 2 | Investment 3 | Available to Award |
|------|-------------|---------------------|---------------------|---------------------|--------------------|
| 2026 | \$5,770,000 | \$1,400,000 | | | \$4,370,000 |
| 2027 | \$5,885,400 | \$1,400,000 | \$1,900,000 | | \$2,585,400 |
| 2028 | \$6,003,108 | \$1,400,000 | \$1,900,000 | \$1,900,000 | \$803,108 |
| 2029 | \$6,123,170 | \$1,400,000 | \$1,900,000 | \$1,900,000 | \$923,170 |
| 2030 | \$6,245,634 | \$1,400,000 | \$1,900,000 | \$1,900,000 | \$1,045,634 |
| 2031 | \$6,370,546 | \$1,400,000 | \$1,900,000 | \$1,900,000 | \$1,170,546 |
| 2032 | \$6,497,957 | \$1,400,000 | \$1,900,000 | \$1,900,000 | \$1,297,957 |
| 2033 | \$6,627,916 | \$1,400,000 | \$1,900,000 | \$1,900,000 | \$1,427,916 |
| 2034 | \$6,760,475 | \$1,400,000 | \$1,900,000 | \$1,900,000 | \$1,560,475 |
| 2035 | \$6,895,684 | \$1,400,000 | \$1,900,000 | \$1,900,000 | \$1,695,684 |
| 2036 | \$7,033,598 | \$1,400,000 | \$1,900,000 | \$1,900,000 | \$1,833,598 |
| 2037 | \$7,174,270 | \$1,400,000 | \$1,900,000 | \$1,900,000 | \$1,974,270 |
| 2038 | \$7,317,755 | \$1,400,000 | \$1,900,000 | \$1,900,000 | \$2,117,755 |
| 2039 | \$7,464,110 | \$1,400,000 | \$1,900,000 | \$1,900,000 | \$2,264,110 |
| 2040 | \$7,613,392 | \$1,400,000 | \$1,900,000 | \$1,900,000 | \$2,413,392 |
| 2041 | \$7,765,660 | | \$1,900,000 | \$1,900,000 | \$3,965,660 |
| 2042 | \$7,920,974 | | | \$1,900,000 | \$6,020,974 |
| 2043 | \$8,079,393 | | | | \$8,079,393 |
| | | \$21,000,000 | \$28,500,000 | \$28,500,000 | |



LIFT FUND DEBT CAPACITY

2% Increase in Budget

| Year | Budget | Investment 1 | Investment 2 | Investment 3 | Available to Award |
|------|-------------|---------------------|---------------------|---------------------|--------------------|
| 2026 | \$5,770,000 | \$1,270,000 | | | \$4,500,000 |
| 2027 | \$5,885,400 | \$1,270,000 | \$1,900,000 | | \$2,715,400 |
| 2028 | \$6,003,108 | \$1,270,000 | \$1,900,000 | \$1,900,000 | \$933,108 |
| 2029 | \$6,123,170 | \$1,270,000 | \$1,900,000 | \$1,900,000 | \$1,053,170 |
| 2030 | \$6,245,634 | \$1,270,000 | \$1,900,000 | \$1,900,000 | \$1,175,634 |
| 2031 | \$6,370,546 | \$1,270,000 | \$1,900,000 | \$1,900,000 | \$1,300,546 |
| 2032 | \$6,497,957 | \$1,270,000 | \$1,900,000 | \$1,900,000 | \$1,427,957 |
| 2033 | \$6,627,916 | \$1,270,000 | \$1,900,000 | \$1,900,000 | \$1,557,916 |
| 2034 | \$6,760,475 | \$1,270,000 | \$1,900,000 | \$1,900,000 | \$1,690,475 |
| 2035 | \$6,895,684 | \$1,270,000 | \$1,900,000 | \$1,900,000 | \$1,825,684 |
| 2036 | \$7,033,598 | \$1,270,000 | \$1,900,000 | \$1,900,000 | \$1,963,598 |
| 2037 | \$7,174,270 | \$1,270,000 | \$1,900,000 | \$1,900,000 | \$2,104,270 |
| 2038 | \$7,317,755 | \$1,270,000 | \$1,900,000 | \$1,900,000 | \$2,247,755 |
| 2039 | \$7,464,110 | \$1,270,000 | \$1,900,000 | \$1,900,000 | \$2,394,110 |
| 2040 | \$7,613,392 | \$1,270,000 | \$1,900,000 | \$1,900,000 | \$2,543,392 |
| 2041 | \$7,765,660 | | \$1,900,000 | \$1,900,000 | \$3,965,660 |
| 2042 | \$7,920,974 | | | \$1,900,000 | \$6,020,974 |
| 2043 | \$8,079,393 | | | | \$8,079,393 |
| | | \$19,050,000 | \$28,500,000 | \$28,500,000 | |



DEBT SERVICE CAPACITY FROM TPDF AND LIFT FUND

Future capacity for tourism development authority’s investment in significant legacy projects for our community

TOURISM PRODUCT DEVELOPMENT FUND

Based on conservative projections, the tourism development authority will have the capacity to invest in three TPDF capital projects via 15-year debt service

- \$21 million for McCormick Field - \$1.4 million a year (Committed from 2026 – 2040)
- \$28.5 million for Project 2 - \$1.9 million a year
- \$28.5 million for Project 3 - \$1.9 million a year

LEGACY INVESTMENT FROM TOURISM FUND

Based on conservative projections, the tourism development authority will have the capacity to invest in three LIFT Fund capital projects via 15-year debt service

- \$19.05 million for Project 1 - \$1.27 million a year
- \$28.5 million for Project 2 - \$1.9 million a year
- \$28.5 million for Project 3 - \$1.9 million a year

3

TPDF
DEBT SERVICE
PROJECTS

\$21-28.5M

PER TPDF
DEBT SERVICE PROJECT

TPDF will have of \$800K - \$6 million per year for grants

3

LIFT FUND
DEBT SERVICE
PROJECTS

\$19-28.5M

PER LIFT FUND
DEBT SERVICE PROJECT

LIFT Fund will have of \$900K - \$6 million per year for grants

TOTAL DEBT SERVICE CAPACITY (FROM BOTH FUNDS)

Future capacity for tourism development authority's investment in significant legacy projects for our community

6

PROJECTS

\$19.05 -
\$28.5M

PER PROJECT

While still maintaining \$800K – \$6 million a year for grants per fund



DISCUSSION

QUESTIONS
INPUT
COMMENTS



The background of the slide is a photograph of a mountain range at sunset. The sky is a vibrant mix of orange, yellow, and red, with the sun low on the horizon. The mountains are silhouetted against the bright sky, and the foreground shows more detailed mountain ridges. Overlaid on the entire image is a white topographic map, with contour lines following the shape of the mountains.

BREAK

THE SESSION WILL RESUME IN 15 MINUTES

EXPLORE
ASHEVILLE

POWERED BY

Buncombe County Tourism
Development Authority

The Outlook for the US Economy; North Carolina & Asheville | Buncombe County Travel Sector

March 2024

Prepared for:



Travis Napper

—

Tourism Economics

TABLE OF CONTENTS

- 1** Introduction and key findings
- 2** Baseline US economic outlook
- 3** Key US travel trends
- 4** State Jobs and Lodging Outlook
- 5** Jobs Outlook for Asheville
- 6** Asheville lodging forecast

Introduction

Explore Asheville engaged Tourism Economics to prepare a lodging tax revenue forecast within Buncombe County, NC. The analysis relies on:

Monthly STR hotel data through January 2024;

Lodging tax collection data through November 2023;

Economic forecasts prepared by Oxford Economics, parent company of Tourism Economics; and,

Assumptions on the future path of the tourism sector in the context of economic trends.

Aspects of the US travel sector and the broader economy have made strong recoveries in the context of the Covid-19 pandemic. However, with an anticipated economic slowdown expected in 2024, the timeline for a full return of business transient, group, and international travel remains uncertain.

Due to these assumptions, and standard forecast variability, future hotel performance may vary from the estimates presented in this forecast.

Forecast scenario assumptions

For the purpose of this forecast we consider the following three scenarios.

Baseline: We think the US economy is set to slow in 2024 and forecast GDP growth at 2.3%. This is an upward revision from previous forecasts as the outlook continues to turn a little rosier due to the strength of the labor market, easing in financial market conditions, solid household and nonfinancial corporate balance sheets along with disinflation.

While we expect the pace of spending to slow this year, there doesn't appear a significant risk that consumers tighten their purse strings significantly. Consumer spending will be supported by wealth effects, strong job growth, solid growth in real disposable income and lower gas prices.

Dwindling excess savings will slow the pace in spending. This poses risk to travel. Other downward pressures on spending include rising credit card debt and delinquency rates on top of borrowing costs.

Downside scenario: Monetary policy is tightened in the near term as core inflation proves sticky. Bond yields remain high throughout the scenario, with term premia increasing against a backdrop of substantial bond issuance, inflation uncertainty, quantitative tightening, and weak demand. Higher interest rates weigh on financial and housing markets, while tightening credit conditions, and weak business and consumer demand amplifies the fallout. US GDP growth is, on average, 0.8ppts lower than our baseline forecast over the next three years.

Upside scenario: In this scenario, consumer and business sentiment improves as banking concerns fade, with consumption increasing as a larger proportion of excess savings is spent. Buoyant economic growth has implications for inflation, which falls more slowly than in our baseline, and prompts additional policy rate hikes in the near term. On average, US GDP growth is 0.3ppts higher over the next three years than our baseline forecast

Key findings

Will hotel revenue grow?

Asheville’s hotel room revenue in FY2023 declined by 1.0%. Lodging tax collections in FY2023 declined by 1.3%.

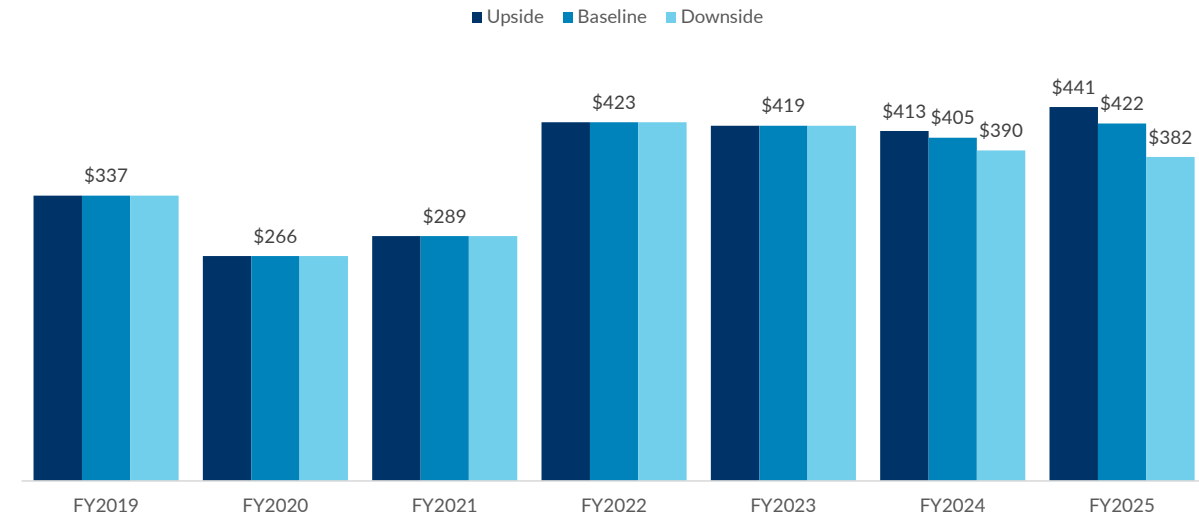
In our baseline scenario, we expect hotel room revenue and Lodging tax collections to decline in FY2024 by 3.4% and 5.7% respectively.

What will be the factors for the decline in FY2024?

Hotel room revenue in the first half of FY2024 has already declined 4.5%. Lodging tax collections have already declined 6.3%. It would take a radical upward shift during the second half of FY2024 to neutralize theses declines. Similar declines have been seen across the US for all market locations other than large urban areas.

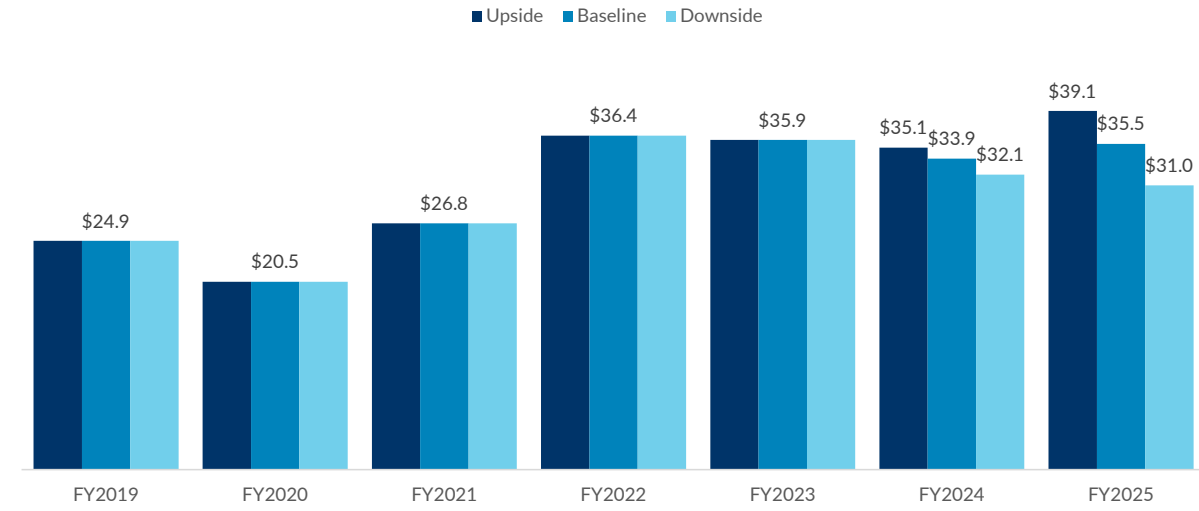
We believe the US is likely to experience a mild economic slowdown in 2024. Although our macro forecasts have been revised upward, there’s still a risk to travel. One of the biggest risks to travel in 2024 is dwindling excess savings.

Hotel room revenue, three scenarios
Buncombe County, NC, in millions



Sources: STR, Tourism Economics

Lodging tax collections, three scenarios
Buncombe County, NC, in millions

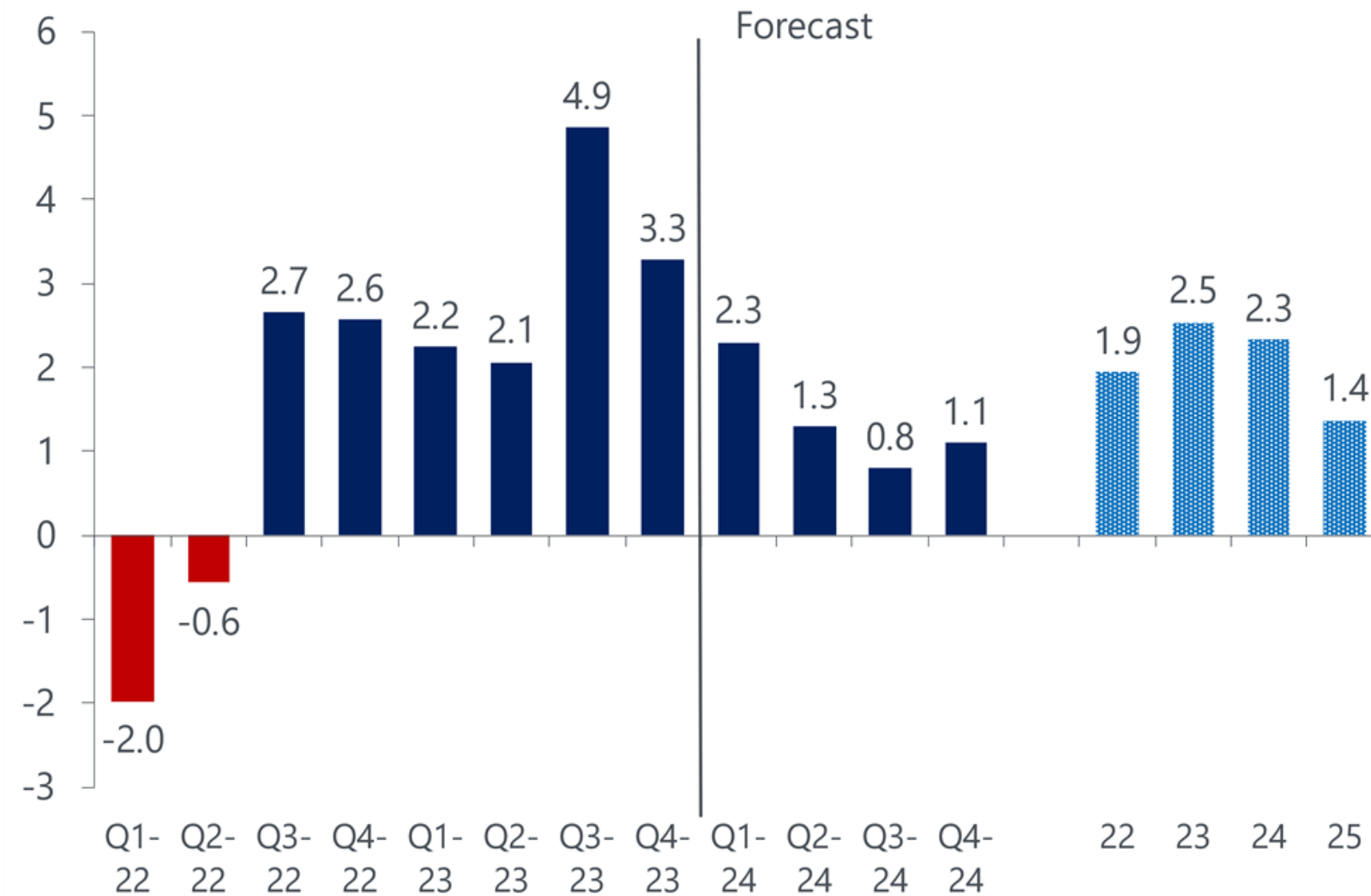


Sources: Explore Asheville, Tourism Economics

- 
- 1 Introduction and key findings
 - 2 **Baseline US economic outlook**
 - 3 Key US travel trends
 - 4 State Jobs and Lodging Outlook
 - 5 Jobs Outlook for Asheville
 - 6 Asheville lodging forecast

GDP set to slow as we move through 2024

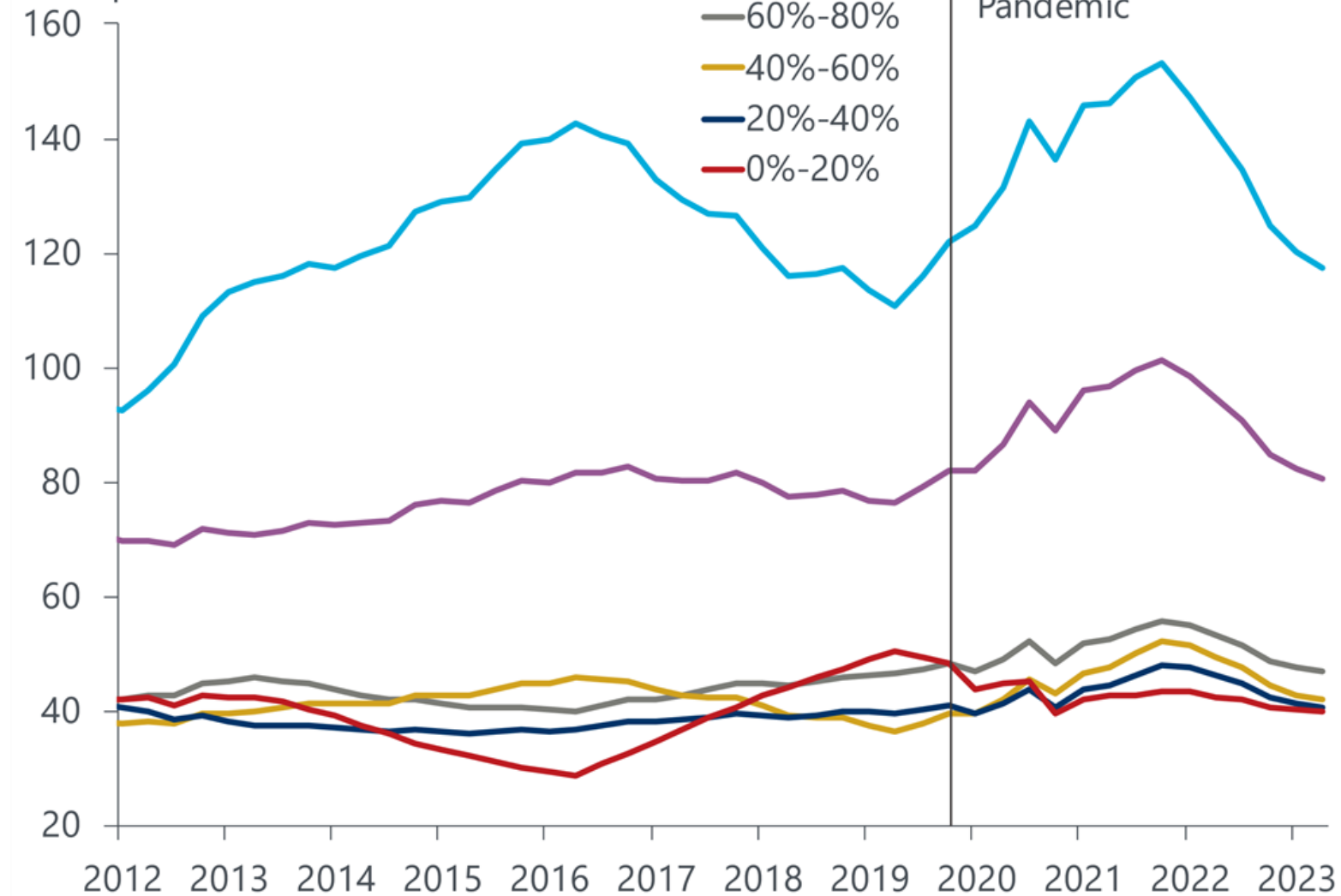
US: GDP Forecast
% annualized



Excess savings are now largely exhausted

US: Bank deposits

% disposable income

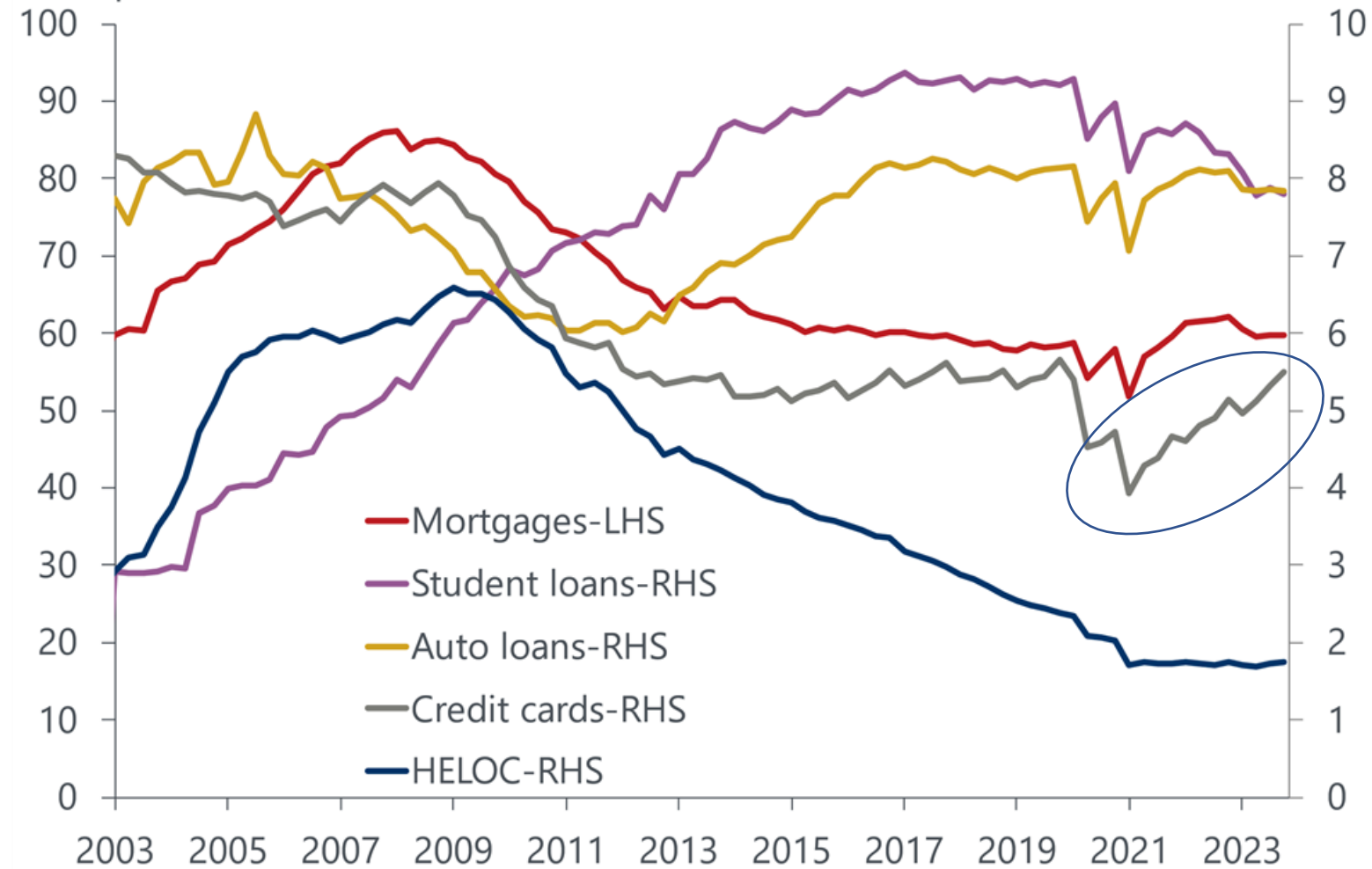


- Excess savings are more concentrated among the wealthiest households.

Debt has risen in some important categories

US: Household debt

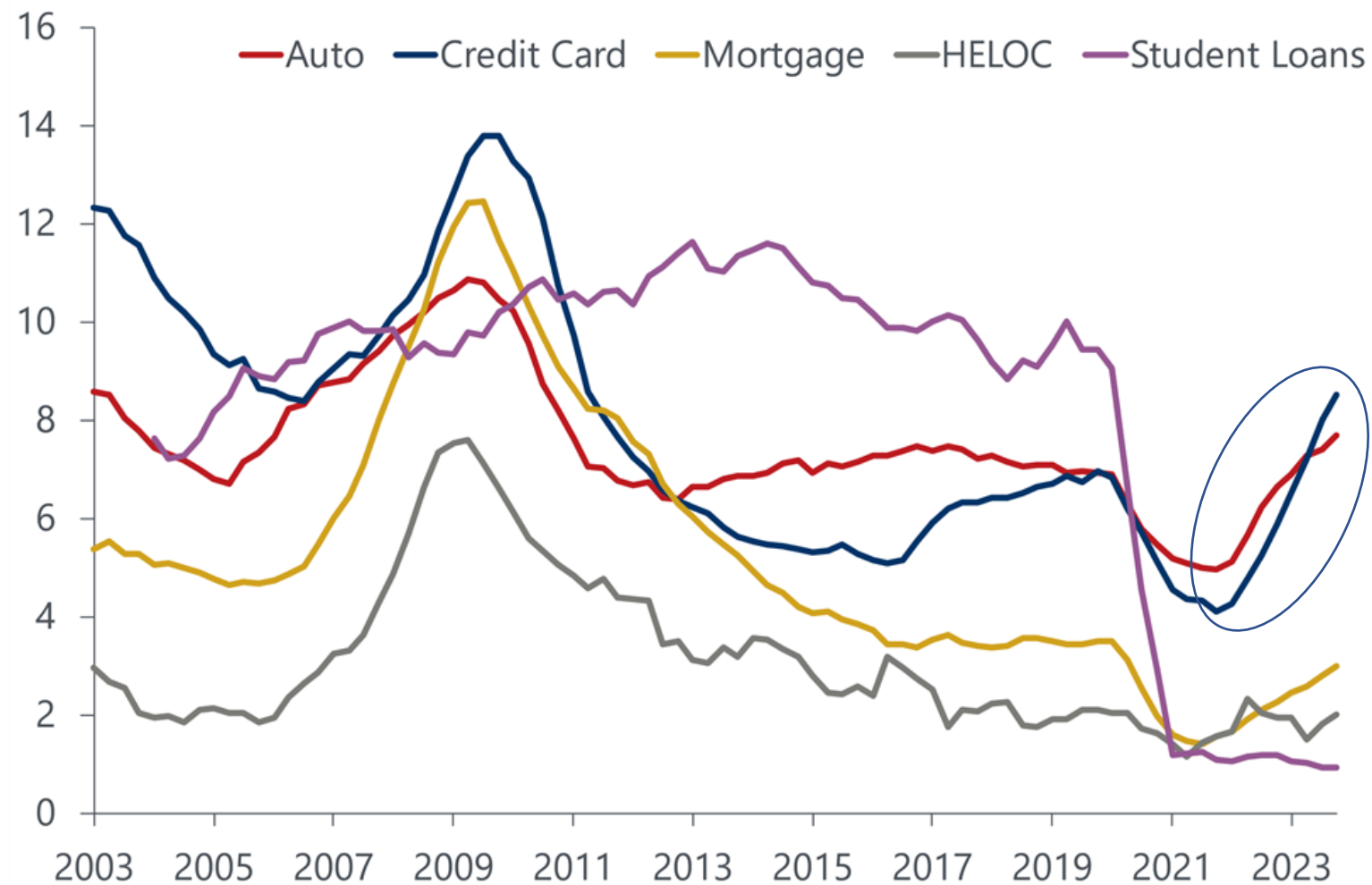
% disposable income



Delinquency rates are rising with borrowing costs surging

US: Newly delinquent (30+ days) loans

% of total loans

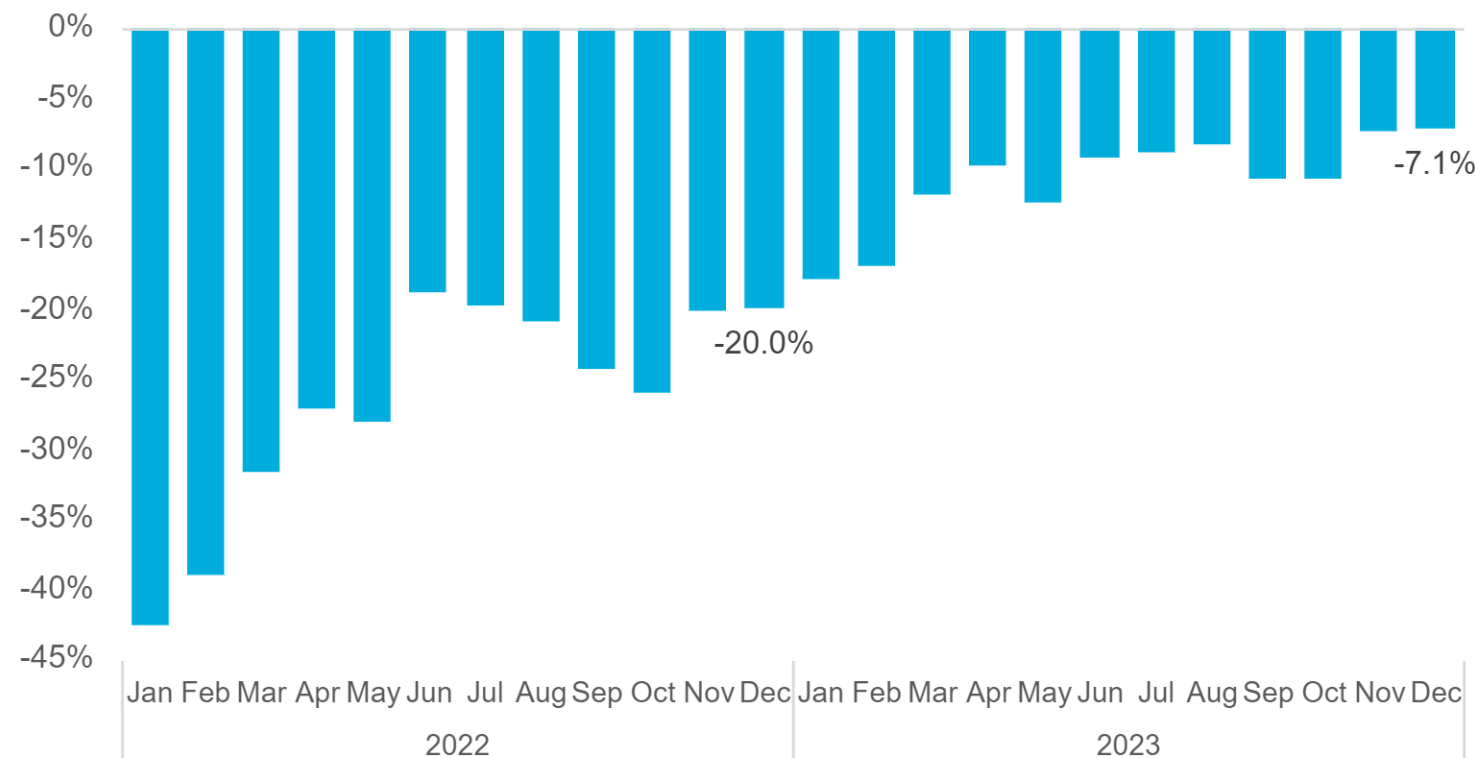


- 
- 1 Introduction and key findings
 - 2 Baseline US economic outlook
 - 3 **Key US travel trends**
 - 4 State Jobs and Lodging Outlook
 - 5 Jobs Outlook for Asheville
 - 6 Asheville lodging forecast

Bookings for groups moving towards 2019

US DMO booking activity, trailing six months

Hotel room nights contracted, trailing six-month sum, relative to 2019



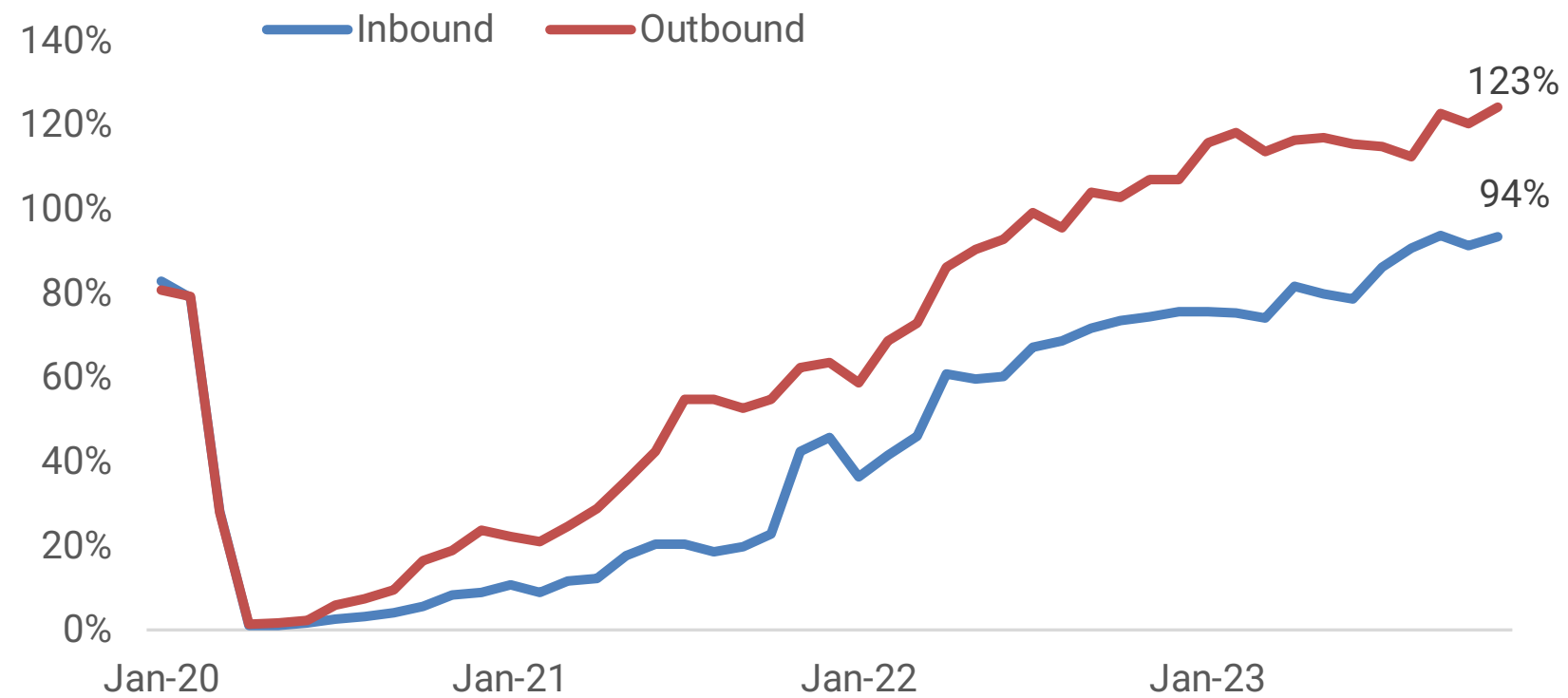
Source: Simpleview CRM (250+ DMOs)

“Group is shaping up to have another solid year in 2024. At the end of last year, full year 2024 Group revenues were pacing up nearly 13% globally and 11% in the U.S. and Canada on a year-over-year basis, driven by robust increases in both room nights and ADR.”

Marriott, Q4 Earnings Call

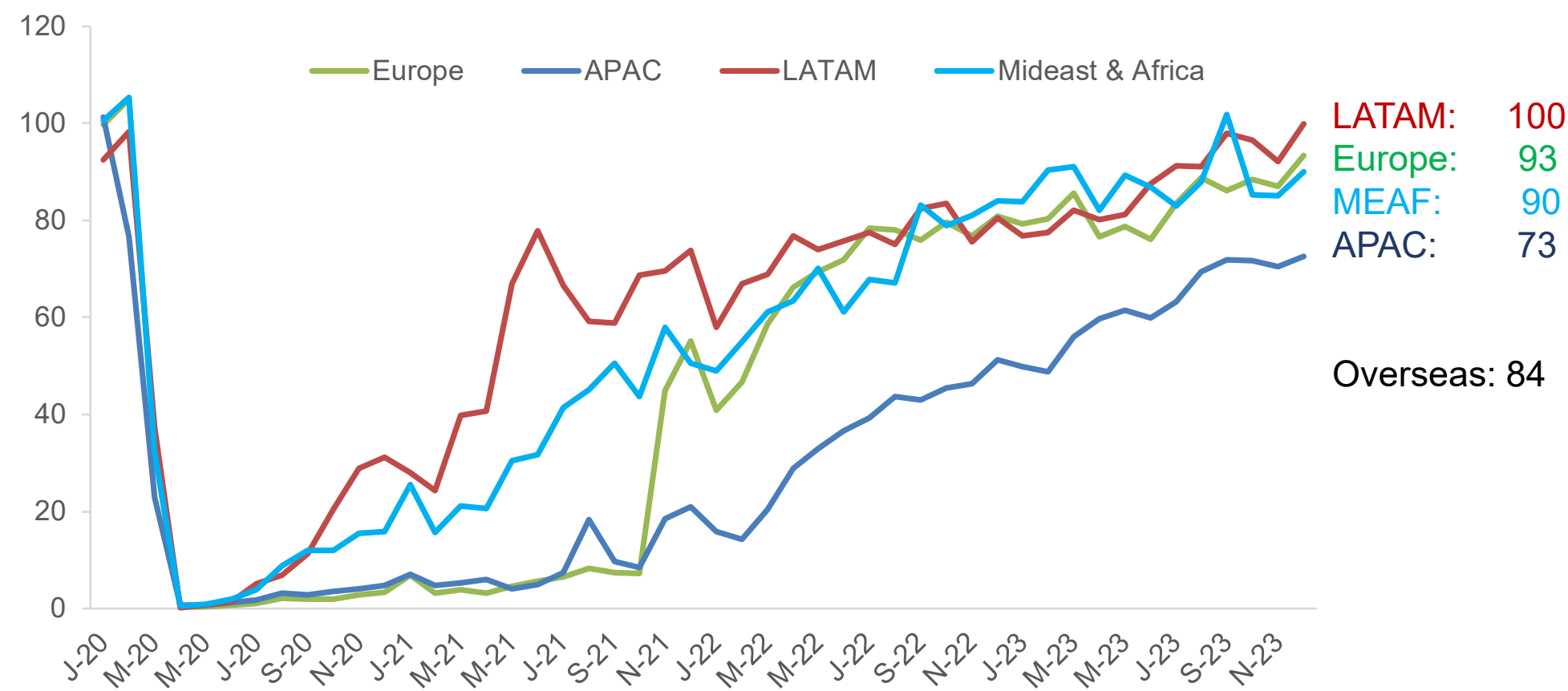
Outbound recovery is well ahead of inbound

Inbound and Outbound Travel Spending
% of same month in 2019



International recovery is accelerating

International visits to USA
2019 = 100 (same month comparison)

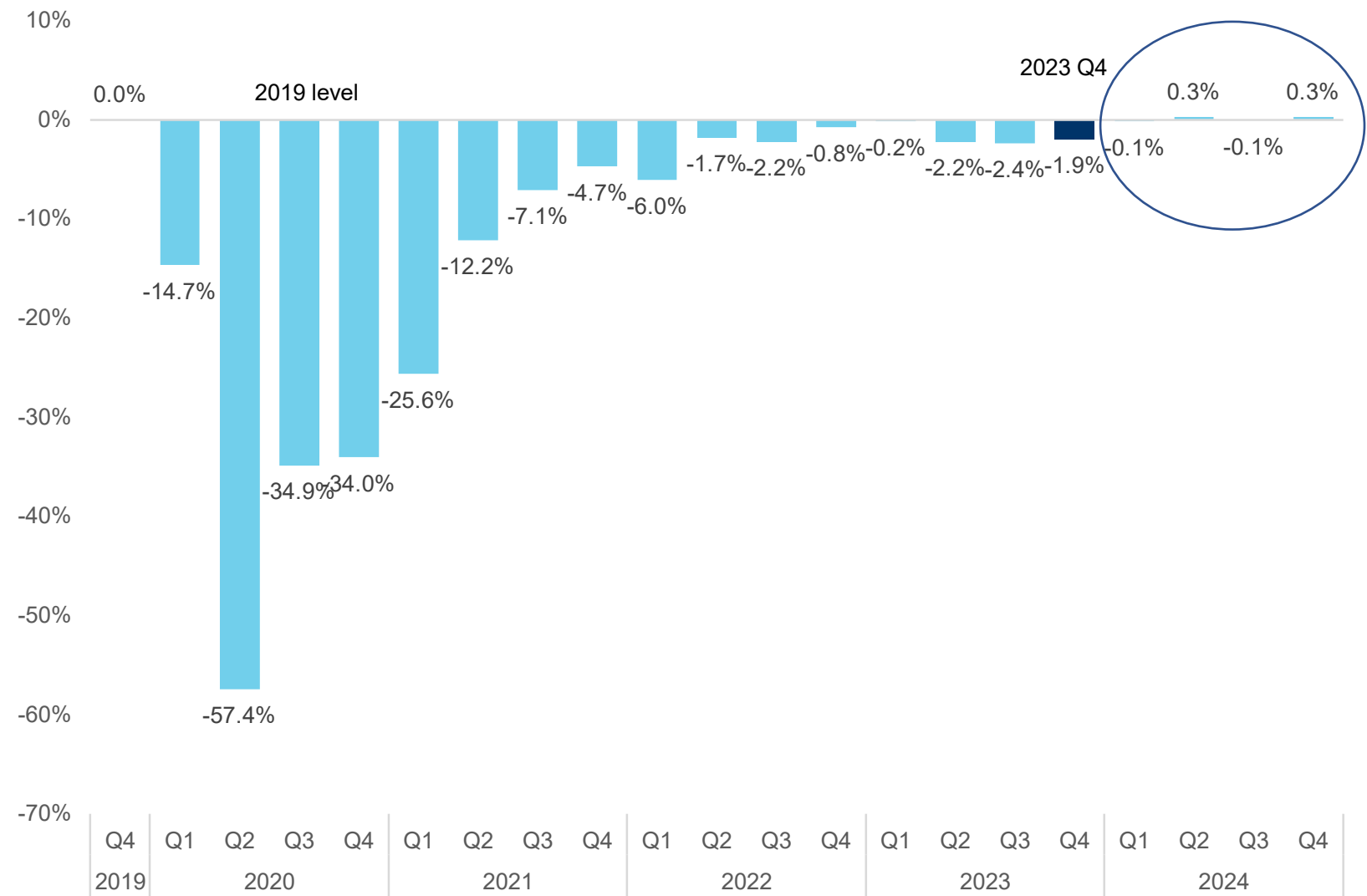


Source: NTTO

U.S. Room demand gains will be modest in 2024

Room demand

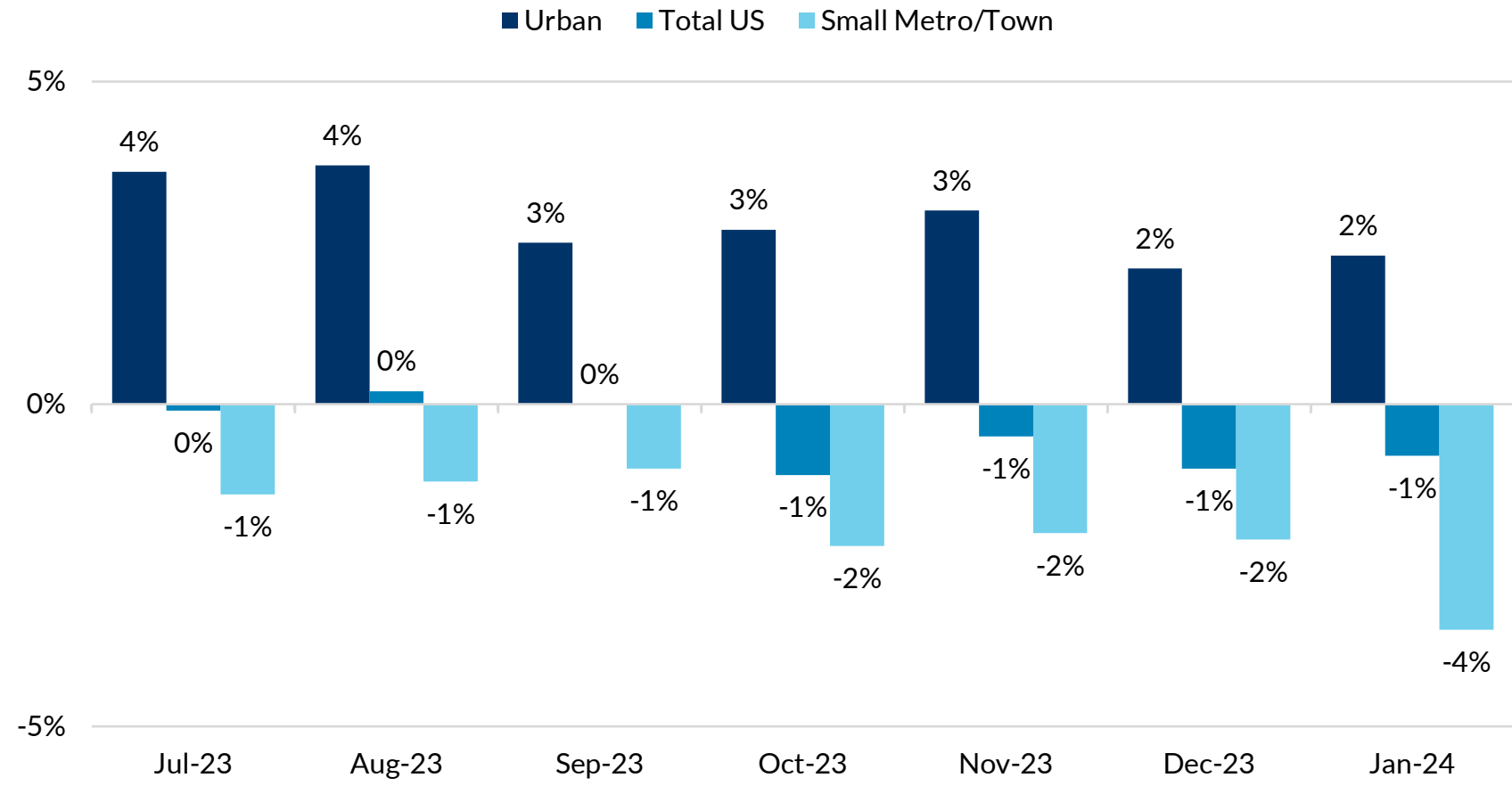
Quarterly, relative to 2019



Source: STR; Tourism Economics

Non-urban market demand across the US has declined

US Room Demand by Location
Year-over-year growth



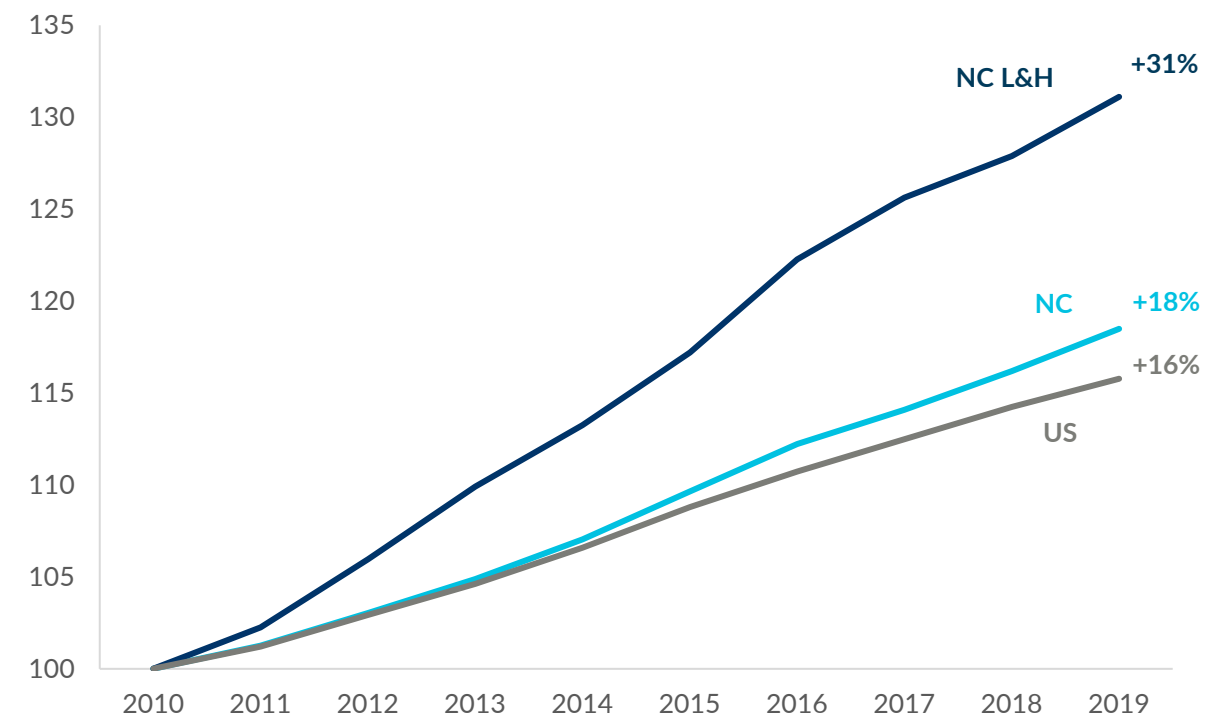
Source: STR

- 
- 1 Introduction and key findings
 - 2 Baseline US economic outlook
 - 3 Key US travel trends
 - 4 **State Jobs and Lodging Outlook**
 - 5 Jobs Outlook for Asheville
 - 6 Asheville lodging forecast

LEISURE & HOSPITALITY SEGMENT EMPLOYMENT OUTPACED OTHER INDUSTRIES

L&H employment in North Carolina

Index (2010=100)

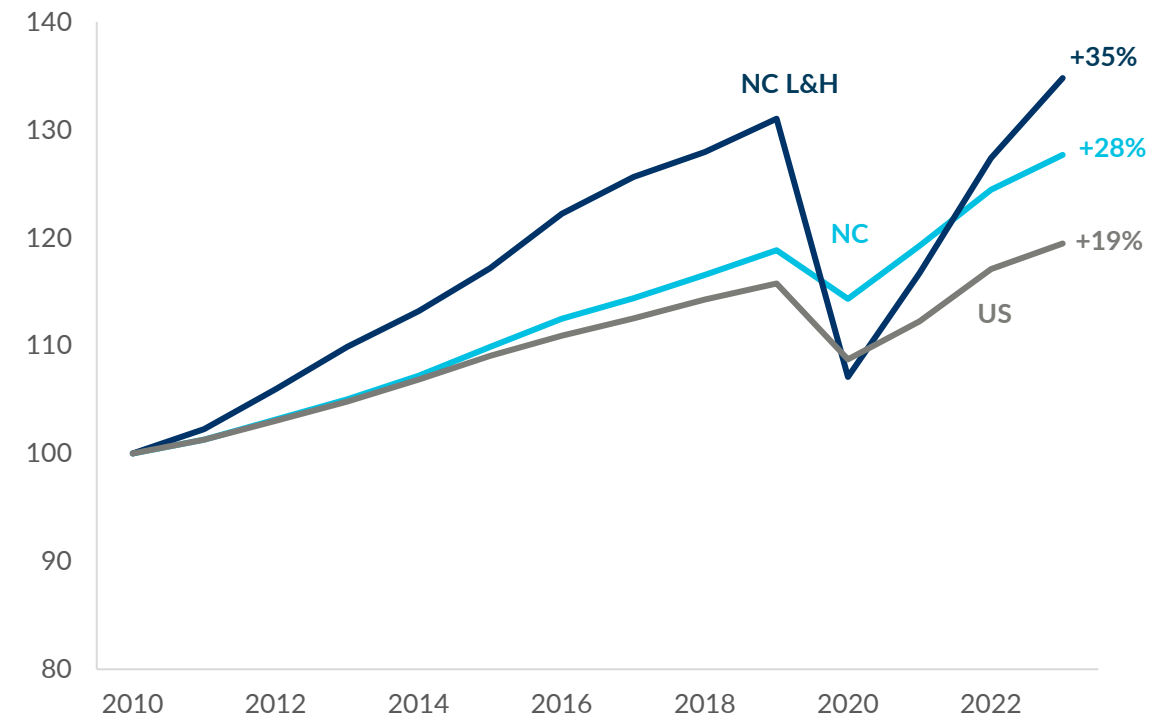


Source: BLS

LEISURE & HOSPITALITY EMPLOYMENT HAS EXCEEDED ITS PRE-PANDEMIC LEVEL

L&H employment in North Carolina

Index (2010=100)

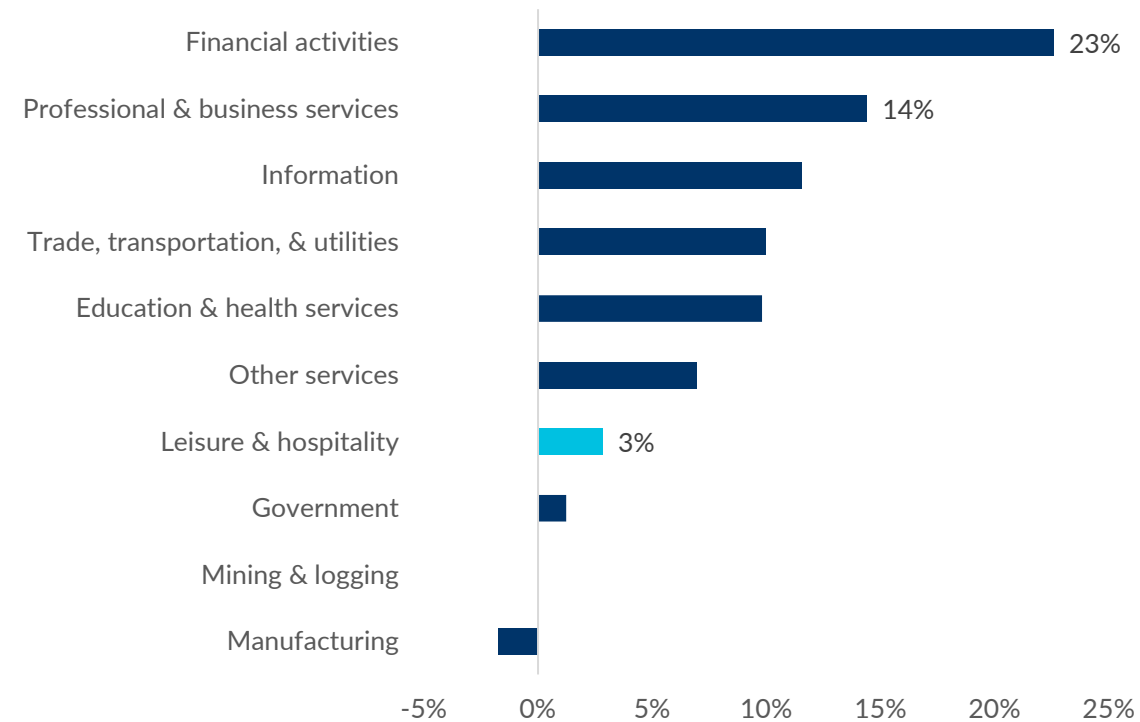


Source: BLS

L&H GROWTH LAGS OTHER INDUSTRIES

North Carolina employment growth by industry

% of industry growth relative to same month 2019

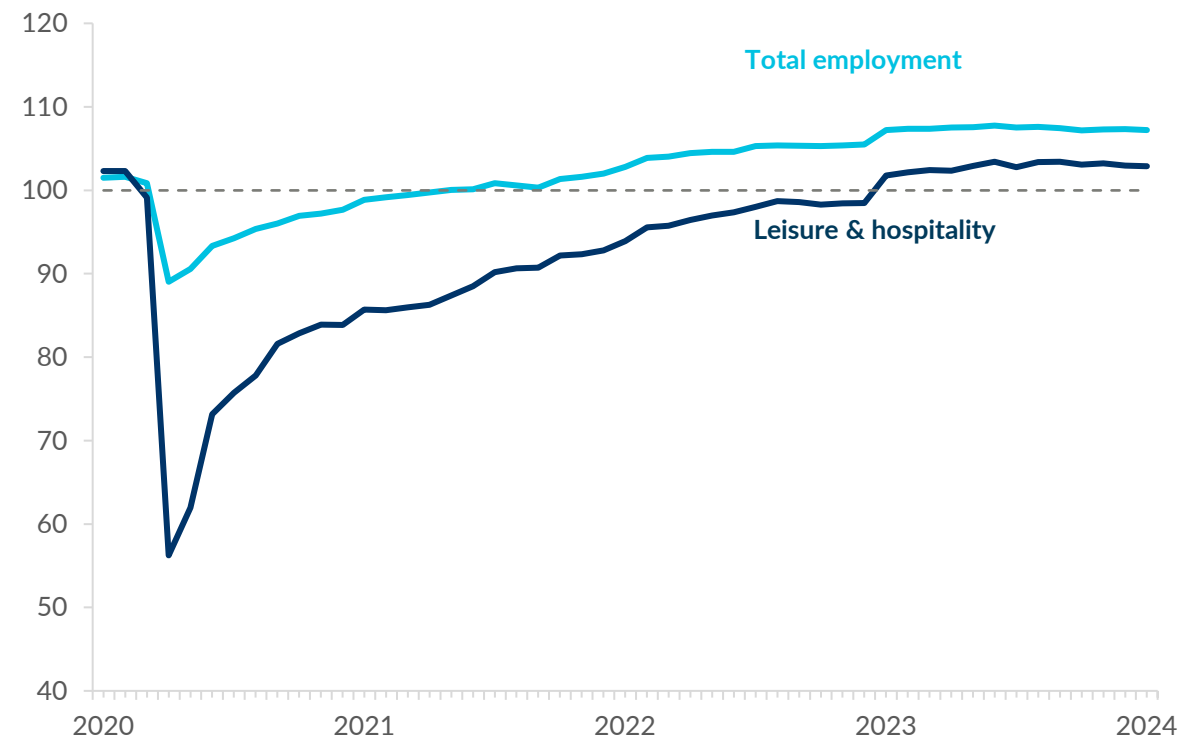


Source: BLS

LEISURE & HOSPITALITY EMPLOYMENT RECOVERED IN 2023

Employment in North Carolina

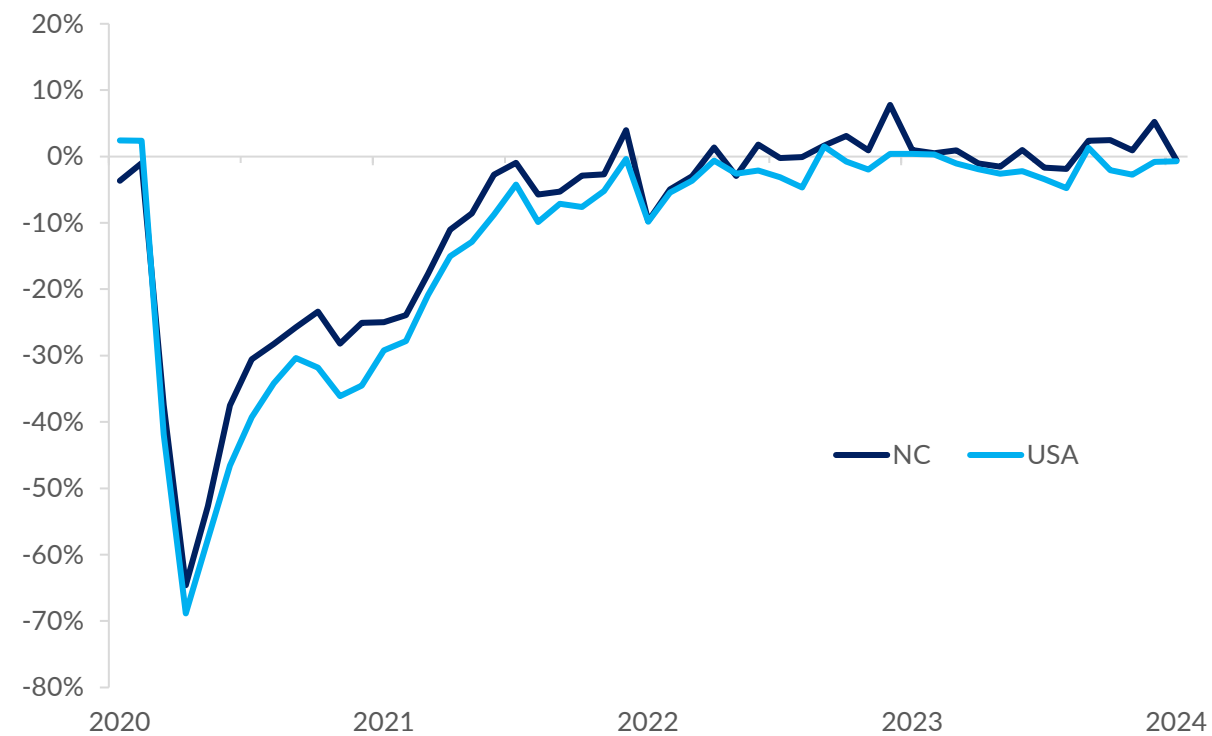
Index (same month 2019=100)



Source: BLS

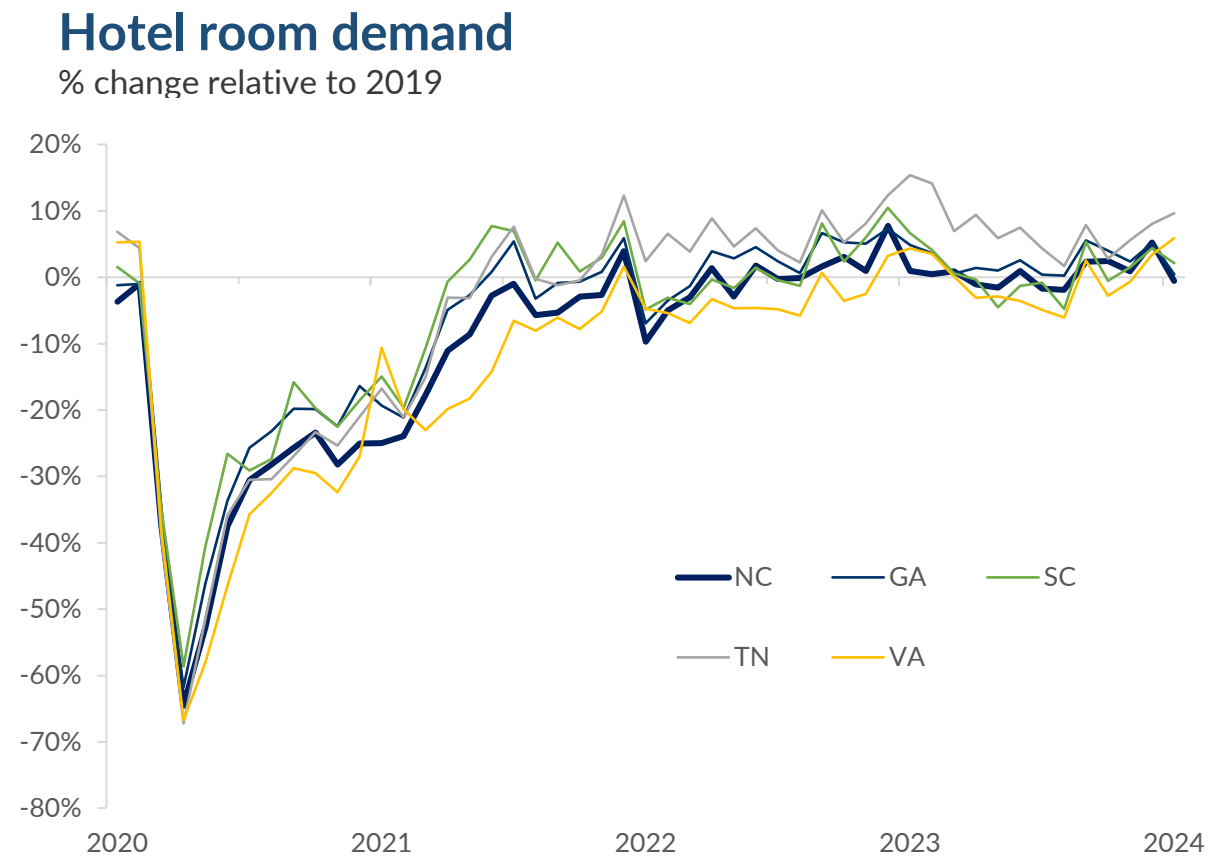
NORTH CAROLINA GROWING IN LINE WITH THE NATION

Hotel room demand
% change relative to 2019



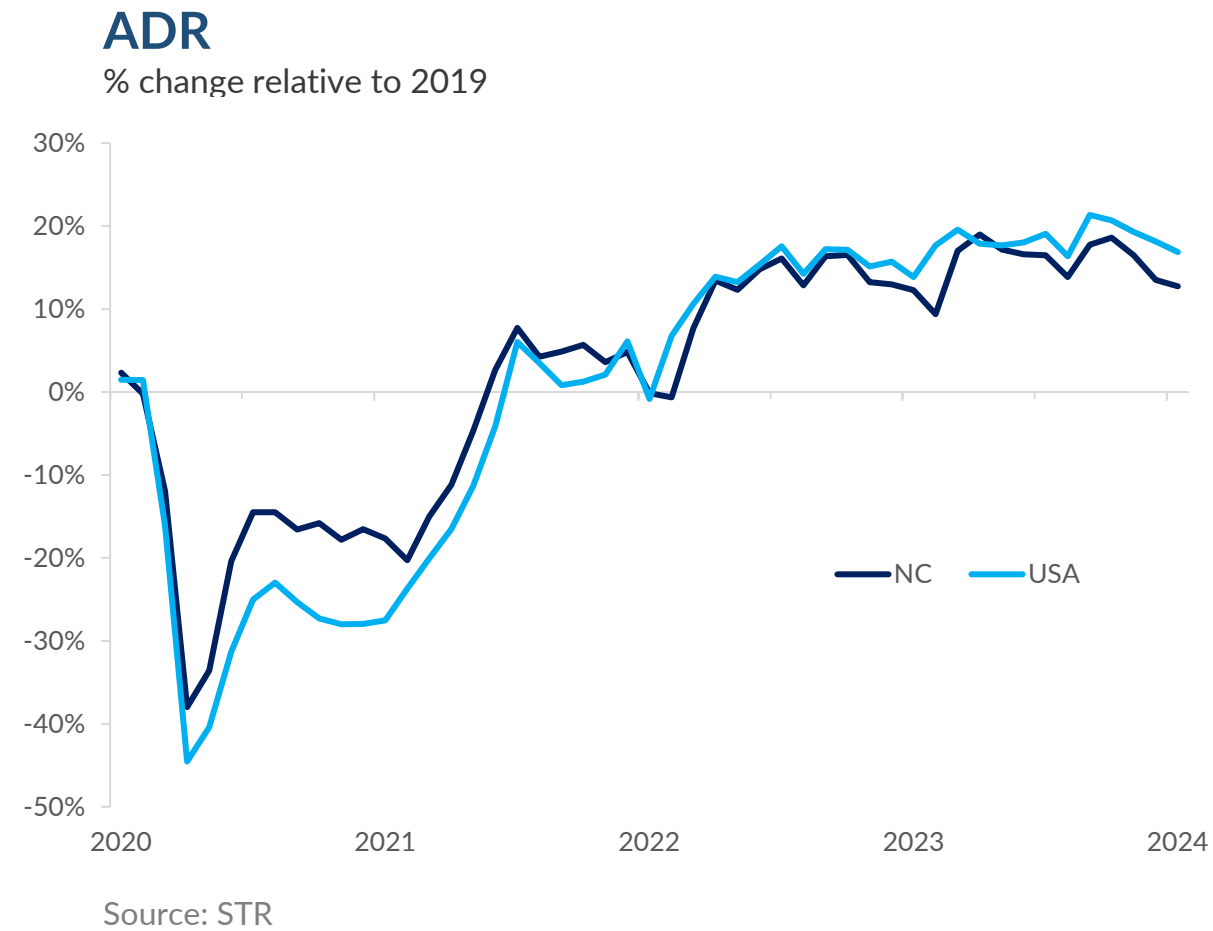
Source: STR

NORTH CAROLINA ON PAR WITH PEERS

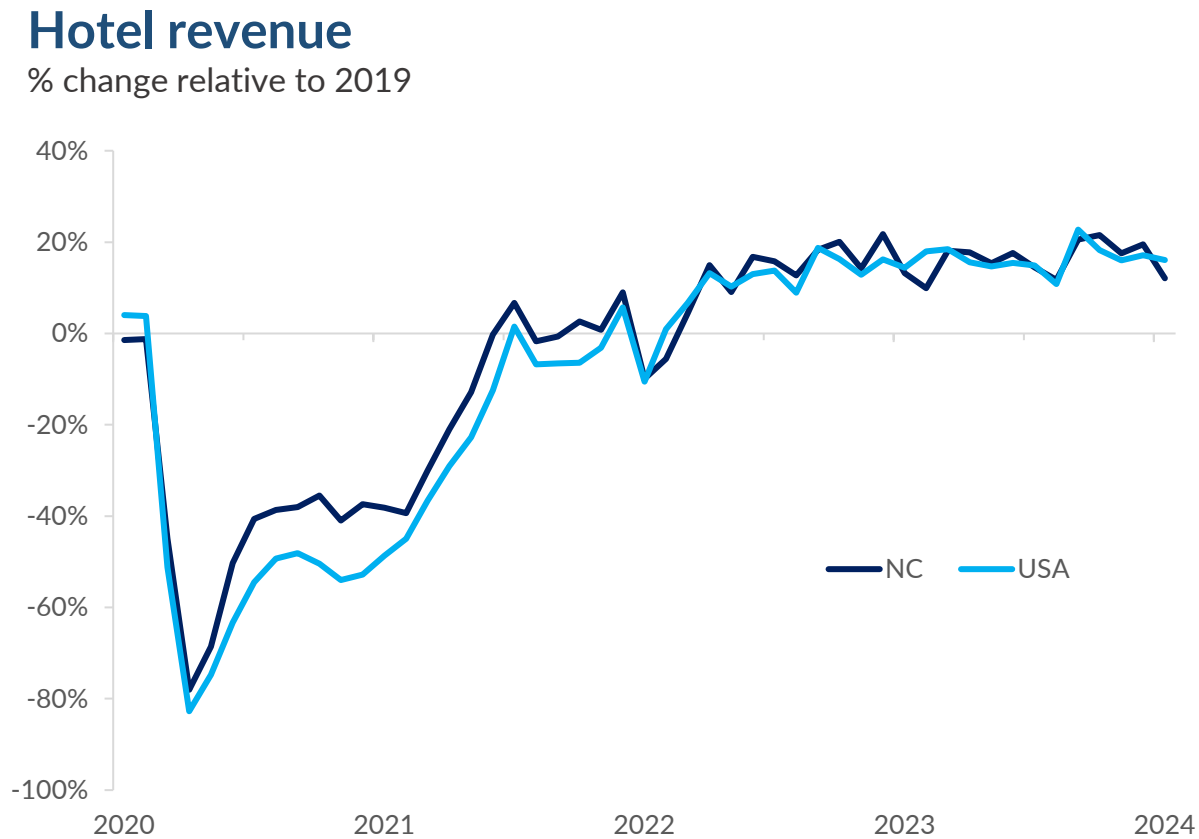


Source: STR

NORTH CAROLINA ADR GROWTH SLIPPING BEHIND THE NATION



HOTEL REVENUE HAS BEEN ABOVE 2019 LEVELS SINCE JULY 2021



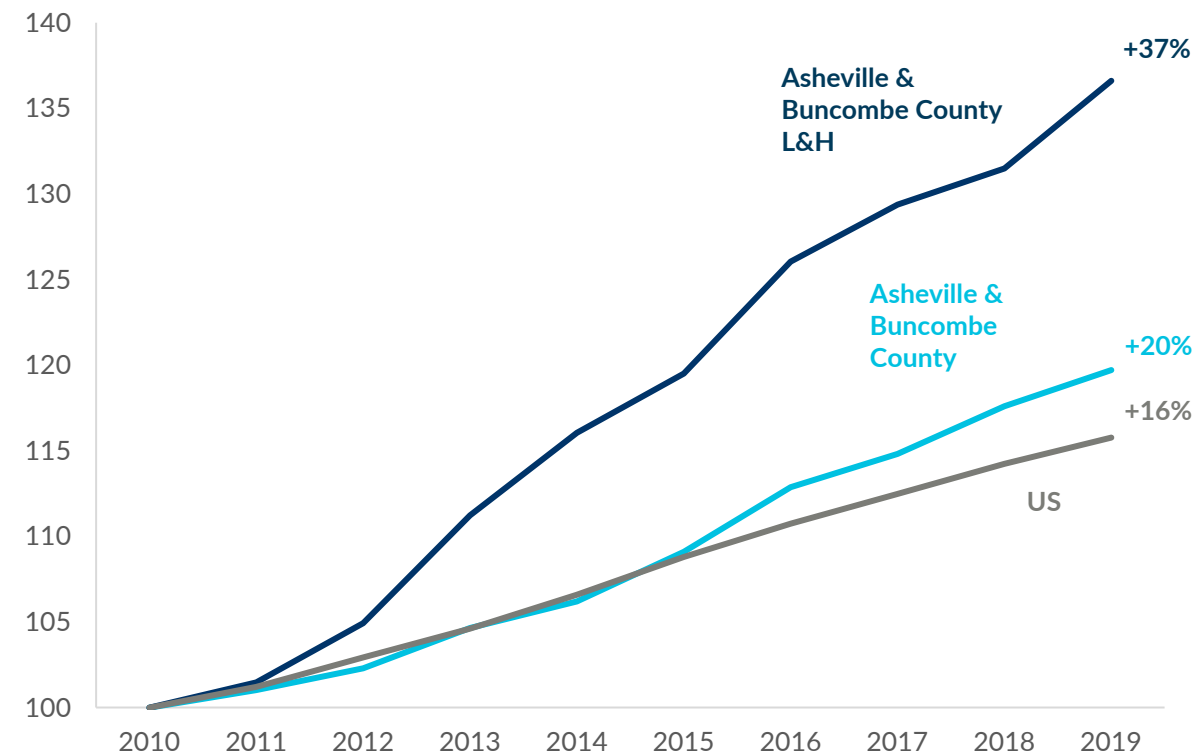
Source: STR

- 
- 1 Introduction and key findings
 - 2 Baseline US economic outlook
 - 3 Key US travel trends
 - 4 State Jobs and Lodging Outlook
 - 5 Jobs Outlook for Asheville**
 - 6 Asheville lodging forecast

LEISURE & HOSPITALITY SEGMENT EMPLOYMENT OUTPACED OTHER INDUSTRIES

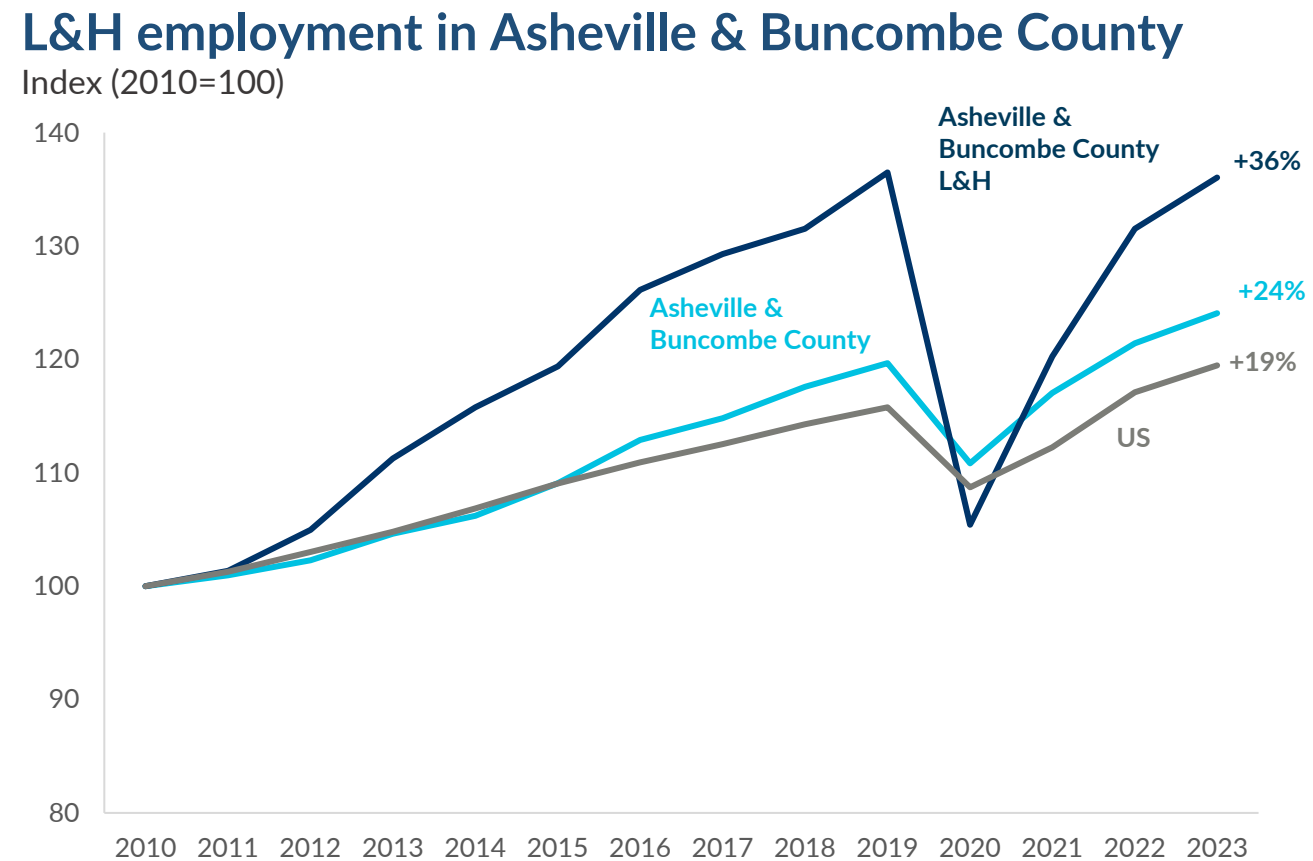
L&H employment in Asheville & Buncombe County

Index (2010=100)



Source: BLS

LEISURE & HOSPITALITY EMPLOYMENT ALMOST AT ITS PRE- PANDEMIC LEVEL

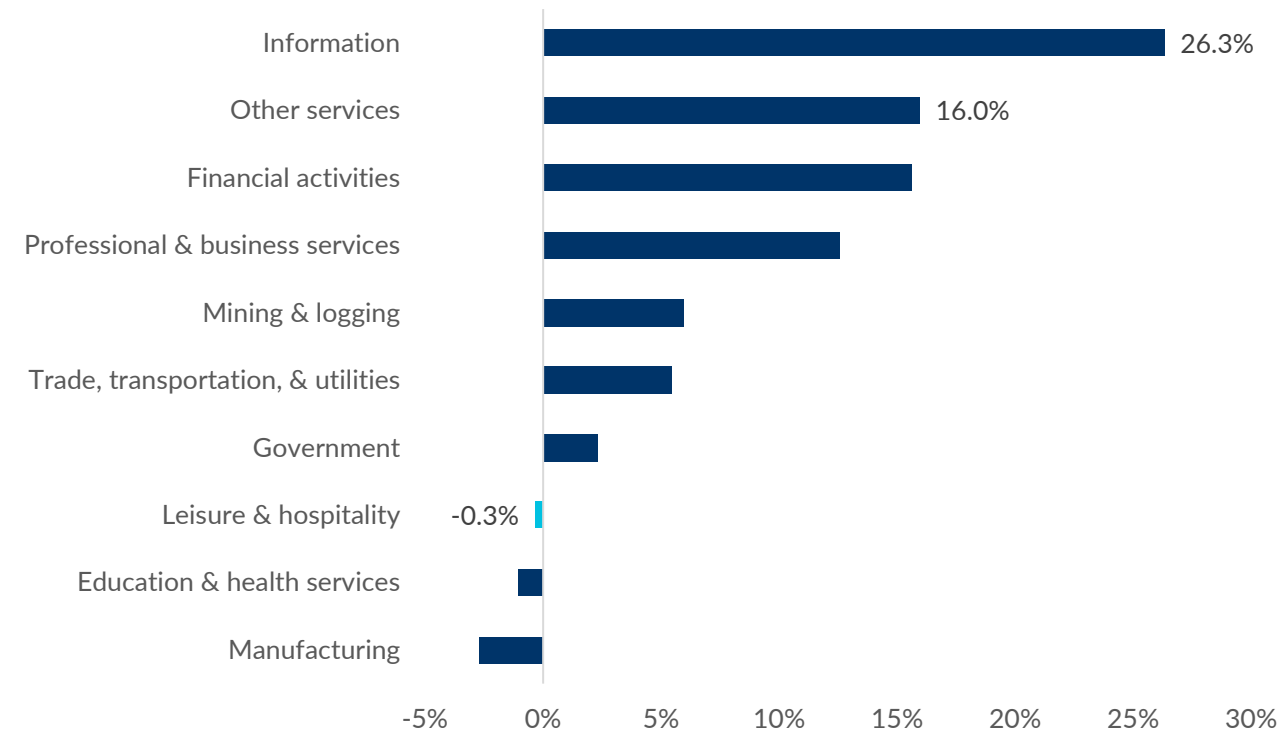


Source: BLS

L&H GROWTH LAGGING BEHIND OTHER INDUSTRIES

Asheville & Buncombe County employment growth by industry

% of industry growth relative to same month 2019

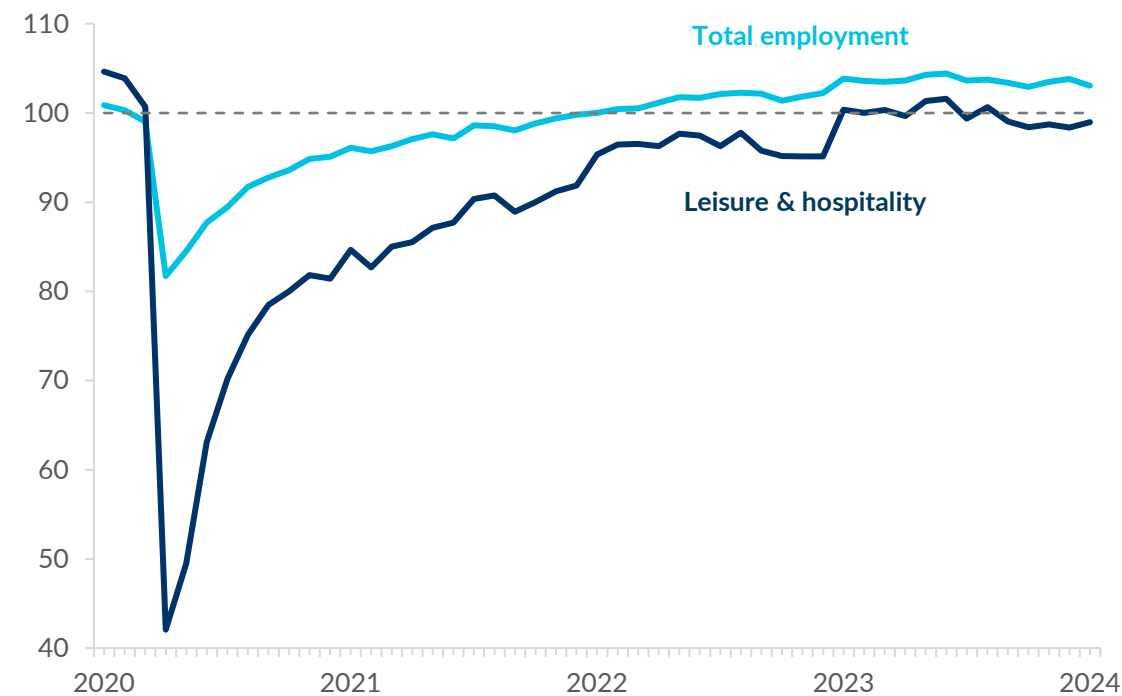


Source: BLS

LEISURE & HOSPITALITY RECOVERY BEHIND OVERALL ECONOMY

Employment in Asheville & Buncombe County

Index (same month 2019=100)



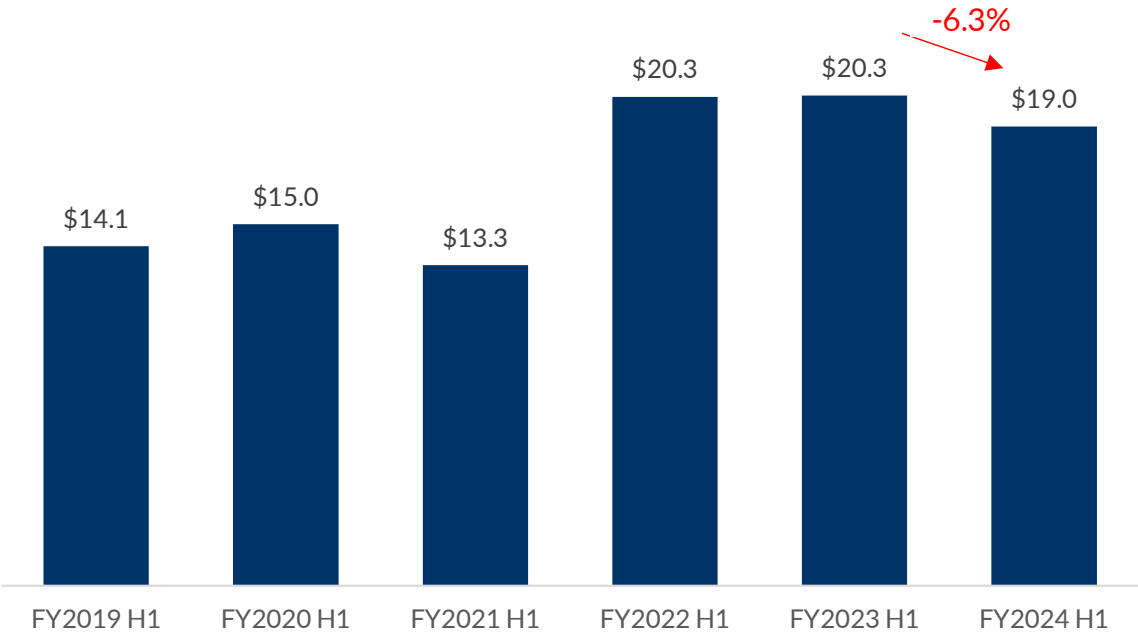
Source: BLS

- 
- 1 Introduction and key findings
 - 2 Baseline US economic outlook
 - 3 Key US travel trends
 - 4 State Jobs and Lodging Outlook
 - 5 Jobs Outlook for Asheville
 - 6 **Asheville lodging forecast**

FY2024 is off to a slow start

Lodging tax collections

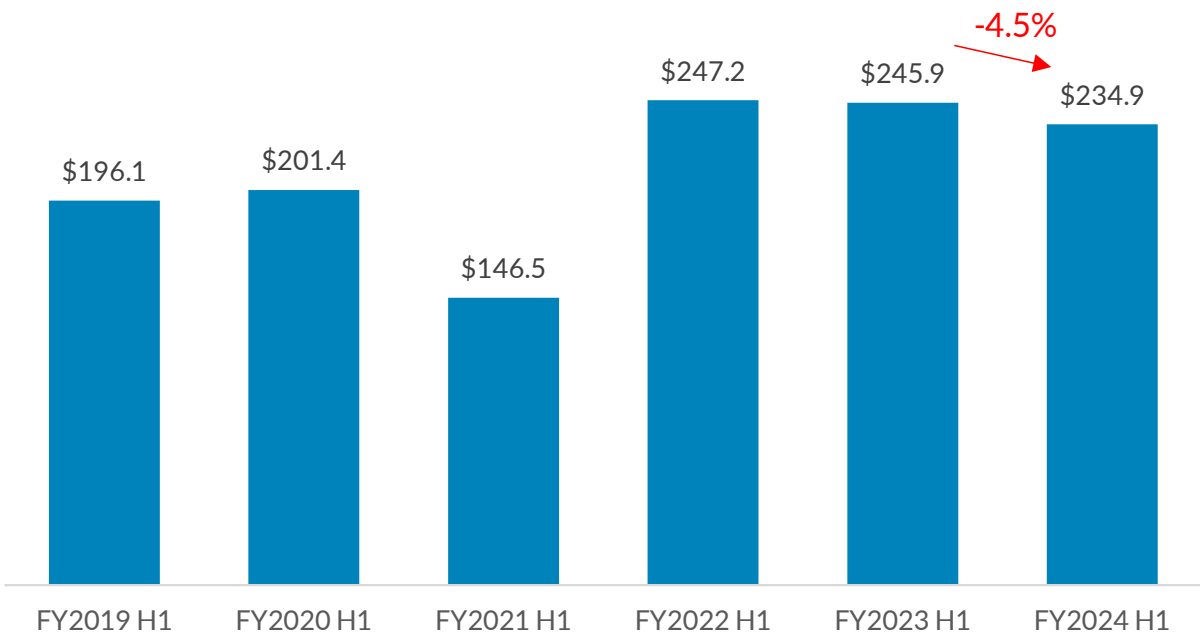
Fiscal YTD levels, in millions



Source: Explore Asheville

Hotel room revenue

Fiscal YTD levels, in millions

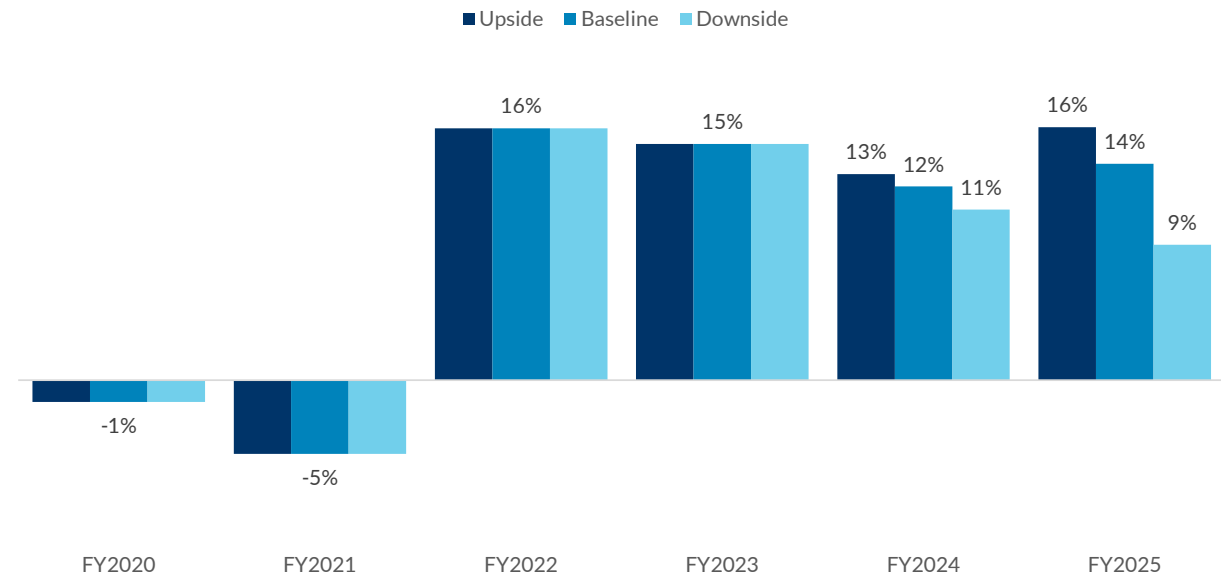


Source: STR

Hotel ADR and room demand will remain above FY2019 levels

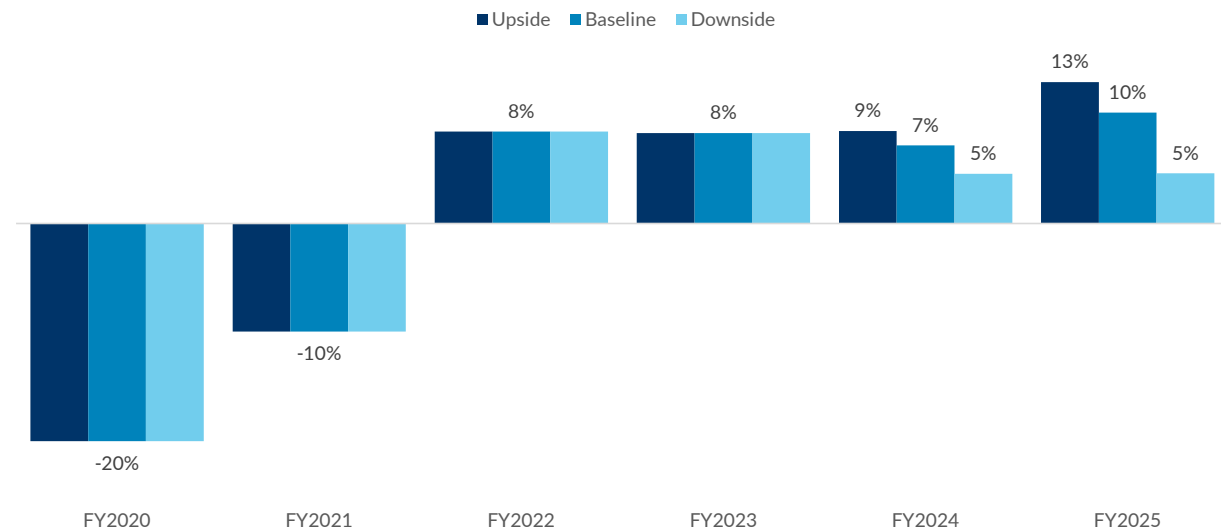
- Regardless of the scenario, we expect hotel ADR and room demand will remain above FY2019 levels.
- In our baseline scenario, we expect hotel ADR to decline 2.3% in FY2024 and then grow 1.3% in FY2025.
- In our baseline scenario, we expect hotel room demand to decline 1.0% in FY2024 and then grow 2.8% in FY2025.

Hotel ADR, three scenarios, relative to FY2019
Buncombe County, NC



Sources: STR, Tourism Economics

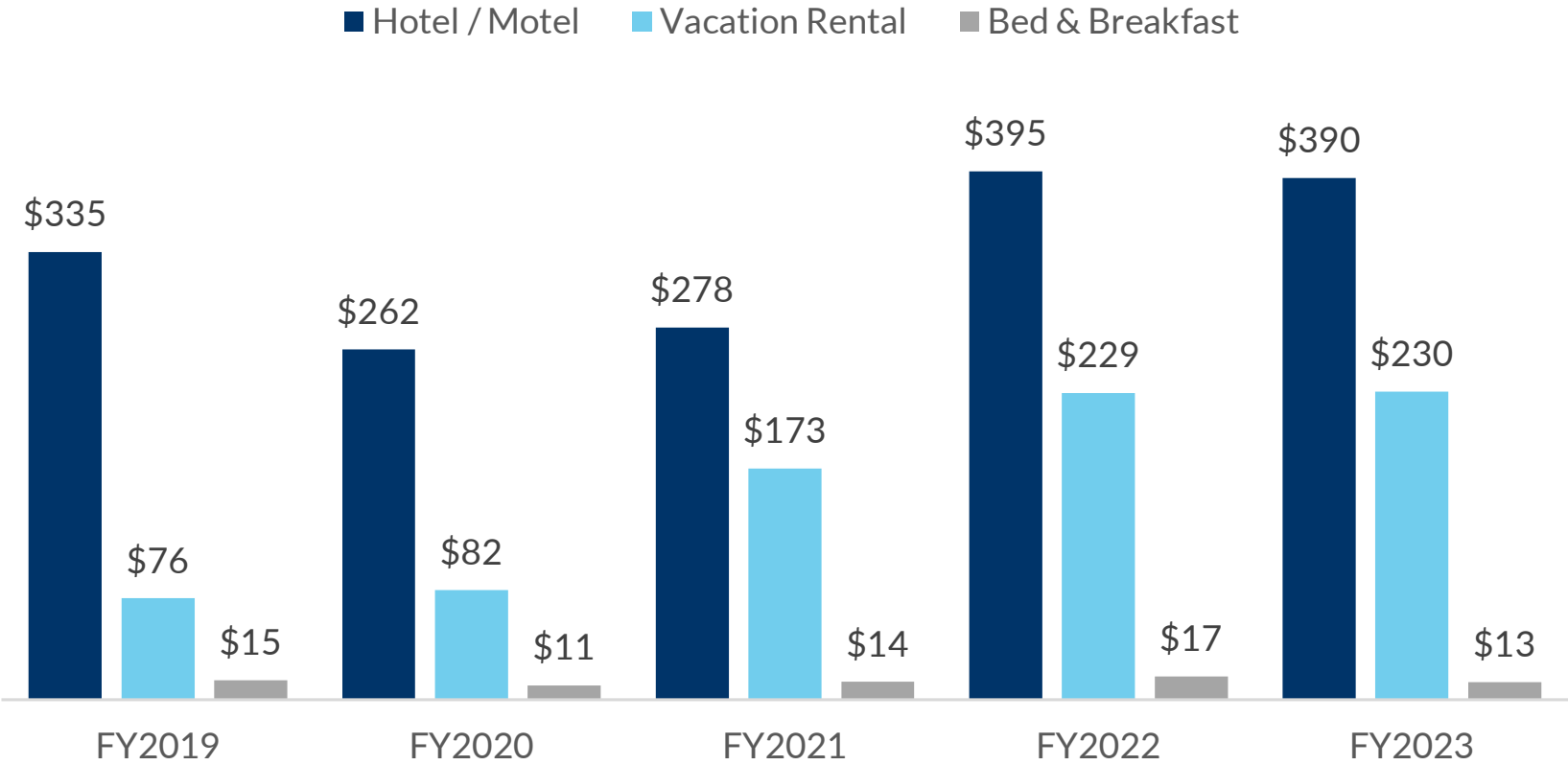
Hotel room demand, three scenarios, relative to FY2019
Buncombe County, NC



Sources: STR, Tourism Economics

Accommodation share of FY2023 revenue was relatively consistent with FY2022

Annual room revenue by accomodation type
Dollars

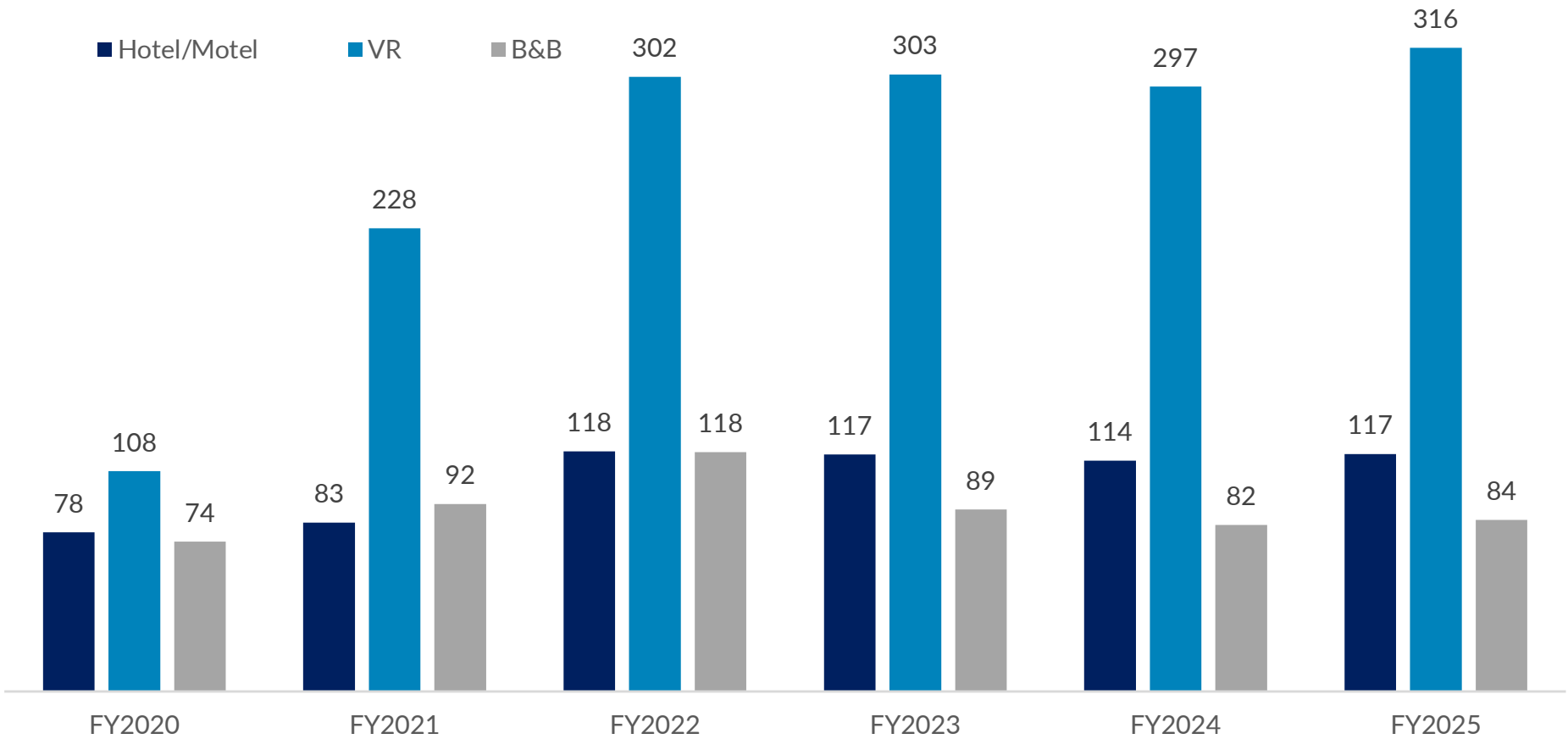


Source: Buncombe County Tourism Development Authority

Room revenue by lodging type, fiscal year

Room revenue in Asheville

Index (FY2019 = 100)



Source: Explore Asheville

Forecast by fiscal year

| | Hotel supply | Hotel room demand | Occ. | ADR | RevPAR | Room revenue | Lodging tax revenue | | Supply | Demand | Occ. | ADR | RevPAR | Room revenue | Lodging tax revenue |
|-----------------|---------------|-------------------|-------|----------|----------|---------------|---------------------|-------------------------|--------|--------|-------|--------|--------|--------------|---------------------|
| BASELINE | Levels | | | | | | | Relative to 2019 | | | | | | | |
| FY2019 | 2,891,426 | 2,124,360 | 73.5% | \$158.48 | \$116.44 | \$336,678,159 | \$24,917,052 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| FY2020 | 2,906,057 | 1,698,972 | 58.5% | \$156.29 | \$91.37 | \$265,540,529 | \$20,469,940 | 0.5% | -20.0% | -20.4% | -1.4% | -21.5% | -21.1% | -17.8% | |
| FY2021 | 3,173,486 | 1,913,443 | 60.3% | \$151.09 | \$91.10 | \$289,093,530 | \$26,833,396 | 9.8% | -9.9% | -17.9% | -4.7% | -21.8% | -14.1% | 7.7% | |
| FY2022 | 3,274,899 | 2,304,237 | 70.4% | \$183.73 | \$129.27 | \$423,352,228 | \$36,369,269 | 13.3% | 8.5% | -4.2% | 15.9% | 11.0% | 25.7% | 46.0% | |
| FY2023 | 3,316,026 | 2,301,138 | 69.4% | \$182.16 | \$126.41 | \$419,177,405 | \$35,900,567 | 14.7% | 8.3% | -5.5% | 14.9% | 8.6% | 24.5% | 44.1% | |
| FY2024 | 3,407,199 | 2,277,253 | 66.8% | \$177.90 | \$118.90 | \$405,128,002 | \$33,866,205 | 17.8% | 7.2% | -9.0% | 12.3% | 2.1% | 20.3% | 35.9% | |
| FY2025 | 3,561,983 | 2,341,348 | 65.7% | \$180.17 | \$118.43 | \$421,841,398 | \$35,483,193 | 23.2% | 10.2% | -10.5% | 13.7% | 1.7% | 25.3% | 42.4% | |
| UPSIDE | Levels | | | | | | | Relative to 2019 | | | | | | | |
| FY2019 | 2,891,426 | 2,124,360 | 73.5% | \$158.48 | \$116.44 | \$336,678,159 | \$24,917,052 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| FY2020 | 2,906,057 | 1,698,972 | 58.5% | \$156.29 | \$91.37 | \$265,540,529 | \$20,469,940 | 0.5% | -20.0% | -20.4% | -1.4% | -21.5% | -21.1% | -17.8% | |
| FY2021 | 3,173,486 | 1,913,443 | 60.3% | \$151.09 | \$91.10 | \$289,093,530 | \$26,833,396 | 9.8% | -9.9% | -17.9% | -4.7% | -21.8% | -14.1% | 7.7% | |
| FY2022 | 3,274,899 | 2,304,237 | 70.4% | \$183.73 | \$129.27 | \$423,352,228 | \$36,369,269 | 13.3% | 8.5% | -4.2% | 15.9% | 11.0% | 25.7% | 46.0% | |
| FY2023 | 3,316,026 | 2,301,138 | 69.4% | \$182.16 | \$126.41 | \$419,177,405 | \$35,900,567 | 14.7% | 8.3% | -5.5% | 14.9% | 8.6% | 24.5% | 44.1% | |
| FY2024 | 3,407,199 | 2,305,131 | 67.7% | \$179.14 | \$121.19 | \$412,934,214 | \$35,065,206 | 17.8% | 8.5% | -7.9% | 13.0% | 4.1% | 22.6% | 40.7% | |
| FY2025 | 3,561,983 | 2,400,730 | 67.4% | \$183.84 | \$123.91 | \$441,358,214 | \$39,054,624 | 23.2% | 13.0% | -8.3% | 16.0% | 6.4% | 31.1% | 56.7% | |
| DOWNSIDE | Levels | | | | | | | Relative to 2019 | | | | | | | |
| FY2019 | 2,891,426 | 2,124,360 | 73.5% | \$158.48 | \$116.44 | \$336,678,159 | \$24,917,052 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| FY2020 | 2,906,057 | 1,698,972 | 58.5% | \$156.29 | \$91.37 | \$265,540,529 | \$20,469,940 | 0.5% | -20.0% | -20.4% | -1.4% | -21.5% | -21.1% | -17.8% | |
| FY2021 | 3,173,486 | 1,913,443 | 60.3% | \$151.09 | \$91.10 | \$289,093,530 | \$26,833,396 | 9.8% | -9.9% | -17.9% | -4.7% | -21.8% | -14.1% | 7.7% | |
| FY2022 | 3,274,899 | 2,304,237 | 70.4% | \$183.73 | \$129.27 | \$423,352,228 | \$36,369,269 | 13.3% | 8.5% | -4.2% | 15.9% | 11.0% | 25.7% | 46.0% | |
| FY2023 | 3,316,026 | 2,301,138 | 69.4% | \$182.16 | \$126.41 | \$419,177,405 | \$35,900,567 | 14.7% | 8.3% | -5.5% | 14.9% | 8.6% | 24.5% | 44.1% | |
| FY2024 | 3,407,199 | 2,221,497 | 65.2% | \$175.59 | \$114.48 | \$390,070,962 | \$32,136,416 | 17.8% | 4.6% | -11.3% | 10.8% | -1.7% | 15.9% | 29.0% | |
| FY2025 | 3,561,983 | 2,222,583 | 62.4% | \$172.05 | \$107.35 | \$382,390,486 | \$30,952,759 | 23.2% | 4.6% | -15.1% | 8.6% | -7.8% | 13.6% | 24.2% | |

Source: STR, Tourism Economics

Thank You!



Travis Napper
Director of Destination Partnerships
Tourism Economics
Tnapper@OxfordEconomics.com



**TOURISM
ECONOMICS**

AN OXFORD ECONOMICS COMPANY

DISCUSSION

QUESTIONS
INPUT
COMMENTS



LUNCH BREAK

THE SESSION WILL RESUME IN 30 MINUTES

EXPLORE
ASHEVILLE

POWERED BY

Buncombe County Tourism
Development Authority



HOUSING SUPPLY & AFFORDABILITY OVERVIEW

Scott Dedman
Retired Executive

Purchase Quarter

2003 Quarter 4

Purchase Value

\$100,000

Valuation Quarter

2023 Quarter 4

Estimated Value for MSA

\$290,000

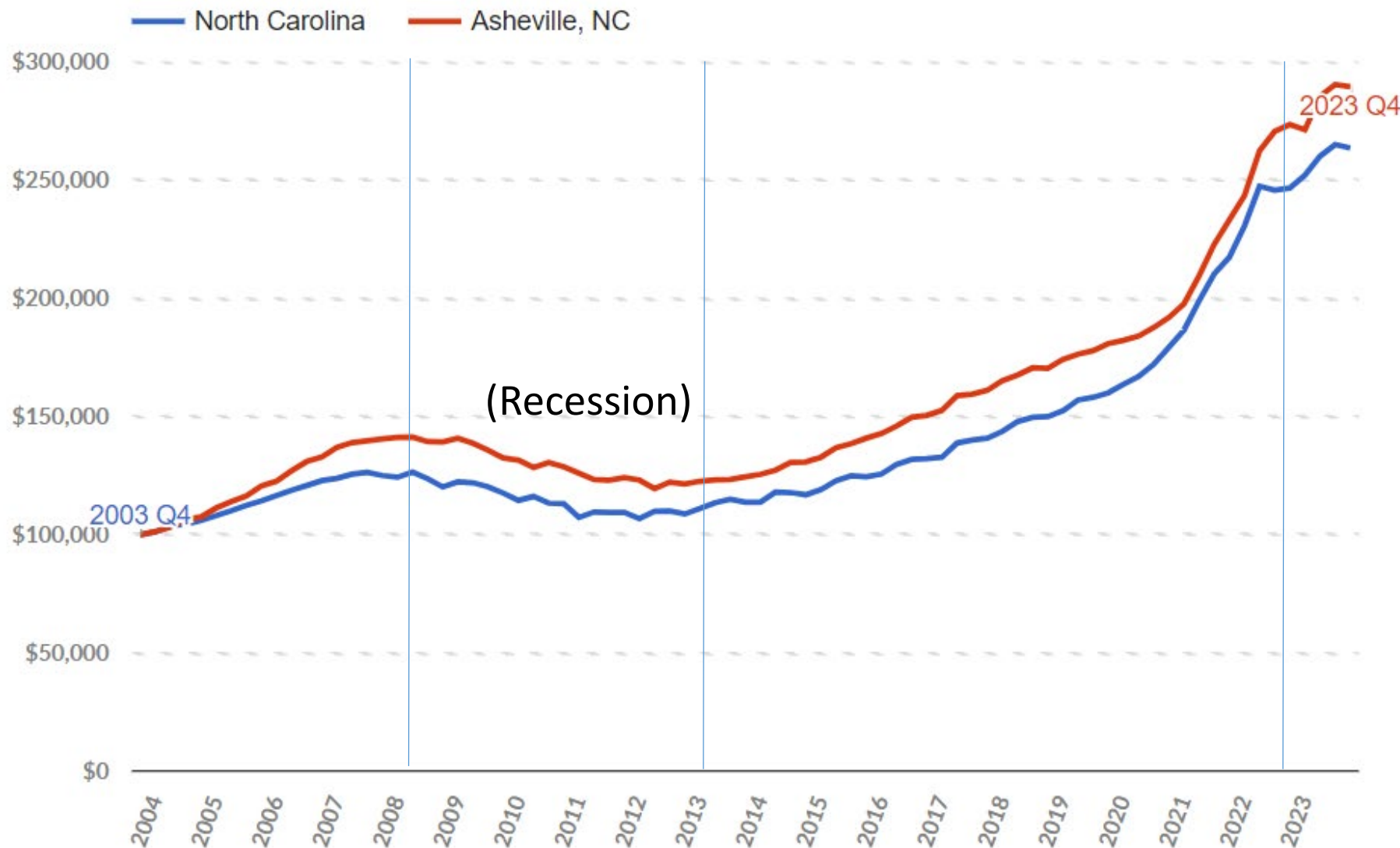
Percentage Change

190.0%

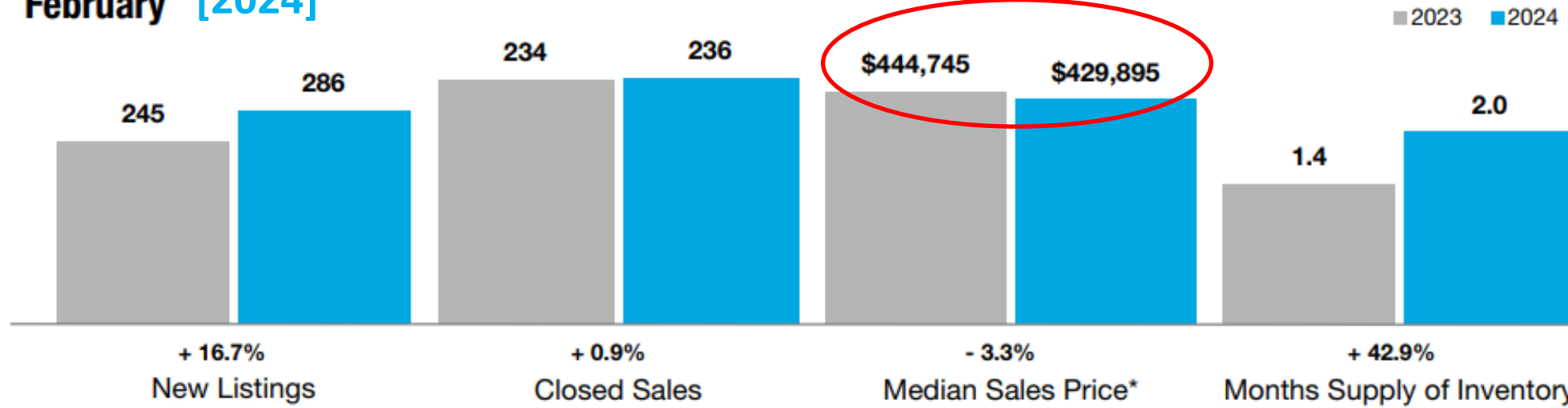
X

Federal Housing Finance Agency – House Price Index for Asheville MSA

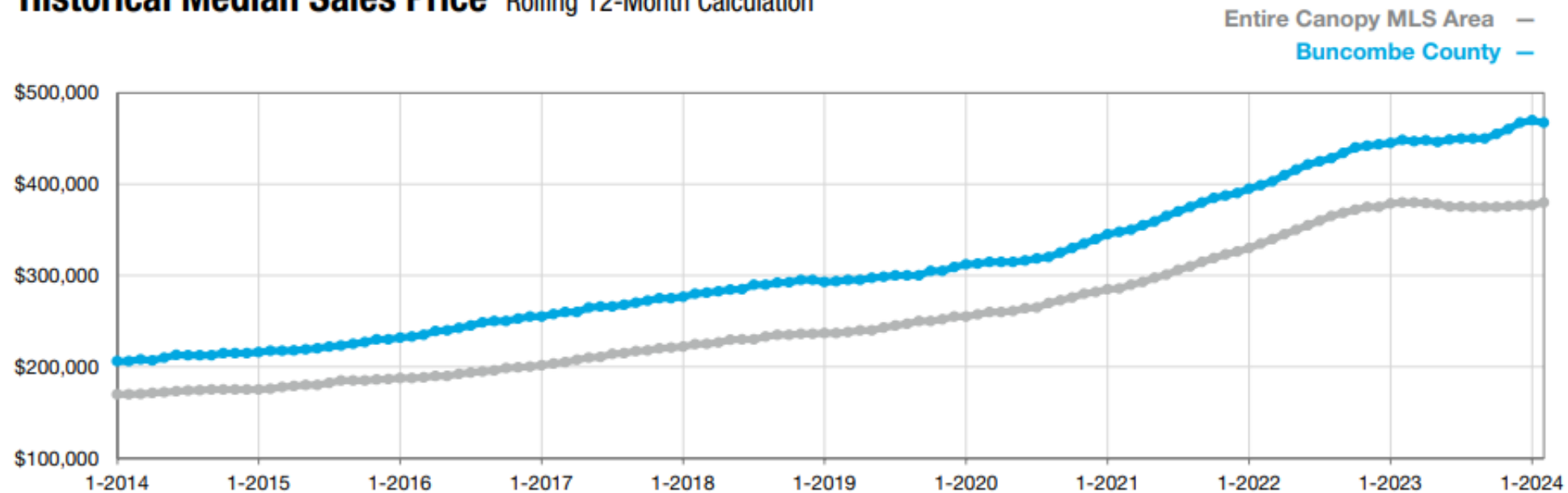
<https://www.fhfa.gov/DataTools/Tools/Pages/HPI-Calculator.aspx>



February [2024]



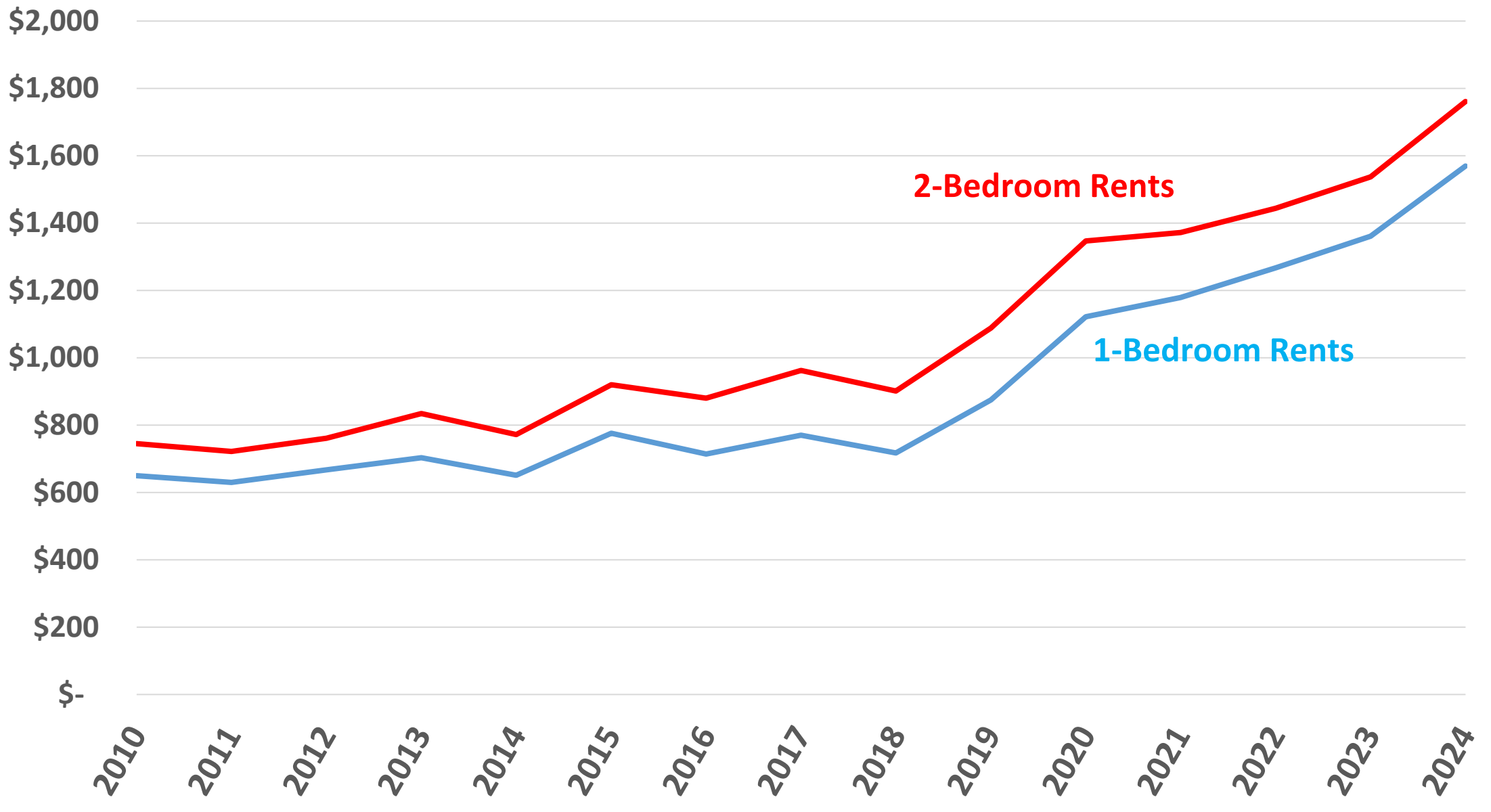
Historical Median Sales Price Rolling 12-Month Calculation



Current as of March 5, 2024. All data from Canopy MLS, Inc. Report provided by the Canopy Realtor® Association. Report © 2024 ShowingTime.

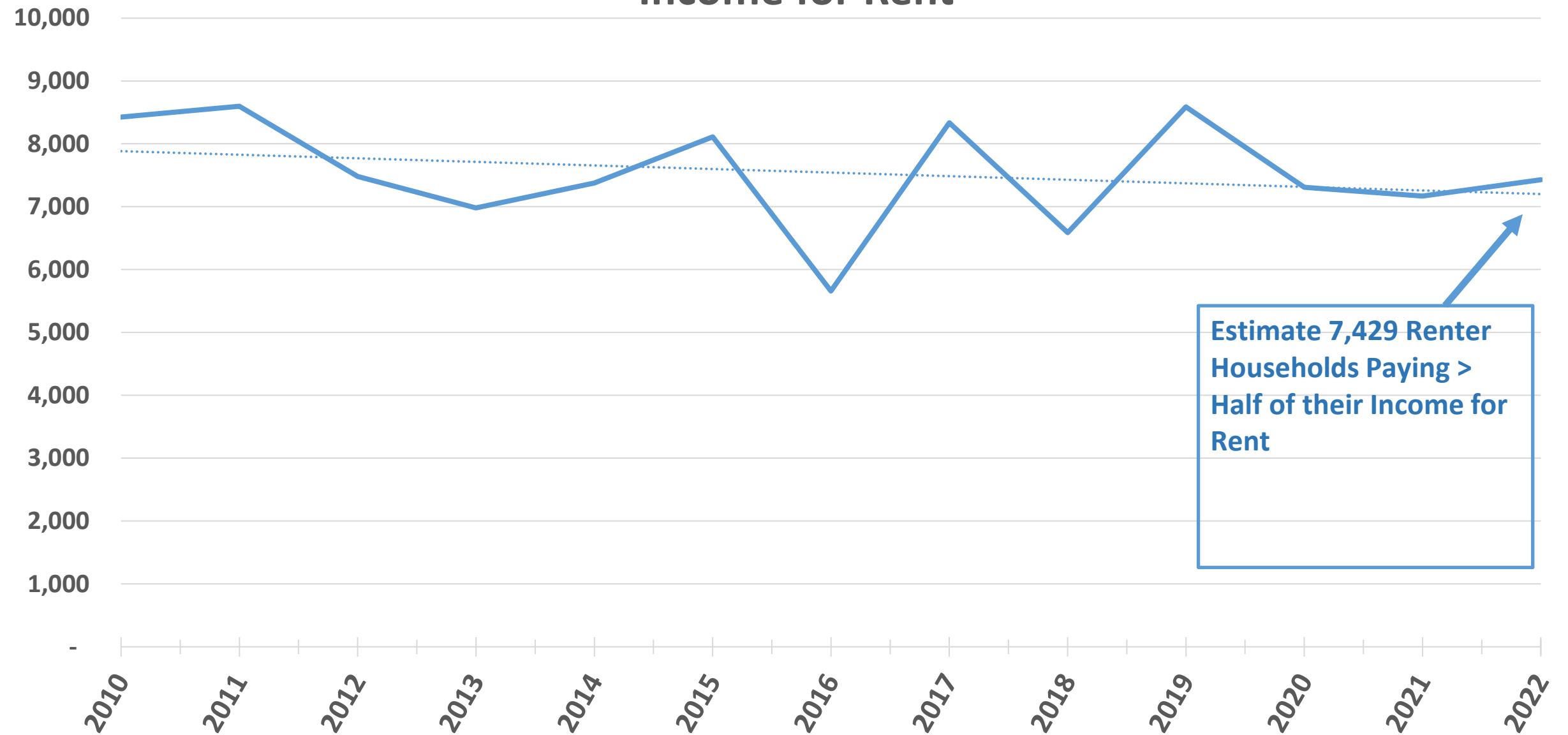
https://apps.carolinarealtors.com/files/Asheville-Region_LMU_2024-02.pdf

Asheville MSA Median Rent for 1-Bedroom and 2-Bedroom



Source: HUD 50th Percentile Rent Estimates

Buncombe Renter Households Paying More Than Half of Income for Rent

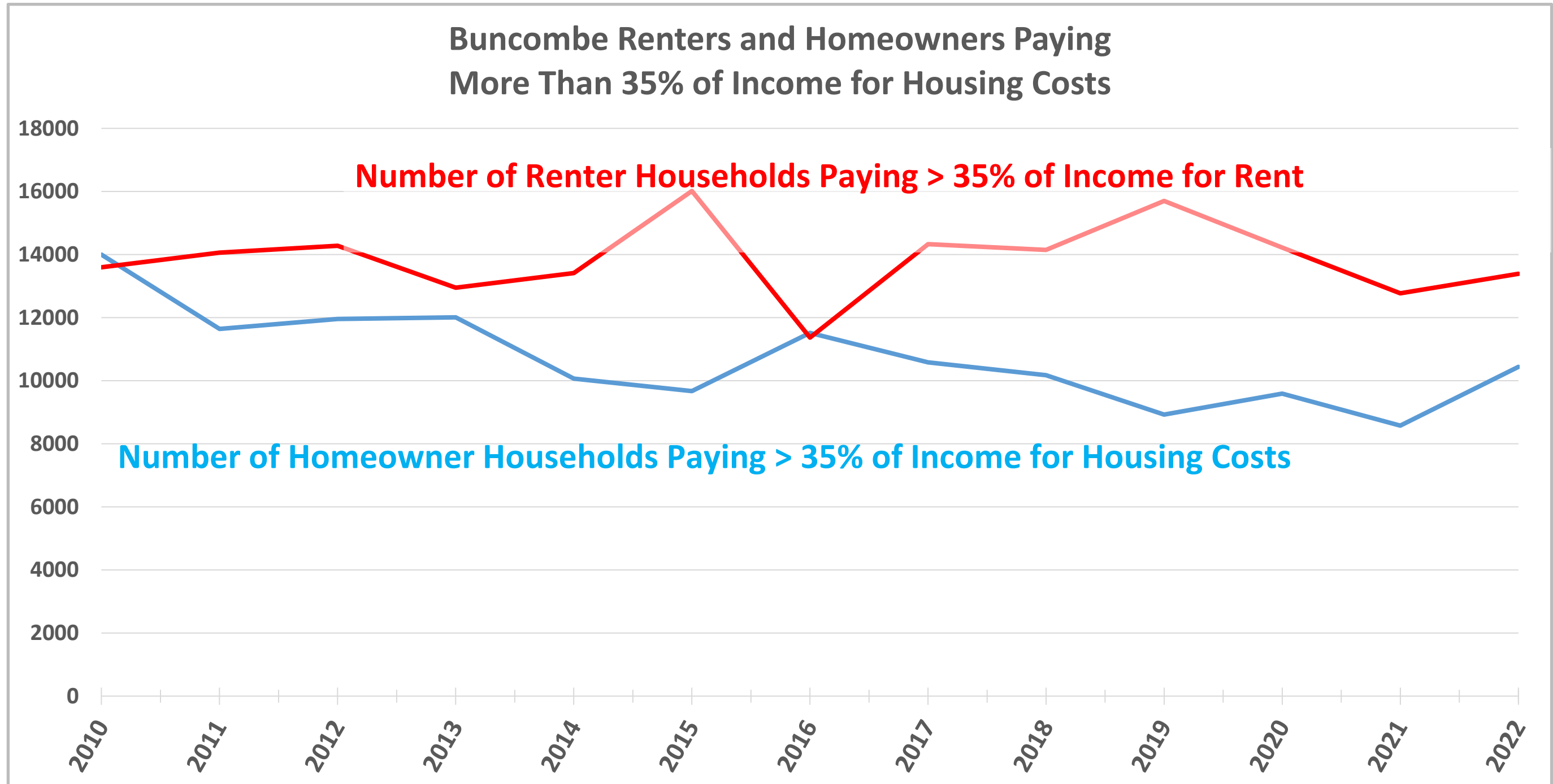


Source: U.S. Census American Community Survey, 1-Year Estimates

Buncombe Renters and Homeowners Paying More Than 35% of Income for Housing Costs

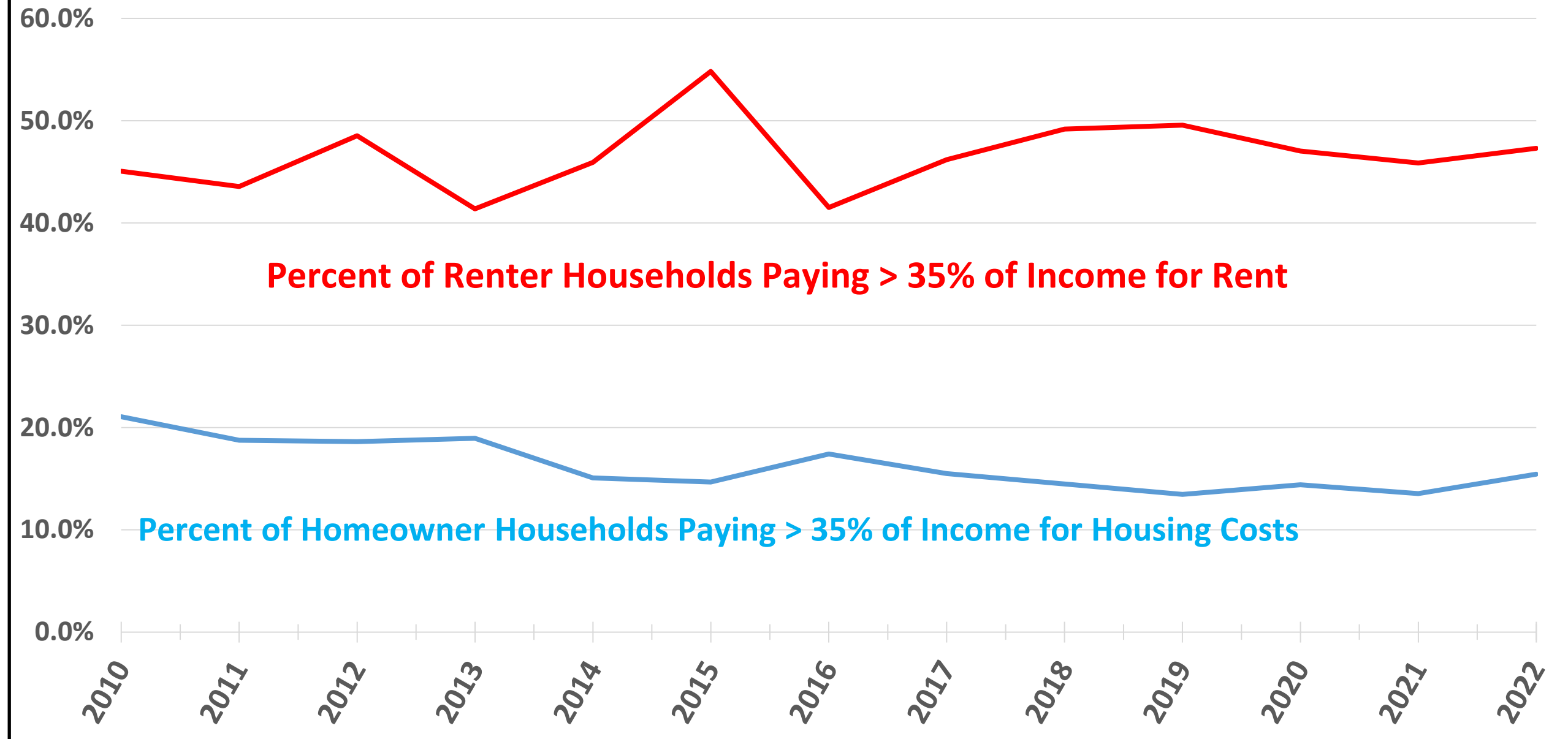
Number of Renter Households Paying > 35% of Income for Rent

Number of Homeowner Households Paying > 35% of Income for Housing Costs



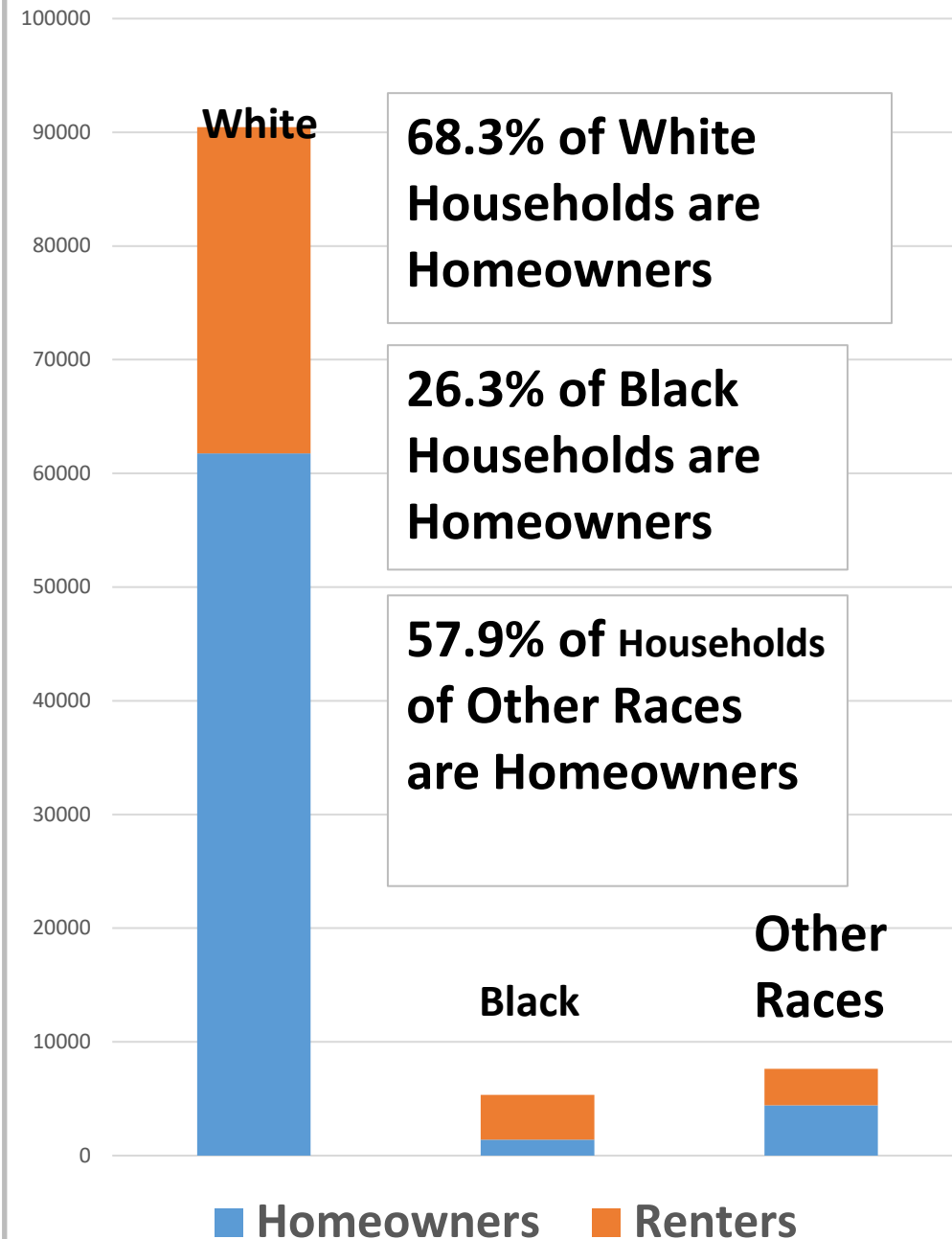
Source: U.S. Census American Community Survey, 1-Year Estimates

Percent % of Buncombe Renters and Homeowners Paying More Than 35% of Income for Housing Costs



Source: U.S. Census American Community Survey, 1-Year Estimates

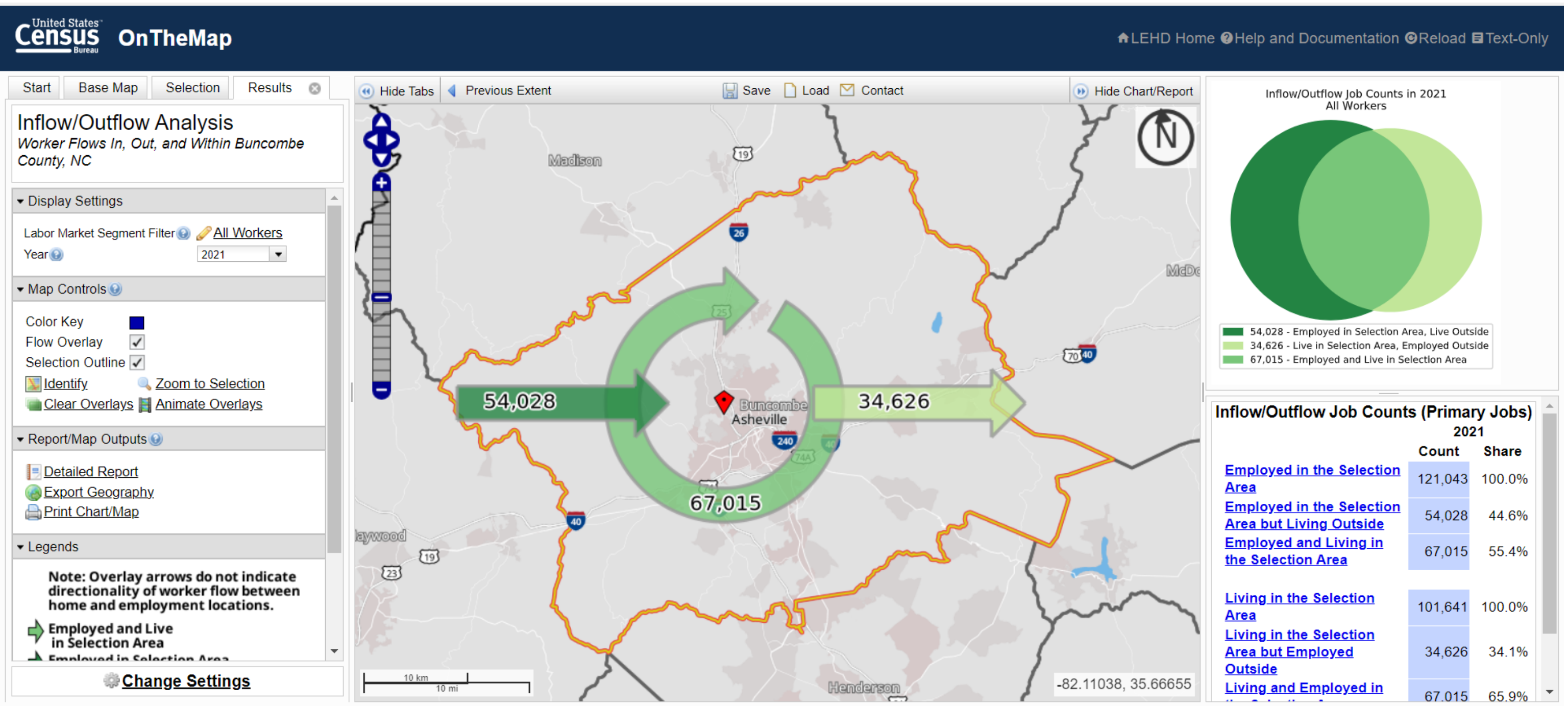
**Number and Percent % of
Buncombe Homeowners and
Renters By Race**



The disparity in Homeownership Rates (causing disparity in Household Net Worth (Wealth) among White Households, Black Households and Households of Other Races) is well documented in our City, County, State and Nation.

Source: 2022 U.S. Census American Community Survey, 1-Year Estimates

Workers Commuting to Buncombe County from Outside of Buncombe



Start Base Map Selection Results

Distance/Direction Analysis

Workers: Employed in Buncombe County, NC
Showing: Residential locations

▼ Display Settings

Labor Market Segment Filter [All Workers](#)
Year

▼ Map Controls

- Color Key ☒
- Thermal Overlay ☐
- Point Overlay ☒
- Selection Outline ☒
- [Identify](#) [Zoom to Selection](#)
[Clear Overlays](#) [Animate Overlays](#)

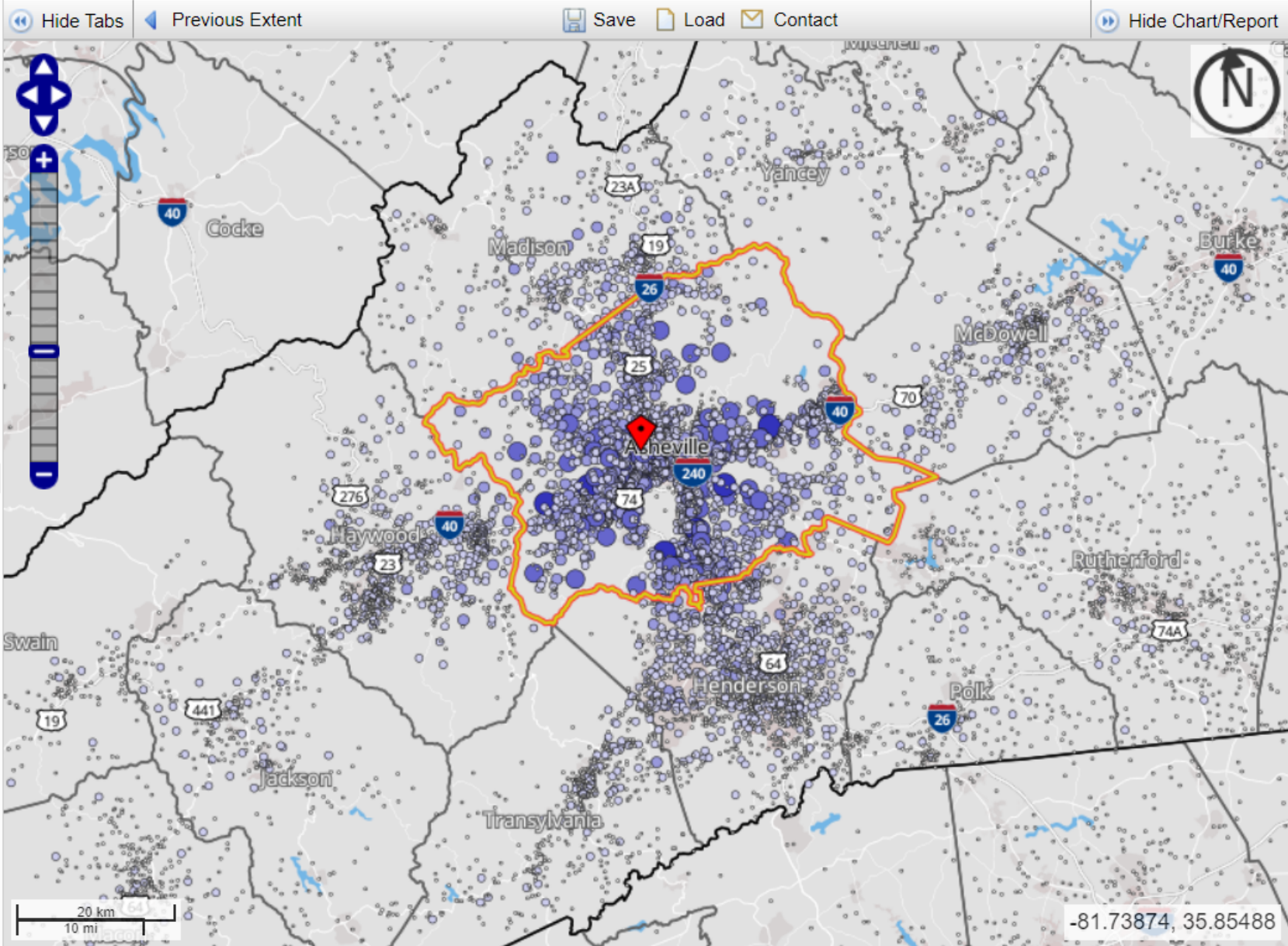
▼ Report/Map Outputs

- [Detailed Report](#)
[Export Geography](#)
[Print Chart/Map](#)

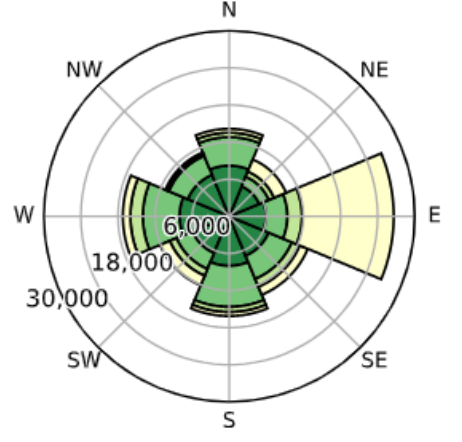
▼ Legends

- 1 - 5 Jobs
- 6 - 37 Jobs
- 38 - 125 Jobs

[Change Settings](#)



Job Counts by Distance/Direction in 2021
All Workers



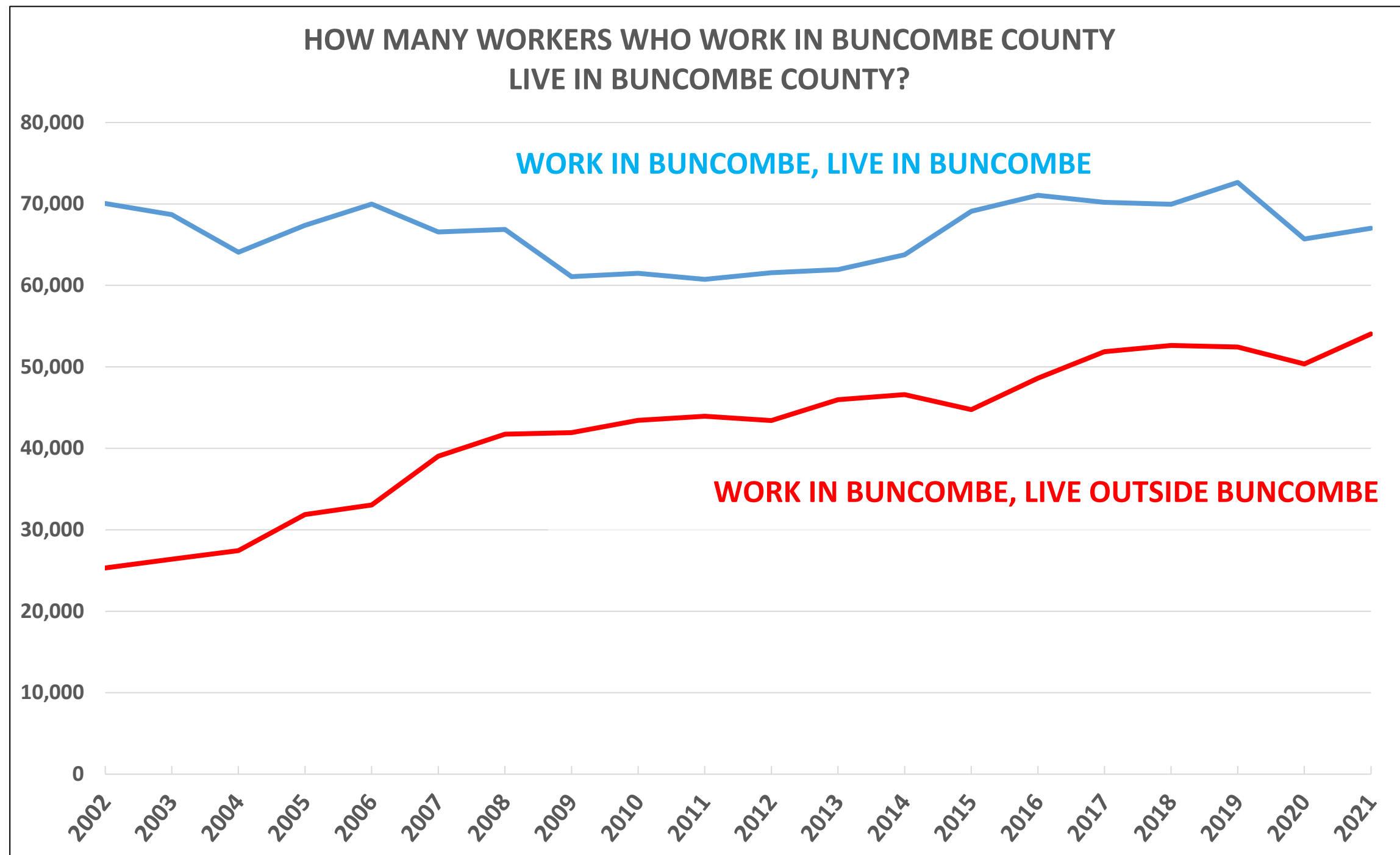
View as [Radar Chart](#)

Jobs by Distance - Work Census Block to Home Census Block

| | 2021 | |
|---|---------|--------|
| | Count | Share |
| Total Primary Jobs | 121,043 | 100.0% |
| <input checked="" type="checkbox"/> Less than 10 miles | 56,069 | 46.3% |
| <input checked="" type="checkbox"/> 10 to 24 miles | 32,480 | 26.8% |
| <input checked="" type="checkbox"/> 25 to 50 miles | 9,688 | 8.0% |
| <input checked="" type="checkbox"/> Greater than 50 miles | 22,806 | 18.8% |

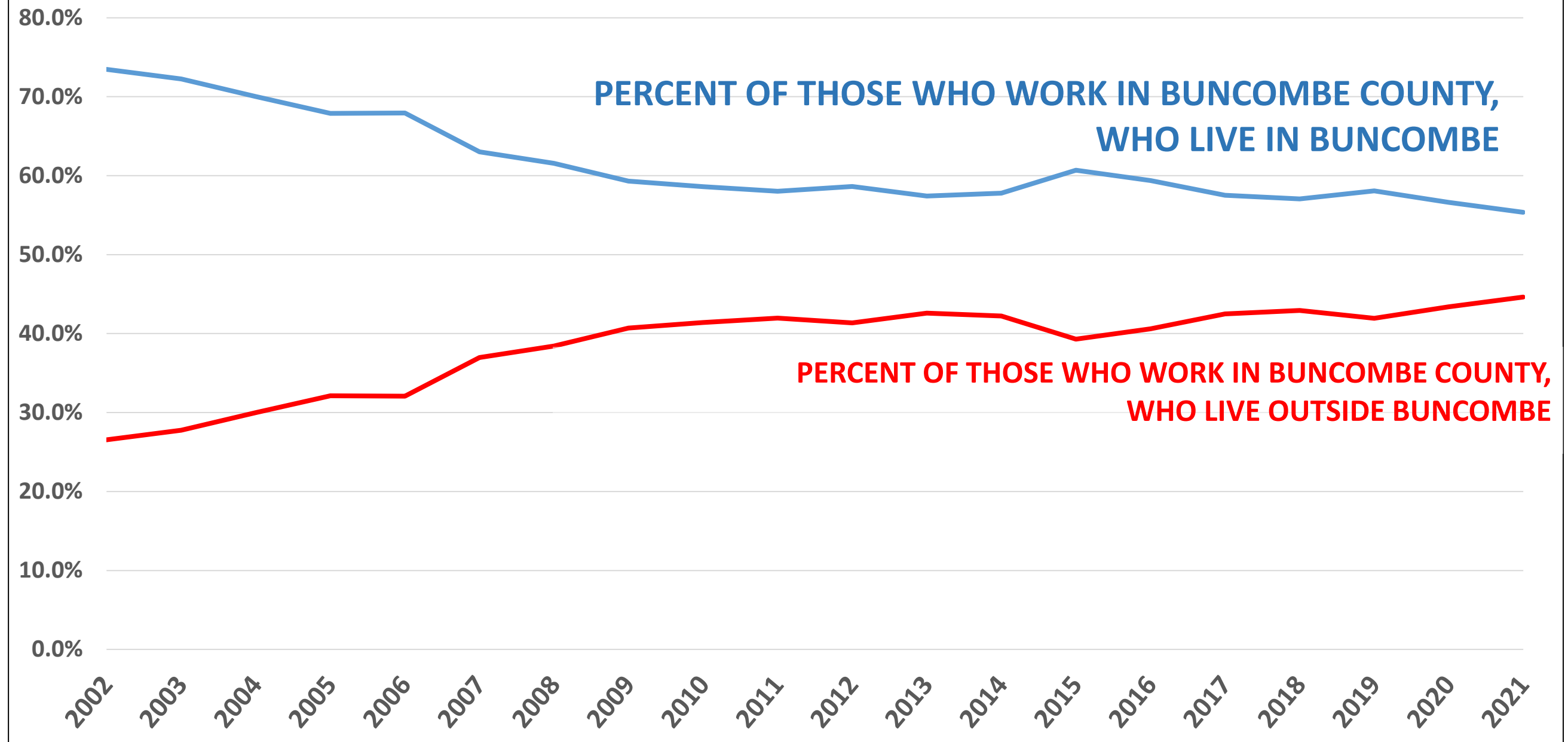
*The environmental issue shown here is not the possibility that someone may build a house on **this hill** or build a multi-story apartment building in or near downtown.*





Source: U.S. Census, *OnTheMap*

WHAT PERCENT OF THOSE WHO WORK IN BUNCOMBE COUNTY LIVE IN BUNCOMBE COUNTY?



Source: U.S. Census, *OnTheMap*

Housing Supply & Demand

Demand:

- While Buncombe County’s population on average has grown less than 2% per year over the last decade, Asheville is becoming an increasingly desirable place to live.
- Environment and climate, as well as the continued flexibility of remote working, may be contributing to the growing attraction here.

Which metros lead the hunt for remote and hybrid work?

U.S. job seekers are most likely to apply for remote jobs in larger metro areas, like Bend, Ore. and Asheville, N.C. Meanwhile, New York City, Urbana-Champaign, Ill. and Boston are prime locations for hybrid work, based on applications over the past 12 months (May 2022 through May 2023).

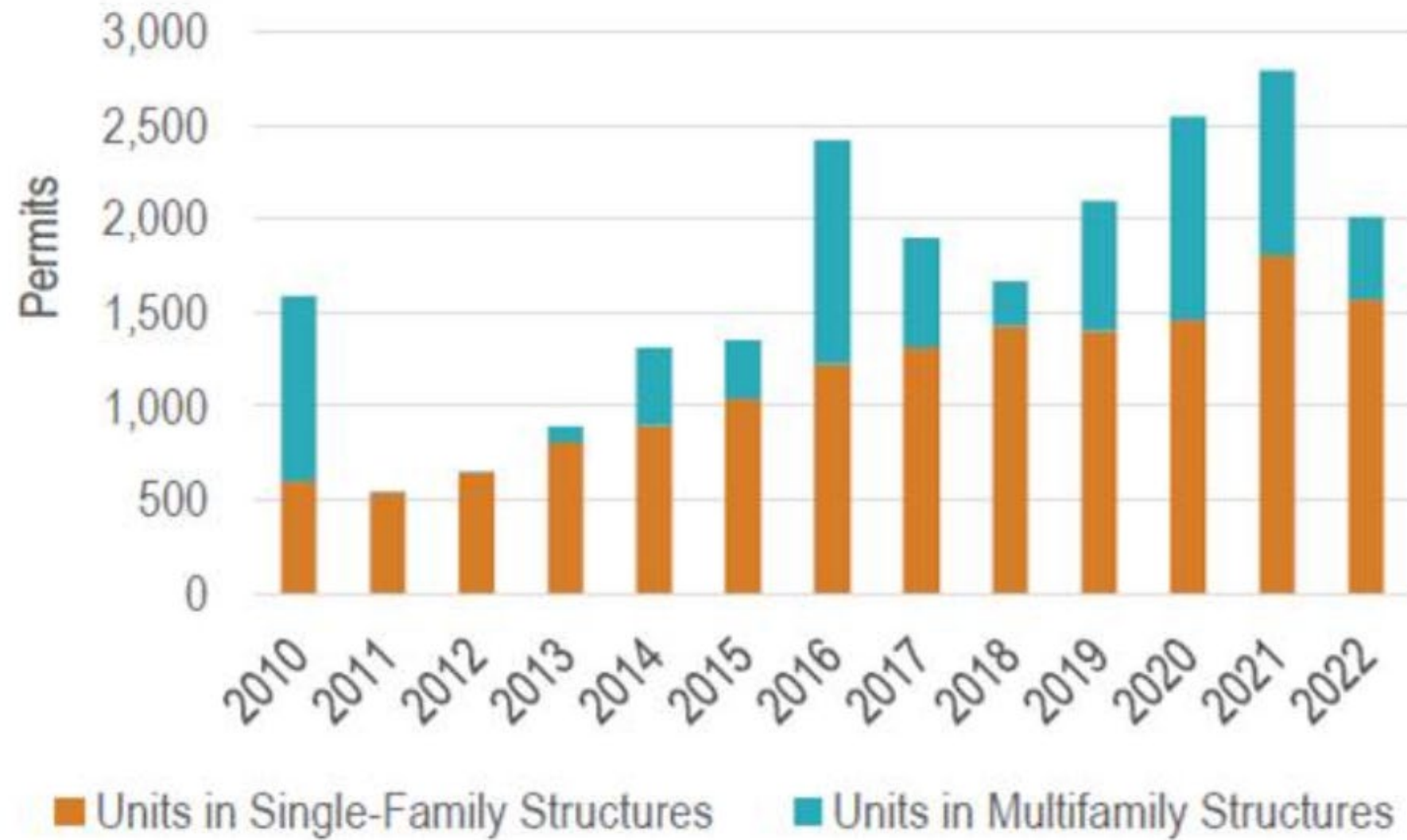
| Top large metros for remote work | % of job applies | Top large metros for hybrid work | % of job applies |
|--|------------------|----------------------------------|------------------|
| Bend, Ore. | 73.5% | New York City | 25.8% |
| Asheville, N.C. | 71.5% | Urbana-Champaign, Ill. | 24.2% |
| Wilmington, N.C. | 71.2% | Boston | 21.1% |
| Myrtle Beach, S.C. | 70.3% | Binghamton, N.Y. | 19.9% |
| Spokane-Coeur d'Alene, Wash. | 69.7% | State College-DuBois, Pa. | 19.7% |
| Sioux Falls, S.D. | 69.7% | Chicago | 19.6% |
| Medford-Grants Pass, Ore. | 69.5% | Lafayette, Ind. | 19.5% |
| North Port-Sarasota, Fla. | 69.1% | Los Angeles | 19.0% |
| Wausau-Stevens Point, Wis. | 69.1% | San Francisco | 18.0% |
| Crestview-Fort Walton Beach-Destin, Fla. | 68.7% | Washington D.C.-Baltimore | 17.7% |



Source: LinkedIn Economic Graph
Note: LinkedIn analyzed more than 201 million applications to paid remote job postings in the U.S.– and 67 million to hybrid jobs. Only metros with a 12-month average population of 100,000 or more LinkedIn members were included.

Residential Permitting Activity, 2010-2022

Buncombe County, NC



Source: ESRI; U.S.
Census; HUD; RCLCO

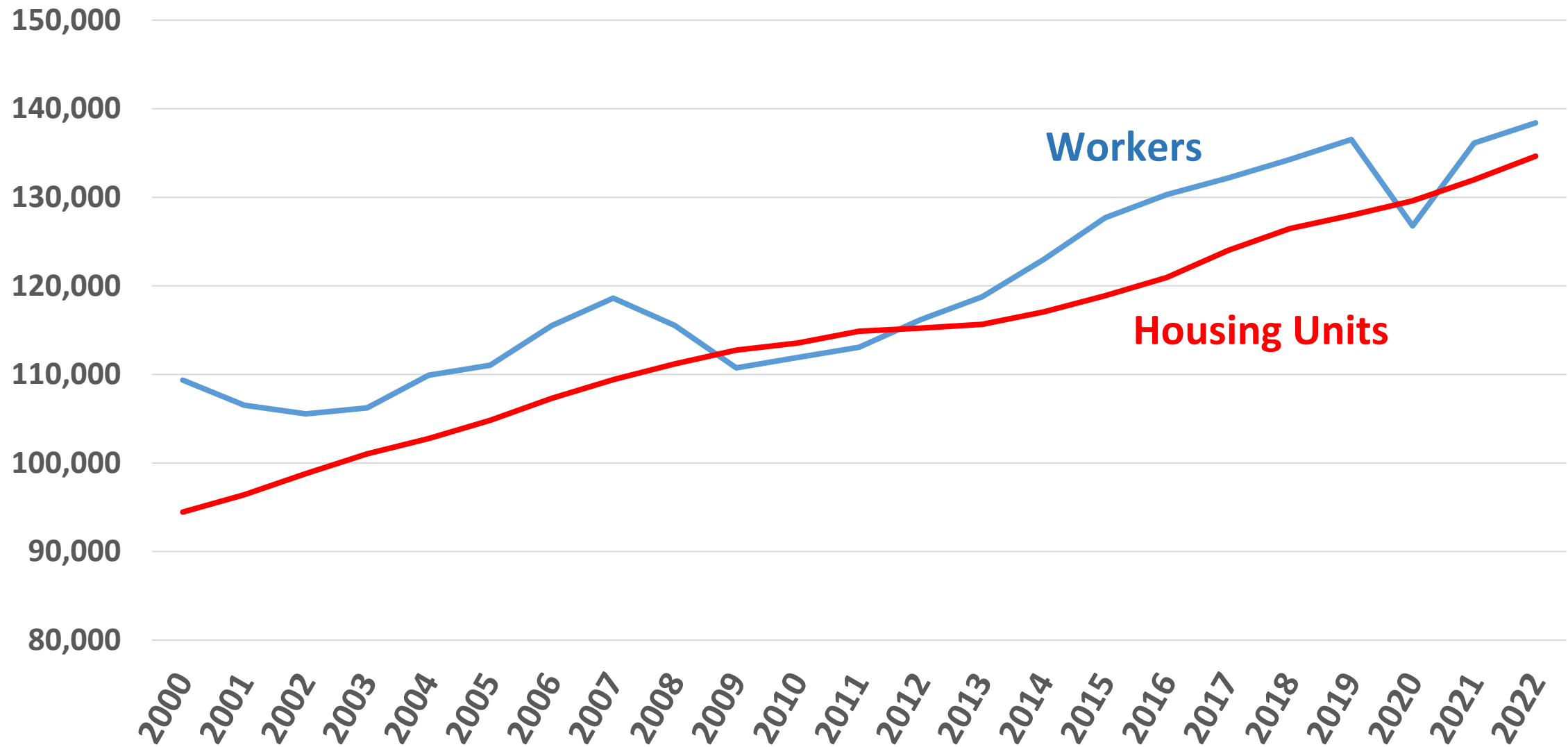
Buncombe Occupied & Vacant Housing Units



Each year approximately 15% - 40% of vacant units are “for seasonal, recreational, or occasional use” – i.e. not currently available for sale or long-term rent.

U.S. Census American Community Survey, 1-Year Estimates

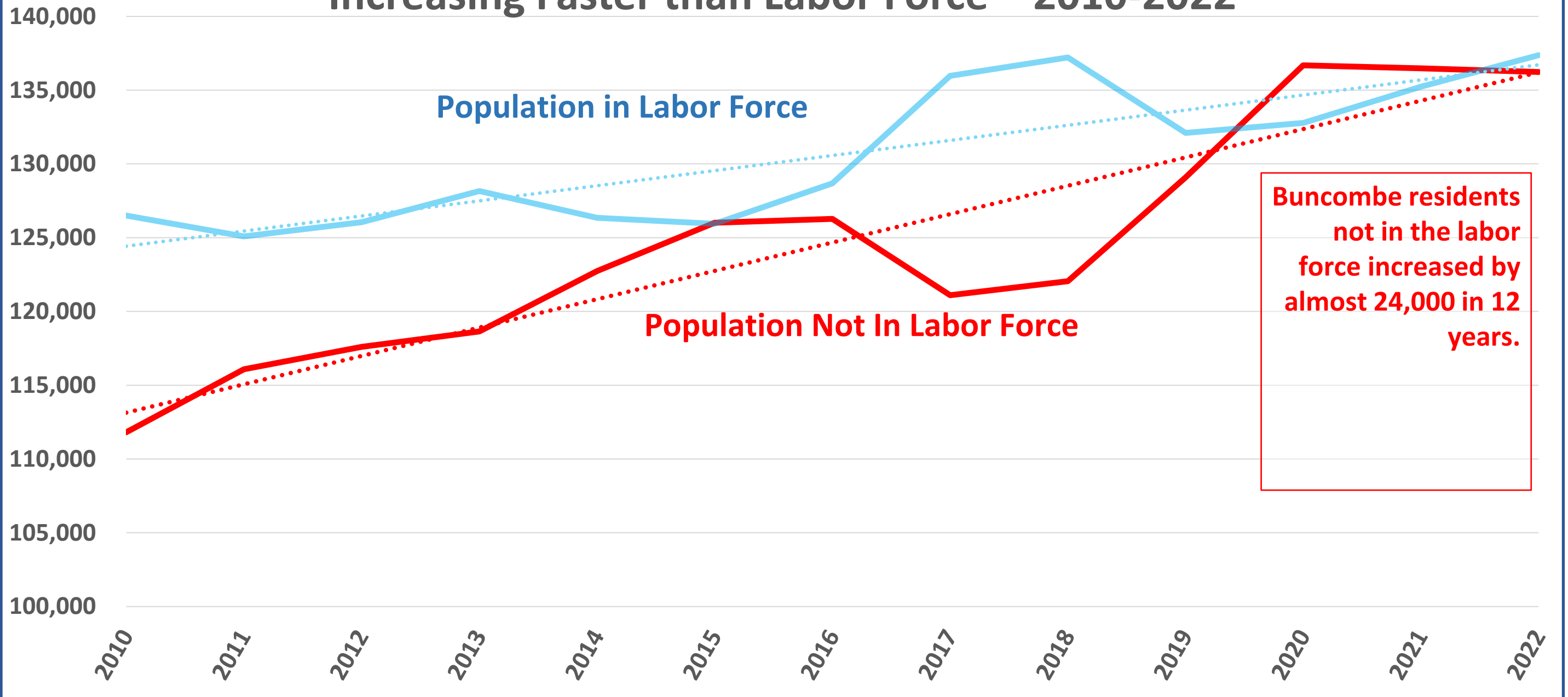
Workers Who Work in Buncombe Housing Units in Buncombe



U.S. Census, Annual Estimates of Housing Units for Counties; NC Commerce, Quarterly Census of Employment and Wages

Buncombe Population Increase – Those Not in Labor Force

Increasing Faster than Labor Force – 2010-2022



U.S. Census, Annual Estimates of the Resident Population for Counties; U.S. Census, American Community Survey

Opinion | ‘Build, baby, build!’: Governors take a walk on housing’s supply side.



By the [Editorial Board](#)
| + Follow

February 24, 2024 at 7:00 a.m. EST



Maryland Gov. Wes Moore in Annapolis on Feb. 7. (Steve Ruark/AP Photo)

“Of course, we welcome our new neighbors with open arms! But if our population grows — while our housing stock remains steady — homeownership will be a luxury reserved only for those at the top. That is untenable.”
— NJ Governor Phil Murphy

A Red Tape Reckoning

New Mexico Gov. Michelle Lujan Grisham:

“New Mexico needs to construct thousands of homes as fast as possible. Yet, too often, housing development is stalled by a complicated web of zoning and permitting requirements that vary from city to city and county to county. To build for the future, we need to fund development and then get out of our own way.”

Maryland Gov. Wes Moore:

“We will cut government red tape that makes it harder to build quality housing,”
promised. “We must protect our farmland and wild habitats, but we need to
make sure we are also incentivizing housing in places where we should build.”

Source: Washington Post

Massachusetts Gov. Maura Healey ... calls housing “the biggest challenge we face” and says the shortage has been “decades in the making.” She proposes an Affordable Homes Act to ***“reduce barriers to housing production and give communities the tools to develop more housing where they need it.”***

New Mexico Gov. Michelle Lujan Grisham ... announced a new Office of Housing as a one-stop shop for contractors seeking permits and asked the legislature to condition state aid to local governments on their adoption of **development-friendly zoning and permitting requirements.**

“Legislation about permitting may not sound like front-page news,” said **Tennessee Gov. Bill Lee** “But just take it from someone who spent 35 years in the construction industry: **A bureaucratic permitting process is bad for everybody but the government.**”

Source: Washington Post

The hottest trend in U.S. cities? Changing zoning rules to allow more housing



By **Laurel Wamsley**

Published February 17, 2024 at 5:00 AM CST



Print

▶ LISTEN • 4:48



Tim Evans For NPR

A view of the Kingfield neighborhood from the roof of the Sundial Building, a new 12-unit apartment building in Minneapolis.

There is Some Progress

- **City, County and State efforts**
- **City and County Housing Bonds**
- **State programs of home lending, rental development**
- **Current efforts to address homelessness**
- **Nonprofit Housing Development**

A Success Story

- 60 apartments, with a unanimous “Yes” vote of City Council
- Residents wanted only 40 apartments (2 stories instead of 3), which would have made the development financially unfeasible
- Arduous public process
- Concerns of traffic, noise, obstructed views and “who will live there”
- News article one year after construction: Problems didn’t materialize
- 60 families and individuals safely and affordably housed since 2013



Larchmont Apartments, North Asheville

But...

We have had setbacks and missed opportunities.

UDO – Unified Development Ordinance

Approved by City of Asheville 1997; few major changes since

The UDO downzoned approximately half of Asheville's multi-family zoned property to single-family, and downzoned the density – the potential per-acre development of homes – of thousands of residential acres of Asheville land.

Single-family, low-density zoning not only increases the cost of development per unit; it has a discriminatory impact – discriminatory by income and by race – against many residents and potential residents of our community.

Asheville's Unified Development Ordinance (UDO) Downzoned More Than 7,000 Multi-family Acres

neighborhood last Wednesday. Also out for a walk are neighbors Rachel Define, 7, and Rebecca Define, 11.

■ 10 more ways the UDO
COMMUNITY will change
how land
is
developed
in
Asheville.

■ How zoning changes are
happening in other WNC
communities.

■ Page A6

neighborhood.

But all but one was in fa-
vor of the idea of keeping
apartments or commercial de-
velopment out of single-family
neighborhoods like theirs.

"That's perfectly fine
with us," said Lori Bishop, a
part-time nurse whose lot

◆ See **Zoning** on page A9

WHAT GOES WHERE

Asheville's proposed **Unified Development Ordinance** will significantly reduce the portion of the city's land area in which zoning allows apart-
ment buildings, although city planner Gerald Green says many areas
currently zoned "multi-family" would be unlikely to get apartments due
to deed restrictions or other problems.

| Zone | Current zoning As of Jan. 1996 | | Proposed UDO zoning | |
|----------------------|-----------------------------------|-------|---------------------|-------|
| | Acres | Pct. | Acres | Pct. |
| Industrial | 5,317 | 16.9% | 4,769 | 15.2% |
| Commercial | 3,164 | 10.1% | 2,568 | 8.2% |
| Office/Institutional | 2,370 | 7.6% | 2,168 | 6.9% |
| Multi-family | 15,536 | 49.5% | 8,100 | 25.8% |
| Single-family | 4,996 | 15.9% | 13,839 | 44.0% |
| Other | 4 | 0.0% | 4 | 0.0% |

NOTE: Percentages do not add up to 100 due to rounding.

SOURCE: ASHEVILLE PLANNING DEPARTMENT

If you exclude multi-family homes from your neighborhood, you exclude the people who would live in those homes.

Zoning laws which exclude certain types of homes exclude certain types of people .

If the government, by its laws, helps you exclude those people, there is a disparate impact against low-income people and people of color.

Single-family, low-density, and large-lot zoning rules disproportionately exclude the people who are more likely to live in the excluded types of dwellings – people with low incomes and people of color.

For example...

If your next-door neighbor lives in multi-family housing, they are more likely to be **non-white** than if they live in single-family housing, and they are more likely to be of **low income** than if they live in single-family housing.



Lost and delayed opportunities...

Former Fuddruckers site, Charlotte Street

0.4 mile from downtown Asheville

180 -190 apartments proposed 2018-2024

20% will be affordable

“... neighbors have plenty of concerns”

“... 150 people who packed a room....”

“Big worries about traffic”

Neighbors: “Plans may harm the neighborhood....”

"It's really going to disrupt the neighborhood and it's certainly going to disrupt my ability to work...."

March 2024



**East side of Charlotte Street, 0.4 mile from downtown Asheville
More than 180 residential units proposed - 2021**

“Controversial 101 Charlotte St. project pulled” – *Sept 2021*

***"The consistent and deep drumbeat against this project had an impact on the powers that be."* -- Neighborhood opponent**

Former Sears buildings, Asheville Mall

205-208 Apartments proposed 2017-2023

**“Neighbors ... said they were
concerned about traffic and noise”**

**A Council member asked developers
to increase affordable units from
10% to 40% of units. He criticized the
development corporation for closing
stores and eliminating jobs
nationwide.**

**Proposal was delayed then
continued in 2019. Never returned
to Council, plans are ongoing in
2024.**



Lost opportunities for homes and apartments...

Kmart site, Patton Avenue, Asheville

Vacant since 2019

Was initially planned for “Urban Center” residential – mixed-use with mixed-income housing.

Emma Community members and at least one City Council member expressed concerns about future gentrification, if mixed-income homes or apartments were to be built here.

Ingles plans a supermarket here.



March 2024



But Market-Rate Homes Are Shown Not To Raise Neighborhood Rents As Commonly Thought

“... researchers in the past two years have released six working papers on the impact of new market-rate development on neighborhood rents. Five find that market-rate housing makes nearby housing more affordable across the income distribution of rental units, and one finds mixed results.”

-- Shane Phillips | Michael Manville | Michael Lens

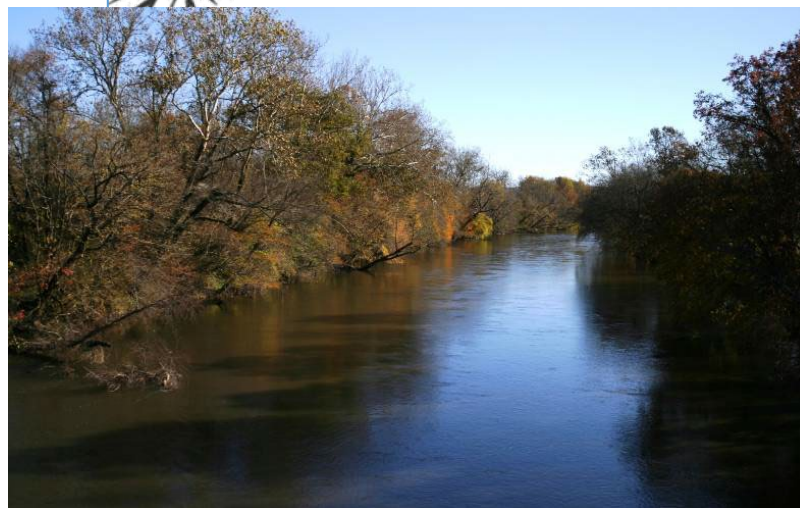
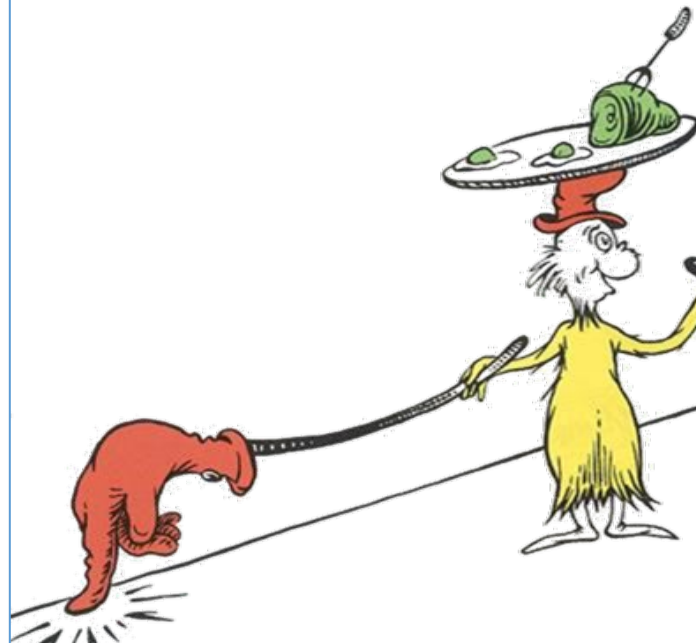
February 2021, UCLA Lewis Center for Regional Policy Studies <https://www.lewis.ucla.edu/research/market-rate-development-impacts/>

See also: ***Supply Skepticism: Housing Supply and Affordability***, 2018 from NYU Furman Center.

https://furmancenter.org/files/Supply_Skepticism_-_Final.pdf

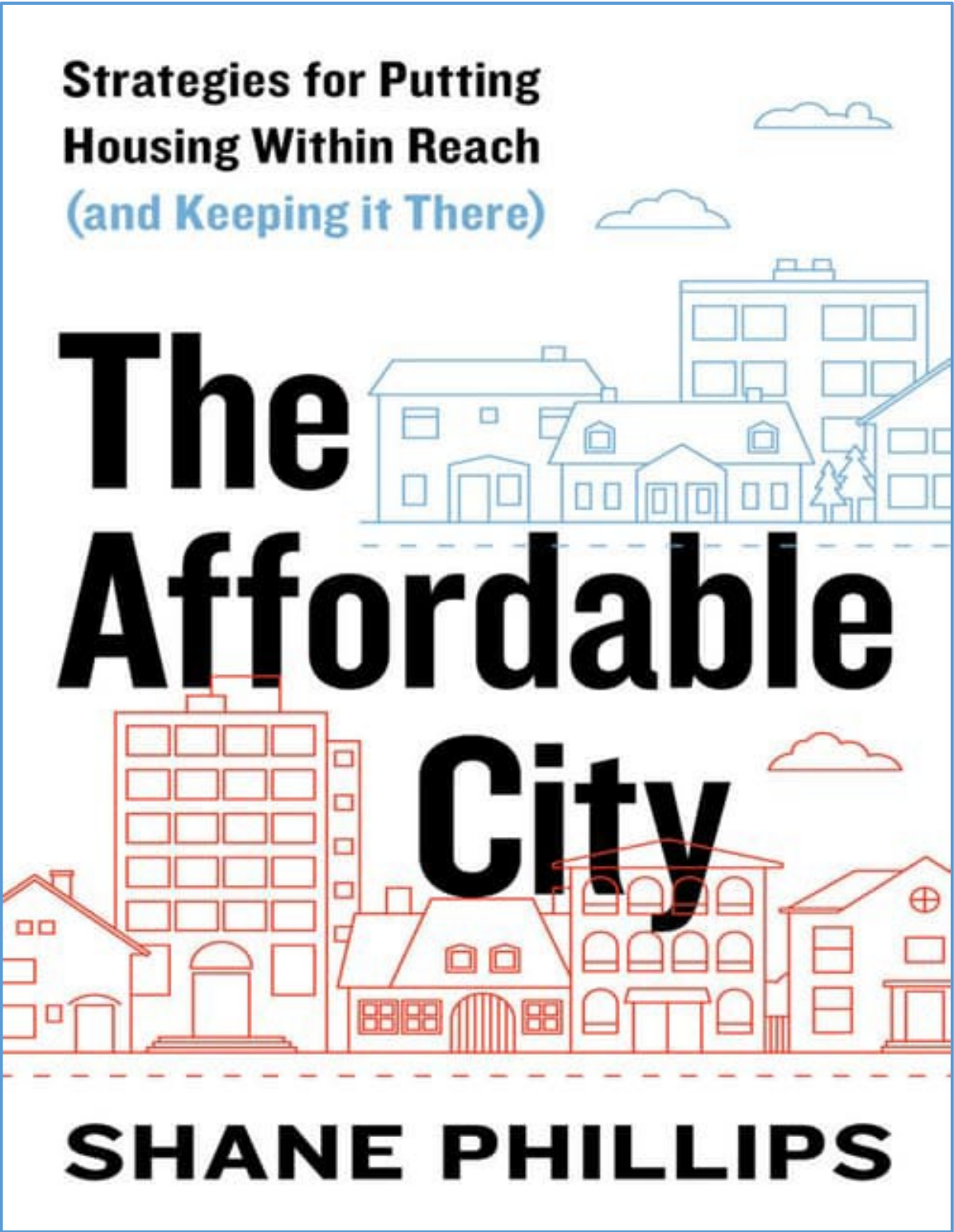
**It is not progressive –
and it is not environmentally
responsible – to oppose all or most
residential development, especially
to oppose new homes and apartments
which are near jobs, schools, shopping
and other services.**

**You cannot build it here or there.
You cannot build it anywhere !**



**Strategies for Putting
Housing Within Reach
(and Keeping it There)**

The Affordable City

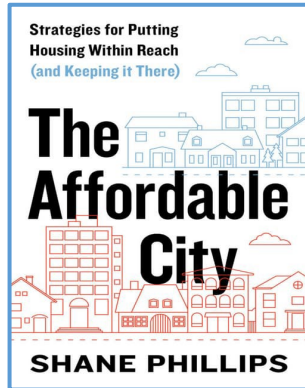


SHANE PHILLIPS

The Affordable City, 2020, by **Shane Phillips**, urban planner and manager of UCLA Lewis Center Housing Initiative and adjunct instructor at University of Southern California.

Mr. Phillips was a featured speaker at the October 2023 Annual Conference of the NC Housing Finance Agency and NC Housing Coalition.

Some of the following recommendations from *The Affordable City* are highlighted and enlarged; they are priority recommendations of today's speaker, Scott Dedman.



Principles and General Recommendations

1. Pursue the Three S's (Supply, Stability, and Subsidy) Simultaneously

Identify win-win solutions where you can; then let your values guide you when trade-offs are necessary.

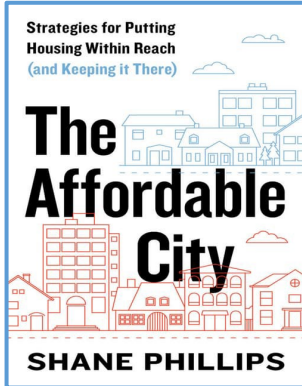
2. Take Action Now

The more unaffordable your housing stock gets, the more challenging it is to fix.

6. Use a Mix of Mandates and Incentives

Incentives are safer than mandates, but some things are too important to make voluntary.

Phillips, Shane. The Affordable City: Strategies for Putting Housing Within Reach (and Keeping it There) . Island Press.



11. Track Everything

“You can’t manage what you can’t measure.” —Peter Drucker

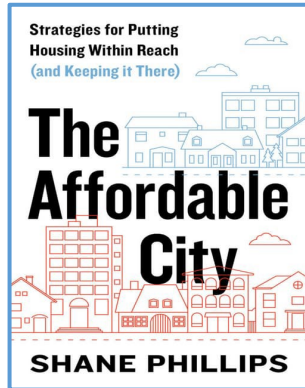
12. Strive for Objective, Consistent Rules

Requiring negotiations and discretionary approvals for every project increases costs and invites corruption.

14. Align Local Votes with Presidential and Midterm Elections

Pro-tenant, pro-affordability policies require pro-tenant, pro-affordability elected officials.

Phillips, Shane. The Affordable City: Strategies for Putting Housing Within Reach (and Keeping it There) . Island Press.



II. Policies

Supply: Why Housing Matters

15. Increased Zoning Capacity

The first step to getting more housing is allowing more housing to be built.

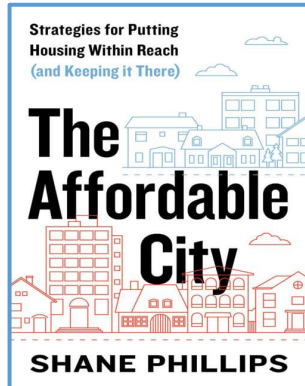
16. Upzone Many Places at Once (Upzoning: Geographically Distributed)

Avoid overconcentration of investment (and gentrification) by spreading the zoning wealth.

17. Focus Upzones in Accessible and High-Opportunity Areas (Upzoning: Targeted)

Build housing where it will best support other economic, social, and environmental priorities.

Phillips, Shane. The Affordable City: Strategies for Putting Housing Within Reach (and Keeping it There) . Island Press.



21. Eliminate Density Limits in Most Places (Density Limits)

Don't fall into the trap of mixing up density with urban form or "neighborhood character."

22. Eliminate Parking Requirements Everywhere (Parking Minimums)

Excess vehicle parking increases housing costs and encourages more driving. Find other ways to manage demand.

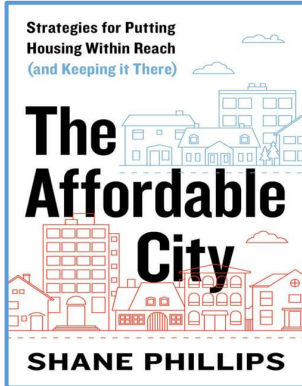
24. Make Development Approvals "By Right" (By-Right Development)

To guide the development you want, create objective rules and then stick to them.

25. Speed Up the Entitlement Process (Faster Approvals)

Even when by-right development is possible, slow approval processes raise the cost of new housing and delay its construction.

Phillips, Shane. The Affordable City: Strategies for Putting Housing Within Reach (and Keeping it There) . Island Press.



31. Implement Inclusionary Zoning and Density Bonuses

Affordability requirements and incentives can deliver affordable, income-restricted housing at no cost to the public.

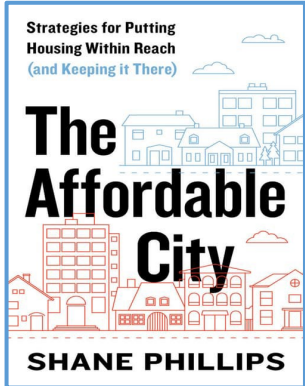
32. Discourage ~~Redevelopment~~ [Development] That Requires Renter Displacement (Displacement Compensation and Right of Return) [Scott Dedman edit]

Generous compensation for displaced renters can mitigate harm and direct development toward less vulnerable sites and communities.

33. Make Affordability Requirements Permanent (Affordability Covenant Duration)

Subsidized housing covenants currently last thirty to fifty-five years in most jurisdictions. Those requirements should be made permanent or last for at least ninety-nine years.

Phillips, Shane. The Affordable City: Strategies for Putting Housing Within Reach (and Keeping it There) . Island Press.



36. Prioritize Displaced Tenants for Affordable Housing Placement (Preferential Placement) [No eminent domain for “redevelopment”. – Scott Dedman]

The benefits of ~~redevelopment~~ development should accrue to existing residents as much as possible—especially those directly displaced to make way for more homes. [Scott Dedman edit]

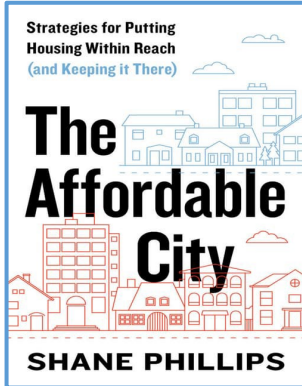
41. Enforce Housing and Building Codes

Tenant protections have little value if rental housing isn’t safe and habitable and if protections aren’t enforced.

42. Eliminate Discrimination against People with Housing Choice Vouchers

If tenants can pay the rent and follow the rules, they should be eligible to live wherever they choose.

Phillips, Shane. The Affordable City: Strategies for Putting Housing Within Reach (and Keeping it There) . Island Press.



Subsidy: Why Government Spending and Public Programs Matter

52. Reform and Increase Funding for Affordable Housing Construction

The funding process for affordable housing is expensive, slow, and underfunded. It needs to once again become an American priority.

53. Increase Funding for Direct Rental Assistance

Rental assistance complements affordable housing construction by providing immediate, flexible relief to vulnerable households.

54. Fund Low- and Zero-Interest Loans for Housing Acquisition and Development

The cost of housing construction and acquisition could fall precipitously with access to low-interest loans.

Phillips, Shane. The Affordable City: Strategies for Putting Housing Within Reach (and Keeping it There) . Island Press.

Conclusions

Most Important:

- ***Focus on Housing Supply*** – Almost all new housing supply helps our affordability. Prioritize especially permanently affordable, income-restricted, safe, attractive homes in good neighborhoods.
- ***City and County zoning codes, including UDO, should be updated*** to increase dense development in downtown; near downtown; in areas near jobs, schools, shopping, and services; and where utilities are near.
- Elected Officials who seek to meet every social policy goal with every new home, will build pretty much nothing, never.
- Remember that ***Perfect is the Enemy of the Good ... AND Perfect is the Enemy of Done.***
- ***Encourage a Sense of Urgency*** among citizens, business leaders, and especially Elected Officials. A leisurely approach widens our affordability gap every day.
- ***Set goals, prioritize methods, measure results and follow up.***
- ***Persist.***

DISCUSSION

QUESTIONS
INPUT
COMMENTS





BREAK

THE SESSION WILL RESUME IN 15 MINUTES

EXPLORE
ASHEVILLE

POWERED BY

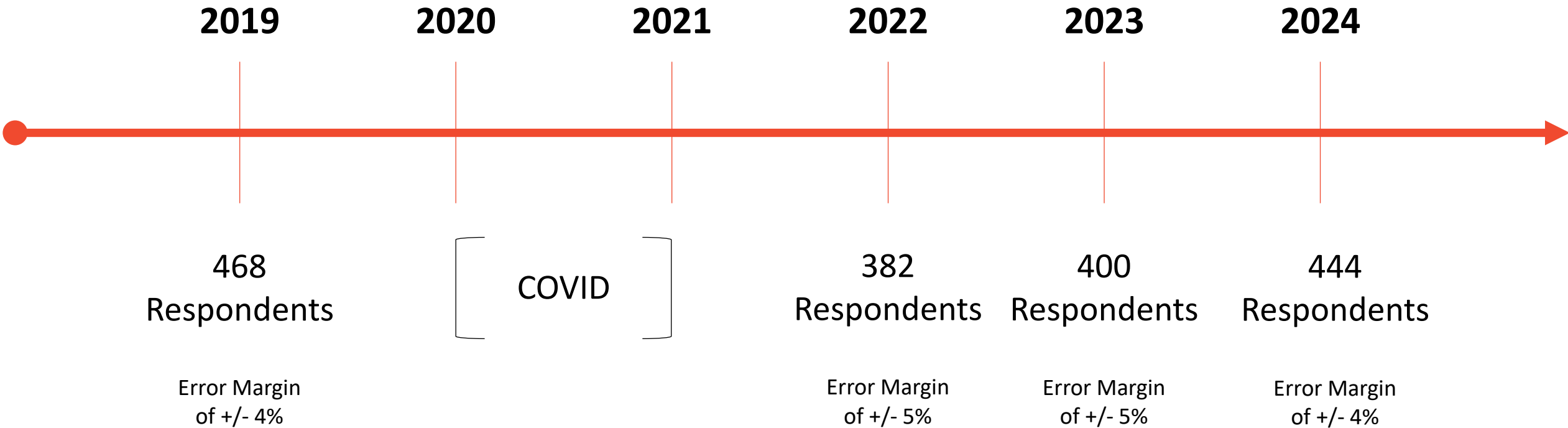
Buncombe County Tourism
Development Authority

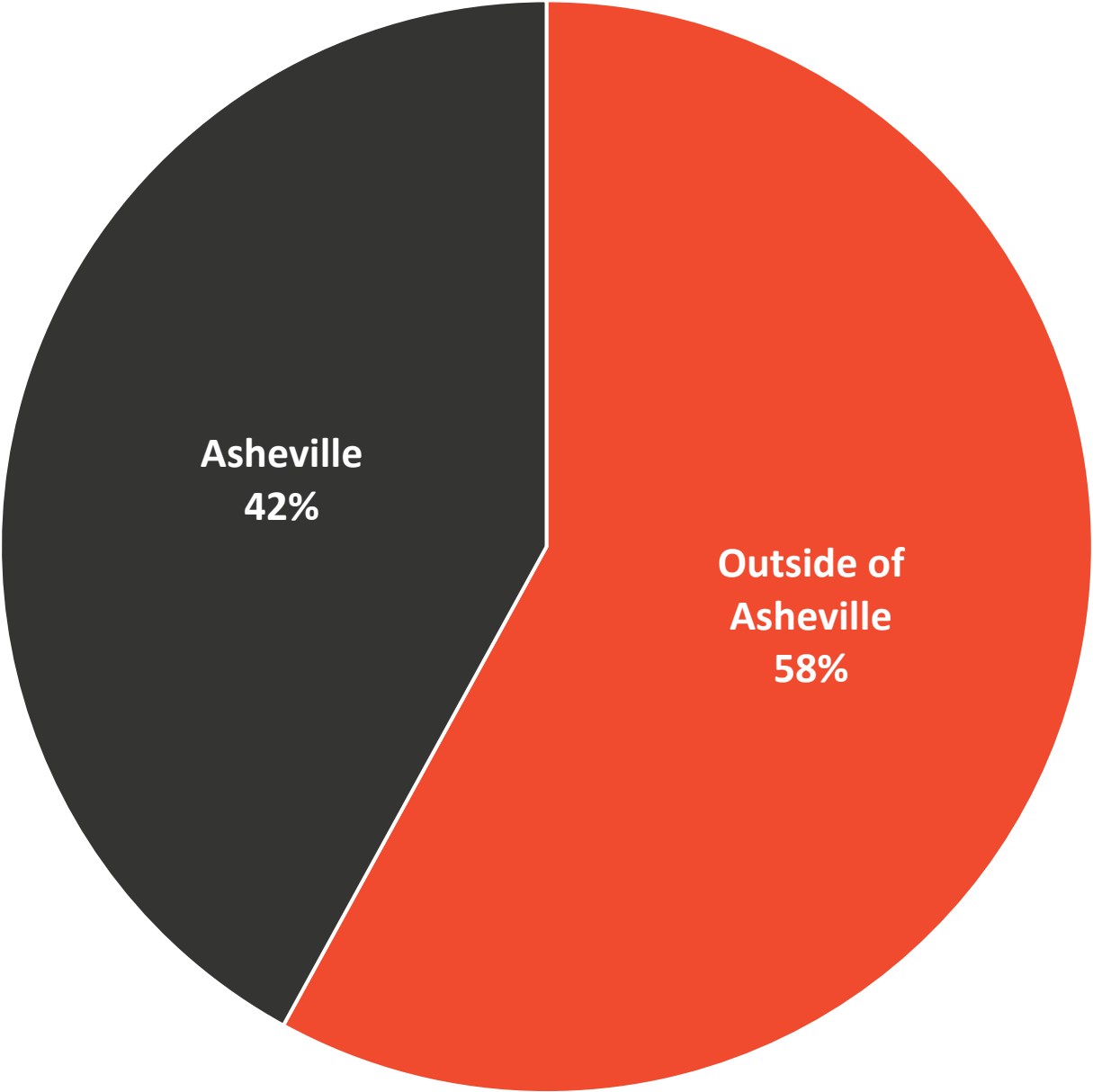
Asheville, NC

Resident Perspectives on Tourism

March 2024, Wave IV

- Online panel survey of a representative, random sample of residents of Buncombe County, NC
- Fielded between February 15-March 7, 2024
- N=444 surveys - This sample size yields an error range of +/- 4 percentage points at the 95% level of confidence
- If we were to replicate the study 100 times surveying all residents of Asheville, we would expect the results to be within four (4) percentage points (+/-) 95 times.

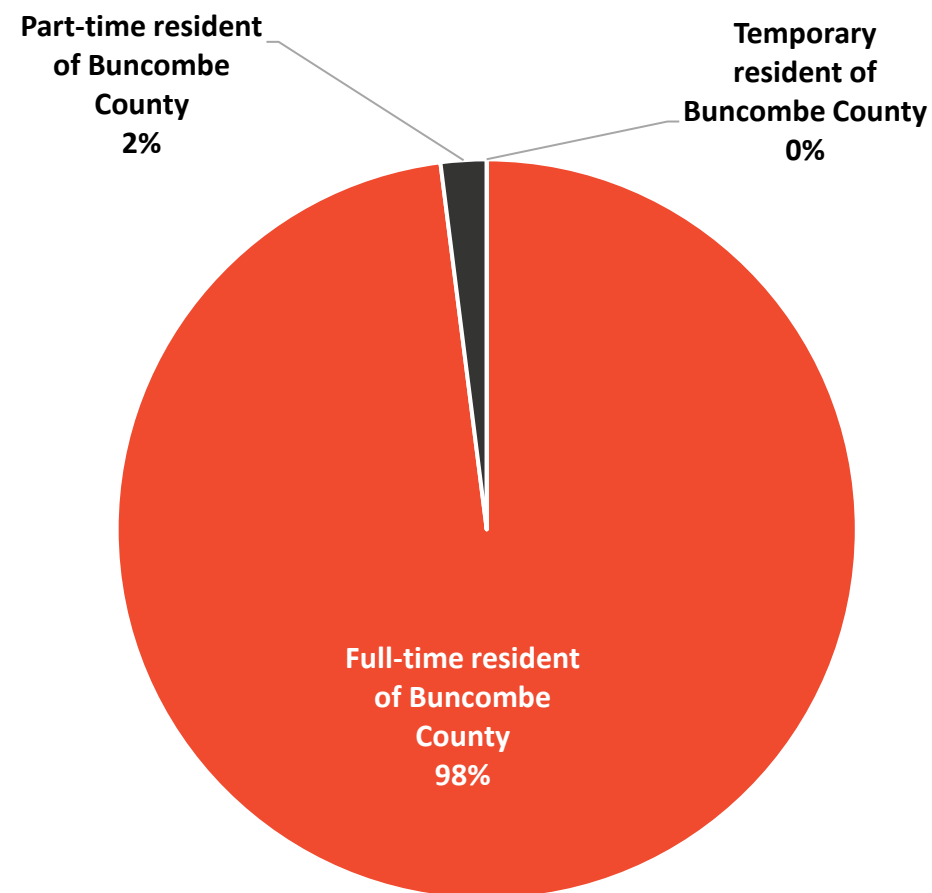




| Outside of Asheville Neighborhood | n=256 |
|------------------------------------|-------|
| Western Buncombe County | 21% |
| Southern Buncombe County | 18% |
| Eastern Buncombe County | 16% |
| Northern Buncombe County | 16% |
| Within the Town of Weaverville | 10% |
| Within the Town of Black Mountain | 8% |
| Within the Town of Woodfin | 6% |
| Within the Town of Biltmore Forest | 2% |
| Within the Town of Montreat | 2% |

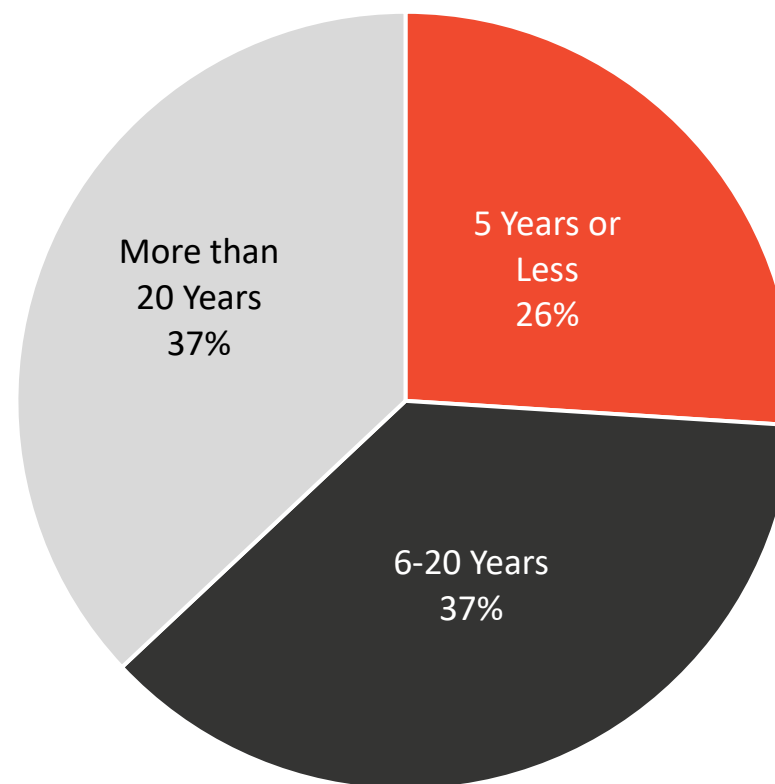
| Asheville Neighborhood | n=188 |
|--------------------------------------|-------|
| West Asheville | 28% |
| South Asheville | 18% |
| North Asheville | 17% |
| East Asheville | 16% |
| Downtown Asheville | 14% |
| Central Asheville (outside Downtown) | 7% |

Residency Status

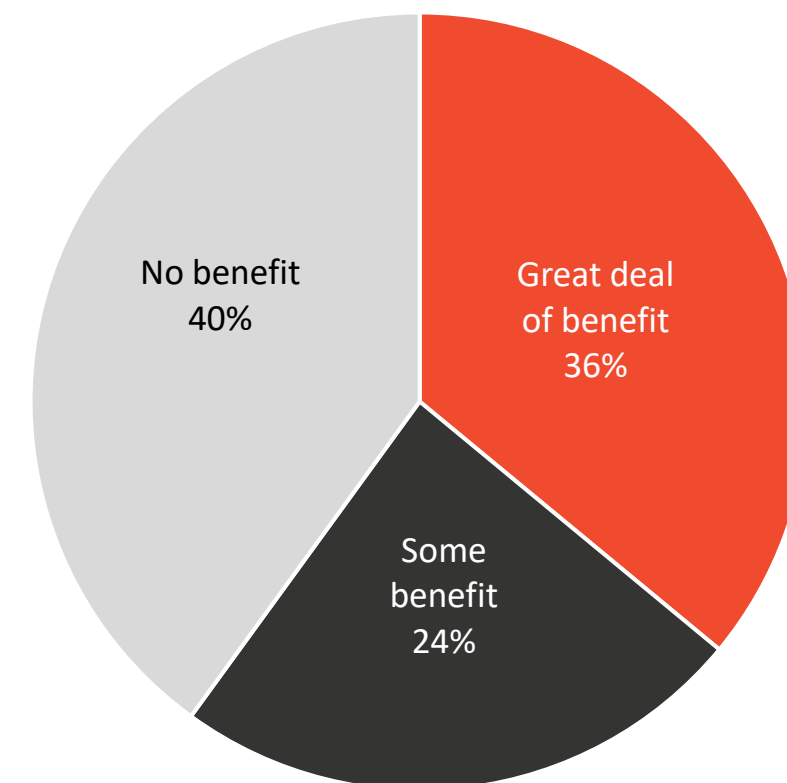


Length of Residency

Avg.: 19.5 years



Job Benefits from Tourism



Among those who are employed:
n=302

DEMOGRAPHICS

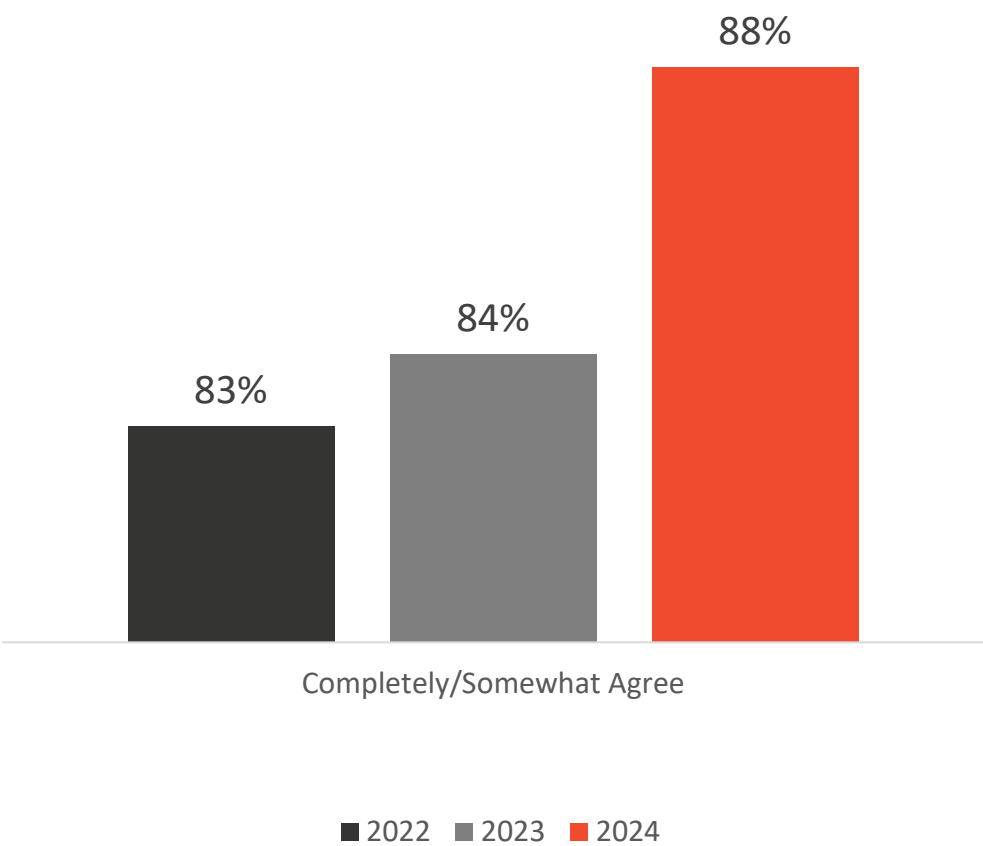
| | Total |
|---------------------------------------|-------|
| Identify As: | |
| Female | 55% |
| Male | 43% |
| Other/prefer not to answer | 1% |
| Age | |
| 18 – 24 years old | 7% |
| 25 – 34 years old | 18% |
| 35 – 44 years old | 24% |
| 45 – 54 years old | 18% |
| 55 – 64 years old | 16% |
| 65+ years old | 17% |
| Children under 18 in household | 47% |

| | Total |
|----------------------------------|-------|
| Race/Ethnicity | |
| Caucasian/White | 90% |
| African American/Black | 4% |
| Latino/Hispanic | 4% |
| American Indian or Alaska Native | 2% |
| Asian | 2% |
| Other/prefer not to answer | 3% |
| Household Income | |
| Less than \$35,000 | 21% |
| \$35,000 – \$49,999 | 20% |
| \$50,000 – \$74,999 | 17% |
| \$75,000 – \$99,999 | 15% |
| \$100,000 – \$149,999 | 15% |
| \$150,000 or more | 8% |
| Prefer not to answer | 5% |

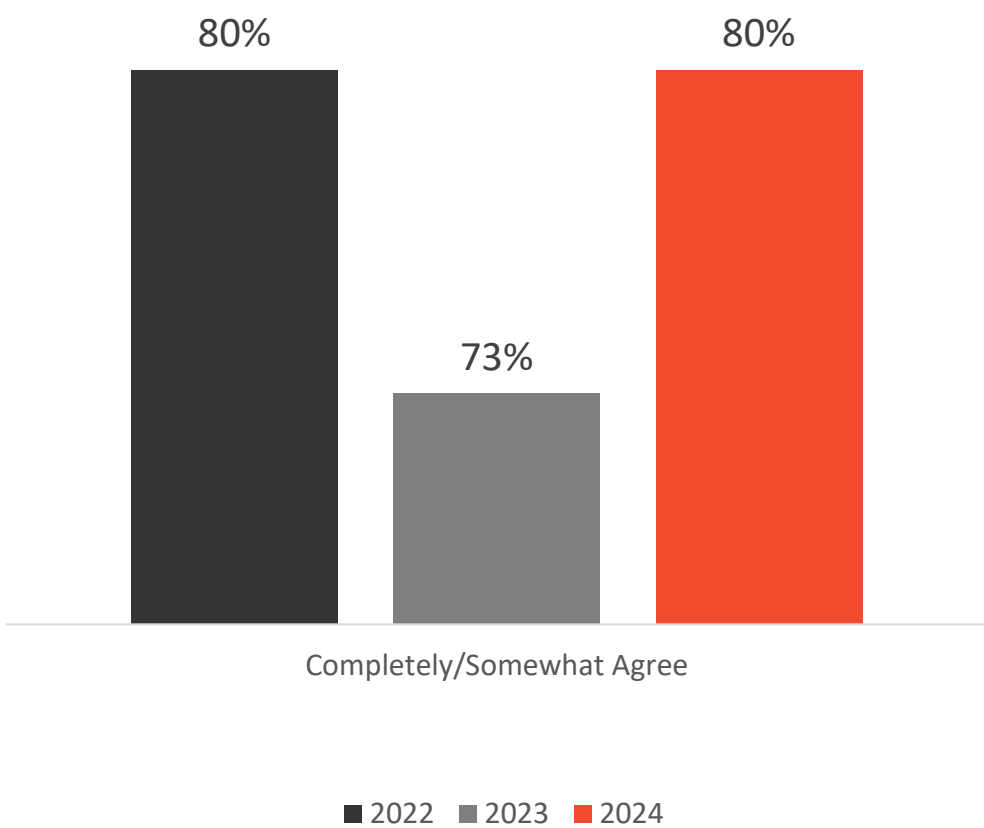
**Positive sentiment
about tourism
grew.**

Positive sentiment about tourism grew.

Tourism is beneficial to my community.

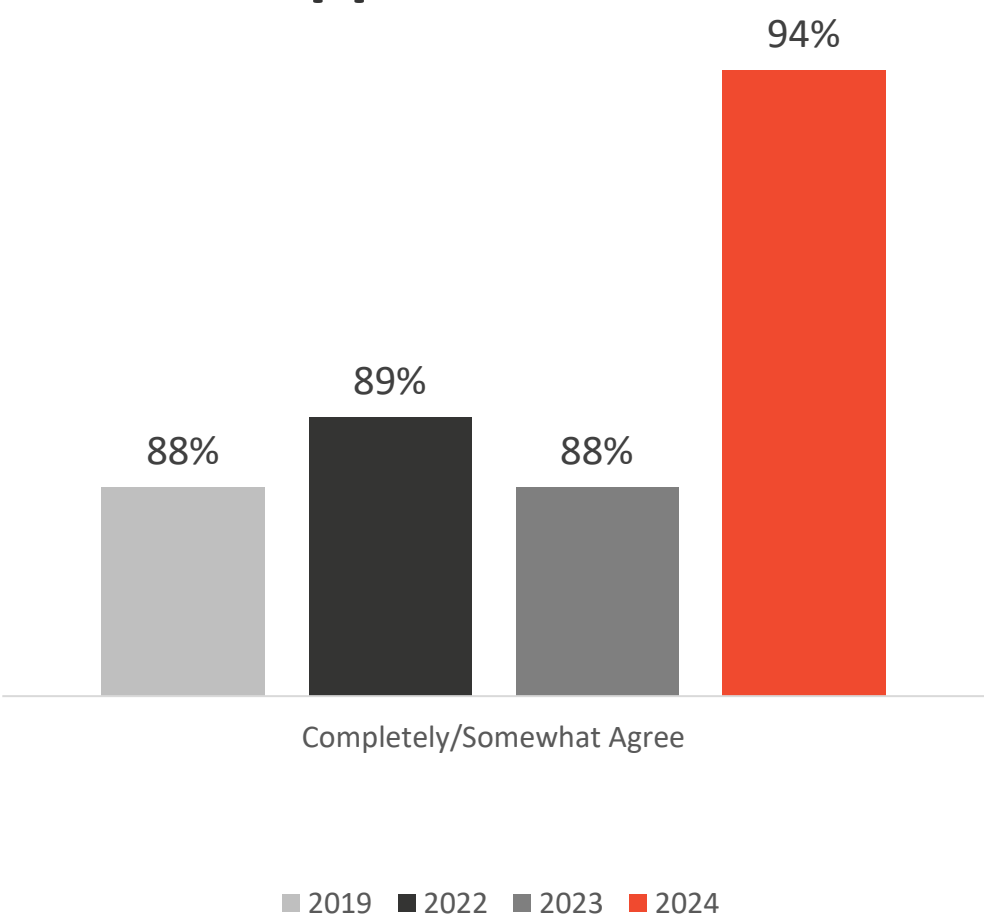


Investment in tourism promotion via lodging tax collected from overnight visitors fuels the local economy.

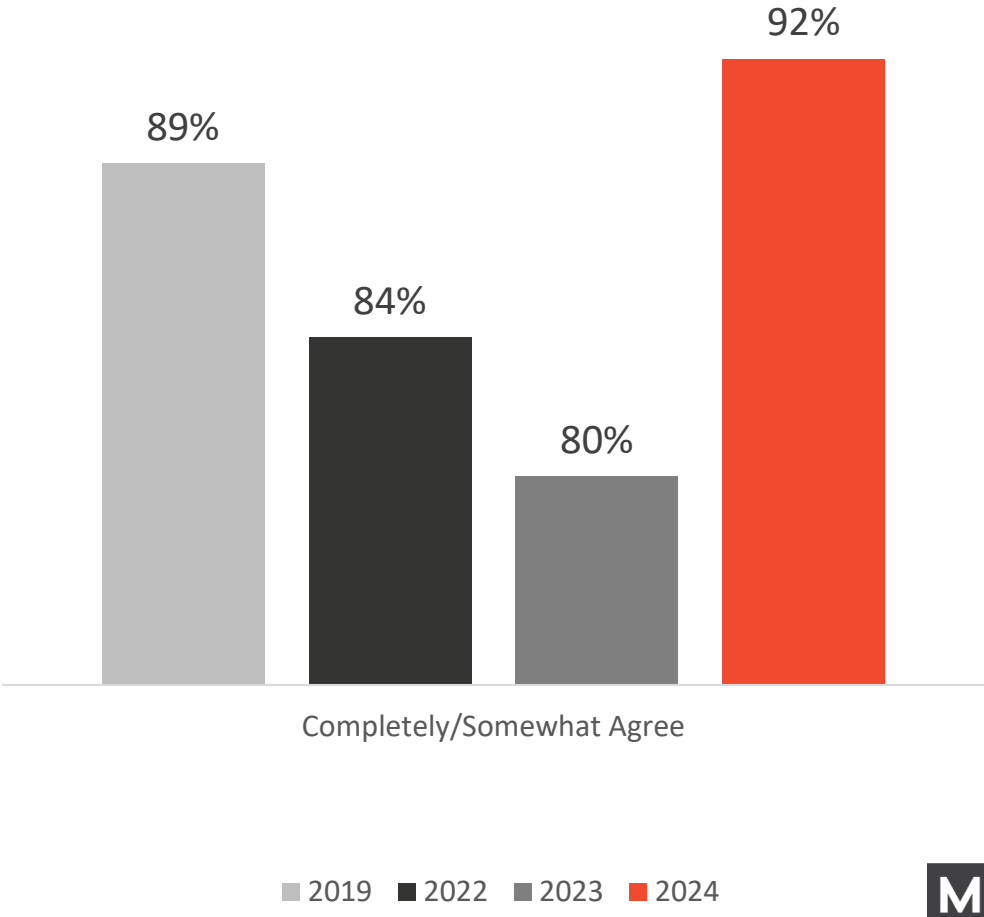


Positive sentiment about tourism grew.

Visitors to our community help support the number and variety of independent businesses here, including restaurants, retail shops, entertainment opportunities.

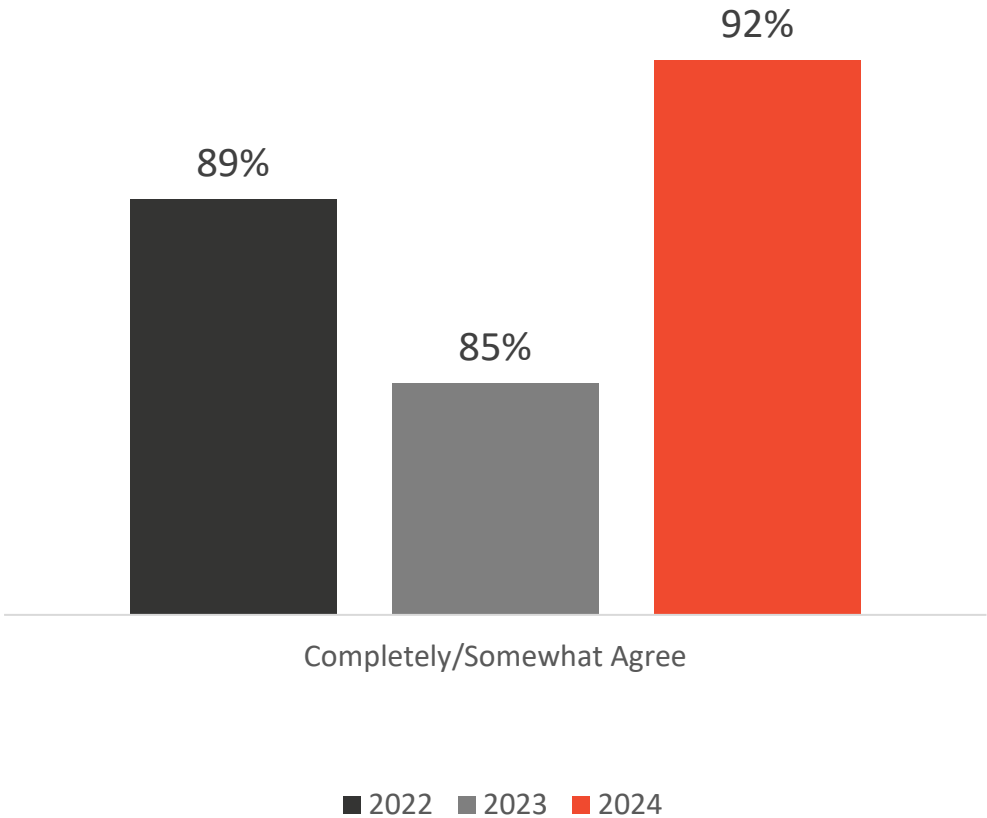


The number of visitors to our area helps attract and support more airlines and direct flights for residents.

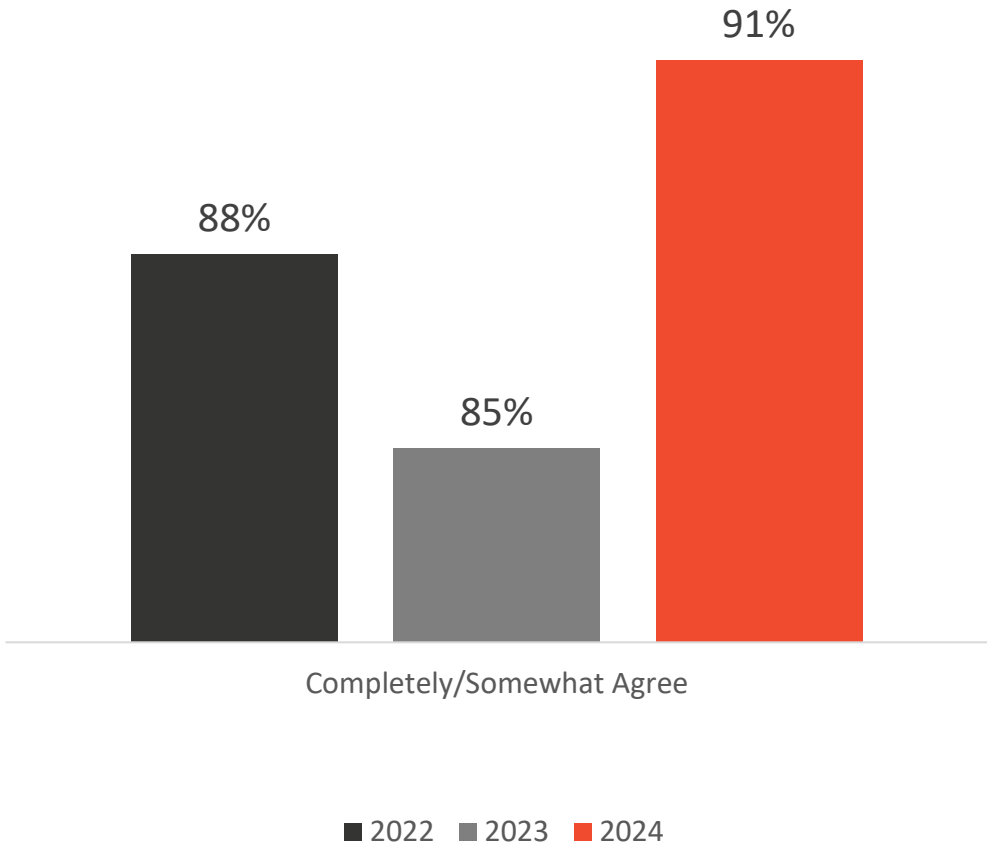


Positive sentiment about tourism grew.

Tourism is an economic driver for Buncombe County and provides an important part of the tax base.

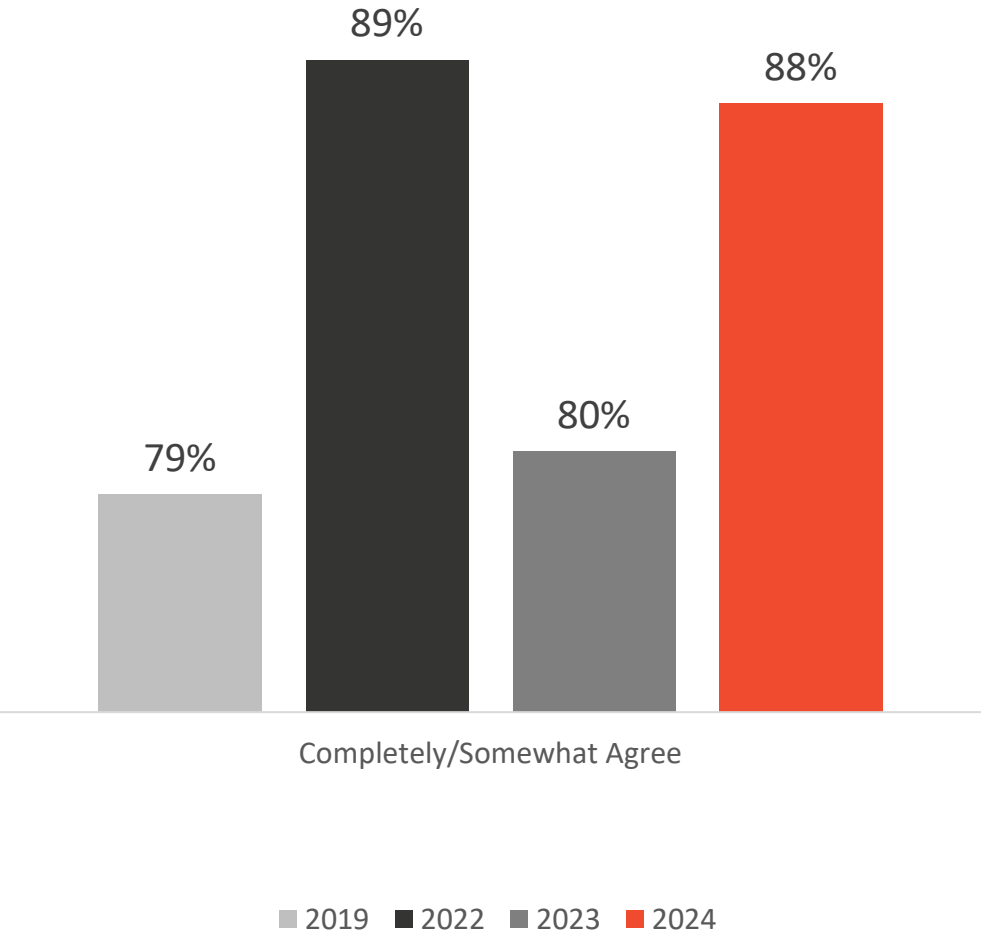


Visitors coming to Asheville for vacation or conferences may be inspired to move or start a business here.

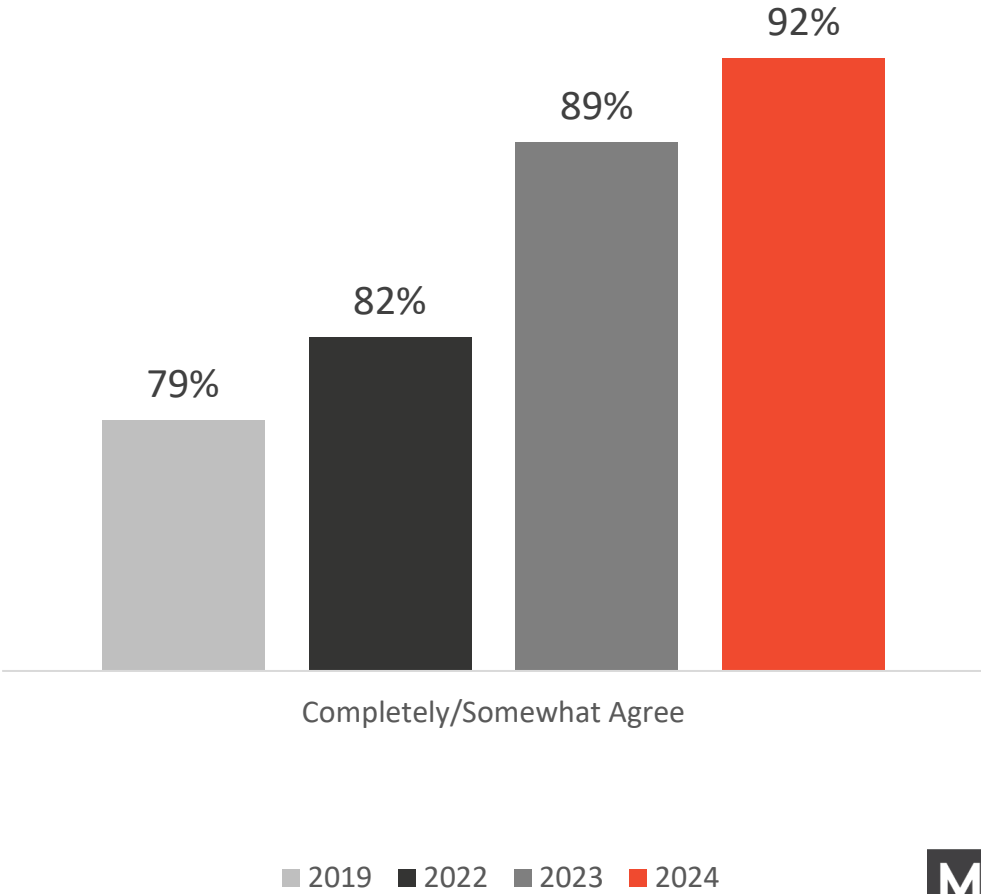


Positive sentiment about tourism grew.

Tourism supports entrepreneurial opportunities and jobs and can lead to additional career opportunities in my community.

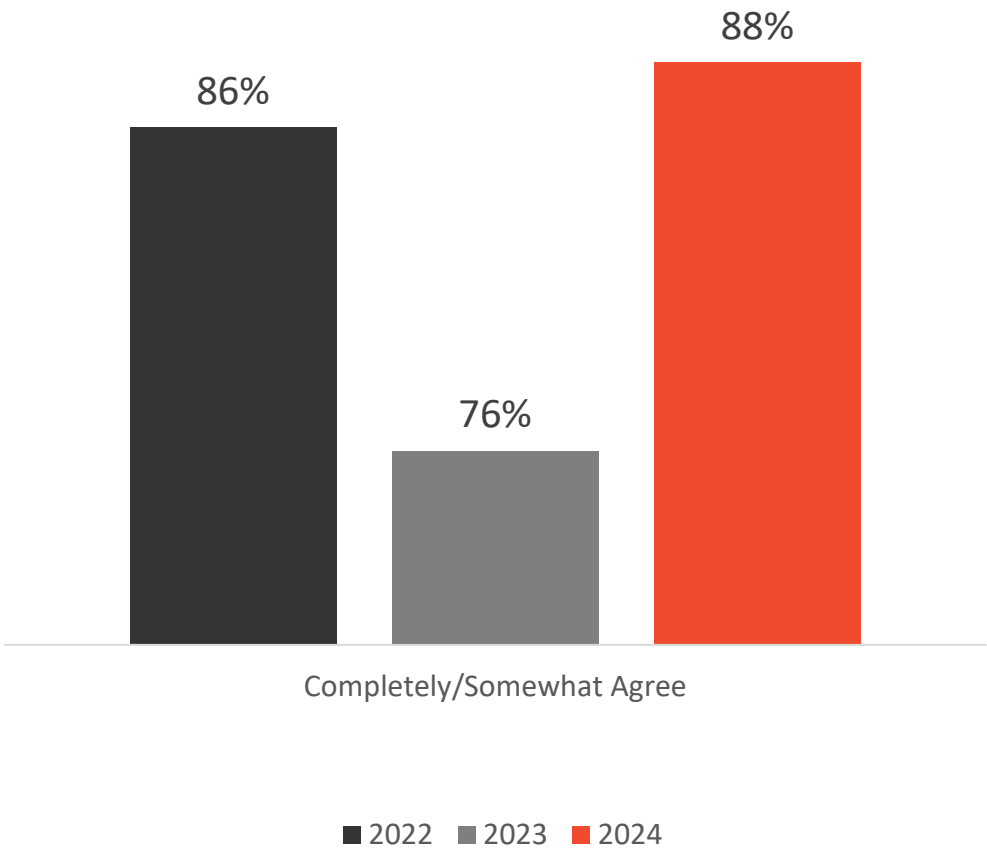


Visitors help make festivals and sports events in my community more successful.

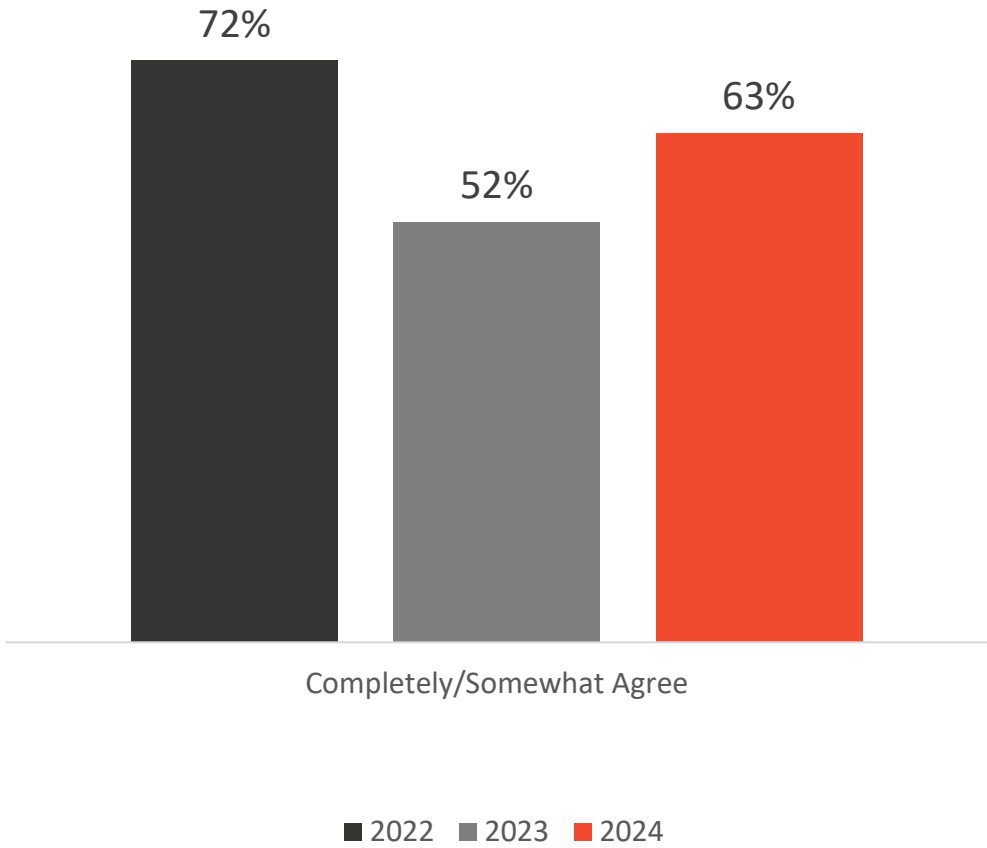


Positive sentiment about tourism grew.

Residents who have vacation rentals in my community earn supplemental income that helps their quality of life.



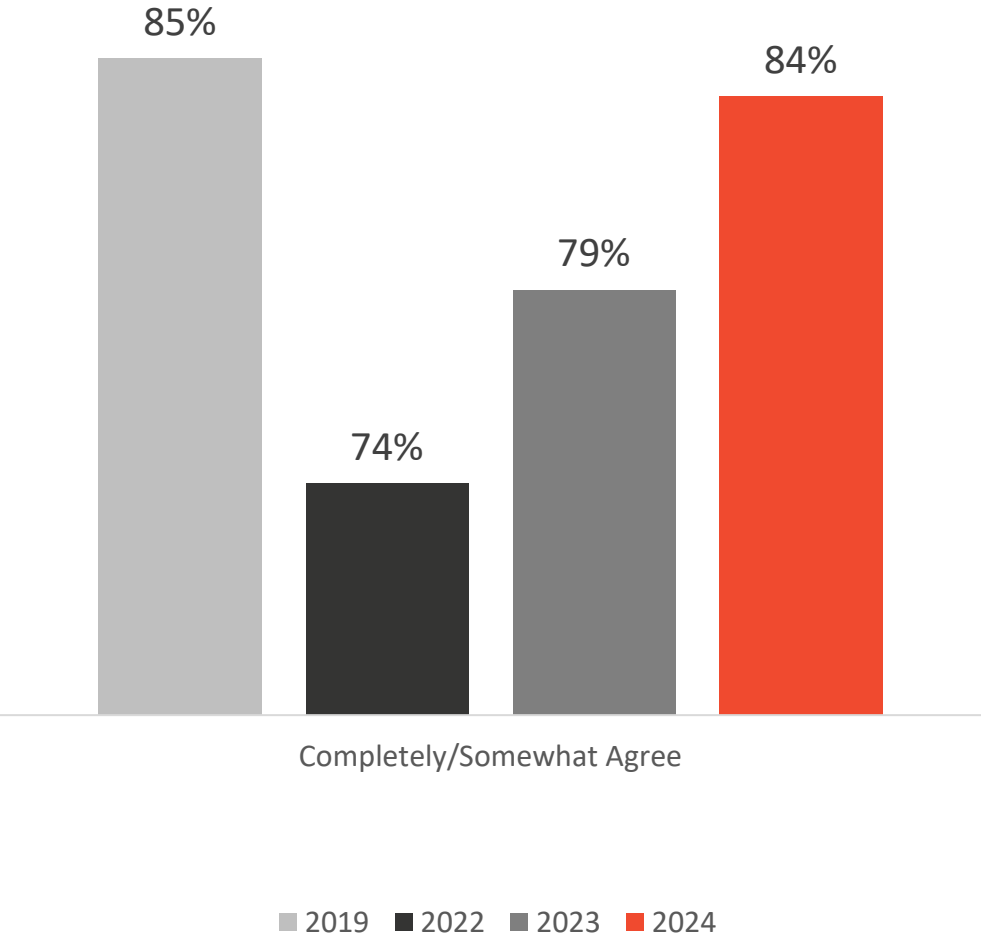
Tourism positively impacts me and my family.



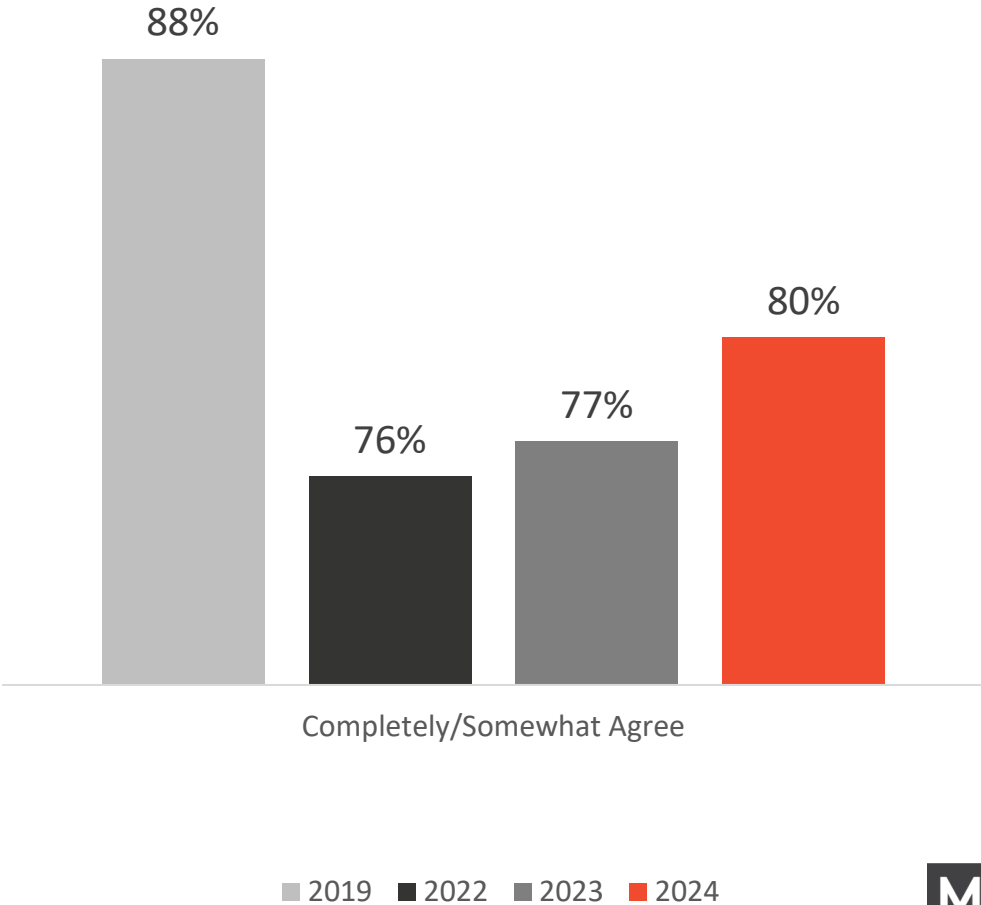
**Some concerns about
parking, housing
supply, and the
environment grew.**

Some concerns about parking, housing supply, and the environment grew.

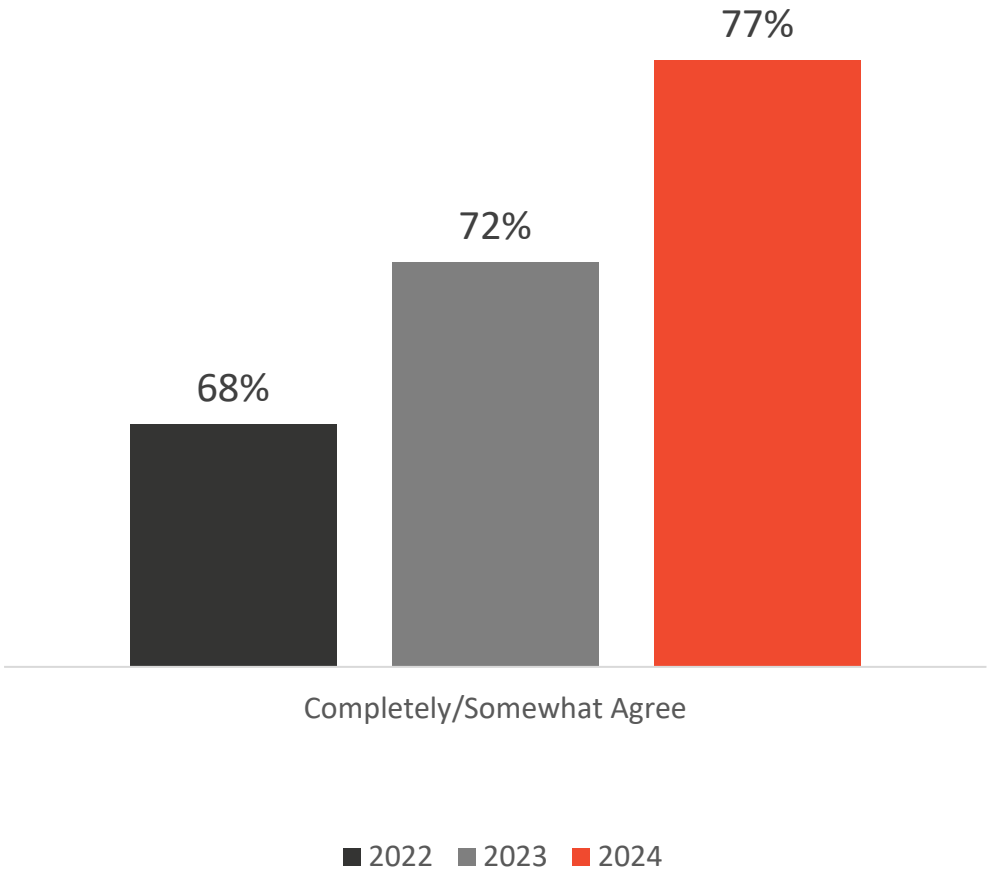
We have traffic congestion due to the number of people visiting the area.



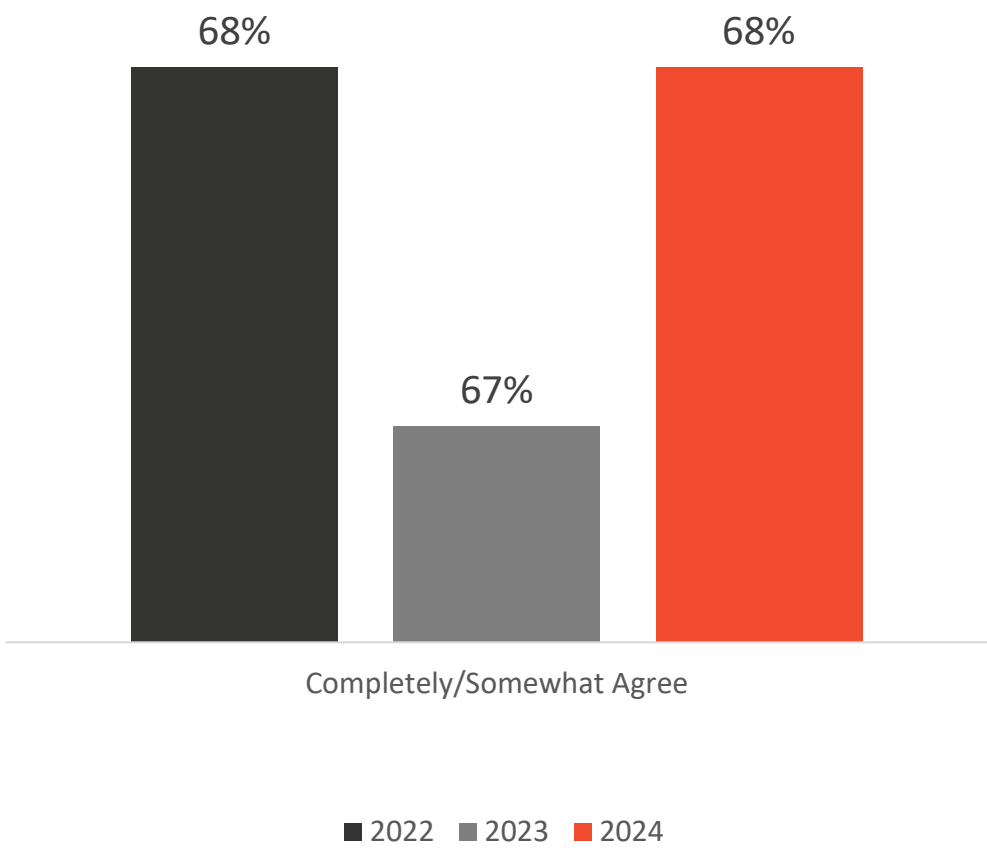
There are parking supply problems because of people visiting the community.



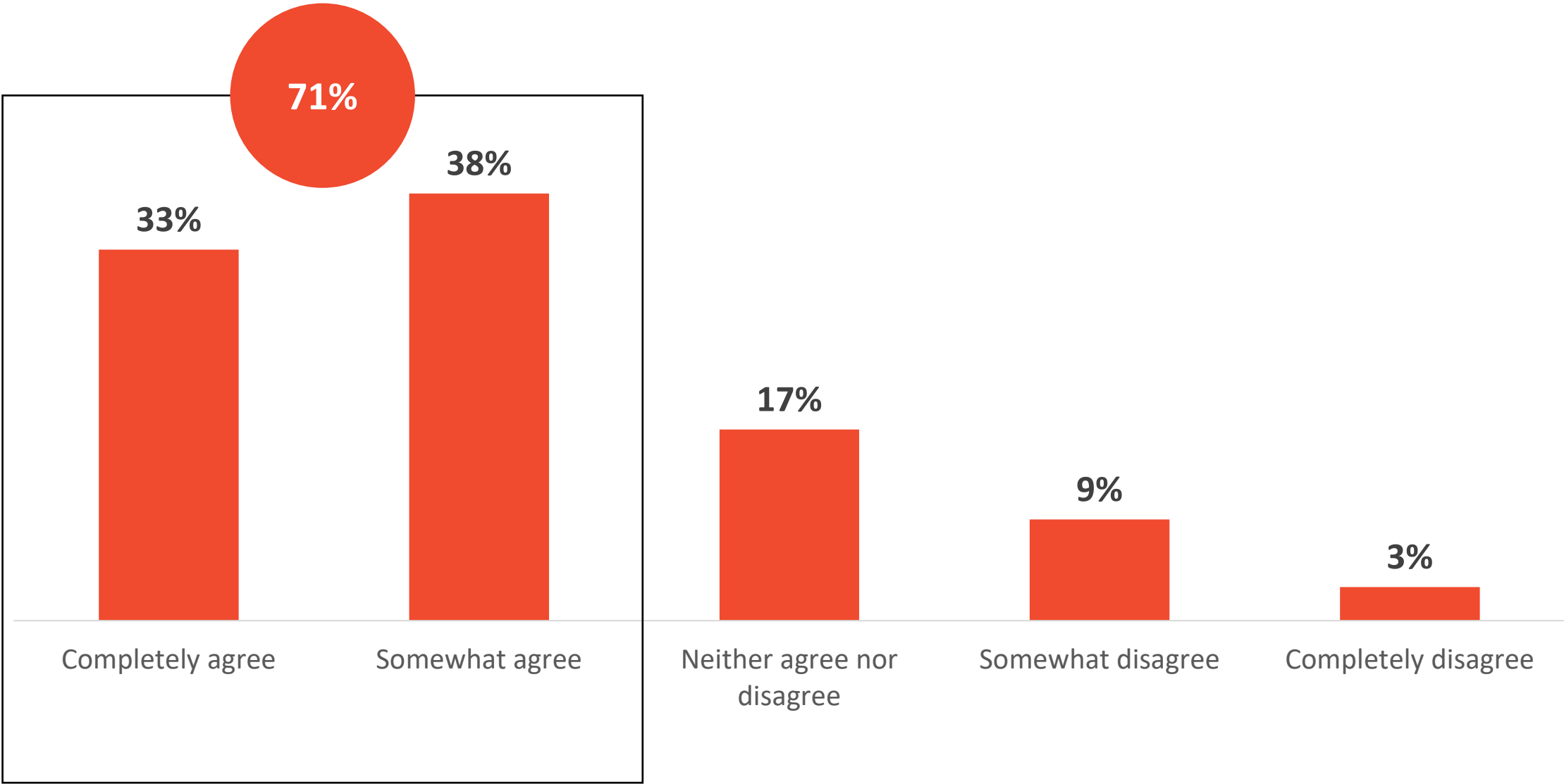
Short-term/vacation rentals for visitors leave fewer options for year-round residents.



Buncombe County’s economy is too dependent upon tourism.



Q: The benefits of travel and tourism to our community outweigh the potential challenges.



Paradox Part II.

A range of perspectives exists within the
community

88%

**of Buncombe County residents
believe tourism is beneficial to
the community.**

And...

63%

**agree that “Tourism positively
impacts me and my family.”**

94%

Of Buncombe County residents believe visitors to the community help support the number and variety of independent businesses, including restaurants, retail shops, and entertainment opportunities.

And...

43%

believe visitors detract from the culture and character of our community.

77%

of residents believe short-term/vacation rentals for visitors leave fewer options for year-round residents.

And...

88%

believe residents who have vacation rentals in their community earn supplemental income that helps their quality of life.

52%

**Of Buncombe County residents
believe tourism reduces available
public green space in the
community.**

And...

83%

**agree that our visitor economy
helps support natural and
cultural amenities such as
parks, greenways, performing
arts and museums that
residents enjoy.**

80%

**believe it's "Very Important"
for Buncombe County visitors
to buy from local shops when
they visit.**

Yet, just...

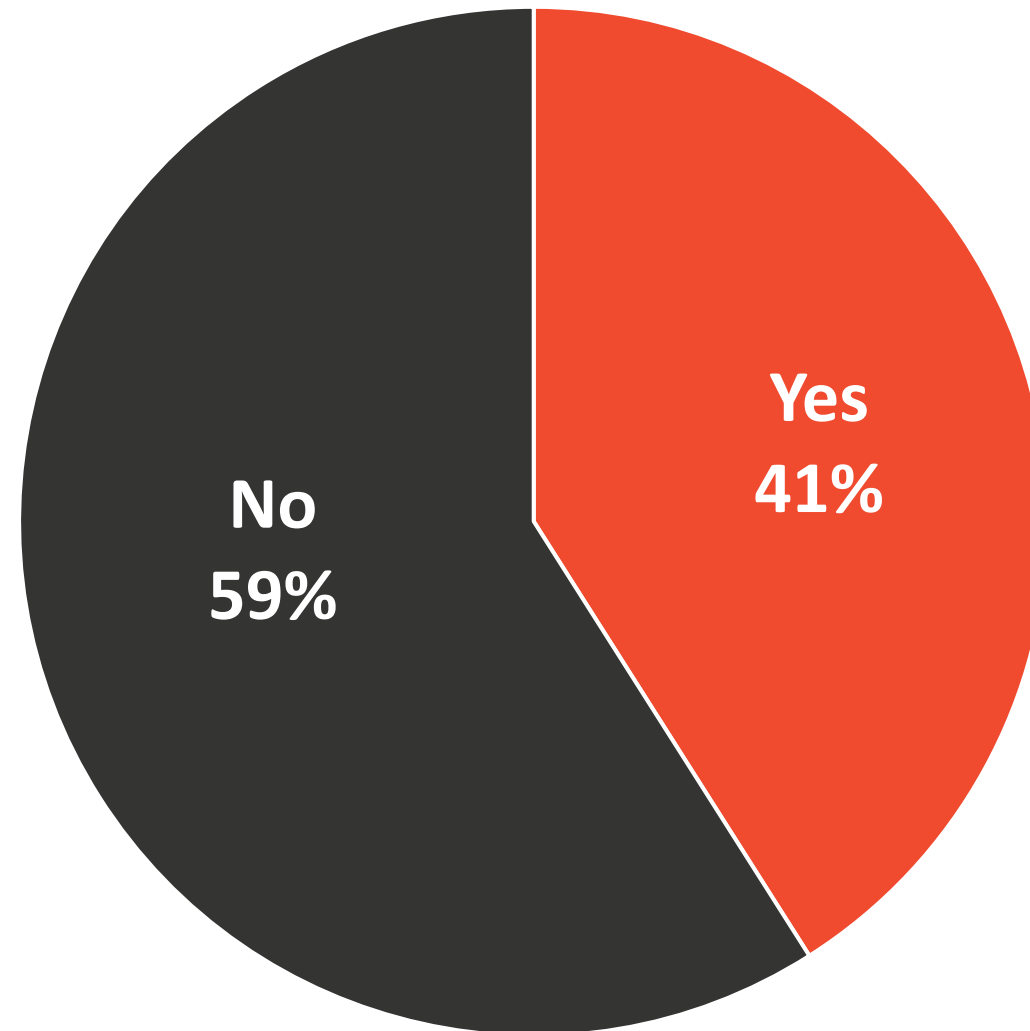
56%

**Of Buncombe County
residents say they always
buy from local shops when
they travel for vacation.**

**Big opportunity
to continue to
educate
residents.**

Big opportunity to further educate residents.

Q. Were you aware that in North Carolina, each county's lodging tax investment and usage, including Buncombe County's, is legislated by the North Carolina general assembly?

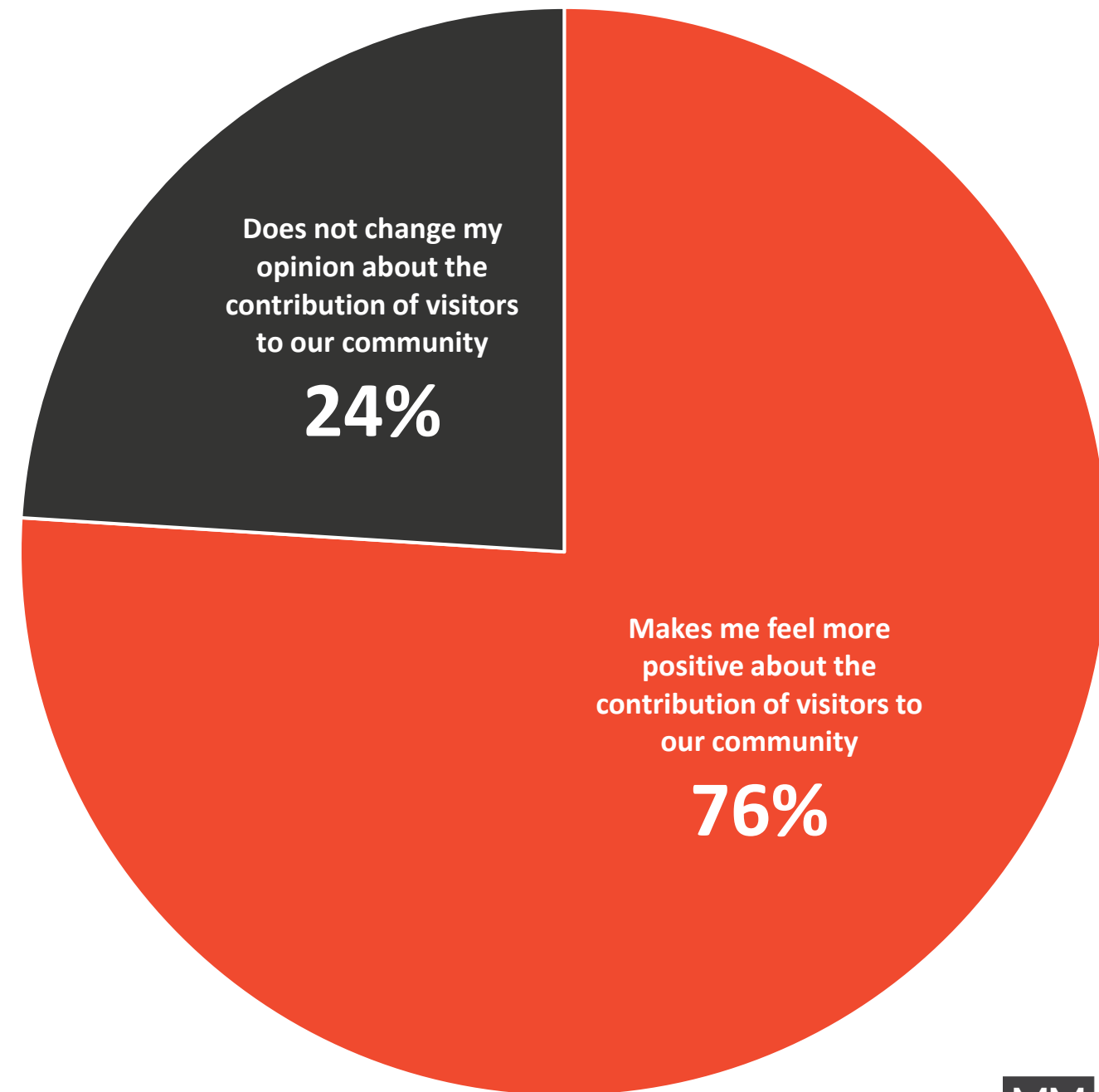


The % of Respondents Who Said They Have Visited, or Plan To Visit, Each of The Following Community Amenities

| Community Amenities Visited or Plan to Visit | % |
|--|-----|
| WNC Farmers Market | 74% |
| NC Arboretum | 70% |
| Western North Carolina Nature Center | 66% |
| Pack Square Park | 65% |
| Grove Arcade | 65% |
| River Arts District Greenways | 64% |
| Harrah's Cherokee Center- Asheville | 56% |
| McCormick Field | 49% |
| Asheville Community Theatre | 47% |
| Asheville Art Museum | 44% |
| Asheville Museum of Science | 34% |
| Wortham Center | 33% |
| Black Mountain College Museum and Arts Center | 24% |
| JBL Soccer Complex at Azalea Park | 20% |
| Enka Recreation Destination & Bob Lewis Ballpark | 19% |
| Center for Craft | 17% |
| Western North Carolina Heritage Center | 16% |
| LEAF Global Arts Center | 15% |
| Black Cultural Heritage Trail | 12% |
| None of these | 3% |

Learning that taxes paid by visitors helped fund community amenities has a positive impact on the perception of visitors.

Q. Does knowing that taxes paid by visitors helped fund all these amenities...?



Summary Takeaways

1. Positive sentiment about tourism grew.
2. Some concerns about parking, housing supply, and the environment grew.
3. Paradox Part II. There are a range of perspectives in the community.
4. Big opportunity to continue to educate residents.

DISCUSSION

QUESTIONS
INPUT
COMMENTS

BREAKOUT DISCUSSION

THE SESSION WILL RESUME IN 15 MINUTES

EXPLORE
ASHEVILLE

POWERED BY

Buncombe County Tourism
Development Authority



NURTURING & GROWING OUR WORKFOCE

Panel Discussion

EXPLORE
ASHEVILLE
POWERED BY | Buncombe County Tourism
Development Authority

PROPOSED PROGRAM GOALS & PATHWAYS

Explore Asheville is committed to understanding our role as an organization

INSPIRE

Increasing Awareness and Aspirations

- Exposure to Partner Experiences
- Real World Industry Networking

TRAIN

Developing Skills and Confidence

- Hands-on Learning Opportunities
- Apprenticeships / Internships

EDUCATE

Fostering Growth and Advancement

- Scholarship Funds
- Job / Career Connections

PANEL DISCUSSION



Dawson Winchester
Assistant General Manager
Hampton Inn & Suites



Alucia Noonan
Housekeeping Supervisor
Grand Bohemian Hotel



Christy Greer
Hospitality Management Student
A-B Tech Community College

DISCUSSION

QUESTIONS
INPUT
COMMENTS





WRAP-UP & ADJOURN

Brenda Durden
BCTDA | Chair

EXPLORE
ASHEVILLE
POWERED BY | Buncombe County Tourism
Development Authority

SPECIAL THANKS TO ALL TODAY'S SUPPORTING PARTNERS!



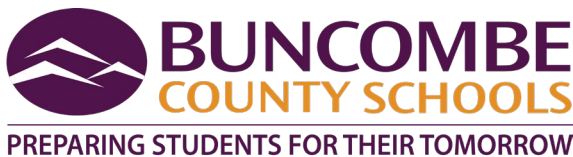
FOX COVE



Scott Dedman



GRAND
BOHEMIAN
HOTEL
ASHEVILLE



ADJOURNMENT

Chair Brenda Durden

Questions/Comments

Suggested Motion:

Motion to adjourn the BCTDA Annual Planning Session.

Motion Second

Discussion

Vote





THANK YOU

See you at the next BCTDA meeting!

Wednesday, April 24, 2024 | 9:00 a.m.

Explore Asheville Board Room | 27 College Place

EXPLORE
ASHEVILLE

POWERED BY

Buncombe County Tourism
Development Authority