

Subject: Hochatown an STR Community

I get a lot of information from folks on an array of topics, such as electric vehicles, solar energy, water and sewer, and, you guessed it, short-term rentals. I ponder the information I receive, and some of it inspires me to think creatively.

One of my friends sent me an article from the *New York Times* (November 10, 2023) about an innovative trend concerning short-term rentals. It seems this industry has been concerned that in the future the country will face a national crisis in not having enough short-term rental units. My worry has been about not having enough workforce housing and long-term rentals.

It appears Airbnb is taking the lead in solving this perceived supply crisis. They developed a creative model that harkens back to the post-Second World War period when returning GIs had no new housing to begin a civilian life and family. Levittown was the solution, a designed and planned suburban community. Today, we have many iterations of Levittown, high-end communities such as Seranbe, just outside of Atlanta, and all the senior communities like Dale Webb.

Airbnb said why not build a short-term rental town that mimics a real, permanent community and addresses the STR supply problem? It happened, and an example of this is Hochatown, which is located within the Choctaw Nation, a rural area of Oklahoma.

Hochatown has a permanent population of about 200 residents, but it swells to 50,000 STR folks on weekends! Put another way, Hochatown routinely grows to about the size of the current Levittown, Pennsylvania. At one time prior to the pandemic, the unincorporated Hochatown had about 400 cabins to rent, but not anymore. Now, Hochatown is an official, full-service municipality.

The article points out that Hochatown was originally a Choctaw settlement until they were driven out, and white settlers moved in to do logging and make moonshine. Sound familiar? The town of Hochatown was relocated in the 1960s when the Corps of Engineers built a dam and flooded the original site. Today, Airbnb has transformed that little overlooked community into a thriving economic boomtown. The dam and water are critical elements of that boom, and doubly so today, as STR rentals must have hot tubs, pools, and other amenities.

Being in the Choctaw Nation has its financial advantages. The Choctaw Nation is building a 238-million-dollar resort and casino. It's a win-win for both the Choctaws and Airbnb.

Believe it or not, Hochatown makes over a million dollars a month in sales taxes. Poor little Highlands will make about 1.6 million in sales tax for the entire year! What would be the benefits and costs for Highlands to realize such spectacular revenues? Think of the property taxes for Macon County. The current 12 million dollars in county sales taxes would soar to amazing levels driven by weekend visitors. Could such a development be a win-win for Macon or any county in Western North Carolina? That would be the \$64,000 question. Well, more like the 64-million-dollar question.

So, I will continue to follow this new STR concept. It could take the pressure off the many small American towns, like Highlands, that have been in the crosshairs of the short-term rental phenomenon. Or the opposite might happen. For unincorporated communities, heads up, there could be an opportunity for tremendous economic development. Such mammoth pop-up communities, while generating economic growth, might create major challenges for towns, counties, and states in providing services.

North Carolina, Virginia, and Tennessee are promoting the creation of more casinos for regional economic development. Could Airbnb and VRBO create these new, planned communities as huge revenue makers around these casinos? Time will tell. Now, only if the states can solve the growing workforce housing problem, we all will be in a better place.

I will share my ideas about how to fund workforce housing later. Stay tuned.