

Regulating Short Term Rentals -

State Actions and Local Government Solutions

by

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Table of Contents

1. Introduction	2
Methodology	2
2. Short-term Rentals: Past, Present, and Future	3
3. Impacts of Short-term Rentals	6
4. The Battle Between Different Stakeholders	9
4.1 The Battle Between Local Governments and Airbnb	9
4.2 Two sides of the story	11
5. State Action	13
5.1 Who regulates the market - state or local - and how?	13
5.2 Prohibitive State Action or Preemption	15
5.3 Spectrum of State Actions	16
5.2 The Case of New York State and New York City	18
6. City Responses.....	19
6.1 Level of restriction.....	19
6.2 Geographic differences	20
7. Conclusion	22
Appendix 1: Select State Bills as of 2018	24
Appendix 2: City Profiles	25
References	35

1. Introduction

The past decade has seen an explosive growth of short-term rentals (STRs) globally.¹ Thanks to online platforms such as Airbnb and HomeAway, room sales of short-term rentals grew by 82%, compared to 27% for hotels in 2012-2017 (Geerts, 2018). The greatest market player among them, Airbnb, has a valuation far exceeding the top hotel chains (Host Compliance, 2018). Such tremendous growth has brought about significant impacts on communities of various sizes across the globe. In the U.S. specifically, complaints against STRs regarding their disturbing effects on neighborhoods, housing, local lodging industry, etc. are widely heard. Yet the highly ambiguous character of STRs, as well as the battle among different stakeholders, makes regulating the market a critical but challenging task for local governments.

This study describes the market of home sharing or short-term rentals, and the various local government functions affected by these emerging STR platforms (Airbnb, HomeAway, etc.) including zoning, public health and taxes. We explore the role of state actions on the STR market, analyzing various cases across the country. Finally, we provide local governments with the options and tools to apply in regulating STRs in their localities. The regulation of STRs is a hotly debated issue, because of their varied impacts on communities, local governments, hotel and tourism industries and other stakeholders. Our study analyzes these contested perspectives. We explore which level of government should be responsible for regulating short-term rental platforms, and what kinds of regulations are appropriate.

Methodology

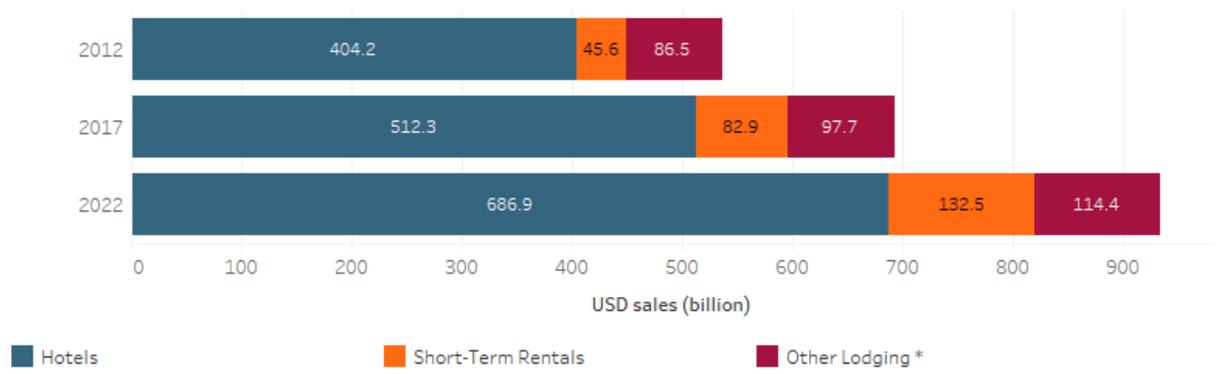
To understand the growth of the short-term rental market, we conducted research on the market share of short-term rentals in the vacation rental industry by using secondary data as well as interviewing third-party professionals from [Host Compliance](#) and [AirDNA](#). We also examined published reports and conducted interviews with city officials, which helped us examine various local government solutions to regulate short-term rentals. Airbnb's reactions against those solutions were collated by studying lawsuit cases filed by Airbnb and their lobbying activities. Finally, data about state actions regarding local government's authority to regulate short-term rentals were collected for each state and classified. Possible responses from local governments are also surveyed and proposed.

¹ A short-term rental (also called a vacation rental or STR) is most often defined as a rental of a residential dwelling unit or accessory building for periods of less than thirty consecutive days.

2. Short-term Rentals: Past, Present, and Future

Short-term rentals have been around for a long time, even over a hundred years in some cities. Currently there are more than 125 such platforms in the U.S., with Airbnb, HomeAway, and VRBO as some of the most popular ones. The emergence of online platforms as part of the “sharing economy,” has made short-term rentals easy and safe. This has led to explosive growth in the last decade (Crommelin, Troy, Martin & Pettit, 2018; Alfaro, 2017), through the instant matching on the apps; hosts and guests providing government-issued IDs as well as linkage to social profiles and mutual ratings (Host Compliance, 2018). STRs offer unique experiences that are hard to find in traditional lodging options. During 2012-2017, room sales of short-term rentals grew by 82%, compared to 27% for hotels (Geerts, 2018). Fig. 1 shows the comparison of room sales across different lodging categories, and we can see that although STRs currently only comprise a small percentage of the lodging market compared to hotels, its growth over the years has been substantial.

Global Room Sales by Lodging Categories 2012-2022



Source: Euromonitor International

* Other Lodging includes campsites, hostels, motels, holiday parks and other lodging types.

Fig. 1. Global rooms sales by lodging categories 2012-2022 (Graphic taken from Geerts, 2018, <https://skift.com/2018/07/17/why-short-term-rentals-are-mainstream-and-booming/>)

Airbnb, the largest market player in this field, was founded in 2008 by two roommates in San Francisco, with the intention of providing alternative accommodation during conferences, given the supply shortage of hotel rooms (Gerwe & Froján, 2017). They expanded beyond room-sharing to include apartments, houses and vacation rentals in 2009, and began their international expansion in 2011 (Airbnb, 2018). In 2014, the company had a valuation of approximately \$10

billion. In 2016, its valuation reached \$30 billion, higher than the biggest hotel chains including Hilton, Marriott, and Intercontinental. It now has more listings than the top 3 hotel chains combined. Quite a few major cities have seen an annual growth in listings of 30-40% (AirDNA, 2018). Currently, Airbnb has over 5 million listings worldwide, in 81,000 cities in 191 countries (Airbnb, 2018).

Airbnb defined itself as a “home sharing” service which facilitates the matching of excess capacity with market demand, while offering extra income to middle-class homeowners. “Home sharing” is normally understood as “occasional short-term rentals of a family’s primary residence or a room within the primary residence” (Wachsmuth et al, 2018, p. 6). However, the market seems to reject such a definition, as the majority of online listings are actually posted by commercial operators instead of ordinary residents. This can be seen in the number of multi-listing hosts, which make up 60% of all Airbnb listings in Los Angeles, 49% in D.C., 40% in New York City (AirDNA, 2018). In New York, the top 10% of hosts earned 48% of all revenue last year, while the bottom 80% earned merely 32% (Wachsmuth et al; 2018).

The myth of “sharing” is also manifested in the percentage of entire-home listings, which account for 65% of listings and 89% of revenue in Los Angeles, 71% of listings and 82% revenue in D.C., and 52% of listings and 75% revenue in New York City (Lee, 2016; D.C. Working Families, 2017; Wachsmuth et al., 2018; AirDNA, 2018). Considering such a strong presence of commercial operators and the dominance of entire-home listings as opposed to private or shared rooms, Airbnb seems to run contrary to the idea of “sharing economy.”

Airbnb also seeks to grow its business fast, aiming to capture 10% of the global lodging market share in 2020 from 1% in 2015, and shift toward a full-service travel booking company (Gerwe & Froján, 2017). In this sense, short-term rentals, as part of the “sharing economy”, have largely deviated from our conventional understanding of sharing excess capacity, which is praised as an environmentally friendly and socially desirable economic model. Instead, they increasingly aim at capturing market share, and their impacts are largely affected by the motivations of the participants and how they are regulated (Crommelin et al., 2018).

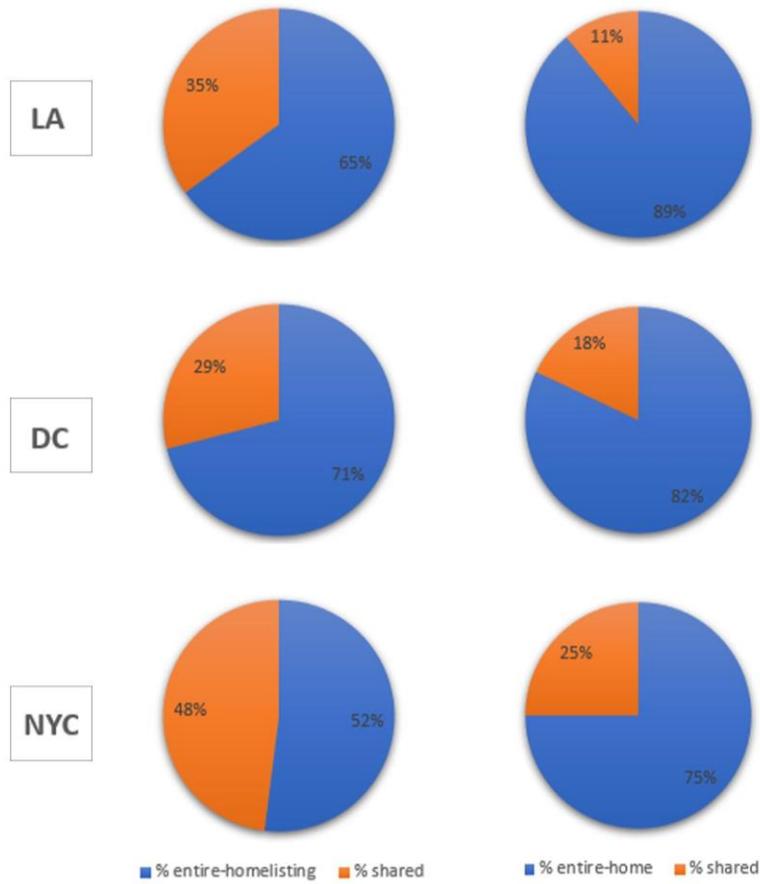


Fig. 2. Left: percent of entire-home listings; Right: percent of revenue from entire-home listings (created by authors, source: AirDNA, 2018)

3. Impacts of Short-term Rentals

The tremendous growth of short-term rentals has had significant impacts on local communities. This section will briefly examine their impacts in US cities from four major aspects: economy and tourism, neighborhood, housing, and local lodging industry.

Economy and Tourism

Short-term rentals can bring additional income to local residents and tax revenues to local governments. Tax revenue can be considerable if both state sales taxes and Transient Occupancy Taxes (TOTs) are collected. For example, Los Angeles receives \$30 million annually from TOTs generated by short-term rentals, and Denver receives over \$3 million. This is profitable for cities as the cost of enforcing STR regulations is 5-20 times less than the value of taxes collected (Host Compliance, 2018). Also, it may help boost local tourism by attracting visitors through the unique lodging experiences, and thus induce more spending in other related activities. Revenues from rents provide extra income for local homeowners as well. On the other hand, local governments often fail to collect taxes from short-term rentals, because the responsibility often lies on the hosts and compliance is burdensome to track and enforce. Hotels pay both sales and bed taxes, but short-term rentals may not, thus a significant portion of fiscal revenues can be lost.

Starting May 1, 2017, Airbnb collects and remits tourist taxes in over 250 jurisdictions across the U.S.

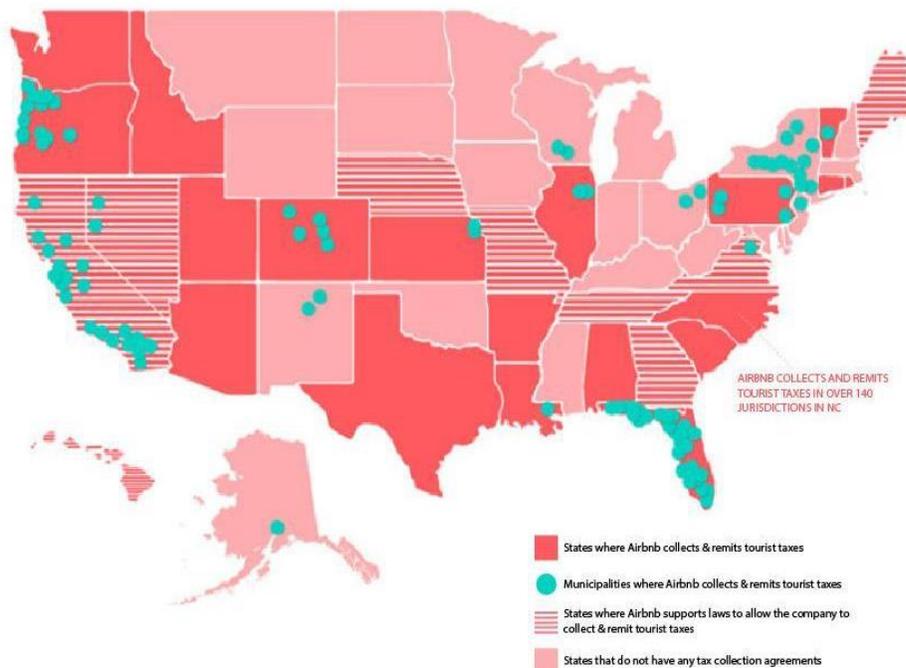


Fig. 3. Places where Airbnb collects TOTs (Map taken from Airbnb Citizen, 2017, <https://www.airbnbcitizen.com/airbnb-tax-facts/>)

Neighborhood

Short-term rentals may bring considerable negative impacts on local neighborhoods. They can be public health and safety hazards, as they are not subject to the various regulations required of hotels, and issues including trash and fire safety may arise. They may also negatively affect the quality of life for neighboring residents, as noise and parking become major problems. Complaints about “party houses” next door are widely heard across the country (Alfaro, 2017; Kartch, 2017). Moreover, as many of the once quiet, close-knit residential neighborhoods are getting more and more short-term renters, residents have issues with the changing character of their neighborhoods, as STRs are often illegal but widespread in residential communities according to local zoning regulations. Research (Wachsmuth et al., 2018; D.C. Working Families, 2017; Lee, 2016) finds that the prevalence of short-term rentals can expedite gentrification in major cities including New York, D.C. and Los Angeles, as they drive up rents, induce speculative investment in housing, and take rental units off the market.

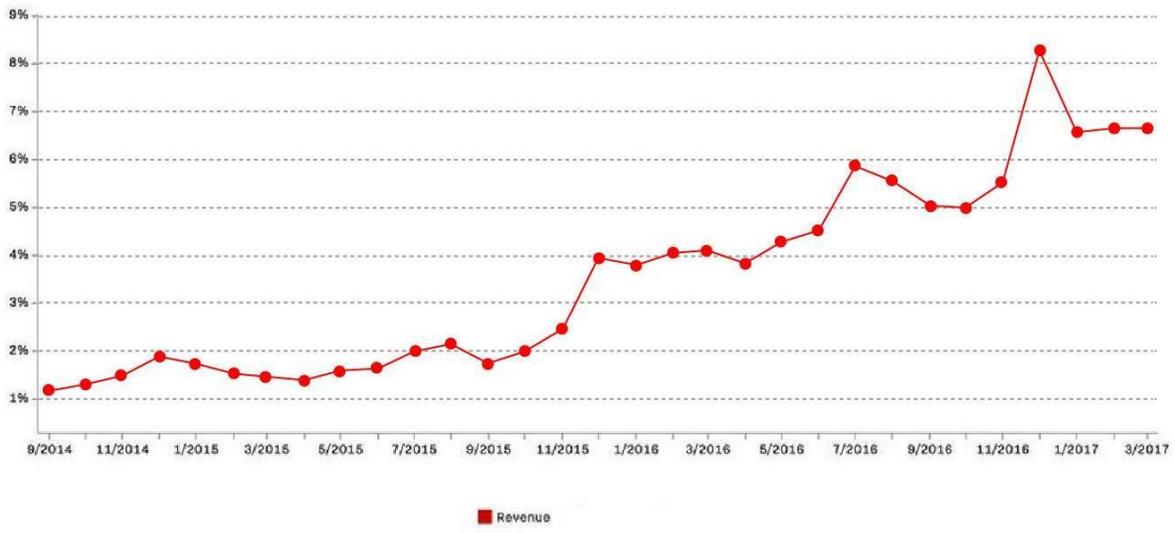
Housing

Homeowners and commercial operators have incentives to list housing units on short-term rental websites rather than as long-term rentals, as the profits are much higher. For example, in the top 20 Airbnb neighborhoods in D.C., operators can expect a profit margin of 101% at an occupancy rate of 79.8% which is the average for hotels in D.C. (D.C. Working Families, 2017). In Ithaca, NY, it is estimated that a 2-bedroom unit would only need to be rented on Airbnb 23% of the time to match the long-term rental rate (Knipe, 2017). This “hotelization” process (Lee, 2016, p. 230) takes housing units off the local market, which will likely exacerbate housing shortage in many communities, thus causing rent hikes and exacerbating the affordable housing crisis. Specifically, in D.C. the most popular Airbnb neighborhoods have seen rent increases of 35% more than the citywide average (D.C. Working Families, 2017), and in Los Angeles the increase is 33% (Lee, 2016). Indeed, various studies (Barron, Kung & Proserpio, 2018; Merante & Horn, 2016) have found a positive correlation between the growth of Airbnb and rent increases using nation- or citywide empirical data.

Local Lodging Industry

Short-term rentals benefit guests as they serve as alternative accommodation during peak seasons of hotels, thus alleviating the supply shortage and preventing hotels from charging peak rates. Yet, while they operate essentially as hotels, they are not subject to the various regulations that govern hotels: zoning licenses, hotel permits, insurance purchase, hotel taxes, health and safety regulations, etc. (Lee, 2016; Host Compliance, 2018). This, in effect, creates an unfair playing field in the lodging industry, and negatively impacts the business of local hotels, especially the smaller and lower-priced ones (Zervas, Proserpio & Byers, 2016).

Airbnb in the U.S. as a share of the U.S. hotel industry



Source: CBRE, Airdna

recode

Fig. 4. Airbnb in the U.S. as a share of the U.S. hotel industry (Graph taken from Molla, 2017, <https://www.vox.com/2017/7/19/15949782/airbnb-100-million-stays-2017-threat-business-hotel-industry>)

In short, although short-term rentals may bring economic benefits to the communities and boost tourism, their negative effects cannot be neglected. Recent years have seen a myriad of cases with public outcry about the disturbance caused by Airbnb in their neighborhoods, which makes it a pertinent issue for local governments to address.

4. The Battle Between Different Stakeholders

4.1 The Battle Between Local Governments and Airbnb

The unexpected impacts of short-term rentals, which have been catalyzed by online platforms, have led local governments to come up with mild to strict short-term rental regulations. They aim to maintain housing affordability and quality of life in their communities by enforcing these regulations. Some of the general actions exercised by local governments are:

- Zoning and Planning: local regulations that utilize traditional zoning and planning tools to control short-term rentals by limiting the location where they can be operated; limiting their distribution; or allowing short-term rentals only under the host's residency.
- Permitting: controlling short-term rentals by requiring them to get a license to operate.
- Taxes, Fees and Assessments: ordinances that impose transient occupancy taxes (bed taxes) or fines for violations such as non-payment.
- Health and Safety Regulations: requiring short-term rentals to comply with local health and safety standards for hotels and other accommodations.

For example, cities such as Kansas City, MO, prohibit short-term rentals in low-density residential areas with zoning ordinances; this reduces the potential for home sharing. Furthermore, cities such as San Francisco and New York City, amongst others, have stricter regulations for short-term rental platforms:

- Ordinances that require Airbnb to de-list illegal listings, which do not comply with the local short-term rental regulations, along with heavy fines for hosts.
- Ordinances that require Airbnb to share private host information.

Note: In some cases, these regulations apply to all online short-term rental platforms but not always, and no platform wants to be the first to be regulated.

One way in which Airbnb has responded to these regulations is by filing lawsuits against cities that began to adopt these types of regulations. For example, Airbnb sued San Francisco for violating the Communications Decency Act due to its Board of Supervisors' decision to fine Airbnb \$1,000 a day for every unregistered host (Benner, 2016). The common legal backgrounds of these lawsuits are:

- Violations of the Communication Decency Act, which prohibits governing bodies from requiring websites to be responsible for the content produced by their users. In the

lawsuit against San Francisco, Airbnb argues that the online platform itself should not be responsible for illegal rental listings, since a website is not responsible for comments posted by its users.

- Violations of the Stored Communication Act, which prohibits state and local governments from requesting websites to provide their user information without following proper legal procedures.
- Violations of freedom of speech from First Amendment Rights, by the local authorities attempting to regulate contents on the Airbnb website.

Another way in which Airbnb fights against local regulations is by lobbying state legislatures. For instance, in the first half of 2016, Airbnb spent more than \$404,200 on lobbying, including \$345,593 spent on lobbying the New York State Legislature (Blain, 2017).

Recognizing the ease with which state legislatures are influenced, Airbnb began to persuade state legislatures rather than city officials, after a number of court battles with local governments. Like other tech companies, Airbnb has been taking advantage of the political differences between liberal cities and conservative states, which is in line with “the rise of state preemption legislation as a means to undo progressive local policies” (Riverstone-Newell, 2017, p.419).

Some recent cases show Airbnb’s success in these attempts. Chicago once put in regulations that required short-term rental hosts to collect addresses and other personal information of guests, which led to the Goldwater Institute (a conservative think tank) suing the city over these regulations and other relevant ordinances. Thereafter, the State of Illinois introduced State Bill 1735 which prescribed that “units of local government may not enact or enforce an ordinance, regulation, or plan that has the express or practical effect of prohibiting short-term rentals (Illinois General Assembly, 2017, p.1).” However, it would have allowed regulations of short-term rentals to protect critical issues such as public safety, health, sanitation, and traffic control. The City of Nashville passed short-term rental laws including banning real estate investors from operating short-term rental properties. However, this effort soon was partially nullified after Tennessee State Bill 1086 was passed - Airbnb spent between \$150,000 and \$200,000 on lobbying in Tennessee in the first half of 2018 (Weinburg, 2018).

In short, faced with various local constraints, Airbnb has primarily used two tactics to fight local regulation: the use of federal constitutional law, and lobbying easy-to-capture state legislatures to preempt local regulation. From what we have observed from Airbnb’s lawsuit actions and lobbying efforts, it is probable that Airbnb is trying to build up a stable business environment for itself by avoiding the responsibility imposed by local governments. These lobbying efforts aim to help retain Airbnb’s market share and protect its control over the listings and the hosts.

4.2 Two sides of the story

Apart from the STR platforms and local governments as the main actors, there are various other stakeholders involved in the STR market, and among them two distinct narratives are seen: one supporting the market, and the other asking for strict regulations against the market.

	Pro STRs	Against STRs
Stance	Suggest relaxing regulations on short-term rentals to the extreme of no regulation at all	Suggest strict regulations on short-term rentals to the extreme of banning them entirely
Narratives	Proponents of Airbnb: <ul style="list-style-type: none"> ● “Freedom and free enterprise” ● Individual property rights ● Additional income for middle class Americans ● Additional tax revenues ● Economic development through tourism 	Opponents of Airbnb: <ul style="list-style-type: none"> ● Preserving long-term affordable rental housing units ● Preserving traditional neighborhood character ● Equity between hotels and other vacation rentals ● Ensuring public health and safety
Actors	<ul style="list-style-type: none"> ● Conservative think tanks ● State legislators ● Airbnb (and other STRs) ● Community groups ● Travel and Tourism groups 	<ul style="list-style-type: none"> ● Hotel Industry ● Community activists ● NIMBYs ● Elected local officials ● Affordable Housing Groups

Table 1: Two popular narratives among stakeholders (compiled by authors)

Pro STR Market Actors:

American Legislative Exchange Council (ALEC) – is a non-profit organization of conservative state legislators and private sector representatives that drafts and shares model state legislation and distributes it to state governments. (<https://www.alec.org/>)

State Policy Network – founded to support the growth of a collaborative and entrepreneurial network of conservative state think tanks. The network is “committed to promoting policies that create a level playing field and safeguard personal freedom, economic liberty, rule of law, property rights, and limited government.” (<https://spn.org/state-policy-network-about/>)

Goldwater Institute and Beacon Impact - conservative and libertarian think tanks that further the network's agenda by pushing model bills and offering research and litigation services for states. For example, Goldwater Institute has filed lawsuits against cities that have passed ordinances regulating short-term rentals, including Sedona and Jerome in Arizona, as well as Chicago, Seattle, and California's Pacific Grove (Lecher, 2018). The institute has also written model state legislation that would block cities from barring home-sharing and has pressed for its adoption. (<https://goldwaterinstitute.org/>)

Travel Technology Association – is an organization that represents all online travel platforms including travel agencies and short-term rentals, and advocates for public policy to preserve consumer choice and encourage innovation and competition. (<http://www.traveltech.org/>)

Anti-STR Market Actors:

American Hotel and Lodging Association (AHLA) – industry trade group with thousands of members including hotel brands, owners, management companies, Real Estate Investment Trusts, independent hotels, bed and breakfasts, state hotel associations and industry partners and suppliers. (<https://www.ahla.com/>)

Share Better – a nationwide coalition of community groups, neighbors, activists and elected officials who publicize the impacts of short-term rentals on public health, safety, housing and neighborhood character. (<http://www.sharebetter.org/>)

5. State Action

Local governments are innovative engines for providing necessary services and enjoy the trust of residents. However, there are several challenges they face which include increasing demands for service, decreasing fiscal resources, as well as macroeconomic factors not in their control. State legislatures have aggravated these challenges through increased interference in local action and by directly limiting local authority. According to reports by the National League of Cities (NLC) and the Local Government Research Collaborative, a partnership between ICMA, the Alliance for Innovation, and the Center for Urban Innovation at Arizona State University, there have been significant changes in state-local relations in the form of a sharp increase in the number of states interfering in local action as well as an increase in the number of limitations placed on local governments by state legislatures. (Swindell, Stenberg, & Svara, 2017).

“The U.S. constitution does not mention local governments. Instead, the 10th Amendment reserves authority-giving powers to the states. Therefore, there is a great deal of diversity in state-local relations between, as well as within, states” (DuPuis, N., et al., 2018, p.5). Broadly speaking, States follow either Dillon’s Rule or Home Rule law. In Dillon’s Rule States, local governments have limited power, while Home Rule states assign broader powers to all or designated municipalities. In some instances, larger cities in Dillon’s Rule States are assigned Home Rule status, such as the 86 charter cities in California. In other instances, despite Home Rule status, state law supersedes local governing authority, specifically when states wish to establish a minimum threshold to which local authority must abide.

5.1 Who regulates the market - state or local - and how?

When the state regulates a market/industry, it does so in two ways – by prohibiting local authority or by enabling it. States can either directly regulate the market or override an existing local regulation. Prohibitive state action, or preemption, results when state law nullifies local regulations over the specific functions that are the subject of the regulation, thereby limiting local authority. Cities in Dillon’s Rule states are broadly preempted in many areas. This can either be in anticipation of local regulation or in reaction to it. State action can be enabling if it allows local regulation over the specific functions that are the subject of the regulation.

The extent to which local regulation of market/industry exists, depends on the home rule status of the municipality. When local regulation exists and there is no state regulation, then the local authority is in the initial enabled state. When local regulation does not exist, and the state regulates, it can prohibit future opportunity for local regulation.

In a third scenario neither local governments nor states regulate the market/industry. In this case, the market is unregulated and has an opportunity to gain unchecked market power.

In the case of STRs, the market is generally regulated by local governments through their land-use powers. In our study we found that 21 states directly regulate some aspects of the STR market (such as how STRs are defined in terms of their location, duration of stay, type of housing they are permitted in, as well as fining violations, etc.) Out of these, at least 9 states have passed or are in the process of passing a tax bill (specifically regulating collection of state and local hotel taxes from STRs). For example, according to Oregon’s recently passed House Bill 4120, all intermediary websites would be responsible for collecting state and local hotel taxes on overnight room rentals.

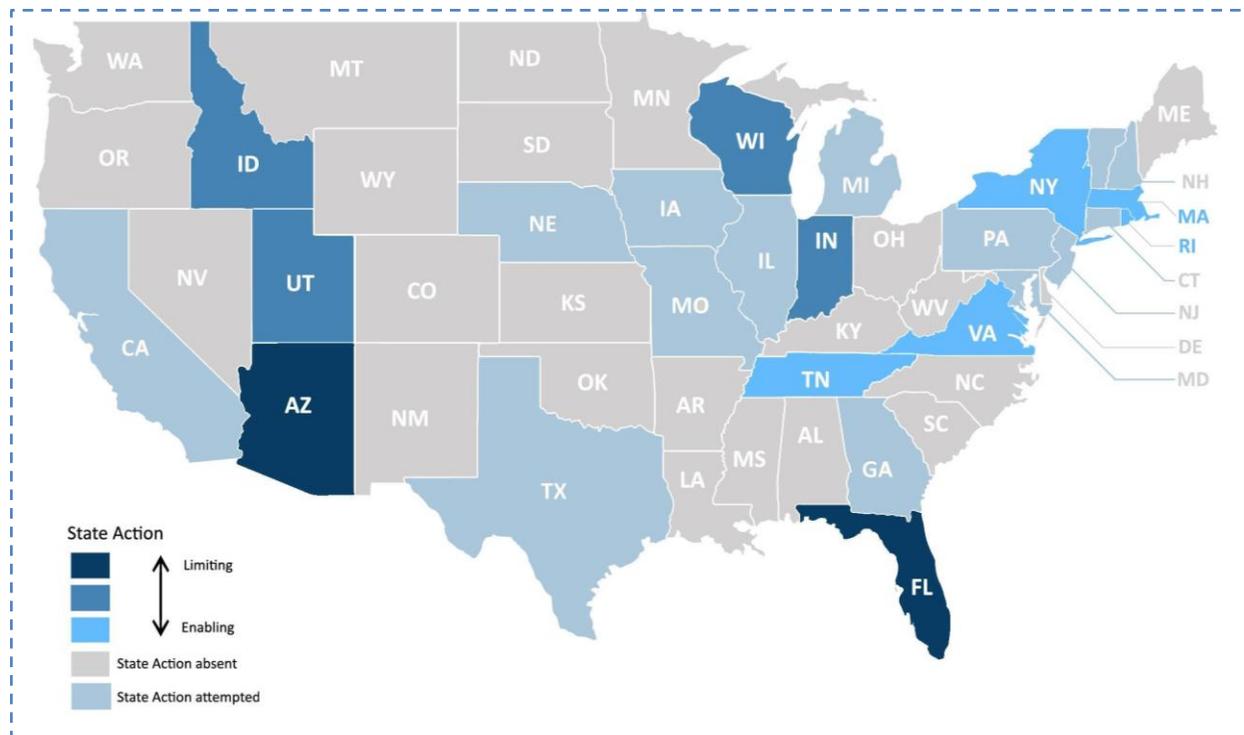


Fig. 5. Map showing status of state action on STRs (created by authors - see [appendix 1](#))

Fig. 5 shows the latest status of short-term rental regulation by states. By 2018, twenty-five states have attempted to introduce state bills regulating short-term rentals in some fashion, either by prohibiting local action or enabling it. Out of 25 states, 6 have attempted to pass bills, but failed to get the votes or were vetoed, in 5 states, bills have been under review, 11 states have or are considering tax bills (state preempts only local government’s taxation authority), and 11 states have succeeded to pass preemptive bills.

Sixteen states debated a bill just in 2018 (Povich, 2018), though only one, Indiana's, was signed into law. Bills to regulate the industry were vetoed in Nebraska and Hawaii in 2018. The Indiana bill protects the ability of homeowners to offer short-term rentals and prohibits cities from banning rentals of a primary residence, while allowing them to impose fees or taxes. The bill vetoed in Nebraska was similar. A bill to regulate and tax short-term rentals as much as hotels, faced stiff resistance in Maryland.

It is important to note that only 3 out of 25 cases of state action were anticipatory, meaning that they passed a bill before any legal framework was put forward by cities for regulating short-term rentals. Since the majority of the bills were passed following local regulations, we can note that most state action is as a reaction to local regulation of short-term rentals.

5.2 Prohibitive State Action or Preemption

“Preemption is the use of state law to nullify a municipal ordinance or authority. In some cases, preemption can lead to improved policy statewide. However, preemption that prevents cities from expanding rights, building stronger economies, and promoting innovation can be counterproductive when decision-making is divorced from the core wants and needs of community members” (DuPuis, N., et al., 2018, pp. 1-3).

Preemption has been on the rise in recent years. It is focused on the policy areas of minimum wage, anti-discrimination, paid leave, ridesharing, home sharing, municipal broadband and tax and expenditure limitations (DuPuis, N., et al., 2018, p.3). Reasons behind the aggressive expansion of preemption include excessive lobbying efforts by interest groups, differing political preferences between urban and rural areas of the state and most importantly, the capture of a single party in many state governments. Several states where there has been single party control over the last decade, including Georgia, Michigan, North Carolina, Ohio and Wisconsin, have seen increases in preemption efforts.

Whether or not Preemption laws support the market, they intrude on local authority and handicap local government functions. Hence, we categorize preemption as prohibitive state action throughout the report. These laws also fail to acknowledge the heterogeneity of cities, towns and other municipalities across the state. ‘One-size-fits-all’ state regulation may not be the most appropriate policy response especially when it comes to the home-sharing industry, because issues like housing affordability, neighborhood character and tourism are all tied closely to specific city characteristics – economic, demographic, social, political, etc. While for a city like New York, short-term rentals may be seen as a threat to the rental market based on long-term leases, as well as to traditional hotels, for other cities short-term rentals may be a potential source of income and can help boost local tourism.

Besides, city leaders are the closest authority to understand what their residents desire and what their neighborhoods can accommodate. Statewide home sharing laws may also potentially hamper local tax collection in some instances, they eliminate or circumvent tax revenue that could potentially benefit the city. While Arizona’s law positions the state to embrace the sharing economy, it also positions the state government to reap the benefits of commercial transactions that take place at the local level. While embracing innovation is laudable, city governments deserve to shape the zoning laws and regulations that impact their neighborhoods and the people who live in them.

5.3 Spectrum of State Actions

There is a broad spectrum of State actions – from total preemption, as in the State of Arizona, to partial preemption in the State of Wisconsin. See legislative language below.

Be it enacted by the Legislature of the State of Arizona:
Section 1. Title 9, chapter 4, article 8, Arizona Revised Statutes, is amended by adding section 9-500.38, to read:
9-500.38. Limitations on regulation of vacation rentals; state preemption; definitions
A. A CITY OR TOWN MAY NOT PROHIBIT VACATION RENTALS OR SHORT-TERM RENTALS, RESTRICT THE USE OF VACATION RENTALS OR SHORT-TERM RENTALS OR REGULATE VACATION RENTALS OR SHORT-TERM RENTALS BASED SOLELY ON THEIR CLASSIFICATION, USE OR OCCUPANCY.

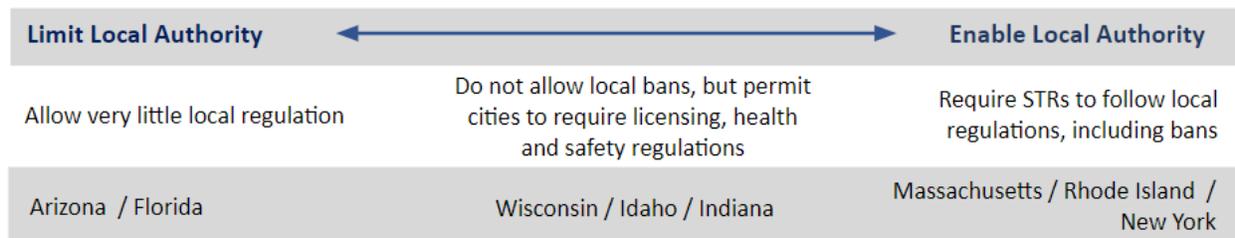
Fig. 6. Language of Prohibitive State Action or Preemption
(Source: [Senate Bill 1350 of the State of Arizona, 2016](#))

Effective September 23, 2017, Governor Walker signed into law the [2017-2019 state budget](#) (2017 Wisconsin Act 59) That state budget includes some provisions relating to short-term rentals of residential dwellings in Wisconsin. Here are the highlights of the new law:

- Short-term rentals are now defined as “a residential dwelling that is offered for rent for a fee and for fewer than 29 consecutive days.”
- **Municipalities are permitted** to enforce local room taxes on owners of short-term rentals, subject to certain caps.
- **Cities, villages, towns, and counties are prohibited** from enacting or enforcing an ordinance that prohibits the rental of a residential dwelling for 7 consecutive days or longer.
- If a residential dwelling is rented for periods of between 7 and 28 consecutive days, **cities, villages, towns, and counties may** limit the total number of days within any consecutive 365-day period that the dwelling may be rented to no fewer than 180 days, and they may require that the days run consecutively.
- Anyone who maintains, manages, or operates a short-term rental for more than 10 nights each year **is now required to obtain** a tourist rooming house license from the Wisconsin DATCP and also obtain a license for conducting such activities from the city, village, town, or county if any of these enact an ordinance requiring such a license.

Fig. 7. State House Bill from Wisconsin regulating short-term rentals (Source: [2017 Wisconsin Act 59](#))

The figures above show the language that state bills adopt to impose varying degrees of prohibitive and enabling legislation over local authority. As seen from the language of the Wisconsin bill, all state action is not prohibitive but falls along a spectrum, whereby prohibiting/preempting local authority is at one extreme while complete freedom for local regulation is at the other. Most bills, however, fall somewhere in-between.



Arizona is one example of extremely prohibitive state action. One bill, SB 1524 reads as follows - *“Unless authorized by federal or state law, a city or town may not take any action that materially increases the regulatory burdens on a business unless there is a threat to the health, safety and welfare of the public that has not been addressed by legislation or industry regulation within the proposed regulated field.”*

States such as Missouri, Wisconsin and Indiana take a balanced approach allowing local regulation in certain areas while preempting others. While prohibiting the right to completely ban STRs, both states allow reasonable local zoning regulations. The Indiana Bill (HB 1035) allows local regulation on permitting and taxing of STRs as well as regulating amenity requirements such as minimum parking, safety and fire and ADA compliance.

Tennessee and Rhode Island are examples of State Legislation enabling local authority: Tennessee House Bill 1020 allows cities to regulate short-term rental units if they choose but will protect those hosts who already have been renting their properties through online platforms. The bill also allows local governing bodies (cities, counties and other municipalities) to pass ordinances, resolutions, regulations, rules or requirements outright banning short-term rentals or limiting them in some way. For example, cities could choose to make a distinction between rentals that are owner occupied and those that are non-owner occupied.

In Rhode Island, the state regulates the market in a few areas such as health and safety, accessibility and insurance requirements, but enables local control in all other matters not mentioned in the act. The bill specifically reads, *“All short-term rental units must comply with municipal laws and regulations”* (State of Rhode Island, Short-Term Rentals Act, Title 34, Chapter 50. Eff. May 11, 2018.)

5.4 The Case of New York State and New York City

New York is a unique example where prohibitive state laws apply only to New York City, while enabling other cities and counties to draft their own regulations. In 2015, the state passed the [New York State Multiple Dwelling Law](#) which restricts renting out a “Class A” multiple dwelling for periods of fewer than 30 days when the host is not present and subsequently, the state has also banned advertisement for rentals in such dwellings that are in violation of the Multiple Dwelling Law. Penalties for violation begin at \$1,000. The law applies to “all cities with a population of three hundred twenty-five thousand or more”- which restricts it to New York City (New York State Multiple Dwelling Law, Art. 1, § 3, Eff. 2010). This effectively makes most rental units in New York City illegal. This is an important market for Airbnb- which has lobbied and litigated against the law.

On March 7, 2019, Democratic legislators introduced a bill, [2019 NY Assembly Bill A6392A](#), that would amend the previous laws on STRs. The latest version of the bill, [2019 NY State Bill S4899B](#), was last referred to the Housing, Construction and Community Development Committee. If passed, it would remove the multiple dwelling restrictions for short-term rental units, while at the same time requiring short-term rentals to be registered with the state, limiting the number of listings per Airbnb user to one, and allowing the company to collect tourist taxes. The bill would also ban short-term rentals in public housing and rent-stabilized housing. Some of the provisions that apply statewide include – registration with the Division of Housing and Community Renewal, health and safety requirements, limiting STRs in rent-controlled units, provisions to enter into voluntary tax agreements with platforms and setting maximum limits for fines on violations. The bill also explicitly protects hosting platforms against disclosing information that would lead to identification of specific property address or STR host.

The new bill takes a balanced approach, legalizing “responsible home-sharing in New York while enabling regulators to target enforcement of those who turn permanent housing into illegal hotels” ([2019 NY Senate Bill S4489B](#)). This mixed language means that cities have a chance to take a proactive approach and instead of bans, enact innovative, enforceable policies that address the negative consequences of short-term rentals while maximizing economic and community benefits. Cities like Denver, Los Angeles, and Vancouver are doing just that. Below are some examples.

6. City Responses

Risks	Regulatory Responses	Examples
Public Health & Safety <ul style="list-style-type: none"> ● Fire safety ● Disability (ADA) compliance 	<ul style="list-style-type: none"> ● Require Licenses; Inspection ● "People/vehicle limit" ● Require local contact 	Denver, CO Chicago, IL Garrett County, MD
Neighborhood Impacts <ul style="list-style-type: none"> ● Noise and trash ● Parking and traffic congestion 	<ul style="list-style-type: none"> ● Zoning Regulations ● Enforce nuisance ordinances 	Los Angeles, CA Maui County, HI Denver, CO
Housing Affordability <ul style="list-style-type: none"> ● "Hotelization" ● Gentrification 	<ul style="list-style-type: none"> ● Permanent Residency Requirement ● Cap the % of STR / rental period ● Earmark funds from TOT for affordable housing 	Austin, TX San Francisco, CA Tofino, BC, Canada
Unfair Competition <ul style="list-style-type: none"> ● Loss of tax revenues ● Opposition from hotels 	<ul style="list-style-type: none"> ● Collect Transient Occupancy Tax (TOT) ● Voluntary Tax Agreements 	Tompkins County, NY

Table 4. Various responses as seen in some cities, based on the impacts and goals (compiled by authors from multiple sources- see [appendix 2](#))

6.1 Level of restriction

Depending on specific goals, each city adopts different levels of regulations, some easier to enforce than others. These will depend not only on the characteristics of the city itself but also on the politics of the state in which it is located.

- None - No restrictions against short-term rentals: These are the 'silent cities' whose municipal codes do not explicitly either allow or prohibit short-term-rental activity. E.g. *Cleveland, OH; Columbus, OH; Dallas, TX; Detroit, MI; El Paso, TX; Indianapolis, IN; Mesa, AZ; Milwaukee, WI; Omaha, NE; Phoenix, AZ; San Antonio, TX.*
- Minimal - Limit vehicles or occupants; notify neighbors: These may have some tailored framework but with minimum legal restrictions related to nuisance clauses. E.g. *Galveston, TX; Louisville, KY*
- Modest - Report STR income; pay lodging tax. E.g. *Tompkins County, NY*
- Greater - Register; obtain license; inspection; pay fee. E.g. *San Diego, CA; Tucson, AZ*

- Significant - Multiple licensing; Cap on number of rooms or duration of stay: these have more stringent enforcement provisions. E.g. *Charleston, SC; Chicago, IL; Las Vegas, NV; Maui, HI*
- Major - Retrofit to comply with safety codes; heavy licensing costs; limit number of rental properties in a zone; “multiple dwelling law”: short-term rentals in multiple dwelling units permitted only if permanent resident is present, high fines for violations. E.g. *Long Beach, CA; New Orleans, LA; New York, NY; Denver, CO.*
- Maximum - Outright prohibition of short-term rentals: These cities all either have laws that largely ban short-term rentals or interpret existing laws in ways that make short-term rentals illegal. The city of Santa Barbara, CA refers to short-term rentals as hotels that can operate only in specific zones, and if all necessary approvals are obtained. E.g. *Atlanta, GA; Fort Worth, TX; Fresno, CA; Jacksonville, FL; Kansas City, MO; Los Angeles, CA; New Orleans, LA; Oklahoma City, OK; and Santa Barbara, CA.*

(Source: Knipe, 2017; Moylan, 2016)

6.2 Geographic differences

Cities differ in terms of geography, population, density, tax base, and economic scale. These differences should be taken into account when adopting specific levels of regulations. Cities can be categorized along a continuum from rural to urban, town to suburb, etc. A commuter town may have housing availability but a deteriorating downtown. Considerations for this town would be promoting tourism and preserving property tax revenue. One such example is the Town of Tiburon in California which recently passed a total ban on short-term rentals and home-sharing even though one of its strategic policy considerations was to revitalize its downtown.

Further on the spectrum, an affluent suburban community which is adjacent to a big city may not worry about banning short term rentals but rather the conversion of residences into pseudo-hotels and party houses. For this suburb, the most important policy would be to preserve neighborhood character. The City of Mill Valley, California recently adopted an ordinance requiring short-term landlords to register with the city. However, the city failed to put in place an effective mechanism to shut down “party houses” although there had been several complaints about such properties in the past.

On the other hand, regulations adopted must also be practical to enforce depending on city staff capacity, etc. In the case of Tiburon, CA, the town council failed to allocate enough budget to institute a complete ban of all short-term rentals and also failed to put in place fines large enough to deter any violation of the ban. As a result, the number of properties listed for rent has remained virtually unchanged before and after the ban. In the case of Mill Valley, CA, the town’s

registration requirement turned out to be completely unenforceable as the town's personnel had neither the technical expertise, time nor budget to track down short-term landlords that failed to register. As a result, the town has had to rely exclusively on self-reporting, and unsurprisingly the compliance rate has been less than 5%.

While the specifics vary, the underlying idea is the same: explicitly identify the unwanted behaviors and negative consequences of short-term rentals, and devise specific, practical policies to mitigate them.

7. Conclusion

1. Research your city: Before drafting any regulations, it is important to update your data on the short-term rental market in your city. Third party professionals such as [Host Compliance](#) could be a useful resource to help with this. It is also important to study and understand the impacts of the STR market on the city's economy, physical environment and quality of life. Any decision must be made in consent with the stakeholders most affected by the change.
2. Define your policy goals: Different cities have to draft regulations according to their own policy concerns because STRs affect them differently. We also ought to acknowledge that each local community could pursue different levels of regulations on short-term rentals. While strict regulation may be a good solution for larger cities, it can be unfavorable for communities which aim to attract more tourists or are trying to revitalize deteriorated neighborhoods by promoting home sharing.
3. Know your limitations: Any decision regarding STR regulations would have to be made considering what state action exists or is proposed. Is there state preemption of local functions? Is there enough ambiguity in the legal language to find workarounds? It is also important to anticipate and consider various stakeholder responses to regulations.
4. Draft clear rules: In many cases, short-term rentals operate in a grey area, in between residential and commercial use, and rental and hotels. While city governments argue they have the right to regulate commercial activities within their boundaries, opponents claim that short-term rentals are inherently a type of residential use (Alfaro, 2017). There have also been court cases where homeowners' associations sued Airbnb hosts over violating deed restrictions of primarily residential neighborhoods (Platoff, 2018). The classification also matters in terms of the tax collected and other regulations. Such blurry lines can be made clearer if the nature of short-term rentals as well as the applicable rules are more clearly defined and specified. For example, some important questions to ask include: what constitutes STRs? Who can and cannot be a host? Where can STRs be located and how many? Where and how are taxes and fines applied? Who collects them and how much?
5. Tackle enforcement: Proposing new solutions is not as challenging as enforcing the regulations effectively and keeping track of violations. Even in New York City where there is a set of strict regulations, it is estimated that 66% of total Airbnb revenue and 45% of all reservations in 2017 were from illegal listings (Wachsmuth et al., 2018). Since

technology and real time data are critical in efficient enforcement of regulations, third party service providers can be helpful:

- a. [Host Compliance](#): Provides short-term rental compliance monitoring services and wide range of enforcement solutions from implementing ordinances to collecting short-term rental related taxes, to local governments.
 - b. [AirDNA](#): Provides performance and market analysis on short-term rental investment, as well as suggesting investment proposals for profitable markets to STR investors.
 - c. [Inside Airbnb](#): Processes publicly available data related to Airbnb and provides tools for individuals to analyze the impacts of Airbnb on specific residential housing markets. By identifying facts, such as the number of Airbnb listings, the number of “ghost hotels” and who is running multiple listings, individuals can observe Airbnb’s real impacts on housing and communities.
6. [Evaluate results](#): Finally, local governments should provide feedback channels, strengthen public participation and regularly update regulations with regard to the feedback.

In short, cities should **act smart and timely** because this is a fast-moving issue and has significant impacts on local communities. Just in 2018, 16 states debated preemptive bills in the legislature. Politics are changing all the time and so is the language of state legislation – e.g. Missouri debated two bills in the same year – the first prohibited local authority but the second allowed reasonable local regulation. Local governments can take advantage of the broad and ambiguous language of state legislation and contest the laws when possible.

The result of strict bans on short-term rentals and “sit by and watch” approaches reveal that a **balanced approach is key** to prevent speculative short-term rental stock expansion and realize the true meaning of sharing economy - help hosts to utilize and rent out unoccupied rooms in the property where they reside, while discouraging commercial operators from listing multiple, non-owner occupied units. Polarized approaches will likely bring more conflicts between stakeholders (cities vs online short-term rental platform, local community vs investors).

Appendix 1: Select State Bills as of 2018

State	Bill	Links	Effect on Local Authority
<u>Massachusetts</u>	HB 4841	https://malegislature.gov/Bills/190/H4841	<u>Enabling</u>
<u>Indiana</u>	HB 1035	http://iga.in.gov/legislative/2018/bills/house/1035	<u>Balanced</u>
<u>Utah</u>	HB 253	https://www.parkrecord.com/news/business/amid-late-legislative-flurry-amended-nightly-rental-bill-passes/	<u>Balanced</u>
<u>Rhode Island</u>	HB 8189	http://webserver.rilin.state.ri.us/BillText/BillText18/HouseText18/H8189.pdf	<u>Enabling</u>
<u>Florida</u>	SB 356	https://www.floridaleagueofcities.com/docs/default-source/advocacy/issue-briefs-talking-points/2019-ib---short-term-rentals.pdf	<u>Limiting</u>
<u>Arizona</u>	SB 1350	https://www.azleg.gov/legtext/52leg/2r/bills/sb1350s.pdf	<u>Limiting</u>
<u>Virginia</u>	HB 1578	https://lis.virginia.gov/cgi-bin/legp604.exe?171+sum+SB1578	<u>Enabling</u>
<u>Wisconsin</u>	Act 59	https://www.murdock-law.com/2018/01/16/new-wisconsin-vacation-rental-law/	<u>Balanced</u>
<u>Idaho</u>	HB 216	https://legislature.idaho.gov/sessioninfo/2017/legislation/H0216/	<u>Balanced</u>
<u>Tennessee</u>	SB 1086	http://www.capitol.tn.gov/Bills/110/Bill/SB1086.pdf	<u>Enabling</u>

Table 1. State Bills that have passed as of December 2018

Appendix 2: City Profiles

1. Denver, CO

Impacts	Solutions	State Action
<ul style="list-style-type: none"> - Housing is already expensive - Long-term rentals converted into STRs - STRs becoming party houses without control - Complaints about noise and hygiene 	<ul style="list-style-type: none"> - Primary residency requirement (a STR property must be the primary residence of the host) - Hosts are required to issue business licenses - to be renewed annually - Lodging tax of 10.75% - same as hotel tax - Airbnb collects and remits tax on behalf of hosts - No inspection - self certification to ensure safety standards 	<ul style="list-style-type: none"> - Statewide Tax Bill Colorado requires STRs to pay state sales tax - A committee is looking at tripling the rate of occupancy tax that STRs pay (i.e. changing from residential to commercial rate)

Sources: <https://www.denvergov.org/content/denvergov/en/denver-business-licensing-center/business-licenses/short-term-rentals.html>

Interview with Mr. Brian Snow, Compliance Program Administrator, Department of Excise and Licenses, Denver, CO.

2. Chicago, IL

Impacts	Solutions	State Action
<ul style="list-style-type: none"> -cause public nuisances in residential neighborhood -possibility of threatening 	<ul style="list-style-type: none"> -requires vacation rental license 	<ul style="list-style-type: none"> -HB2919 was recently introduced to prohibit local jurisdictions regulating

<p>public health and safety</p> <p>-multiple units in residential buildings are turned into STR units by commercial operators (decrease in long-term rental housing stock)</p>	<p>-Chicago imposes a 4.5% “Hotel Accommodations Tax” on vacation rentals, just like other accommodation types, as well as a 4% “Shared Housing Surcharge.</p> <p>-8% revenue from the surcharge tax would be used toward enforcement, while the remaining would be used to run supportive services for the homeless</p> <p>-Operators seeking to offer more than one housing unit, should be required to get a shared housing unit operator license.</p> <p>-Limit on number of allowable units per building.</p> <p>-Strict punishment for violations including heavy fines and strikeouts</p>	<p>STRs based on their occupancy, use and definition but allow regulations aiming to protect public health and safety or prevent pollution or maintain traffic control, etc.</p> <p>-HB2919 requires STR platforms to apply, calculate and collect taxes from hosts and occupants.</p>
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Sources:

<https://www.airbnb.com/help/article/861/chicago--il>

<https://www.chicago.gov/content/dam/city/depts/bacp/ordinances/housesharesummaryfinal.pdf>

<https://www.chicagotribune.com/business/ct-biz-airbnb-ordinance-two-years-later-20180504-story.html>

<http://www.ilga.gov/legislation/BillStatus.asp?DocNum=2919&GAID=15&DocTypeID=HB&LegId=119231&SessionID=108&GA=101>

3. New York, NY

Impacts	Solutions	State Action
<ul style="list-style-type: none"> - Loss of housing supply: Airbnb has removed between 7000 - 13,500 units of long-term housing - Median long-term rent increased by 1.4% - Racialized gentrification: More White hosts in Black neighborhoods and earn disproportionately. - Quality of life: About 4,700 “ghost hotels” - i.e. apartment buildings with most units only for STRs - Unfair competition: STRs don't pay the same taxes or follow the same safety and zoning regulations as hotels 	<ul style="list-style-type: none"> - In most of New York City, it is illegal to advertise or rent an entire apartment on a platform like Airbnb for less than 30 days unless the host is present and there are only one or two guests. - Safety codes must be strictly followed by all property owners 	<ul style="list-style-type: none"> - The New York State Multiple Dwelling Law (MDL) prohibits unhosted STRs in multi-family buildings (containing three or more dwelling units) - State law requires rentals to be for thirty days or more unless the host also lives on the property at the time of the rental. - In essence, every single “entire apartment” listing on Airbnb is illegal

Sources:

<https://www1.nyc.gov/site/specialenforcement/enforcement/illegal-short-term-rentals.page>

<https://www.useguestbook.com/short-term-rental-regulations/new-york-city/>

<https://drive.google.com/drive/u/2/folders/1QtrmdcDpwtfz7Df8hFbzMXxvfxoDsY6r>

4. Garrett County, MD

Impacts	Solutions	State Action
<ul style="list-style-type: none"> -health, safety, morals and general welfare of community (to be protected) 	<ul style="list-style-type: none"> - Requires zoning permit for units turning into STR (\$150) + License Fee (\$50 one-time registration fee + 	<ul style="list-style-type: none"> -House Bill 1064 requires STR units to be licensed, to meet applicable laws of local jurisdiction

	<p>\$200 biennial license fee + \$150 biennial county health department fee (includes on-site inspection)</p> <p>-Noise restriction (quiet hours 11pm - 8am)</p> <p>-parking requirements in accordance with zoning requirements</p> <p>-maximum occupancy of two persons per bedroom plus four additional persons will be permitted on the property</p>	<p>-prohibits STR platforms facilitating booking transactions if a listed property is not licensed or violates zoning laws or local laws</p> <p>-STR platforms must record and keep host/booking information</p>
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Sources:

<https://www.garrettcounty.org/resources/planning-land-development/pdf/TVRU/TVRU%20LICENSING%20STEPS.pdf>

<https://www.garrettcounty.org/resources/planning-land-development/pdf/TVRU/tvruordinance.pdf>

Maryland State Bill:

<https://www.heritage.org/markets-and-finance/commentary/maryland-bill-seeks-drive-out-airbnb-other-hotel-competition>

<http://mgaleg.maryland.gov/2018RS/bills/hb/hb1604F.pdf>

<http://mgaleg.maryland.gov/webmga/frmMain.aspx?pid=billpage&stab=01&id=hb1604&tab=subject3&ys=2018RS>

5. Los Angeles, CA

Impacts	Solutions	State Action
-conversion of multi-family buildings to STR use (reduces already limited	-Primary residency requirement (defined as the resident is present for	-No actions have taken so far

<p>housing stock)</p> <p>-challenges the city's zoning regulations</p>	<p>at least six months of the year)</p> <p>-Total rental period limited to 120 days/year</p> <p>-STRs only allowed in areas for residential use</p> <p>-Require home sharing permits and annual renewal</p> <p>-24/7 hotline is required to receive complaints and outreach to hosts</p> <p>-Per night surcharge to help offset the cost of enforcement and compliance</p>	<p>-Newly proposed AB1731 will limit STR operations within the coastal zone of the County of San Diego if a STR unit is not occupied by the host more than 270 days per year.</p>
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Sources:

<https://planning.lacity.org/ordinances/docs/HomeSharing/FAQ.pdf>

https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB1731

6. Maui County, HI

Impacts	Solutions	State Action
<p>(positive)</p> <p>-to implement land use policies consistent with the County's general plan and the State's land use laws;</p> <p>-to retain the character of residential neighborhoods;</p> <p>(Negative)</p> <p>-to provide varied</p>	<p>- Allows STRs in selected land-use zones</p> <p>-Each permitted STR unit shall be rented to one group with a single rental agreement</p> <p>-A permit holder shall have a current TOT license and general excise tax license</p>	<p>-state law requires that vacation rental owners pay the general excise tax, TOT, as well as income tax</p> <p>-currently no bills in effect</p> <p>-proposed House Bill 1850 which aimed to impose tax collection obligation to STR platforms was vetoed by</p>

<p>accommodations and experiences for visitors;</p> <p>-to allow small businesses to benefit from tourism.</p>	<p>for the STR home</p> <ul style="list-style-type: none"> -The permit holder shall have minimum 50% of interest in the STR property and serve as a manager (affiliated family members also can be a manager) - one permit per person - quiet hours: 9pm to 8am - neighborhood character assessment 	<p>the governor in 2016</p>
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Sources:

<https://www.mauicounty.gov/DocumentCenter/View/103967/Ord-4315?bidId=>

<https://www.hawaiibusiness.com/illegal-vacation-rentals/>

7. Austin, TX

Impacts	Solutions	State Action
<p>Negative:</p> <ul style="list-style-type: none"> - Impacts on neighborhood characteristics - noise complaints - Conversion of long-term to short-term units - High costs of enforcement to City Code Department for addressing violations 	<ul style="list-style-type: none"> - Second-home rentals, known as Type 2 STRs are effectively banned. - The city no longer issues new short-term rental licenses in residential areas and plans to eliminate all such licenses by 2022. - Requires business license and valid Occupancy Certificates 	<ul style="list-style-type: none"> - State action attempted - Senate Bill 451 (state Sen. Kelly Hancock, Sen. Dawn Buckingham) would prevent Texas cities from banning or restricting short-term home rentals - was proposed in May 2017 but did not pass the Senate. - Attempts to relax regulations and protect

<p>Positive:</p> <ul style="list-style-type: none"> - According to the Austin Chamber of Commerce, short-term rental activity supports more than 2,500 jobs and the Austin area receives \$234 million per year in economic impact 	<ul style="list-style-type: none"> - Regular inspections for health and public safety - Two STR lots cannot be located within 1000 feet from each other - STRs restricted to 3% of total units in buildings in non-commercial zones and 25% in commercial zones - Curfew and loud sound restrictions after 10p.m. - Licensee must have local contact 	<p>individual property rights by Texas Policy Think Tanks</p>
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Sources:

http://austintexas.gov/sites/default/files/files/Code_Compliance/STRs/Revised_Ordinance.pdf

<https://www.austintexas.gov/str>

8. San Francisco, CA

Impacts	Solutions	State Action
<ul style="list-style-type: none"> - Effect on hotel business and the livelihoods of union labor workers. - Reducing housing stock for long-term residents 	<ul style="list-style-type: none"> - Permanent residency requirement - must spend at least 275 nights a year in the unit - Must register with the city for a business registration certificate - May only rent 90 unhosted nights per year - Heavy violation penalties of at least \$484 per day for 	<ul style="list-style-type: none"> - No State Legislation - Unite Here - a group of labor, police, tourism and local government organizations have attempted to push for state legislature but Airbnb worked hard to defeat it

	<p>each dwelling unit</p> <ul style="list-style-type: none"> - 14% San Francisco hotel tax must be collected from renters and paid to the city 	
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Sources:

<https://www.mashvisor.com/blog/airbnb-san-francisco-laws-2018/>

<https://shorttermrentals.sfgov.org/about>

<https://sfgov.legistar.com/View.ashx?M=F&ID=3276032&GUID=C7F5667F-B6E2-4F4C-8B51-A71B4F5B9F8E>

9. Tofino, BC, Canada

Impacts	Solutions	State Action
<ul style="list-style-type: none"> - STRs displacing long-term rentals in the last 5 years - Crowding of houses - 6 people in one home - Significant tax dollars spent on court cases from non-compliance - Hotels pay higher property taxes 	<ul style="list-style-type: none"> - Require business license number if advertising online; license to be renewed annually. - Permanent residency clause - Host Compliance and active enforcement officers look after fines for non-compliance - 2% TOT remitted by Airbnb directly to Province to be used by Destination Marketing Organizations (DMOs). Tofino and other municipalities have agreements with Province that part of TOT to be put into an Affordable Housing Reserve. - Zoning regulations 	<ul style="list-style-type: none"> - Province makes assessment of property type and values for taxes. - Preempts municipalities from setting individual tax rates

	restrict STRs in certain Multi-family development areas, coast, etc.	
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Sources:

<http://www.tofino.ca/Short-term-rentals>

Interview with Mr. Bob Macpherson, CAO, District of Tofino, BC.

10. Tompkins County, NY

Impacts	Solutions	State Action
<p><u>Possible Negative:</u></p> <ul style="list-style-type: none"> - Conversion of long-term rentals for short-term purposes - Traffic, noise, health and safety concerns <p><u>Possible Positive:</u></p> <ul style="list-style-type: none"> - Increased tourism - Increased room tax revenues - Increased lodging supply during peak demand periods 	<ul style="list-style-type: none"> - Register as a lodging property with County's Finance Department. - STRs through online platforms considered within the same category of hotels, motels and traditional BnBs for taxing purposes. - Voluntary Collection Agreements (VCA) - Airbnb must collect and remit 3% occupancy tax - Occupancy Tax revenues used for tourism development initiatives 	<p>NYS Multiple Dwelling Law <u>does not</u> apply to Tompkins County</p>

Sources:

<http://tompkinscountyny.gov/finance/roomtax>

http://tompkinscountyny.gov/files2/tourism/Addressing%20the%20Growth%20of%20Short%20Term%20Rentals%20in%20Tompkins%20County_STPB_5_17_17.pdf

Other city cases

- San Luis Obispo, CA: No STR may be located within 200 linear feet of another STR
Permits / Zoning requirements (only properties within designated zoning can apply for permit) / Transient Occupancy Tax / Tenancy restrictions (Rental of a residence shall not exceed four individual tenancies per calendar month) / Number of occupants allowed (shall not exceed the number of occupants that can be accommodated consistent with the on-site parking requirement and shall not exceed two persons per bedroom plus two additional person) / Noise / Local contacts / Traffic (shall not exceed the type of vehicles or traffic volume normally generated by a home occupied by a full time resident in a residential neighborhood - up to 10 trips per day) / Business license requirement
https://library.municode.com/ca/san_luis_obispo_county/codes/county_code?nodeId=TIT23COZOLAUS_CH23.08SPUS_23.08.165REVARE
<https://www.sanluisobispo.com/news/local/community/cambrian/article204964744.html>
- Mendocino County, CA: Only 1 STR per 13 long-term residences
http://www.co.mendocino.ca.us/planning/pdf/CHAPTER_20.748.pdf
- Ft. Meyers Beach, FL: One STR rental per month, not less than one week in duration
<https://fl-fortmyersbeach2.civicplus.com/236/Short-Term-Rental-Rules>
<https://www.nbc-2.com/story/35125364/bill-would-prohibit-local-regulation-of-vacation-rentals>
- Miami Beach, FL: No leases less than 6 months + 1 day in R-1 zones.
https://library.municode.com/fl/miami_beach/codes/code_of_ordinances?nodeId=SPBLADERE_CH142ZODIRE_ARTIVSUDIRE_DIV3SUUSRE_S142-1111SHRMREAPUNTO
<https://www.cnbc.com/2018/10/04/miami-beach-cracks-down-on-short-term-rentals.html>
- San Bernardino County, CA: Special use permit, safety standards, limit occupants to “raised sleeping beds”, notify neighbors, pay \$671 fee, pay Occupancy Tax
<http://cms.sbcounty.gov/Portals/5/CodeEnforcement/STR%20Ordinance%20070117.pdf?ver=2017-07-25-110907-313>
<http://cms.sbcounty.gov/Portals/5/CodeEnforcement/STR%20Application%20072817.pdf?ver=2017-08-01-094648-550>

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