Short Term Rental (STR) Impact on the Housing Market

STRs as Supplemental Income

- Does it allow people to afford to stay in their home or avoid foreclosure?
  - STRs can help homeowners share housing costs, and there are several websites that advocate for STRs based on the claim of gained financial stability to homeowners. However, this argument loses validity if the homeowner is not sharing their home for rental. More research is needed since there are conflicting answers to this question.

STR Impact on Affordable Housing Market

- Does it help affordable renters? Or ace them out of spaces?
  - STRs can both help affordable renters and potentially displace them. STRs can create financial stability, especially to those that rent or “share” a portion of their home. An “Airbnb roommate” will often account for well over half the rent. For example, in “Miami, San Diego, Chicago and Philadelphia, [an occupant] would pay over 90% [of the rent]” (smartasset.com).
  - At the same time, on average, 62% of Airbnb rentals in 14 major U.S. cities are advertised whole unit rentals (insideairbnb.com). Whole unit rentals can be advertised by vacationing or seasonal residents. However, whole unit rentals can also signify large scale unofficial “hotels.” There are several examples of tenants being wrongfully evicted, so the landlord can make units available on STR platforms and make more money.
  - Whole unit rentals also have higher maintenance costs than regular rentals. Units need to be cleaned after each turnover, the space needs to be furnished, and other amenities must be provided. Even with extra costs, one user claims their STR made $600 extra a month compared to a traditional rental (affordanything.com).
- Does it conflict with affordable housing financing regulations?
  - STRs conflict with numerous affordable housing regulations. Individuals and families need to income qualify to receive subsidized rents. Not only would they be making additional, undocumented income, but the short-term tenants may not even qualify for subsidy. Additionally, instances were found of people in housing co-ops advertising their units as STRs, which violates by-laws.
- Do developers prefer to develop market rate to allow for STRs?
  - No evidence has been found (yet) supporting the claim that developers prefer market rate specifically to allow for STRs. In general, many developers prefer market rate rentals because of the high ROI, so this claim may not be unfounded.
- Is anyone developing specifically for this market?
  - An article from February 2015 highlighted a new construction high rise with fully furnished units in downtown L.A. The development is called “LEVEL Furnished Living” and is specifically marketed as “luxurious furnished apartments; perfect for short-term stays, long-term stays, and corporate housing” (stayinglevel.com). More research is needed to determine the prevalence of this type of development.

Solutions related to maintaining housing affordability

- Transient Occupancy Tax (TOT) is charged in most states to travelers when renting accommodations unless the stay is for a period of 30 days or more.
  - Some municipalities have used this income to fund affordable housing programs (Several CA cities; Nashville, TN).

Potential Research Area

A potential way to measure the impact locally is to determine number of “whole unit rentals” vs. “home-shares.” Another method is to determine how many users have multiple listings. STR platforms have strict regulations for user data privacy, so it’s difficult to get a clear picture of STR markets unless the websites are individually analyzed. If this information would be beneficial, the data could be gathered by June.