

# Will cracking down on Airbnb help ease the housing crisis?



**Mike Bebernes**

•Senior Editor

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1.2k

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Illustration by Daniel Jurman for Yahoo News (Illustration by Daniel Jurman for Yahoo News)

## What's happening

Travelers looking for a place to stay in New York City may find they have far fewer options thanks to [strict new rules](#) that are designed to crack down on platforms like Airbnb and went into effect in the past week.

As of last Tuesday, anyone seeking to offer up their home for fewer than 30 days will have to register with the city. Only homes that are also occupied by the owner while being rented and that limit guests to two at a time and allow visitors to access the entire residence will be approved. The new rules, which Airbnb called a “[de facto ban](#)” on their business, already appear to be having a dramatic effect. According to [one estimate](#), the number of available Airbnbs in New York dropped from 22,000 in August to less than 7,000 by last week.

Short-term rentals — which allow visitors to stay in part or all of a private home rather than a hotel — have exploded over the past decade, driven by Airbnb and similar sites like Vrbo. Airbnb [estimates](#) that it currently has more than 7 million active listings worldwide and has brought in more than \$180 billion to hosts since it was founded 15 years ago.

All that popularity, though, has been accompanied by mounting complaints about [rising prices](#), [unexpected fees](#) and [bad behavior](#) by [hosts](#) and [guests](#) alike. But the main reason New York and a long list of other cities — in the [U.S.](#) and [abroad](#), from Atlanta to Florence — have targeted short-term rentals is the belief that they are making the housing crisis even worse.

## Why there's debate

Advocates for tough restrictions on short-term rentals say most Airbnb listings are effectively homes that have been subtracted from the local housing market, which reduces the total supply and has helped push costs to [historically unaffordable levels](#). While it's hard to separate the effects of Airbnbs from all of the other forces affecting the housing market, some [research does suggest](#) that an increase in short-term rentals in an area correlates with higher housing costs. Airbnb's critics argue that strictly limiting short-term rentals will mean more homes are available to locals to rent or buy at more reasonable prices.

But others say platforms like Airbnb are nothing more than a scapegoat for the real reason that housing costs are so extreme: the fact that the country simply [hasn't built enough homes](#) to meet its housing needs over the past several decades. They argue that short-term rentals represent a tiny share of the housing supply — which includes more than 140 million housing units in the U.S. — and even eliminating them entirely would barely put a dent in the housing shortage.

A third group makes the case that some restrictions are warranted to prevent large companies or rich outside investors from buying up big chunks of the housing supply for short-term rentals. But they caution against overly aggressive rules that could force individual homeowners to lose out on much-needed income and discourage tourism that many local economies rely on.

## **What's next**

One of the biggest remaining questions about new rules in New York and elsewhere is how effectively they'll be enforced. Cities like [Los Angeles](#) and [San Diego](#) have struggled to rein in short-term rentals, either because of loopholes in the laws they've passed or lack of resources to keep hosts in check.

## **Perspectives**

### **Airbnbs make the housing crisis even more severe**

"When you take units off the market and rent them to tourists, one consequence is that it leads to more people fighting over fewer units. And that leads to higher rents." — Peter Dreier, Occidental College urban policy professor, to [Los Angeles Times](#)

### **Short-term rentals have a tiny effect on housing supply**

"Even a complete collapse of Airbnb's business would not fix America's housing market. There are lots of things contributing to out-of-control housing prices in the U.S., and short-term rentals are only just one tiny part." — Rani Molla, [Vox](#)

### **The only thing that will actually solve the housing crisis is building more homes**

"Part of the solution to housing scarcity involves figuring out how to deal with an array of newer real estate investment types. But another part of the solution — and arguably the biggest part — is also figuring out how to simply build more homes." — Jim Dalrymple II, [Deseret News](#)

### **Crack down on big-time investors, but leave regular people alone**

"Leave alone the ordinary folk who try to make a few extra bucks when they go out of town for a few weeks a year. Go after those who create de facto illegal hotel rooms." — Editorial, [Daily News](#)

## **Don't ban Airbnbs, tax them**

"Regulations are not the most efficient solution. Taxing short-term rentals at a higher rate ... and using the funds for public housing projects would be better than regulations, which are costly to enforce and full of loopholes." — Caroline Freund, dean of the UC San Diego School of Global Policy and Strategy, to [San Diego Union-Tribune](#)

## **Beyond their effect on prices, short-term rentals have spoiled quality of life in many places**

"The problem isn't that some homeowners are listing their property for rent; rather, entire neighborhoods ... are becoming unrecognizable because many of the homes are no longer owned by community members." — Saul Anuzis, [Tennessean](#)

## **Cities will also suffer if they make it impossible for travelers to find a place to stay**

"Lawmakers must find a delicate balance between ensuring there are indeed enough places for lodging while also limiting the growth of short-term rental units in order to prevent them from inflating housing costs." — Editorial, [Boston Globe](#)



OPINION

## Opinion: Airbnb and short-term rentals drive up L.A. housing prices. Here's how we can push back



Short-term rentals, including on Airbnb, have increased housing costs in parts of L.A., contributing to homelessness.  
(Patrick Semansky / Associated Press)

BY DAVID WACHSMUTH

SEPT. 18, 2023 3:01 AM PT

Airbnb is back in the headlines in Los Angeles: Thousands of short-term rental hosts are breaking the law, and the city isn't taking the problem seriously enough.



If this sounds like a familiar story, it is. In 2019, shortly after the city had announced it was beginning to enforce its short-term rental rules, I found that [illegal rentals were still flourishing](#). My follow-up studies [in 2021](#) and [2022](#) showed the same thing.



CALIFORNIA

### **L.A. Airbnb hosts are charging higher rates and raking in big payouts amid city crackdown**

Sept. 5, 2023

Why should we care about illegal short-term rentals? The simple answer is that they are making housing scarcer and less affordable for Angelenos. A landmark study led by Kyle Barron of the National Bureau of Economic Research found that Airbnb was responsible for nearly one-fifth of all the [residential rent increases](#) in the United States between 2012 and 2016. A Los-Angeles specific study led by Hans Koster from Vrije Universiteit Amsterdam found that between 2014 and 2018, Airbnb was responsible for a more than 30% increase in [housing prices in Venice](#), as well as large price increases in other major tourist destinations in Los Angeles.

Higher housing costs [directly increase homelessness](#). Looking at the impact of short-term rentals in Los Angeles from 2014 through 2022, I estimated that short-term rentals are responsible for 5,000 extra Angelenos experiencing homelessness each night. This is a human tragedy but also a financial one — it would cost the city \$1.3 billion to build enough supportive housing to accommodate them.

Short-term rental hosts in Los Angeles are required to get a license from the city, and they're allowed to operate a rental only out of their own principal residence. But these rules don't seem to be working. When I crunched the numbers last year, I found that [nearly half of the short-rentals operating in Los Angeles are illegal](#). A big portion had no license number at all, a quarter of the listings with a license number were using a fake or expired one, and many more were clearly commercial operations rather than home-sharing arrangements involving a principal residence.



## OPINION

## Opinion: The \$1-million home is becoming the norm in L.A. This is an outrage we could have prevented

Aug. 14, 2023

What should the city be doing about this? First, it should get serious about collecting fines from short-term rental hosts who are breaking the rules. A year ago, records from the city indicated that it was collecting less than \$4,000 a month in home-sharing ordinance fines. Yet by my analysis, if every host who broke the rules were paying the proper fines, that number should be more than a thousand times larger — at least \$50 million per year.

In practice, if the city started rigorously enforcing its own rules, hosts would stop breaking the law with such impunity and the fines collected would go down. But that's a good thing: Similar to the approach of imposing so-called "sin taxes" on alcohol and cigarettes, part of the rationale for aggressively enforcing fines would be to discourage a socially harmful activity, not simply to raise revenue from that same activity.

Second, in addition to going after hosts, the city should hold short-term rental companies — Airbnb, but also the many smaller players in the market — financially responsible for illegal activities occurring on their platforms. Currently the home-sharing ordinance mandates fines of [\\$1,000 per day](#) for platforms accepting reservations for illegal listings, but such fines are rarely collected. The city should start collecting them widely and increase their size to the point that the platforms have no choice but to start taking them seriously.



## OPINION

## We want to hear how you navigated the costly housing market in L.A. Tell us your story

July 31, 2023

The [government of Quebec](#), where I live and work, has introduced fines of up to [\\$100,000 per listing](#) that does not have a valid license number. These numbers are tantamount to saying to Airbnb and the other platforms “follow the rules or leave town,” and it is long past time for Los Angeles to take the same approach.

Finally, the city should rescind its extended home-sharing licenses. These licenses allow hosts to offer short-term rentals year-round, and they enrich a small number of commercial operators at the cost of residents paying more for their own housing. In a city with as many high-quality tourist accommodation options as Los Angeles, there is no conceivable public interest rationale for letting scarce housing serve as de facto hotels. Whatever revenue the city brings in via transient occupancy taxes is swamped by the extra housing costs imposed on Los Angeles residents.

Home sharing can be a win-win for Los Angeles’ economy and housing market. A modest amount of part-time rentals would offer visitors a wider range of accommodation options while helping some residents meet their housing costs. But this works only if the city starts insisting that short-term rental hosts and platforms play by the rules — and starts punishing them if they don’t.

*David Wachsmuth is an associate professor of urban planning at McGill University and the Canada Research Chair in Urban Governance.*



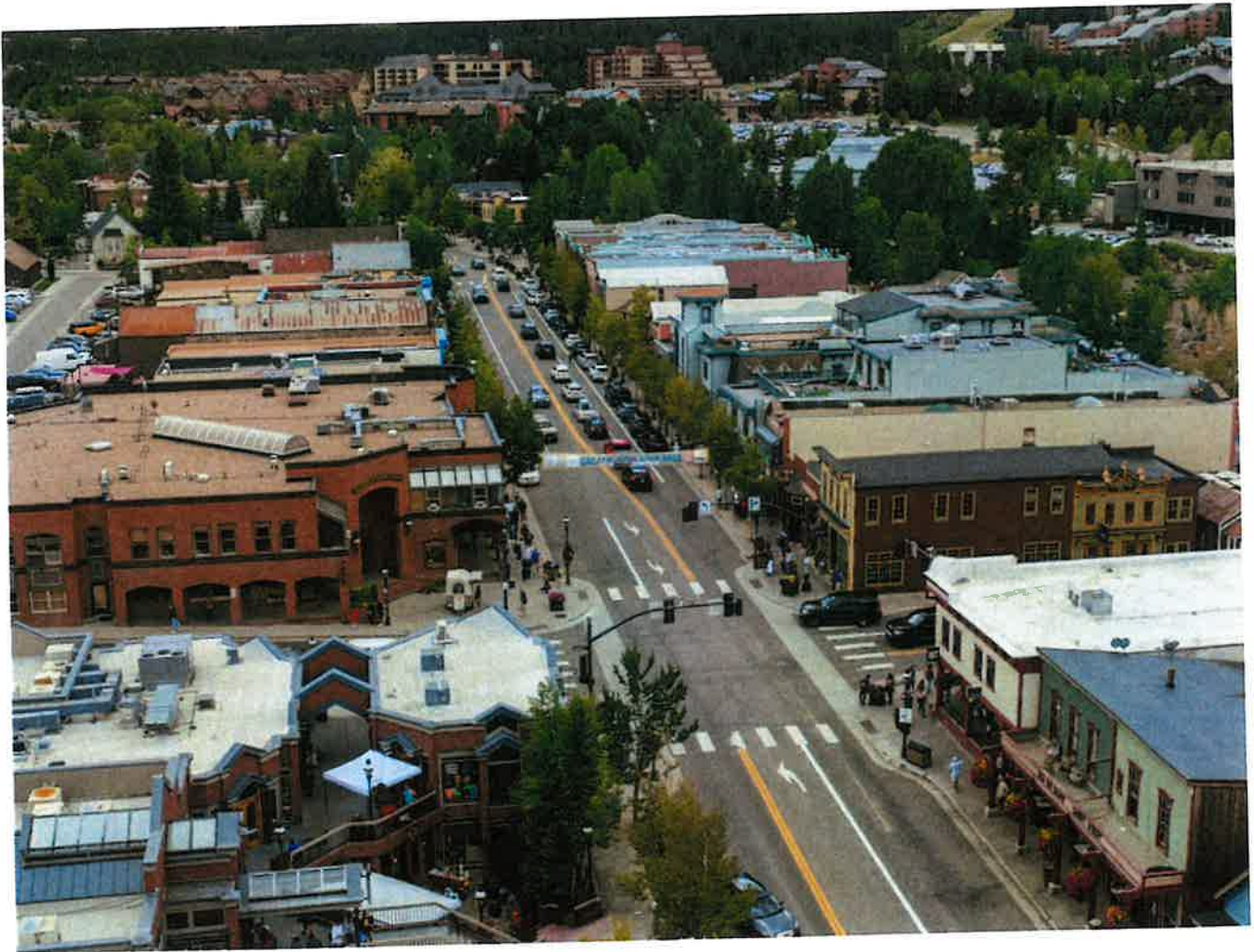
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# Property owners sue Breckenridge in effort to invalidate short-term rental regulations

The lawsuit aims to invalidate an ordinance passed by the Colorado mountain town in 2021 that places a cap on short-term rental licenses

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Downtown Breckenridge is pictured Sunday, Sept. 3, 2023.

Tripp Fay/For Summit Daily News

A nonprofit representing Colorado property owners has filed a lawsuit against the town of Breckenridge challenging ordinances that have set limits and imposed other regulations on the short-term rental market.

Colorado Property Owners for Property Rights filed the lawsuit Oct. 31 in the state's 5th Judicial District Court arguing that Breckenridge's short-term rental ordinances are "preempted by state law, arbitrary and irrational, discriminatory (and) lacking support from study and data."

The lawsuit names the town of Breckenridge as the sole defendant. Colorado Property Owners has about 300 members including some who are owners holding interests in residential property in Breckenridge, according to court documents.

"We believe that the town's short-term rental ordinances violate Colorado law that expressly prohibits local governments from imposing rent controls," Colorado Property Owners president Mary Waldman said in a statement. "The town's actions are intended to suppress the short-term rental market in an attempt to force property owners to provide their units as longer term rentals at lower rates than the current market allows."

The lawsuit seeks to invalidate two ordinances passed by the Breckenridge Town Council in 2021 and 2022. The ordinances restrict the number of nonexempt short-term [rental licenses in Breckenridge to 2,200](#) and divide the town into four short-term rental zones, each with different caps on short-term rentals.

Colorado Property Owners argues in the lawsuit that the regulations qualify as rent control and therefore violate state law that prohibits towns from imposing rent control. The plaintiffs also argue that the regulations violate provisions of the state and U.S. constitutions.

Breckenridge town attorney Kirsten Crawford noted the town is still reviewing the lawsuit but said, "There is a presumption that these regulations are constitutional and nothing in the complaint on an initial read would persuade me otherwise."

Asked about the claim that the short-term rental regulations qualify as rent control under the law, Crawford added, "That statutory scheme does not apply here."

Colorado Property Owners acknowledge in court documents that Breckenridge instituted the ordinances in an effort to stymie "a serious and disturbing reduction in the availability of workforce housing." But the plaintiffs claim the town didn't properly study short-term rentals' impact on workforce housing.

"Property owners, managers and real estate professionals spent more than 30 hours over several town council hearings testifying and sharing their personal and professional knowledge and offering relevant compromises," Colorado Property Owners board member and Breckenridge homeowner Greg Lawless said in a statement. "But council rejected these opinions and passed their predetermined agenda anyway."

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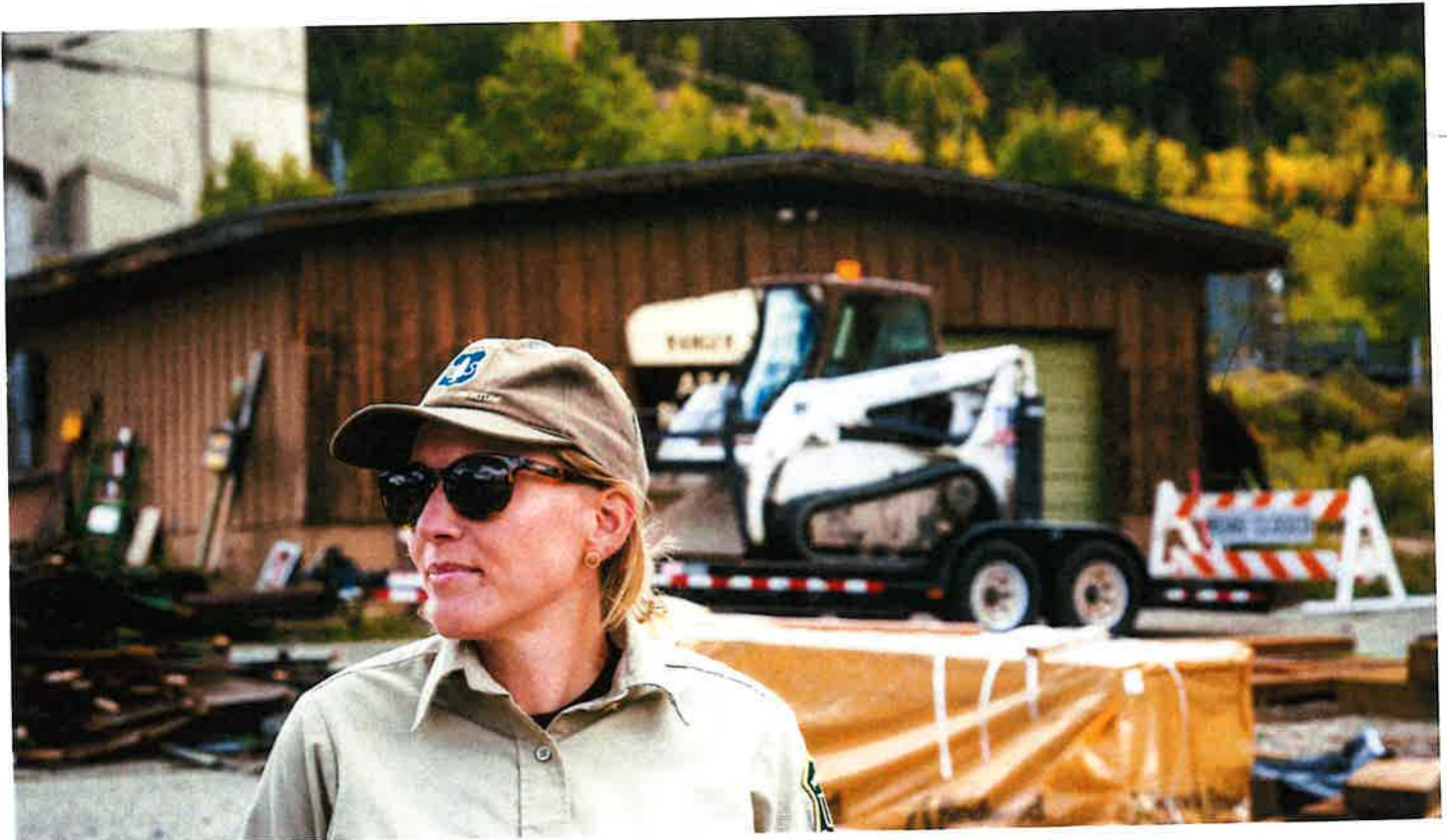


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Hart Van Denburg/CPR News

*Anna Bengston, the Land Conveyance Program manager for the White River National Forest, on agency property in Dillon that will be leased to the Summit County in order to build affordable housing for the local workforce. As high-end homes continue to be built in the area, there's a chronic shortage of affordable housing for the local workforce.*

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The steep slopes around the high country town of Dillon are draped with evergreen forests and streaked with golden aspen groves in the fall. Those endless woods are the domain of U.S. Forest Service supervisor Scott Fitzwilliams.

"I think Summit County is 86 percent national forest," Fitzwilliams explained on a recent weekday. "Pretty much everything you see is National Forest."

Fitzwilliams was surveying the pristine mountainsides from a much more mundane piece of land: 11 acres of sparse woods dotted with aging cottages, sheds and shipping containers. The Forest Service compound, sometimes known as a "boneyard," has occupied a hilltop above Dillon Reservoir since the 1960s.

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It's home to not just equipment but also to people. About 20 employees of the Forest Service live here in peak season; the cabins rent for a relatively affordable \$1,200 a month and come with excellent views, if little else.

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the white river national forest. These are pretty primitive, and we need to improve it. We're asking a lot for folks to live in these kind of conditions at 9,000 feet elevation in the middle of winter.”

But the service is lucky to even have this option for its employees. Housing is so hard to find here that it’s creating labor shortages throughout Summit County. Facing the reality of exorbitant rent or beat-up housing in these mountain towns — or maybe exorbitant rent *for* beat-up housing — job candidates are turning down coveted posts with the Forest Service.

“People are declining permanent job offers at more than 56 percent,” Fitzwilliams said. “More than half of the time we offer a job, people are saying ‘I can’t. Would love to, but I can’t afford it. I need housing.’”

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## USFS doesn’t have money, but it has land

The Forest Service doesn’t have the money to solve its housing problem, Fitzwilliams said. But it’s got something else that could help: land like this.

The agency is about to sign a lease to allow a developer to transform the hilltop property. The fire engine bay, the offices and the storage areas will all be rebuilt to modern standards. And just downslope will come the biggest change of all — an entire residential neighborhood of more than 150 units.

“Multi-story buildings with housing units of one-, two- and three-bedroom configurations mixed in with some green space and a community center and public transit and a rec path coming through,” said Anna Bengtson, land conveyance program manager for the national forest.



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*Hart Van Denburg/CPR News*

*U.S. Forest Service property in Dillon will be leased to Summit County and be the site of a new, affordable housing complex under a first-of-its-kind agreement about to be signed by the two entities. As high-end homes continue to be built in the area, there's a chronic shortage of affordable housing for the local workforce.*

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A handful of the residences — which may be apartments or condos — will be reserved for Forest Service staff, replacing the existing cabins. But the rest will operate as affordable housing, open for applications from middle-income workers like teachers and firefighters.

The project has millions of dollars of backing from the state and local governments, and it will be built by the private developer Servitas. Summit County will lease the land from the Forest Service for 50 years, but will provide housing for USFS staffers instead of paying rent to the agency.

“It really is an innovative project. It's the first in the nation,” said Summit County Commissioner Tamara Pogue.



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with construction expected to take about two years.

## This all started in D.C.

It's taken a literal act of Congress to make the project happen — the 2018 [Farm Bill](#), to be precise. Federal lawmakers included a provision that authorized the Forest Service to lease out a strictly limited selection of its land for housing and other purposes.

Five years later, Dillon is set to be the first place it happens.

“Frankly, it's going to be beautiful, because the site is epic,” said Garrett Scharton, an executive with Servitas. “Any other developer would absolutely put \$5 million condos on this site ... Summit County and the Forest Service and Dillon have decided to give back to the local community for essentially locals-only housing.”



Hart Van Denburg/CPR News

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*workforce housing there. As high-end homes continue to be built in the area, there's a chronic shortage of affordable housing for the local workforce.*

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Hart Van Denburg/CPR News

*New homes being built at the Trails at Berlin Placer, just outside the Breckenridge town limits on Sallie Barber Road, are priced in the \$3.3 - \$5.7 million range. Fourteen homes are to be built in all, on lots ranging in size from about a half- to 1.25 acre lots. As high-end homes continue to be built in the area, there's a chronic shortage of affordable housing for the local workforce.*

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In some ways, the project is simpler than other developments. There's no need for a zoning hearing where local opponents might slow the project, since the U.S. Forest Service controls the land. And the agency does have experience building its own housing.



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and, indeed, it's rare for any federal agency besides the military to be so directly involved in a project like this.

"The federal government as a counterparty in any transaction can be intimidating," Scharton said. But the project has gone smoothly, with USFS leaders seeming to put their full weight behind it, he said, adding: "And that's because their goals are our goals and their goals are the county's goals. Their goals are the town of Dillon's goals."

## Could more USFS land be used for housing?

The project is drawing national attention, a sign of how many other rural and resort communities are desperate for land for housing.

"In fact, a few weeks ago we hosted a delegation of congressional staff from Missouri, Montana — I mean, all over the place," Pogue said.

Despite the widespread interest, these kinds of developments won't be turning Colorado campgrounds into condos, Fitzwilliams stressed. For example, in the White River National Forest, there are only a handful of appropriate sites, all of them concentrated in areas that are already developed for the agency's administrative uses, Fitzwilliams said.

"It might be 40, 50 acres that we would consider something like this, and the forest is 2.4 million. So, obviously, a very small part of it," he added.

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*Hart Van Denburg/CPR News*

*White River National Forest Supervisor Scott Fitzwilliams, on agency property in Dillon that will be leased to Summit County in order to build affordable housing for the local workforce. As high-end homes continue to be built in the area, there's a chronic shortage of affordable housing for the local workforce.*

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The law mostly allows the Forest Service to lease out sites that were bought or used for administrative purposes like storage, housing and fire prevention. It also allows for the leasing of a limited number of “isolated, undeveloped parcels” under 40 acres, which USFS officials say is meant to apply to properties similar to the administrative sites.

So far, the Dillon project has been uncontroversial — perhaps because the site has already been developed to an extent. But some officials would like the Forest Service to open up a broader range of sites for housing.

“You still want to have it close to infrastructure and water and sewer and not have your costs skyrocket because it's too far away from that, but I think there's a ton of parcels across Western Colorado and in many parts of the state that are currently forested or



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state Sen. Dylan Roberts, a Democrat from Avon.

He added: “We’re not going far out into the forest and clear-cutting a ton of trees,” noting that any projects will be locally driven. Other early discussions have happened about sites in Eagle, Chaffee and Routt counties and near the towns of Minturn and Basalt, according to Roberts and Fitzwilliams.



Hart Van Denburg/CPR News

*U.S. Forest Service property in Dillon will be leased to Summit County and be the site of a new, affordable housing complex under a first-of-its-kind agreement about to be signed by the two entities. As high-end homes continue to be built in the area, there's a chronic shortage of affordable housing for the local workforce.*

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*Hart Van Denburg/CPR News*

*It's quiet enough to walk your dogs in the middle of Main Street - a dirt road - in the old mining town of Montezuma, a few miles up the Snake River valley from Keystone. Don't be fooled by the abandoned shacks and weather-beaten buildings though. New homes in the town have sold for as much as \$900,000. As high-end homes continue to be built in the area, there's a chronic shortage of affordable housing for the local workforce.*

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Commissioner Pogue suggested looking at properties that may be wooded but less-than-pristine, especially ones that have been hemmed in by roads and development. But she knows that could run the risk of public backlash.

"Some of the toughest fights in Summit County are the ones where you have a need for affordable housing, but there's also a need for open space. And so there's always a tension," she said.

Marcus Selig, chief conservation officer at the National Forest Foundation, said that the Forest Service should be — and will be — careful in choosing future properties.

"It's great because it creates another way to utilize our land, but it also makes it that much more challenging to manage. And so I think there could be potentially positives to



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perspective as well, he said.



## [Summit County to lease federal land to build housing under new Farm Bill rules](#)

There's one more catch: The Forest Service's ability to do these leases expires on Oct. 1. The Dillon project can still move forward if its lease is signed on time, but the door is closing on other potential projects, at least until Congress reauthorizes the practice.

Rep. Joe Neguse, a Democrat, has introduced the [Forest Service Flexible Housing Partnerships Act](#), which would extend the agency's leasing authority until 2028 and make some other changes, like allowing for 100-year leases instead of 50-year leases. Democratic Sen. Michael Bennet and Republican Rep. Lauren Boebert also have signaled approval of the measure.

Versions of the bill are pending in both the Republican-controlled House and the Democrat-controlled Senate — where, for now, the threat of a government shutdown has overshadowed all else.

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applicable laws, rules, and regulations pertaining to the use and occupancy of the STR unit. Provide the Responsible Person with the Operator's 24-hour availability information.

The ordinance comes after continued tensions between community advocates and short-term rental owners. As is stated on the Palm Desert City site:

"The City recognizes that despite the new ordinance, STRs will continue to impact our community in ways both good and bad. We are committed to doing what we can to reduce negative impacts while respecting the rights of home and property owners and preserving the neighborhoods that help make up the fabric of our community."

## Santa Monica, California

### Settles With Airbnb—New Airbnb Laws Now In Effect

- Airbnb will require all listings to have a City License number. License numbers are provided to hosts who register to home share and acquire a business permit and license.
- Airbnb will only allow each host to list one home or dwelling. Airbnb will remove listings that are in violation of this requirement after January 20, 2020.
- Airbnb will collect and pay the City \$2 for each night booked at any listing in Santa Monica.
- Airbnb will provide regular reports to the City to ensure compliance and to support City enforcement efforts.

Residents overall agree that this creates a reasonable system to protect the City's housing supply.

City Attorney Lane Dilg says, "This agreement with Airbnb will make the City's enforcement efforts less costly and more effective; most importantly, it will preserve housing for our residents. This is a positive outcome for Santa Monica."

In Santa Monica alone there are 351 registered Short Term Rentals. It is no wonder the City hopes to establish an agreement with Airbnb. Glendale is also in the midst of enforcing Short Term Rental regulations. [View the complete short-term rental ordinance](#). The City removed the proposed 180-day rental cap, leaving rental periods to the hosts' discretion.

According to a city report, short-term rental listings in Glendale have grown by 33% over the past year, from 510 to 679 listings. Local hosts provided varying responses to regulations and while hesitant over requiring a licensing process, the hosts overall supported compliance surrounding guidelines for parking, trash, or noise concerns. Certain hosts suggested [cameras](#) or sound-monitoring equipment to monitor their properties.

The City recently voted on [additional Airbnb laws in Newport Beach](#), such as limiting the overall short-term rental permits issued in the City to 1,600, where the current number issued is 1,465. Hosts are allowed to operate their businesses with a granted short-term rental permit and a business license.

To check if their property is permissible as a short-term rental, hosts can enter their address on the Newport Beach government website. City officials plan to have the new ordinance to present before June 31, 2021.

Further requirements for the permitted short-term rentals:

- The owner must provide the City with the name of the local contact person who is available 24 hours a day, seven days a week.
- The owner understands that he/she assumes responsibility for all guests' activities; violations may result in fines issued to the property owner and/or guests.
- The owner shall use best efforts to ensure that the guests of the short-term lodging unit do not create unreasonable noise or disturbances, engage in disorderly conduct, or violate provisions of this code or any State Law pertaining to noise, disorderly conduct, the consumption of alcohol, or the use of illegal drugs.

With preliminary regulations cropping up across the U.S., we have found that insurance requirements are not far behind. Once cities and counties recognize that short-term rentals are indeed businesses, and require hosts to obtain a business license, requiring proper insurance coverage is the natural next step.

## Palm Desert, California

### Additional Airbnb Laws in Palm Desert Seeks to Balance Community Concerns with Growing Industry

The Southern California town of Palm Desert has joined many of its neighbors in passing [Airbnb laws](#) to better regulate the growing short-term rental industry. Like many Southern California cities, growing community concerns from Palm Desert residents have spurred legislators to propose regulations. In other areas of the region, this can be anything from a moratorium on all short-term rentals to an open registration system. Palm Desert falls somewhere in the middle with their requirements.

Prior to occupancy of an STR unit, the operator must comply with the following:

- Meet and greet the renter on-site and obtain his or her name, address, and a copy of valid government-issued identification.
- Provide the renter with a copy of the Good Neighbor Brochure.
- Provide the renter with information about the STR regulations.
- Require the renter to execute a formal acknowledgment in the form acceptable by the City that he or she is legally responsible for compliance of all occupants of the STR unit and their guests, with all

While Laguna Beach is requiring a \$500,000 liability insurance, a standard homeowner's policy is not enough to cover every situation that a short-term rental may encounter. Bedbugs, squatters, and loss of business income protection are all concerns to think about when

With these requirements, the city hopes to balance the number of units available for vacation rentals and the number of units available for resident hosting, while not damaging the wealth generated by short-term rentals.

## Los Angeles, California

### Puts Forth New Airbnb Laws

As one of the most popular tourist destinations in the country, Los Angeles has a booming short-term rental agency, which has led lawmakers to pass [additional Airbnb laws](#) to better regulate the industry and keep both hosts and guests safe.

To register for Home-Sharing, an applicant shall file an application with the Department of City Planning in a manner provided by the Department, and shall include:

- Information needed to verify the Host's identification and Primary Residence
- Identification of a local responsible contact person
- A list of all Hosting Platforms to be used
- Whether HomeSharing is for an entire Rental Unit or a portion thereof
- A Transient Occupancy Registration Certificate from the Office of Finance
- And any other information required by the instructions on the application and/or by the Guidelines promulgated by the Director of Planning

The permit is valid for one year from the issue date and may be renewed with the city so long as they have complied with regulations the previous year and have a tax account in good standing. Unfortunately, units in rent-stabilized areas under Chapter 15 of the Los Angeles Municipal Code are not eligible for short-term rentals.

In addition, owners are required to adhere to all local noise ordinances and safety codes and must provide a code of conduct to all guests.

## Newport Beach, California

### Reviews Airbnb Laws and Regulations

# Laguna Beach, California

## 2019 Airbnb Law Reverses Previous Ban on Short-term Rentals

Laguna Beach has joined a slew of cities limiting new short-term rentals as part of their [Airbnb laws](#). After a near-total ban back in 2017 and an overturn of the said ban in 2019, the city council has reached a decision in regard to new Airbnbs and Vrbos. New short-term rentals will be confined to mixed-use and commercial zones within the city. Existing short-term rentals within residential districts are grandfathered in and may continue to operate. However, only 20% of units in permitted zones may be allowed to be converted into short-term rentals.

The other requirement for the continued operation of a short-term rental in Laguna Beach is the application and approval of a permit with the city. In order to be approved, an owner must submit:

- The name, address, and telephone number of the owner of the subject short-term lodging unit;
- The name, address, and telephone number of the operator
- The name, address, and telephone number (available 24/7) of the local contact person that will be available to physically be able, if necessary, to respond within 60 minutes of notification of a problem resulting from the short-term lodging unit
- The address of the proposed short-term lodging unit
- The days of the week, weeks of the month, and/or months of the year that the proposed short-term lodging unit will be available for rent on a short-term basis, and the minimum length of stay that the short-term rental will be advertised
- The number of bedrooms and the applicable overnight and daytime occupancy of the proposed short-term lodging unit
- The number of parking spaces located on-site;
- A site plan and floor plan, drawn to scale depicting the site layout, trash storage area that must be concealed from public view, parking area and a floor plan of the entire unit/rooms to be rented for short-term lodging purposes
- Acknowledgment of receipt and inspection of the Good Neighbor brochure
- Evidence that the residence/premises passed a safety inspection conducted by the Laguna Beach Fire Department
- **Evidence that the use of the property is eligible for liability insurance (homeowners or rental property insurance) in the amount of not less than \$500,000.00 to cover injuries, damages, losses, and other claims associated with the short-term lodging**
- An estimate of the daily rental fee that will be charged for occupancy of the unit(s)
- An application fee established by resolution of the City Council, except for Use Permit applications for home share units. The Use Permit fees are waived for home-shared units

excessive noise complaints to disorderly conduct as well as traffic concerns. Within the **new** short-term rental laws, they have included regulations relating to quiet hours, parking permits, and more to address the current concerns. The new ordinance also includes an insurance requirement of at least \$1 million in liability.

All short-term rental hosts have **90 days from the day this ordinance was approved** to update their information with the City of Encinitas.

The City of Encinitas understands the risks that follow when hosting an Airbnb, Vrbo, etc. and that's why they have included the insurance requirement stating that:

**"Evidence of liability insurance for the property in an amount of at least one million dollars to cover the short-term rental operations**, which insurance shall be maintained during the entire time of any permit issued by the city. Renewal must be provided to the City before the expiration of the insurance on file"-

Ordinance NO. 2021-22

The City of Encinitas clearly states above that the liability insurance required must cover your short-term rental operations. This would imply that your standard homeowner's policy would not suffice as it does not cover the business operations of your Airbnb or Vrbo.

## West Hollywood, California

### Reverses Moratorium on Short-term Rentals as Part of New Airbnb Laws

Back in 2015, the West Hollywood city council passed Airbnb laws that banned all short-term rentals that last fewer than 31 days. According to the city council, short-term rentals are contributing to the problem of rising rent rates in West Hollywood. In addition, the city has received hundreds of complaints by people upset with the rentals. – likely due to parties and excess noise.

As of 2020, the city has reversed that decision and **now requires a permit to operate a short-term rental**. Said rental must also be a primary residence in order to avoid apartment complexes becoming de-facto hotels.

Once owners obtain a short-term rental permit, they are also required to adhere to the following regulations.

- Hosts must occupy the rental while hosting
- All short-term rental owners must register and pay Transient Occupancy Tax with the state of California
- Owners are held accountable for all guest actions, including noise and other violations
- Owners are required to keep guest information—including guest names and contact details, the date of their stay, and the rate paid for the room—for a period of three years
- All advertisements must include the city permit number
- Rooms and homes must meet the minimum fire codes, which includes smoke alarm installation.



## Dana Point, California

### Airbnb Laws Continue to Develop

Dana Point has seen an influx of owners joining the short-term rental market since its first [Airbnb laws](#) in 2016. The city attributes this growth to the increased popularity of online platforms such as Airbnb or Vrbo along with the attraction of a coastal vacation. There are currently 134 registered short-term rental properties in the city despite stringent short-term rental regulations.

The city continues to come back to short-term rental regulations as a method to “maintain the character of Dana Point neighborhoods by discouraging absentee corporate STR ownership, protecting against nuisances, and balancing the rights and responsibilities of all residents and homeowners.”

In this effort, Chapter 5.38 Short-Term Rental Business Regulations includes the following requirements:

- Short-term rentals shall comply with all applicable codes regarding fire, building and safety, and all other relevant laws and ordinances.
- Short-term rental units pass an initial inspection by the city prior to permit issuance.
- Short-term rentals must have a minimum of two off-street parking spaces.
- All advertising for the short-term rental shall include the City-issued permit number.
- Short-term rentals will have a minimum stay of two consecutive nights.
- The owner shall ensure that the occupants of the short-term rental do not create unreasonable noise or disturbances, engage in disorderly conduct, or violate any provisions of the law.

Owners can opt into updates to short-term rental regulations by visiting the Dana Point government website and emailing: [str@danapoint.org](mailto:str@danapoint.org).

It would appear the city is primarily concerned with the safety and livability of the community. Hosts can assist by using preventative measures at their short-term rental property, such as a noise monitoring system that is active during bookings. This is a reliable way to comply with noise and nuisance restrictions and make sure guests aren't getting rowdy during their stay.

## Encinitas, California

### Now Requires Liability Insurance as Part of New Airbnb Laws

As of December 8th, 2021, the City of Encinitas, California, passed new Airbnb laws under Ordinance NO. 2021-22. [Airbnb laws under Ordinance NO. 2021-22](#). The city believes that the amended laws will lead to better regulation of vacation rentals, as neighbors have started to complain. Complaints have ranged from

Chula Vista, California has made the smart decision to include an insurance requirement within the new laws to ensure that you, as a host have proper protection, because operating a short-term rental business comes with increased risks. One of the biggest areas of risk exposure when running an Airbnb or Vrbo is liability. Liability becomes a risk the second you open your door to paying guests. If anything happens to your guests during their stay, whether it's a slip on the stairs or a fire in the suite, you as the host can be held liable. This is why it's so important to have a policy that understands the risks of short-term renting and would have you properly protected, like a commercial general liability policy. Commercial general liability is found in business insurance policies and protects the insured against claims of bodily injury or property damage they could be found legally liable. At Proper Insurance, we understand the importance of a business policy and that's why we've custom-written a commercial general liability policy specifically tailored to vacation rentals.

In the second part of the insurance requirement stated above, Chula Vista mentions a hosting platform's insurance coverage. Before you rely on 'insurance' from booking platforms, we highly recommend that you read through the policy and understand what coverage it would provide. For example, Airbnb provides their hosts with the AirCover Protection Plan but this isn't exactly insurance. The main thing that you need to know about AirCover is that it does NOT replace your current homeowner's insurance and it's simply a rebrand of the long-standing Host Protection and Host Guarantee, with the addition of a few coverages. We understand that insurance is confusing and that's why we've written a blog explaining AirCover and what Airbnb hosts need to be aware of. Read here: [A Deep Look Into Airbnb's AirCover Protection](#).

## Del Mar, California

### Restricts Short-term Rentals to Commercial Zones as Part of New Airbnb Law

In 2017 Del Mar enacted a strict ban on short-term rentals in residential zones as part of new [Airbnb laws](#). Five years later these ordinances still stand, limiting the number of zones within the city in which short-term rentals can operate to commercial zones and areas zoned Residential-Commercial and Visitor Commercial.

Short-term rentals are still allowed in commercial districts, and long-term rentals—rentals leased for over 30 days—are allowed in all zones. Owners can still rent their spaces for any time over 30 days. The example given by the [city FAQ](#) is renting a rental to a patient seeking treatment at a local hospital for six weeks. Home exchanges are still allowed in all areas so long as money is not exchanged for the arrangement.

In order to operate a short-term rental in a commercial zone, a host needs to register with the city, but there are no requirements or documents needed to do so. A business license is not required.

This law comes as a result of rising community concerns and a desire to preserve the character of the city.



## Chula Vista, California

### Passes Additional Airbnb Laws—Liability Insurance Now Required

This past December, Chula Vista, California passed [new Airbnb laws](#) and certain sections of this regulation went into effect on February 1st, 2022. One of the sections that took effect on February 1st is Section 5.68.110 – Operational Requirements. This includes items such as 2-day minimum stays, safety requirements, insurance, quiet hours, maximum occupancies, and more. It's important to [understand the new regulations](#) and ensure that you're in compliance to avoid any fines.

In the new vacation rental laws, the [City of Chula Vista](#) now has an insurance requirement stating:

**“The permittee shall maintain and provide proof to City of liability insurance appropriate to cover the Short-Term Rental use in the aggregate of no less than one million dollars; or conduct each Short-Term Rental transaction through a Hosting Platform that provides equal or greater insurance coverage.” – Section 5.68.110.(D).**



# Airbnb Laws in Southern California—What Hosts Need to Know

Author: [Proper Insurance](#)



Date Posted: *December 14, 2022*

Many cities in Southern California have enacted Airbnb Laws regulating rentals, or outright banning them in specific zones. Laws passed previously have come under review as well, and it's important for owners and hosts to know where the law stands for their short-term rental.

## Southern California Airbnb Laws:

- [Chula Vista, California](#)
- [Del Mar, California](#)
- [Dana Point, California](#)
- [Encinitas, California](#)
- [West Hollywood, California](#)
- [Laguna Beach, California](#)
- [Los Angeles, California](#)
- [Newport Beach, California](#)
- [Palm Desert, California](#)
- [Santa Monica, California](#)





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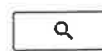
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## Short term vacation rentals

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### Guide to Laws for Airbnbs and other Short Term Rentals in California

#### What is a "short term rental" or "vacation rental"?

"Short-term rental"

(sometimes abbreviated as "STR") or "short term lease" generally means renting a unit, like an apartment or house, for a relatively short

period of time. The specific time period varies by city or other governing body (such as a Homeowners Association), but is usually defined as less than 30 or 31 days, but can be as long as 3 months or even 6 months.

Any rental for longer than the short-term rental period is a standard or **long-term rental**.

People often rent short term for **vacations** or business trips. The most popular sites for advertising short term rentals include AirBnB and VRBO/HomeAway. Many people often simply refer to short term rentals as "an Airbnb rental."



**NEW: Start hosting on AirBnB with our referral link and get \$100 bonus! **Contact us** for more details.**

#### Can I list my place on AirBnB?

The legal situation for short term rentals is changing rapidly, and we intend to keep this page as up to date as possible.

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allow STRs only in certain neighborhoods such as commercial zones and not residential zones.

Cities may also consider "hosting" a short-term rental as a business so you would likely need to get a "business license" with the city.

Also, depending on if you are a [renter](#) or a [homeowner](#), there may be additional restrictions, which you can find towards the bottom of the page.

Here are some specific rules and regulations for various cities in California.

Note: If you can't find your city here, it may actually be a neighborhood within one of these cities – see [What City Am I in?](#) Also check out our page for [other cities around the country](#).

#### LA proper and surrounding cities

- **City of Los Angeles** – Under new [rules](#) passed in December 2018, effective July 2019 you may only rent out your "primary" residence, not a second home or investment property. However, if your property is [rent-controlled](#), you can't do it at all. You are generally limited to a total of 120 days per year. But as of October 2019, there may be some more changes coming soon. See more at our [Guide to Short Term Rental Laws in Los Angeles](#).
- **Santa Monica** – you [may not rent out a full unit for less than 30 days](#); you may rent out a spare room, but you must collect "hotel tax" of 14% from guests.
- **West Hollywood** – The only short term renting allowed is a "[Home Share](#)," which means you can rent out part of your home, but ONLY IF you OWN and RESIDE in the unit during your paying guests' entire stay. To do so you must obtain a Home Sharing Business License from the city of West Hollywood. Other than this you may not rent out any unit, whether a full unit or just a spare room, for less than 31 days.
- **Beverly Hills** – Generally, single family homes must rent for a minimum of 6 months at a time; however, you may have a shorter term rental no more than twice per year, but you must collect a "hotel tax" from guests. For multi-unit buildings, NO short term rentals are allowed; all rentals must be 30 days or more.<sup>1</sup>
- **Unincorporated Los Angeles County** (see [Where is Unincorporated LA County](#))– For single family homes, you can rent to a max of 4 guests at a time; you must register with the county and collect "hotel tax" of 12%. For multi family homes, you should check with the Department of Regional Planning. See more [here](#).
- **Malibu** – [generally allowed](#), but you must get a short term rental permit from the city (and pay \$294 fee) and collect "hotel tax" of 15%. Any person renting short term without a permit, or advertising such a rental, is subject to a fine of \$1,000 per day, or twice the advertised short-term rental's daily rental rate per day or violation, whichever is higher.<sup>2</sup> The Malibu City Council also passed a stricter law in November 2020 ([ordinance No. 472](#)), which would mean that, for single family

## in California

### 4. Guide to Car Accident Law in California

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- **Pasadena** – you MUST live at the property for at least 9 months in a calendar year. If you own a property with multiple units (duplex, triplex, etc) and live in one of the units, you can short-term rent your unit plus only ONE additional unit (but you cannot short term rent “accessory dwelling units” permitted on or after Jan 1, 2017). You must get a short-term rental permit, get an inspection, and collect and pay “hotel taxes.” But you don’t need to also get a business license (unlike many other cities).<sup>3</sup>
- **Burbank** – Not strictly illegal, but the city council is looking to possibly ban it.
- **Glendale** – Not strictly illegal, and the city council doesn’t know what to do with it.
- **Calabasas** – No short-term or vacation rentals of any single-family home or any other property located in the City for less than 30 days.<sup>4</sup> It is also illegal to list a place on Airbnb or otherwise.<sup>5</sup> City-permitted and lawfully operated hotels, motels, and bed and breakfast inns are exempt from this ban.
- **Santa Clarita** – There is no current policy one way or another.

#### Other beach cities

- **Long Beach** – according to the Long Beach post: “Long Beach currently has a ban in place on short term rentals but lacks the resources to adequately enforce its own policies. The city’s municipal code allows for single rooms to be rented... but it requires the owner of the dwelling to live in the unit and limits the number of rented rooms to two per dwelling.” The city council is currently working on passing clearer regulations.
- **Ventura** – must register with the city and collect hotel tax of 10%; may be in residential or commercial areas: court recently affirmed legality of short term rentals in residential areas.
- **Manhattan Beach** – you may not rent out any unit in a “residential” area (“commercial” area is OK) for less than 30 days.
- **Redondo Beach** – short term rental are NOT allowed. Like, at all.
- **Hermosa Beach** – same as Redondo. No short term rentals.
- **Newport Beach** – allowed in certain areas but you must get a “short term lodging” permit and collect 10% hotel tax
- **Laguna Beach** – as of June 2019 short term rentals are prohibited in residential neighborhoods (but a few dozen residential rentals operating at the time the law passed are allowed to continue); but they are allowed in certain commercial zones.
- **Huntington Beach** – total ban on short term vacation rentals
- **San Diego** – as of September 2018 the city is not taking action against short term rentals, except that it is generally required to obtain a Transient Occupancy Registration Certificate and collect a tax of 10.5%. A new law passed by the city council in July 2018 was put on hold because voters submitted signatures for a referendum<sup>6</sup>

San Bernardino County Code, specifically [section 84.28](#). Short term rentals are generally allowed, with a [permit](#). The initial fee for the permit is \$667, and it must be renewed every 2 years for \$489. The Code Enforcement Officer will conduct an interior and exterior inspection of the site to determine the maximum occupancy and parking capacity. You must collect hotel tax of 7%.

- **La Quinta** – must get a [short term rental permit](#), charge hotel tax of 10%, and follow other rules.

### Nor Cal

- **San Francisco** – You can rent short term a [portion or your entire unit while you are also present](#) for an unlimited number of nights per year. You can rent a portion or your entire unit while you are *not* present for a maximum of 90 total nights per year. But you must [register](#) your unit and pay \$250 fee (can also be done directly through Airbnb). Violators are subject to fines of up to \$1,000/day, and Airbnb is now [removing non compliant](#) listings.
- **Berkeley** – Short term rentals are allowed only in your primary residence, but not in a rent controlled unit, and not in certain “accessory dwelling units.” See [city of Berkeley website](#) for more.
- **Oakland** – [No clear laws](#) on short term rentals, so it is probably not illegal.
- **Sausalito** – [Complete ban](#) on short term rentals
- **South Lake Tahoe** – In the city of [South Lake Tahoe, CA](#), “Vacation Home Rentals” as of December 2018 are now [completely banned outside the “tourist core”](#). Voters approved the ban in the November 2018 election. For those within the tourist core (about 400 properties): you must get a permit; must not allow guests to park on the street (only on the property). Violations may result in minimum \$1,000 fine.

### Central Coast

- **Santa Barbara** – Only allowed [where hotels are allowed](#), and only if you get proper permits.
- **San Luis Obispo** – it is [prohibited to rent an entire property](#) in which the owner does not live. You can rent out rooms in your primary residence under a program the city calls a “Homestay.” But no more than 4 adults at a time, and no more than 30 consecutive days. You must get a permit and a business license (about \$900 total fees).

## Are there any additional restrictions for homeowners?

If you [own a property](#) within a Homeowners Association (HOA) or Co-op, you are subject to the HOA or Co-op rules as well, which often restrict short term rentals. HOA rules are often more restrictive than city rules, for example, sometimes banning rentals of less than 90 days. If the city laws conflict with HOA rules, in general, the more restrictive rules apply. So, if the city says no rentals of less than 30 days, and the HOA says no rentals of less than 90 days, then the 90 day rule applies.

## I rent an apartment or house. Can I legally put it on AirBnB?

Probably not, but check your lease. In addition to the above laws and rules, **if you are renting a unit**, your lease most likely has a restriction on any and all "subletting." Some leases say you can sublet if you get approval from your landlord (but they almost definitely will not allow you to AirBnB the place). However, if by chance your lease says nothing about subletting or "assignment" of the unit, and if it wouldn't violate any of the above laws, then you probably do have the legal right to AirBnB it.

## Is it illegal to put a camera inside an AirBnB?

In California, it is generally illegal to record guests inside an AirBnB without their consent. But recording anything on the exterior of a house is generally OK. See more at our [Guide to Privacy Rights](#).

## Resources

Find options for [getting legal help in California](#).

## References

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# Kimball, Tirey & St. John LLP

## A Landlord's Guide to Vacation Rentals in California

*Jamie Sternberg, Esq. and Taylor Baumann, Esq.*

**Updated July 2018**

Some landlords owning rental property in vacation areas have increased revenue by changing long-term rentals to short-term vacation rentals. Vacation renters are often willing to pay more per night than long-term tenants. With internet platforms such as HomeAway.com, VRBO, AirBnB.com, and FlipKey.com, reaching potential vacation renters is easier. However, before becoming a short-term vacation rental landlord, property owners should be aware of requirements, restrictions and risks unique to vacation rentals.

### **LOCAL ORDINANCES**

Municipalities may prohibit or regulate short-term rentals.

Municipal laws vary significantly across the state, and may include:

- **Transient Occupancy Taxes (TOT).** Most municipalities impose transient occupancy taxes on short-term rentals of 30 days or less. For information about transient occupancy taxes for any specific geographic area, Google "transient occupancy taxes" and the name of the city. Also Google "transient occupancy taxes" and the name of the county. (Sometimes transient occupancy taxes are assessed by cities, and sometimes they are assessed by counties).
- **Minimum rental periods.** Some municipalities impose minimum rental time periods (e.g. one-month or one-week tenancies).
- **Zoning ordinances.** Some municipalities limit short-term vacation rentals to specific geographic areas, prohibit short-term rental homes near other short-term rentals, impose a maximum number of vacation rental days or vacation rental occupants, or otherwise regulate short-term rentals in single family residences and/or multi-family residences.
- **Registration and Licensing.** Many municipalities require landlords obtain business licenses or other special licenses to operate short-term vacation rentals.

Landlords should review their city or county's municipal code, or consult with an attorney to determine the local laws governing short-term rentals in their community. AirBnB lists some city regulations at <https://www.airbnb.com/help/responsible-hosting>.

### **COVENANTS, CONDITIONS, AND RESTRICTIONS (CC&Rs) AND HOMEOWNERS ASSOCIATIONS (HOAs)**

Owners of properties governed by homeowners associations must also be concerned about HOA rules and restrictions. HOA owners should review both the CC&Rs and rules and regulations to determine whether there are restrictions or regulations on their rental activities. Some HOAs prohibit rentals of less than 30 days. Other HOAs require the owner to provide tenant information to the HOA management company.

Additionally, to avoid conflict with neighbors and the HOA, vacation renters should be made aware of the HOA rules and regulations. A vacation renter's noncompliance with HOA rules can result in fines and other significant expense to the property owner.

## **OTHER CONSIDERATIONS**

Vacation renters pose challenges to landlords that they should carefully consider before operating a vacation rental.

- Vacationers are transient by nature, want to “have a good time,” and have fewer incentives to treat the community and its members with respect. This may result in property damage and conflict with neighbors. Vacation renter headaches can be reduced through careful screening, and educating vacation renters about property-specific issues and concerns (e.g. quiet hours, parking restrictions, trash can rules, and emphasizing that renters are expected to be respectful of neighbors).
- By increasing the number of tenants revolving through the property, vacation renters can increase the chance that bed bugs could become a problem at the property. Bed bugs are costly to exterminate. Tenants often deny causation, and refuse or simply can't afford to cover the expense.

## **USE A VACATION RENTAL AGREEMENT**

A standard rental agreement is usually not the best choice for a vacation rental.

- California law distinguishes between lease terms exceeding 30 days (“standard rentals”) and terms of 30 days or less (“short-term rentals”).<sup>1</sup> Many California laws that protect standard rental tenants do not apply to short-term rentals<sup>2</sup>. A standard rental agreement may reference laws not applicable to short-term vacation rentals, and grant an occupant rights that are not required to be granted to a vacation renter.
- A standard rental agreement typically doesn't address multiple payments before the tenant takes possession (and vacation rental tenants typically make an initial deposit, then pay the remainder of the amount due before taking possession of the property).
- A standard rental agreement typically doesn't address other issues unique to vacation rentals, such as check in times, check out times, remedies if a tenant is several hours late in checking out (causing a problem for the next occupant scheduled to take possession), specify the nonrefundable cleaning charge (not allowed in a standard rental agreement), list furnishings, address transient occupancy taxes, nor address cancellation policies.

Landlords engaging in short-term rentals should use a lease tailored specifically for vacation rentals. KTS clients can purchase a short-term vacation rental agreement template.

## **CONCLUSION**

Before becoming a short-term vacation rental landlord, property owners should become familiar with and comply with local laws and regulations, and HOA requirements and restrictions. Vacation rental owners should also be proactive in avoiding vacation rental problems, and utilize a vacation rental agreement.

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<sup>1</sup> Cal. Civ. Code §1940

<sup>2</sup> Cal. Civ. Code §§ 1940-1954.1

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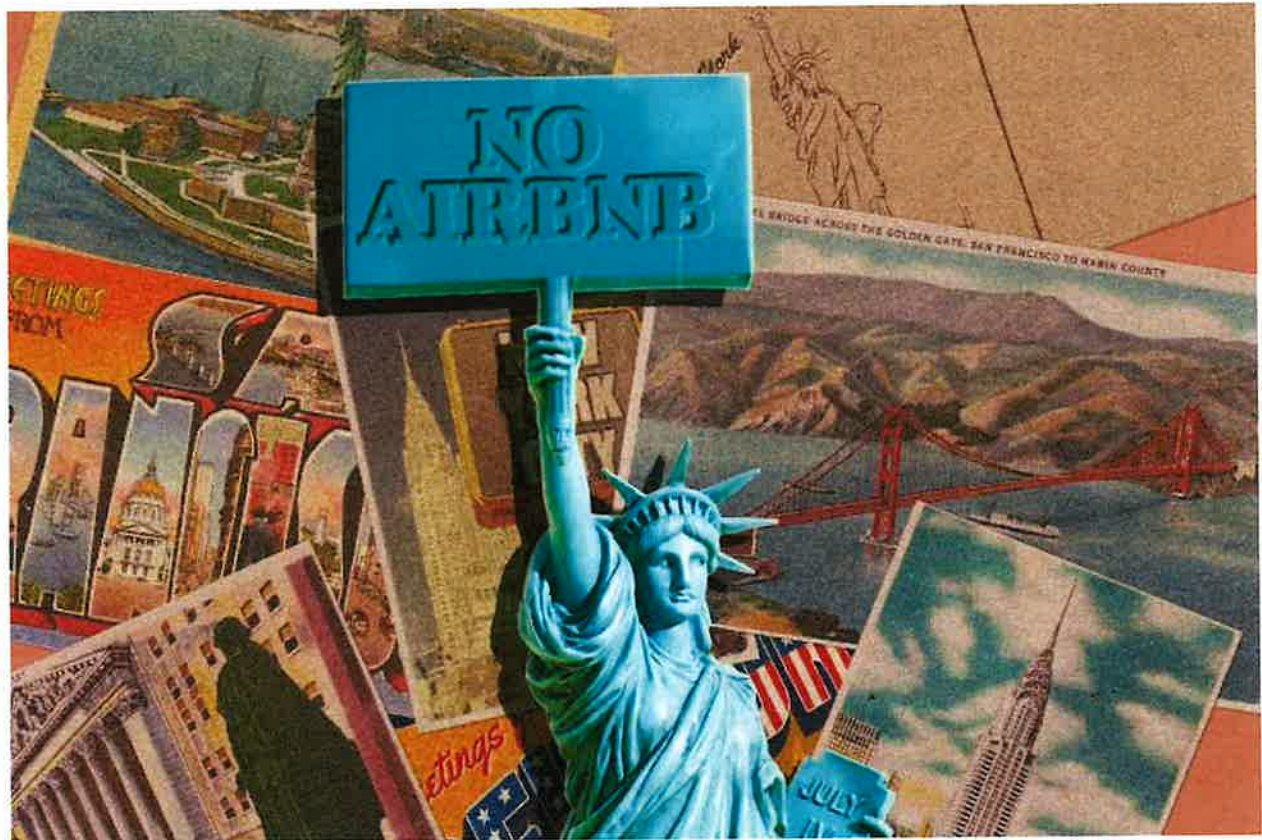
# How Airbnb ‘Bans’ Could Affect Your Local Housing Market

By: [Brenden Rearick](#)

Editor: [Kristen Bahler](#)  
and [Leslie Cook](#)

Published: Sep 07, 2023 8 min read

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If you’ve gone on vacation at any point in the last decade or so, you’ve probably rented — or at least considered renting — an **Airbnb**.

The short-term rental company has become synonymous with the “sharing economy,” and the increasing omnipresence of peer-to-peer services that, in recent years, has grown to include everything from electric scooters to **backyard pools**.

Over the last several months, though, there’s been lots of talk that Airbnb is done for. Despite a recent surge in travel spending, Airbnb’s bookings have clocked in lower than the company anticipated. Hosts in popular destinations like Phoenix, Arizona, Myrtle Beach, South Carolina, and Austin, Texas, have seen revenue drop off by nearly 50% between May 2022 and May 2023, according to data from analytics company **AllTheRooms**. On short-term rental owner forums, hosts around the country complain of receiving fewer travelers this year compared to previous ones. Meanwhile, many airlines, cruise ships and hotel chains are on track for a record-breaking year.

Recent **viral posts** on TikTok and Twitter point to this as evidence of Airbnb’s coming demise. Some take it a step further, predicting an onslaught of former short-term rentals, ripe for the picking, will soon hit the market.

The reality is more complicated.

For one, Airbnb as a business entity has a lot less skin in the game than its individual hosts. It functions as an intermediary between travelers and hosts, so unoccupied units don’t equate to lost revenue for the company in the same way it does for its hosts. Case in point: In the second quarter of 2023, Airbnb’s revenue beat expectations, even as total nights booked came in lower than anticipated.

Likewise, while many social media commentators speculate that consumer demand is to blame for the downturn in profit, a more likely scenario is that hosts are feeling the effects of a very different kind of squeeze.

# Cities changing Airbnb rules

As long as Airbnb has been around, critics and affordable housing advocates have called for legislation that curtails the company's impact on the real estate market. Over the last year, those advocates have finally started getting their wish.

For many Americans, finding affordable housing is a perpetual frustration that the pandemic era has only made worse. Airbnb (and other short-term rental apps like Vrbo) contribute to the issue by incentivizing real estate buyers, typically the wealthiest ones, to scoop up properties and list them on its app, which removes inventory from the local housing market and drives up the price of homes nearby.

**Studies show** that an influx of short-term listings makes local rents rise, too. Especially when you live in a place like New York City, where, "at one point, there were more Airbnb listings than apartments for rent," Jorge González-Hermoso, a research associate at the Urban Institute, says.

"It's not a minor thing," he adds.

In New York, as of 2022, it's illegal to rent out a unit for less than 30 days at a time without the host being physically present. Property owners can list on Airbnb for short stays, in other words, but only if they're living in the unit themselves. Beginning this month, those restrictions are getting even tighter: Only two guests are allowed in a unit per stay, and hosts must be present for stays of any length, among other changes.

Coastal California, another major offender in terms of housing affordability, has also recently brought the hammer down on short-term rentals. In Marin County, California, government officials have stopped



issuing new permits to Airbnb hosts. And in San Francisco, where Airbnb is headquartered, only full-time residents can host short-term rentals, and for a maximum of 90 days a year. Hosts get a \$484 fine for every day they rent out a unit beyond that 90-day limit.

Hundreds of smaller cities have also issued their own Airbnb restrictions, many over the last year. There's no federal law on short-term rental operations, so these rules take different forms — some cities only require registration or licensure; others put limits on how long a renter can stay or cap the number of short-term units within their metro area. Resort towns in Colorado like Aspen and Steamboat Springs require a combination of the two.

The big question now, of course, is whether these restrictions actually work to improve housing affordability.

Given their relative newness, the short answer is ... we don't know yet.

“We have evidence that short-term rentals do increase rents, but not if these regulations provide a solution for fixing this,” González-Hermoso says.

## The future of Airbnb

For Airbnb hosts, short-term rental restrictions aren't all bad.

In a comment provided to Money, Airbnb says that “roughly 80% of Airbnb's top 200 markets have short-term rental rules in place.” The company cites San Francisco's legislature, saying that after the city implemented its especially restrictive rules, the number of short-term rentals increased nonetheless by 22%.

In some pockets of the country, the recent loss of short-term rental revenue might be a byproduct of regulations that are *too* lax. In 2016, the state of Arizona passed a law that's basically the opposite of an Airbnb restriction — instead it bans all of its cities and towns from capping their number of short-term rentals. At the start of 2023, Phoenix had over 20,000 short-term rental units, and all that competition has led to many of them sitting empty for weeks at a time. According to AllTheRooms data, Airbnb host revenue in Phoenix dropped by nearly 50% year-over-year in May.

In this way, restrictions are a blessing for some Airbnb hosts. Less competition means more travelers come across your listing, book your home and, hopefully, leave you a positive review. That's especially good for hosts who can withstand market conditions, like those who bought their property when mortgage rates were at a record low.

As for all the social media prognosticators predicting an onslaught of cheap Airbnbs hitting Zillow soon, González-Hermoso warns prospective homebuyers not to get their hopes up.

After all, hosts that are negatively impacted by short-term rental restrictions can — and probably will — opt to convert their properties to long-term rentals rather than take a loss through selling.

“It's not that they have to sit on their assets, not being able to do anything,” he says.



# What Really Took Down Airbnb

It wasn't the government; it was the housing market.

By [Annie Lowrey](#) October 7, 2023



Illustration by The Atlantic. Source: Mario Tama / Getty.

Earlier this month, I stayed in an Airbnb in the Bedford-Stuyvesant neighborhood of Brooklyn.

In the past decade or so, the neighborhood has undergone as dizzying a process of gentrification as a place can. The median sales price of a condo nearly doubled; the median



sales price of a single-family home more than tripled. The share of [Black residents](#) dropped from 60 percent to 40 percent; the share of white residents increased from 15 percent to 33 percent. The neighborhood became less socioeconomically diverse, home to fewer immigrants, fewer families, and more single people. It became less like the old New York and more like the new New York, which is to say more like Greenwich or Short Hills—a place where family wealth or a job on Wall Street is table stakes.

Airbnb is not responsible for Bed-Stuy's transformation; the city's extreme housing shortage and sky-high wealth inequality are the central, obvious culprits. But the "sharing economy's" entry into real estate did not exactly help. An analysis earlier this year by the advocacy and data group Inside Airbnb and the publication *Gothamist* found that Bed-Stuy had the highest concentration of [Airbnb listings](#) of any neighborhood in the city. In one six-by-four-block area, there were 87 Airbnbs. That's 87 apartments decorated in Ikea and auctioned off night after night to people with no investment in the neighborhood. That's 87 families that could have lived in Bed-Stuy, moved to Bed-Stuy, stayed in Bed-Stuy.

Some Airbnbs, to be fair, were owned and inhabited by people who were defraying their own housing costs. But many of the city's Airbnbs were full-time short-stay units.

They were hotel rooms, not homes, owned by investors, not families. And there were 39,000 of them, [displacing](#) 100,000 New Yorkers, give or take.

No more. Last month, New York started enforcing strict rules on short-term leases. Airbnb called it a “de facto ban.” And it is. Hosts have to register with the city to get paid.

Apartments have to be rented for 30 days or more, or adhere to a few other conditions: The hosts have to be on site, residing in the same unit. Just 405 units have [been registered](#), leaving a meager set of listings. I was curious to see what sort of places these were, and if they were indeed following the new rules, so I rented one. The spot described itself as “exempt” from the [regulations](#). I couldn’t quite figure out why.

This unit aside, the crackdown seems to be working. There’s not much of a gray or black market for leases like these. The Airbnb apocalypse is here. The company helped to stoke the housing crisis in places such as Bed-Stuy. It benefited from the housing crisis. And now, in New York at least, it is getting crushed by it too.

[Read: Airbnb really is different now](#)

Airbnb came into being during the last great American housing crisis, one very different from today’s. Millions of Americans had become homeowners, putting little money

down on properties they could not really afford. When those homeowners started missing mortgage payments, real-estate values dropped and a global economic depression ensued. This housing cataclysm planted the seeds for the next: The real-estate crash depressed the building of new housing, which is, remarkably, still taking place at a lower level [than it was during the Bush years](#), when there were 30 million fewer Americans.

Airbnb was not really a housing company or a hospitality company. It was a “sharing” company. And it was a platform—pioneering, alongside Uber, a business model that soon became ubiquitous in Silicon Valley. These firms created markets, connecting sellers who had supply (seats in cars, places in their home) with buyers who had demand (people needing a taxi ride, folks who wanted a kitchen along with a hotel room). Such firms handled the search and took care of the transaction.

It was not obvious at first that these companies would succeed. “Why would anyone need Airbnb?” my colleague [Alexis Madrigal wrote](#) back in 2010, noting the existence of Couchsurfing.com, which at the time was not totally dissimilar. “Would thousands of people really want strangers staying with them?”

Indeed, they did. Using Airbnb in the early days, as I did often, generally meant taking an extra bed or a cramped

bedroom in an occupied apartment. It was charming, if a little scary. You got to water other people's plants and check out the kind of shampoo they used. You spent a lot of time wondering if the key would really be under the mat.

Quickly, the operation professionalized and the weird got squeezed out of the experience. It became less common to land in someone's home with their stuff in it, and more common to open the door to a perma-sublet. Hosting companies took over management. "Airbnb arbitrage" started to become common: People would rent apartments, put them on Airbnb, and make [thousands and thousands](#) of dollars a month. Thus, Airbnb came to compete directly with hotels. And it came to compete with homeowners and renters too.

The company has [long denied](#) that it has anything to do with the housing shortage. But of course it does. It made the crisis in places such as New York worse by siphoning units off of the housing market and adding them to the market for hotel rooms. One [major study](#) found that a 1 percent increase in Airbnb listings led to a 0.02 percent increase in rental prices and a 0.03 percent increase in sale prices. That might not sound like much, but it adds up. A report from the New York City comptroller confirmed that Airbnb fueled [rent increases](#) in neighborhoods such as Bed-Stuy. And as of last year, there were more apartments available to rent on Airbnb



in the city than there were [available to rent long-term](#).

### [Thad Russell: What I learned when I rented my parents' former home as an Airbnb](#)

That should not have been the case. The New York State Multiple Dwelling Law already barred rental bookings for stays shorter than 30 days if the host was not on premises, but the rule was never thoroughly enforced. Many Airbnb units in many places were in violation of some state or local statute or another. The whole business was a prime example of something the legal scholars Elizabeth Pollman and Jordan M. Barry called ["regulatory entrepreneurship."](#) A start-up creates a business in likely violation of the law. It disrupts! This disruption gives the company an unfair advantage over its rivals. (Airbnb hosts do not tend to offer the [same disability access](#) that hotels do, for instance.) The company grows and demands that politicians "clarify" the laws to make its business legal.

New York dithered on cracking down or clarifying, even as politicians inveighed against the company and the city punished hosts with fines. The situation became less and less tenable as the housing crisis got worse and worse.

"Every illegal short-term rental in our city represents a unit of housing that is not available for real New Yorkers to live in," State Senator Liz Krueger said in [one statement](#), a sentiment echoed by many, many, many local politicians. "In the middle

of an ongoing affordable housing crisis, every single unit matters."

Before I lived in New York, I often visited, and I was glad to rent an Airbnb. In an utterly different housing market, it could have been a good idea. But not in this one. At last, Mayor Eric Adams's administration took action. But it wasn't the government that killed off Airbnb in the city; it was the housing crisis. Is the end of Airbnb going to bring down the cost of apartments in Bed-Stuy? No. Is it going to mean less tourism revenue for the city? Sure, on the margin. But thousands of apartments are going to trickle onto the market, making it a little bit easier for New Yorkers to find a place to live.



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## Short-Term Vacation Rental Bans Gone Wrong

With the short-term rental market exploding in the last several years and showing no signs of abating, many local governments are facing the rapid expansion head on — by banning these rentals entirely. But is a ban on companies like Airbnb, Homeaway, VRBO and others enforceable or even desirable?

While your local government may feel that a full ban is the best tactic, keep in mind that a ban is hard to enforce, as it forces these rentals underground, and it may intensify the debate about homeowner rights, leading to civil strife in the community. Moreover, a ban on short-term vacation rental properties can deprive your community of possible benefits, such as an increase in tourism

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a result of their rental income.

ng new waters as they interact with

yal foundation, a ban could be met with a

lawsuit. In fact, here are many examples of short-term rental bans that resulted in legal action:

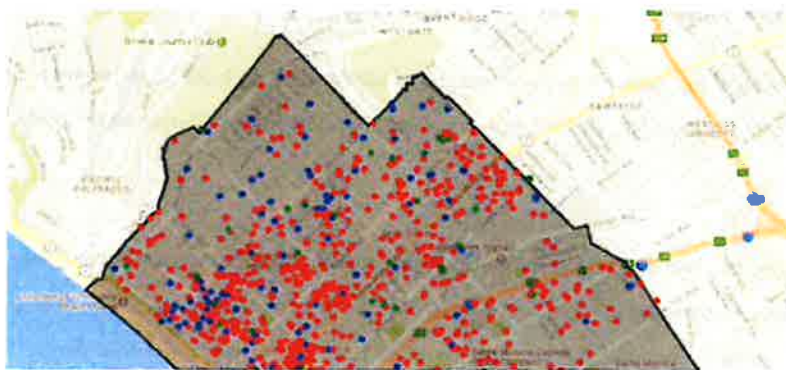
### 1. New York

New York City is Airbnb's biggest market in the US — so it came as an unexpected blow to the platform and its renters when New York's Governor, Andrew Cuomo, signed a law prohibiting "illegal" listings on the platform in October 2016. The move by Cuomo called back to a 2010 law prohibiting the rental of an entire apartment for less than 30 days (allowing landlords to keep rentals off the market and also circumvent hotel taxes and zoning changes), and fines could reach \$7,500 (after multiple warnings). **Airbnb filed a lawsuit in December of the same year**, contending that Cuomo's law violated the First Amendment and the Communications Decency Act. The city was able to settle with Airbnb when **the city agreed to prosecute the renters and not Airbnb itself for rentals that violated the new law**. Now, Airbnb hosts must make sure they are in **compliance with the law** before renting out their homes, by triple checking their lease agreements and zoning laws, collecting hotel taxes and ensuring that a host is present when the home is rented so as not to violate the **New York State Multiple Dwelling Law**. Of course, without access to an updated list of rentals and



## 2. Santa Monica

California's coastline, with its sprawling beaches, is a big tourist draw — so it's no wonder that short-term vacation rentals would proliferate there. To address this, the City of Santa Monica **placed a ban on short-term vacation rentals in 2015**, after complaints from "irritated neighbors, affordable housing advocates and the hotel industry." Santa Monica's law featured stringent requirements for hosts and subjected online platforms to review before being allowed to post host information. Both hosts and the online rental websites were held liable and subject to both civil and criminal liability. Airbnb retaliated with a lawsuit, claiming that Santa Monica violated their First and Fourth Amendment rights. In 2017, Santa Monica **amended their law**, although it remains one of the strictest in the nation, and **the legal battles continue on**. As in New York it is also clear that the law isn't fully working as intended. In fact, a recent search of the City showed ~1,400 short-term rental listings across 22 different short-term rental platforms.



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## 3. Anaheim

The rest of California is not without its short-term rental controversy and the City of Anaheim provides a prime example. Anaheim is home to Disneyland, making it an ideal location for short-term vacation rentals; however, with the explosive growth of this new market, existing homeowners raised concerns about the influx of tourists into residential neighborhoods. In 2014, the city adopted an ordinance requiring all short-term rental hosts get a permit and pay their taxes, but as the market continued to explode, the City changed policy and issued a moratorium on new permits. The 2016 moratorium and ban on new rentals gave existing short-term renters 18 months to phase out their businesses. The change in policy was immediately faced with **lawsuits from Airbnb, HomeAway and the Anaheim Rental Alliance**. Facing these costly lawsuits, the City changed direction again and **eased some of the restrictions** and sought a legal settlement. As part of the settlement the City also removed the language from its ordinance that holds the web platforms accountable for unlicensed rentals in the city.



These are just a few examples of city governments that have dealt with legal battles as a result of the short-term rental market's explosion online and subsequent bans; there are many other cities that have dealt with similar costly and high-profile lawsuits (like San Francisco). Rather than turning first to a full out bans, local governments should consider if it may make more sense to put in place compromise regulatory frameworks that allow short-term rentals that meet certain requirements while protecting the interests of the broader community. By doing so, communities can harvest the benefits of this new industry and avoid exposing themselves to expensive and time-consuming legal battles. Cities like Denver, Los Angeles, and Vancouver, British Columbia, are doing just that. 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.

With the advancements in big-data technology it is now possible to enforce such policies, and identify addresses of short-term rentals to bring them into compliance with local rules. Many innovative municipalities including Placer County, California; Durango, Colorado; Asheville, North Carolina; and Islamorada, Florida, already use such tools and have seen double-digit improvements in compliance and revenue. This allows these cities and counties to double down on enforcement to further ensure that short-term rental operators stay within the designated zones, pay their fair share of taxes, and are accountable and respectful of neighbors.

If you are looking to implement and enforce effective short-term vacation rental regulations in your community, Host Compliance offers a comprehensive suite of solutions used by over 80 local governments. You can learn about our short-term rental related consulting services, compliance monitoring and enforcement solutions and [request a complimentary short-term rentals assessment here](#).

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