Short-term Rental Regulation & The Case for Statewide Standards

2016 IMLA Mid-Year Seminar
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The Travel Technology Association



SHORT-TERM RENTING ACROSS AMERICA

THE SHORT TERM RENTAL MARKET IS GROWING ACROSS THE NATION, IN SMALL TOWNS AND URBAN CENTERS



Believe STRs bring meaningful tourism and tax dollars to local communities

Portland, OR
65 % of hosts say they use STR income to help afford staying in their home

San Fransisco, CA
The average STR guest stays 30% longer and spends 20% more than a hotel guest

Los Angeles, CA
62% of hosts say participating has positively affected how they interact with their community

Coachella Valley, CA
STRs created $272M+ in economic activity as well as over 2,500 jobs

Chicago, IL
STR guests saved enough water to fill 38 olympic-sized swimming pools

St. Joseph, MI
STRs created a $24M economic impact and supported 300 jobs

Boston, MA
33,780 guests traveled with STRs

New York, NY
STRs generated $1.2B in economic activity and 10,500 jobs

Myrtle Beach, SC
STRs created over $200M in economic output while supporting 2,500+ jobs

Orlando, FL
Guests saved an average of 80% per square foot by choosing STRS over hotels

Galveston, TX
STRs created $284M in economic activity and 3,100 jobs



Planed to stay in a STR in 2014; up from 44% in 2013

Short-term Rental Popularity On the Rise

- 61% of Americans believe the short-term/vacation rental economy provides a valuable alternative to traditional lodging options such as hotels
- The percentage of US travelers who had stayed in a short-term rental rose from 11% to 16% between Q1 and Q4 of 2015
- 48% of Americans anticipate they or a family member will stay in an STR in the next two years
- 34% of Americans would be less likely to visit a destination where short-term rentals are banned

Sources: Goldman Sachs Consumer Research Survey (2016) & Travel Tech & Internet Assoc. joint Peer-to-Peer Consumer Sentiment Study(2015)

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NOT a "millenial" phenomenon

HomeAway® let's stay together®

Avg. User: 53 years old

airbnb

Avg. User: 36 years old



"Uber, the world's largest taxi company, owns no vehicles. Facebook, the world's most popular media owner, creates no content. Alibaba, the most valuable retailer, has no inventory. And Airbnb, the world's largest accommodation provider, owns no real estate. Something interesting is happening."

@TomFGoodwin | Tech Crunch | March 3, 2015

Regulating short-term rentals at the local level is a challenge

12NEWS

Sedona Locals Divided Over Short-term Rentals

THE DAILY ASTORIAN

Gearhart sharply divided over short-term rental rules

AUSTIN BUSINESS JOURNAL

INDUSTRY NEWS › TECHNOLOGY

Austin behind the curve on short-term rental regulations, report says

LUMINA NEWS

YOUR COASTAL COMMUNITY NEWSPAPER SINCE MAY 2002

Short-term Rental Forum Brings Out Advocates on Both Sides

THE Durango HERALD

Vacation rental regulations roils Estes Park

Portland & Nashville:
A Case Study Comparison

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Portland, OR



Versus

Nashville, TN



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Portland, OR

Passes and implements a "primary residence only" STR ordinance in August of 2014

- Estimated STR listings in Portland at the time of passage: 2300
- STR permit applications in the first 6 months: 166

Portland amends STR law in an attempt to encourage compliance in February of 2015

- New ordinance includes platform data sharing and liability
- STRs are still limited to primary residences only
- By October of 2015 there are an estimated 3500 STRs listed in Portland
- Total STR permit applications: 448

Nashville, TN

Began considering short-term rental regulation in late 2013 and spent nearly a year engaging the community and various stakeholders in a collaborative discussion aimed at a reasonable and fair solution

- Passes a comprehensive STR ordinance in February, 2015
- Ordinance goes into effect in July, 2015
- At the time of implementation there are an estimated 2500 STR listings in Nashville
- Total STR permits issued by December of 2015:

1200



One year after passing its STR ordinance, Nashville enjoys compliance rates of 60%+ and rising, numerous accolades as a top travel destination resulting in a significant positive economic impact, and recognition as a leading city in developing sound peer-to-peer regulatory policy.

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ORDINANCE NO. BL2014-951

An ordinance to amend Chapter 6.28 of the Metropolitan Code pertaining to Short Term Rental Property.

WHEREAS, short-term rental of homes can provide a flexible housing stock that allows travelers a safe accommodation while contributing to the local economy; and

WHEREAS, short-term rental of homes can provide homeowners an opportunity to hold property in difficult economic circumstances or as an investment; and

WHEREAS, hotel taxes from short term rental of homes can be used to promote travel and tourism and to support the local tourism industry; and

WHEREAS, the needs of long-term residents should be balanced with the allowance of short-term rentals.
NOW, THEREFORE, BE IT ENACTED BY THE COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

Section 1. That Chapter 6.28 of the Metropolitan Code is hereby amended by adding the following new Section 6.28.030:

6.28.030 Short Term Rental Property (STRP).
A. For purposes of this section, "Short Term Rental Property (STRP)" means a residential dwelling unit containing not more than four sleeping rooms that is used and/or advertised for rent for transient occupancy by guests as those terms are defined in Section 5.12.010 of the metropolitan code. Residential dwelling units rented to the same occupant for more than 30 continuous days, Bed and Breakfast establishments, boarding houses, hotels, and motels shall not be considered Short Term Rental Property.
B. For purposes of this section, "owner-occupied" means the owner of the property permanently resides in the STRP or in the principal residential unit with which the STRP is associated on the same lot.
C. No person or entity shall operate a STRP or advertise a residential property for use as a STRP without the owner of the property first having obtained a STRP permit issued by the department of codes administration.
D. Application. The STRP permit application shall include the following information:
1. The name, telephone number, address, and email address of the owner and of a person or business ("responsible party") residing or located within twenty-five miles of the STRP that is responsible for addressing all maintenance and safety concerns;
2. Proof of insurance evidencing homeowner's fire, hazard, and liability insurance. Liability coverage shall have

So why is Nashville's short-term rental ordinance already in jeopardy???

The Case for Statewide Standards

A solution that benefits everyone

Opposition to Statewide Standards is Often Based on Some Incorrect Assumptions…

- Short-term rentals are just a "zoning issue"
- Statewide standards would remove the power of municipalities to regulate short-term rentals at the local level
- The ability to implement a more limiting local ordinance makes enforcement easier and leads to greater compliance
- Existing "good neighbor" laws are not sufficient for dealing with short-term rentals and their guests

Addressing the Myths:

- Seeing short-term rentals as merely a "zoning issue" is like trying to put a square peg in a round hole
- Under statewide standards, local municipalities could require permitting/registration of STRs locally, regulate noise, parking, and signage, implement insurance and safety requirements, and address "problem" properties
- More limiting ordinances drive STRs underground, diminish tax and enforcement revenue, and lead to less accountability
- Existing "good neighbor" laws should be sufficient for those in STRs, just as they are for residents

Why Statewide Standards?

- Provides a general framework for states and municipalities to address a complicated and often contentious local issue
- Guarantees tax revenue
- Encourages travel and tourism, along with the corresponding positive economic impact
- Protects municipalities, residents, short-term rental owners and hosts, as well as travelers
- Ensures that the STR owners/hosts and guests are not held to a different standard than residents



Implementing statewide standards for short-term rentals can prevent a patchwork of regulations that ultimately works to the detriment of municipalities, residents, short-term rental owners, operators, hosts and travelers.

Pictured above: A map from R Street Institute's "Roomscore" Project, which grades the friendliness and effectiveness of local short-term rental regulations. It can be found at Roomscore.org

THANK YOU

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Learn more at TravelTech.org and STRAdvocacy.org