WHERE HOME MEETS HOTEL

REGULATING TOURIST ACCOMMODATIONS IN THE AGE OF AIRBNB

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Where Home Meets Hotel

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THE RISE OF THE SHORT-TERM RENTAL

2007

Airbnb launches. While not the first of its kind, it has an outsized impact on industry growth

2009

Airbnb begins to grow international presence and enters Canada

2016

Airbnb has more than 2 million listings and saw summer stays grow 353 times from 2010-2015

WHAT ARE SHORT-TERM RENTALS?

SHORT-TERM RENTAL (STR)

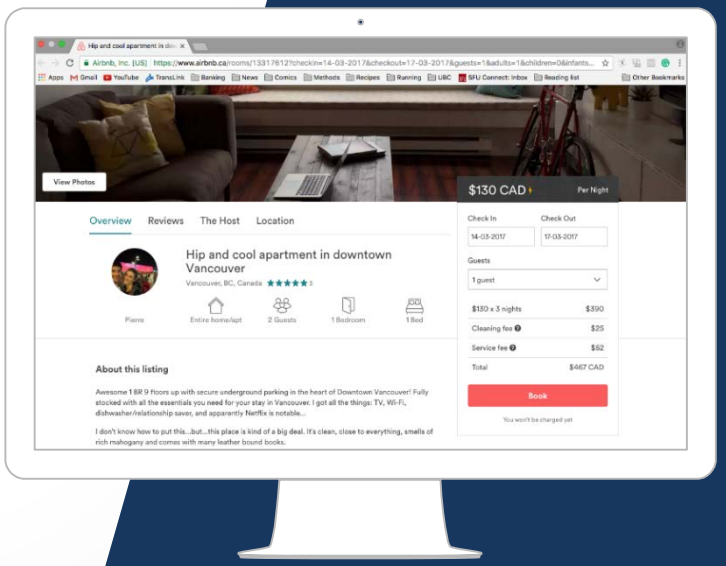
Rentals of 30 days or less; tourist accommodations that operate out of traditionally residential properties

LONG-TERM RENTAL (LTR)

Rentals of 30 days or more; provide accommodation for permanent residents

SHORT-TERM RENTAL PLATFORM

Businesses that host short-term rental listings online (e.g. Airbnb)

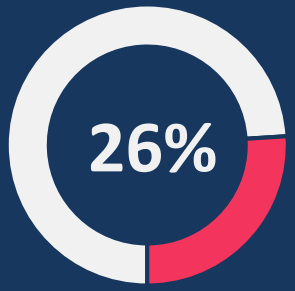


VANCOUVER MARKET

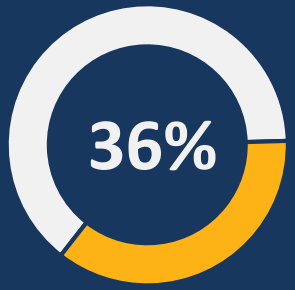
2013-2016 STRs doubled yearly in Vancouver; >5000 as of fall 2016
Host Compliance, 2016

~24,000 traditional hotel rooms in Metro Vancouver, making STRs a significant industry impact
Tourism Vancouver, 2016

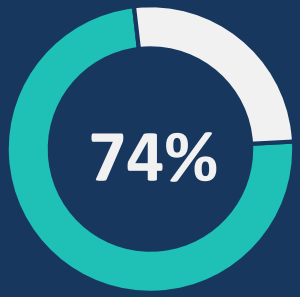
City survey found 17% of STRs would otherwise be LTRs, amounting to a 10% reduction in available rentals
Krishna, 2016



COMMERCIAL HOSTS



MULTI-UNIT HOSTS



ENTIRE UNIT LISTINGS

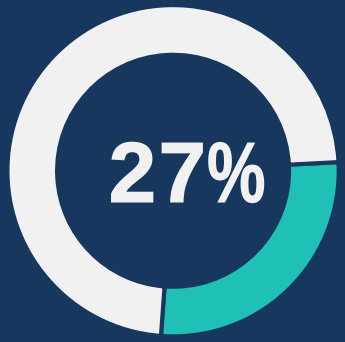
Derived from webscraped data

THE STRUGGLE FOR COMPLIANCE

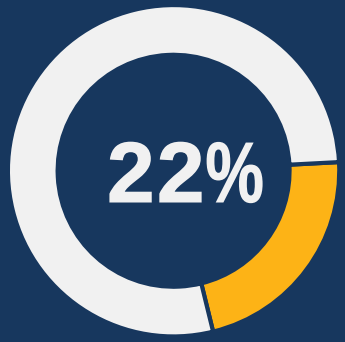
Cities that have attempted to regulate the STR market have come up against difficulties, both in lack of compliance from operators and resistance from STR platforms

COMPLIANCE RATES

Derived from webscraped data and interviews



DENVER



PORTLAND

SAN FRANCISCO

POLICY PROBLEM

Short-term rentals frequently run counter to the intention of city zoning, by allowing residential properties to service the needs of visitors rather than permanent residents

PRIMARY IMPACT

Short-term rentals that remove rental properties from the **long-term rental market** impact availability and prices

SECONDARY IMPACTS

Short-term rentals have generated complaints from neighbours over **quality of life** impacts and from hotel industry over the creation of an **unfair playing field**

METHODOLOGY

How can we best regulate short-term rentals in Vancouver in order to maximize positive returns to, and reduce negative impacts on, local communities?

4 CASE STUDIES

San Francisco, Portland, Denver & Austin

12 INTERVIEWS

Both case study and Vancouver-based

A LOT

Of web scraped data: airdna.com, tomslee.net and insideairbnb.com

POLICY OPTIONS

BAN SHORT-TERM RENTALS
Explicitly designate STRs as illegal

DENSITY CAP
Limit short-term rental licenses based on geographic density

NIGHT CAP
Limit the number of nights per year a single unit can be put on the STR market

PERMANENT RESIDENCE
Limit STRs to the operator's primary home

ANALYSIS CRITERIA

PROTECTION OF LTR
Establishes housing as the primary use of LTR stock

QUALITY OF LIFE
Decreases the likelihood of neighbourhood disruption

TOURISM GROWTH
Allows for increased tourist accommodations

COST RECOVERY
Ability to recoup cost of program

LEGAL RISK
Risk of court challenge based on other's experiences

ADMINISTRATIVE EASE
Simplicity of program implementation

EASE OF ENFORCEMENT
Resource requirement to enforce

RECURRING CASE STUDY THEMES

1 **ENFORCEABILITY**
Choose a regulatory structure where compliance is provable.

2 **PENALTIES**
Keep fine structures appropriate to the level of revenue being generated

3 **EASE OF COMPLIANCE**
Reduce barriers to compliance by making registration easy

4 **FIT TO PROBLEM**
Each jurisdiction will face unique problems and thus need unique solutions

WHAT DIDN'T WORK

BANS

Extremely difficult to enforce, likelihood of legal action and low public acceptability

DENSITY CAPS

Density caps, while easy to enforce, come with perverse incentives for high-volume use.

NIGHT CAPS

The inability to prove when a night cap has been breached makes it an ineffective tool in practice.

QUOTES FROM INTERVIEWS

> “One house was transformed into a commercial short-term rental and then people didn't want to live next door to one, they would put their house up for sale and it too would become a short-term rental, so you were getting instances of neighbourhoods that were no longer residences.
>
> *- City of Austin (Density Caps)*

All photos by Sarah Griffiths

QUOTES FROM INTERVIEWS

> It is nearly impossible to identify when someone has crossed the line between 90 and 91 days.
>
> *- San Francisco (Night Caps)*

All photos by Sarah Griffiths

RECOMMENDATION: PERMANENT RESIDENCE

Permanent residence requirements speak to the vision propagated by Airbnb of “shared spaces” by allowing STRs to operate if they maintain long-term housing as their primary use

- Balance between tourism growth and housing protection
- Implementation eased as they largely rely on previously established definitions and protocols for ascertaining compliance
- Interviewees expressed that compliance issues have primarily stemmed from their implementation strategies

IMPLEMENTATION

STRONG ENFORCEMENT

Early and intensive enforcement may require third-party companies with the necessary technical knowledge

ONLINE REGISTRATION

Make registration process as simple as possible through an online registration system

FINE STRUCTURE

Fines must be set at a level where they are a financial disincentive

TAXATION

The City of Vancouver should pursue options to extend current tourism tax to STR operators

FUTURE CONSIDERATIONS

CONTINUED MONITORING

STRs are a new and evolving industry, continued monitoring will be key to future adaptability

PLATFORM LIABILITY

Watch developments in platform liability in the United States, including San Francisco, to assess feasibility