

THE POLITICS AND POLICY OF SHORT- TERM RENTALS

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airbnb



New Orleans



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DEAR AIRBNB TOURIST,

Your vacation/short term rental has led to the eviction of Chinese immigrant families.

We have survived the 1882 Chinese Exclusion Act, 2 World Wars, the 1906 Great Quake and Fires, and the 1989 Earthquake.

But now, our lives, our schools, our grandparents' homes, and social fabric are being destroyed.

AIRBNB IS DESTROYING OUR HOME

Have A Nice Visit In Chinatown.
San Francisco

Bienvenido
Willkommen
Estimado
turista
airBnB
L'expulsion des familles chinoises
est le résultat du décret de l'empereur
survécu au Chinese Exclusion Act mondiale, aux tremblements de terre de Francisco. Mais aujourd'hui, nos grands-parents et nous-mêmes de nos grands-parents d'être peu à peu détruits par les propriétaires de Airbnb.
Liebe
AirBnB-Touristen
Lo sgombero di poveri cinesi
il risultato di Airbnb
Act cinese del 1882,
1906 e del 1989. Ora le famiglie dei nostri nonni

LE DEVOIR

Airbnb: il est plus que temps d'agir!

[Accueil] / [Opinion] / [Libre opinion]

Montréal

1) HOUSING IMPACTS What impact have STRs had on housing availability, affordability, and quality of life in cities around the world?

2) SOCIAL DYNAMICS How is the platform economy changing social and economic relationships between inhabitants, housing, and urban space?

3) POLICY OPTIONS What policy options are available to governments seeking to regulate STRs in the public interest?

Methodology

We have data about...

1. Every Airbnb/HomeAway property in the world
2. Every single day since 2015

15 billion activity data points (and 15 million more each day), and 300 GB of review text

Methodology

Three goals

- 1. Improve spatial resolution**
- 2. Leverage detailed activity and performance data**
- 3. Raise the bar for the field**





Reservations on 2019-08-01



Methodology

Three goals

- 1. Improve spatial resolution**
- 2. Leverage detailed activity and performance data**
- 3. Raise the bar for the field**



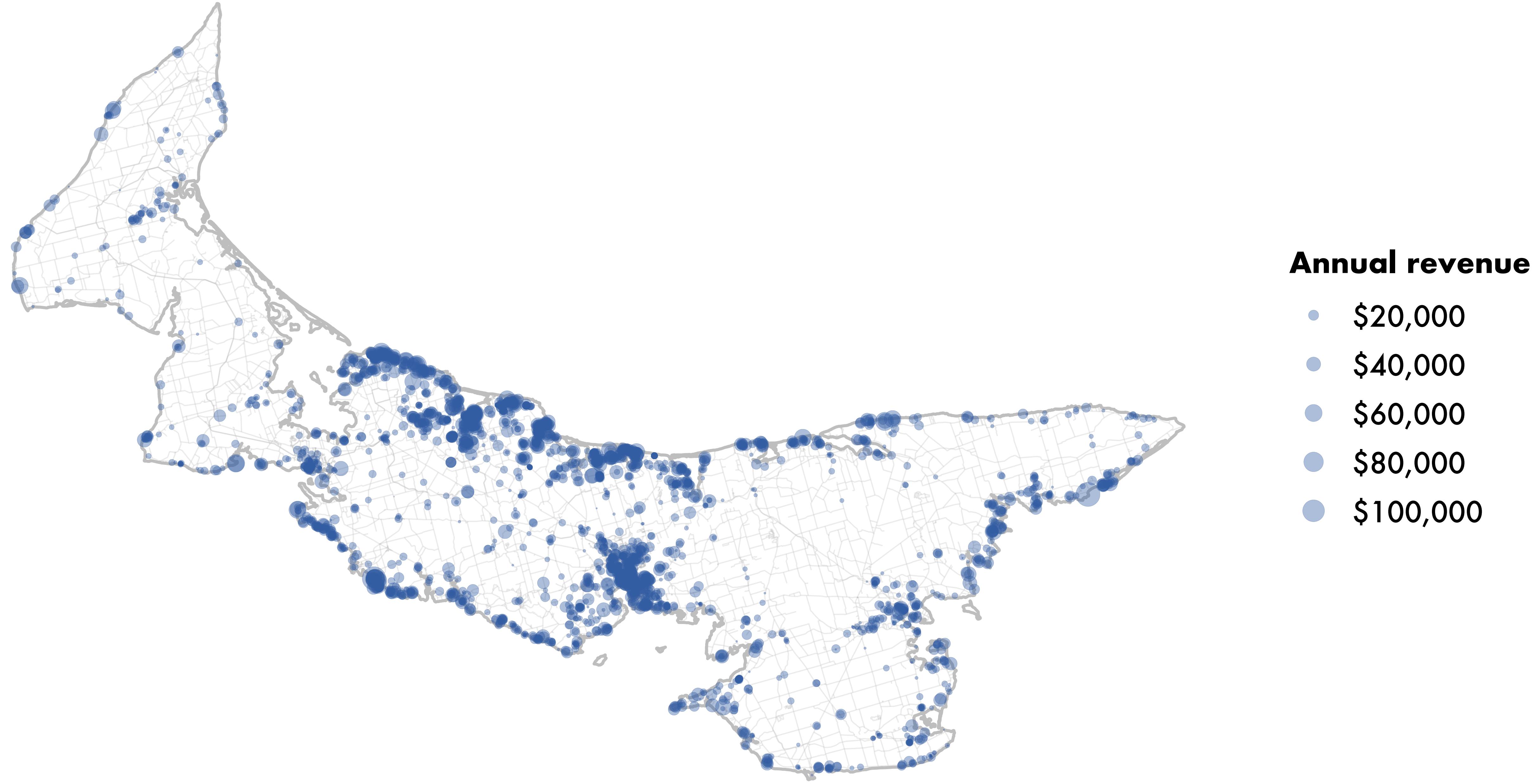
strr package for R

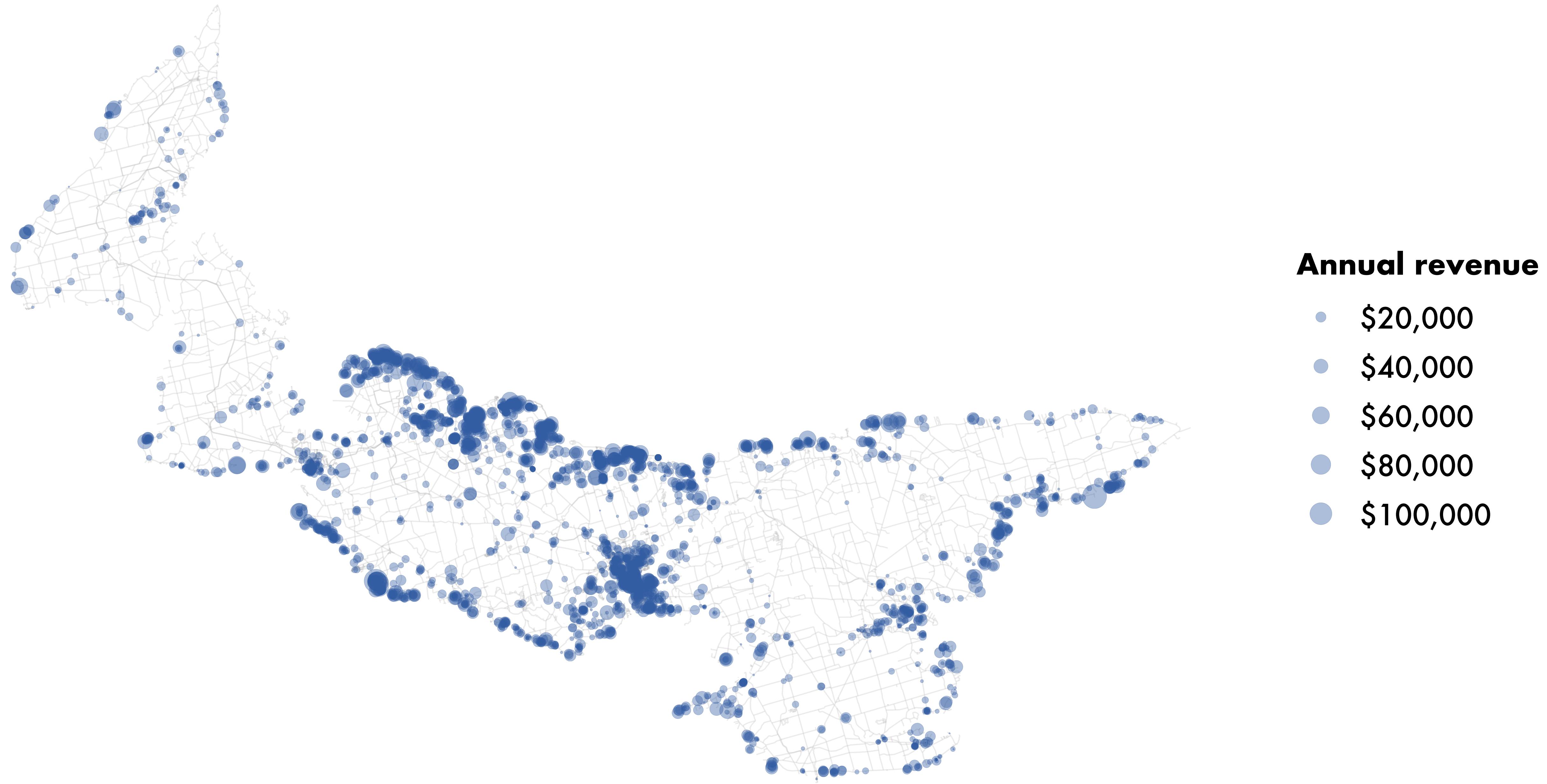
github.com/UPGo-McGill/strr

Three goals

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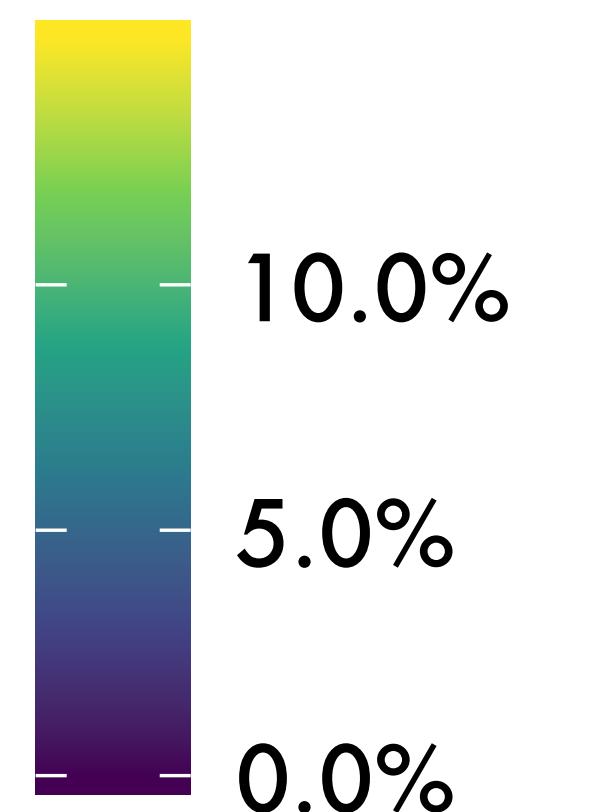
Prince Edward Island





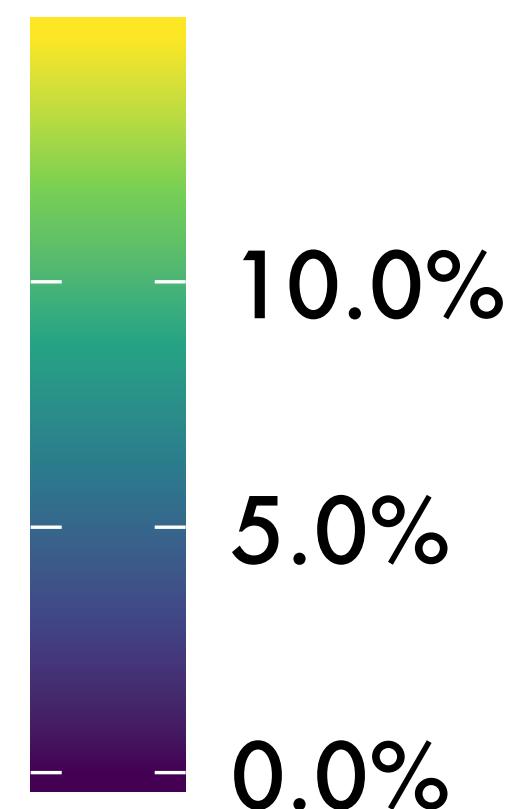


Listings per dwelling

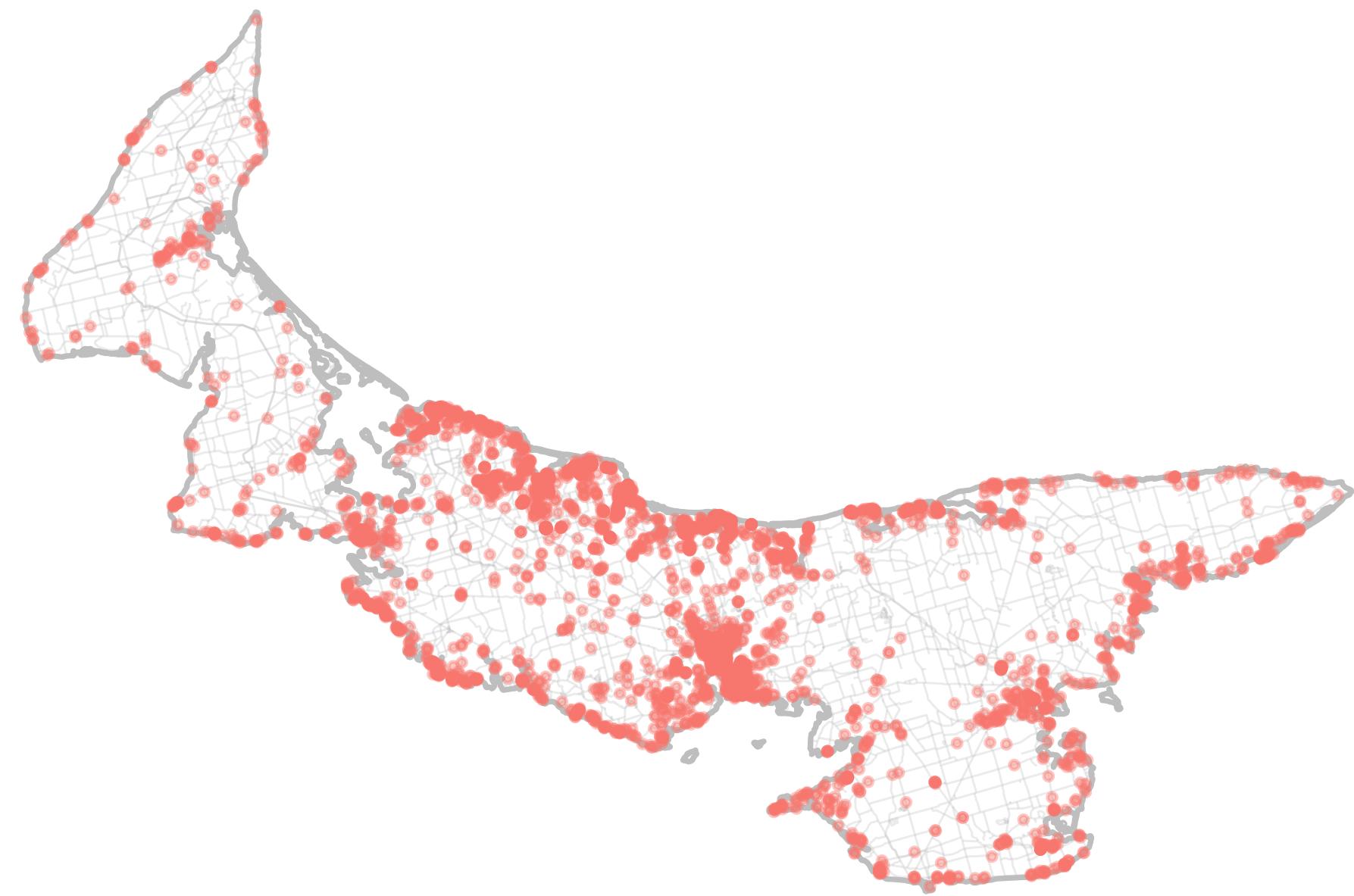




Listings per dwelling



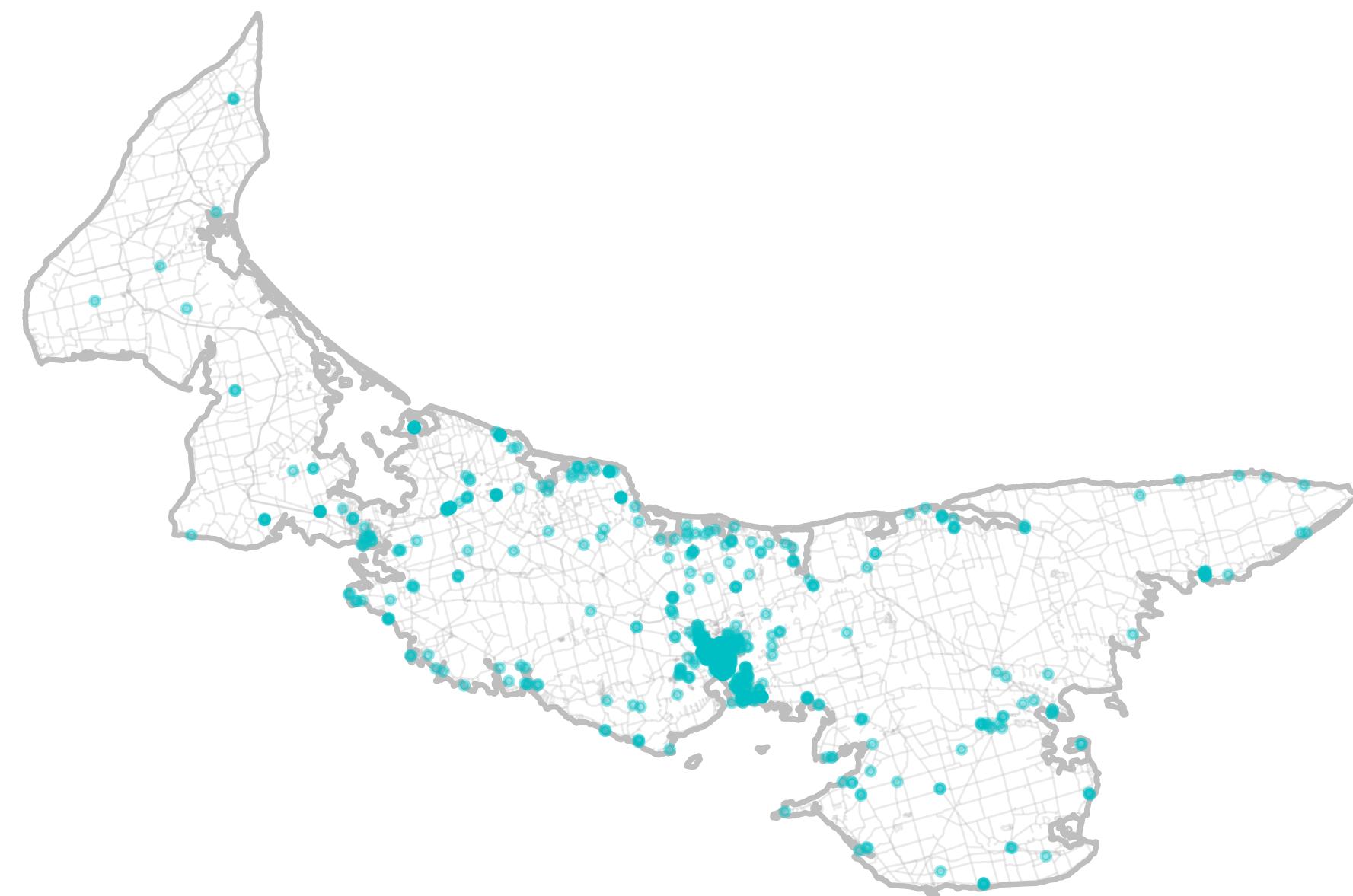
Entire home/apt



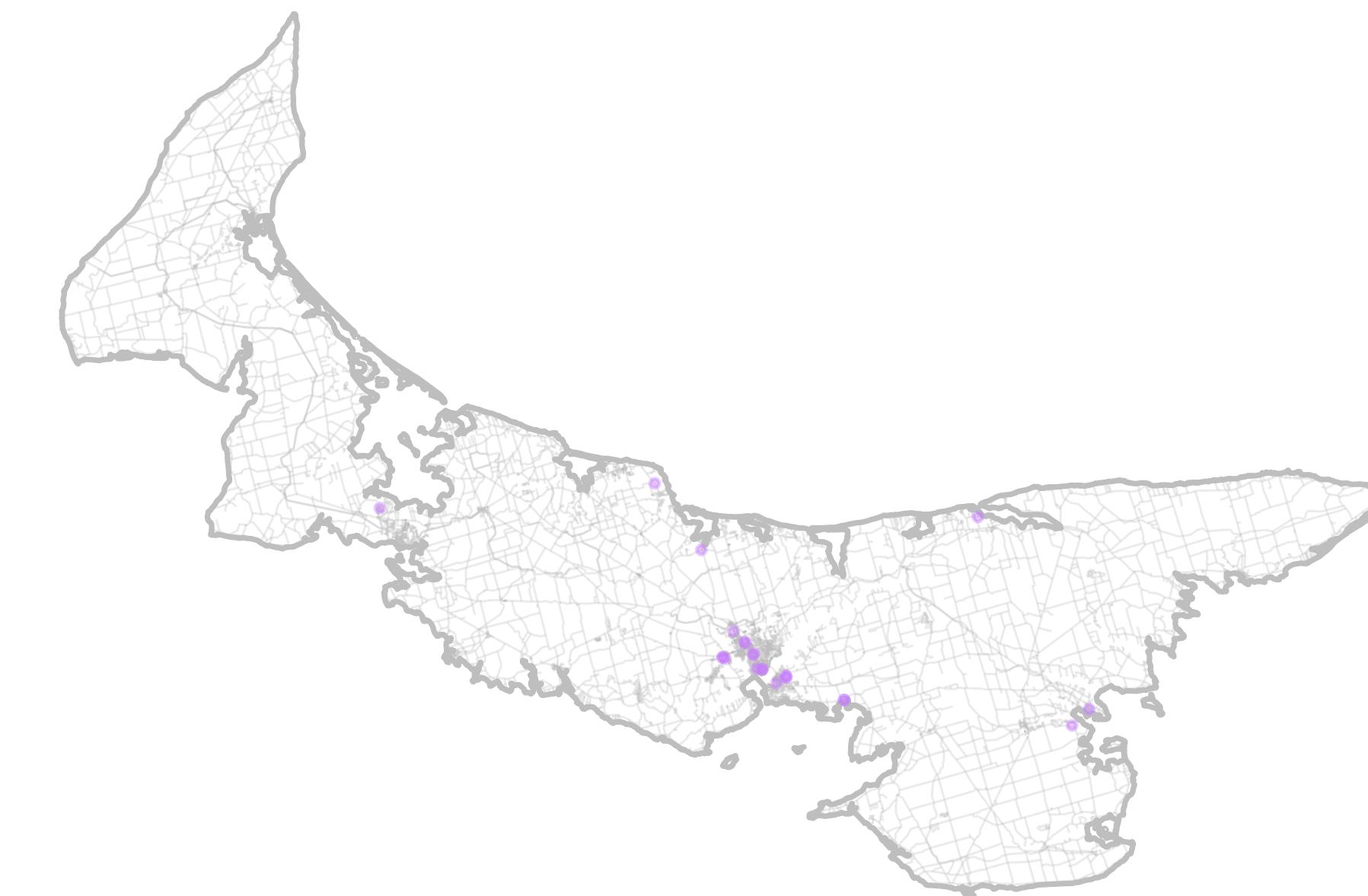
Hotel room



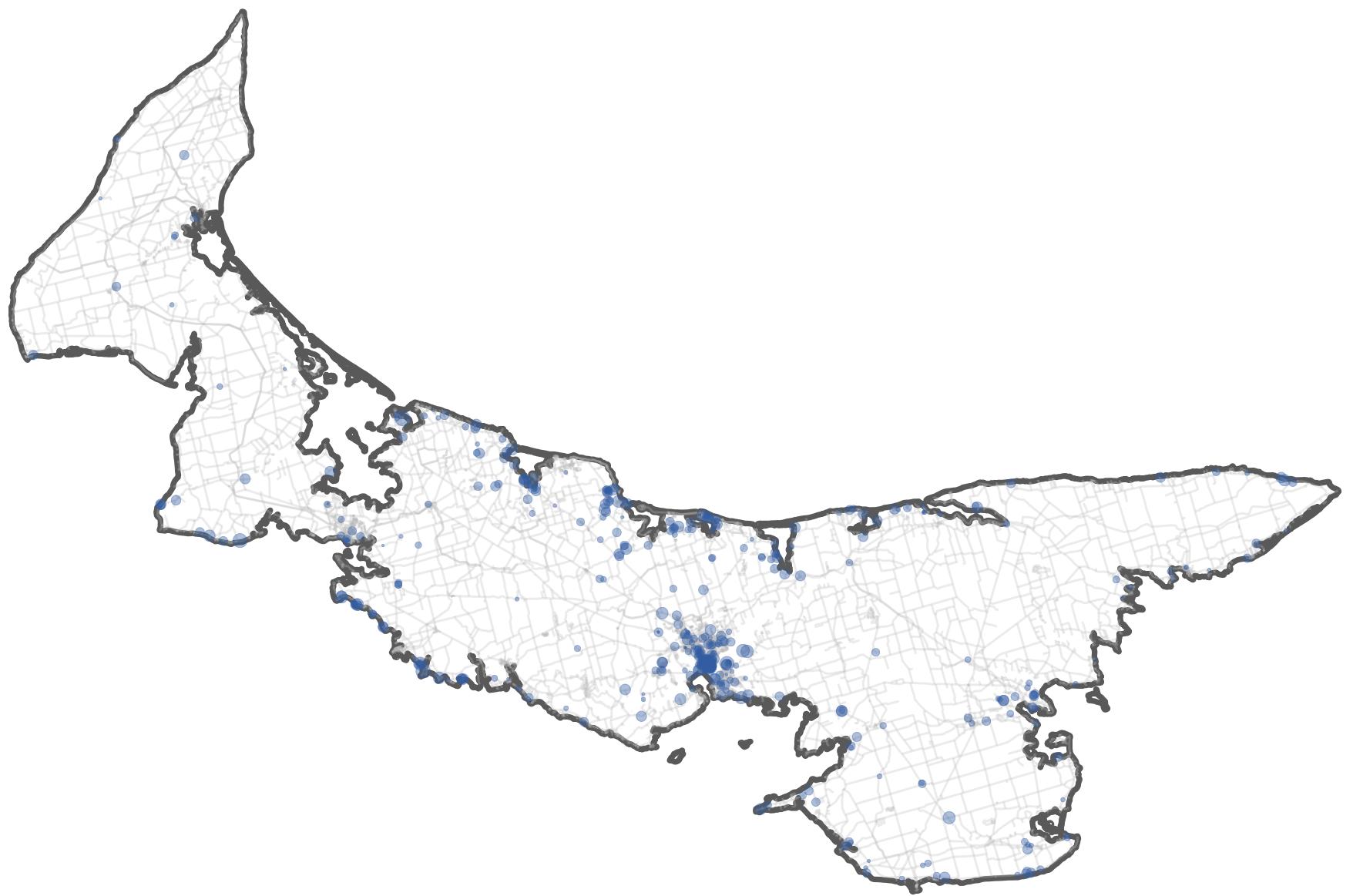
Private room



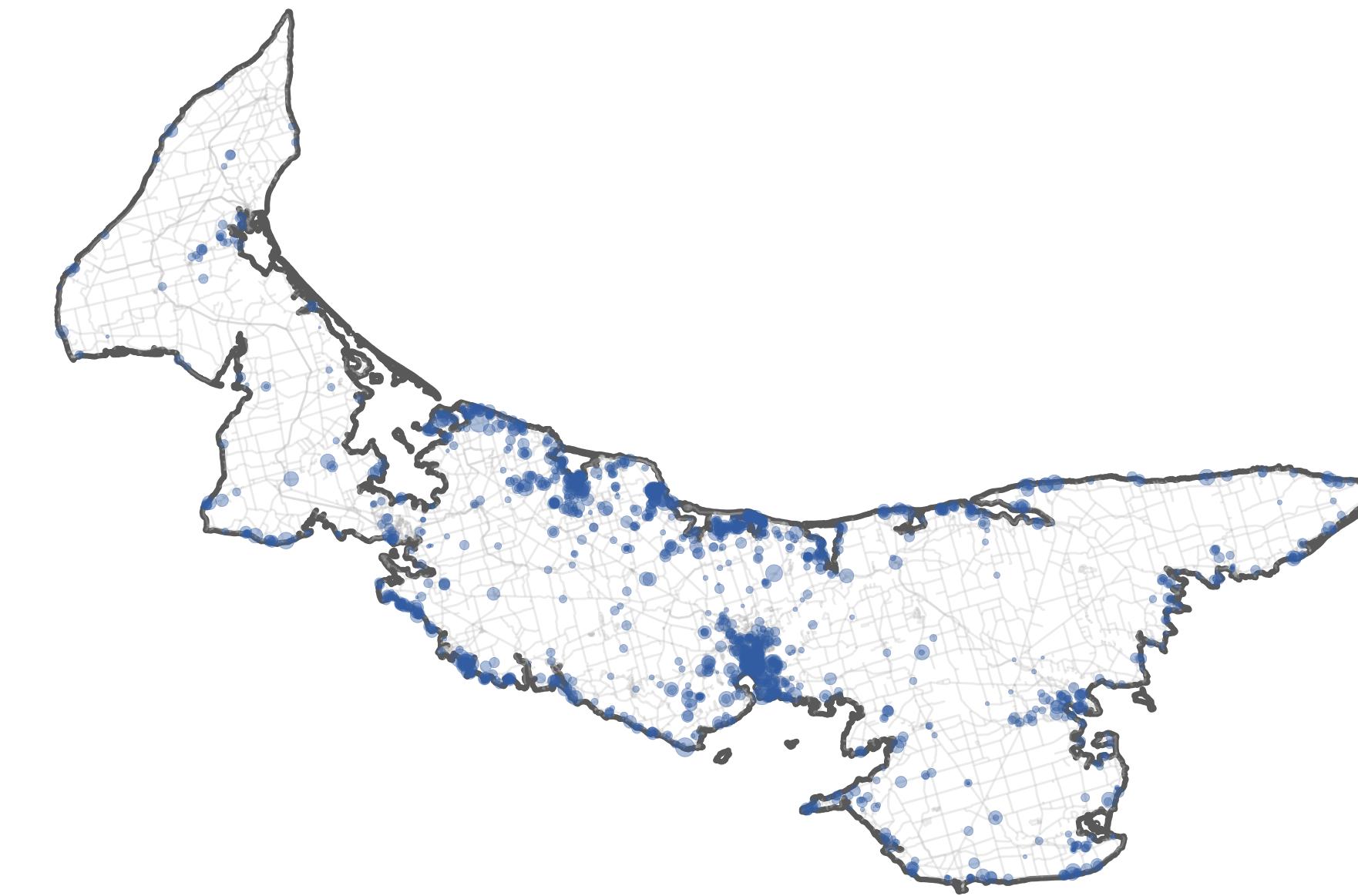
Shared room



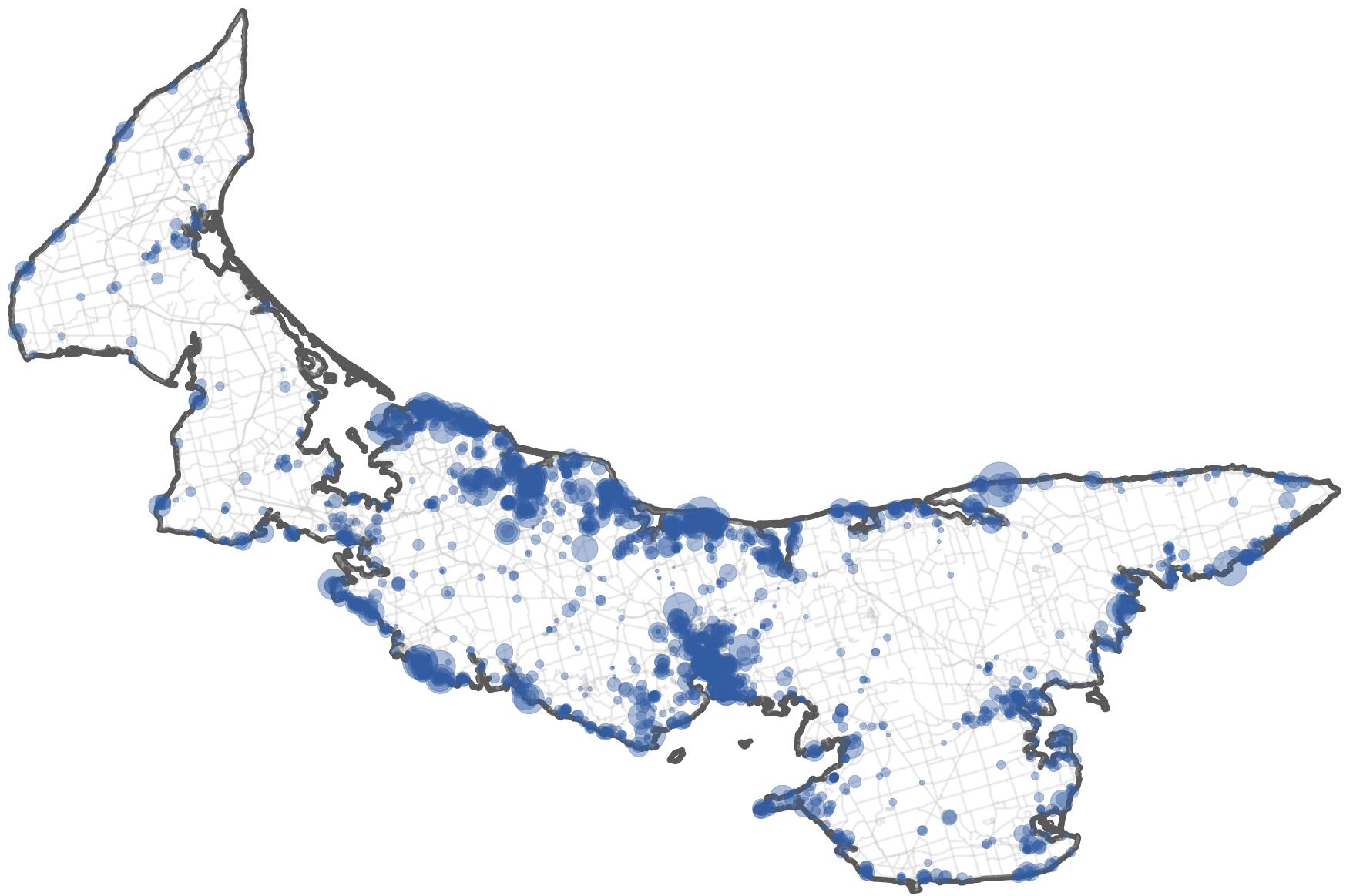
2016



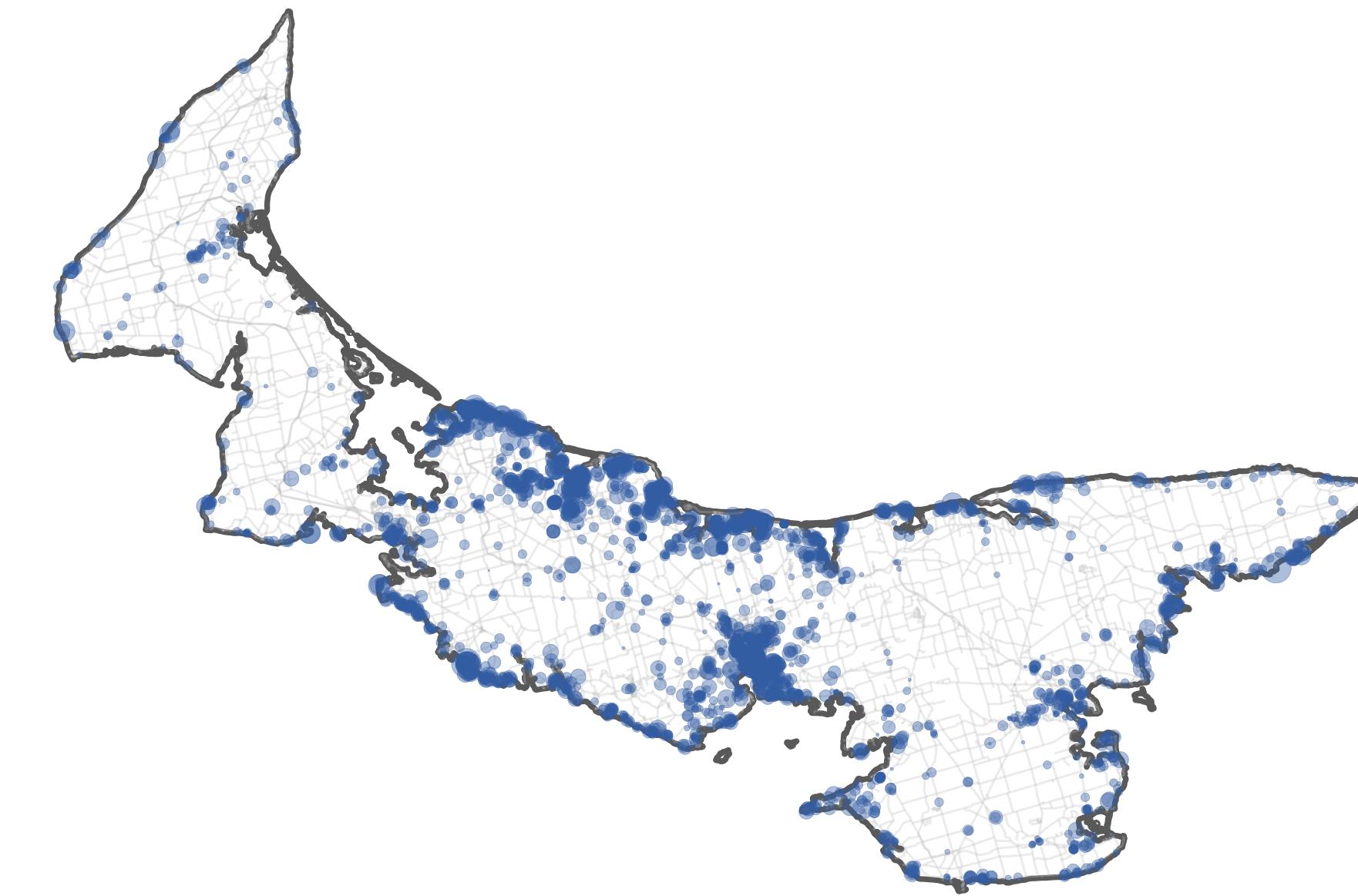
2017

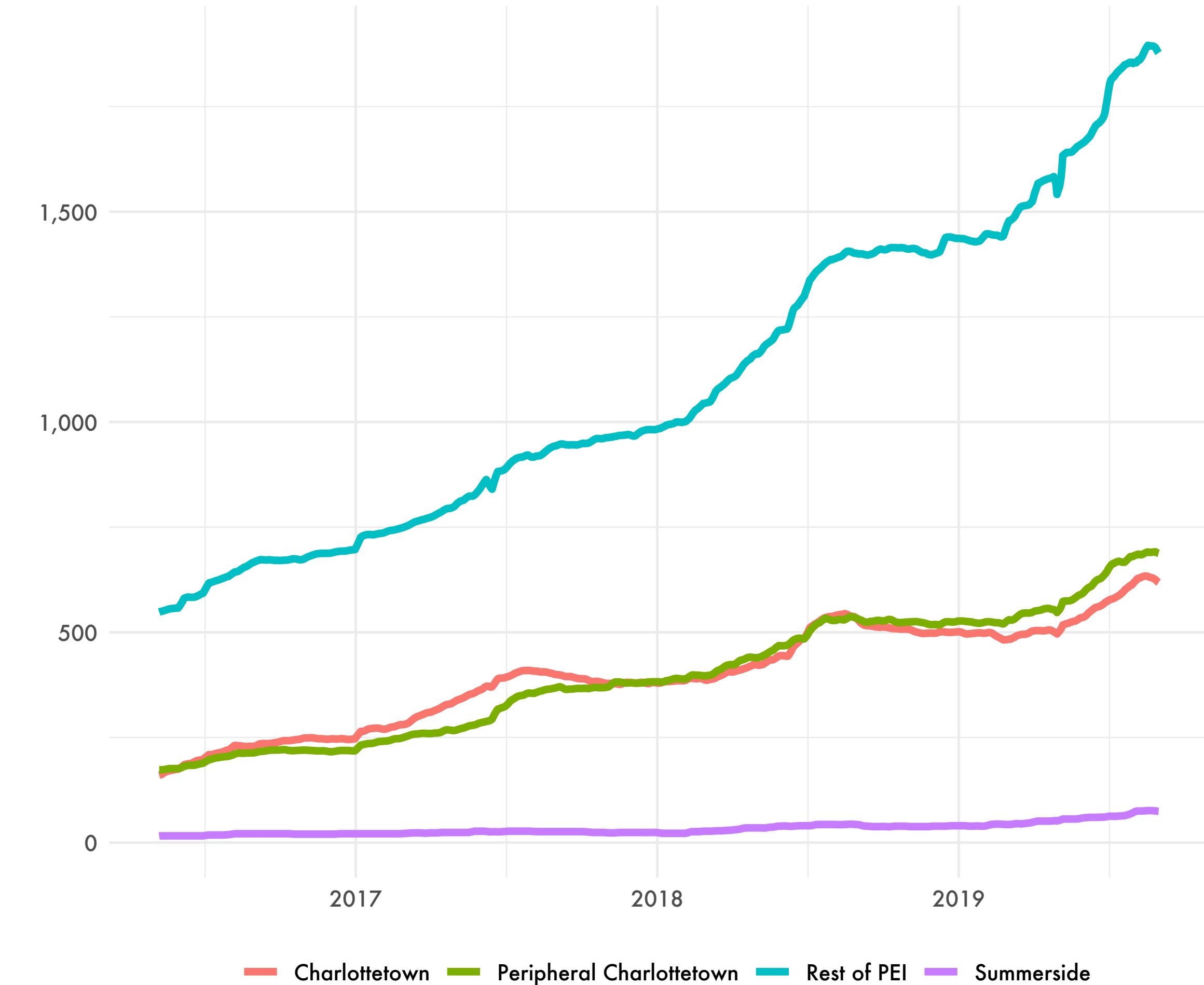
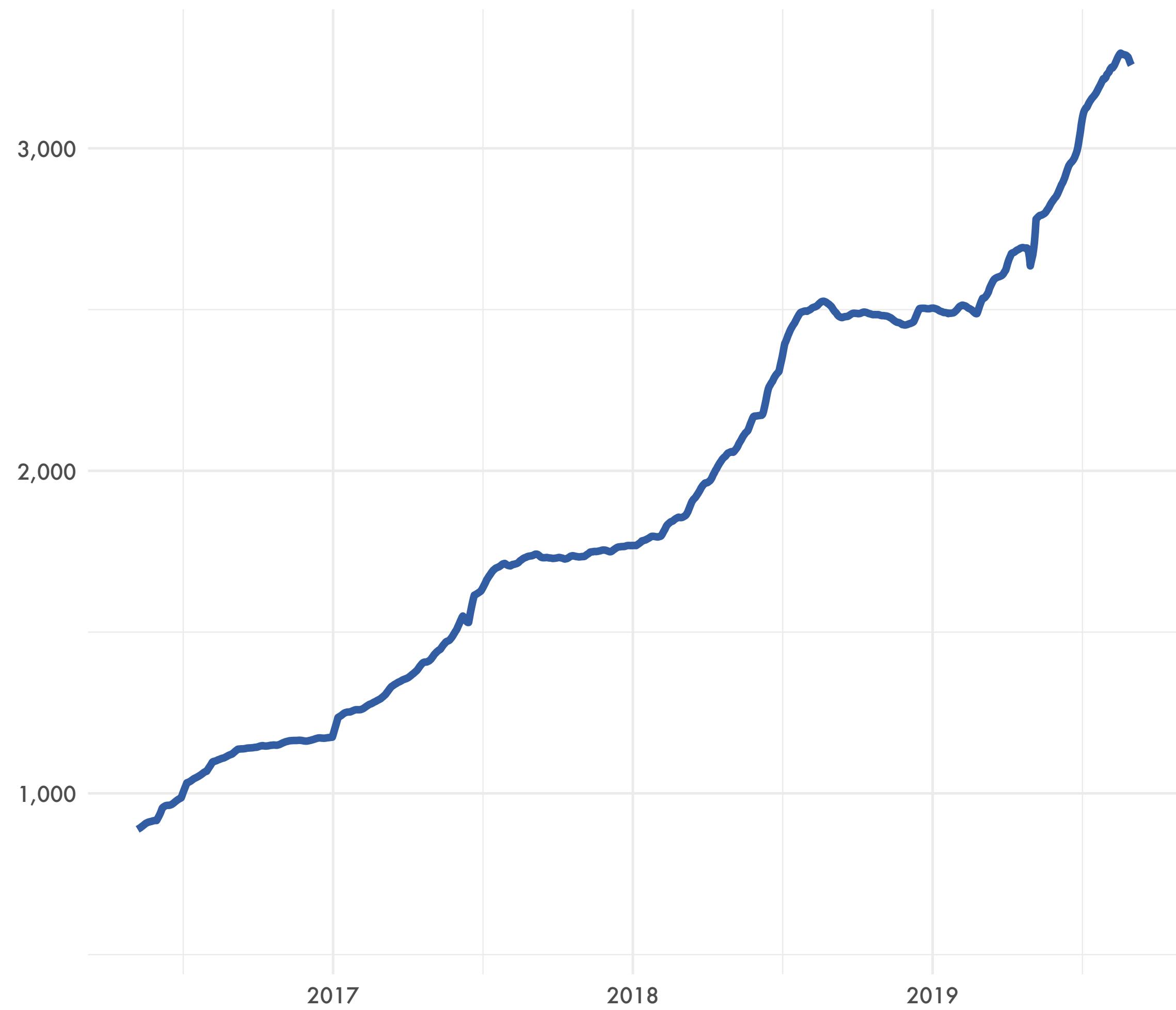


2018

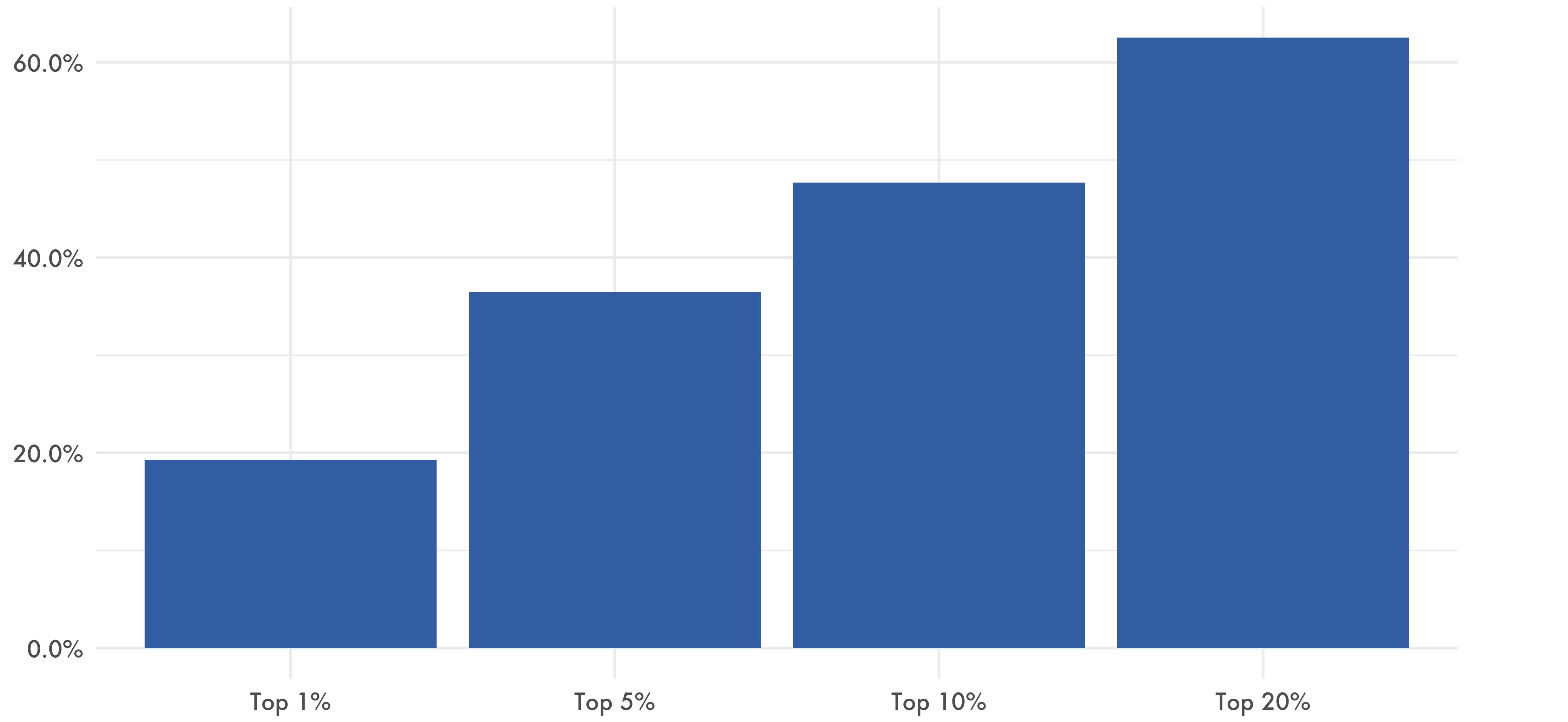


2019





Active listings



Host revenue concentration

Over the past year, 41.6% of STR listings in PEI were commercial operations (run by hosts with multiple listings). This proportion has increased by 50% in three years.

16 hosts had 10 or more listings active in PEI on August 31, 2019. One host had 135 listings.

120 hosts had listings off the island. 37 hosts had listings out of the country. These non-local operators run one in twelve STRs in PEI.

Commercial operators

Housing impacts

1

**How do short-term rentals interact with
housing availability and affordability?**

The basic story

Most short-term rentals are operating out of housing. If they are full-time operations, they take housing off the market. If they are part-time, they increase the economic value of the housing.

Exceptions

If the "housing" isn't really housing, because it wouldn't be used for actual housing otherwise. E.g. some vacation rentals.

Winners and losers

The operators of STRs benefit—home sharers earn some side-income and commercial operators earn more than they would have from a long-term rental.

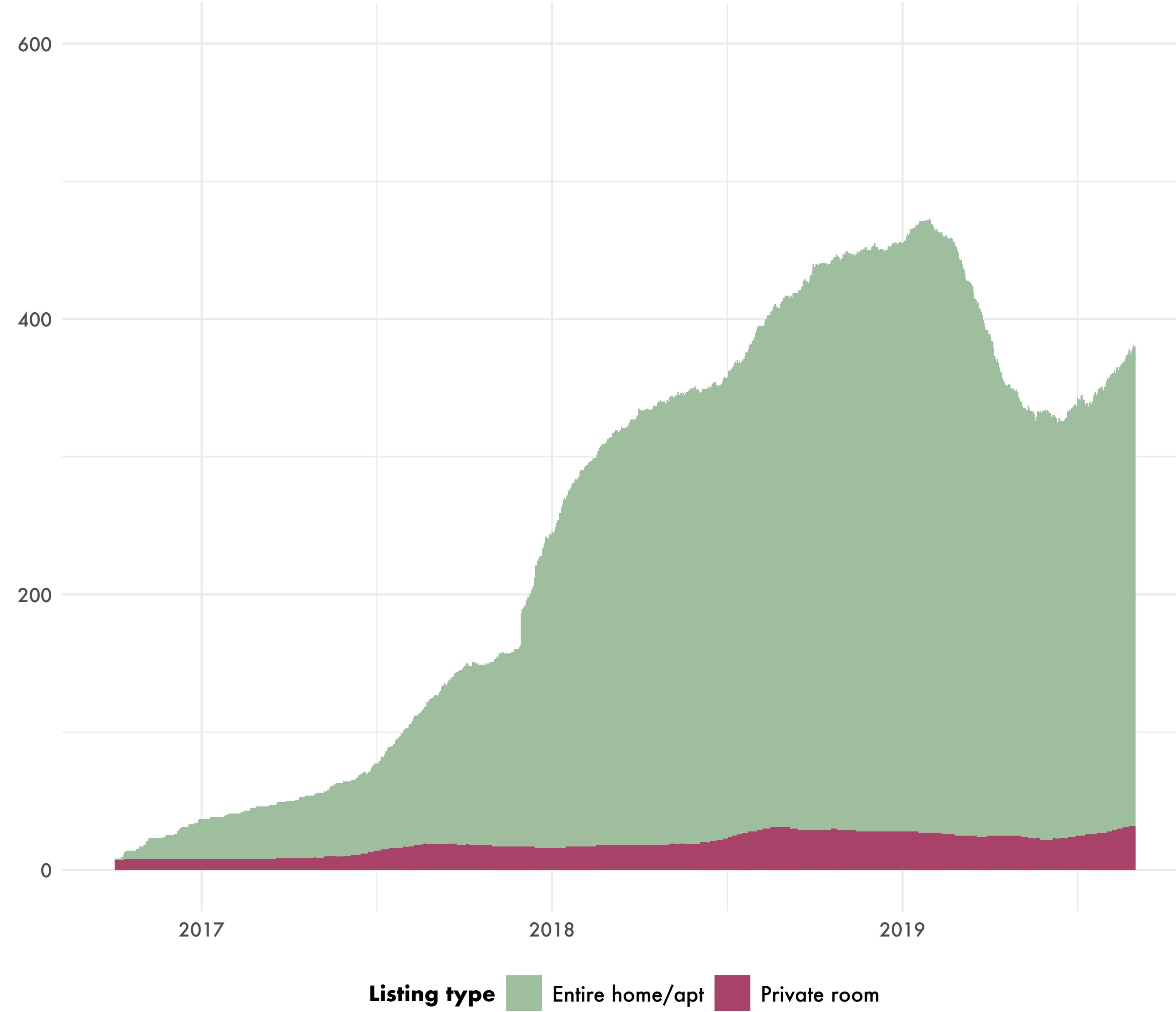
Everybody else pays more for housing.

Empirical evidence from the US

**A 1% increase in Airbnb listings leads to a
0.018% increase in rents and a 0.026%
increase in house prices. (Barron et al. 2019)**

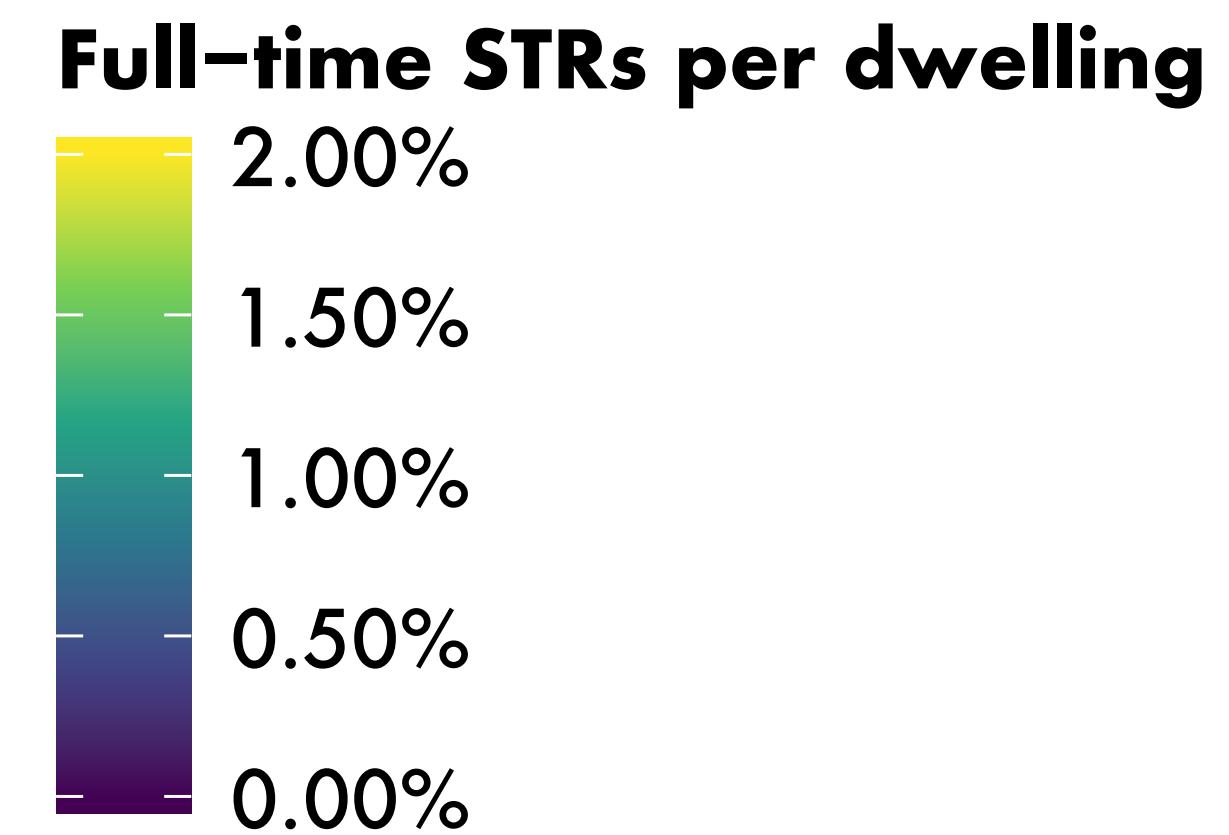
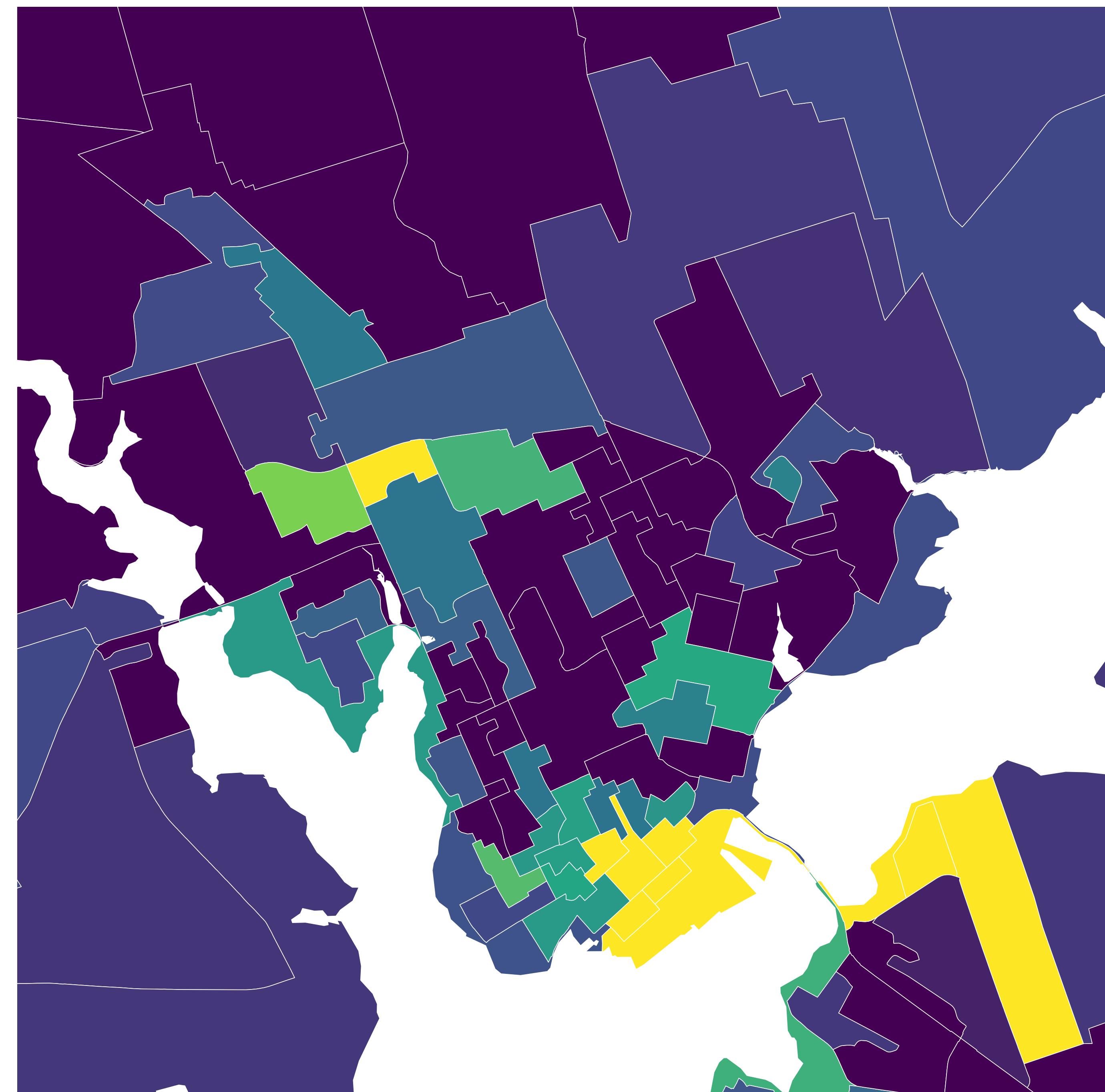
Our estimates

**"Frequently rented entire-home listings":
Available a majority of the year (≥ 183
nights) and booked at least three months
(≥ 90 nights)**



Housing units operating as full-time STRs







The bottom line

STR housing loss is narrowly concentrated, but the effects ripple out into the housing market.

Social dynamics

2

The good and bad about short-term rentals

Strangers staying in our homes

The good and bad about short-term rentals

Strangers staying in our homes

*New social encounters as a tourist **but** Transience in neighbourhoods*

*More convenient for families **but** More convenient for parties*

*Extra money to pay the mortgage/rent **but** More money needed for the mortgage/rent*

**What predicts positive or negative
neighbourhood sentiment toward STRs?**

**What predicts positive or negative
neighbourhood sentiment toward STRs?**

Not the number of STRs!

**What predicts positive or negative
neighbourhood sentiment toward STRs?**

HOUSING VULNERABILITY

Neighbourhoods with...

High numbers of commercial STRs

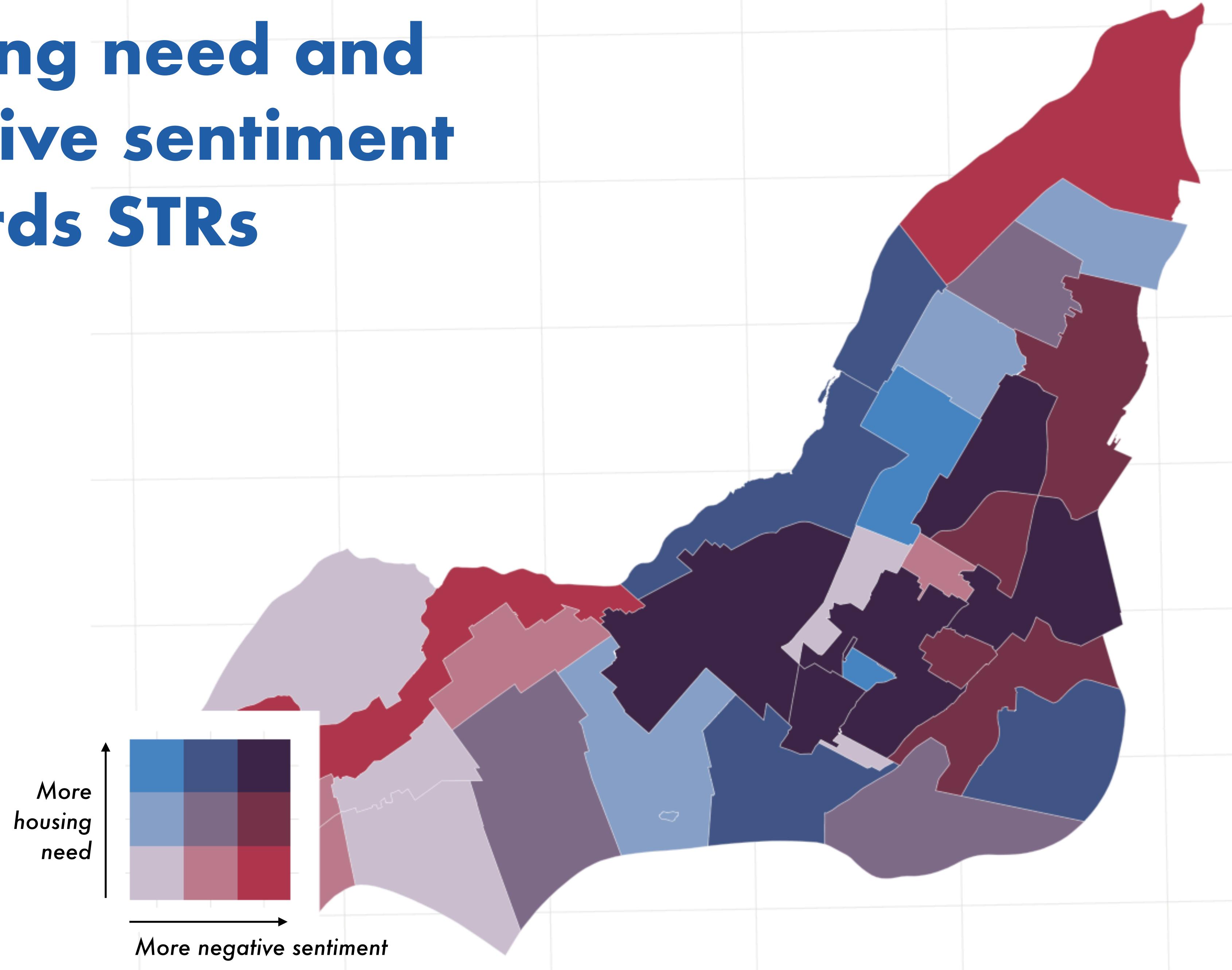
Unaffordable housing

High numbers of renters

High numbers of newcomers

...tend to be negatively disposed to STRs

Housing need and negative sentiment towards STRs



The bottom line

**Communities don't object to STRs,
they object to STRs making their
housing situation worse.**

Policy options

3

Should cities regulate STRs?

Can cities regulate STRs?

How should cities regulate STRs?

Should cities regulate STRs?

Can cities regulate STRs?

How should cities regulate STRs?

DATA???????



Search

Become a host

Help

Sign up

Log in



ENTIRE FLAT

Gorgeous Sunny Studio step away from Central Park

New York

2 guests Studio 1 bed 1 bath



LiLy

\$177 per night

★★★★★ 21

Dates

23-11-2018

→ 27-11-2018

Guests

1 guest

HOME HIGHLIGHTS

Great check-in experience · 100% of recent guests gave this home's



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★★★★★ 21

Dates

23-11-2018

→ 27-11-2018

Guests

1 guest

2 night minimum stay · Updated 1 day ago

[Clear dates](#)

??????

21 Reviews Search reviews

Accuracy

Location

Communication

Check-in

\$177 per night

21

Dates

23-11-2018 → 27-11-2018

Guests

1 guest

\$177 x 4 nights ⓘ \$709

Cleaning fee ⓘ \$30

Service fee ⓘ \$114

Total \$853**Book**

You won't be charged yet

People are eyeing this place.

12 others are looking at it for these dates.



[Read more about the neighbourhood](#) ▾

Exact location information is provided after a booking is confirmed.

Policies

House Rules

\$177 per night

★★★★★ 21

Dates

23-11-2018

→ 27-11-2018

Guests

1 guest

\$177 x 4 nights ?

\$709

Cleaning fee ?

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Service fee ?

\$114

Total

\$853

Book

You won't be charged yet

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12 others are looking at it for these dates.



Hosts are anonymous.

Calendars are hidden.

Locations are obfuscated.

“Cities have to let go of the dream that they have control over these platforms, because that’s not the world we live in anymore.”

Arun Sundararajan, NYU

“Enforcement is so problematic. Let’s say you said you could rent it out 30 days in a given year; in order to actually determine that someone is not complying, you have to send an inspector on 31 separate days to verify that.... It’s just unenforceable. The ability to profit from it is too great.”

Manhattan non-profit director

Ban or limit on entire-home rentals
(Barcelona, Berlin, New York)

Annual cap on nights booked
(Amsterdam, London)

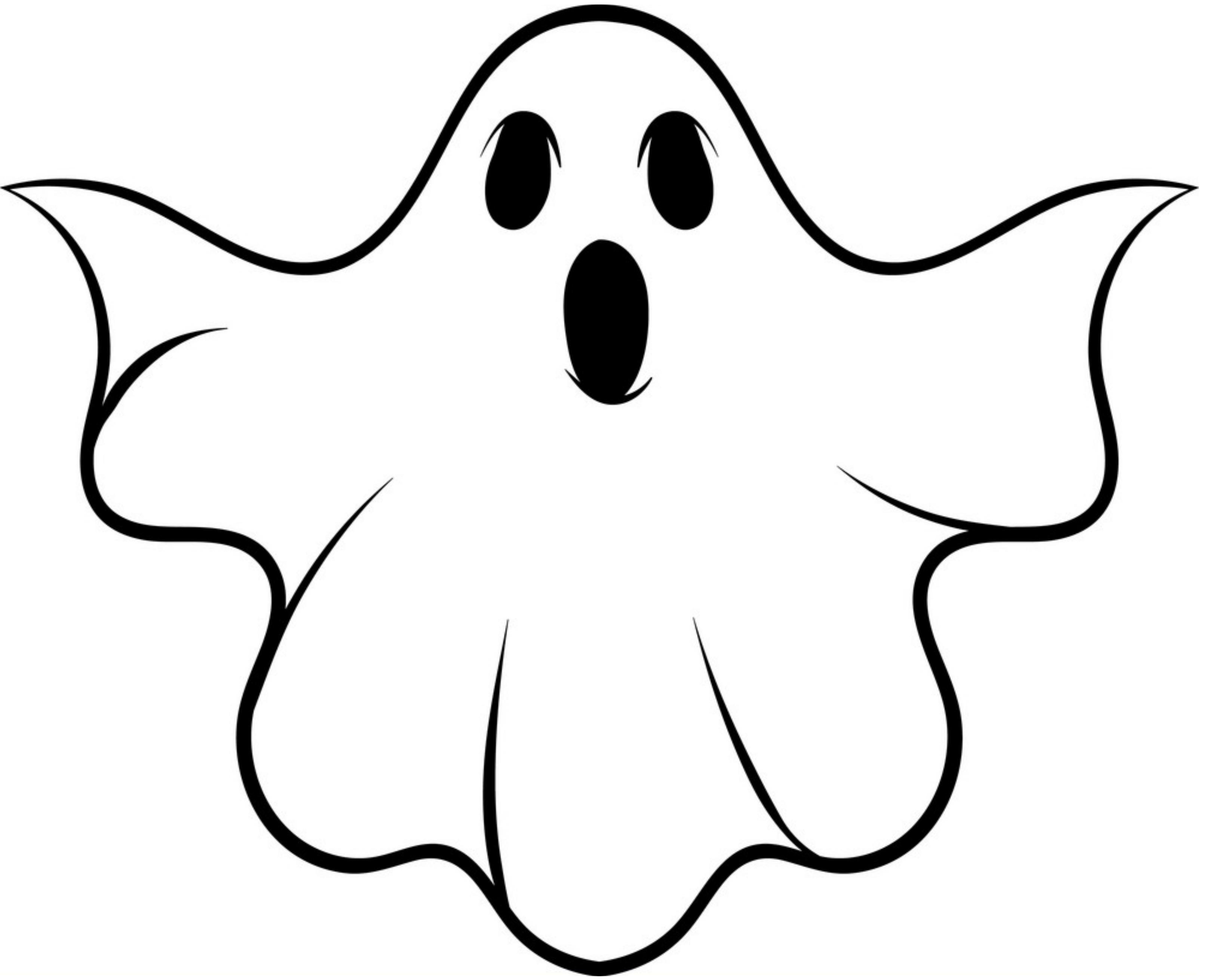
STRs restricted to primary residence
(Toronto, Vancouver)

Mandatory host registration
(Barcelona, San Francisco, Toronto, Vancouver)

Data as the key to STR regulation

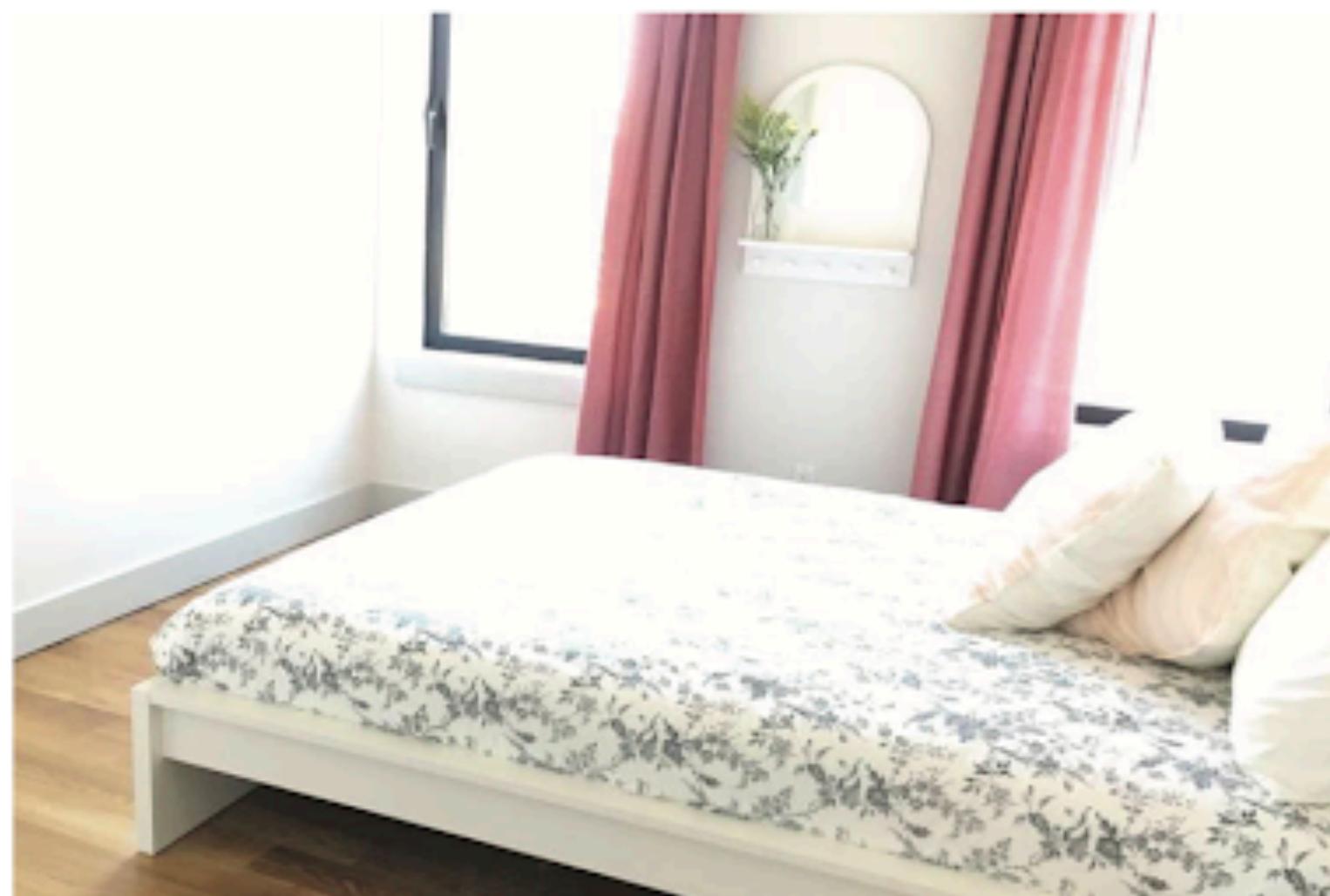
The most important constraint on local regulation of short-term rentals is the lack of data.

Two brief examples....



**Ghost
hostels**

**A key assumption of STR regulation is
that entire-home listings are the problem.**



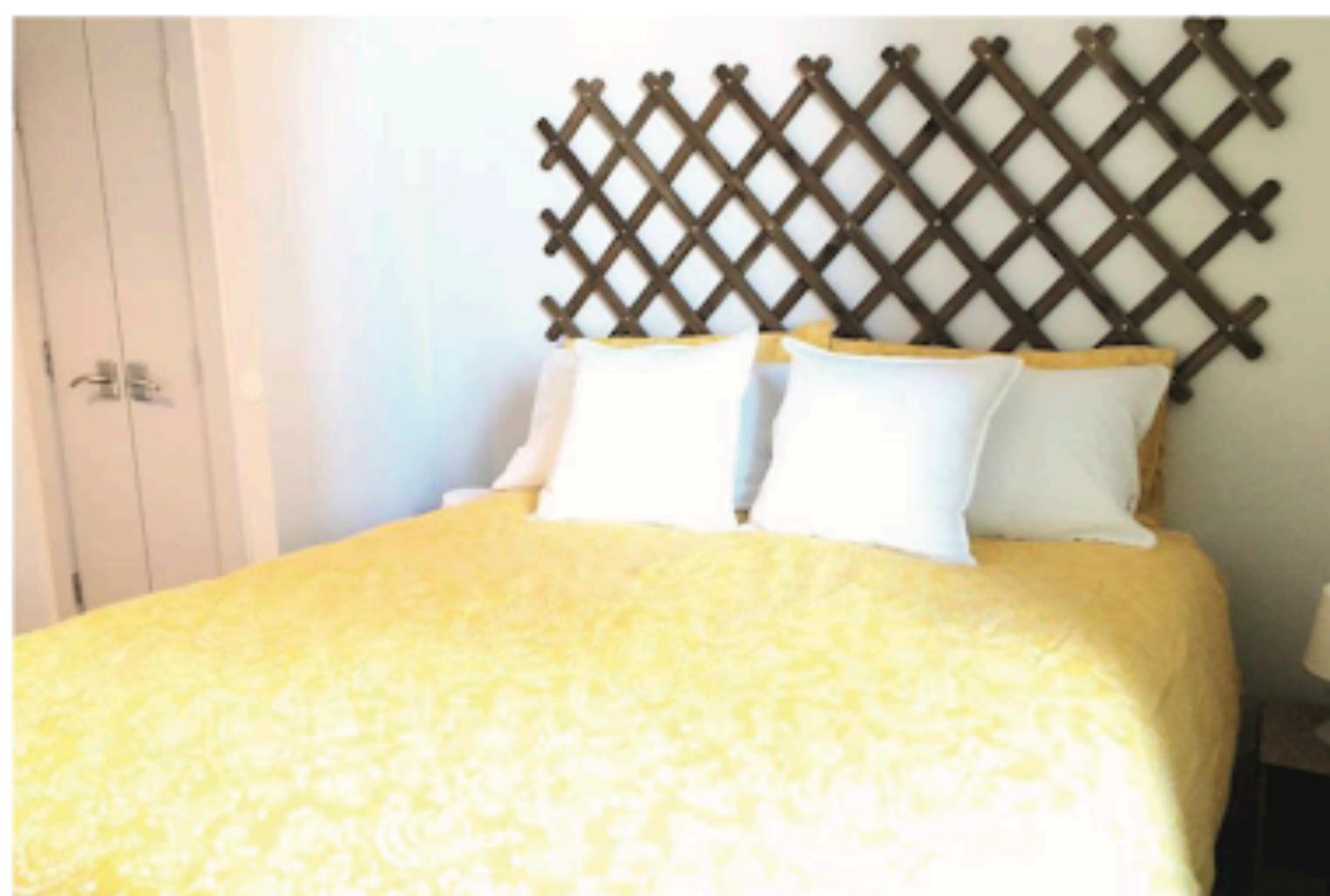
Private “dreamy” room in Williamsburg’s center



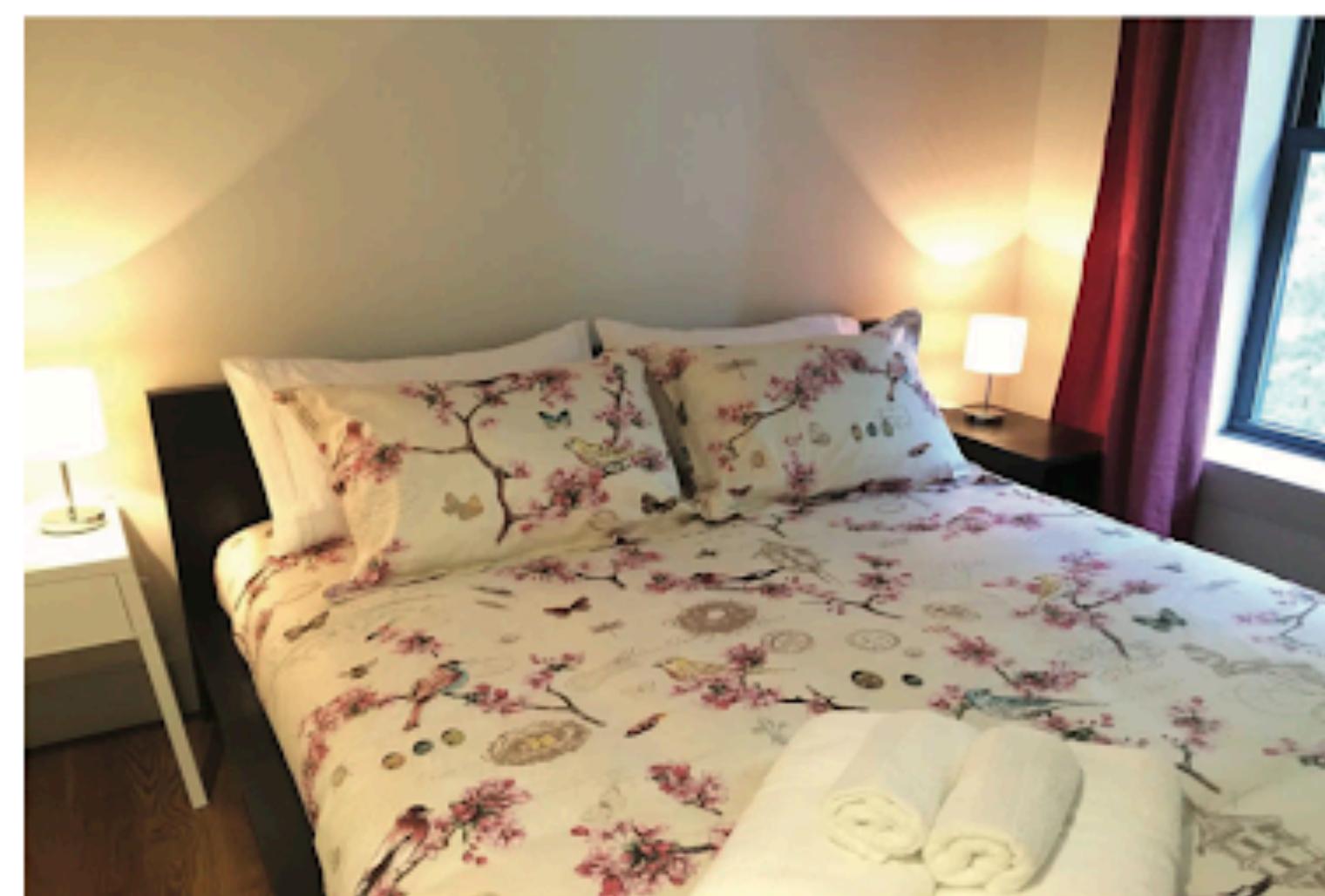
Stay in the “Golden” room



Private executive room - Williamsburg - explore NY!



Private “country” Room - Central Williamsburg



Peaceful private bedroom in Wburg



Great private room in center of W!



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Ghost hostels



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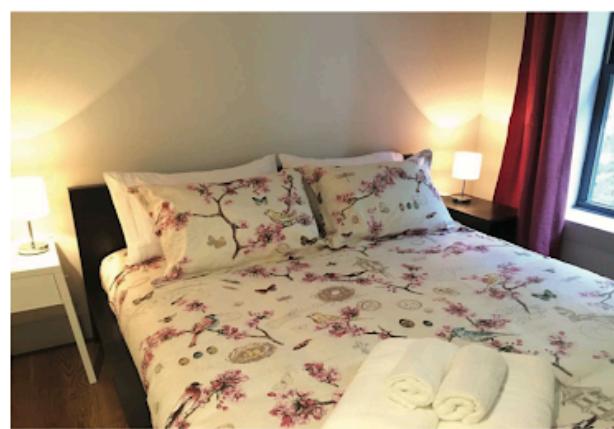
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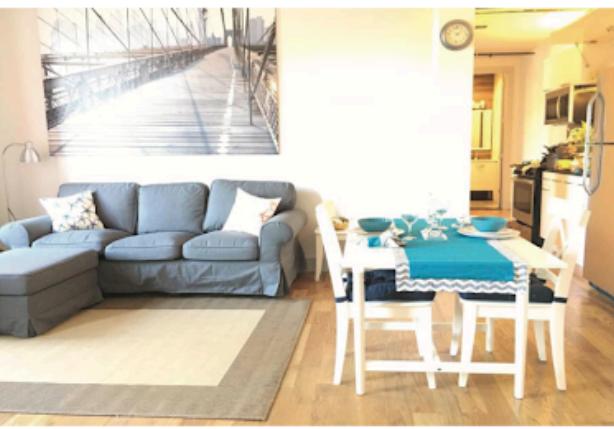
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Peaceful private bedroom in Wburg



Great private room in center of W!

"This is made to look like a couple sharing their home on Airbnb, but it's actually more like a hostel run by multiple people. Very misleading listing.

There are like 20ish tiny rooms and you can hear people snoring and cleaning and such....

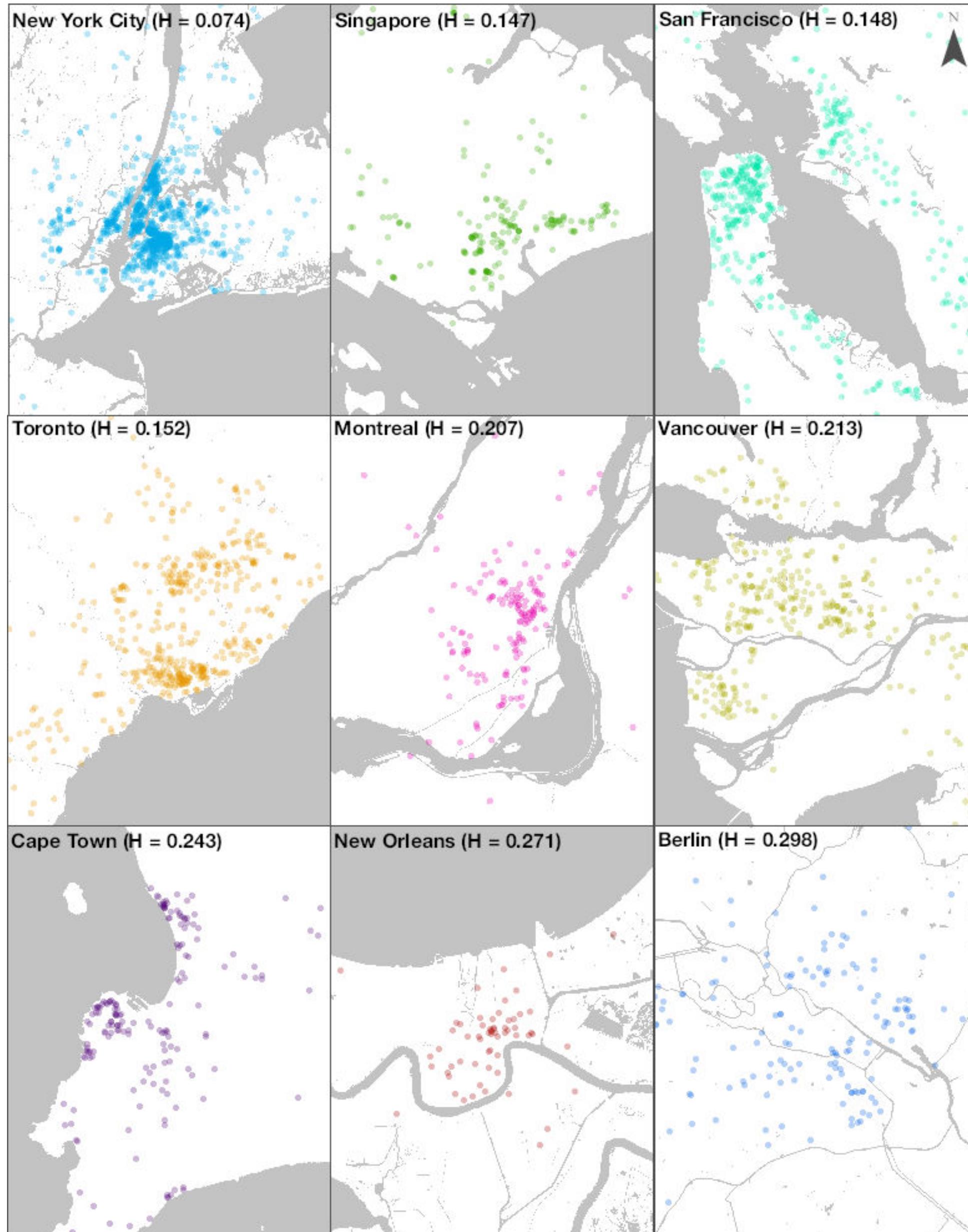
For those who believe every small room is "private", it's actually not. On my check in, I was given room keys for room 116, but my room was 115, but my key still worked for room 115.... The door key to every single "room" is the same."

Guest review of a ghost hotel

Ghost hostels

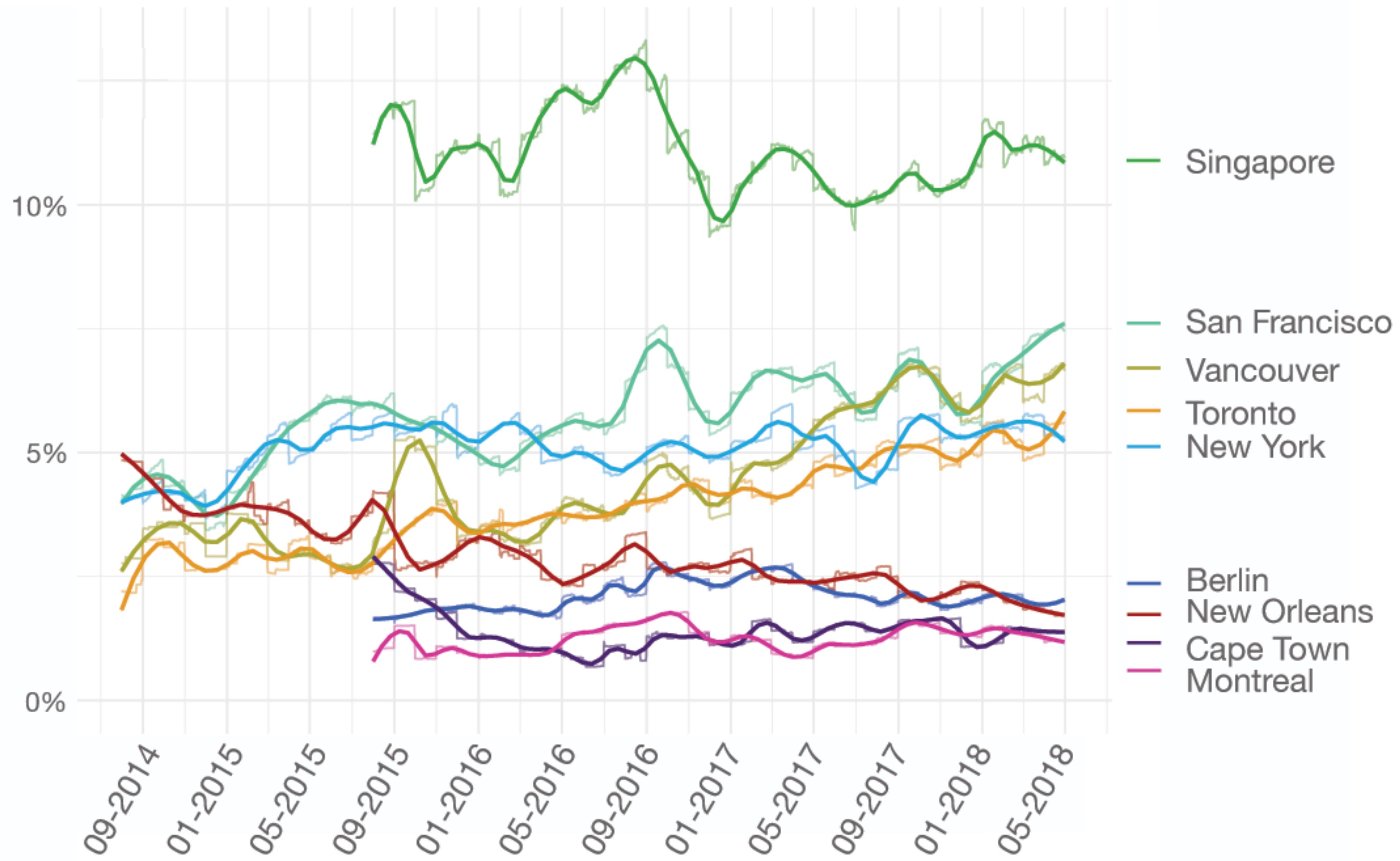
Ghost hostels





City or region	Ghost hostels on 30 April 2018	Annual growth rate	Annual growth rate of all PR listings
Berlin	156	8.1%	20.6%
Cape Town	191	62.8%	52.5%
Montreal	178	31.4%	20.9%
New Orleans	68	23.6%	1.4%
New York	1,281	17.9%	12.7%
San Francisco	490	24.0%	7.3%
Singapore	211	20.6%	17.4%
Toronto	515	67.8%	36.2%
Vancouver	356	49.9%	31.0%

% of monthly revenue in ghost hotels



City	Avg. ghost-hostel distance to tourism centre	Avg. other private-room distance to tourism centre	Avg. entire-home distance to tourism centre
New York	18.3 km	13.5 km	26.2 km
New York City	8.8 km	7.5 km	5.9 km
Toronto	14.2 km	12.8 km	8.2 km

Compared to entire homes and other private rooms, ghost hostels...

City	Entire homes	Entire ghost hostels	Private rooms	Individual GH rooms
<i>Median price per night</i>				
New York	\$190	\$240	\$70	\$60
New York City	\$170	\$240	\$70	\$70
Toronto	\$120	\$160	\$50	\$40
<i>Median annual revenue</i>				
New York	\$14,000	\$20,400	\$3,700	\$5,900
New York City	\$12,200	\$21,400	\$3,700	\$6,500
Toronto	\$7,600	\$10,500	\$2,300	\$2,900
<i>Median nights booked per year</i>				
New York	76	81	51	90
New York City	70	89	52	98
Toronto	80	67	49	69

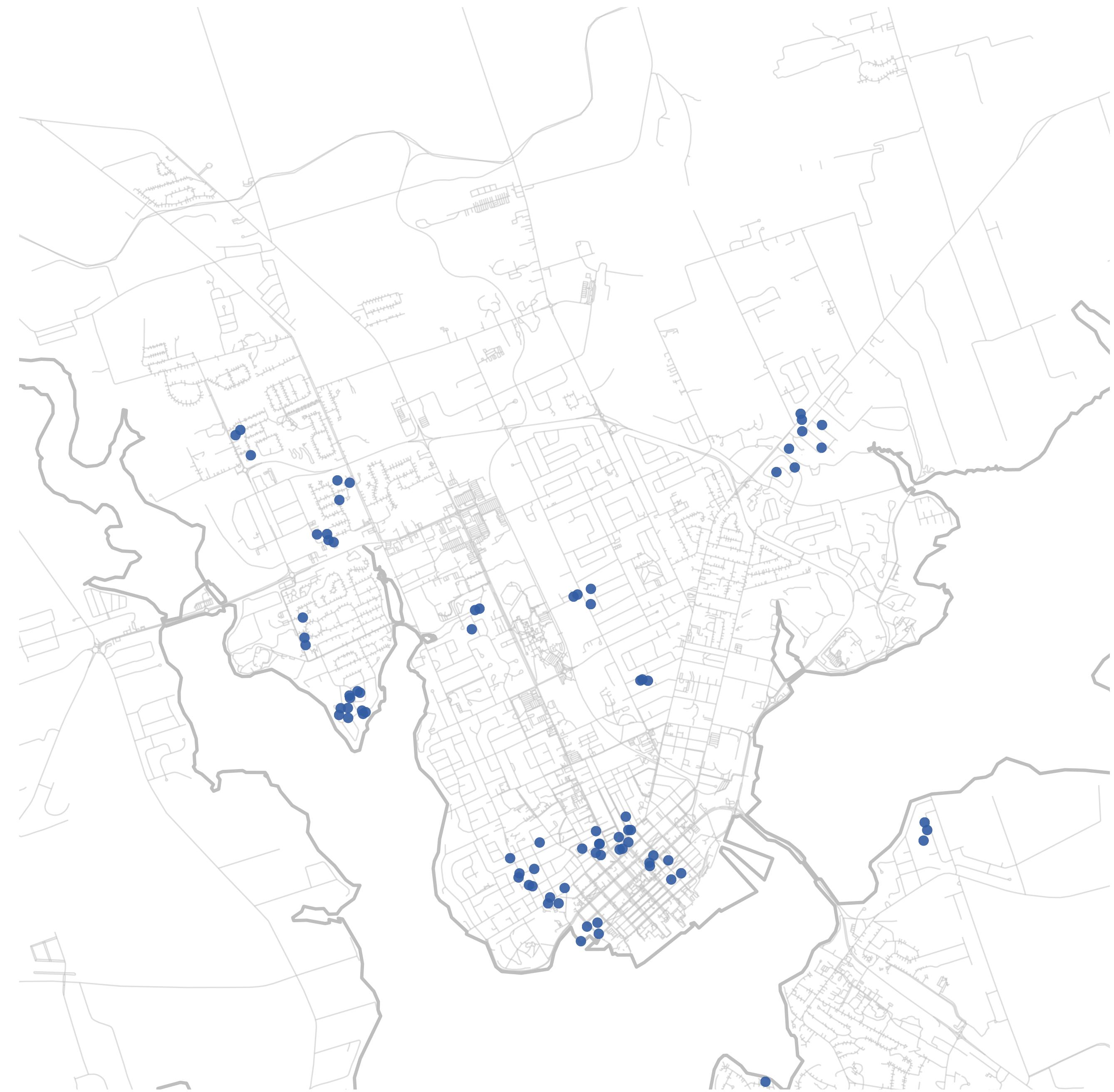
are further from the city centre...

and charge less per night...

but earn more money!

Ghost hostels

Ghost hostels are a significant but “invisible” segment of the commercial short-term rental market, with their own spatial and performance dynamics.





**Do we actually know what
we think we know about
regulation?**

BIZ & TECH // BUSINESS

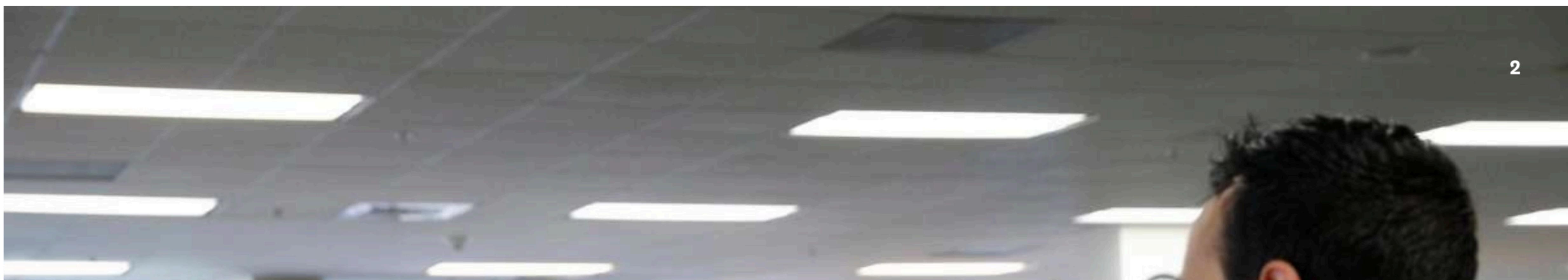
Airbnb loses thousands of hosts in SF as registration rules kick in

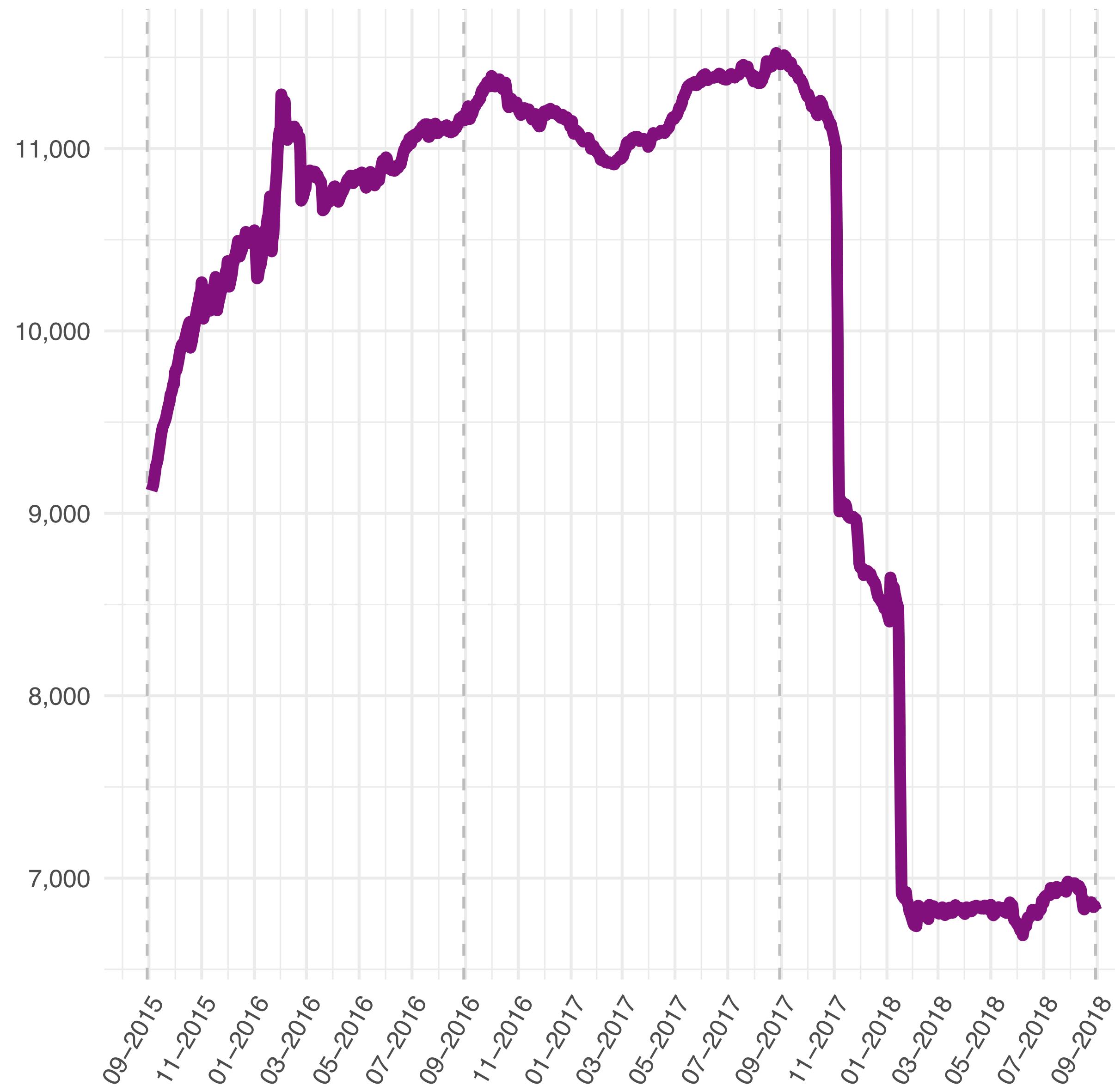


Carolyn Said

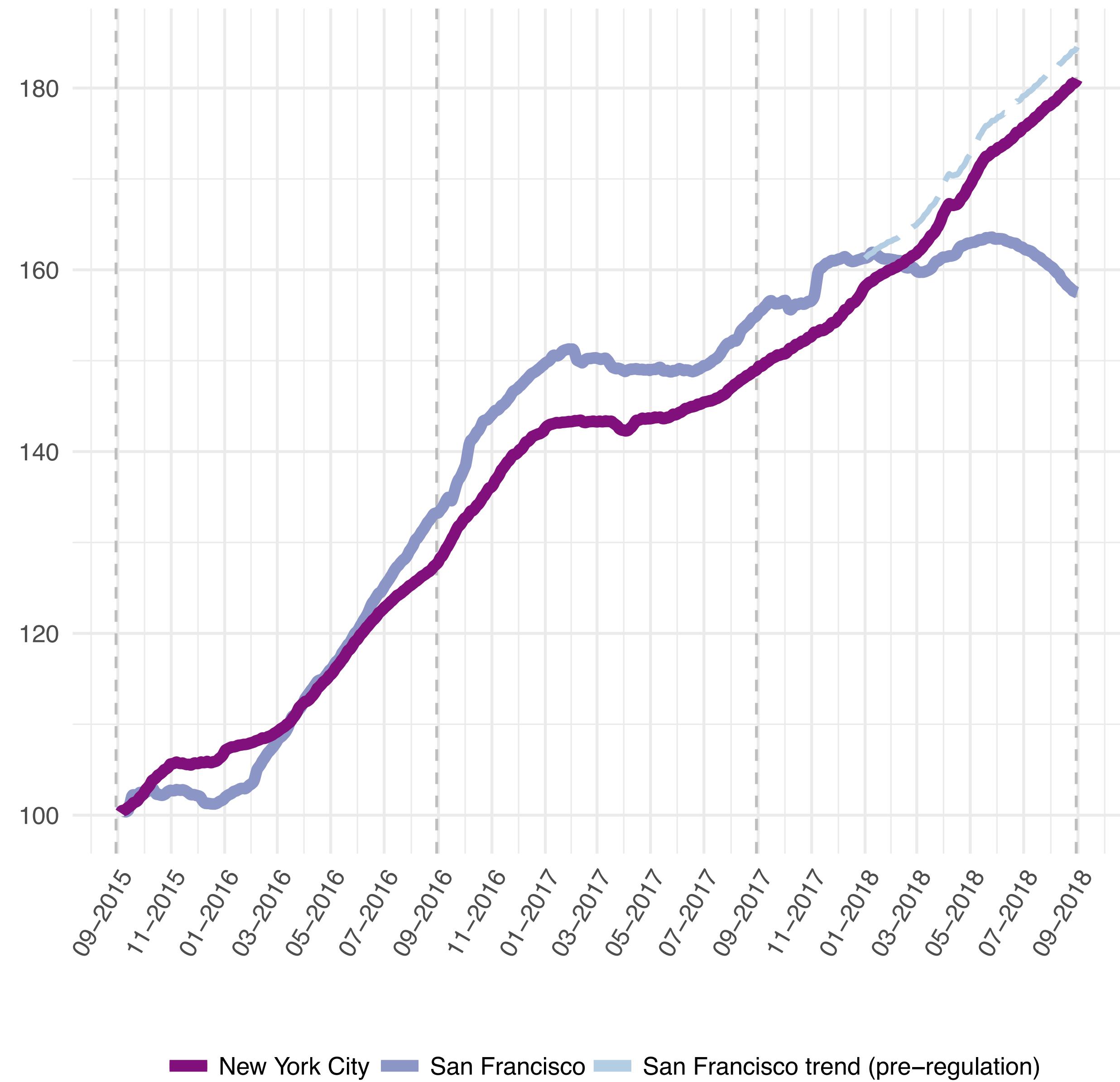
Jan. 14, 2018 | Updated: Jan. 14, 2018 6 a.m.

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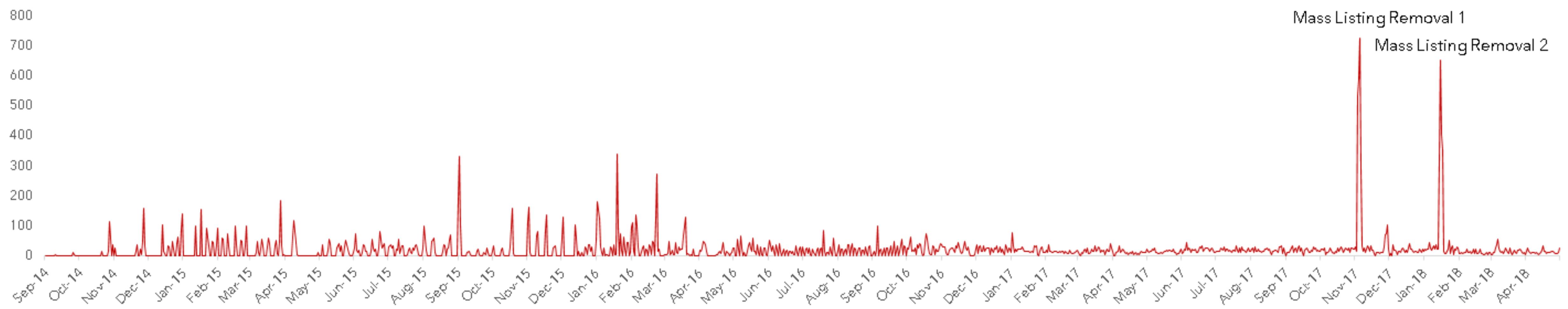


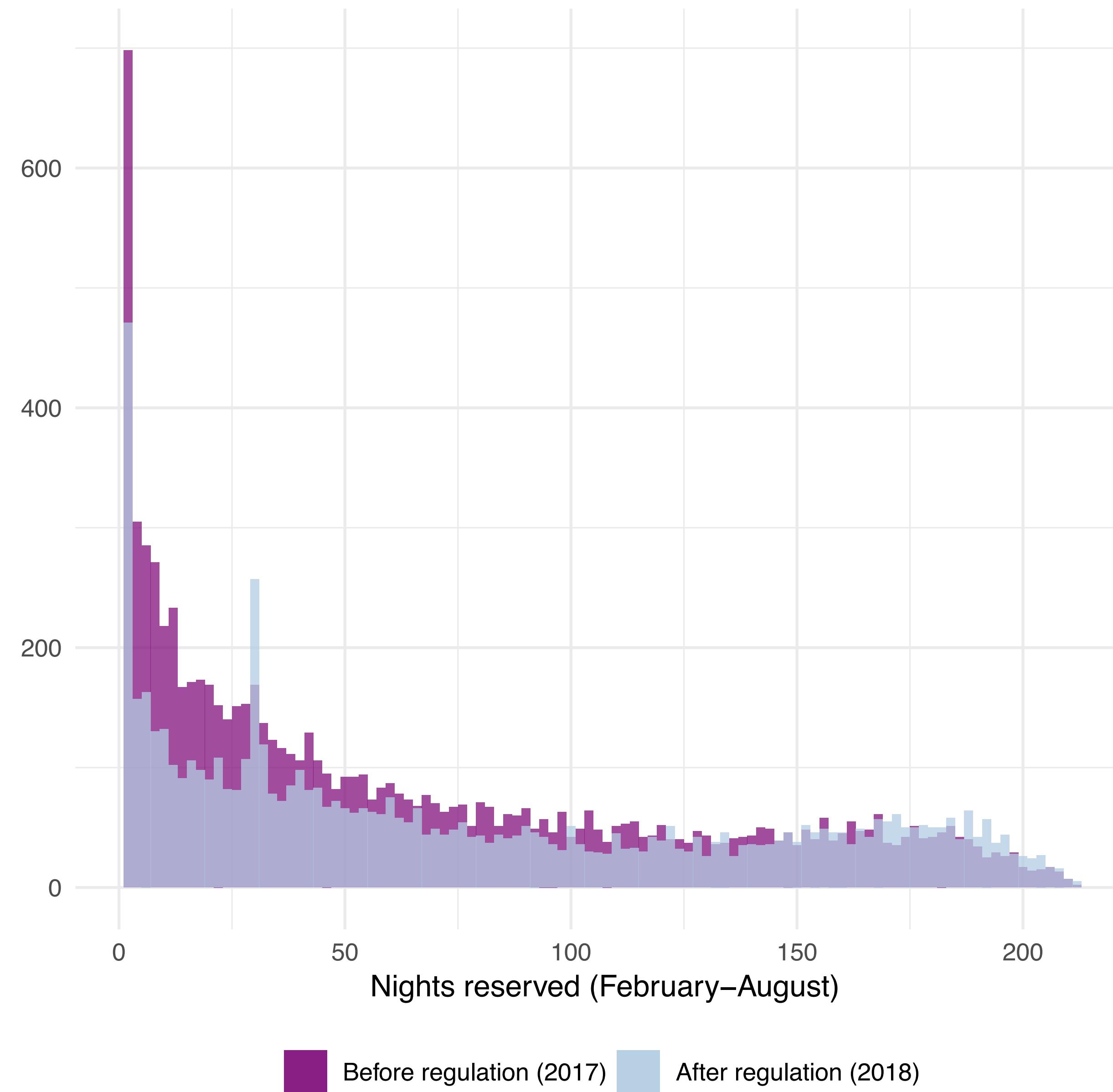


**Active daily
listings
dropped 42%
in San
Francisco.**

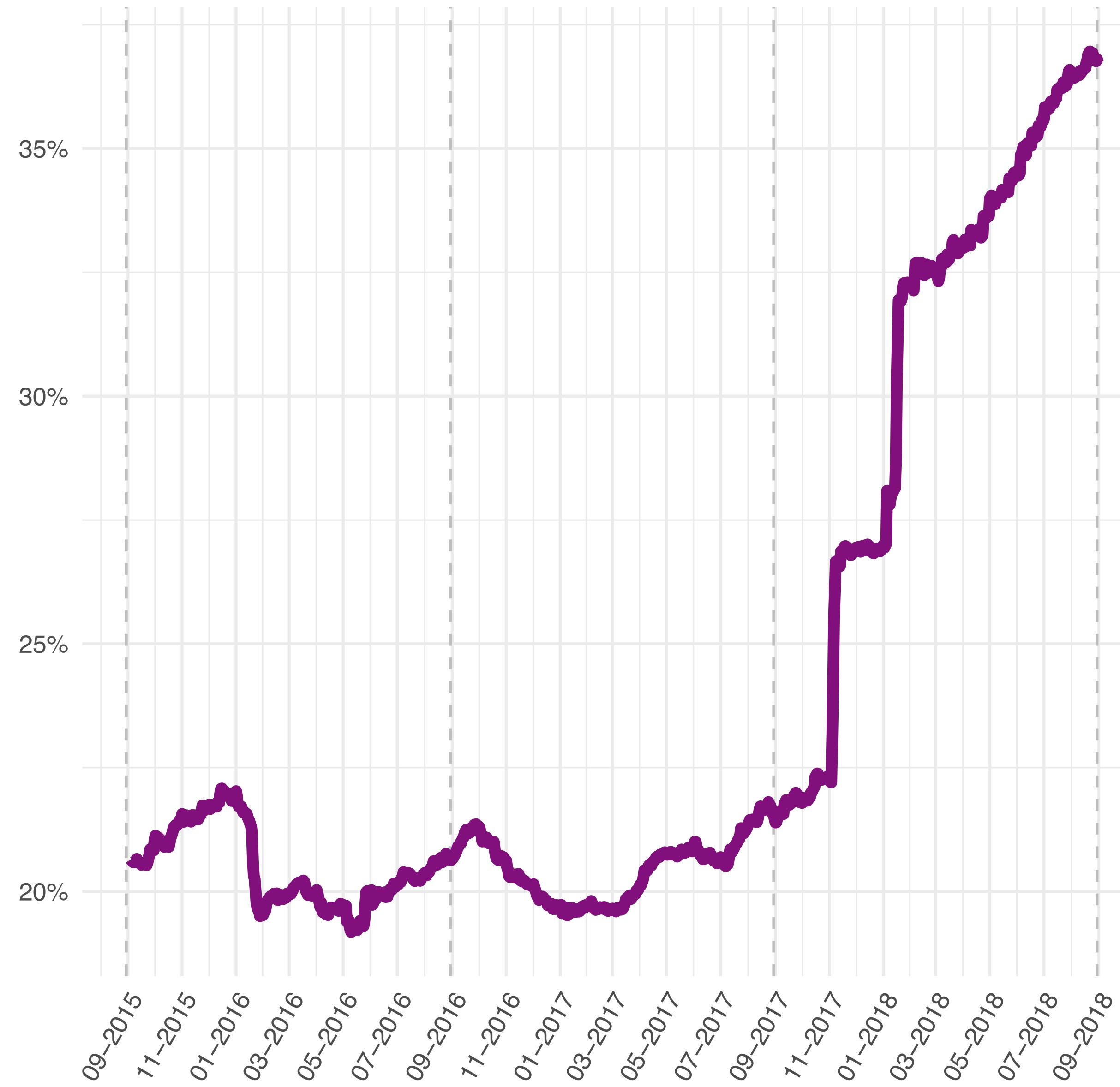


**Host revenue
dropped
15%.**

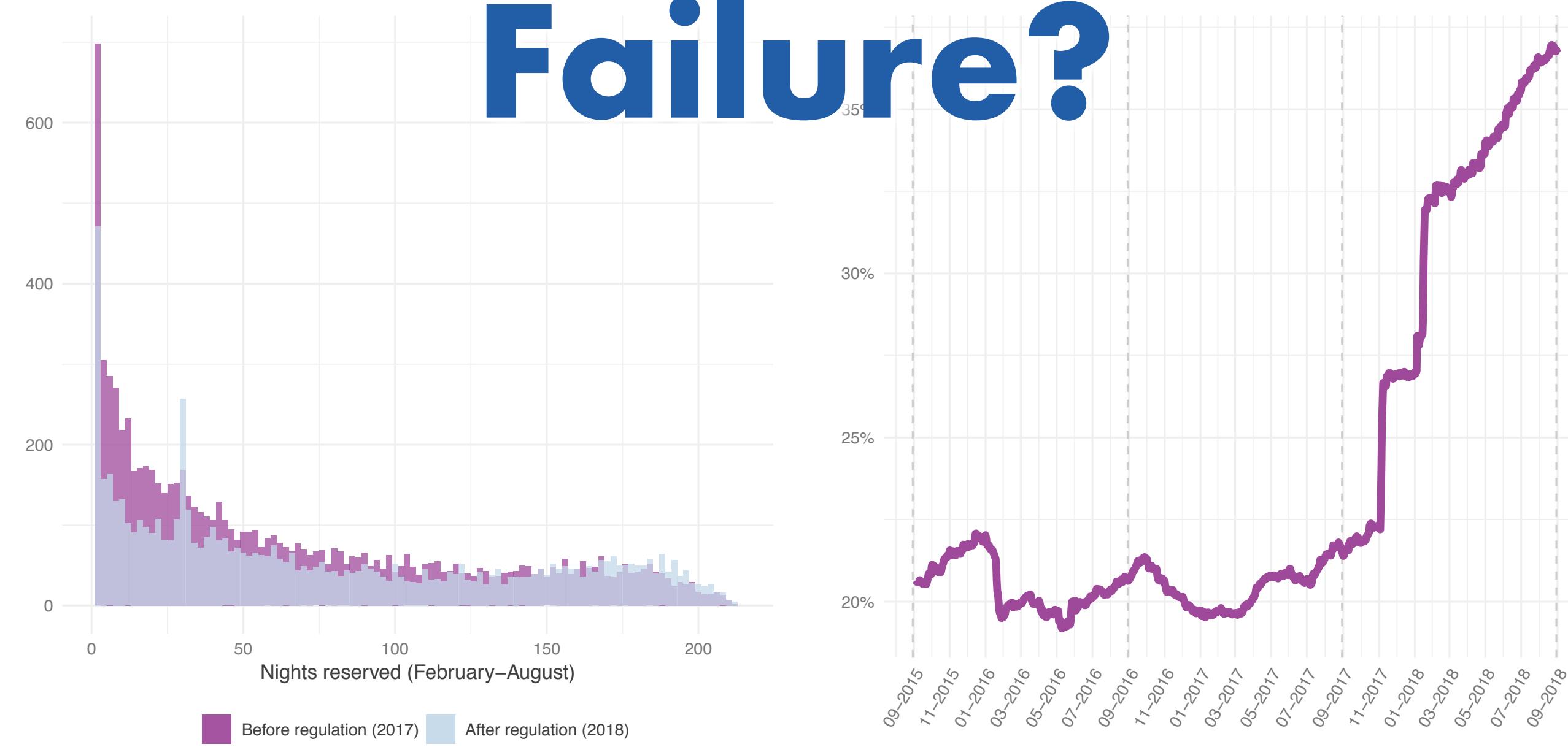




**Removed
listings were
mostly
defunct.**



**Commercial
operators
are now a
bigger slice
of the pie.**



Do we actually know what we think we know about regulation?

STR policy is being set in the absence of actual data, and sometimes on the basis of incorrect understandings of what is happening.

Conclusions

- 1. Housing vulnerability drives concern about STRs.**
- 2. Mandatory host registration, with a principal residence distinction, is a promising regulatory path.**
- 3. Restricting commercial operators is low-hanging fruit for addressing housing problems, but should be balanced with other economic concerns.**

Thank you!



@dwachsmuth

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