Using [Airbnb](https://www.investopedia.com/articles/personal-finance/103015/10-tips-running-successful-airbnb-property.asp), a short-term rental service that enables homeowners or tenants to rent out properties for side income, is a huge hit with budget-conscious travelers. Regulatory boards around the world, however, can be a challenge.

Among the problems that city governments and state regulators foresee with Airbnb are the potential to upend landlord-tenant relations (for example, a [landlord](https://www.investopedia.com/terms/l/landlord.asp) could try to evict a tenant to charge higher short-term rents to vacationers). Regulators also fear a potential influx of travelers who will transform quiet residential neighborhoods into revolving hotel districts. There are also concerns about a current lack of oversight and accountability over Airbnb-related tax collection and adherence to [zoning](https://www.investopedia.com/terms/z/zoning.asp) by-laws.

Therefore, individuals who are [considering using Airbnb](https://www.investopedia.com/articles/personal-finance/032814/pros-and-cons-using-airbnb.asp) (either to find a room or to rent out an apartment) should conduct [due diligence](https://www.investopedia.com/terms/d/duediligence.asp) to check that the city in question fosters a supportive environment for Airbnb. Moreover, the listing should comply with the city's current municipal codes.

*Paris, Barcelona, and Santa Monica, California. have some of the strictest policies regarding who can and can't rent through Airbnb, while Amsterdam, Berlin, London, San Francisco, and New York have looser requirements.*

Paris

In 2018, a Paris official, Ian Brossat, criticized home rental services because he believes they displace local people from the main city.1﻿ Paris is the largest market in the world for Airbnb, which has over 60,000 apartments on offer. Other cities such as Spain, New York, and Santa Monica share the sentiments of Brossart. In 2015, there were government crackdowns on secondary apartments in Paris set up specifically as short-term rental units with officials fining violators up to €25,000.2﻿

As of 2017, Air BnB landlords in France are required to register their home and display the registration number in their ad under the Elan Law.3﻿ Paris Mayor Anne Hidalgo, citing concerns that the proliferation of Air BnB listings in the city threatened to turn it into an “open-air museum,” announced in 2019 her plans to enforce the law’s €12.5 million fine for unregistered ads.4﻿

Barcelona

In May 2018, Barcelona continued its tough stance on Airbnb and other similar sites. The city instructed the site to remove 2,577 listings that it found to be operating without a city-approved license, or face substantial fines. Then on June 1, Airbnb and the city initiated an agreement giving Barcelona officials access to listings data. According to CityLab, "For the first time, city officials will be able to refer to host data that details specifically where apartments are located and who their registered hosts are, something that could previously require substantial investigation."5﻿

Host ID numbers will verify if linked apartments do indeed have permission. In 2016, Airbnb was hit with a (still unpaid and contested) €600,000 fine for listing unlicensed apartments, following a more modest €30,000 fine the year before (that same fine was also levied against the website HomeAway). Locals say that Air BnB rentals have made it even harder to find accommodation in the city, and the Catalonian government has gone as far as to start a social media campaign urging tourists to rat out illegal or suspected illegal short-term rentals.6﻿

Despite challenges from some cities, there have been over 400 million Airbnb check-ins around the world in the last decade.

Berlin

German officials, placing some blame on Airbnb for Berlin's increasing rents and housing [shortages](https://www.investopedia.com/terms/s/shortage.asp), passed a law in 2014 banning short-term rentals that have not received explicit permission from the Berlin Senate.7﻿﻿8﻿ Prospective landlords could apply for a permit to rent out their properties for periods shorter than 60 days, but officials vowed to reject 95% of those applications under the 2014 law.9﻿

However, in March 2018, the city’s assembly overturned that law.10﻿﻿11﻿ The ruling means that owner-occupiers can rent out their primary homes without time restrictions after obtaining a permit from city officials, and rent out second homes for up to 90 days each year.

Amsterdam and London

These two cities have been far more receptive to Airbnb than other European destinations. In February 2015, Amsterdam announced a cooperative effort with Airbnb in which the city would levy a tourist tax on rentals while Airbnb informed potential hosts of all rules and regulations.12﻿ However, in 2018, Amsterdam limited short-term rentals to 30 days a year, halving its previous limit.13﻿ And Londoners interested in renting out their properties on Airbnb have benefited from an amendment to the city’s housing legislation (which passed Parliament in March 2015), allowing homeowners to rent out their house, flat, or spare rooms for up to three months a year.14﻿

Those living outside the Greater London area may rent their primary or secondary properties for up to 140 days a year. Airbnb is booming in London. A study from property services company Colliers suggested that Airbnb’s market share in London jumped threefold in 2017 from 2.8% to 7.6% of overnight stays.15﻿

New York

The biggest tourist destination in the United States is naturally no stranger to Airbnb. However, Recode reported that Airbnb took the city to court in August 2018 over a new law that would require Airbnb and other home-sharing companies to provide the city's enforcement agency the hosts’ names and addresses each month.16﻿ Airbnb claimed the law violated its users’ privacy and constitutional rights. New York City is Airbnb's largest market, but, according to the city, as many as two-thirds of Airbnb's listings are illegal. In January 2019, a federal judge blocked the law after declaring it unconstitutional. When a similar law was enacted in San Francisco, the number of listings on Airbnb dropped by 50%.17﻿

San Francisco

San Francisco adopted a [similar policy as New York](http://www.sfchronicle.com/airbnb-impact-san-francisco-2015/#1): Airbnb rentals are allowed only if hosts are full-time residents, rentals are capped at 90 days and all hosts must register with the city.18﻿ Violators are subject to a fine $484 a day for first-time offenders and $968 a day for repeat offenders.19﻿ However, despite these stipulations, the *San Francisco Chronicle* reported that only a fraction of Airbnb hosts have actually complied with the new law. Investigations in 2019 found that as many as half those applying for a short-term rental permit in San Francisco have been found to have lied on their applications, mostly about claiming falsely to be a resident of the home they’re renting. Furthermore, as in other cities, Airbnb faces mounting criticism from housing activists who blame the site for reducing the already-scant supply of housing.

Santa Monica

This city has effectively wiped out 80% of its Airbnb listings by [instituting the toughest regulations](https://www.forbes.com/sites/andrewbender/2015/06/15/new-regulations-to-wipe-out-80-of-airbnb-rentals-in-californias-santa-monica/) on short-term rentals in the U.S. The southern California city said it was spurred by overall increases in housing prices and dwindling housing supply. The new regulations, which have been effective since June 2015, require anyone putting a listing on Airbnb in Santa Monica to live on the property during the renter’s stay, register for a business license, and collect a [14% occupancy tax](https://www.businessinsider.com/airbnb-vrbo-regulations-los-angeles-what-it-means-for-hosts-renters-2018-5) from users that will be payable to the city.20﻿ In 2019, the City of Santa Monica reached an agreement with Airbnb in which the company agreed to remove illegal short-term listings from its website.21﻿ As of 2019, the city has only 351 short-term rental properties, most of which are listed on Airbnb.22﻿

81,000

*The number of cities Airbnb has listings in, spread throughout 191 countries.*

The Bottom Line

[Airbnb](https://www.investopedia.com/articles/small-business/020217/investors-5-best-and-worst-cities-airbnb-renting.asp) is no stranger to controversy. Supporters argue that the service allows travelers to rent more affordable lodging while opponents accuse Airbnb of being a detriment to housing prices, supply, and neighborhood [quality of life](https://www.investopedia.com/terms/q/quality-of-life.asp). Cities have a wide range of approaches in dealing with the service, from stringent Santa Monica to fairly laissez-faire Amsterdam. Given this situation, any prospective Airbnb host needs to know where their city lies on this spectrum. Otherwise, they have a possible chance of being slapped with a harsh penalty or, if a tenant, even evicted from their residence.

Source: <https://www.investopedia.com/articles/investing/083115/top-cities-where-airbnb-legal-or-illegal.asp>