



Short Term Rentals in Small Cities: Impacts and Regulations

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RESEARCH QUESTIONS

1. What is the prevalence of short-term rentals in small communities? What are the characteristics of short-term rentals?
2. What is the revenue potential for short-term rentals in Oregon cities under 100,000 in population?
3. To what extent do short-term rentals constrain the supply of housing in Oregon cities with under 100,000 people?
4. What are the perceptions and current regulations of short-term rentals in Oregon cities with under 100,000 people?

METHODS AND DATA

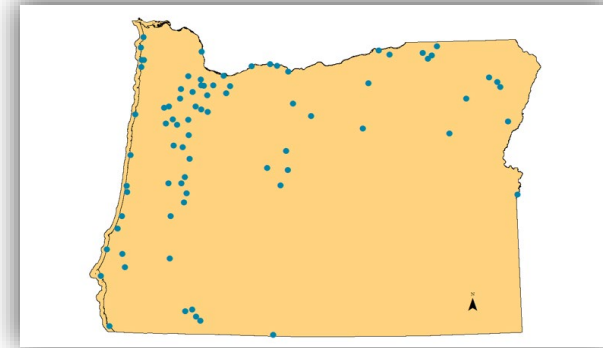
- Descriptive Analysis
 - Airbnb: Aggregate Industry Data by City
 - AirDNA: Market Summary and Property Performance Reports
 - American Community Survey
 - Oregon Department of Revenue
- Survey of city staff: perceptions and regulations (with League of Oregon Cities and Planning Director's Network)
 - Number of cities sampled: 238 cities (<100,000 in population)
 - Response rate: 39% (92 responses)



SHORT TERM RENTALS SURVEY

INTRODUCTION & METHODOLOGY

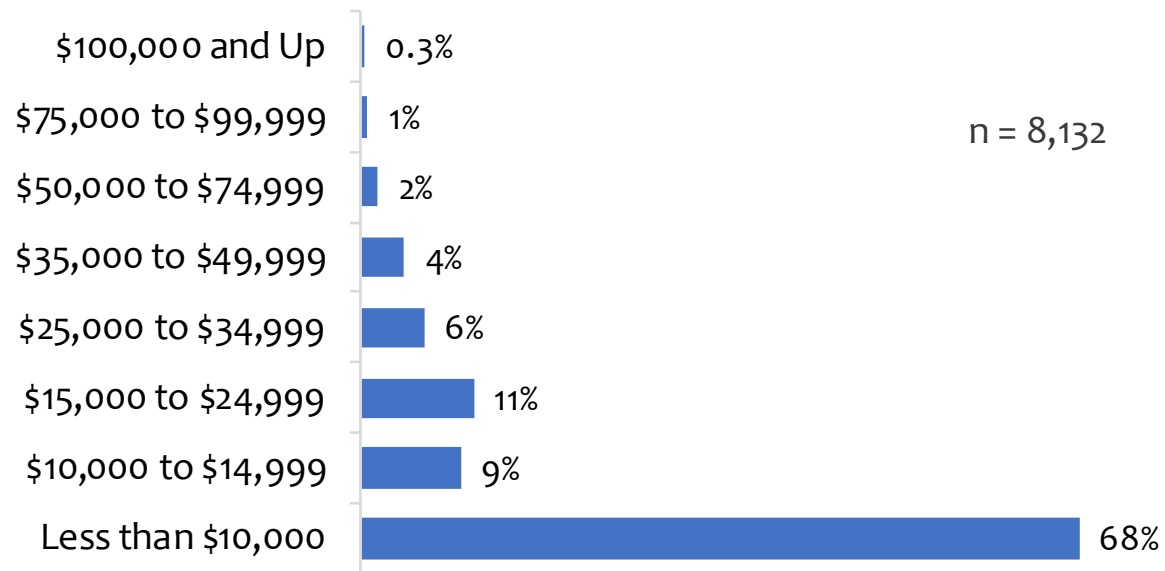
- Perceptions of STRs
 - How do residents, council, staff, accommodation sector and businesses view STRs?
- Positive and negative impacts of STRs
- How does the community regulate STRs?
 - Definition
 - Licensing/permits
 - Transient room tax
 - Enforcement
- How effective are the existing regulations?
- Does the community intend to regulate STRs in the next 5 years? How?



FINDINGS:
CHARACTERISTICS

Reservation Days	Entire Home/ Aptartment	Private Room	Shared Room	Total
Less than 30 Days	32%	17%	1%	49%
30 to 90 Days	21%	7%	0%	28%
91 to 180 Days	13%	5%	0%	17%
181 Days or More	4%	1%	0%	5%
Total	69%	30%	1%	8,132

FINDINGS: CHARACTERISTICS



FINDINGS: REVENUE
POTENTIAL

Regions	Average Daily Rate per Property	Total Bookings Annual	Annual Revenue	State Levy (1.8%) Annual Earnings
Central Oregon	\$ 209	46,391	\$ 37,539,776	\$ 675,716
North Coast	\$ 206	38,927	\$ 24,875,499	\$ 447,759
Willamette Valley	\$ 97	14,026	\$ 5,315,475	\$ 95,679
Portland Metro	\$ 72	11,172	\$ 4,937,697	\$ 88,879
Southern Oregon	\$ 98	13,209	\$ 4,886,800	\$ 87,962
South Coast	\$ 132	5,710	\$ 2,335,541	\$ 42,040
Northeast Oregon	\$ 129	3,307	\$ 1,738,663	\$ 31,296
Southeast Oregon	\$ 125	2,977	\$ 1,143,628	\$ 20,585
Total	\$ 134	135,719	\$ 82,773,079	\$ 1,489,915

- **Airbnbs account for more than 5% of total housing in only 15 cities**
 - Bend, Depoe Bay, Gaston, Hood River, Joseph, Lincoln City, Long Creek, Manzanita, Mitchell, Mosier, Nehalem, Rockaway Beach, Seaside, Sisters, Westfir, and Yachats
- **Airbnbs are most prevalent in Central Oregon and the North Coast.**
 - In Central Oregon, Airbnbs account for approximately 4% of the region's total housing stock. In the North Coast, Airbnbs account for 5% of the region's total housing stock.
 - In other regions, Airbnbs account for approximately 1% of the total housing stock.



FINDINGS: POTENTIAL
SUPPLY CONSTRAINT

Cities in Oregon	Average Annual Revenue (STRs)	Max of Annual Revenue (STRs)	Average Annualized Rent (ACS)	Average Annualized Mortgage (ACS)
Ashland	\$8,309	\$59,876	\$12,456	\$20,208
Bend	\$14,801	\$157,773	\$12,972	\$18,648
Depoe Bay	\$13,866	\$59,288	\$12,264	\$18,636
Hood River	\$7,537	\$81,215	\$13,488	\$20,016
Joseph	\$17,176	\$64,836	\$7,980	\$14,232
Lincoln City	\$12,265	\$117,250	\$10,080	\$18,804
Manzanita	\$16,105	\$90,051	\$10,548	\$24,432
Rockaway Beach	\$15,925	\$98,481	\$8,316	\$14,556
Seaside	\$16,285	\$198,425	\$10,704	\$19,356
Sisters	\$9,196	\$48,000	\$12,312	\$19,068
Total	\$13,662	\$198,425	\$11,112	\$18,796

FINDINGS: PERCEPTIONS

- While residents shared mixed perceptions about STRs, respondents report that local elected officials and businesses within the accommodation sector viewed STRs as less problematic
- STRs provide great benefits including their ability to provide transient lodging tax revenue, to support tourism activities, and to support communities that rely on tourism
- STRs economically weaken communities by impacting resources such as the availability of housing (especially affordable and rental housing) and police and city staff time who deal with complaints from neighbors/business owners



Source: [Responding to Short Term Rentals in Oregon Survey, 2017.](#)

- STRs are commonly referred to as transient rental or vacation rentals.
- STRs are most commonly defined as units rented for less than 30 days
- 35% of respondents are regulating STRs
- Most regulations for STR require that operators have a license and/or permit (92%) and 81% of respondents also indicated that their community imposes a transient lodging tax (or similar tax).
- Respondents also commonly regulate STRs by relying on concentration caps/limits or occupancy requirements
- STR ordinances were most commonly enforced by issuances of administrative citations (62%) and fines (58%).

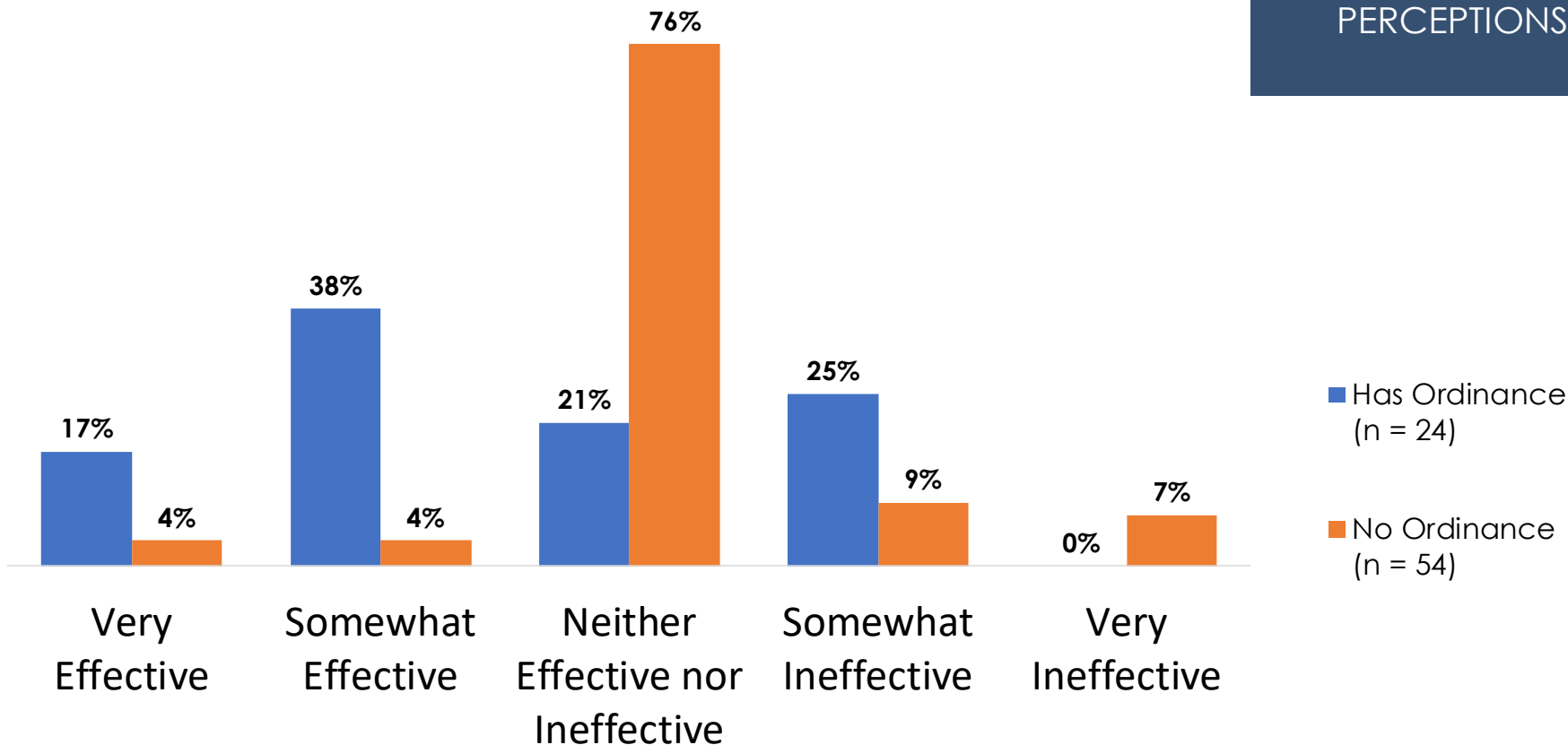
FINDINGS: CURRENT REGULATIONS



Source: Responding to Short Term Rentals in Oregon Survey, 2017.

Have your community's policies for STRs (or lack of) been effective in managing the economic benefits or negative impacts that STRs create?

FINDINGS:
PERCEPTIONS



Source: Responding to Short Term Rentals in Oregon Survey, 2017.

TYPES OF REGULATIONS

POLICY
RECOMMENDATIONS

- Restrictive zoning
- Incentive-Based Provisions
- Permitting
- Taxation
- Registration
- Review Processes

1. Legally define STRs as “short-term rentals” and establish a fair frequency of use standard that is complimentary of regional standards.
2. Codify regulations in local ordinance. Impose a guest capacity limit and require inspections.
3. Levy a transient lodging tax (if not imposed at the county level).
4. Require that STR operators register their unit(s) on an annual basis.

- Airbnbs account for more than 5% of total housing in only 15 cities, indicating that short-term rentals are not prevalent in most jurisdictions.
- Short-term rentals generate substantial revenue in Oregon. Hosts have earned an aggregated \$82 million in the last year.
- Half of all STRs are reserved for more than 30 days in a year.
- 35% of survey respondents are regulating STRs
- Most regulations for STR require that operators have a license and/or permit (92%) and 81% of respondents also indicated that their community imposes a transient lodging tax (or similar tax) on STRs.

CONCLUSIONS



- Collect and Monitor data
- Define STRs by ordinance
- Decide which impacts are most concerning and regulate
- Vast menu of regulatory options



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