

Short-Term Rentals and Affordable Housing: Sample of Recent Literature

A number of studies are tackling the impact of short-term rentals (often synonymous with AirBnB) on affordable housing. The studies tend to focus on cities with larger housing and tourist markets; nonetheless, they are worth reviewing for their conceptualization of the problem. Many communities that are writing or have written short-term rental regulations cite the impact on affordable housing as a concern. A common theme is that short-term rentals have expanded beyond the early “sharing economy” vision of the AirBnB platform – a service that simply allows homeowners to share their homes with others - and has become a real estate investment vehicle that removes housing from the long-term rental market, potentially exacerbating the affordable housing problem.

“The AirBnB Effect: It’s Not Just Rising Home Prices” (February 2019)

<https://www.citylab.com/equity/2019/02/study-airbnb-cities-rising-home-prices-tax/581590/>

“Since it was founded in 2008, the short-term rental platform has been the subject of several critical research papers that have blamed it for raising housing prices, changing employment dynamics, and taking chunks out of city tax revenue. A new [analysis](#) from the Economic Policy Institute attempts to more comprehensively catalog these local impacts—and measure what, if anything, cities get out of the deal. To better align the costs and benefits, the study’s author Josh Bivens argues, cities need to start treating Airbnb like any other hotel business, and regulate it accordingly.”

The Economic Policy Institute Study cited in the article:

<https://www.epi.org/publication/the-economic-costs-and-benefits-of-airbnb-no-reason-for-local-policymakers-to-let-airbnb-bypass-tax-or-regulatory-obligations/>

“AirBnB and the Rent Gap: Gentrification Through the Sharing Economy” (forthcoming)

https://www.researchgate.net/profile/David_Wachsmuth/publication/318281320_Airbnb_and_the_Rent_Gap_Gentrification_Through_the_Sharing_Economy/links/5ae724db0f7e9b9793c82d47/Airbnb-and-the-Rent-Gap-Gentrification-Through-the-Sharing-Economy.pdf?origin=publication_detail

“Abstract: Airbnb and other short-term rental services are a topic of increasing interest and concern for urban researchers, policymakers and activists, because of the fear that short-term rentals are facilitating gentrification. This article presents a framework for analyzing the relationship between short-term rentals and gentrification, an exploratory case study of New York City, and an agenda for future research. We argue that Airbnb has introduced a new potential revenue flow into housing markets which is systematic but geographically uneven, creating a new form of rent gap in culturally desirable and internationally recognizable neighbourhoods. This rent gap can emerge quickly—in advance of any declining property income— and requires minimal new capital to be exploited by a range of different housing actors, from developers to landlords, tenants and homeowners. Performing spatial analysis on three years of Airbnb activity in New York City, we measure new capital flows into the short-term rental market, identify neighbourhoods whose housing markets have already been significantly impacted by short-term, identify neighbourhoods which are increasingly under threat of Airbnb-induced

gentrification, and measure the amount of rental housing lost to Airbnb. Finally, we conclude by offering a research agenda on gentrification and the sharing economy.”

“Research: When AirBnB Listings in a City Increase, So Do Rent Prices” (April 2019)

<https://hbr.org/2019/04/research-when-airbnb-listings-in-a-city-increase-so-do-rent-prices>

“These results show that Airbnb does have an impact on the housing market. However, they don’t tell the full story of how it is happening. In our study, we present two additional results that help explain the underlying economics.

“First, we show that zip codes with higher owner-occupancy rates (the fraction of properties occupied by the owners themselves) are less affected by Airbnb. Those rates are important because the landlords who switch their properties from long-term rentals to short-term rentals are those who don’t live in the houses they rent. Owner-occupiers do use Airbnb, but they use it to rent out their spare rooms or perhaps the whole home while they are away. However, these homes are still primarily occupied by a long-term resident (the owner), so they are not the ones being reallocated as short-term rentals through Airbnb.

“Second, we present evidence that Airbnb affects the housing market through the reallocation of housing stock. By looking at housing vacancies, we show two things about the Airbnb supply: it is *positively* correlated with the share of homes that are vacant for seasonal or recreational use — which is how the Census Bureau classifies houses that are part of the short-term rental market — and *negatively* correlated with the share of homes in the market for long-term rentals.

“Taken together, our results are consistent with the story that, because of Airbnb, absentee landlords are moving their properties out of the long-term rental and for-sale markets and into the short-term rental market.”

“How much does AirBnB really affect rents and housing prices?” (August 2019)

<https://phys.org/news/2019-08-airbnb-affect-rents-housing-prices.html>

(refers to study above)

“Short-term Rentals and the Effects on Housing Affordability” (October 2019)

<https://urbanland.uli.org/economy-markets-trends/short-term-rentals-and-the-effects-on-housing-affordability/>

Brief discussion of New York, Los Angeles, Las Vegas, and New Orleans. Public concerns, regulatory responses, AirBnB responses.

“AirBnBs adverse impact on urban housing markets” (January 2019)

<https://theconversation.com/airbnbs-adverse-impact-on-urban-housing-markets-109772>

“A recent report by a Toronto public interest group, Fairbnb, has added a local voice to a growing international chorus of concern about how Airbnb is affecting housing markets.

“It’s now clear that a single American company has upended local markets, pushed rental prices skyward and could be contributing to poverty, especially in cities popular with tourists.”

More details on the FairBnB report, available here:

<https://www.cbc.ca/news/canada/toronto/fairbnb-report-short-term-rentals-entire-homes-lost-1.4971332>

“5 things to know about Nashville’s ban on short-term rentals” (August 2019)

<https://www.tennessean.com/story/news/2019/08/21/nashville-airbnb-ban-short-term-vacation-rentals/2061739001/>

The 5 things: It’s contentious, there’s a grace period [two years, for compliance with a regulatory ban on non-owner-occupied STRs], affordable housing is a key issue, Council fears loss of community, it [the ban] will settle lawsuits against Metro [government].

“City housing committee considered Airbnb’s effect on local rental market” (November 2019)

https://www.dailyprogress.com/news/local/city-housing-committee-considered-airbnb-s-effect-on-rental-market/article_b99a63b6-81e7-5866-b5b6-0c97fe0415ad.html

Report that a Charlottesville, VA housing committee is studying the impact of AirBnB on rental housing.