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SHORT TERM RENTAL POLICY OBJECTIVES DISCUSSION

November 19, 2024

KEM GARDNER SHORT-TERM RENTAL POLICY STUDY – OCTOBER 224

“The rise of short-term rentals in Utah continues to disproportionately impact the state’s tourism areas, affecting housing affordability in these communities.”

OBJECTIVES DRIVE POLICY

ENCOURAGE
HOME OWNERSHIP

Give property owners the option to utilize their properties as short-term rentals to help them make ends meet

TOURISM REVENUE
BENEFITS LOCAL
BUSINESSES

Encourage additional tourism to drive more business to downtown stores and restaurants

PERMANENT RESIDENTS
DON'T SUFFER
NEGATIVES

Minimize public safety risks, noise, trash and parking problems without creating additional work for the local police department

CAPTURE TAX
REVENUE

Ensure that the city does not lose out on tax revenue that could be invested in much needed services for permanent residents



THE UTAH LAND USE INSTITUTE

Short-Term Rentals

Utah Land Use Regulation Topical Series

MARCH 2023

Sample Policy Considerations

No STRs	Limited STRs	Semi-Limited STRs	Allow STRs
Policy (maybe for a tourist community struggling with housing units and affordability): • STRs currently take up 23.3% of the community's housing units. • Due to limited areas for growth and housing affordability issues, the [local government] will prohibit STRs and seek to phase out existing STRs.	Policy (maybe for a community that is located near a popular attraction but relies on visitors spending money in the community): • Ensure that traditional residential neighborhoods are not turned into tourist areas to the detriment of long-time residents. • Allow owners to occasionally utilize their properties to generate extra income from STRs as long as all policies and procedures are met.	Policy (maybe for large communities that have ample housing units): • Respect property owners' rights to utilize their properties as STRs to help make ends meet. • Provide maximum use for STRs but a means to ensure that homes are not turned into pseudo hotels or "party houses."	Policy (maybe for a suburban community with ample housing and a struggling downtown): • Respect property owners' rights to utilize their properties as STRs to help make ends meet. • Encourage additional tourism to drive more business to the community, stores, and restaurants. • Ensure that the city does not lose out on tax revenue that could be invested in much-needed services for permanent residents.

Example A: List of short-term rental policy objectives for an affluent residential community in attractive location

- Ensure that traditional residential neighborhoods are not turned into tourist areas to the detriment of long-time residents
- Ensure any regulation of short-term rentals does not negatively affect property values (and property tax revenue)
- Ensure that homes are not turned into pseudo hotels or “party houses”
- Minimize public safety risks and the noise, trash and parking problems often associated with short-term rentals without creating additional work for the local police department
- Give permanent residents the option to occasionally utilize their properties to generate extra income from short-term rentals as long as all of the above mentioned policy objectives are met



Example B: List of short-term rental policy objectives for an urban community with a shortage of affordable housing

- Maximize the availability of affordable housing options by ensuring that no long-term rental properties are converted into short-term rentals
- Ensure that short-term rentals are taxed in the same way as traditional lodging providers to ensure a level playing field and maintain local service jobs
- Ensure that the city does not lose out on hotel tax revenue that could be invested in much needed services for permanent residents
- Minimize public safety risks and the noise, trash and parking problems often associated with short-term rentals without creating additional work for the local police department
- Give citizens the option to utilize their properties to generate extra income from shortterm rentals as long as all of the above mentioned policy objectives are met

Example C: List of short-term rental policy objectives for a workingclass suburban community with ample housing availability and a struggling downtown

- Give property owners the option to utilize their properties as short-term rentals to help them make ends meet
- Encourage additional tourism to drive more business to downtown stores and restaurants
- Minimize public safety risks and the noise, trash and parking problems often associated with short-term rentals without creating additional work for the local police department
- Ensure that the city does not lose out on tax revenue that could be invested in much needed services for permanent residents



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Positive Impacts

- Most people love staying in an STR.
- STRs provide a different experience than a typical hotel. For example, many STRs are located in residential neighborhoods that may be close to family, have better cooking facilities that allow you to cook at the home, and may have a secluded yard with a basketball court or hot tub
- You can generally find STRs cheaper than a hotel.
- Money to the community, money to the homeowner, and money to the local entity.
- Can provide unique development opportunities.



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Negative Impacts

- Housing stock - Airbnb activity has increased rents by 1.9%, transaction prices by 4.6%, and posted prices by 3.7%” though using more sophisticated approaches have found that the effect of STR on housing prices is localized in highly touristic areas and most likely to affect up-market assets and renters
- Disrupts community feel
- Nuisance for neighbors (e.g., parking, traffic, noise, light, trash)