

THE REGULATION OF SHORT-TERM RENTALS

Presentation to the Common Council

City of Hudson

August 24, 2020

STRATEGIC HOUSING PLAN



- “Another issue associated with Airbnb is the pressure it puts on the long-term rental market. A property owner may find that renting their property or part of their property to numerous short-term visitors through Airbnb is more profitable than renting to a single tenant with a traditional year-long lease. This is more likely to occur in popular tourist destinations where the property owner can charge a premium during popular times of the year and weekends. In some communities in the Hudson Valley, properties are being purchased for the express purpose of converting it for use as a short-term Airbnb rental. Taking property or rooms out of the long-term rental market reduces the housing stock for local residents and puts upward pressure on the price of the remaining long-term housing units.”

THE BILL

- Restricts operation of STR to Hudson residents, who must live on the property or adjoining property.
- Allows maximum of three STR units on a single parcel.
- Second-home owners who spend 50 days a year in their house can use it as STR for 60 days a year.
- Five-year grace period.

HOW MANY STR UNITS ARE THERE IN HUDSON?

- About 200 registrations, with about 500 “units.” These are bedrooms and not apartments with separate entry ways.
 - One has 12 “units” –
 - 10 have between 5 and 8 units.
 - 30 have 4 units
 - 44 have 3 units
 - 65 have 2 units
 - 41 have 1 unit.

WHO OWNS THESE STRS?

- Galvan Initiatives Foundation has registered, but may not be operating, 7 STRs with a total of 12 units.
- One individual owns STRs at six separate addresses.
- The remainder are individuals, many of whom are residents or Hudson or second-home owners.
- 26 are LLCs or other corporate entities, but most of these have provided the names of their beneficial owners.
- In other words, ownership of STRs in Hudson is still largely local.

HOW MANY “UNITS” WOULD BE ILLEGAL AFTER THE GRACE PERIOD?

- The precise number of STRs that would be prohibited is difficult to determine with the limited data we have obtained from the Treasurer and Air BnB.
- Only a handful of people own STRs at more than one address.
- We do not know how many STRs are owned by non-residents of Hudson.
- In all likelihood, the vast majority of the existing STRs in Hudson would be permitted by the bill.

HOW MANY SHORT TERM LODGING ROOMS ARE CURRENTLY AVAILABLE

- Approximately 180 hotel rooms:

THE WICK	41 CROSS STREET	55
ST CHARLES HOTEL	16-18 PARK PLACE	35
RIVERTOWN LODGE	731 WARREN ST	27
THE BARLOW	542 WARREN ST	16
Wm Farmers & Son KRISTAN KECK	20 S FRONT ST	9
Inn at Ca Mea	339 ALLEN ST	8
The Amelia Hudson LLC	339 Allen Street	8
THE INN AT CA' MEA	339 ALLEN ST	7
Inn at Ca Mea. The Nest MICHAEL GLICKMAN	330 UNION ST	6
Wm Farmers & Sons KRISTAN KECK	10 S FRONT ST	5
THE INN AT CA' MEA	12 CITY HALL PLACE	4

HOW MANY SHORT TERM LODGING ROOMS ARE CURRENTLY AVAILABLE

- Approximately 40 rooms in B&Bs:

THE CROFF HOUSE

CHRISTINE BOEKE

CAROLYN LAWRENCE

The Inn at 34.

THE HUDSON GUEST HOUSE, LLC

26 Warren B&B DAVID BROWN

TIGER HOUSE LLC

Hudson City B&B

BATTERBY HOUSE

NEW HOTELS WILL ADD TO THE NUMBER OF ROOMS FOR VISITORS

- The STR lobby believes that STRs are good for the tourist economy as well as the local economy (creating jobs for people who service the STRs between rentals). But:
 - The hotel proposed for 620 Union Street will have 55 rooms.
 - These will be available by the time the Grace Period ends.

WHY REGULATE STRS?

**Economic
Policy
Institute**

The economic costs and benefits of Airbnb

No reason for local policymakers to let Airbnb
bypass tax or regulatory obligations

Report • By [Josh Bivens](#) • January 30, 2019

WHY REGULATE STRS?

“It becomes a straight conflict between whose interests you care more about: long-term residents of the city, or those that visit it.”

Josh Bivens, author of Economic Policy Institute analysis.

WHY REGULATE STRS

- They reduce the amount of housing available for long-term rentals
- With reduced supply, the rent of long-term rentals increases
- The property taxes for all homeowners increase
- The character of the city and its neighborhoods is threatened by the large influx of a transient population.

AIRBNB'S NEGATIVE IMPACT ON AFFORDABLE HOUSING

Studies Show Airbnb & Short-Term Rentals Deplete Housing & Raise Rent Pricing

STUDIES



"New York City renters paid an additional \$616 million in 2016 due to price pressures from Airbnb."

("The Impact Of Airbnb On NYC Rents," New York City Comptroller Report, 5/3/18)



"64 percent of Airbnbs in Los Angeles are never occupied by their owners, and operate year-round essentially as independent, unlicensed hotel rooms."

("How Airbnb Short-Term Rentals Exacerbate Los Angeles's Affordable Housing Crisis," Harvard Law & Policy Review, 2/2/16)



"Airbnb incentivizes landlords to remove properties from the long-term rental market...causing rents for long-term leases to increase."

("Sharing Economy And Housing Affordability," The University Of California, Los Angeles, 5/1/18)



"Eighty-two percent of Airbnbs are for whole-homes as opposed to an operator's residence."

("The Corrosion Of Housing Access And Affordability In New Orleans," Jane Place Neighborhood Sustainability Initiative, 3/28/18)



"For census tracts in highest decile of Airbnb listings relative to total housing units, increase in rents ranges from 1.3% to 3.1%."

("Boston: Is Home Sharing Driving up Rents?," University of Massachusetts – Amherst, 3/1/16)



"Airbnb has removed between 7,000 and 13,500 units of housing from New York City's long-term rental market. The more Airbnbs in a city, the higher rents get for local residents."

("High cost of NYC short-term rentals," McGill University, 1/30/18)

"For years, New Yorkers have felt the burden of rents that go nowhere but up, and Airbnb is one reason why. It's just simply supply and demand. Fewer apartments to rent means higher prices, and that's the Airbnb effect."

**New York City Comptroller,
Scott Stringer**

(The New York Times, 5/3/18)

"The more Airbnbs in a city, the higher rents get for local residents."

**McGill University's
David Wachsmuth**

(The Huffington Post, 10/30/17)

"Anything pushing up rent and home prices is a public concern, and really the impetus for many cities wanting to regulate Airbnb."

UCLA's Edward Kung

(The Wall Street Journal 10/22/17)

"It's not [Airbnb's] fault that cities are bad at growing supply – but it doesn't make the empirical facts less true."

**University Of Massachusetts'
Keren Horn**


(Fast Company, 8/8/2017)

"Rapid growth in short-term rentals is a threat to the city in the long run. They are taking homes off long-term rental market in favor of more lucrative short-term rentals."

**D.C. City Council Member
Kenyan McDuffie**

(The Washington Post, 11/21/17)

THE EFFECT OF STRS ON AFFORDABLE HOUSING IS WELL DOCUMENTED



The Impact of Airbnb on NYC Rents

New York City Comptroller Scott M. Stringer

Bureau of Budget APRIL 2018

Introduction

New York City has been suffering through an affordable housing crisis for years. Between 2011 and 2017, New York City lost nearly 183,000 affordable units of housing renting for less than \$1,000 – larger than the entire public housing stock. Affordable housing is increasingly hard to find, with vacancy rates for apartments renting for less than \$1,000 at 1.54%.¹ Homelessness stands at a record high, with over 60,000 homeless people sleeping in shelters every night. Meanwhile, wages are stagnant and rents continue to climb in all five boroughs.

The rising popularity of homesharing websites such as Airbnb is adding to the problem.² The trendy replacement for hotels and hostels in effect removes housing units from the overall supply – units that might otherwise be available to rent to New Yorkers looking to rent an apartment. The most basic concept in the field of economics – supply and demand – says that, everything else equal, a reduction in supply will lead to higher prices. This report, by Comptroller Scott M. Stringer, evaluates the impact of homesharing on rents in New York City over the period 2009 to 2016.

THE EFFECT OF STRS ON AFFORDABLE HOUSING IS WELL DOCUMENTED

How Airbnb Short-Term Rentals Exacerbate Los Angeles's Affordable Housing Crisis: Analysis and Policy Recommendations

*Dayne Lee**

I. INTRODUCTION

Los Angeles, California, is in the midst of an affordable housing crisis. Rents have increased by 7.3% in 2014 alone, and the median renting household already spends 47% of its income on housing.¹ This crisis has added fuel to the contentious debate over Airbnb, a startup technology company that facilitates short-term rentals (STRs) of residential homes to tourists.

THE EFFECT OF STRS ON AFFORDABLE HOUSING IS WELL DOCUMENTED

Harvard
Business
Review

[Coronavirus](#) [Magazine](#) [Popular](#) [Topics](#) [Podcasts](#) [Video](#) [Store](#) [The Big Idea](#) [Visual Library](#) [Read](#)

ECONOMICS

Research: When Airbnb Listings in a City Increase, So Do Rent Prices

by [Kyle Barron](#), [Edward Kung](#) and [Davide Proserpio](#)

April 17, 2019

 Summary  Save  Share  ² Comment  Print **\$8.95** Buy Copies



THE EFFECT OF STRS ON AFFORDABLE HOUSING IS WELL DOCUMENTED

“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.”

Harvard Business Review

WE SEE IT HUDSON

- Many of the houses recently registered with the City for the lodging taxes were recently long-term rental buildings:
 - 514 State Street
 - 502-504 Warren Street
 - 514 Washington Street
 - 87 Green Street

STRS RAISE RENTS

- The STR lobby urges the Council to do research.
- The research has already been done.
- No studies undercutting this research have been brought to the Council's attention by the STR lobby

EFFECT OF STRS ON HOTELS AND REGULAR PAYROLL JOBS

- “Part of what Airbnb is doing, especially at the beginning of its expansion, is it’s displacing regular payroll jobs that are now being done by Airbnb owners,” said Bivens. “Hosts are doing the renting, but they’re also often doing the cleaning or other service work that hotels hire for. If not, hosts may hire third-party cleaning services, which aren’t mandated to offer the same employment benefits as hotel staff. “It’s a form of this kind of fissuring of the economy,” Bivens said. “Spinning off jobs that used to be part of a big corporation ... into a more insecure part of the economy.”
- Economic Policy Institute Study

EFFECT ON TOURISM

- The STR lobby argues that the tourism industry in Hudson will be negatively impacted.
 - A 55-room hotel will open before the grace period expires
 - Two surveys that found only 2 to 4 percent of respondents wouldn't have gone on trips if Airbnbs weren't available.

EFFECT ON TAX REVENUES

- Air BnBs don't pay sales tax to Hudson, only the lodging tax.
- The rooms are largely empty during the week.
- Residents live in long-term rentals or houses they own all week. And they spend in the local economy.

LANDLORDS WITH MULTIPLE PROPERTIES

- Airbnb “landlords” who own multiple properties (one for occupying and at least one for renting) likely have an advantage on the platform, Bivens argues, because “any economic occurrence that provides benefits proportional to owning property is one that will grant these benefits disproportionately to the wealthy.”
- Since 60 percent of the property wealth in homeowners’ primary household is concentrated in the top 20 percent of households—and more than 80 percent of the wealth is held by white households—it stands to reason, Bivens says, that the ones who stand to make the most from Airbnb are already the wealthiest, and the whitest.

HOW COMMON IS STR REGULATION?

- **Jersey City:** Despite a multimillion-dollar persuasion campaign by Airbnb, Jersey City, New Jersey, residents voted overwhelmingly (November 2019) to impose greater regulation on short-term rentals in a move that is expected to hurt Airbnb's presence in the city. The law will prohibit using a property as a short-term rental for more than 60 nights a year if the owner is not present.
- The regulations gained traction over concerns that the platform was allowing tourists to overwhelm residential areas, raising housing costs and mostly benefiting large-scale investors. Of the roughly 3,000 listings on the platform in Jersey City, 500 are operated by the top 10 hosts in the area, [according to Inside Airbnb](#), an independent website that collects data from Airbnb's platform.

BEACON, NY

- A bill passed unanimously on June 26, 2020. As of Oct. 1, 2020, homeowners and tenants in any zoning district will be permitted to rent or sublet homes or apartments for up to 100 days per year and 30 days at a time. The rental spaces must be owner-occupied, which means that they must be the owner or renter's primary residence, not an investment property.

CHATHAM

“Short-term rentals also can change the character of a residential area. With visitors renting an accommodation only for a couple of days, neighbors see unfamiliar people coming and going every few days, especially when the density of short-term vacation rentals in the area is high. Issues can also arise related to trash, parking issues and noise disturbances. Fewer year-round residents also translates into fewer volunteers in the community (e.g. firefighters), fewer members in community-based civic organizations, fewer children in the public schools, and fewer routine shoppers at markets, home & garden supply stores, or other stores and businesses that serve our long-term residents. Given the strong emphasis on maintaining our rural community character in Chatham’s Comprehensive Plan, the Town is concerned that the introduction of short-term rentals in our residential areas will change the character and transform the quality of life of the area.”

STR REGULATION IS
CONSTITUTIONAL

SUPREME COURT OF THE STATE OF NEW YORK
Appellate Division, Fourth Judicial Department

194

CA 19-00925

PRESENT: WHALEN, P.J., CENTRA, CURRAN, WINSLOW, AND BANNISTER, JJ.

IN THE MATTER OF GLENN H. WALLACE,
PETITIONER-PLAINTIFF-APPELLANT,

V

MEMORANDUM AND ORDER

TOWN OF GRAND ISLAND, TOWN BOARD OF TOWN OF
GRAND ISLAND AND ZONING BOARD OF APPEALS OF
TOWN OF GRAND ISLAND,
RESPONDENTS-DEFENDANTS-RESPONDENTS.

HOGANWILLIG, PLLC, AMHERST (SCOTT MICHAEL DUQUIN OF COUNSEL), FOR
PETITIONER-PLAINTIFF-APPELLANT.

HODGSON RUSS LLP, BUFFALO (HENRY A. ZOMERFELD OF COUNSEL), FOR
RESPONDENTS-DEFENDANTS-RESPONDENTS.

Appeal from an order and judgment (one paper) of the Supreme Court, Erie County (Catherine R. Nugent Panepinto, J.), entered April 5, 2019 in a CPLR article 78 proceeding and declaratory judgment action. The order and judgment, among other things, granted

STR REGULATION IS CONSTITUTIONAL

Assoc., 74 N.Y.2d at 107; see *Lingle*, 544 US at 545). In opposition, plaintiff failed to raise a triable issue of fact. Specifically, plaintiff did not submit evidence establishing that, due to the prohibition under Local Law 9 on short-term rentals, the subject premises was not capable of producing a reasonable return on his investment or that it was not adaptable to other suitable private use. Instead, plaintiff's submissions showed a "mere diminution in the value of the property, . . . [which] is insufficient to demonstrate a [regulatory] taking" (*Concrete Pipe & Products of Cal., Inc. v Construction Laborers Pension Trust for Southern Cal.*, 508 US 602, 645 [1993]; see *Penn Cent. Transp. Co.*, 438 US at 124). Indeed, plaintiff's submissions demonstrated that he had some economically viable uses for the subject premises, i.e., selling it at a profit or renting it on a long-term basis. It is immaterial that plaintiff cannot use the property for the precise manner in which he intended because a property owner "is not constitutionally entitled to the most beneficial use of his [or her] property" (*Lubelle v Rochester Preserv. Bd.*, 158 AD2d 975, 976 [4th Dept 1990], lv denied 75 NY2d 710 [1990]; see *Penn Cent. Transp. Co.*, 438 US at 130; *Goldblatt v Town of*

Wallace v. Town of Grand Island