Summary of Short-Term Rental Research

With the increasing popularity of short-term rental platforms, there is a growing body of research devoted to their impacts on local communities, rents, home prices, and housing availability. This document summarizes some of the research conclusions.

Often, short-term rentals are cited as a contributor to the loss of affordable housing. The short answer is yes, STRs can increase rental costs and housing sale prices; however, the longer answer is that those increases are marginal and the housing affordability crisis in Colorado and elsewhere is complicated. Other factors contributing to a lack of affordable housing include the cost of land/materials/labor, regulatory & process hurdles (rezoning, public opposition, public land dedication/cash in lieu, etc.), new housing production not keeping up with population growth, an overabundance of single-family only zoning, and credit markets/financing (both the general credit market and the unique challenges facing affordable/<80% AMI housing projects). The Science Vs podcast episode "Who Killed Affordable Housing?" provides a well-researched overview and identifies single-family zoning, short-term rentals, and financing as reducing affordability. In one US study cited in the episode, growth in STRs accounted for 20% of total rent increases over the time period studied (if rent increased by $100/month, $20 of that increase was attributable to STRs). Mile High United Way's "Colorado's Housing Affordability Crisis 2025" offers Colorado-based data and analysis, focused on housing for those earning below median income (which includes many essential workers, educators, and first responders). That report identified construction materials costs, adequate public funding/equity financing, construction labor supply, land procurement, zoning timelines, and lack of public infrastructure as key challenges to building affordable housing.

In "The Effect of Home-Sharing on House Prices and Rents: Evidence from Airbnb,"t he researchers documented that a 1% increase in Airbnb listings leads to a 0.018% increase in rents and a 0.026% increase in home prices and concluded that Airbnb listings increase the supply of short-term rental units and decrease the supply of long-term rental units. While that conclusion seems obvious, it is important; in a region with an affordability crisis, particularly for renters, constraining long-term rentals further reduces housing options.

Purdue University' Office of Research summarized several studies on STR markets, concluding that STRs make housing less affordable. One cited study found that Irvine, CA's ban on STRs in 2018 resulted in a 2.7% decrease in long-term rental prices on average or $1,212 in average annual rent savings.

The Center for Growth and Opportunity at Utah State University published "In Search of Peace and Quiet: The Heterogeneous Impacts of Short-Term Rentals on Housing Prices." The researchers focused on evidence that STR restrictions in Santa Monica *increased* home prices. The paper also notes that "for most jurisdictions, the estimated relationship between STR listings and housing prices is positive" – in other words, more STR listings tend to increase housing prices.

In "The sharing economy and housing markets in selected European cities," the researchers concluded that "…home-sharing has significantly contributed to a rise in rents and house prices in European cities." Other studies focused on London and Berlin also found a correlation between STRs and housing price increases.

While STRs are not the only contributor to reduced affordability, research shows that they do tend to increase housing and rent prices. Regulating STRs can be one element in a comprehensive approach to increasing both housing supply and affordability.