Short-Term Rentals

Utilizing Best Practices to Establish a Local Management Program

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Short-Term Rental Growth & Economics

Over the last decade, the short-term rental (STR) industry has been booming in the U.S. The popularity and accessibility of online travel agency platforms (OTAs) contributed largely to the staggering growth in the number of STR properties. The pandemic and remote working trends helped shatter records in STR occupancy in 2021 (skift[1]) and now, despite many sectors of the economy cooling as we recover from the impacts of COVID-19, the STR market is expected to grow at an annual rate of 11.1% from 2022 to 2030. (Grand View Research[2])

Local governments are tasked with finding solutions that protect the interest of all stakeholders, including STR hosts, property managers, residents, and existing businesses. Among the biggest challenges communities face is how to develop balanced policies that address quality of life, guest safety, efficient compliance, and tax remittance from STRs.

As the former Economic Development Manager for 23 years in Park City, Utah, I've framed stakeholder and policy discussions around STRs due to unprecedented increases in visitation. Driven by STRs and the purchasing habits of these guests, the city saw a 33% increase in sales tax from 2021 to 2022 and the economy roared even as the coronavirus raged. (ParkRecord[3])

In this context, the state of Utah as a whole has been at a crossroads as STRs grow statewide. Jurisdictions must operate within the boundaries of the Utah code to balance residents' values while protecting property owners' rights; and minimize the perception of government overreach, while still supporting the growth of the tourism industry.


Figure 1: Number of STRs in Utah, 2019–2021
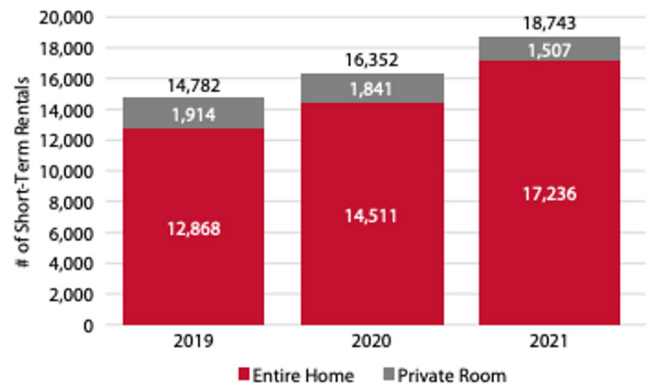
Note: Total omits shared-room listings.
Source: Transparent

Kem C. Gardner Policy Institute: Short-Term Rental Inventory[4]

Below you will find a roadmap of best practices and tools based on my experiences to help you manage your journey with STRs.

What are you trying to solve?

In my experience with framing policy discussions on STRs, numerous tools were considered to manage and partner with STR industry stakeholders. Of the many lessons I learned, the following still resonate:
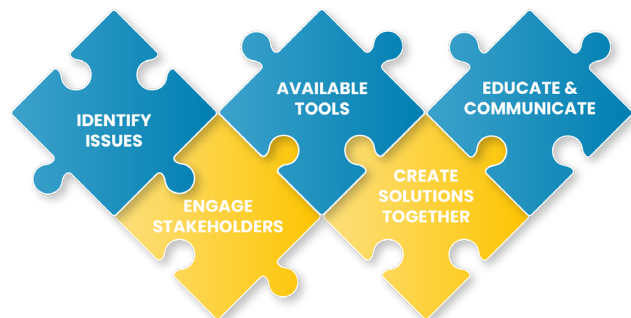
IDENTIFY THE ISSUES

The effort for each community has to begin with identifying what issues need to be addressed. Is it growing the local economy? Protecting existing businesses? Protecting residents' quality of life by mitigating the impacts of STRs as it relates to traffic, noise, trash, parking, and emergency services? Are there community character concerns around affordable housing supply, labor supply, and property values? What type of burden is this growth placing on local government staff? Depending on your community, the list of questions can be expansive and overwhelming.

For me, once we identified the core issues, I needed to consider and understand the opportunities and constraints of the Utah code to help policymakers make decisions that were enforceable and not overreaching.

IDENTIFY WHO IS RENTING

This information can only truly be provided accurately by utilizing technology that combines the use of human and industry-leading artificial intelligence resources. Utilizing technology to identify who is renting will provide you with a wealth of information to make data-driven decisions. For example, you will be able to see addresses, property owner contact information, platform listings, occupancy rates, and average daily rates within a single platform. Knowing the number of unique STRs in your jurisdiction is the fundamental building block and first step in managing this market.

Several companies offer this type of software, and I had a few false starts. There is no one-size-fits-all unicorn out there. Be clear on the information you are trying to gather, and the resources available to you to support an information-gathering campaign. In particular, consider the human capital it will take to stand up your own STR division versus working with a technology partner to assemble and efficiently use the information. Making sure your technology partner

understands your unique challenges and is not applying a template to you will yield more meaningful results and long-term success.

ENGAGE WITH STAKEHOLDERS

Creating a stakeholder engagement process before attempting to identify solutions is key. Understanding different pressure points and building trust with your stakeholders is a critical step to success. You need to identify common ground, sensitive issues, and deal killers on the path to building consensus. The STR ecosystem has a broad mix of stakeholders, including any or all of the following:

- A rental host who plays by the rules
- A rental host who isn't aware there are rules at all
- A neighbor next to an impactful rental
- A local business association
- A realtor
- A local municipality responsible for collecting tax, completing inspections, or responding to complaints

It is critical to ensure everyone has a seat at the table in creating a successful STR management program.

IDENTIFY TOOLS AND CREATE SOLUTIONS TOGETHER

I was able to bring our professional business associations, property management companies, concerned citizens, rental hosts, and representatives from the city and county government together. Working on a reasonable timetable, we were able to identify a comprehensive set of options and vet the implications of each in detail. Even when a total consensus wasn't possible, having all the stakeholders be well informed of the pros and cons of these alternatives usually provides policymakers with a clear path forward. I have seen countless examples at both the local and state level where legislators attempted to "solve" the issues, only to have strong blowback at public meetings when various stakeholders arrived underrepresented or misinformed.

ESTABLISH BASIC HEALTH, SAFETY, AND WELFARE STANDARDS

There are many ways to address these complex issues head-on. Framing subjective, value-based community issues like neighborhood quality and affordable housing concerns, mixed with the potential of disrupting an individual's property rights or supporting the local economies can be unsettling. However, working towards a baseline of health, safety, and welfare standards creates a level playing field and baseline of accountability that I've seen all stakeholders agree on. I've researched the efficacy of many destination locations that have proactively adopted STR regulations. In almost every case there is a foundational common ground based on registration requirements to provide emergency contact information and a baseline of inspections to ensure basic life safety standards such as fire extinguishers, smoke alarms, and egress and occupancy requirements. Guest experience and safety are fast becoming "hot topics" as we see devastating outcomes when not addressed head-on.

A review of the State of Vermont Agency of Commerce and Community Development, the State Rental Housing Health Code, and the Vermont Rental Codes provide a comprehensive review of STR rental safety standards and a checklist of existing state requirements from the Division of Fire Safety for property owners. A registration portal could provide an online upload of these requirements, state and local data, and emergency contact in one centralized location. I have come to believe this is the best solution to address these issues, minimize the cost to local governments, protect both local economies, promote guest safety and capture valuable data.

ESTABLISH A COMPLAINT HOTLINE

Another way to reduce the burden on human resources while providing a support mechanism to ensure local rentals are meeting basic safety standards is to use your technology/compliance company to establish a complaint hotline. Securing

a bilingual, 24/7 hotline that categorizes the type and location of all complaints, as well as who made the complaint informs you "how bad the issue really is" and if progress is being made. Regular reporting protects residents, rental hosts, and guests alike by removing perceptions and allowing you to base your next steps on data.

EMPLOY DIGITAL TOOLS TO EDUCATE AND COMMUNICATE

Once a consensus or series of possible tools is identified and vetted, and there is momentum in creating guardrails for managing STRs, stakeholder communication is the last step before attempting to make policy changes and to help drive high compliance and adoption. Getting the word out through a multi-channeled communication strategy is necessary. Overcommunication and public dialogue will prevent misunderstanding or misinformation, paving the way for public conversations and informed decisions.

This is where both the identification and registration tools mentioned above can add further value because your community will know how to reach the right audience to engage in education effectively.

The 2022 State of the STR Community Report asked the following question:

How have you gotten news about local regulations that impact your STR(s)?

News Source	Percentage of Respondents
On government website(s)	48.9%
Social media	32.1%
Online travel agencies, such as Vrbo or Airbnb	31.6%
Emails from government	30.1%
News outlets	27.6%
From an STR alliance or association	24.5%
Letters in the mail from government	21.4%
I attend local government meetings	20.3%
I have never received news about local regulations	9.9%
Professional compliance specialist/company	4.8%
Other	6.5%

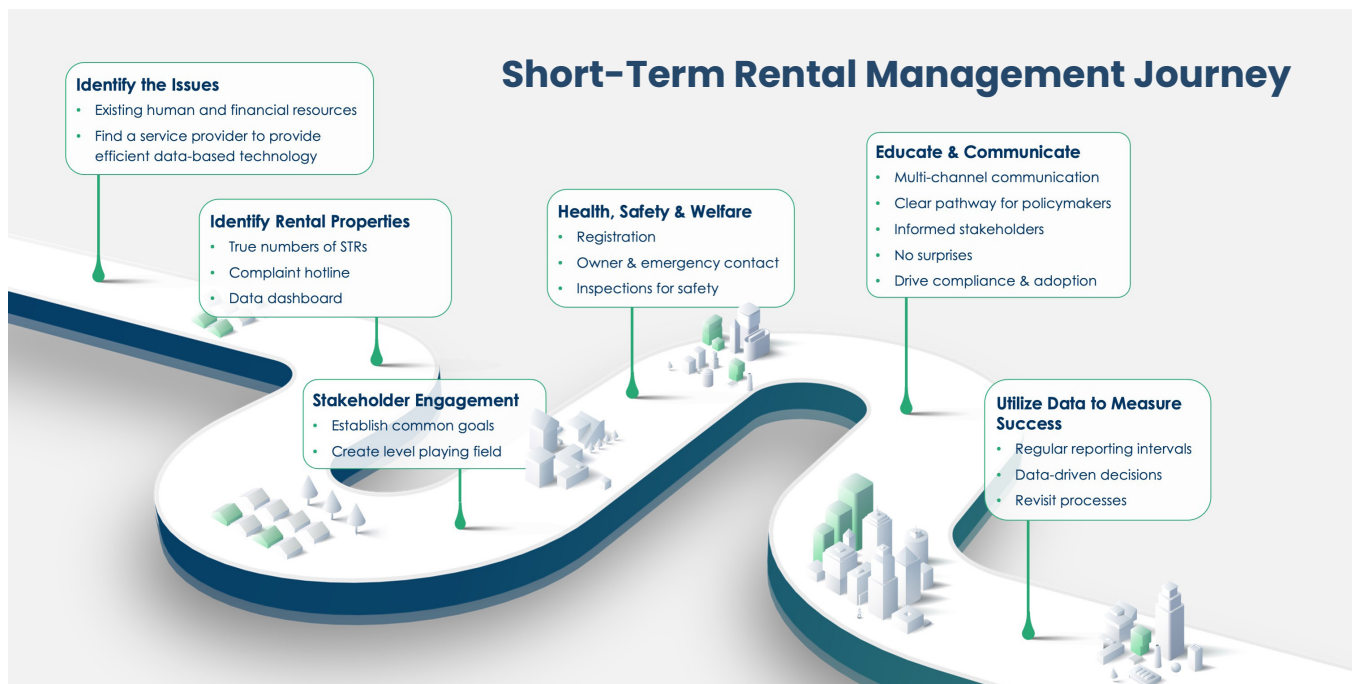Rent Responsibly: 2022 State of the STR Community Report[5]

What does success look like?

To continue to meet the demand for STRs and grow local economies sustainably, a broad approach that embraces best management practices is critical to success. Creating a registration and inspection process can provide a template to ensure basic health, safety, and welfare standards are met in your community. With the available technologies that can identify properties and establish complaint hotlines, this doesn't need to be an additional staffing cost or burden on local jurisdictions or emergency services.

A 2022 State of the STR Community report by Rent Responsibly and College of Charleston found that in the past 12 months, approximately 80% reported receiving zero complaints from neighbors or members of their community about their STRs. Additionally, 80% of those with good neighbor practices in place reported positive relationships with all or most of their STRs' neighbors.

Conclusion

Every STR management program will be unique to each municipality. Focusing on the true issues, utilization of tools, stakeholder involvement, and data-driven decisions will lead you down the road to success. The key is to continue to evaluate the program and make adjustments as your community and market change.

Short-Term Rental Management Journey

Identify the Issues
- Existing human and financial resources
- Find a service provider to provide efficient data-based technology

Identify Rental Properties
- True numbers of STRs
- Complaint hotline
- Data dashboard

Stakeholder Engagement
- Establish common goals
- Create level playing field

Health, Safety & Welfare
- Registration
- Owner & emergency contact
- Inspections for safety

Educate & Communicate
- Multi-channel communication
- Clear pathway for policymakers
- Informed stakeholders
- No surprises
- Drive compliance & adoption

Utilize Data to Measure Success
- Regular reporting intervals
- Data-driven decisions
- Revisit processes

References

1. U.S. Short-Term Rental Rate Sticker Shock Will Sting More in 2022 (https://skift.com/2022/01/25/u-s-short-term-rental-rate-sticker-shock-will-sting-more-in-2022/)

2. Short-term Vacation Rental Market Size, Share & Trends Analysis Report By Booking Mode (Online, Offline), By Accommodation Type (Apartments, Home), By Region (APAC, North America), And Segment Forecasts, 2022 - 2030 (https://www.grandviewresearch.com/industry-analysis/short-term-vacation-rental-market-report#:~:text=The%20global%20short%2Dterm%20vacation,11.1%25%20from%202022%20to%202030.)

3. Park City economy roared as coronavirus raged, City Hall numbers show (https://www.parkrecord.com/news/park-city/park-city-economy-roared-as-coronavirus-raged-city-hall-numbers-show/)

4. Short-Term-Rental Inventory (https://gardner.utah.edu/wp-content/uploads/ShortTermRent-PB-Jun2022.pdf?x71849)

5. Access the 2022 State of the STR Community Report (https://www.rentresponsibly.org/download-2022-state-of-the-str-community-report/)