



# The Wrong Target

**Regulating Airbnb and Vrbo on grounds of housing affordability misses the mark.**

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This month, Washington, D.C., will begin enforcing a law that aims to regulate and limit the use of short-term rentals (STRs), including those advertised on websites Airbnb and Vrbo. In so doing, D.C. will be following the lead of some other cities that have cracked down on the rental units, including New York, San Francisco, Los Angeles, and Miami.

D.C.'s STR law passed more than three years ago, after a year of tense debate where policymakers and some pro-regulation advocates argued that housing-affordability issues justified new licensing rules and the curtailment of full-unit rentals. Specifically, advocates claimed that limiting STRs would help increase housing supply, thereby improving housing affordability for long-term residents. Meanwhile, industry critics have argued that corporations, rather than individual hosts, own the units. Yet STRs continue to provide opportunity to individual hosts and serve an important purpose for travelers, with positive spillover effects for local communities.

The benefits of STRs to travelers are self-evident. Often cheaper and more convenient, they frequently include additional amenities only rarely found in a traditional hotel room, including private kitchens, private indoor or outdoor common areas, and access to a washer and dryer. STRs can also provide more authentic, off-the-beaten-path travel experiences. Through the home-sharing process, visitors are connected to authentic neighborhoods via local hosts, who can tell them about the location, amenities, and culture and can facilitate a more genuine appreciation and understanding of the area.

As a result, STRs can bring interest and business to neighborhoods that might otherwise not see tourism benefits. For instance, though D.C.'s socioeconomically disadvantaged Wards 7 and 8 are almost entirely bereft of traditional hotels, Airbnb reported that hosts in these areas shared their homes with more than 29,000 guests and collectively earned close to \$4 million in income over a one-year period, while their guests spent an additional \$9 million in restaurants and retail shops.

The value of STRs to local residents also shouldn't go overlooked. STRs provide real opportunity and can provide stability: according to a 2021 Airbnb [survey](#), 44 percent of female hosts say “that the money they earn from hosting has helped them stay in their home.” In a previous report, Airbnb [indicated](#) that seniors, especially women 60 and older, were the fastest-growing demographic of hosts joining the Airbnb community in the U.S.; in D.C., the senior-women host community was growing 54 percent faster than the general host community.

These senior hosts frequently rely on Airbnb as a source of income. More than half of senior hosts are retired and the majority of senior-women hosts are empty-nesters hosting to make ends meet. Indeed, during the D.C. city council debate, hosts reported that they rented out their residences to stay in their homes or continue living in the increasingly expensive city—evidence that the debate around STRs and affordability cuts in more than one direction.

Opponents often claim that STRs are owned by corporations with no affinity for the neighborhood. But [data](#) from Inside Airbnb, a project that provides free Airbnb listing data, show that the majority of D.C. Airbnbs are rented by hosts listing five units or fewer—in other words, small-time entrepreneurs. Over one-third of D.C. STRs are listed by hosts renting out just a single unit.

Policymakers and pro-regulation advocates also contend that STRs reduce housing supply and therefore put upward pressure on rents. Some research indeed finds that a proliferation of STRs in neighborhoods drives up costs—one well-cited [paper](#) found that a [standard deviation](#) increase in Airbnb listings in Boston was associated with a 0.4 percent increase in asking rents.

Yet the existing housing supply is not a given. With reform, overall housing supply could rise to meet market demands for STRs and long-term rentals, too. And the effect of zoning restrictions on housing affordability is far greater than the effect of STRs. One [paper](#) found that zoning rules drove up the cost of housing in Manhattan, San Francisco, and San Jose by about 50 percent by the early 2000s, a number that would only have grown since.

D.C. policymakers and their constituents would be well served not to reduce opportunities for hosts but to expand the overall housing supply. With reformed regulatory policy, STRs can continue to provide value to travelers and economic opportunity for hard-working local hosts—and D.C. and other cities can keep the door open to visitors, new residents, and long-term residents alike.

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