Who We Are:

- Over 300 customers
- World's largest provider of STR compliance monitoring technology
- Team of seasoned local government technology executives and data-scientists

How We Help:

- Data and Identifications of STRs across 55+ platforms
- Tax collection and easy online permitting/tax registration
- STR revenue audits
- Enforcement solutions
- Complaints hotline
- Regulatory consulting
More than 300 leading cities and counties are looking to Host Compliance for guidance, data and solutions to their short-term rental challenges.

Session Agenda

- Short-term rental (STR) market context and growth
- Short-term rentals is a local issue
- Local governments and state legislation
What are short-term rentals (STRs)?

Rental of a residential dwelling units usually for periods of **less than a month**. Commonly booked through one of the many online marketplaces available, such as Airbnb, VRBO, and more.
The explosive growth of short-term rentals has made it the single most controversial local issue in decades. Local governments have been pushed to rein it in and take action.

In the last 12 month’s 9,189 news stories have covered this issue across the U.S.
AirBnb, VRBO and 125+ other vacation rental websites have turned vacation rentals into a booming (underground) economy that is growing by the day.

The # of short-term rental listings has grown 850% since 2011.

Market is fragmenting.
In the U.S. and Canada, the number of short-term rental listings doubled over the last 3 years.

Number STR Listings in the U.S. and Canada

100% Growth in 3 years

Sources: Host Compliance proprietary data
There are currently ~1.7 million U.S. short-term rentals listed online

Short-term Rental Listings in the United States

Sources: Host Compliance proprietary data
The North American Short-term Rental market is fragmented and Airbnb represents only slightly more than half of the total listings.

- **Airbnb**: 56%
- **Expedia**: 25%
- **tripadvisor**: 10%
- Other platforms: 4% - 5%
82% of North America’s Short-term Rentals are entire home rentals

- **Partial home rentals** (i.e. room rentals): 18%
- **Entire home rentals** (i.e. traditional vacation rentals): 82%

Sources: Host Compliance proprietary data
The Good: Short-term rentals can drive significant economic growth.

Example: Estimated Annual Economic Impact per Short-term Rental in the City of San Diego

- Rental income: $18,037
- Additional spending: $14,127
- TOT: $1,894
- Sales Tax: $793
- City share of sales tax: $56
- Total: $34,907

Source: National University System Institute for Policy Research (October 2015)
The not so good (from the vantage point of traditional lodging providers)...

More people visit Airbnb than any hotel or travel booking website

~25% of the travelling population in the U.S. has now stayed at a short-term rental

Top 10 US Hotel & Accommodation Sites, Ranked by Total Traffic, Q1 2017

<table>
<thead>
<tr>
<th>Rank</th>
<th>Site</th>
<th>Traffic (2017 millions)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Airbnb</td>
<td>106.9 (31%)</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Booking.com</td>
<td>92.5 (7%)</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Hotels.com</td>
<td>72.6 (3%)</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Marriott International</td>
<td>63.2 (-8%)</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Hilton</td>
<td>48.0 (-6%)</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Vrbo.com</td>
<td>42.3 (-5%)</td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>InterContinental Hotels Group</td>
<td>29.1 (-15%)</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>HomeAway</td>
<td>26.4 (20%)</td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>Trivago</td>
<td>26.1 (-8%)</td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Choice Hotels International</td>
<td>22.7 (-18%)</td>
<td></td>
</tr>
</tbody>
</table>

Note: represents activity tracked by SimilarWeb, broader industry metrics may vary; includes desktop/laptop and Android mobile devices.

Sources: SimilarWeb; “Travel Trends & Insights, May 12, 2017; AlphaWise; Morgan Stanley Research
The Bad: Short-term rentals can displace long-term tenants, alter the neighborhood character and raise legitimate parking, noise, safety, trash and fairness concerns.

- Conversion of long-term rentals into STRs can affect housing availability
- Increased tourism can change the neighborhood character
- Visitors don’t always know (or follow) local rules

- Short-term renters may not care about keeping good neighborly relations
- Increased occupancy can have negative trash related side-effects
- Unfair competition from VRBOs can cause conflicts and hotel job losses
Without proper enforcement only a small fraction of STRs follow the rules and pay their fair share of taxes

Only 10% of short-term rentals will get registered and pay their fair share of taxes.

Large potential for increasing tax revenue and fairness
Session Agenda

• Short-term rental (STR) market context and growth
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Short-term rentals tend to be highly concentrated... 

-> For example, 82% of Florida’s STRs are located in just 15 counties

<table>
<thead>
<tr>
<th>County Name</th>
<th># of STR Units</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Osceola</td>
<td>31,966</td>
<td>20.7%</td>
</tr>
<tr>
<td>Miami-Dade</td>
<td>12,896</td>
<td>8.4%</td>
</tr>
<tr>
<td>Lee</td>
<td>10,172</td>
<td>6.6%</td>
</tr>
<tr>
<td>Walton</td>
<td>8,332</td>
<td>5.4%</td>
</tr>
<tr>
<td>Polk</td>
<td>7,769</td>
<td>5.0%</td>
</tr>
<tr>
<td>Broward</td>
<td>7,537</td>
<td>4.9%</td>
</tr>
<tr>
<td>Pinellas</td>
<td>7,486</td>
<td>4.8%</td>
</tr>
<tr>
<td>Collier</td>
<td>6,286</td>
<td>4.1%</td>
</tr>
<tr>
<td>Bay</td>
<td>6,179</td>
<td>4.0%</td>
</tr>
<tr>
<td>Orange</td>
<td>5,361</td>
<td>3.5%</td>
</tr>
<tr>
<td>Sarasota</td>
<td>5,035</td>
<td>3.3%</td>
</tr>
<tr>
<td>Monroe</td>
<td>4,373</td>
<td>2.8%</td>
</tr>
<tr>
<td>Palm Beach</td>
<td>4,281</td>
<td>2.8%</td>
</tr>
<tr>
<td>Volusia</td>
<td>3,859</td>
<td>2.5%</td>
</tr>
<tr>
<td>Manatee</td>
<td>3,826</td>
<td>2.5%</td>
</tr>
<tr>
<td>All Other Counties</td>
<td>29,043</td>
<td>18.8%</td>
</tr>
</tbody>
</table>

**FLORIDA TOTAL** 154,401 100.0%

Source: Host Compliance

82% of Florida’s 154,000 residential short-term rentals are concentrated in just 15 counties...
Because of this concentration, short-term rentals represent a large share of permanent households in some communities while they are non-existent in others.

Massive negative impact on neighborhood character, quality of life and housing affordability

Few short-term rental related issues

The #1 FL County in terms of STRs has 14.5x as many STRs per household as the statewide average!

State Avg. = 1.7%

Source: Host Compliance
...and many communities have basically no short-term residential rentals...

Liberty County, FL Example:  

Union County, FL Example:

The 3 red dots denotes Liberty County’s and and Union County’s only short-term residential rentals

Source: Host Compliance
...while some neighborhoods in other counties are literally being turned into communities of transients...

Osceola County, FL Neighborhood Example:
*Each red dot denotes a short-term residential rental listing*

Source: Host Compliance
How to best regulate short-term rentals therefore entirely depends on each community’s **LOCAL** circumstances and planning objectives

**Common STR Policy Objectives**
- Preserve affordable housing
- Maintain neighborhood character
- Protect neighbors’ quality of life
- Ensure guest safety

**Regulatory Best Practices**
- Only allow permanent residents to operate STRs
- Disallow rentals in subsidized housing
- Set annual rental frequency limits
- Set neighborhood quotas
- Ban signs
- Require adequate parking and garbage disposal
- Require hosts to post noise ordinance
- Require a local contact person
- Differentiate rules for hosted and non-hosted stays
- Require physical safety and habitability inspections
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Take-away #1: One-size fits all policies do NOT work for short-term rentals. Keep the control in the hands of those that know the issue and are faced with the enforcement.
Take-away #2: This is a complex and dynamic issue, but there is an 'elegant' proven approach that can provide balance and the information needed to improve over time.

"The Host Compliance system is an essential link to the City’s short-term rental (STR) regulation program. It’s our experience that maintaining a high license compliance rate heads off other STR related issues before they become a nuisance"
Take-away #3: If state action is viewed as required focus on leveling the playing field by assuring existing taxes and regulations apply across accommodation types.

Avoid State-preemption laws:
• Invalidates local democracy
• Establish the lowest common denominator as the regulatory standard
• Cause unintended consequences as the “one-size fits all” most often becomes “one-size fits none”
Next Steps

If you’d like free information on **how we can help with your state or region’s STR situation**, chat with us after the session, or reach out to us via the information below.

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