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## When You Live Next Door to a Local Host Rental: What Neighbors and Communities Need to Know

In the small city of Roanoke, Virginia, U.S., local authorities, in addressing their community’s growing local host rental market, enacted a “homestay zoning exemption.”<sup>1</sup>

The legislation had a practical goal: to require owners to register their rental intentions, and to bring their neighbors into the application review process as a way of helping limit potential neighborhood disruptions.

The exemption would allow owners to list their homes legally on services like Airbnb, Booking.com, Agoda, and HomeAway. To receive the exemption, owners had to meet with a regulatory board, ensure their home met certain safety standards, pay a registration fee, and listen to any concerns the neighbors might have.

The outcome was different for every host. Some chose not to go through the process at all (at the time of writing, only 10 percent of the Roanoke listings in Airbnb had local authority approval). Some went through the process successfully, including one owner, who was “not a fan of rules”<sup>2</sup> but did so to avoid causing problems in his neighborhood. Another owner, however, applied for the exemption but experienced a significant backlash—there was a strong negative reaction toward her proposed rental from neighbors who attended the public hearing. The city council ultimately rejected her application, effectively pulling the rug out from beneath her planned business.

“I do support the city and the planning department,” said the owner. “They did what they could but there was an onslaught of xenophobic neighbors who operate with the premise of ‘not in my back yard.’”<sup>3</sup>



## NEIGHBORS MATTER

**L**ocal host rentals, like all businesses in the sharing economy, flourish in communities. A theme that we continue to stress throughout this book is the idea that reciprocal, mutually beneficial relationships are the engine that makes the local host rental industry run. Whether you are a guest or host (or both!), it pays to consider the needs and priorities of the other party. In previous chapters, we highlighted the reasons why local host rentals are transforming travel at an exponential rate. We've examined the unique roles that guests and homeowners play in the increasingly prevalent (and lucrative) local host rental industry. We've advised travelers on how to be responsible and well-informed guests, and recommended best hosting and business practices for owners. In Chapter 4, we'll suggest ways in which forward-thinking regulators can legalize local host rentals in a manner that benefits and protects these parties.

But right now, let's focus on a frequently overlooked group of people in the local host rental sector—neighbors. As we've seen in Roanoke, Virginia—a community that presents an interesting microcosm of the industry's bigger picture and challenges—neighbors are directly and indirectly affected by both hosts and guests. Increasingly, as the growth of local host rentals normalizes, neighbors' concerns, needs, and wants will need to be more systematically addressed.

The goal of this chapter is to look at local host rentals from the neighbors' perspectives. We begin by shedding light on some of the reasons why neighbors might have mixed feelings about local host rentals. Then, we'll show how local host rentals can benefit neighborhoods and communities, address neighbors' most common concerns, examine neighbors' rights, and look at a few great examples of how hosts, neighbors, and regulators can work together to successfully incorporate local host rentals into their communities.

## FEAR OF THE UNKNOWN

**M**any neighbors, of course, are already familiar with local host rentals and the rise of the sharing economy—and many have benefited, whether it is by staying in a rental property themselves or using a ride-sharing service like Uber, Grab, or Didi Chuxing in China. Some have already opened their own homes to travelers, while others may consider doing so in the future for reasons that range from offsetting their rental or mortgage costs or making extra cash to help pay for their children's education, to supplementing their retirement income. Some enterprising neighbors are raising extra income supporting local host rentals in their community, by offering a range of helpful, everyday services like house cleaning, mail and package collection, and even themed tours and parking assistance for guests.

While the basic concept of renting a spare room or an entire home for a short period of time has existed for centuries, it's only recently that short-term rentals have bubbled into the global mainstream, evolving into an industry that some analysts predict will reach upwards of US\$170 billion by 2019.<sup>4</sup> Despite the spike in popularity, many neighbors are still unaccustomed to seeing a stream of new faces coming and going from the house next door, and in their communities in general. This is particularly true of nonurban locations—and neighbors in such places may, at first, be uncomfortable with it.

Indeed, during the public hearing in Roanoke at which the homeowner's exemption permit was rejected, one neighbor had voiced fears about "a stranger knocking on her door or taking her children," while others had cited "heavier traffic" and opposition to "commercialism

**Local host rentals flourish in communities. Neighbors are key stakeholders to the industry's success.**

**As traditional lines between a business and home blur, neighbors may not feel comfortable with an influx of strangers next door.**

in a residential neighborhood” as reasons for dissent.<sup>5</sup> Later, we’ll address these and other common neighborly concerns and look at how they can be resolved or, at least, significantly mitigated.

Although these concerns and fears are sometimes unfounded, they need to be addressed. Local host rentals are changing the traditional makeup of neighborhoods, and it’s simply human nature to be uncomfortable with, or question, change. There are no longer clear boundaries between commercial and residential properties: a property owner who rents out a room or home to guests as a local host rental doesn’t have a “Hotel” or “B&B” sign hanging outside. The inflow and outflow of visitors next door is somehow different when they are strangers paying for a room rather than a friend crashing on your neighbor’s couch (although the friend may be a stranger, too).

But local host rentals are here to stay, so let’s start by bringing neighbors into the conversation.

### A POSITIVE WAY FORWARD

**T**he reality is that there is an overwhelming worldwide demand for local host rentals, and for neighbors, saying “No!” is simply not a viable, long-term option. Besides, it’s important to remember that things change. Neighbors who may not be familiar with local host rentals today—or might even oppose them in their communities—could one day find themselves staying in one or managing one themselves. You never know.

With sensible legislation, local host rentals can greatly benefit their communities, while their negative effects can be minimized. Neighbors can work with hosts, building managers, and local regulators to iron out any concerns and resolve potential problems. Which is precisely what one community in Palo Alto, California, did.<sup>6</sup>

A longtime resident of Palo Alto decided to turn a home he inherited from his mother into a rental. He had a plan to lease the house to property managers who, in turn, would advertise it on a local host rental platform. When neighbors got wind of the idea, they banded together to express their opposition to the city council. The council issued a cease-and-desist letter to the resident and reminded him that the municipal code for his neighborhood prohibited rentals for any period shorter than 30 days. So the owner took a

different tack; rather than try to fight City Hall, he had a conversation with his neighbors and explained that he had been struggling for quite some time to find a suitable renter for the home. Once they understood the situation, these neighbors changed course and some even went the extra mile to help their neighbor find a suitable, legal tenant.

Not every situation can be so happily resolved, but there are some important lessons to this story. First, regulators would do well to be more open-minded and reevaluate their policies forbidding short-term local host rentals. Second, difficulties between hosts and their neighbors can often be resolved through better communication, education, understanding, and cooperation. When owners make their local host rentals visible and regulators approach the issue openly and with an eye toward the future, and when neighbors take an active role in the legislative process (by contributing ideas and creating neighborhood associations with reasonable standards), then the industry’s benefits can reach the largest number of people possible, in the most positive way. On the other hand, trying to eliminate the practice altogether will only drive local host rentals underground, potentially creating more problems and more risks.

### HOW LOCAL HOST RENTALS BENEFIT COMMUNITIES

**I**n the past decade, local host rentals have taken the world by storm and revolutionized the way we travel. *Forbes*, citing a TripAdvisor survey, reported that 67 percent of global travelers intended to rent homes or properties on their travels in 2016.<sup>7</sup> That number has most likely risen since, as the visibility, number of services, and mass appeal of the practice continues to increase. Although neighbors may perceive local host rentals as affecting their own community more than others, the truth is that the global surge in popularity is redefining how property owners worldwide are choosing to live and conduct business.

Listings on services such as Booking.com and China-based Tujia include everything from condominiums in Bangkok and spare bedrooms in the suburban United States, to luxury ski chalets in Hokkaido and private pool villas in Bali. While the kinds of accommodations that hosts have on offer may differ and the reasons they have for

**Hosts, neighbors, and communities can work together with regulators to create reasonable standards that benefit all.**

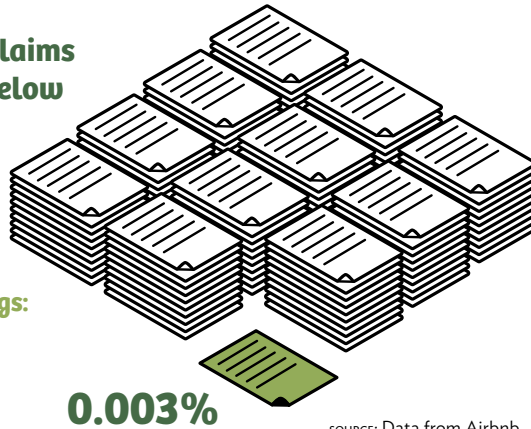
**With communication, education, and cooperation, most issues can be resolved.**

FIGURE 24

### Significant damage claims from guests are far below 1% of total bookings

2015 claims > US\$1000:  
1,010

2015 Airbnb total bookings:  
40 million



0.003%

source: Data from Airbnb.

renting out their properties may vary, they all have one thing in common: every host benefits financially. And while this extra income can help hosts with their individual needs, we'll see shortly that it can benefit their communities, as well.

Many hosts use the income from their local host rental business to earn extra money for retirement. As a matter of fact, in the case of Airbnb, the fastest growing demographic of hosts globally is aged 60 and above; and out of the 200,000 senior hosts, 60 percent are women.<sup>8</sup> Meanwhile, hosts based in pricey urban centers like London, New York City, and Vancouver use the service to help cover high rental costs, just to be able to stay in their own homes.

Just as hosts share one powerful motivation—income—so do the guests: they are looking for a comfortable and convenient place to stay among the locals while they are away from home. Guests may hail from all walks of life and every demographic, from budget-minded backpackers and young couples, to families with small children and, increasingly, business men and women; but troublemakers are rare. Neighbors may well have seen stories in the media about unruly guests wreaking havoc on a home or causing a community disturbance. To be clear, such things do happen and will again, just as incidents have and will continue to occur in hotels. But most guests are responsible, respectful global citizens who simply enjoy an alternative way of travel that enables them to connect on a more local level with the places they visit.

In fact, CBIZ Insurance Services, which provides insurance for HomeAway hosts, pointed out in 2016 that less than 1 percent of hosts' claims stemmed from damage caused by guests.<sup>9</sup> Similarly, Airbnb received just 1,010 "significant" property damage complaints (i.e., claims for more than US\$1,000) from its hosts in 2015, a year in which there were more than 40 million guest bookings around the world.<sup>10</sup> (See Figure 24.) While this does not account for neighbor noise complaints or other grievances—more on that shortly—it demonstrates that bad guest behavior is the exception to the norm.

## Five Community Benefits Of Local Host Rentals

At a minimum, neighbors have a right to expect well-mannered guests at local host rentals in their community. However, neighbors need to realize that guests create plenty of benefits for them, too. Here are the top five:

FIGURE 25



### Tax revenue

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**Taxes from local host rentals can be invested in the community.**

Airbnb estimates that governments can earn US\$ 2 billion in global taxes from local host rentals in the next decade.



### Foot traffic to local businesses

page 189

**Stores, F&B, and local attractions gain new customers as travelers shop locally.**

43% of total travel spend goes to neighborhood businesses.



### Jobs for neighbors

page 191

**Ancillary businesses create new jobs.**

Tourism creates 1 in 10 jobs globally; local host rentals demand ancillary services and new jobs.



### Keeping residents in their homes

page 191

**Hosts can afford rents and mortgages to stay in homes.**

60% of hosts use income to stay in their homes.




### Increasing home value

page 192

**Homeowners investments grow from value of local rentals.**

Home values rise when potential income from local host rentals is factored into price.

SOURCES: Data from Airbnb; Barron, Kung, and Proserpio; Cornell Real Estate Review; Washington Post; WTTC.

 **Tax revenue.** Well-planned, innovative regulation can help minimize the everyday impact of local host rentals on neighborhoods and create a new, potentially significant tax revenue stream that local governments and city councils can appropriate for projects to improve the community. For instance, as of May 2017, Airbnb has formed tax partnerships with over 275 jurisdictions and “collected and remitted nearly a quarter of a billion dollars in hotel and tourist taxes globally,”<sup>11</sup> which was an increase of US\$100 million from December 2016. Of these agreements, 90 percent are in the U.S., but Airbnb has announced a policy of rapid expansion of tax collection. Internationally, Airbnb has formed agreements with municipalities in Mexico, France, Italy, and Canada. In addition, in Malaysia, Airbnb collects a flat tax rate of MYR 10 (~US\$2.65) per room per night from foreign visitors<sup>12</sup> while in Japan, Kyoto is considering adding a tax of between JPY 200 and JPY 1,000 (~ US\$2 to \$10) for all hotel guests, including local host rental guests.<sup>13</sup> Airbnb says it is capable of raising US\$2 billion more over the next 10 years, assuming governments embrace the service and pass legislation that includes tax collection.<sup>14</sup>

Because the U.S. is so big and diverse, it can serve as a laboratory for different kinds of policy experiments from which other countries can learn. These are just a few examples of how revenues from taxed local host rentals can be a boon for neighborhoods: In Washington, DC, where local host rentals have been taxed since 2015, authorities have allocated revenues, in part, to its police and fire departments.<sup>15</sup> In San Francisco, some of the local host rental tax revenue is spent in support of local arts programs.<sup>16</sup> In Portland, 100 percent of tax revenues are allocated to affordable housing, while in New Orleans, US\$1 per night of each booking supports the same cause.<sup>17</sup> In the Finger Lakes region of New York, one of the state’s most popular tourist destinations, hosts are hopeful that an agreement reached in 2017 to tax their rental bookings will help make the area an even more attractive vacation choice. “Hopefully our county will do something positive in a tourist field” when they reinvest the money, said Karen Stewart, an Airbnb host. “I think that it is a contribution that we can give to our county to get more tourists to our area.”<sup>18</sup>

 **Foot traffic to local businesses.** HomeAway, one of the world’s largest local host rental services, had more than 2 million listings in virtually every country in the world at the time of writing. The company is calling attention to the revenues that it and other services generate for local businesses. “We welcome the opportunity for dialogue with council members and stakeholders to address concerns and protect the rights of... the small businesses that rely upon a strong rental ecosystem,” said spokesperson Phil Minardi.<sup>19</sup>

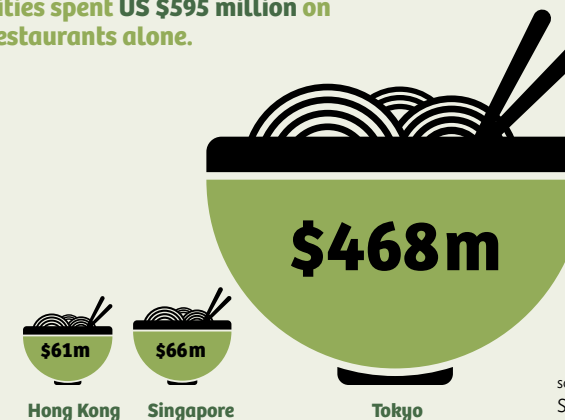
In 2016, global travelers to the top 20 cities around the world used on average 32 percent of their total travel spend on accommodations; more than half of the remaining expenditure was on food and drink, activities, shopping, local travel, and local services, as reported in a Mastercard study on top global destinations.<sup>20</sup> According to an Airbnb report, between September 2016 and September 2017 Airbnb guests spent an estimated US\$6.5 billion at restaurants across 44 cities, including US\$61 million in Hong Kong, US\$66 million in Singapore, and a whopping US\$468 million in Tokyo. (See Figure 26.) Meanwhile, 43 percent of global guests’ travel spending occurred in the neighborhood of the local host rental.<sup>21</sup>

These are substantial numbers—and they come from just one of many local host rental services. While the restaurant spending in this report appears to be primarily

**43% of guest travel spend goes to businesses within a local host rental’s direct neighborhood.**

—Airbnb

FIGURE 26  
**In Asia, Airbnb guests in 3 lead cities spent US \$595 million on restaurants alone.**



SOURCE: Data from Airbnb. Data from September 2016–September 2017.

**TAXES FROM LOCAL HOST RENTALS DIRECTLY BENEFIT PUBLIC SERVICES:**



**Chicago**

4% tax on each booking supports homeless families with children



**New Orleans**

US\$1 per night of each booking supports affordable housing



**Portland**

100% of tax revenues allocated to affordable housing

—Airbnb Policy Tool Chest 2.0



drawn from major cities with hundreds or thousands of listings, smaller communities and their businesses stand to benefit from local host rentals, too. Many travelers favor non-hotel accommodations and are open to visiting and staying in places off the beaten path.

China's Belt and Road Initiative (BRI), which aims to increase trade and economic growth, has helped attract Chinese tourists to local host rentals in small and mid-sized cities.<sup>22</sup> Airbnb claims that, in the Czech Republic, it has seen a 132 percent growth in bookings made outside of Prague. Within Prague, which is the country's top tourist destination, more than 80 percent of reservations made between September 2016 and September 2017 were in neighborhoods outside of the city center. "By working together, we can help boost economic and social opportunities for regular people, generate new tax revenues, and help spread tourism benefits to regular people and their communities," said Sofia Gkiousou, a regional public-policy manager at Airbnb.<sup>23</sup>



**Jobs for neighbors.** Local host rentals not only generate tax revenue for communities and boost spending at neighborhood restaurants and boutiques, but also create job opportunities, both full-time and part-time. Local host rentals have had a positive snowball effect over time, as a whole array of businesses has emerged that offer cleaning, management, concierge, and other services, which hosts use to help improve the guest experience and streamline their responsibilities.

Entrepreneurial hosts can even offer related services to neighbors interested in helping out and earning some extra cash. Some hosts do so by dealing directly with neighbors—agreeing on the service requirements, handling payment, etc.—while others refer them to online travel agencies that act as a go-between to make the process easier for both parties. In 2017, Airbnb, in its first study on the impact of hosting on women hosts, estimated that over 50,000 women globally have channeled rental income toward investing in an entrepreneurial business.<sup>24</sup>

Handy, GuestReady, and Mopify are just three companies that employ local cleaners to handle things like guest laundry, key exchange, and turnover services. Local photographers are frequently commissioned to take professional photographs of homes to help make listings stand out. Property managers are hired to manage local host properties when owners are away or need the extra help. Withlocals, Eatwith, and Airbnb's Experiences are just a few of the growing number of niche tour providers on which neighbors can register with to offer their local expertise and tour-guide services.



**Keeping residents in their homes.** Although a rapid increase in the number of local host rentals could create significant changes in the housing market for major urban centers like New York City and London, these changes are not necessarily a bad thing for residents. In many places the ability to earn extra income from one's home has, in fact, helped bind neighborhoods together by helping hosts cover high rents and mortgages, thereby keeping residents in their homes.

Income from local host rentals has also helped hosts avoid eviction or foreclosure, according to Airbnb; such is the case in cities like Los Angeles, California (13 percent

**54%–70% of hosts use rental income to pay mortgages and keep their homes.**

—Airbnb and HomeAway

in 2016),<sup>25</sup> Rio de Janeiro, Brazil (19 percent in 2016),<sup>26</sup> and Barcelona, Spain (25 percent in 2017),<sup>27</sup> to cite a few examples. Overall, Airbnb has said that 54 percent of its hosts have used income from rentals to help them stay in their homes.<sup>28</sup> As we've mentioned in Chapter 2, 70 percent of HomeAway's hosts in the U.S. use their rental profits to pay for at least half of their mortgage.<sup>29</sup> Rather than compromising the spirit of a community, local host rentals can actually help keep it going.



**Increasing home value.** As of now, concrete data concerning the impact (positive or negative) that homes doubling as local host rentals have on the values of the overall building or neighborhood is scant. However, in municipalities where the local host rental industry is permitted and regulated—and particularly in high-demand destinations—some realtors believe that homes with “rentable”<sup>30</sup> features can fetch higher prices on the market than ones that do not. There are also signs that sales of homes used largely as a local host rental are rising in part because savvy homebuyers (and would-be hosts) see the demand and earnings potential.

A 2018 study on Airbnb's effect on home prices in the U.S. by researchers at the University of California, Los Angeles, the University of Southern California, and the National Bureau of Economic Research has suggested that an increase in local host rentals is correlated with a modest rise in rental rates, and thus home prices.<sup>31</sup> According to the *Wall Street Journal*, the study looked at prices in the largest 100 U.S. metropolitan areas between 2012 and 2016 and concluded that a 10 percent increase in the number of Airbnb listings in an area yielded a 0.39 percent increase in rents and a 0.64 percent increase in home prices. Although the numbers sounded small in comparison with the average increase in house prices (roughly 4.8 percent a year in the 100 areas), they are nevertheless significant and beneficial, explained Dr. Edward Kung, a co-author of the study, to the *Wall Street Journal*. Dr. Kung also said that “Airbnb enables homeowners to generate income from their property, making their homes even more valuable.”<sup>32</sup> Overall, the paper's authors are supportive of regulation that allows local host rentals to continue, given the economic benefits they provide.

**Local host rentals “enable homeowners to generate income from their property, making their homes more valuable.”**

—Prof. Edward Kung,  
University of California

This is aligned with research published in the *Cornell Real Estate Review* in 2015, which concluded that cities that permit local host rentals can “protect a community's character and property values by helping to insulate individual owners from the effects of negative housing market downturns.”<sup>33</sup>

There are exceptions, of course. While some real estate agents tout the beneficial aspects of local host rentals on home values, others highlight instances where a mismanaged rental can hurt a neighbor's home value. For instance, if a host permits or doesn't attempt to control loud parties or gatherings, neighboring home values could decline. Similarly, there are real estate agents who feel that homes situated next to a unit that's frequently, or exclusively, used as a local host rental can take longer to sell and/or receive lower offers.<sup>34</sup>

## SUSTAINABLE DEVELOPMENT: LOCAL HOST RENTALS' ENVIRONMENTAL IMPACT

Communities around the world are setting goals to balance economic growth with environmental protection, and planning for the long-term conservation of resources. Local host rentals can also benefit communities in their quest for sustainable development. As we've discussed earlier in the book, local host rentals make fuller use of existing resources, thereby reducing the need to build new accommodations; they also tend to have a smaller environmental footprint than hotels.

Airbnb has stated that sustainable development is an important part of its work in communities:

We constantly seek ways to seamlessly integrate sustainable practices into our platform, whether through everyday steps hosts can take with their listings, or partnerships with solar-panel and smart-home tech companies to reward our hosts for adopting energy-saving tools, or educational efforts to help hosts prepare guests for local environmental challenges such as droughts.<sup>35</sup>

In 2016, Airbnb guests in Europe “achieved energy savings equal to 566,000 homes, reduced water usage equal to 9,000 Olympic-sized swimming pools, and reduced greenhouse gas emissions equal to 1.6 million cars”<sup>36</sup> by choosing to stay in local host rentals rather than hotels. In addition, Airbnb partnered with the UN Environment Programme during the 2016 Summer Olympics in Rio de Janeiro to promote “Green Passport” materials with guests, which educated them on how to be environmentally responsible during their travels.<sup>37</sup>

## COMMON NEIGHBOR CONCERNS

As we've seen, local host rentals can directly benefit neighborhoods. They can boost the local economy, contribute tax revenue, create jobs, help hosts (who are neighbors themselves) pay rent or avoid foreclosure, and potentially increase the real estate value of neighboring homes and apartments. However, as with any emerging industry—in this case, one driven by millions of private owners that present a unique set of regulatory challenges—we can expect some bumps in the road.

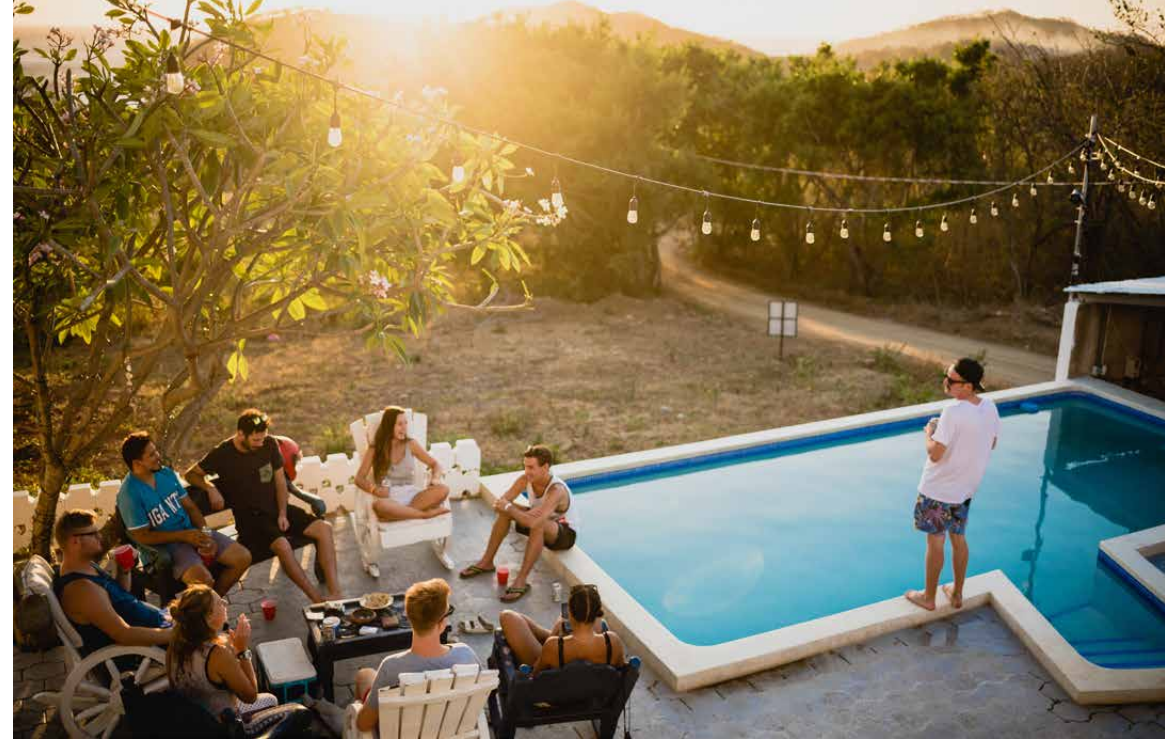
In previous chapters, we examined concerns and issues relevant to guests, hosts, and regulators. Neighbors, likewise, have their share of problems to grapple with. We'll demonstrate, however, that many of these points of contention are rectifiable while others may even be somewhat overblown.

## NOISE

Raucous house parties and excessive noise are perhaps the biggest concerns expressed by neighbors about local host rentals. Unfortunately, the media do give headlines to egregious instances of guest behavior, rare as they may be. Meanwhile, unruly and otherwise disruptive guest behavior also occurs in hotels, but does not usually attract the same level of media attention.

Having said that, a quick look through a website like AirbnbHell.com will confirm that noise can be an issue for local host rentals, particularly with units where the homeowners aren't present. For instance, one neighbor wrote about how "rave-like parties" would happen regularly at a neighboring home used exclusively as a rental, and described an incident in which there was a "near riot in front of the house when drunken partygoers screamed and fought in the front yard when the police came for the third time that day."<sup>38</sup> Another user based in Dublin, Ireland, complained that a neighboring apartment, rented to groups of up to six people, resulted in "loud music and noises"<sup>39</sup> every other weekend.

As with hotels, it's impossible to eradicate the risk of excessive noise, but services, and some city regulators, have systems in place to help control it. One technique is to manage guests' reputations through reviews. Many rental platforms allow hosts to write public reviews of guests (and vice versa), which gives hosts the ability to alert other hosts



about unpleasant experiences with undesirable guests. A guest who has had an unsavory track record delineated in multiple negative host reviews may find it difficult to make future bookings. This reputation effect can lead guests to practice more socially respectful behavior, or at least spare other neighbors the nuisance of noisy rentals.

Airbnb has noted that its listings range from "traditional hostels" to "ideal venues for large events."<sup>40</sup> This is one way of saying that parties do occur in some of their properties. But Airbnb also noted that it actively removes listings that disrupt communities or have the "potential to cause quality-of-life issues"<sup>41</sup> for neighbors, and has deleted significant numbers of listings (e.g., 1,500 in Korea as of end 2016 that were deemed "not in line with [its] community standards."<sup>42</sup>). Later, we'll look at ways neighbors can voice concerns about such properties to the listing service.

In New South Wales, Australia, authorities have proposed a plan that would require hosts whose guests have been overly disruptive to compensate their neighbors; hosts could also be temporarily banned from the service.<sup>43</sup> This approach can significantly incentivize hosts to keep noise levels down. Hosts can also take advantage of new technological solutions like NoiseAware, a monitoring system they can install on their properties.

Yet other neighbors take a *que será, será* attitude toward intermittent noise caused by guests in a neighboring local host rental. "In a way, I quite like knowing that even though there's pounding tropical house [music] at 1 a.m., chances are they'll be gone tomorrow," said one television show editor in London.<sup>44</sup>



**Remember:**  
Reputation  
mechanisms  
help hosts  
address issues.



## SAFETY

In Mount Vernon, Virginia, U.S., a number of residents cited safety issues as the main reason behind their opposition to local host rentals in their community. “There is no vetting. You don’t know if there are sexual predators down there, you don’t know if there are ex-convicts, you don’t know if there are criminals,” said one resident.<sup>45</sup> In Canberra, Australia, a resident who was pro-rentals recalls running into a neighbor in her building’s hallway and learning that she was one of the people pushing back against rentals. “I worry about security,” the neighbor said. “They have keys to the place, don’t they?”<sup>46</sup>

Instances where a neighbor’s family, personal safety, or property have been compromised by a local host rental guest are extremely rare (though, again, not without precedent).

And the presence of strangers is not unique to local host rentals. In any multiunit building, residents move in and move out, and their friends, significant others, and other visitors come and go all the time. Unfamiliar faces are an everyday occurrence in apartment buildings and not necessarily an indicator of unsafe conditions.

Many services require that users verify their identity by providing at least one official government document. Airbnb is one service that claims to screen its users further by running periodic background checks of those who have provided at least their full name and birthdate.<sup>47</sup> When doing so, the service checks public criminal records, sex offender registries, criminal convictions, terrorist watch lists, and other records, and removes users known to have committed violent crimes, sexual offenses, and other misdeeds.

Though not ironclad processes, this type of guest and host vetting does help keep unsavory people off the service and out of neighborhoods. We expect that more services will soon adopt similar trust, safety, and verification protocols. After all, no local host rental service wants to make headlines by causing a serious safety issue in a community. (Although many neighbors have voiced grievances related to local host rentals, there have been, in reality, very few instances of safety-related conflicts.)

One other thing to note: Sometimes properties are vacant for certain periods of time because their owners are traveling for an extended period, because they have been purchased for long-term appreciation, or some other reason. When neighboring properties are vacant—whether they are houses or apartments—not only can they be a potential safety hazard, but the lower level of occupancy can also discourage growth in local businesses, from the grocery store to the dry cleaners. Keeping these homes occupied—even by transient guests—may be better for the neighborhood than if they were left empty.

## GENTRIFICATION AND OVERTOURISM

Not all cities welcome—or can even accommodate—increased tourism, especially when it goes to neighborhoods located outside of the traditional tourist districts.

In Europe, residents of major tourist destinations like Dubrovnik, Barcelona, and Venice have made known, in various ways, concerns over what they say are inundations of tourists caused, at least in part, by the increasing number of local host rentals.<sup>48</sup> Protesters have marched through the streets of La Barceloneta, a residential neighborhood in Barcelona that has seen a rise in foreign visitors. In response, local authorities have limited the number of local host rentals. In places like New York City, where for years residents and regulators have struggled to strike a balance between honoring and protecting the distinct rights of private owners and neighbors, “Airbnb-induced gentrification” can be quite real.

But the short- and long-term benefits of what we call “alternative tourism driven by local host rentals are significant. Consider, for example, places with sluggish economies in the United States’ Rust Belt, impoverished villages well off the tourist grid in culturally rich northern Thailand, or the many cities across Japan affected by the nation’s aging population and depressed housing market. Disadvantaged neighborhoods and even entire states and regions stand to reap the rewards of increased traffic gained by adventurous guests.

In other places, the discussion is touchier, and residents’ concerns about overcrowding and gentrification are not unfounded. Short-term rentals, however, are not solely responsible for all the issues these communities face, and judicious regulation can help alleviate some of the stress that travelers exert on neighbors and communities.

In Amsterdam—in a move against large-scale commercial operations—legislation at the time of writing permitted local host rentals only if the host was registered as the property’s primary resident.<sup>49</sup> Presently, in multiunit buildings in Chicago, Illinois, no more than 25 percent of listings or six units (whichever is lower) are allowed.

**Reality check:**  
All hosts want their guests and neighbors to be safe. Seeing unfamiliar faces does not mean a local host rental is unsafe.

**Conscientious regulation can help address concerns regarding overtourism.**

In Jersey City, New Jersey, hosts are required to make a commitment to ensure that their rental business will not “disrupt the residential character”<sup>50</sup> of their neighborhood. And in Philadelphia, Pennsylvania, hosts are not allowed to post “accessory signs,”<sup>51</sup> and guests are explicitly forbidden from inconveniencing neighbors with excessive noise.

Regulators and city officials worldwide can certainly do more to address contentious matters like gentrification, while still permitting responsible local host rental businesses to run. While these legislation examples are neither foolproof nor fully developed, they demonstrate that it can be done.

### **PARKING CONGESTION**

**P**arking may not be a significant concern in urban centers where residents and visitors alike primarily get around by public transportation, but competition for parking spaces is a gripe voiced by neighbors of local host rentals in many other destinations—particularly the car-oriented United States. For instance, neighbors of a local host rental in rural Athens, New York, lodged complaints with their town board, saying that the unit attracted a consistently rowdy crowd that blocked traffic and often parked on neighbors’ private property.<sup>52</sup> In North Arlington, Texas, one neighbor who lives near a local host rental that could house up to 17 guests claimed that there could be up to 12 cars parked on the street at any given time.<sup>53</sup>

To address the parking predicament, regulators in San Jose, California, enacted a number of rental ordinances, one of which includes parking requirements for different types of listings.<sup>54</sup> As part of their “responsible hosting” guidelines, Airbnb actively encourages hosts to apprise guests of parking rules in the building and/or neighborhood, as well. In short, while guests are primarily responsible for their own parking behavior, better communication among guests and hosts, along with proper regulation, can help nip parking annoyances in the bud.

### **COMMUNICATION BETWEEN HOSTS AND NEIGHBORS**

**I**n Edinburgh it wasn’t so much the noise coming from a nearby local host rental that rankled one neighbor—it was the fact that he had no way of communicating with the absentee host. “The irritation was that it was very difficult to get in touch with the owner via the Airbnb website. I had to pretend to be interested in renting it in order to send them a message,” he said.<sup>55</sup>

Though gentrification and other concerns are complex issues, many—perhaps even most—disturbances that neighbors might occasionally experience can be avoided through open and honest communication with the host. Such dialogue, of course, is a two-way street, and as the neighbor in Edinburgh can attest, it can be tricky to contact off-site homeowners to discuss concerns, report repeated guest misconduct, and try to find amicable solutions to potential problems.

As the industry has grown and changed, so has the hosting model, to some extent. The business was originally built around private owners renting to individual guests. But many short-term rentals today are managed by real estate firms and other commercial organizations, which has reduced the process for some to a financial transaction with little personalization. While it’s not necessarily a negative trend, it does introduce further complexities when it comes to issues like zoning, local housing markets, and communication between neighbors and owners. The best and most responsible hosts (and management firms) make themselves available to neighbors, are open to constructive dialogue, and do their best to address reasonable requests; to do otherwise only jeopardizes their business. Next, we’ll look at steps that neighbors can take if communication with a host breaks down or is unattainable, or if the neighbor’s rights have been compromised.

### **KNOW YOUR RIGHTS AS A NEIGHBOR—AND HOW TO ASSERT THEM**

**U**ntil now, we’ve looked at the impact of local host rentals on neighbors from a comfortable distance—a perspective that helps guests, hosts, neighbors, and regulators understand the macro-issues. But what if you live next door to a local host rental? What do you need to know

**As more properties are managed by professional firms, communication with neighbors matters even more.**

and what can you do, if issues arise? We'll conclude with practical advice to guide you in this evolving area of neighbors' rights.

Let's say you live in an apartment building in which local host rentals are legal, and there are a couple of units on your floor that are used partly or exclusively for that purpose. Aside from seeing different people coming and going, your everyday life as a neighbor should not be much different than if there were permanent residents in those apartments.

Problems could arise, of course; a late-night party may go *too* late and get *too* loud, or maybe trash is incorrectly sorted. But such issues can and often do happen with residents as well, and remember that disruptive guests are far and away the exception to the norm. After all, guests have a vested interest in being respectful, low-impact visitors so as to avoid being negatively reviewed by hosts, or losing their security deposits. "On the odd occasion I've met [a neighbor's guests] on the stairwell, they have seemed nice enough—pleasant, polite, and quiet," wrote Serina Bird Huang, blogger and resident of a 15-unit apartment building in Canberra, Australia. "Most were middle-aged couples; another time there was a father and his teenage son."<sup>56</sup>

Any problems you may encounter should be minor and can often be addressed by speaking directly with the host, or even directly with his or her guests. That said, there may be exceptional situations in which you feel compromised, overly inconvenienced, or perhaps even threatened by activities or guests at a neighbor's local host rental. Here are a few things to consider and steps you can take to protect your rights as a resident or homeowner, particularly if a local host rental near you is operating illegally.

### ARE LOCAL HOST RENTALS LEGAL IN YOUR COMMUNITY AND/OR BUILDING?

As we've discussed at length in other chapters, regulations concerning the legality of short-term rentals differ from country to country, state to state, city to city, and even building to building. Some places strictly prohibit local host rentals (at least for now); others have legalized them with restrictions; and many still have no regulations at all. Furthermore, many apartment complexes, co-ops, and even neighborhoods may have their own rules or lease terms regarding local host rentals; though rentals may be legalized in your city, landlords are entitled to prohibit them.

On the other hand, some buildings and landlords expressly permit them. Airbnb's Friendly Buildings Program, currently running in a few U.S. cities, could develop into a more widespread model adopted not just on Airbnb, but in some form by other services, as well.<sup>57</sup> Created to help "landlords, property managers, and homeowners' associations let people



in their building host on Airbnb,"<sup>58</sup> the program creates an agreement between landlords and hosts in which landlords allow Airbnb rentals in their building in exchange for a percentage of their tenant's (a.k.a. host's) earnings. These agreements also require that hosts comply with other terms, which could be established in part to minimize disruptions to neighbors—like the examples we've seen in Jersey City and Philadelphia.

At this point, some of you may not necessarily relish the idea that a nearby apartment or single-family home is being used as a local host rental. But if the practice is legal in your community and in your building, and your personal safety and property are not compromised, it may simply be a fact of life to be tolerated. And if there are specific concerns about a legal local host rental, don't bottle them up; instead, do your best to contact your neighbor (the

host) and strike up a polite conversation. Again, most hosts are more than happy to engage in constructive, neighborly dialogue, and many problems can be resolved in this way.

If guests are throwing loud parties when your neighbor is away, or are using the wrong parking spots or not following rubbish disposal guidelines, tell your neighbor about it; perhaps stricter house rules can be created or better enforced. If you cannot get in touch with your neighbor, the next step would be to speak with your landlord or building superintendent, if one is available. Alternatively, you may be able to contact the local host rental service, if you can find out which service your neighbor uses. There is a portal on Airbnb, for example, created specifically for neighbors to report issues related to things such as common spaces, noise, and parties.<sup>59</sup>

In the rare instance of an emergency or safety-related conflict that demands immediate resolution, you may find it necessary to contact local law enforcement authorities or emergency services, who are there to help if you need them.

### WHAT TO DO ABOUT AN ILLEGAL (AND BOTHERSOME) LOCAL HOST RENTAL

Most neighbors of local host rentals are perfectly comfortable living near them—whether or not they are fully legal—especially if the arrangement does not personally inconvenience them. There may be instances, however, where the host of an illegal rental is unreachable or any attempts to address your concerns through communication with the host have been ineffective.

Those living in multi-dwelling buildings can report the situation to their landlord, superintendent, or co-op board, and be sure to provide specific details, if any, about disruptive or suspicious activities. In New York, a group of legislators created a special hotline that residents can use to lodge complaints about illegal local host rentals.<sup>60</sup> As we've seen in places like Palo Alto, California, and Athens, New York, neighbors can contact their local housing authority, city council, and other regulating bodies to voice their concerns or to report illegal or disruptive activities at a local host rental. These efforts have often been successful in resolving issues detrimental to neighborhoods.

As you can see, neighbors have a number of conflict resolution options at their disposal, if and when they

need them. Strong communities and neighborhoods, however, are not built on conflict but on trust, communication, and flexibility. So try to resolve conflicts directly with your hosting neighbor before elevating an issue by taking it to a landlord, housing board, or other authority; it could be a simple misunderstanding that is easily addressed. Once other parties become involved, your neighbor could potentially face fines, eviction, and the loss of his or her local host rental business; the punishment may not fit the offense.

### A MODERN SENSE OF COMMUNITY

In Japan, an aging population paired with a steady migration of young people to big cities like Tokyo and Osaka have created a unique housing crisis that threatens to devastate rural communities. At the time of writing, there was an estimated more than 8 million vacant homes across the country,<sup>61</sup> including in places like Yoshino, a city of under 10,000 residents located in Nara Prefecture, outside of Osaka. As government authorities brainstorm possible solutions to this growing problem, one interesting model emerged in Yoshino in early 2017, which could one day help revitalize and transform communities.

In the Japanese city of Tokamachi, there is a fascinating story about a woman who enlisted the help of her forward-thinking neighbors, and together, they turned a vacant home into a successful local host rental and tour guide business, transforming their small town in the process. Inspired by this story, Airbnb worked with a Japanese architect to build Cedar House in Yoshino.<sup>62</sup> A new type of local host rental, Cedar House can accommodate up to seven guests and is collectively managed by village residents. In a bid to encourage mingling between guests and locals, the architect designed the structure and its veranda in such a way that it also connects to the village's public walking path.

In its first year of operation, Cedar House maintained an 80 percent occupancy rate; its success has prompted Airbnb to support similar endeavors in other small towns around the world in need of new revenue streams and an overall economic boost.

**In case of emergency or safety concerns, call local authorities.**

**Trust is the glue that holds communities together.**

**Relationships between hosts and communities are evolving as new models for collaboration emerge.**



Cedar House isn't the only project in which neighbors have organized for positive change in their communities. Civit  di Bagnoregio, a town in central Italy that dates back to the thirteenth century, sits precariously upon a mountaintop, accessible only by a 70-meter (230-foot)-high suspension bridge. Most of the former citadel was damaged in an earthquake in 1980, leaving the majority of structures uninhabitable. Together, the mayor, local residents, and the local tourism board collaborated with artisans, Airbnb, and DWA Design Studio in Milan to restore Casa Greco as a one-bedroom house to attract tourists. The town's mayor is the host, and artists are eligible for discounted rates. Proceeds from bookings are donated back to the town to help support cultural projects that benefit the community.<sup>63</sup> Built on volcanic ash, the town is regularly damaged by landslides and rockfalls. However, local residents have organized to start charging visitors entry fees into the town to raise funds for preservation and maintenance.<sup>64</sup>

What tools are available to help community members drive local initiatives? Crowdfunding is a useful way to generate support for projects that add value to the community. For instance, in Denmark, local municipalities organized crowdfunding initiatives for projects that were outside the scope of public budgets.<sup>65</sup> Apps have also been created to harness such bottom-up initiatives. Neighborly, a community investment marketplace, provides a platform for neighbors to invest in civic projects via municipal bonds,<sup>66</sup> and as a means for municipalities to

offer such projects up for public investment.<sup>67</sup> Likewise, in the United Kingdom, Spacehive provides a crowdfunding platform for projects that aim to improve local civic and community spaces.<sup>68</sup> Given that raising "funds is one of the biggest challenges for bottom-up initiatives,"<sup>69</sup> these innovations are crucial.

Hosts, too, can collaborate to give back to communities while promoting local host rentals. Globally, Airbnb has facilitated the creation of home sharing clubs, small community groups in which hosts meet to share experiences, plan ways to support community initiatives, and educate neighbors and policy makers on appropriate regulations. As of time of writing, there are over 200 home sharing clubs worldwide.<sup>70</sup>

These clubs have made an impact on their communities. For instance, members of a club in Berlin, Germany, write letters and attend local council meetings to advocate for fair regulations. In London, club members supported relief for Grenfell Tower after its devastating fire in 2017 and organized community service activities during a "Week for Good."<sup>71</sup> In Taiwan, members have organized service activities like delivering food to senior citizens in Taichung, cooking for the homeless in Taipei, and cleaning up trash in Yilan.<sup>72</sup>

These examples provide a glimpse into the potential future of local host rentals as they grow in number, become more flexible and diverse, and can better meet and address specific community needs. They symbolize, too, how the lines between what defines an apartment, hotel, and local host rental can blur—and how the nature of hosting and its connection to the community can and will evolve.

## CONCLUDING THOUGHTS

It falls upon residents and regulators of the communities they serve to forge paths forward that will maximize local host rental benefits, limit disruptions, and seamlessly incorporate them into neighborhoods. And as demonstrated by civic-minded residents and businesspeople in Walworth County, Wisconsin, neighbors can play an active role in helping achieve these goals.

Here, homeowners, local business owners, and real estate professionals have banded together to ensure "the responsible hosting, management, and governance"<sup>73</sup> of

**As of 2018, hosts share experiences and help communities through more than 200 home sharing clubs around the world.**

—Airbnb Citizen

## Chapter Summary: Key Lessons for Neighbors and Communities

local host rentals, while simultaneously supporting the rights of private homeowners to share their homes, and of neighbors' rights to the "quiet enjoyment of their homes and neighborhood."<sup>74</sup> The group has done extensive research concerning local host rentals, and has presented a series of recommendations to its county housing and zoning boards. It continues to work with those officials to settle on astute regulations that permit responsibly managed rentals in its community.

While it's clear that legal local host rentals can create new revenue streams for neighborhoods, it seems that they may, in fact, also help to attract new permanent residents. In Massachusetts, U.S., one married couple booked a series of stays in local host rentals located in different communities across the state's North Shore, with the explicit goal of "test driving" them as places to potentially relocate. The couple said that it's been a cost-effective endeavor, since they rent their home in Somerville to other travelers when they're away.<sup>75</sup>

"Living in a town via a short-term rental lets you experience it firsthand, warts and all. By sampling restaurants and grocery stores, testing commute options, and exploring open spaces and cultural attractions, we're strategically pinpointing a permanent residence," wrote Courtney Hollands in the *Boston Globe's* real estate section.<sup>76</sup>

Here again, we see the shifting nature of local host rentals and how divisions between the seemingly disparate stakeholders—guests, hosts, regulators and neighbors—can and will change along with life circumstances. Guests can become neighbors, hosts are often also guests, and neighbors may turn to hosting.

Only one thing is certain: though the industry is destined for change, local host rentals are here to stay.



**Insight: Local host rentals allow potential residents to test what life is like in a community before buying.**



**Look at the benefits.** These are substantial and diverse. Local host rentals boost local tax revenue, increase spending at local businesses, and create jobs.



**Focus on the positive.** The vast majority of hosts and guests are respectful and responsible. Incidents that disrupt neighborhoods are exceptions.



**Communicate directly.** Raise concerns about issues like house parties, noise, and parking directly with landlords, owners, and building managers. Most problems are easily resolved through person-to-person dialogue.



**Involve regulators.** Regulators can work on your behalf to enact laws that protect communities and neighbors' rights, without infringing upon hosts' abilities to operate rental businesses.



**Ask for help from authorities when necessary.** If major problems can't be resolved directly, report illegal, disruptive, or unsafe local host rentals to local housing officials or law enforcements.



**Be respectful.** Being a good neighbor is a two-way street; hosts should respect neighbors' needs, while neighbors should respect hosts' right to operate a local business.



**Be open to change.** While local host rentals may feel new to your neighborhood, they are, in fact, mainstream. One day you may consider becoming a host, so keep an open mind and aim for collaboration.

## ENDNOTES | CHAPTER 3

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