

# NHCSL

THE NATIONAL HISPANIC CAUCUS OF STATE LEGISLATORS

## RESOLUTION

### No. 2023-13

#### Calling for Stricter Short-Term Rental Regulations to Improve Housing Affordability

NHCSL Housing Task Force  
Asw. Yvonne López (NJ), Chair

Sponsored by Rep. Ángel Fourquet (PR) & Sen. Anna Hernandez (AZ)

1     **I. The Housing Supply Crisis in the United States**

2     **WHEREAS**, the U.S. faces a housing supply deficit of approximately 2.3 million units,<sup>1</sup>  
3     even after the relatively high housing start and completion rate of 2021-22 reduced that  
4     its 2020 number of 3.8 million.<sup>2</sup> The gap increases to 6.5 million homes when not  
5     including long-term rental units;<sup>3</sup> and,

6     **WHEREAS**, Hispanic Americans are more likely to suffer from housing insecurity, making  
7     up 24.1% of the US homeless population;<sup>4</sup> and,

8     **WHEREAS**, according to the U.S. Census Bureau, the homeowner vacancy rate, the  
9     proportion of the homeowner inventory that is vacant for sale, for the third quarter of  
10    2023 is 0.8%, just 0.1% higher than the record low of the second quarter. This is the first  
11    time since recordkeeping started in 1956 that the homeowner vacancy rate has remained  
12    below 1% for more than one consecutive quarter, and, as of Q3 2023 it has done so for  
13    eleven consecutive quarters, starting Q1 2021. The average homeowner vacancy rate  
14    between 1983 and 2005 and between 2014 and 2018 was twice the current rate;<sup>5</sup> and,

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<sup>1</sup> Anna Bahney, The US housing market is short 6.5 million homes. (CNN March 8, 2023) Available at <https://www.cnn.com/2023/03/08/homes/housing-shortage/index.html>

<sup>2</sup> "Housing Supply: A Growing Deficit." n.d. Freddie Mac. <https://www.freddie.com/research/insight/20210507-housing-supply>

<sup>3</sup> Hannah Jones, US Housing Supply Continues to Lag Household Formations; Multifamily Construction Offers Alternatives (Realtor.com March 8, 2023) Available at <https://www.realtor.com/research/us-housing-supply-gap-march-2023/>

<sup>4</sup> <https://www.huduser.gov/portal/sites/default/files/pdf/2022-AHAR-Part-1.pdf>

<sup>5</sup> U.S. Census Bureau, Homeowner Vacancy Rate in the United States [RHVRUSQ156N], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/RHVRUSQ156N>, November 11, 2023.

15 **WHEREAS**, the total number of Vacant Housing Units for Sale in the United States, which  
16 typically averaged<sup>6</sup> around 1.3 million homes and had never dropped below one million  
17 in any quarter this century before the pandemic, is now 732,000 and has remained below  
18 800,000 for eleven consecutive quarters;<sup>7</sup> and,

19 **WHEREAS**, the median sales price of houses sold in the United States in the third quarter  
20 of 2023 was \$431,100,<sup>8</sup> continuing the trend since Q1 2021 of the highest prices in history  
21 even after accounting for inflation,<sup>9</sup> with median listing prices per square foot outpacing  
22 core inflation by 28% since the start of the pandemic;<sup>10</sup> and,

23 **WHEREAS**, the 30-Year Fixed Rate Mortgage Average is currently 7.5%, peaking in  
24 October 2023 at 7.79%, the highest since 2000;<sup>11</sup> and,

25 **WHEREAS**, for non-homeowner Hispanics, buying a home is relatively more expensive  
26 today than at any other time this century;<sup>12</sup> and,

27 **WHEREAS**, the rental vacancy rate for the third quarter of 2023 is estimated to be 6.6%;<sup>13</sup>  
28 and the national median rent price in September 2023 was \$2,011, having increased by  
29 22% over the last three years, outpacing core inflation by 6%;<sup>14</sup> and,

## 30 **II. The Impact of Short-Term Rentals (STRs) on the Housing Market**

31 **WHEREAS**, of the 2.3 million units missing from the US housing supply,<sup>15</sup> a record total  
32 of 1.3 million is dedicated to short-term rental units as of 2022,<sup>16</sup> accounting for all of the  
33 disparity between the prevailing homeowner vacancy rate since Q1 2021 and the typical

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<sup>6</sup> Outside the real estate bubble period of 2005-2008 and its aftermath until 2011.

<sup>7</sup> U.S. Census Bureau, Housing Inventory Estimate: Vacant Housing Units for Sale in the United States [ESALEUSQ176N], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/ESALEUSQ176N>, November 12, 2023.

<sup>8</sup> "Median Sales Price of Houses Sold for the United States." 2023. July 26, 2023. <https://fred.stlouisfed.org/series/MSPUS>

<sup>9</sup> U.S. Census Bureau and U.S. Department of Housing and Urban Development, Median Sales Price of Houses Sold for the United States [MSPUS], divided by U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers: All Items Less Food and Energy in U.S. City Average [CPILFESL], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/graph/?g=1biRv> November 12, 2023.

<sup>10</sup> Realtor.com, Housing Inventory: Median Listing Price per Square Feet in the United States [MEDLISPERSQFEEUS] divided by U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers: All Items Less Food and Energy in U.S. City Average [CPILFESL], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/graph/?g=1biRU> November 12, 2023.

<sup>11</sup> "30-Year Fixed Rate Mortgage Average in the United States." 2023. November 12, 2023. <https://fred.stlouisfed.org/series/MORTGAGE30US>

<sup>12</sup> See <https://fred.stlouisfed.org/graph/?g=1bkYZ>

<sup>13</sup> U.S. Census Bureau, Rental Vacancy Rate in the United States [RRVRUSQ156N], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/RRVRUSQ156N>, November 12, 2023.

<sup>14</sup> Rent. 2023. "October 2023 Rent Report - Rent. Research." Rent. Research. November 13, 2023. <https://www.rent.com/research/average-rent-price-report/>

<sup>15</sup> See paragraph 1, *supra*.

<sup>16</sup> "U.S. 2023 Short-Term Rental Outlook | AirDNA." n.d. <https://www.airdna.co/blog/2023-us-short-term-rental-outlook-report>

34 non-recession rate between 1983 and 2018, and also accounting for almost twice the  
35 missing units from the typical total number of vacant housing units for sale;<sup>17</sup> and,

36 **WHEREAS**, a Harvard Business Review analysis showed that the growth of short-term  
37 rentals contributes to about one-fifth of the average annual increase in U.S. rents and  
38 about one-seventh of the average annual increase in U.S. housing prices. Additionally, it  
39 was also found that absentee landlords become more inclined to remove their units from  
40 the long-term rental market to the short-term rental market, effectively reducing the  
41 housing supply in a given area;<sup>18</sup> and,

42 **WHEREAS**, another study suggests that a 1% increase in Airbnb listings leads to a  
43 0.018% increase in rents and a 0.026% increase in house prices. Taking into account the  
44 median Airbnb growth, these results translate to an annual increase of \$9 in monthly rent  
45 and \$1,800 in house prices for the median zip code.<sup>19</sup> This is consistent with other studies  
46 conducted in New York City, which suggest that the expansion of STRs in the city have  
47 resulted in an average rent increase of \$400 annually for local residents;<sup>20</sup> and,

48 **WHEREAS**, those three studies on STR home price impacts took place before the  
49 pandemic housing boom. The current impact is likely much greater; and,

### 50 **III. Other Impacts of STRs**

51 **WHEREAS**, short-term rental services have become dominated by multi-unit absentee  
52 landlords, creating a parallel hotel industry that is mostly exempt from important safety  
53 and health regulations with which hotels must comply. Likewise, despite being  
54 businesses, housing units dedicated to short-term rentals rarely pay commercial or hotel  
55 utility rates because they are located within residential zones;<sup>21</sup> and,

56 **WHEREAS**, the potential benefit of increased economic activity related to tourism due to  
57 the presence of short-term rentals in a given area has been shown to be marginal, with  
58 surveys showing that only 2-4% of Airbnb users indicating that they would not have  
59 taken a trip if Airbnb rentals were unavailable. This means that much of the economic

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<sup>17</sup> See paragraphs 3 and 4, *supra*. And see U.S. Census Bureau, Homeowner Vacancy Rate in the United States [RHVRUSQ156N], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/RHVRUSQ156N>, November 11, 2023; and U.S. Census Bureau, Housing Inventory Estimate: Vacant Housing Units for Sale in the United States [ESALEUSQ176N], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/ESALEUSQ176N>, November 12, 2023.

<sup>18</sup> Barron, Kyle. 2021. "Research: When Airbnb Listings in a City Increase, So Do Rent Prices." Harvard Business Review. September 17, 2021. <https://hbr.org/2019/04/research-when-airbnb-listings-in-a-city-increase-so-do-rent-prices>

<sup>19</sup> Barker, Gary. 2020. "The Airbnb Effect On Housing And Rent." *Forbes*, February 21, 2020. <https://www.forbes.com/sites/garybarker/2020/02/21/the-airbnb-effect-on-housing-and-rent/?sh=7a8b8dec2226>

<sup>20</sup> Bivens, Josh. 2019. "The Economic Costs and Benefits of Airbnb." *Economic Policy Institute*. Economic Policy Institute.

<sup>21</sup> Bivens, Josh. 2019. "The Economic Costs and Benefits of Airbnb." *Economic Policy Institute*. Economic Policy Institute. Available at <https://www.epi.org/publication/the-economic-costs-and-benefits-of-airbnb-no-reason-for-local-policymakers-to-let-airbnb-bypass-tax-or-regulatory-obligations/>

60 activity attributed to the presence of STRs in these areas would still take place absent  
61 short term rental options;<sup>22</sup> and,

62 **WHEREAS**, short term rental companies have been shown to be inefficient in collecting  
63 and remitting lodging taxes to cities when compared to traditional hotels, undermining a  
64 vital revenue stream generating up to \$500 million every year for cities and counties,  
65 without significantly burdening local residents;<sup>23</sup> and,

#### 66 **IV. Policy History**

67 **WHEREAS**, some policy strategies have been proposed to effectively regulate short term  
68 rentals and minimize their impact on long-term rental availability and home affordability:

- 69 1. Placing caps on the number of units that may be used as short-term rental by a  
70 single property owner,
- 71 2. Requiring owners of short-term rental properties to obtain government licensing  
72 for a fee while placing a cap on the number of possible licenses that can be  
73 distributed for each neighborhood,
- 74 3. Imposing commercial property taxes on investment properties,
- 75 4. Imposing a lodging tax and utility rates equal to hotels,
- 76 5. Requiring STRs to provide at least the same health and safety guarantees as hotels,
- 77 6. Prohibiting STR platforms from advertising short-term listings that are not in  
78 compliance with any adopted regulations,
- 79 7. Requiring short-term rental property owners to live in the property as their  
80 primary residence; and,

81 **WHEREAS**, in 2022, New York City adopted Local Law 18 known as the “Short-Term  
82 Rental Registration Law,” outlawing absentee STR landlords and requiring all hosts of  
83 short-term rentals to register, pay a fee and be permanent residents of the properties  
84 they are renting. Regulations limit what properties can be rented as short-term rentals.<sup>24</sup>

#### 85 **V. Conclusions**

86 **THEREFORE, BE IT RESOLVED** that the National Hispanic Caucus of State Legislators is  
87 committed to supporting policies that lead to greater housing availability and  
88 affordability, helping to prevent the displacement of vulnerable groups, and concludes

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<sup>22</sup> Bivens, Josh. 2019. “The Economic Costs and Benefits of Airbnb.” *Economic Policy Institute*. Economic Policy Institute. Available at <https://www.epi.org/publication/the-economic-costs-and-benefits-of-airbnb-no-reason-for-local-policymakers-to-let-airbnb-bypass-tax-or-regulatory-obligations/> (citing Guttentag, Daniel Adams. 2016. “Why Tourists Choose Airbnb: A Motivation-Based Segmentation Study Underpinned by Innovation Concepts.” PhD diss., University of Waterloo; and also citing, Morgan Stanley Research. 2017. *Surprising Airbnb Adoption Slowdown in US/EU, and What It Means for Hotels and OTAs*. Report on Global Insight AlphaWise survey, November 2017.)

<sup>23</sup> Bivens, Josh. 2019. “The Economic Costs and Benefits of Airbnb.” *Economic Policy Institute*. Economic Policy Institute. Available at <https://www.epi.org/publication/the-economic-costs-and-benefits-of-airbnb-no-reason-for-local-policymakers-to-let-airbnb-bypass-tax-or-regulatory-obligations/>

<sup>24</sup> <https://www.nyc.gov/assets/specialeenforcement/downloads/pdfs/LL18-of-2022.pdf>

89 that absentee-host short term rentals have had a significant negative effect on housing  
90 affordability by severely limiting the expected housing supply; and,

91 **BE IT FURTHER RESOLVED** that the National Hispanic Caucus of State Legislators calls  
92 on state legislatures to adopt laws that prohibit the use of residential properties as  
93 absentee-host short term rentals, but allow STRs in housing units in which the host is a  
94 permanent resident; and,

95 **BE IT FINALLY RESOLVED** that, in places where prohibiting absentee-host short term  
96 rentals is not feasible, the National Hispanic Caucus of State Legislators calls upon state  
97 and local authorities to enact legislation to regulate absentee-host short-term rentals for  
98 the purpose of safeguarding public health and safety and ensuring fair competition,  
99 subjecting STR owners to the same health and safety duties as hotels, ensuring they pay  
100 commercial utility rates and property taxes, and limiting their number in any given  
101 neighborhood.