



ALLIANCE OF DOWNTOWN CIVIC ORGANIZATIONS

The Mayor's Ordinance to Regulate Short-Term Rentals: Priority Fixes Needed How Boston Can Get It Right the First Time

The Alliance of Downtown Civic Organizations was formed in 2014 to represent interests of residents of Downtown Boston (including **Bay Village, Back Bay, Beacon Hill, Chinatown, Fenway, Midtown/Downtown, North End, South End** and **West End**). ADCO focuses on city-wide matters, from urban planning to the protection of residential quality-of-life, unifying the collected voices of the residents' associations representing our Downtown neighborhoods. Boston's Downtown area is an important part of our residential community, accounting for over 20% of the City's population. Our Downtown neighborhoods are also those most affected by the rapid rise of AirBnB and other short-term rental platforms.



How Does the Mayor's Ordinance Address Boston's Short-Term Rental Problem?

- **The Mayor's 1/22/18 proposal allows an unlimited number of market-rate resident-occupied units and investor units to be rented short-term, with a 90-day-per-year ceiling on all whole-apartment rentals - investors and residents are treated the same, as are owners and renters**
 - For room rentals, there is no upper bound on the days-per-year these can be rented
 - Non-owners are allowed to list, subject to loosely defined owner permission and residency requirements, opening up “lessee loophole” and liability issues
 - Unlike San Francisco, Portland, LA, Nashville and most cities, investor units are allowed
- **Hotel-level safety standards are completely absent - no extra sprinkler, CO detector, or inspection requirements beyond levels required for apartments**
- **A ISD-run registration process requires yearly registration fees of \$25 for room rentals, \$100 for resident entire-apartment units, \$500 for investors**
 - New demands are placed on booking agents (e.g. AirBnB) to share information and collect taxes, but not to perform registration and notification tasks (like done in San Francisco)
 - Definition of the legal “contact” is loose, allowing brokers, agents and “fake hosts” to persist, which hides real apartment/unit ownership
 - An ISD-managed complaint process will include special ISD-run hearings



Boston's AirBnB Listing/Ownership is Much More "Multi-Unit" than Most Bostonians Think

Whole Residence analysis	Boston-wide				Downtown (ADCO) footprint			
	hosts		units		hosts		units	
all hosts	1527	100%	2600	100%	774	100%	1558	100%
2+ unit hosts	109	7.1%	1373	53%	104	13.4%	930	60%
3+ unit hosts	99	6.5%	1081	42%	63	8.1%	806	52%
5+ unit hosts	47	3.1%	908	35%	37	4.8%	716	46%
10+ unit hosts	21	1.4%	736	28%	17	2.2%	586	38%

- Boston-wide, **multi-unit AirBnB listers** make up only 7% of owners/listers, but their units make up **more than half of Boston's whole-apartment AirBnB inventory**.
- In Boston's downtown/ADCO footprint, **only 2% of owner/listers account for almost 40% of the whole-apartment AirBnB inventory**.
- These high numbers of multi-unit listers (aka investors) are unequaled by any other city we've studied, and demonstrate clearly that **AirBnB ownership in Boston is more a business than a residential pursuit**.
- The conclusion is clear: **investor units must be flushed from the system**.



Boston Has More Units Listed by Fewer Hosts than Peer AirBnB Cities – Here, Investors Rule

*Density is measured as listings per acre

	Boston			Cambridge		San Francisco			Washington DC			London			New York	
	Average		Highest	Average	Highest	Average		Highest	Average		Highest	Average		Highest	Average	Manhattan
	City	Downtown				City	Downtown		City	Downtown		City	Downtown			
Density *	0.14	0.66	1.26	0.42	1.08	0.29	0.70	1.31	0.26	0.63	1.77	0.15	0.60	1.32	0.21	1.28
Whole residence (WR) percentage	62%	84%	93%	52%	65%	59%	60%	80%	71%	77%	93%	51%	55%	82%	49%	56%
Multi-unit WR ownership	53%	60%	89%	47%	71%	20%	21%	63%	30%	33%	58%	45%	46%	73%	15%	28%
Multi-neighborhood WR ownership	43%	51%	89%	12%	57%	12%	13%	30%	5%	6%	19%	8%	8%	21%	7%	14%

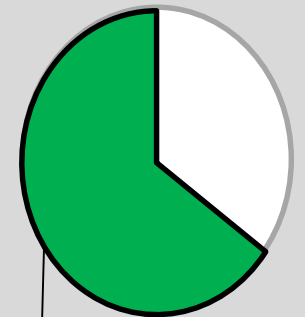
- **Boston leads ALL other surveyed cities in ALL the ownership/listing concentration measurements**, by a LOT, almost doubling New York and Washington concentrations.
- The number of AirBnB units listed/owned by **multi-neighborhood hosts** in Boston is almost **4X the average for other cities**, placing stress on Boston's residential fabric and setting the stage for even higher displacement of long-term residents.
- **Investors have taken over the market in Boston**, and we now need to follow the lead of other cities and **eliminate investor listings altogether**.



Who Are the AirBnB Hosts? Investors Control 70% of Downtown Boston's AirBnB Units



Investors Making a Profit



70% of listings
in downtown Boston

"If we have to stop, we'll need to increase investment to hotel levels"



The Current Downtown 70/30 Split of Investor to Resident-Listed Units is Dangerously High

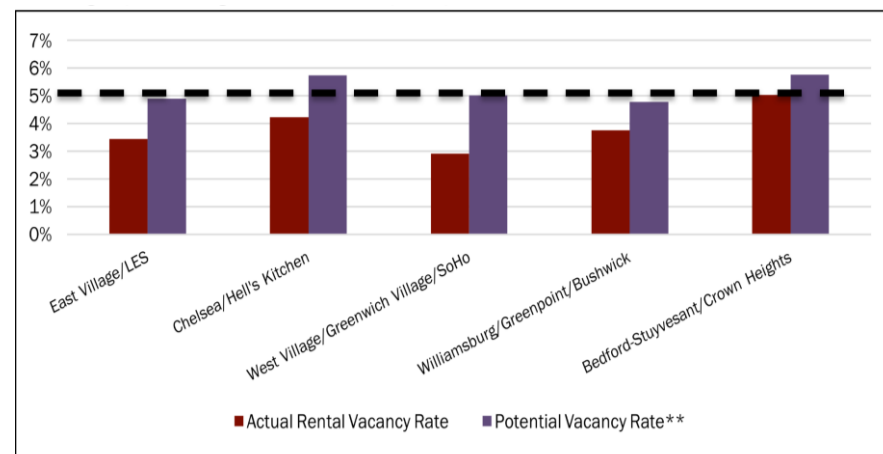




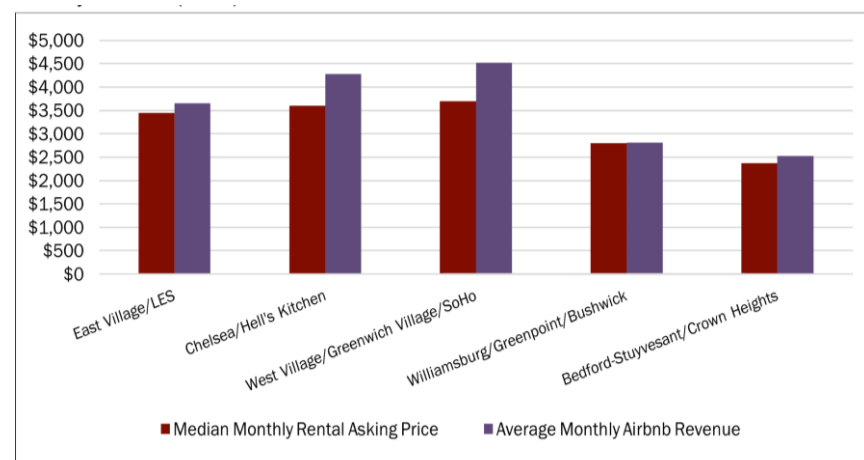
Boston and NYC AirBnB Studies: *AirBnB Raises Rents, Lowers Vacancy*



- The “Shortchanging NYC” study shows us that ***even a relatively small number of AirBnB listings can alter the vacancy rate in changing neighborhoods.*** This study zeroes in on “high-availability”, whole-house AirBnB listings, in neighborhoods analogous to Boston’s ADCO/downtown neighborhoods.
- According to the study, these listings **depress long-term rental vacancy rates, pushing them from over 5% to as low as 2.9%.** These listings also **increase average rents, as much as 15-20% or \$800.**
- The UMass study “Is Home-Sharing Driving Up Rents?” predicts that **AirBnB will drive rental prices up in downtown Boston neighborhoods by an additional 1.3% to 3.1%, with 2019 rents increasing by an extra 5% or \$178/month.**



Source: Airdna, 2015; PLUTO, 2015; and ACS, 2014.



Source: Zillow, 2015; Airdna, 2015.



AirBnB and Similar Platforms Have Attracted a New Breed of Real Estate Speculators

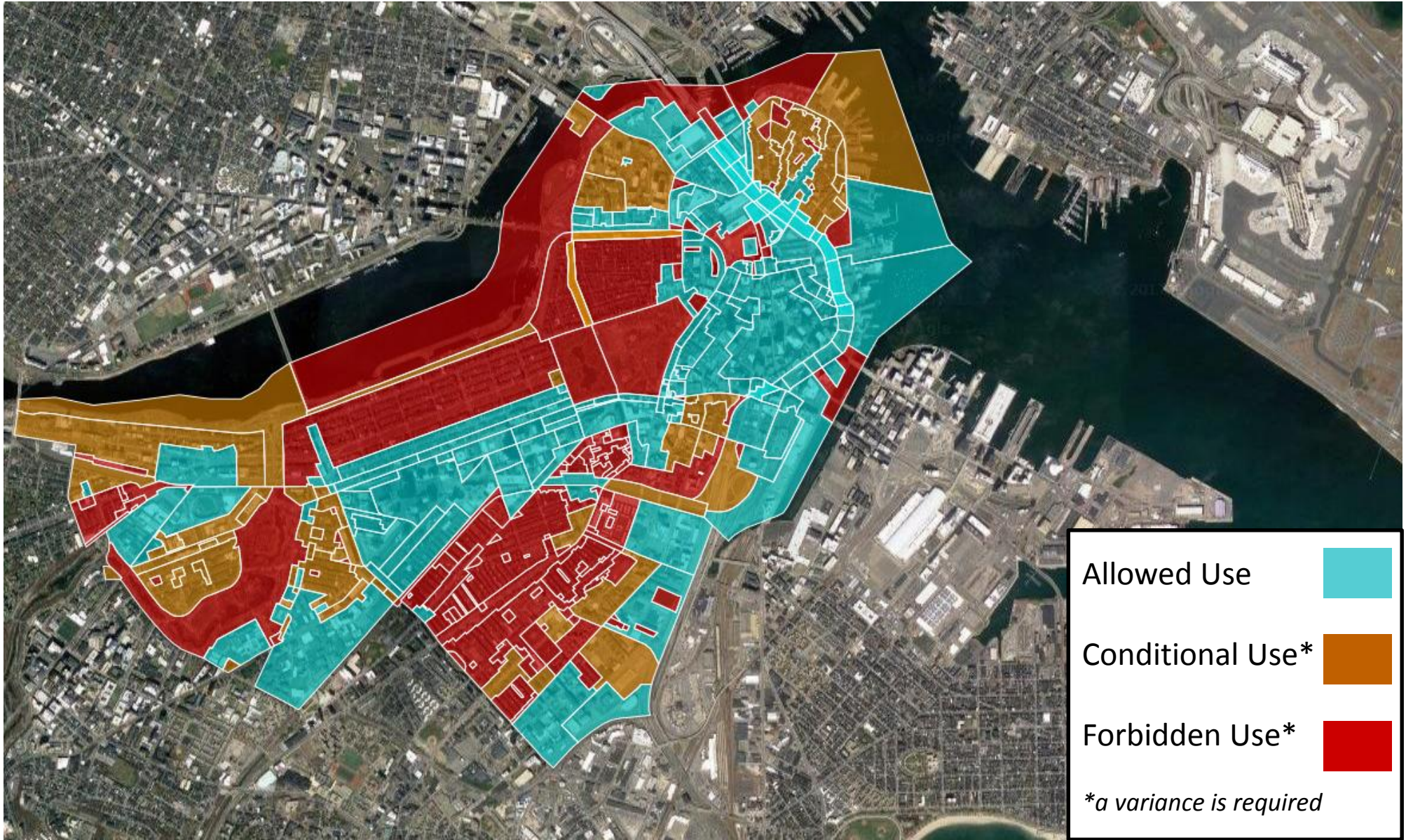
- "Anthony", a host listed on AirBnB from 2016-2017, popped onto the Boston scene in 2016 with 60+ listings, 40 in the North End
- While "Anthony" shared a home-spun host bio on AirBnB, his image was actually a stock photo which also appears on Internet websites for bail-bond providers, churches, and abortion-clinics
- "Anthony" turned out to be a New York City-based professional AirBnB lister/speculator called Domio. Domio's business model is to scoop up apartment leases by the dozen and list those apartments on AirBnB and other booking-agent sites
- Domio and other firms like them have quickly learned to exploit the "stealth" of the AirBnB world, where rental addresses are not published, "fake hosts" are allowed, and 1099s are not required
- **It is unlikely speculators like Domio will be scared away by a policy limiting investor short-term rentals to 90-day-per-year** - while AirBnB may share information with Boston under this ordinance, other platforms like VRBO may not, allowing clever speculators like Domio to continue their stealth plays and exceed this 90-day limit using a portfolio of booking agents

Hosted by Anthony





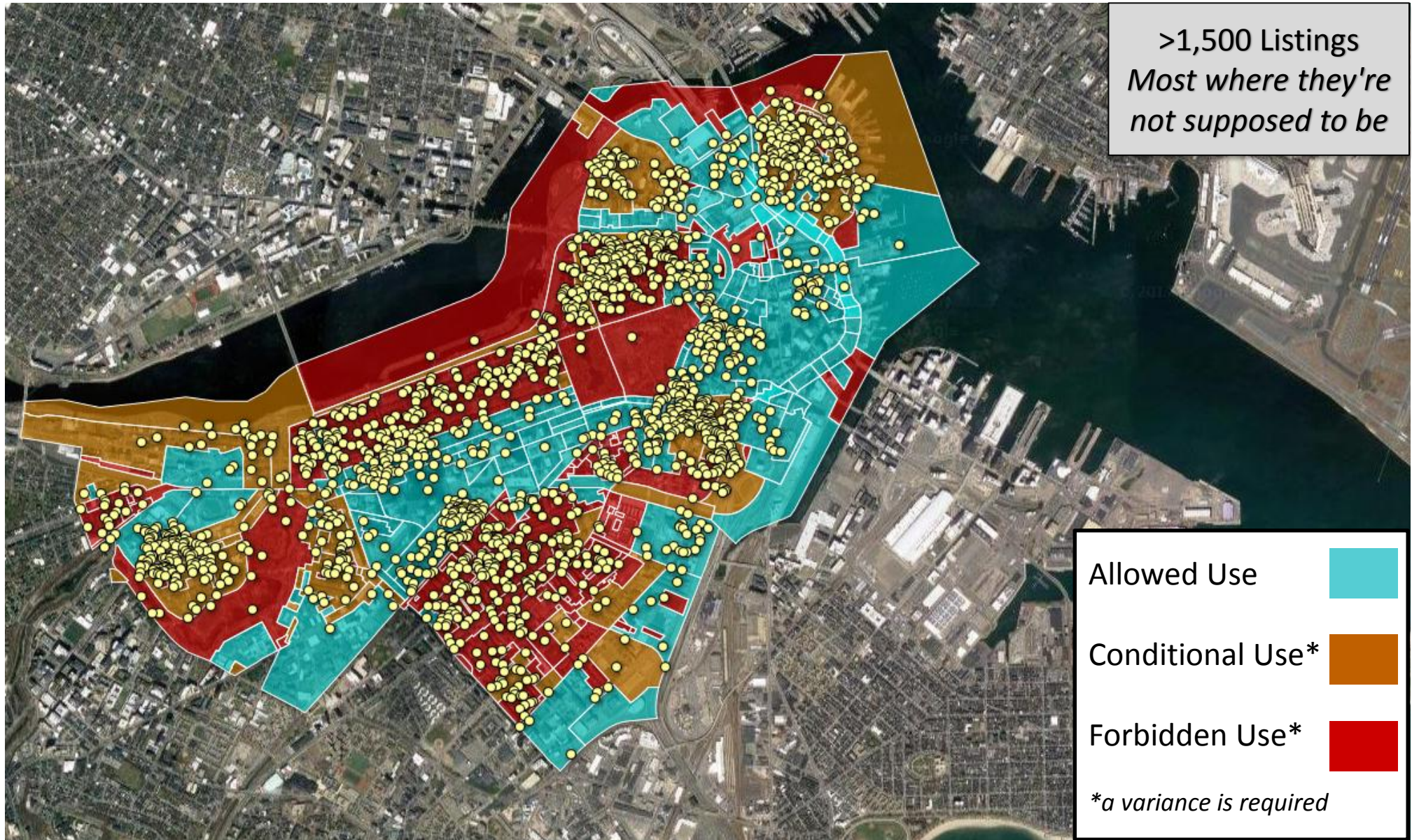
Per The Published Code, This Is the Downtown Zoning for Entire-Home/Apartment AirBnBs



Source: BPDA website and image files, ADCO analysis of published Boston Zoning Code



As The Locations of Entire-Apartment AirBnB Listings Show, Zoning is *Totally Unenforced*





Short-Term Rentals Call For Commercial-Level Safety Standards, Inspections, Insurance



- Under the Mayor's proposed short-term rental regulations, fire safety rules and other related safety rules are equivalent to those for regular, long-term rental apartments, which is insufficient.
- This means that, in a lodging which could see well over 100 people per year using it, inspections are required only once every five years, and sprinkler, fire escape, and CO-detector requirements are no more strict than for a standard residence.
- Short-term rentals, since they're public accommodations, **must be held to far stricter, hotel-like safety standards**.



- Property owners as well as tenant "occupiers" can be held liable for **personal injury** claims from anyone on or around AirBnB premises, especially if an injury occurs in a common area.
- Homeowners insurance, landlord policies, personal liability "umbrellas" as well as renter policies do not cover short-term rentals. Though AirBnB now offers its own built-in "Host Protection Insurance", its protection is limited, excluding "liquor-related liability," personal injury and other common issues.
- In short-term rentals, Boston property **owners**, not tenants, are ultimately **responsible** for trash and snow removal and related ISD fines. Unpaid city or state fines could result in liens.



What Absolutely Needs to be Changed in the Mayor's 1/22/18 Ordinance Proposal?

• Investor units must be disallowed

- More should be asked of listing services like AirBnB, including requirements for transparency and sharing of full data with the city - Boston's registration process, to hit 100% compliance, also needs to be integrated with booking platforms like AirBnB
- Boston needs short-term rental units to be held to hotel-level safety standards: enhanced sprinkler requirements, CO detectors, and high-frequency inspections
- Later, Boston should thoroughly address "corporate rentals" and zoning adjustments and enhancements