

North American Edition

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Featured Research

Staying Power:

The Effects of Short-Term Rentals on California's Tourism Economy and Housing Affordability

From: Milken Institute



OVERVIEW

Destinations are faced with the challenge of needing additional affordable housing for tourism employees who are earning less than the median income. The Milken Institute has published a report titled [Staying Power: The Effects of Short-Term Rentals on California's Tourism Economy and Housing Affordability](#). Although the report provides extensive research on California, the innovative and impactful strategies proposed can be adapted in your destination to help increase affordable housing supply for the tourism workforce. This will ultimately enhance the sustainability of your tourism economy.

STRATEGIES TO INCREASE AFFORDABLE HOUSING

Based on research, the Milken Institute recommends that destinations do *not* implement restrictive short-term rental policies. Instead, destinations are encouraged to implement the following four (4) strategies to improve tourism workforce supply and affordable housing without deterring tourism's growth:

Provide incentives for second homeowners to rent their vacation properties that would otherwise sit empty to the regional workforce. Offer incentives such as paying for deed restrictions or mortgage financing support for second homeowners to rent out their properties that would otherwise sit empty to the regional workforce.

Allocate portions of new housing development to workforce occupancy. Establish programs that allocate portions of new housing supply to workforce occupancy through mechanisms such as deed restrictions.

Provide local incentives to streamline workforce and affordable housing development. Leverage budget surplus dollars to implement programs and reconsider past initiatives to develop a bottoms-up approach to addressing these growing needs, targeting households earning at or below 80 percent of area median income by increasing the supply of affordable market-rate and government-assisted multifamily housing units.

Promote regional tourism through investment and development in existing programs to support resiliency needs and growth in tourism destinations. Scale and adapt existing mechanisms and create a coordinated state tourism campaign that promotes regional and cultural events while advocating for needed investment in infrastructure and overall competitiveness of the state's tourism economy.



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