



# Global Best Practices in Community Engagement

Section 6 of 6



## Acknowledgement and Thanks

Thank you to our Knowledge and Destination Partners for their invaluable involvement in the Time for DMOCRACY, North America Edition.

### Destination Partners in Time for DMOCRACY (North America)

Thank you to our North America Destination Partners who supported, contributed to and collaborated in this important global research study:



### Knowledge Partners on Short Term Rentals

Thank you to our Knowledge Partners who contributed their insights and expertise to the Short-Term Rentals section of the Time for DMOCRACY report:



### Program, Agency and Association Partners in Time for DMOCRACY (North America)



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# Introduction

Short Term Rentals (STRs) emerged during our early consultation on the North American edition of Time for DMOcracy as an important and growing community issue. The expansion of STRs in a growing number of destinations are creating both opportunities and concerns across North American communities.

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Partnership and other partners in the Time for DMOcracy study.

## At a Glance

- Short Term Rentals (STRs) are now 15–20% of visitor accommodation in North America and an important lodging option & visitor experience in many destinations
- STRs numbers and growth has been highly variable with mountain and coastal areas seeing dramatic growth but cities, impacted more by the pandemic, seeing a far slower rebound, with tightening STR regulations
- STRs' growth has created highly variable but significant impacts on local communities in an increasing number of North American destinations, especially mountain and coastal areas
- Only a small minority (13%) of DMOs have any current involvement in STR marketing or management – a significant disconnect given their importance in tourism and these community impacts
- We identified and assessed 5 significant impacts from STRs on the community – two positive and three negatives.

### WHAT TO KNOW

- These positive impacts include (i.) economic opportunities for both hosts and supporting community businesses plus (ii.) the billions in bed and other taxes/levies being generated for local governments (and in a few cases, DMOs) across North America.
- Negative impacts from STRs include (i.) the impact of growth on housing availability and affordability for longer term residents including tourism workers, (ii. ) noise, parking and other impacts on neighbors and finally, iii. the broader impact of STRs on the 'character' and 'feel' of a neighborhood or area. In this, local resident perceptions are most important.

### WHAT TO DO

Time for DMOcracy identifies 8 practical recommendations for how DMOs can contribute to a Short-Term Rental sector that is seen as overwhelmingly positive by their community:

1. Get Engaged: Start early and stay involved as a partner in STR management & marketing
2. Know the Sector: Ensure there is a robust system of research, consultation & data collection
3. Integrate STR Management and Marketing with Your Overall Tourism Strategy
4. Help Develop or Update your Community's STR Management Plan & Regulations
5. Customize STR Management: Target by Neighborhood, Housing Type &/or Type of Host.
6. Support Industry Self-Regulation: Including Industry Standards & Guest Education
7. Inclusive STR Registration: Implement a simple, low cost and broad based STR registration system
8. Collect & Allocate STR Tax Revenue: Including funding for your DMO's activities

### RESOURCES

We highlight and share a range of critical research, case study examples and other resources to inform your action. See Page 16.

# What To Know

## CRITICAL LEARNINGS AND INSIGHTS

### a. Growth of Short-Term Rentals

Short Term Rentals (STRs) have long been a part of visitor accommodation in many destinations, particularly in tourism-focused areas including coastal and mountain destinations. In the last decade however, they have increased in number and in impact on both the tourism sector and local communities with the use of Peer-to-Peer online platforms including Airbnb and VRBO (part of the Expedia Group). As of October 2022, there are more than 1.7 million STRs listed in the United State and 200,000 in Canada (i). An estimated 15 – 20% of visitor accommodation in North America is now in some type of vacation rental (ii). However, this growth in recent years has been variable—while some destinations, notably in natural areas, have seen a dramatic increase in STRs, they have also been significantly impacted by the pandemic in many larger urban locations and/or by an increasing presence of regulations developed by local governments.

An estimated 15–20% of visitor accommodation in North America is now in some type of vacation rental

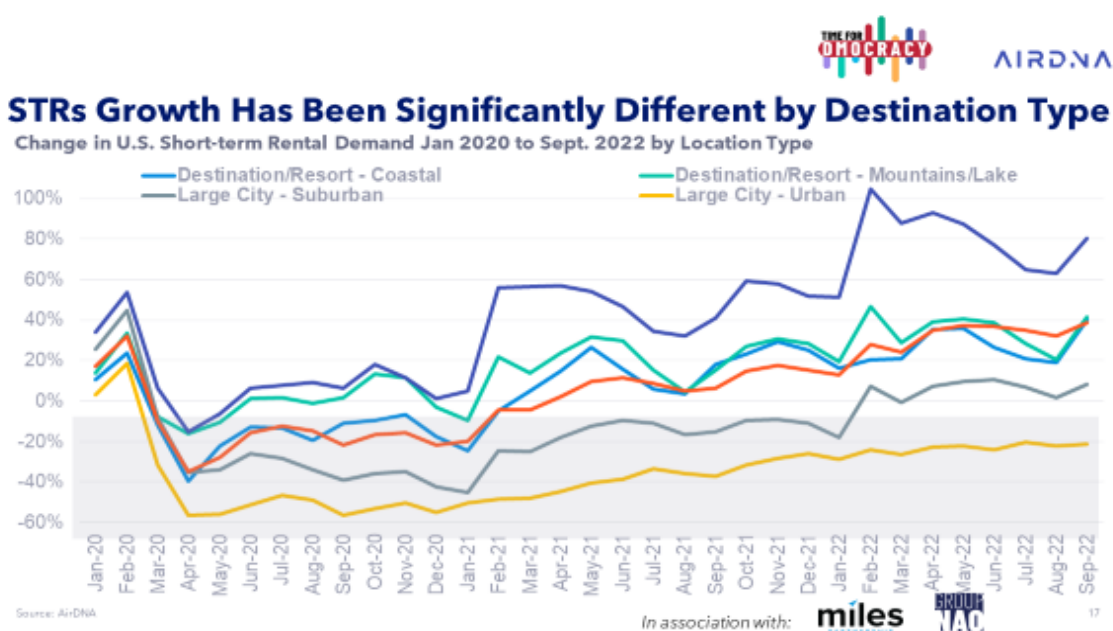


Figure 1 STR inventory has seen rapid growth during the pandemic in mountain, lake and coastal areas while large cities saw a sharp decline and only slow recovery, moderated by increasing regulations. Source Airdna.

## b. Short-Term Rentals and Tourism

Around half of all U.S. and Canadian travelers stay in a STR at least once in a typical year (iii). This number has sharply risen in recent years—especially during the pandemic when almost 50% of visitors staying in a STR were doing so for the first time (iv). While around 40% of travelers consider both commercial hotels/motels and STRs when planning a trip, they tend to see STRs and hotels as offering very different features and benefits. Guests who choose STRs seek “character in a rental” according to research from Phocuswright highlighting that nearly 90% of travelers actively seek properties with an interesting look and feel (v). STRs are therefore primarily complementary rather than competitive to hotels, enriching the accommodation options in a destination. They are also vital accommodations during major events and in rural communities or city neighborhoods where there may be limited accommodation options.

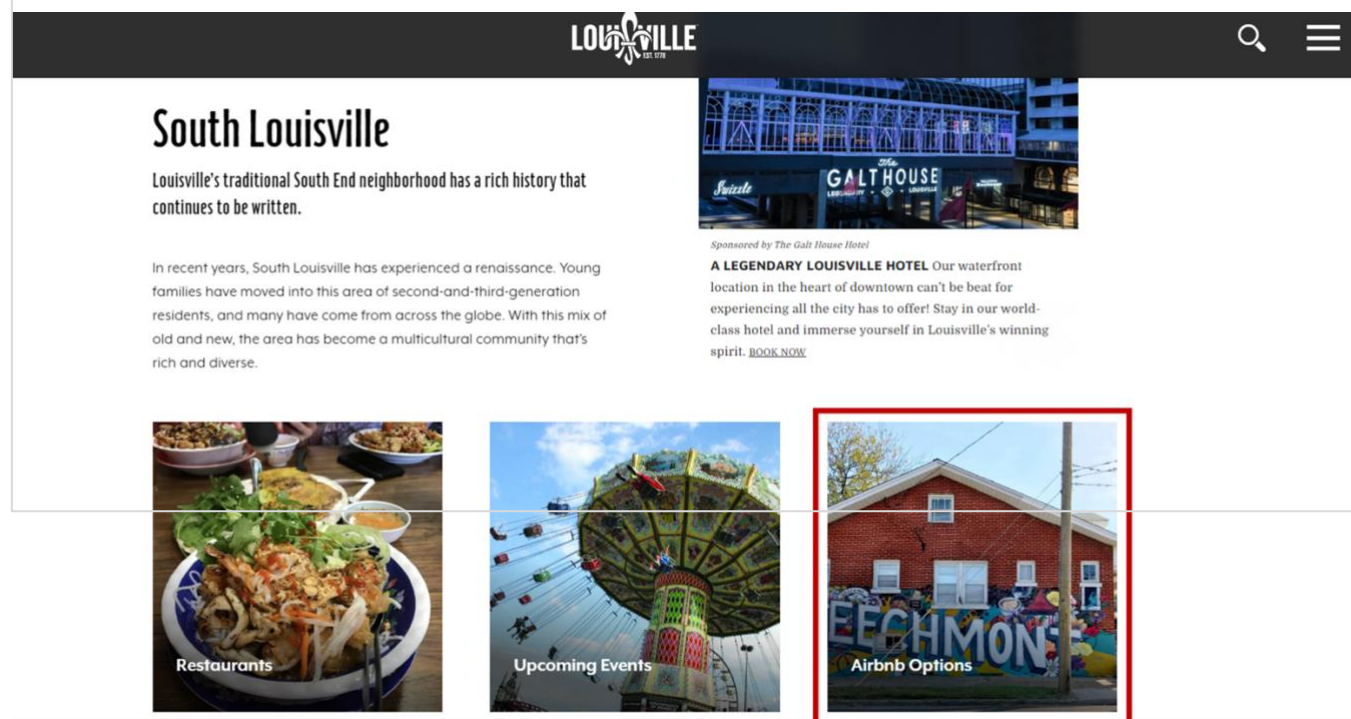


Figure 2 Louisville, Kentucky is one of an increasing number of DMOs to highlight and promote STRs in their marketing





Figure 3 Regions can grow tourism by supporting STRs that become destinations in their right – such as [Idaho's "Potato Hotel"](#) or Glamping in Red River Gorge, Kentucky (see above)

### c. Involvement of DMO's in Short Term Rentals



The growth of STRs has been a controversial issue for many Destination Marketing Organizations—especially CVBs and Chambers with strong hotel partners and/or members. Many DMOs have heard from their local hotel partners that STRs are direct competition and should not be an area of focus for the DMO despite most major hotel groups now having their own STR investments and/or divisions including [Marriott](#) and [Accor](#) (vi). This industry

feedback is an important reason why only a small percentage of DMOs are currently actively engaged in marketing and/or managing STRs. Just 5% of DMOs in our survey of DMOs across North America indicated that they are involved in helping manage STRs in their communities (vii).

Just 5% of DMOs in our survey of DMOs across North America indicated they are involved in helping manage STRs in their communities

## d. Community Impacts of Short-Term Rentals

“Uneven growth, uneven impacts”—this was the title of the first comprehensive analysis of STRs in Canada and could be applied across North America and globally to the impacts of STRs on communities (ix). Our study shows that Short-Term Rentals generate a range of both positive and negative impacts on the community—two positive impacts and three negative impacts.

### Impact: Economic Opportunities from Short-Term Rentals

STRs generate a range of economic benefits for communities. This starts with a valuable secondary source of income for local residents who are hosts. More broadly, STRs generate visitor spending that contributes to employment opportunities at local businesses, including restaurants, cafes and grocery stores. Once measured, this economic opportunity can be significant. A 2022 study by Tourism Economics on Greater Palm Springs estimated a total economic impact of almost \$1 billion and 4,649 jobs created by Short-Term Rentals in the community (x). Commercially managed STRs still generate local economic benefits, although commercial management tends to increase the potential for economic leakage. Studies find a generally good understanding of these economic benefits among American and Canadian residents, with around 50% agreeing in an October 2022, survey that “accommodation services like Airbnb and Vrbo provide economic opportunities for residents” (xi).



Figure 3 Tourism Economics study highlighted the size and significance of STRs in Greater Palm Springs as well as the potential impacts of regulations

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54% of Canadians and 48% of Americans agree that STRs “provide economic opportunities for residents”

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## Impact: Tax Collections & Revenue for Local Communities



Figure 4 Funding Futures is a major study on tourism taxes and funding for DMOs and includes a section on STRS including 4 best practices in STR policies.

With 15–20% of visitors now staying in STRs, the tax revenues produced can directly benefit local communities. They can be used to manage the negative impacts of STRs, invest in community services and help fund affordable housing. Current local occupancy and sales tax receipts from STRs are estimated in the billions of dollars per annum across North America, but continuing issues with tax laws, regulations, compliance issues and collection agreements with major platforms mean that billions more tax dollars are not being collected. Another major issue is that these tax receipts often end up going into general government spending, resulting in a comparatively low percentage being directed towards managing Short-Term Rentals or investing in affordable housing.

This is a widespread problem with tourism taxes—the industry generates significant revenue for local communities, but very little is being reinvested in managing tourism’s impacts and ensuring it directly benefits the community.

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With the growth of STRs, an increasing number of communities are seeing negative impacts which are often far obvious and fundamental to the local residents. The major concerns about STRs can be categorized into 3 areas:

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### Impact: The impact of STRs on housing

In many communities the expanding presence of STRs is viewed as a problem due to their adverse effect on the availability and/or affordability of housing, including for tourism and hospitality workers.

A major study in October 2022, by Longwoods International of resident sentiment showed that only 16% of Canadians and 28% of Americans disagreed with the following statement: “Accommodation-sharing services like Airbnb, Vrbo, can cause inflation in rents, raising the cost of living for locals.” 28% of Canadians and 26% of Americans were undecided and 58% and 42% respectively agreed with the statement (x).

Such widespread perceptions drive action from politicians and voters. For example, multiple Colorado counties and towns in November 2022 approved ballot measures to shift lodging tax revenue from tourism marketing to local community initiatives, including affordable housing. These ballot measures were enabled by a new Colorado State law allowing municipalities to let voters decide how to allocate up to 90% of lodging tax funds to areas outside of tourism promotion (x).



Figure 5 Steamboat Springs is one Colorado mountain community where residents voted to move bed tax revenue from tourism promotion into community initiatives including housing

## 58% of Canadians and 43% of Americans agree that STRs “cause inflation in rents, raising the cost of living for locals”

Despite these perceptions, a range of studies indicate only modest impacts of STRs on the availability and affordability of housing in many communities. Such impacts are often moderate compared to the longer-term housing supply constraints versus growing population challenges faced by many communities: reviewing studies from 2016 in Los Angeles to 2018 in Canada, and 2022 in Colorado and California. For example, a 2022 study of STRs in California by the independent, not for profit think tank, the Milken Institute, concluded “STRs account for about only 1 percent of California’s housing stock and most are expensive single-family homes that would not otherwise add to needed affordable housing supply.” The 2022 Colorado study (which it should be noted was undertaken by Airbnb and a partner, HRA), had a similar conclusion, as did input provided to the Learning Lab on Short Term Rentals by the Greater Palm Springs CVB on the mix and use of STRs in their community. (xi). However, it is important that communities complete their own local, customized study.

## Impact: Noise, Parking, Traffic and Other Impacts on Local Communities

There is a widespread perception of STRs creating issues in local communities. A major October 2022 study highlighted that around 50% of all Canadians and Americans agree STRs “can be disruptive to local neighborhoods” (xii). In reality, the impact of noise and parking issues caused by the presence of an STR seems to be localized and occasional with specific instances amplified by the local media. Noise complaints appear to be largely limited to a relatively small number of rentals—often described as “Party Houses.” In fact, a limited number of studies indicate that there is no significant difference between noise complaints related to Short-term vs. Long Term Rental housing (ix).

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**52% of Canadians and 42% of Americans agree that people who use STRs “can be disruptive to neighborhoods”**

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## Issue: Changes to Communities and Neighborhoods

A broader and more fundamental concern about STRs is their impact on the unique “character,” “feel” and “connections and values” of local communities. This includes the loss of long-term resident housing and an imbalance in the ratio of locals to visitors, particularly in neighborhoods or rural areas primarily populated by long-term residents. These concerns go to the heart of having a community which sees itself as a great place to live and work—with a strong, cohesive and supportive community.

These concerns are often difficult to quantify but are central to how local residents feel about STRs. Therefore, resident perception, rather than other more objective measures (eg: the ratio of STR room nights to resident population) is noteworthy when attempting to understand the impact of STRs on each neighborhood or area. Resident sentiment research is an essential tool—carried out by surveying local residents about their perception of STRs and their impact on the ‘character’ or ‘feel’ of their community. When combined, research and data can help define the ‘carrying capacity’ for STRs in any specific community—a critical part of effectively managing STRs.



Mexico City is the latest city to grapple with changes in neighborhoods created by poorly managed growth in Short Term Rentals. See [‘You’re Not Welcome – Mexico City Residents Decry Airbnb’](#), December 2022.



# What To Do

## 8 PRACTICAL RECOMMENDATIONS AND ACTIONS

1. Get Engaged: Start early and stay involved as a partner in STR management and marketing
2. Know the Sector: Ensure there is a robust system of research, consultation and data collection
3. Integrate STR Management and Marketing with Your Overall Tourism Strategy
4. Help Develop or Update your Community's STR Management Plan and Regulations
5. Customize STR Management: Target by Neighborhood, Housing Type and/or Type of Host.
6. Support Industry Self-Regulation: Including Industry Standards and Guest Education
7. Inclusive STR Registration: Implement a simple, low cost and broad based STR registration system
8. Collect & Allocate STR Tax Revenue: Including funding for the Community, Affordable Housing and your DMO's activities

### 1. Get engaged

**Start early and stay involved as a partner in STR management and marketing.**

Short-Term Rentals are now a significant part of tourism in many destinations and often an important issue that local communities want to see better managed. DMOs should have a role in both their marketing **and** management. Good management of STRs require a coordinated response from multiple agencies. Connect and coordinate with your local government on how best you can be involved in Short-Term Rentals. Get the support of your board and Include specific STR objectives, activities and resourcing for these initiatives in your annual planning.



**Figure 6** Galveston Texas has one of the most comprehensive policies and practices on STR marketing and management. [Watch a presentation on their approach to STRs available at Time for DMOCRacy](#)

## 2. Know the sector

### Ensure there is a robust system of research, consultation and data collection

Work with your government and industry partners to ensure your community has high-quality consultation, research and data on STRs in your community. Integrate the topic of STRs into your community participation engagement and resident sentiment research. Invest in regular reporting on the size and performance of the STR sector. Conduct periodic, deeper analyses of how STRs benefit tourism and the local economy and impact local neighborhoods with attention to noise complaints, neighborhood integrity and housing.

Airbnb has developed a “City Portal” to offer enhanced reporting to destinations on STRs in their community – and worked with the World Travel and Tourism Council on a best practices document that proposes 4 best practices including a focus on professional STR data collection and sharing with other agencies, plus Digital Registration, Smart Taxation and Long Term Community Investment.

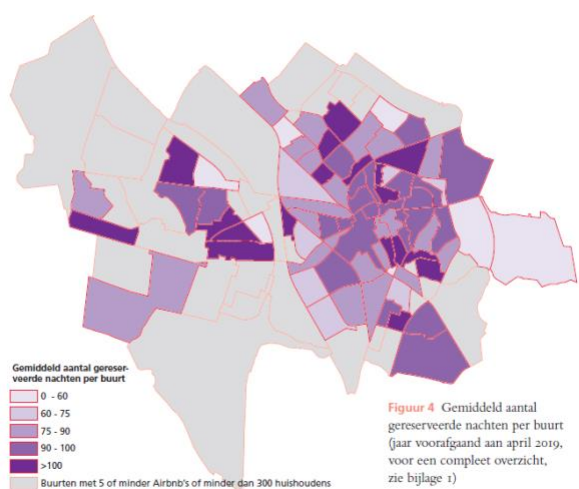


Figure 7 Ensure your STR research and analysis measures STRs down to a neighborhood area to better understand each local community's situation and needs



Figure 8 The World Travel and Tourism Council (WTTC) and Airbnb report on Best Practices in Short Term Rentals also includes case studies from around the world.

## 3. Integrate STR management and marketing with your overall tourism strategy

As an important and often growing part of the hospitality and tourism sector, Short Term Rentals marketing and management needs to be integrated with your overall destination development strategy and tourism marketing efforts – highlighting the complimentary options in accommodation from major hotels to unique Short-Term Rentals.

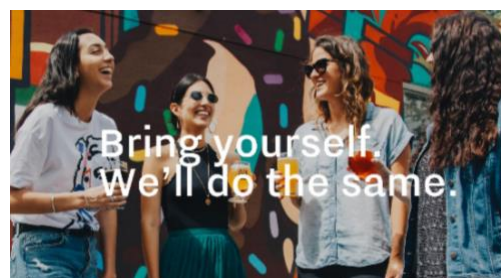


Figure 9 The Netherlands Tourism & Convention Board are working at a national level to coordinate and support smart STR management strategies across communities.

#### 4. Help develop or update your community's STR management plan and regulations

Using the insights from #1 to #3 and by working with local government and agency partners, ensure you have a balanced list of “future-focused” STR regulations and a community-focused management plan—a plan that maximizes the benefits of STRs while measuring, minimizing and mitigating their negative impacts. Provide input into regulations that balance the needs of various stakeholders including hosts, hospitality and tourism businesses and most importantly, local residents and community organizations.



Figure 10 Greater Palm Springs has different STR regulations and management policies for single family homes, see left above, which are the focus of the vacation rental market, and apartment blocks or multifamily units (see right) primarily used by workers

#### 5. Customize STR management

**Target by neighborhood, housing type and/or type of host.**

Ensure your management plan is localized to the characteristics and needs of local areas and neighborhoods. Commercial and/or tourism areas, for example, should be managed differently than established, residential neighborhoods. Use zones to localize guidelines and regulations rather than a one-size-fits-all approach.

There is also a significant difference between owner-occupier, part-time hosts (the original vision of sites like Airbnb) and full-time, professional host companies. Consider different rules and requirements based on the host's professionalism—ie: lighter regulations for part-time, owner-occupier hosts vs. full-time, professional/corporate hosts.





## 6. Support industry self regulation

### Including standards and guest education

Work with STR hosts on smart, sensible self-regulation within the sector. Develop or update an industry code of conduct for hosts including educating STR guests on their responsibilities while visiting – a “Good Neighbor” policy. Focus on a smart balance of self-regulation and local government rules and regulation.

Figure 11 Galveston, Texas has one of the US' most sophisticated approaches to STR management including an industry partnership that developed a Good Neighbor guideline for STR guests and a STR registration program integrated with the major online platforms

## 7. Ensure inclusive STR registration

### Implement a simple, low-cost and broad-based STR registration system

A critical best practice that emerged from our study is the importance of an efficient registration system for all STRs in your community. Keep it simple, low cost and inclusive to maximize participation. An increasing number of destinations have agreements with major platforms (Airbnb and VRBO) stating that properties cannot be listed without a registration number. This is also linked to tax collection and payment agreements with these platforms. This boosts participation and reduces enforcement issues.

## 8. Collect and allocate STR tax revenue

### Including funding for the Community, Affordable Housing & your DMO's activities

Work with local, State and Provincial government partners to ensure your community is collecting & receiving all the appropriate taxes that visitor accommodation should pay. This includes ensuring your tax legislation adequately deals with STRs, you have a registration system in place (see #5) and that you have a collection agreement with the major platforms. Consider partnering with other communities to share costs, expertise and coordinate your approach to the Airbnb, VRBO etc.

The funding can be significant; for example, \$5.8 million in STR taxes collected in Galveston and ~\$12.5 million per annum in Puerto Rico from Airbnb alone. Invest a significant proportion of these funds back into the community, including projects where local residents have a voice. This includes investment in community housing – learning from communities as diverse as Mammoth Lakes, CA and Summit County, CO who are investing in affordable housing (xvii). Finally, ensure your DMO has dedicated proportion of this funding to added to its budget to fund its STR marketing and support of STR management.

# Resources to Use

## IMPORTANT RESEARCH, ANALYSIS & OTHER RESOURCES

### Highlighted Resources:

1. Learning Lab 6: Short-Term Rentals and Housing Issues, November 3rd, 2022: <https://northamerica.timefordmocracy.com/> Presentations from Airdna on latest STR trends, World Travel and Tourism Council on their joint study with Airbnb, Toposophy (European agency working with Hospitality Europe), Netherlands Tourism & Convention Board and Greater Palm Springs CVB on their STR management policies.
2. Time for DMOcracy Survey of 292 North American and European DMOs, August 2022 <https://northamerica.timefordmocracy.com/>
3. [Short Term Rental Best Practices](#), World Travel and Tourism Council and Airbnb, 2022
4. Community Awareness – Resident Sentiment Towards Tourism, Longwoods research presentation at Destination International Advocacy Summit, October 2022
5. Case Study: Breckenridge – Breckenridge Chamber and private sector partners collaboration including STRs, Housing and Workforce, November 2022. <https://northamerica.timefordmocracy.com/>
6. Case Study: Short-Term Rentals: Visit Galveston – in Person presentation, Learning Lab, July 2022. Time for DMOcracy – Short Term Rentals – YouTube
7. Colorado Short-term Rental Impact Study, [HRA and Airbnb](#), May 2022
8. Analysis of Policy Restrictions on Short-Term Rentals for Visit Greater Palm Springs, Report by Tourism Economics, September 2022 and Skift Article, October 19, 2022 (also see presentation in Learning Lab)
9. Position Paper on EU-wide Regulation of Short-Term Rentals, Hospitality Europe and Toposophy
10. Short-Term Rentals in Canada – Uneven growth, uneven impacts, Canadian Journal of Urban Research, 2019

### References:

- i. Estimate based on Airdna analysis completed in late October 2022 for the Time for DMOcracy program. This estimated 13% of visitor accommodation inventory was Short-Term Rentals listed on the two major platforms alone – Airbnb and VRBO.
- ii. Estimate made by Miles Partnership based on data from Airdna, Phocuswright and other sources cited.
- iii. ‘Through the Roof: U.S. Short-Term Rentals, 2021’ Phocuswright
- iv. 43% of STR users in 2021 who most recently stayed in an STR were first-time users compared to just 35% in 2019 – ‘Through the Roof: U.S. Short-Term Rentals, 2021’ Phocuswright
- v. Through the Roof: U.S. Short-Term Rentals, 2021’ Phocuswright
- vi. Feedback from a range of DMO consultation including the STR Learning Lab on STRs – Partner DMO Discussion Group, Major Cities Group, October 23rd, 2022
- vii. Examples of a major hotel group with an STR division include Accor and Marriot. See analysis: “A New Marriot Division Goes Head to Head with Airbnb”, 2019, NYTimes.
- viii. Summary Report of Survey of North American and European DMOs on Community Engagement, August 2022, Miles Partnership and Destination Analysts. Download Full Report.
- ix. Title of research article in Canadian Journal of Urban Research, 2019, “Short-Term Rentals in Canada: Uneven growth, uneven impacts”
- x. Analysis of Policy Restrictions on Short-Term Rentals for Visit Greater Palm Springs, Report by Tourism Economics, September 2022 and Skift Article, October 19th 2022
- xi. Community Awareness – Resident Sentiment Towards Tourism, Longwoods research presentation at Destination International Advocacy Summit, October 2022
- xii. Average Noise Levels Compared in Short Term Rentals and Long Term Occupied Homes summary of study by NoiseAware , 2018, VRM intel.
- xiii. Colorado Communities Passed Ballot Measures to Shift Tourism Marketing Dollars, November 2022, Skift
- xiv. There’s never been such a severe shortage of homes in the U.S. Here’s Why. 2022, NPR.
- xv. How Airbnb Short-Term Rentals Exacerbate Los Angeles’s Affordable Housing Crisis: Analysis and Policy Recommendations
- xvi. Resident Sentiment Towards Tourism – US and Canada research, October 2022, Longwoods International.
- xvii. Estimate from Miles Partnership based on our work and analysis from ‘Funding Futures’ (2020 and 2021 studies) with Civitas and other partners plus other updated sources such as HVS’ 2022 Lodging Tax Report for the USA.
- xviii. See [‘Housing Now’](#) – the affordable Housing Project In Mammoth Lakes, CA and Sedona, AZ and Summit County, CO’s subsidy programs for long term rentals outlined In this [Wired Article, December 2022](#)



## Other Resources:

Featured research: Affordable Housing in a rural tourism-based community, <https://northamerica.timefordmocracy.com/>

Featured research: Summary of Best practices from WTC <https://northamerica.timefordmocracy.com/>

Featured Research: Staying Power – the effects of Short-Term Rentals on California's tourism economy <https://northamerica.timefordmocracy.com/>

Staying Power: [The Effects of Short-Term Rentals on California's Tourism Economy and Housing Affordability](#), Milken Institute, 2022

Research Analyzing Impact of STRs on Housing: Staying Power – The effects of short-term rentals on California's tourism economy, [Milken Institute 2022](#). Also note the Colorado study noted in highlighted resources VII above, the Greater Palm Springs STR analysis in VIII and other research included in 'Resources'. All available at [Time for DMOCracy website](#).

[Affordable Housing in a Rural, Tourism-Based Community](#), Moah, Utah. Summary of [Analysis in PDREdge](#), HUD's Policy Development and Research. Summary at [Time for DMOCracy website](#).

Affordable Housing and the Impact of Short-Term Rentals, [Municipal Research and Services Center of Washington](#) (MRSC), Dec 2021

Third-Party Impacts of Short-Term Rental Accommodation: A Community Survey to Inform Government Responses, Muschter, Caldicott, von der Heide, and Che, [Journal of Sustainable Tourism](#), 2022

Regulating Airbnb: How Cities Deal with Perceived Negative Externalities of Short-Term Rentals, Nieuwland and van Melik, [Current Issues in Tourism](#), 2020

Exploring Destination Engagement of Sharing Economy Accommodation: Case of Australian Second-Homes, Keogh, Kriz, Barnes, and Rosenberger III, [Current Issues in Tourism](#), 2020

Jamaica Commits to Assisting Tourism Workers with Finding Affordable Housing, [Caribbean Today](#), 2022

Hilton Head Island Leaders Look into Improving Workforce Housing, [WTOC](#)

Help Wanted, Apartments Included, [Times Union](#), 2022

Workforce Housing a Growing Need for Employers Entering Tourism Season, June 2022, [MiBiz](#)

The State of Short-Term Rentals in Colorado, [Colorado Lawyer](#), 2022

The Effect of Tourism Activity on Housing Affordability, Mikulić, Vizek, Stojčić, Payne, [Annals of Tourism Research](#), 2021

Airbnb is Running Riot in Small Town America, [Wired Article](#), December 2022