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# Airbnb Is Crashing the Neighborhood

Short-term rental websites raise risks for home owners, their neighbors, and communities.

DECEMBER 2015 | BY [BARBARA NICHOLS](#)

There's a good reason every city has zoning laws. They separate various types of buildings and building uses for the mutual benefit of everyone, so people don't have to live next to a factory or a motel. Most cities also have laws related to the minimum rental period for a single-family house or a multifamily dwelling. In Los Angeles, for example, a residential rental of less than 30 days — called a "short-term rental" — is currently prohibited.

Internet companies such as Airbnb and VRBO pay no mind to such ordinances. They've swamped the market in California and elsewhere with thousands of STR listings, making the rules difficult or impossible to enforce. These rental sites appeal to home owners who need additional income. Then the companies use those owners as examples to coax cities into making STRs legal. Even though there's clear demand on the part of home owners, that doesn't justify the many problems STRs cause for the larger community.

Usually, there's no problem with people renting a room in their home, as long as the lease is longer than 30 days and the home owner is present to monitor the renter's activities. The owner has an opportunity to check the potential renter's credit, employment, and references. However, STR websites are calling this type of pre-existing rental the "shared economy" to sell their quite different concept to cities.

These websites claim that home owners should have the right to do whatever they want with their property — but that's a fallacy. When someone has purchased in a single-family or multifamily zone, they have accepted the rules of that zoning. They do not have the right to turn their home into a motel (transient zoning), a restaurant, or a factory to the detriment of everyone else in that zone.

### **More to Come**

Watch for the January/February 2016 print issue of REALTOR® Magazine for insights about how real estate professionals are handling short-term rentals in their market.

STRs are having a dangerous effect on our housing stock. In L.A., a city desperate for more affordable housing, 11 units of long-term rental housing are being lost daily to STR conversions, according to a report from the [Los Angeles Alliance for a New Economy](#). The report says people are converting rent-controlled units into commercial STR operations, and long-term rent-control tenants are being evicted. The loss of these units in the long-term rental market has driven up total housing costs for L.A. renters by more than \$464 million in the last year. (Read more in this Los Angeles Times article, ["Rental sites like Airbnb aren't as innocuous as they pretend."](#))

The trend for STRs is away from "shared spaces," where owners are present. Individuals are now purchasing single-family or multifamily units to turn them into STRs — creating a business — to the considerable detriment of their neighbors. Some short-term renters turn these locations into party houses, creating noise, traffic, and a public nuisance. In such instances, neighbors who need a night's sleep to work the next day or who have school-age children are disturbed. In my neighborhood, a home owner leased her property for a year to someone she believed was occupying it, only to learn he listed it on one of the STR sites as a "commercial party house." Some 500 people being charged \$125 apiece crammed narrow, winding canyon roads by illegally parking and throwing trash everywhere. When the property owner was alerted, she was shocked and started eviction proceedings.

STRs pose big risks for the home owners who are leasing their properties: Home insurance typically covers only owner-occupied or long-term rental homes. Damage to an STR likely isn't covered. Airbnb seems to have addressed this problem with its "[host guarantee](#)" that offers up to \$1 million for property damage caused by short-term renters, but owners should read the fine print: Airbnb itself says its policy "should not be considered as a replacement or stand-in for homeowners or renters insurance." Most notably, it doesn't cover liability at all. The fine print also suggests that property owners try to settle with the guest first. If no settlement can be reached, they have to document the damage and submit to a possible inspection. Airbnb won't cover "reasonable wear and tear" — whatever that means — and limits compensation for high-value items such as jewelry and artwork. So, really, how much can a host expect to be protected?

The negative impact of STRs goes far beyond the immediate neighborhoods they're in. Every region has environmental challenges, and short-term renters who are unfamiliar — or unconcerned — with those challenges could pose a big threat. California is in the midst of a severe drought. Imagine if a short-term renter who knew nothing of the threat — or didn't care — threw a cigarette butt over a balcony onto dry brush?

Worst of all, the growth of short-term rentals has pitted neighbor against neighbor, with neighborhood organizations joining forces to fight STRs. Some cities are calling for stricter STR regulations or outright bans, but who will pay for enforcement of these rules? In fairness, STR websites and their customers should pay the bill. Local taxpayers would prefer to see their tax revenue used for better schools, roads, and public transit.

Those who support STRs speak of the financial help it has provided and the interesting visitors they have met. STR hosts say they provide lower-cost accommodations than conventional motels and hotels. Well, hotels and motels pay taxes and employ millions of people. They are required to meet public-safety laws, including fire exits, sprinklers, and habitability. Unregulated STRs are not currently subject to these provisions, and many "hosts" would like to keep it that way.

The real estate industry is caught in the middle of a fight between those who oppose STRs and the property owners and companies promoting them. But practitioners selling real estate should

keep this in mind: A single-family home or condo unit next door to a short-term rental — where the occupants change every few days — will take longer to sell and bring in lower offers. You never know who your neighbors could be, and that's a classic situation of property stigma.

In the future, real estate agents could be required to disclose to a seller or long-term renter the existence of a nearby STR. The California Association of REALTORS® may soon ask its Forms Committee to add a question to the Seller's Property Questionnaire: "Is your home across from or next door to a short-term rental?" If agents fail to disclose nearby STRs they know about, they could open themselves up to a lawsuit by unhappy clients who end up living next door to one.

The real estate industry needs to take a stand to protect residential zoning laws against STRs. Without this protection, property values will decline and cause neighborhood stress and disruption. Real estate agents will have another obstacle to overcome in marketing properties and could expose themselves to liability. Saving our communities and protecting our property values is the mission of our industry. I have worked hard as a real estate broker to pay for my home of 29 years. I did not buy in a transient motel zone and do not believe that the profit motives of these short-term rental companies and a few property owners should be allowed to negatively impact my home's value, peace and quiet, and safety.

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