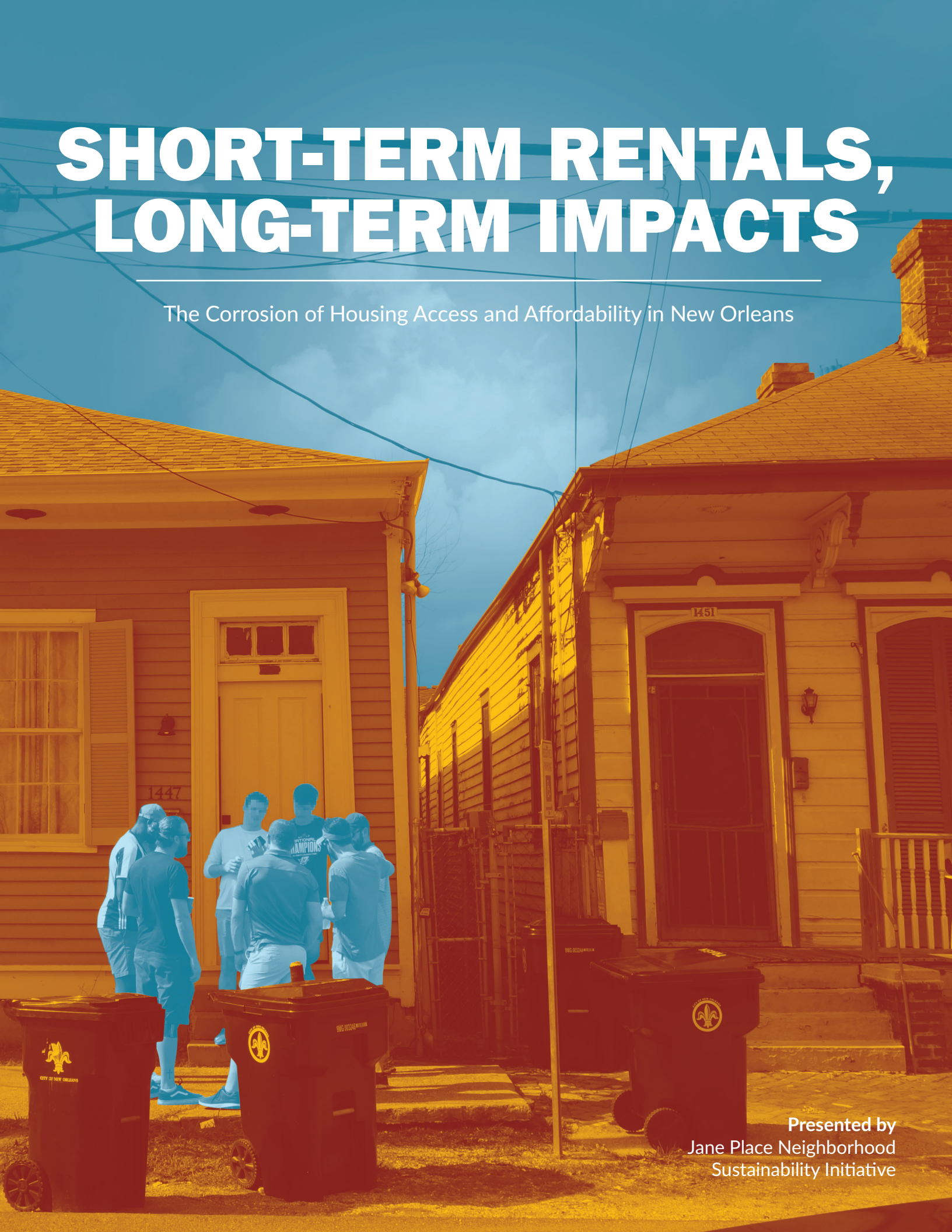


SHORT-TERM RENTALS, LONG-TERM IMPACTS

The Corrosion of Housing Access and Affordability in New Orleans



Presented by
Jane Place Neighborhood
Sustainability Initiative

Jane Place Neighborhood Sustainability Initiative is a ten-year old Community Land Trust (CLT) and housing rights organization committed to creating sustainable, democratic, and economically-just neighborhoods and communities in New Orleans. We work to transform unjust housing policies, discriminatory practices, and predatory development schemes by engaging in strategies that create permanently-affordable housing, expand housing security, and uphold equitable housing patterns and land-use planning. We are celebrating our tenth anniversary with a series of programs and projects of which this report is a part.

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Executive Summary: Key Findings

Short-Term Rentals, Long-Term Impacts: The Corrosion of Housing Access and Affordability in New Orleans exposes the ways in which short-term rentals (STRs) exacerbate New Orleans' housing crisis and provides recommendations to elected officials, leaders in the cultural sector, and individual residents to mitigate the negative impacts of STRs.

In 2017, the New Orleans City Council began regulating STRs by requiring platforms like Airbnb to share operator data - and, for Airbnb exclusively, to contribute to affordable housing funds - and by requiring STR operators to obtain one of three City licenses. Jane Place Neighborhood Sustainability Initiative (JPNSI), a ten-year old housing rights organization committed to the development of democratic and economically-just communities in New Orleans, assessed the implementation of the City's STR regulatory measures a year after their adoption through data collected from the City's publicly available permit database, reports on monthly usage from STR platforms, and scrapes of Airbnb listings available online through Inside Airbnb. JPNSI finds that the City's approach to STR regulation accelerates gentrification and the displacement of residents by permitting the limitless removal of homes from the housing market for conversion into STRs and ignoring the inflation of overall housing costs to which STRs contribute. Presented below are some of our findings:

- **The Dominance of Whole-Home Rentals**

Eighty-two percent of Airbnb listings are for whole-homes, single units of housing as opposed to accommodations within an operator's residence, with the average of such listings being available 174 nights per year. Most Airbnb listings are exclusively used as vacation housing for tourists, as the units are off-market for over half of the year and, therefore, unavailable to residents.

- **Single Operators with Multiple Listings**

Large-scale STR operators, many of whom are based outside of New Orleans, are essentially running scattered-site hotels. Just over 18% of STR operators control nearly half of all permitted STRs in the city. Administrative flaws allow STR operators to register permits under different names and/or the names of employees, making it difficult for the City or independent researchers to track their footprint within the market.

- **The Oversaturation of STRs in Residential Neighborhoods**

City Council has placed no limits on the number of rooms or homes per block that can be converted into full- or part-time STRs, leading to extreme concentrations of STRs in certain blocks, particularly in neighborhoods that are close to amenities that tourists want but residents need, such as access to public transportation, public parks and greenspace, and the restaurants and bars of the French Quarter that provide thousands of jobs for residents. Over the past two years, the geographic concentration of STRs has shifted away from neighborhoods more commonly associated

with tourism (such as the French Quarter and the Marigny), towards the CBD and many working-class Black neighborhoods that are close to downtown, particularly the Seventh Ward, Treme, and Central City.

STRs are capitalizing on and contributing to the displacement of Black communities, making it more difficult for families to remain in or return to their neighborhoods as more and more housing units are dedicated away from housing and towards tourist use, causing overall housing prices for both renters and homeowners in the neighborhood to rise.

- **The Inflation of Overall Housing Costs**

The proliferation of whole-home rentals in residential and commercially-zoned neighborhoods is making it more difficult for families to return to or remain in their neighborhoods as more housing units are dedicated away from residents and towards tourist use, causing overall housing prices to rise. Rent has increased in the nine neighborhoods with the highest concentration of STRs, including rent increases of 30% for a two-bedroom unit in the Seventh Ward, a 27.95% increase in a two-bedroom in MidCity, and a 71.93% increase for a three-bedroom unit in Bywater.

- **The Prioritization of Tourists over Residents**

The City's STR policy offers property owners a high economic incentive to remove housing from the residential market in order to offer it to tourists who, attracted to the year-round festivals and other event calendar, will pay many times more per night than the resident laborers who provide services. The policy included measures that the City claimed would offset the impact of STRs by exacting \$1.00 per rental night from Airbnb alone for affordable housing development. Airbnb reported that between January 1 and September 30, 2017 only \$230,000 in funding for affordable housing was generated through legal STRs - enough for one unit of housing to be produced.

THE REPORT

INTRODUCTION

In December 2016, the City of New Orleans snubbed residents, limiting housing access and affordability, by adopting a short-term rental (STR) policy that allows for the massive removal of homes from the housing market. While housing advocates and policymakers spent close to two years debating how to address the proliferation of STRs across New Orleans, Mayor Mitch Landrieu's administration met with corporate representatives from Airbnb and HomeAway - two of the largest and most popular online platforms for STRs - to devise the series of ordinances that the City Council ultimately ratified, removing all limits on the number of STRs allowed in New Orleans in exchange for quarterly data-sharing, tax collection, and a meager contribution to the development of affordable housing.

Jane Place Neighborhood Sustainability Initiative (JPNSI), a ten-year old housing rights organization dedicated to the development of economically-just communities and neighborhoods through the Community Land Trust (CLT) model, has tracked the growth of STRs in New Orleans over the past three years. Our findings are presented in *Short-Term Rentals, Long-Term Impacts: the Corrosion of Housing Access and Affordability in New Orleans*.

New Orleans' Housing Crisis

Though Airbnb and other STR platforms are not the sole cause of gentrification and displacement, STRs in New Orleans are having a pervasive and corrosive effect on a housing market already in crisis. Over the past 15 years, public and private decisions have contributed to New Orleans' housing crisis, characterized by displacement and a lack of affordability, that the city is experiencing. These decisions include:

- Discriminatory practices in recovery spending that favored white homeowners over Black homeowners following Hurricane Katrina
- Rising housing costs due to real estate speculation and expensive insurance
- The demolition of 4,500 public housing units with a lack of 1-to-1 replacement
- The razing of 80 city blocks of housing in Lower Mid-City to develop University Medical Center of New Orleans and the Veterans Administration Hospital
- Predatory tax sales that target low-income homeowners struggling to keep up with housing costs
- Substandard housing conditions
- Inadequate legal protections for tenants

- Expiring housing tax credits that only mandate affordability for a set number of years
- The false promise that luxury developments would increase housing availability and lower rents

Such decisions and oversights have made New Orleans, a city of renters, unaffordable to low- and moderate-income households and unwelcoming to people of color and have driven the city into crisis. As of 2016, New Orleans is considered to be the second worst city in the United States for renters¹ because of housing cost burden, with an estimated 63% of all renter households currently being cost-burdened - paying more than 30% of their income in rent or mortgage and utilities.² Even more troubling is the number of renter households that are severely cost-burdened: 37% of renter households dedicate more than 50% of their income to housing costs.³ Severely cost-burdened households are more vulnerable to housing insecurity, housing loss in the event of a crisis or an unexpected cost, and eviction.

To not be cost-burdened, a household making \$24,000/year, which is the median income for the 55% of New Orleans households who are renters, should not pay more than \$600 a month in rent and utilities. However, according to the HousingNOLA 2017 Report Card, the median housing cost for renters is \$934. There is a significant discrepancy between supply and demand for affordable housing in the current housing market. For every 100 households in need of an affordable unit - one that would cost less than 30% of their income in rent and utilities - there are only 47 affordable units available.

The housing crisis is affecting different neighborhoods in different ways, with some neighborhoods experiencing much higher increases in rent and sales prices than others. But while neighborhood impacts vary, what happens in one neighborhood affects other neighborhoods - middle-income residents priced out of a rapidly gentrifying neighborhood might end up moving to a lower-cost neighborhood, which could cause the displacement of low-income residents from their once affordable community as costs rise with the demand for housing by a higher-income group.

According to the New Orleans Redevelopment Authority's 2016 report, *Where Will People Live: New Orleans' Growing Rental Housing Challenge*,⁴ rents have risen citywide roughly 20 - 25% since 2012 with several neighborhoods experiencing even larger rent increases than that. As *Short-Term Rentals, Long-Term Impacts* explains, many of the neighborhoods with the highest concentrations of STRs are neighborhoods that have experienced the most significant increases in housing costs in the city.

Short-Term Rentals, Long-Term Impacts: The Corrosion of Housing Access and Affordability in New Orleans details the ways in which the legalization of short-term rentals (STRs) has exacerbated New Orleans' housing crisis and provides recommendations to elected officials, cultural entities and producers, affordable housing organizations, and individual residents to mitigate the negative impacts of STRs. In 2017, New Orleans City Council began regulating STRs by requiring platforms to share operator data and to contribute to affordable housing funds and

1 LaRose, Greg. "New Orleans Ranked 2nd-Worst Housing Market for Renters." NOLA.com, NOLA.com, 15 Jan. 2016, www.nola.com/business/index.ssf/2016/01/new-orleans_ranks_as_2nd-worst.html.

2 Housing for a Resilient New Orleans - Housing Opportunity 2017. <http://housingconference.uli.org/wp-content/uploads/sites/101/2017/07/2.-Lee-Housing-for-a-Resilient-New-Orleans-Presentation.pdf> ULI Housing Conference - New Orleans, LA - September 11, 2017.

3 HousingNOLA. "2017 Annual Report Card." 2017 Annual Report Card, HousingNOLA, 30 Sept. 2017. fluxconsole.com/files/item/87/20284/HousingNola2017ReportCard.pdf.

4 Mallach, Alan. *Where Will People Live? New Orleans' Growing Rental Housing Challenge*. Center for Community Progress and the New Orleans Redevelopment Authority, 22 June 2016, <https://www.nola.gov/nora/resources/nora-rental-housing-report/>.

requiring STR operators to acquire one of three licenses (Accessory, Temporary, and Commercial). As a result, thousands of homes have been removed from the housing market, primarily in historically Black neighborhoods, to accommodate tourists and housing costs have increased as supply decreases and as sales prices factor in the potential return from renting to tourists. *Short-Term Rentals, Long-Term Impacts* focuses on the proliferation of whole-home STRs, which includes all STRs with Temporary and Commercial licenses. Despite claims by platforms like Airbnb that most operators are listing spare rooms in primary residences, research suggests that most listings are exclusively offered as vacation housing for tourists, as the units are off-market 48% of the year and, therefore, unavailable to residents. Eighty-two percent of Airbnb listings are for whole-homes, single units of housing as opposed to accommodations within a host’s residence, with the average of such listings being available 174 nights per year. In 2015, there were 1,764 entire homes listed on Airbnb. Today, there are 5,215 total listings on Airbnb with 82% listings for entire homes and only 16.5% of the listings representing rooms in an owner-occupied home. Currently, there are more STRs operating in the city than available public housing units.

New Orleans Public Housing Sites & Available Units					
Name	Current Name	Year Originally Constructed	Original Public Housing Units	Current Units (2017)	Current Public Housing Units (2017)
St. Thomas	River Gardens	1941	1,510	606	182
Iberville	Bienville Basin	1941	858	492	155
Lafitte	Faubourg Lafitte	1941	896	465	171
CJ Peete/ Magnolia	Harmony Oaks	1941	1,403	460	193
BW Cooper/ Calliope	Marrero Commons	1942	1,546	410	143
St. Bernard	Columbia Parc	1942	1,460	683	229
Florida	Florida	1946	734	52	52
Desire	The Estates	1956	1,832	425	283
Guste	Guste	1964	993	504	481
William J Fischer	William J. Fischer	1964	1002	326	201
Total			12,234	4,423	2,090

Figure A, Overall loss of public housing units in New Orleans per public housing development.

JPNSI has identified four fundamental ways that STRs continue to accelerate gentrification and the displacement of residents to make way for tourists: (1) single operators with multiple listings; (2) oversaturation of STRs in residential neighborhoods; and (3) spillover effects from the monetization of residential housing inflating overall costs for renters and homeowners; and (4) the prioritization of tourists over residents.

Background

1. About the Data

Data scraping is a data extractions process that uses code to collect information from websites.

For this report, JPNSI analyzed the City’s publicly available permit database, data reports on monthly usage from STR platforms, and data scrapes of Airbnb listings available online through Inside Airbnb. Data scraping is a data extractions process that uses code to collect information from websites. Inside Airbnb uses public information compiled from the Airbnb website. The data is verified, cleansed, analyzed, and aggregated. Because Airbnb is a private corporation and does not release any of their data to the public for review, policy-makers, advocates, and residents are often left in the dark regarding how Airbnb is actually being used and what its impacts are within a community. When Airbnb issues reports regarding their users, activity, and impacts, they do not include the raw data on which the claims are based, impeding independent researchers’ ability to verify or refute the statements being made by the corporation.

Airbnb markets itself as a tool for homeowners to make ends meet by allowing them to rent out spare bedrooms in their primary residences and that most whole-home listings are temporary - available only when hosts are out-of-town. The majority of Airbnb *hosts* are not individuals making ends meet, but wealthy individuals and companies, that this report refers to as *operators*, using the service to run scattered-site hotels.

2. Current STR Legislation in New Orleans

On October 20, 2016, the City Council voted 6 - 1⁵ on a series of ordinances to legalize STRs via online platforms, setting the stage for a rampant conversion of residential housing into commercialized housing for tourists. STR advocates claim that the ordinances were the product of two years of community debate. In actuality, the Council voted on legislation drafted by the Mayor’s office, in collaboration with STR lobbyists, just two days before the vote.⁶ The ordinances left out key provisions that the City Planning Commission (CPC) recommended on August 9, 2016⁷ following a robust public input period, two of which were a ban on whole-home rentals and a limitation on how many STRs could operate per block in residential neighborhoods.⁸

The City Council legalized and instituted regulatory measures for STRs by adopting Ordinance 27,204 MCS and Ordinance 27,209 MCS, which amended Chapter 26 of the City Code and the Comprehensive Zoning Ordinance respectively. Additionally, Ordinance 27,210 MCS directs \$1.00 per rental night to the Neighborhood Housing Improvement Fund⁹ and Ordinance 27,218 MCS authorizes the City to collect and remit taxes from Airbnb alone. Ordinance 27,204 MCS created a cumbersome legalization scheme, that includes three different types of licenses with varying uses:

5 The six council members who voted in favor of the motion to create City ordinances for STRs in October 2016 were LaToya Cantrell, Susan Guidry, James Gray, Stacy Head, Nadine Ramsey, and Jason Williams. Jared Brossett voted in opposition, citing concerns on how the legislation would impact housing access and affordability. In December 2016, when the council voted to adopt the ordinances, Susan Guidry joined Jared Brossett in voting against the ordinance, stating she was concerned about the impacts on residential neighborhoods and the failure to tie homestead exemption status to STR permits.

6 Adelson, Jeff. "Landrieu Administration's Proposal Shows Whole-Home Rentals Not Really 'off the Table' in New Orleans." The New Orleans Advocate, The New Orleans Advocate, 18 Oct. 2016, www.theadvocate.com/new_orleans/news/politics/article_41d017a4-9569-11e6-a009-f71abe172501.html.

7 Adelson, Jeff. "New Orleans City Planning Commission Once Again Urges City Council to Prohibit Short-Term Rental of Whole Homes." The New Orleans Advocate, The New Orleans Advocate, 9 Aug. 2016, www.theadvocate.com/new_orleans/news/article_5a23e124-5e90-11e6-a759-ab9c88b48ffb.html.

8 During the Council hearing, Susan Guidry proposed an amendment requiring that applicants have a homestead exemption on the property they were planning to STR in order to receive a permit. Jared Brossett and LaToya Cantrell supported the amendment. The amendment failed due to lack of a fourth vote in support.

9 Due to how fee structures work in New Orleans, this \$1 per night is put into the General Fund rather than directly into the NHIF. The fees placed into the General Fund must be then be redirected into the NHIF by the City’s budgeting process.

Accessory

- License costs \$200 per year
- Owner must be present and on-site during rental
- Property must have a homestead exemption
- Allows rental of a whole home if it is one side of a double/duplex and the owner-occupant lives on other side
- Limited to 3 bedrooms per house, 6 guests per party
- Unlimited nights per year
- Banned in the French Quarter

Temporary

- License costs \$50 per year if property has a homestead exemption, \$150 per property without a homestead exemption
- Allows rental of a whole home
- Must have a property manager
- Maximum of 90 nights per year
- Limited to 2 guests per bedroom or a total of 10 guests, whichever is less
- Banned in the French Quarter

Commercial

- License costs \$200 per property per year
- Does not have to have a homestead exemption
- Allows rental of a whole home, limited to 5 bedrooms and ten 10 guests
- Owner does not need to be present during the rental period
- No limitation on the number of rental nights per license year, so each commercial STR can be rented out 365 nights a year
- Must be in a non-residential zoning district; properties zoned mixed-use are eligible for commercial rentals
- Allowed along Bourbon Street, but not elsewhere in the French Quarter

As of March 6, 2018, the City has granted 4,291 permits, broken down by permit types as follows:

Type of Permit	Number of Permits
Accessory STR	1206
Temporary STR	2264
Commercial STR	821
Total	4291

Figure B, Number of permits the City has granted by type as of March 6, 2018.

When the ordinances were passed, proponents stated that the City would be able to efficiently manage this licensing system through a groundbreaking data-sharing agreement with STR platforms. However, the data-sharing agreement is deeply flawed and compounds the management and enforcement problems that the current licensing system created.

3. Data Sharing

Within the STR regulatory arrangement, the City of New Orleans receives monthly data reports from Airbnb and HomeAway that are supposed to help the City enforce the laws. These monthly reports include:

- The total number of STRs listed on the platform during the reported period
- The total number of nights that each listing on the platform was rented to guests during the reported period
- A cumulative tally to date of the number of nights that each listing on the platform is booked during the remaining months of the applicable calendar year
- A notation indicating the license type for each listing

The platforms are not required to match the names or addresses of STRs or their operators to the listings on their platforms. The City can only request STR operators' information if they can clearly demonstrate that the anonymized listing in question is breaking the law. This is done through a subpoena process that takes roughly one month.

STRs operators, particularly those with Temporary licenses that limit rental nights to 90 days, can manipulate the current licensing system by using multiple platforms to list the same units of housing.

JPNSI filed a public records request for data reports from Airbnb and HomeAway, and the March 2018 report illustrate the ease with which STRs operators, particularly those with Temporary licenses that limit rental nights to 90 days, can manipulate the current licensing system by using multiple platforms to list the same units of housing.

Anonymous Listing	Nights booked, 2018	Nights booked, Feb 2018	Nights booked, Mar - Dec 2018	Permit Type
00077db5-1de1-428d-a9c5-cd9cd10e2284	33	17	48	PERMIT_TYPE_T
006c85bc-6d91-43d9-9658-37a2d005d3f8	42	22	40	PERMIT_TYPE_T
00b0384e-a40b-46ff-a63b-7a4ac47a4725	6	0	0	PERMIT_TYPE_A
00d7a4d7-cbfe-48a1-9665-28cca71bb47	48	27	74	PERMIT_TYPE_T
00e0986f-eb28-4302-b7fa-88a0ba054898	19	13	16	PERMIT_TYPE_A
00e197f8-444b-492e-a34d-6b2e93f302ed	14	14	52	PERMIT_TYPE_C
00fd592c-47e8-4a59-81c7-67ef8a7b6b40	42	17	58	0
010ca72e-5d67-48b7-a158-074c3b5d78f0	18	10	31	0
0127bd8f-ef8e-48b0-bdcc-7614549ffb4a	19	18	36	0
01443ba6-9357-44dc-a897-ec736c38d07c	58	28	71	0

Figure C, Airbnb data report for March 2018, ten sample listings, including listings with no permits-marked as “0” in permit type.

1	ListingId	Booked Nights Count For Month	Booked Nights Count Rest Of Year
2	122663	9	20
3	296064	2	0
4	7494621	50	85
5	304088	0	0
6	308494	14	14
7	312807	7	0
8	318112	0	12
9	319865	0	0
10	329907	0	0
11	330104	21	25

Figure D, HomeAway/VRBO data report for October 2017, ten sample listings, including one listing that claims to have been rented out for more nights than exist in the month of October. No listings indicate whether or not operators have a permit to legally operate STRs.

Because the listings are anonymous configurations of numbers and letters, the City cannot distinguish the operator in listing ten on the Airbnb report from the operator in listing ten on the HomeAway report to verify that license holders are abiding by the law. The only way the City can receive the name and address of permitted operators is by submitting a subpoena if a listing is breaking the law based on the information in the data reports.

For example, an individual with a Temporary license can list it for 90 days on Airbnb and then shift the listing to HomeAway for another 90 days, thus breaking the law by doubling the number of nights the unit is listed as a STR without the City’s knowledge.

In just the first two months of 2018, these 2,744 illegal STRs were booked for a combined 56,113 nights.

Though Airbnb and HomeAway share data with the City about licensed listings, they and other platforms continue to list thousands of unlicensed STRs on their websites. Despite Airbnb’s promise to monitor and remove unpermitted listings, according to the data reports submitted to the City, as of March 1, 2018, there were 2,744 non-permitted STRs accepting bookings on Airbnb alone. In just the first two months of 2018, these 2,744 illegal STRs were booked for a combined 56,113 nights.

Anonymous Listing	Nights booked, 2018	Nights booked, Feb 2018	Nights booked, Mar - Dec 2018	Permit Type
eff3814e-4faf-4a5e-ad97-31c01105657c	48	23	57	0
4b0d2d20-d5f5-412f-8117-ebfcf86b429a	53	25	44	0
0263392d-ee5f-4a00-9db3-b0fbf93dbdf6	38	21	36	0
550f7dc3-fefa-4f1b-b00a-6a189d6d99c2	39	23	106	0
96f82550-ff31-46b2-8735-8eed95fb5749	52	25	47	0
04bb3eb5-703c-4924-a153-d36f083adacd	27	18	36	0
f304b555-9bbd-4a11-8720-015c1efe834d	40	18	45	0
ee77f1b7-0a84-4d5b-b0cc-7ada46ee8da7	38	20	0	0
df65c2ce-06f2-45ab-b6f3-4ae578c2ea17	22	20	27	0

Figure E, Airbnb data report to the City, March 1, 2018. An example of clearly unpermitted listings still up for rent on the platform. Trip Nights YTD refers to the number of nights the listing was booked between January 1, 2018 and March 1, 2018, a period of only 59 nights. This sample of listings shows illegal STRs that are heavily booked, with some STRs being rented out for nearly every night of that two month period.

Findings

1. Single Operators with Multiple Listings

Airbnb propagates the myth that STRs are intended to ease the difficulties of rising living costs for resident hosts. While there are operators who indeed fit this description, they currently represent only half of the STR operators in New Orleans and 28% of licensed STRs, and they are increasingly forced to compete with individuals and companies that operate multiple STRs as profit-making businesses.

The City’s policies have placed no limits on the number of STR licenses that an individual or a company can acquire. JPNSI’s analysis of both Airbnb data scrapes and the City’s database of issued licenses demonstrate that there are operators who are developing scattered-site hotels composed of residential units that have been taken off of the housing market and redirected for tourist use.

	Jun-15	Jun-16	Jun-17	Mar-18	Percent Change
Total # of Listings	1905	3,857	4,514	5,215	135.2%
Categories of Listings					
Entire Home/Apt	1298	2,787	3,328	4,319	232.7%
Private Room	561	1,022	1,117	867	54.5%
Shared Room	46	48	69	29	-37.0%

Figure 1.1 Growth of listings on Airbnb from June 2015 to March 2018, showing the increased dominance of whole home listings on the platform.

According to the City’s database, as of March 6, 2018, there are 4,291 licensed STRs in the city - 1,798 of which are managed by 503 hosts with multiple licenses. A mere 18% of hosts control 44% of all licensed STRs in the city.

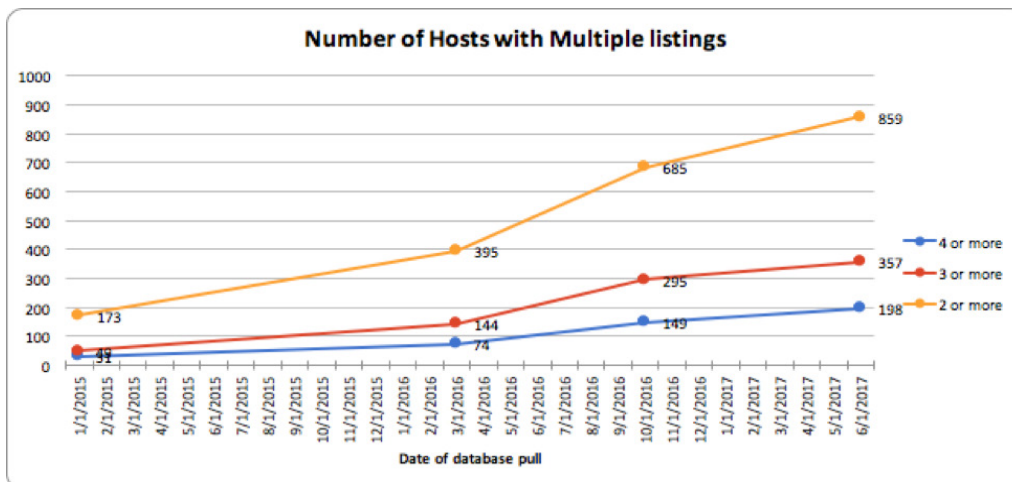


Figure 1.2 Number of Users with Multiple Listings, datascrapes

Multiple Listings	1/15/2015	3/15/2016	10/6/2016	3/6/18	Percentage Increase, 2015 - 2018
4 or more	31	74	149	182	487%
3 or more	49	144	295	324	561%
2 or more	173	395	685	774	347%

Figure 1.3, Percentage Increase of Hosts with Multiple Listings, 2015 - 2018, datascrapes

According to the data scrapes, as of March 2018, the top ten operators on Airbnb have 568 listings combined. Of the top ten operators, several, such as San Francisco-based Sonder, Alabama-based Hosteeva, and Spokane-based Stay Alfred, are out-of-town corporations that exist solely to turn housing units into STRs.

Host ID	Listing #	Host Name
12243051	124	Sonder
24831061	111	Hosteeva
4962900	86	Stay Alfred
114353388	86	Stay Alfred
125204161	37	Alex
99430572	26	Canal Street
9288450	25	Muse
122380652	23	Evolve Vacation Rentals
112910785	20	Jordan
19859194	16	Jay
91548283	14	Domio

Figure 1.4 Top Ten Host with the Highest Number of Listings, March 2018 data scrape

The City’s own database reflects the same trend of single operators with multiple listings, but the discrepancies between it and the data scrapes reveal a broken regulatory system in which STR operators can register their licenses under different names, making it difficult for researchers and elected officials to accurately assess their footprints in the STR market. As of March 6, 2018, the top ten hosts in the City’s database had a combined 401 units¹⁰ (a 167 unit discrepancy). Some of the top operators include:

Permit Holder Name	Number of Permits
Peter Bowen (Sonder)	80
Sam Makaryan (Hosteeva)	52
Tarun Motwani (The Giani Building)	33
Guest Experience Team (Sonder)	32
The Guest Experience Team (Sonder)	27
Allison Barnette (Stay Alfred)	23
Viki Borisova	23

¹⁰ This number was calculated by combining all of the permits associated with an individual or corporation, using the total number as the number controlled by one operator.

Alex Ramirez	22
Barrett Thrasher	18
Dena Chavez	16
Dontae Amos	15
Eric Bay (Alliance for Neighborhood Prosperity)	14
Tim Dodson (Stay Alfred)	14

Figure 1.5 Top ten operators, city permit database, as of March 6, 2018. Many of these top operators work for larger corporations such as Sonder, who have additional permits under other names.

Sonder has 152 permits in total, spread between eight different individuals or company names...

As shown in Figure 1.4, STR operators acquire permits in the names of employees or with variations of their names. For example, Allison Barnette and Tim Dodson both manage STRs for Stay Alfred, and Viki Borisova has an additional ten permits under the name Viktoria Borisova. Sonder has 152 permits in total, spread between eight different individuals or company names: Peter Bowen (80 permits), Guest Experience Team (32 permits), The Guest Experience Team (27 permits), The Guest Experience (5 permits), Sonder USA Inc (5 permits), Sonder Guest Experience (1 permit), Guest Experience (1 permit), and Nicole Elia (1 permit).

Operators with multiple permits are becoming more prevalent over time, and the amount of housing they are occupying is steadily expanding. As shown in the figures below, the number of operators with ten or more permits jumped from 13 to 23 within six months.

Operator	# of Permits, Sept 2017	# of Permits, March 2018	Percentage Change
Sonder (Peter Bowen, Guest Experience Team, The Guest Experience Team)	44	144	227%
Sam Makaryan (Hosteava)	6	52	767%
Viki Borisova/Viktoria Borisova	14	33	136%
Tarun Motwani (the Giani Building)	20	33	65%
Alex Ramirez/Alexander Ramirez	21	26	24%
Barrett Thrasher	12	18	50%
Eric Bay (Alliance for Neighborhood Prosperity)	5	14	180%

Figure 1.6 Illustrating top STR operators and their increase in permit activity within the past six months.

# of Permits	Sep-17	Nov-17	Mar-18	Percentage Change
10 or more	13	16	23	77%
4 or more	84	92	106	26%
2 or more	353	380	503	42%

Figure 1.7 Illustrating overall growth of hosts with multiple permits within the past six months.

The dominance of operators with multiple listings is not unique to New Orleans.

In “Airbnbbusiness: As Professionals Find Success on the Platform Is There Still Room for Sharers?”, Curbed columnist Patrick Sisson focuses on the increased market share of those with multiple units:

Increasingly, Airbnb and the services that have sprung up around it are set up to favor property owners with more real estate and greater resources. “They were founded on this idea of helping individuals make a few extra bucks while they’re away on vacation,” says Scott Shatford, founder and CEO of AirDNA, a company that analyzes the Airbnb marketplace. “But the driver on this market is the opportunity to buy property and make money.” According to an AirDNA analysis for Curbed, the 25 top-grossing Airbnb accounts in the United States are far cries from that original collection of spare rooms, mom-and-pop operations. While AirDNA can’t reveal the names or locations behind these accounts due to privacy policies, last year they each made more than \$15 million, and each owned hundreds of units. The top-grossing account took in a little over \$44 million by renting 1,062 rooms.¹¹

STRs are most profitable for people who have the money and the means to own or lease multiple properties at the same time, and the lack of regulation in New Orleans makes it easy for these individuals and companies to make substantial returns, to accumulate more wealth and assets.

In some instances, city zoning decisions and single operators with multiple listings converge, resulting in apartment developments being taken over by individuals who are leasing multiple units to convert them into full-time STRs. Under the current licensing system, lease holders for apartments in developments zoned mixed-use can acquire licenses for Commercial STRs that make whole-homes available for tourists 365 days a year, removing them from the residential housing market. Nearly all large apartment complexes in the Central Business District (CBD) are zoned mixed-use, and the City has created a system under which hundreds of apartments in the CBD can be converted into Commercial STRs. Figure 2.2 illustrates the rapid increase in STRs in the CBD, with a 691% increase in STRs in the past two years.

At the Maritime, a CBD building constructed in 1893 that was redeveloped in 2009 through a mortgage backed by the Department of Housing and Urban Development,¹² 60 of 105 luxury units are permitted STRs, with an additional 21 permits pending. Fifty-four of those STRs received Commercial permits, and 59 of the STRs are run by operators with multiple listings in and beyond the building. Twenty-nine of the Maritime STRs are permitted in the names of Spokane-based Stay Alfred employees, and ten are permitted by Sonder.

Using the cost estimates available on the Maritime’s website, Stay Alfred would have spent roughly \$100,000 to pay for security deposits and first months’ rent for their 29 apartments in the building. They have 112 additional New Orleans listings on Airbnb, representing an unknown - but probably astronomical - amount of money that the company was able to pay up-front to rent the 172 total units of housing that they converted into tourist lodging. STR operators are renting out dozens of units of housing - either covering the initial costs in securing the properties by paying rent or by taking out mortgages on each unit of housing that they are flipping into STRs.

11 Sisson, Patrick. “Airbnbbusiness: As professionals find success on the platform, is there still room for sharers?” Curbed, Curbed, www.curbed.com/2018/2/21/17032100/airbnb-business-profit-hotel-property-management.

12 Mowbray, Rebecca. “Maritime Building Being Converted into Apartments, Offices, Shops.” [The Times Picayune, The Times Picayune](http://www.nola.com/business/index.ssf/2009/12/maritime_building_being_conver.html), 22 Dec. 2009, www.nola.com/business/index.ssf/2009/12/maritime_building_being_conver.html.

Although the City’s licensing system permits the mass conversion of apartments into STRs, several developments in the CBD are violating federal housing law by offering STRs. Like the Maritime, the Saratoga, the Paramount, and Woodward Lofts all secured financing through mortgages backed by HUD, which explicitly bans STRs as a property use. HUD mortgages finance housing for residents. STRs operating in these buildings are illegal under the Federal Housing Act of 1934. JPNSI filed a formal complaint with HUD against the Saratoga and the Maritime in October 2017 regarding their illegal STRs and is awaiting a final determination from HUD. The developers’ signed agreements with HUD that ban STRs in the buildings they’ve financed are publicly available for review at the Land Records Division of the Office of the Clerk of Civil District Court for the Parish of Orleans. The proliferation of STRs in the CBD’s luxury condominium and apartment developments demonstrates that the impact on housing access and affordability that STR operators are causing is not an issue for low-income people alone.

2. Oversaturation of STRs in Residential Neighborhoods

Over the past two years, the geographic concentration of STRs has shifted away from neighborhoods more commonly associated with tourism (such as the French Quarter and the Marigny) to working-class Black neighborhoods that are close to downtown. The New Orleans Marketing Tourism Corporation,¹³ Airbnb, and the media heavily market these neighborhoods as tourist destinations due to their strong cultural traditions. Outside of the CBD, the most impacted neighborhoods are Central City, Tremé, the Seventh Ward, and Leonidas/Pigeon Town.



Figure 2.1¹⁴ depicts the 1200 block of Kerlerec Street between Henriette de Lille and Marais Street in the Seventh Ward. Each dot represents a legally permitted STR, with more than one dot representing a property that has multiple permits for the same address.

Neighborhoods with amenities tourists want but residents need - public transit, restaurants, bars, cultural traditions, public parks, and greenspace - are experiencing demographic shifts alongside upward trends in STR proliferation.

13 LaRose, Greg. “One Time, in New Orleans’ targets tourists for the city’s 300th anniversary.” *The Times Picayune*, 5 Sept. 2017, www.nola.com/business/index.ssf/2017/09/one_time_in_new_orleans_touris.html.

14 Image was captured from the City of New Orleans STR map on December 6th, 2017. The map is located at <https://www.nola.gov/short-term-rentals/>.

At present, there are no limits on of rooms or homes per block permitted for STR use. As a result, there is an extreme concentration of STRs in communities and neighborhoods historically populated by Black residents. Neighborhoods with amenities tourists want but residents need - public transit, restaurants, bars, cultural traditions, public parks, and greenspace - are experiencing demographic shifts alongside upward trends in STR proliferation. Central City, Tremé, and the Seventh Ward, in particular, are close to hospitality industry jobs, which are the only options for many working-class New Orleanians. Twelve legal STRs are operating on the 1200 block of Kerlerec, depicted in Figure 2.1, covering 26 bedrooms, allowing 61 tourists to spend the night on this single residential block. There may be additional STRs operating illegally on this street as well.

Neighborhood	Number of Listings, 2015	Number of Listings, 2016	Number of Listings, 2017	Number of Listings, 2018	Percentage Change
CBD	91	217	482	720	691%
Treme - Lafitte	194	243	314	356	84%
Seventh Ward	182	248	336	348	91%
Central City	117	222	339	325	178%
Marigny	174	253	318	308	77%
Mid-City	176	276	296	303	72%
Lower Garden District	134	199	233	225	68%
St. Claude	106	172	184	212	100%
Bywater	141	196	205	205	45%
Bayou St. John	103	154	177	131	27%
St. Roch	73	113	124	122	67%
Leonidas	66	124	150	120	82%
Fairgrounds	102	165	174	119	17%
Audubon	73	108	127	114	56%
Irish Channel	44	87	98	111	152%
Uptown	55	82	100	104	89%
West Riverside	47	71	96	98	109%
French Quarter	183	349	260	95	-48%
East Riverside	4	65	88	93	116%
Marlyville - Fontainebleau	32	70	86	90	181%

Figure 2.2 Growth of all whole home listings across 20 neighborhoods with the highest concentrations of listings, including whole home, private room, and shared room listings. Data from March 2018 data scrape.

As illustrated in the table above, we are witnessing an increase in STRs in Black neighborhoods. The Greater New Orleans Fair Housing Action Center (GNOFHAC) mapped the overall loss of Black households across New Orleans and that found several historically Black neighborhoods with access to downtown job centers and amenities have experienced a significant loss of Black households between the years 2000 and 2016.

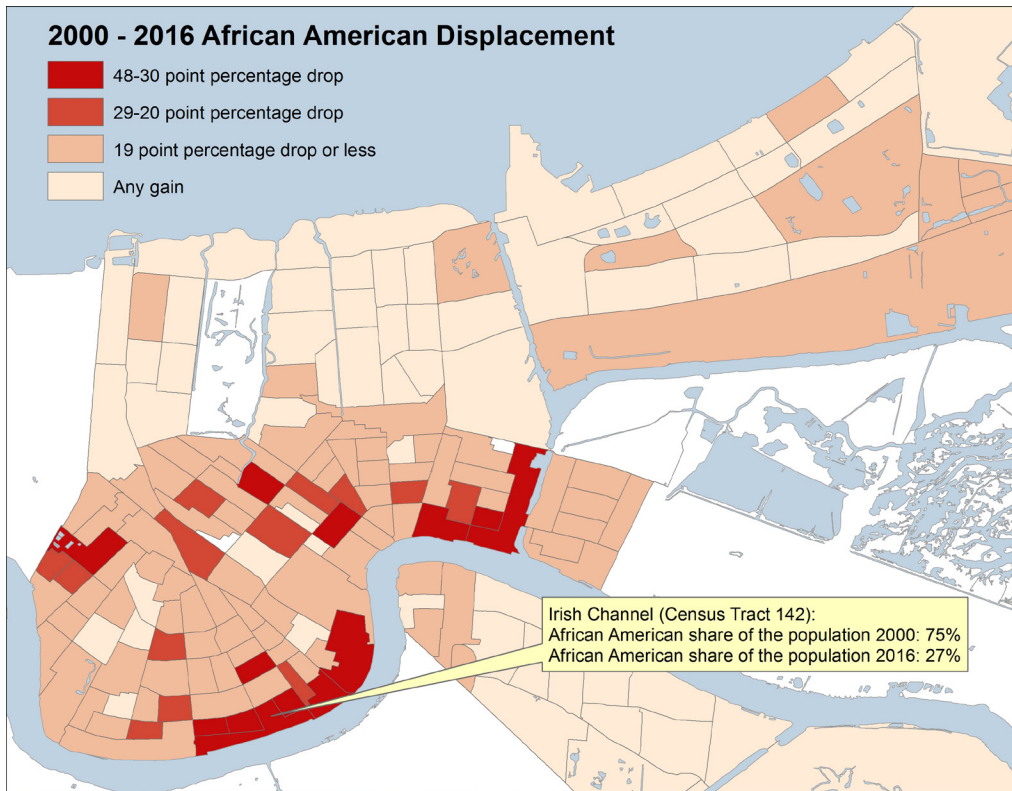


Figure 2.3 GNOFHAC map illustrating the loss of Black households across New Orleans between 2000 - 2016.

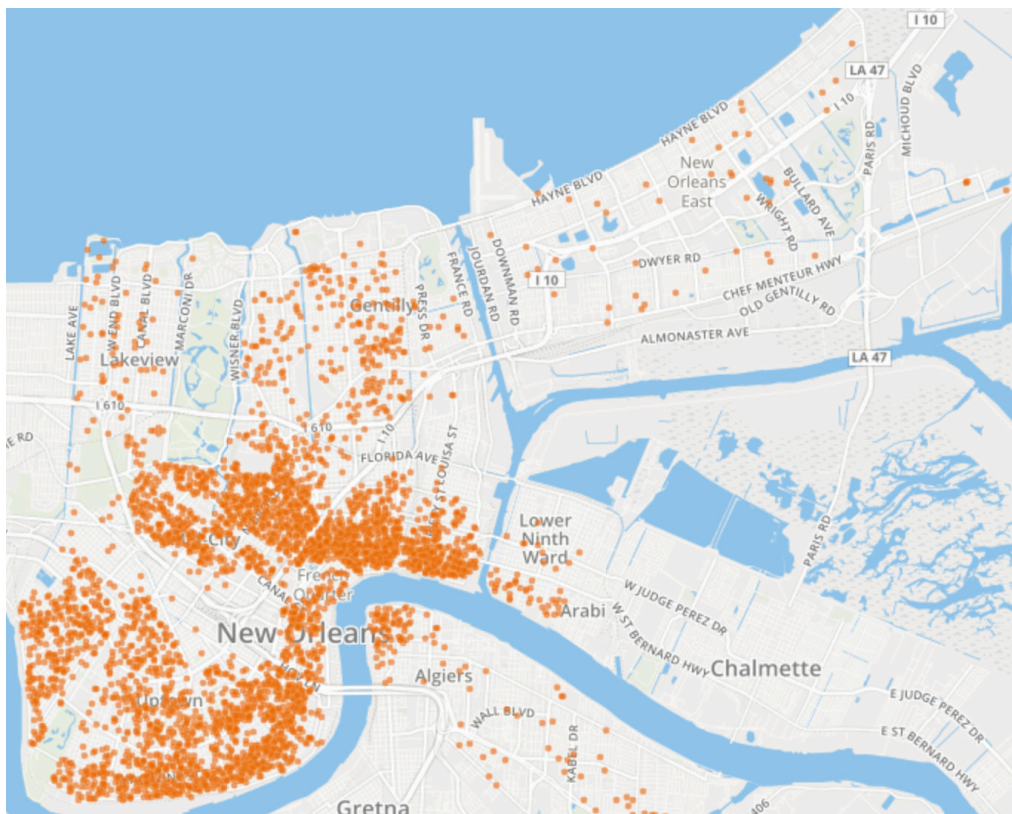


Figure 2.4 Map of current STR permits in New Orleans. Image captured on March 6th, 2018.

From 79% to 46% in Treme, 90% to 65% in Mid-City, and 73% to 45% in Leonidas/Pigeon Town: the historically Black neighborhoods with the highest

concentrations of STRs have all experienced tremendous declines in number of Black households. Alongside one another, the displacement and the license maps lead us to infer that STRs are capitalizing on and contributing to the displacement of Black communities.

3. Inflation of Housing Costs

The proliferation of whole-home rentals in residential and commercially-zoned neighborhoods is making it more difficult for families to return to or remain in their neighborhoods as more housing units are dedicated away from residents and towards tourist use, causing overall housing prices to rise. Whole-home Airbnb listings in New Orleans have grown by 150% in the past two years, and growth of all listing types have grown by 101%. Some neighborhoods have experienced much higher increases, with many that are experiencing the highest increases in rent also experiencing the highest increases in concentrations of listings on Airbnb, in particular with whole-home listings. Figure 3.1 shows the percentage increase in STRs across nineteen neighborhoods, and Figure 3.2 shows how much rent has increased in the nine neighborhoods with the highest concentration of STRs, including rent increases of 30% for a two-bedroom unit in the Seventh Ward, a 27.95% increase in a two-bedroom in MidCity, and a 71.93% increase for a three-bedroom unit in Bywater.

Nhood	Number Whole Homes, 2015	Number Whole Homes, 2016	Number Whole Homes, 2017	Number Whole Homes, 2018	Percent Change
CBD	80	204	451	686	758%
Seventh Ward	106	177	238	270	155%
Marigny	123	178	228	263	114%
Central City	86	175	258	259	201%
Treme - Lafitte	106	167	231	255	141%
Mid-City	109	178	203	243	123%
Lower Garden District	90	144	190	197	119%
Bywater	101	146	157	179	77%
Leonidas	43	88	111	170	295%
St. Claude	64	109	122	164	156%
Bayou St. John	66	105	131	118	79%
Irish Channel	34	70	80	98	188%
St. Roch	33	58	80	97	194%
Fairgrounds	68	119	121	94	38%
Audubon	46	72	93	94	104%
Uptown	44	68	85	93	111%
West Riverside	34	60	83	86	153%
French Quarter	166	327	223	82	-51%
East Riverside	30	51	72	82	173%

Figure 3.1 Growth of all whole home listings across 20 neighborhoods with the highest concentrations. Data from March 2018 data scrape. The only neighborhood that experienced a significant fall in

listings is the French Quarter, beginning in 2016 after the STR ban came into effect.

Even with increased rents across the city, landlords profit more from renting their properties to tourists than to residents, particularly in rapidly gentrifying neighborhoods such as Tremé, the Seventh Ward, and Central City.

Neighborhood	Number of Bedrooms	Rent 2009	Rent 2011	Rent 2013	Rent 2015	% Increase, 2009 - 2015
CBD	1	720	995	1200	1370	47.45%
	2	900	1350	1870	2000	55.00%
	3	1165	1136.5	1995	1400	16.79%
Central City	1	900	950	950	960	6.25%
	2	1100	915	918	1221	9.91%
	3	1000	1325	1305	1300	23.08%
Seventh Ward	1	685	675	700	850	19.41%
	2	700	800	850	1000	30.00%
	3	950	1100	950	1000	5.00%
Marigny	1	825	900	900	1200	31.25%
	2	1000	1250	1650	1600	37.50%
	3	1400	No Data	2750	3500	60.00%
Treme/Lafitte	1	775	1014.5	775	800	3.13%
	2	850	800	855	925	8.11%
	3	751	1000	900	1015	26.01%
Mid-City	1	850	895	850	991	14.23%
	2	947.5	925	1075	1315	27.95%
	3	1125	1000	1000	1550	27.42%
French Quarter	1	1200	1100	250	1500	20.00%
	2	1650	1700	2000	2400	31.25%
	3	2600	2450	2140	2900	10.34%
Lower Garden District	1	1000	1150	1175	1468	31.88%
	2	1650	1575	1700	1700	2.94%
	3	1450	1800	1625	2225	34.83%
Bywater	1	725	725	1250	1000	27.50%
	2	925	1025	1950	1975	53.16%
	3	800	1400	2150	2850	71.93%

Figure 3.2 Rent increase across nine neighborhoods with the highest concentrations of STRs. Rental increase data drawn from the 2016 *Where Will People Live? New Orleans' Growing Rental Housing Challenge* report released by the New Orleans Redevelopment Authority and Center for Community Progress.

A growing body of research from across the U.S. demonstrates that STRs are contributing to rising rents and tight housing markets in many cities. In a study of Airbnb's impact on the housing market in Boston, economists Mark Merante and Keren Mertens Horn explain that the STR market, in removing incentives for property owners to rent to residents, drives commercialization:

Some owners or tenants will obtain housing in excess of the amount that would have maximized their utility in the absence of the home sharing market and will value units based on the units' perceived marketability in the home sharing market. Our hypothesis is that the existence of the home sharing market operates either through changes in the demand for or in the supply of housing, or likely both, to decrease the supply of rental units listed for rent and, thereby, to increase the asking rents of available units.¹⁵

15 Mark Merante and Keren Mertens Horn, (2016), *Is Home Sharing Driving up Rents? Evidence from Airbnb in Boston*, No 2016_03, Working Papers, University of Massachusetts Boston, Economics Department. http://repec.umb.edu/RePEc/files/2016_03.pdf

Understanding that they can make higher profits from renting housing units to tourists than from renting to residents, many STR operators, as explained in Section Two, invest in more residential property to create a larger stream of revenue. The residential properties that they acquire are often already occupied by tenants who, summarily, are evicted so that the whole-home can be placed on the STR market - making the commercialization of STRs a tenants rights and fair housing issue. Each unit taken off of the housing market reduces the overall supply of housing, driving prices upward. Additionally, STR operators may be willing to overpay for housing units because they are valuing them based on the return they will command as hotel rooms, impacting housing costs for homeowners.

Researchers at McGill University arrived at similar conclusions regarding STRs' effects on New York City's housing market.

While serious Airbnb entrepreneurs may well refurbish their units to increase their success with the service, the only necessary step for converting a long-term rental to a short-term rental is to remove the existing tenant. Applying a comparative model developed by researchers at UCLA, we estimate that Airbnb has increased long-term rents in New York City by 1.4% over the last three years. This implies that the median renter household looking for a new apartment will pay \$384 more per year because of Airbnb's recent growth.¹⁶

With laws that favor landlords, New Orleans renters are subject to housing insecurity that is only intensified as their removal is incentivized by the STR boom. At an August 2016 City Planning Commission, Executive Director of the Music and Cultural Committee of New Orleans, Ethan Ellestad, stated, "Mardi Gras Indians don't need more tourists taking pictures of them. They need an affordable place to live."¹⁷

A June 2017 study out of the Department of Economics at the University of California at Los Angeles (UCLA), *The Sharing Economy and Housing Affordability: Evidence from Airbnb*,¹⁸ found that a 10% increase in Airbnb listings leads to a 0.42% increase in rents and a 0.76% increase in house prices. Using the mathematical model they developed, it is possible to calculate the impacts on rental and housing prices STRs are having in New Orleans. In Central City, for example, there has been an increase of 190% in Airbnb listings since 2015. If a 10% increase in listings causes a .42% increase in rent and a .76% in home prices, a 190% increase in listings could inflate rental prices by 7.98% and home prices by 14.44%. If the average rent for a three-bedroom apartment in Central City is currently \$1300, a 7.98% increase would mean an increase of \$103 per month. For a low- or moderate-income renter household in New Orleans, who can afford \$600 per month in rent, a \$103 increase is a substantial burden, particularly for households on fixed incomes like Social Security or Disability Benefits recipients.

By comparing the cost-per-night differences between long-term and short-term renting, the economic incentive becomes even more evident. In the Seventh Ward, a two-bedroom apartment costs an average of \$1000/month for a resident - a cost of roughly \$32 per night in a 31-day month. As of February 15th, according to Inside Airbnb, the average STR in the Seventh Ward rents for \$187/night, meaning that it takes just six nights of renting to tourists to make more than the average month of rent from a resident. In the Bywater, a two-bedroom costs an average of \$1,975/month, a cost of \$64/night in a 31-day month. The

16 Wachsmuth, David, et al. *The High Cost of Short Term Rentals in New York City*. Urban Politics and Governance Research Group, 2018, *The High Cost of Short Term Rentals in New York City*.

17 Adelson, Jeff. *New Orleans City Planning Commission once again urges City Council to prohibit short-Term rental of whole homes*. The New Orleans Advocate, 9 Aug. 2016, www.theadvocate.com/new-orleans/news/article_5a23e124-5e90-11e6-a759-ab9c88b48ffb.html.

18 Barron, Kyle and Kung, Edward and Proserpio, Davide, *The Sharing Economy and Housing Affordability: Evidence from Airbnb* (October 5, 2017). Available at SSRN: <https://ssrn.com/abstract=3006832>

average STR in the Bywater rents for \$174/night, meaning that it takes thirteen nights of tourist occupancy to make more than the average month of rent from a resident. This cost difference implies it may be far more profitable to rent to tourists in the Seventh Ward than in the Bywater, as the rate of return for renting to tourists surpasses the rate of return on tenancy in half the time. This economic incentive explains the shift in geographic concentrations away from higher-cost neighborhoods like the Bywater and into more affordable, rapidly gentrifying neighborhoods like the Seventh Ward and Central City.

The correlation between higher STR profit margins and neighborhood gentrification holds true when comparing price points across multiple neighborhoods. While the cost of residential housing can vary by thousands of dollars across neighborhoods, price points for whole-home STRs differ by roughly \$75 between neighborhoods with the highest concentrations of whole-home STRs. When comparing the profitability of renting to residents and tourists by neighborhood, Treme, the Seventh Ward, and Central City - areas closest to downtown and with the lowest rental costs for residents and the highest for tourists - present landlords with the most opportunity for profit through STRs.

Neighborhood	Rent per month, 2/bdrm	Price per night per month	Price per night, whole home STR	# of Nights when STRing becomes more profitable than long term rent
Treme - Lafitte	\$925	\$30	\$212	4
Seventh Ward	\$1,000	\$32	\$202	5
Marigny	\$1,600	\$52	\$241	7
Central City	\$1,221	\$39	\$174	7
Lower Garden District	\$1,700	\$55	\$221	8
MidCity	\$1,315	\$42	\$170	8
Bywater	\$1,950	\$63	\$222	9
CBD	\$2,000	\$65	\$222	9
French Quarter	\$2,400	\$77	\$231	10

Figure 3.3 Cost Comparison of Long Term versus Short Term Renting, using dating from NORA's 2016 Rental Housing Report and InsideAirbnb.com. Average Nightly STR rent was accessed on February 15th, 2018.

4. The Prioritization of Tourists over Residents

Beyond the basic economics favoring the conversion of rental units into tourist lodging, the potential income from renting housing units to tourists is also evident in the asking prices for homes for sale. Many listings state that the high anticipated rates of renting whole-homes to tourists should be a consideration in the value of the property, insinuating that the potential income generated by STRs justifies the high asking price.

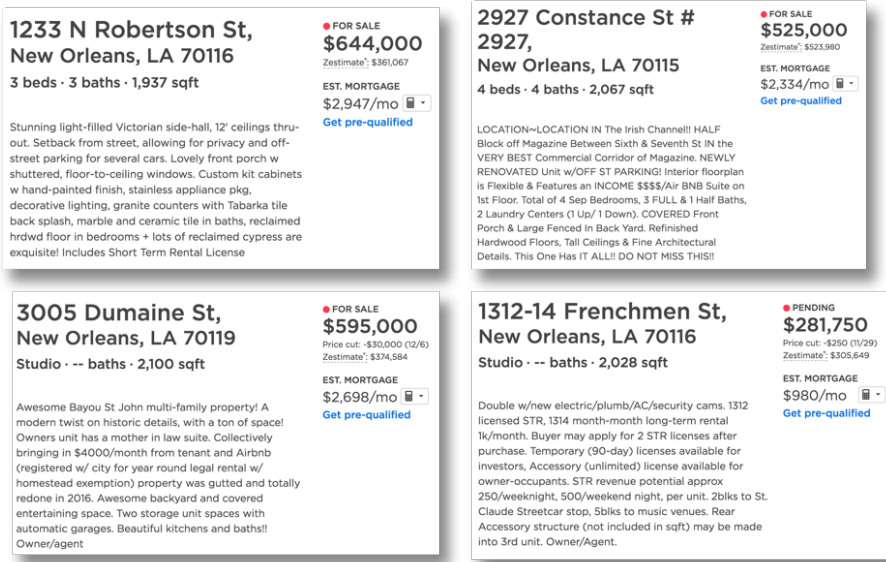


Figure 4.1, A sample of for sale listings in the Treme, Irish Channel, Bayou St. John, and Seventh Ward all mentioning income earning potential from STRing the property. Screenshots taken on December 27th, 2017.

The increasing number of STRs operating in the city demonstrates how the City of New Orleans' legalization process incentivizes landlords and companies to rent to tourists and not residents. As the Maritime building in the CBD advertises the cost of a long-term rental unit as well as the cost of a STR, it is very easy to use the development to show the economic and policy incentives to rent to tourists.

As of March 2018, a currently available two-bedroom unit rents for \$2,107, meaning that in a 31-day month, it costs roughly \$65/night for a New Orleans resident to live in the apartment.

The screenshot shows a listing for a 2-bedroom unit. It includes a floor plan image, a table of unit details, a list of featured amenities, and a table of unit availability.

Unit	Sqft	Available	Rent	Lease Term
410	915	NOW	\$2107	12

Figure 4.2 2 bedroom unit for rent at the Maritime. Image captured March 6, 2018.

According to listings on Airbnb, a two-bedroom unit rents for \$244/night for a non-holiday Monday evening in November, meaning it would only take nine nights to make more from renting the apartment to tourists than renting it to a resident.

Comfortable Common Street Apartment by Stay Alfred

Entire apartment · New Orleans



Stay Alfred

6 guests · 2 bedrooms · 3 beds · 2 baths

A stay at our magnificent and highly-rated Maritime property will bring you to right to the edge of New Orleans' legendary French Quarter. Located on the intersection of Common and Carondelet Streets, this tall and proud location will put you in the midst of NOLA's best. When you're not out and about enjoying Bourbon Street, you'll have plenty great amenities to keep you comfortable, including a fitness center, pool, sauna, and steam room. Experience the excitement of New Orleans knowing that you can return to the quiet and comfort of your elegant accommodations. |

The Maritime: |

\$244 per night

Check In	Check Out
11/13/2017	11/14/2017

Guests	
1 guest	▼

\$244 x 1 night	\$244
Cleaning fee ⓘ	\$114
Service fee ⓘ	\$47
Occupancy Taxes ⓘ	\$33
Total	\$438

Figure 4.3 Screenshot of a listing for an Airbnb rental in the Maritime for November 13th, 2017

The income potential from renting to tourists massively increases during holidays and special events. This same two-bedroom listing rents for \$827 per night during Mardi Gras, meaning it will only take three nights to make more from renting the apartment to tourists than renting it to a resident.

Comfortable Common Street Apartment by Stay Alfred

Entire apartment · New Orleans



Stay Alfred

6 guests · 2 bedrooms · 3 beds · 2 baths

A stay at our magnificent and highly-rated Maritime property will bring you to right to the edge of New Orleans' legendary French Quarter. Located on the intersection of Common and Carondelet Streets, this tall and proud location will put you in the midst of NOLA's best. When you're not out and about enjoying Bourbon Street, you'll have plenty great amenities to keep you comfortable, including a fitness center, pool, sauna, and steam room. Experience the excitement of New Orleans knowing that you can return to the quiet and comfort of your elegant accommodations. |

The Maritime: |

\$827 per night

Check In	Check Out
02/09/2018	02/14/2018

Guests	
1 guest	▼

\$827 x 5 nights ⓘ	\$4,137
Cleaning fee ⓘ	\$114
Service fee ⓘ	\$231
Occupancy Taxes ⓘ	\$390
Total	\$4,872

Figure 4.4, screenshot of a listing for an Airbnb rental in the Maritime for Mardi Gras 2018.

Increasingly, New Orleans is becoming a year-round tourist city. In any given month, there is a festival, holiday, or special event that might cause such spikes in the cost of a STR, giving many landlords an economic incentive to keep housing off of the housing market and redirect those housing units towards tourists who are willing and able to pay more. City leaders have aggressively sought to increase the number of visitors to New Orleans. For 2018, the City's goal is to host 13.7 million tourists.

Once again, the CBD illustrates the relationship between high asking costs for housing units being based on the ability of the investor to maximize the profits via STRing. The developers behind the luxury condos at 1100 Annunciation explicitly include renting to tourists as a benefit to potential buyers, stating that it is a great way to offset the costs of purchasing the unit.

SHORT TERM RENTALS

When you purchase an Eleven Hundred unit, you're not just claiming a modern space within a historic neighborhood. You're getting an opportunity to take part in our short-term rental program, which allows you to generate revenue if you're out of town while maintaining your beautiful foothold in the city.

We handle the details, and the revenue you generate helps to offset the cost of ownership including condo fees, property taxes and utilities.

Our on-site, seasoned management company offers this turnkey service so that Eleven Hundred owners can effortlessly add value to their investment.

Figure 4.5 Text from the 1100 Annunciation website marketing their housing units as income generating investments

While Airbnb continues to propagate the narrative that it is a way for resident hosts to make ends meet, data shows that it is transforming into a service that facilitates the accumulation of wealth by already wealthy individuals.

Conclusion: Policy Recommendations & Call to Action

An estimated 100,000 New Orleanians have been displaced since 2005, and those who have been able to return face increasing housing insecurity as City decisions prioritize tourists, turning what was or could have been homes into temporary lodging for visitors and driving up housing costs for renters and homeowners alike. The proliferation of STRs in New Orleans in the year since their legalization begs the question: does the City and do we as neighbors believe that the right to return, to rebuild, or to remain exists along a finite timeline or only for people above a certain income level? *Short-Term Rentals, Long-Term Impacts* does not argue against all STRs, but reveals the ways in which the City's permissive approach to STR regulation encourages absentee landlords to acquire as many units of housing as is within their means in order to profit by renting them to tourists. Coupled with weak tenant protection laws and the underfunding of affordable housing development, the current STR policy both threatens to unravel the cultural fabric of New Orleans and presents an opportunity for the new mayoral administration and City Council to take decisive steps toward addressing the housing crisis.

STR policies must be amended to prevent further corrosion of residential neighborhoods by STRs and to facilitate housing access and affordability for residents, and beyond city government, institutions and residents, particularly those in the cultural and hospitality sectors, must take an active stand against the unbridled conversion of housing into tourist lodging. We recommend the following:

Policy Changes

1. Require permits for STR platforms.

The City must require that STR platforms obtain permits in order to list rentals in New Orleans, similar to those already required for Uber and other ride-sharing platforms. Permit terms must include an agreement by STR platforms to reinforce City's operator regulations by:

- Removing all unlicensed STR listings
- Requiring that STR operators provide license numbers in order to list property
- Sharing operator identity and address and STR address with the City
- Sharing any complaint the platform receives regarding discrimination on the basis of race, color, religion, national origin, sex, disability, and familial status with the City
- STR platforms will face fines for non-compliance.

2. Streamline the data-sharing process across platforms.

As discussed under "Single Operator, Multiple Listings," the current monthly data-sharing process allows STR platforms to organize anonymized operator

data in whatever way each platform sees fit, making it impossible for the City to cross-check listings to ensure that they are in compliance with regulations. The City must streamline the data-sharing process so that all permitted platforms are submitting the same types of data in the same format each month. Data for each STR listing must include:

- STR address
- STR license number
- Operator name, address, and demographics
- Number of rental nights in the calendar month and cumulatively since licensing
- Any complaint that the platform received from STR guests

3. One host, one home.

Only New Orleans residents, as verified through Homestead Exemption, should be eligible to receive STR licenses, and eligible applicants can receive no more than one whole-home license. This prevents opportunistic individuals and companies from buying or leasing dozens of homes to convert them into tourist lodging. Requiring a homestead exemption will benefit New Orleanians who are indeed just renting out their spare rooms or rental properties to supplement their income as they will not have to compete with large-scale operators for guests. Operators will be penalized for non-compliance.

4. Ease into compliance.

STR operators should be granted a six-month grace period to come into compliance following the City's implementation of the aforementioned recommendations. After that six months, STRs operating without a homestead exemption will be unable to renew their licenses, and once those licenses expire, they will be penalized if they are found to be operating unlicensed STRs.

5. Expand support for affordable housing.

The City's current policy states that \$1 per night per Airbnb booking is being set aside for affordable housing development, but that is an inadequate amount of funding to support the development of housing. Airbnb's report on funds turned over to the City stated that, between January 1 and September 30, 2017, only \$230,000 in funding for affordable housing was generated - enough for one unit of housing to be produced. The City must require that STR platforms include a 15% fee into their pricing to address New Orleans' ongoing housing crisis.

Call to Action for Cultural Producers and Tourism and Hospitality Sectors:

In addition to the policy changes needed to curb the corrosive impacts of STRs on a housing market already in crisis and to limit the displacement and

criminalization of residents that accompanies the increase in tourist presence, we are calling on **cultural producers and members of the tourism and hospitality sectors to refuse complicity:**

- ENCOURAGE visitors and tourists to stay at hotels and bed-and-breakfasts to accommodate their lodging needs, and to not rent out non-owner occupied residential homes through STR platforms that are contributing to the gentrification and displacement of Black communities due to rising housing prices for both renters and homeowners.
- SUPPORT housing policies that protect the rights of the cultural workers, musicians, and artists who attract tourists to New Orleans and the hospitality workers who provide care and services to tourists during their stay.
- TAKE A STAND for housing access and affordability by making an organizational or individual pledge to not market historical Black neighborhoods as tourist destinations due to their strong cultural traditions and civil rights' past.

Call to Action for Housing Rights

Advocates and Providers:

The work needed to address the City's housing crisis requires a collective effort. As such, **we are calling on affordable housing advocates, community development corporations, housing non-profits, hotels, and developers to:**

- SUPPORT housing policies and practices that prioritize the needs of residents by signing on to the STR policy recommendations above at www.jpnsi.org. STRs are putting pressure on the city's rental market and creating challenges for affordable housing developers. According to the HousingNOLA 2017 report card, only 488 affordable housing units were brought online last year, while 4,319 STRs were redirected for tourist use. The rates at which whole-homes are being removed from the residential market and offered to tourists conflict with the demands for and our organizational commitments to develop affordable housing.
- ADOPT a 'No STR policy' for your affordable housing units.
- SUPPORT our call for a disparate impact assessment of STRs on the New Orleans rental market. Historically Black neighborhoods with the highest concentrations of STRs have experienced tremendous declines in the number of Black households. This trend threatens the City's commitment to Affirmatively Furthering Fair Housing.
- TAKE A STAND against apartment buildings with HUD-insured mortgages that are operating as hotels in violation of federal law by exercising your statutory right to sue for injunctive relief under 12 USC 1731b. Anyone who owns or operates a hotel within 50 miles of a HUD-insured property with illegal STRs, or any association of hotel owners

or operators, has the right to sue for injunctive relief under a federal law intended to protect hotels from unfair competition via misuse and abuse of HUD funds.

Call to Action for Residents:

Policy changes do not start or stop with local officials and housing organizations. There's a lot we can do together to ensure low and moderate-income residents and communities of color are not priced out of New Orleans:

- SIGN the petition 'Homes for People Not for Profit' at www.Change.org
- PLEDGE to keep housing in the residential market and not as scattered site hotels for tourists and visitors.
- TAKE A STAND and become a member of JPNSI to create permanently-affordable housing and transform unjust housing policies.

In addition to a broad base of support to amend the current STR regulatory process, we need policies that address substandard housing conditions and that improve tenant rights laws and to preserve and expand permanently affordable housing to meet the needs of low- and moderate-income residents. Join us.