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Short-Term Rental Regulation: City improves enforcement but not data tools

(News Article)

This is a two-year follow-up to our 2018 report, "Short-Term Rental Regulation: Enforcement is lax and effect on housing crisis unknown."

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Our 2018 audit of Portland's short-term rental regulation found that only about 22 percent of units were registered, and the effect on housing availability and affordability was unknown. We made recommendations to improve data collection and enforcement and monitor the effect of short-term rentals on the housing market.

In 2019 the City reported that it reached a data-sharing and registration

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agreement with a key rental agent and passed an ordinance requiring compliance from all agents. In 2020, the City made progress using publicly available rental data to enforce restrictions on hosts with multiple listings and hosts in commercial areas. However, the Bureau of Development Services was still developing software that will be used to analyze the data and enforce the rental registrations. The bureau did not prioritize enforcement during the pandemic. The Housing Bureau started reporting on short-term rental activity but still needs to work on measuring its impact on the housing market.

Recommendation Status: In Process

City obtained data but still developing enforcement system

We recommended that the Revenue Division and Bureau of Development Services obtain data on active short-term rental hosts, listings, and occupancy from booking agents or from other publicly available sources and use it to enforce the City's zoning and tax code. City Council passed an ordinance in June 2019 requiring all booking agents that did not enter into an approved data-sharing agreement with the City to include only rental addresses that are in the City's Short-Term Rental Registry and were permitted by the City.

The City and Airbnb signed a data-sharing and registration agreement in August 2019, and the City now receives host and booking information directly from that company. The Revenue Division is using this registration information and other data to enforce the City's short-term rental regulations. The Revenue Division is reporting non-compliant listings to the booking agents to have them removed from their websites.

Bureau of Development Services is still developing an application system for registration data and hasn't developed software to analyze rental transaction data. The Bureau prioritized other work during the pandemic and related economic downturn, which affected its staffing. Management said it was unlikely technology would be available anytime soon.

Recommendation Status: In Process

The City uses data from booking agents to enforce violations

We recommended that the City use proactive, risk-based enforcement to target hosts with multiple listings and potential commercial activities in residential zones. Both the Revenue Division and Development Services now have data to identify hosts that may be operating illegally. Revenue uses data from the booking agents and the City's Short-term Rental Registry to identify hosts with multiple listings. The findings are then reported to Development Services for enforcement as needed. The

Revenue Division works with Development Services staff to verify that hosts in commercial locations are operating legally. Development Services has work to do to finalize the enforcement process.

Bureau needs zoning changes to meet livability goals

We recommended that Development Services revise the permitting process to meet safety and neighborhood livability goals. The Bureau says it cannot implement this recommendation until City Council changes the zoning code to expand the scope of safety inspections.

City uses data to enforce booking agents' compliance

We recommended that the Revenue Division use host data to enforce booking agents' compliance with City Code. Revenue uses the Airbnb and Short-Term Rental Registry and other data to determine whether booking agents comply with City Code. When listings appear that are not on the City's Short-Term Rental Registry but are included in the booking agents' data, Revenue advises the agents to remove the listing. Penalties may be imposed if the listing is not removed.

Housing Bureau reports market changes, working on measuring effects

We recommended the Housing Bureau work with Council to add measuring the effects of short-term rentals on its housing goals to City Code and regulations. Council adopted an ordinance in 2018 requiring all residential long-term rental housing units to register with the City's Revenue Division. The data will be used by Housing to establish a baseline inventory of long-term rental units. This inventory will be used to compare to inventory of short-term rentals operating in the city. Housing managers said they will use the data to inform policy and decision-making.

Housing Bureau started obtaining data to evaluate impact on housing

We recommended the Housing Bureau obtain short-term rental data from booking agents or from other publicly available sources, monitor and report data, and evaluate effects on housing. Housing obtained short-term

rental data from a company that tracks listings of various booking agents. Housing incorporated descriptive statistics from this dataset in the 2019 State of Housing report and said it will be included in the 2020 report. Housing said it will monitor changes in the long-and short-term rental markets.

View the original 2018 audit report and our 1-year follow up report.

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