



# WESTERN UPSTATE ASSOCIATION OF REALTORS®

## **Policy Paper and Position on Short Term Rentals**

Many local governments have restricted short-term rentals, some more than others. Others are considering new or increased short-term rental restrictions. It helps to understand the issue and its implications for private property rights, neighborhood preservation, tourism, and commerce.

### **The Internet**

Like most issues, websites like Airbnb and Vacation Rental by Owner (VRBO) have made short-term rentals, which used to be marketed exclusively by local REALTORS®, more accessible to property owners. It has also created a more accessible business model for part-time real estate investors. With the exception of vacation destinations, which are built on short-term rentals, the short-term rental movement started modestly and had little impact on their communities. It started a great option to stay in a private home in a nice neighborhood instead of in a hotel.

But as the short-term rental movement took off, it started having an impact on our neighborhoods. It has also drawn complaints from hotel owners when property owners don't pay taxes and fees like they are required to do. And like most issues of change, it also has drawn complaints from citizens who don't like change.

### **Neighborhoods, Housing Availability, and Private Property Rights**

The most compelling issue is when a property owner converts a home, that would otherwise be occupied by a family, into a short-term rental. Over time, if that happens enough, it could affect housing availability and affordability. And if enough homes in a neighborhood are converted to short-term rentals, it can change the character and desirability of the neighborhood.

Those are concerns, but none of them are guaranteed by the Constitution of the United States. What is? Private Property Rights. And the rights of a property owners to use their property as they choose, within the limits of zoning, should be our highest priority.

### **Short-Term Rentals Bring Value Too**

Short-term Rentals are popular for a reason: they serve a market demand. They also can add to property values, and if local ordinances are properly enforced, they will yield higher taxes and fees to local government. In South Carolina, an owner-occupied home that is converted into a short-term rental will yield 50% more in property taxes to local government, and even more to our schools.

### **So What do We do About It?**

Like most real estate issues, the short-term rental issue is complicated, and a one-size-fits-all solution won't work. That is because while short-term rentals in a traditionally residential area might be viewed as a negative, in areas that draw and support tourism they are a plus.

That is why the Western Upstate Association of REALTORS® recommends the following solutions to the short-term rental issue:

1. In traditional residential areas, short-term rentals may need to be restricted to maintain the residential character of the neighborhood. That means using the one tool that is intended for that purpose: zoning.
2. Especially in transitional areas between commercial and residential areas, accommodations for short-term rentals, especially an inn or bed and breakfast, should be made.
3. In areas that attract visitors to our community, like our lakes and mountains, zoning should accommodate short-term rentals so vacationers can enjoy our recreational areas. We do encourage people from elsewhere to visit us; let's make them feel welcome.
4. Properly enforce all relevant lodging-related rules like business licenses and occupancy taxes.

New ordinances should be prospective and existing short-term rentals should never be forced to stop operating unless they are a bonafide nuisance.

In addition, homeowners associations should have the right, within the law, to regulate or prohibit short-term rentals within their neighborhoods.

One more thing: zoning is the proper tool for this type of regulation. It regulates land use by ordinance and is transparent to property owners. It also creates a means of appeal for the property owner. If we are unwilling to enact zoning, our tools for regulating short-term rentals are limited.

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