



TRAVEL

OREGON

Short Term Rental Working Group
House Committee on Housing and Homelessness

6.1.23

Kenji Sugahara

ABOUT TRAVEL OREGON

MISSION AND IMPACT

- We inspire travel that uplifts Oregon communities. Collaborating with stakeholders and partners to align as stewards of Oregon, we work to optimize economic opportunity, advance equity and respect the ecosystems, cultures and places that make Oregon...Oregon
- \$13.9 billion in direct travel spending in the state in 2022
- Record demand for overnight accommodation last year, growing 8.7% from 2021



Short Term Rental (STR) Research

- The perception that short-term rentals exacerbate the housing crisis has been gaining steam in recent years. Ready to be a contributor to this conversation, Travel Oregon recently commissioned a study from Cascadia Partners to examine the scope and impact of STRs in Oregon
- Through this study we learned that while short-term rentals may have some impact on rising rents in select areas, the units STRs occupy account for only a small portion of Oregon's housing need.
- Even in high visitation areas, the study found that STRs do not represent a meaningful impact on the undersupply challenges we face as a state.



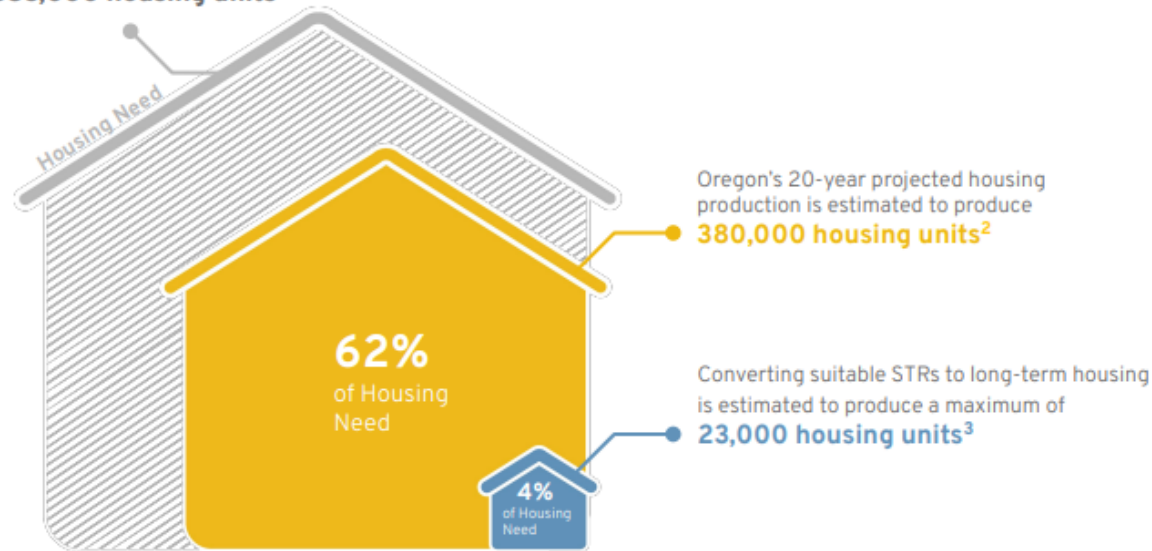
Joshua Rainey

SCOPE OF STRS IN OREGON

- Only about half of STRs are suitable for long term housing
 - Defined as whole unit with a kitchen and bathroom
- There are roughly 23,000 suitable STRs in Oregon
- Unique stays are a growing and active STR market

STR SCOPE RELATED TO HOUSING NEED

Oregon's 20-year housing need
583,000 housing units¹



Oregon needs 583,000 additional housing units by 2040. Converting suitable STRs to long-term housing would do little to meet Oregon's housing need.

If Oregon keeps producing housing as fast as the last decade, it won't be fast enough to meet the need. **Meeting the state's 20-year housing need will rely on increasing the rate of production rather than converting STRs.**

Sources: 1) ECONorthwest (2021) *Implementing a Regional Housing Needs Analysis Methodology in Oregon*, 2) HUD SOCDS Building Permit Data for Oregon (2012-2021), and 3) AirDNA counts of STRs with at least one kitchen, bedroom, and bathroom (2020)

An aerial photograph of a town nestled in a valley. A river flows through the foreground, crossed by a bridge. The town is surrounded by lush green trees and rolling hills. In the distance, mountains are visible under a clear sky. Three hot air balloons are floating in the sky: one large colorful one in the center, and two smaller ones, one near the top center and one near the text.

CASE STUDIES IN SELECT HIGH VISITATION COMMUNITIES

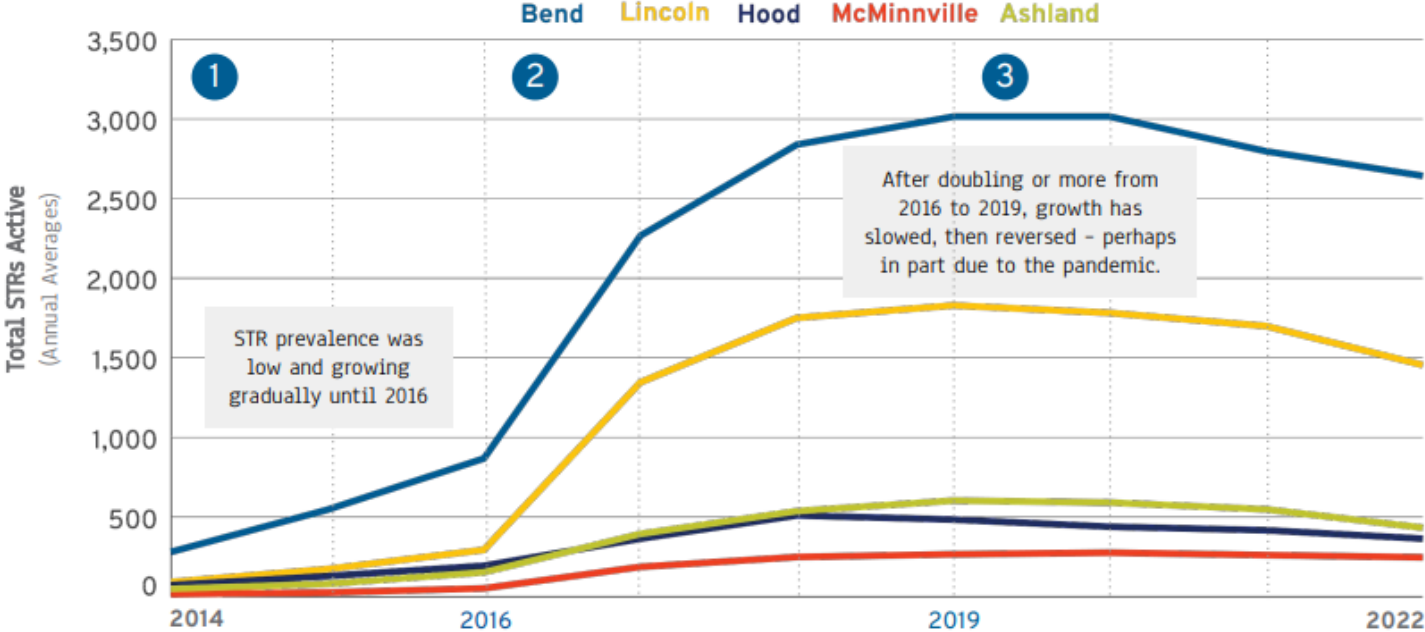
CITIES SELECTED



- 5 cities across the state
- Each represent unique region from our 7-region structure
- Each feature strong tourism economies
- These cities have experienced a variety of STR regulation

MARKET GROWTH

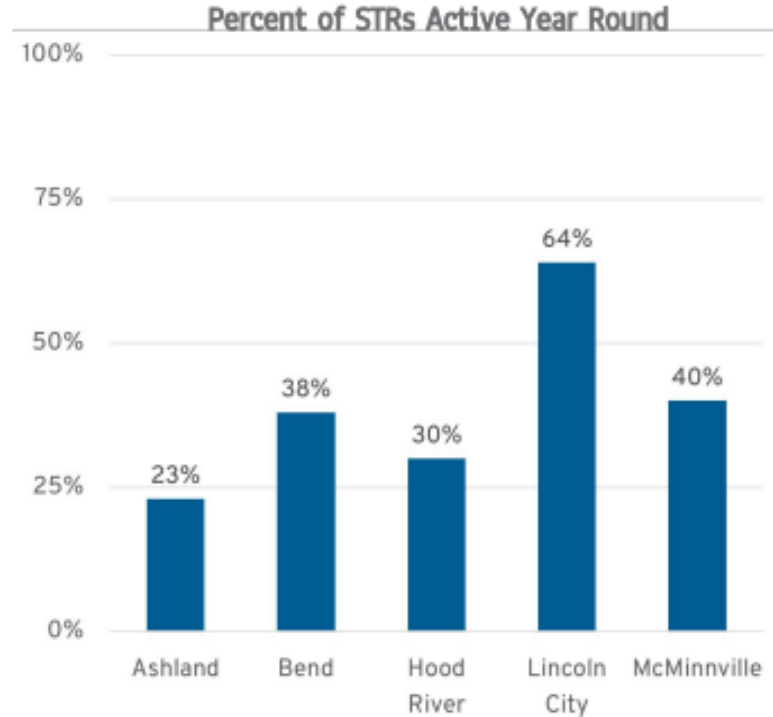
STR markets display three growth phases: (1) slow market entry, (2) rapid popularization, and (3) leveling off



AirDNA Property Performance and Attribute Data (Received November 2022)

SECOND HOME INSIGHTS

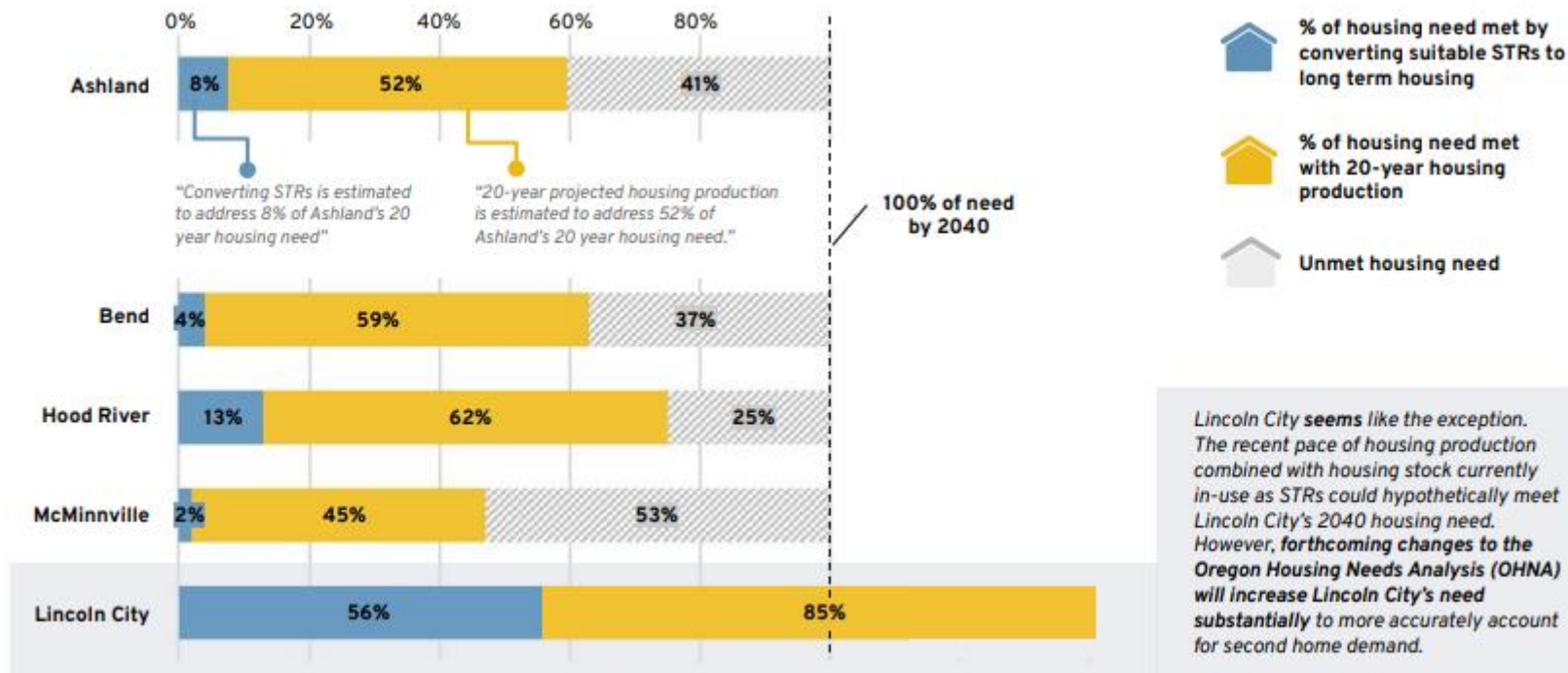
- Most STRs are not active year round
- STR income is a factor in purchasing another home but typically not the major motivator
- More than 40% of second or more home purchasers are unlikely to rent at all
- In the cities of focus, STR income only covered between 40-70% of home ownership costs, excepting Lincoln City



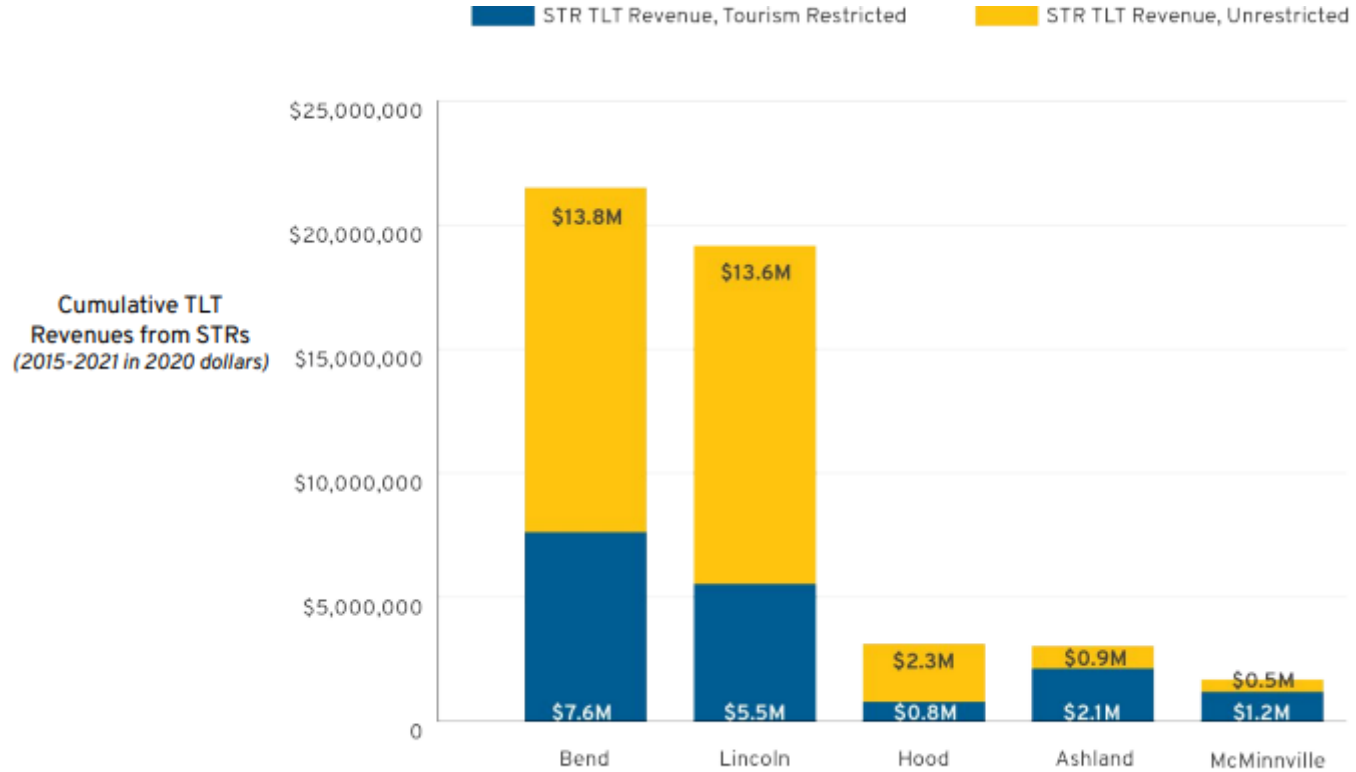
AirDNA Property Performance and Attribute Data (Received November 2022)

**Only includes STRs that are suitable for long-term rental, meaning they are classified as a whole home and include a kitchen, bedroom, and bathroom*

HOUSING SUPPLY IMPACTS



LOCAL GENERAL FUND REVENUES



Sources: Municipal budgets for each jurisdiction (2015-2021)

CONCLUSION

- Many short-term rentals are not suitable for long term livability
- When accounting for suitability, STRs represent only a small portion of Oregon's housing need, even in high visitation communities
- STRs rarely cover the costs of home ownership and aren't often active year round
- Economic Impact is vast and important for small businesses, municipalities, Oregon as a whole





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Thank you