



Short-Term Rentals, Long Term Impacts 2.0:

The Continued Corrosion of Housing Access and Affordability in New Orleans

January 23, 2023

New Orleans continues to face a housing crisis that is displacing its residents. When rising housing costs and stagnant wages are coupled with the impact of severe weather incidents, residents at all income levels struggle to find habitable, reasonably priced housing. Long-term residents disappear from neighborhoods, blocks, and the house next door as an over-proliferation of short-term rentals (STRs), largely illegal whole-home¹ listings continue to remove homes from the available housing stock. STRs are not the sole cause of gentrification and displacement in our neighborhoods, but they are having a pervasive and corrosive effect on a housing market that was already in crisis.

Background

In 2018, Jane Place released the report *Short-Term Rentals, Long-Term Impacts: The Corrosion of Housing Access and Affordability in New Orleans* that detailed the effects of STRs in our neighborhoods and provided policy recommendations to the New Orleans City Council. While some of those recommendations made it into the STR ordinance that went into effect in December 2019, a serious lack of enforcement has allowed the number of STR units operating illegally to proliferate. At the time of this research, over 3,400 (65%) of the whole-home listings on Airbnb alone were operating without a current, legal permit. Add to this, in August 2022, the Fifth Circuit Court of Appeals ruled that the City's residency requirement for STRs in residential neighborhoods, a homestead exemption, unconstitutionally discriminated against out of state investors wishing to operate short-term rentals in New Orleans. In the ruling, the Judge stated that alternative non-discriminatory methods must be used and that "the city could step up its enforcement efforts," something that Jane Place, other housing advocates, and neighborhood groups have continuously requested.

Given this background, it is not surprising that New Orleans rates high as a place to invest in STRs. Mashadvisor.com, an online service for real estate investors, states that "investing in Airbnb in New Orleans can be a very lucrative investment decision with the potential for substantial profits."² An online service that provides STR managers and owners tools to grow their business and revenue, Beyond, ranked New Orleans as the third best U.S. city to invest in STRs in December 2022.³ It is so harmful to our residents that New Orleans is a destination for STR investors, and many of our city's leaders do not seem to care. The City Council must step up and stop the wholesale commercialization of our city by the few to the detriment of us all.

The Research

In early 2022, Jane Place began looking into the extent of noncompliance with the existing STR rules and regulations and how to quantify it. In February, a decision was made to identify all STRs being advertised on Airbnb in one New Orleans neighborhood, the Tremé/Lafitte, both with and without permits. The analysis compared a scrape of all listings on the Airbnb platform located in the Tremé/Lafitte against permit data from the City's short-term rental application database. The research evolved to include a similar but less rigorous analysis for the whole of New Orleans. This white paper is a summary of that research completed using data from insideairbnb.com in collaboration with the site's creator.⁴

We analyzed a new scrape of Airbnb data and the City’s short-term rental application database in January 2023 looking for patterns that would indicate increased enforcement, i.e., improved agreement between the number of STR listings advertised versus the number of legal permits. The total number of Airbnb listings in New Orleans grew from 6,276 in February 2022 to 6,927 at the end of December. During the same period, the total number of STR permits with an “Issued” status grew from 1,900 licenses to 2,332 licenses. These trends were consistent with our data and did not change the outcomes of our research.

Since the 2019 regulations went into effect that banned STRs in both the Garden District and the French Quarter, we have watched the geographic spread of STR listings to Black and working-class neighborhoods in and near the historic core. With this in mind, we began our research with an in-depth look at Airbnb listings in the Tremé/Lafitte, one of the oldest neighborhoods in the city and home to many of our culture bearers. Tremé/Lafitte, which the New Orleans City Planning Commission defines as the area bordered by Esplanade Avenue, North Rampart Street, St. Louis Street, and North Broad Street, has helped to shape the New Orleans that is so loved today. It is a barometer for the city as it relates to STRs. To paraphrase a famous quote, as Tremé/Lafitte goes, so goes New Orleans.

To augment the quantitative research, we also looked at other comparable jurisdictions or tourist destinations to see how they are responding to STRs:

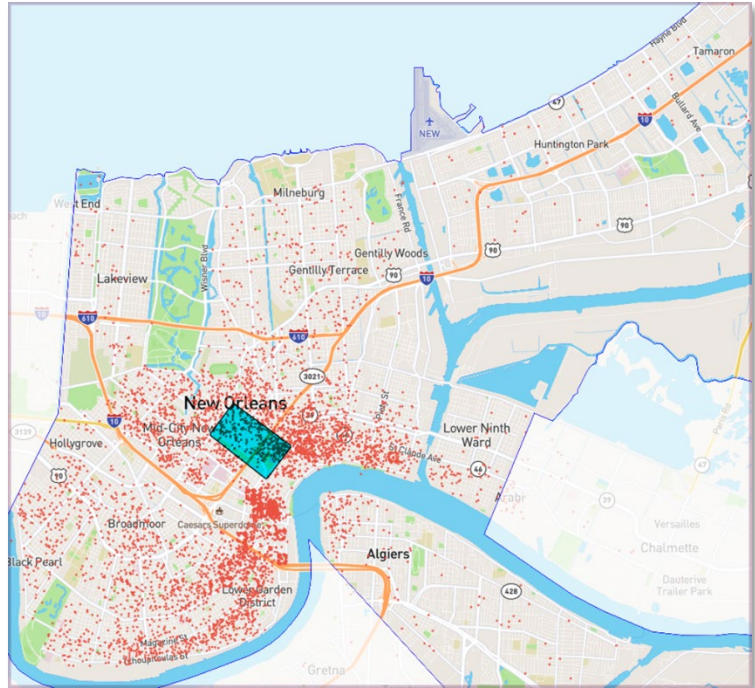


Figure 1: Overview of STRs in New Orleans from insideairbnb.com. Each dot is a whole-home rental listed on Airbnb.com, with the Tremé/Lafitte neighborhood where our research was focused highlighted in blue.

- **Jefferson Parish:** Prohibits STRs in residential and industrial zoning districts but allows them in commercial and mixed-use zoning districts.
- **Orlando:** Prohibits whole-home short-term rentals. Homeowners can rent out a part of their property (up to 50%) if it is a duplex.
- **Honolulu City:** STRs are only permitted in resort-zoned areas and some specific apartment-zoned areas, all near resorts or the Waikiki Bay area.
- **Las Vegas:** Newly adopted ordinance states that licenses are limited to 1% of housing stock; a lottery system will be employed to determine which current owners receive a license. Additionally, the properties operating STRs should be at least 1,000 feet from one another and 2,500 feet from a Resort Hotel.
- **Irvine, CA:** STRs are prohibited in all residential zones. It is a violation of the City of Irvine Zoning Ordinance to post, publish, circulate, or maintain any advertisement for an STR. This includes listing the short-term rental on booking websites like Airbnb and VRBO.

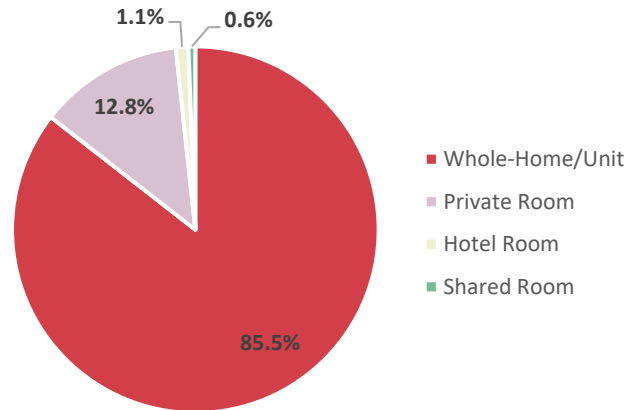
The Findings

Dominance of Whole-Home Rentals

Proponents of short-term rentals continue to tout platforms like Airbnb or VRBO as a way for homeowners to offset the cost of ownership by renting out rooms in their house, but this makes up only a fraction of real-world listings. Not only are 85% of the Airbnb listings across New Orleans for whole-home rentals, but 64% of the total listings are from hosts with more than one listing, and a whopping 27% of the total are from hosts with 10 or more listings.

Figures 2a and 2b: Airbnb Listings in New Orleans by Room Type - February 2022

Listing Type	Total	% Listings
Whole-Home/Unit	5368	85.5%
Private Room	801	12.8%
Hotel Room	69	1.1%
Shared Room	38	0.6%

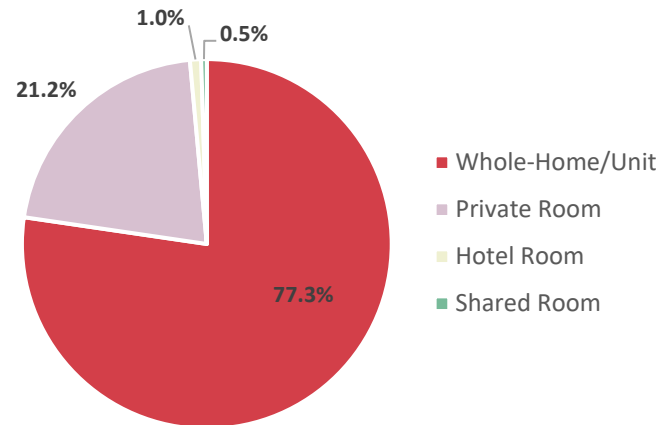


Oversaturation of STRs in Residential Neighborhoods

The oversaturation of STRs in neighborhoods can be seen in the Tremé/Lafitte, where approximately 10% of the neighborhood's 3,233 total housing units⁵ are listed on Airbnb as whole-home or apartment short-term rentals. These are 317 homes or apartments that more than 300 local families, and we estimate over 1,000 New Orleanians, cannot access to live near the services and amenities residents need - public transit, parks, retail, hospitals, libraries, and jobs, etc.

Figures 3a and 3b: Airbnb Listings in the Tremé by Room Type - February 2022

Listing Type	Total	% Listings
Whole-Home/Unit	317	77.3%
Private Room	87	21.2%
Hotel Room	4	1.0%
Shared Room	2	0.5%



Enforcement

In the ruling made by the 5th Circuit Court of Appeals, the Judge states in the dismissal of the residency requirement that “the City could step up its enforcement efforts, increasing the chance that owners face punishment for disorderly guests and strengthening their incentive to monitor their rentals.” While this seems like a reasonable option, the City has struggled with enforcement. It is wildly irresponsible to expand the numbers of potential STR owners and listings in residential neighborhoods without a functioning enforcement system. At the time of our initial data scrap, there were 6,276 listings on Airbnb alone but only 1,900 permits in the City’s application database with an “Issued” status. Possible statuses are Denied, Duplicate, Expired, Issued, Pending, Revoked, and Withdrawn. Additionally, at that time, applications for 2,032 licenses were in “Pending” status, many of these (61.5%) had been pending for a year or longer.

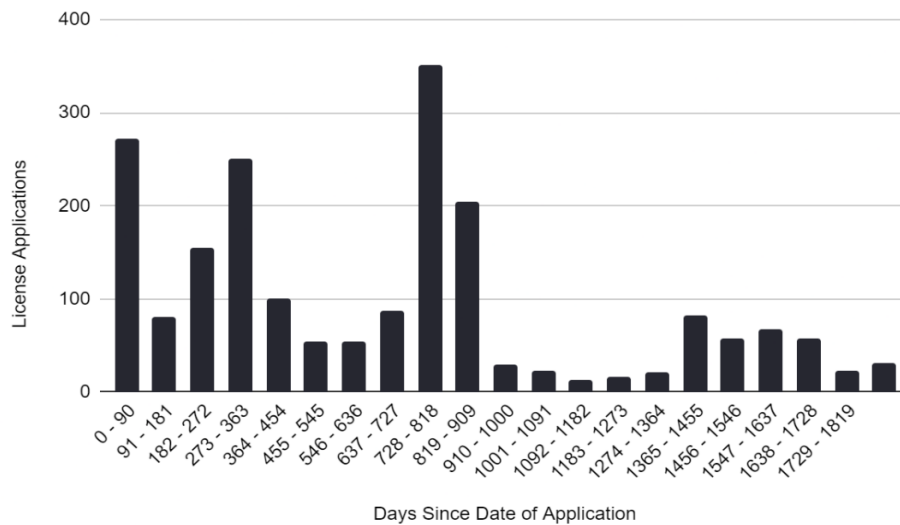
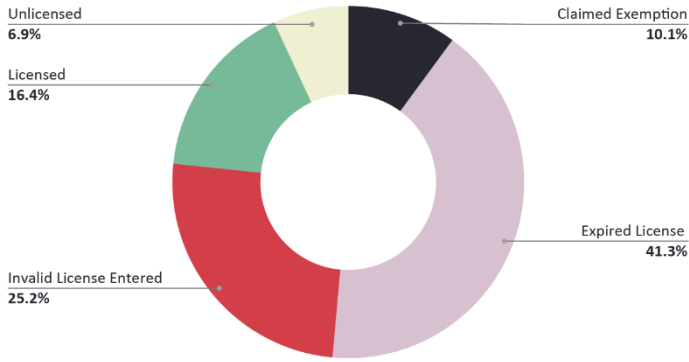


Figure 4: Chart representing the number of days that an application had been in the City’s STR License Database while still maintaining a “Pending” status at the time of our data scrape in February 2022.

An analysis of the license status of whole-home listings on Airbnb found that 233 in the Tremé/Lafitte and 3,247 across New Orleans are either **unlicensed**, have an **invalid license number** entered, or are using an **expired license number**. This means that 3 out of every 4 or 75% of whole-home short-term rentals in New Orleans are operating illegally! Without rigorous enforcement of STR regulations, operators will continue to see any enforcement attached to noncompliance as the cost of doing business. Density or block restrictions attached to licensing will not change the behavior of scofflaws who operate illegally, in plain sight, and without fear of penalty. The city should have these listings removed from the platform until license status is rectified.

The New Orleans Office of Inspector General (OIG) sent a letter to the Mayor and the Department of Safety and Permits highlighting the City’s lack of enforcement of STR regulations in December 2022. ⁶ The OIG found that the City could levy and collect fines of a minimum of \$519,500 for 12 illegal STRs based on nights booked during that year alone. Also in December, an article on nola.com shared that City enforcement activity has intensified recently because of the increase in staffing in the Office of Safety and Permits and implementation of the Granicus contract and software. But there have only been 46 adjudication hearings worth \$299,560 in fines, according to city data.⁷

Statutes of Whole-Home STRs in Tremé Neighborhood



Statutes of Whole-Home STRs in New Orleans

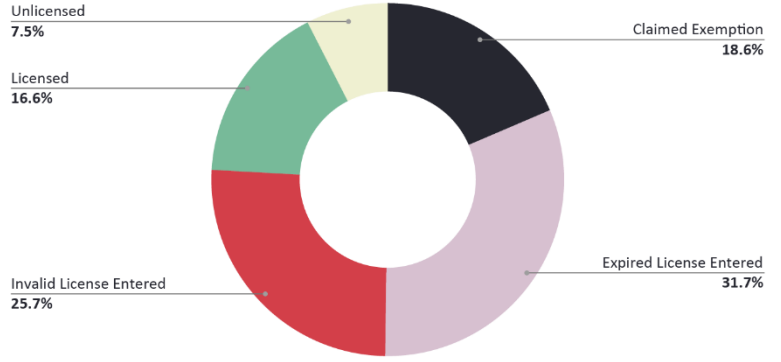


Figure 5a, 5b: Percentages of status types for STRs listed on Airbnb in February 2022 for the Tremé/Lafitte neighborhood and city of New Orleans, respectively.

Inflation of Housing Costs

As the number of short-term rentals continue to increase in our neighborhoods, the homes available for our city’s residents are disappearing block by block. The resulting pressure from this steady demand for long-term housing options has contributed to rising rents and home prices across the city. This weighs heaviest on the working-class residents who are the backbone of our tourism economy. Looking at the Fair Market Rent for the three zip codes that serve the Tremé/Lafitte, rents for one-, two-, and three-bedroom units have increased 19%, 17%, and 17% from 2018 to 2023 respectively. Similarly, over that same period, the median sale price for single family homes in New Orleans peaked at \$422,000 in June 2022 from \$256,000 in December 2018. Beyond the basic economics favoring the conversion of rental units into STRs, the potential income from renting to tourists is also evident in the asking prices for homes for sale. Increased housing costs, stagnant wages, and recent inflation have come together to create a perfect storm of financial pressure on New Orleans households.

Zip Code	Number of Bedrooms	Rent 2018	Rent 2023	% Increase
70112	1	\$1,110	\$1,300	17.1%
	2	\$1,340	\$1,530	14.2%
	3	\$1,720	\$1,970	14.5%
70116	1	\$900	\$1,080	20.0%
	2	\$1,080	\$1,270	17.6%
	3	\$1,390	\$1,640	18.0%
70119	1	\$900	\$1,090	21.1%
	2	\$1,080	\$1,290	19.4%
	3	\$1,390	\$1,660	19.4%

Figure 6: Rent increase across the three zip codes corresponding to the Tremé/Lafitte neighborhood where our research was focused. Rental increase data drawn from HUD 2018 and 2023 Small Area Fair Market Rents (SAFMR) for one-, two-, and three-bedroom rental units. As Fair Market Rents are calculated using census data, these trends can be a year or more behind the prices that renters are currently seeing today.

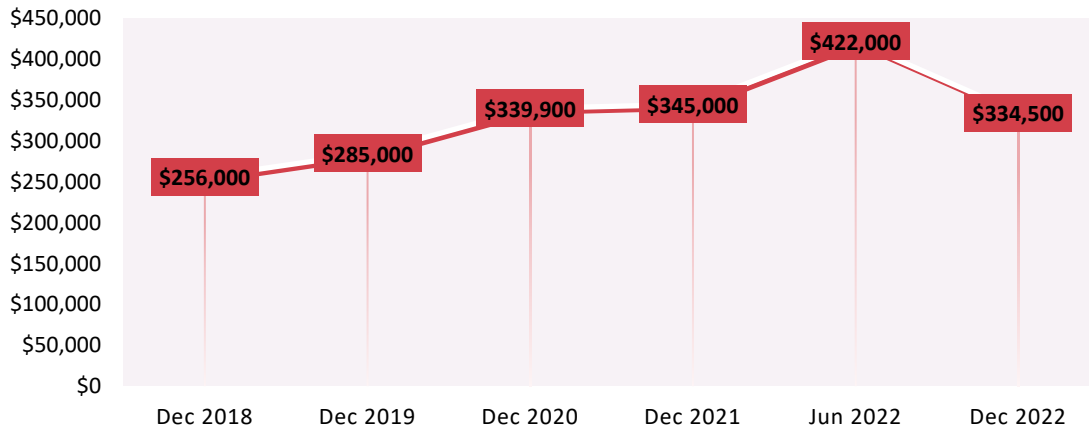


Figure 7: Median sale price for single family homes from December 2018 through December 2022 showing a peak in June 2022. Information derived from Redfin calculations of sale price data from MLS and/or public records.

Prioritizing Tourists Over Residents

The increasing number of STRs operating in the city and the lack of enforcement, demonstrates that the City of New Orleans' has prioritized tourists and not residents. STRs drastically shift the price point of land and housing in neighborhoods. Banning whole-home STRs in one residential neighborhood while allowing their use in other neighborhoods has negative impacts on residents in those communities, particularly low-income renters who will be vulnerable to eviction and displacement. Moreover, due to investor speculation in these neighborhoods, current working-class homeowners will experience the negative spillover effects of tourism-driven gentrification, including likely increases in property taxes as speculators and house flippers over-spend on residential housing units anticipating high profits from short-term rentals.

Looking at evictions, we compared addresses from the city's STR licensing database to eviction records from January 2019 to February 2022. From that period, we identified 566 evictions filed across 156 addresses during that time that were also attached to short-term rental permit applications. While this does not prove a definitive number of units that were converted to short-term rentals in that time because of evictions, especially considering the inability to quantify informal evictions where tenants leave before the court is involved, it underscores a narrative we have heard from residents.

We have seen these effects—evictions of renters and unsustainable spikes in property valuations—play out in neighborhood after neighborhood across New Orleans' historic core. While neighborhoods outside the city's historic core may not have the same level of demand for STRs, we have observed that STRs are a nuisance and attract crime, negatively impacting the quality of life. Just last month, a mass shooting at a house party held at a short-term rental resulted in the deaths of two teens and the wounding of four others.⁸

Policy Recommendations

1. Ban whole-home STRs from all New Orleans neighborhoods

As the impacts of both legal and illegal short-term rentals continue to harm New Orleans residents and their neighborhoods, STR enforcement is not keeping up. It is our position that simpler rules are easier to enforce and that a ban on short-term rentals across the city, outside of specific commercial districts where hotels are allowed, would provide a system that is much easier for enforcement.

2. Require accurate reporting from STR listing platforms

The City needs addresses of listed short-term rental properties to provide actual enforcement. Platforms should be required to provide a list of all STR listings from their respective websites, along with the address, license number, and any other pertinent information to determine a property's compliance. The City could institute a \$500.00 per day fine on all listings where addresses are not shared.

3. Require license validation from STR platforms, as well as license-exemption numbers for registered hotels and bed-and-breakfasts operating on STR platforms.

Currently, there is no validation process for license numbers that hosts enter, including those that claim to be exempt from the STR licensing requirements when listing on Airbnb and other platforms. Properties claiming exemptions make up 18% of the Airbnb listings for New Orleans in our data, making up significantly more than the total number of permitted hotels, motels, and bed-and-breakfasts in the city's database. Many of these self-reported exemptions state specifically in the listing that they are whole-home rentals or private rooms in residential homes.

Thank You

Jane Place wants to thank Murray Cox, Creator of InsideAirbnb.com, for giving us access to the Airbnb data scrapes and providing support as we analyzed the data and developed these findings.

Endnotes

1. Whole-home short-term rentals are identified as Full Dwelling Units in the current STR ordinance. They can be the second unit in a double or additional units in a triplex or fourplex. The permit holder is required to live in One Dwelling Units full-time.
2. Airbnb New Orleans: Should You Invest In 2022, <https://www.mashvisor.com/blog/airbnb-new-orleans/>,
3. Best U.S. Cities to Invest in a Short-Term Rental in 2022, <https://www.beyondpricing.com/blog/best-u-s-cities-to-invest-in-a-short-term-rental-in-2022-part-2#>, December 9, 2022
4. Inside Airbnb is a mission driven project that provides data and advocacy about Airbnb's impact on residential communities. They work towards a vision where data and information empower communities to understand, decide and control the role of renting residential homes to tourists. Murray Cox is the creator of Inside Airbnb. <https://www.insideairbnb.com>
5. Tremé/Lafitte Statistical Area, <https://www.datacenterresearch.org/data-resources/neighborhood-data/district-4/treme-lafitte/>, August 24, 2022
6. Enforcement of Fines for Illegal Short-term Rentals, New Orleans Office of Inspector General, <https://nolaoig.gov/wp-content/uploads/2022/12/Enforcement-of-Fines-for-Illegal-Short-term-Rentals.pdf>, December 8, 2022
7. It Looks Like New Orleans Is Finally Starting To Enforce Short-Term Rental Rules, https://www.nola.com/gambit/news/the_latest/it-looks-like-new-orleans-is-finally-starting-to-enforce-short-term-rental-rules/article_16fcb540-7a5b-11ed-93e7-1770aebbbb6.html, December 12, 2022
8. Family and friends remember New Orleans teens killed in Monday morning shooting, https://www.nola.com/news/crime_police/lower-9th-ward-mass-shooting-sparks-pleas-for-information/article_dab71220-8549-11ed-8406-cf6e03d59a02.html, December 26, 2022