Help, Airbnb is taking over the City!

A study on the impacts of Airbnb on cities and regulatory approaches.

MASTER THESIS
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Executive Summary

In our current postmodern time, tourism has undergone several changes. The most important change is that tourists are now more and more looking the authentic and off-the beaten track experience. In cities this has also been called new urban tourism in which daily life is seen as truly authentic. Home sharing platform Airbnb adapted well to this development by allowing tourists to stay in the homes of locals. This however has been accompanied with several impacts on the city such as positive economic benefits as well as negative effects related to gentrification processes. Since the rise of Airbnb and other similar platforms is a relatively new phenomenon, cities have little to no measures to regulate this new type of industry. Residents in several cities in Europe and the United States have urged local governments to come up with regulations but very little is known about how cities are dealing with companies like Airbnb. This research thus focusses on the regulatory processes surrounding Airbnb by comparing short-term rental ordinances of eleven different cities with the use of qualitative content analysis and ten in-depth interviews with stakeholders in the City of Denver. The research focusses on different regulatory approaches, underlying motivations for regulating and key challenges. What came forward is that the struggle of cities is similar and mainly revolves around the interests of residents and tourists. The influence of Airbnb however does not only depend on the actual impact but also on the perceived impact of residents as well as existing issues the city is facing. Regulation at the city level is, despite similar goals, recommended. Furthermore problems exist mainly with commercial style short-term rentals, which shows that tourists might not be that much into the local and authentic experience after all. One of the main challenges with Airbnb is treating hosts as businesses and enforcement of regulations and are things that remain difficult to date.
Preface

Right in front of you lies the master thesis that will enable me to graduate from the master program Human Geography - Urban & Cultural Geography at Radboud University in Nijmegen, the Netherlands. This also means my comfortable and safe student life will soon come to an end and I will have to find a new path to follow. Setting up and conducting this research has helped me in finding my personal interests in the field of research and beyond as well as I believe it further developed my research and writing skills. During the process, there are several people that helped me in achieving the best results possible and supporting me in staying motivated and I feel it is no more than appropriate to give them credit for that here. First of all I want to thank my supervisor Dr. Rianne van Melik for providing me with her constructive feedback and new ideas to keep on working with. I also want to thank her for giving me the nudge I needed to do what I already knew I wanted to do: conducting my master thesis research in cooperation with a company abroad. On that note, I want to thank Ulrik Binzer, CEO of Host Compliance, the person that allowed me to come to San Francisco to live and work there for three months. This has been an amazing experience and my master thesis and degree would not mean the same thing without it. Furthermore I want to thank all the interviewees I talked to in Denver for welcoming me into their city and making time for me to be able to do all the interviews I needed for this master thesis. Special thanks goes to Nathan Batchelder who has been a great help in getting me in touch with the right people. Finally I want to thank my family for endlessly supporting me in whatever I wanted to study, although at first my choices were not always clear to them. Besides some excruciating long days working on this thesis approaching the final deadline, without doubt I did enjoy learning more about the topic at hand and executing this research. I hope you will find reading this thesis equally interesting and enjoyable.
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1. Introduction

Imagine yourself, you just bought a house in a nice and quiet neighbourhood outside the humdrum of the busy city centre. You chose this neighbourhood because it is peaceful, you know your neighbours and on a lucky day you can even hear birds sing from the trees. But something is happening, the neighbourhood seems to be changing. Suddenly there are people that you do not know coming to several houses in the street every weekend. They bring a lot of cars and suitcases. During the weekend sometimes there are loud parties going on, they next day it is over but the trash they leave behind is still wandering around, waiting to be picked up only five days later. Some neighbours are complaining, this is not why they decided to live here. Others are happy, those people staying in their house help them to afford rents or to pay for their children’s college tuition. Local bars and restaurants are also happy with those new people coming into the neighbourhood spending more money on food and drinks than the normal residents.

This example illustrates the complex debate surrounding Airbnb in cities. Since the inception of Airbnb in 2008 the platform has been growing increasingly rapid. Whereas at the beginning the website, started by three college students, was still seen as an innocent start-up that would probably not create any impact, by now it is considered a disruptive innovation for the traditional lodging industry with a valuation over $30 billion (Gallagher, 2017), more than 3 million listings worldwide (Airbnb, 2017) and more rooms available than major hotel chains like Hilton, InterContinental and Marriott (Mudallal, 2015). Vacation rentals had always existed but the with the help of the internet Airbnb managed to become really big (Stors & Kagermeier, 2017). On top of that, Airbnb was the first vacation rental platform that was focussing on cities and not just offering rentals in touristic resort areas but residential neighbourhoods (Gallagher, 2017). In short, Airbnb is taking over the city is what is feared by some.

This popularity of Airbnb can be put into the context of general changes in the tourism industry and the way tourism is experienced. During the postmodern era a focus on experiencing the daily life of others and looking for the authentic and off-the-beaten-track experience became increasingly popular (Füller & Michel, 2014; Maitland, 2010; Russo & Quaglieri Domínguez, 2016). For cities this type of tourism has been called new urban tourism (Füller & Michel, 2014; Maitland, 2010). Airbnb is an online home sharing platform that adapted well to this new type of tourism. It enables tourists to get the true authentic experience through staying with locals (Gutiérrez et al., 2016). Besides offering this authentic, stay-with-the-locals experience, Airbnb is also claiming to have benefits on the larger community such as generation of jobs, revitalizing neighbourhoods and supporting families (Airbnb, 2017a). For many local governments tourism is a large economic sector (Law, 1993; Terhorst, van de Ven & Deben, 2003) and visitors coming through Airbnb as well could contribute to this.

Despite these positive influences, Airbnb however has also been causing some more controversial impacts and is accused of commodifying daily life and local culture (Arias Sans & Quaglieri Domínguez, 2016). Even though many people like this form of travel, when it comes to their ‘backyard’, they would rather not have them at all. One of the biggest assumed effects of Airbnb is the gentrification effect. Complaints about increasing rents, neighbourhood changes and nuisance are widespread (Espinosa, 2016; Füller & Michel, 2014; Oskam & Boswijk, 2016) which could eventually lead to displacement of local residents (Davidson & Lees, 2005; Cócola Gant, 2016). Airbnb is also seen as a disruptive innovation for the traditional lodging industry since its business model and the related legality and taxation issues would lead to unfair competition with other tourist accommodations (Guttentag, 2015; Oskam & Boswijk, 2016). The fact that Airbnb accommodations do not have similar health, safety an insurance requirements is another concern (Guttentag, 2015).
To balance the positive impacts of Airbnb with concerns from residents, many cities worldwide are currently looking for ways to regulate Airbnb (Guttentag, 2015). So far, most regulations have approached Airbnb as a traditional industry player not taking much of the innovative aspects into account and are thus failing to achieve its goal (Espinosa, 2016). Difficulties lie in enforcement (Edelman & Geradin, 2015; Espinosa, 2016; Gottlieb, 2013) and the diversity between cities. While some cities are happily embracing the benefits of Airbnb others are battling with the platform constantly (Oskam & Boswijk, 2016).

While the need for appropriate regulations and research about this topic is urgent, little has yet been written in academia about policy responses to Airbnb (Arias & Quaglieri Domínguez, 2016; Van Duuren, Van der Zee, Van Hees, 2017). The motivations for using Airbnb for both the host and the guests have been studied by several authors (Ikkala & Lampinen, 2015; Oskam & Boswijk, 2016; Stors & Kagermeier, 2015) questioning if the use of Airbnb is actually based on the idea of sharing culture or that it is just about financial benefits for both parties. The economic impact for the wider community and city has also been studied, for example by Fang, Ye & Law (2016), Van Duuren, Van der Zee & Van Hees, (2017) and Holm (2016), confirming the positive economic effects Airbnb can have. A research on the influence on the hotel industry in Texas is conducted by Zervas, Proserpio & Byers (2014) showing that lower-end hotels are suffering from the increase of Airbnb listings. Concerning the neighbourhood impacts as a consequence of Airbnb presence, several researches have been conducted. Cócola Gant (2016a) has shown the negative effects on the neighbourhood related to liveability and housing in Barcelona, as did Füller & Michel (2014) for Berlin. Other research on Airbnb focuses more on spatiality and concentration of Airbnb in cities (Arias Sans & Quagliieri; Domínguez, 2016; Cócola Gant, 2016; Gutiérrez et al., 2016; Van Duuren, Van der Zee, Van Hees, 2017).

The broader governance framework in different cities and how these effected Airbnb and its effects, have not been studied deeply yet (Arias Sans & Quagliieri Domínguez, 2016; Gurran & Phibbs, 2017; Van Duuren, Van der Zee, Van Hees, 2017). Some academics have tried to come up with some suggestions to regulate companies like Airbnb but these are not based on empirical research nor do they discuss the underlying reasons for choosing such regulations. In general three approaches have been mentioned to deal with Airbnb and other similar companies. The laissez-faire approach, prohibition or allowing it with certain restrictions (Guttentag, 2015; Jefferson-Jones, 2015; Miller, 2014). Restrictions such as limiting the amount of Airbnb’s (Jefferson-Jones, 2015) or the amount of days rented (Gottlieb, 2013; Miller, 2014) are found but no complete overview of approaches with a deeper analysis of differences in those approaches has been done. These studies also do not include the process of law making or challenges that cities face with this, nor do they elaborate on the reasons behind those different regulations in different places. Studying the ways Airbnb impacts cities and motivations behind different regulatory approaches are thus the central topics of this master thesis. With this it not only tries to fill the gap about regulating Airbnb in cities but also adds to literature about how cities in general can deal with new technology-based innovations that cause disruptions in traditional industries.

This research looks at several different aspects of the policy making process surrounding Airbnb in cities by doing qualitative content analysis of their ordinances. The cities selected for this are cities in both Europe and the United States where Airbnb is most active (Gutiérrez et al., 2016). This includes Amsterdam, Barcelona, Berlin, London and Paris in Europe. In the United States New York, San Francisco, New Orleans, Santa Monica, Anaheim and Denver were selected. The reasons for regulating and the regulatory framework in these cities are compared. The City of Denver is then taken as in-depth case study for a deeper understanding of what challenges local governments face dealing
with the impacts from Airbnb and coming up with an appropriate regulatory framework. Interviews are held with several stakeholders that were involved with the regulatory process such as Airbnb hosts, local residents (non-Airbnb hosts), Visit Denver and employees from different departments from the City of Denver. To be able to write this thesis, the research has been conducted in cooperation with Host Compliance LLC based in San Francisco, as part of three month internship in the spring of 2017. The aim of this research is providing insights into the different ways cities have been trying to regulate Airbnb and the underlying reasons for why Airbnb needs to be regulated in the first place. It also looks at the challenges local governments are facing in doing so. This has resulted in the following research question and sub questions:

How can different cities improve their strategies for coming up with regulations for dealing with the impacts of Airbnb?

- What are regulatory approaches in different cities?
- What are the locational factors that ask for regulating Airbnb and what motivations underlie different regulatory approaches in cities?
- What are challenges with regulating Airbnb?

The result are not only scientifically relevant by contributing to the academic debate on how cities can deal with companies like Airbnb, outcomes can be used in a practical context as well. The emergence of the platform was relatively unexpected and cities and regulations have not yet adapted to this new form of tourism accommodation (Arias Sans & Quaglieri Dominguez, 2016). Because of the impact Airbnb is having on local communities in terms of gentrification, residents and social urban movements have started to raise their voices asking governments for appropriate and stronger regulations (Arias & Quaglieri Dominguez, 2016). The hospitality industry is pressuring local governments as well to create a level playing field for hotels and Airbnb accommodations (Guttentag, 2015; Oskam & Boswijk, 2016). Governments around the world, from San Francisco to Spain, are therefore now looking for ways to deal with Airbnb (Guttentag, 2015).

Several difficulties with regulating Airbnb arise because the way it can be regulated still lies in a grey area and the platform is in tension with existing regulatory frameworks (Edelman & Geradin, 2015). Most of the attempts to regulate Airbnb so far have thus failed (Espinosa, 2016). At the same time, different cities vary a lot which makes it impossible to simply copy-paste regulations from one city to the other (Guttentag, 2015; Oskam & Boswijk, 2016). By providing an overview of different regulations in several diverse cities in both Europe and the United States and the influence they have had, this research could serve as a guide for other local governments in finding their ways to come up with suitable regulations for Airbnb.

This thesis will start off with a theoretical framework in three parts. First the rise of Airbnb is placed in the context of postmodern tourism and the way it is experienced. The next chapter focusses on the impacts of Airbnb and chapter four discusses the regulatory approaches for urban tourism in general and for Airbnb in specific. After the relevant theory is discussed, in chapter five, the methodologies used for this research are further described. The results section that follows consists out of two chapters; the qualitative content analysis of policy documents and the interviews with people involved with the policy making process in Denver, the city that serves as an in-depth case
study. Finally the conclusions will be drawn from the results which will be discussed in the last chapter of this thesis.

Note: Terms such as vacation rentals, home sharing and short-term rentals (STR’s) are used interchanged for platforms like Airbnb offering houses or apartments for rent for less than 30 consequent days. Similar platforms are for example HomeAway and Flipkey. Because Airbnb is the biggest and focusses on cities this research focusses on this specific platform. The ordinances from the cities studied are not specifically targeting Airbnb but all short-term rentals. For readability purposes, the remainder of this research will use either the term Airbnb or short-term rental (STR).
2. Airbnb from a Postmodern Perspective

Tourism over the years has changed a lot and brought many new developments. One of the things it brought is the tourist typology of the post-tourist, after postmodern (Feifer, 1985) or new urban tourist (Füller & Michel, 2014; Maitland, 2010). This type of tourist is looking for the off-the-beaten track and local experience in cities (Maitland, 2010). Airbnb fits perfectly to this new type of tourists. In this chapter the phenomenon of Airbnb and the way it fits in to postmodern tourism is described. First the rise of Airbnb in the context of the sharing economy will be described after which it will be linked to new urban tourism; two developments contributing to the success of Airbnb.

2.1. Airbnb: a Global Urban Phenomenon

Airbnb is an online platform that allows people to rent out their homes, or part of their homes to travellers in return for money. Airbnb was founded in 2008 in San Francisco, California and has been rapidly growing in recent years together with other short-term rental platforms (see Figure 2.1) stimulated by the increased possibilities of the internet (Stors & Kagermeier, 2017). By now it is present in more than 190 countries and 65,000 cities with over 3,000,000 accommodations and 150,000,000 guests worldwide (Airbnb, 2017), with most of the listings in the United States and Europe (Gutiérrez et al., 2016). Airbnb is currently considered one of the most successful peer-to-peer (P2P) platforms, which is based on direct contact between individuals instead of business to individuals (Gutiérrez et al., 2016) in the world when it comes to accommodation. Its valuation exceeds $10 billion which is more than some established global hotel chains (Gutiérrez et al., 2016). What is new about Airbnb compared to other short-term rental platforms is that initially it mainly focussed on urban environments (Gallagher, 2017).

Figure 2.1: Global Growth Airbnb and Other STR Platforms

Source: Host Compliance
2.1.1. Airbnb and the Sharing Economy

The platform Airbnb is part of what has been called the sharing economy, collaborative consumption or peer-to-peer network. Despite small distinctions between the three, the concepts are often used alternately. What all of these concepts have in common is the fact that it is about sharing goods instead of owning them (Ertz, Durif & Arcand, 2016). Collaborative consumption was first coined in 1978 by Felson and Spaeth who described it as the consumption of goods or services with one or more people engaging in the same activity. It was then still defined very broad and did not have the same meaning as it has nowadays (Ertz, Durif & Arcand, 2016). Currently collaborative consumption is seen as a process in which consumers are not seen as passive buyers but as collaborative actors that have something to offer themselves as well. This process is very much linked to the internet (Ertz, Durif & Arcand, 2016). This concept of the sharing economy initially came into existence as a result of the financial crisis and was mainly seen as something used for economic benefits. Nowadays it has become much more than that and the idea of sharing in return for money is now also seen as a way of being more sustainable, a form of self-expression and a post-materialistic lifestyle (Oskam & Boswijk, 2016; Stors & Kagermeier, 2017).

The principal of the sharing economy is not necessarily something new but the extent to which it is used in present day society with the aid of the possibilities of the internet and the shift in certain values is what allowed for it to become a big thing (Ertz, Durif & Arcand, 2016; Gutiérrez et al, 2016; Stors & Kagermeier, 2017). By inserting economic activities into social networks, this type of business model is challenging the traditional marketing and business models (Ertz, Durif, Arcand, 2016). Airbnb is getting their revenues from charging a fee to guests (around 10%) and hosts (3%) and guests often are able to find lower prices renting an Airbnb location than a hotel room in most cities (Gutiérrez et al., 2016).

2.2. Airbnb and New Urban Tourism

With postmodernism many things in our world changed and so did tourism and the way we spend our holidays (Urry, 1988). Before this postmodern era, modernism defined our lives. With modernism the focus was mainly on structural differentiation which for tourism meant that it was seen as something opposite to daily life. People would go on a holiday to escape the routine of everyday life and to search for more authentic societies then theirs (MacCannell, 1973). In postmodern times, we talk about de-differentiation (Urry & Larsen, 2011) in which tourism is considered to be intertwined with daily practices and the mundane life and does not only happen at places specifically designed for tourism anymore (Lash & Urry, 1994; Maitland, 2010; Russo & Quaglieri Domínguez, 2016; Urry, 2011). This type of tourism in which people are looking for the authentic in local life has been called the post-tourist (Feifer, 1985) in which visitors prefer to not behave as tourists but as travellers when on a holiday (Munt, 1994). It is seen as a way for the new middle class to distinguish themselves from the mass tourists and show their different consumption and production patterns (Munt, 1994). This way tourism practices have become part of what Bourdieu called struggle of the classes (Bourdieu, 1984).

In cities, this specific type of tourism has been called new urban tourism (Füller & Michel, 2014; Maitland, 2010) which includes the same middle class consumption patterns. Because this research focusses on urban areas, from now on the term new urban tourism and related theories will be used.

This new urban tourism can be described with several characteristics. One of the processes behind the emergence of this new form of tourism is the increased usage of different types of media and the internet. People can now see certain famous and iconic tourist destinations without leaving home because it is presented in books, magazines, movies and on the internet. This has resulted in
what Urry (2011) has called the tourist gaze; a conditioned gaze that makes people want to visit the places they have already seen multiple times in the media. Initially this made people just want to visit these famous places and touristic icons but recently people have started to show more interest in the local landscape and culture as well (Nicoletta & Servidio, 2012; Russo & Quaglieri Domínguez, 2016) and people start to look for the off-the-beaten-track (Maitland, 2010). Not only do they like to visit areas not designed for tourism, many tourists also prefer to stay in accommodations that are more embedded in the local life (Russo & Quaglieri Domínguez, 2016). This however does not mean that people have diverged from touristic highlights completely, rather it has become a mixture of visiting these tourist places but residing in a more local area. In cities, this means that a part of the tourists are moving away from tourist enclaves to find accommodation in neighbourhoods located closely to the historic centre but not planned for tourism (Maitland, 2010). These neighbourhoods most often have a residential character (Russo, 2002; Russo & Quaglieri Domínguez, 2016). A final aspect that is typical for new urban tourism, is that it is often socially produced and constructed by other tourists (Russo & Quaglieri Domínguez, 2016). Information technology has come to play a very important role in this, enabling tourists to connect and share experiences with each other in an accessible way (Bialsiki, 2016; Russo & Quaglieri, 2016; Urry, 2011).

With Airbnb promoting itself as providing unique and authentic accommodations and travel experiences while connecting people with each other (Yannopoulos, Moufahim & Bian, 2013), they fulfil the demands of the new urban tourist perfectly. By staying with a local, the destination can be experienced as if the tourist is a temporary resident in exchange for money (Russo & Quaglieri Domínguez, 2016) as opposed to staying in a more traditional hotel. The ‘live like a local’ experience is partially what explains the huge success of Airbnb (Oskam & Boswijk, 2016). It is seen as a counter reaction to increasing globalization where everything tends to be similar (Germann-Molz, 2011). According to Airbnb itself, 91% of travellers using the platform have mentioned that they are using Airbnb because they want to live like a local and 79% indicated that they want to discover certain neighbourhoods (Airbnb, 2017a) and they are thus catering to the specific needs with their business model. Whereas in the beginning Airbnb was mainly used by some adventurous millennials, by now it is popular amongst all kinds of people and the average ages of the Airbnb user in the United States is 43 (Gallagher, 2017), tapping into a much broader audience.

2.2.1 Airbnb and the Cosmopolitan Consuming Class

Another aspect of postmodern tourism that fits with the Airbnb experience is that the difference between who is a tourist and who is a local has become blurred in cities. Both tourists and local residents show similar culture and consumption patterns (Hiernaux & Gonzalez, 2014) such as shopping, attending a concert and taking a walk around the city (Judd, 2003). Especially in bigger cities nowadays you will find a mix of temporary and more permanent residents that behave like tourists such as expats and exchange students (Maitland, 2010). At the same time traditional residents are showing more touristic behaviour (Urry, 2011) by engaging in similar activities as the actual tourists.

Both the new urban tourists and the locals in cities behaving this way are considered to be part of the middle class and therefore have similar patterns of consumption and daily activities. This is what has been called the cosmopolitan consuming class (Fainstein, Hoffman & Judd 2003), people that are part of a cultural elite with a decent amount of money to spend. In short, in the postmodern era, ‘tourism has become an established part of everyday life and consumption’ (McCabe, 2002: 63). It turns out that most Airbnb users, both hosts and guests, seem to be part of this cosmopolitan consuming class (Arias Sans & Quaglieri Domínguez, 2016).
2.3. The Authentic Experience Revisited
Several different researches have shown that the majority of Airbnb users are looking for contact with a local host and consider this an important aspect of the experience (Ikkala & Lampinen, 2015; Oskam & Boswijk, 2016; Stors & Kagermeier, 2015). Getting to know new people, having direct contact with the local population, experiencing the destination from the local perspective and receiving recommendations and insider information about the destination are of essence (Stors & Kagermeier, 2017). However, despite the search for local contact and authenticity are considered important, these researches also showed that the financial benefits of staying in an Airbnb accommodation remains one of the most important factors (Guttentag, 2013; Ikkala & Lampinen, 2015; Stors & Kagermeier, 2015). This does not necessarily have to contradict the social aspect of renting an Airbnb, but both factors are at least equally important (Oskam & Boswijk, 2016).

It might also be wondered how local and authentic the experience actually is. Research shows that the way an accommodation on Airbnb looks is an important factor for the success rates (Bialska, 2016; Stors & Kagermeier, 2017). Ways in which an apartment can be perceived of as authentic is by the way it is decorated and designed according to the aesthetic standard that is promoted by the Airbnb interface (Bialska, 2016). This standard includes trendy and glossy looking places that are stylish and well maintained adhering to the taste preferences of the cosmopolitan consuming class (Bialska, 2016). Much of this aesthetic complies with what is called Airspace (Chayka, 2016), a certain aesthetic that can be found almost anywhere in the world in for example cafés, shops and shared workspaces and is characterized by minimalistic furniture and an industrial rusty interior. Chayka describes this a harmonisation of taste of certain ‘class’ that can now travel the world without ever leaving these safe and known Airspace locations of which Airbnb has become part as well. On top of that a research in Barcelona showed that the people offering rooms on Airbnb are mainly part of foreign communities such as French and Italian (temporary) residents (Russo & Quagliieri Dominguez, 2016). It is thus questionable how much of a new and authentic culture is truly experienced with using Airbnb and to what extent it just enables the cosmopolitan consuming class to meet in these Airspaces.

2.4. Conclusion
The postmodern area gave rise to a new form of tourism in cities called new urban tourism. This type of tourist is looking for an authentic and local experience outside the tourist bubble. At the same the sharing economy has become increasingly popular due to its economic benefits and a change in mindset. Airbnb adapted well to these developments by starting a peer-to-peer platform for tourist accommodation although it is questioned by somehow authentic the Airbnb experience actually is and how much it is about experiencing the local rather than just finding cheap accommodation. No matter the exact reasons for renting an Airbnb, fact is that it is big and growing and because of that is impacting local communities. This will be discussed in the following chapter.
3. Impacts of Airbnb on the City

This chapter will talk about the different and complex ways urban tourism and Airbnb in specific impact local communities, forming the reason for local governments wanting to take regulatory actions to deal with urban tourism and Airbnb. Important for Local governments is to balance the economic benefits urban tourism can bring to the city with the interests and needs of local residents (Fainstein, Hoffman & Judd, 2003; Haywood, 1992).

3.1. Impacts of Urban Tourism

Tourism has mainly been accompanied with studies looking at the economic impact of this sector (Gilbert & Clark, 1997). The economic studies highlight the importance of tourism for cities because it can be used as a tool for urban regeneration and revitalization (Law, 1993; Terhorst, van de Ven & Deben, 2003). From this perspective tourism has a positive economic effect on cities. According to these studies cities benefit because the creative middle class increasingly visits the city and spends money. This way property values are elevated, cities are revitalized (Fainstein, Hoffman & Judd, 2003) and jobs are generated (Gladstone & Fainstein, 2003; Law, 1993).

Ashworth & Page (2011), however, point out that it is not only important to look at the economic aspects of tourism on the city but that social, political and environmental impacts are equally important to consider. Because cities were originally not built for touristic use the influx of tourists can create certain problems (Ashworth & Page, 2011). Urban tourism is often accompanied with environmental and safety issues (García & Claver, 2003). Problems occurring could be local transport congestion, increased property values and the displacement of services for residents by services for tourists (Costa & Martinotti, 2003; García & Claver, 2003), crime increase (García & Claver, 2003) and problems with residential facilities such as drainage and public transportation (Mullins, 2003). According to Rosenow & Pulsiper (1979) when there is a tourism overkill, it homogenizes culture and Turner & Ash (1975) also describe that tourists ruin local cultures. Altogether this could lead to environmental degradation and social and cultural distortion in which tourists are preferred over residents (Fainstein, Hoffman, Judd, 2003). Ashworth & Page (2011) also point out that many of the problems with urban tourism occur because tourists are visiting cities that were not actually designed for this purpose. In terms of the positive non-economic effects, Terhorst, van de Ven & Deben (2003) describe the development of better infrastructure and a decrease in crime rate pointing out that these effects depend on the type of city. Increased tourism could also be a way to preserve cultural heritage (García & Claver, 2003).

3.1.1. Gentrification Impacts

Using tourism as a tool for urban regeneration is often deployed by local governments but when taken too far results in gentrification processes that can lead to a clash of the interests of visitors and residents (Häussermann & Colomb, 2003). Gentrification has a long history in urban processes and the term was first coined by Ruth Glass in 1964. This term was then used for describing the process of upper middle class households buying houses in former deprived areas in London. Over the years the definition has been evolving, including more complex causes and effects. Nowadays gentrification can be seen as the social or physical upgrading of a neighbourhood (Millard-Ball, 2000) or the reinvestment of poorer areas (Ley, 2003) and is used as a tool for urban regeneration as well as a goal in itself all over the world (Gainza, 2016; Hackworth & Smith, 2001; Smith 2002). Gentrification can be started because of many different reasons. Increased tourism or the desire to attract more tourists can be one of the reasons. Tourism gentrification can be described as ‘the transformation of a middle-class neighbourhood into a relatively affluent and exclusive enclave marked by a proliferation of corporate entertainment and tourism venues’ (Gotham, 2005, p. 1102). Despite the seemingly positive effects this could have, many negative effects are associated with gentrification as well.
Tourism gentrification can lead to displacement, either commercial or residential. With commercial displacement the process of transforming spaces into places for entertainment and consumption for affluent users, the cosmopolitan consuming class, as described in the previous chapter. The result is that local residents might be displaced because of these dynamics in the housing market (Cocóla Gant, 2015; Espinosa, 2016; Füller & Michel, 2014). Direct displacement happens when rents become too high so people have to move out (Davidson & Lees, 2005; Fainstein, Hoffman & Judd, 2003; Murdoch, Grodach & Foster, 2016; Zukin, 1987). When newcomers are excluded to enter the neighbourhood because rents or housing prices are too high it is called exclusionary displacement (Davidson & Lees, 2005; Cócola Gant, 2016). Another way is indirect displacement when residents do not feel at home anymore because of changes in the character of the neighborhood and loss of local culture (Brown-Saracino, 2004; Zukin, 1987). In the case of tourism gentrification this could be a surplus of tourist amenities, overcrowding or nuisance (Cócola Gant, 2015; Espinosa, 2016 Füller & Michel, 2014).

3.2. Impacts of Airbnb

This section will describe the impacts of Airbnb in addition to the general impacts of urban tourism on the city in more detail starting with the economic impacts and gentrification impacts also found in urban tourism literature. The final paragraph discusses how Airbnb can be seen as a disruptive innovation for the hospitality industry diverging from the general urban tourism literature.

3.2.1. Economic Impacts

Considering the positive economic benefits urban tourism can have on cities, Airbnb brings similar effects to cities and neighbourhoods. There are not many studies that have shown the economic impact of Airbnb but according to data from the platform itself, it brings substantial benefits to the hosting community. Travellers using Airbnb usually stay longer at a destination which benefits the whole tourist industry and generates more tourism related jobs. At the same time, Airbnb states that guests are spending more money in the neighbourhood in which their accommodation is located. This benefits the local economy by revitalizing the neighbourhood, especially since 74% of all guests worldwide are staying outside the most important hotel areas (Airbnb 2017a). A last positive effect mentioned is that it supports local families by enabling them to keep on paying rent because without the extra income of renting on Airbnb they might be forced to move because of otherwise unaffordable rents (Airbnb, 2017a; Arias & Quagliieri Dominguez, 2016).

In academic literature, Fang, Ye & Law (2015) have shown that the presence of Airbnb in cities in the state of Idaho in the United States, does indeed generate more jobs because more tourists are attracted because of the low accommodation prizes of Airbnb. However, they do add the note that people in low-end hotels are losing their jobs due to the rise of Airbnb as described by Zervas, Proserpio & Byers (2014), so the marginal effect of jobs decreases when the presence of Airbnb increases. A similar research in twenty different cities in Germany shows that there is a positive correlation between the amount of jobs in the hotel industry and the penetration of Airbnb. Additionally with an increase of Airbnb in cities, more fulltime jobs become available. Wages of hotel workers in cities with Airbnb presence however are lower and concerns for the future are expressed (Suciu, 2016). Apart from employment, Holm (2016) describes that Airbnb in Berlin is also a way for people to be able to afford the increasing rents in the city. Research in Helsinki shows that the money generated through Airbnb by hosts is mainly used as some extra income but not crucial for making ends meet (Ikkala & Lampinen, 2015). The households that are able to present their listing in a way that appeals to visitors are mainly able to generate some extra income from Airbnb, it is very unlikely however that low income households benefit from this (Gurran & Phibbs, 2017).

As for the revitalization of neighbourhoods, research in Utrecht, the Netherlands marks out
that Airbnb is spreading the economic impact of tourism from the historic city centre to surrounding neighbourhoods which is seen as a positive aspect and something that is encouraged (Van Duuren, Van der Zee, Van Hees, 2017). In Barcelona however, the same effect has been received with less enthusiasm. Tourists are now staying in Airbnb’s in neighbourhoods close to touristic attractions which already experience a lot of pressure from tourism (Arias & Quaglieri Dominguez, 2016). Where in Utrecht the spreading of tourists into neighbourhoods just outside the historic centre is seen as an opportunity, is considered a threat in Barcelona, already showing that the impacts in cities can be perceived in completely different ways.

Even though the research done on the economic effects of Airbnb in cities is not very extensive, the studies found do show that Airbnb can bring substantial benefits to cities and in terms of tourist spending, generation of jobs and revitalization of neighbourhoods. It has to be noted however that the economic impacts are location specific and not always city wide (Arias & Quaglieri Dominguez, 2016). Lower income and racially diverse areas usually benefit less from the positive aspects Airbnb generates (Cansoy & Schor, 2016). This resonates with the positive economic effects found in theories about urban tourism.

3.2.2. Gentrification Impacts

One of the challenges of Airbnb that have confronted local governments is that it might be adding up to gentrification processes. With residential displacement the transformation of residential flats into holiday apartments is meant (Cócola Gant, 2015). This type of displacement in the light of tourism gentrification is what is being discussed in this research since with the rise of Airbnb residential areas are currently turned into tourist spaces causing gentrification (Cócola Gant, 2016; Füller & Michel, 2014). Despite some of the positive influences Airbnb can have on neighbourhoods, local residents in several cities have started to raise their voices against the influx of tourism and the related influence of the platform in their neighbourhood because they are suffering from the effects of the gentrification process (Espinosa, 2016; Füller & Michel, 2014; Oskam & Boswijk, 2016).

One of the neighbourhood impacts related to Airbnb is the way it affects housing affordability and availability (Jefferson-Jones, 2015; Lines, 2015). The shortage of affordable housing has become a problem that is often linked to several cities such as Berlin and Los Angeles (Lee, 2016; Stors & Kagermeier, 2017) and in the city of New York research has shown that a doubled increase in Airbnb’s leads to rise in house vales of 6% to 11% (Sheppard & Udell, 2016). A research on Sydney shows that Airbnb rentals are likely put more pressure on Sydney’s rents (Gurrnan & Phibbs, 2017). In New Orleans no significant effect of Airbnb on rental prices has been found however (Levendis & Dicle, 2016). As with the urban tourism gentrification effects discussed in the first part of this chapter, the problem is twofold. Because of the increased Airbnb activity rental prices and housing prices increase. For non-Airbnb hosts this means rents might become too high for them to afford and they are driven out of the neighbourhood, being direct displacement (Davidson & Lees, 2005; Fainstein, Hoffman & Judd, 2003; Murdoch, Grodach & Foster, 2016; Zukin, 1987). For local residents who plan on buying a house or renting an apartment in the neighbourhood exclusionary displacement (Davidson & Lees, 2005; Cócola Gant, 2016) may take place because housing and rental prices have increased to such an extent it became unaffordable for newcomers. At the same time Airbnb for some people is a way to make ends meet by generating extra income to pay for rent (Holm, 2016). This way however they are contributing to the increasing rents further stimulating the gentrification process. For home owners the increased property values are considered a positive effect as well. It is thus hard to make one clear statement about the influence of Airbnb on housing affordability in terms of the issues it creates. This depends for example on the percentage of home-ownership and the level of commercialization of Airbnb
properties in the city or neighbourhood. Housing availability mainly becomes a problem when investors are buying up properties that are destined for local residents, turning them into fulltime Airbnb accommodations for profit and taking them off the market for long term living (Gurran & Phibbs, 2017).

Another factor that is often related to the arrival of Airbnb in neighborhoods are neighborhood changes (Jefferson-Jones, 2015). As described in the section about the impacts of urban tourism, one of the concerns with Airbnb is that influences the neighborhood culture (Gallagher, 2017) and there exists an urge to preserve this (Lines, 2015). In this respect Cócola Gant (2016a) describes that residents, in the neighborhood El Gòtic in Barcelona are experiencing a loss of local culture and less connection to the neighborhood and its residents which is a concern voiced in many cities across the world (Gallagher, 2017). Arias Sans & Quaglieri Domínguez (2016) talk about a commodification of everyday life as a negative aspect. Other often cited complaints are noise from visitors, sometimes in the form of parties and drunken behavior, issues with traffic and parking and issues with waste management (Gurran & Phibbs, 2017). Safety issues are a concern by having strangers going into residential neighborhoods and buildings (Gallagher, 2017). It has to be noted however that not all forms of short-term rentals are creating these nuisances. What is disturbing residential neighborhoods the most are large groups renting out complete houses and when whole houses or apartments are turned into permanent vacation accommodations (Gurran & Phibbs, 2017). The impact also depends on for example the amount and density of short-term rentals in a neighborhood.

The combined effects of both the issues with housing affordability and availability and the neighbourhood changes are urban inequalities and replacement of residential life by tourism stimulated by Airbnb (Cócola Gant, 2016). It has to be noted however that tourism gentrification never really stands on its own, there are often multiple processes simultaneously influencing the gentrification process. Equally can we not consider Airbnb the sole cause of (tourism) gentrification in certain neighborhoods. The processes are often intermingled with already existing problems related tourism and/or gentrification (Stors & Kagermeier, 2017).

3.2.3. Disruptive Innovation for the Traditional Lodging Industry
The disruptive innovation theory, a concept derived from Christensen & Raynor (2003) and applied to Airbnb by Guttentag (2015), explains the process of a new product changing the existing market by offering alternative benefits compared to the traditional counterpart, for example being easier or cheaper. The product often lacks traditional favoured values, but over time, when the product improves it will start to attract more mainstream costumers and have the potential to disrupt the traditional business. Airbnb is considered to be a disruptive innovation for the traditional lodging industry (Guttentag, 2015; Lines, 2015; Oskam & Boswijk, 2016) because of its innovative business model and distinct appeal to tourists looking for an authentic experience (Oskam & Boswijk, 2016). The distinct business model of Airbnb offers great economic advantages to both hosts and guests. Because Airbnb hosts have their fixed costs, such as rent and electricity, already covered and do not have to pay staff, they can offer lower prices for an accommodation than traditional tourist accommodations. This creates unfair competition for the lodging industry (Oskam & Boswijk, 2016). Airbnb is now surpassing major hotel chains both in the amount of beds that are being offered as well as the value estimation (Oskam & Boswijk, 2016).

Additionally, since Airbnb hosts are not considered as traditional businesses, there are no standardized health and safety nor insurance requirements (Guttentag, 2015). Disastrous stories for both Airbnb hosts and guests are widespread across the internet (Bercovici, 2015; Gallagher, 2017;
Kitching, 2016) ranging from Airbnb-rentals being turned into brothels, party houses or being completely demolished, as well as stories about guests being attacked or having accidents on the property with severe consequences. The question is who is held responsible for this and who is going to pay for the damage. Because the market regulation does not offer sufficient insurance related to fire, safety, emergency and disability access requirements (Gurran & Phibbs, 2017), for many local governments these issues form a justification for regulating Airbnb (Edelman & Geradin, 2015; Guttentag, 2015; Jefferson-Jones, 2014; Oskam & Boswijk, 2016). Even though Airbnb now has some support for both hosts and guests in cases of damage or unsafe conditions, this insurance is often not sufficient because it does not comply with the local health and safety standards (Lines, 2015). Because of the non-business and often illegal status of Airbnb (in many cities you are not allowed to rent out for less than thirty days), Airbnb hosts are usually not taxed, further deepening the unequal competition with other accommodation types (Guttentag, 2015). With the legality, taxation and safety issues, Airbnb is creating additional challenges for local governments on top of the gentrification challenges caused by traditional urban tourism.

3.3. Conclusion

Airbnb, as traditional urban tourism, can bring a positive economic impact to the city in terms of job generation, general revenue from tourists, neighbourhood revitalization and the support of families. Next to these economic benefits Airbnb creates, it is also confronting local governments with certain challenges. One of the main effects of urban tourism in general and Airbnb in specific is that it stimulates gentrification processes both in terms of issues with housing affordability and availability as well as issues related to changes in the neighbourhood culture. With urban tourism it is said that the problem is caused by tourists moving into cities that were not specifically designed for tourism (Ashworth & Page, 2011). With Airbnb this same process is described on the neighbourhood level, tourists are now moving into neighbourhoods that were not planned for tourism. This is showing a shift in the level of the city in which tourism is taking place.

For the traditional lodging industry Airbnb is seen as a competitor operating in an unfair playing field because of the economic advantages of Airbnb and taxation benefits for hosts. On top of that there are issues with ensuring health and safety standards for visitors. These disruptive characteristics of Airbnb are creating additional challenges for local governments in comparison with traditional urban tourism.

It has to be pointed out that Airbnb has many different effects on individual cities. Whether this is experienced in a positive or negative way depends on a multitude of factors such as size of the city, established tourism industry and the amount, location and concentration of Airbnb listings in a city. It is therefore not easy to generalize the effects of Airbnb on cities. In some cities Airbnb might be adding up to already existing problems with for example tourism, gentrification or affordable housing and have a more disruptive character, for others it might be a way to boost tourism and revitalize neighbourhoods. That said, many cities feel like they have reason for regulating Airbnb and other short-term rental platforms. Not only because when short-term rentals are legal they can generate tax revenue, but also to make sure the positive impacts are balanced out well with the concerns voiced by local residents. The next chapter will take a deeper dive into the regulatory challenges related to Airbnb.
4. Regulating Airbnb

Because of the rapid growth of Airbnb and the way it influences cities many governments seek to rapidly regulate this new industry. However, this turns out to be quite challenging for most of them. Most attempts to regulate Airbnb have been based on traditional B2B (business to business) or B2C (business to consumer) models (Espinosa, 2016). Since Airbnb is a P2P (peer to peer) platform based on new technology it outpaces the relevant legislation for this (Guttentag, 2015). With using traditional models to regulate Airbnb, targeting the ‘producers’, hosts are being held responsible instead of Airbnb itself (Espinosa, 2016). This is difficult because it is hard to trace what the hosts are doing exactly and if they are following the rules (Edelman & Geradin, 2015; Espinosa, 2016; Gottlieb, 2013). For this reason, despite some regulations, much of the rental activity is still happening illegal (Guttentag, 2015). In this chapter an overview of different regulatory approaches will be given for both traditional urban tourism as well as ideas for regulating Airbnb. Challenges with regulating Airbnb will also be discussed in more depth.

4.1 Regulating Urban Tourism

Before the existence of Airbnb, cities already had long been dealing with urban tourism and its impacts. Thinking about regulating urban tourism it has to be kept in mind that it should always balance the interests of visitors and local residents. If this is not done properly, cities risk to crowd out traditional urban functions (Haywood, 1992). This however can be incredibly difficult because often there is a blurred line between the activities and spaces for both groups (Fainstein, Hoffman & Judd, 2003). Many cities in the United States and other developed tourist destinations, have adopted neoliberal policies of urban development (Brouder & Ioannides, 2014) in order to attract tourist to their city and boost the tourism sector (Fainstein, Hoffman & Judd, 2003). This tourist development usually focusses on the urban core of the city where in general the historic sights and business districts are located. In this way tourism has become the centre of place-based competition and large capital investments (Brouder & Ioannides, 2014).

Critics are claiming that this neoliberal policy making is favouring middle class and their consumption patterns and marginalizing minority groups and poorer people (Brouder & Ioannides, 2014; Fainstein, Hoffman & Judd, 2003; Thomas & Thomas, 2005). According to them urban policies have been focussing on the attraction of gentrifiers and tourism and the cost of marginal groups because it mainly serves to accumulate capital and leads to the exclusion of minority groups (Brouder & Ioannides, 2014). The strategy of attracting tourists is often used by local policy makers as a tool for urban regeneration (Hackworth & Smith, 2001) and to maintain social order and thus make it more attractive for both tourists as well as middle class residents (Thomas & Thomas, 2005). This process therefore benefits some people and neighbourhoods, just not all of them (Thomas & Thomas, 2005). Existing urban problems such as poverty and other social issues are often neglected and deepened further with these strategies (Fainstein, Hoffman & Judd, 2003).

To minimize such issues, Bramwell & Sharman (1999) suggest collaboration of multiple stakeholders in the process of local tourism policy making. This would result in a more legitimate policy since all stakeholders have influence on the policy making process and can add their knowledge, which will eventually lead to more efficient and innovative outcomes (Bramwell & Sharman, 1999). This can be used for resolving planning problems or dealing with issues related to local development (Costa & Martinotti, 2003). However, the power of the different stakeholders is often unequal and the influence of some might be restricted by other external factors (Bramwell & Sharman, 1999). At the same time, conflicting interests of multiple stakeholders could lead to deregulation (García & Claver, 2003).
In general four types of regulatory framework that structure the tourism environment have been distinguished by Fainstein, Hoffman & Judd (2013). First of all there is regulation of visitors to protect the city which focusses on the degrading effects tourists can have on the city based on the fear of Disneyfication and commodification of place (MacCannel, 1976). Ways for local governments to deal with this is by restricting where tourists are going and how they are allowed to behave. Some cities for example have limited traffic zones for tourist buses or tourist police control to be able to control who enters certain areas (Costa & Martinotti, 2003). Zoning is another way this can be done and also relates to the second way of regulating tourism: regulating the city. This means that the city is structured in such a way that it is understandable for tourists and that that tourists automatically end up where they are desired most. Examples of this are restructuring of the city and building icons or adding cultural capital to a place that tourist will want to visit (Hoffman, 2003). This is often done intended but can also happen unintended. The urban structure can also be changed in such a way that it attracts different types of tourists or spreads them more over the city (Terhorst, Van de Ven & Deben, 2003). Improving the transport infrastructure is another way of regulating tourist behavior but is at the same time a way tourism influences and benefits cities (Mullins, 2003).

A third approach is regulating the labor market which emphasizes regulating the tourism employment market. The tourism industry is known for being an easy entry labor market but providing low wage and insecure jobs. Many local governments thus feel like some regulations in this respect are appropriate. Examples of this type of regulations are for example minimum wages and labor rights (Gladstone & Fainstein, 2003). In cities where tourism needs to be boosted there could be very worker friendly labor laws or generous minimum wages (Levine, 2003).

The final type of regulation is regulating the industry. With this regulatory framework, the way services and products for tourists are promoted and distributed is constrained or stimulated by regulations. Specialized travel agencies for example are created for promoting tourism (Hiernaux-Nicolas, 2003). Sometimes public-private partnerships are set up for this (Häusserman & Colomb, 2003). However, with the internet has quickly changed the institutional framework of tourism making it hard to keep existing frameworks in place (Fainstein, Hoffman & Judd, 2003).

Urban areas can also differ greatly from one another in terms of demographics, political economy and regulatory practice. These specific local conditions should always be kept in mind (Fainstein, Hoffman & Judd, 2003). Regulatory frameworks are usually instituted at different geographical scales. Often tourism is regulated at the national level, but urban variations are common as well (Fainstein, Hoffman & Judd, 2003). Because tourism development never happens isolated from other processes it should not be seen separately and the effects of the neoliberal governance highly depends on the location as well (Brouder & Ioannides, 2014) and the impacts of urban tourism should always be studied before regulating.

4.2. Regulating Airbnb in the City
It is questionable how much of the existing regulations and planning measures found in urban tourism are adapted to Airbnb since they do not address the new aspects of this industry (Gurran & Phibbs, 2017; Guttentag, 2015; Lines, 2015). Existing regulations miss the ability to spatially cluster Airbnb’s, to manage traffic, parking and waste issues, to set building and design requirements, to mitigate noise and privacy concerns, to ensure safety, emergency and disability access requirements, to manage levels of occupancy and possible overcrowding as well as that they not take into account the transformation of residential living into tourist-rentals (Gurran & Phibbs, 2017). Local governments are therefore advised to draft new policies that describe new regulations in a clear and definitive way.
With this local governments can make sure it benefits both those who are using Airbnb as well as the city itself. At the same time, they can decrease the negative effects Airbnb brings to cities. Because every city differs on multiple levels and the impact of Airbnb will vary greatly as well, it is advised to regulatory action is taken on the municipal level to ensure that the specific needs of a city are addressed (Gurran & Phibbs, 2017; Lines, 2015). A first step with drafting regulations for Airbnb would thus be identifying the specific effect Airbnb has on a specific city (Gurran & Phibbs, 2017; Lines, 2015) on which the regulations are built. This following paragraph will discuss the different regulatory approaches that have been identified and suggested in academics so far.

4.2.1. Different Regulatory Approaches
The question that follows is, what possible options exist for regulating Airbnb? Several ways of regulating Airbnb have been identified. The three main options that have been identified are the *laissez-faire approach*, a *full prohibition* or *limiting Airbnb with certain restrictions* (Guttentag, 2015; Miller, 2014; Jefferson-Jones, 2015). The first type of action local governments can take is the laissez-faire approach in which there is little to no interference with Airbnb rentals (Guttentag, 2015; Lines, 2015; Miller, 2014). This can hardly be regarded as regulation since nothing is really done, but in some cases governments have been able to make a deal with Airbnb in order to receive taxes over transaction made on the platform (Lines, 2015). This would provide an income that could be used to deal with negative externalities of Airbnb (Guttentag, 2015; Miller, 2014). The opposite of the laissez-faire approach is the banning of short-term rentals altogether. (Jefferson-Jones, 2015; Lines, 2015) making it either prohibited in the whole community or in a certain district or neighbourhood (Jefferson-Jones, 2015). This is often done by adding such restrictions that it becomes practically impossible to operate a short-term rentals. An example of this is requiring a minimum amount of 30 consecutive days stay so that short-term rentals are being excluded, but sometimes the whole practice in itself.

Regulations that are restricting Airbnb-rentals to a certain extent are often found. These restrictions can be classified in four types of groups, being *quantitative restrictions* (Jefferson-Jones, 2015) such as limiting the amount of Airbnb’s and other short-term rentals (Jefferson-Jones, 2015), limiting the amount of people that can stay in an Airbnb-rental (Guttentag, 2015; Miller, 2014), the amount of days rented (Gottlieb, 2013; Miller, 2014) and the amount of times an Airbnb can be rented out per year (Jefferson-Jones, 2015). A second group consists of *locational restrictions* being restrictions for specific locations (Gurran & Phibbs, 2017; Gottlieb, 2013) and *density restrictions* (Jefferson-Jones, 2015). The final group consists out of *qualitative restrictions* such as the type of house for example a complete apartment versus a room or commercial-style Airbnb’s (Jefferson-Jones, 2015). Also specific requirements for safety fall under this category (Jefferson-Jones, 2015). Often these restrictions are combined with the obligation for hosts to get a permit or license for renting out (parts) of their house (Guttentag, 2015; Jefferson-Jones, 2015, Miller; 2014).

Another distinction in approaches that can be made is by looking at who is held responsible for the issues. Some cities are trying to go after hosts that are not complying with the rules or are evading the taxes, other cities have decided to go after Airbnb itself (Lines, 2015).

What is important to notice is that not all cities should adapt the same strategy because the impacts of Airbnb can be different (Gurran & Phibbs, 2017; Guttentag, 2015; Lines, 2015) depending on geographic location and the type of property rented out (Edelman & Geradin, 2015) or the popularity of the destination in terms of tourism (Oskam & Boswijk, 2016). Some cities will want to embrace Airbnb to stimulate tourism more, while other would like to ban it completely or experiment
with regulations based on taxation or security issues (Oskam & Boswijk, 2016). A preference for regulating instead of prohibiting however is expressed by Jefferson-Jones (2015). By prohibiting Airbnb and other short-term rentals, local governments would be missing out on the economic benefits in terms of tax revenue and risk the creation of an underground market for short-term rentals (Jefferson-Jones, 2015).

4.3. Conclusion
While some attempts have been done to regulate Airbnb, most of them were based on traditional B2B or B2C models and therefore missed their purpose in regulating this new short-term rental platform. In the traditional approach of urban tourism there are four categories of regulation (visitors, the city, the labor market, the industry), but Airbnb with its host operating the services Airbnb is offering, the company does not seem to fit in either one of those categories. Either hosts would have to be treated as the industry or as the city but neither would result in direct suitable regulations since Airbnb hosts are not official registered businesses nor parts of the city that can be planned directly. When it comes to mitigating the negative impacts of Airbnb in terms of noisy visitors, the regulating visitors approach seems most appropriate. But how can the visitors be held responsible? After all, it are still the hosts that are inviting the visitors into their houses. The question of responsibility remains difficult and needs to be taken into account when drafting regulations for Airbnb.

Roughly three ways of regulating Airbnb have been identified – the laissez-faire approach in which Airbnb is operating in a free market, the prohibition approach in which Airbnb is completely banned, or the restrictive approach in which limitations are put upon Airbnb activity. Factors that are considered important when drafting regulations for Airbnb are the level of implementation and the involvement of stakeholders.

Most attempts to regulate Airbnb however have failed so far (Espinosa, 2016). This research will therefore take a deeper dive into the different ways cities can regulate Airbnb and which factors are important in practice for drafting regulations. Based on the theory about regulating urban tourism and regulating Airbnb a conceptual framework has been created showing the factors that are possibly influencing the regulatory approach for Airbnb per city. The conceptual framework is visualized in Figure 4.1. The research of this thesis will further built upon this framework.
Figure 4.1: Conceptual Framework

Locational Factors
- Positive Impacts
  - Economic Impacts: Tourism & Other Related Industries
  - Revitalization Neighborhoods
  - Support Local Families
- Negative Impacts
  - Shortage Affordable Housing
  - Neighborhood Changes
  - Disruptiveness for Traditional Lodging Industry

Regulatory Approach Airbnb

Regulation at City Level
- Lodging Industry
- Residents
- Visitors
- Host
- Airbnb

Stakeholders

Responsibility
5. Methodology

In this chapter the research methods used to answer the main research question *How are different cities coming up with regulations for dealing with the impacts of Airbnb?* are discussed. The empirical research is done in cooperation with Host Compliance LLC – a company based in San Francisco that provides local governments with short-term rental compliance monitoring and enforcement solutions. The services from Host Compliance range from consultancy on implementing fair and effective short-term rental ordinances, identifying short-term rental properties to monitoring and enforcing registration, permitting and lodging tax compliance. This research is done as part of an internship with Host Compliance that took place in the spring of 2017 and lasted for three months. The role of Host Compliance in this research was mainly providing contacts with the City of Denver, a client of Host Compliance.

The chapter is split up in two separate parts. The first part of this empirical research analyses different policy documents on short-term rental regulations from eleven cities with an ordinance in place to illustrate the possible approaches and to study the differences between cities. The second part of the research focusses at the City of Denver as a specific case study to take a closer look at the approach Denver took in dealing with short-term rentals by conducting ten in-depth interviews. Denver was selected for this case study in consultation with Host Compliance because it is seen as one of the cities in the United States that has been successful in dealing with short-term rentals. By now around 50% of all hosts have gotten a license for short-term renting which is a high compliance rate compared to other cities in the United States like Portland and San Francisco. The compliance rate for these cities only lies around 20% and much of the renting still happens illegal (Arellano, 2017). Even though this does not tell us much about the qualitative effects of the ordinance, Denver makes an interesting case study to see whether or not this compliance rate also leads to qualitatively measured successes. Equally it is interesting for studying the regulatory process surrounding Airbnb and other short-term rentals.

To understand more about how different cities and Denver in specific, have been dealing with Airbnb and other short-term rentals, two types of qualitative methods are used in this research. In order to have a broad overview of short-term rental ordinances, first qualitative content analysis of policy documents has been done. Secondly in-depth interviews are used to gain deeper understanding of the short-term rental ordinance in Denver and how it came into being. The information obtained using this mixed method approach will built the answer to the research question.

The legal framework surrounding Airbnb has not been studied much yet (Arias & Quaglieri Domínguez, 2016; Gurran & Phibbs, 2017; Van Duuren, Van der Zee, Van Hees, 2017). Therefore a lot of new information can be obtained which gives this research an explorative approach. Because of this explorative approach of the research topic, a qualitative research method seems to be most appropriate to deal with the problem since this type of research allows room for collecting new information and exploring a new topic with attention for deeper meanings (Babbie, 2012).

5.1. Qualitative Content Analysis

To study which regulations or policies have been implemented and for what reasons, this study looks at policy documents from eleven cities in Europe and the United States, the continents where Airbnb is most active (Gutiérrez et al., 2016). Content analysis is often used to identify patterns, themes and meanings in exploratory or descriptive studies (Berg & Lune, 2012) and is therefore well fit with this research. In this research qualitative content analysis is used as opposed to quantitative since this leaves room for different perspectives and the identification of patterns (Krippendorf, 2013). The
approach used is a summarizing approach where the aim is to seek generalizable conclusions instead of describing all details (Neuendorf, 2002).

5.1.1. Data Sample and Research Units: Cities and Their Short-term Rental Ordinances
The data sample is selected via a purposeful selection method based on relevant keywords. To determine which cities are struggling with the influence of Airbnb the most, news articles found through LexisNexis have been used. This method is chosen because it includes all cities that are experiencing the impacts of short-term rentals, no matter their seize or amount of short-term rentals in absolute terms. The amount of short-term rentals might also not always be directly related to the impacts that is experience or having an ordinance in place. Through LexisNexis, relevant articles are searched for with the keyword terms ‘Airbnb problems cities’ and ‘Airbnb regulations cities’. After the first 25 results of both search terms no new relevant cities were appearing anymore thus those 50 articles in total were analysed. From those articles, the cities that were most often cited in relevant articles (articles that talk about the problems Airbnb has caused or the regulations that have been implemented) are counted. In total 29 out of the 50 articles were considered relevant. In some cases multiple cities were mentioned in one article. The results of this count are shown in Table 5.1.

Table 5.1: Most Cited Cities in Relevant LexisNexis Articles.

<table>
<thead>
<tr>
<th>City</th>
<th>Counts</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York</td>
<td>12</td>
</tr>
<tr>
<td>San Francisco</td>
<td>12</td>
</tr>
<tr>
<td>Barcelona</td>
<td>6</td>
</tr>
<tr>
<td>Santa Monica</td>
<td>6</td>
</tr>
<tr>
<td>Berlin</td>
<td>5</td>
</tr>
<tr>
<td>London</td>
<td>5</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>4</td>
</tr>
<tr>
<td>Anaheim</td>
<td>4</td>
</tr>
<tr>
<td>Paris</td>
<td>4</td>
</tr>
<tr>
<td>Amsterdam</td>
<td>3</td>
</tr>
<tr>
<td>New Orleans</td>
<td>3</td>
</tr>
<tr>
<td>Lisbon</td>
<td>1</td>
</tr>
<tr>
<td>Malibu</td>
<td>1</td>
</tr>
<tr>
<td>Rome</td>
<td>1</td>
</tr>
<tr>
<td>Portland</td>
<td>1</td>
</tr>
<tr>
<td>Hollywood</td>
<td>1</td>
</tr>
<tr>
<td>Chicago</td>
<td>1</td>
</tr>
<tr>
<td>Philadelphia</td>
<td>1</td>
</tr>
<tr>
<td>Athens</td>
<td>1</td>
</tr>
<tr>
<td>Denver</td>
<td>1</td>
</tr>
</tbody>
</table>

The cities that were only mentioned once in the articles are excluded from this research leaving the cities New York, San Francisco, Barcelona, Santa Monica, Berlin, London, Los Angeles, Anaheim, Paris, Amsterdam and New Orleans for analysis. A restriction of this data sampling method that it is based on the English language and might give a bias for cities in English-speaking countries. The results however show a relatively equal distribution of cities in Europe and the United States. Looking for the short-term rental ordinances from the different cities, it turned out that Los Angeles does not have an ordinance in place yet because it is still in the draft-phase and is therefore excluded from this analysis.
Because Denver is studied as an in depth case study, this city has been added to the content analysis as well. This results in a total of eleven cities of which five are located in Europe and six in the United States (Denver included). The results of this analysis corresponds with the cities that have the most Airbnb listings (see Statista, 2016). This overview only has Copenhagen and Rome listed additionally of cities that are located in either the United States or Europe, but both do not have a short-term rental ordinance yet nor is there a lot of media coverage. This might already imply that the amount of short-term rentals does not have to be directly linked to the impacts of them on cities but this is only a very preliminary assumption. The overview of the cities used for content analysis can be found in Table 5.2.

Table 5.2: Cities Selected for Content Analysis

<table>
<thead>
<tr>
<th>City</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
</tr>
<tr>
<td>1. Barcelona</td>
</tr>
<tr>
<td>2. Berlin</td>
</tr>
<tr>
<td>3. Amsterdam</td>
</tr>
<tr>
<td>4. London</td>
</tr>
<tr>
<td>5. Paris</td>
</tr>
<tr>
<td>United States</td>
</tr>
<tr>
<td>6. New York</td>
</tr>
<tr>
<td>7. San Francisco</td>
</tr>
<tr>
<td>8. New Orleans</td>
</tr>
<tr>
<td>9. Santa Monica</td>
</tr>
<tr>
<td>10. Anaheim</td>
</tr>
<tr>
<td>11. Denver</td>
</tr>
</tbody>
</table>

All the short-term rental ordinances or policy documents for these cities have been found online through the websites of local governments using terms such as short-term rentals, vacation rentals or translations in German, Spanish, Dutch and French for this. An overview of the documents and where to find them can be found in Appendix I.

5.1.2. Data Collection and Analysis

The written documents are analysed following directed content analysis in which codes and categories are derived from the existing literature and are based on the conceptual framework but leaves room for new categories that come from the data (Berg & Lune, 2012). The different themes that policy documents are screened for are combined in a coding scheme including the reasons for regulating, type of approach and restrictions, taxation, specific short-term rental ordinance, level of regulations, responsibility and permit requirement. One theme that was not found in literature but was consequently mentioned in the ordinances and therefore included in the analysis is the fine for violation. An overview of the coding scheme can be found in Appendix II.

5.2. Interviews

To have a deeper understanding of one specific city, the City of Denver is used as a case study since it is seen as one of the cities that has dealt with short-term rentals in a successful way. Interviews have been held with the people involved with the drafting, implementing and monitoring of regulations in Denver. Because these people have substantial knowledge on this topic, the technique used will be elite interviewing (Leech, 2002). With this interviewing method, the interviewee is given the opportunity to explain what the exact problem or situation is instead of presenting a problem based on certain presumptions (Leech, 2002). This type of interviewing is often used when talking with well-informed interviewees that are in decision making or leadership roles (Leech, 2002). Since the interviews are held with important stakeholders in the field having a lot of knowledge about the
current issues at hand, this way of interviewing seems applicable to this research. The interviews have a semi-structured character providing a certain amount of structure to lead the interviews in a structured way but also give room for flexibility of the interviewer in order to obtain as much information as possible (Leech, 2003). The more flexibility, the greater the opportunity of getting most knowledge about the perspectives of the interviewed (Bryman, 2012). The interviews were all recorded with permission of the interviewee.

5.2.1. Data Sample and Research Units: Interviewees from Denver
For the interviews, stakeholders involved with the regulatory drafting process, which form the research population, were selected. Interviewees were chosen based on purposeful sampling where the knowledge and expertise of the researcher, Host Compliance and the City of Denver was used to decide which people are most relevant to talk to for the research (Berg & Lune, 2012) based on their relevance for the research topic, a method common in qualitative research (Boeije, ’t Hart, Hox, 2010; Polkinghorne, 2005). Since this research is looking at multiple perspectives on the way Denver is dealing with Airbnb, several different stakeholders have been interviewed including planners, policy decision makers, as well as Airbnb hosts and residential non-hosts. An important criteria for selection was that all of the interviewed were involved in the policy making process to some extent. The first contact in order to get in touch with the right people has been Nathan Batchelder, part of the Department of Excise and Licenses of the City of Denver. Initially he provided contacts to interviewees 1-7 and 10. Two other were found on the recommendations of interviewee number two. All of them have been directly involved in the process of drafting regulations for short-term rentals either in their official job position or in the case of residents, Airbnb hosts and Visit Denver as being part of the Short-term Rental Advisory Committee of the City of Denver. The Short-term Rental Advisory Committee was only installed after the ordinance was passed, but the people selected for this committee were involved with the process by attending City Council meetings about the matter. All the interviewees are thus well informed on the topic and together provide a holistic overview of all the different views of stakeholders involved. In total ten interviews have been held in April 2017 with a duration between 32 and 56 minutes. The average interview duration is 42 minutes. Eight interviews were done in person and two were done over the phone as requested by the interviewees. The recording of interview number six was cut off at 37 minutes due to technical problems but lasted for at least 52 minutes. Notes of the missing part have been made by the researcher right after the interview had ended. An overview of the interviews can be found in Table 5.3.

Table 5.3: Overview Interviews

<table>
<thead>
<tr>
<th>Name</th>
<th>Function</th>
<th>Date</th>
<th>Meeting</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Charlotte Winzenburg (f)</td>
<td>Resident (non-host)</td>
<td>26-04-2017</td>
<td>In person</td>
<td>42:31</td>
</tr>
<tr>
<td>2. Airbnb host 1, Buffy (f)</td>
<td>Airbnb host</td>
<td>26-04-2017</td>
<td>In person</td>
<td>45:42</td>
</tr>
<tr>
<td>3. Nathan Batchelder (m)</td>
<td>Legislative Analyst, Department of Excise and Licenses</td>
<td>26-04-2017</td>
<td>In person</td>
<td>40:44</td>
</tr>
<tr>
<td>4. Carrie Atiyeh (f)</td>
<td>Director, Government &amp; Community Affairs VISIT DENVER</td>
<td>27-04-2017</td>
<td>In person</td>
<td>33:50</td>
</tr>
<tr>
<td>5. Whitney Hixon (f)</td>
<td>Inspections and STR Program Coordinator</td>
<td>27-04-2017</td>
<td>In person</td>
<td>40:16</td>
</tr>
<tr>
<td>7. Abe Barge (m)</td>
<td>City Planner</td>
<td>27-04-2017</td>
<td>In person</td>
<td>56:01</td>
</tr>
</tbody>
</table>
5.2.2. Data Collection: Interviews

To make sure validity and reliability were ensured throughout the whole research, a topic list was used as a guide during the interviews (Kelly, 2009). This way, all interviews had a similar structure though leaving space for interpretation of the interviewed. This topic list is based on the conceptual framework and is provided below in the interview topic list shown in Table 5.4 including examples of interview questions. Equally, the interview questions are based on the findings in literature relevant for this research (Leech, 2003) and the formulated research question (Longhurst, 2003).

Table 5.4: Interview Topic List

<table>
<thead>
<tr>
<th>Topic</th>
<th>Subtopics</th>
<th>Interview question</th>
</tr>
</thead>
</table>
| Introduction | > Introduction to research  
> Ask for permission name in report & permission to record | |
| Start of interview | > Role of interviewee & Involvement with STR ordinance | - Can you tell me about yourself, how are you involved with short-term rentals.  
- What has been your role in drafting regulations? |
| Interview | Impacts of STR’S in Denver | > Economic Impact  
> Gentrification  
> Competition Lodging Industry?  
> Insurance Issues | - What are the main positive impacts of STR’s in Denver?  
- What are the main negative impacts?  
- What are the main reasons for regulating? |
| Responsibility | | - Who should be made responsible for this problem? |
| Implementation level | | - In Denver STR’S are regulated on city/municipal level, why?  
- Should there be more regulation/support from other levels? |
| Collaboration with Stakeholders | | - In Denver there is an advisory committee for STR, what is its role?  
- Why did Denver choose this way?  
- How does it operate? |
| Regulatory approaches | > Type of approach  
> Difficulties | - What are the goals of Denver’s STR regulations? |
To be able to analyze the obtained data during the interviews, all conversations have been recorded and afterwards transcribed which was outsourced to a transcription company. Transcripts of interviews can be found in Appendix IV. After transcription of the interviews, all were coded manually with codes derived from literature before looking at the data. With this results are tested for the concepts found in literature (Van Lanen, 2011) that could be influencing the regulatory approach of Airbnb in cities and used to identify relations and draw conclusions (Berg & Lune, 2012). Because the topic is still quite new and the research has an explorative approach, additionally an open coding method is used as well in order to identify recurrent topics and coherence between different conversations (Boeije, ’t Hart & Hox, 2010; Bryman, 2012) that were not yet identified in literature and assures no themes are excluded (Van Lanen, 2010). This combination of deductive and inductive analysis is described by Van Lanen (2010) as a way of being able to have a solid framework for analysis based on theory but to be open to varieties and new topics as well. The coding scheme used can be found in Appendix II. Quotations have been used to show the results to give direct insights into the views if the interviewed (Baxter & Eyles, 1997). Respondents were then asked to verify the results described to correct any misinterpretations (Baxter & Eyles, 1997).

5.3. Limitations
This research comes with some inevitable limitations that have been taken into consideration before as well as during the conducting of the research. General limitations lie in the nature of qualitative research. The most common known critique on qualitative research is that it leaves too much space for interpretation of the researcher and that it does not have standardized procedures and modules (Baxter & Eyles, 1997). However, this type of more creative and flexible research is necessary in order to obtain in depth information about an understudied topic. To ensure that the researcher is not interpreting too much from the own perspective, reflexivity is of crucial essence (Baxter & Eyles, 1997;
Krippendorf, 2013). With interviews, the researcher should always think about the way the research is influenced by being present and asking specific questions.

A specific point of critique on content analysis is that it is non-reactive and unobtrusive messages might be missed when categorizing and summarizing data (Berg & Lune, 2012). Deeper meanings of text might not be understood by the researcher and cannot be further unravelled due to the lack of interaction. The way things are being interpreted when coding, both with the content analysis of documents and transcribed interview, is thus something that needs to be reflected upon at all times (Baxter & Eyles, 1997; Krippendorf, 2013). With the structured way both the documents and interviews were analysed, this effect is minimalized. By combining data interpretation of both interviews and written text, this chance of missing deeper structures in meanings is further diminished (Berg & Lune, 2012).

Looking at the coding method for the interviews, a usual point of critique on inductive coding is that validity is not always assured and it might be more difficult to compare the data (Van Lanen, 2010). Making sure the codes derived from the data itself are screened for in each interview is done to ensure that making comparisons and finding relations is still possible. Leaving those themes out because they were not found in literature previously would be a shortcoming of this research. Combining this with a deductive coding method, validity is further ensured.

A final remark is that qualitative research is often seen as a research of which the results cannot be generalized to different situations and contexts (Bryman, 2012). In this research the goal is to identify different types of regulations implemented to deal with issues surrounding Airbnb and other short-term rentals in cities that experienced problems with this. Even though the ordinances studied in the content analysis are from cities in both Europe and the United States, the case study is Denver, a city in the United States that is based on the American system and culture. Since different countries and even different states might have deviating policy making processes, the findings of the case study might not be directly applicable to other cities. The general insights and some best practices however are believed to be relevant for any place dealing with Airbnb and other short-term rentals and can be adjusted to local varieties. The content analysis that looks at multiple cities with different backgrounds forms support for this. Additionally the general theory and new findings that contribute to the academic debate about regulating short-term rentals can be generalized to all other locations dealing with Airbnb or even with the sharing economy in general.

5.4. Conclusion

In this chapter the research design and related methodology has been discussed. The first part of this research consists of a qualitative content analysis of policy documents of eleven cities that provide an overview of different short-term rental ordinances and reasons for regulating. Consequently, the short-term rental ordinance in Denver is explored further to gain deeper understanding of the policy making process and impact of Airbnb on the city by conducting eleven in-depth interviews with important stakeholders. In the following chapter results will be discussed derived from the data using the methodology described in this chapter, taking all possible limitations into account.
In the following two chapters the results of the data analysis will be presented and discussed according to relevant themes. The themes identified are based upon the interview questions and coding scheme. Chapter 6 will talk about the different regulatory approaches in cities across the United States and Europe and consists of an overview of a comparison between short-term rental ordinances of those cities. Chapter 7 looks at the City of Denver as a specific case study for a city with a short-term rental ordinance in place and will consist of an analysis of the interviews held with ten people involved with the regulatory process. Together the chapters will answer this research’s main question and sub questions:

*How can different cities improve their strategies for coming up with regulations for dealing with the impacts of Airbnb?*

- What are regulatory approaches in different cities?
- What are the locational factors that ask for regulating Airbnb and what motivations underlie different regulatory approaches in cities?
- What are challenges with regulating Airbnb?
6. Cities Dealing with Airbnb in Regulatory Approaches

Cities in both Europe and the United States have been struggling to come up with ways to regulate Airbnb and other short-term rentals as part of their local ordinances. According to literature, approaches are ranging from prohibiting short-term rentals all together to just letting it happen or putting certain restrictions in place (Jefferson-Jones, 2015; Lines, 2015). This chapter provides an overview based on a qualitative content analysis of policy documents of eleven different cities in Europe and the United States. As described in chapter 7, the cities selected in Europe are Amsterdam, Barcelona, Berlin, London and Paris (see Table 6.1). For the United States the cities are New York, San Francisco, New Orleans, Santa Monica, Anaheim and Denver (see Table 6.2). Based on literature and the corresponding coding scheme, the policy documents were screened for several themes that are shown in the tables, making it easy to compare the approaches of cities.

6.1. Regulatory Approaches Airbnb

Looking at the receptiveness of cities towards Airbnb and other short-term rentals, from the cities analyzed, Paris and London seem to have the most lenient approaches. In terms of restrictions they only capped the amount of nights rented per year that is allowed and no permit registration is necessary. This is the same for Amsterdam, although the city also requires the host to be on site for at least six months a year, which is similar to the primary residency requirement in Denver. Denver however does not have a limit on the nights hosts are allowed to rent out their homes. Most restrictive in this overview are Anaheim with a full ban starting in 2018 (the city is currently phasing out existing short-term rentals), and Barcelona and New Orleans with partial bans. Berlin, New York, San Francisco and Santa Monica fall in the middle category allowing short-term rentals but under such specific conditions that makes it harder to rent out, especially when the host is not present itself (see Figure 6.1). In general it can be said that, with the exception of Barcelona, European Cities have a more receptive approach to Airbnb. Cities in the United States are stricter and make it more difficult for short-term rentals to operate. Only Denver has an approach that is closer to those of European Cities. A possible explanation for this could be the fact that Airbnb has been active in the United States for a longer period of time than in Europe, possibly having bigger impacts on cities by now and thus resulting in stricter regulations. The case of Denver however contradicts this so more investigation is needed to make such claims.

In terms of restrictions, there is quite some variation between the cities. All cities but Denver and Berlin have quantitative regulations (Jefferson-Jones, 2015). All other cities have a mixture of quantitative and qualitative measures except for Paris and London who do not have any additional qualitative regulations (Jefferson-Jones, 2015). Qualitative measures are most often primary residence requirements or the requirement that the resident needs to be on site as well as the requirement to have a smoke detector, fire extinguisher and emergency contact information. Those safety precautions form another clear distinction in approaches between cities in the United States and European Cities. All but one (New York) ordinances from cities in the United States specifically mention the requirement to have smoke detectors and fire extinguishers whereas in European cities this is only the case with Amsterdam. Both Barcelona and New Orleans also have locational restrictions (Gurran & Phibbs, 2017; Gottlieb, 2013) prohibiting short-term rentals in a certain neighborhood. Density restrictions (Jefferson-Jones, 2015) have not been found. Apparently the concentration of short-term rentals does not seem to be the main concern for local governments when it comes to regulating these type of rentals.
<table>
<thead>
<tr>
<th></th>
<th>Amsterdam</th>
<th>Barcelona</th>
<th>Berlin</th>
<th>London</th>
<th>Paris</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of approach</strong></td>
<td>Restriction</td>
<td>Partial Prohibition &amp; Restriction</td>
<td>Restriction</td>
<td>Restriction</td>
<td>Restriction</td>
</tr>
<tr>
<td><strong>Taxation (yes/no)</strong></td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Specific STR Ordinance (yes/no)</strong></td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Level of regulation (city, state, country)</strong></td>
<td>City</td>
<td>City</td>
<td>City</td>
<td>City</td>
<td>City</td>
</tr>
<tr>
<td><strong>Responsibility (Airbnb, host, guest)</strong></td>
<td>Host</td>
<td>Host &amp; Platform</td>
<td>Host</td>
<td>Host</td>
<td>Host</td>
</tr>
<tr>
<td><strong>Fine for violation (yes/no + amount)</strong></td>
<td>Yes, host £18,000</td>
<td>Yes, host &amp; platform Host: £1,000 with complaint</td>
<td>Yes, host £100,000</td>
<td>Yes, host £20,000</td>
<td>Yes, host £50,000 per unit + £1,000 per day and per m2</td>
</tr>
<tr>
<td><strong>Permit required</strong></td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes, only with secondary unit (registration as business)</td>
</tr>
<tr>
<td><strong>Reasons for regulating</strong></td>
<td>- Economic interest</td>
<td>- Safety</td>
<td>- To prevent misuse of vacancy and demolition and transformation of apartments into commercial space (protect affordable housing)</td>
<td>- Preserve residential living</td>
<td>- Balance living with economic activities</td>
</tr>
<tr>
<td><strong>Restrictions:</strong></td>
<td>Quantitative:</td>
<td>Location:</td>
<td>Qualitative:</td>
<td>Quantitative:</td>
<td>Quantitative:</td>
</tr>
<tr>
<td></td>
<td>- max. 4 guests</td>
<td>- No new licenses in Barcelona Old Town</td>
<td>- No entire apartments, only if at least 50% of apartment is used by owner</td>
<td>- max. 30 nights renting per year</td>
<td>- max. 4 months a year otherwise registration as business required</td>
</tr>
<tr>
<td></td>
<td>- Max 60 nights renting a year</td>
<td>- Only one listing for people that already have property in Barcelona Old Town</td>
<td>- Contact details provided for neighbors and renters</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Owner on site at least 6 months per year</td>
<td>- No more people than property is built for Qualitative:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Quality</td>
<td>- Perfect Hygiene State</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- No nuisance (with call point)</td>
<td>- All utensils necessary for living should be provided</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Fire safety</td>
<td>- Contact details provided for neighbors and renters</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Policy Documents (see Appendix I)*
<table>
<thead>
<tr>
<th></th>
<th>New York</th>
<th>San Francisco</th>
<th>New Orleans</th>
<th>Santa Monica</th>
<th>Atlanta</th>
<th>Denver</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of approach</strong>&lt;br&gt;(prohibition/restriction)</td>
<td>Restriction</td>
<td>Restriction</td>
<td>Restriction &amp; Partial Prohibition</td>
<td>Restriction</td>
<td>Prohibition (&amp; restriction of existing rentals that need to be phased out before February 2018)</td>
<td>Restriction</td>
</tr>
<tr>
<td><strong>Taxation</strong> (yes/no)</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes (for existing)</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Specific STR Ordinance</strong> (yes/no)</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Level of regulation</strong>&lt;br&gt;(city, state, country)</td>
<td>State</td>
<td>City</td>
<td>City</td>
<td>City</td>
<td>City</td>
<td>City</td>
</tr>
<tr>
<td><strong>Responsibility</strong>&lt;br&gt;(Airbnb, host, guest)</td>
<td>Host &amp; Airbnb</td>
<td>Host &amp; Airbnb</td>
<td>Host</td>
<td>Host &amp; Airbnb</td>
<td>Airbnb, Host &amp; Guest</td>
<td>Host</td>
</tr>
<tr>
<td><strong>Fine for violation</strong> (yes/no + amount)</td>
<td>Yes; Host $3,500 per day for operating Host &amp; Platform $1,000 - $7,500 per day for advertisements</td>
<td>Unknown</td>
<td>Unknown</td>
<td>Yes, Platform: ? Host: $200 - $2,500 Guest: $200 - $500</td>
<td>Yes, Host, $150 - $999</td>
<td></td>
</tr>
<tr>
<td><strong>Permit required</strong></td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes, for existing</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Reasons for regulating</strong></td>
<td>Not explained in ordinance</td>
<td>Preventing affordable housing shortage, Protect residents and housing resources</td>
<td>Not explained in ordinance</td>
<td>Not explained in ordinance</td>
<td>Protect public peace, health, safety and welfare, Prevent from negative effects on surrounding residential neighborhoods and increased demand on public services</td>
<td>Protecting neighborhoods, Preventing affordable housing shortage, Level Playing Field</td>
</tr>
<tr>
<td><strong>Restrictions:</strong>&lt;br&gt;Quantitative:</td>
<td>Only one listing per address</td>
<td>Max. of 90 unhosted nights rented</td>
<td>Not allowed in Vieux Carre</td>
<td>No more than one home share per person</td>
<td>Number of guests depending on amount of rooms</td>
<td>Primary residence only</td>
</tr>
<tr>
<td>Qualitative:</td>
<td>Permanent resident needs to be present during rental period in multifamily dwellings</td>
<td>Only permanent residents (need to be present at least 275 days a year)</td>
<td>One party of guests per units</td>
<td>No insurance required</td>
<td>Smoke detectors and fire extinguishers required</td>
<td>Smoke detectors and fire extinguishers required</td>
</tr>
<tr>
<td>Qualitative:</td>
<td>Provide information about fire extinguishers, fire exits etc.</td>
<td>Insurance required</td>
<td>Fire extinguishers required</td>
<td>Emergency information, contact information and information about fire exits, trash collection and noise limitations need to be provided.</td>
<td>Information about emergency exit routes need to be provided (in case of multifamily building)</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Policy Documents (see Appendix I)*
What is remarkable is that none of the cities, with the exception of Anaheim, prohibits short-term rentals completely. Even though some cities seem to be really tough and are portrayed as such in the media (Hawkins, 2016; Oltermann, 2016), in fact even cities like New York, Berlin and San Francisco have not banned Airbnb and other short-term rentals completely. They have relatively strict regulations compared to other cities which makes it harder to rent out apartments in those cities but there is no such thing as a complete ban. New York for example requires the host to be present at all times during the rental period and San Francisco has a maximum of 90 unhosted nights per year. The preference of regulation over prohibiting was also expressed by Jefferson-Jones (2015) in order to prevent the creation of an underground market. It can be questioned though to what extent the strict(er) type of regulations might be doing the same. The relative unstrictness of cities however, is still surprising since the impacts of Airbnb in most of those cities were portrayed as quite intense and short-term rental ordinances as pretty harsh. A possible explanation for this could be the importance of economic benefits of tourism and Airbnb for the city. By restricting more or even banning the city not only misses out on tax revenues but also on general tourist spending from visitors using Airbnb that otherwise possibly would not visit the city or would stay for a shorter period of time. Interest of the city, residents, entrepreneurs and Airbnb hosts are all at stake with this, making it a very complex issue. Another explanation could be the legal power of Airbnb and other short-term rental platforms that do not hesitate to sue cities that work against them (Benner, 2016). The fear for a lawsuit might thus be another reason for being careful in restricting or banning Airbnb in cities.

6.2. Reasons for Regulating

Reasons for regulating that were found in this analysis show that all cities more or less have the same underlying motivations for coming up with rules for short-term rentals. Most cities want to regulate because they want to protect affordable housing and neighborhoods. Amsterdam and Denver also have an interest in creating a level playing field for the traditional lodging industry and Barcelona has a strong focus on spreading tourists more over the city and easing the pressure of tourism in general. Even though short-term rentals are often cited as being a way to boost tourism and generate income (Airbnb, 2017a; Arias & Quaglieri Dominguez, 2016), the cases of Anaheim and Barcelona with the (partial) prohibitions show they are not interested in this on the city level. These are also the two cities that have the strictest regulations of all in this analysis. It is thus clear that not all cities have the exact same goals and interests when it comes to regulating Airbnb and other short-term rentals even though there are many similarities in the reasons for regulating. Something that therefore might be wondered

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**Figure 6.1: Tolerance Airbnb Cities**

FULL BAN
- Anaheim
- Barcelona
- New Orleans
- Santa Monica
- New York
- San Francisco
- Berlin
- Amsterdam
- Paris
- Denver
- London

LAISSEZ-FAIRE

*Source: Own Elaboration based on Policy Documents Appendix 1*
why it is recommended to regulate at the city level (Gurran & Phibbs, 2017; Lines, 2015) since the needs and interests of cities do not differ that much after all and why there are so many regulatory variations if the end goal is the same. It might be the case that on the macro level cities seem to have similar interests but on the micro-level in the city there are more specific interests depending on other related ongoing processes, resulting in the different regulatory approaches. It might also well be that in the end cities are all still figuring out what works best and as soon as that has been figured out, cities can adopt the same strategies to tackle similar problems. The level of strictness would then only depend on to what extent cities want to enjoy the benefits of tourism. At this point it remains still unclear if regulating at the city level is really necessary or that a state or nationwide approach could work as well and is something that will be further reflected upon in the in-depth case study.

6.3. Responsibility, Permitting & Taxation

Who is held responsible varies much between the different cities. In general it can be said that all cities at least hold the host responsible. Additionally Barcelona, New York, San Francisco, Santa Monica and Anaheim also hold Airbnb or one of the other short-term rental platforms responsible. This was also described by Lines (2015). What this analysis shows as an addition is that some cities, in this case the City of Anaheim goes after guests as well in terms of responsibility. Fines are given to those who are held responsible and varying from $200 per day for hosts in Anaheim to €600,000 ($671,000)1 for the platform in Barcelona. Comparing cities in Europe and the United States it seems that there is a preference for fining both the hosts and guests as well as the platform per day. In Europe the tendency is to give one big fine per violation that can be as high as €100,000 ($112,000) even though Paris additionally fines per day and per m2 as well.

As recommended by Jefferson-Jones (2015) and Oskam & Boswijk (2016) all cities studied have a structure to collect taxes from Airbnb hosts. Except for New York, all the cities have drafted a new ordinance as opposed to try to use existing regulations to regulate short-term rentals. This is in line what was found in the article of Lines (2015) who describes that governments are better off doing so. Only New York has divided its regulations for short-term rentals over at least four different ordinances (New York State Multiple Dwelling Law, Senate Bill, The New York Zoning Code and New York City Administration: Certificates of Occupancy). When it comes to permitting (Guttentag, 2015; Jefferson-Jones, 2015 & Miller, 2014) all cities in the United States require short-term rentals to have a permit. In Europe, Amsterdam and London do not require any kind of permitting at all and Paris only asks for this with the second unit. This is in line with the more liberal and lenient approach of most European cities.

6.4. Relation Existing Regulations

Comparing this to the regulatory approaches found in urban tourism, most regulations seem to be fitting into the approach of regulating the industry. Requiring taxation on all short-term rentals in order to create a level playing field, implementing a permitting system and additional safety requirements are clear ways of local governments to regulate the short-term rental industry. Other requirements such as primary residence or a cap on the nights rented annually would also fall in the category of regulating the industry. With regulating the industry in the traditional sense it would mean that the actual company, Airbnb, would need to be held responsible. The problem however is that all cities mainly are holding the short-term rental host responsible. This seems logical because the host is the

1 17 Jun 2016 04:00 UTC - 16 Jun 2017 13:57 UTC. EUR/USD close:1.11760 low:1.03905 high:1.13478
person operating the short-term rental, but this is also makes regulating more complex because the hosts are not businesses in the traditional sense. Similar problems arise with spatial and density regulations that fall into the category of regulating the city. Zoning codes can designate certain areas for living and others for commercial purposes. In traditional circumstances, hotels for example would not be built in the residential areas and tourism is easier to regulate in this way. With short-term rentals this is more complex. Hosts operating short-term rentals are already located in residential areas and stopping them from doing that is difficult since it is hard to trace them and enforce regulations because short-term rental platforms are not providing any specific user data due to privacy issues.

6.5. Conclusion

Looking at the different regulatory approaches it can be concluded that surprisingly, cities have relatively mild short-term rental ordinances. With the exception of Anaheim, none of the cities are actually banning Airbnb or other short-term rentals. In general, cities in the United States seem to have a stricter approach that always requires a permit and are more protective of Airbnb guests in their regulations. The restriction cities have come up with vary and all fall into the categories of qualitative, quantitative or locational regulations, but no density regulations were found. Despite the variations in restrictions, cities are usually working towards similar goals such as protecting affordable housing and protecting neighborhoods in more general terms. For this reason it might be questioned why there are these variations in restrictions between cities and why it is necessary to regulate at the city level since there seem to be not that many differences. Further investigation is needed for this.

When it comes to responsibility, all cities are at least holding the short-term rental hosts responsible and sometimes the platform itself or even the guest is held responsible as well. The problem with this is that the regulations imposed would work well with traditional B2B models. But since the host is held responsible, regulating becomes complex because these hosts do not behave like traditional businesses. Especially problems with enforcement might emerge. The next chapter will take a closer look at the City of Denver, its short-term rental ordinance and the challenges the city faces in coming up with a regulatory framework in the context of the different traditional regulatory approaches and related enforcement in order to have a closer look at these issues.
7. A Case Study: Denver and its Approach to Regulating Short-term Rentals

This chapter will start off with providing background information on Denver’s short-term rental market followed by an analysis of the interview results in relation to the theoretical framework. Ten in-depth interviews are held with people involved with the regulatory process in the City of Denver. Those are stakeholders either working for or with the city or are residents and Airbnb hosts that are part of the short-term rental advisory committee. The results are split up in several themes. It will start by describing the relation of tourism and short-term rentals in Denver followed by an analysis of the interests of local residents. Consequently the ordinance and the way it was drafted as well as best practices will be described. This will be followed by the key challenges Denver faced during the process and finally the effects of the ordinance and possible improvements will be discussed.

7.1. Denver’s Short-term Rental Market

The City Of Denver is the capital of Colorado and had 682,545 inhabitants in 2015 (Data USA, 2015). The total amount of households in the same year was 287,074 (Data USA, 2015). Short-term rentals have been present in Denver on a larger scale since the start of Airbnb in 2008 and Denver is one of the first cities where Airbnb became popular. Interviewees explain that in this year the Democratic National Convention was held in Denver which drew a big crowd to the city that had to stay overnight. Many people then decided to rent out their houses and bedrooms to make some extra money. The issues and struggles with unregulated short-term rentals only started around 2014 according to all interviewees and is also the moment when the City of Denver started thinking about how to deal with short-term rentals. Previously the regulations of Denver said that subletting under 30 days was not allowed and thus short-term rentals were illegal. Many people did it anyway so the first concern for Denver was determining if they wanted to keep short-term rentals illegal and go after violators or that they would legalize short-term rentals from now on. After contemplating for a period of two years, in June 2016 the new short-term rental ordinance was passed, deciding short-term rentals would be allowed under certain conditions. Since January 2017 the City of Denver started sending out notices of violations to hosts that did not meet the requirements of the ordinance (see Table 6 in chapter 6). Currently there are 3,540\(^2\) short-term rental listings in the City of Denver and 2,774 unique short-term rental properties (Figure 7.1, Source: Host Compliance). Comparing this number to the total amount of households, short-term rentals make for about 1% of all households in Denver. The red dots in the map are representing Airbnb listings, the blue and green dots are showing the locations of other short-term rental platform listings.

\(^2\) Source: Host Compliance, data retrieved at 19-06-2017
In total there are 78 official neighborhoods in Denver. Looking at the amount of short term rentals per neighborhood, it turns out that most short-term rentals are located in neighborhoods in, or around Downtown Denver. The neighborhoods that make up Downtown are Five Points, Union Station, CBD, Civic Center and Capitol Hill (Figure 7.2). These neighborhoods, with the exception of Civic Center, are all in the top ten of neighborhoods with most short-term rental properties (Table 7.1). The absence of short-term rentals in Civic Center can be explained by the fact that this is mainly a commercial area. Other neighborhoods in this list are all located around Downtown. The neighborhoods that have the least short-term rental properties are all located further removed from Downtown Denver and at the outer borders of the City of Denver with three exceptions: Elyria Swansea, Sun Valley and Auraria (Table 7.1). For Auraria, the neighborhood directly located next to Downtown Denver, this can be explained by the lack of residential areas in this neighborhood. Following the idea of supply and demand market forces, these numbers may imply that tourists mainly want to stay in neighborhoods that are close to Downtown Denver. It might be also be said that locals in neighborhoods further removed from downtown are less inclined to rent out their properties. Either way, visitors staying in a short-term rental are very much likely to end up in an accommodation close to the Downtown area. Even though this way it seems Airbnb and other short-term rentals are not spreading out tourism over neighborhoods, looking at the location where hotels are mainly located, this statement needs to be nuanced. Roughly said, most hotels in Denver are located in the neighborhoods Union Station and CBD (Google Maps, 2017). With short-term rentals, tourists now also have the opportunity to stay in Five Points and Capitol Hill as well as (although to a lesser extent) in other neighborhoods further removed from the Downtown Area. Again based on supply and demand principles we might assume that visitors are increasingly staying in those neighborhoods.
Figure 7.2: Official Neighborhoods in Denver

![Map of Denver neighborhoods](image)

Source: City of Denver (2017)

Table 7.1: Neighborhoods with Most and Least Short-term Rental Properties

<table>
<thead>
<tr>
<th>Neighborhood with most STR Properties</th>
<th>Neighborhood with least STR Properties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neighborhood</td>
<td>Amount of STR Properties</td>
</tr>
<tr>
<td>1. Five Points</td>
<td>225</td>
</tr>
<tr>
<td>2. Highland</td>
<td>193</td>
</tr>
<tr>
<td>3. Capitol Hill</td>
<td>180</td>
</tr>
<tr>
<td>4. Speer</td>
<td>101</td>
</tr>
<tr>
<td>5. Union Station</td>
<td>100</td>
</tr>
<tr>
<td>6. West Highland</td>
<td>98</td>
</tr>
<tr>
<td>7. Sunnyside</td>
<td>98</td>
</tr>
<tr>
<td>8. Baker</td>
<td>93</td>
</tr>
<tr>
<td>9. CBD</td>
<td>83</td>
</tr>
<tr>
<td>10. Jefferson Park</td>
<td>79</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Neighborhood</th>
<th>Amount of STR Properties</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Elyria Swansea</td>
<td>1</td>
</tr>
<tr>
<td>2. Auraria</td>
<td>2</td>
</tr>
<tr>
<td>3. College View - South Platte</td>
<td>2</td>
</tr>
<tr>
<td>4. Fort Logan</td>
<td>2</td>
</tr>
<tr>
<td>5. Sun Valley</td>
<td>3</td>
</tr>
<tr>
<td>6. DIA</td>
<td>3</td>
</tr>
<tr>
<td>7. Wellshire</td>
<td>3</td>
</tr>
<tr>
<td>8. Windsor</td>
<td>3</td>
</tr>
<tr>
<td>9. Kennedy</td>
<td>4</td>
</tr>
<tr>
<td>10. Westwood</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: Host Compliance

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3 Data were gathered on June 30th, the amount of properties may fluctuate per day but these data are believed to give a general idea about Denver’s short-term rental market. Properties in some cases might have been counted twice due to overlapping neighborhood boundaries.
7.2. Tourism in Denver

Denver is a popular tourist destination due to the nearby Rocky Mountains and other outdoor areas. Tourism is an important economic sector for the City of Denver that has been growing at a rapid pace the last few years. In 2016, the visitor volume coming to the city grew to 17.3 million overnight visitors which is 6% more than in 2015 (Visit Denver, 2017). Not only did the visitor volume grow, the visitor’s spending also grew significantly with 5% to $5.3 billion in 2016 (Figure 7.3). Sectors directly connected to travel and tourism such as food/beverage ($1.0 billion), recreation ($476 million), retail ($660 million) and transportation ($1.5 billion) are benefitting from this is as well (Figure 7.4).

*Figure 7.3: Growth Total Travel Spending in Denver of Overnight Trips*

![Growth Total Travel Spending in Denver of Overnight Trips](image)

*Source: Visit Denver (2016; 2017)*

*Figure 7.4: Visitor Spending per Sector of Overnight Visitors in Denver in 2016*

![Visitor Spending per Sector of Overnight Visitors in Denver in 2016](image)

*Source: Visit Denver (2017)*
It is believed that short-term rentals can contribute to the growth of visitors and visitor spending in Denver. It is recognized by the interviewees that short-term rentals in Denver are serving a specific segment of tourists that could be beneficial for the city’s tourism sector and the city’s economy as a whole. Concerning this matter, eight of the ten interviewees talk about the way short-term rentals are offering a new alternative for tourists. They consider short-term rentals as a complimentary aspect of tourism for the city because they enable people to come visit that otherwise might not have. Two reasons are mentioned. First the fact, mentioned by six of the interviewees, that short-term rentals gives tourists more flexibility in terms of the type of housing and the amenities it offers such as a kitchen or separate bedroom, and the location of the property which can be in any neighbourhood as opposed to hotels that are usually located Downtown. The second reason is that Airbnb is usually cheaper than a traditional lodging alternative, most likely enabling even more people to come visit and possibly stay longer as mentioned by Denver’s STR Program Coordinator and City Planner. This corresponds to the articles of Guttentag, (2013) and Stors & Kagermeier (2015), showing that the financial aspect is one of the main reasons for tourist to use Airbnb and the claim of Airbnb that tourists usually stay longer than they would when they would be staying in a hotel (Airbnb, 2017a; Arias & Quaglieri Dominguez, 2016). The interviewee from Visit Denver also explained that tourists nowadays are much more looking for the live-like-a-local experience when visiting a city. This is in line with findings about new urban tourism (Füller & Michel, 2014; Maitland, 2010) and the post tourist (Feifer, 1985) in which the authenticity of the local is central and tourism becomes highly intertwined with the daily life (Lash & Urry, 1994; Maitland, 2010; Russo & Quaglieri Domínguez, 2016; Urry, 2011). Airbnb host 2 underlines the same by having noticed that her guests are usually looking for a way “to experience Denver differently than what is a downtown experience”.

Abe Barge, City Planner in Denver, mentions that “the mix of lodging opportunities and lodging availability helps Denver attract major events which benefit everyone including the tourism sector and hotels”. It has to be noted however that no impact studies on the economic effects have been conducted in Denver yet and all the effects described are anecdotal. Additionally Stacie Loucks, previously Executive Director Department of Excise and Licenses says that initially the City of Denver saw short-term rentals as ‘an opportunity to promote business and opportunity for employment and income”, another aspect also described by Airbnb itself (Airbnb, 2017a; Arias & Quaglieri Domínguez, 2016).

Short-term rentals in Denver are seen as a way to spread tourism income over the city and to some extent to revitalize neighbourhoods as described by Airbnb (Airbnb, 2017a; Arias & Quaglieri Domínguez, 2016). This effect Airbnb and other short-term rentals have is described by five of the interviewees working either for the City of Denver or Visit Denver. Carrie Atiyeh, from Visit Denver mentions that short-term rentals can “help highlight a lot of our unique neighbourhoods because there are a lot of really great ones across the city”. For this reason other interviewees also see short-term rentals as a way spreading tourism and tourism money over the city. This is illustrated by Denver’s City Planner:

“It is also bringing people into neighbourhoods they would not have been in otherwise, and that is helping the commercial parts of those neighbourhoods. We have, in Denver, little neighbourhood commercial centres all over, and the presumption is that tourists in particular probably spend more money eating out and doing things like that. If they are staying in a house that is right by those restaurants, it is good for those restaurants. It spreads out tourist dollars to other parts of the city”.

From this perspective the spreading of tourists into residential neighbourhoods is seen as something positive and beneficial to the city as was the case in the study of Van Duuren, Van der Zee, Van Hees, (2017) in Utrecht, the Netherlands. What is interesting with this point however is that most short-term rental listings are still located in or around Downtown Denver (see Figure 7.1 and Table 7.1) showing
that visitors are not necessarily spreading the economic benefits over the whole city and still stay in accommodations that are close to the city center. Neighborhoods that are closer to Downtown but do not offer many hotels or other traditional lodging such as Capitol Hill and Five Point most likely do benefit from the spreading effect since there are many short-term rental properties located in these areas. In order for more neighborhoods in Denver to benefit from this effect, the city would have to take additional steps in stimulating short-term rentals in these neighborhoods and promoting those neighborhoods more. It is questionable however if this is desirable since not everyone is equally happy with short-term rentals operating in residential neighborhoods. This is discussed further down.

A final economic aspect that is often cited is the way short-term rentals can benefitting local families as described by Airbnb (Airbnb, 2017a; Arias & Quaglieri Dominguez, 2016) by generating money to be able to pay for mortgage or rent (Andrej Holm, 2016) or to just have some extra income (Ikkala & Lampinen, 2015). This impact of Airbnb and other short-term rentals is described by five of the interviewees as a positive aspect of Airbnb for the local community. It is noted that renting out (a part) of your house, for some people is a way to make ends meet or to have some extra money. This is confirmed by Airbnb host Buffy:

“When I started doing it, it was largely for supplemental income that I could save. It’s still for supplemental income, but it’s more important because I’m not working in the job I had. The income now allows me to stay in my home without going too deep into my retirement savings.”

In line with the literature on Airbnb hosts’ motivation to rent out their properties to tourists (Ikkala & Lampinen, 2015) she also mentions that besides this practical benefit of the money, the social aspect is really important to her because she enjoys meeting and getting to know the people.

Overall, the interviews see some substantial benefits short-term rentals and Airbnb can bring to the city. Only one interviewee, George Mayl, a non-Airbnb resident, does not see any positive aspects of short-term rentals for the city. The other interviewed resident, Charlotte Winzenburg, would prefer to not have short-term rentals in the neighbourhood but nonetheless recognizes some of the positive aspects and thus notes that short-term rentals “can be integrated in the neighbourhoods as long as it does not overwhelm”. It does seem like the positive economic impact short-term rentals might bring to Denver are the starting point for the City of Denver to choose a regulatory approach. Based on this Denver decided to not prohibit but allow short-term rentals under specific circumstances. The economic aspect is a big determining factor in coming up with the regulatory approach.

7.2.1. The Traditional Lodging Industry

The ideas of Airbnb and other short-term rentals being disruptive for the existing lodging industry (Guttentag, 2015; Lines, 2015; Oskam & Boswijk, 2016) did not come up in Denver as strongly as expected after the findings in literature. Unfortunately no interview has been held with someone from this industry, but six interviewees among which interviewees working for the City of Denver and Visit Denver (working closely with the lodging industry) explain that representatives of the traditional lodging industry showed little concerns according to six of the interviewees. Initially they almost treated short-term rentals as a non-issue and saw short-term rentals as a separate business they were not directly competing with. This is striking since the traditional lodging industry in other places has been highly concerned about the competition of short-term rental platforms (Benner, 2017; Fingas, 2017). Numbers about tourism in Denver from Visit Denver might be explanatory for this. A report on Denver’s tourism shows that in recent years the room supply, occupancy and room rates have all increased in terms of visitor spending with around 12% growth adding up to a total of $1.5 billion spent

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4 This quote was slightly altered on request of the interviewee. It did not change the message of this statement.
in Denver’s hotels and other lodging establishments (Visit Denver, 2016). Airbnb host 2 also explains that her guests are usually looking for something different than what hotels typically offer. Later on the lodging industry did ask for a level playing field in which short-term rentals would be taxed equally as hotels and other accommodation options showing that concerns might be growing. Additionally, three interviewees talk about the visitor safety and health concerns that are not usually ensured with short-term rentals as they would be with traditional lodging options. Things such as smoke detectors or fire extinguishers are often not present in short-term rental units as discussed by Guttentag (2015) and is another reason for regulating short-term rentals and making sure they do possess these attributes.

7.3. Interests of Local Residents
Considering the different types of displacement it is true that in Denver there are concerns that short-term rentals are leading to direct and indirect displacement (Brown-Saracino, 2004; Davidson & Lees, 2005; Fainstein, Hoffman & Judd, 2003; Murdoch, Grodach & Foster, 2016; Zukin, 1987). Even though there are no concrete data yet showing the impact of short-term rentals on the City of Denver, nine out of the ten interviewees expressed the concern about housing affordability and availability as a reason for regulating short-term rentals. In 2015 the median property value in Denver was $316,700 and the largest share of households have a property value in the $300k-$400k range. In 2013 the median property value was still $263,900 showing an increase of 20% and is higher than the average of all of the United States. In 2015 around half of the housing units were occupied by their owner, this is lower than the United States average of 63% (Data USA, 2015). According to the interviewees Denver is suffering from an affordable housing shortage and short-term rental might be contributing to this problem. Especially the commercial style rentals that are taking potential long-term rental units off the market, as also described by Gurran & Phibbs (2017), are seen as problematic in this respect:

“We were also concerned about affordable housing, we have rising costs in Denver and a shortage of supply. So we were concerned that somebody might purchase a five or ten unit apartment or condo building, and then rent out all those units as short-term rentals, which would effectively take those units off the housing stock in general with the affordable housing in specific”. -Luke Palmisano, Legislative Aide at Denver City Council-

The size of the impact of short-term rentals on the housing market is debatable however and opinions vary. Whitney Hixon, STR Program Coordinator, sees the 700 properties that potentially could be rented out to long-term renters as a lot because everything counts “with such a crazy housing market”. On the other hand as explained by Denver’s City Planner, currently short-term rentals make up only 1% of the complete housing stock so it is to be questioned how much this can have a big effect on the housing stock. However, without regulation, two other city employees point out, you will not know how many short-term rentals there would be in the future and how this will influence the housing stock. A reason for regulating is thus also to be able to keep track of the way short-term rentals are affecting the (affordable) housing stock of Denver as described by three interviewees. This is interesting since one might expect that regulations are based on the effects short-term rentals are actually creating which is also recommended in literature.

A different point of view concerning the way short-term rentals are affecting housing prices comes from non-Airbnb resident George Mayl who sees short-term rentals as a way of decreasing value properties, according to him, if you have a short-term rental next door, people will not want to buy your house “because they do not want to live next to a motel”. This is an interesting point since literature (Jefferson-Jones, 2015; Lines, 2015) only talks about the increase of property values but does not consider the possibility of a decreased value due to Airbnb’s or other short-term rentals next door creating negative impacts.
Concerning the changes in the neighbourhood both the changes in terms of character as well as the complaints about noise, trash and parking are mentioned which is in line with the findings in literature about issues on the neighbourhood level. When talking about a 'loss of culture' in the neighbourhood (Cócola Gant, 2016a; Gallagher, 2017) five interviewees, all from the City of Denver, talk about the voices they heard about this. There were concerns about all the people coming and going and not knowing who they are and the way this changes the feel of the neighborhood. This for one changes the neighborhood in terms of social cohesion but also changes the character of it. Denver's City Planner describes the more general complaints he often heard about this:

"It is eroding the character of the neighborhood. We moved here because it is a peaceful place where we know our neighbors, and we all say hi to each other. We know the names of each other’s dogs. Now that is changing because there are all these different people and we do not know what is going on with that".

This statement is confirmed by the two residents interviewed according to whom short-term rentals “deteriorate” and “disrupt” residential neighborhoods. In relation to this the commodification of neighborhoods (Arias Sans & Quaglieri Domínguez, 2016) as a complaint is also mentioned by City Planner Abe Barge and described from experience by a non-Airbnb resident. Not only does this change the character of the neighborhood, safety concerns are also mentioned in this respect. One of the Airbnb hosts, Buffy, however believes that this really depends on how short-term rentals are regulated and even thinks short-term rentals can strengthen the neighborhood and community by bringing guests into the neighborhood and have them participate in neighborhood events and connecting them with local residents.

In terms of more specific issues related to the aforementioned problems with noise, trash and parking were mentioned as being a concern by all but one of the interviewees. The most cited problem is with parking, followed by noise from party houses. Problems do however differ per neighborhood and depend on the type of house that is being rented out. Especially the larger houses that are being operated commercially more often cause such problems because big groups of people come to stay there almost every weekend. In neighborhoods where parking is already tight, short-term rentals are adding up to these issues, in other neighborhoods there are hardly any problems related to this. Denver’s City Planner and the interviewee from the Department of Excise and Licenses also describe that even though Downtown has the most short-term rental units, this is not the area where most complaints are coming from. The influence of short-term rentals highly depends on the behavior and individual operation of the short-term rental and it is usually in the neighborhoods with very little short-term rentals that the few that are there are making a big impact for the neighbors.

“You can have a three block stretch in West Wash Park, and in that three block stretch there is 15 short-term rentals, but you do not have any issues or hear any concerns (...). At the same time in far Southwest Denver, you could have the same three block stretch, but you only have one short-term rental and that one short-term rental is all you hear about". - Nathan Batchelder, Legislative Analyst, Department of Excise and Licenses

This shows that not only the amount of short-term rentals in a certain neighborhood but also the perceived impact on local life plays an important role in determining how disruptive short-term rentals are for local residents and what regulatory approaches should be taken. It is thus yet to be determined how big the effect is in numbers and if this corresponds to the perceived impact. If it turns out that the impact is perceived much higher in peripheral neighborhoods the argument that those areas can benefit from short-term rentals and increased tourism more does not hold as strongly anymore. What is interesting furthermore is that literature suggests that the first step in drafting an ordinance is determining the exact influence of short-term rentals on the city upon which regulations are based
The City of Denver however took an opposite approach by first drafting an ordinance as a way to be able to keep track of the impact of short-term rentals.

7.4. Short-term Rental Ordinance Denver

As recommended in literature by Lines (2015), the City of Denver has drafted a new ordinance specifically targeting short-term rentals. As found in the theory about urban tourism, one of the most important things when drafting regulations is to make sure visitor needs and quality of life of residents are balanced (Fainstein, Hoffman & Judd, 2003; Haywood, 1992). This is also the main reason for regulating Airbnb and other short-term rentals in Denver, which is a city that benefits hugely from tourism as an economic sector but also has to keep local resident’s interests such as neighbourhood changes and affordable housing availability into account.

To make sure are all the interest would be represented, the City of Denver installed the Short-term Rental Advisory Committee. This is also one of the recommendations found in urban tourism literature related to local policy making (Bramwell & Sharman, 1999; Costa & Martinotti, 2003). The advisory committee in Denver consists of stakeholders with diverse backgrounds such as Airbnb hosts, non-host residents, Visit Denver, the Denver tourism organisation, the Hotel and Lodging Association and the Association of Realtors, each of them with their own interests. Buffy, an Airbnb host, for example says she is a member of the committee because she supports the regulation of short-term rentals because she doesn’t want to operate in the shadows. George Mayl, a non-host, wants to protect neighborhoods and property and Visit Denver is there to represent the voice of the visitor. The idea behind the committee is to put together a group of people that disagree with one another and have them give recommendations from different points of view. Their role is to give recommendations on improvements on the existing ordinance. This way it would be supported by everyone. In this respect there are also certain subcommittees looking into specific aspects of the ordinance to determine if this has been the right way to go. All the interviewees are positive about the way the short-term rental advisory committee is operating. Buffy, one of the Airbnb hosts for example says that “It brings us together in a good environment, as opposed to having us never getting together face to face”, a non-Airbnb resident mentions that it “has developed a good dialogue” and another explains that “It’s the power of the public to work together and help solve problems and make sure the city government addresses them”. Another positive aspect that is often mentioned in specific is the cooperation with Airbnb in collecting state taxes and to make Airbnb hosts aware of the new ordinance as well as the cooperation and open communication between the different departments of the City of Denver. Together with the input of people that are now part of the advisory committee, the ordinance (as shown in chapter 6) was drafted.

Even though all interviewees are fairly optimistic about the way the short-term rental advisory committee is operating, some interviewees also feel like too many compromises in the regulatory approach had to be made to be able to get everyone to agree on the ordinance. Because of this they feel the ordinance is quite vague and leaves too much flexibility. It could be the case that one of the unwanted effects of stakeholder collaboration as briefly mentioned by García & Claver (2003) has occurred. The many conflicting interests might have resulted in a deregulatory effect.

Important for the City of Denver was to find a way operating short-term rentals would be legal and regulated and at the same time make sure it would be done in responsible manner. According to Charlotte Winzenburg, a non-Airbnb resident this is “a good solution to give people an opportunity to make a little income, provide some nice tourist spots and keep the fabric of the neighborhood intact”. It is also seen as a way to make sure that short-term rentals can flourish now, but that there would not be many more in the next few years. In order to come up with the appropriate regulations, interviewees agree that it was important that the City of Denver took its time to come up with the ordinance. This way Denver had the chance to look at other cities and take valuable lessons from them.
and made sure it would regulate short-term rentals in the correct way. “We did not care about being first, we just wanted to get it right”, the Legislative Aide of the City Council said. One of the things Denver knew from the beginning is that it did not want to stop people from short-term rentals, they just wanted to regulate it in order to keep track of the developments. Looking at cities like Nashville, Portland and San Francisco that already had a short-term rental ordinance a place the City of Denver realized that they needed to keep the ordinance as simple as possible as well as the license being easy to obtain for hosts. Additionally one of the things the City of Denver saw did not work is having an ordinance that is unenforceable because it requires complicated on-site inspections. Finally, after adoption of the City of Denver’s STR ordinance, officials noticed other cities were being served with lawsuits from Airbnb based on their rules or regulations. Even though the ordinance was not drafted this way out of fear for lawsuits of Airbnb and other short-term rental platform, Denver officials noted that their ordinance, to date, has avoided any unnecessary or costly lawsuits with STR platforms with their licensing framework.

One of the main aspects of the short-term rental ordinance of Denver is the primary resident requirement. This became part of the ordinance to make sure commercial style short-term rentals, the units that in general cause most problems, would not be able to operate in the city. According to the interviewees commercial short-term rentals do not belong in residential neighborhoods. With the primary residence rule people would be able to keep on renting out but it would prevent them to buy up ten units and transform them into fulltime businesses. It is a way to safeguard housing stock in affordable housing. The STR Program Coordinator explains this process as follows:

“We did primary residence so the people who are actually conducting it in their home (...) could still rent out their home and be away for a month at a time or however long they travel for. We felt like it probably would take a big toll on the rental market and the housing market if we did a tiered system where you can have an investment property license, as well. (...) I felt like primary residence just matched Denver well to try to please both parties.”

Other than that most interviewees mention the conciseness of the ordinance as one of its positive aspects. Besides the big primary residence rule, there are not that many rules. Three interviewees explain that this is done on purpose. This way the ordinance is easy to understand for everyone and all the regulations can be found in one place. Furthermore the City Planner describes that “It was a good idea to avoid getting into the details, to kind of try to focus on big picture things first (...). Do not try to solve every problem, recognize that it is evolving”. By some other people, as described above, this is a sign of compromising too much which is making the ordinance to lenient.

Besides the primary residence rule there are some additional requirements that all interviewees are optimistic about. To ensure guest safety the ordinance requires all hosts to have a smoke detector, carbon monoxide detector and fire extinguisher. It also requires hosts to make sure guests are aware of any contact and emergency information to further ensure their safety as well information about parking, restrictions on noise and trash collection in order to mitigate issues in neighborhoods. In order to create a level playing field for the traditional lodging industry the City of Denver now requires all short-term rental operators to pay 10.75% lodging tax. This amount of money has to be separately collected and manually calculated by the hosts themselves whereas state taxes are currently automatically collected through the Airbnb platform.

Concerning the level of implementation of the regulations, there is a general consensus that the local and city level is the best way for regulating short-term rentals. This is also suggested by Gurran & Phibbs (2017) and Lines (2015) to ensure that specific city issues are addressed. Cities within the state differ so much that one policy would be too generic for all of them. Some mountain towns and resort like cities in Colorado consist out of many short-term rentals year round as part of their tourism
industry and it has been like this since a long time whereas in the City of Denver the arrival of short-term rentals is a recent development and happening in residential areas as opposed to areas that were meant for tourism. Short-term rentals are impacting the local community and should thus be regulated at this level as well according to all interviewees. The idea of regulation at the neighborhood level is seen as too complex and practically unenforceable. The STR Program Coordinator however does think that neighborhoods sometimes could be a bit more involved when it comes to enforcement and Denver’s City Planner does see a stronger position towards platforms like Airbnb when it could be regulated at the state level.

7.5. Overcoming Challenges
This section will talk about the challenges Denver has faced in the process of drafting regulations as well as after the short-term rental ordinance was implemented. It firsts discusses the general challenges after which the challenges of adapting to a new type of industry as well as challenges with enforcement are discussed.

7.5.1. General Challenges
Getting to an ordinance to implement was not an easy and quick process in Denver. In total the process took about two years and there were several challenges along the way. Half of the interviewees mention that is was really difficult to balance the rights and interests of all stakeholders involved. All stakeholders had really different opinions on the matter and getting everybody to talk to each other and to agree with one another was one of the biggest challenges for the City of Denver. This is described by the STR Program Coordinator:

“Just trying to get people to agree on it because everyone had such conflicting perspectives and it is fairly controversial. I mean, most people are either for or against it. There is not a lot of people that are just kind of neutral and easily swayed”.

To eventually create a proposal that would reflect those different interests was another challenge. The aspect of the ordinance that got the most pushback was the primary residence requirement which was brought up by eight of the interviewees. The problem with this is was mainly that homeowners feel like they have the right to do whatever they want with their property. “You have to go through a lot of justification to make rules why you cannot basically” explains Denver’s City Planner. Homeowners do not want to be regulated. But at the same time neighbors do not want a business next door which makes it a tricky balancing act. A way to overcome these challenges were to get the Short-term Rental Advisory Committee together to make sure all voices were heard and people with different opinions could get together and talk to one another but at the same it was very difficult to take all those diverse views and keeping everybody happy.

Getting an ordinance past the various departments and City Council was another challenge since some felt the rules were still too vague and the many departments initially wanted to go with the traditional approach instead of the online licensing system. Consequently making people aware of the new regulations for operating short-term rentals was somewhat of a hurdle. Even though the ordinance was in place, the city had to come up with a way to make sure hosts were aware of the new regulations.

7.5.2. Adapting to a New Type of Industry
When talking about regulating Airbnb it became clear that traditional regulatory frameworks based on business to business models missed their purpose in regulating short-term rentals; Airbnb does not seem to fit in either of the traditional categories described. An important question thus is who should be held responsible when it comes to the negative impacts short-term rentals might bring. In the way Denver crafted its ordinance, it chose to hold individual hosts responsible. There is a general consensus
among the interviewees that this is the best way to do it. All interviewees confirm that in their opinion it is always the host or homeowner that should be held responsible for the impacts of the short-term rental unit. Not only because this seems most reasonable, but also because this is most practical. Because “Airbnb does not really exist, except as a platform” says one of the Airbnb hosts, and it is “just an internet service matching buyers and sellers” (City Planner), it is hard to enforce the platforms. Enforcing against guests is also impractical because they are only there for a few days. This confirms that it is not easy to apply existing regulations that either focus on regulating visitors or the industry to an online platform such as Airbnb. Looking at the regulatory approaches found in urban tourism Denver included requirements in the ordinance that regulate the industry. Since Denver is holding hosts responsible, actually applying those regulations and enforcing them is difficult because hosts are not official businesses. With the licensing system, Denver is treating short-term rental hosts as business and hopes to change it this way.

Other challenges with this new type of platform when it comes to regulations are adapting them to this new type of industry and the technology. As the previous Executive Director of the Department of Excise and Licenses describes:

“Most of our regulations (...) are over a hundred years old. (...) It has not changed much in the last 80 to a hundred years and they are very staff intensive. We knew that this could be our opportunity to switch that paradigm”.

Before the specific short-term rental ordinance came into being there was no specific law addressing short-term rental rentals. Short-term renting was not mentioned in the zoning code. If people wanted to do this they could get licensed as a hotel but the process was very difficult for a normal residential place. The interviewee that is currently working for Denver’s Department of Excise and Licenses says:

“The problem is the existing tools weren’t sufficient to enforce it. I think it’s a matter of government catching up to technology and creation and innovation. I think we knew all along that this was a 21st century industry, you cannot apply 20th century regulatory tools”.

Denver has thus been looking for new ways to make sure that the short-term rental ordinance fits the 21st century. This has resulted in an entirely online licensing system in which hosts self-certify to be complying. Because the industry also happens completely online and hosts are selling the product over the internet, the City of Denver decided that this is the place where hosts should be able to get registered as well. All of the interviewees recognize this as one of the most important aspects in having a high compliance rate. Due to the online licensing system hosts do not have to go downtown to the office of excise and licenses but can just do it via their computer. This is the first license in Denver that you can get online because this seemed to be the perfect type of industry for that. With this Denver is the first city that has put on online licensing system for short-term rentals in place.

Besides having the license online, enforcement is also done online. The City of Denver made advertising a short-term rental without license number a penalty. This way not only operating a short-term rental (which is harder to enforce) but also advertising the short-term rental online without a license is a violation. This means enforcement officers can just look at the advertisements to track down violators instead of going door to door and trying to find out who is actually renting out the place or not. If people are advertising, they are most likely also operating, having this enforcement system online is thus an easy way to track down illegal hosts. Finally the reaching out to hosts to make them aware of the new ordinance was done in an innovative way by using different online channels such as social media and Spotify. This way Denver tried to target the market group at the level they were operating on. In summary the previous Executive Director of the Department of Excise and Licenses says “the key lesson is to embrace technology” which is illustrated further by Nathan Batchelder, currently working for this department:
“We are just always trying to be nimble and flexible and responsive. Always trying to catch up and try to find different tools for different industries. I think not stifle or fluster or stymie creativity and innovation but try to hold individual residents accountable and responsible”.

A final challenge was found in the tax code. The current city law of Denver does not allow third parties to collect taxes which was mentioned problematic by eight of the interviewees. If a third party would be allowed to collect taxes, Airbnb could do this on behalf of the hosts. Right now hosts still need to do this by themselves which is seen as burdensome. Legislative Aide at Denver City Council explains:

“Our tax code which I think was written before there were computers, did not envision a type of platform like this where there is not a large corporation that owns all the assets. So right now each individual host has to remit their own lodger’s taxes”.

At the moment of interviewing this is an issue the City of Denver is still working on but hopes to resolve with a new tax code in the summer of 2017.

7.5.3. Enforcement

Besides the challenges related to drafting the short-term rental ordinance and getting the ordinance out there, enforcement is another challenging issue when regulating short-term rentals in Denver. As came forward in the theory many cities are struggling with enforcing regulations on Airbnb’s and other short-term rentals (Edelman & Geradin, 2015; Espinosa, 2016; Gottlieb, 2013). It is a difficult task to come up with regulations that are also practically enforceable. Mainly because exact addresses of short-term rentals are not shown on the platforms, local governments can only guess where for example the Airbnb is located. It is of course possible to look at pictures of houses and compare them to the real life situation, but hosts have become aware and came up with tricks to avoid being found. Showing pictures of only the interior of the home is one example, taking down listings during office hours (when city employees are working) and putting them back up during the evening (when people are generally booking the vacations) is another strategy that makes it incredibly difficult to find short-term rental hosts. With the help of Host Compliance LLC, the City of Denver has been able to identify the majority of addresses of short-term rentals and can send out notices of violations in an instance. Violators first get this notification, if they do not get the license or do not comply with the rules, they can face steep fines from $150 to $999 dollars a day or the revoking of the license if non-compliance continues after the notification of violation has been served. Even though Denver chose for not too complex regulations, some issues with regulations were still brought forward. Two employees of the City of Denver, who are currently most involved with enforcing the regulations, expressed that enforcing regulations is still challenging. How for example is it possible to verify if there are four of five people staying in a property when talking about capping the amount of visitors? There are also concerns about the identification of the primary resident or large groups coming over at the same time.

The same goes for the safety regulations (which in essence are the same as for long-term renting), hosts self-certify that they have a fire extinguisher and smoke detector and that they provide guests with all the necessary information about trash collection and things alike but no inspector is going to check if hosts are actually abiding by those rules because this is a difficult process. Denver has almost 3000 short-term rental units and for city employees to go and visit all the properties would be time consuming and costly. On top of that, the short-term rental market is very dynamic with hosts quitting to operate the short-term rental or new hosts starting each month. This would make it hard for the City of Denver to keep up. If there would be a complaint from a guest then the host would be

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5 Information from Host Compliance
contacted and asked to provide proof. In case of absence they could lose their license and with this the City of Denver hopes it is enough to make host comply.

In case of excessive drinking and partying it is still really hard to address such issues because it usually happens when inspectors are not on duty and the police has more urgent cases to deal with. In general however, it turns out to be very difficult “to take major enforcement actions against things people are doing at their own property, unless they really step outside the bounds” says Denver’s City Planner. In case hosts do operate recklessly or irresponsibly the license can get revoked.

7.6. Effects & Improvements
As mentioned by the interviewees, at the moment of interviewing Denver reached a compliance rate of around 50% meaning that out of the 2,774 short-term rentals at least half got a license. With this number Denver’s compliance rate is far above those of other major cities in the United States like Portland and San Francisco. All interviewees are very content with this result and think Denver has done an exceptional job in getting there. This is one of the most important effects of the ordinance. Around 750 properties have disappeared completely from being a short-term rental, most likely because they did not fit the new requirement of primary residence. Talking about the effects Airbnb host 2 says:

“I think that is probably a big change, is that either people have gone away, have gone to 30 days or longer or have just gotten out altogether. I think that is probably a change and the people that remain I think are serious about wanting to have their homes be available to people to stay, they view it as something they have to take seriously”.

In terms of the way short-term rentals affect neighborhoods after the ordinance was implemented, opinions differ. Some people are very happy with the changes so far because hosts that did not meet the primary residency requirements stopped operating, but there are also people that are still really frustrated and want to turn around the whole short-term rental ordinance. One of the residents for example says that for people living around party houses, things have improved a lot already, but another resident still sees quite some bad hosts that are causing problems with noise. Four of the interviewees explain that complaints about short-term rentals have changed. Whereas before people would be complaining about short-term rentals being there in general and being illegal, currently there are more complaints about issues related to trash, noise and parking. The STR Program Coordinator and previous Executive Director of the Department of Excise and Licenses, do however believe that complaints have lessened. Another complaint and one of the bigger issues that needs to be looked into is now about hosts not being primary resident of the rented property. Since on-site inspections are complicated and time-consuming, enforcement of this aspect of the ordinance is still difficult and ways to trace this in an easier way are still discussed. In general, it can be said that at this moment it is hard to tell what the exact improvements on described neighborhood changes have been. Even though hosts get a license they might still behave in a way neighbors believe they should not, the licensing system does not have a direct meaningful effect on hosts or guests behaving better. The City of Denver is still looking at ways to measure and improve this. Nathan Batchelder of the Department of Excise and Licenses says:

“We have more than half of Denver licensed, that is one criteria, but it is just quantitative (...). Another metric could be quality of life, right? Have the issues that have been forwarded to us about just general disruptive behavior, disruptive activities, has that been able to be addressed? (...) I do not think everyone has really been able to measure that just yet”.
Thus one of the things that could be improvement according to half of the interviewees is finding better ways to measure success as well as making the compliance rate go up even higher. As for why not all people might be in compliance yet, STR Coordinator Whitney Hixon mentions that it might be because some people might not know about the new rules yet or they do not realize there is a step two in getting all the permits. Communication and education about the new ordinance is therefore one of the things that can be further improved. Related to the permitting system Nathan Batchelder also mentions that the system could be streamlined more because people do not always realize they have to get both a lodger’s tax license and business license or are confused about the order to get these permits. Of course there are also just people that are trying to keep running their short-term rental as long as possible without having the right permits, says Whitney Hixon. Because of this, non-Airbnb resident George Mayl feels like the most important thing that should be done right now is starting with stricter enforcement and handing out fines to hosts that are not complying yet.

Another thing that seven of the interviewees talk about that could be improved is looking at the effects of the primary residency requirement. It needs to be studied how this effects short-term rental industry and if neighborhood impacts would change with a different rule. Many people still feel that primary residency is too restrictive and Airbnb host 2 even mentions that it might encourage people to go underground with their short-term rental. If this is true, it would mean that not only prohibiting, as described in literature (Jefferson-Jones, 2015) stimulates the illegal operating of short-term rentals, but also any kind of restriction could lead to this behavior.

Once there is more information on the influence of short-term rentals on the City of Denver in general it might turn out that some of the requirements need to be adjusted or more rules need to be added. Luke Palmisano, Legislative Aide to Denver’s City Council, for example illustrates this by saying that when it turns out there is less of an housing issue, Denver could be more open to somebody renting a secondary property. Additionally two other employees from the City of Denver mention that in the future Denver might need to look into ways to enforce the regulations better or alter the regulations so that they are easier to enforce.

The majority of interviewees (seven in total) also mention the tax collection system as a point of improvement. As described in the previous section, currently lodger’s tax is not collected by the platforms but by hosts themselves. Having this done by Airbnb, and possibly later also the other platforms, would be a major improvement. Buffy, one of the Airbnb hosts also describes that she would love to see changes in the way she can insure her short-term rental business. Right now there are not really many (affordable) options to insure this and she hopes the insurance market will come around and come up with an insurance system that can be used for all aspects of the sharing economy.

7.7. Conclusion

Tourism forms a substantial part of Denver’s economy and short-term rentals are seen as a way to further stimulate this. Short-term rentals offer new alternatives to tourists looking for a different experience and possibly attracts tourists that otherwise would not have stayed in the City of Denver. This point has been the starting point for the City of Denver to allow short-term rentals under specific circumstances. Besides boosting the tourism sector in Denver, it also considered as a way for local residents making some money by renting out (parts of) their home in order to make ends meet and for tourist money to spread across different neighborhoods benefitting local businesses. From data however it also became clear that most short-term rentals are located in and around Downtown so the spreading effect is possibly only marginal to those neighborhoods without traditional lodging options but with a relatively high amount of short-term rentals.

There have also been some issues recognized that come with short-term rentals. The concerns about the impact of short-term rentals on the housing market and neighborhood changes combined with safety issues and the wish for creating a level playing field in the lodging sector were reasons for
Another reason for regulating short-term rentals is to be able to keep track of the actual influence short-term rentals have on the city to be able to adapt to that in the future. An interesting point since one would expect the regulations to be based upon the actual impacts instead of the other way around.

For this reason Denver has come up with a new and specific short-term rental ordinance including requirements that address these issues. Hosts need to be the primary resident of a property in order to protect affordable housing. This has an effect on the livability of neighborhoods as well and to further improve this, hosts are required to provide information to guests about noise and parking restrictions as well as trash collection. In order to create a level playing field for the traditional lodging industry, hosts now need to pay lodger’s tax. To guarantee safety and health of guests at all times the ordinance asks for hosts to take certain safety and insurance measures such as having smoke detector at the property.

The main challenges the City of Denver faced during the process of drafting regulations were balancing the interests of all stakeholders and drafting an ordinance that would reflect all those different interests. Adapting to a technology based platform that does not fit into traditional business models because the host is seen as the business and held responsible for any impacts was another challenge that needed to be overcome. An issue that remains challenging until now is enforcement of the ordinance.

At the moment around half of Denver’s short-term rental units have obtained a license which is seen as very successful. There are several best practices that have been identified for the success of Denver drafting this ordinance and reaching such a high compliance rate. Working with an advisory committee and working with all the stakeholders involved is one of them, as well as the collaboration of different departments within the City of Denver. Keeping the ordinance simple and taking time to draft it is something else that is seen as a key aspect of Denver’s success. At the same time this is seen by some as too much of a compromise due to too many conflicting interests of stakeholders.

In terms of the ordinance itself, the primary residency requirement is seen as very valuable, as is requiring to have the license number in the short-term rental advertisement in order for enforcement to be easier. Working with technology based solutions such as hiring a company to provide you with more data about the short-term rental listing and having the permitting system online are seen as other major best practices.

Even though the compliance rate is high, there are no real ideas about how this is effecting neighborhoods in general, finding a metric to measure this is something Denver has to look into. This can be used for determining if for example the primary residency requirement needs to be revised or other rules need to be added to the ordinance. Having the tax collection being done by Airbnb and other short-term rental platform in another point of improvement that the City of Denver is working on.
8. Conclusions and Discussion

This research focused upon the regulatory approaches surrounding Airbnb based on literature about the postmodern and urban tourist in which tourists are looking for an authentic experience in daily life. Airbnb, a relatively new player in the tourism field is adapting well to this trend by offering home-shared accommodations. This thesis started off with a description of this trend as well the impacts of urban tourism in relation to Airbnb. It seems that many cities are fearing that Airbnb is taking over the city which has been the main inspiration for this research topic looking at the way cities are dealing with this development. In order to answer the main research question *How can different cities improve their strategies for coming up with regulations for dealing with the impacts of Airbnb?* and related sub questions of this thesis, two qualitative research methods have been adopted. First of all policy documents related to short-term rentals of eleven cities in Europe and the United States have been analyzed and compared based on qualitative content analysis. The City of Denver was chosen as the case study for further analysis of the process of drafting a short-term rental ordinance and related challenges. Ten in-depth interviews were held with stakeholders involved in the regulatory process in the city. In this chapter, the results will be critically discussed following three themes that are in line with the sub questions: regulatory approaches, reasons for regulating, and challenges. Consequently the main research question will be answered and recommendations for praxis will be provided. Finally the limitations of this research are considered followed by recommendations for further research.

8.1. Regulatory Approaches

This research shows that cities across Europe and the United States are dealing with Airbnb in different ways. In general European cities seem to be more lenient towards short-term rentals than their American counterparts and are cities in the United States more protective when it comes to Airbnb guests. However, most of the ordinances are not as strict as they may have appeared at first sight. With the exception of Anaheim, no city is actually banning short-term rentals all together. Most cities most likely want to benefit from the positive economic effects the tourists staying in Airbnb accommodations can bring which involves not only the city and its tourism industry, but also entrepreneurs around Airbnb accommodations and residents renting out their homes. Although none of the cities (except for one) actually bans Airbnb or other short-term rental platforms completely, there is still diversity in the amount of restrictiveness based on the effects of urban tourism in general. Cities like Barcelona and New Orleans have adopted partial bans for certain areas in the city and other cities have tried to limit the impacts of Airbnb by requiring the host to be on site during renting or having a primary residency requirement to avoid commercial-style short-term rentals operating as businesses. The strictness could depend on the extent to which tourism already brings benefits to a city. In cities such as Anaheim and Barcelona, the pressure of tourism is already so high that both the city nor the residents feel the need for tourism thus resulting in (partial) bans. In other cities that still want to stimulate tourism like Denver, regulations are milder towards Airbnb and other short-term rental platforms. This also explains the regulatory approach of Denver in which short-term rentals are allowed with only a few requirements like being the primary resident, taking safety precautions and paying taxes.

Another way to diminish the influx of tourists is by quantitative measures, capping for example the maximum amount of nights guests can stay or the amount of nights a property can be rented out. Despite some variations in the regulatory approaches, all of them seem to have two things in common: first of all, they all try to limit the amount of tourists in residential homes and neighborhoods. The second thing they all seem to want to prevent is commercially operating short-term rentals. This also came forward in the case study of Denver where one of the bigger concerns is commercial Airbnb or other short-term rentals. It seems that not the original idea of home sharing of Airbnb is what is the main problem for cities, rather it is the fact that people see opportunity in this and start to buy up
houses and apartments to permanently rent out on platforms like Airbnb. This is an interesting point, because with this development of commercial style Airbnb’s, visitors are moving back to a more traditional form of tourism in which the social aspect of it is less apparent or even absent.

8.2. Reasons for Regulating

Motivations that underlie the different regulatory approaches in cities are based on variations in the cities as well. As said, cities with a high pressure of tourism tend to have stricter regulations towards short-term rentals than cities that want to boost their tourism sector. Despite these differences in strictness, most cities have similar reasons for regulating which are protecting affordable housing and protecting neighbourhood character. We might wonder how necessary it is for cities to come up with their own ordinances and if there could be a one-size-fits-all policy since motivations for regulating are more or less the same and restrictions seem to be working towards the same goals as well (limiting the influx of tourists and preventing commercial style short-term rentals). For two reasons I would like to argue that this would not be the best idea.

First of all, what is too much tourism differs per city, for some cities like Barcelona and Anaheim that are already influenced by tourism to a large extent, emphasis is put on the negative aspects that they bring such as taking properties of the housing market and overcrowding. In other cities, as the case study in Denver shows, the focus is mainly on the positive impacts related to short-term rentals. Balancing this with the interests of local residents is what follows. The regulatory approach thus not only depends on what cities want to achieve but also what underlying processes are already playing a role. Do cities for example already have issues with affordable housing or gentrification related processes? The case study of Denver also showed that implementing the same regulations for all cities and towns in the state of Colorado would not work since mountain towns and ski-resorts are used to commercial style short-term renting and it is not considered that much of a big deal.

Another thing that came forward in this research is that not only the amount of short-term rentals and the actual impact of them determine the extent to which they are experienced as problematic. In Denver, the neighborhoods that are further removed from the city center and usually have fewer short-term rentals, can experience the short-term rentals as more problematic than neighborhoods closer to Downtown with relatively more of those. This shows that the perceived impact can be more important than the actual impact which could not only be true for different neighborhoods but also for different cities. Applying one short-term rental ordinance not taking into account the perceived impact is another argument for why a one-size-fits-all-policy is not realistic.

Even though in literature Airbnb is considered a disruptive innovation for the traditional lodging industry, in most cities this does not seem to be the primary reasons of concern. Only Amsterdam and Denver explicitly mention this as a reason for regulating. In Denver it came forward though that the traditional lodging industry is not really concerned and sees it more as supplemental than as direct competition. This could be explained by the fact that tourism is growing and there is no oversupply of accommodation yet. It is however not known if tourism is growing due to the increase in short-term rentals or that short-term rentals as well as more traditional forms of accommodation are benefitting from the increased tourism. Besides the fact that cities do not mention the creation of a level playing field in their ordinance, these cities do all ask for lodgers or tourist tax and most cities, especially in the United States, require some sort of safety measures which automatically leads to a more equal playing field for short-term rentals and traditional lodging. This also benefits cities in terms of tax revenues and clarifies why cities have these regulations despite the fact that they do not mention this specifically in their ordinances.
8.3. Challenges
The main challenge with regulating Airbnb is the shift in responsibility. Whereas with traditional forms of tourism regulatory approaches are based on B2B models, with Airbnb this is problematic because the host is functioning as the business but is not yet treated in such a way. This is also complex because enforcement of anonymous hosts, no matter what type of regulatory approach is adopted, is incredibly difficult. By coming up with a licensing system that treats Airbnb hosts as a business, Denver and other cities are trying to overcome this challenge. Even though at least half of Denver’s short-term rentals hosts have gotten a license with which the City is very successful compared to others, enforcement remains difficult since safety requirements are only self-certified and primary residence is also a tricky aspect to check for around 3000 individual short-term rental units. And even if hosts would comply with these regulations, it remains unclear if the license makes hosts and guests more responsible and well-behaved or that the problems related to neighbourhood changes remain. This raises the question to what extent regulating Airbnb and other short-rentals is actually realistic since it seems that no matter cities decide to prohibit or restrict short-term rentals, in all cases it is hard to enforce and could possibly stimulate the illegal operation of short-term rentals.

Working with many different stakeholders is another big challenge when it comes to regulating short-term rentals. Even though it is recommended to make use of stakeholder collaboration, the Denver case study shows that such diverging interests can also lead to a certain amount of deregulation which could be an unwanted effect of working with people with diverging and often conflicting interests.

8.4. Improving Regulatory Strategies & Recommendations for Praxis
Comparing the conceptual framework based on theory with the results from this research, some interesting points came forward. Looking at the locational factors it became clear that most cities are focusing their policies on two of the negative effects of short-term rentals being the shortage of affordable housing and neighbourhood changes, representing the resident of the city. The disruptive character of Airbnb for the traditional lodging industry seems to be of a lesser concern to the cities thus diminishing the role of this industry as a stakeholder. On the other hand, cities do want to benefit from the economic impact tourists staying in Airbnb accommodations can bring with which they emphasize the tourist and tourism industry as a stakeholders. As with urban tourism, the struggle of cities with Airbnb thus mainly seems to be balancing the interests of residents off with those of the (economic benefits of) the visitors. It has to be noted however that in the case of Airbnb, residents are split up in non-hosts and hosts in which the latter is directly benefitting from Airbnb tourists as well. Finally, Airbnb is a stakeholder that needs to be kept in mind as well because there is the possibility of being served with a lawsuit if an ordinance is not carefully crafted. This results in different stakeholder visualization in the conceptual framework as proposed before (see Figure 8.1).

Changes in the conceptual framework also occur in the section of locational factors. Since the influence of Airbnb can differ per city based on underlying processes such as the amount of tourism present, another recommendation is for cities to have a general sense of the effects Airbnb and other short-term rentals actually have on the city. As said, this research showed however that not only the actual impacts of short-term rentals in a city determine the extent to which it is experienced problematic. The perceived impact is an important factor for cities to keep in mind as well when thinking about regulating Airbnb and other short-term rentals. This means not only big cites with many short-term rentals, but also smaller communities with relatively few short-term rentals should be thinking about how to deal with companies like Airbnb, making this research even more relevant to many more places. Another point of attention that should be added on this matter is that even though
cities seem to have similar goals, underlying processes and existing issues the city is already dealing with should be taken into account as well. For this reason it is still recommended to regulate short-term rentals at the individual city level. This is visualized in Figure 8.1 as well. That said, cities with common interest could have a stronger position towards the platform by teaming up together.

One of the most important things in a more general sense to keep in mind when it comes to regulating companies like Airbnb is that local governments should not stick to traditional business to business models. Rather they should either find new ways to regulate hosts or to be able to treat hosts as a businesses. Even though some cities are holding Airbnb and even guests responsible, the recommendation based on this research is to treat hosts as a businesses with a licensing system and try to treat them as small businesses. Despite the fact that there are still some enforcement issues related to this, this seems to be the most realistic and practical way of regulating.

Related to this is that, since this is such a stringent aspect, regulations that are drafted need to be enforceable so before implementing an ordinance local governments should think about ways to enforce thoroughly. A final advice is that when it comes to regulating an online platform, local governments should adapt their strategies to this type of industry by for example reaching out to hosts online and having an online permitting system. These final recommendations in terms of responsibility and adapting to a new type of industry are shown in Figure 8.1 below as well.

8.5. Limitations & Recommendations for Further Research
This research inevitably comes with certain limitations that might have influenced the research to some extent. There are also some interesting topics that were not studied in this research but together with new results form the basis for further research. A specific limitation of this research design is the research population of the in-depth interviews in Denver. In general all interviewees, with quite conflicting interests, express a positive stance towards the short-term rental ordinance. It has to be noted however that all interviewees were part of the Short-term Rental Advisory Committee or work for the City of Denver, which could have influenced this research with a more positive bias. Interviewing stakeholders that were not involved in drafting regulations could have given different results in this respect. A critical perspective from the researcher was therefore necessary to make sure the story was not portrayed unrealistically optimistic.

Another limitation of this research lies in the fact that it was not possible to talk to all different stakeholders involved. Talking for example to somebody from the real estate market or Airbnb itself would have been very interesting and a contribution to this research but was unfortunately not possible at the time. This might have steered the results away from a focus on these stakeholders and their interests. On the other hand, City Officials are believed to have a neutral position taking interests of all stakeholders into account which is believed to be sufficient to draw conclusions for this research.

Since the case study of this research focused on Denver, not all results are automatically applicable to other cities because locational factors differ greatly between cities. Even though an attempt was made to include more cities in this research by looking at policy documents, this master thesis was limited in terms of time and resources to be able to study all cities in depth. Therefore more qualitative in-depth case studies could be done in other European cities and cities in the United States studying the regulatory approaches and challenges to be able to make comparisons between cities and to come to more general results.

This research did also not specifically look at the impacts of Airbnb on cities but focused on the regulatory aspects. Even though this is a very relevant topic, more studies on the influence of Airbnb could be conducted as well. Little studies have been done to prove effects such as increased rents or housing prices due to Airbnb. Interesting for example would be to know how short-term rentals are actually influencing rental prices and property values. Are they indeed rising as is the main concern of many cities, or could it be that property values around short-term rentals are actually dropping

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Figure 8.1: Revised Conceptual Framework

- **Locational Factors**
  - Existing Issues
  - Perceived Impacts
  - Positive Impacts
  - Negative Impacts
    - Regulating at City Level
- **Economic Impacts Tourism & Other Related Industries**
- **Visitors**
  - Airbnb hosts
  - Tourism Industry
  - Lodging Industry
  - Airbnb
- **Residents**
  - Shortage Affordable Housing
  - Neighborhood Changes
- **Stakeholders**
  - Responsibility
  - Guest
  - Host
- **Online Strategies**

**Regulatory Approach Airbnb**
because of the negative effects it can bring to neighborhoods? Those and other impact related questions remain yet unanswered and require further research. Especially qualitative studies looking at neighborhood changes and perceived impact are scarce if not non-existent. Knowing more about the exact effects of Airbnb on a city will also help in giving better recommendations for regulating Airbnb but fell outside the scope of this research.

Another thing that came forward in this research is that many of the short-term rentals in Denver are still located in or around Downtown area, showing that tourists might not necessarily be looking for the authentic local life experience as suggested in literature about the post tourist and Airbnb. The fact that short-term rentals are increasingly operating commercially and are not based on home sharing supports this argument. Even though there are some studies looking at the motivations for travelers to stay in an Airbnb, more research on this topic could be done to reveal more about the reasons why people or staying in (different) types of Airbnb accommodations.

Since this research showed that enforcement remains difficult, more studies on the effects of regulatory approaches and ways to enforce are therefore needed to have a better understanding of how cities can deal with short-term rentals after an ordinance has been put into place. Since short-term rental ordinances have only been installed recently in most cities, no studies on the effects of the regulations have been done yet.

What is clear, is that Airbnb is a big thing and many cities are far from figuring out how to handle this new player in the tourism field. Although the statement that Airbnb is taking over the city might not be the reality (yet), cities across continents are definitely concerned making this research and all subsequent research timely and relevant. This research aimed to contribute to the academic knowledge about regulating Airbnb and provide insights in underlying processes and challenges. It is believed that this study has achieved its goal in adding knowledge to the academic debate on this topic as well as it has provided practical insights for cities to work with.
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