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Short-term rentals may get rules, taxes

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SUZANNE KREITER/GLOBE STAFF/FILE

“I have concerns in terms of investors buying up properties so they can use them for Airbnb,” said Boston City Councilor Sal LaMattina.

By Matt Rocheleau

GLOBE STAFF AUGUST 24, 2015

The vast majority of people who advertise Boston homes on the online rental website Airbnb list just a single property — presumably to occasionally rent out their home or an extra room.

But 15 percent have posted multiple listings, according to a Globe review, highlighting concerns that the site is being used to run substantial lodging businesses while avoiding regulation and taxes.

Another concern: that landlords and investors seeking more profits are turning traditional housing into short-term units, further reducing the housing supply in Boston’s already tight real estate market.

“Right now, this is a completely unregulated industry,” said state Representative Aaron Michlewitz. “People are taking advantage of the situation.”

An Airbnb spokesman said the company is not opposed to some regulation and taxation.

Interesting facts about Airbnb

Find out how many Airbnb listings are in your neighborhood, and more.

Key points of bill to regulate rentals

“We want cities to regulate Airbnb and make it easier for regular people to share their home, pay their bills and contribute to their community,” Christopher Nulty said in a statement.

“We’ve been working with cities across the country and around the globe to help our community pay hotel and

tourist taxes.”

He said taxes are already being paid by Airbnb guests in nearly two dozen cities, including Philadelphia, San Francisco, Chicago, and Washington.

On a recent day, there were 1,496 Boston listings on the site, posted by 1,062 users. The Globe’s review found that about 85 percent of the users listed a single property.

The remaining 15 percent, or 158 users, listed two or more properties. That included 64 who listed three or more properties.

Information for the Globe’s review was collected by a data- extraction company that’s called import.io.

Airbnb acknowledges that some people are not renting out their own homes.

A survey of its Boston users released by the company last year found that while 82 percent of users were renting a primary residence, 8 percent were renting an investment property, 6 percent were renting a secondary residence, and 4 percent were renting an in-law unit attached to the primary residence.

Properties per Airbnb user

The site has 1,062 users with listings in Boston.

Number of listed properties	% of users
1	85.1%
2	8.9%
3	1.7%
4	1.7%
5	0.9%
6 to 9	1.1%
10 or more	0.7%

SOURCE: Globe/import.io analysis

Michlewitz, a Democrat from the North End of Boston, said he is among the people who are concerned that some properties previously used for long-term housing have been converted for use solely as short-term rentals, reducing the supply of homes in an already tight and expensive real estate market.

He is cosponsoring a bill that would impose regulations and taxes statewide on the burgeoning short-term rental

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‘I have concerns in terms of investors buying up properties so they can use them for Airbnb.’

Sal LaMattina, Boston city councilor

industry.

“There are people going to Ikea, dressing these places up, never staying there a day, and making a business and significant profit out of them,” said Michlewitz. “Eliminating any type of units obviously hurts the housing stock, especially in downtown Boston.”

Boston City Councilor Sal LaMattina said he is pushing for rules at the city level, too, to address the emerging trend.

“I’m not opposed to the business itself,” he said. “The concept is great.

“But I have concerns in terms of investors buying up properties so they can use them for Airbnb. It takes away from the housing stock, and rents go up.”

In other cities, including [New York](#) and [San Francisco](#), similar concerns have been raised.

One Everett landlord said that he and his business partner recently converted 13 of the 100 apartments they own across Boston, Everett, and Chelsea from standard yearlong rentals into short-term rentals, and then listed them on Airbnb.

“It’s more profitable for us . . . and we don’t have to deal with the hassle of a regular tenant,” said Jose, 25, who asked that his full name not be published because he fears that officials would try to shut his operation down. “You can easily triple the income going through Airbnb, compared to a regular rental.”

Those involved in the short-term rental industry say they do not believe that the rise of Airbnb and similar sites, including competitors like HomeAway and FlipKey, are to blame for ever-rising rents.

“The vast majority of Airbnb hosts are middle-class families sharing the home in which they live and using the extra money to make ends meet,” Nulty said.

Even with the surging popularity of new Web-based services, short-term rental properties account for “a tiny, tiny fraction of the overall housing stock,” said Matt Curtis, director of government relations for the vacation-rental website HomeAway.

There are more than 265,000 housing units in Boston, compared with about 2,000 listings on Airbnb, HomeAway, and FlipKey combined.

The hotel industry also has concerns about the websites. It says that it is only fair for the units rented out by the sites to be regulated and taxed, in the same way that hotels are.

“We’re not looking to obliterate; we’re looking to regulate,” said Paul Sacco, who is president and chief executive of the Massachusetts Lodging Association.

Otherwise, he warned, “This is ultimately going to hurt the hotel industry, hurt the job market and the economy, and hurt the local tax revenue.”

A [recent survey by Airbnb](#) found that 30 percent of people who booked a stay in Boston using the site said they would not have visited the city or stayed as long as they did if Airbnb was not an option.

However, advocates of short-term rentals say they do not believe they threaten the hotel industry, which has more than 19,000 rooms around Boston and one of the highest occupancy rates in the country.

The short-term rental sites say they attract a different kind of customer.

Tracey Zhen, general manager of FlipKey, said the service features a range of properties, from private rooms and studios to 5,000-square-foot homes.

“We offer alternative and complementary options to the city’s more traditional lodging, which remains in very high demand,” she said in a statement.

Hotels vs. Airbnb in Boston

The city attracts more than 12 million visitors annually

	Hotels	Airbnb
Number of rooms / listings	19,012	1,496
Avg. price per night	\$223.82	\$184.36
Sales revenue	\$1.1 billion	\$8.8 million
Tax revenue for Boston (6%)	\$66 million	\$0
Tax revenue for State (5.7%)	\$62.7 million	\$0
Tax revenue for convention centers (2.75%)	\$30.3 million	\$0
Jobs directly hired	10,787	0
Jobs supported	4,904	490

SOURCE: [Globe/import.io](#) analysis, Airbnb, Boston Redevelopment Authority

Note: Hotel data as of 2013 or 2012. Airbnb data as of 2015, 2014, or 2013. Direct comparisons could not be made for FlipKey and HomeAway, which have about 500 listings combined in Boston.

People have long rented vacation homes and private residences on a short-stay basis, largely without regulation, taxes, or anyone paying attention.

Ironically, the advent of new websites like Airbnb has made the process more convenient — but at the same time, it has put a spotlight on both longstanding and new forms of short-term renting.

Lawmakers in Massachusetts and elsewhere say they hope that with new regulations, the right balance can be struck.

“It’s a new, exciting way of doing business, so we don’t want to stifle that, but we want to make sure it’s done safely and properly,” said Michlewitz.

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