

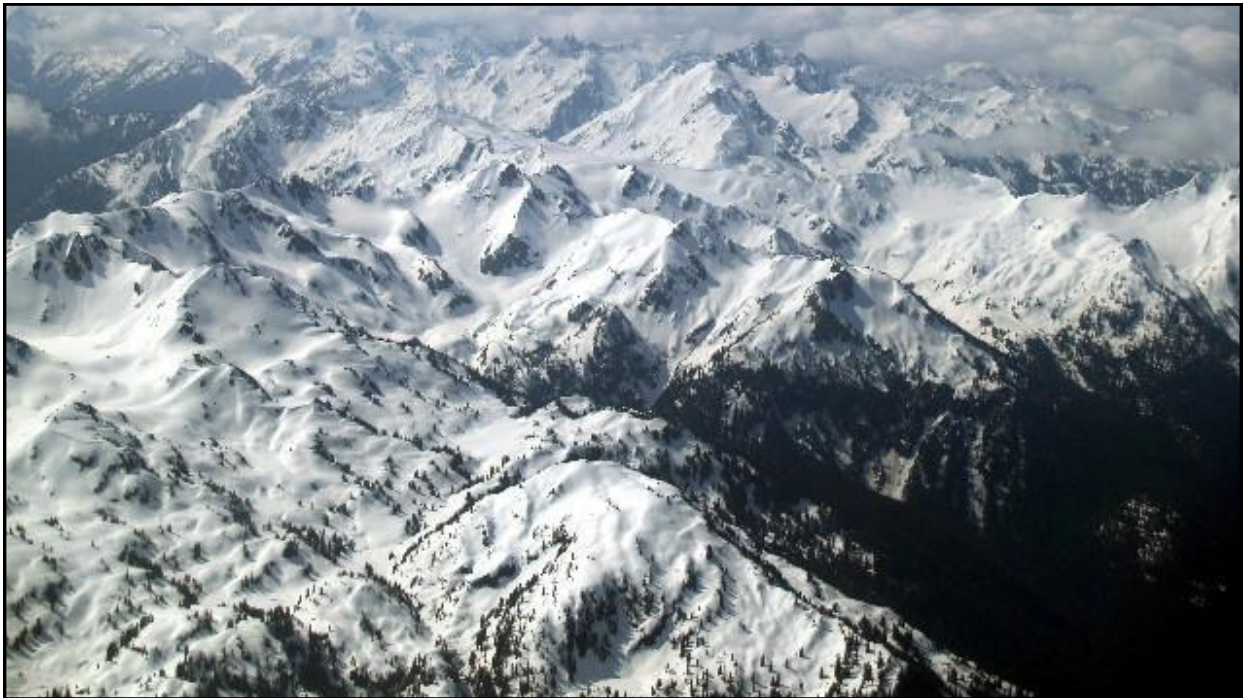


The price of popularity

Tourism economies in Washington State

AWC

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Case Study: Port Angeles

“Between mid-2021 and mid-2022, the number of new Airbnb hosts in the US jumped by over 50 percent, and the growth was biggest in small towns” - Vox, November 2023

2017: Short-term rentals added to the zoning code for the first time

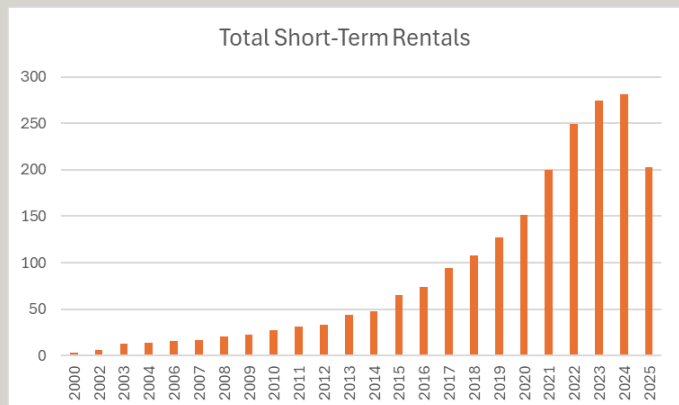
- Legal in higher-density residential & commercial zones
- Median home price \$202,000
- Approximately 74 STRs

March 2020: Pandemic hits

- Median home price: \$295,000
- Approximately 137 STRs

June 2023: STR Codes Revisited

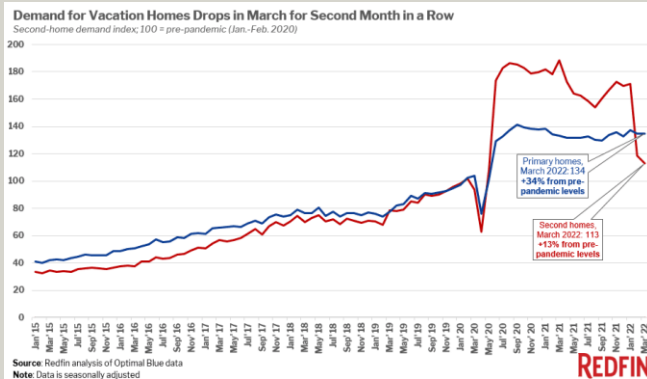
- Median home price \$373,600
- Approximately 267 STRs
- 85% of STRs not in legal zones



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Perfect Storm

“Demand for second homes started soaring in mid-2020 as the pandemic took hold, reaching a peak in March 2021, with demand up 95% from pre-pandemic levels. The combination of remote work, record-low mortgage rates and a desire to get away from crowds motivated many affluent Americans to buy vacation homes.”
 - Forbes, March 2022



Social Media (Reddit, TikTok, Youtube) influencers touted STRs as the best investment in real estate.

Soaring home prices created home equity that could be tapped to finance second home, many also had increased savings

Second homes had the same low mortgage rates as primary homes (until April 2022)

Owners could use their STR income to pay for their second home

Homes for Profit

From 3/20-12/22, over 12% of all homes sold in Port Angeles were turned directly into STRs

March 18, 2022 The San Francisco Chronicle put Port Angeles 2nd in the nation for a San Francisco-level affordability crisis due to dramatic (>40%) increases in price and drops in inventory

February 15, 2024 the New York Times names Port Angeles the 8th Most Profitable place to run a STR in the country.



3/2020-3/2021

\$255k Median Sale price for a 2-br

\$ 1,111 mortgage payment (20% down)

Revenue Estimate: \$5k/mo

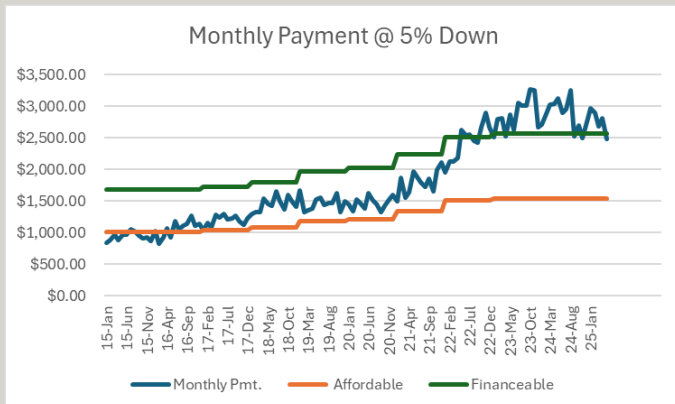
Estimated Expenses: \$1,667/mo

Net STR Income: \$3,333/mo

Vacancy Rate: 60%

Housing for Shelter

Investors make decisions based on the income that the property can generate, where homeowners are making their buying decisions based on the ability of their income to pay for the monthly cost of owning a home.



2023 Median Household Income: **\$61,640**

January 2017: Median household could no longer afford to buy median home (5% down) without being housing-cost burdened

May 2022: Median family could no longer qualify for median home - monthly payment exceeded 50% of pre-tax income

Relief: In November 2024 and May 2025, the median home is financeable again, but median household still housing-cost burdened

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New Regulations

“the proper way to improve local zoning laws is not to simply let well-funded corporations ignore the status quo and do what they want. As this report shows, there is little evidence that the net benefit of accelerated Airbnb expansion is large enough to justify overturning previous considerations that led to the regulatory status quo—in fact, the costs of further Airbnb expansion seem likely to be at least as large, if not larger, than the benefits”- Economic Policy Institute

PA’s New Code:

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| <ul style="list-style-type: none"> - Allows STRs throughout the City - Distinguishes between owner-occupied and non-owner occupied - Caps whole-home rentals at 200 or 2% of housing stock - Limits licenses to 1/person and 1/parcel - Includes inspection, and good neighbor requirement | <p>Impacts:</p> <ul style="list-style-type: none"> - Short-term rental investment activity almost stopped - At least 35 homes returned to long-term rental market or sold |
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Mountain Towns

“[T]he idea that one could get rich by becoming an Airbnb host — the gold rush-like dream that helped spur the company’s success through the 2010s — found renewed popularity on social media platforms like TikTok, Reddit, and YouTube. New hosts were encouraged by just how quickly demand bounced back: By 2021, domestic travel was revving up again, but concentrated on rural destinations where social distancing was easier.” - Vox, Airbnb vs. Hotels

