

Short-Term Rentals: Tax Structures and Affordability

Tara Roche

Director, Housing Policy Initiative

The Pew Charitable Trusts

January 3, 2026

Pew

No Single Definition of Short-Term Rentals



Length of stay



Use of home/unit



Property type: unit vs room, owner presence, % of units rented

Market Facts

- U.S. is the [largest STR market](#): about 2.4 million listings ([1.8 million unique rentals](#)).
- STRs represent about [1.6% of U.S. housing stock](#).
 - Concentration in [large cities with tourism](#) hubs, but [mid-size, smaller cities](#) seeing growth.
 - Mix of primary residences, part-time/vacation homes, investment properties, multi-unit dwellings.
- Most analysts predict STR market will grow over the next decade.
- Increasing demand for tourism activities and higher-end amenities.

Tax Policies Vary Widely Across States

Property Taxes

Vary widely and are paid by owners, typically to local governments.

STR use can affect classification, exemptions, or assessment caps.

Impacts are long-term and compounding, not transaction-by-transaction.

Lodging Taxes

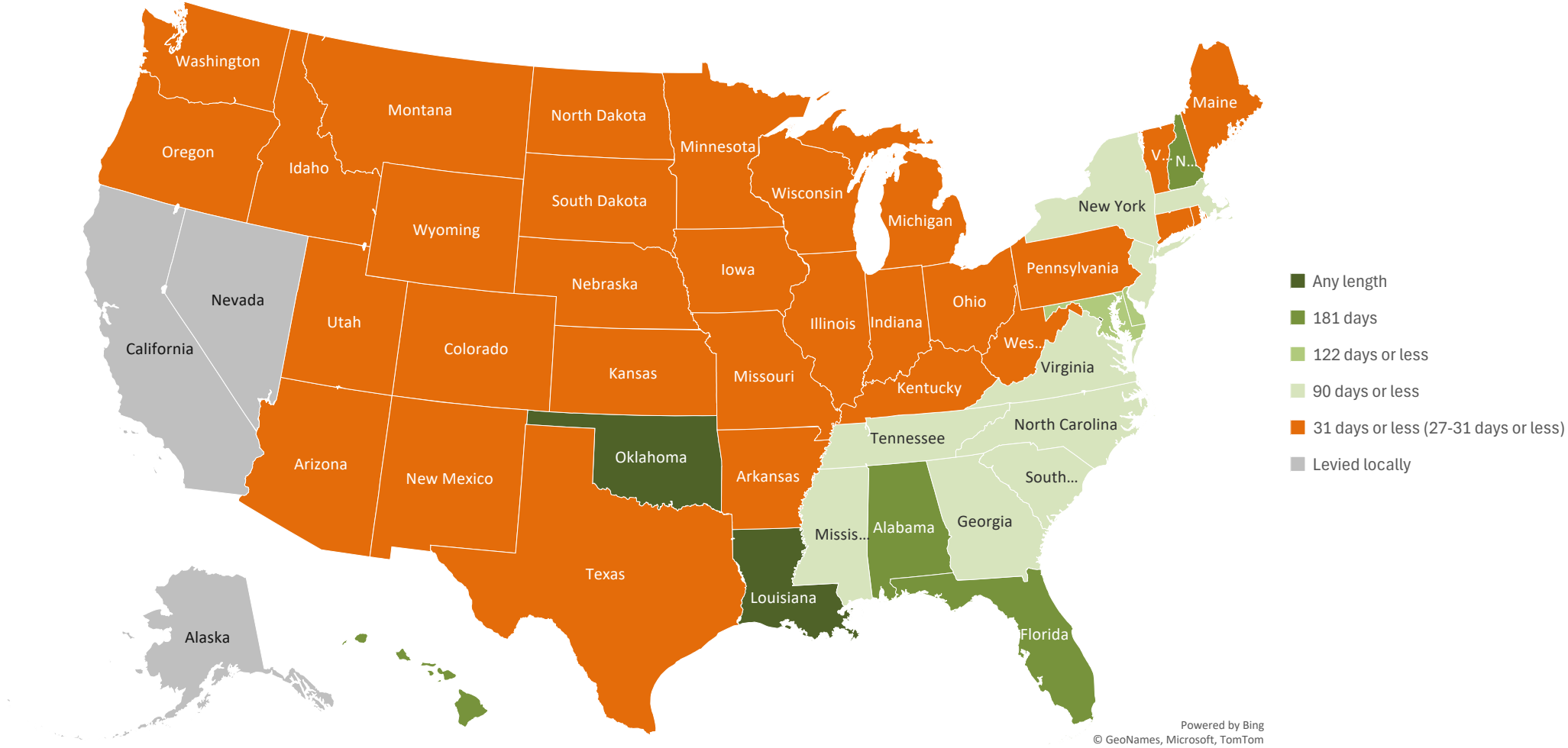
Vary widely and are paid by guests at point-of-sale.

Rates range 1.8% (OR) to 15.95% (DC); most states cluster between 4% and 9%.

Often framed as “tourism revenue,” even when units are part of housing stock.



Length of Stay Subject to State Lodging Tax Often About 1 Month



Sources: [NCSL Short-Term Rental Report](#) (2024); Lighthouse business data; Pew's review of relevant state laws.

Reasons for Short-Term Rental Taxes



State and local tourism marketing



Affordable housing



Infrastructure



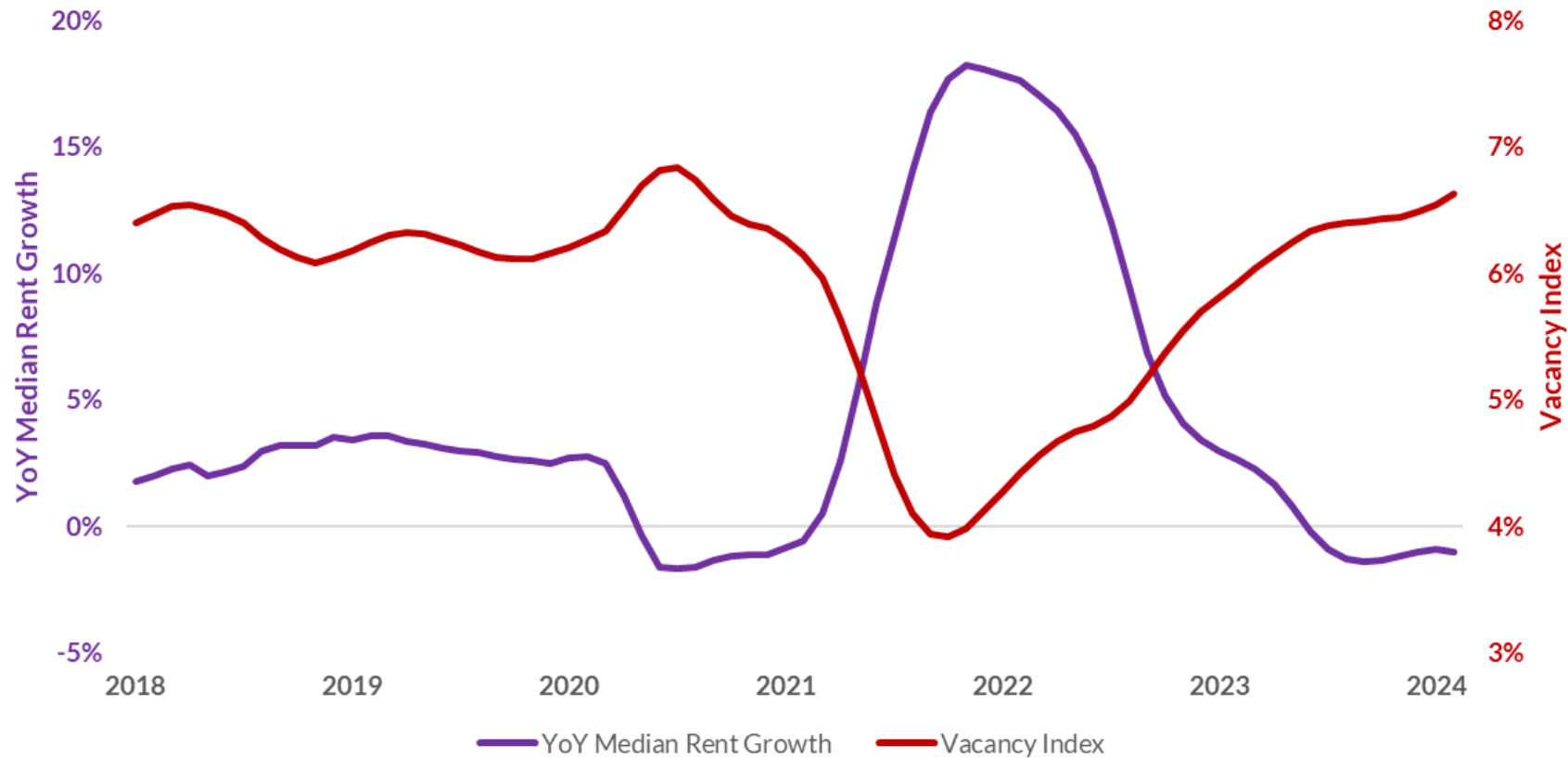
Conservation

Short-Term Policy Is Not Housing Supply Policy

- STRs shown to worsen affordability slightly [in some areas](#).
 - Depends on local supply, distance to [tourism](#) hub, other local economic factors.
- But removing STRs is not a substitute for housing supply.
 - No guaranty dwellings will return to ownership or rental markets.
 - Restricting STRs [can decrease permitting](#); allowing them can increase rental units.
- Examples:
 - [NYC](#)
 - [Santa Monica, CA](#)
 - [Hawaii](#)

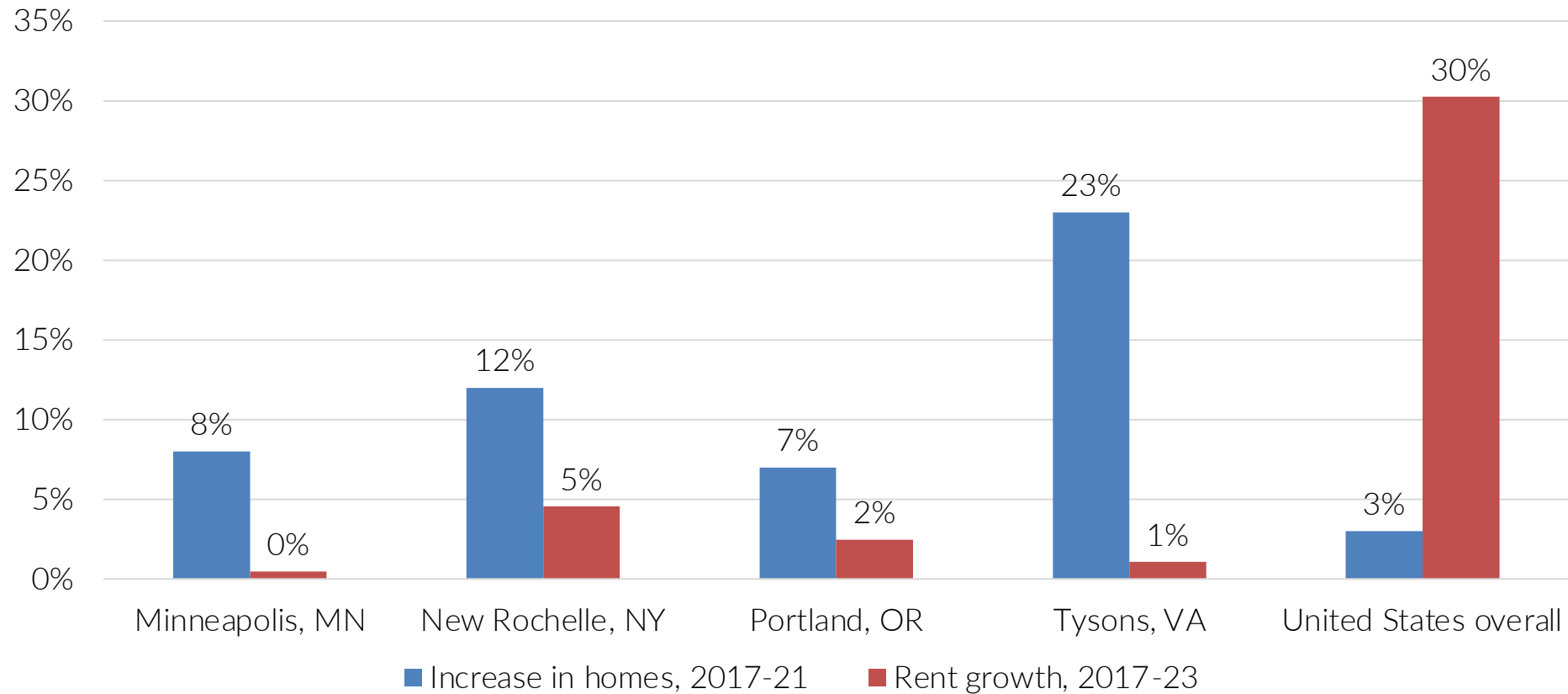
Rents Rise Quickly When Shortages Occur

Rent Growth vs. Vacancy Rate in the United States



Source: Data from Apartment List

Rent Growth Is Low Where Housing Has Been Added

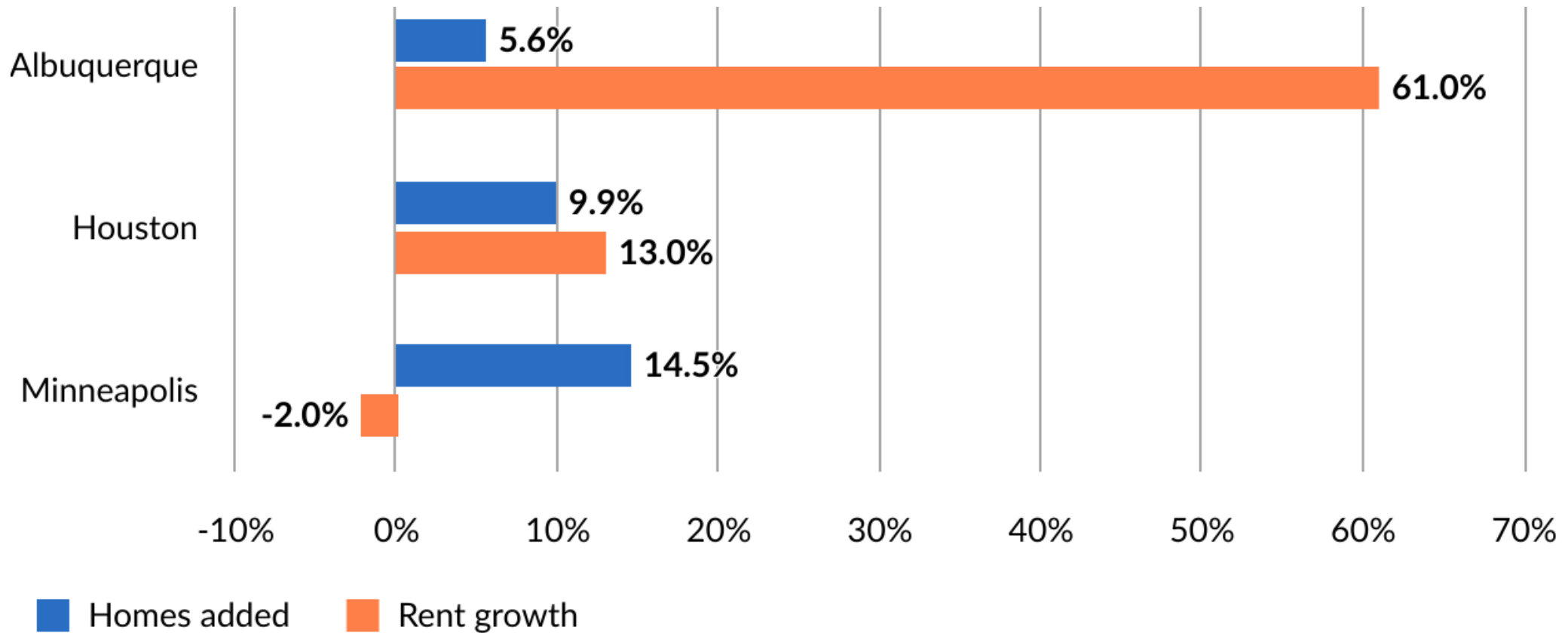


The four local jurisdictions shown added proportionally more households than the U.S. overall from 2017-21—indicating low demand was not the cause of their slow rent growth.

Source: Pew's analysis of Apartment List rent estimate data (Jan. 2017-Jan. 2023) and U.S. Census data on housing units (2017-2021)

Land-Use Reform Boosts Supply, Affordability

Homes added (2017-2023) and rent growth (Oct. 2017-Oct. 2024)



States Have Moved to Address Housing Shortage

Number of state laws passed annually to allow more homes, nationwide

- 2011-2016: 1
- 2017-2022: 18
- 2023-2024: 48
- 2025: 100+

Contact

Tara Roche

Project Director, Housing Policy Initiative

troche@pewtrusts.org

