

# Short-Term Rentals: Tax Structures and Affordability

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**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.

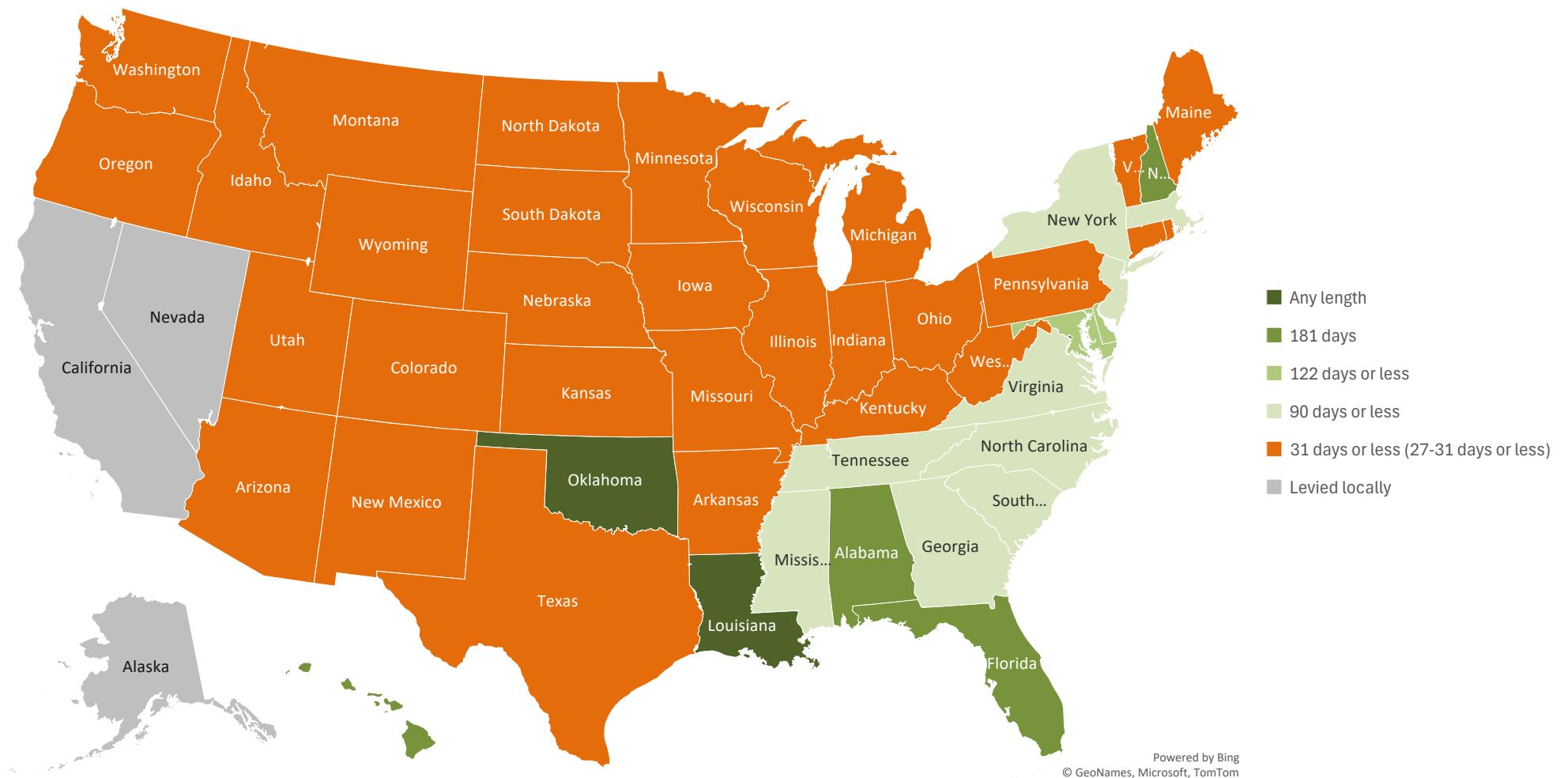
## Lodging Taxes

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

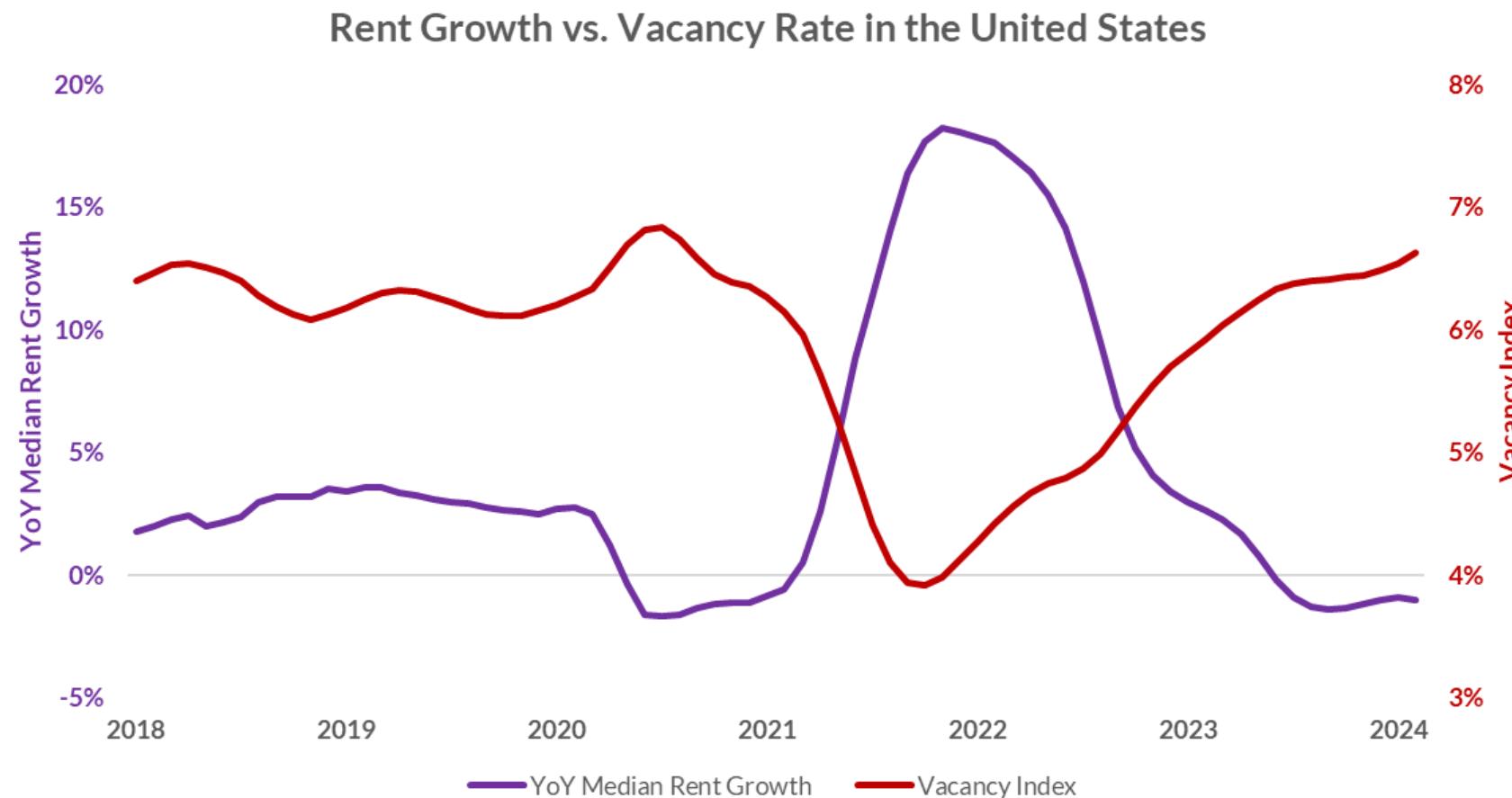


Conservation

## Short-Term Policy Is Not Housing Supply Policy

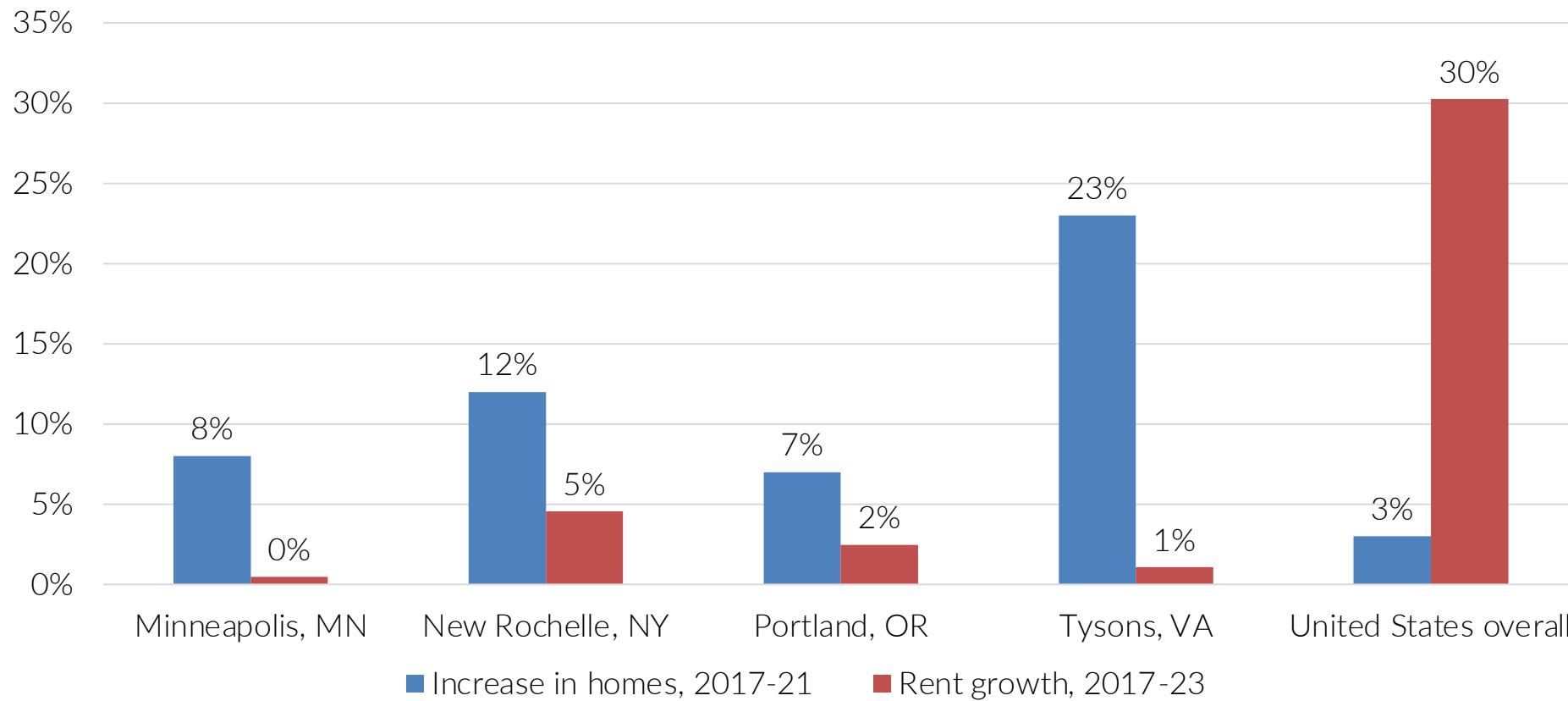
- STRs shown to worsen affordability slightly in some areas.
  - Depends on local supply, distance to tourism hub, other local economic factors.
- But removing STRs is not a substitute for housing supply.
  - No guaranty dwellings will return to ownership or rental markets.
  - Restricting STRs can decrease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

# Rents Rise Quickly When Shortages Occur



Source: Data from Apartment List

# Rent Growth Is Low Where Housing Has Been Added

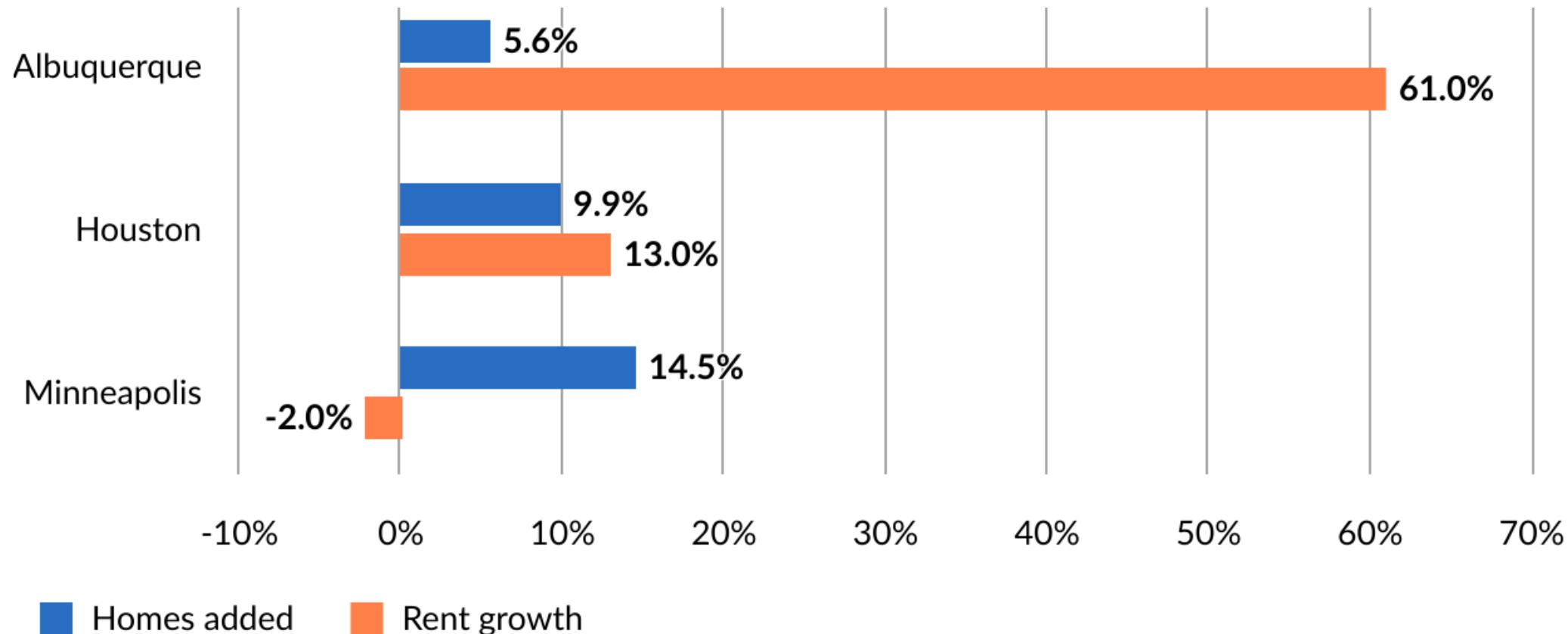


The four local jurisdictions shown added proportionally more households than the U.S. overall from 2017-21—indicating low demand was not the cause of their slow rent growth.

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+

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## Contact

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