



# Short-term Rental Commission – Department of Housing Presentation

February 5<sup>th</sup>, 2025

RHODE  
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# Presentation Overview

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- Introduction: Department of Housing Overview
- Housing 2030 – State Housing Plan overview and municipal feedback on Short Term Rentals
- Data & Policy Research on Short Term Rentals
- Governor's FY26 Proposed Budget & Short Term Rentals

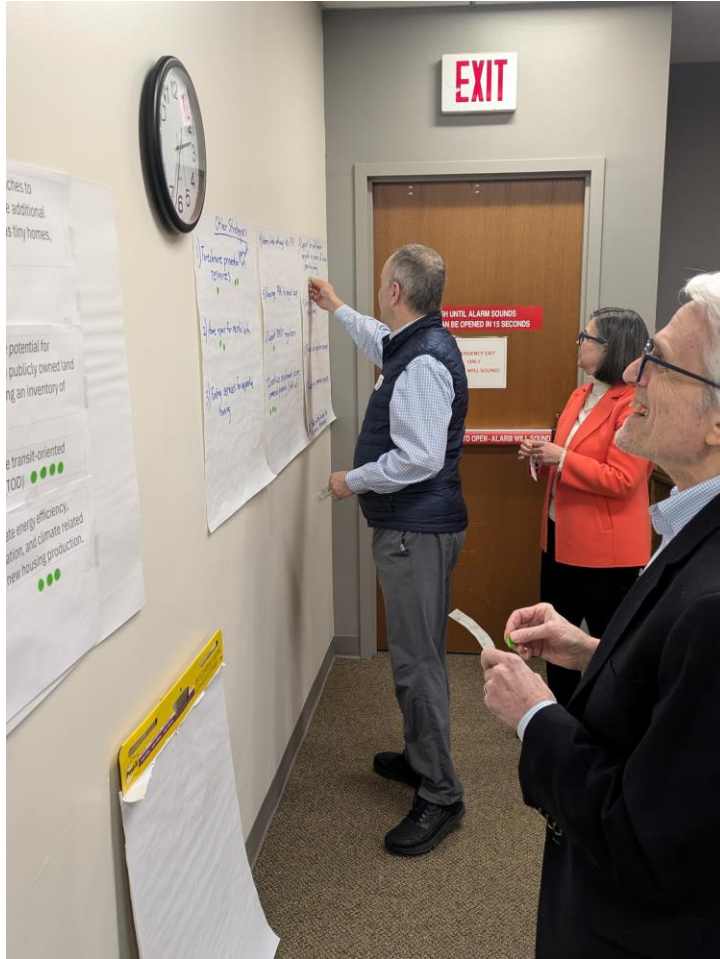
# Rhode Island Department of Housing Overview

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**The RI Department of Housing is the state's agency for housing, homelessness, and community development, overseeing programs that support housing production, homelessness prevention, and community enhancement. Key functions include:**

- **Housing Policy & Planning:** Policy development and long-term plans to improve housing accessibility and affordability.
- **Housing Production and Preservation:** Assist in the production and preservation of rental and homeownership units, including affordable and accessible units, aimed at meeting RI's housing needs.
- **Homelessness Services:** Administer service providers to provide temporary emergency shelter and support services to Rhode Islanders experiencing, or at risk of, homelessness.
- **Housing Assistance:** Administer funding to partners – including Crossroads' Housing Problem Solving which helps individuals find housing solutions, and RILS to help prevent homelessness caused by eviction.
- **Community Development:** Investing in infrastructure and public services to improve the quality of Rhode Island communities to be able to increase and sustain housing.

# ***Housing 2030: State Housing Plan***



- *Housing 2030* is the state housing plan for 2026-2030
- The plan will set out **concrete and measurable** housing-related goals and align on strategies for achieving these goals.
- *Housing 2030* is grounded in the existing and projected housing needs of Rhode Islanders and Rhode Island communities.
- *Housing 2030* will be an actionable plan:
  - Creates and informs tools for Rhode Island communities to use
  - Serves as a roadmap for policy and budget proposals for FY2026 and beyond
  - Helps guide the State's use of federal funds
  - To be adopted as the State's Guide Plan Element – which will inform municipal planning efforts for years to come



# Stakeholder engagement to date

- **Met with Municipal Leaders from All 39 Municipalities** (mayors, managers/administrators, planners, council members)
- **Convened Focus Groups:** nonprofit developers, for profit developers, municipal planners, housing advocates, public housing authorities
- **Researched Best Practices:** Interviewed planners and leadership from other jurisdictions that have recently undergone housing planning: Colorado, DC, Minneapolis, Oregon, Austin, etc.
- **Briefings and Feedback** from groups such as RI Housing, RI Commerce, OHA, HRC, HousingWorks RI, Statewide Planning, Grow Smart RI, PHARI, Neighbors Welcome, One Neighborhood Builders, RI Infrastructure Bank, etc.
- **Resident Survey:** Over 1,800 Rhode Islanders responded to survey developed by the Department and RIHousing.



**WE WANT TO HEAR FROM YOU!**

**Rhode Island Resident Housing Survey**

**The Rhode Island Department of Housing & RIHousing want to hear from you!**

Make your voice heard and take **15 minutes** to fill out the *Rhode Island Resident Housing Survey* to help inform state housing plans. This survey is available in English and Spanish.

Scan this QR code with your smartphone to access the survey or visit:  
<https://tinyurl.com/RISurveyHsg>

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# Stakeholder Feedback – More Housing

## What we heard from Rhode Islanders

- 79% of survey responses agreed that Rhode Island needs more housing
- The housing types they want to see built are included below:

Answer Choices	Preliminary Response Rate
Duplexes, triple-deckers, or townhomes	58%
Multi family apartment buildings (4+ apartments)	53%
Mixed use developments (commercial space with apartments/condos)	52%
Accessible housing options	53%
Single family homes	51%
Mill conversions, office building conversions, or other types of conversions	50%

“Middle income families cannot afford to live here. The town is slowly dying.” – Survey response

## What we heard from Municipalities

- Need for more housing
- Concern about lack of housing for families, workforce, and seniors
- Strong interest in adaptive reuse, building upon existing footprint, while preserving conservation and open space
- Limited and aging infrastructure to support housing development
- Concern about external pressures on local housing market, including out of state sales, student housing, and short-term rentals.

# Stakeholder Feedback – Homeownership

## What we heard from Rhode Islanders

- 45% of renter households said they would like to buy a home but currently cannot (reasons below)

Answer Choices	Preliminary Response Rate
I cannot find any homes in my target price range	75%
Interest rates are too high	60%
I need a mortgage but available homes in my price range are sold to people who pay cash	49%
I cannot find any suitable homes in the area where I want to live	47%
I can afford the monthly expenses (mortgage, utilities, etc.) but not the down payment	42%
My credit history would keep me from getting approved for a mortgage	23%
I'm not interested in buying a home	3%
None of the above	1%

## What we heard from municipalities

- Homeownership units are not coming online because options for seniors to downsize are unavailable
- Affordable starter homes are not being built, homeownership options are out of current residents' price range
- Concern about younger generation
- Focus on communities with low homeownership rates
- Short term rentals and second homes are reducing available housing stock.

# Short-term Rentals as a Percentage of Housing Units

Large differences between Rhode Island communities in terms of the proportion of short-term rental units.

Municipality		% of Housing Stock as STR
Highest % Short-term Rentals	New Shoreham (Block Island)	19.46%
	Narragansett	10.33%
	Middletown	6.23%
	Little Compton	5.63%
	Jamestown	5.16%
	Charlestown	4.52%
	Newport	4.05%
RI TOTAL		1.04%
Lowest % Short-term Rentals	North Smithfield	0.06%
	Scituate	0.04%
	Lincoln	0.04%
	West Greenwich	0.04%
	Cumberland	0.03%
	Johnston	0.03%
	Woonsocket	0.03%

- Overall, short-term rentals account for just 1% of all housing units in Rhode Island.
- However, there are large disparities between communities in terms of the concentration of short-term rental units.
- Coastal communities have the largest proportion of short-term rentals, while inland communities have a very small proportion.
- Narragansett and New Shoreham have the largest proportion of short-term rentals by a wide margin.



# Policy Research on Short-term Rentals and Affordability




There is a small but growing body of research on this area. Policy research agrees short-term rentals have a negative effect on affordability, no agreement on how large an effect that is.

- 2016 UMass-Boston Study:
  - Found that the increase in short-term rentals in Boston contributed to higher asking rents and a reduction in the number of available long-term rentals.
- 2017 Furman Center report:
  - Found that short-term rentals in NYC are not as profitable as many believe/assume and have become less profitable over time.
  - Concludes there is little incentive to convert traditional rentals to short-term.
- 2018 NBER, UCLA, USC research:
  - Found that increases in short-term rentals increased rents and home prices but only by very small amounts.
- 2023 Purdue study:
  - Found that legislative bans on short-term rentals led to a 3% decrease in rent prices. Largest effect on
    - 1) long-term rental units that have similar property characteristics as those listed through Airbnb
    - 2) homes located in geographic areas with greater Airbnb exposure before the ban was enforced.

# Governor’s Budget Proposal and Short-term Rentals




Creates a steady funding stream to address housing stability and homelessness by closing a tax loophole.

• Current Hotel Tax Breakdown:

	Whole Home Short-term Rentals	State Sales Tax: 7% Local Hotel Tax: 1%	8%
	Traditional Hotel Rooms	State Sales Tax: 7% Local Hotel Tax: 1% State Hotel Tax: 5%	13%
	Partial Home Short-term Rentals	State Sales Tax: 7% Local Hotel Tax: 1% State Hotel Tax: 5%	13%



• Governor’s Proposal:

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# One-time federal funds for homelessness will be expended before FY26

