

# **The Goldilocks Solution: A Case for Restrictive Short-Term Rental Regulation**

*Writer: Spurthi Reddy*

*Article Editor: Marianne Ruschman*

*Associate Editor: Claire Lowenstein*

## **I. Introduction**

Short-term rental (STR) platforms like Airbnb have revolutionized the tourism industry by making peer-to-peer home sharing incredibly convenient. Through these platforms, hosts can easily create listings for their properties—including descriptions, photographs, pricing, and availability. Travelers can even search for accommodation based on their housing needs.<sup>1</sup> Now, virtually anyone with a second home, a spare bedroom, or a living space can make their property a short-term rental.<sup>2</sup> As of 2024, over five million hosts had listed their properties on Airbnb, 1.5 billion guest check-ins had been recorded, and hosts had collectively earned \$250 billion (USD).<sup>3</sup> These figures are likely higher today.

Short-term rentals provide valuable economic opportunities for homeowners and local tourism, but as more properties turn into STRs, local governments have had to deal with several regulatory challenges that involve how to balance the economic benefits of STRs against concerns such as housing affordability, neighborhood character, public safety, and tax revenue.<sup>4</sup> Different cities have taken different approaches to regulations; some develop various new rules while some choose to implement none at all.<sup>5</sup>

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<sup>1</sup> *How Does Airbnb Work for Owners? 8 Q&A's*, GuestReady (Apr. 2025), <https://www.guestready.com/blog/how-does-airbnb-work/>.

<sup>2</sup> Lena Vushaj, *Balancing Acts: Navigating the Landscape of Airbnb Regulation*, 8 Wayne J. Bus. L. 97 (2025).

<sup>3</sup> Airbnb, *Celebrating Our Community Milestone of 5 Million Hosts* (Feb. 2024), <https://news.airbnb.com/celebrating-our-community-milestone-of-5-million-hosts/>.

<sup>4</sup> Avi Gandhi et al., Dep't City & Reg'l Plan., Cornell U., *Regulating Short-Term Rentals: State Actions and Local Government Solutions* (2019).

<sup>5</sup> Shirley Nieuwland & Rianne van Melik, *Regulating Airbnb: How Cities Deal with Perceived Negative Externalities of Short-Term Rentals*, 23 Town Planning Rev. 811, 812–13 (2020).

Generally, there are two types of regulatory models for STRs: permissive and prohibitive. The permissive model employs minimal regulatory barriers, giving property owners the freedom to operate STRs with few restrictions on rental frequency or property type. The prohibitive model is more stringent; bans are the main method of regulation. This model aims to eliminate STRs in certain areas to protect residential neighborhoods and housing availability.

This article argues that a third model, the restrictive model, offers the most legally sound and effective regulatory framework. The goal of this model is to take a more balanced approach by implementing targeted, enforceable limits that still permit homeowners the space to share their residence with guests. As such, it may impose licensing requirements for hosts and limits on the duration of guest stays. Overall, the restrictive model most effectively balances property rights with legitimate governmental interests in housing affordability and neighborhood preservation.

## **II. Permissive Model**

Florida offers a clear example of a permissive regulatory model, and it is driven primarily by state laws that limit the ability of cities and counties to regulate STRs. Under the Florida Statutes, local governments are prohibited from enacting ordinances to regulate the duration or frequency of vacation rentals.<sup>6</sup> The state has emphasized that vacation rentals play a significant role in Florida's tourism economy and should remain broadly permissible in residential areas.<sup>7</sup> The legislative intent of this statute is to maintain a uniform legal framework across the state and to protect property owners' rights to utilize their residences for STR purposes, exemplifying the permissive model.

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<sup>6</sup> Fla. Stat. § 509.032(7)(b) (2023).

<sup>7</sup> S.B. 824, 2019 Leg., at § 1 (Fla. 2019).

Similarly, in an international context, the permissive model can be identified in Lisbon, Portugal. In the early 2010s, the city reduced government restrictions on how housing can be used and actively encouraged STR growth through favorable income tax policies and limited regulatory oversight (few licensing requirements, weak enforcement, etc).<sup>8</sup> This led to an explosion in Airbnb listings in Lisbon, with over twenty thousand units operating by 2019, and many of them were concentrated in historic neighborhoods.<sup>9</sup>

While Lisbon initially benefited from the tourism boost and rise in property investment, a significant portion of the long-term rental market was converted into short-term units which ended up displacing residents and hollowing out central neighborhoods.<sup>10</sup> In Florida, tourist cities like Miami have struggled to implement stricter regulations, and some lower courts have struck down local ordinances that conflict with state law. For instance, in *City of Miami Beach v. Nichols* (2020), Florida's Third District Court of Appeal struck down Miami's huge fines for illegal short-term rentals because they exceeded the limits set by state law.<sup>11</sup>

### **III. Prohibitive Model**

New York City has had an affordable housing crisis for years. Between 2011 and 2017, the city lost around 183,000 apartments that were generally accessible to low- and middle-income residents.<sup>12</sup> City legislatures argued that online short-term rental platforms contributed to the housing shortage by reducing the available supply and driving up the prices of

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<sup>8</sup> Joana Almeida et al., *Understanding Short-Term Rental Regulation: A Case Study of Lisbon (Portugal)*, 8 Critical Hous. Analysis 171 (2021).

<sup>9</sup> Gonalo Antunes & Jorge Ferreira, *Short-Term Rentals: How Much Is Too Much—Spatial Patterns in Portugal and Lisbon*, 27 Tourism & Hosp. Mgmt. 581, 589–90 (2021).

<sup>10</sup> Joo Pereira dos Santos, *A Lisbon Story: Short-Term Rental Platforms and the Housing Market*, London Sch. Econ. & Pol. Sci. Bus. Rev. (May 2021) <https://blogs.lse.ac.uk/businessreview/2021/05/05/a-lisbon-story-short-term-rental-platforms-and-the-housing-market/>.

<sup>11</sup> *City of Miami Beach v. Nichols*, 314 So. 3d 313 (Fla. Dist. Ct. App. 2020).

<sup>12</sup> N.Y.C. Comptroller Scott M. Stringer, *The Impact of Airbnb on NYC Rents* 1–2 (2018).

the remaining rental units.<sup>13</sup> As a result, in 2022, the city adopted Local Law Eighteen.<sup>14</sup> This law aims to curtail Airbnb and other short-term rental companies' operations in hopes of protecting the city's limited housing supply.<sup>15</sup> As such, the law has indicated that if a person hosts a short-term rental for any less than thirty days, they must comply with several rules. Namely, they must register with the Mayor's Office of Special Enforcement (OSE), and they are only permitted to rent their current residence. They are forbidden from hosting more than two guests at one time, and moreover, they must be present during the guest's entire stay; therefore, hosts are prohibited from renting their entire property out.<sup>16</sup>

As a result of this law, the OSE reported that the active listings on a single site dropped from thirty-eight thousand in 2023 to just three thousand in 2025.<sup>17</sup> Christian J. Klossner, the Executive Director of New York's OSE, has stated that Local Law Eighteen is helping to prevent online companies from processing illegal transactions, protect affordable units from misuse, and shield homeowners from unknowingly violating the city's decades-old short-term rental laws.<sup>18</sup> However, while the new legislation removed tens of thousands of STRs from New York City apartment buildings, it is unclear how many of those units are now occupied by year-round tenants.<sup>19</sup> Even after this law was passed, the housing crisis in the city has continued to worsen, and average rent in Manhattan reached an all-time high earlier this fall.<sup>20</sup>

#### **IV. Restrictive Model**

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<sup>13</sup> *Id.* at 4.

<sup>14</sup> N.Y.C., N.Y., Loc. L. No. 18 (2022).

<sup>15</sup> Press Release, N.Y.C. Mayor's Off. Crim. Just., *New Report Sheds Fresh Light on How Local Law 18 and Office of Special Enforcement Have Eliminated Tens of Thousands of Illegal Rentals in New York City* (Sept. 2025), <https://criminaljustice.cityofnewyork.us/press-release/1118-report-sheds-light-on-eliminated-illegal-rentals-in-nyc/>.

<sup>16</sup> N.Y.C. Mayor's Off. Spec. Enf't, *Short-Term Rental Registration and Verification by Booking Services* (last accessed Dec. 2025), <https://www.nyc.gov/site/speciaenforcement/registration-law/registration.page>.

<sup>17</sup> N.Y.C. Mayor's Off. Crim. Just., *supra* note 15.

<sup>18</sup> *Id.*

<sup>19</sup> Allison Pohle & Kate King, *New York's Airbnb Crackdown, in Force for Two Years, Hasn't Improved Housing Supply*, Wall. St. J. (Sept. 2025), <https://www.wsj.com/real-estate/new-yorks-airbnb-crackdown-in-force-for-two-years-hasnt-improved-housing-supply-eb231536>.

<sup>20</sup> *Id.*

The restrictive model offers a middle ground between outright bans and *laissez-faire* free market policies.<sup>21</sup> Instead of trying to eliminate STRs altogether, this approach sets clear, enforceable limits to protect long-term housing while still allowing residents to share their homes. The goal here is not to discourage home sharing entirely, but to ensure it does not come at the cost of neighborhood stability or housing affordability.

The city of Paris, France, has enacted policies that mirror this restrictive model. French law states that homeowners can rent out their primary residence for up to 120 days a year.<sup>22</sup> If they were to rent out a second property, they would have to convert their residential registration of the property into a commercial one.<sup>23</sup> In this way, they uphold the main concept of peer-to-peer house sharing but still have the ability to commercialize and expand their business in a way that New York City's municipal laws prohibit.<sup>24</sup> Furthermore, in order to prevent any disruptions to housing affordability, hosts may also be required to compensate the city by turning a commercial space somewhere else into long-term housing.<sup>25</sup>

In addition, Paris has implemented a mandatory registration system for STRs, and platforms such as Airbnb and Booking.com are legally required to verify registration numbers before publishing listings.<sup>26</sup> The city has actively enforced these policies, with significant fines for illegal listings, some up to €50,000 per violation.<sup>27</sup>

Seattle and San Francisco serve as examples of the restrictive model in practice within the United States. Under Seattle's STR regulations, hosts are allowed to rent out their primary

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<sup>21</sup> See generally *Laissez-faire*, Black's Law Dictionary (12th ed. 2024) (general definition of the term).

<sup>22</sup> Mairie de Paris [City of Paris], *La location meublée touristique: les règles à suivre* [Furnished Vacation Rentals: Rules to Follow] (Apr. 2025), <https://www.paris.fr/pages/meubles-touristiques-3637> (Fr.).

<sup>23</sup> *Id.*

<sup>24</sup> Helen Coffey, *Paris Is Suing Airbnb for £10M for Illegal Rentals*, The Indep. (Feb. 2019), <https://www.independent.co.uk/travel/news-and-advice/airbnb-paris-illegal-rental-lawsuit-adverts-france-holiday-a8773386.html>.

<sup>25</sup> *Id.*; see also Mairie de Paris, *supra* note 22.

<sup>26</sup> Coffey, *supra* note 24.

<sup>27</sup> City of Seattle, *Business Regulations: Short-Term Rentals* (last accessed Dec. 2025), <https://www.seattle.gov/business-regulations/short-term-rentals>.

residence and one additional unit, but they must obtain a license for each residence and meet local standards for safety, occupancy, and management.<sup>28</sup> Seattle's law was explicitly designed to balance the economic opportunity STRs bring with the need to preserve long-term rental housing.<sup>29</sup> However, though Seattle has used the restrictive model with clear intent to protect housing supply and affordability, evidence of tangible gains in affordability or long-term rental supply is currently limited.

San Francisco law requires that all STR hosts register with the city, prove that the unit is their primary residence, and show that they live there for at least 275 nights a year.<sup>30</sup> In addition, hosts are prohibited from renting an unhosted unit for over ninety days annually, and all listings must be filed with the city's Office of Short Term Rentals.<sup>31</sup> Rental platforms can face penalties if they allow unregistered or illegal listings to remain on their sites. As a result of this policy, the fraction of available listings designated as commercial fell by 15% in the most Airbnb-dense neighborhoods. Long-term housing prices also fell following enactment, which suggests an improvement in housing affordability.<sup>32</sup>

## **V. Conclusion**

The restrictive model allows individuals to make the most of home sharing while ensuring that these benefits do not come at the expense of long-term housing availability or neighborhood stability. Cities like Paris, Seattle, and San Francisco demonstrate that it is possible to design thoughtful, enforceable policies that uphold property rights while still addressing broader public interests.

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<sup>28</sup> Seattle, Wash., Mun. Code §§ 6.600.040–6.600.060 (2019), § 23.44.051 (2012).

<sup>29</sup> Seattle City Councilmember Tim Burgess, *Regulating Short Term Rentals: Policy Brief* (2017).

<sup>30</sup> S.F., Cal., Admin. Code § 41A.5(g) (2015).

<sup>31</sup> *Id.* at §§ 41A.5(e)–(i).

<sup>32</sup> Andrew J. Bibler et al., *How Do Short-Term Rental Regulations Affect Market Outcomes? Evidence from San Francisco's Airbnb Registration Requirement*, 53 Real Est. Econ. 841–68 (2025).

It is important to recognize that STR regulations are not one-size-fits-all. What works in a global tourist hub like Paris may not be appropriate for smaller cities with different housing dynamics or tourism levels. Moreover, the models discussed in this article were ones adopted predominantly in the U.S. and Western Europe, and as such, these models may not be directly applicable to cities in the global South that may have vastly different cultures or economies from those in the West. However, the underlying principles of the restrictive model make it more conducive to use across a range of geographic contexts. By combining clear limits with effective enforcement, this model offers a balanced, adaptable framework that cities around the world can refine to protect housing access without restricting the growth of legitimate home sharing practices.