



What can short-term rental owners do to withstand the impact of the Coronavirus? - by Pam Knudsen

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The coronavirus (COVID-19) has had a profound impact on the global economy—and one of the hardest hit industries has been travel. Airlines are canceling flights, hotels are completely shutting down and as the country stays at home, short-term vacation rental bookings have dropped precipitously. Expedia Group, the company that owns HomeAway, VRBO, Hotels.com and more, is seeing a 29% to 96% drop in bookings depending on location, and it's estimated that they could see a \$470 million loss just in the first quarter. Event cancellations play a big part, as large gatherings such as concerts and sporting events, South by Southwest, WonderCon, and Mobile World Congress have already been canceled.

As large booking platforms take an unprecedented hit, so will individual owners who earn income through listing on these sites. Many vacation rental owners depend on their short-term rental revenue to make ends meet or supplement their mortgage payments. Without this income in the short term, property owners will need to use this enforced downtime to figure out a path to remaining solvent in the interim, while keeping their rental up-to-date and properly licensed, with an eye to starting up again once restrictions are lifted.

Here are a few things that short-term rental owners can do to withstand the impact of COVID-19:

Consider other rental types in the interim

A short-term rental is appealing as people come and go for one to two weeks, and then the owner can move on to the next vacation renter. However, in the current environment, short-term is not necessarily what people are seeking, and in other cases local restrictions have made it illegal to rent short-term. Given these conditions, owners may want to explore other platforms and tenant types for the time being. Some owners may find that a 30- to 90-day rental will help them weather the storm. There are several reasons why someone may be looking for a longer-term lease. Perhaps they just sold their own home but hadn't yet found a new place. Others may be moving for a new job and can't find housing at this time. And in some regions, individuals and families are looking for lodging in areas outside of urban centers for greater social distancing. Whatever the case may be, these people need a place to stay and that longer-term agreement may get owners through this difficult time. You can always go back to short-term renting once conditions improve.

Another opportunity is to host medical staff coming to support hospitals during this unprecedented time. As doctors, nurses and specialists travel to highly impacted areas, they will need a place to stay. Hosts may be able to offer discounted rates to these brave professionals, giving them an affordable rental while still covering their basic income needs.

Apply for relief

There are some opportunities to secure financial support during this time. If owners are part of Airbnb, the company has committed \$250 million to their Host Relief Fund and \$10 million to their Superhost Relief Fund, which will cover some of the cancellation costs and provide mortgage support during the pandemic. The company is also asking Congress to add short-term vacation rental providers to their list of tax relief and loan-related proposals that are designed to help property managers. Plus, some banks are offering mortgage deferment or financial assistance during this time. This may help owners who depend on their rental income to pay their mortgages to defer payments. Owners should stay abreast of news in these areas, research all resources available and then apply for any relief for which they qualify.

Stay up to date on compliance

Vacation rental owners should also make sure they stay current on filing all necessary forms, registrations, lodging tax payments and renewals. Many jurisdictions have changed their regulations relating to short-term rentals over the years, and those that have had a license for a while may be grandfathered into more beneficial terms. However, if owners let that license lapse or cancel it and have to start from scratch when they start renting again, they will be subject to the new regulations. In some instances, this includes a moratorium on new short-term rentals, so they won't be able to get a license and therefore will not be legally allowed to rent their property once travel opens back up again.

Additionally, if owners fail to report their revenue, they will receive delinquency notices that they will then have to resolve with the jurisdiction. The best course of action is for property owners to stay the course and complete lodging tax filings (even if there is no revenue to report), renew their licenses, and maintain any other documentation—especially if they plan on using the property for a vacation rental after the COVID-19 self-quarantine ends.

It's short term

This is without doubt an incredibly tough time for the travel industry, especially for short-term rental owners who rely on vacation rental income to make ends meet. Owners should consider applying for any relief that becomes available and consider repurposing their short-term rental for the time being. And with an eye toward mitigating near-term risk, it's recommended that even if owners don't have renters in their homes, that they stay compliant with renewals, licenses, lodging tax, and other document and filing requirements. Keeping on top of these items will help them confidently jump back into business, without hurdles, once travel commences. This situation is far from ideal, but once the imminent threat of COVID-19 has been reduced, short-term vacation rentals will be back

on the market and in demand, generating income for owners and helping the travel industry recover.

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