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**HOUSE OF REPRESENTATIVES**  
COMMONWEALTH *of* PENNSYLVANIA

*House Democratic Policy Committee Hearing*

**Short-Term Rentals**

Monday, July 29, 2024 | 1:00 p.m.

Representative Lindsay Powell

**OPENING REMARKS**

1:00 p.m. Rep. Lindsay Powell, D-Allegheny

**PANEL ONE**

1:05 p.m. Jerad Bachar, President, CEO  
*Visit Pittsburgh*

Kristen Oakes, Corporate Director of Sales  
*Century Hospitality*

*Q & A with Legislators*

**PANEL TWO**

1:50 p.m. Dave Breingan, Executive Director  
*Lawrenceville United*

Heather Mallak, Airbnb Operator  
*Lawrenceville*

*Q & A with Legislators*

## **Heather Mallak**

Manager, **Blue Coop Properties**

Founder, **Stay Good**

Pittsburgh, Pennsylvania

Hosting guests in her Lawrenceville home as early as 2015, Heather Mallak has prioritized ethical and responsible practices in hospitality in her own properties. This led her to launch [STAY GOOD](#), an initiative that takes a thoughtful and strategic approach to hospitality. Consistently a [Superhost](#) with more than 700 reviews and a 4.97 rating, she has been running airbnbs in Lawrenceville for the past 9 years.

In fact, Heather was such an early adopter that they sent her a copy of their book *The Airbnb Story* with a personal thank-you note for helping to set the standard for world-class hospitality. Initially, she rented out her shipping container home when she traveled. Heather then expanded into hosting three ethical arbitrages in underutilized spaces until those long-time owners put the properties up for sale.

Heather now operates a high-performing “house hack” airbnb called [Nesting Box](#) that features a seasonal local artist opportunity called [Sketchbook Residency](#). Across the river in Millvale, she managed a one-year, stud-to-stud renovation on a condemned property. [Juniper Place](#) has been in operation as a short and mid-term rental since February 2020. She has successfully navigated, even contributed to, the numerous STR restrictions put in place by the borough, while adapting to the many ups and downs facing the industry.

Heather welcomes opportunities to engage in constructive conversations with neighbors, community stakeholders, businesses, elected officials, and fellow operators.

Airbnb Profile: <https://tinyurl.com/heatherairbnb>

Stay Good: <https://thestaygood.com/>

Lawrenceville Guest Suite: <https://www.airbnb.com/h/nestingbox>

Sketchbook Residency: <https://sketchbookresidency.com/>

Millvale Property: <https://juniperplace.carrd.co/>

## Written Testimony - Heather Mallak

Airbnbs are essentially alternative forms of brick and mortar businesses, and they function in many of the same ways. They contribute to the local economy by encouraging tourists to spend their money in neighborhoods. By welcoming guests from all over the world, they bring diversity to their regions. Many operators create jobs in hospitality and construction via house cleaning and handyman work. When done ethically and responsibly, airbnbs and short-term rentals can have a reciprocal relationship with their communities. Based on my ten years of experience on both ends of the booking—being a host and a guest—I have observed the evolution of Airbnb from humble beginnings into a worldwide phenomenon.

According to Airdna, an industry leader in providing data and analytics for the short-term rental industry, there are currently 324 STR listings with over 200 active airbnbs in my neighborhood of Lawrenceville. This is a 100% increase from 2022 when there were just 107 active listings. It is unclear how many of these are owned by people who live in Pittsburgh or by non-local investors. This means we have tripled the numbers of STRs in just two years, and this is in just one of Pittsburgh's 90 neighborhoods. This data makes it very clear that not only is the Airbnb business model sticking around, it's growing exponentially. Airdna is among the dozens of apps and platforms that help hosts optimize their listing to earn the most revenue. Airbnb itself functions as a booking platform to help connect hosts and guests and is based highly off of a rating and review system. As operators on this platform, we are held accountable to Airbnb and guests through systems and policies. As operators in the city of Pittsburgh, it is not clear how we are held accountable to our neighbors. As Airbnb and similar models become the new Goldrush, those of us who started hosting as a way to celebrate alternative hospitality are weary of this uncharted territory.

In April 2022, Jaiden Brown and Matthew Steffy-Ross were shot and killed in an Airbnb on the Northside. Not only did their families suffer a tragic loss, the tragedy impacted hundreds of local youth who were in attendance or knew these young people. The story hit the National news cycle and mainstream media. Shortly afterwards Pittsburgh City Council introduced legislation to place restrictions on Airbnb and STRs within the city. With pressure to respond quickly to the senseless shooting, the Council's initial measure was rushed and not well informed. While other cities have engaged in informed research and conversations with relevant stakeholders prior to enacting legislation, there is currently still no airbnb oversight in the City of Pittsburgh.

The lack of regulations is one of the prime reasons we have seen such a high uptick in newly listed Airbnbs in the past two years. Dozens of articles and media stories targeting out-of-town and overseas investors highlight taking advantage of our city's lack of restrictions, making Pittsburgh an ideal location to make money. Our neighborhoods are still living in the Wild West

of the short-term rental market. Developers are flocking to our city with the hopes of striking gold.

To me, as an owner/operator for nearly a decade, Airbnb is more than a business to me and my family. We are proud of the hospitality we provide our guests, as well our efforts to revitalize underutilized spaces. Since 2022, I have worked alongside like-minded individuals and organizations to de-stigmatize and address the “ick” associated with the industry. I founded Stay Good, an initiative that emphasizes responsible and ethical approaches to hospitality and private tourism. In my own home, I added a hotel-esque suite called Nesting Box that welcomes singles and couples to Lawrenceville for short stays. Seasonally, I host an artist residency there where artists receive a complimentary stay, as well as food/drink sponsored by neighborhood businesses. While I am only one operator, I am dedicated to making an impact on how Pittsburgh handles its Airbnb and STR legislation.

In May 2024, in collaboration with Lawrenceville Corporation where I am a current board member, put on an event called Your Airbnb Adds Value to this Neighborhood: Lawrenceville. (<https://lvpgh.com/airbnbs/>) This was an attempt to create synergy between local operators and businesses along Butler Street. Representative Powell attended this event and has been open to conversations about this topic, likely resulting in my inclusion in today’s testimony. I have had casual conversations with my local Councilwoman Deb Gross, District 1 Councilman Bobby Wilson, Bridgeway Capital, and meetings with LC, LU, and VisitPGH hoping to help move forward constructive conversations regarding Airbnbs in Pittsburgh. In the past few years, I have taken trips to the Philadelphia area that boasts the InvestHer network. I have attended numerous targeted workshops about renovation and rentals and have made contact with some other like-minded operators in that eastern part of the State. I understand that rules and regulations have been put in place in Philadelphia and the Poconos. Locally, I have successfully navigated the numerous STR restrictions put in place by the Millvale Borough, where I operate a 2br rental, that address safety precautions and consideration of the impact on the neighborhood.

The numerous events I’ve convened with fellow Airbnb operators resulted in some meaningful conversations. However, despite promotion, attendance was low. This may have just been scheduling conflicts but could have been due to local Airbnb operators not wanting to make themselves public-facing to avoid scrutiny and/or a lack of interest in participating in community conversations. Additionally, we have no idea how many operators are not located in or near the Pittsburgh area. Or how many of these properties are managed by a middle-man company, whose owners are out-of-town investors who have little or no interest in day-to-day operations.

In October 2023, I read a first person essay written by Andy Keleman titled “Where have all my neighbors gone? How short-term rentals are shrinking my community.” published by Public Source. Andy lives just a few streets away from me and it happens to be a small block where there are multiple active Airbnbs surrounding him. I found this excerpt to be particularly poignant.

*“The rise of short-term rentals is — in my humble opinion — dissolving my neighborhood, and my sense of community. Sometimes I feel like I’m screaming into a void when telling others about it. Friends have suggested simply moving out of Lawrenceville. Even worse, family members suggested moving to the suburbs. But at this point it seems as though my partner and I have settled into our Central Lawrenceville house. And maybe I’ve just been spoiled my whole life when it comes to having a strong community of neighbors.”*

After reading this, I reached out to Andy to discuss his experience. We had a great conversation at a local coffee shop. I wasn’t there to defend airbnb operators as a whole-- because we don’t all manage our properties in the same way. I believe there are two differing ideologies - some who look at their STR property as a contribution to the community while making sure their “business makes sense”. And then there are those who look at vibrant communities as easy to exploit with hands-off investments that siphon money away from the local ecosystem. From my perspective, the only way to make the bottom line as big as possible is to focus on the numbers, not your neighbors. However, I am in pursuit of striking a balance of both.

My story as an Airbnb host/operator is quite unique. I’ve been an owner and I’ve also been an operator in my neighborhood, arbitraging several underutilized spaces and turning them into livable, viable lodging options. To date, I maintain a 4.97 rating on the Airbnb platform and Superhost status, an elite designation given to the best hosts in the world. Just over ten years ago I added a recycled shipping container as a permanent addition to my brick rowhouse in Lawrenceville. In 2019, I began the full renovation on a condemned property in Millvale. This effort paid \$30k in back taxes to the Borough, saved them \$30k+ in avoiding tear down costs, and has been brought back on the tax roll. Both of these projects had me working closely with architects, structural engineers, contractors with multiple rounds of permits with the City of Pittsburgh and Millvale Borough. I understand firsthand the massive work that goes into working within the bureaucracy of permits and zoning, but also the benefits that result when these projects are successful.

After hosting more than 1,000 guests in Lawrenceville and Millvale, I recognize there is a need for alternative accommodation options for visitors. A story that will always stick with me is a woman who was traveling to Pgh to be a live organ donor. I first met her when she booked my smallest property located in my house, Nesting Box. She was visiting for just a couple days to

have the initial testing done. Guests often share what brings them to town and when she shared her story, I naturally wanted to support her journey in any way possible. A few months later, she contacted me to see if I had any other accommodations where she could recover from surgery. A place without many stairs, close to the hospital, easy parking, ability to cook healthy foods, and a comfortable environment that felt more like home than a hotel. I was able to host her and her husband for two weeks post organ donation. Then, she came back to the same property for her three month check up. This is just one story of many beyond concerts and sporting events. Grandparents visiting newborn grandchildren, families touring colleges, nurses traveling far from home with service dogs, musicians and filmmakers, and entrepreneurs looking to relocate to Pittsburgh are just some of the guests that I've had the pleasure of encountering. It's important that we offer another option besides a hotel because people are nuanced, their choice of where to stay should meet their needs.

*"To a couple, originally from Austin, who had never been to Pittsburgh before, Millvale felt like home. We had come to Pittsburgh to work on the Showtime TV show in January, but didn't move to Millvale until May. I only wish we would have moved there sooner. The small community vibe and local businesses are a welcome escape from a busy lifestyle. Local places like Strange Roots and Grist House were the perfect place for us and our two dogs. Not to mention trendy places like Tupelo Honey Teas (now Abeille Voyante Tea Co), Lincoln's P&G Diner, and Attic Record Store were also lovely surprises. Every day, we felt welcome, and in such a small slice of the city of Pittsburgh, we found everything we needed to have a good time. Quickly Millvale not only became the hot spot for us, but for our crew from out of town. They all came over from various parts of the city to enjoy a weekend at the breweries, ax throwing, or the many events such as Millvale Pride and the Millvale Music Festival. We couldn't get enough. We already miss Millvale and truly hope we can return some day."*

- Mark Brennan & [Jessica Derhammer](#), Production Supervisor, [American Rust](#)

As leaders from across the state move forward with this study, I hope that the approach to legislation and oversight for the Airbnb and short-term rental business continues. I sincerely urge our representatives to be thoughtful and intentional with their decisions. For those of us who see ethics and responsibility as non-negotiable in our own businesses, we welcome regulations that will elevate the industry and positively impact neighborhood tourism.

Thank you for your time and for taking my testimony into consideration. Please feel free to contact me if you have any questions or comments.

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### **Testimony for Policy Hearing on Short-Term Rentals**

7/29/24, 1-3 PM

*Dave Breingan  
Executive Director  
Lawrenceville United*

#### **About Lawrenceville United**

Lawrenceville United (LU) is an inclusive, resident-driven 501c3 non-profit organization that was founded in 2001 as a group of volunteer residents who came together to address blight and crime through grassroots organizing and advocacy. In our 23 years of existence, we have adjusted our work plan to meet the changing needs of the Lawrenceville community, yet the mission remains the same: **to improve and protect quality of life for all Lawrenceville residents.**

With a growing active membership of over 850 Lawrenceville residents, a Board of Directors comprised entirely of current and former Lawrenceville residents, standing monthly community meetings, wide reach among the community, and thousands of volunteer hours leveraged annually, LU continues to be the direct connection to neighbors, to advocate for residents, and to mobilize people around community-driven projects.

#### **About me**

Dave Breingan is the Executive Director of Lawrenceville United (LU), where his work has focused at the grassroots level on community development and community planning, organizing for housing justice, supporting older adults to age in place successfully, promoting food access and public safety, cleaning and greening the neighborhood, and supporting neighborhood public schools through parent organizing.

Under Dave's leadership, Lawrenceville United fought for and won the first mandatory inclusionary zoning policy in Western PA, developed a home repair program for low-income homeowners and older adults with disabilities, stewarded close to 100 development projects through a community review process, and initiated a local rental assistance program. Dave currently serves as a co-chair of the Pittsburgh Housing Justice Table, a coalition of over 100 organizations and individuals that helped win and fund Pittsburgh's Housing Opportunity Fund, a \$10M annual local trust fund for affordable housing, and which is currently campaigning to establish a Right to Counsel for tenants facing eviction in Pittsburgh.

Dave also serves as a member of Sharpsburg Borough Council, where he passed Allegheny County's first anti-retaliation ordinance and spearheaded updates to the Borough's zoning code to align it with community plans. A graduate of the University of Pittsburgh, Dave's prior career experience focused on working with marginalized youth through out-of-school programming, mentoring, and advocacy. He previously served on the License Inspection Review Board for the City of Pittsburgh and on the Board of Lawrenceville Corporation.



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### Written Testimony on Short-Term Rentals

#### About Lawrenceville

Perhaps more than any other Pittsburgh neighborhood, Lawrenceville has seen dramatic changes in recent years. Community-led efforts have resulted in safer streets, the flourishing of a vibrant business district, the replacement of vacant and dilapidated properties for new housing and green spaces, and improvements at our neighborhood public schools. At the same time, however, rapid shifts in the housing market are displacing the community's most vulnerable residents, perversely excluding the very community members who led this positive change and who stand to benefit from growing opportunity.

Median home sale prices in Lawrenceville tripled 2010-2020, placing Lawrenceville's zip code as the 2<sup>nd</sup> highest in America for housing price appreciation during that time. This has resulted in mass displacement, disproportionately affecting our Black and poor neighbors, and landing particularly hard on households headed by single moms with children. Numbers don't do it justice or adequately reflect the full extent of the harm, but in just a 5-year timespan, Lawrenceville lost half of our Black population, half of our neighbors living in poverty, and half our Housing Choice Voucher households, as well as a 38% loss of kids under 18.

We see the devastating effects of this displacement in the story of my friends in the Somali Bantu population. Resettled to Pittsburgh as refugees mostly in 2004 and 2005, nearly 300 Somali Bantu called Lawrenceville their first home in the States. As the housing market heated up, one by one, drip by drip, their landlords began escalating the rents, or selling their properties, or dropping vouchers. The result today is that none of these families live in Lawrenceville today, even though many of the children still attend Lawrenceville schools for their English as a Second Language education, access services in the neighborhood through the Lawrenceville Family Health Center and Goodwill of Southwestern PA, and even vend at the Lawrenceville Farmers Market. Most of them moved to a neighborhood that, at various points, has been one of the top ten most dangerous neighborhoods in America (based on a statistical analysis of a resident's probability of being the victim of a violent crime within a given year), while also losing access to a grocery store and a Pre-K center within walking distance. Two of the six kids that I tutored went on to directly experience gun violence.

An important backdrop to this story of displacement is the rise in corporate purchases of real estate. In Lawrenceville alone, there have been nearly 800 sales to real estate investors between 2010 and 2021, according to a study by the Pittsburgh Community Reinvestment Group published last year.<sup>1</sup> Corporate purchases have grown exponentially and represent 27% of total sales of homes in Upper and Lower Lawrenceville. This trend is concerning for several reasons. For one, investors with deep pockets can often pay cash and close quickly, squeezing out families of more modest means who are looking to buy, but who require a mortgage. This can make it especially hard for first-time homebuyers to get a fair shot at their starter home. There's also mounting evidence that these corporate entities, once they acquire properties, make for worse landlords and are more prone to file evictions, raise rents, and fail to upkeep their properties. And with investor purchases in Lawrenceville coming in at 54% of the average home sale price, longtime residents who are ready to sell their homes are likely losing out on the full worth of their home after sticking it out through good and bad times in Lawrenceville.

Moreover, corporate entities may be more likely to *deliberately* target vulnerable homeowners with aggressive, predatory practices to get properties at bargain prices, as a 2020 article by CityLab documented and as we have observed firsthand in Lawrenceville.<sup>2</sup> In one instance, we documented a case where a real estate investor got a tour of a

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<sup>1</sup> <https://www.pcr.org/corporate-housing-study>

<sup>2</sup> <https://www.bloomberg.com/news/articles/2020-01-24/how-pittsburgh-s-house-flippers-get-buyers-to-sell>





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low-income homeowner's property under false pretenses, used this to document (& report) building code violations to the City, then waited until the notice of violation came from the City (with a threat of daily fines) to pressure the owner into signing a lowball offer on the home. In another situation, we heard from a resident who had to hire an attorney to get out of a sales agreement on his family home, after a real estate investor used aggressive sales tactics at the door of our client's 90 year-old grandmother with dementia and persuaded her to sign an agreement for approximately 1/3 of the value of the home and only \$100 cash down!

### **The Housing Crisis**

While these trends in Lawrenceville may be particularly striking, they aren't unique. Our story in Lawrenceville mimics the housing crisis across our region, the Commonwealth, and the United States. PCRG's Corporate Housing Study showed an explosion of growth of houses sold to corporate entities, increasing in Pittsburgh from 15.5% of sales in 2010 to 24.8% of sales in 2021, and increasing even more rapidly in Allegheny County from 9.7% to 18% during the same period.<sup>3</sup> The increasing role of real estate investors reflects a global trend, as documented by a United Nation's report of the Special Rapporteur on adequate housing:

*Housing and real estate markets have been transformed by corporate finance, including banks, insurance and pension funds, hedge funds, private equity firms and other kinds of financial intermediaries with massive amounts of capital and excess liquidity... Housing and commercial real estate have become the 'commodity of choice' for corporate finance and the pace at which financial corporations and funds are taking over housing and real estate in many cities is staggering... In the course of one year, from mid-2013 to mid-2014, corporate buying of larger properties in the top 100 recipient global cities rose from US \$600 billion to US \$1 trillion. Housing is at the centre of an historic structural transformation in global investment and the economies of the industrialized world with profound consequences for those in need of adequate housing.*<sup>4</sup>

The extent to which housing is increasingly a profit-driving commodity for corporations shows how adrift homes have become from their fundamental role as a basic necessity and the cornerstone of our family and community lives. The phrase "housing is a human right" is not just a statement of fact of international law, but a reminder that governments have an obligation to secure the right to adequate housing for all, including through the regulation of the private market and financial actors.

We have a long way to go to secure that right. The City of Pittsburgh's 2016 Housing Needs Assessment identified a severe shortage of 20,000 units for households earning less than 50% area median income.<sup>5</sup> The City's 2022 update to this assessment found a lower shortage, not due to improving affordability, but due to so many low-income renters getting pushed out of the City altogether.<sup>6</sup> Between 2010 and 2020, Pittsburgh lost over 10,000 Black residents, according to U.S. Census figures, and since 2015, Pittsburgh lost 7% of its Black homeowners, a greater proportional loss than even Black renters. Nearly half of all renters in Pittsburgh are cost-burdened, while over 1 out of 4 renters pay more than half of their income on housing.<sup>7</sup> These factors help to explain the growing number of unhoused people living in tents around Lawrenceville and around Pittsburgh.

Again, this is not unique to Pittsburgh. According to the National Low Income Housing Coalition, in Pennsylvania there's a shortage of over 250,000 rental homes affordable and available to extremely low income renters. To afford the

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<sup>3</sup> <https://www.pcr.org/corporate-housing-study>

<sup>4</sup> <https://documents.un.org/doc/undoc/gen/g17/009/56/pdf/g1700956.pdf?token=FmTv0BHyaBznbtB3GL&fe=true>

<sup>5</sup> [https://apps.pittsburghpa.gov/dcp/Pittsburgh\\_Housing\\_Needs\\_Assessment.pdf](https://apps.pittsburghpa.gov/dcp/Pittsburgh_Housing_Needs_Assessment.pdf)

<sup>6</sup> [https://apps.pittsburghpa.gov/redtail/images/21887\\_Pittsburgh\\_HNA\\_Final\\_Report.pdf](https://apps.pittsburghpa.gov/redtail/images/21887_Pittsburgh_HNA_Final_Report.pdf)

<sup>7</sup> [https://apps.pittsburghpa.gov/dcp/Pittsburgh\\_Housing\\_Needs\\_Assessment.pdf](https://apps.pittsburghpa.gov/dcp/Pittsburgh_Housing_Needs_Assessment.pdf)



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average fair market rent 2-bedroom apartment in Pennsylvania, a family would need to earn \$26.26 per hour, more than three times the minimum wage.

Against these depressing trends, we at Lawrenceville United and our partners have been doing our best on the ground here to create “housing for all” through as many strategies as possible, from creating the first Community Land Trust in Western PA, to passing mandatory inclusionary zoning, to working in coalition to pass the Housing Opportunity Fund, to developing programs for eviction prevention and home repairs, to creating community benefit agreements with new developments, to current efforts to guarantee legal assistance for all tenants facing eviction in Pittsburgh, and so much more.

### **Short-Term Rentals**

I provide this background on Pennsylvania’s affordable housing crisis and the financialization of housing because as I turn towards our direct experience with Short Term Rentals (STRs) in Lawrenceville, I think this is critical context in which they’re operating on the ground in neighborhoods like ours. I’d also suggest that this background offers an appropriate framework for legislators to think about how we ought to regulate them, what (and who) should be prioritized when balancing competing interests, and what other actions are needed to ensure that Pennsylvania provides adequate housing to all its citizens beyond the scope of regulating STRs.

Along with other neighborhood improvement efforts in Lawrenceville, the 16:62 design zone was a highly effective strategy at promoting economic and business development along Butler Street. What started with grassroots efforts like Art All Night and the promotion of Lawrenceville’s local art studios and galleries has grown into a thriving business district and nighttime economy with nationally-renowned restaurants, an extensive microbrewery and distillery network, a rich café and bar scene, and popular concert venues like Thunderbird Café and Spirit.

As Lawrenceville has become more and more of a destination, we’ve seen a pronounced increase in Airbnb’s across the neighborhood. In the wake of the shooting at an Airbnb house party on the North Side that killed Jaiden Brown and Matthew Steffy-Ross, Lawrenceville United hosted a community meeting on the subject of STRs in June 2022. At the time, there were 107 active STRs in our zip code, 43% of which were available full-time (more than 181 days in the past year). Since then, in just two years STRs have doubled and the proportion of listings available full-time has only increased, according to AirDNA. While this only accounts for a little over 3% of the total housing units in our zip code presently, this exponential rate of growth should invite all of us to start considering the implications of this propagation now so that policymaking and regulation can keep up with reality on the ground.

Nothing that we’ve seen with Airbnb’s in Lawrenceville has risen to the seriousness of the North Side shooting and the tragic loss of life there, but there have been a number of incidents that have raised concerns. Similar scenarios, with people renting out entire houses to host massive late-night parties, deep in the residential areas of our neighborhood and far off Butler Street, have been the most serious. We’ve seen these occur throughout the neighborhood at various points, often from properties that are regular and repeat offenders. Loud music & noise late at night, public drunkenness and/or drunk driving, litter, and impacts on parking are the most common concerns we hear from these types of parties, and it’s been common for neighbors to have to deal with them week after week or night after night. We want to be a community where families can raise children, where older adults can age in place, and these types of issues pose real threats to residents’ ability to enjoy a good quality of life. There have also been more dangerous public safety concerns, with fights occasionally spilling out into the community. During the pandemic especially, our police zone stressed to us on multiple occasions that Airbnb’s had become a significant challenge for them and that they were a significant source of response calls in Lawrenceville. One complaint we received documented an Airbnb house party that



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had hired security who were visibly brandishing assault rifles on the front porch of the property, just a few dozen feet from some very worried neighbors who had lived on that quiet residential block their entire lives.

In almost all of these incidents, the offending property has been owned by a corporate entity, often an out of town one, and we've heard from neighbors about the lack of care that these entities can take in operating STRs. Even when there aren't large parties or public safety concerns, overgrowth and weeds can take over, garbage can pile up, which some residents have attributed to creating rat and cockroach infestations on the block that spill out to other neighbors. Actually getting in contact with the property owner, let alone getting them to address these types of issues, can be a major challenge, and concerns raised with Airbnb directly have seldom resulted in accountability.

I think it's important at this point to distinguish between these types of owners, who are often purchasing property for the explicit purpose of operating it as a STR, and everyday Lawrenceville residents who rent out their own property as an STR, or even neighbors who have even acquired secondary properties. We know many Lawrenceville neighbors who operate their own or secondary properties as Airbnb's, and do so extremely responsibly and in a community-oriented way. These operators are often highly rated by guests, provide recommendations to visitors to shop at local businesses, set strong expectations with visitors, and keep in touch with neighbors to promptly address any issues that may arise.

My co-panelist Heather Mallak and her work with StayGood is a great example. When my brother and his 3 kids stayed at an Airbnb across the street from Heather (not owned by Heather), when the power went out, Heather texted me immediately to offer to bring over flashlights or anything else that their family might need. In other cases, we've worked with Lawrenceville residents who operate Airbnb's to provide temporary housing for families displaced by fires, or who were fleeing an unsafe housing situation. On yet other occasions, Lawrenceville residents who operate Airbnb's were able to help get us in touch with networks of local Airbnb hosts and Airbnb themselves to address public safety concerns related to a guest who was stalking women in the neighborhood. This network of community, caregiving, information sharing, and accountability is hard to quantify, but I think is really valuable and it's there that out of town corporate entities are completely lacking. Unlike Heather and other Lawrenceville residents who operate Airbnb's, these entities have no stake in the community other than maximizing their profit.

Another point worth making is that while STR listings may only constitute 3% of our overall housing stock, this can mask how concentrated they are on particular blocks and the effect this can have. As one neighbor on 42<sup>nd</sup> Street has shared, of the 24 houses on his block, 6 are Airbnbs operated by out of towners, and 2 more are about to start. In addition to the aforementioned issues related to noise, litter, and weeds, one of his key points has been the loss to his sense of community as a result of STRs being so prevalent on his block.<sup>8</sup> Instead of neighbors they can build relationships with and share community with, residents on this block are constantly dealing with a steady stream of strangers next door. Beyond the psychological impacts of this dynamic, an increasing body of research points to social cohesion and resident transiency as strongly related to crime. Indeed, two Northeastern researchers found that STR proliferation in a community was associated with higher violence:

*The specific findings suggest that the impacts of short-term rentals on crime are not a consequence of attracting tourists themselves. Instead, the results point to the possibility that the large-scale conversion of housing units into short-term rentals undermines a neighborhood's social organization, and in turn its natural ability of a neighborhood to counteract and discourage crime, specifically violent crime. Further, the lagged effects suggest a long-term erosion of the social organization, which would stand in contrast to the more immediate impacts that the presence of tourists would be expected to have.<sup>9</sup>*

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<sup>8</sup> <https://www.publicsource.org/lawrenceville-airbnb-squirrel-hill-neighbors-community-tourism-pittsburgh/>

<sup>9</sup> <https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0253315>



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No wonder that we have heard anecdotally that multiple Lawrenceville residents have decided to move out of our community because of living in close proximity to Airbnb's.

Beyond all these important concerns, there's strong evidence that STRs also exacerbate our affordability crisis by reducing the overall supply of rental housing through conversions into STRs and by boxing out prospective homebuyers. Anecdotally, we have seen this in Lawrenceville as more corporate entities purchase existing single family homes and immediately begin operating them full-time as STRs. The research suggests that we're right to be concerned about the effect of this trend on housing prices. One study in New York found that "a doubling of Airbnb listings is associated with increases of 6 to 11% in house values."<sup>10</sup> Another study found that a high Airbnb density increases asking rents by up to 3.1%.<sup>11</sup> Similarly, regulations can counteract this: other research found that regulations of STRs in Los Angeles reduced rents by 2%.<sup>12</sup>

STRs certainly offer some economic and social benefits to a community. When my brother's family came to visit, he stayed at an Airbnb in Lawrenceville because local hotel options were impractical for him with 3 young children. Instead of staying outside of Lawrenceville, it meant we could spend more time seeing each other, and my brother's family spent money with local vendors at the Lawrenceville Farmers Market as well as our local businesses on Butler Street. But are these benefits worth the costs that the community bears? Our on-the-ground experience in Lawrenceville suggests that there are significant negative effects from STRs that our neighbors bear: from public safety, to nuisance related issues, to the deterioration of the community fabric, to further pressure on a housing market that's already out of reach for too many of our neighbors. The research reaffirms that these costs are measurably real and can be quite significant. Worst of all, these costs are likely to be borne disproportionately by the population that's already struggling and most vulnerable: low-income renters, older homeowners on fixed incomes struggling to keep up with their homes, first-time homebuyers, and families with school-age children. On the other hand, the economic benefits of STRs have a tendency to be overstated and are likely to accrue to disproportionately white and high-wealth households, as a paper from the Economic Policy Institute has shown.<sup>13</sup>

### **Recommendations**

Our experience shows that there's a strong case for policymakers to more effectively regulate STRs. Indeed, Lawrenceville residents who operate Airbnb's have often themselves been vocal advocates for government to bring STR operators "out of the shadows" through registration and to provide clear, enforceable rules that will hold accountable irresponsible operators that negatively affect the community—as well as the reputation of responsible hosts.

Goals of this regulation should minimally focus on: (1) promoting housing affordability by preventing housing stock from being lost to conversion into STRs; (2) minimizing the risk and incidence of public safety and nuisance related issues caused by STRs; and (3) reducing disruptions to social cohesion by preventing concentration of STRs in residential areas.

These goals might be accomplished by:

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<sup>10</sup> <https://web.williams.edu/Economics/wp/SheppardUdellAirbnbAffectHousePrices.pdf>

<sup>11</sup> <https://www.sciencedirect.com/science/article/abs/pii/S1051137717300876>

<sup>12</sup> <https://www.sciencedirect.com/science/article/pii/S0094119021000383>

<sup>13</sup> <https://www.epi.org/publication/the-economic-costs-and-benefits-of-airbnb-no-reason-for-local-policymakers-to-let-airbnb-bypass-tax-or-regulatory-obligations/>





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- **Passing legislation in Pennsylvania that clearly empowers local governments like Pittsburgh to create a rental registry and to regulate short-term rentals.** Litigation and court rulings have severely hampered our ability to make progress on these issues at the local level. State action could permit cities like Pittsburgh to control our own destiny and to register and license STR operators and hold them accountable when they create nuisance issues.
- **Restrict short term rentals to primary residences only, or primary residences + one additional unit.** To reduce the amount of existing housing stock being converted into short term rentals, the proliferation of corporate purchases of land in residential areas, and the neglect that often follows from out-of-town STR operators, policymakers should consider permitting STRs only to people who live in the community, as other jurisdictions have done.
- **Create caps on short term rentals or tighten restrictions in residential zones.** To avoid the concentration of STRs in residential neighborhoods, policymakers could establish caps on the overall number of STRs within a certain area, or use zoning to restrict them in residential zones areas.
- **Cap the number of nights for which STRs can be rented.** Preventing full-time STRs would make it less likely for real estate investors to remove rental units for STRs, while still allowing for residents to use their homes occasionally for hosting.
- **Tax STRs fairly.** With STRs often operating as de facto hotels, and they should at least be taxed on a fair playing field with hotels, but since they also create externalities in communities that are unique from hotels, legislators should consider taxing STRs at higher rates than hotels.

These are certainly not comprehensive, and we should also be clear that STRs are but one piece of the overall landscape within the housing crisis. State legislators can and must do more outside of regulating STRs to increase the supply of housing and bring down housing cost inflation. Increasing evidence shows that areas that build more housing are better able to keep rent growth low, and that land use reform can be a critical step to promoting more housing and more housing types, including ones that are naturally affordable like Accessory Dwelling Units. House Bills 1976 and 2045, and Senate Bill 1126, offer common-sense minimum standards for municipal zoning by re-legalizing duplexes, triplexes, and fourplexes in more places and permitting apartment buildings in commercial areas.

Finally and most importantly, Pennsylvania legislators should embrace housing as a social good and a human right, rather than a commodity, and focus resources and policy to directly reach those most negatively impacted by the housing crisis:

- **Invest in social housing.** Government should take up its opportunity and responsibility to dramatically increase the supply of housing free from the profit motive through investing seriously in community land trusts, co-operative housing, and publicly developed housing. Montgomery County, Maryland's Housing Opportunity Commission offers a highly successful model for how to use the public to replace private financing in housing developments and in return to include more affordable units AND retain majority ownership of the properties. Social housing models like these offer the opportunity to efficiently increase housing production, even in down-market cycles, while ensuring that affordability is preserved long-term and profits flow back to the public instead of further fueling inequality. Pennsylvania can be a leader in developing statewide financing mechanisms or a Social Housing Development Authority to start building the capacity to scale social housing across the Commonwealth and tackle the affordable housing shortage head on.
- **Support tenant protections.** Emergency rental assistance has been incredibly successful at keeping low-income tenants housed. As rental assistance funds in Allegheny County are getting drawn down now, future funding



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from Harrisburg to support eviction prevention is critical. In addition to direct assistance, it's great to see the General Assembly investing funds in legal counsel for tenants. Here in Pittsburgh, the Lawyer of the Day Program has seen outstanding results at keeping tenants in their homes, improving success rates by over 400%. Programs like this have been shown to have a 12-to-1 return on investment by preventing homelessness and other expensive burdens on the public sector, while also being good for landlords and helping tenants to navigate resources to pay off back-rent owed.<sup>14</sup>

- **Fund Whole Home Repairs.** As our examples have shown, low-income homeowners can often be left vulnerable in a hot housing market. Investing in home repairs and accessibility modifications protects longtime homeowners from displacement due to deferred maintenance, property code violations, or an inability to age in place successfully, while protecting more of our housing stock from falling into vacancy/blight and/or being acquired by corporate entities and real estate speculators. Evidence from Allegheny County's Whole Home Repairs program has shown tremendous results at reaching those who have most been historically excluded from the benefits of homeownership, with 65% of funds going to Black households, while also equitably creating jobs through millions of dollars going to WMBE contractors.

Thank you for your consideration for these recommendations and for the opportunity to testify at this important policy hearing. We look forward to continuing working with our state legislators to share our experiences on the ground and to advocate for solutions that support our mission to improve and protect quality of life for all Lawrenceville residents!

### Contact Information

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<sup>14</sup> <https://www.stout.com/en/experience/cost-benefit-analysis-for-philadelphia-right-to-counsel>

June 26, 2024

Chairman and Honorable Members of the Committee:

As President & CEO of VisitPITTSBURGH, I'm grateful for the opportunity to supply a written testimony regarding the growing prevalence of short-term rentals in Allegheny County and its impact on our local tourism industry and housing market.

As an organization dedicated to fostering the long-term development and promotion of tourism and hospitality in our region, VisitPITTSBURGH closely monitors trends that affect visitor experiences and our local economy. The significant rise of short-term rentals, facilitated by platforms such as Airbnb and VRBO, presents both opportunities and challenges that warrant further conversation and consideration.

In 2023 short-term rentals accounted for 8% of paid accommodation room nights consumed in Allegheny County. Although a small share of overall room nights consumed, short-term rentals have experienced sizable growth between 2017 and 2023, up 140%—a trend we likely expect to continue over the next several years. Most short-term rental stays coincide with peak travel season—with 56% of total room nights consumed March through September.

Additionally, short-term rentals continue to increase lodging revenue in Allegheny County. In 2023, short-term rentals generated 9% of all lodging revenue collected in the county. This represents \$62 million in revenue—a 280% increase over short-term rental revenue collected in 2017. It's important to note that during that same period, traditional hotel revenues grew at just 9%. Within the industry, we also track the average daily rate (ADR) to measure the health of our overnight reservations market. The ADR for short-term rentals has grown faster than hotel ADRs in Allegheny County. In 2023, the ADR for short-term rentals averaged \$164, \$18 more than the ADR for hotels in the county.

With this rise in short-term rentals, it's no secret these types of properties have altered the landscape of visitor accommodations in our region. Short-term rentals offer unique lodging options that appeal to travelers seeking authentic experiences and alternatives to traditional hotels. Our research also suggests that short-term rental guests tend to stay longer, have children in their travel party, and desire to "live like a local" during their visit. Short-term rental guests skew slightly younger and are more likely to have a college or post-graduate degree.

This diversity can enhance our attractiveness as a destination that accommodates different traveler preferences, contributing to longer stays and increased spending in our local economy. Many visitors today seek to immerse themselves in the authenticity of our 90 distinct neighborhoods, and short-term rentals provide a unique opportunity to do just that.

However, this trend also brings challenges, particularly in balancing the interests of homeowners, visitors and our community at large. The rapid expansion of short-term rentals has



sparked concerns about housing availability and affordability, especially in desirable neighborhoods. Properties once available for long-term rental are now being converted to short-term accommodations, potentially reducing housing stock for residents and driving up rental prices. We continue to see this reflected in Allegheny County's Mid-Market, which includes Oakland, Lawrenceville, Shady Side, Squirrel Hill, Bakery Square and Southside areas. Allegheny County's Mid-Market accounts for nearly 40% of all short-term rental consumed room nights and revenue.

In navigating these complexities, collaboration among stakeholders is essential. VisitPITTSBURGH supports a balanced approach that fosters responsible growth in the short-term rental sector while preserving our community's affordability and availability of long-term housing opportunities for residents. Additionally, strategic partnerships between platforms, local government and organizations, like VisitPITTSBURGH, can promote responsible tourism practices and mitigate potential negative impacts.

The rise of short-term rentals presents a dual opportunity for Allegheny County: to diversify our tourism offerings and to address challenges associated with housing availability. By adopting thoughtful policies that prioritize community well-being and sustainable tourism practices, we can ensure our region remains a welcoming and vibrant destination, while preserving the quality of life for residents now and for years to come.

Thank you for the opportunity to testify and for your careful consideration of short-term rentals and their impacts. I look forward to continuing this important dialogue.

Sincerely,

A handwritten signature in black ink, appearing to read "Jerad Bachar".

**Jerad Bachar, President & CEO**  
VisitPITTSBURGH