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PRESS RELEASE

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City Controller Finds One-Third of Short-Term Rentals Cannot Be Matched to City's Licensing Records

1,327 of 3,734 Airbnb listings had inactive, expired or ineligible licenses

PHILADELPHIA – City Controller Christy Brady today released a report examining short-term rental properties that found several issues involving licensing verification, oversight and a complex system for hosts to navigate to ensure compliancy.

A short-term rental is defined as 30 days or less. Property owners who are primary residents must obtain a Limited Lodging Operator License, ensure the property is properly zoned for the intended use, and hold a Commercial Activity License. Property owners who are not primary residents are subject to more stringent requirements, including obtaining a zoning permit for Visitor Accommodations and a Rental License with a hotel designation.

The City Controller's report included an analysis of 3,734 Airbnb property listings in one month that identified 1,327, or one-third, that had inactive, expired or ineligible license types.

Some of the non-compliant Airbnb listings included:

- A West Philadelphia rental advertised as "Chill in Style Anime Themed Escape" for \$570 for two nights could not be verified that it had all required licenses registered at the address.
- A Center City rental in Rittenhouse Square advertised as a "Large & Bright One Bedroom" for \$3,657 for 30 days listed a license number that corresponded to a dumpster license.
- A one-bedroom "1 blk away subway" in South Philadelphia for \$1,101 for 30 days listed a license number that corresponded with a towing company.

"Short-term rentals are an increasingly important part of Philadelphia's lodging market, especially during major events that we're experiencing right now," said Brady. "The industry's growth requires a clear, efficient regulatory framework with strong licensing and enforcement tools to identify noncompliance."

The Department of Licenses and Inspection's (L&I) oversight of short-term rentals relies primarily on reports submitted by respective booking platforms and complaint-driven enforcement. It is managed by a small staff, limiting the city's ability to timely identify

potentially non-compliant listings. When L&I identifies a listing as non-compliant or operating without the required licenses, it is supposed to notify the booking agent and provide an opportunity for the host to correct the deficiency. If the issue is not resolved within five days, the booking agent shall remove the listing and confirm it has done so.

“The city can benefit from using technology-assisted monitoring tools that can support the identification of potentially noncompliant listings across multiple booking platforms,” said Brady. “Other cities are already utilizing this technology and significantly improving their enforcement measures.”

Nashville previously struggled with licensing compliance and enforcement after experiencing a significant uptick in short-term rentals. The city contracted with a third-party compliance company that utilizes a platform to automate monitoring tools to identify listings across more than 70 short-term rental websites. It compares listings against local licensing requirements and assists local governments in identifying potentially non-compliant properties; it also supports complaint intake and monitoring of local occupancy and rental restrictions.

Mount Pleasant, South Carolina, a tourism-heavy beach town outside Charleston, utilizes a government technology company to monitor its short-term rentals. Its compliance rate increased from 20% to more than 95% by using the technology.

“By improving oversight and accountability, Philadelphia can better protect residents and visitors, support compliant operators, and ensure that short-term rentals operate in accordance with our laws and regulations,” said Brady.

The Controller’s Office conducted the review after receiving complaints about specific properties. The full report can be viewed at <https://controller.phila.gov/>

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