

NetChoice *Promoting Convenience, Choice, and Commerce on The Net*

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San Diego City Council Members
City Administration Building
202 C Street
San Diego, CA 92101

October 28, 2016

RE: **Opposition to San Diego ban on short-term rentals**

Dear Council Members:

We ask that you not adopt the proposed ban on short-term rentals as it would:

- Make tax collection more difficult
- Harm San Diego families that rely on revenue from short term rentals
- Hurts local businesses
- Encourage hotels to raise prices
- Send San Diego on the wrong path

Already a majority of San Diego residents support short-term rentals.

65% of San Diego voters think short-term rentals should be legalized and smartly regulated instead of banned. We agree.

Banning short-term rentals depresses tax collection

We've seen high compliance rates when localities create reasonable registration and regulation for short-term rentals. By achieving a high level of compliance, San Diego would enjoy a more reliable source of tax revenue from registered home owners.

Unfortunately, the proposed ban makes any compliance impossible. Moreover, it will not prevent the presence of short-term rentals in San Diego -- but would merely send them underground. This means less tax revenue for the city and less oversight of short-term rental activity.

Harm San Diego families that rely on revenue from short term rentals

Short-term rental services provide necessary income to several of your constituents. Over 52 percent of hosts nationwide live in low-to-moderate income households. More than 48 percent of the income hosts earn through certain short-term rental services is used to cover household expenses.

Consider, for example, the resident who does not want to stay in San Diego for Comic-Con. Short-term rental services allow these residents to getaway by sharing their homes and using that revenue for a trip out of town.

But banning short-term rentals just makes it harder for your residents to enjoy the benefits of short-term rental services.

Hurts local businesses

It's not just the hosts that lose from a ban on short-term rentals, but also San Diego's local businesses. When travelers save on lodging, they have more to spend at San Diego's local restaurants, shops, and stores. Moreover, short-term rentals encourage travelers to visit parts of San Diego not services by hotels.

In essence, short-term rentals mean more money for San Diego's smaller businesses.

In fact, a recent survey found that 64% of local voters believed having short-term rentals in the city brings benefits to local residents and the local economy.

Banning short-term rentals encourages hotels to raise prices

Short-term rentals have frustrated hotels as they create price competition that benefits home-owners and travelers alike.

Hotels excitedly exclaimed that a new law banning short-term rentals "should be a big boost in the arm for the business," "certainly in terms of the pricing." Another hotel operator said stated short-term rental companies have frustrated his "ability to price at what maybe the customer would describe as sort of gouging rates."¹

Moreover, while hotels are complaining about short-term rentals, they are enjoying record level profits and reservations.²

Instead look to reasonable regulations

Instead of banning short-term rentals, we instead encourage you to look to reasonable regulations that have proven beneficial in other jurisdictions. We've seen high compliance rates when localities create reasonable registration and regulation for short-term rentals.

A thoughtful approach to home-sharing by creating a registration process would benefit all San Diego residents. Registration would also ensure the home-sharing boon to homeowners and visitors also benefits non-participating residents through revenue collection that is funneled back into the local economy and San Diego projects.

But outlawing home-sharing is not the answer.

We ask that you not deny your constituents the right to earn extra money by sharing their homes. We hope that instead you look to create short-term rental policies developed through an open and transparent dialogue among policymakers, industry stakeholders, property owners, and the public.

So while we ask that you not ban short-term-rentals we welcome the opportunity to work with you on reasonable regulations that allow all to prosper.

Sincerely,



Carl Szabo

Senior Policy Counsel, NetChoice

NetChoice is a trade association of e-Commerce and online businesses. www.netchoice.org

¹ Elizabeth Dwoskin, *Hotel CEO openly celebrates higher prices after anti-Airbnb law passes*, The Wash. Post (October 26, 2016).

² Hotel occupancy is on track to reach a record this year, with the national occupancy rate predicted to reach 65 percent in 2015, or the highest since hotel-data provider STR started tracking in 1987 (see [CBS Money Watch - Who is Airbnb really hurting?](#)).