

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

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February 19, 2016

Mayor Adler
P.O. Box 1088
Austin, TX 78767

Re: Responding to Statements Regarding Short-Term Rentals

Dear Mayor Adler:

We would like to respond to statements made during the Council discussion on January 26, 2016 regarding Short Term Rentals (STR).

1. Imposing a time-limit on type-II STRs (STR II) doesn't make sense.

35% of visitors using STR IIs typically stay for 30 to 60 days. These visitors are people with work assignments in Austin, or people transitioning between homes. Removing these housing options would force these people into hotels, where the higher costs would likely curtail length of stay and associated spending on the greater Austin economy.

2. Heavy restrictions or bans on home-sharing don't decrease the presence of home-sharing. It only forces them underground – making compliance and enforcement more difficult.

Data show that cities with restrictions or bans on STRs foster a cottage industry of "how to get around the rules." Data also show that Austin present STR regulations enjoy the highest registration compliance in the nation, and have contributed significant tax revenue.

3. Few STR IIs are owned as investment properties.

Nearly all STR II owners intend to keep their Austin homes indefinitely. Of 400 STR II homeowners in Austin today, 95% say they will not sell – because they use the property for some amount of personal use.

4. Although opponents of the sharing economy like to say it, there is no evidence showing "STRs are taking over Austin neighborhoods."

We've seen no study, for Austin or elsewhere, to support these assertions. We suggest that the council request research to test the validity of such assertions before considering legislation to diminish the availability of home-sharing opportunities.

5. The Austin school system report failed to establish a correlation between decreased enrollment and increased STR availability.

While the AISD did show a decrease in average number of children per household since 2000, this trend began before the rise of short term rentals in Austin.

Austin Census numbers show that the average number of children per household has been declining since 1970.¹ Moreover, there are several other reasons why school enrollment is decreasing. Perhaps it is because of the increasing number of empty-nesters moving back into the city. Or perhaps Austinites are now having fewer children. Unfortunately, we don't know the cause of decreased enrollment since the AISD report lacks proper research and analysis.

6. STRs likely have a negligible impact on Austin home prices.

It has been established that Austin housing prices were increasing well before the City Council permitted home-sharing. In fact, studies by Texas A&M show that the average home price in Austin has grown at generally the same rate since 1970, even as the total number of households has increased by 391%.² So once again, there is no connection shown between the presence of STR IIs and Austin home prices (correlation does not equal causation).

Opponents of the sharing economy say banning STR IIs will significantly reduce Austin home prices, but this doesn't make sense. Demand for Austin homes is based more on the city's livability, career opportunities, and tax rates than on the availability of STRs.

7. Any discussion of STRs must include both costs *and* benefits.

Discussions of STRs should provide equal time and consideration for how these services enable homeowners to build equity and help save for college and retirement. This discussion can build on empirical, not just anecdotal, evidence showing the benefits of STRs to the city of Austin and its residents.

It is our hope that the City Council will consider these points before placing any drastic restrictions on STRs that would affect both home-owners and economic opportunities that stem from homeownership.

Sincerely,



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

¹ City of Austin Community Inventory Report *available at* ftp://ftp.ci.austin.tx.us/GIS-Data/planning/compplan/community_inventory_Demographcs_v1.pdf

² Texas A&M Real Estate Center, Housing Activity for Austin, *available at* https://www.recenter.tamu.edu/data/housing-activity/#!/activity/MLS_Area/Austin