



AMERICANS FOR PROSPERITY

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TRAVEL TECH



FreedomWorks



August 1, 2016

ATTN: Matthew Glesne  
Los Angeles Department of City Planning  
City-Wide Section — City Hall Room 278  
200 N. Spring St., Los Angeles CA 90012

Mayor Eric Garcetti  
Los Angeles City Hall  
200 N. Spring St., #303  
Los Angeles, CA 90012

Dear Mayor Garcetti and Members of the Los Angeles Department of City Planning, City-Wide Section:

We implore you to reach an amicable agreement with home-sharing platforms, like Airbnb, which foster innovation, boost interconnectivity, and empower homeowners to make more efficient uses of their home.

Many cities are proposing and adopting ordinances aimed at restricting the property rights of individuals who may choose to temporarily rent out all, or portions, of their homes for a fee. Despite a lack of economic analysis about how home-sharing affects hotels or long-term rental housing for city residents, your Department of City Planning is rushing to restrict home-sharing. Worse still, while the proposed ordinance ostensibly targets the purported problem of homeowners listing multiple properties on house-sharing platforms, in practice, it will disproportionately infringe on the rights of the very property owners that the ordinance purports to protect.

We worry about the unintended consequences of any form of governmental regulation. However, we also recognize the harms that can result from market distortions — when firms competing in the same market are subject to disparate regulatory treatment. Reform to Los Angeles’ laws governing all short-term rentals may well be the best way to level the playing field and create a fair environment for market incumbents, new market entrants, and home-sharing platforms alike. But the proposed law does no such thing.

The Department claims that full time hosts, some with multiple listings, are contributing to a larger long-term housing issue within the city. Any new regulations should focus on full time hosts with multiple listings. This population consists of a small subset of hosts. That would ensure that no one can run illegal hotels, while still allowing homeowners to exercise their property rights. It would also avoid insulating the hotel industry from legitimate competition. At a minimum, that means six things:

1. Any ordinance should recognize existing disparities between interested parties, and seek to create a level playing field for market participants. Special attention should be given to maximizing the liberty of property owners who wish to rent out extra or unused space in their homes.
2. Home-sharing platforms and City officials should reach an agreement regarding tax treatment of home-share rentals that is different from the standard hotel tax. Simply retrofitting the existing tax code and applying the same hotel taxes to home-sharing platforms would be unfair when hosts and hotels offer a significantly different range of services.
3. The City should work with home-sharing platforms to self-regulate the number of rentals a property owner is allowed to host. Allowing the city to determine who can and cannot be a host creates more opportunity for arbitrary decision-making and major data-security lapses to occur. Platforms and City officials should explore obtaining data in a way that complies with state and federal privacy laws such as the Stored Communications Act.
4. Occupational licensing for hosting may create an unnecessary barrier to entry for individuals wishing to rent their properties for only a handful of days throughout the year. The City should work with platforms to reach an agreement on how best to control the universe of rentable properties on their sites, requiring licensing — if at all — only for those hosts who use home-sharing platforms as a full-time occupation.
5. If the City cannot justify caps, such as its proposed 180-day limit on rentals, they should be discarded as arbitrary and capricious.
6. Vacation Rentals and second homes are investment properties that have always been included in the housing stock of Los Angeles. Legalization of home-sharing in these properties will allow the City to regulate and tax activity that has preceded home-sharing platforms like Airbnb. An artificially low 15 day cap will push hosts to go further underground. Caps should be based on evidence or discarded.

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We urge you to proceed with dispatch, but also with the utmost caution and through regular order in the normal legislative process. Only the City Planning Department can craft a solution

that is appropriately narrow, avoids endless legal challenges, and protects consumers by enabling robust competition in the housing market for both short- and long-term rentals.

Sincerely,

## **ORGANIZATIONS**

TechFreedom

Americans for Prosperity

Americans for Tax Reform

CALinnovates

Center for Financial Privacy and Human Rights

Citizen Outreach

Digital Liberty

FreedomWorks

Frontiers of Freedom

International Center for Law and Economics

Institute for Liberty

Net Choice

Rio Grande Foundation

R Street Institute

Taxpayers Protection Alliance

Travel Tech

## **INDIVIDUALS (Organizations listed here are for identification only)**

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