



October 13, 2016

Chairwoman Edith Ramirez
Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580

Dear Chairwoman Ramirez:

We write today to echo the request made by Senators Warren, Feinstein, and Schatz that the Federal Trade Commission study and determine to what degree the short-term rental (STR) market consists of people or firms operating in a commercial manner. **As city elected leaders and community-based organizations, we are grappling with the impact of STRs in our communities, a process which has been made more difficult by the lack of reliable, complete data from the industry.**

To be effective, we need to know the extent to which STR companies are permitting, or even encouraging, individuals or firms that use their platforms to rent multiple and/or unhosted properties (hereafter referred to as “commercial operators”). Permitting or encouraging commercial operators would stand in stark contrast to the public image of home sharing presented by the industry. A determination by the FTC about the number and nature of commercial rentals and revenues generated by those rentals in particular markets would help city governments and community stakeholders create and enforce local policies that balance consumer protection and business innovation, and address the growing affordable housing crisis.

City leaders know our laws must evolve as internet-based platforms facilitate unprecedented change in both the short-term rental and hospitality industries. Elected leaders and stakeholders across the country have been working to determine best practices for integrating the growing STR industry into our communities in ways that are safe and fair.

Simultaneously, cities are struggling to address urgent shortages of affordable housing, and there is evidence that commercial interests in the STR industry are removing residential units from housing markets and thereby contributing to even higher rents. In 2015, the Los Angeles Alliance for a New Economy (LAANE) found that, contrary to company characterizations, nearly 90 percent of Airbnb’s revenues in the market were generated by commercial listings and more than one-third of the industry-leader’s revenues in the city were generated by “hosts” with two or more listings on the site. Additional analysis found that the Los Angeles housing market lost 11 units of housing per day to STR listings over a nine-month period, and cost LA renters more than \$464 million in raised rents in 2015. More recently, Puget Sound Sage found that approximately two-thirds of all Airbnb listings in Seattle are for entire units (which may be otherwise used as long-term housing) and that 36 percent of these units are rented out by hosts with two or more listings. Some hosts list dozens of entire units, clearly operating as STR property managers rather than homeowners sharing space. If the company continues its current

practices, researchers found that Seattle could lose nearly 2,000 units of long-term rental housing over the next three years.

Our cities are working to develop and implement policies that allow residents to legally use short-term rental platforms, and also safeguard scarce affordable rental housing by preventing illegal commercial operations. To achieve this balance, legislators in Los Angeles, Seattle, New York, San Francisco, and Portland have proposed, and in some cases passed, local regulations that would allow for the type of home sharing that Airbnb most vocally promotes, and restrict or ban the kinds of commercial listings described above.

The short-term rental industry's growth has been driven almost entirely by online platforms like Airbnb, VRBO, HomeAway, and FlipKey. Given the nature of conducting business online, we believe these companies already have or could easily collect data on the number of multiple and/or unhosted units listed by commercial operators and the revenue generated from these units. This data is necessary to make and implement effective policy.

Unfortunately, the industry has, according to news sources, stymied cities' efforts to access this data by providing misleading data and opposing requirements that STR companies share complete and reliable data with the public.

Even when cities ban commercial operations, platforms reportedly often continue to advertise these illegal rentals. Some commercial operators, in an effort to avoid detection, are reported to use online avatars to misrepresent the identity of the host. We believe this practice is unfair to consumers who are seeking to use the service in the proper way, and could create risk for consumers.

It is very difficult for cities to develop policies that protect the public interest without an adequate understanding of how this growing industry is impacting our communities. It is also difficult to enforce those policies without data on how it is operating day-to-day. **We believe that the Commission could, through study of the extent to which the STR industry is facilitating commercial operations, help cities to protect consumers while meeting our responsibilities in other policy areas as well.** We also believe such a project will demonstrate how important it is for platforms to share reliable data in an ongoing way to ensure new policies are having the intended effect. We urge the FTC to take up the senators' call and study this important issue.

Sincerely,

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San Francisco Board of Supervisors

Partnership for Working Families
National

Supervisor David Campos
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