

United States Senate

WASHINGTON, DC 20510

July 13, 2016

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

Dear Chairwoman Ramirez,

We write today to urge the Federal Trade Commission to study and quantify the degree to which the rapidly expanding short-term lodging rental market consists of persons or firms acting in a commercial manner by renting out entire residences or multiple residences simultaneously.

This distinction is critical to Congress and state and local lawmakers as we seek to assess the wide-ranging impact of the short-term rental industry on the communities in which they operate. In recent years, we have seen the emergence and rapid growth of companies like Airbnb, HomeAway, VRBO, and Flipkey. On one hand, these firms have sparked innovation, increased competition, and have provided new means by which our constituents can earn extra income. On the other hand, we are concerned that short-term rentals may be exacerbating housing shortages and driving up the cost of housing in our communities. We have also read troubling reports of racial discrimination on some short-term rental platforms. Furthermore, we are concerned that communities and consumers may be put at risk through violations of sensible health, safety, and zoning regulations under state and local law.

For example, in a report based on data gathered from Airbnb pursuant to a subpoena, the New York Attorney General found that commercial users (those with 3 or more unique units) accounted for a disproportionate share of the revenue generated from short-term rentals. The commercial users accounted for only 6% of the hosts in New York City, yet generated 37% of the revenue. Furthermore, the report indicated that 72% of unique units rented in New York City appeared to violate state and local law.

At the FTC's June 9, 2015, workshop entitled "The 'Sharing' Economy: Issues Facing Platforms, Participants and Regulators" there was widespread agreement that more information and data was needed to properly assess the impacts of the short-term rental industry on communities. Unfortunately, the platform companies, which are the best positioned to provide this type of information, seem reluctant to do so. And even if platform companies do share their data, concerns have been raised about the reliability of this data.

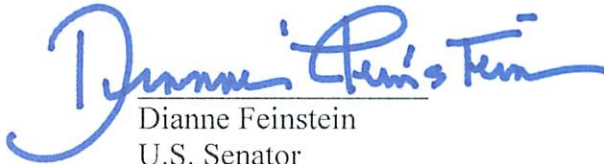
We are also troubled by efforts of platform companies to negotiate agreements with state and local governments to collect and provide aggregate tax payments on rentals processed through their systems without providing more detailed information that would help officials to determine the legality of those rentals. In other cases, online platforms appear to be complying with state and local tax laws inconsistently, collecting taxes in some jurisdictions and not others.

In order to assess of the use and impact of the short-term rental market, we need reliable data on the commercial use of online platforms. We believe the FTC is best positioned to address this data gap in an unbiased manner and we urge the Commission to conduct a review of commercial operators on short-term rental platforms. We hope the FTC would be able to release the results of such a study on a standalone basis or as part of any report issued on the "sharing economy."

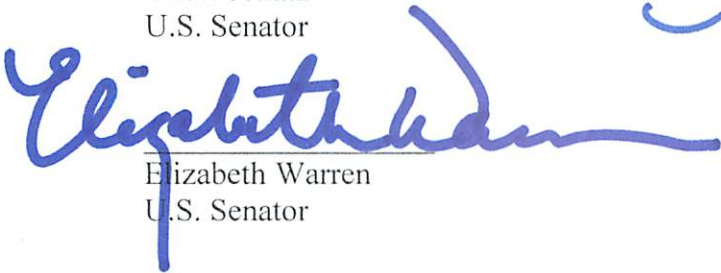
Sincerely,



Brian Schatz
U.S. Senator



Dianne Feinstein
U.S. Senator



Elizabeth Warren
U.S. Senator