

EXHIBIT D

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SF supes crack down on unregistered short-term rentals

By **Emily Green** Updated 9:18 pm, Tuesday, June 7, 2016

Short-term rental companies like Airbnb could face big fines and criminal charges if they advertise hosts who haven't registered with the city, under legislation unanimously passed by the **Board of Supervisors** on Tuesday.

The 10-0 vote renders moot a threat by Mayor **Ed Lee** to veto the measure, as the board has the eight votes needed to override a veto.

After the vote, Airbnb said the ordinance, proposed by Supervisors **David Campos** and **Aaron Peskin**, is "legally questionable" and that it will consider "all options" moving forward.

Broadly speaking, the legislation's passage is another loss for Airbnb and other short-term rental companies, such as VRBO and HomeAway, which have seen a growing backlash to the business model of helping residents turn their homes into short-term hotels.

On May 1, Berlin enacted a ban on residents renting out entire apartments through Airbnb and its competitors in an effort to preserve affordable housing. Last year, Santa Monica banned short-term rentals altogether.

San Francisco caps short-term rentals on entire homes at 90 days a year. It also requires all short-term rental hosts to register with the city under a law that took effect in February 2015. But only roughly 1,400 of the estimated 7,000 or more residents who rent their homes and rooms have done so, the city estimates.

Under Campos and Peskin's bill, short-term rental companies would have to verify that all listings have a valid San Francisco registration number before posting them online. When the city flags rentals that appear not to be registered, the listing services would be required to respond with details about those properties within one business day or face fines. Funds generated from the new plan would go to an affordable housing fund.

Companies that disregard the law would face fines of up to \$1,000 a day per listing and misdemeanor charges.

Campos called the ordinance a "modest piece of legislation" and compared it to the obligations rental car companies face.

"If you are a rental car agency, you have to make sure the person that you rent that vehicle to has a license before you rent them a car. That is exactly what we are asking the short-term platforms to do here," Campos said.

Supervisor **Scott Wiener**, who has supported Airbnb in recent legislative and electoral fights, voted for the ordinance but said the real problem was that the city makes it too hard for people to register. Hosts complain that registering can take multiple trips to different city departments. Once that's done, they are required to submit an itemized list of all the "furniture, appliances, supplies, equipment and fixtures" in their rentals, which the city then taxes.

Wiener amended Campos and Peskin's ordinance to require the city's **Office of Short Term Rentals** to report back to the board on streamlining the registration process.

Supervisor **Mark Farrell**, who has backed Airbnb in the past, recused himself from the vote because he has business interests in a short-term rental company.

Meanwhile, technology law groups have warned that the legislation appears to conflict with federal law shielding online platforms from liability for content generated by their users.

Airbnb said in a statement after Tuesday's vote that "an estimated 1,200 San Franciscans avoided foreclosure or eviction by hosting on Airbnb, and this legally questionable proposal puts their housing at risk without offering any real solutions to fix the complex (registration) process."

Lee's spokeswoman, **Christine Falvey**, said the "mayor remains concerned that this law will not withstand a near-certain legal challenge and will in practice do nothing to aid the city's registration and enforcement of our short-term rental laws."

Academics who study short-term rentals said a key question is whether the city can enforce the ordinance.

“The question of whether it can actually be done is important,” said **Paavo Monkkonen**, an assistant professor in the department of urban planning at the **UCLA Luskin School of Public Affairs**. Monkkonen, who has consulted for Airbnb in the past, pointed to the experience of Portland, Ore., which has a similar law to the one passed Tuesday.

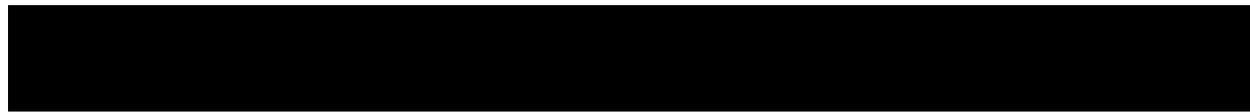
Last fall, Portland sued HomeAway for failing to display the registration numbers, collect hotel taxes and meet other requirements.

“What we have seen in city after city is that without data from Airbnb — which the company refuses to provide — these sorts of interventions have not been effective,” said **Steven Hill**, a senior fellow at the **New America Foundation**, a nonpartisan think tank in Washington, D.C. “If San Francisco wants to regulate Airbnb, it must be willing to ‘go to the mat’ — legally speaking — to get the data from Airbnb.”

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