

# Fool's Gold?

**'As it stands today, this short-term rental economy is benefiting very few at the expense of many'**

“Home-sharing giant Airbnb — with its \$31 billion valuation — claims it has brought \$1.2 billion into the Los Angeles area economy and \$420 million to greater San Diego.

But the reality is that short-term rentals suppress hotel occupancy, restaurant receipts and in turn sales taxes.

The Airbnb statistics do not take into account the thousands of businesses and jobs that suffer because those dollars are going to an underground economy rather than to the regular, labor-intensive tourism industry.

If nothing changes, the spread of unchecked triple-digit growth in short-term rentals will continue and more units will be unavailable to full-time residents. Unemployment will plague the vulnerable. Regular rents will increase as fewer units will be available to full-time residents. In this, we see a looming disaster.

As it stands today, this short-term rental economy is benefiting very few at the expense of many.”

- **Raoul Lowery Contreras, author, TV commentator** ([The Hill](#))

## San Diego companies feeling cost of removing housing units

San Diego's housing crisis has evolved into an economic crisis that is hurting businesses across the county, says the San Diego Regional Chamber of Commerce. ([Times of San Diego](#))

“Employers are losing talent every day to places like Austin, Denver and Portland where their employees can spend substantially less of their pay check on a home big enough to comfortably fit their family,” said Sean Karafin, Executive Director of Policy and Economic Research at the San Diego Regional Chamber. “We can't overstate how much our housing affordability crisis is holding back our economy.”

There are, of course, many causes for the affordable housing crisis. But removing thousands of properties intended by zoning to be residences and converting them to whole-home short-term vacation rental businesses makes the crisis worse.

Every home used for a STVR business means one less house available for San Diego families and one less home for employees.

The housing crisis has caused decreased housing affordability, longer commutes, greater congestion, and increasing employee and employer dissatisfaction, says the Chamber.

**“One key finding (of the [July 2017 Index](#)) is that we are short 68,000 residential units given the job growth we've had since the end of the Great Recession. If the 10,000 STVRs were put back into the housing stock, that would eliminate 14 - 15 percent of the shortfall.”**

- **Alan Gin, University of San Diego professor**

**City Council honoree as author of Index of Leading Economic Indicators for San Diego County, see [July Report](#)**

# 7 ways short-term vacation rentals cost the City more revenue than they produce

Transient Occupancy Tax (TOT) is not the only measure of economic impact;  
STVRs have many negative economic impacts that also need to be considered

**1**

**STVRs take customers away from hotels so they reduce the TOT revenue from hotels.**

- [Read about the documented TOT drop in revenue in New York City.](#)
- [Read about Airbnb's \\$2 billion negative impact on the lodging industry and NYC economy.](#)

**2**

**STVRs remove housing stock for citizens.**

These citizens hold jobs and create businesses that generate more jobs, sales tax revenue and property tax revenue.

**3**

**Property tax revenue is less when an inherited property is converted to a STVR, rather than being sold.**

For example, because of Proposition 13, a home in Pacific Beach bought in 1960 may be paying annual property taxes of \$1,000, but if it was resold now for \$900,000, it would pay annual property taxes of \$9,000 or more. That is an annual loss of \$8,000 or more to the City.

**4**

**Sales tax revenue from STVR occupants is less than that from year-round residents.**

Residents spend at local retail outlets every day of the year. Vacation rentals are rented for far less days of the year.

**5**

**Property values and property tax revenue are depressed for properties next to STVRs.**

When homes near a STVR are being sold, the seller must disclose the presence of the STVR. Because of the negative impacts associated with being near an STVR, this disclosure typically reduces the selling price.

**6**

**STVR conversions put San Diego businesses at an economic disadvantage.**

In the midst of a declared state of emergency over a lack of affordable housing, removing housing stock intended by zoning to be for residents by converting it to STVRs puts area businesses at an economic disadvantage in recruiting and retaining employees. [Read how even a small number of Airbnb rentals can significantly impact neighborhood rents.](#)

**7**

**STVRs destroy communities and increase City costs.**

When tourists replace residents, communities suffer in many ways. When neighborhoods are no longer for neighbors, communities lose their vested residents and can become problematic. They end up costing the City more money for police, trash, emergency medical, and other City services. [Read how STVRs help increase Mission Bay trash costs.](#)