

Council President Stacy Head's Response to October 20, 2016 City Council vote on Short Term Rentals

For over two years, the New Orleans community and local elected officials have grappled with how to deal with short term rentals (STRs). The council has heard from constituents and advocacy groups on all sides of this issue, with widely divergent positions, and I have considered all perspectives. In addition, my staff has conducted significant research into how other cities worldwide are working to regulate STRs. What we have learned is that an absolute ban does not work. Not only is it certain that STRs will continue to exist despite a ban, but a ban means that no revenue will be collected from the STRs, which gives them an unfair competitive advantage and deprives the city of needed revenue. Instead, the best model for enforcement requires participation of the platforms like Airbnb and HomeAway. It is only with access to data from the platforms that the city can both recover due fees and taxes and also effectively identify and penalize illegal and/or bad actors.

It would be politically expedient to vote "no STRs." The doomsday scenario painted by opponents has frightened many New Orleanians and such a vote would be the most popular. But such a vote would leave us with no regulation, no enforcement, and no revenue recovery. With an outright prohibition, the mayor will not pour the \$1,000,000 into enforcement needed to sue all operators.

The council's action today will allow residents to rent the other half of their double or their spare room to visitors on a temporary basis. Property owners can also rent out their entire home up to 90 days per year with a temporary use permit. Any operator without a homestead exemption will pay higher permit fees. There is an absolute ban of STRs in the French Quarter with the exception of a small portion of commercial Bourbon Street. This middle-of-the-road approach has the platform operators' agreement for data and information sharing as well as tax collection. Moreover, Mayor Landrieu will dedicate \$1,000,000 of the revenue generated by regulating STRs into enforcing the rules. The city will know where STRs are operating and will have a greater ability to track these rentals, collect revenue, and regulate transactions. Because of the aggressive enforcement mechanism we are putting in place, the bad actors will receive swift and harsh penalties, including removal of utilities, to put them out of business.

This legislation allows more than I would like – I would like a per-block cap and further limits on whole-home rentals. Unfortunately, this is not something I could get done. But this legislation addresses the vast majority of complaints, which are of bad behaviors of guests, over-saturation in one area and erosion of the French Quarter as a residential neighborhood. These new rules will hopefully eliminate bad behaviors and will naturally reduce saturation by raising the cost of doing business. We must all continue to hold the administration accountable to ensure that enforcement is effective. I promise that if enforcement is lacking, I will lead the charge within the year to repeal this legislation in whole or in part.

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