



Office of Councilmember Barbara Bry

San Diego City Council, District 1

Contact: Hilary Nemchik
hnmchik@sandiego.gov

O: (619) 235-5286

C: (619) 201-9214

Date: October 3, 2017

Economist and Housing Advocates Agree that Full-time, Whole-home Short-term Rentals Decimate San Diego's Short Supply of Housing

San Diego—As San Diego confronts a severe housing shortage, taking units off the market to turn them into short-term rentals exacerbates the situation, according to economist Alan Gin and housing advocates.

A new report, requested by the San Diego City Council Committee on Smart Growth and Land Use and published by the San Diego Housing Commission, states that San Diego needs to triple the number of units built—between 17,000 and 24,000 units per year by 2028—to keep up with the demand for housing and reduce housing costs.

Recently, the Council voted 8-1 to enforce a minimum stay of 30 days on all companion units built with new eased regulations because of the importance of ensuring that these new units are available to San Diego renters. Later in October, the Council will consider proposals on how to specifically regulate short-term rentals.

“My proposal protects the rights of those who wish to rent out their entire primary residence on a short-term basis for up to 90 days per year, and it also allows for unlimited home sharing when the host is on site to supervise. Importantly, it is the only proposal that prohibits investors from converting homes in our residential neighborhoods into permanent mini-hotels,” said **Councilmember Barbara Bry**.

Dr. Alan Gin, Associate Professor of Economics at the University of San Diego, explains the economic impact of San Diego's housing shortage which is exacerbated by the proliferation of whole-home short-term rentals:

“While a strong local economy has increased the demand for housing, a huge problem has been the lack of supply. Housing construction has dropped significantly since the Great Recession, with only about 6,500 residential units a year authorized in the period 2008 – 2016. This compares to nearly 15,000 units a year that were authorized in the period 1999 – 2007.

The price of housing has surged in recent years. This includes both the price of owner occupied housing and rental rates. This threatens the local economy as it makes it more difficult for companies to attract and retain workers. To the extent that higher wages have to be paid to attract those workers, the competitiveness of local companies is adversely affected.

The issue of short-term vacation rentals compounds the problem by taking thousands of units out of the housing stock. The issue is not those who rent individual rooms in their houses. The problem is the renting of whole units, either apartments or houses, which would otherwise be available to long-term renters. Estimates

of whole unit rentals in San Diego County range as high as 10,000, which is roughly equal to the total number of residential units authorized in the county in each of the last two years.

The recent proposal released by Councilmembers Ward, Kersey, Sherman, and Alvarez does not deal adequately with the problem because it does not do much to restrict the diversion of whole units out of the housing stock and into the short-term vacation rental market. Finally, the amount of money collected through their proposed affordable housing fund would not make a dent in San Diego's housing supply problem."

Elected leaders and housing advocates also weigh in on the affect that full time, whole home short-term rentals have on San Diego's housing stock.

Assemblymember Todd Gloria said, "San Diegans consistently tell me about their desperate need for affordable housing and the ever increasing cost of rent. We must protect our existing housing stock in San Diego by regulating short-term rentals to prohibit absentee investors from taking homes away from those who live and work here."

"Councilmember Bry's plan is sensible, because it allows San Diegans to supplement their incomes to help make ends meet, but it also prohibits investors from purchasing homes in residential communities with the sole purpose of renting them out on a short-term basis," said **former State Senator Christine Kehoe**.

Stephen Russell, Executive Director of the San Diego Housing Federation states that, "the Federation advocates for the increased supply of homes affordable to low-income residents of San Diego. At a time when the region is experiencing a severe housing crisis driven by a lack of supply, vacation rentals further constrain the housing market and displace local residents, forcing them to rent elsewhere. The net impact of this tightened housing supply is felt most acutely by the most vulnerable of our citizens."

The full City Council will consider multiple proposals for regulating short-term rentals on October 23, 2017.

Councilmember Barbara Bry represents San Diego City Council District 1, which includes the communities of Carmel Valley, Del Mar Heights, Del Mar Mesa, La Jolla, Pacific Highlands Ranch, Torrey Hills, Torrey Pines, and University City.

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