



1050 17<sup>th</sup> Street, N.W.  
Suite 1150  
Washington, DC 20036  
202.525.5717

*Free Markets. Real Solutions.*  
[www.rstreet.org](http://www.rstreet.org)

Nov. 23, 2016

The Honorable Mayor Robert Moon  
City Hall  
3200 E. Tahquitz Canyon Way  
Palm Springs, CA 92262  
(760) 323-8299  
[Robert.Moon@palmspringsca.gov](mailto:Robert.Moon@palmspringsca.gov)

Dear Mayor Moon:

I'd like to express concern about the restrictive short-term-rental ordinance the Palm Springs City Council will consider at its Nov. 30 meeting. I write as the Western region director for the R Street Institute, a Washington, D.C.-based think tank with West Coast offices in Sacramento. We promote practical, free-market solutions.

Short-term rentals—especially in vacation-friendly communities like Palm Springs—can serve as sources of income, jobs and economic growth. Rather than have empty rooms or houses languish, STRs let owners promote what these cities should applaud: making it easier for people to come to town, spend their money and enjoy local amenities.

While I understand concerns about neighborhood character, the prevalence of STRs in a community suggests that, quite frankly, its nature likely already has changed. By putting severe limits on strong demand for short-term housing in residential areas, such laws merely drive the process underground, creating black markets and depriving cities of revenue and the ability to enforce reasonable regulations that uphold the quality of life. In other words, underground businesses are far more difficult to tax and regulate than legitimate ones.

We've all seen neighborhoods and houses disrupted by unruly neighbors, many of whom have been long-term renters or even owners. The key to those situations—as with STRs—is to police the bad behavior, not to shut down productive uses of property or undermine owners' property rights.

I've seen older, decrepit neighborhoods upgrade because of the profits possible from STRs. It can be an admirable source of regeneration in older cities, such as has been seen in Anaheim. Clearly, this is less of a concern in sought-after Palm Springs, but the affordability argument remains a canard. In its comprehensive look at short-term-rental markets across the country, the R Street Institute found: "There's little evidence the current or near-term-future scale of short-term rentals is sufficiently large to have a

significant impact on housing affordability.” Usually, affordability problems are instead driven by regulations and restrictions that make it too hard to build enough homes to meet the needs of a growing population. That certainly is a problem in many parts of California.

Palm Springs is considering a policy that would harm the local tourist trade, the local economy and property rights. All types of STRs—both primary and secondary—should be legal and prudently regulated.

Here is a link to the overview of short-term-rental regulations that R Street produced earlier this year:  
<http://www.rstreet.org/wp-content/uploads/2016/03/RSTREET55.pdf>

Thanks so much for you time and consideration.

Best regards,

Steven Greenhut  
Western Region Director  
R Street Institute  
Sacramento, CA  
(909) 260-9836