

San Francisco Supervisors vote to legalize Airbnb

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Acknowledging that the "genie is out of the bottle," the San Francisco Board of Supervisors approved controversial legislation Tuesday to legalize yet restrict the short-term renting of homes, a practice that has become increasingly common through online platforms like Airbnb and VRBO.

The seven-to-four vote Tuesday [was the culmination of a more than two-year effort by board President David Chiu](#) to develop legislation to regulate an activity that is already widespread even though it is illegal in San Francisco and other cities around the globe - the short-term renting of rooms or entire properties by property owners and tenants, with or without approval from landlords.

Earlier: [Airbnb will start collecting San Francisco hotel tax](#)

Chiu's said his aim was to prevent the "hotelization" of residential properties in a city with a housing shortage through the full-time renting of units to tourists.

At the same time, Chiu wanted to allow a reasonable amount of short-term renting, which he said has become an important source of income to many people as the city's cost of living has risen dramatically. A second vote on the ordinance is required and expected Oct. 21, after which it would go to the mayor's office for a signature.

"We know that our status quo is broken and we can do better if we move forward," Chiu said in urging his colleagues to approve the ordinance, which for the first time would make it legal for permanent residents of the city to rent out their primary residential units on a limited basis, as long as they meet numerous requirements, including that those renting properties:

- Have \$500,000 liability insurance coverage.
- Have occupied the residence for 275 days out of the prior year.
- Have a business license.
- Get a permit from the city and not have building code violations.

"Today's vote at the Board shows that we can work together to find a balanced approach to the complex housing issues facing San Francisco," Chiu said following the vote. "We can protect our city's housing units from being converted to hotels, while also allowing short-term rentals on a limited basis to help residents afford to stay in their homes."

Airbnb hailed the passage of Chiu's ordinance as a "great victory."

Founded in 2008 and already operating in more than 34,000 cities in 190 countries, San Francisco-based Airbnb had rallied supporters to attend the hearing and collected more than 4,000 signatures on a petition calling for residents to be "free to share the home in which they live."

The company, [valued earlier this year by investors at more than \\$10 billion](#), issued the following statement Tuesday evening:

"The legislation that moved forward tonight will give regular people the right to share the home in which they live and make it fair to share in San Francisco. This vote was a great victory for San Franciscans who want to share their home and the city they love. We look forward to working with everyone as we move forward."

Despite the lengthy period of time that Chiu spent on the bill, critics had called for the process to be slowed down. They also wanted restrictions on types of properties that could be rented and the amount of the year they can be leased, whether it be an entire home or just an extra room in an apartment.

Chiu countered that argument by saying the city needed some regulatory framework in place, and his ordinance struck a good balance.

The supervisors rejected various amendments that would have placed additional restrictions on short-term rental activity. Those included proposals by Supervisor Eric Mar to exclude in-law units; by Supervisor John Avalos to limit renting of rooms in occupied dwellings to 90 days a year; and by Supervisor David Campos to make Chiu's ordinance contingent upon payment of millions of dollars of taxes for past rental activity.

At the same time, the supervisors deferred consideration of other last-minute amendments for which further committee deliberation was required, including a proposal by Supervisor Campos that would prohibit short-term rental of housing units for five years after a landlord evicts tenants using the Ellis Act.

Supervisors London Breed, Malia Cohen, Mark Farrell, Jane Kim, Katy Tang and Scott Wiener sided with Chiu in voting yes, while Supervisors John Avalos, David Campos, Eric Mar and Norman Yee voted no.