



2019 JAN 15 PM 4:19  
OFFICE OF THE  
SECRETARY

**MURIEL BOWSER**  
MAYOR

JAN 15 2019

The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia  
John A. Wilson Building  
1350 Pennsylvania, NW, Suite 504  
Washington, DC 20004

Dear Chairman Mendelson:

I am returning unsigned Bill 22-92, the "Short-Term Rental Regulation Act of 2018." I appreciate the Council's engagement on the subject of short-term rentals and how they fit into the landscape of our growing city. While I understand that some community members have concerns about the impact of short-term rentals on their neighborhoods, I also know that many homeowners use short-term rental platforms to help make mortgage payments and remain in the District. Ultimately, I believe that Council could have struck a better balance between these legitimate interests. Bill 22-92 is more restrictive on short-term rentals than some surrounding jurisdictions, and, as a result, I am concerned about the impact on our homeowners and visitors.

Additionally, the Office of the Attorney General has advised that the legislation is unlikely to survive a potential legal challenge and therefore is legally insufficient. A similar bill enacted by New York City was found to violate the Fourth Amendment because its mandatory reporting requirements amounted to an unconstitutional seizure of booking services' data. The mandatory reporting requirements in Bill 22-92 mirror those in the New York City bill and would likely fail to pass constitutional muster on the same grounds.

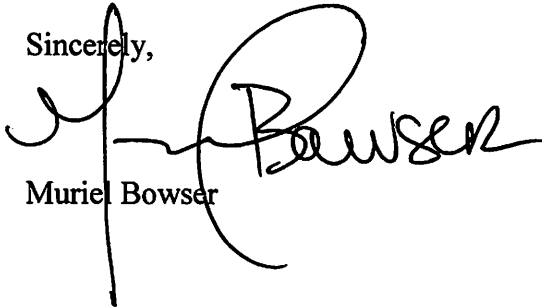
Finally, I am very concerned about the fiscal impact of this legislation. The Office of the Chief Financial Officer estimates the bill will cost \$21.7 million in fiscal year 2019 and \$104.1 million over the four-year financial plan. Almost all of this cost is due to expected losses in tax revenues that currently help to support vital services and programs, such as investments in affordable housing.

Since coming into office, my investment in the preservation and creation of affordable housing through the Housing Production Trust Fund (HPTF) has substantially increased each year, from \$58.6 million in FY15 to \$106.89 million in FY16, \$138.59 million in FY17, and \$167.6 million in FY18. As a result, my Administration has been able to use multiple programs and tools to deliver 6,000 units of affordable housing, with an additional 5,200 currently under construction.

Simply put, these investments in affordable housing are yielding major results for our residents and I believe the HPTF is the most appropriate tool to keep up this momentum. I fully intend to continue these important investments in affordable housing in my second term. However, Council's passage of bills with significant, unfunded fiscal impacts, such as Bill 22-92, forces the District into difficult budgetary decisions. It is clear to me that the \$104.1 million cost of this bill could be much better used to positively impact the lives of District residents through production of affordable housing and other programs.

For all of these reasons, I am returning Bill 22-92 unsigned.

Sincerely,

A handwritten signature in black ink, appearing to read "Muriel Bowser". The signature is stylized with a large, looping initial "M" and a long, sweeping underline that extends to the right.

Muriel Bowser