J. G. Coolidge
[redacted]

Bill 6-23; Housing – Sharing Economy Rental
Zoning Text Amendment 23-01, Accessory Residential Uses – Sharing Economy Rental

Dear County Council members:

The proposed bills to change zoning and licensing to expand the so-called "sharing economy" causes concern for a number of reasons outlined by many of my neighbors who have submitted testimony (about noise, traffic, etc.) and I share those concerns.

But I also want to encourage County Council to **think long and hard about the supposed benefit side** of the bill, and then think again.

Most of my professional career at the World Bank before I retired was focused specifically on the "business enabling environment" and finding the most appropriate balance between economic opportunity and broader social welfare. When I see a new proposal for regulatory reform, (which both Bill 6-23 and Zoning Text Amendment 23-01 are) my first questions are: Where has something like this been enacted, how has it played out, and what can we learn?

In this case, **the first example that springs to mind is Texas**, where most local governments pride themselves on their lack of zoning or regulatory impediments to business. There's been plenty of debate among public policy experts, much of it focused on the contrasts between Texas and California.

I'm frankly astounded that Councilmember Jawando is suggesting that Montgomery County should be more like Texas.

We can all appreciate the desire of County Council to expand opportunities to earn income in Montgomery County. As an economist, I am well aware of the possibilities to improve the efficiency in the use of real estate assets. But let's take a long hard look at the evolution of the platform economy and make a clear-eyed decision about whether we want to encourage its unfettered expansion here.

Certainly I have made use of both Lyft and Air BNB on the "demand side." I admire the Lyft drivers and don't begrudge home-owners who occasionally rent out part or all of their houses. But things look rather different today than they appeared ten or so years ago when the "sharing economy" was new and shiny. I might also suggest we **ditch the euphemistic "sharing economy" marketing label for the more descriptive "platform economy", which reminds us that we need to start paying more attention to WHO controls and benefits from The Platform.**

At this point, many of the markets in the platform economy have matured and what do we see? Oh sure, the major investors in Uber and Air BNB seem to have done very well for themselves. But what about the "supply side" of those platforms? **How are Uber drivers faring**? I looked it up recently and saw they are making (in the U.S.) an average of about $11 per trip, after expenses.[i] Not per hour. Per trip. How many trips do they get per hour? Of course, there's a tremendous range and the statistics fluctuate, but I'm not sure most of them are earning minimum wage in Montgomery County.

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Air BNB shareholders have also done well for themselves. But we're now hearing about people who hoped to earn some money by listing on Air BNB, but have found that demand has not always kept up with the surge in supply.[ii] Nevertheless, **we've seen plenty of places (most notoriously San Francisco) where it seems to have contributed to the shortage of affordable housing.**

So just WHO does Mr. Jawando think will benefit if his proposed bills are enacted? **Who has a swimming pool in their back yard? Who has a 3 or 4 car garage?** Realistically, what would be the opportunities in these bills for those in Montgomery County who are already struggling to find affordable housing? Would it be helpful, in net terms, for racial and ethnic minorities in Montgomery county? What about our family, friends and neighbors with disabilities? Will they be guaranteed equal access?

The Guardian, in a critical piece earlier in the evolution of the platform economy noted that while hotels and sports clubs are forbidden to discriminate, "the laissez-faire approach of internet-based rivals which are free to reject anyone, risking nothing worse than damaging their online reputation."[iii]

More generally, Mike Walsh in a recent piece in the Harvard Business Review warned of "one particularly dire scenario: a class-based divide between the masses who work for algorithms, a privileged professional class who have the skills and capabilities to design and train algorithmic systems, and a small, ultra-wealthy aristocracy, who own the algorithmic platforms that run the world."iv

Or are these bills just capitulation? Do we believe that Montgomery County is incapable of enforcing reasonable regulations protecting our residential communities from the noise and traffic congestion of commercial activities? Perhaps because the county has not done a great job of enforcing its existing regulations that are intended to protect our health and safety? So we give up?

Do we really want to throw open the doors to the platform economy even more? Yes, they are a new reality and we have to come to grips with them. Let's do that by thinking strategically, with an eye on our goals for social justice in Montgomery County, and not just take the easy way out of giving in.

The Guardian piece I quoted above noted: "What's irreversible is the technological element. But maybe some of these platforms would be more socially responsible if they were owned by the users, rather than venture capitalists in Silicon Valley." Until then, **we rely on County Council to figure out how to regulate these businesses so they don't diminish the quality of life in our communities.**

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[i] Ridester.com, Jan. 13, 2023 https://www.ridester.com/how-much-do-uber-drivers-make/#:~:text=supplement%20the%20fare.-,1.,the%20greater%20your%20hourly%20wages.

[ii] Time Nov. 22, 2022 https://time.com/6223185/airbnbs-empty-short-term-rentals/

[iii] The Guardian, 2014 https://www.theguardian.com/technology/2014/dec/21/sharing-economy-divisive-uber-airbnb

[iv] Harvard Business Review, 2020 https://hbr.org/2020/10/algorithms-are-making-economic-inequality-worse