

Tech-friendly cities struggle with new biz rules (Update)

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In this Jan. 4, 2013 file photo, Lyft passenger Christina Shatzen gets into a car driven by Nancy Tcheou, in San Francisco. Boston is considering restrictions on ride-sharing services like Uber, Lyft and Sidecar and lodging websites like Airbnb, HomeAway and FlipKey, which allow users to book short-term stays in private residences. (AP Photo/Jeff Chiu, File)

A renowned technology hub that is home to some of the country's top universities, Boston is emerging as an unlikely battleground for web-based businesses like Airbnb and Uber, with some saying more regulations are needed to prevent the upstarts from disrupting communities and more established industries.

Boston, prompted by the arrival of the mobile app Haystack, recently banned services that allow people to offer their public parking spaces for sale. Now the City Council is considering restrictions on ride-sharing services like Uber, Lyft and Sidecar and lodging websites like Airbnb, HomeAway and FlipKey, which allow users to book short-term stays in private residences. Across the river in Cambridge, home to Harvard and MIT, officials have been trying for years to restrict rideshares.

From New York to San Francisco, cities have been wrestling with the same questions and developing solutions ranging from outright bans to minimum safety requirements. At the heart, officials say, the issue is about balancing public safety and governmental oversight with the services' growing popularity.

But technology companies point out that the push for regulation is ironic in many technology-heavy cities that have built their reputations, in large part, on being on the leading edge.

"For a city known for its innovation and progressiveness, it is shocking that Cambridge would cling so blindly to the past," Uber wrote on its website in June as it called on supporters to speak out against proposed regulations.

Andrea Jackson, the chair of Cambridge's Licensing Commission, said Uber was oversimplifying the challenges emerging business strategies pose to cities.

"We know that these things are likely here to stay," she said. "My only concern is that they are safe. I want to make sure the drivers have background checks. I want to make sure they have adequate insurance."

Safety mandates have been imposed in other cities. Chicago, for example, assesses licensing fees and requires rideshare companies to

submit to background checks, vehicle inspections, driver tests and random drug screens of their employees. The companies are also required to obtain \$1 million in commercial auto liability coverage.

Uber spokesman Taylor Bennett said the company understands the need for thoughtful regulations but will fight attempts to protect the local taxi industry.

Cab owners complain rideshares offer lower prices because they avoid licensing fees and other costly mandates imposed on their highly-regulated industry. Boston-area cab drivers staged a noisy, rolling protest around Uber's downtown Boston office in May.

"Simply reacting to taxi or creating regulations or ordinances to protect taxi is protectionism, and that only serves one entrenched industry when consumers are clamoring for more and better options to get around town," Bennett said.

Bennett said Uber is focused on securing specific, statewide authority from legislators to operate in Massachusetts, as they have in Colorado and other states.

For short-term lodging services, cities have focused their energies on imposing local hotel taxes, establishing basic registration programs, and making sure property owners meet minimum housing standards.

Austin, Texas has set up a licensing system with an annual fee and limits on the number of units in a building - or houses in a residential neighborhood - that can be rented at a given time. Portland, Oregon allows single-family homeowners - but not apartment and condo owners - to offer short-term rentals, as long as they complete a safety inspection and neighbor notification process.

In Boston, City Councilor Salvatore LaMattina, who has requested public hearings on Airbnb-type services, says short-term lodging operators should, at minimum, be required to register with the city, so officials at least know where they are, for safety reasons.

He's also concerned the services could eventually end up pricing out families and full-time residents. Landlords, increasingly, are turning their apartments and condos into full-time lodging operations rather than renting them to longer-term tenants, he says. "They're taking away the affordable housing stock," LaMattina said. "I'm working to keep my neighborhoods stable, with families that know each other."

Airbnb spokesman Nick Papas disputed that notion, citing a company-commissioned study that suggests offering rooms for short-term rentals provides extra income to families living in high-cost metropolitan areas.

"We've heard countless stories from people who have been able to stay in their home and the neighborhood they love thanks to Airbnb," he said.

Papas says the San Francisco company has already had "productive conversations" with Boston leaders and looks forward to working on "clear, progressive and fair" rules for home sharing. But he declined to elaborate on what proposals the company would support and which it would strongly oppose.

"We believe people should be able to share the home in which they live," Papas said.

Brooks Rainwater, of the National League of Cities, which is helping cities develop strategies to address these new services, says it's not surprising that the most pitched battles are playing out in tech-friendly cities like Boston and Cambridge.

The college students and young professionals that comprise a large part of their populations are usually the early adopters. And historical urban centers are also the ones that tend to have outdated and oftentimes byzantine local codes.

"It's really a reflection of cultural shifts that are happening in cities globally. As society is speeding up, people are expecting services are their beck and call," Rainwater said. "The landscape is constantly shifting. ... Cities are actually working fairly swiftly to address these issues."

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