End of net neutrality could spell doom for real estate small businesses

In a sweeping rebuke to internet companies and consumers, U.S. Federal Communications Commission Chairman Ajit Pai on Tuesday released a plan to repeal so-called “Net Neutrality” regulations, a move with far-reaching implications for mom-and-pop brokerages and real estate services across America.

Pai’s plan would dismantle the two-year-old Open Internet Order, which prohibits internet providers from blocking or slowing down websites, or charging higher fees for certain websites online and bundling services, much as cable providers bundle certain channels together and charge extra for premium ones like HBO and Showtime.

“Today, we propose to repeal utility-style regulation of the Internet,” said Pai, an Obama appointee to the FCC who voted against the Open Internet Order in 2015. “We propose to return to the Clinton-era light-touch framework that has proven to be successful. And we propose to put technologists and engineers, rather than lawyers and accountants, at the center of the online world. The evidence so far strongly suggests that this is the right way to go.”

While Pai champions his proposal as a return to free market principles, many technologists and activists are alarmed by the implications. The likely repeal, to be finalized next month when the commission meets for a regular session, would negate a ruling declaring broadband internet as an essential utility, and the companies that provide it such as Comcast or Time Warner (Spectrum) as “common carriers” under “Title II” of the Communications Act of 1934, not unlike phone service service and electricity. This part of the act states that “common carriers” must be “just and reasonable,” when charging consumers.

If internet providers were suddenly exempted from this provision as Pai proposes, they could technically begin charging internet users more to access certain websites such as Netflix, Google, or, more likely, smaller websites that don’t see as high demand, such as Inman.com or local mom-and-pop brokerage websites. See an example of what that would look like compiled by a Reddit user (Redditor) below:

> This is (an updated version) of what the internet could look like without Net Neutrality. It’s not good. from pics

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Providers could also “throttle” consumers access to certain websites outside their bundles, making them load more slowly than other privileged websites included in a bundle, and could force consumers to pay more to make these websites load normally. Ironically, even the FCC’s website which was used to post Pai’s plan could be slowed under the new de-regulation effort.

We don’t have to imagine what the U.S. would look like without net neutrality: Portugal has already shown that web services end up bundled when there are no regulations preventing this.

For internet-centric real estate companies like RedFin, Zillow and realtor.com, the rollback could have a deleterious effect, with internet providers making it more expensive to access these websites reliably. Additionally, to remain competitive brokers and real estate services might be forced to pay extra in order to ensure their workforces could access all the websites they rely on, should providers choose to offer a tiered-service model.

The National Association of Realtors (NAR), which sent a letter to the FCC in July urging Pai to reconsider his motion to repeal the Open Internet Order, reaffirmed its opposition Tuesday, accusing the agency of stacking the deck against smaller companies in favor of corporations.

Ninety-three percent of NAR members report using the internet to promote their business while a mere two percent said they have no web presence, according to NAR data. As NAR President Elizabeth Mendenhall said in a statement:

“Technology is an increasingly important part of the way our membership delivers its services, whether through streaming video, drone technology, or other applications. We remain concerned that a rollback of net-neutrality rules could lead to blocking, throttling, or discriminating against Internet traffic, or even ‘paid prioritization’ arrangements that put small mom-and-pop businesses at a disadvantage in the marketplace. We will continue working with the FCC to share these concerns and ensure a fair and open internet where everyone can succeed.”

The proposal, which would shift power from the FCC to telecom behemoths like AT&T and Comcast, is expected to easily pass on Dec. 14, when the agency’s commission, comprised of three Republicans and two Democrats, will vote largely along party lines with the Republicans supporting Pai’s plans, according to reports.

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