

# **Will the Real airbnb Please Stand Up?**

Oregon Bed & Breakfast Guild  
Annual Conference  
March 2015

Steve Unger  
Innkeeper and BLOG Editor

# Topics

- What is airbnb?
- What are the issues?
- What happened in Portland?
- What to do in your town?
- Questions?

# What is airbnb ?

A “humble home-sharing service”  
or a \$14 Billion corporation?

Helps people stay in their homes  
or helps turn homes into vacation rentals?

A new “Sharing Economy”  
or just old fashioned profiteering?

A new age “angel” or a “devil” in disguise?

# What is airbnb ?

- A privately held internet start-up (2008) with **HUGE venture capital backing** to pay for lots of marketing and lawyers
- A **web-site** that allows **hosts** to advertise to their property for short-term rental
- Guests register as “**community members**” to **make** a reservation
- Guests review hosts **and** hosts review guests
- **Airbnb collects the guest's money** when the reservation is made and then pays host after guest arrives (earning interest on guest's money)
- **airbnb offers limited insurance** protection to hosts and guests
- *bedandbrakfast.com could have become airbnb*

# airbnb is Big Business

Listings in 190 Countries  
and 34,000 Cities

30 Million Guests So Far  
2 Million Guests per Month

And it is growing ...  
2<sup>nd</sup> Half of 2014 was 275% higher  
than 2<sup>nd</sup> Half of 2013

# Types of Listings

## Shared Room (couch surfing)

- **No longer relevant**

## Private Room (host-resident)

- The **good** airbnb
- Helps people stay in their homes
- Rarely irritates neighbors
- Great value for travelers
- Testify at public hearings
- Great for aspiring innkeepers

## Entire Place (host-absent)

- The **bad** airbnb
- Could be “Private Room” host who is on vacation
- Or ... could be rented short-term on an **on-going basis** (a vacation rental)
- Generates “horror stories”
- Take housing units off the market
- Often as expensive as hotels
- Generally do not testify at public hearings

# Two Types of Hosts

## **Single-listing** Hosts:

- Many hosts with only one listing
- the **good** airbnb
- Great for aspiring innkeepers

## • **Multiple Listings** Hosts:

- A few hosts with many listings
- The **bad** airbnb
- Really just vacation rentals

# Policy Issues

Cities traditionally regulate short-term rentals of less than 30 days (transient lodging)

- **Zoning** - Limited commercial use of residential property
  - Can irritate neighbors – traffic, noise, parking, safety and security
  - Changes the nature of “Residential” neighborhoods
- **Guest Safety** - Lack of inspections and insurance
- **Revenue** - Payment of transient lodging tax
- **Impact on Housing** – “Entire Place” rentals can reduce stock of long-term rental housing

# Airbnb “Talks the Talk” But Doesn’t “Walk the Walk”

## airbnb has ...

- Collected and remitted lodging tax in some cities
- Provided a field to display “permit number” in the listing
- Sent e-mails to the host community advising them to register their property

## So far airbnb won’t ...

- Remove listings without permit numbers
- Provide cities with basic host contact information to assist in enforcement
- Limit the number of nights for “Entire Place” rentals as specified by various cities

***Tokenism !***

# What Happened in Portland?

## History

- Prior to the new ordinance it cost over \$4,000 to be licensed as a B&B (Type II Conditional Use Review)
- There were over 1,500 “illegal” airbnb listings
- The City did not receive Lodging Tax for airbnb rentals
- Guests were unprotected
- **“Complaint-driven Enforcement”** closed down a few hosts but ignored the others (perceived as unfair to those who were shut down)

# What Happened in Portland?

## The New Ordinance

- Starting September 1, 2014, the new ordinance offers a permit for hosts to rent 1 or 2 rooms in their property provided:
  - They reside in the property 270 days a year (primary residence)
  - Apply for a permit (\$180 for the first two years)
  - Undergo a light-weight inspection (legal bedrooms and immanent danger”)

# What Happened in Portland?

Results so Far – *Disappointing!*

- At public hearings in 2013 and 2014 airbnb hosts pleaded for a reasonable licensing procedure
- However, by January 2015 less than 7% of airbnb hosts had applied for a permit

In response, in January 2015, The City authorized

- A fine of \$500 per listing for airbnb
- Potential fines for hosts
- A requirement that all listing services provide basic contact information to The City
- So far The City is holding off on issuing fines

# What Happens Next in Portland?

**To be continued ...**

# What to Do in Your City?

**airbnb is not likely to “go away”, so ...**

- Educate **everyone** about the differences between airbnb host-resident “Private Room” rentals (the good airbnb) vs host-absent “Entire Place” Rentals (the bad airbnb)
- Require the property to be the **primary residence** of the host
- Have a **maximum number of nights** that a host can rent their primary residence while they are **absent** (30 to 90 nights per year)
- **Limit the number of guest rooms** to 1 or 2
- Require some sort of basic **inspection**
- **Require a permit number to appear** in each listing (encourages and facilitates compliance)
- Ask airbnb to collect and remit **Lodging Tax**
- **Must have fines or penalties** for non-compliance after a grace period
- Have a **separate “vacation rental” ordinance**, if necessary

For More Information

**[www.TheAirbnbAnalyst.com](http://www.TheAirbnbAnalyst.com)**

# Will the Real airbnb Please Stand Up?

## *Questions ?*