



## **Shared Opportunity: How Airbnb Benefits Communities**

Founded in August of 2008 and based in San Francisco, California, Airbnb is a trusted community marketplace for people to list, discover, and book unique accommodations around the world – online or from a mobile phone.

Our company and the Airbnb community are leaders in the new Sharing Economy, a movement that will represent a significant part of the world's future economic growth. Millions of micro-entrepreneurs are now empowered to help make ends meet using their underutilized assets. This movement is distributing economic opportunities across diverse neighborhoods and providing millions of people with a trusted platform they can use to benefit their families, earn additional income as a host or find unique lodging opportunities as a guest.

Since 2008, over 35 million guests have had a safe and positive experience on Airbnb. We have worked hard to provide tools and resources that promote transparency and trust, and we are proud to be a global leader in providing education on these issues for our community.

Simply put, Airbnb allows anyone to belong anywhere. Our platform helps strangers see a city as a local does and lets hosts become ambassadors for the communities they love, using communication, payment, and trusted tools to empower users around the world.

## **Economics of the Sharing Economy**

There are a range of benefits associated with home sharing, including positive social and environmental impacts. For hosts, the economic benefit of Airbnb is often life-changing, and for cities, it is revitalizing for neighborhoods and small businesses alike.

The economic benefits of home sharing are distributed across at least three categories:

1. Positive impacts on consumers and the tourism industry,
2. Positive impacts on neighborhoods and local businesses, and
3. Positive impacts on residents and households.



### ***Positive Impacts on Consumers and the Tourism Industry***

The growth and mainstream adoption of home sharing is leading to fundamental changes in how people travel and experience destinations. These trends are resulting in increased travel, increased spending, and an engagement with different parts of a city than visitors have typically visited.

Our data shows that Airbnb attracts new visitors who stay *longer* than traditional tourists, spend *more* on local businesses, and are *more likely* to be return guests to the market as a result of their experience. These realities fundamentally strengthen the tourism industry and create additional opportunities for growth without requiring new investment or infrastructure on the part of the city.<sup>1</sup>

- 35 percent of Airbnb guests report that without Airbnb, they either would not have traveled at all, or would have shortened their trip.
- In addition, on average, Airbnb guests stay 2.1 times longer and spend 1.8 times more than typical visitors.

This additional travel and spending has happened while travel in traditional accommodations has also continued to grow. Recent analysis shows that hotel occupancy rates in the United States are at their highest level in over 20 years, having climbed over 10 percent since 2009, the first full year Airbnb was in the marketplace.<sup>2</sup>

### ***Positive Impacts on Neighborhoods and Local Businesses***

In addition to changing *how* guests travel, Airbnb has changed *where* guests stay when they travel. By staying in less concentrated neighborhoods, Airbnb guests distribute the economic impacts of travel to neighborhoods that have not traditionally received the benefits of the tourism industry.<sup>3</sup>

- 74 percent of Airbnb properties in major cities are located outside of traditional hotel districts.

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<sup>1</sup> Airbnb internal data based on surveys of hosts and guests in key markets around the world. (2012- 2015)

<sup>2</sup> <http://www.pwc.com/us/en/asset-management/hospitality-leisure/publications/assets/pwc-hospitality-directions-us-january-2015.pdf>

<sup>3</sup> Airbnb internal data based on surveys of hosts and guests in key markets around the world. (2012- 2015)



- Not only are guests staying in different parts of the city, but research indicates that 42 percent of guest daytime spending remains in the neighborhoods in which they stay.

This means that more money is being spent outside of traditional tourist neighborhoods - strengthening local communities and businesses. Such investments in local commercial districts benefit both hosts and non-hosting residents.

### ***Positive Impacts on Residents and Households***

Since Airbnb was founded in 2008, hundreds of thousands of hosts worldwide have welcomed guests into their homes. Hosting fundamentally helps hosts make ends meet, keeping residents in communities amid increasing living costs and income inequality.

Airbnb host's income levels closely reflect the income distribution of Americans across the country, and the economic benefits often allow them to remain in their communities:<sup>4</sup>

- Over 80 percent of hosts share the home in which they live.
- 52 percent of Airbnb hosts live in low to moderate income households.
- A typical Airbnb host in the United States earns roughly \$7,500 per year, helping them make ends meet.
- 48 percent of the income hosts earn through hosting on Airbnb is used to pay for regular household expenses like rent and groceries.
- 53 percent of hosts report that income earned from hosting has helped them stay in their homes.

Airbnb hosts rely on this supplemental income to help pay bills and contribute to their savings, and the income has also played an important role in neighborhood resilience.

## **A Platform Built on Community Trust**

The extensive economic benefits are possible only because of the tools and resources that help our users promote trust. We not only leverage tools and

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<sup>4</sup> Ibid.



practices that businesses have relied on for decades, but we also continue to develop new features and capabilities to help our users.

- **The Team:** Airbnb's global Trust and Safety team consists of nearly 200 experts trained to help our hosts and guests. This group works around the clock to support our community while also ensuring that hosts and guests have a 24/7 contact they can reach by email or telephone.
- **Trust and Safety Tools:** From the first time a user interacts with Airbnb to the end of a booking, Airbnb provides a range of tools, both online and offline, that support our community:
  - **Verified ID:** Verified ID links a person's offline identification (such as a driver's license or a passport) with the online profile they've created on Airbnb, giving both hosts and guests helpful information before they proceed with a reservation.
  - **Payments Processing:** By processing payments on the Airbnb platform, Airbnb controls payouts. This provides a significant safeguard against fraud and abuse by allowing Airbnb to deny payment to a host on the rare occasion an accommodation is not as it was described. Hosts are not paid until 24 hours after a guest checks in.
  - **Home Safety Program:** Airbnb partners with our hosts and guests to provide best practices, tips, and tools, such as Safety Cards and Emergency Messaging that increase the safety of our community. We partner with experts - ranging from local authorities to the American Red Cross - to provide our community with information that increases preparedness and safety.
  - **The Host Guarantee:** The Host Guarantee will reimburse hosts for up to \$1,000,000 for eligible damage to their listing property, for every booking, at no extra cost to hosts. This is an unmatched level of protection in the travel industry.
  - **Host Protection Insurance Program:** If a guest is injured in a listing or elsewhere on the building property during a stay, the Host Protection Insurance program provides coverage for Airbnb hosts and, where applicable, their landlords under a general commercial liability policy.
  - **Robust Profile and Review Systems:** Prior to a reservation, guests and hosts can get to know one another thanks to



detailed profiles and authentic, two-way, reviews. The review system allows reviews only from users the host or guest has had a previous reservation with, ensuring that users can benefit from real feedback sourced from those who have had a real interaction with the individual.

- **Host and Guest Messaging:** Before making a reservation, hosts and guests can message each other through our platform to ask any questions that may arise about a pending trip. This ability continues through the reservation, to allow continued communication within the confines of the Airbnb website, diminishing fraud.
- **Resolution Center:** The Resolution Center lets users request or send money for elements related to Airbnb bookings, including claims on security deposits or damage payment requests.

## The Future Regulatory Environment

For the sharing economy to continue to thrive, regulators and local communities must craft rules that embrace innovative new marketplaces and protect the public interest. As with other advances in the marketplace, this means regulators should be wary of incumbents promoting unfounded criticisms that do not square with the real life experience of millions of consumers and community members.

Today, online tools offered by platforms like Airbnb can make homesharing more transparent and accessible than ever before. Authentic reviews, payments protections, and trust and safety tools can provide peace of mind. While specific permitting and registry schemes may have made sense for a full-time commercial bed and breakfast business, most hosts on Airbnb are simply sharing the home in which they live on a part time basis and regulations should reflect the substantial differences in these activities.

While many of the antiquated laws in cities across the country were written for a much different time, many other cities have found ways to responsibly unlock the opportunities of homesharing for their residents, benefitting working families and their own budgets.

Consider the example of San Jose, California's third largest city. In December 2014, the San Jose City Council approved legislation allowing residents to share their homes, giving them the opportunity to supplement income and help pay their bills. Under the new law, short-term rentals are allowed as an



accessory use in all zoning districts that allow residential use. The ordinance imposes no limit on the number of days a host may share their home if the host is physically present during the stay (hosted rental), and a 180-day limit on un-hosted short term rentals when the host is not home during the guest's stay. This agreement also empowers Airbnb to collect and remit to the city associated taxes on behalf of our hosts, making it more convenient for the city and host alike.

Cities around the world are also making changes. Earlier this year, the UK government implemented progressive new rules that ensure that residents in London are free to share homes for up to 90 days a year without registration requirements. This allows visitors to one of the world's most iconic cities to experience it like a local and help regular people afford rising living costs. The UK government also unveiled a series of measures to support the sharing economy in the Chancellor's annual budget statement in response to recommendations in the independent review of the sharing economy. London has joined a growing list of cities in Europe - including Paris, Hamburg and Amsterdam - which have updated their rules to enable home sharing.

Our experience shows that these kinds of sensible regulations can and should be replicated across the United States, ensuring that individuals across the country can continue to benefit from the supplemental income and additional support to their communities provided by this platform.

In this changing economy, we look forward to continuing to work with you towards smart and sensible oversight that supports expanded tourism, and ensures residents can rely on this resource to help pay their bills.