

June 4th, 2015

Caveat Emptor

Americans travel for business, personal, recreation and leisure typically for a short duration of time. Making Tourism a strong economic factor in the United States. AirBNB intentionally floods the hospitality market with an illegal commodity that offers consumers a less expensive alternative to the real thing. They are in fact similar to the street vendor selling knock-off designer hand bags. Knock-off handbags lack authenticity and are illegal. Caveat Emptor. Knock-off BNBs are presented to unsuspecting consumers as the “real thing” even when they are not. Unlike peer-to-peer platforms such as Craigslist and eBay, AirBNB intentionally disrupts the hospitality market in order to financially profit. Deliberately introducing “Knock-offs” to compete with traditional overnight accommodations. The result is endangering innocent lives, creating financial problems for municipalities, influencing real estate prices and affordable housing while destroying legitimate lodging options which will negatively effect Tourism.

Endangering Lives

Legitimate B&Bs are “Home Based Businesses” typically in single family residences which have been legally converted to safely allow the lodging of overnight guests when and where local zoning permits. State Building Codes set occupancy levels and dictate Fire and Safety Standards. The most important factor for safety at a legitimate B&B is the owner or Innkeeper who must by law live on premise. Only when these factors have been met are legitimate B&Bs permitted to use their residential property in the same manner as a Hotel which includes carrying proper liability insurance. AirBNB listings are typically neither owner occupied or properly insured, ignore State Building Codes, Fire and Safety Standards and Local Zoning. AirBNB “Hosts” operate with complete anonymity and “fly under the radar” while making fast easy money.

Financial Impact to Municipalities

Legitimate B&Bs go beyond safety as they are required to charge and collect sales tax the same as any Hotel. Far exceeding property taxes, sales tax collected through lodging is typically the biggest source of income for most municipalities. Operating anonymously allow AirBNB “Hosts” to avoid all tax ramifications in most instances. Local Tourist or Bed Taxes and State Sales Tax are going uncollected and the income they receive is not necessarily being declared on State and Federal Income tax returns.

Influencing Real Estate/Effecting Neighborhoods

The small city of Hudson, NY is a historic 1800s river town with more than 6,700 residents living in a 2.3 sq miles radius just two hours north of NYC. Downtown has become a “destination” in recent years attracting unprecedented numbers of visitors and consequently more and more AirBNB “Hosts.” Currently there are 88 AirBNB listings, Home Away has 51, VRBO 49 and Flip Key another 5 for a total of 193 apartments and homes advertising upwards of 300 bedrooms. All have daily rates, minimum weekend stays and collect zero in sales tax. Many are rented or owned by “opportunists” who do not reside in the county and who's only interest is to make money. As a direct result Hudson's residents are facing a lack of affordable housing due to the new profit potential of real estate websites like AirBNB has created.

Threatens Tourism

Innkeepers at legitimate B&Bs are the unofficial “Ambassadors of Tourism.” They greet and interact with visitors often from all over the world. Providing more than safe accommodations and a pretty room, they offer personal concierge services for their guests. The Innkeeper role enhances a visitor's stay helping to ensure a positive experience. Without the personal touch, local Tourism will suffer. AirBNBs have driven prices down to a point that legitimate B&Bs simply can not compete. In Columbia County, NY there are no chain hotels and yet outside the city of Hudson more than a dozen legitimate B&Bs have closed since AirBNBs inception in 2008. Remaining legitimate lodging watch occupancy rates decrease year after year despite our best efforts. The Hudson Valley was named by National Geographic Magazine in 2013 as one of the top twenty places in the world to visit. We are experiencing an unprecedented boost to Tourism. If this were truly a “sharing” economy everyone would be benefiting.

Fair Business Practices

Hospitality and Transportation are examples of sectors regulated on the state and local levels that trust those who enter into these businesses will adhere to established standards. The majority did until the creation of websites such as AirBNB and Uber that financially reward individuals who don't. The weekly, monthly or seasonal rental of an entire living unit has a role in Tourism, but as a “family” vacation rental not a Hotel. There is nothing wrong with a sharing economy when everyone plays by the same rules and it truly is shared.

Caveat Empter,

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