

THE SHORT-TERM RENTAL MARKET

Rhetoric vs. Reality

Short-term rental companies like Airbnb – by far the dominant player among its peers – claim they simply help regular folks occasionally rent out a spare room in their home to make some extra money. But in reality, a significant – and rapidly growing – portion of Airbnb’s revenue in major U.S. cities is driven by professional landlords, who often buy up multiple residential properties to rent them out on a full-time basis, just like a hotel.

Rhetoric: Very few Airbnb hosts rent or book their properties for 360 days or more.

Reality: Nearly 30 percent of Airbnb’s revenue in twelve of the nation’s largest cities comes from individuals or entities operating essentially unregulated, full-time hotels offered 360 days each year.ⁱ Together, these individuals earned more than \$378 million in a 13 month period.ⁱⁱ

Rhetoric: Airbnb opposes speculators who turn multiple apartments into illegal hotel rooms.

Reality: Operators who rent out two or more units account for 17 percent of Airbnb’s hosts but drive nearly 40 percent of the company’s revenue – to the tune of *half a billion dollars* a year.ⁱⁱⁱ If Airbnb was serious about stopping these commercial landlords, they could do it overnight. Instead, they are currently forming partnerships with major apartment buildings and developers, increasing the likelihood that this unregulated commercial activity will continue.

Rhetoric: Airbnb hosts are middle-class people sharing their homes to make extra money.

Reality: That is the story that Airbnb likes to tell, and there is certainly a segment of their business that matches this image. But recent data shows a clear and troubling trend: a growing portion of Airbnb’s revenue in major cities is generated by people running lucrative, largely unregulated – and in many cases illegal – hotels and hiding behind Airbnb’s “sharing” platform to dodge taxes, skirt the law, and flout basic health and safety standards that all other commercial lodging businesses are required to follow.^{iv}

Rhetoric: Hotels take most of the money they earn out of the local community.

Reality: Hotels and inns contribute billions of dollars in state and local tax revenue, create good-paying jobs with benefits, attract visitors and spur economic growth in communities all across the country. In fact, the hotel and lodging industry provides nearly 2 million jobs nationwide and supports \$141.5 billion in annual business travel tax revenue for state and local governments.^v By contrast, Airbnb only pays taxes in a small fraction of jurisdictions around the country and wants to pick and choose when and how much to pay and which safety and security regulations to follow.

Rhetoric: Airbnb gives cities the data they need to make informed policies about home sharing.

Reality: Airbnb has demonstrated it can’t be trusted to prevent commercial operators from abusing its platform. The company has repeatedly refused to release data that would help policy makers understand its full impact on communities and the volume of commercial operators using the platform to skirt taxes and regulations. In New York City, one of Airbnb’s biggest markets, the modest amount of data it has released was made public only after lengthy lawsuits, court orders



and significant public pressure.^{vi} And Airbnb now admits that it scrubbed the numbers and deleted 1,500 illegal listings just before releasing that data to the public.^{vii} Even worse, just one day after Airbnb admitted to scrubbing the numbers, many of the purged illegal listings were back on the site.^{viii}

Rhetoric: Airbnb wants to compete on a level playing field and pay its fair share of taxes.

Reality: Airbnb doesn't pay taxes in the vast majority of cities in which it operates and dismisses the responsibilities its operations have beyond taxes. That's why state regulators from coast to coast are speaking out against commercial landlords who use Airbnb to game the system by running lucrative, unregulated commercial hotels in residential buildings. For example, the New York Attorney General has said that up to 72 percent of Airbnb listings in New York City are illegal under New York State property use laws.^{ix}

Rhetoric: Airbnb wants to help people stay in their homes.

Reality: Affordable housing advocates across the country agree: Airbnb is facilitating a housing crisis by incentivizing landlords to convert homes and apartments into illegal hotels, thus decreasing the available housing stock and driving rent prices up.^x

It's clear: Airbnb's rhetoric doesn't match reality. The fact is there is a troubling trend of full-time commercial landlords using Airbnb and other home "sharing" platforms to dodge taxes, skirt the law, and flout basic health and safety standards that all other commercial lodging businesses must follow. Learn more online at: [AHLA.com](http://www.ahla.com).

ⁱ http://www.ahla.com/uploadedFiles/Common/pdf/PennState_AirBnbReport.pdf

ⁱⁱ http://www.ahla.com/uploadedFiles/Common/pdf/PennState_AirBnbReport.pdf

ⁱⁱⁱ http://www.ahla.com/uploadedFiles/Common/pdf/PennState_AirBnbReport.pdf

^{iv} http://www.ahla.com/uploadedFiles/Common/pdf/PennState_AirBnbReport.pdf

^v https://www.ahla.com/uploadedFiles/Common/pdf/Lodging_Industry_Trends_2015.pdf

^{vi} http://www.nytimes.com/2014/10/16/business/airbnb-listings-mostly-illegal-state-contentends.html?_r=0

^{vii} <http://www.bloomberg.com/news/articles/2016-02-25/airbnb-says-it-removed-1-500-listings-in-new-york-before-data-release>

^{viii} <http://www.bloomberg.com/news/articles/2016-02-25/airbnb-s-purged-landlords-are-relisting-their-apartments>

^{ix} http://www.nytimes.com/2014/10/16/business/airbnb-listings-mostly-illegal-state-contentends.html?_r=0

^x <http://www.laane.org/wp-content/uploads/2015/03/AirBnB-Final.pdf>