



Testimony of Andrew Kalloch, Public Policy, Airbnb
Before the Council of the City of Beacon New York
Monday, April 2, 2018

Good evening. My name is Andrew Kalloch and I work in Public Policy for Airbnb. I thank the Council for the opportunity to submit testimony concerning the proposed short-term rental (STR) policy in Beacon.

Before turning to our specific comments to the draft regulations, I want to provide an overview of Airbnb in New York and some of the tools we've used to establish trust and security on our platform.

Airbnb: An Overview of Our Community in Beacon & Around the World

Airbnb was launched in 2008 with a single listing in a single apartment in San Francisco. Our founders-- recent (and unemployed) graduates of the Rhode Island School of Design-- were struggling to afford an increasingly expensive housing market and decided to open up their own home to host other artists who were in town for a design conference.

Nine years later, that single home share has turned into a platform that has brought over 300 million guests in 4.5 million listings in 81,000 cities in nearly every country across the globe.

Of course, while Airbnb has used the power of the internet to bring together millions of hosts and guests, New Yorkers are well aware that home sharing didn't start with Airbnb. Rather, it is a historic tradition-- in this state and others.

Airbnb is proud to be part of this tradition. In 2017, nearly 58,000 hosts welcomed 2.6 million guests. In addition, over 3 million outbound guests from New York used Airbnb to travel domestically and abroad, highlighting how more and more residents are viewing home sharing as a new option for unique, affordable accommodations.

The vast majority of Empire State hosts are middle class residents who share their homes occasionally to pay for their mortgage, medicine, and student loans, or save money for retirement or a rainy day. In fact, last year, the typical New York host shared their home for about four nights a month, bringing in \$6,700 to help make ends meet.

Furthermore, 97 percent of revenue generated through Airbnb goes directly to our hosts, who plow it back into the local economy.

With Airbnb, visiting families can access an alternative way to travel — one that delivers economic benefits not only through the income earned by hosts, but also via the money guests spend at local businesses near their listings.

Beacon has an active community of Airbnb hosts and users. In 2017:

- There were 110 Active Hosts who welcomed 9,100 guests. 94 percent of hosts have a single listing and no hosts have more than two listings.
- The typical host earned about \$8,800 last year by renting their space for about four nights a month, reinforcing the fact that most hosts are not full-time “commercial” operators.
- 70 percent of Beacon hosts are women and the average age of hosts is 46, with 15 percent of hosts over the age of 60. Supplemental income from STR is particularly important to this population, which often struggles to “age in place” on fixed incomes.
- Guests stayed an average of 2.1 nights per stay, with an average group size of only 2.3 people, showing that travelers on Airbnb in Beacon are primarily couples and families coming for a weekend or thereabouts.

Keeping our global community safe, both online and offline, is very important. Indeed, one of the reasons for Airbnb’s success has been our investment in a comprehensive approach to building trust with--and ensuring the safety of-- our hosts, guests, and neighbors:

- To prevent bad actors from ever accessing our platform in the first place, each and every Airbnb reservation is scored ahead of time for risk. We have a real-time detection system that uses machine learning and predictive analytics to instantly evaluate hundreds of signals to flag and then stop any suspicious activity. When we detect potentially concerning behavior, our team takes a range of actions, including removing a user from the platform entirely.
- While no background check system is infallible, we screen all hosts and guests globally against regulatory, terrorist, and sanctions watch lists. For United States residents, we also run background checks looking for prior felony convictions, sex offender registrations, and significant misdemeanors. We are working with additional governments around the world to identify where we can do more background checks.
- Each and every person on Airbnb has a profile page with important information about themselves and their home. In order to book or host, you must provide us a full name, date of birth, photo, phone number, payment information, and email address. Hosts can also require that guests provide Airbnb with a government ID before booking their listing, and then the host in turn is required to do so as well.
- Through the Airbnb platform, we also have a safe and easy way for guests and hosts to get to know each other directly before requesting or approving a reservation. Our secure on-platform messaging tool is there for both sides to ask each other questions before

requesting or accepting a reservation and to set clear expectations — something we highly recommend doing. Additionally, our messaging tool helps hosts and guests stay in touch as needed throughout the trip to ensure everything goes well.

- Plus, we also have a global community for hosts and guests to rely on. If you're curious what previous guests have thought about your potential host or home or if you want to know what another host's experience has been with a prospective guest, all you need to do is check their reviews. Guests and hosts publicly review each other and only do so after the reservation is complete, so you know the feedback is informed and real.
- We run home safety workshops with hosts and local fire services to equip our community with the latest advice from leading experts. We also give out [free smoke and carbon monoxide detectors](#) to hosts and provide online safety cards containing important information —such as emergency phone numbers, locations of fire extinguishers, and fire alarms, as well as emergency exit routes—so guests know what to do if there is an emergency.
- Our secure platform ensures your money and personal information are protected. We take a number of measures to safeguard your Airbnb account, including using multi-factor authentication whenever a login is attempted from a new device.
- Fake or misrepresented users and listings have no place in our community, and we deploy a multilayer defense strategy to help ensure that these kind of scams are rare. All you need to do to protect yourself is to stay on our secure Airbnb platform throughout the entire process -- from communication, to booking, to payment. The good news is that these sorts of scams are rare, thanks in large part to the multilayer defense strategy we deploy to prevent bad actors from taking advantage of our community in the first place, leveraging sophisticated machine learning technology.
- In the rare event that any issue should arise, Airbnb's global Customer Service and Trust and Safety teams are on call 24 hours a day, 7 days a week, in 11 different languages to help make things right with rebooking assistance, as well as refunds, reimbursements, and insurance programs. If, for instance, you arrive at a listing and it's not as advertised, all you need to do is reach out to our team and we are here to help.
- Hosts can rest assured that they are protected by our [Million Dollar Host Guarantee](#), which covers listings for up to \$1,000,000 in damage -- and it's free for all hosts and every single booking.

There have been over 300 million guest arrivals in Airbnb listings to date. In 2017, there were more than 49 million trips at Airbnb listings worldwide. Significant property damage (claims that were reimbursed under our Host Guarantee program for over \$1,000) was reported to us only 0.004% of the time. At that rate, you could host a new

reservation every single day for over 63 years without expecting to file a significant property damage claim under our Host Guarantee.

- Our [Host Protection Insurance](#) provides home sharing hosts with additional protection against third party claims of property damage or bodily injury up to \$1,000,000.
- We want to do everything we can to help our community members be good neighbors in the places they too call home, which is why we launched our Neighbor Tool. Anyone can go to airbnb.com/neighbors to share specific concerns they might have about a listing in their community. Hosting is a big responsibility and those who repeatedly fail to meet our standards and expectations will be subject to suspension or removal.

Airbnb's Commitment to Collecting Taxes and Supporting Public Services

In addition to developing critical public safety tools, we are committed to working with states to efficiently and effectively collect and remit lodging taxes on behalf of our hosts and guests.

Airbnb believes that short term rentals should support core public services. Since 2014, the company has signed voluntary collection agreements (VCA) with over 350 jurisdictions around the world, including the states of New York and Connecticut as well as 19 counties in New York State—including Dutchess County. These VCAs have enabled us to collect over \$500 million.

Unfortunately, with the exception of county bed taxes, New York law prevents Airbnb from automatically collecting and remitting local and state sales and lodging taxes. That's why we support legislation in Albany (A-7520/S-7182) that would extend all applicable taxes to short-term rentals and allow platforms like Airbnb to remit taxes to the State, streamlining collection and ensuring compliance.

Airbnb's Comments on Proposed STR Ordinance in Beacon

Airbnb believes that all Beacon residents should be able to take advantage of the economic opportunity that home sharing provides and that short-term rentals are an important element of a growing tourist economy that supports small businesses in the community. To wit, we offer the following suggestions to improve the draft ordinance.

All Beacon Residents Should be Able to Share their Homes

While the ordinance allows homeowners to share their primary residence, it effectively bars renters from doing so, immediately foreclosing the possibility for nearly 50 percent of Beacon households.¹ As the cost of living continues to rise, particularly for rent-burdened residents, the

¹ U.S. Census Bureau, American Community Survey 1-Year Estimates (2016), S25106; Of Beacon's 5,203 housing units, 2,411 are renter-occupied (46 percent).

city should endeavor to support efforts by working class people to supplement their income in a way that benefits the community at large.

Unsurprisingly, renters on average have significantly lower incomes than homeowners, with the median household income for homeowners nearly triple the median household income for renters.²

To that end, the Council should amend the ordinance to allow owners *and* renters to share their homes, whether they live in a single, two-family, or multi-family dwelling.

The Primary Residence Requirement Fails to Recognize the History of Short-Term Rentals in the Hudson Valley

Like many communities in the Hudson Valley, Beacon has a long history of vacation rentals and a significant community of seasonal residents. Therefore, the City should allow primary *or* secondary homes to be shared as short-term rentals.

As a recent report from HR&A found, Airbnb drove \$75 million in economic activity in the Hudson Valley in 2016, supporting nearly 800 full-time jobs. Beacon is rightly proud of its historic Main Street businesses and Airbnb guests are helping to preserve and expand these local entrepreneurs by increasing foot traffic and boosting the bottom line throughout the year.

The 100-day Cap on Short-Term Rentals is Inappropriate

The proposed ordinance would require STR hosts to list their primary residence only *and* limit short-term rentals-- even of a spare bedroom-- to 100 days a year.

This draconian cap is inconsistent with what many cities and towns around the world have adopted. For instance, in Philadelphia, residents can rent for up to 90 days with no permit required and up to 180 days with a “limited lodging home” permit,³ whereas renting a non-primary residence and/or a residence for more than 180 days a year triggers additional requirements.

Moreover, the definition of primary residence in New York law requires an individual to (1) maintain a “permanent place of abode” in New York and (2) spend more than 183 days in New York.⁴ As a result, should the primary residence requirement remain in place, that requirement would already impose a de facto cap on nights rented.

² U.S. Census Bureau, American Community Survey 1-Year Estimates (2016), S2503; The median household income of homeowners and renters in Beacon is \$95,682 and \$33,922, respectively.

³ <http://www.phila.gov/li/PDF/Limited%20Lodging%20Information%20Flyer.pdf>.

⁴ NYS Tax Law § 605(b)(1)(B); see generally: <https://www.nytimes.com/2011/02/24/nyregion/24taxes.html>.

The Ordinance Should Recognize Short-Term Rentals as an Accessory Use Distinct from a Full-Time, Commercial Bed and Breakfast

The ordinance would specifically carve short-term rentals out of the list of “home occupations” that are permitted as accessory uses. However, the fact is that occasionally renting a home does not transform the property into a commercial enterprise any more than a garage sale transforms a home into the local mall or providing music lessons to local kids turns one’s home into Carnegie Hall.

Indeed, as many cities and towns throughout New York and the region have concluded, occasional home sharing is consistent with other types of permissible accessory use.

In addition, while the current draft no longer requires STR hosts to provide “certification from a New York State licensed professional engineer or licensed architect, or certification from a fire sprinkler company, that the short-term rental property has a working fire sprinkler system installed,” the City continues to assert that it interprets the New York Uniform Fire Prevention and Building Code as applying the same requirements for Airbnb listings as for “Bed and Breakfast establishments.”

However, the Uniform Code’s definition of “bed and breakfast establishment”-- an “Owner-occupied residence, resulting from the conversion of a one-family dwelling, used for providing overnight accommodations and a morning meal to not more than 10 transient lodgers, and containing not more than five bedrooms for such lodgers”-- clearly does not apply to most-- if not all-- Airbnb listings in Beacon.

First, most Airbnb listings do not provide “a morning meal” to guests. Second, most Airbnb listings in Beacon are rented only occasionally as short-term rentals. As a result, they have not been “converted” from residential homes, but are rather being used in an accessory manner.

As a result, forcing hosts to comply with those provisions would amount to a de facto ban on STR in Beacon, since extending regulatory requirements designed for full-time, commercial operations to part-time home sharers would render home sharing economically non-viable in most circumstances, harming both local hosts and the small businesses their guests patronize.

Conclusion

Thank you again for your time and effort on this issue. We look forward to continuing to work with you to foster the economic opportunity of short-term rentals in Beacon.