

Winning the Battle with Airbnb

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(We are listed on Airbnb)

- Are you listed on Airbnb?
- Why NOT! You should be
 - It is FREE to list on Airbnb
 - Expedia and Booking.com – 15-20% Commission
 - Airbnb is the Cheapest OTA – 3 % Commission
- List your B&B as a “Real” “Legal” business
 - List each room you want to rent
 - Use the same prices you have on your web site
 - Stress Inspected, Code Compliant, Insured & Unique
- 0% of repeat guests will use Airbnb again
 - They find out that Airbnb adds 9% to your price

Airbnb – The Myth

- Founded 2008
 - Idea was to “Share a Room or a House”
 - Claim* they help Grandma pay the mortgage
 - Say it is the Giant Hotels versus Grandma
 - Claim* they want to collect and pay taxes
 - Say states and cities should “trust us”
 - Claim* they are “Open” and “Transparent”
 - Claim* they educate host about not impacting low cost housing
 - Claim* hosts “self-regulate” for Codes/Regs
 - Claim* they show only permanent residences

* Airbnb Community Compact and FTC Presentation

Airbnb – The Reality

- Airbnb - an accommodations behemoth
 - A \$30 Billion Dollar Business
 - 2 Million listings, 34,000 cities, 192 countries, 60 Million Bookings
 - Large % of sales from Multi-unit, Multi-property owners
 - Not permanent residences
 - Removes huge number of low income housing from inventory
 - Mostly Unregulated and Untaxed
 - “Self Regulation” is a joke because it is not required
 - Full names, addresses, phone numbers of hosts hidden
 - Counties, Cities, Towns in the dark & can't protect communities
 - Airbnb does not have visibility into all money transactions
 - Guests and hosts are smarter than the Airbnb & its CEO
 - States lose Millions in taxes and fees if Airbnb does the collection

Think Airbnb is not Hurting B&Bs

- Over 10,152 Airbnb Listings in Virginia (vs 5000)
 - Airbnb Hosts in Virginia earned over \$43,000,000 in 2016
 - Admit to 280,000 “Stays” in 2016 – really almost 500,000
- Most do not pay applicable taxes and fees or follow Federal, State or Local laws, codes
- Play up the “Sharing Economy” but don’t “Share”
 - Take advantage of services provided by state & local gov
 - But don’t contribute like legal B&Bs do
 - Airbnb Hosts support themselves – they share with Airbnb
- Tourism in is up
 - Is your occupancy up?

The Playing Field is NOT Level

Legal B&Bs have to deal with

- Sales, Room and Occupancy Taxes
- Occupancy limits
- VDOT Codes and Requirements
- Insurance (Liability, Property, Workman's Comp)
- Licenses (Business, B&B, ABC, Restaurant)
- Inspections (Health, Building, Septic, Well, Fire)
- Fire, Building, Health and Safety Code/Reg Compliance
- Food Handling License and Certification
- Zoning limitations and Conditional Use Permits

Airbnb Hosts don't have to comply at all

What's in a Name?

- Everything – If you are Airbnb or an Airbnb Host
 - States and localities regulate Hotels and B&Bs
 - Building Codes, Fire and Safety Req, Health Dept Regs, ABC Laws, Occupancy Limits, DOT Req, Insurance Req (Liability, Property, WC)
 - States and localities tax Hotels and B&Bs
 - Sales Taxes, Occupancy/Lodging Taxes, Income Taxes
 - Most States & localities treat Hotels & B&Bs as businesses
 - License fees, Inspection fees, ABC fees
 - The IRS (and states) require “Businesses” and “Companies” to pay taxes on Sales, Income and Employee wages
 - IRS says 15+ days – you are a business
- None of the existing laws, regs, rules apply to STL
 - Airbnb says they are NOT the same as legal B&Bs

Airbnb Listing is the Same as a B&B

- Both provide accommodations for money
 - Prices are comparable
- Both provide Beds, or Rooms, or a Whole House
 - For 1 Day, or 1 Week, or every day, or part time
- Both claim they operate from “private homes”
 - Almost all Legal B&B owners live on their properties
 - But many Airbnb facilities are NOT private homes at all
- Both are, by definition “Businesses”
 - Webster: “the purchase and sale of goods or services in an attempt to make a profit.”
 - IRS treats them as businesses
- Shouldn't the rules be the same for both?

Airbnb's Approach

- Get a lot of listings
 - Stress “Sharing Economy” and Making Easy Money
 - Market the heck out of Airbnb
 - Collect the money from guests and hosts
- Wait until the screaming starts
 - Propose “Short Term Lodging” (STL) Regs & Laws
 - Use the Communications Decency Act of 1996 as cover
 - Offer to collect & pay the taxes – “Trust Airbnb”
 - Dangle a big check as bait
- If the State, County or City tries to regulate
 - Sue them, stall and **Keep Collecting the Money**

Beating Airbnb in Virginia

- Pro Airbnb Bills submitted in Fall 2015
 - Senate version - SB 416 (House version same)
 - Airbnb will pay Taxes – lump sum
 - No identification of hosts (was 5000 now 10000+)
 - No requirement to meet codes, law, regs
 - No visibility at state or local government level
 - Could not get information even through FOIA
 - Local Governments prohibited from passing any law or ordinance to control Airbnb hosts
 - Dangled **big** check in front of legislators
 - Bill essentially said – “Just Trust Airbnb”

Stopping SB 416

- VRLTA and AH&LA were Awesome
 - Coordinated everything
 - Got B&Bs and local Governments VERY involved
 - Let B&Bs and Local Gov's take the lead*****
- BBAV and PAII Responded
 - 2-300 e-mails and calls
 - Targeted specific Delegates and Senators
 - "Turned" Multiple Delegates & Senators from "The Dark Side"
- Focused on and "Worked" Committees
 - 100's more e-mails plus B&B speakers at meetings
- SB 416 Amended to Require Study in 2016

Working the Subcommittee (2016)

- Committee headed by Delegate Peace
 - Sponsor of Pro Airbnb Bill in House
- BBAV & VRLTA had seats on the Committee
 - BBAV and PAII Mobilized B&Bs
 - Constant flow of E-mails and documents
 - Pushed Local Governments to get involved
 - Had multiple speakers at every meeting
- Final meeting brutal in criticizing SB 416
- Full Committee would not “Report Out” Bill

2017 Effort – SB 1578

- SB 1578 – Sponsored by Senator Norment
 - Gives Local Governments total control
 - They set the rules, fees, process, e.g. may require SUP
 - Registration of Airbnb Hosts and Facilities (B&Bs Exempt)
 - Complete Transparency – Names and addresses required
 - \$500 Fine per violation
 - B&B ABC License Required to Serve Alcohol
- B&Bs swamped Delegates & Senators in support
- Airbnb attempts to amend SB 1578 rebuffed
- Bill Passed Senate 36-4
- Bill Passed House 86-14
- Sent to Governor – Signed 24 March, 2017

Airbnb Missteps

- Speakers:
 - Few Airbnb Hosts speak at public meetings
 - Exposes hosts to tax collection
 - Grand Parents trying save the house as speakers
 - Average Airbnb Host Age in Virginia is 46
 - We brought in our own "Grandparents"
 - Single Mother of 3 – "I'm running this like a Business"
 - Yep – Then get incorporated and get legal
 - Claimed Registering many Hosts in Charlottesville
 - Actually less than 20% - Showed the pictures
- VA Tax Forms too "Sophisticated" for Hosts
 - Tax Forms on line - easy to use (a child can do it)

The “Virginia Story” – What Worked

- VRLTA was Awesome
 - Created the “Play Book”
 - Coordinated everything
 - Provided phone numbers, e-mail addresses to “hit”
 - Provided wording for submissions
 - Hand held people to speak and to meet legislators
 - Got local Governments VERY involved
 - Got the media on our side
- PAII, BBAV, Local Groups Responded
 - 2-300 e-mails and calls per day
 - Scripted responses and presentations
 - Targeted specific Delegates and Senators

Getting Local Politicians on Board

- Best Done in Person
- Best Done by Local B&B and Hotel Owners
- Seize the Mom and Pop Argument
 - Take the issue away from Airbnb
- Do the Math for Them
 - Show that the Airbnb Tax Solution is a rip off
 - Show them what \$ Airbnb will never report
- Give them copies of the AH&LA Reports
- Use the Carrot and Stick approach

The Carrot

- More Money for the Community
 - Without raising taxes
 - You can get more \$\$ than Airbnb will give you
 - More money than Airbnb even knows about
 - Additional Sales
 - Return Trip Revenue
 - Show them the numbers \$\$\$\$\$
- You keep control of your community
 - The people elected you – not Airbnb
- You have existing laws – enforce them

The Stick

- Show the number of Airbnb Hosts in the area
 - Give them a map – names, addresses
 - Show them the legal B&Bs
- Legal B&Bs are being discriminated against
 - They are a minority
 - If you don't treat Airbnb Hosts and B&Bs equally
 - Opens local government up class action suit for discrimination
- Do you really want Airbnb to be your tax collector
 - Are they trustworthy?
 - Reports show Airbnb tax collection is not a good idea
- We vote!

Getting State Politicians on Board

- Go to their office
 - Invite them to your B&B
- Volume Counts A lot!
 - Repetition with consistent messages
 - Phone, e-mails and letters
 - Variety of businesses (B&B, Restaurants, etc)
- Send articles, reports, with links
 - Send materials multiple times, multiple people
- WE VOTE!

Messages

- Tell your Representatives and Senators
 - Airbnb discriminates against legal B&Bs
 - The “playing field” is not level – it looks like Mt Everest
 - Not Compliant w/Fed, State, Local Laws, Regulations, Codes, Ordinances, Licenses
 - Fire, Safety, Health, ABC, Noise, Taxes, Zoning
 - Must have visibility at Local Government Level
 - To protect their communities & ensure they are getting all the taxes
 - Don't let Airbnb be a State Tax Collector
 - Every B&B and Airbnb Host should pay their own way
 - Because they are all businesses
 - Vote! Encourage your neighbors to Vote
 - Get rid of politicians that don't care about their communities

Where to get Supporting Info

- AirDNA
- AirbnbWatch
- The-Airbnb-Analyst
- AH&LA
- PAII
 - Sample presentations
 - Sample “3 min speeches” or “elevator pitches”
 - Sample Letters
 - Ideas that work (and ideas that don’t)
 - Sample STL Legislation Wording

What/Who You Need on the Team

- AH&LA and State Version
- PAII & Your State Association & Members
 - Related Businesses (Like Restaurants)
- Health Dept, Building Insp, Fire Dept, ABC
- Media
 - Print, Radio, and TV
 - Watch the AMAZING Transformation when the red light goes on
- Local Government Reps
 - Neighborhood Groups and HOAs

Who Does What

- State Version of AH&LA
 - Organize
 - Complete lists of State Senators and Delegates
 - Names, Addresses, District #, Phone, e-mail
 - Talking Points
 - By Issue
 - By Representative
 - Appointments – By Representative
 - Schedules for Committee Meetings
 - Schedule for Speakers, how many?
- State B&B Association and PAII

Hints

- Take the Airbnb Talking Points Away!
 - STL are “different” from B&Bs
 - STL facility is EXACTLY the same as a B&B
 - Airbnb Hosts are Grandparents
 - Bring you own Grandparent Owners to sessions
 - 46 year old Grandparent?
 - Airbnb wants a “Level Playing Field”
 - Looks like Mount Everest
 - CDA of 1996 prohibits giving names, etc.
 - Horse “hockey”
- Always Speak Second
- Always Provide a Hard and Soft Copy

The Nay Sayers and Dreamers

- The Sharing Economy is here to stay
 - Get over it
 - Do away with all Regs, Laws, Fees, Taxes
- Airbnb will work to Level the playing field
 - Will work w/B&Bs to fix the Airbnb system
 - Ensure Compliance & Be Partners with Legal B&Bs

Nay Sayers - Response

- The Sharing Economy is here to stay?
 - Yep – So what - play by the rules
 - If you want to change the rules – do it legally
- Do away with all Regs, Laws, Fees, Taxes?
 - Before you leap off the bridge - Do the math
 - What guests don't pay in taxes – you will pay!
 - There is no free lunch!
- Airbnb will change their system to accommodate Legal B&Bs
 - Dream on – no incentive to do so.