

Airbnb promises to play fair with cities

November 11 2015

Airbnb dialed down its battle rhetoric Wednesday, promising to pay taxes and not cut into long-term housing amid criticism it unfairly competes with hotels and has exacerbated a San Francisco housing crisis.

The surging home-sharing startup released a so-called Community Compact in which it vowed to pay its "fair share" of hotel and tourist taxes.

It also pledged to be transparent with information about home sharing activity, and to work to prevent short-term rentals from biting into the availability of long-term housing.

The more cooperative tone was struck just a week after San Francisco voters rejected a measure that would have limited short-term housing rentals in what was seen as a referendum on Airbnb, which allows property dwellers and owners to rent out a room or an entire home for short periods.

"This Compact is just one step we are taking to help the cities that our hosts and guests call home," Airbnb co-founder and chief executive Brian Chesky wrote in an online post.

People who offer rentals will be required to agree to a policy that homes being made available are permanent residences, according to Airbnb.

Hometown politics

Airbnb critics claim the San Francisco-based "sharing economy" service unfairly competes with hotels, which face stricter regulations and taxes.

Some also claim the startup provides an incentive for property owners to toss out long-term residents and convert lodgings to short-term rentals, creating an upheaval in the traditional market for rentals.

Last week, voters in San Francisco rejected "Proposition F" by 55 percent to 45 percent.

The measure would have placed a 75-day limit per year for rentals under 30 days, regardless of whether the property is "hosted" or not—a significant change to the current law that allows for 90 days if the resident is absent, and places no limits on renting a "hosted" spare room.

Airbnb would have been heavily affected had the law passed.

It was a major contributor to the "no" campaign, which raised \$8 million compared with just \$800,000 by the measure's backers, according to figures released by the San Francisco Ethics Commission.

Proponents argued that Airbnb has aggravated an affordable housing crisis in San Francisco, claiming that an increasing number of existing apartments were being illegally offered and advertised as short-term rentals on the service.

That, they said, was eliminating rent-controlled and affordable housing, driving up rents and causing evictions.

Housing prices have been surging in recent years in the region around San Francisco and nearby Silicon Valley due to investment in tech startups.

With the arrival of highly paid tech workers, some former low-income San Francisco neighborhoods have been transformed.

Sassy street ads

Airbnb apologized in October for San Francisco street ads with sassy suggestions as to what the city should do with hotel tax money collected from the platform.

While some found the messages funny, others took offense.

Playfully worded ads suggested the money should go to longer library hours, a private shuttle service for residents, cleaning parks, or more bike lanes.

Launched in 2008, Airbnb operates in some 34,000 cities around the world and has some 40 million users worldwide.

Earlier this year, the startup raised \$1.5 billion in new capital, sending its value up to \$25.5 billion.

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Citation: Airbnb promises to play fair with cities (2015, November 11) retrieved 16 April 2024 from <https://phys.org/news/2015-11-airbnb-fair-cities.html>

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