

The AirBnB Legislation
May 18th, 2016
Virginia Association of
Convention & Visitors Bureaus
Quarterly Meeting



Presented by Jay Billie

The AirBnB Legislation

The good old days.....available lodging facilities 12 years ago...

- Virginia's Definitions -
 - "**Hotel**" means any duly licensed establishment, provided with special space and accommodation, where, in consideration of payment, food and lodging are habitually furnished to persons, and which has four or more bedrooms. It shall also mean the person who operates such Hotel.
 - "**Bed and Breakfast establishment**" means any establishment (i) having no more than 15 bedrooms; (ii) offering to the public, for compensation, transitory lodging or sleeping accommodations; and (iii) offering at least one meal per day, which may but need not be breakfast, to each person to whom overnight lodging is provided.
 - There are others like motels, boarding houses, vacation residential facility, and homestays. These terms are used but, they are not specifically defined.

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Enter the Shared Economy

...and it all started with Ebay and Craigslist

On a typical day in August 2014, there were....

- 157,146 Uber rides, 66,666 Lyft rides, 10,000,000 BlaBlaCar miles traveled
- \$2,000,000 worth of ElanceoDesk work, 6,666 job postings on ElanceoDesk
- 25,000 earning money on TaskRabbit
- 16,666 Blue Apron meals served, 1,500 Mucnchery meals delivered to a shared kitchen
- 13 million available Fon-shared Wifi spots
- 100,000 items listed on Listia, 247,000 items sold on Etsy
- \$285,000 raised on Indiegogo, 55 campaigns funded on Kickstarter
- \$8.7 million granted in peer-to-peer loans on Lending Club
- \$217 average gross by HomeAway Hosts, 375,000 people staying at Airbnb Homes

None of these businesses existed 10 years ago!....many not even 4 years ago!!! With this much economic weight, it's not going away...

the shared economy is here to stay

The AirBnB Legislation

Focus in on Lodging

A hosting platform is an online site matching guests with hosts.

How many are there? More than you think!

Hosting Platform	Number of Units/Hosts	Where
AirBnB	550,000	192 Countries
FlipKey(Trip Advisor)	300,000	179 Countries
VRBO (HomeAway)	575,000	Worldwide
Roomarama	120,000	6,000 Destinations
House Trip	260,000	Worldwide (mostly Europe)
Wimdu	330,000	Europe/Asia/
9Flats	120,000	Europe

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Hosting Platform	Number of Units/Hosts	Where
TravelMob (HomeAway)	N/A	Asia
OneFineStay	N/A	Luxury Worldwide ()
Homestay	30,000	Europe
Couchsurfing	400,000 Hosts	Worldwide ()
HomeExchange	50,000	150 Countries
LoveHomeSwap	54,000	160 Countries
GuesttoGuest	N/A	Europe and

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Hosting Platform	Number of Units/Hosts	Where
Knok	Homes and 120,000 Apts	and Europe
Vacasa	3,600	Villas, Chalets, High End
Turnkey (Ex-HomeAway Execs)	N/A	Luxury (with management option)
TheApartmentService	N/A	Europe/Corporate
AtHomeAbroad	N/A	Europe/Caribbean/Villas
HolidayLettings (TripAdvisor)	629,148 units	150+ Countries
OneLineVacationRentals	N/A	Worldwide

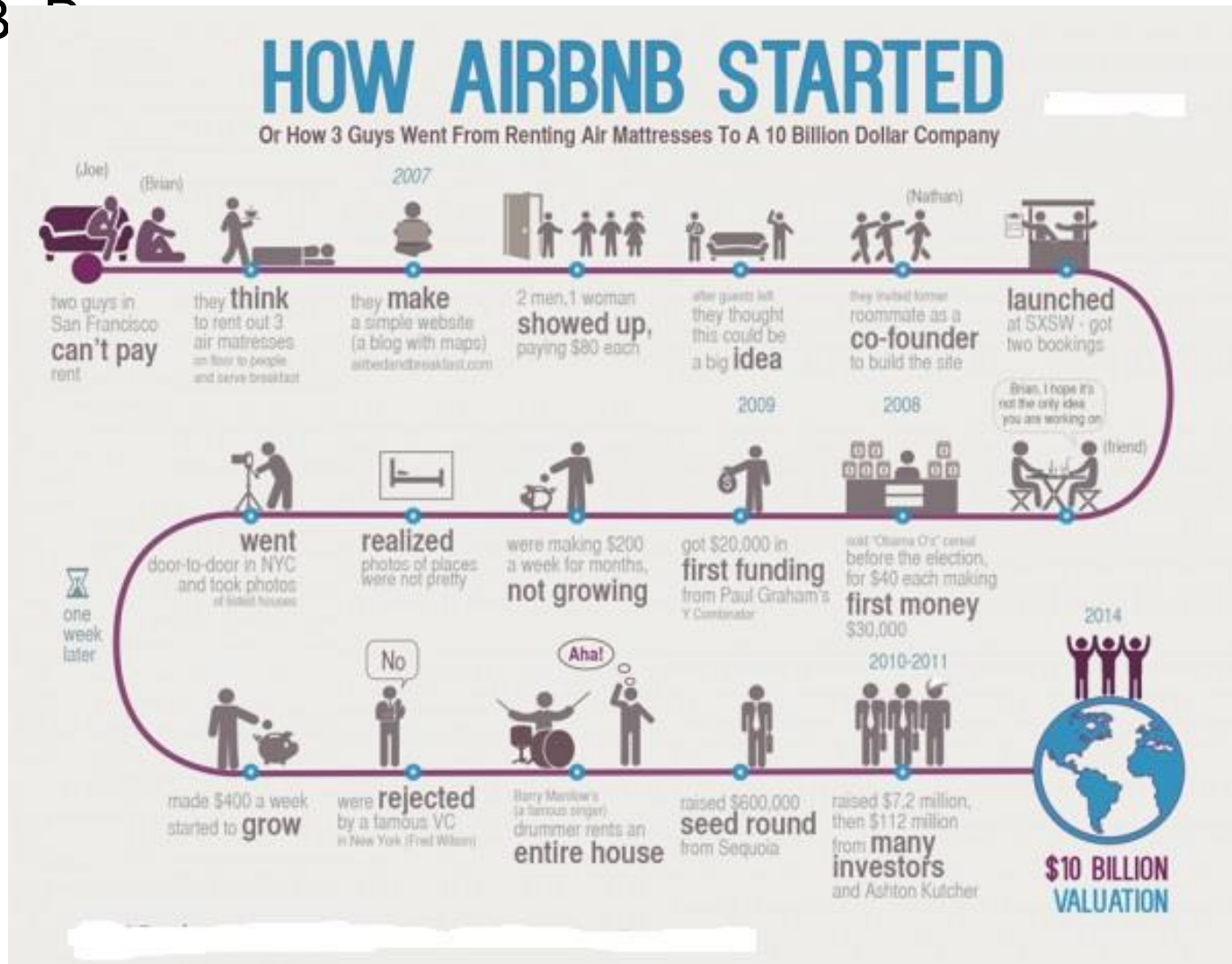
Focus in on Lodging

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Hosting Platform	Number of Units/Hosts	Where
Rentalo	N/A	Worldwide
VacationHomeRentals	69,600+ units	Worldwide
SkyRun	N/A	– Western Resort Towns
VillasInternational	25,000	Europe/Caribbean
MisterBnB	N/A	120 Countries (for single sex)
MyTwinPlace	N/A	Worldwide (Barter)
OutPost	2,000,000 listings	Worldwide (even igloos)

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The rise of hosting platforms like
AirBnB



Today they are valued at \$25 billion

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AirBnB - How does it work?

- Host registers and advertises with AirBnB a house, apartment, cottage, condo, bungalow or just a room.
- Hosts fill out a description, take and upload photos, and pick a price.
- Host set the rules for who stays and when. Booking and guest preferences help hosting fit into their lifestyle.
- Some hosts offer breakfast, others are more hands-off.
- Most hosts clean all the spaces a guest can use, and provide essentials like clean sheets, towels, and toilet paper.
- Airbnb handles all of the payments. Guests get charged before they arrive.
- Hosts get paid via Paypal, direct deposit, and international money wire. Payment is automatically sent 24 hours after your guest checks in.
- Listing your on Airbnb is free. Airbnb takes a 3% host service fee on each reservation.
- Host can charge what they like

AirBnB - How does it work?

- AirBnB provides
- \$1,000,000 Host Guarantee
 - The Host Guarantee protects the host's home and belongings from accidental damage. Every host with a listing on Airbnb is eligible for coverage at no additional cost. You don't have to do anything to sign up.
- Host Protection Insurance
 - Is designed to protect host from liability in case the guests get hurt or cause property damage. It's automatically included as part of the host's Airbnb account.
- They also ask the hosts to obey the local laws and regulations. If there are laws regarding short term lodging, the warnings are jurisdiction specific.

Most of the Host Platforms work out the financial details differently

	Annual Fee	Host Fee	Guest Fee
Some Charge	No	Yes	Yes
Some Charge	Yes	No	No
Some Charge	No	Yes	No
	\$349 - \$999	2.5% - 10%	5% - 10%

1. Some Hosting platforms give the host the option of just an Annual Fee only or no annual fee and a percentage of the rent.
 2. One or two charge a pay-per-click only.
- ANYTHING missing in these transactions?**

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AirBnB - How does it work?

So what is missing?

1. The taxman cometh...

Sales Tax

Transient Occupancy

Other Taxes

2. Regulations

number of rooms, number of guests, safety standards, local laws, parking, pets, renting multiple properties, on-site management, insurance issues, is it a business or not, etc...



The AirBnB Legislation

Virginia is not alone in dealing with the lodging shared economy

New York City. Has over **16,000** listings in the NYC area, current NYC law only allows a permanent resident to sublet their property for less than 30 days, and then only if they're still residing at the property.

San Francisco. Airbnb rentals are allowed only if hosts are full-time residents, rentals are capped at 90 days and all hosts must register with the city. However, despite these stipulations, the "San Francisco Chronicle" reported that only a fraction of Airbnb hosts have actually done the latter.

Santa Monica has effectively wiped out 80% of its Airbnb listings by **instituting the toughest regulations** on short-term rentals in the U.S. The southern California city said it was spurred by overall increases in housing prices and a dwindling housing supply. The new regulations, which have been effective since June 15, 2015, require anyone putting a listing on Airbnb in Santa Monica to live on the property during the renter's stay, register for a business license and collect a 14% occupancy tax from users that will be payable to the city.

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Paris. Airbnb's most popular vacation destination, with **40,000** listings, officials fining violators up to 25,000 euros. Paris Mayor Anne Hidalgo, who appointed the 20-person team running the crackdowns, is also considering levying a charge of 1.50 euros per night on person-to-person housing transactions. "We won't let tourist rentals eat up their neighborhoods."

Barcelona. Authorities in Spain's second most populous city levied heavy fines against Airbnb (24,000 euros) for "serious" breaches of local laws. Violations stemmed from hosts allegedly failing to register rental units with the Tourism Registry of Catalonia and also attempting to circumvent regional laws that prohibit renting out rooms in private residences.

Berlin. German officials, placing some blame on Airbnb for Berlin's increasing rents and housing shortages, passed a law requiring registration under narrow circumstances. If operating without registration, the fine is **\$115,000!** The day after implementation, 40% of Airbnb listed properties disappeared!

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Amsterdam and London. More receptive to Airbnb than other European destinations.

In February 2015, Amsterdam announced a cooperative effort with Airbnb in which the city will levy [a tourist tax](#) on rentals, while Airbnb will work to ensure potential hosts are aware of all pertinent rules and regulations.

And Londoners interested in renting out their properties on Airbnb now allowed to rent out their house, flat or spare rooms for up to three months a year.

And in **New Orleans**, it is illegal. It's against the law.

Although, during the last Jazz Fest, the hotels noticed they had some empty rooms when they were normally sold out.

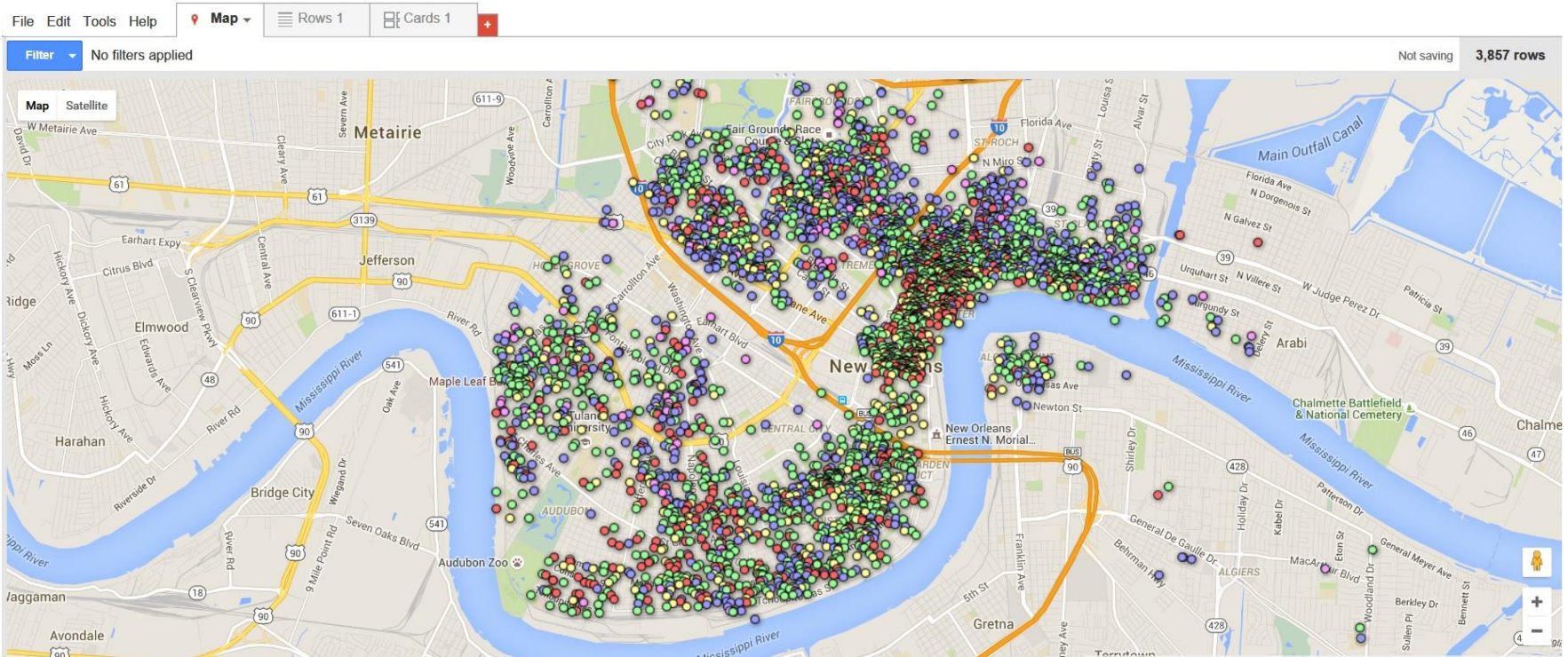
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Airbnb listings in New Orleans (March 2016)

Imported at Fri Apr 15 11:04:29 PDT 2016 from ts_new_orleans_2016-03-11.csv.

[Tom Slee](#) - Edited on 2016 April 15



There were 3,857 listings in New Orleans on AirBnB in March 2016

Closer to Home

Albemarle County – No Business License needed and allowed in all zoning districts

Augusta County – Business License necessary, allowed with a SUP in some zoning districts

Chesterfield – Business License necessary, allowed with a SUP in all zoning districts

Fairfax – Business License necessary if more than 4 dwelling units, allowed in some zoning districts

Fauquier – No Business License needed, allowed with a SUP in some zoning districts

Henrico – Allowed but only 4 persons at a time; no Business License; SUP needed in some zoning districts

Loudon - Allowed but only 4 persons at a time; Business License required; SUP needed in some zoning districts

Arlington – Allowed; Must register;

City of Charlottesville – Must register, 6 or less overnight guests only; must be owner occupied; 3 complaints and you are out.

Richmond – Not allowed at all

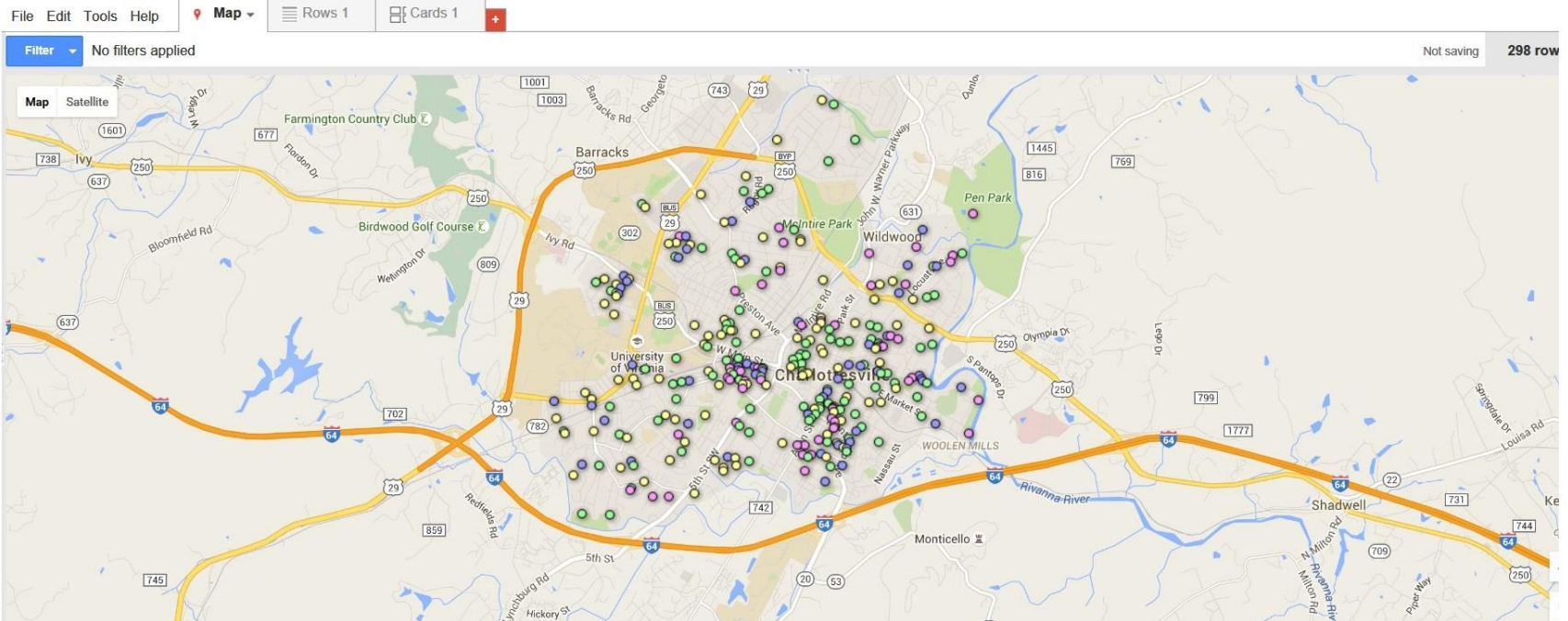
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Charlottesville AirBnB Properties Total 298; total registered = about 20%

Airbnb listings in Charlottesville, May 2016

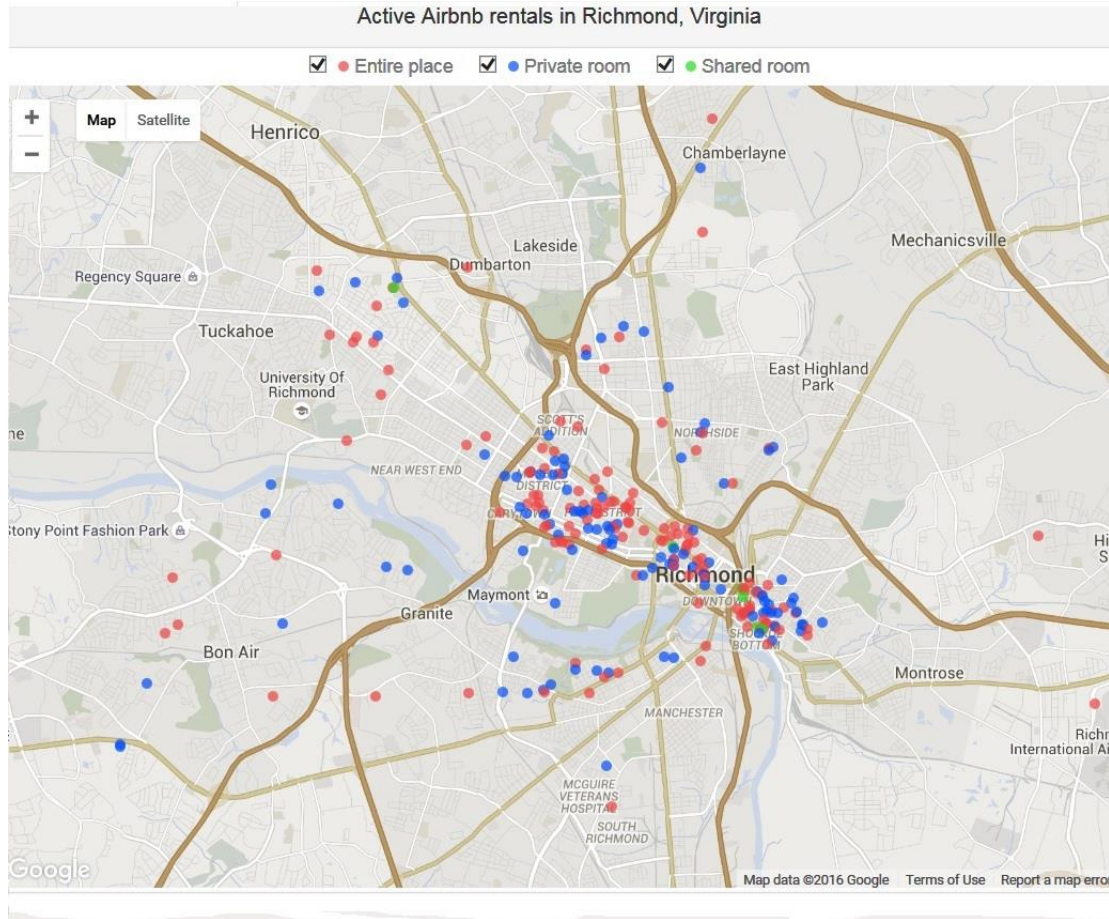
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[Tom Slee](#) - Edited on 2016 May 13



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In Richmond, VA



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AirBnB has been proactive in collecting taxes for jurisdictions

Currently, Airbnb is collecting and remitting taxes on behalf of the host in the following locations:

States

Alabama, Florida, Illinois, North Carolina, Oregon, Rhode Island, Washington

Major US Cities

Cuyahoga County (Cleveland), OH, District of Columbia, Jersey City, NJ, Malibu, CA, Oakland, CA, Palo Alto, CA, Philadelphia, PA, Phoenix, AZ, San Diego, San Francisco, San Jose, Santa Clara, Santa Cruz County, CA, Santa Monica and Reno, NV

International Cities

Amsterdam, Chamonix- Mont-Blanc and Paris, France, Lisbon, Portugal

Countries

India

The Virginia House and Senate Bills

Legislation was passed to:

1. Establish definitions for "Hosting Platforms," "Limited residential lodging," "Limited residential lodging operator," "Primary resident," "Residential Dwelling Unit," and others.
2. Set up a system whereas the Hosting Platforms register with the state and pay the appropriate taxes by county.
3. Allows all residential dwellings to be used for Limited Residential Lodging.
4. Must be consistent with residential use.
5. Does not adhere to zoning or licensing requirements that are applicable to hotels, B&Bs, etc
6. No additional regulations or obligations can be imposed as long as the taxes are paid
7. If operating for 45 days or less, it's not a business.

The Virginia House and Senate Bills

Local jurisdictions can

- adopt and enforce ordinances relating to noise, health and safety, parking, litter, etc...
- adopt and enforce that the host carry \$500,000 of liability insurance.

Local jurisdictions cannot

- impose any additional regulations on limited residential lodging

Where is Virginia Today?

Provisions of the of the act shall not become effective unless reenacted by the 2017 Session of the General Assembly

- The Housing Commission shall convene a work group with representation from the hotel industry, hosting platform providers, local government, state and local tax officials, property owners, and other interested parties to explore issue related to expansion of the framework related to the registration, land use, tax and other issues of public interest. They should take into consideration existing structures governing the activities of bed and breakfasts, inns, vacation rentals and other transient occupancy venues.

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Members for Air B and B Workgroup March 2016

Delegate Christopher Peace	Chair
Edward Mullen	Air B and B Corporation
David Skiles	Travel Technology Association
Erica Gordon	Hilton Worldwide
Eric Terry	Virginia Restaurant & Travel Association
Amy Hagar	The Bed & Breakfast Association of Virginia
Sterling Rives	Virginia Association of Counties
Ron Rordam	Mayor of Blacksburg Virginia Municipal League
Mark Haskins	Virginia Department of Taxation
Chip Dicks	Virginia Association of Realtors
Robert Bradshaw	Independent Insurance Agents of Virginia
Maggie Ragon	Commissioner of The Revenue City of Staunton
Brian Gordon	Northern Virginia Apartment Building Association

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What are the Issues on the table?

- Use Definitions
- Day Limits
- Licenses, Special Use Permits and other Permits
- Registries and Information Sharing
- Hosting Platform's Posting of Applicable Law
- Rent Control
- Taxes
- Tax Evasion by Hosts
- Minimum Standards for Rentals
 - number of bedrooms
 - building standards
 - fire standards
 - Health standards

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What are the Issues on the table?

- On-site property manager
- Minimum Age requirements
- Liability insurance
- Good Neighbor Regulations (Noise, Parking, Trash, Pets)
- Compliance with other Laws
- Administration Enforcement
 - Penalties
 - Reporting Requirements
 - Bans, Partial Bans, Time Bans, Jurisdiction Bans