

# Flouting the law

While Airbnb cultivates a folksy image of hosts as middle-class locals making ends meet, HomeAway proclaims its hosts are affluent out-of-towners renting their pied-a-terres. July 12, 2015

**W**hile Airbnb cultivates a folksy image of its hosts as middle-class locals making ends meet, HomeAway proclaims that its hosts are affluent out-of-towners renting out their pieds-a-terre. “The vast majority of our listings fall into the category that the city is trying to stop: this ‘evil’ second-home owner, who we don’t believe is evil,” said Carl Shepherd, co-founder and chief development officer of the Texas company.

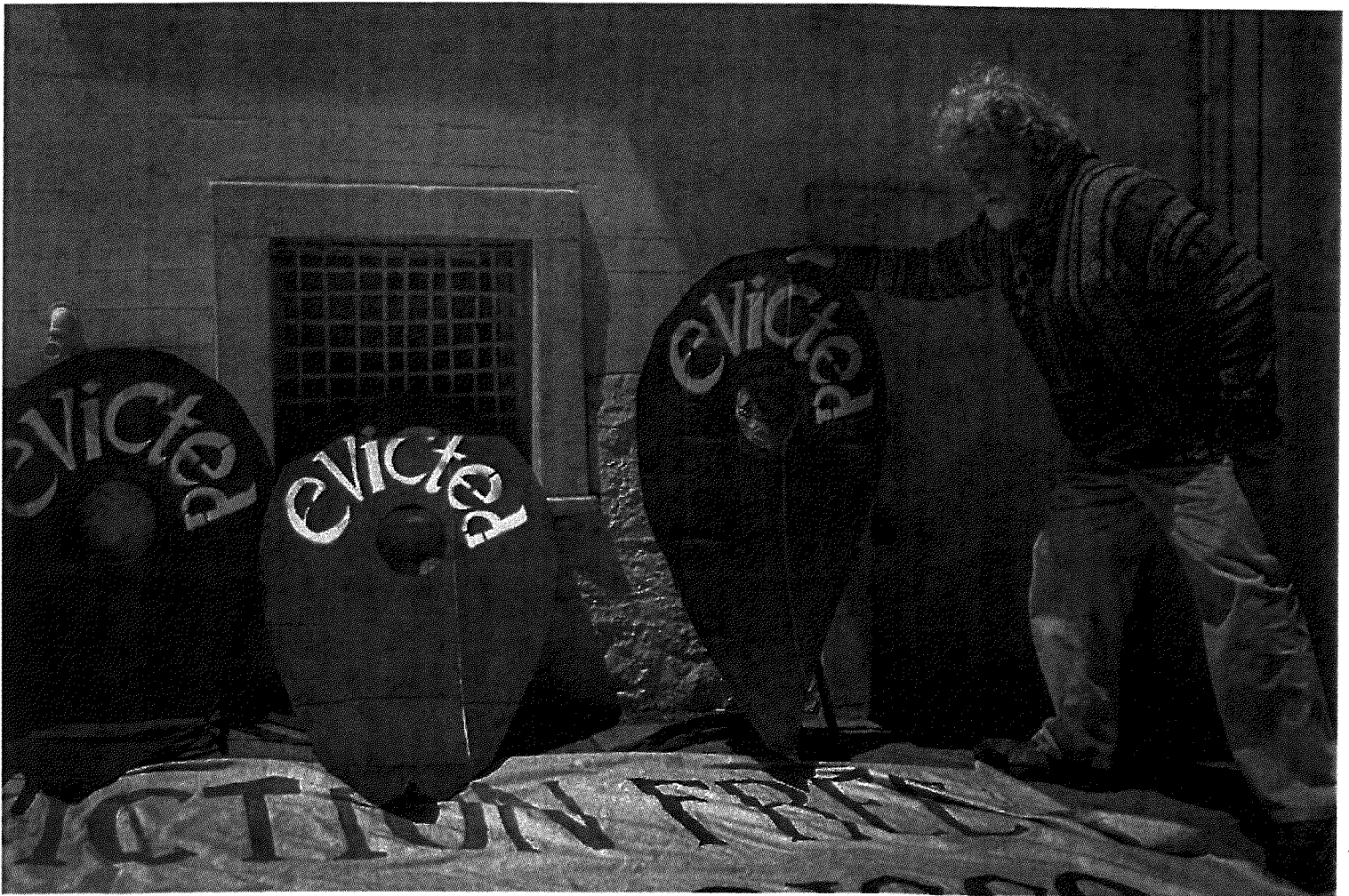
Prices for its 1,001 local listings, all private homes, reflect that more upscale image, averaging \$302 in San Francisco compared with Airbnb’s entire-home average of \$255.

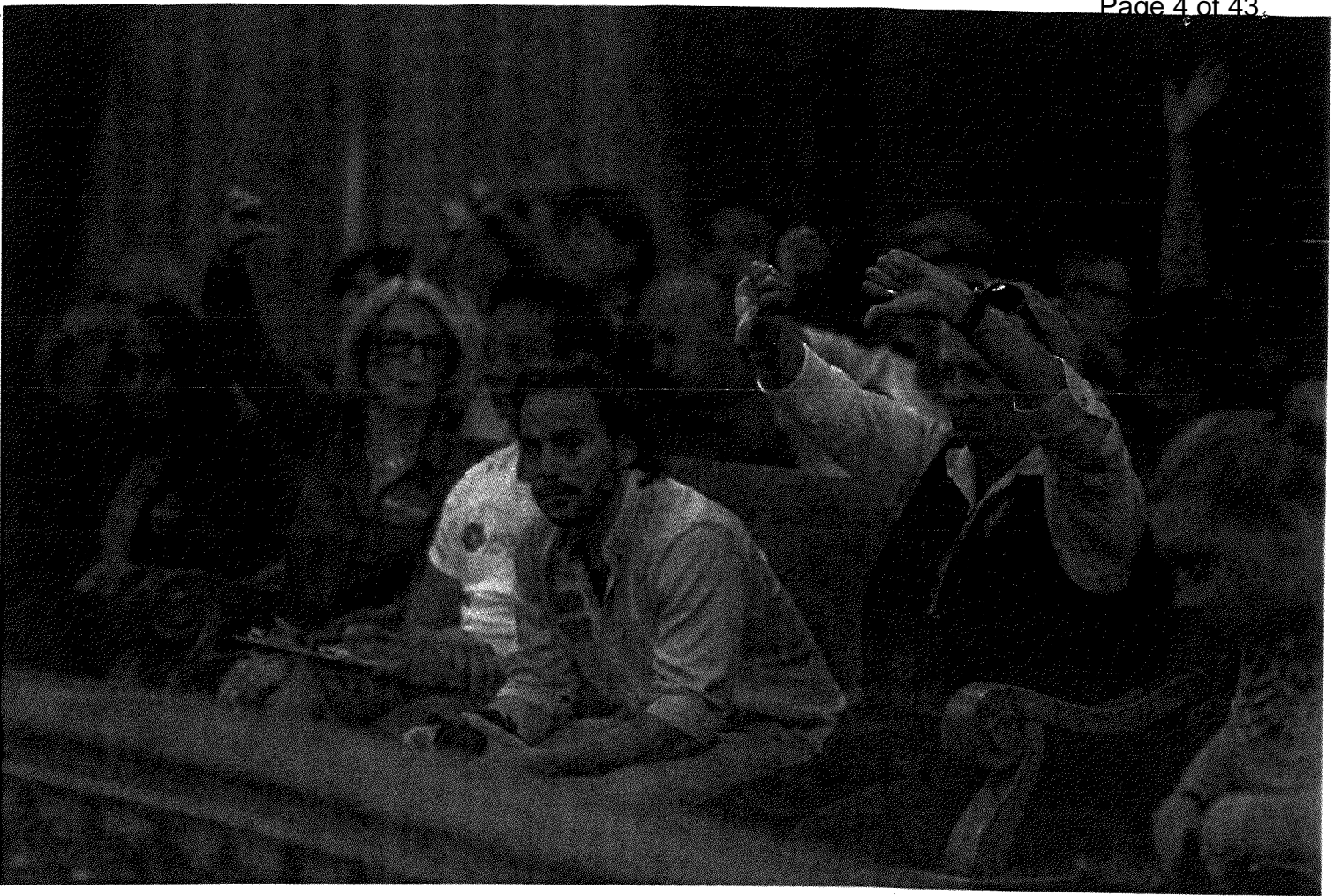
HomeAway, which owns VRBO and other brands, is up front about the fact that its business model flouts San Francisco’s new vacation-rental law. In fact, it sued the city, saying the law was tailored for Airbnb. Most HomeAway properties in San Francisco are second homes whose owners do not reside here and thus are barred by the new law from renting to tourists for periods of less than 30 days, HomeAway said in its suit claiming discrimination. A judge tossed the case on procedural grounds.

Its hosts increasingly request 30-day minimums in San Francisco, Shepherd said, although only 156 listings specified monthly rates.

People who control multiple properties — often called super hosts — are more dominant on HomeAway than on Airbnb. Almost half of the HomeAway properties — 461, or 46 percent — are in the hands of someone with multiple listings. They are controlled by 87 hosts, or 14.8 percent of the total.

Hosts with dozens of listings are clearly vacation-management companies like Pillow and RedAwning Vacation Rentals. That doesn't prove that their listings are legal or illegal, just that they belong to other people.





Tenderloin resident David Grace adjusts a sign at a protest of Mason Street apartments from which tenants were allegedly evicted before being listed on VRBO. Supporters of vacation-rentals react to proposed amendments during a Board of Supervisors meeting on Airbnb legislation in October 2014. Photos: Sam Wolson, The Chronicle

HomeAway functions like a classified listing service, rather than a middleman like Airbnb. That also means that far fewer reviews appear on its website.

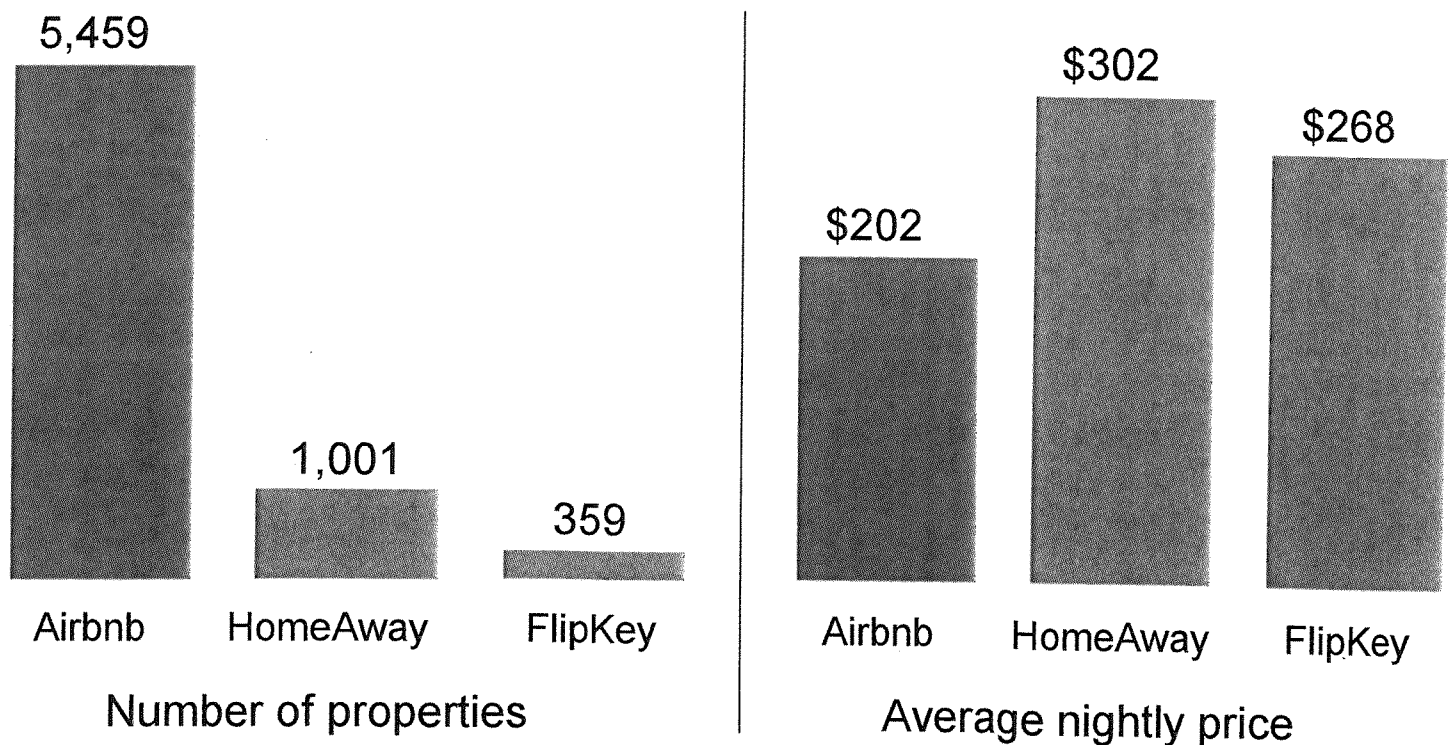
HomeAway said there is about a 10 to 15 percent overlap between its listings and those on Airbnb worldwide; it didn't have a breakdown for San Francisco. It has even more overlap with FlipKey because many large property managers list on both sites, but didn't have a specific number.

FlipKey, owned by TripAdvisor Inc., has 359 local properties with an average price of \$269. Super hosts also dominate its site, with 220 properties, or 61.3 percent, in the hands of 35 hosts, or 25.7 percent of hosts.

FlipKey declined to comment.

## Comparing rental services

Airbnb has a much larger footprint in its San Francisco hometown than the next two largest vacation-rental sites. While 40 percent of Airbnb listings are for rooms or shared rooms, HomeAway and FlipKey listings are almost exclusively for entire residences.



HomeAway has a big chunk of homes — 148 — controlled by people with just two or three listings, often in different parts of the city.

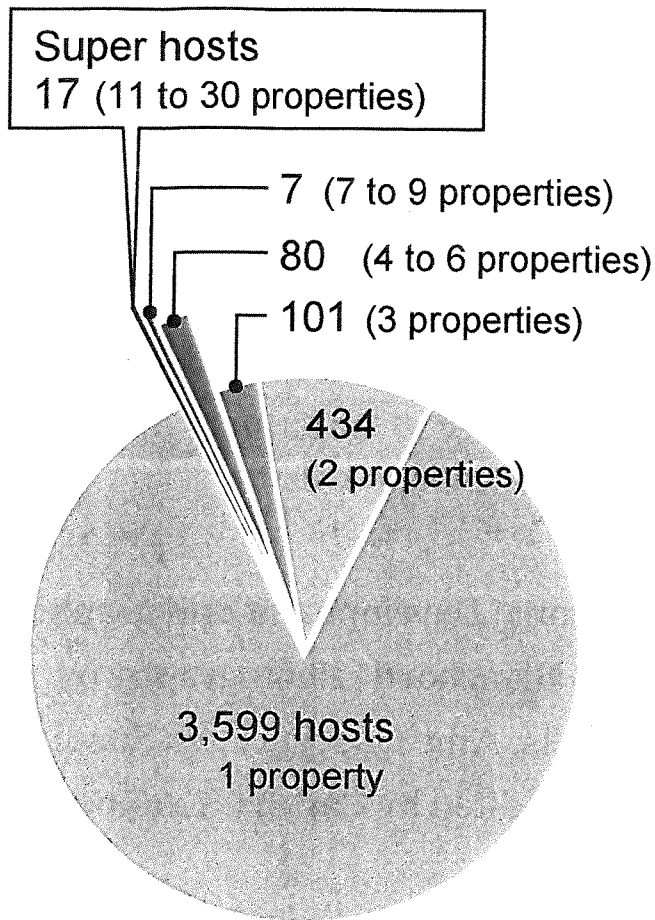
Shepherd is frank about the explanation. Most, he presumes, are tenants gaming the system.

“When someone has several different listings in a city like San Francisco, those are probably all rented apartments being arbitrated by the renter,” he said. “Arbitrage means I pay \$4,000 a month and rent it (short term) for \$300 a night, with or without the landlord’s permission, but most likely without.”

San Francisco actually abetted such people by regulating vacation rentals, Shepherd said.

“The new law tells you exactly how to skirt it,” he said. “All you have to do is say you live there 270 days a year. You do have to lie and you do have to obfuscate. But the city is at a distinct disadvantage because they can’t catch this.”

# Super hosts in San Francisco



Most Airbnb hosts list one or two properties, but a significant minority have multiple listings. A total of 205 hosts, or 4.8 percent of hosts, control 995 properties or 18.1 percent of all listings. Hacker hostels and property managers are those with the lion's share. The trend toward superhosts is more pronounced on HomeAway and FlipKey, where property managers account for the biggest number of listings.

	# of properties		# of properties
Airbnb		HomeAway	
Rob, Tech House S.F.	30	Pillow	75
Gatz, Looky Home S.F.	25	RedAwning	68
Sean, Pillow	22	Come2SF Properties	58
Ethan	15	Jesse Arguello	31
Dana, Donatello timeshare	15	Holiday Velvet	9
Annette, SF Holiday Rentals	15	FlipKey	
Emily, Guesthop	15	Come2SF Properties	40
		AMSI S.F. Extended	33
		Casa Buena Vista Rental	29
		RedAwning	24
		Jason	9

## Methodology

Web data extraction firm Connotate Inc.

([http://www.connotate.com/#utm\\_source=2015June-Airbnb-SFC-article&utm\\_medium=PR&utm\\_term=none&utm\\_content=none&utm\\_campaign=2015June-Airbnb-SFC-article](http://www.connotate.com/#utm_source=2015June-Airbnb-SFC-article&utm_medium=PR&utm_term=none&utm_content=none&utm_campaign=2015June-Airbnb-SFC-article)). created automated scripts to navigate and harvest information on San Francisco listings from the Airbnb website over the course of several hours on May 19. Data extraction firm Import.io (<http://go.import.io/sfchronicle>) likewise harvested data from the HomeAway and FlipKey sites on May 19. Data included hosts, properties, neighborhoods, rates and ratings. Connotate and Import.io removed duplicates and performed other quality assurance measures.

Stories by Carolyn Said | Design by Michael Grant | Development and graphics by Aaron Williams, Maegan Clawges and John Blanchard | Photography by Paul Chinn, Liz Hafalia, Jason Henry, Leah Millis, Amy Osborne, Lea Suzuki and Sam Wolson | Edited by Ben Muessig | Copyedited by Carolyn Grannan

#### **NEXT STORY**

The Airbnb effect



3/13/2015

City of Sunnyvale Mail - Follow-up on AirBnB



Andrew Miner <aminer@sunnyvale.ca.gov>

## Follow-up on AirBnB

1 message

Charisse Ma Lebron <[REDACTED]>

Thu, Mar 12, 2015 at 4:41 PM

To: "aminer@sunnyvale.ca.gov" <aminer@sunnyvale.ca.gov>, "tryan@sunnyvale.ca.gov"

<tryan@sunnyvale.ca.gov>

Cc: Sarah McDermott <[REDACTED]>

Hello Trudi and Andrew,

It's a pleasure to "meet" you both and I look forward to keeping in touch regarding the AirBnB issue. Please add me/my email to the distribution list to receive updates about your efforts, as well as please add my colleague, Sarah McDermott (UNITE Here) [smcdermott@unitehere19.org](mailto:smcdermott@unitehere19.org).

I also wanted to share with you a report on AirBnB in Los Angeles, released by one of our other allies, Laane.

Best regards,

**Charisse Ma Lebron**

**Director of Health Policy & Community Development**

Working Partnerships USA (WPUSA)

2102 Almaden Road, Suite 112

San Jose, CA 95125

Direct: 408-809-2124

Facsimile: (408) 269-0183

[charisse@wpusa.org](mailto:charisse@wpusa.org)

[www.wpusa.org](http://www.wpusa.org)



**WORKING PARTNERSHIPS USA**

3/13/2015

City of Sunnyvale Mail - Follow-up on AirBnB

**From:** LAANE [mailto:laanenews@laane.org]  
**Sent:** Wednesday, March 11, 2015 7:09 PM  
**Subject:** AirBnB's Dark Side - New LAANE Report

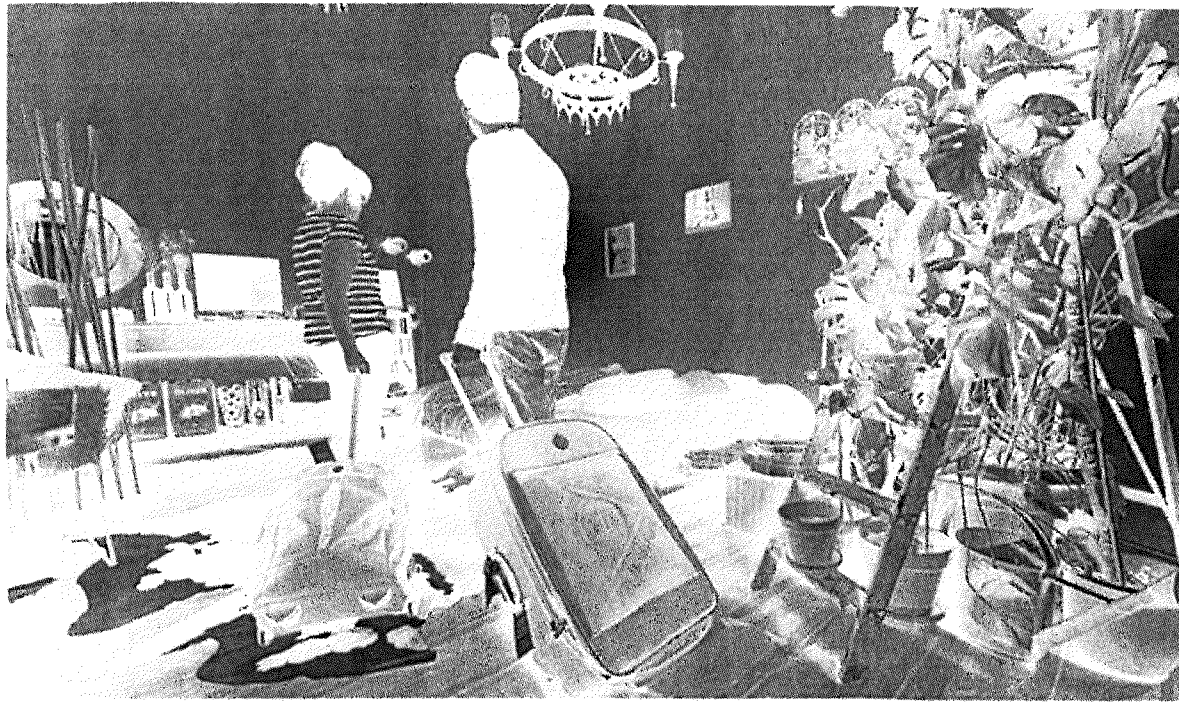


March 11, 2015

## Silicon Valley Giant Is Driving Up Rentals, Exacerbating L.A.'s Shortage of Affordable Housing

3/13/2015

City of Sunnyvale Mail - Follow-up on AirBnB



Just six years after its founding, the home rental service AirBnB is now valued at \$1.5 billion. But a new LAANE report released today finds that the success of this giant of the so-called "sharing economy" is coming at a steep price for renters.

*AirBnB, Rising Rent, and the Housing Crisis in Los Angeles* paints a picture of the company that has made millions with its own and fuzzy image. AirBnB has created a market of over 41,000 units in Los Angeles, most of which have been taken off the residential housing market so that landlords, leasing companies and professional investors can make more money renting exclusively to tourists.

Rent is a huge problem in a city recently named "the most unaffordable rental market in the nation," where rents have been rising 10 percent a year.

Get a copy of the new report in the LA Times and Capital & Main - and then help shine a spotlight on the sharing economy by sharing it with your friends.

## About LAANE

LAANE is a non-profit organization dedicated to building a more equitable and sustainable future for all. We focus on economic research, innovative public policy and the organizing of local residents. LAANE promotes a new economic approach based on good jobs, thriving communities and a healthy environment.



3/13/2015

City of Sunnyvale Mail - Follow-up on AirBnB



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LAANE | 464 Lucas Ave. Suite 202 | Los Angeles | CA | 90017

Checked by AVG - [www.avg.com](http://www.avg.com)

Version: 2014.0.4800 / Virus Database: 4257/9286 - Release Date: 03/12/15

4/9/2015

City of Sunnyvale Mail - Transient Occupancy Regulations



Andrew Miner <aminer@sunnyvale.ca.gov>

## Transient Occupancy Regulations

1 message

Lorraine <[REDACTED]>  
To: aminer@sunnyvale.ca.gov

Thu, Apr 9, 2015 at 7:13 AM

From: Virgil and Lorraine Heng

[REDACTED] Sunnyvale, CA 94087

[REDACTED]

[REDACTED]

To: Andy Miner,

City of Sunnyvale Planning Division

Regarding: Transient Occupancy regulations

Thank you for calling me regarding the need for development of Transient Occupancy regulations in the residential areas of Sunnyvale. I am very interested in seeing that a fair and workable policy is developed by the City of Sunnyvale. I definitely have a vested interest in what kind of Transient Occupancy policy is adopted. My husband and I have owned and rented properties to others in Sunnyvale for forty years and we hope we can continue to do so.

We have been longtime residents of Sunnyvale. I taught in Sunnyvale for thirty four years; we raised our children there and now our grandchildren live right across the street. Since I have retired from teaching, my husband and I no longer need to live in Sunnyvale full time, but we do like to maintain our home there. We can return frequently to enjoy birthdays and holidays with our friends and family, and for medical care when the need arises. We plan to eventually return full time to live across the street from our daughter so she can help supervise our long term care needs as we age.

In the past few years, we have become residents of Washington; and, our Sunnyvale house has remained our second home. We left our home completely furnished with utilities, waste management, gardening and housekeeping services, dishes, bedding, and other personal belongings intact. While away, we have rented our home to others who also have temporary housing needs.

Most of our guests have come to visit family members who live nearby, or to attend graduations or weddings of loved ones. Many of our guests have come for job related purposes. A few have stayed at our house while they remodel their own, not wanting to leave the neighborhood where their children attend school. Several of our tenants return yearly. We limit the occupancy to six people and have definite house rules. Length of stay is variable, anywhere from three or four nights to three or four months. Our guests have demonstrated a definite interest in and appreciation of our short term rental.

It's been our experience that short term occupancy, compared to long term rentals, definitely has benefits: It is easier to maintain the property because we have more frequent access for cleaning and maintenance. We have better control over how the property is used. There is far less damage and wear and tear on the house, guests really seem to appreciate having a single family, well equipped, furnished home in the heart of Silicon Valley for their temporary housing needs, rather than having to stay in a hotel. During this period of transiency the city of Sunnyvale has been paid over \$7000 in Transient Occupancy Taxes. Our immediate neighbors have had nothing but good things to say about our tenants.

My husband and I have been able to live the kind of life style we want in our retirement years without worrying about the mortgage payment and ongoing maintenance of our Sunnyvale home. Giving up the short term rental of our Sunnyvale home, would definitely impose a financial and emotional hardship on us. And, I think the City

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City of Sunnyvale Mail - Transient Occupancy Regulations

of Sunnyvale would be missing out on a good source of revenue.

Thank you for your call, Andy. We are interested in what actions the City Council may take in regards to regulating Transient Occupancy. I would be happy to provide input to any study session related to the matter. Please keep us informed as to dates and times. Will the sessions be open to the public?

Lorraine

4/14/2015

City of Sunnyvale Mail - Re: [sunnyarts] Fwd: What are your thoughts on short-term residential rentals (e.g., Airbnb) in Sunnyvale?



Andrew Miner <aminer@sunnyvale.ca.gov>

## Re: [sunnyarts] Fwd: What are your thoughts on short-term residential rentals (e.g., Airbnb) in Sunnyvale?

1 message

Julia Ivanova <jivanova@yahoo.com>

Mon, Apr 13, 2015 at 4:55 PM

Reply-To: Julia Ivanova <jivanova@yahoo.com>

To: "sunnyarts@yahoogroups.com" <sunnyarts@yahoogroups.com>, "Jennifer Wong, Sunnyarts NA Chair" <sunnyartschair@yahoo.com>, "aminer@sunnyvale.ca.gov" <aminer@sunnyvale.ca.gov>

I think, the new law which has been enacted in San-Francisco has reasonable points, if we have something like that in Sunnyvale, the problem of having two hostels in our neighborhood will be solved.

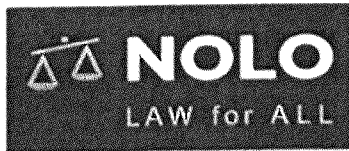
The new law in SF requires in particular(see the link below):

- 1) the host must obtain city business license (which 774 Verdi tenant does not have)
- 2) Hosts are required to register and obtain a permit from the city planning department
- 3) Only primary residence may be rented, but not locations in which they don't live (our "hostel owners" do not live in their hostels)
- 4) The law limits rentals where the host is not present in the unit to a **maximum of 90 days per year**, and even if the host is not present the is must remain his primary residence, with all belongings present, etc.
- 5) **Hosts who are tenants are not allowed to charge their guests more rent than they are paying to their current landlord.(this is very important, since the hostel holders will not be able to make money on subletting!)**
- 5) Hotel tax must be paid(which they obviously do not pay), proper insurance must be paid, and all the required registry fees and permit fees must be paid.

I think we need similar law in Sunnyvale ASAP!

Best regards to all,  
Julia Ivanova

Overview of Airbnb Law in San Francisco | Nolo.com



### Overview of Airbnb Law in San Francisco | Nolo.com

What landlords, tenants, and homeowner  
s need to know about short-term rentals su  
ch as Airbnb.

View on [www.nolo.com](http://www.nolo.com)

Preview by Yahoo

From: "Jennifer Wong, Sunnyarts NA Chair" <sunnyartschair@yahoo.com [sunnyarts]"  
<sunnyarts@yahoogroups.com>

To: <sunnyarts@yahoogroups.com>

Sent: Monday, April 13, 2015 2:52 PM

Subject: [sunnyarts] Fwd: What are your thoughts on short-term residential rentals (e.g., Airbnb) in Sunnyvale?

4/14/2015

City of Sunnyvale Mail - Re: [sunnyarts] Fwd: What are your thoughts on short-term residential rentals (e.g., Airbnb) in Sunnyvale?

FYI:

From: Andrew Miner <amminer@sunnyvale.ca.gov>  
Date: Mon, 13 Apr 2015 14:39:01 -0700  
Subject: What are your thoughts on short-term residential rentals (e.g., Airbnb) in Sunnyvale?

You're invited to answer that question here: <http://sunnyvale.peakdemocracy.com/2616>

This question is featured on Open City Hall, where you can express your opinion for decision-makers to read and read what other residents are saying.

I look forward to hearing your ideas about the future of Sunnyvale, and how we can work to make it a better place for us all. Please forward this link to your members and any one interested in the topic. Thank you.

Thank you for participating!

Sincerely,  
Andy Miner

Andrew Miner, AICP  
Principal Planner  
City of Sunnyvale  
408.730-7707

Save the environment. Please don't print this email unless you really need to.

**Jennifer Wong**  
*sunnyartschair@yahoo.com*

Posted by: "Jennifer Wong, Sunnyarts NA Chair" <sunnyartschair@yahoo.com>

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4/14/2015

Overview of Airbnb Law in San Francisco | Nolo.com

(1)

## Overview of Airbnb Law in San Francisco

What landlords, tenants, and homeowners need to know about short-term rentals such as Airbnb.

### Need Professional Help? Talk to a Lawyer

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SEARCH

San Francisco has enacted a new law (scheduled to take effect February 1, 2015) that legalizes short-term rentals in the city. The ordinance is a big victory for Airbnb and other hosting websites because it ends San Francisco's long-standing ban on residential rentals of less than 30 days in multi-unit buildings—a ban that effectively made most Airbnb-type rentals illegal (although the law was rarely enforced).

However, the new law imposes a number of restrictions on short-term rentals; this article summarizes some of the major ones. For details, you can read [San Francisco's Airbnb ordinance \(https://sfgov.legistar.com/View.ashx?M=F&ID=3276032&GUID=C7F5667F-B6E2-4F4C-8B51-A71B4F5B9F8E\)](https://sfgov.legistar.com/View.ashx?M=F&ID=3276032&GUID=C7F5667F-B6E2-4F4C-8B51-A71B4F5B9F8E) online.

### Permanent San Francisco Residents Only

The ordinance applies to buildings containing two or more residential units that are owned or rented by individuals who are permanent residents of San Francisco. Such individuals must reside in their units for at least 275 days per year. Single-family homes are not subject to the law and may be rented freely by their owners any number of days per year.

### 90-Day Rule

The law limits rentals where the host is not present in the unit to a maximum of 90 days per year. Violators who continue to rent out their apartments beyond the 90 days would be subject to a \$416-a-day fine for the first offense and \$1,000 a day thereafter.

"Hosted rentals"—rentals where the host is present in the unit—are not subject to this limit.

The law does not require hosting websites such as Airbnb to track how many days a year a unit listed on its website is rented or attempt to enforce the 90-day rule through booking restrictions. Instead, individual hosts are supposed to keep track themselves and self-report the number of days a unit is rented as a short-term rental each year.

### A recent survey conducted by the *San Francisco Chronicle*

(<http://www.sfchronicle.com/business/item/window-into-airbnb-s-hidden-impact-on-s-f-30110.php>) found that close to 5,000 San Francisco homes, apartments, and private or shared

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rooms were for rent via Airbnb, and of these two-thirds were not hosted rentals.

### Only Primary Residence May be Rented

Permanent residents are allowed to rent out their primary residences, but not locations in which they don't live, or second or vacation homes. This prevents landlords from evicting tenants to create full-time hotels.

### Registry and Permits

Hosts are required to register and obtain a permit from the city planning department to engage in short-term renting, and pay a \$50 fee every two years. Hosts will also need to obtain a city business license. Short-term rentals will be listed and tracked by the city in a registry. However, the registry listings will be kept internally by city officials. They will not be available to the public unless a public records request is filed.

### Insurance Requirement

Hosts are required to be covered by liability insurance with at least \$500,000 in coverage. Alternatively, they may offer their units for rent through a hosting service that offers at least this much coverage. Hosts must also promise to comply with all applicable city building code requirements.

### Rent Control Laws Must Be Followed

Hosts who are tenants are not allowed to charge their guests more rent than they are paying to their current landlord. Tenants who violate this provision may be fined up to \$1,000 per day and could have their units de-listed.

### Hotel Taxes Must Be Paid

The 14% San Francisco hotel tax must be collected and paid to the city. Airbnb has already started collecting and remitting such taxes for its San Francisco hosts.

### Hosting Platforms Must Inform Hosts

The San Francisco ordinance requires hosting platforms such as Airbnb to notify their hosts of the city's laws, and to collect and pass on to the city the hotel taxes owed by their users.

### Tenants Must Notify Landlords

The new law does not affect lease restrictions against subletting. It also requires tenant to notify their landlords before they engage in short-term rentals of their units. If a lease agreement prohibits subletting, a landlord may evict the tenant. However, a tenant must be given 30 days' notice to cure a first violation before an eviction is allowed.

by: **Stephen Fishman** ([/law-authors/stephen-fishman.html](http://law-authors/stephen-fishman.html)), J.D.

5/18/2015

City of Sunnyvale Mail - Short-Term/AirBnB



Andrew Miner &lt;aminer@sunnyvale.ca.gov&gt;

**Short-Term/AirBnB**

1 message

Jennifer Martin [REDACTED]

Fri, May 15, 2015 at 8:26 AM

To: council@sunnyvale.ca.gov

Cc: aminer@sunnyvale.ca.gov

Dear Council Members and Andy Miner,

I would first like to thank all of you for taking on the "short-term" or Hotel Alternative fad that is beginning to grow in our city. It is great to see that the city is getting ahead of this growing trend before it becomes too consuming and overwhelming. I also wanted to take this opportunity to follow-up from the public comments that I made on Tuesday, May 12th in council chambers, providing a bit more information and offering some workable solutions for your consideration.

Below you will find bullet points that paints the situation in my Birdland neighborhood and will further illustrate how my clever neighbor is getting around the "less than 30 day" city ordinance to still accommodate a "Hotel Alternative" home business. AirBnB and other similar Hotel Alternative businesses offer people the option for 1 day to x month(s).

To my situation....

- Neighbor 1 Initially started as an AirBnB. We would see about 6-12 different people in a 2 week timeframe (average).
- Neighbor 2 that lives next door complained (other than me)... then the city came in and informed Neighbor 1 of the 30 day requirement.
- Neighbor 1 then transcended from a less than 30 day to a 30-60-90 day option targeting working professionals who are on a project based assignment.
- Neighbor 1 then staged/furnished detached hobby room for more occupants.
- Neighbor 2 then complained of detached hobby room because it does not have running water/bathroom. City said it is OK. It had electrical and heat.
- On city inspection, Neighbor 1 was able to show "renters" with different contracts ranging from 1-3 months.
- None of the bedrooms are furnished by any of the "renters"... A fully furnished room is provided by Neighbor 1 for all rooms.
- All renters come with just a suitcase(s) and satchel/work-type backpack indicating that this is not their primary residence.
- Neighbor 1 does live on site but travels frequently.
- This is not a "trying to make ends meet" scenario... Neighbor 1 drives a BMW and just bought a Tesla sedan.
- Neighbor 1 has 6 rooms (includes detached hobby rooms) and has no limit to occupants.

Other points to highlight:

- Self-employed, day cares and other types of home businesses must obtain a permit/license. Facilitated through the Finance Dept.
- Environmental impact, community preservation and safety issues.
- Threat to affordable living
- No accountability or traceability
- Originally designed for the world traveler to vacation and explore has now evolved into a lucrative business for developers, landlords and individuals. Businesses can now reduce travel costs by employees capitalizing on this type of hotel alternative business, hurting hotels in the area.

Recommendations for your consideration:

5/18/2015

City of Sunnyvale Mail - Short-Term/AirBnB

1. A permit/license should be required which will illustrate consistency with all types of businesses that are operated out of the home.
2. A hotel alternative business definition or criteria should be established so that it eliminates clever "work arounds". Suggestion: A "hotel alternative" business is defined as an owner of a home/townhouse/etc. who provides a fully furnished room/house to one or more people for any period of 1 day and up to 4 or 5 months. (Difference between a traditional lease/rental agreement and a limited term contract.)
3. All home owners of a "hotel alternative" business (HAB) must live on-site to eliminate developers and landlords from capitalizing from this new venture. Thus stabilizing increased rental costs and affordable living options and eliminates party weekend rentals.
4. A HAB must provide a room in the primary structure, eliminating any detached buildings, garages, etc.
5. A HAB cannot have any more than 2 occupants at any one time. This mitigates the flood of people in and out of a neighborhood and mitigates the impact to hotels in the area.
6. All HAB should be subjected to appropriate taxes.
7. Any home that would like to be a "vacation rental" must submit a more robust application for city approval. Approval required, associated fees and taxes apply. Allowing the city to evaluate more closely and mitigate impact to neighborhood and balance affordable living.
8. Apartments that provide a few fully furnished units for business professionals or weekly travelers can be weaved into the wording.
9. Super Bowl is a one time big explosion and should not determine the long term rules and requirements of managing HAB (hotel alternative businesses) that are run out of the home. I would suggest that people submit #7 listed above if they wish to rent out their home during Super Bowl so that the city and public safety is aware of the impact to the city and can plan accordingly. The fees imposed with #7 will hopefully defray some of the costs associated with managing this type of event (even if monetary amount is small... at least it is something). The approval for this event has a date cap so that it does not transcend back into a Hotel Alternative business.

The above recommendations are just a stake in the ground to bring some structure and guidelines that can then evolve as Hotel Alternative home businesses evolve.

Once again, I appreciate your time, attention and consideration to this matter!

Regards,  
Jennifer Martin



Linda McGahen

27714 Mesa Terrace Unit 100  
Sunnyvale, CA 94086  
Phone: (408) 480-2114  
E-Mail: Linda.mcGahen@gmail.com

28 May 2015

Sunnyvale City Mayor, Vice Mayor and Council Members

Mayor Jim Griffith, Vice Mayor Tara Martin-Milius, Councilmembers David Whittum, Pat Meyering, Jim Davis,  
Glenn Hendricks & Gustav Larsson

456 W. Olive Avenue

PO Box 3707

Sunnyvale, CA 94088

Dear Mayor and Council:

I am contacting you as a representative of local Sunnyvale Airbnb Hosts, of which I am one of the active Airbnb hosts in Sunnyvale. Several of us attended the meeting on 12 May 2015 where Airbnb home sharing was discussed.

We were quite happy to see your open-minded approach to evaluating Airbnb home sharing. We see your desire to be fair and we understand your concerns and also that there are misconceptions and questions. We would very much like to entertain your considerations and work with you to alleviate them.

We would like to offer you - or any representative(s) involved in these decisions - the opportunity to visit an Airbnb Host home or, alternatively, we could meet with you at City Hall. This would give you the opportunity to see first-hand a Guest experience, to sit down with a few Airbnb Hosts to discuss Airbnb home sharing and to understand our personal experiences.

I would like to thank Andrew Miner for his presentation, which was excellent and as balanced as he could provide.

Thank you again for addressing this in such a positive way!

Sincerely,

*Linda McGahen*

- Representing Sunnyvale Airbnb Hosts

# Short-Term Rentals in Sunnyvale

By

Linda McGahen

12 May 2015

Sunnyvale City Council Meeting 4:30 – 5:30 pm

City Council Chambers

Presentation Updated 28 May 2015

# What Led Me To Become an Airbnb Host?

- I enjoy meeting people and welcoming guests to the US, California & Sunnyvale – the supportiveness of Airbnb Hosts puts our community in a positive light.
- Through Airbnb rentals, I've been meeting people from all over the world as well as many professionals in different professions.
- It's interesting and fun!

# What Led Me To Become an Airbnb Host?

- As I began renovations on my house in 2014 (new flooring, stairs, tiling), I decided to become an Airbnb host. Therefore, I also renovated the Airbnb room & bathroom so they would be “top level” facility for Guests.
- Rentals contribute to our Financial Stability
- Previously, we’ve had many issues with “roommate rentals” – I wanted a safer & less stressful alternative.
- SAFETY with respect to issues with Guests has NOT been an issue with Airbnb
- SAFETY for GUESTS: Airbnb has a SAFETY SHEET that Airbnb hosts should order & set up.



## SAFETY &

### INFORMATION for GUESTS:

An example: my SAFETY CARD

The document to the right is kept in the Guest Room on the dresser in a one-sheet placard holder that stands up on it's own.

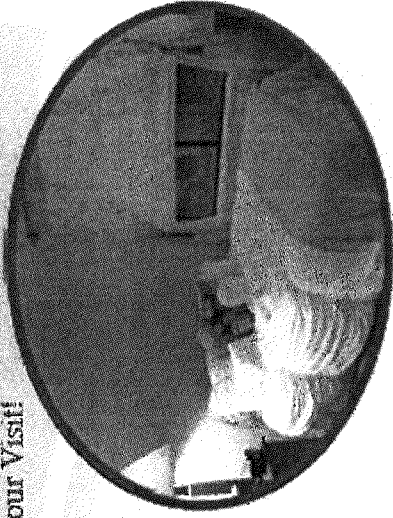
Airbnb provides a FREE small card (actually, a small white board) & the EXPO Marker you use to fill it out.

I took the "TOPICS" from this free card & created my own "FANCY CARD"

SEQUOIA REDWOOD GARDENS  
IN SUNNYVALE

# Welcome!

Stay Safe  
And Enjoy Your Visit!



Your Host:  
Linda McGahen  
Cell - 408-480-2114

Emergency Telephone Number: 911  
The Fire Station & Ambulance are right down the street on the corner of California and Mathilda

Nearest Hospital or Medical Center:  
El Camino Hospital  
2500 Grant Rd, Mountain View, CA 94040  
Take W. Evelyn to Ferry Morse Way.  
Get on CA-237 W. (left turn).  
CA-237 turns into Grant Road.  
Take Grant Road to North Drive (turn right onto North Drive)  
Or: Palo Alto Medical Foundation  
701 E. El Camino Real, Mountain View, CA 94040

First Aid Supplies:  
There are some in the cabinet in the hall outside your room.

Fire Extinguisher:  
Out on the deck (porch) in a cubby between our porch and Unit H

WiFi Info: AT&T U-verse  
ID: 2WIRE005  
PW: 2460701720

Airbnb - 2014 Airbnb Safety Card.docx

## SAFETY RULES for HOSTS through Airbnb

- RULES: Airbnb makes strong recommendations to hosts regarding careful, safe communication.
- Use “Airbnb MAIL”: Before you accept a Reservation, you can have a private conversation with the potential guest through Airbnb email:
  - no personal email or phone numbers are yet exchanged; even company names are “web site hidden”;
  - no financial information is exchanged between Hosts & Guests EVER. Airbnb handles all of this.
- Airbnb “INSURES” you for \$1 million for any damages caused by a Guest and they assist with any issues.

# Airbnb and SAFETY

- Airbnb VERIFIES Guests and Hosts with the following public check-list (no specific information to the public)
  - ✓ Driver's license ("private")
  - ✓ Cell phone ("private")
  - ✓ Credit Card verified ("private")
  - ✓ Current Address ("private")
  - PUBLIC: Hosts & Guests
    - Provide a photo of yourself (public)
    - After a "rental", hosts & guests provide a public review of each other
  - You can provide further private post-rental evaluation to Airbnb and/or the Guest

## What Have I Experienced With Airbnb Guests?

- Overwhelmingly Professional, Considerate and Pleasant & fit nicely with our Family and Pets
- I've never been concerned with honesty or safety
- No issues or complaints with Parking:
  - All guests have been completely respectful of our parking rules, and park on the street.
  - Some Guests have a car, but a few simply use public transportation, Uber, or bicycles
- No issues or complaints with noise (ever!). I often can't tell they are in the house!

# Responsible Hosting

- Airbnb provides much information regarding how to be a Responsible Host with respect to your Safety & your Guests, your neighbors, your Community, etc.
- Please see:
  - <https://www.airbnb.com/support/responsible-hosting>
  - Also, there is much information in the “Hosting” section on Airbnb’s web site.

# A story about helping my guests

- I rented my room in early April this year to a young couple, both chefs, from Bulgaria. (One interning in Sausalito & the other in MV)
- They had little money, an uncle had covered the cost of my rental, but they were blind-sided upon arrival from Bulgaria by:
  - Having to pay \$6,000 up front for 1<sup>st</sup> & last months rent & current rent
  - Hoops such as a 10-day wait time required to get an SSN so they could be paid or get a driver's license,
  - Hoops to get a driver's license
  - Requirements on where they could live (~1/2 way between their internship locations, one in Mountain View, one in Sausalito). SO...
- I helped them find another place after mine to stay for another week,
  - lent Jordan my bike,
  - lent them sheets, blankets & some other things for the small place they found for longer-term ... until they get an income
- I have made very good friends!

# A Note Regarding the Remaining Slides

## (Slides 9 – 18)

- The previous slide (slide 8) was “the end” of my presentation.
- The following slides include
  - A little about me
  - Answer some questions that came up at the City of Sunnyvale Commissioners Meeting on 12 May 2015 between 4:30 – 5:30 pm
  - An estimate (however “rough”) of the number of Airbnb rooms and Airbnb income compared to hotels in Sunnyvale. I’m a scientist! I’m compelled to do things like this!
  - Some of my responses to the questions regarding the costs / rental amounts / food etc. involve my experiences as an Airbnb Host.

# What Led Me To Become an Airbnb Host?

- My life path has led me ....
  - To study Aikido Yoshokai for about 40 years, which, besides being athletic, is a study of Harmony & Fitting with others, is non-profit & instructors – including me - are not paid.
  - To create a charitable “Madrigal event” in 2012 which pulled community volunteers and raised \$2,500 for the Gilroy Foster Children’s Home & we had FUN.
  - As I began renovations on my house in 2014, I evaluated Airbnb & decided to become an Airbnb host. Therefore, I also renovated the Airbnb room & bathroom so they would be a “top level” facility for Guests.

RENOVATIONS: Replaced all old carpets in living room, stairs, hallways & all bedrooms with new hardwood laminate flooring, 2 sets of oak stairs & tiled some areas such as stair landing & laundry.



# How are Airbnb & Airbnb Hosts Paid?

## **BEFORE a Guest has made a reservation:**

- Hosts have complete control over:
  - what they choose to charge Guests
  - to change charges for seasonal increases & decreases in travel
  - to give “Special Offers” to a Guest with financial constraints (sometimes they ask .. Or hint) or to Family Members
  - cleaning charges
  - small discounts by the week and slightly more by the month ...etc. and
  - to change rates at any time
    - not after a Reservation is made, though
- A Host or a Guest can “DECLINE” to make a reservation if it seems it’s not a good fit, or “ACCEPT one” if it is a fit

# How are Airbnb & Airbnb Hosts Paid?

## **AFTER a Reservation is made:**

- Airbnb figures out the charges based on the HOST's charges and any other fees that need to be added.
  - ALL money goes through Airbnb
    - They tack on a *small bit* for themselves = "Airbnb's "portion"
    - Guests pay Airbnb; Financially it's very safe for the Guest & the Host!
    - Airbnb pays the Host
  - Airbnb would also tack on the TOT at this time, depending on the community regulations, and
  - Other fees such as:
    - The HOST's cleaning fee if there is one (which is only charged 1X per guest, and paid to the host)
    - Extra charges for an extra person ....

## How are Airbnb & Airbnb Hosts Paid?

- Hosts can choose to have Airbnb pay them through one or more options
  - there are 6 pay-out options; you can split your payments among them!
    - e.g., a direct deposit to your own bank account or to Payoneer, PayPal, wire transfer, direct check ...
- At the end of the year, the host receives a 1099-K from Airbnb; Paying your own Federal & State taxes is up to you ...
- Hosts can download their entire account from Airbnb and/or, e.g., Payoneer for personal accounting

## Airbnb Hosting & Breakfast ...

### Care of Airbnb Guests by Hosts:

Airbnb suggests possibly providing a “continental breakfast” such as bagels & OJ –

I ask my prospective guests before they arrive, but no takers so far

So far, almost 100% of my Guests have preferred to go out to eat or bring their own food in.

# Airbnb Hosting & Breakfast or Snacks ... continued

Snacks – I may provide:

Bottled water or Brita or frig filtered water

Tea or coffee is offered. Almost no one partakes; some make tea

Pre-packaged packets of snacks such as TJs “Omega Nut Mix” or a chocolate bar

I offer apples, bananas or herbs from my garden for them to cook with (which I use for cooking, too). All guests have brought their own fruit, etc. so far.

One guest visiting here with her husband prefers to use the kitchen to cook for herself. She buys her own food. He eats at Google (she can’t). Once some guests landed in SJC an hour later than expected (9:30 pm). They had planned on getting something to eat before coming to my house, but didn’t want to keep me & their friend (driver) up. I offered them some pre-packaged Udon Noodle soup from Costco, which they made themselves & very much appreciated.

***As long as you’re a Host with a brain & your kitchen is clean for the Guest to use if they want to, you can be creative & provide advice or something that is safe!***

# Impact of Hotel or Airbnb Guests on the Local Businesses in Sunnyvale

Linda's Guestimate!

The Table on the next page ROUGHLY estimates:

The number of hotels, hotel rooms and room charge ranges (2 levels) in Sunnyvale, providing a range of estimates and total charges/month for hotels – hopefully providing an “educated GUESS” of Hotel Income per month over all hotels in Sunnyvale

Assuming 125 ACTIVE Airbnb hosts in Sunnyvale currently and 3 price levels including a median of ~\$77, the Table provides the number of Airbnb rooms and an estimated income per month (assuming 1 room per Host) over all Airbnb Hosts in Sunnyvale

Using the above numbers, the Table ROUGHLY estimates that Airbnb Hosts might comprise 1 – 3% of the “Guest business”, and garner 1 – 3% of the Income.

As such, there is also an estimate of the TOT for Hotels vs. Airbnb  
Hosts

# Airbnb vs. Hotels

INCOME FROM HOTEL ROOMS in Sunnyvale				INCOME FROM Airbnb ROOMS in Sunnyvale & Airbnb Income as a % of Sunnyvale Hotel INCOME			TOT * from (TRANSIENT OCCUPANCY TAX; 10.5%) FOR:		
Average Total No. HOTEL MONTHLY				Airbnb			MONTHLY MONTHLY		
No.	No	Hotel	COST per Hotel Income	AIRBNB	MONTHLY Airbnb	Income as a % of Hotel	TOT for All	MONTHLY	TOT for 125
Hotels	Rooms	Rooms	Night in Sunnyvale	Cost per Night	Income for 125 Hosts	Income	HOTELS (30.4 Days)	Airbnb Hosts	(30.4 Days)
60	60	3,600	\$81	\$50	\$190,000	2.14%	\$930,787	\$19,950	\$19,950
60	60	3,600	\$125	\$50	\$190,000	1.39%	\$1,436,400	\$19,950	\$19,950
60	100	6,000	\$81	\$50	\$190,000	1.29%	\$1,551,312	\$19,950	\$19,950
60	100	6,000	\$125	\$50	\$190,000	0.83%	\$2,394,000	\$19,950	\$19,950
60	60	3,600	\$81	\$77	\$292,600	3.30%	\$930,787	\$30,723	\$30,723
60	60	3,600	\$125	\$77	\$292,600	2.14%	\$1,436,400	\$30,723	\$30,723
60	100	6,000	\$81	\$77	\$292,600	1.98%	\$1,551,312	\$30,723	\$30,723
60	100	6,000	\$125	\$77	\$292,600	1.28%	\$2,394,000	\$30,723	\$30,723
60	60	3,600	\$81	\$110	\$418,000	4.72%	\$930,787	\$43,890	\$43,890
60	60	3,600	\$125	\$110	\$418,000	3.06%	\$1,436,400	\$43,890	\$43,890
60	100	6,000	\$81	\$110	\$418,000	2.83%	\$1,551,312	\$43,890	\$43,890
60	100	6,000	\$125	\$110	\$418,000	1.83%	\$2,394,000	\$43,890	\$43,890
MIN =				50	190,000	0.83%	930,787	19,950	19,950
MAX =				110	418,000	4.72%	2,394,000	43,890	43,890
AVG =				79	300,200	2.23%	1,578,125	31,521	31,521

# **Impact of Airbnb Guests on Local Businesses in Sunnyvale**

- Guests use Taxis, Uber, public transit (train, light rail, buses), have their own car or rent one, or even choose an Airbnb location because they can walk to work
- Guests tend to eat out:
  - they use Restaurants, Coffee Shops, etc.
- Guests are often:
  - temporarily working here OR
  - are moving here and looking for an apartment or room to rent
- Guests use grocery stores, get take-out, etc.

**Guests are supplementing the local economy**

**Basically, anything you or I spend money on, Guests are too!**



7/14/2015

City of Sunnyvale Mail - RE: Transient Occupancy Tax



Andrew Miner <aminer@sunnyvale.ca.gov>

## RE: Transient Occupancy Tax

1 message

George Baker <[REDACTED]>  
To: Andrew Miner <aminer@sunnyvale.ca.gov>

Mon, Jul 13, 2015 at 5:13 PM

Hello Andy,

Know issue whatsoever. I am even open to your team previewing correspondence by Airbnb and the Property Manager. I have this documented on a shared folder. I don't believe you will ever imagine the following:

1. A property manager presented a property as a 'room' when it was a dining room without 4 walls...
2. Then rented me a room which had a bunk bed shared by 4 people (2 did not work except playing on the computer until 4 am; 1 snored until 12 noon).
3. Got athletes foot from the shared shower
4. Sprained an ankle for the bunk bed was placed above a desk and exiting was poor.
5. Property manger refused to move me after request; Airbnb did not make any effort to move me either; instead recommended a place that had 3 potsmokers in one room
6. Lack of ownership and lack of transparency when trying to sue
7. Slander by property manager on a public site (airbnb) for a mos before it was removed (no audits in place)

These are just some of the things I experienced. Ironically, the other two rentals went great (hence some level of training or screening needs to be in place ahead of allowing this stuff to occur).

Again, how does Craigslist get around these issues?

Sincerely,  
George

From: aminer@sunnyvale.ca.gov  
Date: Mon, 13 Jul 2015 16:39:50 -0700  
Subject: Re: Transient Occupancy Tax  
To: [REDACTED]  
CC: planning@sunnyvale.ca.gov

Hi George-

Thank you for your email. If you don't mind, I will include it with my staff report going to hearing. I will redact your email address. Let me know if you would rather not have it included. Also, thank you for filling out the survey. It is a difficult issue to deal with.

Unfortunately, the zoning code does not have a simple line item saying these uses are illegal. That's one reason we are doing the study, since the use is new and we never contemplated it before. Shown below is text that briefly describes why the use is considered illegal:

*The Sunnyvale Municipal Code prohibits hotels and motels from most residential areas. Hotels are defined as facilities that offer transient lodging accommodations to the general public for compensation, and transient is defined as any individual who exercises occupancy for a period of 30 consecutive calendar days or less.*


Thanks again for your feedback.

Andy

Andrew Miner, AICP  
Principal Planner  
City of Sunnyvale  
408 730-7707

7/14/2015

City of Sunnyvale Mail - RE: Transient Occupancy Tax

 Save the environment. Please don't print this email unless you really need to.

On Mon, Jul 13, 2015 at 4:27 PM, Planning AP <planning@sunnyvale.ca.gov> wrote:

----- Forwarded message -----

From: **George Baker** [REDACTED]  
Date: Mon, Jul 13, 2015 at 4:13 PM  
Subject: RE: Transient Occupancy Tax  
To: Planning <planning@sunnyvale.ca.gov>

Hello Andrew -

Thank You. Congratulations on making everyone's life better. So, it sounds like it's illegal to run an Airbnb in Sunnyvale....Do you have that ordinance? I would love to have this information handy for the property manager was terrible and cannot be found nor will Airbnb support their lookup, even with a court case.

Secondly, I read through the survey below...and forwarded you my response. In general the concept can work, just you need responsible businesses (Airbnb and Craigslist or Owners following some strict guidelines; which they don't today)

1. Process in place to check property management backgrounds or owner
1. Illegal or Allowable illicit drugs not allowed (eg Pot)
2. Process in place to streamline the landlord's minimal safety measures (eg I was in a bunk bed where I was injured for it was not setup correctly) or cleaning a floor without a wet floor sign, etc...
3. Process in place to handle exceptions (eg room was double booked or the occupant snores)....
4. Clearly defining if it's a tenant landlord relationship or not (for courtesy of the courts)

Lastly, how can it work for Craigslist already but not Airbnb?

**My complaint is this: Airbnb does not want to offend either party and hence really does not support issues well....Craigslist I never spoke with ....**

Personally, I think this is healthy to allow but the reality is -it's creating artificial income for the area (the housing market is staying stronger longer with it for this area in particular. Without Airbnb and craigslist we would most likely lose revenue for this area and properties would be come more depressed (foreclosed)).

There's arguments on both sides...

I wish you luck.

Sincerely,  
George B. Baker

From: planning@sunnyvale.ca.gov  
To: [REDACTED]  
Date: Mon, 13 Jul 2015 14:34:13 -0700  
Subject: Re: Transient Occupancy Tax

**City of Sunnyvale**



Dear Mr. Baker,

7/14/2015

City of Sunnyvale Mail - RE: Transient Occupancy Tax

The City is currently finalizing a report to the Planning Commission, followed by the City Council on this issue. Today's regulations prohibit the renting of a home for less than 30 days. The City Zoning Code states any term less than 30 days is considered transient, which is only allowed as part of a hotel, motel, etc. Those uses are currently not allowed in residentially-zoned areas.

The City does not currently collect TOT for these uses because they are illegal under the current ordinance.

The upcoming study will consider allowing short-term rentals in residential areas subject to specific criteria. This would include the requirement to pay TOT. Other items that may be considered includes requiring the host to be present while rented, limiting the number of people in the home, and requiring City approval before commencing the short-term rentals.

I will place your name on the email list I have of people that want to be notified of the public hearings on the item. Also, please go to the City web page and participate in the on-line survey, if interested: [http://sunnyvale.peakdemocracy.com/portals/209/Forum\\_576/Issue\\_2616](http://sunnyvale.peakdemocracy.com/portals/209/Forum_576/Issue_2616)

I am the project planner for the study, and am available if you need more information.

Thank you,  
Andrew Miner, Principal Planner  
408 730-7707  
[aminers@sunnyvale.ca.gov](mailto:aminers@sunnyvale.ca.gov)  
Department of Community Development  
[planning@sunnyvale.ca.gov](mailto:planning@sunnyvale.ca.gov)

----- Your Original Message -----

**Request #:** 37984

**From:** George B Baker

**Date:** 07-10-15 10:08 am

**Location:** 1229 Henderson Av 1 37.35415, -122.00530 Henderson Av near El Camino Real

**Subject:** Transient Occupancy Tax

**Message:** Hello - This property was rented as an Airbnb property that I am taking to court. They had 10 people in a 3 bedroom (converted the living and dining areas) and did not specify this ahead. Is this allowable? Have they paid their taxes (TOT)? They also used a child bunk bed for an adult resulting in an injury. Thank You. Sincerely, George B. Baker

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City of Sunnyvale  
Community Development Department  
Planning Division Answer Point  
[planning@sunnyvale.ca.gov](mailto:planning@sunnyvale.ca.gov)  
408-730-7440