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How Airbnb Wants to Win Over Landlords and Share Profits With Them



By Amy Zimmer



Airbnb has been talking with landlords about possible revenue-...Thinkstock

MANHATTAN — As New York City landlords are upping the ante against tenants who rent apartments through Airbnb, the company is looking to strike a deal by offering owners a piece of the action.

Airbnb's newly hired head of landlord partnerships, Jaja Jackson, has been floating the idea of profit-sharing with building owners.

At a recent conference held by the National Multifamily Housing Council in San Diego, Jackson said the company was working with landlords across the

country on developing some sort of program where owners could charge 5 to 15 percent as a commission or fee for the privilege of allowing a tenant to rent out a unit through the platform, according to the organization's

recap of the November event.

“The ideas that were discussed are just that — ideas that we are considering as we move forward — but nothing is decided yet,” Airbnb spokesman Christopher

Nulty said, confirming that the company is indeed reaching out to landlords to see how they can work together in different cities.

Some of the country's largest landlords — including Equity Residential and AvalonBay Communities — admitted they are

in talks with the company, according to the Wall Street Journal.

Many landlords have been on guard against Airbnb in New York City, where it is illegal to rent out an apartment for fewer than 30 days, unless the host is present.

When tenants flout the law it's the building owner who is on the hook if the city levies any fines, which range of \$1,600 to \$25,000. (And the City Council is considering legislation to increase those fines to between \$10,000 and \$50,000.)

Landlords have also been fielding complaints from other tenants who are concerned about safety and nuisance issues when there's a steady stream of transient visitors wheeling their suitcases in and out of their buildings, many brokers and real estate attorneys said.

In response, building owners are adding riders to leases clearly stating tenants will face eviction if found to be renting their units. They're adding cameras or hiring private investigators to catch tenants engaging in the practice. They're switching to digital locks to track whose keys are given out or

adding new “guest protocols” where names of guests have to be given in advance and whether there’s any rent being paid.

To allay landlords' concerns about leases prohibiting subletting, Airbnb's Jackson reportedly discussed how "home sharing" could be worked out through a licensing structure where rights could temporarily be issued to guests.

"The key distinction can be made by you and your legal team," he said, according to the recap of the conference in which he discussed how leases could potentially be amended. "It's only a lease violation if you say it is."

To address landlords' concerns about who is coming in and out of a building, Jackson also discussed the possibility of the company emailing the owner or management company with upcoming trip activity along with a summary of previous activity at the property.

According to recent data from Airbnb on the city's nearly 60,000

listings in New York City, a typical listing earns \$5,110 a year, and is typically shared less than 4 nights per month.

The company, which is currently valued at \$24 billion, has a vested interest in getting landlords on its side, as its come under fire in New York and elsewhere.

"Airbnb has to work harder to find ways to transition from its current perception as a 'disruptor' to that of a partner," wrote UCLA professors Paavo Monkkonen and Nathan S. Holmes in a recent article entitled "Will Airbnb Go the Way of Napster?"

While the company may be talking to big landlords, the city's trade association for the real estate industry, the Real Estate Board of New York, didn't seem to embrace Airbnb's possible landlord partnerships.

"In general, the proposal falls far short of complying with New York housing law and addressing the concerns of law-abiding owners and tenants alike," said REBNY

president John H. Banks III, when told of Airbnb's presentation at the conference last month.

"This struck me as a recognition that the real estate industry and landlords have some real concerns about Airbnb," said Sherwin Belkin, a real estate attorney with Belkin Burden Wenig & Goldman.

Revenue-sharing, however, does not address those concerns and the legality issues, he added.

"They're not stopping," attorney Michael Pensabene, with law firm Rosenberg & Estis, said of Airbnb. "They're just trying to find different ways to do it."

The company, which has also earned the enmity of the hotel industry, has worked out agreements in several cities, including San Francisco, Washington, D.C. and Chicago, where people who book through Airbnb pay hotel taxes.

