

The Right To Housing, Not Vacation Homes



*Sonali Kolhatkar - Photo:
sonalikalhatkar.com*

01-07-2024 ~ Can strict regulations on Airbnb solve the housing crisis? Probably not, but they're a good start.

Americans have been on a [vacation binge](#) since the easing of COVID-19 lockdowns, traveling for leisure in record numbers, and generating a major boom for the tourism industry. The vacation rental company Airbnb in particular, built on the euphemistic-sounding idea of a "[sharing economy](#)," is thriving. In the third quarter of 2023, the company posted its [highest-ever profits](#) on record.

But increasingly, cities are seeing rising rents, unaffordable home prices, and increased homelessness. Authorities are linking such housing-related crises in part to Airbnb, and are [passing strict regulations](#).

I've rented several Airbnb homes over the 15 years since the company was founded. In the early years, staying in other people's houses was a sort of subversive act of rebellion against corporate hotel chains. During the most terrifying pre-vaccine months of the COVID-19 pandemic, short-term home rentals felt significantly safer than hotels, amid fears of the deadly airborne virus spreading among unmasked crowds in elevators and hotel lobbies. The privacy, convenience, and lower cost often enabled tourists with tighter budgets to enjoy family vacations with members of their chosen [pandemic pods](#).

But, while Airbnb rentals may offer some financial respite for low-budget vacationers, their counterparts in the neighborhoods they visit are often negatively impacted by higher-cost housing prices and rents. What's more, Airbnb hosts are [increasingly professional landlords](#)—wealthy elites and corporate entities that scoop up large numbers of properties and turn big profits by renting them out to travelers.

Even individuals managing a single property are now encouraged to expand vacation rental management into a full-time business. “Becoming an Airbnb property manager can be a fulfilling career path—and you can also make a lot of money with it,” [claimed](#) one [company](#) specializing in training professional hosts. “It’s a relatively low-risk, low-investment venture that can turn out to be extremely lucrative.”

Indeed, just as companies like Uber were once touted as a way for working people with cars to earn a little extra spending cash, Airbnb offered the promise of supplementary income for those with an extra room or converted garage. Now, however, the market is being increasingly dominated by a [small number of corporate “hosts”](#) and [professional property managers](#).

Airbnb homes are available all over the world but the United States is most deeply affected. Airbnb CEO Brian Chesky said in late 2023, “[O]ur penetration in the United States is significantly higher than our penetration in many other countries. And we think there’s a huge amount of growth if we could just get Airbnb to even a fraction of the percentage of penetration that we have in the United States.” In other words, the U.S. is the model that Airbnb wants to replicate everywhere else in its quest for profits.

Stephanie Synclair is an appropriate symbol of what Airbnb has wrought in the U.S. The 41-year-old Black mom from Atlanta recently [made the news](#) for becoming a home-buyer, not in her own hometown, but in Sicily. In spite of the language and cultural barriers, Synclair purchased a home on the other side of the planet, in part because she found Sicilians to be warm and welcoming, but mostly because of the huge price difference. In spite of having a budget of \$450,000—no small sum—Synclair had no luck buying a home in Atlanta, where properties are among the [most overpriced](#) in the nation. She now plans to retire in her \$62,000 home in Palermo, Sicily.

Atlanta's housing market is dominated by investors and cash-rich corporations who [scoop up practically every home](#) listed at \$500,000 or less, many of which are then transformed into Airbnb listings for tourists. [Precious Price](#), an Atlanta-based host, initially saw Airbnb as a pathway to building wealth, particularly for Black entrepreneurs like her who faced racial discrimination from the financial industry. But Price soon realized, according to a profile in the New York Times, that her rental property was part of the housing crisis that her beloved city was experiencing. She has since pivoted to long-term rentals aimed at residents rather than vacationers—an enterprise that is less profitable but more ethical.

Not only does Airbnb fuel housing crises in cities, it does so along racial lines. A [2017 study](#) of New York City by the watchdog group Inside Airbnb concluded that the company's model fuels racism in the housing market. Analyzing the demographics of rental hosts in the city, Inside Airbnb concluded, among other things, that "[a]cross all 72 predominantly Black New York City neighborhoods, Airbnb hosts are 5 times more likely to be white." Further, "[t]he loss of housing and neighborhood disruption due to Airbnb is [six] times more likely to affect Black residents." White New Yorkers have benefitted from renting out housing as hotels, while Black New Yorkers are disproportionately hurt.

To curb such inequities, New York City, which already had strict rules on the books about short-term rentals and subleases, [passed a law](#) in 2023 requiring Airbnb to ensure that hosts obtain permission to rent out housing. If it fails to do so, both the host and the company are hit with hefty fines.

The [New York Times](#) explained, "In order to collect fees associated with the short-term stays, Airbnb, Vrbo, Booking.com and other companies must check that a host's registration application has been approved." And, "hosts who violate the rules could face fines of up to \$5,000 for repeat offenders, and platforms could be fined up to \$1,500 for transactions involving illegal rentals."

It was an admission that the earlier set of rules was simply not being enforced—as we continue to see in cities like [Los Angeles](#)—where hosts flout rules with little consequence. But now, at least in New York City, the onus is on the company, as well as the hosts to comply.

While this means potentially higher hotel costs for out-of-town visitors, it could free up rentals for long-term residents. [According to the Guardian](#), this may

already be happening, just months after the law went into effect in September: “[T]he city’s rental costs are backing off from record highs, as the vacancy rate increases to a level not seen in three years—good news for folks looking to sign rental leases.”

While cheaper vacation stays are certainly desirable for those of us who love to travel, vacationing is a privilege in the U.S. More than a third of Americans, as [per a 2023 survey](#), are unlikely to take a summer vacation. And of those, more than half say they simply can’t afford it. A 2019 [Economic Policy Institute study](#) pointed out that “Airbnb might, as claimed, suppress the growth of travel accommodation costs, but these costs are not a first-order problem for American families.” What is a first-order problem is affordable housing.

And, while regulating Airbnb will not mitigate all economic injustices facing Americans—such as suppressed wages and a lack of government-funded health care—it certainly will move the needle in the right direction.

By Sonali Kolhatkar

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