

# Hotel Money Is Funding Anti-Airbnb Sting Operations

By Josh Eidelson

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Just before Memorial Day, two couples—one from the U.K., one from the U.S.—showed up to the same two-bedroom apartment in New York’s East Village, each having been promised it was theirs for the weekend. Their Airbnb host was nowhere to be found. A different man, who had accidentally checked the U.S. couple into the wrong place, came down to sort out the situation, bearing a laminated page listing who was staying when in each of the building’s units. He apologized for the mix-up, saying the host was in Israel, and relocated the Americans to another spot a couple of floors upstairs.

The Americans couldn’t have been happier. They weren’t really a couple; they were private investigators conducting a sting operation to prove the host was breaking state law by running a de facto hotel. At most New York City residences it’s illegal to rent an entire unit for less than 30 days if the host isn’t present or if it’s being rented to more than two people. The PIs say the data they gathered from their visit and city records show the host lives outside the city and advertises

what appear to be the same rooms on a website pitching vacation homes. They've shared these findings with city regulators, who say they don't comment on pending investigations.

This kind of operation is the ground-level strategy of Share Better, a partnership between hotel union and industry leaders aiming to expose illegal Airbnb activity. The group's leaders say shrinking the company's footprint in New York, its largest U.S. market, could serve as a guide for battles elsewhere and damage Airbnb's image among public investors it may need to court someday. "We're fighting a bit of a guerrilla campaign," says Neal Kwatra, whose consulting firm, Metropolitan Public Strategies, has been hired to run Share Better's daily operations. "We want to shrink the entire-home listing part of their business significantly, and we think we can do that."

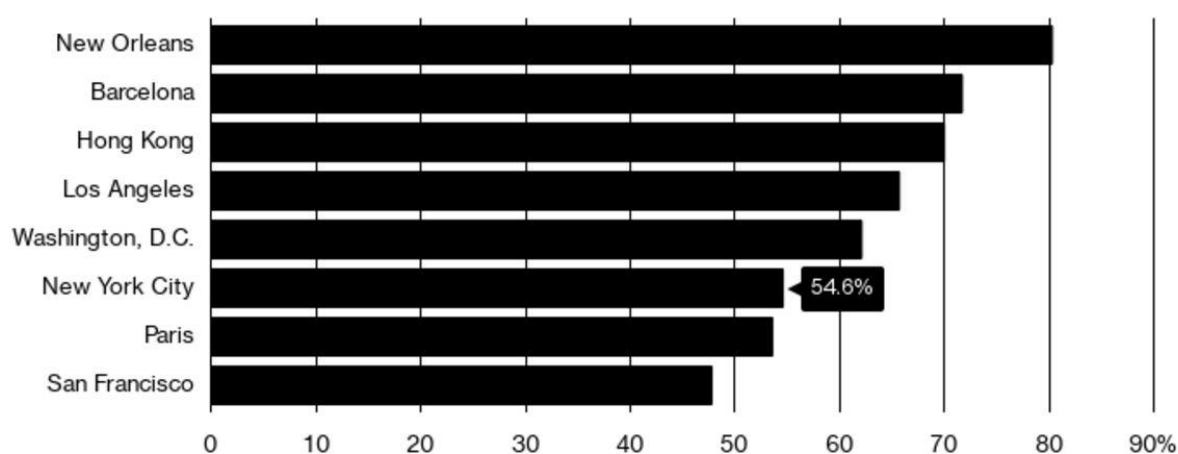
Share Better echoes the complaints of Airbnb critics including New York's attorney general, Eric Schneiderman, who said in 2014 the so-called home-sharing service has effectively converted thousands of units of New York housing into illegal short-term rentals. Airbnb says it's removed 4,300 questionable city listings from its site since late 2015 and that many of its listings come from hosts who rely on home-sharing to pay their own rent or mortgage.

"Airbnb has no way of knowing which ones are legal or not, because the laws are confusing," says spokesman Peter Schottenfels. "But we assume that the majority of our listings are actually legal," he says,

given that only around half are entire-home rentals. “The hotel industry and its lobbyists using Share Better to spy on New Yorkers and delivering that information to city agents is a disturbing violation of basic privacy,” says Josh Meltzer, Airbnb’s head of New York public policy. “The city should reject these second-rate KGB spy tactics and work with Airbnb to sensibly regulate home-sharing.”

### Airbnbs Used Like Hotels

The percentage of Airbnb listings in a given city that are considered “high availability,” meaning rentable for more than 60 days a year and considered competition for hotels



Data: Inside Airbnb; graphic by Bloomberg Businessweek

Share Better, mostly funded by the Hotel Association of New York City and the 35,000-member New York Hotel and Motel Trades Council, says it plans to spend more than \$1 million this year to knock out more Airbnb listings faster. It’s retained investigative firm Lemire LLC to conduct three to five stings monthly through at least the end of the year.

To pick targets, Kwatra's team scrapes data from Airbnb's website, building a map of listings from the rough coordinates the site provides and scouring hosts' profiles for signs they could be violating the law. Lemire's investigators, who carry out-of-state IDs and set up fake social media profiles to allay suspicion, bring hidden cameras and check rooms for signs, such as tiny shampoo bottles or a lack of family photos, that the "shared homes" are de facto hotels. They then relay their dossiers to the Mayor's Office of Special Enforcement, which says it spends 95 percent of its time trying to stamp out illegal rentals.

"We are bringing them, wrapped in a bow, a bunch of leads to make their enforcement efforts that much more efficient," says Kwatra, a former hotel-union official who also used to be Schneiderman's chief of staff and who's advised New York Governor Andrew Cuomo (and, ironically, Uber). Share Better has given files on dozens of listings to the city this year and set up a hotline that guides New Yorkers through reporting their own complaints.

The hotel-backed group, set up in 2014 with lawmakers and affordable-housing advocates, claims credit for helping to make the state a proving ground for anti-Airbnb actions. New York's unusually strong restrictions on short-term rentals got stronger last year, when Cuomo signed a law imposing steep fines on Airbnb hosts who advertise illegal listings.

Besides helping push through that law, Share Better also claims credit for Airbnb's entire-home listings in New York shrinking 10 percent from February 2016 to February 2017, according to UBS AG. Since 2014, Mayor Bill de Blasio has quadrupled staffing for the Office of Special Enforcement, which until mid-2015 was run by Elan Parra, now the Lemire managing director heading the anti-Airbnb stings. "We feel that definitely the city and us are collaborating," says Vijay Dandapani, president of the Hotel Association of New York City. OSE Director Christian Klossner says he welcomes assistance from outside groups.

Tech:NYC Executive Director Julie Samuels, whose trade group's members include Airbnb (and Bloomberg Businessweek parent Bloomberg LP), says hurting Airbnb means hurting the tourism industry. "There are some reasonable concerns, and we can work them out," she says. "On the other side, I think there are some anticompetitive instincts at play."

Still, affordable-housing advocates say they're glad to have heavyweight help against Airbnb. "You need all the allies you can get, and sometimes there are some strange bedfellows there," says Jonathan Furlong, organizing director for Housing Conservation Coordinators Inc., a Manhattan nonprofit. Airbnb put \$10 million into its new super PAC last year and was the state's sixth-largest political spender. "We're the group of people that play by the rules that are

fighting back a massive assault from gigantic moneyed interests,” says Peter Ward, president of the hotel union.

Kwatra’s consultants are helping run a parallel campaign in Washington, D.C., and advising one in Los Angeles. Dandapani says he’s been contacted by hotel industry leaders interested in mounting similar campaigns in cities including Barcelona and Paris. For now, Share Better is testing new messages. At a June staff meeting, Kwatra paced, occasionally walking backward, as he and his team discussed ways to frame Airbnb’s relative secrecy as a security threat, to encourage lawmakers to force the company to give the city physical addresses for all its hosts. Airbnb already does so in cities such as Chicago, where it’s required, and says it’s willing to provide more disclosure in New York as part of a larger reform that legalizes more of its listings.

“We’re f---ing doing all our shit to try to get physical addresses,” Kwatra said. “This would be literally the most efficient way to do that in one fell swoop.” Given New York’s status as a terror target and recent reports that the U.K.’s Manchester bomber had stayed in a short-term rental flat, the consultants agreed, Airbnb would be hard-pressed to defend withholding the addresses. “It’s so f---ing self-evident,” said Kwatra. “All right, I feel good about this.”