Airbnb is harming Amsterdam's communities

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by David Zetland

Airbnb is a popular service for connecting tourists who want a cheaper place to stay in a city with "hosts" willing to give them a room or a flat to stay in.

Oh, did I say "give"? Sorry, I meant "rent." Like Facebook with its claims of helping you communicate with "friends," Airbnb uses "share" in a way that replaces a child's use of that word with an alt-truth definition that means "rent." That distortion of reality is not a bug but a feature: Airbnb co-founder (and billionaire) Nathan Blecharczyk made his first millions spamming people's inboxes while claiming "there were frankly no rules around it" in 2002.

I don't know about you, but I knew that spam was a plague well before 2002, and I'm going to spend the rest of this post talking about how Airbnb's founders need to stop spamming and start helping the cities that are making them rich.

By the way, let me clarify that I love Airbnb's service, which I am happy to use as a host and guest. What I am not happy about is how Airbnb seems to be taking the greedy route towards doing business by focussing more on short-stays than strong (and attractive) communities.

I say this as someone who studies communities and how their "common spaces" are built on an intangible web of relations among neighbors more than a common postal code.
I'm from San Francisco (where Airbnb is based), but I live in Amsterdam, which may be Airbnb's most popular city. According to this Dutch source, 2-3 percent of all Amsterdam residences (and perhaps 7 percent in popular neighborhoods) are listed on Airbnb. In many cases, Airbnb is driving a trend to replace affordable housing with illegal hotels owned by investors.

In most of Amsterdam’s neighborhoods, residents share common stairways, garbage bins and personal space. It’s not unusual to hear each other through floors and walls as we go about our business. In many cases, these noises are comforting because they represent the “metabolism” of the building’s inhabitants, some of whom have shared stories, assistance and common challenges for decades.

Airbnb’s site and philosophy say very little about the neighbors (the “community page” is for hosts to swap tips). Their focus on making deals may be appropriate for San Francisco but not for Amsterdam, a city that has worked for centuries to balance the needs of art and commerce, private and public, rich and poor.

In 2014, Amsterdam and Airbnb signed a memorandum of understanding [pdf] in which Airbnb agreed to "notify hosts in a powerful manner that they are obliged to offer homes for rent in compliance with applicable rules." This MOU mentioned 60-day limits on hosting, encouraged hosts to "download the notice card for neighbors," and clarified that the municipality was responsible for reinforcing its own rules. Not included in the MOU, but mentioned, was an agreement for Airbnb to collect and pay the city's 5 percent tourist tax, which amounted to €5.5 million in 2015. That amount implied that Airbnb guests paid over €100 million to hosts, of which about 3 percent (€3 million) went to Airbnb.

Late last year, the city and Airbnb updated their agreement to provide a "more powerful" reminder of the 60-day hosting limit. Now, hosts are notified of their total remaining days and told that they will not be allowed to use Airbnb after the 60-day limit is reached. But that update has omitted two major factors that are undermining Airbnb's benefit to Amsterdam.

First, Airbnb is not reporting host income to the city (or government), data that it possesses and already reports to American authorities for "high volume hosts." If Amsterdam hosts are billing over €100 million in charges, then the tax authorities should be making around €40 million (based on the 42 percent marginal tax rate that many homeowners would face for renting their own place for less than 60 days). That money would come in handy for a city forced to cut €25 million in spending on garbage collection, public spaces, youth programs, and so on.

Second, Airbnb is not doing very much to help the neighborhoods that make its service so popular. Hosts and visitors give each other ratings and feedback, but the neighbors are the ones who must deal with banging bags, morning departures, and strangers who contribute nothing to the neighborhood. Airbnb can address this problem by allowing neighbors to leave feedback on guests. Although this system might take a little white to set up, it’s obvious that Airbnb’s very clever staff could help Amsterdam’s city staff with notifying neighbors and ensuring that strangers would, in the words of Airbnb, "belong."

Airbnb’s license to operate in Amsterdam depends on whether it helps or harms the city. Airbnb can help Amsterdam collect its fair share of taxes and guests fit into the community, but it can also resist and damage Amsterdam's quality of life. Let's hope that Airbnb invests in Amsterdam for the long run.

David Zetland is an assistant professor of economics at Leiden University College and resident of Amsterdam. Thanks to Kim Zwitserloot and Joes Natris for their help on earlier drafts of this post.

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