

The New B&Bs: Low-Cost Lodging for the Price-Conscious Traveler

By Philip Berroll

Say you're a New Yorker whose friends or relatives from outside the U.S. are planning to visit. You'd love to put them up in your Manhattan apartment, but unfortunately, like many Manhattanites you barely have enough space for your own family.

So you try to think of other options for your guests. A hotel? Manhattan has some of the most expensive hotels in Western civilization, with nightly rates of four figures not uncommon. Even cheaper hotel rooms (and "hotel" in this case could mean a converted town house or apartment building) can go for as much as \$300/night. A motel? Those are often located near the city's three airports – where the sounds of airline takeoffs and landings have disrupted many a traveler's sleep – and in other less-than-desirable locations where getting to Manhattan involves a lengthy and often crowded commute.

In the past few years, however, some innovative entrepreneurs – combining the DIY esthetic with the growing "frugal traveler" movement – have introduced new lodging options to put the traveler near the heart of the city without busting his budget.

The most well-established of these is San Francisco-based Airbnb, which enables "hosts" – apartment owners or renters – to offer their homes as low-cost tourist accommodations. Travelers can browse listings (which include photos as well as "reviews" from previous guests) in over 19,000 cities in 190 countries, and contact hosts with any questions before booking a space... for as little as a day, or as much as a month. It's a new twist on the bed-and-breakfast concept, though unlike traditional b&bs, the host may not be on the premises and guests often have to provide their own food. But on the upside, the traveler gets a clean, safe, conveniently located place to stay, at nightly rates ranging from the low \$80's to less than \$150.

Airbnb is the brainchild of three young entrepreneurs, Brian Chesky, Nathan Blecharczyk and Joe Gebbia. Chesky and Gebbia, who met as students at the Rhode Island School of Design,

were sharing an apartment in San Francisco in 2007 when they had their “aha” moment: Hearing that many attendees at an upcoming design conference had no place to stay – all the local hotels were completely booked – they offered their apartment as an informal bed-and-breakfast.

The experience worked out so well that after taking on Blecharczyk as a partner, they decided to expand their one-time act of kindness into an ongoing business operation – both to make money and in Chesky’s words, “to disrupt the [hospitality] industry” with their new approach. (Chesky, the CEO, is so dedicated to the concept that he gave up his apartment last year and has since been staying in renters’ homes “to grasp the full impact and experience of Airbnb.”)

Not surprisingly, the success of Airbnb has inspired several imitators, including iStopOver, which is based in Canada, and Italy-based Wimdu. There are also other sites offering different alternatives to traditional hotel booking: HostelWorld enables users to book stays at hostels in New York and 112 other U.S. cities as well as in 180 different countries, while CouchSurfing is a kind of exchange program where members can stay in the homes of locals in other countries and open their own homes to visitors from abroad.

But Airbnb has the greatest number of listings for New York City – more than 6,000 as of this writing – and Chesky professes to be unfazed by the competition: “They may borrow our concept or copy our designs, but the keystone of Airbnb is the community behind it – and the relationships our community fosters can’t be replicated.”

There is one drawback to the Airbnb system for New York City hosts: officially, the business is operating in a legal limbo.

In 2010, the New York State Legislature passed a law (which went into effect in May of this year) entitled “Clarifies Provisions Relating to Occupancy of Class A Multiple Dwellings.” In plain English, the law makes it illegal for a paying guest to stay in another person’s apartment for less than 30 consecutive days if their host is not also living in the apartment. The law was passed in response to complaints from apartment dwellers and coop and condo boards about “absentee owners” who bought or rented multiple apartments not for their own use, but as tourist lodging – a violation of the rules in many NYC apartment buildings.

Comment [01]: Stefanie – I spoke with a staffer for State Sen. Liz Krueger (she introduced the bill in question), who said that SRO conversions were not the main impetus for the bill. That’s why I took it out.

The problem is that there is no way for law enforcement to distinguish between those multiple-unit owners and the single-apartment hosts of Airbnb. Hosts who stay in an apartment at the same time as their guests are not affected, but those who take in guests while living elsewhere are at least technically breaking the law.

To date, however, there have been no arrests or prosecutions under the law, and local Airbnb hosts aren't worried. As Rachel, a renter in Chelsea – for personal reasons she prefers not to use her last name – observes, “It's not like the city or the state has the money to hire ‘real estate cops.’”

Airbnb has also had to deal with the fallout from an incident in June, in which a San Francisco host returned from an out-of-town trip to find that her guests had ransacked and looted her apartment. It was the first such occurrence in the company's history, and while Airbnb worked with the police to catch the offenders, it was a wake-up call to Chesky and his partners. “For two million nights, we'd seen this as a case study demonstrating that people are fundamentally good,” says Chesky. “We were devastated.”

But the company took steps to tighten security, including designing enhanced tools to verify user profiles and creating an “education center” to provide hosts with safety tips. They also began offering a guarantee of \$50,000 to reimburse hosts in cases of theft or vandalism.

According to Chesky, their business has not suffered – “In fact,” he says, “we have received thousands of e-mails from users who told me that they still believed in our service” – and he anticipates continued growth for Airbnb in the foreseeable future.

Indeed, Airbnb consistently gets high marks from users, not only for the low prices but also for something more intangible: the chance for visitors to immerse themselves in the life of the city. Airbnb guests often speak of how staying in an apartment enabled them to experience the “real” New York, as opposed to the isolation of a typical hotel. “I love being able to feel like I'm living in a neighborhood,” says Sara, a traveler from Vancouver, “rather than dropping into a tourist zone.”

It's an experience that Airbnb hosts are happy to provide. “I don't think we're cutting into the large mass of people who want maid service every day and don't care if they have a kitchen,”

says Rachel. “But if you *want* a kitchen and don’t need a maid, then why would you reserve for \$375 per night at the Times Square Residence Inn instead of \$125 at my apartment?”

Here are the websites for the lodging services mentioned in this article:

Airbnb	www.airbnb.com
iStopOver	www.istopover.com
Wimdu	www.wimdu.com
HostelWorld	www.hostelworld.com
CouchSurfing	www.couchsurfing.org

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