

Airbnb profits prompted S.F. eviction, ex-tenant says

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After almost a decade in his rent-controlled apartment on San Francisco's Russian Hill, Chris Butler was evicted on the grounds that the owner's husband needed to move in.

Instead, he said, the owner shuffled around existing tenants and listed two of the four units in the building on short-term rental site Airbnb for \$125 and \$145 a night - considerably more than the \$1,840 a month Butler paid.

"There are laws in place for decades related to these types of issues," he said. "They forced me out of a home I loved. It was incredibly difficult to find a place, especially because I have a really old dog. I ended up paying over double what I was paying there."

Now Butler is suing the landlords for unjust eviction.

His case highlights an ongoing issue of Airbnb and other sites that allow people to rent out spare rooms or entire apartments to temporary visitors. Critics charge that the new sharing-economy services are so lucrative - and so laxly regulated - that they are forcing out residents and driving up rents by reducing the supply of available housing.

Targeting rental sites

City leaders are working on legislation to address these issues and two other major complaints: Short-term stays violate San Francisco laws against rentals of less than 30 days, and Airbnb and its hosts fail to collect the city's 14 percent hotel occupancy tax.

"Airbnb is contributing to the displacement of long-term tenants in San Francisco," said Butler's attorney, Joseph Tobener. "It has made it so easy to go into the short-term rental business; it is ubiquitous."

Robert Sheppard, an attorney for the landlords, said in an e-mail: "There was nothing improper or illegal done by the owners in 2012 or since." Butler was evicted "with legal just cause for a family member to move into his unit, and, in fact, a family member did move into Mr. Butler's unit," he said.

San Francisco's Airbnb said cases like Butler's are isolated instances.

"This story is an unacceptable violation of the law, and experts have found that this kind of story is incredibly rare," the company said.

Founded in 2008, Airbnb has become a runaway success, with 700 employees and a valuation of \$2.5 billion. It books about 60,000 stays every night in 190 countries, taking a 12 percent cut of transactions. While the private company doesn't release its financials, a conservative estimate puts its revenue at \$100 million a year.

Renting out rooms, apartments or houses helps many people make ends meet, Airbnb said. "Ninety percent of Airbnb hosts in San Francisco use Airbnb to occasionally rent out only the home in which they live and 56 percent of hosts use their Airbnb income to help pay their mortgage or rent," the company said.

The company commissioned a study from UC Berkeley business Professor Ken Rosen a few months ago that found that short-term rentals of perhaps a couple of thousand at a time are such a small percentage of the city's 378,000 apartments, homes and condominiums that they "cannot have a measurable impact on housing costs or renter demand."

Supply versus demand

The root causes of San Francisco's rising rents are economic and demographic, Rosen wrote. With 25,000 jobs created since 2009 and a limited amount of new housing available, demand outpaces supply.

David Chiu, president of the San Francisco Board of Supervisors, said he has serious concerns about Airbnb and its ilk.

"There has been no enforcement of city rules in this area and very little accountability," he said. "We need to make sure that our scarce rental stock is being used for permanently residing San Franciscans, not for short-term rentals that allow owners or tenants to make a quick buck."

Chiu said he's working on legislation to address the situation.

"We want to ensure that residents who are benefiting from Airbnb are paying taxes the same way the hotel community does," he said. "We need to make sure this activity is not displacing permanent San Francisco residents. We need accountability on any quality-of-life

issues or more serious liability that could occur."

That legislation has been in the offing for almost two years, but it has run into a range of legal and policy issues.

Mayor's stance on rentals

Francis Tsang, a spokesman for Mayor Ed Lee, said in a statement that the mayor just outlined his commitment to protect rental housing in his State of the City speech on Friday through such measures as reform of the Ellis Act, the state law that allows evictions for certain causes. The mayor is also working on "stabilizing and protecting at-risk, rent-controlled units through rehabilitation loans and a new program to permanently stabilize rent conditions in at-risk units."

The mayor's statement did not directly address Airbnb's impact.

Ted Gullicksen, executive director of the San Francisco Tenants Union, said he thinks displacements in favor of short-term rentals on Airbnb and a similar site, VRBO, are widespread.

"It's definitely a huge problem," he said. "It's become so lucrative to run these hotels, and the landlords don't have to worry about rent-control laws. It drives up prices for all rentals."

Calls about Airbnb

Tenant-rights attorney Tobener said lately he gets about 15 calls a week related to Airbnb on a range of issues: people like Butler who say they were evicted in favor of Airbnb rentals, tenants being evicted for renting out their apartments on the service, and tenants trying to stop their neighbors from hosting short-term guests.

Sheppard, the owners' attorney, said Butler has refused offers to return to his former apartment and that renting the apartments on Airbnb is temporary until Butler decides if he wants to move back in.

Tobener, Butler's attorney, said the offers came only after the lawsuit was filed, and that Butler declined in part because it's unpleasant to live next door to transient visitors.

"Airbnb causes tenants to want to leave," he said, "because it's a constant flow of strangers in your building."

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