

Airbnb: Will Japan kill the golden goose?

Individuals opening their private homes for travelers is nothing new to Japan. During the Edo Period (1615-1868), travelers such as the famed Matsuo Basho, on his journey to the far north, made use of the minpaku system.

While similar networks sprung up independently in many countries, the modern standard and the name — bed and breakfast, B&B or, more recently, BnB — were established in Britain after World War II. Today, the stereotypical “Vacancy” and “No vacancy” signs flapping in the wind have taken to the air. Travelers preferring a more homey atmosphere, a cheaper room, a country chalet — or even a night in a yurt or tent — are turning to Airbnb as they plan out their next trips.

Mutually assured assessment

Through the Airbnb website, travelers can contact hosts beforehand, see photos of the accommodation inside and out, and read reviews of the home and hosts written by other travelers. In fact, the system of reviews — word of mouth taken into cyberspace — is one aspect that distinguishes the system from the realm of traditional B&Bs.

The reviews work both ways, as owners can vet travelers as well. As Chie Davies, who recently added her third Airbnb property, one of two in rural Shiga Prefecture, explains, “Only welcoming good guests is the key.”

Although Davies has had overwhelmingly positive experiences, one bad apple slipped past her screening. A guest from Australia nitpicked about many aspects of her guest house, such as the fact that two mattresses were placed side by side and the pillow wasn’t comfortable enough. His severe demeanor led her to lower the fee for him — after all, the customer is god in Japan — but when it came time to write a review, she wanted to let other hosts know what they were getting themselves into.

Ironically, the wife of this problem guest had been sweet all along and had written an appreciative review. To eliminate tit-for-tat exchanges, neither the owner nor the guest can view the other’s review until theirs has been submitted to the Airbnb website.

The review system is crucial for an enterprise with scant regulation compared to hotels — or even B&Bs, which might at least belong to an association that provides ratings. The nascent business model, started in San Francisco in 2008, was rocked in

2011 when guests thoroughly trashed a house in the city, smashing walls and stealing everything of value — all while writing cheerful emails throughout their one-week stay. Airbnb initially only offered words of support, but after facing criticism, the firm backed up its words with financial support.

The admittedly imperfect review system has led Airbnb to put together an “extortion policy” on its help page. Both guests and renters are warned not to use the threat of a bad review or promise of a good one to leverage discounts.

Steve, a longtime resident of Gifu who hosts “Pele’s Penthouse” on Maui Island in Hawaii, figures that promptly replying to guest queries is one key to staying near the top of search results. Also, refusing too many guests can work against hosts.

Hosts who get the maximum five-star rating 80 percent of the time enjoy “Super Host” status. Among other perks, this puts their property toward the top of any searches. Despite the apparent disadvantage of offering an older house short on amenities, Joe Johnson — an Airbnb traveler and host who would like to remain pseudonymous due to the unresolved legal questions surrounding the service in Japan — has still won five-star ratings from 73 percent of his guests.

Johnson’s sole negative Airbnb experience came as a guest. After securing a room months before a convention in Japan, he was asked just a week beforehand to send a copy of his passport, something he didn’t feel comfortable doing. Consequently, the host canceled the reservation, leaving him to scramble to find a room. While Airbnb helped him find another room, and partially paid for the more expensive room, they refused to red-flag the host for the last-minute cancelation.

Even without explicit extortion, the review system can be abused. Tony Torbert’s host in Cairns surprised him with a harsh review. On top of charges of noisiness (which Torbert denies), she also made the curious criticism that he and his family had “hid their nationalities” because they failed to mention that they were an American and Japanese couple.

Per Airbnb policy, hosts can refuse guests for any reason, including nationality. While both Japanese and foreign residents are hosting in Japan, the majority of guests appear to be foreign travelers. This doesn’t always sit well with Japanese locals, who are forced to endure the presence of foreigners in their neighborhoods.

An Asahi article notes that of the 22 complaints regarding minpaku issues dealt with by one consultation center in Tokyo through October of this year (up from just 6 in

2014), the most common was “Seeing so many foreigners coming and going really gives me the creeps.”

Letting in a legal gray zone

In addition, it has been foreigners in Japan that have been busted in prominent cases involving Airbnb. In 2013 a Korean man was arrested for operating a 37-room unlicensed hotel out of several apartment buildings. A year later, a Briton was arrested in Tokyo for running an Airbnb without a license, and was subsequently fined ¥30,000 by the Tokyo Summary Court.

Toshiteru Shibaïke, an attorney with the Tokyo Public Law Office’s Foreign nationals and International Services Section, says that while Japanese law is vague on the point, in principle, anyone charging for lodging must first get permission from local authorities. “To my knowledge, Airbnb hosts don’t do that.”

While many early Airbnb hosts didn’t pay taxes — another potential point of illegality — most now do. “We are careful to document everything and pay appropriate taxes,” explains Davies.

Shibaïke reckons the chances of Airbnb becoming illegal are very slim, but he foresees problems in particular for apartment owners or renters.

“The biggest issue is neighbor complaints, especially in apartment buildings, where the management association will likely want to shut an Airbnb operation down if there are neighbor complaints.”

Airbnbs run out of private homes, especially those in the countryside, seem to be on much firmer ground.

“While the neighborhood association (chōnaikai) controls things like trash removal, they generally wouldn’t have the power to force someone to stop hosting Airbnb,” Shibaïke says.

Hiroshi Kitamura runs a ryokan — a country inn — in the Japan Alps.

“We don’t hear much about Airbnb out here, but of course, from the point of view of those who run ryokan and hotels, we don’t like it. Those in the industry are prepared to deal with problems like food poisoning or disasters. And we have insurance.”

On Dec. 11 the Asahi Shimbun reported that a bill to regulate websites offering lodgings had been submitted for consideration in the next Diet session in the new year. The article brought up a number of prickly points regarding Airbnb that will need to be cleared up, including who should pay compensation in the case of damages.

Establishments offering lodging such as ryokan, minshuku (guesthouses) and hotels are required to keep a copy of the passports of foreign guests residing abroad; non-Japanese residents may be asked to show some form of identification (a driver's license or residence card, for example).

While regulations may be tightened or just clarified and enforced more vigorously, most seem easy enough for Airbnb hosts to comply with. Food sanitation is not an issue if no meals are offered; fire safety precautions (like making extinguishers available) are easy enough to follow; passports can be copied; and permission from local governments can be sought.

The 'sharing economy'

Airbnb and Uber are the kingpins of the much-ballyhooed "sharing economy." While Airbnb hosts are "sharing" their homes, Uber drivers are sharing their cars. Accessible via the Uber app, drivers post their car and location, effectively utilizing it as a taxi at times that are convenient to them. Uber hosts, however, are finding it tough to make significant inroads in Japan.

It has been estimated that there are three times as many taxis in Tokyo than New York City. On top of sheer numbers is quality: Japan's taxis are always well-maintained and clean; drivers are professionals who rarely refuse a ride. There is also the issue of security; a high-profile rape by an Uber driver in India may put off security-conscious travelers. Uber mainly enjoys an advantage at night, when Tokyo taxis add a 20-percent surcharge and can be harder to find.

In addition to the weak yen, being able to hail taxis and book rooms in English via smartphone apps may be one reason why more foreigners are traveling in Japan. In addition to boasting prices that are generally lower than for other forms of accommodation, the Airbnb reservation process is appealing. Gary Ross, an Airbnb traveler with a background in Web design, praises the layout and user-friendliness, especially in comparison to competitors Jalan.net and TripAdvisor.

“Airbnb is so much easier to use because it’s self-contained and intuitive,” Ross explains. “And TripAdvisor can lead users to a Japanese website which travelers won’t want to deal with.”

While the availability of listings in English is attractive to foreign travelers especially, the fact that many hosts and guests are working in their second language can result in confusion and miscommunication. For example, the host of Hanasaku in Nara, a lodging for women and couples only, writes (or pastes from translation software) in the blurb: “Washing you Jose. Sunny. Breakfast is on the tatami.”

One aspect of Airbnb that makes it attractive to those on a tight budget is the frequent availability of kitchen facilities, meaning travelers don’t necessarily have to eat out. Owners can offer breakfast and dinner, too.

On the other hand, some Airbnb hosts charge extra for cleaning, towels and air conditioning. Also, while the fee shown on the website is usually the same for one or two people, in some cases the price for four is double. And Airbnb’s reservation system can be pretty unforgiving.

Not being familiar with the system, in the process of contacting a host to inquire about rates for children, I inadvertently sent out a reservation request. When I tried to cancel just an hour later, Airbnb hit me with a service charge of over ¥1,000 — more than 10 percent of the room charge.

Sneaky surcharges aside, prices in the sharing economy are generally cheaper. Ordinary citizens have more opportunities to make extra cash using their car or renting an abode that has some appeal to travelers. But the effects on the economy at the macro level are not all positive.

First, there’s the reasonable prediction that Airbnb will push some hotels out of business, leading to a loss of jobs. Some studies have also shown that Airbnb is having an inflationary effect on rents. John Gullick, an assistant professor at Catholic University of Daegu, South Korea, with a doctorate in sociology, explains that many city dwellers are listing their properties on Airbnb rather than putting them up for rent. This, he explains, has led to supply shortages, with “the collective effect of making inflationary housing rents even more inflationary.”

While the economic benefits are important, Airbnb hosts emphasize the human factor as well.

“It’s about a lot more than money. I want to provide travelers with a valuable experience,” Davies explains.

Interacting with travelers is a great experience for her daughters, who are being raised trilingually: English from their British dad, Korean from their mom and Japanese at school.

“I’ve made friends with guests who I have kept in touch with many months later,” she adds.

Johnson concurs: “I had a great time with a traveler from Spain. We went drinking together,” he says. “I think he appreciated the detailed advice I provided about getting around and the best places to go. You can’t get that level of personalized interaction while staying in a hotel.”

The number of properties offering the service in Japan recently eclipsed 21,000 and is rising rapidly. Not coincidentally, the number of foreign tourists is increasing concurrently, with 19 million expected in 2015 — a record.

For a country that bandies about its need for greater internationalization and globalization, Airbnb is a boon. Japanese with enough English ability can not only rent out rooms but also interact with foreign travelers on a daily basis. This, in turn, will lead to more intimate exchanges abroad, where Japanese tourists can see life firsthand from the homes of their Airbnb hosts. That is, unless new legislation kills or culls the golden-egg-laying goose that Airbnb has become for hosts and travelers.

So you want to be an Airbnb host?

With the legality of Airbnb being openly debated in Japan, expect some legislative action in the coming months. For those hosting or considering doing so, here are some key considerations to bear in mind.

Owning or renting?

Owning your Airbnb property means you don’t have to worry about landlords claiming you are breaking your rental agreement by subletting to a guest. This is especially true for city apartments, where neighbors might take particular exception to a parade of strange foreign faces.

Serving food?

Offering meals makes a host subject to food sanitation regulations. However, the beauty of Airbnb is you can simply change your listing at will to make it clear that you are not offering meals if you are feeling the bureaucratic or legislative heat — or if you are just too busy.

Driving?

In an overlap of concerns affecting drivers using the Uber car-sharing app, those who “welcome and see off guests” in a private car may face greater scrutiny.

Other considerations

Dutifully paying taxes and installing a fire alarm system are strongly recommended for all hosts.

How to get started

Joe Johnson says it took just an hour to snap some pictures and fill out the hosting section on the Airbnb website. Thirty minutes later he was delighted to receive his first booking: motorcyclists needing a room. For anyone with minimal computer skills, becoming an Airbnb host is a breeze.