

Risks Associated with Peer-to-Peer Property Rentals:

DISCLAIMER:

The intent of this document is to help agencies familiarize themselves with peer-to-peer property rentals, the state policies related, and also help agencies identify some of the associated risks. The intent of this document is not to provide the agency with a complete list of risks, nor would that be possible, but rather to provide agencies with a starting point to begin discussions. It is the responsibility of the agency to assess the risks, and if applicable implement an internal travel policy which will mitigate those risks.

Peer-to-Peer Property Rental Definition:

The process whereby a homeowner makes their home or a room within their home available for others to rent for short periods of time as an alternative form of accommodation.

Background:

Peer-to-peer property rentals are becoming more of a mainstream service which employees want to use. These peer-to-peer rental properties come with risks to both the agency and employees, and these risks need to be recognized and addressed.

Agency and Employee Risks: *Also, see disclaimer.*

1. **Reimbursements complying with policy:**

- Reimbursement will not be authorized if the peer-to-peer property rental is not a commercial lodging facility (*Reference SAAM 10.30.40.c.*), and
- Reimbursement will not be authorized unless 1) The agency has determined a need for employees to stay at peer-to-peer property rentals, and 2) The agency has assessed the risks, and 2) The agency has implemented an internal travel policy to mitigate those risks.
Reference SAAM 10.30.30.a.

2. **Employee Safety:**

- Peer-to-peer property rental may lend additional safety concerns. Peer-to-peer rentals may not be regulated like a licensed hotel/facility, so keep in mind:
 - There may or may not be smoke detectors, carbon monoxide detectors, or fire escape access,
 - Equipment provided for guest use, such as bicycles or kayaks, may not be inspected for safety on a regular basis,
 - There could also be personal safety concerns if the host or other guests will be present in the home.
 - Employee safety should be a top consideration for agencies.

3. **Economic and Fiscal Responsibility Risks:** There may be risks associated with the peer-to-peer property rental agreement terms, cancellation terms, and liability terms. There may also be substantial fees and obtaining proper receipts may be challenging.

- Cancellation policies for peer-to-peer property rentals differ from facility to facility, are often very strict, and the cancellation terms are not obvious when the employee is initiating the agreement.
- Mandatory fees may include cleaning fees, damage deposits, insurance fees, charges for additional guest, etc.
 - The employees may not realize that these fees are to be added to the cost of the lodging and must be within the allowable lodging rate in order to be reimbursed. *Reference SAAM 10.30.10.b.*
 - The traveler may not be aware that they may be responsible for paying lodging costs in excess of the allowance. *Reference SAAM 10.30.30.a.*
- Receipts may not be adequate for agencies to determine reimbursement according to state and agency policy.
 - Some receipts do not show the location of the facility to determine the correct lodging rate
 - Some receipts do not break out the taxes, but rather state they are included in the rental rate.
 - When multiple employees stay in one facility the agency must have a process in place to obtain proper documentation that breaks down the cost to each employee. *Reference SAAM 10.30.10.b (one employee **cannot** incur the entire cost, paying for multiple employees to stay in a facility, and then request reimbursement for the other employees' expenses.)*
- Damage: The agency does not have authority to pay for damages to a facility under the travel policy.
 - The employee could be responsible for damage to the home itself or the host's belongings.
 - We have heard of a state employee being billed thousands of dollars for damages through AirBnB, for simply dropping a hot pan on the floor.

Applicable SAAM Policies:

SAAM 10.30.40.c states that

- *Reimbursement for lodging expenses is not to be authorized when an employee does not incur lodging expenses at a commercial lodging facility.*

SAAM 10.30.30.a states that

- *The **maximum reimbursable lodging rate** includes, but is not limited to, the basic commercial lodging cost, resort fees, cleaning fees, and service fees. The only additional lodging expenses that are reimbursable beyond the maximum lodging rate are any applicable sales taxes and/or hotel/motel taxes on those amounts. **Lodging costs in excess of the allowance and the associated taxes on the excess will be paid by the traveler.***

SAAM 10.10.15 states that

- *A traveler on official state business is responsible for **paying any excess costs** and any additional expenses incurred for personal preference or convenience.*

SAAM 10.30.10.b states that

- *If an agency determines a need for employees to stay at peer-to-peer property rentals such as those marketed and paid for through AirBnB, VRBO, or similar marketplaces, the agency is required to **assess the risks and have in place an internal travel policy to mitigate those risks**. In addition, the agency must ensure all costs reimbursed are within the allowable lodging rate. See SAAM Subsection 10.30.30.a.*
- *If an agency allows for **multiple employees to stay in one facility**, the agency must have a process in place to obtain proper documentation that breaks down the cost to each employee.*

SAAM 10.10.20 states that

- *In addition to complying with state travel policies and procedures, an agency head or authorized designee must select the travel alternative that is **most economical** to the state.*

Other Resources:

National Association of Insurance Commissioners: http://www.naic.org/documents/consumer_alert_home-sharing.htm