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Date: April 18, 2016 at 4:46:22 PM EDT
To: "Ortiz, Jason" <jortiz@nyhtc.org>
Subject: Letter on behalf of Peter Ward re: Airbnb and SEIU

Please see the letter on behalf of Peter Ward re: Airbnb and SEIU

Brothers and Sisters,

I am writing to my brothers and sisters who lead the labor movement to inform you about the dispute between my union, the New York Hotel and Motel Trades Council, AFL-CIO and SEIU, CTW regarding the internet company, Airbnb.

In the late 19th century, the ruthless entrepreneur Jay Gould once bragged, "I can hire one half of the working class to kill the other half." In effect, Airbnb is hiring SEIU to kill thousands of hotel workers' jobs, and worse.

Airbnb is a multibillion dollar website that peddles the short-term rental of apartments and houses throughout the world. This new business has been the focus of intense controversy and opposition. Many states and municipalities have laws on the books prohibiting Airbnb's basic business model, which could best be described as the black market hotel industry.

Essentially, Airbnb encourages hosts to convert the housing stock which they possess (as owners or tenants) into for-profit transient hotel rooms. In a very short time, this practice has had terrible effects on the supply of affordable housing and the quality of life in communities, and on the jobs of hotel workers.

In New York City, over 19,000 apartments are permanently removed from the supply of housing units by Airbnb and rents in those areas have increased well above the citywide average.

Airbnb has turned a blind eye to serious public safety and quality of life problems its rentals have inflicted on our neighborhoods. Tenants are forced to endure repeated nuisances of guests coming into their buildings at all hours of the day and night, overcrowding, and misuse of public spaces. Hosts have had their NYC apartments used for wild orgies, sex parties and prostitution rings, and there have been numerous instances of fires, assaults and dangerous crimes, all while Airbnb pleads ignorance and rakes in the profits.

Airbnb admits that its listings in New York City – nearly 19,000 rental units – are for entire homes/apartments, a violation of the law and in direct competition with hotel rooms. This represents 19% of all hotel rooms in New York City, and is equivalent to nearly 30% of all union rooms in the five boroughs. Many hotel industry analysts believe the recent downturn in room rates and hotel profitability in New York City, which has caused thousands of my members to be laid off, has been due in large part to the explosion of illegal hotels offered by websites like Airbnb. If this trend continues and Airbnb is legalized, unionized hotel employers will have to further compete with a shadow industry that undercuts them at every turn and faces none of the same regulatory demands that legitimate hotels do.

We all know that many unions are struggling to cope with the growing threat of subcontracting which allows companies to avoid the legal responsibility of being employers of the workers who produce their goods and services. Airbnb's business model takes this scam to new heights because each of the many thousands of Airbnb hosts constitutes a micro-subcontractor. Imagine attempting to establish and enforce decent wages,

hours, benefits, and working conditions with thousands of tiny employers who constantly go in and out of business and who have few securable assets. How does it make sense for labor to endorse legalizing such a business model?

Because Airbnb harms workers, tenants, and communities, every housing and tenant advocacy group has joined with elected officials and our union to lead the fight against Airbnb in New York. For approximately 2 years, my union has been working hard with this coalition waging a long campaign to tighten state and local regulations regarding illegal hotels and to increase the resources allotted to enforcing these laws. Airbnb has virtually unlimited money at its disposal, which it has deployed to buy political support wherever it can. Nonetheless, our grassroots efforts have been successful in a number of the most important markets, including the largest market, New York, where most of my members work.

I don't need to explain to you how hard it is for labor unions to fight for survival and for the vital interests of our members in today's America. We are living at a time when popular culture and current morals encourage scabism. As best we can, we face and overcome these obstacles, for our members, and for a better future.

But nothing is more demoralizing than when our struggles are betrayed by fellow trade unionists, and I am sorry to say that America's biggest union has decided to scab itself out to Airbnb. We have just learned that SEIU has negotiated a deal with Airbnb, to whitewash the company's public image. The deal was brokered by none other than SEIU's former President, Andy Stern, who now sells his services via his consulting partnership, Growth Squared.

SEIU has apparently accepted the same basic deal which Airbnb offered my union in May of 2014, but which we rejected. The company has offered to encourage its hosts to employ cleaning services under contract to SEIU who (they promise) will pay cleaners at least \$15 an hour. In return, Airbnb has agreed to support SEIU's "Fight for Fifteen" public relations campaign.

Remember that the overwhelming majority of Airbnb hosts do not employ any workers, and the likelihood that this unholy deal with SEIU will result in any significant number of jobs – much less good jobs, much less members for SEIU – is very low. Airbnb has proven to be a very secretive and dishonest company recently exposed to have provided the New York City Council with false information about the number of listings it had in New York, which complied with local laws. Why any union would believe Airbnb's unenforceable promises is a mystery.

But there is no mystery that Andy Stern will personally profit handsomely from this deal, along with any colleagues with whom he chooses to share his dirty windfall.

Any union leader who has waged a difficult all-out fight against such a large company knows how easy it would be for another union to sell itself to the company to provide public relations cover and how much damage one scab union can do to a long-term and complicated campaign. This is why self-respecting unions must be able to count on one of the fundamental principles of the labor movement – solidarity with other self-respecting unions, especially when the chips are down. Unfortunately, solidarity seems to mean little to SEIU.

Yesterday, I sent an email (see attached) to the leader of Local 32BJ of SEIU, Hector Figueroa, imploring him to urge his union not to sell out to Airbnb and to meet with me and the elected officials and groups belonging to our coalition. I reminded him that my union has always supported, with money and troops, the campaigns

that were important to his union, including the ongoing Fight for Fifteen (which we thought was intended to raise lower paid workers up to \$15, not to reduce higher paid workers down to \$15).

Hector sent me back an email (see attached) which reminded me of the kind of response I expect to receive from certain management-side labor lawyers. Rather than explain why his union had decided to stab a friend in the back, or answering the specific issues I raised, he offered insultingly vague platitudes. Rather than address the question of whether SEIU was planning to support the legalization of black market hotels, he wrote these less than forthright words, "any so-called 'sharing economy' platforms should operate in conformity with the law."

With friends like this, who needs enemies?

My small local union, on whom 32,000 workers and 60,000 of their dependents rely, has every intention of fighting back, even though we understand that SEIU is much bigger than us. My members stand to lose thousands of good jobs that pay room cleaners more than \$30 per hour with free family health coverage, a pension, a full package of other important benefits, and all the rights of a real union contract. These are real members working union hotel jobs today, supporting their families now, and their livelihoods are being threatened by Airbnb, and now, SEIU. We will not simply lay down and accept SEIU's proposal to trade thousands of \$30 an hour jobs for some illusory promise by a company like Airbnb to encourage its clients to hire a few \$15 an hour cleaners.

I wrote this letter out of a decent respect for the opinions of my colleagues in the labor movement so that you would understand the reasons for our dispute with SEIU.

In Solidarity,

Peter Ward
President
New York Hotel and Motel Trades Council, AFL-CIO