

## **Payment Pending: Airbnb Hits a Ceiling in Cuba**

By Ariadne Ellsworth

HAVANA — In the sun room of her second-floor apartment in one of Havana's up-and-coming neighborhoods, Olga Avaricio Lopez sits proud of her new title: Airbnb host.

The vacation rental site has paved a new path to prosperity for Avaricio Lopez and thousands of other Cubans. Despite its promise, however, Airbnb is now facing the bureaucratic and political hurdles that confront many businesses in Cuba, reflecting this country's conflicted relationship to private enterprise.

Tourism is booming here, but hotel space is chronically inadequate. That provided an opportunity for Airbnb, which arrived in 2015 after the Obama Administration announced plans to restore diplomatic relations with Cuba. When President Obama came here in 2016, he brought the company's co-founder, Brian Chesky. Both spoke to a group of budding Cuban entrepreneurs.

"Around the world," Obama told them, "entrepreneurs flourish when there's an environment that encourages their success."

Cuba is struggling to create this environment.

Since 1997 Cuba has had an informal network of bed-and-breakfast inns. Today there are more than 21,000 of them. Doors in many cities and towns carry a sticker with the image of a blue anchor, signifying a room for rent. Because this network already existed, plenty of listings were available when Airbnb launched in Cuba. While it took three years for Airbnb to reach 1,000 listings in San Francisco and Berlin, Havana reached 2,700 listings within only one year.

Airbnb provides hosts with what had been a crucial missing link: a secure, recognizable, and trusted online platform for advertising and booking. Cuba's limited internet accessibility makes starting private web sites difficult and expensive. Now Cubans with rooms to rent can turn to Airbnb.

Orlando Cordero runs a bed-and-breakfast in his 19<sup>th</sup>-century home in Santa Clara, a provincial capital in central Cuba. Before listing his rooms on Airbnb, he said, "I

relied on guides and word of mouth for reservations.” Now 80 percent of his reservations come through Airbnb. His five rooms are continuously booked.

“With Airbnb,” he said, “it’s always high season in Cuba.”

Two years after its apparently seamless roll-out, however, Airbnb faces an array of political and bureaucratic hurdles.

One that has irritated many hosts is a sudden and inexplicable slowdown in payment delivery. Because of the US trade embargo, Airbnb may not transfer money directly to Cuban bank accounts. Rather, it passes funds through intermediaries, and they are delivered to Airbnb families by a courier service called VaCuba. Recently the checks have been arriving late, or not at all.

“Beginning this year, the situation has become unbearable,” said Olga Avaricio Lopez, who rents a single room in her Havana home. “I am now owed around \$800. No one knows why the payments are behind. No one is telling us anything.”

Another Airbnb host in Havana, who asked to remain anonymous, said he suspects the problem is in the Cuban National Bank. Cuba has long been officially suspicious of private business, and the bank may be reflecting some of this uncertainty.

“The payments are first transferred to Cuba’s national bank,” this host said. “The national bank seems to be keeping the money for a while. Something is happening there.”

This uncertainty reflects the opaque nature of finance in Cuba. Lacking either experience in business or enthusiasm for the idea of entrepreneurship, the government is reluctant to liberate the private sector fully. Continued US sanctions also make it difficult for business to function normally here.

Not all Airbnb hosts, however, feel this pinch. Those with foreign bank accounts can be sure their payments will arrive on time. They also have access to American or European incomes, allowing them to invest heavily in their Cuban properties.

“I don’t live here, which makes it easier for me,” said Alejandro Orta, a Cuban who lives between Miami and Madrid. “I have the money to renovate my home in Cuba.”

Orta lists three properties on Airbnb: his own house, his wife's, and his in-laws'. All are sleek, modern, and air-conditioned apartments decorated in neutral tones and sporting stainless steel kitchens that wouldn't look out of place in Miami. They contrast sharply with well-worn rooms like the one Lopez rents, which often need fresh paint and newer furniture.

These discrepancies are reflected in listing prices. Orta's three modern apartments are listed for between \$120 and \$400 a night. In contrast, Avaricio Lopez's single room rents for \$38.

Although Airbnb has given many Cuban families a new opportunity, disparities like this one reflect the growing socio-economic divide that is emerging here.

Families with connections abroad receive more funds, and can create more lucrative properties. Poorer families do not have the resources to do so. They also rely on secure payments, and are especially vulnerable to unexplained slowdowns in the banking system.

"I don't want to stop Airbnb, because I consider it a great enterprise," said Avaricio Lopez. She waits every day for her delayed payments to arrive, and in the meantime cannot pay bills—even the taxes she owes on her property.

"That's the only situation that's really serious," she said. "It's horrible."