Hack House Hacking By Renting Out Rooms on Airbnb

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House hacking is a method to live for free, or almost for free, by making small multi-unit rental properties your principal residence. By doing this, you are essentially getting your tenants to help you pay for your housing expenses.

The concept is very simple. You buy a duplex, a triplex, a fourplex, a single-family house, or any other creative property such as garage apartments or mobile homes. The income from the rental units can pay for all or most of your expenses while you live there. After you move out of this property, it can become a long-term rental investment.

House hacking can reduce or eliminate your housing costs, which are a large part of your personal budget. There are other benefits—for example, occupants get the best financing terms. Because you are an owner and occupy your own home, you are paying lower interest rates and have more attractive terms than with investment financing. You can make smaller down payments.

House hacking also teaches you how to invest in real estate—you live in a property while learning how to invest in it. This allows you to have a smooth transition to investing in rental properties so that by the time you become just a landlord and are no longer living on your property that you’re renting out, you know the type of tenant your property attracts and how to take care of that property to keep the value up.

What is Airbnb house hacking?

The internet is full of “life hacks.” I’m sure you’ve seen them, with clever tricks like storing your pancake mix in old ketchup bottles or dipping your Oreos through frosting with a fork. Sure, those are fun little tricks—but how much do they really improve your life?

House hacking, on the other hand, is epic, life-changing stuff. When properly implemented, this can dramatically affect your wallet and the financial destiny of your family.

I’m talking about hacking your housing and living for free. I’m talking about building wealth automatically and getting paid to do it. I’m talking about buying an owner-occupied multifamily property and having other people pay your mortgage.

Wait, what?

You heard me—it’s often called an “owner-occupied multifamily property,” but you probably have heard other names for it, like “duplex,” “triplex,” or “fourplex.” These properties have more than one unit but don’t quite fit into the “apartment complex” category. There is a good chance you’ve even rented a unit in one of these places in the past or know someone who has.

They exist in every market, in every neighborhood, and at every price point—and by purchasing a small multifamily property, living in one unit, and renting the other units out, you can live for free and even make money on top of it.

For this conversation to make sense, we must identify certain key elements. The core of any house hacking endeavor is a desire to make money; that’s the essential truth. However, making money doesn’t happen in a vacuum. Making money in any enterprise is associated with some amount of risk and time commitment.

Therefore, it’s reasonable to conceive of any money-making opportunity as a synergy of income (or wealth) generation potential, risk level, and time commitment. In other words, there exists a golden mean whereby we can make the most financial gain with the least amount of risk and time commitment. This is also true for house hacking.

If I were to say (which I am) that it is a much better idea to use vacation rentals in your house hack, what I want you to read is this: Using vacation rentals in a house hack will generate the most financial gain with the least adjusted-to-gain risk and the lowest adjusted-to-gain time commitment. We won’t be able to explore the minutiae here, but let’s see if we can get a bird’s-eye view.

Not ready to make that long-term investment? In that case, you can do something similar to Airbnb house hacking. With Airbnb, you often rent out one or two rooms of your home, and the guests are paying you to stay there. The money from their payments can go toward your house’s mortgage.