

# REAL ESTATE WEEKLY

---

OCTOBER 26, 2016

DEALS & DEALMAKERS



## Experts see strict enforcement of new anti-Airbnb law passes

By **Christian Brazil Bautista**

New York's new law barring advertisements for short-term apartment rentals may be up for a challenge in a Manhattan federal court. However, its effect is likely to be immediate, with experts expecting a crackdown on listings.

"I think now what you're going to see is a stepped-up effort to enforce these kinds of laws because this law was passed in 2010 and yet people were still placing ads on Airbnb and other websites without any real enforcement taking place," said Alex Lycoyannis, a lawyer at Rosenberg & Estis who

specializes in commercial and residential real estate.

"I think what this is going to do now is it's going to have a real chilling effect on apartment renters' efforts to rent out their apartments via Airbnb."



ROSENBERG & ESTIS, P.C.

The 2010 law that Lycoyannis referred to was the Multiple Dwelling Law, which made it illegal to rent out apartments for less than 30 days. The new law, which was signed by Governor Andrew Cuomo last week, adds to the penalties for hosts. It imposes a fine of \$1,000 for the first violation. The penalty then increases to \$5,000 for the second violation and \$7,500 for the third and subsequent violations.

“What this new law does is it allows for pretty significant fines against the Airbnb hosts themselves. Whether it’s the media attention, or the fact that it’s the flavor of the week, New York is poised to enforce this new law strictly,” said William Aronin, a partner at law firm Perry & Aronin.

Aronin said that the new law may serve as a blueprint for other cities looking to shut out Airbnb. However, he sees inconsistencies in its overarching goal and its likely effect.

“New York has been touting this law as an attempt to protect

affordable housing and to curtail abuses where tenants are listing rent-controlled or rent-stabilized apartments for a profit. The law is so broad, however, that it covers all apartments — including market-rate apartments that have little to no relationship to that goal. Instead, it really seems like this law shows that the city cares far more for the hotel industry than it does about owners, tenants, or renters,” he said.

The passing of the new law generated messages of support from a variety of allies. State Senator Liz Krueger, who has been one of the home-sharing service’s strongest enemies, called the law “a huge victory for regular New Yorkers over the interests of a thirty-billion dollar corporation.”

“For too long, companies like Airbnb have encouraged illegal activity that takes housing off the market and makes our affordability crisis worse. They have sat idly by while unwitting “hosts” are evicted for breaking their leases, unscrupulous landlords drive out tenants to profit off the short-term market,

and tourists are put in danger by staying in unregulated, unaccountable, and often dangerous illegal hotels,” Krueger said.

Meanwhile, John Banks, the President of the Real Estate Board of New York, called the law “an important step toward stopping illegal behavior that takes precious housing units off the market.”

The fight for the nation’s biggest rental market recently shifted to the courts. Airbnb filed a lawsuit in Manhattan federal court hours after Governor Cuomo signed the bill into law. The company is arguing that the directive violates their right to due process.

If the state strictly enforces the law, it would have a large pool of violators to penalize. According to an Airbnb report entitled “Airbnb’s economic impact on the NYC community,” there are 2,795 hosts in just the areas of Chinatown, Bedford-Stuyvesant, Harlem and Astoria.

