

INSIDE THE NYC AIRBNB CONTROVERSY: HOSTS PRESSURE MAYOR FOR LAW REFORM

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As New York City waits with bated breath to see how a new law cracking down on short-term apartment rentals will be enforced, some vocal hosts are lobbying for a selective approach.

Hosts united in December to appeal to the Mayor's Office of Special Enforcement to prosecute only those who capitalize on the service with "shadow hotels" — multiple dwellings operated by the same owner who never occupies the units himself, but instead makes a significant profit renting out multiple spaces simultaneously.

Protestors want to circumvent a new law, signed by Gov. Andrew Cuomo in October 2016, which introduces steep penalties for those who list entire apartments for rent for less than a month. The first infraction incurs a \$1k penalty, the next \$5k and \$7,500 each for all subsequent instances.

This "tough new anti-Airbnb measure significantly alters the landscape of short-term apartment rentals in New York City," said **Rosenberg & Estis'** Alexander Lycoyannis, a member of the firm's litigation and appeals departments.

Airbnb's efforts to block the law, and compromise by regulating its members itself, were unsuccessful. Airbnb fought back against the law with a federal lawsuit, alleging, among other things, that the new rule violates state and federal law. Once the state agreed to enforce the 2016 law against hosts only and not Airbnb itself, the company agreed to drop the lawsuit.

Short-term apartment rentals have been illegal since 2010, but Lycoyannis told us the 2010 law was largely toothless and applied unevenly, pointing to a 2014 report from the New York State Attorney General's Office showing bookings for short-term apartment rentals on Airbnb increasing 900% between January 2010 and June 2014.

"Revenue to Airbnb nearly doubled every year between 2010 and 2013, and revenue in 2014 from New York City bookings alone exceeded \$282M," Lycoyannis said.

Landlords, the hotel industry, affordable housing groups and the FDNY, among others, each adversely affected by Airbnb's meteoric growth and ever-expanding presence, banded together to appeal to the governor for effective legislation imposing limits on the use of the

site. These limits are embodied in the 2016 law.

However, limiting the stock of relatively cheap accommodations could be a double-edged sword, potentially helping New Yorkers but curbing tourism, one of the city's biggest revenue streams.

For NYC residents and Airbnb non-users, the curtailment of short-term rentals would mean more stable buildings, with fewer tourists entering and leaving every few days, Lycoyannis said.

“But for tourists, it would become more expensive to visit the Big Apple, as they would be losing a lower-cost option, thus raising the price of a visit to the city,” he said.

See Also: [Reaction Roundup: Gov. Andrew Cuomo Signs Airbnb Fine Bill](#)

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