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**Williams and Rosenthal Warn Airbnb Investors of Illegal Activity**

Today Council Members Helen Rosenthal and Jumaane D. Williams [released a letter](#), below, to Airbnb's top thirty investors warning them of increasing government regulations on Airbnb's illegal activity that might impact the value of their investment.

"Our top concern has always and will continue to be the working families, seniors, and tenants who are being forced out of their homes and harassed because landlords know they can profit more by running illegal hotels. If Airbnb truly cared about middle class New Yorkers, they would not continue to allow landlords to take valuable apartments off the market, exacerbating our serious housing crisis," said **Council Members Helen Rosenthal and Jumaane D. Williams** in a joint statement.

March 9, 2016

Dear Airbnb Investors:

We are writing to alert you to new information regarding your investment in Airbnb. By Airbnb's own admission, the majority of their listings in New York City are illegal. We are therefore increasing regulation on Airbnb activity, which could impact the value of your investment.

New York City recently allocated several million dollars to fund:

- Education efforts to make all New Yorkers aware that renting out their entire apartment, condo, or cooperative for fewer than 30 days is illegal;
- Information technology to scrape the websites of Airbnb and other short-term rental platforms to identify users who post illegal listings; and
- Inspectors from multiple City Agencies to identify and fine apartment owners or tenants who post illegal listings on Airbnb and other short-term rental platforms.

In addition, we are passing legislation to significantly increase the fines for anyone caught posting their apartment for an illegal rental on any online platform.

Legislation that requires additional reporting will also allow the City to more accurately track and fine repeat offenders.

New York tenants, condo owners, and co-op owners who post an illegal rental are breaking the law and the terms of their lease or board agreement, and all of them are at risk of eviction. We have heard from the Real Estate Board of New York (REBNY) that eviction proceedings are moving forward at an increasing pace.

New York State Attorney General Eric Schneiderman investigated Airbnb in 2014, and his investigation concluded that nearly 75 percent of Airbnb's New York City listings were illegal. A recent anonymized data dump from Airbnb confirmed at least 60 percent of its New York City listings are currently illegal.

The public outcry against Airbnb is steadily growing. From news outlets increasing awareness of the illegal activity to editorial boards, Airbnb is not faring well in New York City. The Daily News Editorial Board called Airbnb's data disclosure in December 2015 a "data sharing sham," and they called on Airbnb to come clean with the government.

We recently met with Airbnb's representative, Chris Lehane. We asked him if Airbnb would voluntarily install simple software to keep illegal rentals off of their website. Remarkably, he refused, saying that he did not agree with the New York State law.

As you can imagine, we were disappointed to learn that a nearly \$30 billion company would knowingly allow illegal activity on its website. Other online platforms like Craigslist and Reddit have policies in which they promise to ensure their users obey the law and remove content that disobeys the law. It is remarkable that Airbnb would refuse a seemingly commonsense corporate practice to maintain the integrity of their product.

Last month, independent data analysts determined that Airbnb dropped nearly 1,500 illegal New York City listings a few weeks prior to presenting their data to the press and the public. After Airbnb was exposed for hiding information, they claimed these listings were dropped because they were illegal listings; yet, those hosts are quickly reposting their multiple apartments onto the website. If Airbnb can't be trusted to report honestly about their listings, how can investors trust them with other matters?

Of course, when a New York City small business behaves illegally, the government shuts them down. Surely your business would not knowingly tolerate illegal activity in your company. It's likely that you keep abreast of the activity of your investments. The issue that we're bringing to light is likely one that the Airbnb prospectus did not disclose to you as investors.

We would welcome the opportunity to speak with you to discuss questions or thoughts you might have about helping Airbnb restrict their New York home-sharing apartments to legal activity.

For our part, if we were invested in a company that knowingly engaged in so much illegal activity, we would think twice about keeping our money in that company.

With regards,



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