



# Letitia James

Public Advocate for the City of New York

## OPENING REMARKS BY NEW YORK CITY PUBLIC ADVOCATE LETITIA JAMES BEFORE HOUSING AND BUILDINGS COMMITTEE HEARING ON ILLEGAL HOTELS

OCTOBER 30, 2015  
COUNCIL CHAMBERS – CITY HALL

---

Good morning. I want to thank Council Member Williams, and all my colleagues in the Council for holding this important hearing today.

As New Yorkers who care about providing decent, affordable housing for those who need it most, we must fight to create and preserve adequate affordable housing in our City. The Mayor's plan for mandatory inclusionary zoning is a vital step forward. Yet, while adding new affordable units is extremely important, we must be equally committed to preserving the affordable units that already exist.

In this context, services like Airbnb present an enormous challenge to the housing needs of regular, every day New Yorkers.

Although Airbnb claims that it is mainly looking out for the little guy renting out a spare room, a 2014 report from the New York Attorney General's Office concluded that well over one-third of the units listed were controlled by "commercial users" – landlords who own multiple affordable apartments, and who deny affordable housing to those in need and instead use those units to increase their own profits.<sup>1</sup>

Earlier this month, the *Real Deal* – a publication more sympathetic to business interests than tenants' rights -- documented the number of units lost to illegal hotel activity to be 2,400-4,600 units, roughly 8 to 17 percent of all Airbnb listings Citywide. In what are considered the trendier areas of Brooklyn and Manhattan, the number approaches one out of five of its listings.<sup>2</sup> The *Real Deal* article is significant because it documents the "Airbnb effect," in which a neighborhood's rents increase as rent stabilized units are turned into illegal hotel rooms. If Airbnb hadn't converted those units

---

<sup>1</sup> <http://www.ag.ny.gov/pdfs/Airbnb%20report.pdf>

<sup>2</sup> [http://therealdeal.com/blog/2015/10/14/how-much-does-airbnb-impact-nyc-rents/?utm\\_source=rss&utm\\_medium=rss&utm\\_campaign=how-much-does-airbnb-impact-nyc-rents#sthash.KIZxm1do.dpuf](http://therealdeal.com/blog/2015/10/14/how-much-does-airbnb-impact-nyc-rents/?utm_source=rss&utm_medium=rss&utm_campaign=how-much-does-airbnb-impact-nyc-rents#sthash.KIZxm1do.dpuf)

into short term rentals, it is estimated that monthly median asking rents would be lower by \$37 to \$69 Citywide.

Although illegal hotel activity may have started small, it has now spread across our City into communities that cannot afford to lose whatever affordable housing they have left.

Defending against the illegal rental of affordable units has been a challenge. Monitoring violations remains a process driven by complaints from residents in neighboring apartments. Many of these neighbors, however, fear retaliation and landlord harassment if they do report illegal activity. The City's Office of Special Enforcement received 1,150 complaints about illegal hotels last year, and it issued 886 violations, but we all know that these figures greatly underrepresent the actual amount of illegal activity given the estimated 15,000 illegal rentals on Airbnb alone.

The bills that we are hearing today represent important tools in our battle to protect affordable housing. With these bills, we can ensure that landlords are less likely to treat violations of the illegal hotel law as a cost of doing business; we will have the ability to know the number of complaints received and inspections conducted regarding illegal hotels; and we will ensure that tenants know their rights when a landlord is found to be in violation of the law.

I am proud to support these bills that will help to level the playing field and ensure that we are better equipped to protect the affordable housing that is so vital to our city and the neediest among us.

###