



Insight

New York's Short Term Rental Ban Only Limits Opportunities

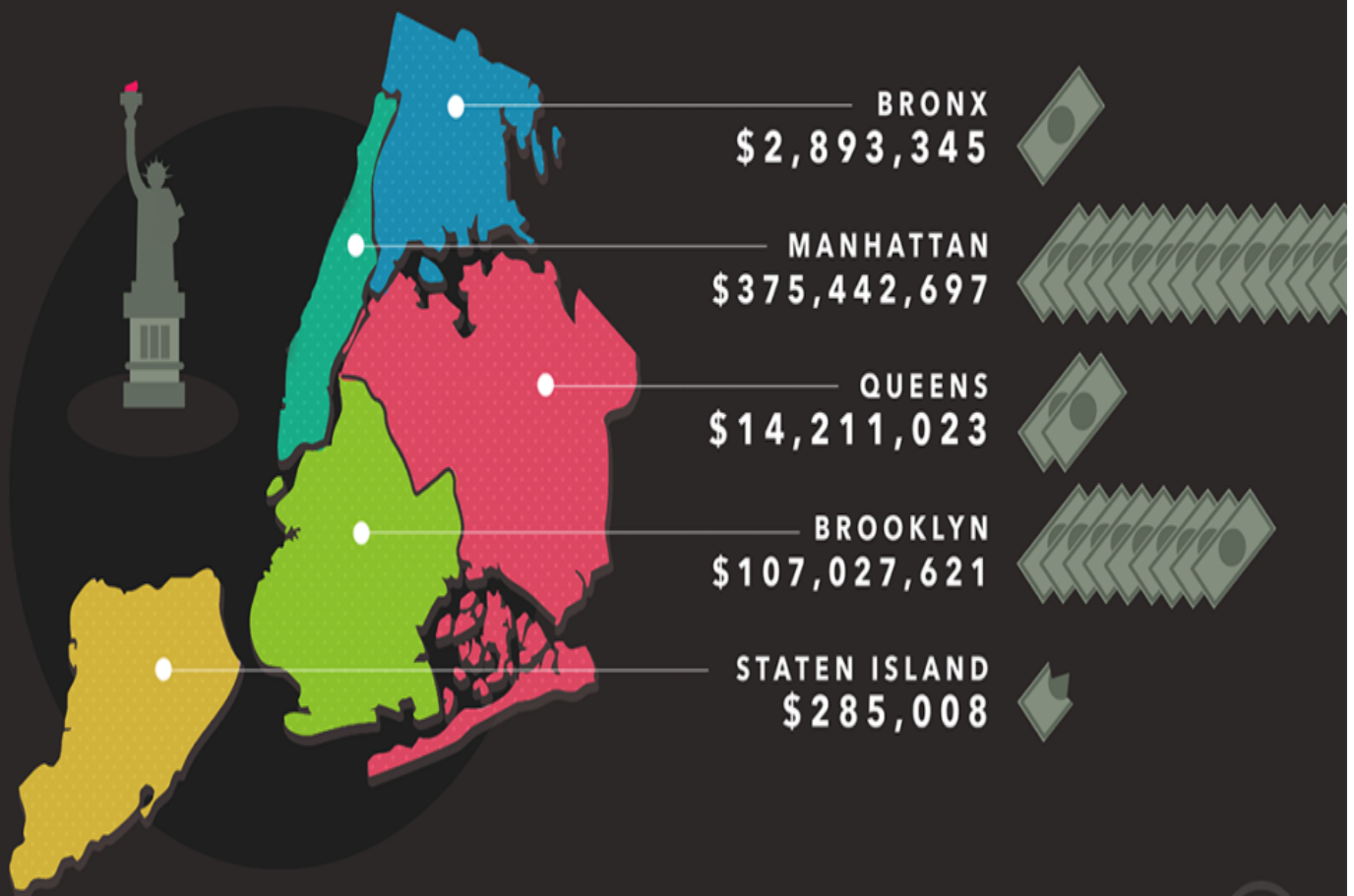
WILL RINEHART | OCTOBER 26, 2016

New York Governor Andrew Cuomo [recently signed](#) a bill that assigns fines of up to \$7500 to those who advertise their apartments for under 30 days in New York. Previously, AAF [calculated](#) that eliminating Airbnb could wipe out nearly \$500 million in gross revenue in New York City alone every year. Since hosts and customers using other short term home rental sites like VRBO and HomeAway would also be affected, this is a low estimate of the total impact. Now that the law is on the books in New York state, other state and local policymakers might soon adopt similar bills. However, these laws will hurt hosts and reduce opportunities for economic activity.

THE ECONOMIC COST OF BANNING SHORT-TERM RENTALS

EXAMINING THE CONSEQUENCES OF THE ADVERTISING BAN IN NEW YORK CITY

AIRBNB'S VALUE IN EACH NYC BOROUGH



\$500 MILLION

IN LOST HOST REVENUE DUE TO THIS POLICY



The new law makes it “unlawful to advertise occupancy or use of dwelling units in a Class A multiple dwelling,” which is to be occupied by permanent residents for at least 30 days. Using the collected data from Inside Airbnb, we calculated the value of all listings marked as “Entire home/apt,” that were available for 29 or fewer nights. After multiplying the total number of nights with the price, those totals were weighted to reflect the balance in each borough of apartments to homes, since only multiple dwellings are being affected by this new legislation. In total, nearly \$500 million could evaporate from the pockets of Airbnb hosts in New York City.

The state of New York faces an uphill battle since Airbnb has already [filed a lawsuit](#) against it. The new law could be struck down in court because Section 230 of the Communications Decency Act of 1996 [limits states](#) from holding platforms like Airbnb liable. Section 230 is important to the growth of the Internet and [has been celebrated](#) as a cornerstone of Internet freedom.

For legal and economic reasons, policymakers shouldn’t take a page from New York. Not only will municipalities find their actions under court scrutiny, but they will also limit the opportunities of their citizens. Even in New York City, half of a billion dollars is still a lot to wipe out.