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Airbnb

Airbnb faces fight for survival in New York City

Governor set to sign legislation likely to end start-up's business in Big Apple



The intersection of Bedford Avenue and Broadway in Williamsburg, Brooklyn © Steven Greaves/Getty Images

OCTOBER 19, 2016 by: **Leslie Hook** in San Francisco

Airbnb faces a fight for its life in the Big Apple as Andrew Cuomo, New York's governor, prepares to sign a bill that would in effect end the home-sharing company's business in New York City.

The San Francisco start-up has waged an eleventh-hour campaign to thwart the legislation, offering to impose a mandatory host registration system to help the state keep track of renters and a "one host, one home" rule to curtail the challenge it poses to New York hoteliers.

Mr Cuomo must decide whether to sign the bill by the end of next week. If it becomes law, it would impose fines of up to \$7,500 on any host who advertised short-term accommodation through Airbnb.

Linda Rosenthal, the state assemblywoman who co-sponsored the bill, told the Financial Times that Airbnb's concessions were "absolutely not" enough to address her concerns.

“The lawbreaker does not get to make the law, the lawmakers do,” Ms Rosenthal said, adding that Airbnb was reducing affordable housing stock in Manhattan. “The most hypocritical part of this is that Airbnb says they are really looking out for the average New Yorker who needs to make ends meet.”

The online service, which connects owners of homes and flats with tourists and other renters in cities around the world, has often clashed with regulators which accuse the company of facilitating illegal hotel businesses and reducing affordable housing stock.

In New York, hotel unions and New York City officials have been particularly vociferous on the company’s failure to comply with a 2010 accommodation law that banned short-term rentals in Manhattan, but which is rarely enforced.

On Wednesday, Airbnb said that it wanted to pay taxes in New York, estimating that it could generate about \$90m a year in the state under its new registration scheme. The company also proposed a new “three strikes” rule that would permanently ban hosts who broke the 2010 law more than three times.

The company has already reached agreements on collecting and remitting taxes with many other cities, including Paris, its largest market. In New York City, Airbnb hosts 46,000 flats and homes.

Like other such Silicon Valley start-ups that have disrupted traditional business models, Airbnb has been forced, often through confrontation, to become more responsive to local regulators and interest groups as it expands.

The company is experimenting with revenue-sharing arrangements that see part of the revenue from Airbnb rentals go back to apartment buildings themselves, and executives said that the approach could be expanded in New York.

Airbnb remains one of Silicon Valley’s most successful start-ups, with a valuation of \$30bn. Reaching regulatory detente in key markets such as New York City is crucial to the company as it looks ahead to an initial public offering that could come within the next two years.

Chris Lehane, Airbnb’s policy chief, [called on Mr Cuomo \(http://www.nydailynews.com/opinion/chris-lehane-overhaul-laws-home-sharing-article-1.2835635\)](http://www.nydailynews.com/opinion/chris-lehane-overhaul-laws-home-sharing-article-1.2835635) to veto the anti-Airbnb bill, saying that it represented special interests and hotel union lobbying.

Airbnb is also locked in a lawsuit in its home town of San Francisco, which wants to fine Airbnb hosts who do not register with city authorities.

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