

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON HOUSING AND BUILDINGS

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October 30, 2015
Start: 10:24 a.m.
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HELD AT: Council Chambers - City Hall

B E F O R E:
JUMAANE D. WILLIAMS
Chairperson

COUNCIL MEMBERS:
Rosie Mendez
Ydanis A. Rodriguez
Karen Koslowitz
Robert E. Cornegy, Jr.
Rafael L. Espinal, Jr.
Mark Levine
Antonio Reynoso
Helen K. Rosenthal
Ritchie J. Torres
Eric A. Ulrich
Public Advocate Letitia James

A P P E A R A N C E S (CONTINUED)

Mick Wannamaker
Resident

Ursula Hernandez
Resident

Vito Mustaciuolo
Deputy Commissioner
Enforcement and Neighborhood Services
New York City Housing Preservation &
Development

AnnMarie Santiago
Associate Commissioner
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Christian Klossner
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Justice

Alex Crohn
General Counsel
New York City Mayor's Office of Criminal
Justice

Adele Bartlett
Representative
Gale Brewer
Manhattan Borough President

A P P E A R A N C E S (CONTINUED)

Marty Algaze
Representative
Assemblyman Richard Gottfried and
Senator Liz Krueger

Chris Lehane
Global Policy
Airbnb

Maria Rios
Airbnb Host
Staten Island

Linola Stone
Airbnb Host
Manhattan

Evan Frank
Co-Founder and President
Onefinestay

Anita Ruben
Resident

Sarah Desmond
Executive Director
Housing Conservation Coordinators

Betsy Eichel
Tenant Organizer
Housing Conservation Coordinators

A P P E A R A N C E S (CONTINUED)

Yonatan Tadele
Tenant Counselor & Community Organizer
Cooper Square Committee

Steven Payne
Airbnb Host
Brooklyn

Chelsea Blackburn
Airbnb Host

Tom Cayler
West Side Neighborhood Alliance
Illegal Hotel Committee

Dan Evans
Tenant Organizer
Goddard Riverside Law Project

Robert Wendell
Board President of Condos
Washington Heights

Ellen Davidson
Staff Attorney
The Legal Aid Society

Andrew Rasiej
Chairman
NY Tech Meetup

A P P E A R A N C E S (CONTINUED)

Vivian Rifflemacher
Resident, Member
West Side Neighborhood Alliance

Jana Leo De Blas
Resident

Catherine Schuller
Airbnb Host

Alessandra Nahadel
Airbnb Host

Josh Farley
Crown Heights Resident

Ingrid Tarjan
Airbnb Host

Norman Kyle Johnson
Airbnb Host

TRANSCRIPTION NOTE: Spanish testimony of Maria Rios; translation by Council Member Rosie Mendez beginning at 01:22:26 in audio; Pg. 74 in document. Again, beginning at 01:42:36 in audio; Pg. 88 in document.

CHAIRPERSON WILLIAMS: Good morning everyone and thank you for coming. My name is Council Member Jumaane Williams, Chair of the Council's Committee on Housing and Buildings. There are several of my colleagues downstairs who I'm sure will be coming up soon.

First we'll be here discussing three bills related to the operation of illegal hotels in New York City.

First bill proposed, Intro. No. 788, sponsored by Council Member Levine, would amend the landlord/tenant information guide, "The ABCs of Housing," to require that it informs tenants that they may not be required to pay rent if their building has been illegally converted such that it violates the dwelling certificate of occupancy. Just for clarity, this law that you're not required to pay rent is an already existing law; this is not creating a new law, the only thing it is doing is making sure

1
2 that is in the information guide, "The ABCs of
3 Housing."

4 Our second bill, proposed Intro. No. 823,
5 sponsored by Council Member Rodriguez, would require
6 the Department of Buildings submit an annual report
7 to the Council providing data on illegal conversions
8 and recommendations to prevent them.

9 And our third bill, proposed Intro. No.
10 826, sponsored by Council Member Rosenthal, would do
11 two things; first, it would categorize all illegal
12 conversions of permanent residences to short-term
13 rentals as immediately hazardous; second, it would
14 increase the penalty for such conversions from
15 \$10,000 to \$50,000. In our oversight hearing on this
16 topic in January, we learned that illegal conversion
17 complaints rose 62% over the past year. Short-term
18 rentals can be a nuisance for next door neighbors;
19 they also raise serious safety issues, as they
20 operate like hotels while avoiding the health and
21 safety regulations to which hotels are necessarily
22 bound.

23 Clearly, illegal hotels have become a
24 growing problem for New York City residents and it is
25 important that we are clear on a few items related to

1 these proposed bills. First, the three bills cover
2 multiple dwellings which are dwellings occupied by
3 leased families; one- and two-family homes are not
4 regulated by these proposed laws. The City Council
5 understands that homeowners benefit from having the
6 option to rent their homes for short periods and we
7 also have broad goals of maintaining the residential
8 integrity, health and safety of neighborhoods.

9
10 We look forward to hearing from the
11 administration and advocates and the industry as we
12 work to enacting laws that will create some common
13 ground with these varying positions. I'm also
14 looking forward to discussion with Airbnb; the least
15 discussion I don't think went too well, as it was
16 clear that there was not a real care about the laws
17 that govern New York City housing.

18 I also wanna say I have been frustrated
19 by what I find has been disingenuous comments by
20 Airbnb wanting to work with the Council but not being
21 able to provide data that we are asking for; in
22 addition, I think intentionally confusing Airbnb
23 hosts of who we are going after.

24 So just to repeat, if you have a one- or
25 two-family home this bill does not cover you; you

1 have nothing to worry about, what you're doing is
2 already legal. If you rent out a room in an
3 apartment that you live in, this also does not apply
4 to you because that is a legal thing to do. If you
5 are in a three- or four-family home, particularly if
6 you live in that building, and even sometimes if you
7 do not, you are in a limbo space that has nothing to
8 do with the New York City Council; the State multiple
9 dwelling law is where some fixing needs to occur when
10 it comes to three- and four-family homes. But we are
11 crafting this bill so that we do not make it any
12 worse than it already is for three- and four-family
13 homeowners that host Airbnb. What will still govern
14 you is what exists in the state. I believe that
15 Airbnb has intentionally tried to confuse many
16 people. What this bill is intended to go after are
17 people who are legally renting out apartments,
18 primarily rent-regulated apartments.

19
20 There is a question about people who are
21 on vacation; there is, I guess technically a chance
22 that someone could get caught up on vacation, but it
23 is highly, highly unlikely because by the time OSE
24 goes after the illegal hotel owner, it's not somebody
25 who's on vacation, it's somebody who has done this

1 repeatedly on different occasions. Someone brought
2 up if you are on vacation six months out of the year,
3 and I would say if you are on vacation six months out
4 of the year and renting your apartment to 8, 9, 10,
5 12; 13 people, that is actually an illegal hotel.

6
7 So I wanna make sure that we're clear who
8 we're going after, who we're not; there are many
9 people who I'm sure in this audience who were like
10 the people in the other audience who are perfectly
11 legitimate and have nothing to worry about with what
12 we're doing, but I know that Airbnb will probably
13 continue to try to confuse and conflate the arguments
14 about who we're going after. This however is a very
15 serious conversation, we take it very seriously, we
16 don't wanna prevent people from making money legally
17 and we don't want people to lose their homes; we do
18 wanna try to maintain affordable housing,
19 particularly rent-regulated that's on the market, and
20 we don't want illegal hotels in people's buildings;
21 there are reasons why we have hotel codes for safety
22 and integrity, so hopefully people will keep that in
23 mind as we move forward.

24 I think now we've been joined by Council
25 Members Levine, Rodriguez and Rosenthal, as well as

1
2 the Public Advocate. So I'd like to ask each of them
3 to make a statement; we'll start with Council Member
4 Rosenthal, then Rodriguez and Levine; then we'll ask
5 the Public Advocate.

6 COUNCIL MEMBER ROSENTHAL: Thank you so
7 much Chair Williams for holding this hearing; I know
8 you have a lot of topics to cover in your committee
9 and so I appreciate your holding the hearing on the
10 topic of illegal hotels. And I also wanna thank
11 Council Members Rodriguez, Williams, Chin, Johnson,
12 Kallos and Levine, all of whom are pre-intro co-
13 sponsors on my bill and are committee to preserving
14 affordable housing and stopping illegal behavior.

15 My bill, Intro. 826, would significantly
16 increase the fines for those who are operating
17 illegally. There is a 2010 New York State law that
18 makes it illegal to rent out a Class A multiple
19 dwelling building, any unit in the multiple dwelling
20 building for less than 30 days without the owner or
21 the resident present.

22 So what's legal and currently allowed?
23 I'm sorry; you're gonna hear this over and over again
24 only because we're up against a corporate business
25 that is intent on not getting the facts out

1 accurately, so you're probably gonna hear this over
2 and over again.

3
4 But renting out a single room in your two
5 or more bedroom apartment or one bedroom apartment,
6 if you wanna sleep on the couch while you remain in
7 the apartment, that's legal. Renting out any unit in
8 a single- or two-family home, that's legal. Renting
9 out your entire unit, if you get approval from your
10 condo or co-op building owners, if you're renting out
11 your entire apartment for more than 30 days, that's
12 legal. Okay?

13 So the only units that are gonna be
14 affected by the legislation we're talking about today
15 are those that are considered illegal by State Law,
16 those who are renting out their entire unit for fewer
17 than 30 days in a building that is a multi-
18 residential building.

19 Fines already exist for this illegal
20 activity of renting out short-term; the problem is
21 these fines are not curbing the bad behavior. The
22 Attorney General's report showed that 72% of the
23 listings in New York City are done illegally. My
24 proposed legislation would increase the minimum
25 amount for these fines and let's be clear, the bill's

1
2 intended to target the commercial illegal hotel
3 operators by being a financial deterrent to serial
4 law breakers who have multiple listings. I'm
5 certainly open to conversation about having warnings
6 for first-time offenders; people certainly need to
7 learn what the law is, particularly when we have
8 corporations not being honest and saying that the law
9 is something it isn't, so I'm open to warnings, but
10 for those who are multiple law breakers, we need to
11 make the fines no longer the cost of doing business.

12 You know I'm gonna assume that -- let me
13 just say that the problem here is Airbnb and other
14 platforms are connecting illegal operators with
15 clients who have no other recourse. We asked Craig's
16 List to take down the postings for prostitution and
17 they did that and let's face it, if you're a bar
18 owner and you had a bartender who was knowingly
19 selling drinks to people who are under age, 15 and
20 16, and you are that bar owner, would you keep that
21 bartender or would you fire that person who was
22 knowingly breaking the law? You would fire that
23 person. Unfortunately, in this situation New York
24 City can't fire Airbnb and we've asked them to take

1
2 down the illegal postings; they refuse to operate in
3 a legal fashion.

4 So I'm gonna wrap up my comments because
5 I'm anxious to hear from those who have to live in
6 circumstances with revolving tourists as neighbors
7 and I just wanna again thank Chair Williams for his
8 leadership on this issue. Thank you.

9 CHAIRPERSON WILLIAMS: Thank you.
10 Council Member Rodriguez, then Levine.

11 COUNCIL MEMBER RODRIGUEZ: Thank you
12 Chair Williams, it's a pleasure to join you as a bill
13 sponsor twice this month, thank you for your
14 dedication.

15 A sign says outside, "New York City is a
16 great place for individual corporations that have a
17 deep pack portfolio to invest in the hotel industry."
18 [sic] Last year we received 57 million tourists; we
19 are composed by 8 million New Yorkers; therefore, we
20 welcome these corporations, but they should know that
21 if they want to get into the hotel business they
22 should abide by the law and play by the rules.

23 Today we join together to discuss the
24 most pressing issue squeezing our city dry of
25 affordable housing -- illegal hotels. Like my

1
2 colleagues, I have heard stories of landlords pushing
3 out the tenants to make room for temporary and
4 illegal hosting. As a representative for the
5 districts Washington Heights, Hudson Heights, Inwood
6 and Marble Hill, my community board has the highest
7 number of regulated apartments in the city, second
8 after Buffalo in the State of New York. I know
9 firsthand the awful types of things are willing to do
10 for some landlords to out-root our tenants [sic].
11 Though the City is working to combat this practice,
12 we as a council needs to improve the resources they
13 have available; today we come together to do just
14 that. By enhancing the penalty issued to illegal
15 operators we have the opportunity to make these fines
16 more than the cost of doing business and serve as an
17 actual [sic] deterrent to operators.

18 Intro. 826, which I co-sponsor with my
19 colleague Council Member Rosenthal, will
20 significantly increase the penalty for operating an
21 illegal hotel. Of equal importance to me is that we
22 understand the information and use those penalties.
23 We will achieve just that with Intro. 823, which I
24 also introduced again with Council Member Rosenthal,
25 aims to allow the Council to have the information we

1
2 need to be informed about the effectiveness of the
3 penalty we are discussing today by reporting annually
4 as to the number of violations issued, to whom and
5 the amount of penalty. Further, the report will
6 include recommendations both with policy and budget
7 matters for the Council to act on the best combat to
8 combat illegal operating hotels. I hope that the new
9 influx of funding and increased staff given by the
10 Council will help facilitate a deeper knowledge about
11 this penalty.

12 We have heard stories of individuals
13 going for a vacation and having already a small fine
14 reduced or eliminated entirely [sic]; this is
15 unacceptable. For this fine to serve as a deterrent
16 to illegal behavior it must be significant to serve
17 as more than the cost of doing business.

18 Some have said that by increasing this
19 fine to potentially \$50,000 we are increasing fines
20 on working and middle class families who need Airbnb
21 to make ends meet. This bill will not affect those
22 individuals who are abiding by the law and renting a
23 room within their home. What we are doing is
24 protecting affordable housing, property values and
25 the safety of residents in shared building and space.

1
2 In addition to Chair Williams, I'd like
3 to thank some of the people who brought us to this
4 day -- Shijuade Kadree, formerly in the Legislative
5 Division; Jen Wilcox, the Committee's Counsel; Nick
6 Smith of Chair Williams' office; my Chief of Staff,
7 Carmen de la Rosa and my Legislative and
8 Communication Director, Lucas Acosta. Thank you,
9 Chair Williams.

10 CHAIRPERSON WILLIAMS: Council Member
11 Levine and Public Advocate.

12 COUNCIL MEMBER LEVINE: Thank you Mr.
13 Chair, thanks to my colleagues; I also wanna thank
14 Gale Brewer, currently Borough President, who as a
15 Council Member began carrying this torch and has been
16 a great advocate for affordable housing on this and
17 many other fronts.

18 To our friends and fellow New Yorkers
19 with the nice gray tee shirts, by a show of hands,
20 how many of you are landlords? Okay. So except for
21 the two of you who are raising your hands, the rest
22 of you don't even need to listen to what I'm about to
23 say about Intro. 788. I'm focusing on a segment of
24 the market, which is not renters trying to make a
25 little bit of extra money to pay their monthly rent

1
2 by renting out a room or a couch, but that segment of
3 the market which is dominated by owners of buildings,
4 landlords who are choosing not to rent apartments;
5 instead they're opting to turn them into de facto
6 hotels and they're doing that for one simple reason;
7 they can make more money and often they can skirt
8 existing rent regulation law in the process;
9 technically legal, but this activity represents a
10 loss for many, many segments of our city, starting
11 with neighbors in these buildings who have to suffer
12 with the disruption and potentially safety issues
13 that come with the heavy traffic of apartments turned
14 into de facto hotels, renters everywhere in this city
15 who have fewer apartments that they can make home for
16 their family, particularly unfortunate development
17 when we're losing rent stabilized apartments, which
18 are so precious and in ever short supply, and the
19 City loses because we don't get the tax revenue we
20 would get in a legal hotel. This behavior is, again,
21 not about regular New Yorkers looking to make ends
22 meet; this is big business. And it turns out that in
23 many, if not most cases, these building owners are
24 violating their certificate of occupancy, which they
25 receive from the City; they received a COO for a

1 residential building and if they convert it into
2 another use, including a hotel, they're in violation
3 of their certificate of occupancy. Well that is
4 grounds for tenants to withhold rent; that's the law,
5 we're not making that up, we're not changing that,
6 updating it in any way, that's existing housing law
7 in New York City and in fact, tenants who are engaged
8 in fights in housing court are allowed to bring this
9 issue up in their defense, and that's what our bill
10 gets at, helping tenants understand their rights in
11 such cases.

12
13 We've gotten very thoughtful and helpful
14 feedback in recent weeks on this bill, as often
15 happens in the lead-up to hearings from advocates and
16 policy experts on all sides, particularly making
17 suggestions about how the bill could be changed so
18 that it doesn't lead tenants to take actions that are
19 not in their legal interest and also how the bill
20 could be improved to better delineate cases where
21 units are being used not by building owners, but by
22 tenants; it's actually not always easy to tell the
23 difference. So this is the beginning of a
24 legislative process, not the end; today is about
25 hearing from you, from all sides, from the City, from

1
2 experts; from our colleagues to understand the impact
3 and what's at stake, but at the end of the day
4 there's no escaping the fact that we have a real
5 problem we have to address and landlords and others
6 who are taking precious apartments out of our housing
7 supply and turning them into hotels. Thank you Mr.
8 Chairman.

9 CHAIRPERSON WILLIAMS: Thank you. And
10 our esteemed Public Advocate.

11 PUBLIC ADVOCATE JAMES: So I just wanna
12 follow up on a question that Council Member Levine
13 asked to the public, particularly those individuals
14 who are wearing the Airbnb emblem. There were only
15 two individuals who raised their hands who are
16 homeowners; I assume that the rest of you are tenants
17 renting out your apartment and/or subleasing; if that
18 is true, please raise your hand. How many? Please
19 raise your hand high. Okay. And how many of you are
20 students, raise your hands? Thank you.

21 So I wanna thank Council Member Williams
22 and all of my colleagues in the Council for holding
23 this important hearing today. My name is Letitia
24 James and I'm the Public Advocate of the City of New
25 York, and as New Yorkers who care about providing

1 decent affordable housing for those who need it most,
2 we must fight to create and preserve adequate
3 affordable housing in our city. It is no secret that
4 our city is in the midst of a housing and an
5 affordable crisis not seen for generations at a time.
6 In fact, I know as most of you know, last night
7 almost 60,000 New Yorkers went to sleep in a shelter
8 in the City of New York and most of them were
9 children. The Mayor's plan for mandatory
10 inclusionary zoning is a vital step forward, yet
11 while adding new affordable housing is extremely
12 important, we must be equally committed to preserving
13 the affordable units that already exist. In this
14 context, services like Airbnb present an enormous
15 challenge to the housing needs of regular every day
16 New Yorkers and those children.

18 You see, earlier this month The Real
19 Deal, a publication more sympathetic to business
20 interests than tenants' rights documented the number
21 of units lost to illegal hotel activity; they
22 estimated it to be about 2400 to almost 4600 units,
23 roughly 8-17% of all Airbnb listings citywide in what
24 are considered the trendier areas of Brooklyn and
25 Manhattan. I proudly represented I guess one of

1 those trendier neighborhoods in Brooklyn; as a
2 council member I had the honor and distinction of
3 representing Fort Greene, Clinton Hill, Prospect
4 Heights, Crown Heights and parts of now Bedford-
5 Stuyvesant and I am seeing more and more Airbnb
6 tenants or rentals in those areas than ever before.
7 The number approaches basically 1 out of 5 of its
8 listings on The Real Deal and The Real Deal article
9 is significant because it documents what they refer
10 to as the Airbnb effect, the Airbnb effect, in which
11 a neighborhood's rents increase as rent stabilized
12 units are turned into illegal hotel rooms. If Airbnb
13 hadn't converted these units into short-term rentals
14 it is estimated that the monthly median asking rents
15 would be lower by 37-69% citywide. And although
16 illegal hotel activity may have started small, it has
17 now spread like a wildfire across our city across our
18 city, into communities that cannot afford to lose
19 whatever precious affordable housing they have left,
20 which is why I mentioned the district that I formerly
21 represented.

22
23 Defending against the illegal rental of
24 affordable units has been a challenge, monitoring
25 violations remains a process driven by complaints

1
2 from residents in neighboring apartments and many of
3 these neighborhoods however fear retaliation and
4 landlord harassment if they do report illegal
5 activity.

6 The City's Office of Special Enforcement
7 received 1,150 complaints about illegal hotels last
8 year and it issued 886 violations, but we all know
9 that these figures greatly under-represent the actual
10 amount of illegal activity, given the estimated
11 15,000 illegal rentals in Airbnb alone.

12 The bills that we are hearing today
13 represent important tools in our battle to protect
14 affordable housing and with these bills we can assure
15 that landlords are less likely to treat violations of
16 this illegal hotel law as a cost of doing business.
17 We will have the ability to know the number of
18 complaints received and inspections conducted
19 regarding illegal hotels and we will ensure that
20 tenants know their rights when a landlord is found to
21 be in violation of the law.

22 Let me also add that in addition to the
23 complaints that have been received by the City, my
24 office, the Office of Public Advocate also has a
25 hotline and we too have received complaints. My

1
2 purpose here today is to level the playing field and
3 to make sure that we do everything possible to
4 protect the affordable housing that is so vital to
5 our city and the most vulnerable amongst us.

6 Again, I thank you all for coming and I
7 thank the chair for allowing me to say a few words.

8 [applause, background comments]

9 [gavel]

10 CHAIRPERSON WILLIAMS: Shall we try to do
11 this if we're excited about what's being said. Thank
12 you again to my colleagues and the Public Advocate.
13 One thing I wanted to bring up again that the Public
14 Advocate mentioned is the effect that the illegal
15 hotels have on the rents, because some of the issues
16 that we hear is people can't find people to rent it
17 out because it's too much, where now we have a
18 cyclical effect because the illegal hotels are making
19 the rents even more and so we have to keep that in
20 mind as well.

21 I wanna thank again my colleagues for
22 their statements and providing additional background
23 on their bills. At today's hearing we'll also be
24 voting on Proposed Intro. No. 783-A. This
25 legislation will change the rate of interest applied

1 to unpaid charges owed by landlords to the City for
2 emergency work conducted by HPD. Currently the rent
3 is set at 7% and this bill would change that rate to
4 the higher of 7% or the rate adopted by the Council
5 in each fiscal year for the nonpayment of rear
6 property taxes. I would like to encourage all of my
7 colleagues to vote in favor of this legislation; keep
8 in my this has nothing to do with the hearing that
9 we're having, this is just a separate vote.
10

11 I'd like to thank my staff for the work
12 they did to assemble this hearing, including Nick
13 Smith, my Deputy Chief of Staff and Legislative
14 Director, Jen Wilcox, Malaika... Malika [sp?] -- has it
15 right here and I still did it wrong, I apologize; we
16 had it phonetically here -- Malika Jaboli [sp?],
17 Counsel to the Committee; Guillermo Patino and Jose
18 Conde, Policy Analysts to the Committee, and Sarah
19 Gastelum, the Committee's Finance Analyst.

20 As a reminder, for those of you
21 testifying today, please be sure to fill out a card
22 with the sergeant. With that said, I'm gonna call up
23 the first people who will be testifying to set the
24 state of what we're dealing with; I've asked a couple
25 of tenants to come up and testify -- Ursula

1 Hernandez, Mustafa Backor [sp?], Mick Wannabaker...
2 Wannamaker, I'm sorry; I probably jacked all that up;
3 I apologize. You can come up... now I understand only
4 two people will be giving testimony. Again, if you'd
5 like to testify at today's hearing, please be sure to
6 see the sergeant at arms, he'll give you a slip and
7 you can fill it out and we'd be very happy to hear
8 what you have to say, but we cannot hear what you
9 have to say without that slip.
10

11 I understand only two of you will be
12 testifying, so we'll give each of the two of you
13 three minutes each. If you can raise your right
14 hand. Do you affirm to tell the truth, the whole
15 truth and nothing but the truth in your testimony
16 before the Committee and to respond honestly to
17 council member questions?

18 MICK WANNAMAKER: Yeah.

19 CHAIRPERSON WILLIAMS: Thank you. You
20 can begin at your preference of order and you each
21 have three minutes.

22 [background comments]

23 MICK WANNAMAKER: Good morning. My name
24 is Mick Wannamaker. I wanna thank you, Chairman
25 Williams for giving me the opportunity to speak

1
2 before the Council and the Committee; excuse me for
3 using my notes.

4 I've lived in New York City most of my
5 life and on West 72nd Street for the last 14 years.
6 I'm here today because short-term rentals are making
7 it nearly impossible to find affordable housing in my
8 neighborhood, though it seems easier and easier to
9 find short-term rentals.

10 At first I was surprised to hear about
11 landlords renting out units as hotel rooms, when I
12 know there are a lot of families like mine that are
13 finding it very difficult to find a place to live, a
14 decent apartment to send you kids to school. As New
15 Yorkers, we all know if we had one more bedroom our
16 lives would be perfect and that's becoming impossible
17 now with Airbnb taking all these apartments off the
18 market and making all of this money illegally.

19 Now I hear stories from neighbors and
20 friends and coworkers who live all over the city
21 about landlords trying to squeeze them out of their
22 apartments, treating them badly, wanting to get them
23 out so they can have these illegal hotels going on
24 here in the city, and some of my friends have already
25 left and others are talking about leaving. And when

1
2 you have strangers coming in and out of your building
3 regularly, all hours of the night, I wanna know how
4 many copies of the keys to my front door are out
5 there; it's really an unpleasant way to live. And I
6 see this isn't just going on on the Upper West Side,
7 where I live, it seems to be going on all over.

8 So I'm here before the Council to protect
9 my home and my neighborhood, the neighborhoods of my
10 coworkers and my friends, because what good is it
11 having a law if no one follows it and we can't
12 enforce it? So I'm here to support tougher penalties
13 for those making businesses out of illegal rentals,
14 for landlords and companies and scofflaws and shame
15 on Airbnb for turning my neighborhood into a
16 commercial district and for using people legally
17 renting as a shield for their illegal activity. I
18 just wanna see an end to these illegal hotels that
19 are popping up all over and our buildings are not
20 hotels, they're our homes. Thank you.

21 CHAIRPERSON WILLIAMS: Thank you.

22 URSULA HERNANDEZ: Good morning and thank
23 you for this opportunity to testify here today before
24 your Chair, Mr. Williams and New York City Council
25 Committee on Housing and Buildings.

1
2 My name is Ursula Hernandez and for the
3 last 25 years I've called Bedford-Stuyvesant home. I
4 work hard to live there to support my family and to
5 live the American dream, so to speak.

6 I'm here before you today because as hard
7 as I've worked to make a good life for my family it's
8 getting tougher every day. I am here struggling,
9 housing costs are rising and wages don't always keep
10 up with the housing and other costs that seem to keep
11 piling on. It's hard to find affordable housing,
12 there just never seems to be enough and what's worse
13 is that we now have to compete with Airbnb, a big
14 commercial landlord who are breaking the laws and
15 lining their pockets.

16 I've seen and heard about hoarding
17 apartments, not letting folks like me rent them
18 because they can make more money renting them as
19 short-term hotel rooms. Now there are not only fewer
20 places to live, but the housing that's left gets more
21 and more expensive. I've seen the Airbnb ads, they
22 look nice, they're very cheerful, but they don't tell
23 the real story; they're not telling you what's
24 happening in our neighborhoods, they don't mention
25 how apartments that are being used for tourists could

1
2 instead be used by the family like mine. I'm here
3 and they certainly don't tell you what they're raking
4 in in profits.

5 Landlords using their sites are breaking
6 the law that was meant to protect us, the residents
7 and Housing Authority protecting us. I wanna give an
8 example. Where I live apartment buildings seem to be
9 going up really fast, I live between two recently
10 constructed buildings; my block association, we sent
11 out a financially equipped couple from the
12 neighborhood who were trying to get something a
13 little nicer for their family to live in, but when
14 they started asking questions about the process to
15 obtain the apartment and live in one of those
16 buildings, they were told someone will get back to
17 you and no one ever did. Instead we see people
18 coming and going from these apartments carrying big
19 suitcases and very large backpacks. They stay in
20 those apartments about one to two weeks [bell] and we
21 never see them again. These people aren't part of
22 our community, they're tourists. We need to get
23 tough... [interpose]

24 CHAIRPERSON WILLIAMS: I have to ask you
25 to wrap up.

1 URSULA HERNANDEZ: We need.. sorry.

2 CHAIRPERSON WILLIAMS: You can finish
3
4 your sentence.

5 URSULA HERNANDEZ: Okay. We need to stop
6 allowing these law breakers to get away while
7 everyone else suffers. If these people are doing it
8 once, they'll most likely do it again and the City
9 should know who they are and be able to put them out
10 of business. If these landlords or people renting
11 apartments live in are breaking the law, it seems
12 like there are no consequences for them right now..
13 [interpose]

14 CHAIRPERSON WILLIAMS: Thank you, we're
15 gonna have to.. Alright, thank you very much for your
16 testimony. We wanna try to get to administration, so
17 I wanna ask that there's not too many questions, but
18 I know that Council Member Rosenthal would like to
19 say something.

20 COUNCIL MEMBER ROSENTHAL: I just wanna
21 thank you for coming to set the stage. Both of you
22 did so beautifully and I know that a lot of people
23 who we asked to come today to set the stage couldn't
24 because they work and they couldn't take off from
25 their jobs to be here, so I know it took extra

1 effort, but I really appreciate your coming, setting
2 the stage and telling us what it's really like, that
3 helps to put it all in a good context for today's
4 hearing. Thank you so much.

5
6 URSULA HERNANDEZ: Thank you for having
7 me.

8 CHAIRPERSON WILLIAMS: Madame Public
9 Advocate.

10 PUBLIC ADVOCATE JAMES: So I did not take
11 into consideration and did not think about the
12 possible human rights violations, so if there is any
13 human rights violations, if individuals are refusing
14 to rent to people of color, people in the gay
15 community, individuals who are looking for a long-
16 term lease, I would urge you to contact my office,
17 the Office of Public Advocate; we would like to look
18 into it for possible litigation. Okay. Thank you.

19 CHAIRPERSON WILLIAMS: Thank you so much
20 for coming and sharing; I thought it was important
21 that we set a stage so people fully understand what
22 it is that we're trying to combat, so thank you so
23 much.

24 And I think we're gonna call up the
25 administration -- Vito Mustaciuolo, Deputy

1
2 Commissioner, HPD; Christian Klossner, Office of
3 Special Enforcement and AnnMarie Santiago, Associate
4 Commissioner of HPD. If they can please come up.
5 And as they do come up, we wanna make sure that we
6 understand that this is a difficult conversation; we
7 understand there are people who are trying to make
8 some additional income and we know how important that
9 is to individual families. We at some point also
10 have to make sure that the City is running and taking
11 care of property, the City cannot run if units are
12 illegally taken off the market and people cannot find
13 housing. There's a lot of ways to make money and we
14 understand that, but we can't do it at the cost of
15 having no housing for people to live in the city of
16 New York, particularly housing that is rent-regulated
17 otherwise should be on the market for [background
18 comment] our residents.

19 I'm gonna give the affirmation statement
20 and I think then we have quorum now to take a vote on
21 the legislation we spoke of before. So those who are
22 testifying, can you please raise your right hand? Do
23 you affirm to tell the truth, the whole truth and
24 nothing but the truth in your testimony before this
25

1
2 committee and to respond honestly to council member
3 questions?

4 [collective affirmation]

5 CHAIRPERSON WILLIAMS: Give me one
6 second. I'll ask the clerk to call the vote.

7 COMMITTEE CLERK: William Martin,
8 Committee Clerk, roll call vote, Committee on Housing
9 and Buildings, Introduction 783-A. Chair Williams.

10 CHAIRPERSON WILLIAMS: Vote aye.

11 COMMITTEE CLERK: Rodriguez.

12 COUNCIL MEMBER RODRIGUEZ: Aye.

13 COMMITTEE CLERK: Espinal.

14 COUNCIL MEMBER ESPINAL: Aye.

15 COMMITTEE CLERK: Levine.

16 COUNCIL MEMBER LEVINE: Aye.

17 COMMITTEE CLERK: Reynoso.

18 COUNCIL MEMBER REYNOSO: Aye.

19 COMMITTEE CLERK: Rosenthal.

20 COUNCIL MEMBER ROSENTHAL: I vote aye.

21 [sic] **[00:38:47]**

22 COMMITTEE CLERK: By a vote of 6 in the
23 affirmative, 0 in the negative and no abstentions,
24 the item has been adopted.

CHAIRPERSON WILLIAMS: Thank you. Thank you very much; you can begin your testimony in the order of your preference.

VITO MUSTACIUOLO: Good morning Chairman Williams and members of the Housing and Buildings Committee; Public Advocate James. My name is Vito Mustaciuolo and I am HPD's Deputy Commissioner for Enforcement and Neighborhood Services. I am joined by our Associate Commissioner for Enforcement and Neighborhood Services this morning, AnnMarie Santiago. We appreciate the opportunity to testify regarding Council Bill 788 in relation to requiring additional information for inclusion in the Housing Information Guide.

HPD supports Intro. 788. The Housing Information Guide required to be published by HPD under Local Law 45 of 2013 was meant to be a living document. The guide, known as "The ABCs of Housing" is available on the HPD's website, through 311 and at any of our borough offices and community events. The ABCs are currently required by law to include information on owner responsibilities with respect to eviction, heat and hot water, pest management, repairs and maintenance, tenant organizations, rent-

1 regulated leases, rental assistance for elderly or
2 disabled tenants, and housing discrimination;
3 tenants' responsibilities with respect to responding
4 to required notices, allowing access for inspections
5 and repairs and not causing violations; the
6 availability of free and low-cost legal services and
7 other topics deemed relevant by the department.
8

9 The ABCs also include information about
10 the agency's process, how to file complaints
11 regarding HPD housing issues and how to obtain rental
12 assistance for all tenants.

13 Since its publication, HPD continues to
14 consult with elected officials, legal services
15 organizations, property owners, other city agencies
16 and other interested parties to make the guide as
17 thorough and complete as possible. In the future, we
18 encourage all council members to contact us any time
19 with feedback on topics to add to the guide so that
20 ABCs of Housing can continue to address the ever-
21 changing needs of New York tenant populations.

22 Advising tenants and owners that tenants
23 may have a defense to a claim for rent in a building
24 which has been illegally altered and/or for which
25 there is no current certificate of occupancy

1
2 indicating that the rented space can be legally
3 occupied should be added to the ABCs of Housing. We
4 would additionally recommend in the ABCs that each
5 tenant seek legal counsel to ensure that their rights
6 are protected.

7 Thank you very much for the opportunity
8 to testify and we would be more than happy to answer
9 any questions that the Committee may have.

10 CHAIRPERSON WILLIAMS: You can... is
11 someone else testifying?

12 ANNMARIE SANTIAGO: I don't know.

13 VITO MUSTACIUOLO: That's it for... on 788.

14 CHAIRPERSON WILLIAMS: Okay.

15 [background comments]

16 CHRISTIAN KLOSSNER: Good morning Chair
17 Williams, members of the Committee on Housing and
18 Buildings and Public Advocate James. My name is
19 Christian Klossner and I'm the Executive Director of
20 the Office of Special Enforcement, which is overseen
21 by the Mayor's Office of Criminal Justice. With me
22 today is Alex Crohn, who is General Counsel to the
23 office.

24 Thank you for the opportunity to testify
25 before this committee regarding proposed legislation

1
2 concerning short-term occupancies, the City's
3 successful track record of enforcement activities
4 over the past year and our plan to expand the Office
5 of Special Enforcement's proactive enforcement in the
6 coming year.

7 To date, the Office of Special
8 Enforcement (OSE) has effectively responded to
9 incoming complaints. My office's mandate,
10 originating from a mayoral executive order in 2006,
11 is to focus on addressing issues affecting public
12 safety, community livability, property values and the
13 growth of serious crime.

14 Most of the complaints OSE receives,
15 predominantly from 311, concern short-term transient
16 rentals. A multi-agency team of inspectors responds
17 to those complaints by conducting administrative
18 inspections and issuing violations to landlords for
19 noncompliance with required Building and Fire Code
20 provisions that relate to transient use. For
21 example, this includes codes requiring necessary
22 egresses, sprinkler systems and fire safety and alarm
23 systems. The data we collect in the field is used to
24 detect patterns and to set enforcement priorities.
25 Where violations are found, the office's enforcement

1
2 response can range from issuing a violation to
3 pursuing civil litigation.

4 From January through September of 2015,
5 the first three quarters of this calendar year, OSE
6 received a total of 681 complaints via 311 reporting
7 an illegal hotel operation. During this period OSE
8 conducted 1,192 inspections in response to these
9 complaints and issued approximately 1,325 violations.
10 The office has a track record of effectively fielding
11 complaints, conducting investigations and imposing
12 appropriate sanctions.

13 OSE is in a transitional phase, during
14 which we are expanding upon previous successes and
15 developing a strategic approach to more proactive
16 enforcement. This will mean expanding staff and
17 skill sets, identifying the most egregious offenders
18 and deploying a wider array of tactics calibrated to
19 specific trends.

20 OSE is currently made up of 12 staff
21 members -- 3 sworn members of the New York City
22 Police Department, 2 Department of Buildings
23 inspectors, 1 Fire Department inspector; an
24 investigator from the Department of Finance, 2
25

1
2 attorneys, 1 full-time investigator, an office
3 manager and now an executive director.

4 In the adopted budget for FY 2015, OSE
5 was allocated an additional 17 staff members. These
6 new positions will allow the office to deploy
7 targeted strategies, expand our analytic capacity and
8 conduct more sustained and proactive investigations
9 aimed at the most egregious offenders. The problem
10 of illegal hotel rentals in New York City is not
11 homogenous; effective enforcement requires tactics
12 calibrated for specific trends. OSE is looking to
13 gather additional data about our enforcement efforts,
14 the targets and the outcomes in order to arm the city
15 with a better understanding of the universe of
16 violators and the effectiveness of our remedies so
17 that the city can respond appropriately.

18 With respect to Intro. 826, OSE supports
19 the overarching goal of reexamining the current civil
20 penalty structure so that it will effectively deter
21 the most egregious violators. OSE is also in favor
22 of maintaining a civil penalty structure that
23 acknowledges that the universe of violators is not
24 the same and therefore the range of civil penalties
25

1
2 for less egregious violators should reflect that
3 reality.

4 Additionally, the office believes public
5 education is an important component in tackling the
6 problem of illegal hotel rentals in New York City.
7 The office supports strengthening efforts to raise
8 public awareness of how to report illegal hotels as
9 well as how to avoid illegal short-term occupancies
10 and is currently developing such strategies.

11 To this end, OSE supports a reporting
12 mechanism that highlights the City's consistent level
13 of responsiveness to public inquiries and increases
14 government transparency. OSE supports the spirit of
15 Intro. No. 823, as it requires the City to report on
16 illegal conversions of dwelling units from permanent
17 residences and is willing to work with the Committee
18 on moving this issue forward.

19 I look forward to continue to refine
20 these strategies through evaluation and input from
21 the Council and other key partners. I am confident
22 that the Office of Special Enforcement is playing an
23 important role in addressing illegal transient
24 rentals and the office will continue to work
25 diligently to pursue its mandate.

1
2 Thank you for the opportunity to testify;
3 I am available to answer any questions the Committee
4 or Public Advocate James may have.

5 CHAIRPERSON WILLIAMS: Thank you so much
6 for the testimony. Were you in the paper today?

7 CHRISTIAN KLOSSNER: I was.

8 CHAIRPERSON WILLIAMS: I thought that was
9 you. I enjoy reading about you in I guess the way
10 that you're gonna be approaching it and also Pat
11 Kiernan talked about you on NY1.

12 And what's interesting; I think that you
13 are gonna use your experience in narcotics, if I'm
14 not mistaken, to that same kind of schematic to go
15 after the illegal hotels, I guess which is based a
16 lot on trends; what about... obviously there will be
17 people that don't have the multiple apartments but
18 are still kind of doing it as an illegal apartment;
19 will you be able to get after those also?

20 CHRISTIAN KLOSSNER: I'm sorry; will be
21 able to...

22 CHAIRPERSON WILLIAMS: If someone doesn't
23 fall in that trend of someone who has a lot of
24 illegal apartments, which seems to be what we'll be
25

1
2 looking at, and there's just say one person in the
3 building; will we have the capacity to go after that?

4 CHRISTIAN KLOSSNER: We are going to
5 inspect whatever complaints we get, we're going to
6 take the appropriate actions, but our proactive
7 enforcement is gonna focus on the people who are
8 egregious offenders operating in multiple units and
9 multiple buildings.

10 CHAIRPERSON WILLIAMS: I see, so that..
11 your schematic is for proactive and then you respond
12 as complaints come in to the rest of them? [sic]

13 CHRISTIAN KLOSSNER: Correct.

14 CHAIRPERSON WILLIAMS: How many illegal
15 conversions -- I know you gave a number I think of
16 800 -- wait, is this it... is this it? [background
17 comments] So you had 681 illegal conversion
18 complaints from 2015?

19 CHRISTIAN KLOSSNER: In this calendar
20 year so far. Yes, in 2015.

21 CHAIRPERSON WILLIAMS: And most of them
22 are for illegal hotels?

23 CHRISTIAN KLOSSNER: Those are the
24 illegal hotel complaints... [crosstalk]

1
2 CHAIRPERSON WILLIAMS: Those are the
3 illegal. [sic]

4 CHRISTIAN KLOSSNER: that we've received;
5 we receive other complaints as well.

6 CHAIRPERSON WILLIAMS: So there's 1192
7 inspections, just 'cause you did some proactively?

8 CHRISTIAN KLOSSNER: Some proactively,
9 some multiple units; sometimes we respond to one unit
10 and find that there's evidence in other units; it's
11 also reinspections and going back to post vacate
12 orders when we find that the occupancy is dangerous.

13 CHAIRPERSON WILLIAMS: So 1120 ECB
14 violations and what were the ECB violations?

15 CHRISTIAN KLOSSNER: I don't have the
16 breakdown between ECB and other violations, but the
17 1325 includes both categories.

18 CHAIRPERSON WILLIAMS: Did you find that
19 anybody complained that they were on vacation or were
20 able to say -- was that any of the arguments that
21 were used?

22 CHRISTIAN KLOSSNER: I don't have
23 information about the specific complaints.

24

25

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2 CHAIRPERSON WILLIAMS: Council Member
3 Rosenthal, Council Member James. Sorry, Public
4 Advocate James.

5 COUNCIL MEMBER ROSENTHAL: Thank you so
6 much. And thank you so much for your testimony
7 today, both for HPD and to OSE; welcome to your new
8 job.

9 CHRISTIAN KLOSSNER: Thank you.

10 COUNCIL MEMBER ROSENTHAL: I know you're
11 just starting to wrap your hand around the types of
12 violations, but I was really struck when Public
13 Advocate James said that The Real Deal gives a
14 number, which I assumed is very conservative; that
15 there are 2400-4600 illegal hotel rooms out there.
16 You know, the Attorney General's number is much
17 higher, it's around 17,000 and so I wanna try to
18 understand; to date you've been staffed at a level
19 that allows you to effectively respond to 311
20 complaints and of course the reason we're so grateful
21 to the Mayor for adding the additional staff is so we
22 can now proactively, if that's the word, go after the
23 illegal hotels, but would it be fair to say of the
24 681 complaints that you've gotten so far; are any of

1
2 those duplicative on the same apartment or are they
3 all unique apartments?

4 CHRISTIAN KLOSSNER: I did not dig down
5 into the 681 and we can certainly look into breaking
6 it down in the way that you asked about.

7 COUNCIL MEMBER ROSENTHAL: But even at
8 best, if they were all unique apartments; that would
9 only be a quarter of what The Real Deal, what their
10 most conservative estimate is and it would be a tiny
11 fraction of what the Attorney General is reporting.
12 My point just being, would you agree that we have a
13 lot of work ahead of us to catch up to what the real
14 amount of illegal activity is out there?

15 CHRISTIAN KLOSSNER: We do have a lot of
16 work ahead of us and we're very much looking forward
17 to staffing up and using the additional resources
18 that the Mayor and the Council, this Committee
19 provided to us. I would say that the complaints...
20 it's not fair to contrast just the complaints to the
21 number of properties because the complaint can put us
22 on the trail of an operator who's operating multiple
23 units... [crosstalk]

24 COUNCIL MEMBER ROSENTHAL: Okay.

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2 CHRISTIAN KLOSSNER: so that one
3 complaint could be the complaint that lets us
4 identify the most egregious operators.

5 COUNCIL MEMBER ROSENTHAL: Great point.
6 There's a data reporting bill that is Council Member
7 Rodriguez'; do you think that there's a way to
8 capture that information so we can know that we're
9 getting the really bad operators?

10 CHRISTIAN KLOSSNER: One of my priorities
11 is capturing as much information as we can to allow
12 us to target as effectively as we can.

13 COUNCIL MEMBER ROSENTHAL: In your
14 estimate, how many landlords do you think are renting
15 out multiple units in their building or a variety of
16 buildings?

17 CHRISTIAN KLOSSNER: I couldn't say here.

18 COUNCIL MEMBER ROSENTHAL: Okay. Do you
19 think a year from now you might know that information
20 better after you've had a real data person and more
21 staff able to look at it?

22 CHRISTIAN KLOSSNER: We'll put the metric
23 on the list.

24 COUNCIL MEMBER ROSENTHAL: Yeah, part of
25 the reason I ask is; when you're issuing the

1
2 violations, is there a violation that is specifically
3 targeted to transient use?

4 CHRISTIAN KLOSSNER: There are several
5 violations that address transient use; the transient
6 use itself and then the corollary safety violations
7 that... [crosstalk]

8 COUNCIL MEMBER ROSENTHAL: Sure.

9 CHRISTIAN KLOSSNER: go along with it.

10 COUNCIL MEMBER ROSENTHAL: So I know
11 Council Member Williams, I think he asked this, but
12 of the 1200 violations that have been issued so far
13 this year, do you have a sense of how many were
14 simply for transient use and not fire code or
15 building code violations?

16 CHRISTIAN KLOSSNER: Not that I can
17 publicly report, but we're honing in on that.

18 COUNCIL MEMBER ROSENTHAL: Okay. And
19 then I would be curious to know when, you have that
20 number, how many were repeat offenders...

21 CHRISTIAN KLOSSNER: Okay.

22 COUNCIL MEMBER ROSENTHAL: and how many
23 of those violations are paid and then the activity
24 stops, versus not paid and continued... [crosstalk]

25 CHRISTIAN KLOSSNER: Okay.

1
2 COUNCIL MEMBER ROSENTHAL: Is that
3 possible to get?

4 CHRISTIAN KLOSSNER: We'll add it to the
5 list and if we can't get that information we'll
6 certainly look into why not.

7 COUNCIL MEMBER ROSENTHAL: I know the
8 list has been so modest. Alright. Thank you so
9 much, thank you so much for all of your hard work and
10 your staff and your new staff; really appreciate your
11 efforts and look forward to standing with you side by
12 side to deal with this problem. Thank you.

13 CHAIRPERSON WILLIAMS: I didn't announce
14 we were also joined by Reynoso and Cornegy and we're
15 gonna hear from Public Advocate James.

16 PUBLIC ADVOCATE JAMES: Hello. Hi,
17 Commissioner; how are you?

18 CHRISTIAN KLOSSNER: Hi. Executive
19 director.

20 PUBLIC ADVOCATE JAMES: Okay and
21 Commissioner Mustaciuolo; he's an old friend. So let
22 me sort of understand this. The short-term rental
23 industry, is it subject to the same fire safety
24 requirements as legal hotels?

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2 CHRISTIAN KLOSSNER: I apologize; you're
3 asking me or the Deputy... [interpose]

4 PUBLIC ADVOCATE JAMES: Yeah, legal
5 hotels in the city of New York, they're subject to
6 fire safety requirements; are these short-term
7 rentals within Airbnb, are they subject to the same
8 fire safety requirements as the legal hotels that are
9 regulated by the City?

10 CHRISTIAN KLOSSNER: If a property is
11 being used as a hotel...

12 PUBLIC ADVOCATE JAMES: Yeah.

13 CHRISTIAN KLOSSNER: yes it is and those
14 are the violations that we will write; that they
15 don't have the adequate safety equipment that would
16 be required for a regular hotel [sic]... [crosstalk]

17 PUBLIC ADVOCATE JAMES: But if it's
18 illegally being used as a hotel, is it subject to the
19 same fire safety requirements?

20 CHRISTIAN KLOSSNER: Yes and we write
21 violations for those safety requirements...

22 PUBLIC ADVOCATE JAMES: So you write...
23 [interpose]

24 CHRISTIAN KLOSSNER: or an illegal hotel.
25

1 PUBLIC ADVOCATE JAMES: for illegal
2 hotels.
3

4 CHRISTIAN KLOSSNER: Yes.

5 PUBLIC ADVOCATE JAMES: Are these illegal
6 hotels subject to ADA requirements, American
7 Disabilities Act?

8 CHRISTIAN KLOSSNER: I don't have the
9 answer to that, but we'll look into it and get back
10 to you.

11 PUBLIC ADVOCATE JAMES: But legal hotels
12 are subject to ADA; yes?

13 CHRISTIAN KLOSSNER: That I don't have an
14 answer to either; I would assume so.

15 PUBLIC ADVOCATE JAMES: And legal hotels
16 pay taxes; as far as you know, these short-term
17 rentals, do they pay the same taxes as legal hotels?

18 CHRISTIAN KLOSSNER: I'm not up to speed
19 on the tax code just yet.

20 PUBLIC ADVOCATE JAMES: Okay. Let me ask
21 you this other question; illegal hotels, are they
22 subject to any type of inspections or verification?

23 CHRISTIAN KLOSSNER: They should be --
24 I'm not sure I understand your question, but when we
25

1
2 find a property that's being used as an illegal
3 hotel...

4 PUBLIC ADVOCATE JAMES: Yes.

5 CHRISTIAN KLOSSNER: we treat it as if it
6 is a hotel in the way that we inspect it; that's...
7 [crosstalk]

8 PUBLIC ADVOCATE JAMES: So you treat it
9 as if... you treat an illegal hotel as if it's a legal
10 hotel?

11 CHRISTIAN KLOSSNER: In the violations
12 that are available for us to write, yes.

13 PUBLIC ADVOCATE JAMES: Okay. And as far
14 as you know, in terms of their operation, do you know
15 whether or not anyone verifies all that the host says
16 on the internet is true; is there any verification?

17 CHRISTIAN KLOSSNER: I don't know and I
18 think... [interpose]

19 PUBLIC ADVOCATE JAMES: Okay.

20 CHRISTIAN KLOSSNER: it would be best for
21 me to speak to our fire inspectors to make sure that
22 I'm giving you accurate and knowledgeable
23 information.

24

25

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2 PUBLIC ADVOCATE JAMES: And how many
3 illegal conversion complaints have you currently
4 received?

5 CHRISTIAN KLOSSNER: Illegal conversion,
6 as compared to something else? I mean we've received
7 681 complaints...

8 PUBLIC ADVOCATE JAMES: 681 complaints
9 and they run the gamut...? [crosstalk]

10 CHRISTIAN KLOSSNER: in this calendar
11 year relating to what we use the term "illegal hotel"
12 to encompass.

13 PUBLIC ADVOCATE JAMES: And are they in
14 each of the boroughs or is it 681 citywide?

15 CHRISTIAN KLOSSNER: 681 citywide.

16 PUBLIC ADVOCATE JAMES: Can you break
17 down by borough?

18 CHRISTIAN KLOSSNER: We can and we will
19 get you that information. PUBLIC ADVOCATE JAMES: But
20 you don't have it with you today?

21 CHRISTIAN KLOSSNER: I do not.

22 PUBLIC ADVOCATE JAMES: Okay. Thank you.

23 CHAIRPERSON WILLIAMS: Council Member
24 Cornegy.

25 COUNCIL MEMBER CORNEGY: Good morning...

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2 COMMITTEE CLERK: Council Member Cornegy,
3 on Introduction 783-A, to vote.

4 COUNCIL MEMBER CORNEGY: I vote aye.

5 COMMITTEE CLERK: The vote now stands at
6 7.

7 COUNCIL MEMBER CORNEGY: Again, good
8 morning. I have a very unique kind of circumstance
9 that I really wanted to discuss with you around this
10 group of bills. So I represent Bedford-Stuyvesant
11 and Northern Crown Heights and have two
12 constituencies that I'm wondering if this legislation
13 will disproportionately affect as an unintended
14 consequence; those are brownstone and limestone
15 owners with four and under units and also bed and
16 breakfast owners who although when the target around
17 Airbnb began and when people began to look at Airbnb
18 as a potential for responsibility in decreasing
19 affordable units, the first group that was hit with
20 excessive fines and fees were my bed and breakfast
21 and I wanna make sure that there's not an unintended
22 consequence in these bills in and around for those
23 two demographics and I was wondering if you could
24 explain to me how you think this would affect those
25 two groups.

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2 CHRISTIAN KLOSSNER: I can't explain how
3 it would affect those two groups; I can just say that
4 we are very committed to making sure that the fine
5 structures are reflective of how to effectively
6 address the problem and we're committed going forward
7 to sharing data and information on what we're seeing
8 in the field and what information we can glean from
9 the adjudication and with oath to help inform those
10 decisions. I can say that going forward I can keep
11 my open for examples of how it fits those particular
12 examples and report back in the future.

13 COUNCIL MEMBER CORNEGY: Well I'm really
14 very concerned because while the state has not done
15 its due diligence in determining the status of bed
16 and breakfasts, you know, they fall in-between this
17 real catch 22 while we're waiting for the state to
18 make a determination that makes sense about who they
19 are; even though they're tax-paying and revenue-
20 generating entities for the city, they fall in this
21 gray area, but they also fall that they can be
22 subject to increased fines and fees when it may not
23 absolutely be necessary. So there's a particular
24 degree of due diligence that I feel like is
25 necessary, as the... I chair the Committee on Small

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2 Business and I support small businesses throughout
3 the city and especially a small business like bed and
4 breakfast who also contribute to the surrounding
5 economy -- shops, stores and those kinds of things --
6 that they're not disproportionately affected by, you
7 know, unintended consequences from a bill that
8 clearly doesn't target them, but usually what we see
9 as a by-product of that is the small businesses who
10 are disproportionately affected, so I mean, I don't
11 want for there to be a callous attitude as it relates
12 to this because I think it's a potentially really bad
13 problem for operators.

14 CHRISTIAN KLOSSNER: I'm happy to work
15 with you and your staff to make sure that our office
16 understands the nuances of your concern and to work
17 with you to make sure we understand what the
18 appropriate actions are.

19 COUNCIL MEMBER CORNEGY: So I actually
20 look forward to that. Thank you.

21 CHAIRPERSON WILLIAMS: Thank you Council
22 Member. And just to reiterate; as we mentioned, if
23 you have a one- and two-family home this bill does
24 nothing to you; if you are a three- or four-family or
25 more; as a matter of fact, we're more concerned about

1
2 the three- or four-families not being adversely
3 affected. You are in a limbo state because of the
4 state; we're gonna do everything we can to make sure
5 this bill doesn't make that any worse, so we're gonna
6 do as much as we can to do that, but with the
7 increased enforcement I understand the council
8 member's concern; the best thing that can happen is
9 that Airbnb work with us to get rid of the illegal
10 hotels and so that we wouldn't need to do any
11 additional enforcement on this. Thank you. Council
12 Member Reynoso.

13 COUNCIL MEMBER REYNOSO: Hello Executive
14 Director and folks; Vito, nice to see you again. I
15 just wanted to... Williamsburg has... or let's say North
16 Brooklyn has 3,085 listings -- the most recent
17 information we have -- which is over 10% of Airbnb
18 listings, come from a neighborhood that's been highly
19 gentrified; just wanna know when you guys, in your
20 violations issued, what portion of that or what
21 percentage of that comes from North Brooklyn?

22 CHRISTIAN KLOSSNER: I don't have that
23 information at hand, but that's something we can
24 report in the future.

25

1
2 COUNCIL MEMBER REYNOSO: Okay. And I'm
3 sorry; I could barely hear you, so if you could just
4 speak up.

5 CHRISTIAN KLOSSNER: Sure, I'm sorry.
6 It's not information that I have here, but it's
7 information that we can get back to you with.

8 COUNCIL MEMBER REYNOSO: But you are in
9 Brooklyn doing inspections?

10 CHRISTIAN KLOSSNER: Yes.

11 COUNCIL MEMBER REYNOSO: Okay. Just
12 really would like to get that information in; I wanna
13 make sure that we're also trying to figure out a way
14 to be, I guess equitable in the inspections that are
15 happening and where they're happening and making sure
16 that we can start addressing it, and North Brooklyn
17 is a special case where renters can rent a one-
18 bedroom for \$2,500 in Williamsburg and still Airbnb
19 it and make more money than the landlord would have
20 received; that's how crazy the market is in
21 Williamsburg. So please, when you get that
22 information, get it to me so that I can just make
23 sure that you guys are equitably inspecting
24 neighborhoods, especially ones that are overly
25 affected. Thank you guys.

1
2 CHAIRPERSON WILLIAMS: Thank you
3 Mr. Klossner and I know this is your first hearing
4 and you've just began... [interpose]

5 CHRISTIAN KLOSSNER: For the City
6 Council, yes.

7 CHAIRPERSON WILLIAMS: Yes. We're hoping
8 next time, if you can hopefully have some of the
9 additional information around the topic that we're
10 discussing will be helpful as we move forward with
11 the conversation.

12 CHRISTIAN KLOSSNER: Absolutely.

13 CHAIRPERSON WILLIAMS: Thank you very
14 much for your time, thank everyone for the testimony,
15 we really appreciate it; unless anyone has some
16 pearls of wisdom they wanna drop before they leave, I
17 just wanna say thank you very much again.

18 VITO MUSTACIUOLO: Thank you for the vote
19 on the..

20 CHAIRPERSON WILLIAMS: No problem.

21 VITO MUSTACIUOLO: Great [sic], thank
22 you.

23 CHAIRPERSON WILLIAMS: We have another
24 panel with representatives from elected officials and
25

1
2 then... [background comment] then we'll have Airbnb,
3 who I'm sure everyone is waiting to hear from.

4 Adele Bartlett, Manhattan Borough
5 President Gale Brewer's office; Marty Algaze [sp?]
6 from Assembly Member Dick Gottfried's and Senator Liz
7 Krueger's office.

8 I wanna thank the representatives for
9 being here; we're gonna give the representatives
10 three minutes each to give their testimony. Can you
11 both raise your right hand please? Do you affirm to
12 tell the truth, the whole truth and nothing but the
13 truth in your testimony before this committee and to
14 respond honestly to council member questions? You
15 each have three minutes; you can begin in the order
16 of your preference.

17 [background comments]

18 ADELE BARTLETT: Okay. Good morning.
19 I'm here on behalf of Gale Brewer, the Manhattan
20 Borough President, and first I'd like to thank Chair
21 Williams and Public Advocate and members of the
22 committee for this opportunity.

23 I also would like to congratulate this
24 body and the administration for providing the
25 substantial increases in support for the agencies

1
2 that are charged with enforcement of our codes that
3 would prevent illegal use of permanent housing for
4 transient visitors and I welcome and support the
5 intent of these bills being addressed here today.

6 As elected representatives today we must
7 live up to both our legal and moral obligations to
8 use all our resources, not only to protect the safety
9 and security of visitors to the city and to protect
10 the lives and safety and privacy of New York City
11 residents, but also to preserve our precious and
12 dwindling supply of housing affordable to all New
13 Yorkers. It is these obligations that led me in
14 2010, along with many other leaders, organizers and
15 state elected officials to support the amendment of
16 our state laws defining what is legal use of
17 permanent hotel units and to work together with the
18 city to defend those laws.

19 Following the clarification of the state
20 laws in this body, I introduced legislation which
21 eventually became law that clarified the
22 Administrative Code and provided that the illegal use
23 of permanent housing was in fact an immediately
24 hazardous violation. Unfortunately, due to our
25 inability to enforce the code or more likely, in

1 light of the high rate of financial return that can
2 be realized by violating the code and using permanent
3 housing as transient, we have not really been able to
4 see a significant decrease in these violations. We
5 were hoping to stem the tide with the changes that we
6 made in 2011 and 2012, but it didn't work; the
7 intensity of the sharing-for-fee industry has
8 seriously compounded the problem. So I'm here to
9 lend particular support to Intro. 826, which would
10 substantially increase the penalty imposed where an
11 owner is found to have violated the code and has
12 illegally converted permanent dwelling unit to
13 transient use. And I understand that for people who
14 have not been deeply involved in the affordable
15 housing movement the impact on housing of transient
16 use of apartments intended for permanent residences
17 can seem obscure, but when you calculate the
18 difference in profit that is available by renting out
19 units, both in residential hotels and apartments for
20 nightly or weekend stays compared to the profit an
21 owner realizes from the legal and often stabilized
22 monthly rent, two things become quite obvious.
23 First, owners will do everything they can to avoid
24 legal permanent tenants and will keep units off the
25

1 rental market and available for much more lucrative
2 transient use and secondly, that we have to do all we
3 can to disincentivize the practice [bell] if we are
4 serious about preserving our supply of apartments for
5 permanent homes for New Yorkers. I'll end there.

6 Thank you.

7 CHAIRPERSON WILLIAMS: Thank you.

8 MARTY ALGAZE: I'm Marty Algaze; I
9 represent Assemblyman Richard Gottfried and I'm doing
10 joint testimony on behalf of Assemblyman Gottfried
11 and Senator Liz Krueger; both of them could not be
12 here today.

13 I wanna thank Chair Williams and the
14 members of the Housing and Buildings Committee and
15 the Public Advocate for holding this hear today.

16 We have been working for more than a
17 decade to understand and address the exponential
18 growth of residential apartments being illegally used
19 as short-term transient units for visitors commonly
20 known or referred to as illegal hotels. After years
21 of collaboration with a large task force of elected
22 officials, neighborhood organizations, housing
23 advocates and city agencies, we passed legislation in
24 2010 clarifying ambiguities in city and state laws
25

1 that made it difficult for city enforcement agencies
2 to take action against illegal hotels. Following the
3 enactment of the state law we continued working
4 closely with the task force to support subsequent
5 introduction and passage in 2012 of Local Law 45,
6 sponsored by then Council Member Gale Brewer, who
7 classified illegal hotel violations as immediately
8 hazardous and increased the fines the City can
9 impose.
10

11 I'm gonna cut a lot of this because this
12 is way too long and I hope it'll all be read into the
13 record.

14 But basically, in summing up, both
15 Senator Krueger and Assemblyman Gottfried support
16 Intro. 826. Increasing the civil penalties for
17 violating illegal hotel laws is a very effective way
18 to discourage profiteering by those who illegally
19 rent out residential apartments. The threat of
20 \$50,000 fine that escalates at \$2,000 per day
21 dramatically changes the economic reality for illegal
22 hotel operators and ensures that fines are not simply
23 written off as the cost of doing business.

24 We also think it's appropriate for the
25 Council to consider establishing a process for the

1
2 Mayor's Office of Special Enforcement and the
3 Environmental Control Board to determine whether the
4 tenant or the co-op condo owner is the truly
5 responsible party for violating the illegal hotel
6 laws and apply these penalties to the party that's
7 really guilty of doing this. In some cases it might
8 be appropriate to apportion the responsibility
9 between the landlord and the occupant, because
10 sometimes they're in cahoots together working and
11 illegally renting out these units. This may be a
12 novel idea in the housing violation law, but would be
13 another option to discourage the practice of illegal
14 hotel rentals.

15 Thank you so much for holding this
16 hearing and for these bills.

17 CHAIRPERSON WILLIAMS: Thank you very
18 much, and you put out something that I actually
19 forgot to ask, which is how the administration
20 figures out who's responsible; the property owner or
21 the tenant, but the wonderful staff are gonna make
22 sure that we get that information from them. I just
23 wanna say thank you again and thank the Borough
24 President; she took a leadership role on this issue
25 when she was here. My colleagues aren't here, but I

1
2 wanna make sure I give them a shout-out; Council
3 Members Rosenthal and Levine and this committee for
4 getting some extra funding into the Office of Special
5 Enforcement through the Speaker's leadership as well
6 to focus on this. Thank you very much.

7 MARTY ALGAZE: Thank you; appreciate it...

8 [crosstalk]

9 ADELE BARTLETT: Thank you.

10 CHAIRPERSON WILLIAMS: We have the panel
11 of the hour, Chris Lehane from Airbnb; Evan Frank for
12 Onefinestay; Linola Stone, Airbnb, and Maria P. Rios,
13 who is also a host. If you can please come forward.

14 And while they're doing that, I normally
15 don't comment on bills in my committee before we have
16 a hearing; I took a different note on today, the
17 press conference today; one, because we had a hearing
18 previously and two, as I mentioned, from that hearing
19 till now I found that there have been disingenuous
20 activity going on, in that Airbnb's, I felt,
21 generally trying to mislead people in... [background
22 comment] in what we were trying to do and still
23 refusing to give us data that would make it helpful
24 for us to really have the genuine conversation that
25 we wanted to do.

1
2 I did wanna follow up on something that's
3 been already done; it's something that we did last
4 time as well, just so we're clear again; those of you
5 who are tenants, who live in your apartment and rent
6 out a room and those of you who are one- and two-
7 family homeowners that use Airbnb, can you raise your
8 hand again, please, just so we can see? [background
9 comments] You can raise them high... [background
10 comments] Okay. So what we're doing now has
11 absolutely nothing to do with you and [background
12 comment] you can testify if you'd like to express
13 your love of Airbnb, but these bills won't affect
14 you. Also, we know that Airbnb is not the only home-
15 sharing business, but they have chosen to be the
16 poster child for it and so we I guess appreciate that
17 and they are one of the bigger sites and businesses
18 that do this work.

19 Those of you testifying, can you please
20 raise your right hand? Can you hear me? [background
21 comment] That's okay. Do you affirm to tell the
22 truth, the whole truth and nothing but the truth in
23 your testimony before this committee and to respond
24 honestly to council member questions? I'll give you
25 each three minutes to give your testimony, but I'm

1
2 sure we'll have some additional questions after that.
3 You can begin in the order that you... [sic]

4 CHRIS LEHANE: Ah thank you, the magic
5 button. Thank you Mr. Chair; thank you members of
6 the Council. My name is Chris Lehane; I'm the head
7 of Global Policy for Airbnb. Thank you for the
8 invitation to appear in this august and historic
9 chambers; it's a real pleasure to be here today.
10 This my eighth week at Airbnb and I've had the
11 wonderful opportunity to literally travel around the
12 world and meet with government officials at all
13 different levels to talk about the partnerships that
14 we've been able to engage in with cities from
15 Amsterdam to Philadelphia; from Milan to Jersey City;
16 I was really excited that two weeks ago we just
17 announced the first partnership of its kind in
18 California where the state of California has
19 authorized state employees to be able to travel on
20 the Airbnb platform and as I was winging my way here
21 last night on a red eye from San Francisco, I
22 actually heard that the state of Tanzania in
23 Australia had announced that they were embracing
24 Airbnb and home-sharing.

1
2 I'm from California; I tend to be
3 optimistic; I intend to think that the glass is half
4 full and so I'm very optimistic that this will be a
5 productive and constructive session.

6 With me, and I'm very honored to have
7 them both here, are two hosts from New York. On my
8 left is Linola Stone, who is a second class Petty
9 Officer in the U.S. Coast Guard Reserves, who I think
10 is actually just reporting from having been on duty,
11 if that's correct, in Boston; she'll correct me if
12 I'm wrong, and to my right is Maria Rios, who I
13 believe is a single mom, originally from Colombia
14 [background comment] and a homeowner from Staten
15 Island. [background comment] Yeah. Okay. Sorry,
16 lo siento.

17 At the outset I'd like to make a couple
18 points clear. First, we're committed to working with
19 cities as partners and would very much like to work
20 with New York City if there is an interest to find a
21 way forward to do right by the middle class while
22 also addressing the City's issues. Second, I know
23 that many on this Council, beginning with the chair
24 and others, have fought for the middle class; they
25 have along record of it and a long history of it and

1 we at Airbnb have great respect for the leadership
2 that the chair and others have shown in those fights
3 and having been on the frontlines for a long time.
4 And third, we are a company that was founded to help
5 keep people in their homes, when it comes to making
6 their mortgages; when it comes to paying their
7 monthly rent; we are a people to people platform, of
8 the people, for the people and by the people. It was
9 created during the great recession to help everyday
10 people use what is typically their greatest expense,
11 the cost of their housing, as a way to generate
12 supplemental income. Today there are about 500,000
13 members of the Airbnb community in New York City,
14 with approximately 25,000, a little bit more, hosts,
15 approximately 9 out of 10 New York City hosts share
16 their permanent home; the majority, the overwhelming
17 majority of the New York City hosts are middle and
18 working class and 72% of the hosts in New York City
19 [bell] use Airbnb to stay in their homes. Okay, I'll
20 go quicker. Let me just touch briefly on our basic
21 philosophy. Our philosophy is that we wanna work
22 with cities as partners; we understand that cities
23 are all different and unique and we wanna work to
24 help to solve issues that may be specific to a
25

1 particular city; secondly, we understand that cities
2 deserve and need information; we're happy to work in
3 a constructive way with the city to help provide data
4 so that the city's in a position to make good
5 decisions and third, we understand the importance of
6 making sure that our community is being part of the
7 solution; we wholeheartedly support the effort to
8 target illegal hotels; it's not what Airbnb is about;
9 it's not what our hosts are about, and is, in our
10 view, not the right policy for the city, so we fully
11 embrace that. And the last point I would like to
12 make, given the time, is appreciate and hope that we
13 can make this a really constructive session; we
14 obviously have real concerns about the idea of
15 imposing fines that would go as high as \$50,000 for a
16 middle class, working class person. We conducted an
17 analysis which we hope is helpful to inform the city
18 and decision makers as they look at this and if you
19 take a look at the basic numbers from our analysis
20 they're pretty stark; it documents that almost 8,000
21 households in New York City would be rent-burdened if
22 this legislation passed; it also documents that as
23 many as 22,000 New York families could go bankrupt if
24 this legislation was passed and directed at them.
25

1
2 We're hopeful that the city will take a look at this
3 information; in our view, it's an extreme measure
4 that shocks the conscience, but again, recognize that
5 this is part of a conversation, we respect the
6 Council; we look forward to working with folks. Over
7 the last four or five days we've had 6,000 plus folks
8 weigh in on this issue; the testimony is here, we'll
9 submit it, and I would like to ask each of the hosts
10 if you guys would like to say a few words, if that's
11 appropriate, Mr. Chair.

12 CHAIRPERSON WILLIAMS: I'm gonna break
13 form a little, 'cause I think before the bell, think
14 you were gonna read some stats; you can go ahead and
15 read those stats if you... there were some stats you
16 were gonna read, I think.

17 CHRIS LEHANE: Yeah, there were a number
18 of stats I was gonna read... [interpose]

19 CHAIRPERSON WILLIAMS: You can go ahead
20 and do...

21 CHRIS LEHANE: Okay, I appreciate that.
22 Let me find them here. So there is one thing in
23 particular that I know has been of great to the
24 Council and the City and you know that is the issue
25 of safety and security. You know, in the spirit of

1
2 trying to provide data to the City, we took a look at
3 some of the information out there. You know we know
4 that there have been about 800,000 guests who have
5 stayed at Airbnb in New York City in 2014 and we know
6 that over that time period there were five fire-
7 related incidents reported to our company; that
8 represents a rate of fewer than approximately 1 for
9 every 100,000 guests, and just for comparison sake
10 and according to the Fire Department in New York,
11 nearly 20,000 structural fires have occurred in New
12 York City over that time period. With regards to
13 firearms, and I know, Mr. Chair, you have in
14 particular been a real leader on this issue; we would
15 welcome the opportunity to work with you on that
16 issue; over that same time period we've had one
17 incident involving a firearm, compared to about 1,000
18 citywide. And so you can extrapolate those numbers
19 and it's pretty clear that being on an Airbnb
20 platform is safer than being in a general population
21 of the city; again, we wanna work with the City on
22 safety issues, but wanted to make sure that you had
23 that data and information, given people have
24 expressed an interest in that.

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2 CHAIRPERSON WILLIAMS: Thank you.

3 Whoever's next can...

4 [background comments]

5 MARIA RIOS: [01:22:26 - Spanish]

6 [interpose]

7 CHAIRPERSON WILLIAMS: Sorry; is someone

8 gonna be translating? [background comment] Is

9 someone here gonna be translating for her?

10 [background comments]

11 MARIA RIOS: Okay, so.

12 CHAIRPERSON WILLIAMS: Okay. Okay. How

13 do... [background comments] Yeah, do you want her to do

14 a couple sentences first and then translate?

15 [background comments] Okay... [crosstalk]

16 COUNCIL MEMBER MENDEZ: [01:22:53 -

17 Spanish]

18 MARIA RIOS: Okay. [01:22:59 - Spanish]

19 COUNCIL MEMBER MENDEZ: [01:23:09 -

20 Spanish]

21 [background comments]

22 CHAIRPERSON WILLIAMS: Yeah, one second.

23 Thank you. [background comments]

24 COUNCIL MEMBER MENDEZ: [translating for

25 Maria Rios] My name is Maria Rios and I come from

1 Staten Island. [background comments] Oh, she said
2 it in English, the forgotten borough. [laughter]
3 [background comments] You and James Otto, yeah.
4 [background comments]
5

6 CHAIRPERSON WILLIAMS: Council Member, if
7 you could just have her say it into the mic so we can
8 have it... and then you can translate.

9 [laugh] [background comments]

10 MARIA RIOS: **[01:24:19 - Spanish]**

11 COUNCIL MEMBER MENDEZ: **[01:24:34 -**
12 **Spanish]** I wanna thank you for the opportunity to
13 come here and to talk about Airbnb because what is
14 being portrayed is very negative and that is not what
15 it is.

16 MARIA RIOS: **[01:24:48 - Spanish]**

17 COUNCIL MEMBER MENDEZ: I'm a single mom
18 and I just had the opportunity to buy a home in
19 Staten Island a few years ago and I've been able to
20 maintain my home through Airbnb and I'm here 'cause I
21 want to ensure that this legislation does not get
22 applied -- you know it's different 'cause I own my
23 home, but I wanna make sure it doesn't get applied in
24 circumstances like mine, to a homeowner in a two-
25 family home. [background comments]

1
2 She has an article here; she wrote a
3 piece that was... **[01:25:59 - Spanish]**

4 MARIA RIOS: **[01:26:01 - Spanish]**

5 COUNCIL MEMBER MENDEZ: She wrote an
6 opinion piece that was published in El Diario La
7 Prensa and it's in Spanish; she doesn't know if she
8 has time to read it. [background comment]

9 CHAIRPERSON WILLIAMS: If she wants, she
10 can submit it to... [crosstalk]

11 COUNCIL MEMBER MENDEZ: **[01:26:13 -**
12 **Spanish]** [crosstalk]

13 MARIA RIOS: **[01:26:15 - Spanish]**

14 COUNCIL MEMBER MENDEZ: So I have a legal
15 two-family home and have found myself in a
16 circumstances where my tenants have not paid rent and
17 in one circumstance someone did not pay rent for six,
18 seven months; I had to take the person to court; I
19 was able to remedy my financial situation by renting
20 through Airbnb, but some tenants know the laws and
21 know how to take advantage of it and for me it has
22 created this problem.

23 MARIA RIOS: **[01:27:46 - Spanish]**

24 COUNCIL MEMBER MENDEZ: Okay. She... I'm
25 not quite sure; she mentioned something about a LINC;

1 she has a tenant in the apartment and through the
2 LINC through the city it is paying one month's rent
3 and the security and she... [crosstalk]

4
5 MARIA RIOS: [01:28:44 - Spanish]

6 COUNCIL MEMBER MENDEZ: and that's given
7 her peace of mind to be able to rent the apartment
8 again and we need to think about some of these
9 programs.

10 MARIA RIOS: [01:28:57 - Spanish]

11 COUNCIL MEMBER MENDEZ: And that she
12 wants to just state that the driving problem is not
13 Airbnb, there are other problems.

14 CHAIRPERSON WILLIAMS: And if we can ask
15 her to give a final statement; that will be great.

16 COUNCIL MEMBER MENDEZ: Okay. [01:29:17
17 - Spanish]

18 MARIA RIOS: [01:29:19 - Spanish] [bell]

19 COUNCIL MEMBER MENDEZ: So you know, she
20 lives in her neighborhood and it has a reputation for
21 being a tough neighborhood, but it's a very nice area
22 and through Airbnb she's been able to rent to people
23 from other countries and been able to sustain her
24 home for her and her child.

25 MARIA RIOS: 01:29:49 - Spanish]

COUNCIL MEMBER MENDEZ: And to put out another view of a reality... [crosstalk]

MARIA RIOS: **[01:29:54 - Spanish]**

COUNCIL MEMBER MENDEZ: for people and put out another view for people from that neighborhood.

CHAIRPERSON WILLIAMS: Gracias.

COUNCIL MEMBER MENDEZ: Muchas gracias.

MARIA RIOS: Thank you. [background comments]

CHRIS LEHANE: Mr. Chair.

[background comment]

LINOLA STONE: Good morning, Council. My name is Linola Stone... [interpose]

CHAIRPERSON WILLIAMS: Can you bring the mic a little closer?

LINOLA STONE: Absolutely. My name is Linola Stone and I have lived in Manhattan now for 16 years. I began to Airbnb about two-and-a-half years ago when I was transferred from the 13th District in Seattle to here in Manhattan. I am a reservist in the Coast Guard and so I don't always know what my schedule's gonna be; I am also a freelancer, which makes also for a very unpredictable schedule. This

1
2 year alone I was deployed twice and I was also called
3 up to temporary active duty up in Boston; both times
4 I had already promised people from other countries
5 that they would have a safe place to stay in
6 Manhattan. I do not have control over these things
7 and I guess what I'm most concerned -- and I
8 understand that the intent is to hurt corporate
9 interests that will rent out entire buildings into
10 short-term rentals and that I'm not maybe your target
11 audience as far as like the person that you wanna
12 prosecute, but as the Council Member earlier
13 mentioned, I am very concerned about unintended
14 consequences because I would fall -- if my deployment
15 goes over 30 days, I would fall into this category of
16 running an illegal hotel and so my only option is to
17 leave somebody in a lurch, which goes totally against
18 the whole reason that I'm doing this. Originally I
19 was doing it because when I was transferred here I
20 was transferred off-season and unexpectedly and all
21 my jobs that month fell through; I had never had that
22 happen before and I was left with no income and I was
23 selling ink cartridges on Craig's List so I could
24 afford milk and basic... I wrote a letter to my
25 landlord saying I'm not gonna be able to get rent in

1 on time but I'm going -- you know, I have been a good
2 tenant and I will try to do it and Airbnb was
3 absolutely a lifeline at that point in my life. Do I
4 need to do it right now? Like I enjoy, I make scones
5 and I have tea with my guests in the morning before I
6 head out to work; I helped them navigate the city and
7 it is not only beneficial for me, but I think it's
8 beneficial for them. A number of my hosts would not
9 be in New York, spending their tourist dollars, if
10 you will if they would have to spend more than -- I
11 charge \$89; like, you know, to stay in my other room
12 and you know that's a good deal for them and for me
13 the benefit is more than financial; it's also [bell]
14 intrinsic to be able to have that time with -- to
15 show really the face of America and I am fully strong
16 in that obviously because I served up for service in
17 our armed forces and so that's my concern. So I
18 would love to hear, you know, similar to the council
19 member earlier who was worried about unintended
20 consequences, because I think that is my major
21 concern, broad-reaching, overreaching legislation we
22 all know can foster unintended consequences that do
23 hurt people that were maybe not originally in the
24 crosshairs.
25

CHAIRPERSON WILLIAMS: Thank you.

EVAN FRANK: Good morning... Can you hear me? [background comments] That's better. Fine.

Good morning Mr. Chairman, Madame Public Advocate; members of the committee. My name is Evan Frank and I'm the Co-Founder and President of Onefinestay, a company providing homeowners with a fully managed, safe, secure and controlled way to have guests in their home when they're out of town.

In 2012 we chose New York City to be our U.S. headquarters and currently employ in New York a growing workforce of 40 full-time staff based in downtown Manhattan, as well as 65 part-time staff members that provide cleaning and maintenance support out of our Brooklyn Navy Yard's facility.

If you're already familiar with Onefinestay, then you know that we are not a hands-off online home-sharing platform; we're a high-touch operations company that fully manages the experience from start to finish for our homeowners, as well as our guests.

Since day one we've been remitting hotel occupancy and sales tax and in 2014 Onefinestay remitted \$1.4 million in taxes to the city and state.

1
2 We maintain a global Lloyds of London insurance
3 policy that has up to \$7 million of liability
4 coverage and is a primary policy that acts first,
5 which we believe to be unique to the industry.

6 Currently we partner with just under 500
7 properties in Manhattan and Brooklyn, all real
8 people's homes, not investment units. None of our
9 homes are rent-regulated and the overwhelming
10 majority are owner-occupied.

11 We meet the owners of all of our homes
12 that we work with to ensure they adhere to our
13 comprehensive standards, which includes a working
14 carbon monoxide and smoke alarm as well as clear exit
15 locations that we pass along to the guests. After
16 the homeowner leaves for their travel, we clean and
17 prepare the home to a high standard. We check the
18 identity of all of our guests at the time of booking
19 and reverify at arrival when the guest is met by a
20 Onefinestay employee who provides them with key
21 information about the home and the neighborhood, as
22 well as a 24-hour customer service line. Following
23 the visitor's departure the home is given a fresh
24 cleaning and returned to the homeowner as it was
25 left.

1
2 We're proud to have received praise and
3 attention from our hosts, guests, business leaders
4 and the New York Times, which has extensively covered
5 our responsible and innovative approach to home-
6 sharing and property managing. Having met with many
7 of the sponsors of Intro. 826 over the past few
8 months, it is clear that the primary intention is to
9 deter and penalize the bad actors operating in rent-
10 regulated buildings and landlords illegally renting
11 out multiple rent-regulated units. We wholeheartedly
12 support that intention.

13 However, 826 goes far beyond punishing
14 the bad actors, as the bill is currently written,
15 condo or co-op owners supplementing their income by
16 occasionally renting their owner-occupied homes, even
17 when the building's own board gives them permission
18 to do so, would face crippling fines in the tens of
19 thousands of dollars. Many of your constituents may
20 own a condo or co-op that they occasionally rent
21 [bell] out or wish to in the future; we believe they
22 should not be lumped in with bad actors running
23 illegal hotels. I think we can all agree that there
24 is a clear distinction between illegal operators of
25 rent-regulated units and the condo or co-op owner

1
2 that occasionally uses a service like Onefinestay
3 when they're away for a few weeks on vacation, but
4 the bill makes no such distinction.

5 We ask the Council to be innovative, fair
6 and targeted in your approach to penalize the bad
7 actors and adjust the bill accordingly; Onefinestay
8 is committed to working with the Council to help
9 achieve that objective.

10 With respect to Intro. 823, we support
11 requiring Department of Buildings to submit an annual
12 report to the Council on the illegal conversion of
13 dwelling units. The collection of this information
14 is relevant to tracking those truly bad actors that
15 abuse affordable rent-regulated housing.

16 Thank you for the opportunity to testify
17 today and I'm happy to answer any questions.

18 CHAIRPERSON WILLIAMS: Council Member
19 Mendez, can you stick around for a couple more
20 minutes? Okay. Alright, 'cause I'm gonna have some
21 questions.

22 Thank you so much for all of the
23 testimony. There's a lot here and just so we're
24 clear, we have a housing shortage in New York City,
25 so I just wanna make sure everybody is clear on that

1 and that homelessness is at a record high, so we have
2 to do whatever we can to make sure that there is
3 affordable housing for the city of New York, we must
4 be able to do that. We also want to make sure we
5 weigh that out with people who have their own
6 properties who wanna do certain things and so we
7 think that the law is pretty clear about that; again,
8 if you are renting a room in your apartment, you're
9 fine, even if it is rent-stabilized; if you're a one-
10 and two-family homeowner you are also fine. We
11 believe by the way that the way the bill is written,
12 if you have permission for your co-op and condo that
13 you are also fine; we'll double-check; if it's not
14 we'll try to make sure that we make the language
15 clearer, but we're leaving that up to the co-op and
16 condo building. And again, three- and four-family,
17 they're in a limbo stage, but not because of us. I
18 will say on my point of view, I am more partial to
19 those bed and breakfasts and those units that are
20 three and four that are owner-occupied as opposed to
21 are not owner-occupied. Once you start going to five
22 and six units however, you've just become a hotel and
23 there's a reason why we have hotels and we have hotel
24
25

1 regulations, so I wanna make sure we make distinction
2 of those.

3 Miss Stone, is that...

4 LINOLA STONE: Uhm-hm.

5 CHAIRPERSON WILLIAMS: first, thank you
6 for your service; really appreciate it... [crosstalk]

7 LINOLA STONE: Thank you.

8 CHAIRPERSON WILLIAMS: Now the place you
9 rent out is your apartment; correct?

10 LINOLA STONE: Yes.

11 CHAIRPERSON WILLIAMS: And when you leave
12 [background comments] and are deployed, is it over 30
13 days or under 30 days?

14 LINOLA STONE: It depends on the needs of
15 the service.

16 CHAIRPERSON WILLIAMS: So just I am, and
17 the council members will speak for themselves, but
18 I'm sure we are sensitive to the needs of people who
19 are in armed forces and will think about how we can
20 make sure it's not affecting people who are called to
21 serve the country, so we'll definitely take that into
22 consideration. Freelance work however is not the
23 same thing, so I'm not sure we'd be able to protect
24 freelancers... [crosstalk]

1
2 LINOLA STONE: It is my income, so
3 obviously it's... you know, what I earn from my service
4 is miniscule and I do it out of devotion to duty
5 rather than for financial gain, because it is not
6 lucrative and so I am able to support my service
7 through my freelance work, so I understand that; that
8 it might not be a large concern, however it is a
9 large concern to me.

10 CHAIRPERSON WILLIAMS: No, it is a large
11 concern; I'm just saying if someone who is not a
12 reservist comes and says they do freelance work, I
13 don't think that would be enough of a reason to not
14 abide by the laws that are currently there because...
15 if you go on vacation, it's one thing, but if you are
16 gonna be out of your home six months out of the year,
17 you are actually running a hotel room and so that's...
18 [crosstalk]

19 LINOLA STONE: Well I...

20 CHAIRPERSON WILLIAMS: exactly what it is
21 we're trying to... [crosstalk]

22 LINOLA STONE: Yeah, I think that that is
23 an exorbitant amount of time, but that's not what the
24 laws says; doesn't say six plus months, but that's
25 not... [crosstalk]

2 CHAIRPERSON WILLIAMS: What I'm saying is
3 that the freelance portion, that's not gonna be what
4 I think concerns most of us; the fact that if we have
5 someone who may be deployed for whatever reason,
6 whether reservist or in armed forces, I think that is
7 something that we definitely wanna take a look at and
8 make sure that we don't capture. So thank you for
9 bringing that portion of it to our attention.

10 Is Council Member Mendez still here?
11 [background comments] Oh. Council Member Mendez, I
12 have some questions; is it Miss Rios? [background
13 comments]

14 Miss Rios, gracias for your testimony. I
15 think you said that you lived in a one- and two-
16 family home; is that correct?

17 MARIA RIOS: I'm sorry; can you repeat
18 that again, please? [background comment]

19 CHAIRPERSON WILLIAMS: That was pretty
20 good. [laughter]

21 MARIA RIOS: No, I feel like... [laughter]
22 I feel... sorry. [background comment]

23 COUNCIL MEMBER MENDEZ: [01:42:36 -

24 **Spanish]**

25 [laughter, background comments]

2 CHAIRPERSON WILLIAMS: I believe you said
3 you live in a one- or two-family home.

4 MARIA RIOS: My house is legally two-
5 family house; the one that I renting through the
6 LINC; I went back to the LINC program, is because I
7 found out, you know I had security from the city that
8 they pay for the... [crosstalk]

9 CHAIRPERSON WILLIAMS: Yeah.

10 MARIA RIOS: the tenants...

11 CHAIRPERSON WILLIAMS: It's for formerly
12 homeless families, the LINC... [crosstalk]

13 MARIA RIOS: My house is legally two-
14 family house, three bedrooms... [crosstalk]

15 CHAIRPERSON WILLIAMS: The LINC, the LINC
16 program, I believe...

17 MARIA RIOS: Oh the LINC program...

18 CHAIRPERSON WILLIAMS: Yeah.

19 [background comment]

20 MARIA RIOS: is one.

21 COUNCIL MEMBER MENDEZ: [01:43:12 -

22 **Spanish]**

23 MARIA RIOS: [01:43:16 - **Spanish]** Yes...

24 [crosstalk]

25

2 COUNCIL MEMBER MENDEZ: Yes, formerly
3 homeless.

4 CHAIRPERSON WILLIAMS: Yeah. But you
5 own... you own a one... you own a two-family home...

6 MARIA RIOS: Two-family house.

7 CHAIRPERSON WILLIAMS: and you were using
8 one unit for...

9 MARIA RIOS: Airbnb.

10 CHAIRPERSON WILLIAMS: and you lived in
11 the other unit?

12 MARIA RIOS: And in the other unit, it's
13 three bedrooms and I have one rented to Airbnb...

14 [crosstalk]

15 CHAIRPERSON WILLIAMS: So just so you
16 know, this doesn't apply to you at all... [crosstalk]

17 MARIA RIOS: I understand.

18 CHAIRPERSON WILLIAMS: because it is
19 perfectly legal; there is a lot of confusion that we
20 think is intentionally being done, but [background
21 comment] just so you know, you... this wouldn't affect
22 you at all.

23 MARIA RIOS: No, I understood that, but
24 the thing is, I wa... I understand not for Airbnb
25 because they've been posting Airbnb in a negative

1 way. Airbnb brings tenants, I mean people who come
2 now live for vacation, people who come for emergency
3 or people who come -- in my neighborhood, my tenants,
4 you know, my neighborhood is well-known, like it's a
5 top neighborhood, but my visitors, they... you know my
6 guests leave with [background comment] a good
7 impression of my neighborhood and they spend money,
8 they go to shop at the local, you know the
9 supermarket; that don't happen...

11 CHAIRPERSON WILLIAMS: So I do wanna say,
12 again, what you're doing is perfectly legal; what we
13 find disingenuous is that Airbnb would bring folks
14 like you to testify, because it just continues the
15 illusion that this is who we're going after when
16 we're not and I understand why they do it, it's
17 sympathetic, but it doesn't help the conversation,
18 because we wanna work with folks so that we don't
19 overreach, but it gets harder to do that the more
20 they push back and pretend as if we're trying to go
21 after folks like you. I don't have a problem with
22 Airbnb service, in terms of what you're doing, that's
23 fantastic, but I believe that there are many people
24 who are illegally doing services on Airbnb, so that's

25

1
2 what it is. But thank you very much; I appreciate
3 your testimony.

4 MARIA RIOS: Thank you for giving me the
5 opportunity to be here.

6 CHAIRPERSON WILLIAMS: Thank you. You
7 speak wonderful English.

8 MARIA RIOS: Oh thank you.

9 [laughter] [background comment]

10 CHAIRPERSON WILLIAMS: Mr. Frank, thank
11 you... [interpose]

12 COUNCIL MEMBER MENDEZ: How about me and
13 my Spanish, dude? God.

14 CHAIRPERSON WILLIAMS: Your Spanish... Your
15 Spanish is okay. How do you say so-so in Spanish?
16 [background comment] asi, asi.

17 MARIA RIOS: Mas o menos.

18 COUNCIL MEMBER MENDEZ: **[01:45:30 -**

19 **Spanish]**

20 [laughter]

21 COUNCIL MEMBER MENDEZ: That's what you
22 know.

23 [laughter, background comments]

24 CHAIRPERSON WILLIAMS: Thank you Council
25 Member. [background comments]

1 Mr. Frank, thank you for your testimony.
2
3 From what I've read and understand, you do your
4 service in a very responsible way, so we definitely
5 appreciate that and hope you continue working
6 responsibly and we will try to make sure that there
7 is language, if it's not clear, that if you have
8 permission from your building and co-op or condo that
9 it would not affect you.

10 EVAN FRANK: Thank you.

11 CHAIRPERSON WILLIAMS: Thank you.

12 Mr. Lehane... your name... [crosstalk]

13 CHRIS LEHANE: Yes, Mr. Chair.

14 CHAIRPERSON WILLIAMS: your name precedes
15 you...

16 CHRIS LEHANE: [laugh] As does yours.

17 CHAIRPERSON WILLIAMS: Oh thank you.

18 [laugh] Thank you very much for your testimony;
19 again, we do think it's disingenuous that these are
20 the folks that you bring up to testify because we are
21 absolutely not going after them, but I appreciate you
22 repeating that you wanna work with council members
23 and the City Council.

24 There was a question... I got some of my
25 hearing transcript of the conversation we had last

1 time; it wasn't too pleasant and my hope is that this
2 one is a lot more pleasant. So the question... the
3 first one was; "Have you done any work to figure out
4 if people are hosting their apartments legally or
5 not?" Mr. Hatman [sp?] said, "We've certainly been
6 told they are, so I'm happy..." and then I apparently
7 interrupted; my question was; "Have you done any
8 research or work to find that people are hosting
9 their apartments legally or not?" Mr. Hatman said,
10 "We don't... We don't research that." And so I have a
11 similar question...

12
13 CHRIS LEHANE: Uhm-hm.

14 CHAIRPERSON WILLIAMS: Have you done any
15 research or work to figure out who is using your
16 services legally or illegally?

17 CHRIS LEHANE: Thank you Mr. Chair, and I
18 do indeed hope, as I said earlier, this is a
19 constructive, positive conversation. Couple points.
20 One, what we do know is that approximately 9 out of
21 10 New York City hosts are doing it in their
22 permanent home. Number two, as I said earlier in my
23 testimony, if the City wants to engage in a
24 constructive dialogue with the goal of getting to a
25 place where you can address the concerns but also

1 protect the middle class, we're anxious and
2 interested in working with the City to provide and
3 share data; it's the practice that we've done in
4 other cities across the country and across the globe
5 and we very much look forward to doing that process
6 here in New York. And number three, if I could just
7 respectively go back to the earlier point about you
8 know whether you know the folks up here are
9 representative; a couple thoughts on that if I may.
10 One, they are representative in a sense that they're
11 the faces of the middle class of New York City.
12 Secondly, it is somewhat challenging, as you could
13 imagine, to ask folks to come up here who may be in a
14 little bit of a different place; say a grandma who
15 leaves for the weekend and allows her permanent home
16 to be a short-term lease, short-term rental or a
17 teacher who may be gone for a week in the summer,
18 because they would put themselves in a position where
19 they could potentially face some scrutiny. And so
20 it's a little bit challenging to necessarily bring
21 someone up, but what we have done and we have
22 submitted is over 6,000 testimonials of a lot of
23 people in those exact situations attesting to their
24 particular situation. And again, our goal here is:
25

1
2 a. completely support the idea of focusing on illegal
3 hotels; it's not good for us, it's not good for the
4 City; it's not good for the community; wanna be
5 helpful in that process. Approximately 90% of our
6 folks are doing it out of their permanent homes and
7 would love to be able to find a path forward.

8 CHAIRPERSON WILLIAMS: Just so we're... so
9 I wanna make sure we're clear...

10 CHRIS LEHANE: Uhm-hm.

11 CHAIRPERSON WILLIAMS: you understand
12 that if you have a one- and two-family home, such as
13 Miss Rios, that it's perfectly legal and that none of
14 these bills apply to her.

15 CHRIS LEHANE: So are you... Just to be
16 clear then, and it's good for everyone to hear this;
17 so your bill that would potentially have a range of
18 fines that obviously we think are pretty significant,
19 would not apply to that grandma who has a house...

20 [crosstalk]

21 CHAIRPERSON WILLIAMS: Wa... wait, wait,
22 wait, slow down... [crosstalk]

23 CHRIS LEHANE: and who leases or the...

24 CHAIRPERSON WILLIAMS: slow down, slow...
25 slow... slow down, slow down, slow down. That wasn't

1
2 my question and so I give the order of the questions.
3 The first one is; are we clear that if you own a one-
4 and two-family home, like Miss Rios, the bills that
5 we have and the range of fines that you just
6 described, does not apply to them?

7 CHRIS LEHANE: I don't think I suggested
8 that they did.

9 CHAIRPERSON WILLIAMS: Fine, so we're
10 fine on that it does not apply to them. Are we also
11 clear that if you live in an apartment, even if it's
12 rent-stabilized and you live there and you rent a
13 room, the bills that we have here today also do not
14 apply to them?

15 CHRIS LEHANE: Again, I did not suggest
16 otherwise.

17 CHAIRPERSON WILLIAMS: Great, so we're
18 starting off on a good note.

19 CHRIS LEHANE: That's great. That's
20 fantastic.

21 CHAIRPERSON WILLIAMS: That's fantastic.

22 CHRIS LEHANE: We're making progress;
23 this is great.

24 CHAIRPERSON WILLIAMS: Also, the question
25 that I had asked you was; have you done any research

1
2 to find out whether or not people are hosting their
3 apartments legally or not? So the answer is...

4 CHRIS LEHANE: And my response is; a.
5 that approximately 90% of our folks are doing it on
6 their permanent... [crosstalk]

7 CHAIRPERSON WILLIAMS: Okay. What's the
8 definition of permanent home...? [crosstalk]

9 CHRIS LEHANE: and... and speak... Could... I
10 would like to... if possible, could I finish?

11 CHAIRPERSON WILLIAMS: No, 'cause you're
12 gonna repeat what you said, so I heard that. I got
13 it, I got it.

14 CHRIS LEHANE: Uhm-hm.

15 CHAIRPERSON WILLIAMS: So I'm asking what
16 your definition is of permanent home.

17 CHRIS LEHANE: Permanent home is defined
18 in terms of where someone calls their permanent
19 status. Every city has a different definition; I
20 think in New York it goes by your license or utility
21 bills, but other people here may have more
22 information on that, I just know it's defined legally
23 as a permanent home under whatever the existing
24 definition of that in New York City is.

2 CHAIRPERSON WILLIAMS: So you know that 9
3 out of 10 is their permanent home, but you can't
4 define what permanent home is in New York City?

5 CHRIS LEHANE: I'm not an expert in the
6 New York City permanent home definition, but I do
7 know that it's consistent with whatever that
8 definition is.

9 CHAIRPERSON WILLIAMS: How would you know
10 that?

11 CHRIS LEHANE: Because that's what I've
12 been told by various folks here who do some work
13 here.

14 CHAIRPERSON WILLIAMS: Are they here?

15 CHRIS LEHANE: I'm sure a number of them
16 are, yes.

17 CHAIRPERSON WILLIAMS: Can anyone come up
18 and tell us how they know that?

19 CHRIS LEHANE: Max; do you wanna come up?

20 MALE VOICE: How we define permanent
21 home?

22 CHRIS LEHANE: Yes.

23 CHAIRPERSON WILLIAMS: If you're gonna
24 speak; can you come up please?

25 [background comments]

1
2 CHRIS LEHANE: I believe you do it by
3 license here; right? [background comments] My
4 colleagues just informed me that they'll get you that
5 source of information; they're not the ones who
6 necessarily have it, but we'll get that for you.

7 CHAIRPERSON WILLIAMS: You're not really
8 saying anything, just so you know. So a rent-
9 stabilized apartment could be a permanent home?

10 CHRIS LEHANE: Excuse me?

11 CHAIRPERSON WILLIAMS: A rent-stabilized
12 apartment could be a permanent home?

13 CHRIS LEHANE: Presumably yes, right;
14 that's where some... [crosstalk]

15 CHAIRPERSON WILLIAMS: So 90% of your
16 rentals could be rent-stabilized apartments, which
17 are illegal?

18 CHRIS LEHANE: Again, you know our goal
19 here is to work with the City... [crosstalk]

20 CHAIRPERSON WILLIAMS: I got it.

21 CHRIS LEHANE: and to be able to come up
22 with good policies. And you know what I would say is
23 that if you're in a rent-stabilized home, right,
24 you're presumably someone who faces economic
25 challenges and one of our goals here is to find ways

1 to help people who are working middle class to be
2 able to use their home, which is typically their
3 greatest expense, regardless of where you are on the
4 economic scale, to help generate supplemental income..
5 [crosstalk]
6

7 CHAIRPERSON WILLIAMS: My hope... My hope
8 was that between the last hearing and this hearing..

9 CHRIS LEHANE: Uhm-hm.

10 CHAIRPERSON WILLIAMS: Mr. Hatman and
11 you, there would be a difference in the answers.
12 There is a difference in approach, which I
13 appreciate, but the answers are just as foolish as
14 the answers that were given in the previous hearing,
15 and the fact of the matter is, irrespective of what
16 you say about wanting to work with us to deal with
17 illegal homes, everything I've seen in the past few
18 weeks; what I'm hearing now, leads me to believe that
19 that is not the case and I believe that is not the
20 case because you know that a large percentage of your
21 revenue comes from people who are doing this
22 illegally, the people who we're trying to go after,
23 so you have, unfortunately, people here who are doing
24 this legally who we want to support, but you want to
25 use them to conflate the fact that 90% of the people

1
2 who are doing this could be rent-regulated and taking
3 apartments off the market and we are going to go as
4 hard as we can to make sure that stops, whether or
5 not you help us or not. If you do not help us, then
6 there runs a danger of sometimes overreaching, which
7 is what they're talking about, which we don't want to
8 do, so it's up to you whether you assist us or not.
9 But the answers you are giving provide nothing to say
10 that you want to help deal with this problem, but
11 rest assured; we will deal with it for you.

12 [background comments] Ma'am.

13 LINOLA STONE: Yeah. So you're saying
14 that if you live in your home and you rent out a
15 second room you're legal?

16 [background comment]

17 CHAIRPERSON WILLIAMS: That is legal.

18 LINOLA STONE: If it happens and you are
19 in a rent-stabilized home; you're illegal?

20 CHAIRPERSON WILLIAMS: No, if you live in
21 it... [background comment]

22 LINOLA STONE: Because you were asking if
23 they were in rent-stabilized homes and then you were
24 saying well then they're operating illegally, so I

1 just wanted some clarification on that, if you would...

2 [sic]

3 CHAIRPERSON WILLIAMS: Go ahead.

4 COUNCIL MEMBER ROSENTHAL: No, no, no...

5 CHAIRPERSON WILLIAMS: No, go ahead, go,
6 go.

7 COUNCIL MEMBER ROSENTHAL: So it's
8 complicated when we bring in the rent-stabilization.
9 But let's be clear, Miss Rios who's sitting here, who
10 you've brought in to testify about this, is not who
11 the law applies to that we're proposing. So why is
12 she here?
13

14 CHRIS LEHANE: Again... do you wanna answer
15 that?

16 MARIA RIOS: I'm here to support them
17 because again I care... I care... [interpose]

18 COUNCIL MEMBER ROSENTHAL: I support your
19 renting out on Airbnb... [crosstalk]

20 MARIA RIOS: Uhm-hm. Uhm-hm.

21 COUNCIL MEMBER ROSENTHAL: I support it...
22 [crosstalk]

23 MARIA RIOS: Thank you.

24 COUNCIL MEMBER ROSENTHAL: I want you to
25 rent out on Airbnb, keep renting out on Airbnb.

1
2 Airbnb is the place for you, so thank you for doing
3 that... [crosstalk]

4 MARIA RIOS: Yeah... [sic]

5 COUNCIL MEMBER ROSENTHAL: 'cause it's a
6 good thing that [background comments] you're doing
7 it; you live in a one- or two-bedroom... a one- or two-
8 family home and you're renting out a room in your
9 home, plus the entire apartment on the other side of
10 your home; keep doing that, you are a good New Yorker
11 and everyone who's on the YouTube video that Airbnb
12 put out who's renting out a room in their home, they
13 are terrific and given the fact that it is so
14 difficult to live in New York and so difficult to
15 afford to live here, I applaud those middle-income,
16 low-income, any income New Yorkers who follow the law
17 and can do so on a website portal that allows them to
18 follow the law. So I'm not sure why you're
19 testifying today against a bill that supports you
20 doing what you're doing. So God bless you; keep
21 doin' it... [crosstalk]

22 MARIA RIOS: Thank you.

23 COUNCIL MEMBER ROSENTHAL: I also do not
24 understand, and if I can just jump in real quickly...
25 sorry. So Mr. Lehane, can I just ask you why you

1 think anyone would get a \$50,000 fine; I mean it's
2 certainly not this woman and I don't think it's the
3 other woman who's here, so who do you think is this
4 \$50,000 fine applying to?

5
6 CHRIS LEHANE: Well here's what I know,
7 which is this bill greatly increases the fines,
8 compared to other issues in the city; right, so you...
9 [crosstalk]

10 COUNCIL MEMBER ROSENTHAL: No, no; not
11 what I'm asking.

12 CHRIS LEHANE: I'm gonna try to answer
13 your question if you give me the time, please..

14 COUNCIL MEMBER ROSENTHAL: Sure.

15 CHRIS LEHANE: right, so it's a dramatic
16 increase in comparison to other things you can do --
17 lead paint exposure; it's much more than that, you
18 can bring demolition material; it's much higher than
19 that; you can operate a crane in a dangerous way;
20 it's much higher than that, and I guess what we're
21 very concerned about is are these \$10-50,000 fines
22 gonna be imposed on that teacher who leaves for a
23 weekend and is using her home to try to generate some
24 supplemental revenue; is it gonna be applied to that
25 grandmother who's traveling... [crosstalk]

1
2 COUNCIL MEMBER ROSENTHAL: Okay. So is
3 that teacher doing it every weekend, 20 weekends in a
4 row?

5 CHRIS LEHANE: No... [crosstalk]

6 COUNCIL MEMBER ROSENTHAL: No. Then
7 they're not gonna get the \$50,000 fine. So who do
8 you think... [crosstalk]

9 CHRIS LEHANE: So is that... is that...

10 COUNCIL MEMBER ROSENTHAL: is gonna get
11 the \$50,000 fine, number one, and number two; are you
12 proposing which -- trust me, I'm with you in a
13 heartbeat that we should increase the fines of
14 landlords who use construction harassment to
15 basically get people to leave their homes 'cause they
16 say they're gonna go in and repair kitchen cabinets
17 and one day later the people's apartments, the floors
18 are ripped out, the kitchen sink is destroyed -- so I
19 don't know who you're putting yourself with...

20 [crosstalk]

21 CHRIS LEHANE: Well I don't...

22 COUNCIL MEMBER ROSENTHAL: the people who
23 are bad actor... let me tell you about... let me... let me
24 just be clear, because if you want to explain a
25 situation that doesn't apply to the question I'm

1 asking; let me be as clear as day. I was at a tenant
2 meeting -- I don't even know what day of the week it
3 is -- so I think it was this week, and there are
4 about 200 units in this building, the address is 790
5 11th Avenue and there are about 200-250 units in this
6 building; the tenants are telling me that there are
7 20 units that used to be rent-regulated, that the
8 landlord has found ways to empty out those units
9 [background comment] and now the landlord is renting
10 them out on Airbnb. So these people, just regular
11 family, like yours and mine, who are just living in
12 their home and all of a sudden next door to them is a
13 revolving door of tourists coming in from out of
14 town; that's who this law addresses, right; this law
15 is meant to go after law breakers, repeated law
16 breakers. So I... yes, I would like to see the owner
17 of that building get \$50,000 fines because they're
18 repeatedly breaking the law, and frankly, giving your
19 business a bad name, right? So I would think you as
20 a good corporate citizen wanna get rid of those
21 people too; no?

22
23 CHRIS LEHANE: No; I think I mentioned
24 this in the opening testimony and one of the earlier
25 questions. You know what you're describing sounds an

1
2 awful like an illegal hotel or some version thereof;
3 it's not in our interest; it's not in our hosts'
4 interest; it's not in our guests' interest; as you
5 articulated, it's not in the City's interest. Our
6 concern, and we... I've said it a couple times; I'll
7 say it again, we'd very much welcome working with the
8 City to address those situations; I wanna be
9 absolutely clear about that, and trying to be
10 respectful about that; what we are concerned about is
11 making sure that how this law is written specifically
12 does protect those types of people; it sounds like
13 you're concerned about them; we're concerned about
14 them; [background comment] that teacher, that grandma
15 and again, it's great if it specifically says that in
16 the bill; you know, when we read it we didn't
17 necessarily see that, but if we can work to make sure
18 those folks are protected, the people who are doing...
19 and right now the law in New York is somewhat vague
20 on all of this stuff and I think we need clarity so
21 that that teacher, that grandma -- and I would
22 really, and I hope you do, and it sounds like you're
23 taking a very thoughtful approach -- will just take a
24 look at some of the testimonials in this book that's
25 where it goes to some of those issues [background

1 comment]. So I think... and again, I said earlier that
2 I'm a west coast guy, so I try to be very optimistic
3 at the world and I'm hoping we can find some common
4 ground here; I think that all of us do care about the
5 middle class; this company was founded to help people
6 stay in their homes and we wanna work with the City
7 to accomplish that... [interpose]

9 CHAIRPERSON WILLIAMS: Uhm so...

10 [interpose]

11 COUNCIL MEMBER ROSENTHAL: I'm available
12 this afternoon to start working through the law and
13 what I'd like you guys to do is give us some of your
14 data...

15 CHRIS LEHANE: Uhm-hm.

16 COUNCIL MEMBER ROSENTHAL: so we know who
17 it is we're dealing with; this is not data, this is a
18 compilation of qualitative statements and a list of
19 names; it just is not a meaningful beginning of
20 starting to talk about the issue at hand, which is
21 not Miss Rios... [interpose]

22 CHRIS LEHANE: Yeah, but...

23 COUNCIL MEMBER ROSENTHAL: and not the
24 teacher who's renting out one weekend in the year. I
25 am happy to come to the table to talk about tweaking

1 the law to have more warning, opportunities, sure...

2 [interpose]

3 CHRIS LEHANE: And I... I...

4 COUNCIL MEMBER ROSENTHAL: help me...

5 [crosstalk]

6 CHRIS LEHANE: I then ask...

7 COUNCIL MEMBER ROSENTHAL: make this law
8 targeted to the landlord and I'm ready to sit down
9 with you now...

10 CHRIS LEHANE: Great... That's great and
11 you know, to be clear, I'm not suggesting that this
12 is the quantitative data; right?

13 COUNCIL MEMBER ROSENTHAL: It's not.

14 CHRIS LEHANE: But what this is, is it
15 represents testimonials of what everyday people are
16 going through; there are 6,000 of these... [crosstalk]

17 [background comment]

18 CHAIRPERSON WILLIAMS: Okay. Thank you...

19 [crosstalk]

20 CHRIS LEHANE: and these... and these were
21 generated over the last four days...

22 COUNCIL MEMBER ROSENTHAL: Nope.

23 CHRIS LEHANE: from people who heard
24 about this bill...

CHAIRPERSON WILLIAMS: Okay. Alright.

'Cause I wanna back up too, 'cause Miss Stone I think raised a legitimate point about the rent-regulated apartments. So let me back up, see if my words were too harsh or not. Of those 90% of people who can be renting out of rent-regulated apartments, do you know if they are renting a room or renting their entire apartment? [background comments] No, that's for you.

EVAN FRANK: Oh I'm sorry, I'm sorry, [background comment] I thought you were saying Miss Stone; I apologize... [crosstalk]

CHAIRPERSON WILLIAMS: Do you know...

CHRIS LEHANE: So please... If you could please rephrase... [crosstalk]

CHAIRPERSON WILLIAMS: Of the 90% of people...

CHRIS LEHANE: Uhm-hm.

CHAIRPERSON WILLIAMS: who could be using rent-regulated apartments as their permanent homes; do you have data on whether or not they are renting a room while they live there or renting out their entire apartment?

2 CHRIS LEHANE: You know we are a platform
3 company... [crosstalk]

4 CHAIRPERSON WILLIAMS: I figured.

5 CHRIS LEHANE: it's not different than a
6 lot of other platform companies... [crosstalk]

7 CHAIRPERSON WILLIAMS: I figured. I just
8 wanna make sure I wasn't too harsh and I wasn't...
9 [crosstalk]

10 CHRIS LEHANE: It's not as... But... No, no,
11 no, but... [crosstalk]

12 CHAIRPERSON WILLIAMS: That's okay.

13 CHRIS LEHANE: but... but again and...
14 [interpose]

15 CHAIRPERSON WILLIAMS: You're providing
16 nothing, just...

17 CHRIS LEHANE: if you wanna... if you... no,
18 no; that's not... that's... that... [crosstalk]

19 CHAIRPERSON WILLIAMS: That is the case.
20 That is a fact.

21 CHRIS LEHANE: If someone offers to sit
22 down and engage in a constructive conversation,
23 right...
24
25

1
2 CHAIRPERSON WILLIAMS: How many months
3 has it been between the last hearing? We offered
4 that last time.

5 CHRIS LEHANE: Well here's what happened,
6 which is, you guys introduced a bill that potentially
7 represents a \$50,000 fine on that... on... on a working
8 or middle class person... [crosstalk]

9 CHAIRPERSON WILLIAMS: What have you done
10 between the last hearing and this one to provide
11 information...? [crosstalk]

12 CHRIS LEHANE: which is why we're here.
13 Again, happy to engage in a... [crosstalk]

14 CHAIRPERSON WILLIAMS: I understand that.

15 CHRIS LEHANE: constructive, positive
16 conversation.

17 CHAIRPERSON WILLIAMS: What you do...

18 CHRIS LEHANE: Uhm-hm.

19 CHAIRPERSON WILLIAMS: is still not care
20 about the laws that we have here in New York City and
21 to increase the problem with that is you conflate who
22 we're trying to go after with sympathetic people who
23 are using your service who we want to support. It is
24 smart on your part as a business move, it's very good
25 marketing, but it makes it more difficult to do this

1
2 work and if you were sincere, you would not do that,
3 you would sit down with us so we can really get to
4 the bad apples. The reason you won't is because you
5 make a lot of money off of the bad apples, so it
6 doesn't make sense to you to sit down and really try
7 to work through who the bad apples are, 'cause you'll
8 lose money; that's a fact.

9 CHRIS LEHANE: So 72% of the people in
10 New York City who are hosts use the revenue from
11 Airbnb to help cover their housing costs... [crosstalk]

12 COUNCIL MEMBER ROSENTHAL: And how many
13 of those people are renting out a room...? [crosstalk]

14 CHAIRPERSON WILLIAMS: Hold on. Hold on.

15 COUNCIL MEMBER ROSENTHAL: Sorry.

16 [laughter]

17 CHAIRPERSON WILLIAMS: Continue.

18 CHRIS LEHANE: And... and... and you know if
19 you... again, I'll say this any number of times, right,
20 I'm not sure if this... I'm not so... I'm not...

21 [crosstalk]

22 CHAIRPERSON WILLIAMS: I will go to my
23 neighborhood...

24

25

1
2 CHRIS LEHANE: I'm not sure anyone
3 reached out to us prior to putting out your bill;
4 right...? [crosstalk]

5 CHAIRPERSON WILLIAMS: Sure.

6 CHRIS LEHANE: You put out a bill, we
7 responded to that bill; we've tried to make clear
8 that we wanna work in a constructive way that..
9 [interpose]

10 CHAIRPERSON WILLIAMS: So...

11 CHRIS LEHANE: so that those middle class
12 people who would protect... we just had a nice
13 conversa... just had a nice conversation... [crosstalk]

14 CHAIRPERSON WILLIAMS: Since you're
15 worried about middle class; since you're worried
16 about low-income... [crosstalk]

17 CHRIS LEHANE: Uhm-hm.

18 CHAIRPERSON WILLIAMS: and I've seen a
19 lot of particularly black and Latino people who work
20 on this, there's a lot of people in my community that
21 said a lot of things to cover their housing costs and
22 to cover living...

23 CHRIS LEHANE: Uhm-hm.

24 CHAIRPERSON WILLIAMS: they aren't given
25 any breaks at all, because what they're doing is

1
2 illegal for the most part and so what we try to do is
3 try to fix those situations. So that data points,
4 while they're sympathetic, may not mean what you want
5 it to mean because they're doing something illegal;
6 that's one, that's just one part, and they are taking
7 something off of the market which is making the other
8 things more expensive, there is a lot of things going
9 on here, which is why we have laws that protect
10 Miss Rios and other people who actually want to do it
11 while they live there and there are laws to protect
12 them and there are people who just wanna make money
13 and cause pain to other people and do illegal hotels.

14 I have another questions; then I'm gonna
15 go to the Public Advocate. But it's clear to me that
16 nothing has changed with your business model and it's
17 clear to me that you don't want anything to change
18 with the business model; if you do, after this
19 hearing perhaps we can get some real data and really
20 figure out how to go after the bad... [interpose]

21 CHRIS LEHANE: Does your law that you're
22 thinking about protect that grandma who'd like to
23 make her place available for the weekend?

24 [background comments]

2 CHAIRPERSON WILLIAMS: You... You keep...

3 [crosstalk]

4 COUNCIL MEMBER ROSENTHAL: It doesn't
5 apply to her.

6 CHAIRPERSON WILLIAMS: So hold on...

7 [crosstalk]

8 CHRIS LEHANE: No, I'd just... [crosstalk]

9 CHAIRPERSON WILLIAMS: Hold on.

10 CHRIS LEHANE: I'd like to know, just
11 because...

12 CHAIRPERSON WILLIAMS: I am telling you...
13 I am... I am telling you... [crosstalk]

14 CHRIS LEHANE: because... because this is...
15 this is a question of who's making the law [sic]...

16 [crosstalk]

17 CHAIRPERSON WILLIAMS: we are not trying
18 to go after a grandma who rents on the weekend to go
19 on vacation. If there is someone who rents 20
20 weekends out of the year, that is illegal hotel. You
21 wanna mix those two things up; I'm not gonna let you
22 do it here; you can continue doing it when you leave;
23 you had a wonderful ad with me, by the way

24 [background comment]; I appreciate that; you spelled
25 my name correctly, so you can continue to do that

1
2 kinda work, but it is not gonna stop us from doing
3 this work.

4 CHRIS LEHANE: So what I'm really hoping
5 to hear is; are you willing to put provisions in that
6 law that will protect working middle class people who
7 do leave for weekends, [background comments] right,
8 or a teacher... [crosstalk]

9 CHAIRPERSON WILLIAMS: What are you
10 talking about? What are you talking about?

11 CHRIS LEHANE: I'm just... asking...
12 [crosstalk]

13 CHAIRPERSON WILLIAMS: They leave for how
14 many weekends? How many weekends do they leave?

15 CHRIS LEHANE: How many weekends are... How
16 many weekends are you comfortable with... [crosstalk]

17 CHAIRPERSON WILLIAMS: Exactly. If
18 you're going to a vacation for a weekend or two, like
19 normal people... [crosstalk]

20 COUNCIL MEMBER ROSENTHAL: It doesn't
21 affect you.

22 CHAIRPERSON WILLIAMS: then we want to
23 make sure it doesn't affect them. If you are renting
24 out your apartment for 20 weekends, you are running
25 illegal hotel; you know that ... [crosstalk]

2 CHRIS LEHANE: Sir, I...

3 CHAIRPERSON WILLIAMS: so stop trying to
4 conflate the problem and the issue that's what you're
5 doing today... [crosstalk]

6 CHRIS LEHANE: Sir, I... no sir, I'm trying
7 to be very... [crosstalk]

8 CHAIRPERSON WILLIAMS: You are absolutely
9 doing that.

10 CHRIS LEHANE: I'm trying to be very
11 respectful here... [crosstalk]

12 CHAIRPERSON WILLIAMS: You have no
13 answers to my questions... [crosstalk]

14 CHRIS LEHANE: Well...

15 CHAIRPERSON WILLIAMS: a simple one of
16 how many weekends; you have no idea.

17 CHRIS LEHANE: Sir, with all due respect,
18 you haven't answered the question I continue to pose,
19 which is... [crosstalk]

20 CHAIRPERSON WILLIAMS: What's the
21 question?

22 CHRIS LEHANE: how... So if you're a... So
23 let's take a look at the history here, right...
24 [crosstalk]

25

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2 CHAIRPERSON WILLIAMS: No, no; what's the
3 question? Just keep... you...

4 CHRIS LEHANE: The... the... the question is;
5 can you... [crosstalk]

6 CHAIRPERSON WILLIAMS: What question did
7 I not answer...? [crosstalk]

8 CHRIS LEHANE: Can you protect a working
9 class person... [crosstalk]

10 [background comment]

11 CHAIRPERSON WILLIAMS: What... I'm happy to
12 hear it though, I understand that... but I wanna hear...
13 [crosstalk]

14 CHRIS LEHANE: Can you... Can you protect
15 the working class person... [crosstalk]

16 CHAIRPERSON WILLIAMS: I don't wanna hear
17 a story. What is the question you want answered...?
18 [crosstalk]

19 CHRIS LEHANE: I'm... I'm trying to ask the
20 question, which his; can you protect a working or
21 middle class person in your bill who does weekends or
22 does occasional rentals when they leave their place?
23 And a lot of people, that's how they make ends meet,
24 it's their permanent home, it's where they live...

25 [crosstalk]

2 CHAIRPERSON WILLIAMS: Okay. We will do
3 everything we can to protect the person that you're
4 talking about if they are not using their property as
5 an illegal hotel for many weekends a month.

6 CHRIS LEHANE: Again, now we've sort of
7 shifted, right? Earlier we were talking about 10,
8 15, 20 rooms; now you're talking about a sing..
9 [crosstalk]

10 CHAIRPERSON WILLIAMS: Ten or what?

11 CHRIS LEHANE: now you're talking about a
12 single person in a single house doing an illegal
13 hotel, so are we talking a large group of folks
14 [background comment] or are we talking an
15 individual...? [crosstalk]

16 CHAIRPERSON WILLIAMS: I don't... No, I
17 don't know what you're talking about... [crosstalk]

18 CHRIS LEHANE: No, no, but you... but you...

19 CHAIRPERSON WILLIAMS: I have another
20 question that we're gonna go to... [crosstalk]

21 CHRIS LEHANE: You've told me I've con..
22 You... sir... [crosstalk]

23 CHAIRPERSON WILLIAMS: I have another
24 question; then we're gonna go... we're gonna go to...

1
2 CHRIS LEHANE: you've told me I've
3 conflated... you've told me I've conflated the issue
4 and you are conflating the issue.

5 [background comment]

6 CHAIRPERSON WILLIAMS: We're gonna go to
7 the Public Advocate; you make absolutely no sense...
8 [crosstalk]

9 PUBLIC ADVOCATE JAMES: So...

10 CHAIRPERSON WILLIAMS: So I have another...
11 [background comment] another question that was asked.
12 Under the Fire Code, transient lodgings have to have
13 a diagram on the back of the door; do you advise your
14 hosts to add such postings on the back of the door?

15 CHRIS LEHANE: Yes, absolutely do; I can
16 show you one if you'd like to see it.

17 CHAIRPERSON WILLIAMS: I believe you.
18 Thank you very much... [crosstalk]

19 CHRIS LEHANE: Here you go.

20 CHAIRPERSON WILLIAMS: Thank... You can
21 give it to the sergeant of arms. [background
22 comment]

23 Thank you very much. Council Member
24 Jame... I'm sorry, I keep trying to bring you back down
25 to us, but...

1

PUBLIC ADVOCATE JAMES: I am...

2

3

CHAIRPERSON WILLIAMS: you've raised

4

above us.

5

PUBLIC ADVOCATE JAMES: I am an ex

6

officio member... [crosstalk]

7

CHAIRPERSON WILLIAMS: Public Advocate.

8

PUBLIC ADVOCATE JAMES: of the City

9

Council. Okay, so usually I preside over the City

10

Council; I try to make sure things run orderly and

11

efficiently, so can everyone just breathe for a

12

moment? Okay. Okay, relax. And now exhale. Very

13

good. Okay. So... thank you.

14

So first of all, Mr. Frank, I think it's

15

sort of apples and oranges and I apologize that

16

you're part of this panel; I want to really

17

congratulate you and I particularly wanna give a

18

shout-out to you because you're from the Navy Yard; I

19

use to represent the Navy Yard, so thank you for all

20

that you are doing, but I think the vast majority of

21

the discussion that we're having today doesn't apply

22

to you and so thank you for your service. But let me

23

just ask you one particular question about your

24

industry. The employees that you hire, I think you

25

said you have over... how many employees; 40?

1
2 EVAN FRANK: We have 40 full-time
3 payrolled; 65 part-time employees.

4 PUBLIC ADVOCATE JAMES: Are they
5 unionized?

6 EVAN FRANK: They're not unionized.

7 PUBLIC ADVOCATE JAMES: Okay. And you
8 basically have these 40 workers adhere to certain
9 comprehensive standards, including.. [crosstalk]

10 EVAN FRANK: We... We have our... What I
11 meant by comprehensive standards in the testimony was
12 that our homes have to abide by comprehensive
13 standards.

14 PUBLIC ADVOCATE JAMES: Okay. So again,
15 I think the vast majority of the discussion that
16 we're having today doesn't apply to you and it's sort
17 of apples and oranges and I'm not sure why you're on
18 this panel. That being said, I want to sort of
19 address my question to Mr... from the west coast.

20 CHRIS LEHANE: Yeah, Lehane.

21 PUBLIC ADVOCATE JAMES: You're the west
22 coast.

23 CHRIS LEHANE: Yeah.

24 PUBLIC ADVOCATE JAMES: So we have to
25 apologize; we're kind of scrappy today, you know our

1
2 backs are up against the wall; the Mets are down 2-0
3 and so it's kind of you know rough and... [background
4 comments, laughter] but the Knicks won, from what I
5 understand. [background comment]

6 So this debate sort of reminds me of a
7 debate versus free market enterprise versus
8 government intervention; that's this robust debate
9 that we are having here today. And you know I live
10 in a trendy neighborhood that I used to represent,
11 Fort Greene-Clinton Hill, and I do know of a grandma
12 who is on Airbnb and grandma -- and I will not
13 mention her address or her name, 'cause she's a close
14 friend -- but grandma is an empty nester..

15 CHRIS LEHANE: Uhm-hm.

16 PUBLIC ADVOCATE JAMES: and grandma rents
17 out rooms to Airbnb. So grandma comes to my home and
18 says Tish, why are you trying to regulate Airbnb, I
19 pay my mortgage and my rent and da, da, da, da, and I
20 continue to explain to grandma that the regulations
21 do not apply to her. You agree with that, right?

22 CHRIS LEHANE: Yes.

23 PUBLIC ADVOCATE JAMES: So when you
24 raised the question over or when you raised the
25 example of grandma, some grandmas do not apply, but I

1 particularly wanna take issue with your point that
2 this will affect individuals facing economic
3 challenges. I represent a lot of people and I know a
4 lot of people who have economic challenges in the
5 City of New York, but they do not skirt the law and I
6 do know that most individuals who have economic
7 challenges do not put their own personal interest
8 above that of the interest of the City of New York
9 and that is to preserve and to expand the affordable
10 housing in the City of New York. That being said, I
11 do know that you're innovative business model, there
12 is a need for it in the city, particularly those
13 empty nesters that have a room or two, and so if we
14 could just, perhaps you and the sponsors of this bill
15 can come to some sort of compromise and some
16 understanding where we protect those empty nesters,
17 those empty nesters as opposed to those individuals
18 who are basically flouting the law. Would you agree
19 with that statement?
20

21 CHRIS LEHANE: I think I've tried to make
22 that statement any number of times today, which is...
23 [crosstalk]

24 Okay.

25

1
2 CHRIS LEHANE: we do wanna work in a
3 positive way. I think that thee is a win-win here
4 for everyone; I think we can protect the middle
5 class, I think we can make sure that we're doing
6 everything possible to make sure there are none of
7 those illegal hotels that none of us want and so I
8 think there should be a lot of common ground here and
9 I appreciate your comments and as I've said countless
10 times, we wanna work with the City.

11 PUBLIC ADVOCATE JAMES: Thank you. I
12 apologize; I did not get your name, your name; sorry,
13 Mr...

14 CHRIS LEHANE: Lehane.

15 PUBLIC ADVOCATE JAMES: Lane.

16 CHRIS LEHANE: Le... Lehane... [crosstalk]

17 PUBLIC ADVOCATE JAMES: Lehane.

18 CHRIS LEHANE: L e h a n e.

19 PUBLIC ADVOCATE JAMES: Thank you. I'm
20 sorry.

21 CHRIS LEHANE: Sure.

22 PUBLIC ADVOCATE JAMES: And Mr. Lehane,
23 would that also include ensuring that the host and/or
24 Airbnb regulates and inspects apartments to ensure
25 that they are adhering to fire safety, making sure

1 who sell drugs, pharmaceuticals, alcohol, firearms,
2 but that's really, for the most part, the exception.
3 Our perspective and viewpoint is that a private
4 sector entity should not be an enforcement entity.
5 And we talked earlier and I think you made a really,
6 really, really smart point about the role that
7 government has; this is one of those areas where I
8 think it's really appropriate for government to play
9 that role; happy to work with government, happy to..
10 we've said, we wanna be regulated, we've also said
11 that we wanna pay taxes; we've offered the state of
12 New York I think over \$60 million or right around \$60
13 million, which is what our annual tax would be if we
14 were paying the TOT, which we've offered to pay; I
15 think New York City would get around \$20 million, \$18
16 and change I think; I don't have the number right of
17 the top of my head, but a significant amount, and I
18 would posit that there's not that many private
19 sectored entities that walk into a city or a state
20 and offer to pay that level of taxes and ask to be
21 regulated. So I completely... the world I come out of
22 is a government world originally and that's one of
23 the reasons why we'd like to talk with folks.
24

1 PUBLIC ADVOCATE JAMES: So by talking..
2 I'm not sure whether or not you would agree that... so
3 basically what you're saying is that you support
4 self-regulation; is that your position, yes or..
5 [crosstalk]

6
7 CHRIS LEHANE: No, I said that I think
8 regulation or enforcement... [crosstalk]

9 PUBLIC ADVOCATE JAMES: Yeah.

10 CHRIS LEHANE: which is what I was
11 responding to, is traditionally the province of
12 government; we live in a democratic society..
13 [crosstalk]

14 PUBLIC ADVOCATE JAMES: 'Kay. Okay.

15 CHRIS LEHANE: right, those powers are
16 typically invested in government entities and we
17 think that's the appropriate place; we're happy to
18 work to help provide government the tools that they
19 may need... [crosstalk]

20 PUBLIC ADVOCATE JAMES: Okay.

21 CHRIS LEHANE: and as I said earlier, we
22 do have a pretty clear statement in terms of what our
23 terms of service is.

24 PUBLIC ADVOCATE JAMES: Now did you hear
25 the testimony of the young lady earlier who said that

1
2 in, I believe she said Bedford-Stuyvesant, she had
3 some individuals who applied for apartments and they
4 were turned away, for whatever reason, and I
5 suggested that perhaps that might be a violation of
6 Human Rights Law. Do you agree with me that you
7 believe that all of your hosts should comply with the
8 Human Rights Law of the City of New York and/or the
9 State of New York?

10 CHRIS LEHANE: I'd have to look at what
11 the Human Rights Law of New York says and I'm happy
12 to take a look at it. I don't know what it is off
13 the top of my head.

14 PUBLIC ADVOCATE JAMES: Uhm...

15 CHRIS LEHANE: Obviously as we said, in
16 our terms of service you're supposed to comply with
17 whatever the existing laws are in a particular
18 jurisdiction.

19 PUBLIC ADVOCATE JAMES: Basically the
20 Human Rights Law says that one cannot discriminate
21 against individuals for a variety of reasons; you
22 basically, I would imagine, agree that all of your
23 hosts should comply with the Human Rights Law of the
24 State of New York?

1
2 CHRIS LEHANE: Again, our terms of
3 service are pretty clear about that; whatever the
4 existing laws in a jurisdiction, you're supposed to
5 comply with them.

6 PUBLIC ADVOCATE JAMES: So is that a yes
7 or no on behalf of the Airbnb...? [crosstalk]

8 CHRIS LEHANE: That is a pretty specific
9 statement; that whatever the laws are in a particular
10 place... [interpose]

11 PUBLIC ADVOCATE JAMES: I'm talking about
12 a specific law, the Human Rights Law.

13 CHRIS LEHANE: Again, you're asking me to
14 comment on a specific law that I've never seen...

15 PUBLIC ADVOCATE JAMES: If the Human
16 Rights Law... if... [crosstalk]

17 CHRIS LEHANE: and what I'm trying to
18 explain to you is whatever the prevailing laws are,
19 you're supposed to be abide by them.

20 PUBLIC ADVOCATE JAMES: The Human Rights
21 Law says that you cannot discriminate against
22 individuals based on race, sex and gender; do you
23 support that, yes or no?

24 CHRIS LEHANE: Certainly that's a policy
25 of the company.

1
2 PUBLIC ADVOCATE JAMES: It's the policy
3 of the company. And do you enforce it with your
4 hosts, yes or no?

5 CHRIS LEHANE: Again, we're not an
6 enforcement agency; it's government's role to
7 enforce, we're happy to work with government and as I
8 said earlier, that's traditionally government's role
9 -- that's actually sort of interesting to think that..
10 [crosstalk]

11 PUBLIC ADVOCATE JAMES: I think...

12 CHRIS LEHANE: does New York City want to
13 change who's responsible for doing enforcement?
14 That... [crosstalk]

15 PUBLIC ADVOCATE JAMES: Let me just say...

16 CHRIS LEHANE: that's an interesting
17 philosophical question.

18 PUBLIC ADVOCATE JAMES: I don't know if
19 it's a philosophical question, and when it comes to
20 discrimination, I don't think you can draw fine
21 lines; it's either a yes or no answer for me..
22 [crosstalk]

23 CHRIS LEHANE: And I gave you a pretty
24 specific answer what our company's policy is and then
25

1
2 you're asking me about does a particular law that
3 I've never read... [crosstalk]

4 PUBLIC ADVOCATE JAMES: I would...

5 CHRIS LEHANE: apply and if the law
6 exists in this city, then you're supposed to abide by
7 laws per the terms of service of your agreement to be
8 on our platform.

9 PUBLIC ADVOCATE JAMES: And I think
10 Airbnb should take a strong stance with regards to
11 discrimination...

12 CHRIS LEHANE: Absolutely.

13 PUBLIC ADVOCATE JAMES: and so when it
14 comes to the Human Rights Laws of the City and the
15 State of New York, one should not, you know, quibble
16 with words or nitpick words; one should stand strong
17 behind the Human Rights Law of the State of New York
18 and I think unequivocally Airbnb should say yes, we
19 believe that all of our hosts and Airbnb support the
20 Human Rights Law... [crosstalk]

21 CHRIS LEHANE: I mean, if you look at
22 what our company does, it is a people to people
23 platform, we connect people all over the world, we're
24 in 34,000 cities, every country but three, places

1 from Cuba to Africa to Asia, at the very center and
2 essence of Airbnb... [crosstalk]

3 PUBLIC ADVOCATE JAMES: I can't... I can't...

4 CHRIS LEHANE: is the idea of connecting
5 folks.

6 PUBLIC ADVOCATE JAMES: I can't speak to
7 the international law, I can only speak about the law
8 of the City and the State of New York.

9 CHRIS LEHANE: And you're an expert in
10 that.

11 PUBLIC ADVOCATE JAMES: I'm not an
12 expert... [crosstalk]

13 CHRIS LEHANE: I am not an expert in the
14 laws of New York City, but what I will say is that if
15 there's a law that exists in this city you're
16 supposed to follow it per the terms of service of our
17 agreement.

18 PUBLIC ADVOCATE JAMES: So again, in
19 order to have a conversation with the sponsors of
20 this bill we need to make sure that we're honest
21 brokers...

22 CHRIS LEHANE: Uhm-hm.

23 PUBLIC ADVOCATE JAMES: and that we come
24 to the table with an understanding of the laws in the
25

1 City and the State of New York and with a commitment
2 to adhere to them and/or to comply with them, and I
3 would urge that if in fact you engage into discussion
4 with the chair or any of the sponsors of this bill
5 that you would know the law, that you would be firm
6 on the law and that you would stand by the law and
7 support the law; otherwise, Airbnb is not welcomed in
8 New York City and the state. Thank you... [crosstalk]

9
10 CHRIS LEHANE: So let me read to you our
11 actual official policy. To that end, we prohibit
12 content that promotes discrimination, bigotry,
13 racism, hatred, harassment, or harm against any
14 individual or group and we require all users to
15 comply with local laws and regulations. I think that
16 pretty specifically addresses your question...
17 [crosstalk]

18 PUBLIC ADVOCATE JAMES: Thank you.

19 CHRIS LEHANE: and reflects the... the
20 culture, ethos, ethics and beliefs of this company.

21 PUBLIC ADVOCATE JAMES: Thank you.

22 CHAIRPERSON WILLIAMS: Thank you for
23 reading that. Thank you Public Advocate for having
24 us take a breath. [laughter] Just so we're clear, I
25 want innovative businesses to thrive and survive, so

1
2 my hope is that Airbnb continues to do that as long
3 as they're doing it legally.

4 I just wanna sum up what I think is all
5 that you do to make sure that people are complying.
6 You give a letter telling them that they must comply,
7 but you do absolutely nothing to make sure that they
8 are complying. Is that correct?

9 CHRIS LEHANE: For working with the city
10 you can be in a partnership to get to the goals...

11 [crosstalk]

12 CHAIRPERSON WILLIAMS: Wait... wait, hold
13 on, hold on, 'cause you kept sayin' I don't answer...
14 you don't answer my questions, I'm not answerin' your
15 questions; you haven't answered pretty much any of
16 mine.

17 CHRIS LEHANE: We're not in the...

18 [crosstalk]

19 CHAIRPERSON WILLIAMS: I'm sorry;
20 actually, my colleague has to vote. I'm sorry about
21 that. Council Member Mendez.

22 COMMITTEE CLERK: Introduction 783-A.

23 Council Member Mendez for vote... [crosstalk]

24 COUNCIL MEMBER MENDEZ: I vote... I vote
25 aye.

1
2 CHAIRPERSON WILLIAMS: Thank you Council
3 Member Mendez and your patience; I apologize again.

4 My question is, what you do is give a
5 letter to the hosts saying that they must comply with
6 all local laws, but you do nothing after that to make
7 sure that they are complying with all local laws; is
8 that true or not true?

9 CHRIS LEHANE: Our experience is that
10 we're not an enforcement agency.. [crosstalk]

11 CHAIRPERSON WILLIAMS: That's not true.

12 CHRIS LEHANE: you work... you work...
13 [crosstalk]

14 CHAIRPERSON WILLIAMS: That's the answer.
15 I'll answer for you.

16 CHRIS LEHANE: you work... you work with
17 governments... [crosstalk]

18 CHAIRPERSON WILLIAMS: Yeah, it's not
19 true.

20 CHRIS LEHANE: so that the prop... the
21 appropriate enforcement agency is responsible..
22 [crosstalk]

23 CHAIRPERSON WILLIAMS: I mean it's true,
24 I'm sorry, it's true; you don't do anything after the
25 letter; the letter is the extent of what you do.

1
2 CHRIS LEHANE: Again, and I'm sure
3 there's a lot of companies or private sector entities
4 out there that the City of New York is looking to
5 invest with enforcement power, if that's a different
6 policy of the city, I'd be interested to hear about
7 that.

8 CHAIRPERSON WILLIAMS: No, going around
9 to hosts and seeing if the property that they have is
10 actually legal to be rented, I'm not sure if that's
11 enforcement; you would at least have the data on
12 whether or not it's legal; I didn't tell you to kick
13 them or not; that would be enforcement, but you could
14 at least have the data. But again, I don't think
15 you're interested in having that data or if you do
16 have it you're not interested in sharing it because
17 it would really mess up your business model, which is
18 profiting off of people renting out illegal rent-
19 regulated homes. [interpose]

20 CHRIS LEHANE: Our business model is
21 supporting the middle class, sir [background comment]
22 and this is really a question of whose side are you
23 on.

24 CHAIRPERSON WILLIAMS: I got... [sic]
25

1
2 CHRIS LEHANE: Are you on the side of the
3 middle class or do you wanna look at a bill that will
4 potentially put \$10-50,000 in fines on the middle
5 class... [crosstalk]

6 CHAIRPERSON WILLIAMS: I would love to
7 put what I've done for that class based on what
8 you're doing... [crosstalk]

9 CHRIS LEHANE: We wanna have a
10 conversation about how we can make sure... [crosstalk]

11 CHAIRPERSON WILLIAMS: I got you.

12 CHRIS LEHANE: you're gonna protect those
13 folks, fantastic.

14 CHAIRPERSON WILLIAMS: So I think all you
15 do... you are a deceiver and I think Airbnb is a
16 deceiver and you're using middle class people and
17 you're using black and Latino homeowners to continue
18 your deception. But we are not gonna let that stop
19 us from enforcing the laws and making sure that
20 housing here... how dare you come here and ask us if we
21 are trying to protect the middle class or not, when
22 your deception is what's causing the middle class to
23 suffer even more because you are taking housing off
24 of the market and you are doing yourself no favors
25 nor Airbnb any favors to change anything in this;

1
2 maybe we need to raise it to \$100,000 to make sure
3 that we get to the people we need to get to, 'cause
4 you're doing yourself no favors here today, sir; you
5 are making no friends on the City Council; you should
6 be ashamed and I guess they hired you to make it a
7 better face; it is now possibly a worse face than it
8 was before, just so we're clear.

9 CHRIS LEHANE: Well sir, I began this
10 hearing by saying and offering any number of times a
11 desire to work with you and the Council and... and...
12 and... and you have not... [crosstalk]

13 CHAIRPERSON WILLIAMS: You remind me...
14 there's a movie called "Mars Attacks" where the
15 Martians would come [laughter] and they would scream,
16 "We're here in peace, we come in peace," while they
17 were shooting the people...

18 CHRIS LEHANE: Yeah.

19 CHAIRPERSON WILLIAMS: they were
20 screaming, "I come in peace, I come in peace" and
21 continued to shoot people... [crosstalk]

22 CHRIS LEHANE: And I...

23 CHAIRPERSON WILLIAMS: it reminds me of
24 that movie 'cause you continue saying we're here to
25 help and do nothing to help.

1
2 CHRIS LEHANE: And this is... and watching
3 you is like watching an attack on the middle class.

4 CHAIRPERSON WILLIAMS: A what, an attack
5 on middle class... [crosstalk]

6 CHRIS LEHANE: An attack on the middle
7 class.

8 CHAIRPERSON WILLIAMS: That's
9 interesting.

10 CHRIS LEHANE: Yeah.

11 [background comments]

12 CHAIRPERSON WILLIAMS: [laugh] An attack
13 on the middle class.

14 CHRIS LEHANE: You're not gonna do
15 \$100,000 fine on the middle class; that would..
16 [crosstalk]

17 CHAIRPERSON WILLIAMS: We're not. We're
18 gonna put a \$50-100,000 fine on people who are doing
19 things illegally; hopefully we'll get rid of
20 businesses like you who do not care about the middle
21 class in this city; do not care about housing law in
22 this city; do not care about the homelessness on the
23 city; that's what... you do care about money, I got
24 that part, we were clear; I appreciate your caring
25 about money, that's very helpful.

1
2 I have one more question and then I'll
3 have to step away and Council Member Rosenthal will
4 take the helm. Would you support having a bill that
5 says tenants have to get a waiver from their landlord
6 to allow them to rent their apartment?

7 CHRIS LEHANE: Happy to work with the
8 City on whatever common sense policies you guys think
9 make sense... [crosstalk]

10 CHAIRPERSON WILLIAMS: Yeah.

11 CHRIS LEHANE: for your particular city.
12 Every city's... [crosstalk]

13 CHAIRPERSON WILLIAMS: One day...

14 CHRIS LEHANE: a little bit different;
15 right? I can say this any number of times...

16 CHAIRPERSON WILLIAMS: Uhm.

17 CHRIS LEHANE: some of the ideas that
18 have been proposed here are interesting, smart ideas;
19 let's have a conversation about how to make those
20 work.

21 CHAIRPERSON WILLIAMS: Yeah, you're not
22 interested in that, you're interested in making money
23 by any means necessary and I got it... [crosstalk]

24 CHRIS LEHANE: So the average host in New
25 York City makes \$6,000 a year off of our platform,

2 72% of them are using it to help pay for their
3 housing... [crosstalk]

4 CHAIRPERSON WILLIAMS: I know drug
5 dealers who make more money than that.

6 CHRIS LEHANE: the vast majority are
7 middle class people.

8 [laughter]

9 CHAIRPERSON WILLIAMS: I know drug
10 dealers who make more money than that, so those
11 statistics don't do anything... [crosstalk]

12 CHRIS LEHANE: You know, but at the end...

13 CHAIRPERSON WILLIAMS: you're doing
14 nothing.

15 CHRIS LEHANE: at... at the end of the day
16 you have to deal with the stats because the stats
17 behind those stats... behind those stats are middle
18 class people [crosstalk]

19 CHAIRPERSON WILLIAMS: Yeah, but you're a
20 decep... you're a deceiver, so your stats are only
21 meant to deceive, period; they're not meant to move
22 this conversation forward, they're meant to deceive.
23 I'm gonna step away. Thank you very much for your
24 testimony and hopefully I'll be back, 'cause I'd love
25 to continue our wonderful conversation.

2 CHRIS LEHANE: I look forward to the
3 dialogue.

4 COUNCIL MEMBER ROSENTHAL: I think that
5 means I get to ask a few questions. Thank you for
6 your patience on this.

7 I looked on your website the other night
8 and looked up my zip code, 10024...

9 CHRIS LEHANE: Uhm-hm.

10 COUNCIL MEMBER ROSENTHAL: and I noticed
11 that the way the website works now is -- and this is
12 Airbnb, so not any other short-term rental platform
13 -- the way it works is you can... there's now a box you
14 can check that says -- and tell me if I'm wrong --
15 that says you can rent out your whole... you know, yes,
16 I'm renting out my whole apartment; is that accurate?

17 CHRIS LEHANE: Yeah, I mean in terms of
18 when you go on your platform and how you identify?

19 COUNCIL MEMBER ROSENTHAL: Right...

20 CHRIS LEHANE: Yeah.

21 COUNCIL MEMBER ROSENTHAL: and you... if
22 you wanna... [crosstalk]

23 CHRIS LEHANE: It's ob... it's obviously...
24 [interpose]

25

1
2 COUNCIL MEMBER ROSENTHAL: So I was going
3 on as if I were a tourist... [crosstalk]

4 CHRIS LEHANE: Uhm-hm.

5 COUNCIL MEMBER ROSENTHAL: which I'm not;
6 I really live there, and just before entering the
7 website I was able to check a box that said, I wanna
8 rent out an entire apartment... [interpose]

9 CHRIS LEHANE: And had you signed up as a
10 guest so that you were verified and all of that
11 stuff, because you get a different... [crosstalk]

12 COUNCIL MEMBER ROSENTHAL: No, 'cause I'm
13 not a tourist and I didn't... I was just looking on
14 your website to see what I could rent as a tourist if
15 I wanted to and it seemed to indicate I could rent
16 out -- there were a number of apartments; that I
17 could rent out the entire thing, not just a room; is
18 that accurate?

19 CHRIS LEHANE: A couple points there;
20 one, to get the types of listings that you're looking
21 for you typically have to go on and register as a
22 guest so you could sort of get the most up-to-date
23 stuff that's [sic]... [crosstalk]

24 COUNCIL MEMBER ROSENTHAL: Okay, well I'm
25 not a guest and I'm...

1
2 CHRIS LEHANE: and then above and beyond
3 that, I presume where you're going with this is; are
4 you asking whether people are doing their whole home
5 when they're away for a weekend...? [crosstalk]

6 COUNCIL MEMBER ROSENTHAL: No, what I'm
7 getting... where I'm going with this is, is that it
8 tells me that on the other side, on the other side of
9 the inner web...

10 CHRIS LEHANE: Uhm-hm.

11 COUNCIL MEMBER ROSENTHAL: that there's
12 somebody who has a list of which ones are entire
13 apartments and which ones are single rooms,
14 [background comment] 'cause you must have that... you
15 must be asking if you're a... no; am I wrong...?
16 [crosstalk]

17 CHRIS LEHANE: No, the... the... the... the...
18 the hosts... I mean I'm a host; I identify my property
19 as I see fit; now what happens, and this happens an
20 awful lot, and it goes to I think one of the more
21 interesting aspects of the platform, is that if you
22 identify your place as X and a guest shows up there
23 and it's not what was identified, that gets flagged
24 pretty quickly in the ratings system and when there's
25 historic... [crosstalk]

1
2 COUNCIL MEMBER ROSENTHAL: If you
3 identify as X and X is illegal in the City of New
4 York, would you be willing to take that rental off
5 your platform?

6 CHRIS LEHANE: Two different issues here;
7 one, we do wanna work with the City on issues that
8 you guys have concerns with; I've said that a zillion
9 times; what we are concerned about is if the City,
10 and you addressed this earlier, which I was heartened
11 to hear, is not gonna be focused on targeting that...
12 that middle class person... [crosstalk]

13 COUNCIL MEMBER ROSENTHAL: Well so
14 Mr. Lehane...

15 CHRIS LEHANE: Yep.

16 COUNCIL MEMBER ROSENTHAL: please, I'm
17 begging you, and if you want, and people have seen me
18 do this before, I'll get on my knees; would you be
19 willing, as a website platform, to today take 790
20 11th Avenue, which I know to be renting out multiple
21 apartments that were formerly rent-regulated
22 apartments and they're currently renting out about
23 20, and this is a rental building owned by a single
24 landlord... [background comment]... [crosstalk]

1
2 CHRIS LEHANE: Again, you're... you're...
3 you're... you're... you're giving me all sorts of...
4 [crosstalk]

5 COUNCIL MEMBER ROSENTHAL: Let's start
6 this way; would your... do you have your software or
7 hardware technology people here who could tell me
8 technically whether or not that address could be
9 removed and never put on again from your website...?
10 [interpose]

11 CHRIS LEHANE: We... We remove... prop...
12 properties are removed all the time for quality
13 issues or for people engaging in... [crosstalk]

14 COUNCIL MEMBER ROSENTHAL: No, just yes
15 or no on this 790 11th Avenue that's renting out
16 illegally... [crosstalk]

17 CHRIS LEHANE: You're... You're... You're
18 asking me something that I can't... I have no idea what
19 790 11th Avenue is. I mean I don't have... I don't
20 know what that is off the top of my head... [crosstalk]

21 COUNCIL MEMBER ROSENTHAL: Conceptually,
22 if a building... [crosstalk]

23 CHRIS LEHANE: Concep...

24 COUNCIL MEMBER ROSENTHAL: were renting
25 out units illegally, regularly, more than 60 nights a

1
2 year, right, 'cause you said on average your hosts
3 rent out five nights... [crosstalk]

4 CHRIS LEHANE: Uhm-hm.

5 COUNCIL MEMBER ROSENTHAL: every month...

6 CHRIS LEHANE: Uhm-hm.

7 COUNCIL MEMBER ROSENTHAL: which by the
8 way, is not a teacher going away for a one-week
9 vacation, but setting that aside, so your hosts on
10 average rent out 60 nights a year...

11 CHRIS LEHANE: And that's how they
12 generate about \$6,000 of income, yeah, and... and it...
13 [crosstalk]

14 COUNCIL MEMBER ROSENTHAL: Okay. So let...
15 let's take it... let's start with that hypothetical...

16 CHRIS LEHANE: it... and it's roughly about
17 14... it's roughly about a 14... [crosstalk]

18 COUNCIL MEMBER ROSENTHAL: Would you be
19 willing to take off your website anyone renting more
20 than 60 nights a year?

21 CHRIS LEHANE: Is that the policy; is
22 that gonna be the policy...? [crosstalk]

23 COUNCIL MEMBER ROSENTHAL: I'm asking you
24 if technically... I'm asking you, sir... [crosstalk]

25 CHRIS LEHANE: Again, we're not...

1
2 COUNCIL MEMBER ROSENTHAL: and you... you
3 swore an oath...

4 CHRIS LEHANE: Yes.

5 COUNCIL MEMBER ROSENTHAL: when you
6 agreed to testify today to answer my questions to the
7 best of your ability... [crosstalk]

8 CHRIS LEHANE: And to the best of my
9 ability...

10 COUNCIL MEMBER ROSENTHAL: and are you
11 telling me that to the best of your ability you don't
12 know whether or not there's technology to take that
13 person off your website? Because I'm just asking yes
14 or no... [crosstalk]

15 CHRIS LEHANE: And...

16 COUNCIL MEMBER ROSENTHAL: I'm not asking
17 about middle class New Yorkers; I'm not asking about
18 a teacher; I'm not asking about Miss Rios; I'm
19 asking... [crosstalk]

20 CHRIS LEHANE: And my an...

21 COUNCIL MEMBER ROSENTHAL: whether or not
22 the technology exists for you to take off your
23 website an owner that is listing their unit for more
24 than 60 nights a year; yes or no?

1
2 CHRIS LEHANE: As I have told you, we
3 certainly have the technology to remove properties;
4 that happens, right, we've done that before and now
5 you're asking... now you're... [crosstalk]

6 COUNCIL MEMBER ROSENTHAL: Okay. No, no,
7 no, no; time out, Green Bay. So you have the
8 capacity... [crosstalk]

9 CHRIS LEHANE: Are you gonna let... Are you
10 gonna let me finish?

11 COUNCIL MEMBER ROSENTHAL: to take them
12 off. And now, right now, you're taking them off
13 because they don't follow the quality of service that
14 you have asked your hosts to provide...

15 CHRIS LEHANE: Uhm-hm.

16 COUNCIL MEMBER ROSENTHAL: so maybe they
17 rent out their home...

18 CHRIS LEHANE: Sure.

19 COUNCIL MEMBER ROSENTHAL: and there is a
20 cockroach in it and the person who is the tourist is
21 not happy with that level of service, so you then go
22 back and take it off; right? Or... I didn't... I'm
23 giving a hypothetical, it could be any number of... you
24 know, the bed's not made...

25 CHRIS LEHANE: Uhm-hm.

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2 COUNCIL MEMBER ROSENTHAL: right? So you
3 are... You can take them off and when you do that, do
4 you take them off for a period of time or for good?

5 CHRIS LEHANE: It depends I think on the
6 nature of the conduct... [crosstalk]

7 COUNCIL MEMBER ROSENTHAL: Give me one
8 example of conduct un... un...

9 CHRIS LEHANE: We've... We've removed
10 thousands of properties in New York for quality
11 issues... [crosstalk]

12 COUNCIL MEMBER ROSENTHAL: Why?

13 CHRIS LEHANE: Because it wasn't quality
14 that was up to the standards that our guests were
15 expecting.

16 COUNCIL MEMBER ROSENTHAL: And so...

17 CHRIS LEHANE: And... But to your... you...
18 you... But your large... your... your question... [crosstalk]

19 COUNCIL MEMBER ROSENTHAL: give me one
20 example of what quality does not meet your standards.

21 CHRIS LEHANE: your question about the 60
22 days really goes to an enforcement issue though; you...
23 [crosstalk]

24 COUNCIL MEMBER ROSENTHAL: What? What?

25

1
2 CHRIS LEHANE: Your question of 60 days
3 goes to an enforcement issue; do you want a private
4 sector entity to be making findings of fact and then
5 in effect serving as a judicial entity? We're happy
6 to work with cities and if cities wanna continue to
7 do their traditional enforcement role, we can work
8 with them; I am... As a private sector entity, we're...
9 [crosstalk]

10 COUNCIL MEMBER ROSENTHAL: Okay, so I'm
11 not a lawyer, Mr. Lehane and I don't pretend to be
12 one, but so if you're saying that you... would you feel
13 comfortable giving the enforcement agency the data so
14 that they could see whether or not someone was
15 breaking the law and then tell you, this address is
16 breaking the law, take them off your website?

17 CHRIS LEHANE: I'll say it again; happy
18 to work with the City if you wanna explore stuff like
19 that. I've said that countless times today.

20 COUNCIL MEMBER ROSENTHAL: But if you've
21 said that countless times and your predecessor said
22 that countless times and you've sent letters to us to
23 give us...

24 CHRIS LEHANE: Uhm-hm.
25

1
2 COUNCIL MEMBER ROSENTHAL: countless
3 times, why would you show up at a hearing with a
4 qualitative document and try to portray it as
5 something that could help us enforce the law? If all
6 we're looking at is to enforce the law, why aren't
7 you in practice... why... why didn't you... [crosstalk]

8 CHRIS LEHANE: Because...

9 COUNCIL MEMBER ROSENTHAL: come here and
10 say, you know what; I wanna work with government;
11 here's 20 addresses of people who have rented for
12 longer than 60 days?

13 CHRIS LEHANE: So let's examine the
14 facts, right...

15 COUNCIL MEMBER ROSENTHAL: 'cause that
16 would be helping the City of New York.

17 CHRIS LEHANE: This... This book has some
18 of your constituents in it; do you care about your
19 constituents?

20 COUNCIL MEMBER ROSENTHAL: I care about
21 my constituent... [crosstalk]

22 CHRIS LEHANE: Okay, so this book...

23 COUNCIL MEMBER ROSENTHAL: who testified
24 first... [crosstalk]

25 CHRIS LEHANE: so this book has...

1
2 COUNCIL MEMBER ROSENTHAL: the guy on
3 West 77th Street...

4 CHRIS LEHANE: So this book has your
5 constituents...

6 COUNCIL MEMBER ROSENTHAL: I care... let me
7 tell you who I care about, Mr. Lehane...

8 CHRIS LEHANE: Uhm-hm.

9 COUNCIL MEMBER ROSENTHAL: I care about
10 the other tenants who live at 790 11th Avenue who
11 have complete strangers roving up and down their
12 hallway, who have music going all hours of the night
13 and who just wanna get a good night's sleep...

14 [crosstalk]

15 CHRIS LEHANE: Uhm-hm.

16 COUNCIL MEMBER ROSENTHAL: because you
17 know what, they are solid middle class constituents
18 of mine, they are working people who have to get to
19 work the next day, they are families with young
20 children who wanna be able to send their kids down to
21 get the mail, but now don't know who's living in
22 their home so don't even do that; that's who I
23 represent; that's who I care about and that's who I'm
24 fighting for; when you put me in a position by not
25 working with the City, by not turning over... coming

1 today and saying here are 20 people who are on our
2 website who we've found to be egregiously breaking
3 the law, then I would have known that you were coming
4 in a good faith effort and we could start the
5 conversation in a really good place, but because that
6 hasn't happened, since our... I mean and trust me,
7 you've had lots of time; I think I was asking the
8 exact same question back in January of this year, so
9 nine months ago you've had nine months to come to the
10 table legitimately wanting to help and work hand in
11 hand with the City; that's the guy I wanna work with
12 and that's the good corporate citizen who I wanna
13 work with. I understand we live in a capitalist
14 democracy, I understand you have the right as a
15 company and that Miss Rios next to you as an
16 individual legally abiding by the law has the right
17 to make money in this city; I do not... because your
18 website portal also includes actors who are breaking
19 the law and who are making it more difficult for
20 average New Yorkers to get a home that they can live
21 in, you're forcing government to take this ridiculous
22 stand that you're gonna be fined if you're an
23 egregious law breaker \$50,000 for that egregious,
24 most egregious offense after multiple times. And you
25

1 know what; if you were coming and you were willing to
2 work with me, I am willing to work with you, but you
3 have not shown that in the last nine months and in
4 fact, Airbnb has gone in the opposite direction,
5 where now on the website it blatantly says, if you
6 would like, you as a tourist can rent out somebody's
7 home, not just a room, but a home; you blatantly
8 state that now on your website... [interpose]

10 CHRIS LEHANE: Yeah, our website...

11 [crosstalk]

12 COUNCIL MEMBER ROSENTHAL: So you're
13 goin' in the wrong direction, sir.

14 CHRIS LEHANE: Just... You realize that our
15 website is not just New York City.

16 COUNCIL MEMBER ROSENTHAL: All I know is
17 New York City law; I represent the... [crosstalk]

18 CHRIS LEHANE: 'Kay.

19 COUNCIL MEMBER ROSENTHAL: the Upper West
20 Side and I represent the citizens of New York City,
21 so that's who I'm talkin' about; I'm not talkin'
22 about any other place; you're in New York, I...

23 [crosstalk]

24

25

1
2 CHRIS LEHANE: I... I... I... I'm well aware of
3 that, but we are... it's a website that's in 34,000
4 cities.

5 COUNCIL MEMBER ROSENTHAL: But that... you
6 know, God bless you for all your work and all your
7 capitalism. Look at... if there were a bar, if you
8 owned a bar and you had a bartender who was knowingly
9 breaking the law, even though you said to that
10 bartender, if you work here I'm having you sign an
11 agreement, if you work here you can only serve
12 drinks... [crosstalk]

13 CHRIS LEHANE: Uhm-hm.

14 COUNCIL MEMBER ROSENTHAL: to people who
15 are over 21 years of age and if you knew that that
16 bartender was serving drinks to 14-year-olds, what
17 would you do to that bartender?

18 CHRIS LEHANE: Again, we're not a bricks...
19 we're... we're not... we... we're not a bricks and mortar
20 building; we are a... [crosstalk]

21 COUNCIL MEMBER ROSENTHAL: Would you fire
22 them; yes or no? Would you fire that bartender? I'm
23 asking you... [crosstalk]

24 CHRIS LEHANE: When I was...
25

1
2 COUNCIL MEMBER ROSENTHAL: Mr. Lehane as
3 a... as in this hypothetical, would you fire that
4 bartender...? [crosstalk]

5 CHRIS LEHANE: Well I... The whole line
6 about hypotheticals, they're just hypotheticals;
7 right? But what I would say, and I've said this,
8 again, we don't have... [crosstalk]

9 COUNCIL MEMBER ROSENTHAL: No. Yes or
10 no?

11 CHRIS LEHANE: Well... are... do... do you... do
12 you... [crosstalk]

13 COUNCIL MEMBER ROSENTHAL: I really am
14 just waiting for an answer to the question.

15 CHRIS LEHANE: do... are... are... are you
16 willing to work with us to make sure that those...
17 those... [crosstalk]

18 COUNCIL MEMBER ROSENTHAL: I think I've
19 said repeatedly, had you come today with 20 examples
20 of the most egregious bad actor landlords we would be
21 in a very different place, so am I willing? I've
22 been willing to work with you for nine months.

23 CHRIS LEHANE: Then why introduce a bill
24 that's gonna put almost a \$50,000 fine on working
25 people...? [crosstalk]

1
2 COUNCIL MEMBER ROSENTHAL: Then why come
3 and give us disingenuous information and bring
4 somebody up sitting next to you who is renting out
5 legally?

6 CHRIS LEHANE: So what's... what's
7 disingenuous about her?

8 COUNCIL MEMBER ROSENTHAL: What?

9 CHRIS LEHANE: What's disingenuous; she
10 was very straightforward on her story?

11 COUNCIL MEMBER ROSENTHAL: What?

12 CHRIS LEHANE: She was very... She was
13 extremely straightforward on her particular story and
14 her particular facts; it wasn't disingenuous...

15 [crosstalk]

16 COUNCIL MEMBER ROSENTHAL: But she's not
17 an example of who this law is set out... You know I
18 sorta... I feel like this... this is a very bad place
19 that you and I are in right now..

20 CHRIS LEHANE: [laugh]

21 COUNCIL MEMBER ROSENTHAL: and I'm just
22 gonna do another deep yoga breath for a second. Our
23 problem is that on your website portal there are
24 people who are not following the law. I know you ask
25 them to follow the law, but they're not.

1
2 CHRIS LEHANE: And to address that
3 requires working with cities; we do that all over the
4 world, people do it... [crosstalk]

5 COUNCIL MEMBER ROSENTHAL: When do you
6 wanna meet?

7 CHRIS LEHANE: people do it pretty
8 frequently; we can... we can go meet after this...
9 [crosstalk]

10 COUNCIL MEMBER ROSENTHAL: I am available
11 on Monday. Would you... Would it be possible on
12 Monday; I'll bring in the Office of Special
13 Enforcement; I'll be there, Council Member Williams
14 will be there, and could you bring in the 20 most
15 egregious law breakers who are currently on your
16 website?

17 CHRIS LEHANE: If the City has a policy
18 in place to identify who they are and you've
19 identified and you've been able to have a... the
20 process that the City would follow to be able to
21 determine who's breaking the law, then sure, get that
22 information to us.

23 COUNCIL MEMBER ROSENTHAL: Wait, wait;
24 say that again.

2 CHRIS LEHANE: If you have a proc... you're
3 asking us... like I can't... I can't answer that quest...
4 [crosstalk]

5 COUNCIL MEMBER ROSENTHAL: I'm asking if
6 your web portal...

7 CHRIS LEHANE: I can't answer...

8 COUNCIL MEMBER ROSENTHAL: No, no, no;
9 I'm asking you... now I think earlier you said you are
10 able to identify bad actors according to quality of
11 service; are you able to identify people who are
12 renting their units for more than 60 days...
13 [interpose]

14 CHRIS LEHANE: The quality of service...

15 COUNCIL MEMBER ROSENTHAL: or who own a
16 building who are renting out more than one unit in
17 their building; yes or no...? [crosstalk]

18 CHRIS LEHANE: The... The quality of serv...
19 [crosstalk]

20 COUNCIL MEMBER ROSENTHAL: And if you
21 wanna work with the City you can come with that data.
22 No?

23 CHRIS LEHANE: The quality of service is
24 identified by the rating system; right? What I have
25 said... and you've... and you've... [crosstalk]

1
2 COUNCIL MEMBER ROSENTHAL: Well but that
3 has to do with... that doesn't have to do with the law
4 of New York... [crosstalk]

5 CHRIS LEHANE: you keep... you continue...
6 you...

7 COUNCIL MEMBER ROSENTHAL: that's not one
8 of the things we're asking for.

9 CHRIS LEHANE: you continue to a... well
10 that's answering your question about how properties
11 are removed, right you laid out a scenario where
12 properties are removed, they're removed for quality;
13 that quality is identified through a rating service
14 that you can see and it's publicly identifiable and
15 you... and then... your... your... you... your... [crosstalk]

16 COUNCIL MEMBER ROSENTHAL: And is that...
17 included in that rating service following the law?

18 CHRIS LEHANE: Your hypothe... The other
19 hypothetical that you have suggested is somehow we're
20 supposed... [crosstalk]

21 COUNCIL MEMBER ROSENTHAL: No, no, no,
22 I'm asking you, in your quality of service, is one of
23 the determining factors following the laws of City of
24 New York...? [crosstalk]

2 CHRIS LEHANE: It... it's what the guests...
3 how the guests describe... de... define it.

4 COUNCIL MEMBER ROSENTHAL: Okay, so it's
5 not; you can say no, it's alright.

6 CHRIS LEHANE: It's how the guests do it.
7 The guests give a rating of whether something was
8 what they thought it was supposed to be. So if
9 something is advertised as... [crosstalk]

10 COUNCIL MEMBER ROSENTHAL: Right. So but
11 please, sir...

12 CHRIS LEHANE: Uhm-hm.

13 COUNCIL MEMBER ROSENTHAL: I know you
14 wanna work with the City and I am... I'm trying so hard
15 to work with you. Is a determining factor whether or
16 not the host is following the laws of the City of New
17 York; yes or no?

18 CHRIS LEHANE: Again, the determining...

19 COUNCIL MEMBER ROSENTHAL: Yes or no? Is
20 it on the list...? [crosstalk]

21 CHRIS LEHANE: You're... you're... you're
22 asking a question that's not a yes or no answer.
23 You're asking... [crosstalk]

24

25

2 COUNCIL MEMBER ROSENTHAL: It's either
3 [background comment] on your list of determining
4 factors or it's not... [crosstalk]

5 CHRIS LEHANE: No, you're asking... You're...
6 You're asking whether a private sector entity can
7 make legal findings; we can't make legal findings;
8 the city can make legal findings... [crosstalk]

9 COUNCIL MEMBER ROSENTHAL: I've gotta go
10 to a yoga class. [background comments] I... I'm ready
11 to play when you are... [crosstalk]

12 CHRIS LEHANE: We're not... We're not
13 invested in the enforcement... [crosstalk]

14 COUNCIL MEMBER ROSENTHAL: I'm ready.
15 I'm here ready... [crosstalk]

16 CHRIS LEHANE: Right.

17 COUNCIL MEMBER ROSENTHAL: my office is
18 open to you; come with data that can help us find the
19 bad guys and I'm ready to play.

20 CHRIS LEHANE: Good; I appreciate that.

21 CHAIRPERSON WILLIAMS: So I know you have
22 a deception press conference to go to in a couple
23 minutes; we wanna make sure that you make it there
24 [cheer, clap] on time, so we'll try very hard to
25 finish up.

1
2 I think that one of the words you were
3 using was you're not in charge of enforcement; I
4 think what we're trying to get at is compliance..

5 CHRIS LEHANE: Uhm-hm.

6 CHAIRPERSON WILLIAMS: Do you have any
7 compliance measures in terms of who is using Airbnb
8 legally or not legally?

9 CHRIS LEHANE: We have measures that if
10 something is rated poorly for quality it comes down.
11 We work... We work... [crosstalk]

12 CHAIRPERSON WILLIAMS: Do you have any
13 compliance measures about law?

14 CHRIS LEHANE: we work with cities and
15 when those cities identify issues we can be
16 responsive... [crosstalk]

17 CHAIRPERSON WILLIAMS: Most of those
18 cities do not like you being there, like San
19 Francisco and other places that are very unhappy with
20 your service.

21 CHRIS LEHANE: We have... We have 135,000
22 people on our platform in San Francisco... [crosstalk]

23 CHAIRPERSON WILLIAMS: But my question
24 was, and I hope... I really hope those who came to
25 support Airbnb are actually listening to the

1 COMMITTEE ON HOUSING AND BUILDINGS 168
2 questions that we're asking and to the answers that
3 you are giving so they themselves can see the
4 deception that you're trying to do. My question is,
5 do you have any compliance... every responsible
6 business I know has compliance measures. Do you have
7 any compliance measures when it comes to the laws of
8 New York City as it pertains to housing?

9 CHRIS LEHANE: Again, you're asking...

10 [crosstalk]

11 CHAIRPERSON WILLIAMS: Yes.

12 CHRIS LEHANE: compliance and enforcement
13 are synonyms, but you are asking a question...

14 [crosstalk]

15 CHAIRPERSON WILLIAMS: You have none.

16 CHRIS LEHANE: You're asking a question...
17 [laughter] Do... Do you want a private sector entity to
18 make legal findings?

19 [background comments]

20 CHAIRPERSON WILLIAMS: No, I asked you
21 about compliance. So wait... [crosstalk]

22 CHRIS LEHANE: become compliant...

23 CHAIRPERSON WILLIAMS: every business in
24 this city, they shouldn't have compliance 'cause they
25 become enforcers?

[background comment]

CHRIS LEHANE: But... But you're ask...

CHAIRPERSON WILLIAMS: What are you talking about?

CHRIS LEHANE: But you're asking how are we supposed to be able to determine if someone is compliant or... that's a city function... [crosstalk]

CHAIRPERSON WILLIAMS: You can't do compliance on your own business?

CHRIS LEHANE: That's a city function.

CHAIRPERSON WILLIAMS: That's fantastic.

CHRIS LEHANE: That... That's a city function.

CHAIRPERSON WILLIAMS: That is a very responsible business that you cannot do compliance on your own business.

CHRIS LEHANE: Again, if you wanna work in a productive way and have a conversation... [crosstalk]

CHAIRPERSON WILLIAMS: No, no, no...

CHRIS LEHANE: to figure stuff out, we're happy to do that... [crosstalk]

CHAIRPERSON WILLIAMS: But I am convinced that you do not want to work in a productive way.

2 CHRIS LEHANE: But... But your res... your
3 response every time is to try to [background comment]
4 play gotcha as opposed to having got forward [sic]...
5 [crosstalk]

6 CHAIRPERSON WILLIAMS: No I did not; I
7 started this conversation...

8 CHRIS LEHANE: ultimately we want...

9 CHAIRPERSON WILLIAMS: very, very
10 politely...

11 CHRIS LEHANE: Uhm-hm.

12 CHAIRPERSON WILLIAMS: and we asked
13 questions that you refuse to answer 'cause either you
14 don't care to have the data information, you don't
15 care about compliance or you have it and don't wanna
16 give it to us.

17 CHRIS LEHANE: So any number of times
18 we've said we're happy to provide data, happy to work
19 with you guys if... if... [crosstalk]

20 CHAIRPERSON WILLIAMS: Yes and I said
21 that sounds like "Mars Attacks." I remember.

22 CHRIS LEHANE: if there... if there's a
23 seriousness and purpose to address...

24 CHAIRPERSON WILLIAMS: Yeah.

1
2 CHRIS LEHANE: the issues that have been
3 raised; right...? [crosstalk]

4 CHAIRPERSON WILLIAMS: Let me say this;
5 we are not going after grandma for the weekend, we
6 are not going after one- or two-family homes; we're
7 not even trying to go after... [crosstalk]

8 CHRIS LEHANE: That's great.

9 CHAIRPERSON WILLIAMS: three- and four-
10 family homes; you have to help us by providing data
11 and figuring out how we can make sure people are
12 compliant. If you don't do that, we are gonna do our
13 job...

14 CHRIS LEHANE: Uhm-hm.

15 CHAIRPERSON WILLIAMS: and enforce the
16 law and we will... I came in here thinking that \$50,000
17 might be an overreach; perhaps it's not, based on
18 your responses and the deceptions that I've seen up
19 until now and I'm sure will happen at around 1:30,
20 because maybe it's the only way to get at what you
21 care about, which is money, by stopping people from
22 getting on Airbnb... [crosstalk]

23 CHRIS LEHANE: And what we care... What we...

24 CHAIRPERSON WILLIAMS: and until you...
25 wait; I'm not finished... until you come to the table

1
2 sincerely wanting to work with us to get the people
3 who are not doing this legally, we're gonna do
4 whatever we have to do; you just have to know that
5 and you can accept it or not, but we are gonna move
6 forward; maybe we need to increase that amount,
7 because you sir... this is an amazing amount of
8 deception going on with the people of New York City
9 and I'm hoping the people of New York City who are
10 watching this, who may hear it really understand that
11 Airbnb is the one that is attacking the middle class,
12 Airbnb is the one that's attacking housing and
13 homelessness in this city. The City Council is very
14 much trying to protect people who use Airbnb legally;
15 if you're renting a room in your house, in your
16 apartment that you live in, if you're a one- and two-
17 family home, even if you're a three- and four-family
18 home, we're trying to make sure that this law does
19 not affect you adversely; we are gonna continue to
20 try to do that, but the illegal activity of many of
21 the people on Airbnb are what we are gonna continue
22 to go after. So thank you very much for your
23 testimony and I guess we will hear from you; I doubt
24 it will be with anything productive, but thank you
25 very much and we're gonna take I guess about a 10-

1 minute break so everybody can breathe a little bit.

2 And the next panel will be Anita Ruben, [background
3 comments] Sarah Desmond, Betsy Eichel, Yonatan
4 Tadele. Thank you very much.
5

6 [pause]

7 [background comments]

8 [pause]

9 MALE VOICE: Ladies and gentlemen, I'm
10 gonna ask everyone to find their seat once again; we
11 are going to begin and resume this meeting very
12 shortly. So once again, please find your seats and
13 we ask for silence, silence all electronic devices.
14 Once again, please find your seats.

15 [pause]

16 CHAIRPERSON WILLIAMS: Alright, we are
17 back... [background comment] Great, I think we should
18 have Anita Ruben, Sarah Desmond, sorry, Betsy Eichel
19 and Yonatan Tadele. Can you each raise your right
20 hand, please? Do you affirm to tell the truth, the
21 whole truth and nothing but the truth in your
22 testimony before this committee and to respond
23 honestly to council member questions? Thank you. We
24 have a lot of people, so we're gonna put the time on
25

1
2 two minutes and we'll ask you to start in the order
3 of your preference.

4 [pause]

5 ANITA RUBEN: Yeah. Okay, hi. Chairman
6 Williams, thank you and Council Members. My name is
7 Anita Ruben and I live at 15 West 55th Street for 39
8 years. The C of O of 15 West and 19 West, it's
9 sister building, is residential and since 1976 the
10 apartments, that's when I moved in, the apartments
11 were rent-controlled and rent-stabilized. The two
12 building however since that time were warehoused by
13 the landlord, meaning that when a tenant left the
14 apartment it was kept vacant. So as an example, on
15 my floor where there are four apartments, 8C has been
16 vacant for 30 years and 8A for 20 years and 8B is now
17 currently occupied by a tenant and we're in 8D.
18 However, most of the building, where there are about
19 40 apartments, there are only seven tenants left from
20 that original group; all the others were warehoused
21 and are now being rented as illegal apartments for
22 the most part. So we fall into this category of bad
23 actors in terms of our landlord.

24 Since the property was purchased by Assa
25 Properties in November of 2013, the tenants in our

1 building have suffered a great nightmare. Most
2 importantly, what's happening now is that the
3 building is being turned from a residential building
4 into a commercial building; in fact, six rent-
5 stabilized apartments have physically been destroyed;
6 that is on 2A, 2B, 2C and 2D, as well as two
7 professional apartments on the first floor. This is
8 being done to make way for a private club under the
9 name of Domenico Vacca, who is going to be setting up
10 a club that will encompass the main lobby, the first
11 floor and they've included a basement space that
12 they're now calling additional floors and rooftop
13 space [bell] as well. [bell] Let me just finish by
14 saying two things. I gave in a packet that contains
15 several different documents, one was a lawsuit by the
16 Mayor's Office of Special Enforcement which was filed
17 on February 5th of this year; the landlord is being
18 fined by the Environmental Control Board for
19 \$110,000; that has not been paid. I also have
20 included a letter from Senator Liz Krueger,
21 Assemblyman Richard Gottfried and Council Member Dan
22 Garodnick, who wrote to the DOB asking why the DOB
23 was continuing to issue building permits to this
24
25

2 landlord who is egregiously out of the law. I also
3 have as recently as... [interpose]

4 CHAIRPERSON WILLIAMS: Gonna have to ask
5 you to...

6 ANITA RUBEN: Okay.

7 CHAIRPERSON WILLIAMS: do a closing
8 sentence.

9 ANITA RUBEN: Two more things. On
10 October 19th I filed a report to 311 that an
11 apartment was being rented [background comment]
12 illegally again as a hotel; this is after the lawsuit
13 was filed, so even though it stopped for a while,
14 it's now continuing again and I will also say that
15 two things have happened; the contractor who's doing
16 the work to enable this club to take place, major
17 construction, cut the telephone wires completely in
18 the building and we have not been able to have hard-
19 line telephone service from Verizon since July 12th
20 and it's unlikely that Verizon will be able to come
21 back to do that work because they have to install
22 completely new setup in order to do it. Thank you
23 very much and I appreciate the opportunity to speak
24 today. Thank you... [crosstalk]

25 CHAIRPERSON WILLIAMS: Thank you.

1
2 SARAH DESMOND: Good afternoon Chair
3 Williams. I think 15-19 West 55th Street is a good
4 example of a building that's overrun with illegal
5 hotel use and as well as, you know there's a whole
6 host of other things that are going on there as well,
7 as you can tell. I think the short-term rentals
8 allow the owner to continue to take in lucrative
9 revenue and continue to push the tenants out and
10 causing, you know, all this chaos for the tenants
11 that live there; it's allowing them to actually
12 warehouse units and effectively do it while taking in
13 a really nice income stream.

14 But thank you for the opportunity to
15 testify today, my name's Sarah Desmond; I'm the
16 Executive Director of Housing Conservation
17 Coordinators; we're a 43-year-old legal services
18 organization based in Hell's Kitchen. I'm here in
19 support of Intro. 826 to increase the fines for
20 repeated hotel use and Intros. 823 and 788, which
21 seek to bring greater transportation and education
22 about the illegal hotel use and how it impacts on
23 quality housing New York City.

24 My organization, HCC, together with
25 Goddard Riverside Law Project and the Westside

1
2 Neighborhood Alliance have been actively working to
3 stop illegal hotels since it first came to our
4 attention more than a decade ago. Today 40
5 organizations from all around the city have joined
6 the fight, as the use has spread to all neighborhoods
7 within New York City. We therefore support Intro.
8 826 to raise the amount of penalties for repeated
9 violations for illegal use in the same unit or for
10 the second violation in the same building; it
11 effectively targets the flagrant operators who are
12 cited repeatedly for using apartments or buildings
13 for illegal short-term rentals of less than 30 days.

14 Similarly, we also support 823, which
15 brings greater transparency to the annual reporting
16 and illegal use complaints and civil penalties
17 assessed. We respectfully submit that the Mayor's
18 Office of Special Enforcement, which is the office
19 charged with enforcing the laws, may be the more
20 appropriate and better situated agency to actually
21 report to the Council on that.

22 Similarly, with 788, [bell] we agree... you
23 know we support it, [bell] but we share the council
24 members' concern that tenants, particularly those not
25 represented by an attorney, do not unknowingly put

1
2 themselves in danger of litigation and subsequent
3 blacklist by withholding rent without fully
4 understanding the risks and the burden of proof
5 that's entailed. But thank you for the opportunity
6 to testify.

7 BETSY EICHEL: Hi. Thank you for the
8 opportunity to testify. My name is Betsy Eichel; I
9 am a Tenant Organizer at Housing Conservation
10 Coordinators and I just kinda wanted to talk a little
11 bit about 15 and 19 West 55th Street, which I have
12 been organizing for some time; it just seems that
13 having platforms that make it easy for landlords to
14 run these illegal hotels is just kind of another tool
15 in their arsenal they have to harass tenants. As
16 Anita mentioned, those units had been warehoused for
17 many years, so this just kind of gave them another
18 way to take those units out of rent regulation and
19 made existing tenants' lives very difficult and also
20 was less affordable housing for a now very expensive
21 neighborhood.

22 And I also just wanted to kind of voice
23 my support for these bills because despite concerns
24 that people might get caught up in these fines, what
25 I found in this building and several others is that

1
2 it actually takes a great deal of coordination and
3 time and effort to get cases brought against
4 landlords who use illegal hotels. I am really happy
5 with what the Office of Special Enforcement has done,
6 but to get to that point where they're bringing
7 lawsuits takes a lot of time and it has to be very
8 obvious what's going on, so if someone is using the
9 service occasionally or they're in the apartment, it
10 seems very unlikely that they would be stuck [sic]
11 paying these fines. And as Anita pointed out, even
12 with the fines levied, despite the fact that they
13 haven't been paid, you know they still were able to
14 get basically any DOB bill that they applied for.

15 And I also just wanted to voice my
16 support for both Council Member Rosenthal's bill and
17 Council Member Rodriguez' bill, because in this
18 building as well there were a great deal of illegal
19 conversions and it just seems like that it something
20 that happens in tandem in buildings with there are
21 illegal hotels, so I think these are very.. to get
22 more.. to have these agencies [bell] be better and
23 able and able to do what they [bell] are designed to
24 do is something that's very important. Thank you.

1
2 CHAIRPERSON WILLIAMS: Thank you very
3 much for the testimony. Hold on one second. My
4 deepest, sincerest apologies; I forgot you haven't
5 testified yet, so you can feel free to...

6 YONATAN TADELE: Of course. Thank you
7 Chairperson Williams. I'm here to testify, of
8 course, in support of all three Intros., 826, 823 and
9 788.

10 Just to introduce myself; my name is
11 Yonatan Tadele; I'm a Housing Counselor and Community
12 Organizer working for the Cooper Square Committee,
13 the housing nonprofit based in Manhattan's Lower East
14 Side. As a housing advocate based in the Lower East
15 Side, I'm well aware of the problems illegal hotels
16 have caused in the community and it's been a number
17 of problems.

18 The neighborhood's overall vibrancy has
19 made it a natural haven for tourists and travelers
20 alike. Illegal hotel operators have tried to take
21 advantage of that, particularly from a financial
22 perspective. According to a 2014 report on Airbnb,
23 released by the Office of the Attorney General of the
24 State of New York, the Lower East Side was
25 highlighted as one of three New York City

1 neighborhoods most frequented by Airbnb users; a
2 large proportion of them renting their units
3 illegally. Furthermore, roughly one-third of all
4 Airbnb units citywide are controlled by just 6% of
5 Airbnb hosts. Sometimes these operators are
6 independent landlords looking to control a number of
7 units a building; other times they're third-party
8 operators, like Hotel Toshi, for instance, a citywide
9 operator which held units in Manhattan and Brooklyn
10 and at one point had a very large presence in the
11 Lower East Side. In both cases, existing residents,
12 and in particular, rent-regulated tenants, found
13 themselves victims of harassment due to the large
14 financial incentive these unscrupulous operators had
15 and have in re-renting their units illegally as
16 hotels.

17
18 Of course, there are the usual safety and
19 security issues that so many residential tenants have
20 to deal with in buildings with illegal hotels; just a
21 few common ones -- excessive noise at all hours of
22 the night, partying, front doors left ajar by tenants
23 who, in one case, [bell] may have a key to the
24 apartment but not a key to the building [bell] and so
25 many other more issues. Residential buildings are

1 not zoned for transient use and residential tenants
2 shouldn't have to put up with the issues that come
3 with transient use. So just to close really quickly,
4 I think the best way to protect tenant safety is to
5 create laws and regulations that both identify
6 illegal hotels effectively but also create a
7 financial disincentive in running them and I am
8 please to see all these intros come before the City
9 Council. Thank you.

11 CHAIRPERSON WILLIAMS: Thank you very
12 much; I really appreciate your testimony and
13 hopefully we can continue not only moving this piece
14 of legislation forward, but also educating people who
15 are doing it legally that this would not affect them.

16 YONATAN TADELE: Thank you.

17 CHAIRPERSON WILLIAMS: Thank you very
18 much.

19 ANITA RUBEN: Thank you.

20 [background comment]

21 CHAIRPERSON WILLIAMS: I believe a lot of
22 the hosts may be outside, but we'll call the names
23 until we get some folks. Chelsea Blackburn...
24 [background comments] Elle LaForge [sp?]... [background
25 comment] Okay. Rachelle Burnett... Miss Blackburn,

1
2 you can go up; let's see if we can get some more for
3 you though... Steve... is this a host? [background
4 comment] Steven Payne; is Steven Payne here?
5 [background comment] Are you a host? Yes, yes.
6 Okay, you can go. [background comment] Evelyn Badia
7 [sp?]. Is Evelyn Badia here? [background comments]
8 Is Andrew LaSieve [sp?] here, Andrew LaSieve? Okay.
9 [background comments] Okay. [background comments]
10 Is Cluston [sp?] Lord here? [background comments]
11 Cluston Lord, twice. Andrew Steininger, Brooklyn
12 Chamber of Commerce. [background comment] Alright,
13 if you can both raise your right hand. Do you affirm
14 to tell the truth, the whole truth and nothing but
15 the truth in your testimony before the committee and
16 to respond honestly to council member questions?
17 Thank you for braving the hours and for staying here
18 instead of being outside; appreciate your testimony
19 and you being here today. You can start in the order
20 of your preference.

21 STEVEN PAYNE: Hi; thanks for having me,
22 Council. I am a homeowner of a three-family in
23 Brooklyn, New York and after coming to this hearing
24 I'm even more concerned. I faced foreclosure not
25 too... I mean, couple of years ago and primarily

1 because I had two tenants; one which got sick, great
2 tenant, and the other tenant just decided to stay in
3 the apartment for almost a year and didn't pay rent.
4 I kind of discovered short-term rental out of a
5 necessity, just because of the pending status of my
6 property; tenants wouldn't want to come there, and
7 you see, there's a decline of homeownership
8 particularly in my neighborhood, African American
9 homeownerships are in a decline; you have African
10 American homeowners in Brooklyn who are selling a
11 home for good profits, but some are losing their home
12 because of previous red line [sic]; I'm just trying
13 to maintain my property and for me, I wouldn't have
14 any tenants in my building if I didn't need that
15 revenue, and there's this misnomer that you make --
16 this business is a seasonal business; the rents in
17 Bed-Stuy and Crown Heights now for two bedrooms are
18 averaging \$2000; I actually can make more money
19 renting to long-term tenants, but part of the problem
20 about renting short-term; I need to be in control of
21 my building and not my tenants, because I have had..
22 I've been a homeowner for over 11 years and I've been
23 to court five times. If you have great tenants,
24 that's wonderful, I love you guys; I'm an advocate,
25

1
2 I'm left of richer matter [sic]; I'm a progressive, I
3 get it; I just want this law to say, short and
4 simple, rent-stabilized homes should be controlled in
5 this law. That said, and I understand the state law
6 and all those issues, but you can write in this law
7 that this is about rent-stabilized homes. I'm an
8 owner-occupied three-family property; again, if I had
9 my choices I would live there with just my family.
10 People that have come into my neighborhood in
11 Brooklyn, New York; these tourists have.. first of
12 all, they're much more respectful than any tenants I
13 have, [bell] they're brought hundreds of [bell]
14 thousands of dollars in my neighborhood; they're
15 mainly of European descent, yet they were one of the
16 first people who discovered Brooklyn when Brooklyn
17 wasn't hot; right? And so they came in and came into
18 the neighborhood and became a great fabric, they
19 produced the resources, they spend their money in
20 there and like I said, I'm not a rich landlord; I'm
21 -- very few African American male in his 40s that's a
22 homeowner that I know of and I would like to keep it
23 this way; this.. and part of the issue with landlords,
24 particularly not rich landlords who do this, is out
25 of economic needs; if having tenants there were more

1
2 viable for me as an option, I would do that and like
3 I said, it's... I love the fact that New York is pro
4 tenant, but you can have professional tenants move in
5 your unit and stay there forever. Please, I beg you,
6 to craft this law, understand protecting the hou..
7 [interpose]

8 CHAIRPERSON WILLIAMS: Gonna have to ask
9 you to...

10 STEVEN PAYNE: I'm...

11 CHAIRPERSON WILLIAMS: to... I'm gonna ask
12 you to give a closing sentence.

13 STEVEN PAYNE: Okay... protect the housing
14 stock; actually, I will ask you to reinforce most of
15 the tenants, big tenants I know are circumventing the
16 rent-stabilization laws by doing some so-called
17 essential rehab and putting new tenants in there at a
18 high rate; those are the things you should be
19 targeted [sic], but this crafted where it protects
20 three/four-family, because your colleague,
21 Miss Rosenthal, talked about if you rent for more
22 than 60 nights, I rent for more than 60 nights, so I
23 will be part of that list, so that's my concern.

24 CHAIRPERSON WILLIAMS: Sure.
25

1
2 CHELSEA BLACKBURN: Hi; I'd like to say
3 thank you for allowing me the opportunity to testify
4 this afternoon. My name is Chelsea; I am a
5 professional dancer; I live Uptown in Inwood; I love
6 New York City, I love my community, my neighborhood
7 and I graduated from college last May; shortly
8 thereafter I was in a cab accident and suffered
9 severe brain trauma and a fractured spine; I was
10 unable to work or dance for six months, fresh out of
11 college; my student loans needed to be paid, my
12 roommate was very behind on rents and I was in a
13 dance company and needed to go on tour; in order to
14 fulfill my contract in my profession I had to leave
15 my home and so I rented my apartment on Airbnb for
16 two weeks in the summer and that is how I was able to
17 make ends meet; if I had not had a home-sharing
18 opportunity I'm not sure what I would have done. But
19 I've worked very hard to do well as professional in
20 New York, as an artist it's never easy; I work many
21 jobs, long hours, little sleep, but I've always made
22 sure that my rent is paid; the guests that I have had
23 on Airbnb I have sent to all the local businesses and
24 said, you know go to this coffee shop and go to this
25 restaurant because they're here and they're the local

1
2 people and those are the people that we need to be
3 supporting. And the fines from this new bill could
4 affect me potentially and if I was faced with paying,
5 not a \$50,000 fine, but a \$5,000 fine, I would be
6 under severe economic hardship. Thank you.

7 CHAIRPERSON WILLIAMS: Thank you so much,
8 both of you, for testimony; really appreciate it.
9 [bell] Mr. Payne, I also have had tenants in the
10 past; I'm not rent-regulated now, but I do own a two-
11 family, so I understand the pains; I had one tenant
12 owed me \$30,000 and forced me to go through court, so
13 I understand the pains of having tenants who are less
14 than desirable. Just so to reiterate, roughly one-
15 and two-family homes are not affected at all. I
16 understand your concern and maybe you can help me
17 figure out what it is a little bit more, but the bill
18 that we have now, and we'll make sure the language is
19 clearer, will not do anything more than the state
20 already has; we don't really have the authority to
21 change state law; we can make state law worse, for
22 purposes of this conversation, we can make it worse
23 than it is, but we can't make it better. We're going
24 to make sure that this law does not make state law
25 any worse than it already is. So for three- and

1 four-family homeowners things will remain pretty much
2 the same; what you are probably worried about is any
3 stepped up enforcement that may be going on; the most
4 we can do is try to make sure that when we write the
5 bills that our intent is not to enforce on three- and
6 four-family homeowners. Particularly if you're
7 owner-occupied, it's something that -- for me, I
8 think it should be separated out. But we're gonna do
9 everything we can to make sure that the intent of the
10 law is followed and to make sure that the law does
11 not change anything that doesn't currently exist.

12
13 STEVEN PAYNE: But essentially can you go
14 and say this is not intended for owner-occupied non-
15 rent-controlled property and I think this is a bridge
16 -- and I tell you this, most of the guests that come
17 into my property..

18 CHAIRPERSON WILLIAMS: Well I will say
19 this; we have to talk to the attorneys about what we
20 can and cannot do; we legally can't change what is in
21 the law... [crosstalk]

22 STEVEN PAYNE: Right.

23 CHAIRPERSON WILLIAMS: on the state; we
24 can write what our intent is and who we are intending
25 to go after and not go after.

1
2 STEVEN PAYNE: The issue is, this law,
3 \$50,000 is actually more grandiose than the other
4 law, so in theory, you're not changing anything by
5 just simply saying this is not intended for non-rent-
6 controlled owner-occupied property, and I've got to
7 say that 80% of people that come into my property
8 would not come to New York City because they can't
9 afford it; this will have a reverberating impact on
10 our tourist industry, I'll tell you that..

11 CHAIRPERSON WILLIAMS: Sure.

12 STEVEN PAYNE: it is just something that
13 I think it makes sense; it's just if we all can just,
14 you know, the same with just talking to other people
15 here, everyone's at each other and I understand rent
16 stabilization is important; I think it should be
17 strengthened and I think there's other ways to do so,
18 like... again... [interpose]

19 CHAIRPERSON WILLIAMS: But I was gonna
20 say, there is another concern; that people who have
21 five-, six-, seven-unit buildings who are doing this;
22 it actually is a hotel and so we have... [interpose]

23 STEVEN PAYNE: I agree.

24 CHAIRPERSON WILLIAMS: we actually to
25 make sure that we're clear; you can't be, you know,

1 in our minds, six-story, six-family, seven-family..

2 [crosstalk]

3 STEVEN PAYNE: Right.

4 CHAIRPERSON WILLIAMS: I think even five;
5 once you start going there you're running a hotel

6 and... [crosstalk]

7 STEVEN PAYNE: Right.

8 CHAIRPERSON WILLIAMS: it needs to be
9 dealt that way, but we are very sensitive to the one-
10 to four-families and wanna make sure that there's no
11 adverse affect.

12 I have another question for Miss
13 Blackburn, but I think Council Member Rosenthal had a
14 question for you.

15 STEVEN PAYNE: Okay.

16 COUNCIL MEMBER ROSENTHAL: I just wanna
17 reiterate what Chair Williams said. You know, both
18 of you are trying to make your way in New York, which
19 is a challenge and as I said with the representatives
20 from Airbnb, neither of you are the type of person
21 who this law is intended to apply to. So the extent
22 that we can figure out a way to target the law, we'll
23 certainly be doing that and also, we're working with
24 the administration to find a way so that we can make
25

1
2 it clear that the mission of the Office of Special
3 Enforcement is to target the egregious bad landlords
4 who are, by their activity, taking units out of
5 affordable housing. So very different situation than
6 what either of you are doing.

7 STEVEN PAYNE: Can I say, just lastly, I
8 understand what you're saying, intentions, but it's
9 all up to the enforcers. If this law says -- the way
10 it is personally written, I would be targeted because
11 in part of your question, I do rent for more than 60
12 days and again, I'm in Brooklyn where my rent to my
13 tenants, a one-bedroom's \$2500; I rent less but for
14 me it's about controlling the building so it doesn't
15 get into foreclosure like it did before and the only
16 reason it got into foreclosure was because of my
17 tenants and again, you have to understand, as a
18 landlord you're in a great relationship if you have a
19 great tenant, but you're in a nightmare if you don't,
20 and many landlords just don't rent out the property.
21 All I ask for this law to be crafted that will carve
22 people like myself out from the enforcement
23 standpoint, because we're talking about really upping
24 the enforcement, so if you're talking about \$50,000;

1
2 whatever, you could craft us out of it and go after..

3 [crosstalk]

4 CHAIRPERSON WILLIAMS: So and I never
5 wanna say something that isn't factual, but I'll have
6 to figure out whether.. I'm not sure that we can
7 legally.. [interpose]

8 STEVEN PAYNE: Okay.

9 CHAIRPERSON WILLIAMS: specifically do a
10 full carve; I don't know if we legally have the
11 authority; I know that we do have the authority to
12 put in the bill what's called intent and in that
13 intent we.. I am committing to make sure that in that
14 intent we say that we are not intending on stepping
15 up enforcement for the three- and four-family homes,
16 particularly those that are owner-occupied. So I
17 know that, but I don't wanna be a deceiver and say
18 something that I don't know if we have the ability to
19 do.

20 STEVEN PAYNE: Okay.

21 CHAIRPERSON WILLIAMS: Miss Blackburn..

22 CHELSEA BLACKBURN: Yes.

23 CHAIRPERSON WILLIAMS: You said you
24 rented your apartment for two weeks every year..?

25 [crosstalk]

1
2 CHELSEA BLACKBURN: Yes.

3 CHAIRPERSON WILLIAMS: Was it more than
4 two weeks?

5 CHELSEA BLACKBURN: No.

6 CHAIRPERSON WILLIAMS: So again, the way
7 it's written, technically you could be one person
8 that was caught up, and practically speaking,
9 however, that wouldn't happen, whether we put the
10 intention in there or not, because.. [crosstalk]

11 CHELSEA BLACKBURN: Uhm-hm.

12 CHAIRPERSON WILLIAMS: because generally
13 speaking, by the time that OSE gets to the
14 enforcement stage, this has happened repeatedly, over
15 many times during a single year.. [crosstalk]

16 CHELSEA BLACKBURN: I think... [sic]

17 CHAIRPERSON WILLIAMS: so it would be
18 very, very unlikely that you would get caught up in
19 that. I would say this though, the other thing that
20 people we think about, even though people have their
21 apartment; they may rent it out just a couple
22 weekends, but during that two-week period, how many
23 people did you rent to?

24 CHELSEA BLACKBURN: It was a small
25 family; it was two adults and two children.

1
2 CHAIRPERSON WILLIAMS: But I mean one
3 rental for the two weeks or multiple rentals?

4 CHELSEA BLACKBURN: Just one.

5 CHAIRPERSON WILLIAMS: The other thing
6 is; if people... some people do multiple rentals...

7 CHELSEA BLACKBURN: Uhm-hm.

8 CHAIRPERSON WILLIAMS: within a month or
9 two months and you have to think about the affect
10 that that has; your case is not the same case as...
11 [crosstalk]

12 CHELSEA BLACKBURN: Uhm-hm.

13 CHAIRPERSON WILLIAMS: somebody who goes
14 "on vacation" four times a year for two weeks and in
15 that two-week period there will be 10 people coming
16 in and out of that building; think about the security
17 that that has there... [crosstalk]

18 CHELSEA BLACKBURN: Uhm-hm.

19 CHAIRPERSON WILLIAMS: and think about
20 whatever culture is in that building; people coming
21 in and out is problematic, so again, we are
22 sympathetic to...

23 CHELSEA BLACKBURN: Uhm-hm.

24 CHAIRPERSON WILLIAMS: what you're saying
25 and that's not who we're going after and we wanna

1
2 make sure the intent is clear on that. But for your
3 particular case, even if the intention wasn't there...

4 [crosstalk]

5 CHELSEA BLACKBURN: Uhm-hm.

6 CHAIRPERSON WILLIAMS: practically
7 speaking, you more than likely would not get caught
8 up in the increased fines.

9 CHELSEA BLACKBURN: So if I as a
10 professional dancer had to tour more than once a
11 year, which is often the case with professional
12 dancers; we're asked to go all over the world, all
13 over the United States, often at a moment's notice;
14 what would you suggest for similar cases to mine?

15 CHAIRPERSON WILLIAMS: Do you live in a
16 rent-regulated apartment?

17 CHELSEA BLACKBURN: No.

18 CHAIRPERSON WILLIAMS: We're primarily
19 going after rent-regulated apartments, I will say
20 that... [crosstalk]

21 CHELSEA BLACKBURN: Uhm-hm.

22 CHAIRPERSON WILLIAMS: what's being done
23 is still illegal; I would suggest if you haven't;
24 speaking to some of your neighbors and making sure
25

1 that they're comfortable; I mean I know if I was...

2 [crosstalk]

3
4 CHELSEA BLACKBURN: Certainly, I have
5 done that, yes.

6 CHAIRPERSON WILLIAMS: Okay. So I mean
7 that's what I would suggest; I mean I would be
8 uncomfortable living in a building if there were 10
9 people in that building; that people went away and
10 whenever they went away there was a new person in the
11 apartment; that can be a little disheartening for the
12 rest of the people in the building, if you can
13 understand that... [crosstalk]

14 CHELSEA BLACKBURN: Certainly, yes.

15 CHAIRPERSON WILLIAMS: I mean... but the
16 best thing you could do is -- I don't know if you've
17 spoken to the property owner; you may wanna do that;
18 that's on you, but definitely the tenants in the
19 building should be aware of what's going on so they
20 can feel comfortable coming in and out of their home.

21 CHELSEA BLACKBURN: Certainly. And I
22 wouldn't want anyone staying in my home that I didn't
23 trust either, so I am sympathetic to both sides. I
24 wouldn't allow someone in my home that I did not
25 trust to be a good steward while I was not present.

1
2 CHAIRPERSON WILLIAMS: Sure. Just keep
3 in mind; it is hard to have any bill that will ever
4 got to every eventuality, so the best that we can do
5 is get bills and try to get to the intent that we're
6 trying, but we're definitely sympathetic to what
7 you're saying and appreciate you taking the time to
8 come and speak with us. And I wish you both the best
9 of luck.

10 STEVEN PAYNE: Thank you.

11 CHAIRPERSON WILLIAMS: Thank you.

12 CHELSEA BLACKBURN: Thank you so much;
13 appreciate that.

14 CHAIRPERSON WILLIAMS: Tom Cayler, Dan
15 Evans, Robert Wendell and Ellen Davidson. And we've
16 been joined by Council Member Ritchie Torres.

17 [background comment]

18 [pause]

19 CHAIRPERSON WILLIAMS: Can you raise your
20 right hand, please? Do you affirm to tell the truth,
21 the whole truth and nothing but the truth in your
22 testimony before this committee and to respond
23 honestly to council member questions? You can begin
24 in the order of your preference.

25 TOM CAYLER: Am I on now?

[background comment]

TOM CAYLER: Chair, Council Members; I just wanted to say quickly; I was here on January 20th; I listened to the set of questions given to Airbnb on January 20th and I listened to them again today; we are in a war for our affordable housing in this town and one of the first victims of any war is the truth and what I heard from the Chair and council members today was in fact the truth and I salute you and I thank you for being very, very clear in the face of a billion dollar corporation what the truth in fact is. Thank you very much.

DAN EVANS: Good afternoon; thanks for having me. My name is Dan Evans; I'm a Tenant Organizer at the Goddard Riverside Law Project; our office provides legal assistance, tenant advocacy and organizing support to tenants on Manhattan's West Side, with a special focus on SRO hotel tenants.

While I currently work as an organizer with the Law Project, I'm also a license attorney in the State of California; I recently relocated to New York from San Francisco, where I worked as a staff attorney at the Eviction Defense Collaborative, providing low-cost legal services to tenants facing

1
2 eviction. Prior to working at the EDC I provided no-
3 cost legal services to indigent disabled tenants and
4 helped fight for tenant rights for four years. I
5 have extensive experience advocating and litigating
6 on behalf of tenants in the area of landlord tenant
7 law.

8 Our office, the Law Project, consistently
9 receives complaints from tenants that their neighbors
10 are utilizing online platforms such as Airbnb to rent
11 out individual unoccupied units on a transient basis;
12 tenants complaints range from overcrowding of rooms,
13 shared bathrooms, to late-night harassment from
14 transient tenants in neighboring units, an increase
15 in rodents and vermin due to overuse of refuse
16 facilities, palming of the front door buzzer at all
17 hours of the night and even threats of physical
18 violence for asking nightly visitors to keep it down.

19 Our office, in working with numerous
20 tenants, also seen how profitable running an illegal
21 hotel can be; owners of SRO buildings contain much
22 more on a per night basis renting to transient
23 tenants than they do renting to permanent rent-
24 stabilized tenants. For instance, at the Hotel
25 Alexander located at 306308 West 94th, one rent-

1
2 stabilized tenant pays a legal regulated rent of
3 \$352.81 per month; by contrast, the same hotel rents
4 similar rooms for up to \$77 per night or \$2,310 per
5 month, and I've attached these as exhibits to my
6 testimony.

7 It's absolutely crucial that New York
8 City pass legislation to increase fines for violation
9 of local and state laws, increased transparency with
10 the Department of Buildings and limit the right of
11 owners to collect rent should they violate local and
12 state laws or let their units in violation of the C
13 of O for the building. Intros. 826, 823 and 788 will
14 do just that; they'll hold owners accountable and
15 ensure that paying nominal fines for violation of
16 local and state laws [bell] are no longer just a cost
17 of doing business. [bell]

18 CHAIRPERSON WILLIAMS: Thank you. Mr.
19 Cayler?

20 TOM CAYLER: Yes.

21 CHAIRPERSON WILLIAMS: Just... I don't
22 think you mentioned your name for the record, so can
23 you just say that?

24

25

1
2 TOM CAYLER: Oh I'm sorry, Tom Cayler,
3 West Side Neighborhood Alliance Illegal Hotel
4 Committee, Hell's Kitchen, New York... [crosstalk]

5 CHAIRPERSON WILLIAMS: Thank... Thank you
6 very much. Right before the next person, if I can
7 just call the clerk for Council Member Torres.

8 COMMITTEE CLERK: Committee Clerk Matthew
9 Distefano, Committee on Housing and Buildings,
10 continuation of the roll call vote. Council Member
11 Torres.

12 COUNCIL MEMBER TORRES: I vote aye.

13 COMMITTEE CLERK: And the vote now stands
14 at 9 in the affirmative, 0 in the negative; no
15 abstentions.

16 CHAIRPERSON WILLIAMS: Thank you. You
17 can continue.

18 ROBERT WENDELL: Okay. My name is Robert
19 Wendell and I'm here as the Board President of a
20 small condominium up in Washington Heights, eight
21 units. We had one of our tenants, or one of our
22 owners; I wanna be clear, one of our owners go into
23 the Airbnb rental business; we sent him a cease and
24 desist immediately letter; he ignored us. We talked
25 to our lawyer who said basically our only recourse,

1 the only thing the condos are allowed to do is take
2 him to court and sue him, which is gonna take many
3 months and thousands of dollars; we wanted it stopped
4 immediately. I filed a complaint directly with
5 Airbnb -- I can answer some of your questions from
6 earlier -- Airbnb does nothing; they immediately
7 retreat behind the Napster [sic] defense, "We are
8 merely a platform" and they do nothing. So with
9 nothing left to do, we called 311. The Department of
10 Buildings came in, issued the unit owner two
11 violations and then on the way out the door he gave
12 us a \$1600 violation for not having the proper fire
13 equipment for a transient hotel, even though we're a
14 Class A dwelling, which their own violation against
15 the unit owner affirmed. You got it? They're giving
16 us two different violations for being two different
17 buildings at the same time on the same address. Come
18 on folks, we need some protective language. I mean
19 if you really wanna be successful at stopping Airbnb
20 rentals, you're gonna need all the help you can get.
21 Well you're not gonna get help if it gets around that
22 you get punished. I mean bottom line for our
23 situation, it was like; if you see something say
24 something and the City of New York will punish you
25

1
2 for it, which is why we're now fighting the \$1600
3 fine on 66 John Street. Really, we're on your side,
4 we wanna see the Airbnb rentals stopped where they
5 are not legal, but don't punish us for trying to
6 help; you need some [bell] explicit, explicit [bell]
7 whistleblower language in the law that places all
8 blame, all fines, all violations and all
9 responsibilities on the person actually doing the
10 rental; not the building who reported it. Glad to
11 answer any questions. Thank you very much for
12 letting me testify.

13 ELLEN DAVIDSON: Good afternoon, my name
14 is Ellen Davidson; I'm a Staff Attorney with The
15 Legal Aid Society and just in case it's not obvious,
16 I don't actually represent the middle class. I know
17 it's very important and you know, the most important
18 thing I think that Mr. Lehane said was how he's here
19 representing the middle class; I don't represent
20 them, I represent low-income New Yorkers for whom the
21 increasing loss of affordable housing in New York has
22 been devastating.

23 I wanted to clear up one thing, 'cause I
24 know it gets talked about a lot -- I have written
25 testimony; it will be submitted; this isn't in my

1 testimony, but just to be clear, the problem with
2 rent-stabilized tenants and rent-controlled tenants
3 renting their apartments on Airbnb and other types of
4 platforms is that their landlords can go after them
5 and evict them for doing that and we have seen an
6 increasing rise of cases brought against rent-
7 stabilized tenants and rent-controlled tenants who do
8 this who think it's okay that they're doing it
9 because of course Airbnb provides this platform and
10 then they end up in court. At one point or another,
11 Senator Krueger asked whether Airbnb would be willing
12 to put up a warning for their hosts to make sure
13 their hosts knew what the laws were and to make sure
14 they didn't violate it and Airbnb said they would not
15 do that; they are just a platform.

17 The other thing I wanted to point out,
18 and this is in my testimony is; I went on Inside
19 Airbnb, which is a website that they say they're
20 adding data to the debate and I went on it on the
21 26th; that's when I thought the hearing was, on
22 Wednesday, to prepare for this and what it is saying
23 as of today, or really the 26th, that 56% of Airbnb
24 listings are for entire homes or apartments, which
25 under New York State law is illegal, and they are

1 available for rent for an average of 211 days a year,
2 but were actually rented for 116 days a year, [bell]
3 which means these apartments are not available as
4 rentals. [bell] Anyway, my testimony is written;
5 you have it, if you have any questions, you can ask
6 or you know where to find me.
7

8 CHAIRPERSON WILLIAMS: Thank you very
9 much for the testimony. Is it Mr. Evans? No, no,
10 Mr. Wendell? Tell me again what the fine your co-op
11 received was for?

12 ROBERT WENDELL: We were fined \$1600 by
13 the DOB for not having the proper fire alarm and
14 safety evacuation plan inside this privately-owned
15 condominium unit that conforms to the rules for a
16 transient hotel... [crosstalk]

17 CHAIRPERSON WILLIAMS: So you are... you...

18 ROBERT WENDELL: even though on his
19 violation they recognize, they say specifically on
20 his violation that his rentals were illegal because
21 they were taking place in a Class A multiple
22 dwelling... [interpose]

23 CHAIRPERSON WILLIAMS: So they... So, so
24 they fined him for illegally using the apartment and...
25 [interpose]

1
2 ROBERT WENDELL: They gave him... They gave
3 him two fines; one was for illegal renting and the
4 other was for illegal conversion and I think one of
5 them... [crosstalk]

6 CHAIRPERSON WILLIAMS: And so...

7 ROBERT WENDELL: one of them, when he
8 said he stopped, they just forgave his fine..
9 [interpose]

10 CHAIRPERSON WILLIAMS: But then the... the
11 \$1600 fine that you received was because of his
12 illegal activity?

13 ROBERT WENDELL: Correct, sir [background
14 comment] and he should've been solely... we were
15 flabbergasted when the Department of Buildings
16 inspectors were walking out the door and basically
17 said oh by the way, this is for you.

18 CHAIRPERSON WILLIAMS: I wanna make sure
19 we get your information; I actually wanna talk to DOB
20 about that, so...

21 ROBERT WENDELL: I wish you would,
22 because what we're going through right now at 66 John
23 Street is hell on earth... [crosstalk]

24 CHAIRPERSON WILLIAMS: Oh, my staff
25 member is... is right there, but after, can you give me

1
2 your information; I just wanna... I wanna follow up on
3 that; that doesn't sound correct and I agree with
4 you; that needs to be corrected and sounds like a
5 problem, so.

6 ROBERT WENDELL: Well we've already been
7 down to 66 John Street once and we basically drew a
8 judge who looked at me and said, "Mr. Wendell, you're
9 going to get stuck one way or the other, either by
10 the City for \$1600 or by your lawyer for his billable
11 fees."

12 CHAIRPERSON WILLIAMS: Well I mean I
13 wanna talk to DOB about this, so... that'll be great.
14 Thank you so much for all of your testimony.

15 ROBERT WENDELL: Thank you.

16 CHAIRPERSON WILLIAMS: Thank you Miss
17 Davidson for all the work that you do. Hold on one
18 second.

19 So I believe Andrew Steininger came back
20 and Andrew Rasiej [sp?]; is Andrew Rasiej here? Are
21 you testifying? Yes, you can come up. I see some
22 people back with Airbnb tee shirts, so I don't know...
23 we called some names; I'm gonna see if any of these
24 folks are still here. Cluston Lord, Evelyn Badia,
25 Elle Laforge and Rachelle Burnett. That's all we

1
2 have testifying in terms of hosts for Airbnb, so if
3 anybody else here wants to testify, please come up to
4 the sergeant of arms and fill out a slip.

5 Can you both please raise your right
6 hand? Do you affirm to tell the truth, the whole
7 truth and nothing but the truth in your testimony
8 before this committee and to respond honestly to
9 council member questions?

10 ANDREW RASIEJ: I do.

11 [background comment]

12 CHAIRPERSON WILLIAMS: Two minutes each
13 and you can begin in the order of your preference.

14 ANDREW RASIEJ: Sorry. There we go. My
15 name is Andrew Rasiej and I'm the Chairman of the NY
16 Tech Meetup, which is now 47,000 members; it grows by
17 500 people a month; it represents professionals from
18 all major New York City's industries that are
19 transforming themselves, their companies and their
20 lives to be able to compete in the 21st century
21 economy.

22 New York is at the beginning of a massive
23 economic and social transformation. New York City
24 doesn't just have a tech sector; every major industry
25 is rushing as fast as possible to convert their

1 organizations into digital businesses that can
2 compete in a 21st century global economy. At the
3 same time, the infrastructure to support the city
4 from a legislative or regulatory perspective needs to
5 keep up and today's hearing is an example of that.
6 However, many people gathered here today and
7 elsewhere will agree that we need to upgrade our
8 education system to prepare our children for the 21st
9 century. Every city in the country if not the world
10 is trying to do the same thing. At NY Tech Meetup
11 every month, almost every single presentation ends
12 with a call stating, and I quote, "We are hiring,"
13 but sadly we just don't have enough people to fill
14 those jobs. Facebook on average hires ten new
15 engineers in New York City every month, but six of
16 those come from other New York City firms.

18 The Mayor recently announced an \$80
19 million program to teach computer science to every
20 single public school student within 10 years. To
21 reach that goal, teachers will need to be trained and
22 partnered with trainers and mentors from the tech
23 community who are available in enough numbers to
24 reach that goal. My point is is that we need the
25 most talented people in computer science and

1
2 technology to think of New York City as absolutely
3 the best place to start or join a business.

4 Recent legislation that proposed limiting
5 the number of cars available for service like Uber
6 and Lyft, even if it didn't pass, sent a chilling
7 message that New York City is not a conducive place
8 for innovation. I am worried that the legislation
9 [bell] that is being proposed today, as [bell] well-
10 meaning as its proponents think it is, will do the
11 same thing.

12 I'm not here to argue on behalf of any
13 single company or even the 47,000 members of the NY
14 Tech Meetup, I'm here to promote a future New York
15 that I dedicated my entire life to; that's a future
16 where every single New Yorker is connected to each
17 other and all the world's information of resources,
18 which include the best education, the best health
19 care, the best job opportunities, the best living
20 standards and the best and brightest representative
21 government.

22 CHAIRPERSON WILLIAMS: Thank you.

23 ANDREW RASIEJ: Thank you.

24 ANDREW STEININGER: Afternoon, Council
25 Member; to the entire committee; we really appreciate

1
2 the opportunity, the Brooklyn Chamber of Commerce
3 does to be here to testify to you today and of
4 course, for the Public Advocate for being here and
5 the entire Brooklyn side of the Committee, special
6 shout-out to you guys and we appreciate the
7 difficulty of this hearing and of this legislation;
8 it's clearly not an easy job to figure out how to
9 protect absolutely preciously scarce housing, no
10 question about it, and I think that we are
11 sympathetic to what you're trying to do here today
12 and I also think that there's a middle ground here
13 and there's some common sense compromise we can all
14 come to. And I just wanna make sure that we're not
15 losing the voice of small business in this dialogue,
16 which I know is not the central issue that we're
17 talking about here, but it's an important one and I
18 wanna make sure that it's also clear what the impact
19 on home-sharing is on the Brooklyn economy, which is
20 a serious impact. In Brooklyn alone this year to
21 date, 240,000 visitors have come and this has an
22 annual impact of around \$199 million. What does that
23 mean? That's money in the pockets of homeowners of
24 renters, of those mom and pop cafés on Bedford
25 Avenue in Bed-Stuy, on Nostrand, on Fulton, down in

1
2 Sheepshead Bay, over on Emmons Avenue, Sheepshead Bay
3 Road, Bushwick, Broadway, all those places, they're
4 in desperate need of a little extra dollars and but
5 for a few extra customers coming into their café
6 every single month, it would seriously detriment
7 their ability to have their business stay open.

8 So we really appreciate the attempts and
9 the intent of this legislation and I understand the
10 difficult position you're in and I just wanna be
11 clear that the Brooklyn Chamber is standing with
12 everyone here to come to common sense resolution on
13 this issue because it's important to keep our mom and
14 pops in business, to keep home-sharing lively in New
15 York City, because it impacts the outer boroughs
16 specifically; we're not Manhattan, we're not the big
17 stores, we're not the big businesses; we're the small
18 mom and pops and this is extremely valuable to those
19 businesses.

20 So again, thank you, Chair and thank you
21 to the entire committee for working through this very
22 difficult process. I'm here to answer any questions
23 you might have.

24 CHAIRPERSON WILLIAMS: Thank you both for
25 your testimony. Mr. Rasiej, I know you mentioned

1
2 Uber; while I wasn't in favor of the legislation that
3 was here, I do believe that Uber and many of these
4 companies do need additional regulation; we
5 definitely don't wanna hamper ingenuity in this
6 innovative... but you have to do it in some kind of
7 schematic that makes sense and I don't know that Uber
8 is doing that yet, so.

9 ANDREW RASIEJ: I'm not here to defend
10 Uber, Lyft or even specifically Airbnb; I'm here to
11 protect the future of the City of New York and
12 unfortunately at the moment the City is in a massive
13 competitive environment for very possible engineer to
14 come to this city to help lift every single activity
15 of New York, whether it's education, health care,
16 economic, housing and put it into a 21st century
17 framework, and what I'm concerned about is as well-
18 meaning as this law may be to protect either the
19 communities or the life safety of people in New York
20 when they're visiting New York, the message that will
21 be sent at this particular moment is one that New
22 York is not a conducive place for innovation and so
23 I'm cautioning not to say that there shouldn't be
24 legislation that looks at these technologies or these
25 technology companies or these platforms in a

1 reasonable way that protects life safety and
2 regulates them in a way that's commensurate with
3 what's needed for the government to protect the
4 population of the City of New York, but I would be
5 very careful that the collateral affects of that
6 legislation doesn't dampen much longer-term goals,
7 such as getting our schools wired and creating a 21st
8 century workforce.
9

10 CHAIRPERSON WILLIAMS: I definitely
11 appreciate that. Added to that is our housing stock,
12 we have to... safety and our housing stock; we have to
13 make sure that we do that and so I would encourage
14 you and even Mr. Steininger, business to business,
15 like Chamber of Commerce to a business, that when
16 they're doing and performing their business that they
17 actually care about compliance with the laws and they
18 actually put things into effect that will help us not
19 have to step up enforcement because it's important; I
20 mean we have a lot of things to talk about; this is
21 one less thing; that would be great if they were
22 doing it themselves, but they obviously are not and
23 hopefully something changes after this meeting, but
24 it's obvious that they don't even care too much about
25 the compliance part after and then that leaves that

1
2 to us and so we have to do something; it will be
3 better if they do it themselves, so perhaps you can
4 have conversations with them in the business language
5 that they may understand even better of the
6 importance of them doing that, which would prevent us
7 from having to do more of it.

8 ANDREW STEININGER: And we appreciate
9 that. I think compliance and also supporting small
10 businesses, supporting innovation, none of this --
11 and housing, protecting housing -- none of it's
12 mutually exclusive; it is all possible.

13 CHAIRPERSON WILLIAMS: Thank you.

14 ANDREW RASIEJ: Just quickly. Complying
15 with the law I think is incredibly important; it's
16 also important that the law actually be commensurate
17 with the times we live in and a lot of these laws
18 were written in the 20th century when we didn't even
19 understand how these technologies were gonna change
20 our lives, and so yes, we should update the laws, but
21 we need to do it carefully so we don't send a message
22 that dampens the future potential of the city.

23 CHAIRPERSON WILLIAMS: Sure and I could
24 see how that, even with the ridesharing a little bit,
25 that makes more sense; this one, I think the law

1
2 still makes sense because it's about not getting and
3 taking affordable housing off the market, regardless
4 of what technology is here [sic], so yeah...

5 [crosstalk]

6 ANDREW RASIEJ: I agree, if you wanna do
7 that; I would just be careful how you do it, because
8 in a rush to do it a message may be sent that is
9 negative and what I'm suggesting is, is that we take
10 a very holistic approach at trying to reach that goal
11 in a cooperative way as opposed to a kneejerk
12 reactive way, because the collateral effects of that
13 kneejerk reactive way will have a dampening affect on
14 many of the goals that you yourself... [crosstalk]

15 CHAIRPERSON WILLIAMS: Sure.

16 ANDREW RASIEJ: want for your other
17 issues.

18 CHAIRPERSON WILLIAMS: I agree; it's been
19 almost a year, so we're trying and it will be helpful
20 if the people we're trying with will be more open
21 with some of the information... [crosstalk]

22 ANDREW RASIEJ: I have been talking to
23 them about it and I'm happy to talk to you again at
24 another time; I have some ideas on how to actually
25 achieve... get...

CHAIRPERSON WILLIAMS: Great.

ANDREW RASIEJ: get both sides to understand what's at stake.

CHAIRPERSON WILLIAMS: We would love to talk to you more about it.

ANDREW RASIEJ: Great. Thank you very much.

CHAIRPERSON WILLIAMS: Thank you so much.

Vivian Riflemacher [sic]? Riflemacher, I'm sorry, Alex Crohn, Ursula Hernandez, Mick Wanamaker...

[background comment] Okay. Alison Tupper. I think

it's Jance [sic] Leo De Blur [sic]. [background

comments] That's all we have for the in favor of the

legislation category; we do have a couple people left

for... I'm assuming [background comment] it's against;

I could be wrong, but they're Airbnb hosts; we have

Catherine Schuller... so after this, Alessandra Nahadel

[sp?], Ingrid Tarjan [sp?] and Norman Kyle Johnson;

that, according to what I have here, will be the last

panel after this. So if anyone else wants to

testify, be sure to come up to the sergeant.

Do you affirm to tell the truth, the

whole truth and nothing but the truth in your

testimony... I'm sorry; you have to raise your right

1 hand, I'm sorry. Do you affirm to tell the truth,
2 the whole truth and nothing but the truth in your
3 testimony before this committee and to respond
4 honestly to council member questions?
5

6 JANA LEO DE BLAS: Yes.

7 VIVIAN RIFFLEMACHER: Yes.

8 CHAIRPERSON WILLIAMS: Thank you. You
9 can begin in the order of your preference.

10 VIVIAN RIFFLEMACHER: I'd like to thank
11 you, Chair Williams and I'd like to thank everybody
12 for holding this hearing and allowing us to testify.

13 My name is Vivian Rifflemacher; I've
14 lived on the West Side for 19 years; 11 of those
15 years have been spent battling illegal transient
16 rentals in residential buildings, since 2007, as a
17 member of the steering committee for West Side
18 Neighborhood Alliance. This all started in 2004,
19 when the residential building where I lived on West
20 86th Street was illegally converted into a commercial
21 youth hostel by a career slum lord with a history of
22 tenant harassment dating back to the 1970s. The
23 problem was widespread on the Upper West Side, as I
24 soon discovered; in fact, throughout the city; now in
25 2015, in spite of years of attempts to enforce the

1
2 law, many building owners continue to rent
3 residential properties on a transient basis.

4 The constant flow of tourist traffic is a
5 uniquely demoralizing experience for full-time
6 tenants in these buildings; strangers roaming the
7 hall at all hours, noisy parties, criminal activity
8 and bed bug infestations; it became obvious that the
9 practice was being used as a weapon to drive full-
10 time tenants out of the buildings.

11 Rent-stabilized tenants who complain are
12 subjected to harassment, market rate tenants who
13 complain are simply not offered a lease renewal. The
14 apartments that are vacated are then warehoused and
15 are not... people who try to... New Yorkers who try to
16 move into those apartments are actively harassed out,
17 so once the apartments are empty, they're gone; they
18 stop becoming available as housing.

19 We believe strong deterrent is needed to
20 discourage these repeat offenders; Intro. 826
21 significantly raises the amount of penalties for
22 repeated illegal hotel violations in the same
23 building. Intros. 823 and 788 would be valuable in
24 bringing greater transparency and awareness about
25 illegal hotels in New York. I strongly urge the

1
2 committee to support these bills and protect the
3 integrity of housing for the people who live and work
4 in New York. Thank you so much.

5 [bell]

6 CHAIRPERSON WILLIAMS: I understand
7 you're in opposition, so... [crosstalk]

8 JANA LEO DE BLAS: Yes.

9 CHAIRPERSON WILLIAMS: so my apologies.

10 JANA LEO DE BLAS: Yes. I'm in
11 opposition to the bill and I'm also in opposition to
12 the law that don't allow travelers [sic] for under 30
13 days and the reason for me is very simple; it's just
14 a human right. Article 12, Human Rights by United
15 Nations -- every individual who has the capacity to
16 control their own privacy, their home and their
17 communication. So **[inaudible]** here is that there are
18 two kinds of situations going on; one is privacy for
19 like the dancer that we hear, or like myself -- I'm a
20 philosopher, I write; sometimes I have to go for a
21 lecture and that happens five or seven times and I
22 may want to have somebody in my house; I try to
23 exchange houses; if I cannot exchange houses, I rent
24 my house. This is happening all over; I have people
25 from **[inaudible]** stay in my apartment because I

1 charge \$59 and they cannot... all these intellectuals,
2 they wouldn't be coming here if it's not for people
3 opening their houses. So two things; one is the
4 economy going on between individuals has changed;
5 people controlling who is coming to your house and
6 how is coming and the other is a business. And I
7 really wish there will be a difference in the
8 legislation to legislate these two conditions that
9 are totally different. One is people renting the
10 whole building for a whole year and another, these
11 people that rent under three months of the year in
12 different times when they travel to people that they
13 control and for small amounts and with permission of
14 the building. You know, people know about this in my
15 building, my landlord knows about this in the
16 building; why that have to be legislate?

17 [background comments]

18 CHAIRPERSON WILLIAMS: Thank you both
19 very much for the testimony. And how do you
20 pronounce your last name?

21 JANA LEO DE BLAS: Leo De Blas.

22 CHAIRPERSON WILLIAMS: Leo De Blas. And
23 what's your first name?

24 JANA LEO DE BLAS: Jana.
25

1
2 CHAIRPERSON WILLIAMS: Jana. Are you in
3 a rent-regulated building? Are you in a rent-
4 regulated apartment?

5 JANA LEO DE BLAS: Yes.

6 CHAIRPERSON WILLIAMS: So the issue is --
7 and we're sensitive about people who go out of town,
8 and so I think, if I understood correctly, you were
9 saying you may be out as much as three months and you
10 rent it out during that time. It does... We do get to
11 a point where the apartment is being used as a hotel
12 as opposed to an apartment, so it's different I think
13 if people are going on vacation here and there and
14 then they use Airbnb, as opposed to it's a part of
15 kind of what they do. I don't know what that line
16 is; three months does sound like a lot, six months
17 definitely is a lot and so we do have to find that
18 measure between... [crosstalk]

19 JANA LEO DE BLAS: Yes.

20 CHAIRPERSON WILLIAMS: people doing what
21 they need to do and taking an apartment off of the
22 market. If you're in a rent-regulated, in
23 particular, I think that's more egregious because
24 there are protections that are made specific for a
25 rent-regulated apartment and it's a privilege, which

1
2 it shouldn't be, but it currently is a privilege to
3 have that. And also, when you're doing that
4 illegally, you're actually raising the rents of
5 everyone else around you, and so that is some of the
6 problem, so we do have to regulate it and I think we
7 wanna make sure that people, particularly who are in
8 rent-regulated apartments aren't doing that. Three
9 months is a long time for people to have other folks
10 coming in and out of the building that they may not
11 know who it is. It's also different if it's three
12 months and it's one person or it's three months and
13 it's 10-12 people. I think, you know... [crosstalk]

14 JANA LEO DE BLAS: No, I understand, but
15 things need to be regulated and you are regulated the
16 same with this bill, landlords doing something as a
17 business, like people making the living. We are with
18 80% freelancing, almost, between artists and
19 intellectuals; there is no jobs. Right? And going...
20 this is the way that the 21 century is going; this is
21 the way we are living, we... I have to travel twice a
22 month, sometimes and I try to get the same person;
23 sometimes the apartment is empty. All I'm saying is;
24 one thing is to run something as a business and
25 another is survivor. There are many other countries

1
2 in the world that have this difference. Why the U.S.
3 doesn't have it? That's my question. That's my
4 question... [crosstalk]

5 CHAIRPERSON WILLIAMS: There's a lot of
6 things that the U.S. does that I question too. But
7 we are sensitive to people... [crosstalk]

8 JANA LEO DE BLAS: There a lot [sic]
9 other countries, they distinguish survivor between
10 business.

11 CHAIRPERSON WILLIAMS: We are sensitive
12 to people who are trying to do this for survival; as
13 was mentioned, the proactive approach that they're
14 gonna use, it won't be capturing people like you,
15 it'll be capturing the most egregious. I would say
16 that if someone in the building complained and they
17 reached out to OSE, it is possible that they would
18 come in, but we are trying to make sure that people
19 who are doing it for survival are treated differently
20 than people who are doing it as a business, but I
21 would say at the same point... [crosstalk]

22 JANA LEO DE BLAS: Why... Why is it not
23 considered in the law when it's done for survival and
24 you prove it...? [crosstalk]

1
2 CHAIRPERSON WILLIAMS: No, it is, it is.
3 But I would say this; there is also a problem, even
4 if it is survival that we have to work out, because
5 that problem is the activity is driving up the rents
6 of everyone else around it, so there are a lot of
7 different aspects that have to be considered if we're
8 going to... [crosstalk]

9 JANA LEO DE BLAS: I understand; it's a
10 complex issue.

11 CHAIRPERSON WILLIAMS: Council Member
12 Rosenthal.

13 COUNCIL MEMBER ROSENTHAL: Thank you so
14 much. Vivian, you actually brought up a point that's
15 so interesting that we hadn't talked about before,
16 which was that the impact that the illegal hotel
17 industry has brought upon us is so egregious, because
18 we've lost so many affordable apartments that the
19 \$50,000 fine is not unwarranted, and I just thought
20 that was interesting because Airbnb tries to compare
21 it to rodents being found in the apartment or no fire
22 alarm and the fines are only \$100 or \$300. Could you
23 talk about that a little bit more?

24 VIVIAN RIFFLEMACHER: Well yes, it... what
25 they were... I mean, customers rating the quality of an

1 apartment is not... that's subjective judgment; it's
2 not to do with what's... legally an apartment can be
3 used for, and it didn't make any sense, essentially.
4 And the people who are doing this, as you well know,
5 the landlord of the building on
6 West End Avenue that you mentioned, \$50,000 is... it's
7 a good start; I mean we raised the fines, the fines
8 were initially one... the first... it was an \$800 fine, a
9 flat fine of \$800, which was absolutely not a
10 deterrent. Gale Brewer wrote up a bill; we raised
11 the fines three years ago; it's still not making a
12 dent. I mean we're throwing around numbers like
13 \$100,000; that would... you know, they have to be...
14 there has to be a serious deterrent here, because the
15 problem's not going away.

17 COUNCIL MEMBER ROSENTHAL: [background
18 comment] I appreciate your long-term involvement in
19 trying to maintain affordable housing and so I really
20 appreciate your coming to testify today and I know
21 you've been waiting for quite some time, so it's
22 great to see you here.

23 VIVIAN RIFFLEMACHER: Thank you; it's
24 good to see you as well.

1
2 CHAIRPERSON WILLIAMS: Thank you both for
3 the testimony. The other thing we point out is that
4 there are reasons that we have the hotel laws,
5 whether it's not just for keeping the unit on the
6 market, but also for safety reasons, whether it's
7 fire and other issues, and so we do have to consider
8 that as well, so there's a difference if 30 people
9 are using one apartment or one person's using one
10 apartment.

11 JANA LEO DE BLAS: I understand.

12 CHAIRPERSON WILLIAMS: Thank you very
13 much both for your testimony.. [crosstalk]

14 JANA LEO DE BLAS: Thank you.

15 CHAIRPERSON WILLIAMS: So the last panel
16 that we have is Josh Farley, Norman Kyle Johnson,
17 Catherine Schuller, Alessandra Nahadel and Ingrid
18 Tarjan. Again, this is the last panel that we have
19 signed up; if anyone else would like to testify,
20 please get to the sergeant of arms and fill out a
21 slip and we'd be happy to hear you.

22 And if you can each raise your right
23 hand. Do you affirm to tell the truth, the whole
24 truth, nothing but the truth in your testimony before
25 the committee and to respond honestly to council

1 member questions? [background comments] Okay;
2 thanks for that extra part. You each are gonna have
3 two minutes and you can start in the order of your
4 preference.
5

6 CATHERINE SCHULLER: Thank you for having
7 us today and to try and attempt to resolve all of
8 these issues that come up. I'm just gonna speak for
9 myself, how I operate with Airbnb. Since 2011 I
10 discovered Airbnb and I have... my apartment, my
11 husband had to go to Italy; his business fell off and
12 he's in Italy working and I'm by myself there, so I
13 started looking for other ways to take maybe a
14 roommate or whatever, but I started to work with
15 Airbnb and I've had over 75 people in and out of my
16 apartment for the last years and it's just been an
17 incredibly wonderful experience; I'm there every
18 single time with them; I take them around to the
19 various neighborhood haunts and the restaurants
20 welcome me with open arms and I go on bike rides with
21 them 'cause I'm a avid cyclist, so it's... I'm really
22 the true reflection of what Airbnb can be; we're
23 ambassadors for the city; we're there, we are opening
24 up our homes and it's helping me; I've been here in
25 the city for 45 years and it's helping me stay in the

1 city when my husband is having a difficult time in
2 Italy because the American market dropped off; I
3 teach at FIT, I have an image consulting business and
4 an apparel accessory business, so it's really
5 important for me to stay in New York City; I can't
6 see myself any other place; I love New York City and
7 I pass that on to everyone else and I live close to
8 the U.N., so I have a lot of people coming into my
9 apartment who are speaking at the U.N., just working...
10 I had people from the Summit, so it's been just an
11 incredible experience for me and I really feel as
12 though... I went up Albany and [bell] did a lot of, you
13 know, work [bell] with... trying to get them to
14 understand that we have raised \$61 million in taxes
15 that we could be taxed; we need to tax us, we need to
16 tax this and we brought \$768 million to Manhattan
17 alone last year, so we need that to stay, just as
18 Andrew said, we need that business to stay. But you
19 know, it's a viable... [crosstalk]

21 CHAIRPERSON WILLIAMS: Gonna have to ask
22 you to...

23 CATHERINE SCHULLER: and much...

24 CHAIRPERSON WILLIAMS: give a last
25 sentence.

1
2 CATHERINE SCHULLER: Yeah, I know... it's
3 just... it's just an incredible experience if it's done
4 right and we don't like the bad actors, we don't like
5 those landlords that are using entire apartments and
6 take them off the market.

7 CHAIRPERSON WILLIAMS: Thank you very
8 much. Can you say your name for the record also?

9 CATHERINE SCHULLER: Catherine Schuller.

10 CHAIRPERSON WILLIAMS: Thank you.

11 ALESSANDRA NAHADEL: Hi, I'm Alessandra
12 Nahadel and I'm very uncomfortable with everyone
13 saying bad actors, because I'm an actor and uh...
14 [laughter] every time I... [crosstalk]

15 FEMALE VOICE: You're not a bad one.

16 ALESSANDRA NAHADEL: every time I hear
17 that I worry that I'm a target in this. I actually
18 came here to sit on the stairs today to support
19 Airbnb and then when I came in to hear the
20 conversation, it was very painful; it was like
21 listening to an exasperating friend. Using Airbnb
22 for the last two years, it's changed my life; I've
23 always had... I needed multiple part-time jobs; by the
24 time I was 24 I had bulging discs and pinched nerves
25 from bartending; I've been hospitalized multiple

1 times from just what my industry... what the lifestyle
2 leads to. I'm working on average 9 a.m. until 11
3 p.m. at night, having my part-time jobs during the
4 day, acting at night and then sometime bartending in
5 the evenings; Airbnb completely changed my life. I
6 now only need one to two part-time jobs, which is
7 remarkable. The other thing that I just wanted to
8 bring up is yes, like I'm in a similar position; it's
9 a two-bedroom home, I'm always there and I guess the
10 thing that comes to me is like I've always lived with
11 random other people, always; it was either through a
12 friend, someone coming in; it was often part-time; I
13 used to utilize a platform called Gypsy Housing,
14 where it connected artists visiting the city who were
15 here on tour or for auditions so that I would not
16 live alone. The rent in my neighborhood is going up
17 dramatically, I'm in Spanish Harlem, and it became
18 hard for me to find regular roommates; people were
19 not interested in paying those prices, and so at most
20 I could hope for was people coming in for three
21 months at a time; then I discovered Airbnb; it helps
22 me stay in. And so I guess one question I did have
23 is that people keep talking about the fact that this
24 is driving up rents and I'm curious to hear what that

1 is, 'cause I don't entirely understand how that
2 happens. [bell] I know that if and when I leave my
3 apartment it's going to go up \$4-500 a month, so
4 yeah, but any case, I'm looking forward to hearing
5 any feedback that you to share, 'cause I am very
6 worried about how this will impact my life; I may
7 have to leave Manhattan if this passes.

9 CHAIRPERSON WILLIAMS: Thank you.

10 JOSH FARLEY: Thank you for having us
11 today. My name's... [crosstalk]

12 CHAIRPERSON WILLIAMS: Can you move
13 closer to the mic? Thanks.

14 JOSH FARLEY: Thanks for having us today.
15 My name is Josh Farley... [interpose]

16 CHAIRPERSON WILLIAMS: Little bit... little
17 bit closer.

18 JOSH FARLEY: There we go. Well just a
19 few things, you know I... I don't... I'm not convinced
20 that Airbnb and home-sharing is raising rents; I've
21 seen rents double in my neighborhood in the last
22 maybe three years in Crown Heights, also the price of
23 buying a property has maybe tripled even. So I just
24 can't see that. And you know, it is the difference,
25 whether we're gonna set 30 days or two weeks, a week,

1
2 you know that's the difference between people staying
3 in their homes or not being able to stay there at all
4 and whether they're paying a mortgage or it's rent,
5 it's the same problem. So I think we just have to do
6 something and the impact of having rentals, Airbnb is
7 that, you know the money that is made from that is
8 going directly back in the economy, whether it's from
9 roofers, upkeep of buildings or to small businesses
10 that surround these neighborhoods. Thank you.

11 CHAIRPERSON WILLIAMS: I don't know if
12 you... is your use... do you live in the apartment or the
13 home?

14 JOSH FARLEY: At the time I did, yes; I
15 no longer do.

16 CHAIRPERSON WILLIAMS: Alright [sic].

17 INGRID TARJAN: Hi, my name is Ingrid
18 Tarjan. Remember when the election tag line was,
19 "It's the Economy"? Well it is, it still is this
20 time around, on both ends; for the hosts and for the
21 guests. We're dealing with a disruptive technology,
22 as we all know. I'm sure that responsible
23 legislators can understand about the multiplier
24 effect, of the buffer, extra money earned by hosts,
25 whether it helps them make ends meet or have extra

1 income for school -- I wanna have that -- or enjoy
2 what the city has to offer, and then to guests, to
3 have more resources to spend here, right, in our
4 beloved city. I'm a verified host; I only just
5 started and it... again, like you, it's been a life-
6 changer, and I only work with verified guests and the
7 currency is trust. [background comment] I wanna
8 pau... trust, and that's what matters and what we're
9 dealing with, this business of 30 days is very scary
10 to someone like me, even if it doesn't quite apply to
11 me; I'm always there, but what happens when I go
12 away? You said, oh there might be exceptions; it's
13 not clear. So we have a question with perception and
14 reality. We need institutional trust at the
15 governmental level where individuals are protected.
16 If the government purports to be forward-looking and
17 progressive, then we need a vision that is in favor
18 of innovation that understands the impact, even the
19 perception of how onerous fees and taxes could impact
20 individuals.

22 Operating from a position of fear is not
23 a stress-free position anyone wants and the economy
24 these days has a lot of us in that position.
25 Perception is reality and I really hope that you keep

1
2 that in mind [bell] when you're considering the
3 legislation. Thank you.

4 CHAIRPERSON WILLIAMS: Thank you.

5 NORMAL KYLE JOHNSON: Hello, my name is
6 Norman Kyle Johnson; I've been doing Airbnb for
7 about... in October will be about a year, but I was
8 kind of infrequent at the beginning and then
9 recently, in July, I was laid off from my job and I
10 received a small severance, but in order to make ends
11 meet and keep my apartment while I was job searching,
12 I was able to rent out and then continue to live
13 there. So you know, I'm sharing my home in Midtown
14 Manhattan through Airbnb in order to help pay the
15 bills while I search for a new job. Again, I was
16 born in the Bronx, I've lived in New York my entire
17 life, so I'm able to share the city that I love with
18 newcomers and show them what it's like to live with a
19 real New Yorker. I always give my guests
20 recommendations on local businesses, shops and
21 restaurants to visit and I think hosts across the
22 city, you know they're scare of what this legislation
23 could mean for them and I'm just speaking up on their
24 behalf, because I'm just one of the many New Yorkers
25 who rely on Airbnb as an economic life preserver.

1
2 Additionally, I think the perspect... you know, the
3 perception that this law has created in the
4 headlines, it's... [interpose]

5 FEMALE VOICE: Terrifying.

6 NORMAL KYLE JOHNSON: Yeah, had across
7 the city been terrifying and... [interpose]

8 FEMALE VOICE: Even if you do everything
9 right.

10 NORMAL KYLE JOHNSON: Absolutely, and I
11 know my mom's always calling me, like, have you seen
12 the latest headline and I'm like, don't worry, it's
13 fine and so I guess I'm worried about the message it
14 sends to potential visitors to the city, potential
15 hosts, and additionally, I'm worried about the
16 discovery reporting and enforcement of the law. So
17 just hopefully there's clarity and we can get some of
18 the fear down and you know the, the bad actors,
19 especially when I heard.. I've actually visited one of
20 those illegal hostels before; my friends decided to
21 stay there, they paid \$279 a night to stay and she
22 literally had bed bugs; they gave a refund for two
23 nights, but I saw the activity there first-hand and I
24 was really shocked and I think if that was legal or
25 not, I'm not really sure, but presumably let's say it

1
2 was; that's the type of person I think we should be
3 clear about who we're trying to persecute.

4 FEMALE VOICE: Not someone [bell] who
5 goes away for Thanksgiving for two days and [bell]
6 it's fearful... [interpose]

7 NORMAL KYLE JOHNSON: Yeah.

8 FEMALE VOICE: that just makes no sense.

9 CHAIRPERSON WILLIAMS: Thank you very
10 much; I appreciate it.

11 Sir, did you own a home or was it an
12 apartment?

13 JOSH FARLEY: I had an apartment at the
14 time, but I also rent outside of the city..

15 CHAIRPERSON WILLIAMS: The place.. The
16 Airbnb usage that you're doing now in the city, is it
17 for..

18 JOSH FARLEY: I no longer do Airbnb in
19 the city, in part due to..

20 CHAIRPERSON WILLIAMS: Speak..

21 JOSH FARLEY: I no longer do Airbnb in
22 the city, partly due to legislation that's going on
23 and other.. [interpose]

24 CHAIRPERSON WILLIAMS: I see.
25

1
2 JOSH FARLEY: other things, but I still
3 rent my place outside of the city.

4 CHAIRPERSON WILLIAMS: Thank you.
5 Obviously every one of you are completely legal; what
6 you used to do and what you're all doing now is
7 completely legal; this legislation would not affect
8 you at all, even a little bit. And so the vacation..
9 [crosstalk]

10 FEMALE VOICE: Can you clarify the part
11 about the.. yeah.

12 CHAIRPERSON WILLIAMS: the vacation part,
13 we can never legislate every eventuality, right, so
14 we can put in there if you're on vacation then it
15 doesn't apply to you and then what someone would say
16 is, I'm on vacation for six months and so you run
17 into that problem; then we have to come back and
18 legislate it again. But what we know, from
19 practicality, is that people who go away for two
20 weeks, a weekend don't get caught up in that, just
21 because of how long it takes for OSE to enforce the
22 law; by the time they get there, you're back from the
23 weekend and you're in the apartment. As a matter of
24 fact, we asked people who testified last time in
25 January, is there anybody here who's gotten fined who

1
2 are doing this legally who were on vacation and we
3 had no one. So I understand the fear and I can't
4 absolutely with complete authority say it never can
5 and will happen; I can tell you that in practical
6 speaking, it just doesn't work that way, because
7 you're back home by the time OSE comes in to check
8 the apartment, so in practically speaking, the people
9 that they get are the people who do this routinely
10 and on a routine basis. So I want folks to continue
11 to use Airbnb, everyone here, and sir, if you start
12 again and you live in your apartment or if you have a
13 one- or two-family home and don't live there,
14 [background comment] feel free to continue to use
15 this, if it's working for you. What I will suggest
16 is that you also speak to Airbnb and let them hear
17 you about your concerns, because the headlines out
18 there are not driven by us, they're driven by them to
19 do exactly what they're doing, which is to frighten
20 people and confuse who we're trying to go after so
21 that we won't go after them anymore, and so that's
22 the benefit that they get. If we stop going after
23 them, then they continue profiting off the people who
24 are using it illegally. So it will be helpful if
25 they hear from people saying.. them sharing data with

1
2 us would also be helpful, so we can help them go
3 after the bad actors and Airbnb has admitted that
4 their usage can cause rents to go up; the question is
5 how much, so there's a lot of different things that
6 are causing it; it definitely is. If someone can get
7 more than what they would've gotten for rent, it will
8 drive up what people are asking for an apartment,
9 based on kind of faulty data. But... did you have
10 something you wanted to say?

11 FEMALE VOICE: Yeah, so I suppose I just
12 wanted to clarify, when it talks about longer than 30
13 days, we're talking about an entire home that doesn't
14 currently have a New York resident in it?

15 CHAIRPERSON WILLIAMS: So you can... Short-
16 term rental is defined as people who are renting less
17 than 30 days, but if you're renting more than 30 it's
18 a little different. The 30 mark is important because
19 that's when someone becomes a legal tenant, and
20 technically you can't get them out of there if they
21 don't wanna leave without going through court. So
22 that's what the... [crosstalk]

23 FEMALE VOICE: Right. So... So for those
24 of us who are in two-bedroom homes, living there and
25

1
2 renting out the other, that's where I get confused
3 about... [crosstalk]

4 CHAIRPERSON WILLIAMS: None of that
5 applies to you.

6 FEMALE VOICE: None of it applies to us?

7 CHAIRPERSON WILLIAMS: No. If you had..

8 FEMALE VOICE: Because... [crosstalk]

9 CHAIRPERSON WILLIAMS: if you lived in a
10 studio and you were renting half of the stu... I mean
11 none of that applies to you at all.

12 FEMALE VOICE: Okay.

13 CHAIRPERSON WILLIAMS: Council Member
14 Rosenthal.

15 COUNCIL MEMBER ROSENTHAL: Yeah. I mean...
16 So I think the Council is working really... your
17 legislators are working really hard to protect you
18 and not to disseminate inaccurate information; it's
19 why we went out of our way to print on that poster
20 what's legal and what's not legal. And I couldn't
21 quite tell what's going on with the gentleman in the
22 middle, but for the four other of you who testified,
23 what you're doing today is legal, so Airbnb is doing
24 you this service of being a web portal to connect you
25 with somebody who wants to rent a room in your home.

1
2 If that's all they did and they were willing to take
3 off of their website the people who are in the other
4 column, what's not legal column, we wouldn't be
5 having this hearing.

6 FEMALE VOICE: But that woman who was the
7 intellectual, the philosopher and she spoke on behalf
8 of artists, I know a lot of people who take
9 sabbaticals and things like that and I think that it
10 would be behoove you perhaps to seriously consider
11 caveats where somehow someone can testify of what
12 they're doing and then you could have something else
13 happen, but Air... I don't know if the onus is on
14 Airbnb or what... [crosstalk]

15 COUNCIL MEMBER ROSENTHAL: So let's be
16 clear; if you go to your co-op or condo owner and you
17 tell them, is it okay, you say to them, is it okay if
18 I rent out my apartment for X, Y, Z period of time
19 and the building gives you permission to do that,
20 right, so they're not gonna evict you for breaking
21 the law, and if the neighbors, you neighbors who live
22 there and who have families and expect to live in a
23 residence with other residents... [crosstalk]

24 FEMALE VOICE: So... Yes.
25

1
2 COUNCIL MEMBER ROSENTHAL: are fine with
3 it, you're talking about an entirely different
4 situation. So Airbnb has done you a disservice and
5 has done your mom a disservice by making you afraid
6 that this law is talking about you and it doesn't.
7 So I can't fix their marketing plan, their marketing
8 plan is intent on lying and not giving the actual
9 true facts; it's intent on messaging that you are
10 breaking the law. You thought you were breaking the
11 law, you thought you were breaking the law..

12 [interpose]

13 FEMALE VOICE: I came not because I
14 thought I was breaking the law..

15 COUNCIL MEMBER ROSENTHAL: you are not
16 breaking the law, but what you are doing or the
17 people who are renting out their entire apartment,
18 what they're doing is breaking the law. Let me..
19 We're not gonna keep going.

20 CHAIRPERSON WILLIAMS: Alright..

21 COUNCIL MEMBER ROSENTHAL: Alright, thank
22 you very much for your time.. [crosstalk]

23 FEMALE VOICE: It's pers.. [crosstalk]

24 CHAIRPERSON WILLIAMS: Yeah, and it
25 depends if it's a home or not. And I will say this;

1 buildings that I'm dealing with, they legally can
2 rent out their apartments for \$2,000 a month, they
3 have 200 apartments in their building; they are now
4 taking out of the market 20 or 30 apartments, right;
5 this is the owner of a building who owns all 200,
6 they're taking those apartments out of the market,
7 warehousing them and now renting them out for \$200 a
8 night; Airbnb incentivizes them to do that, so now
9 they're making \$6,000 a month instead of following
10 the law, where they would be making \$2,000 a night
11 [sic]; if they keep going that, more and more and
12 more, now the cost of the price of an apartment goes
13 up, right and Airbnb is incentivizing that behavior,
14 and incentivizing landlords to harass out of their
15 homes anyone, because instead of getting \$2,000 a
16 month they can make \$6,000 a month; that's what's
17 illegal and the disservice that Airbnb has done to
18 you is make you think that you're in any way shape or
19 form part of that other category. So go back to
20 work, go rent out the room in your home and I'm glad
21 that there's a way for you to stay in New York; we
22 need you here, and you're a good actor... [crosstalk]

24 CHAIRPERSON WILLIAMS: And...

25 FEMALE VOICE: I wanna say...

1
2 COUNCIL MEMBER ROSENTHAL: not a bad
3 actor.

4 [laugh]

5 FEMALE VOICE: And we... we just need
6 legislation that's very specific about that.

7 COUNCIL MEMBER ROSENTHAL: It is.

8 CHAIRPERSON WILLIAMS: It is, but no
9 matter how specific you get, you're gonna need more
10 specificity..

11 FEMALE VOICE: Exactly.

12 CHAIRPERSON WILLIAMS: because you can't
13 get to every eventuality..

14 FEMALE VOICE: Exactly.

15 CHAIRPERSON WILLIAMS: it's impossible to
16 get that. So what they're gonna do is, the fact that
17 we can't do that, whatever kinda inkling is there,
18 they're gonna blow that out of proportion and make it
19 a headline to frighten the bejesus out of everybody
20 and go, you know, you can't do that. And so thank
21 you for that great description of how it raises
22 rents; I mean, it raises it one, because if there's
23 less units, [background comment] the units that are
24 there go up and two, if you in a faulty way get more
25 money for an apartment, you want that other apartment

1
2 to make the same amount of money and so then you
3 wanna charge that amount.

4 FEMALE VOICE: I'm just happy to know
5 that I'm not a part of that.

6 CHAIRPERSON WILLIAMS: You're not.

7 [background comments] [crosstalk]

8 JOSH FARLEY: And moving forward...

9 CHAIRPERSON WILLIAMS: Can you please...

10 JOSH FARLEY: In moving forward, are all
11 the agencies going to be on the same page with what
12 you guys are, you know...

13 CHAIRPERSON WILLIAMS: Yes. It's the
14 Office of Special Enforcement. The Office of Special
15 Enforcement is made up of multiple agencies, but they
16 are quite clear of what we're trying to do and what
17 we're not trying to do.

18 JOSH FARLEY: 'Cause it seems like there
19 can be a lot of disconnects between state, county and
20 city... [interpose]

21 CHAIRPERSON WILLIAMS: Oh state is
22 another... we're not the state and so, yeah.

23 JOSH FARLEY: I understand that, but
24 there's just so many different agencies and no one...
25 there's no concrete thing it seems... [crosstalk]

1
2 CHAIRPERSON WILLIAMS: I agree, and we
3 are happy to support efforts in the state to fix this
4 problem, particularly for the three- and four-family.

5 JOSH FARLEY: Uhm-hm. Okay.

6 CHAIRPERSON WILLIAMS: Alright?

7 JOSH FARLEY: Thank you.

8 FEMALE VOICE: Thanks.

9 FEMALE VOICE: Thank you.

10 CHAIRPERSON WILLIAMS: Thank you so much
11 for your testimony; we really appreciate it. For the
12 record, we had testimony from the Manhattan Chamber
13 of Commerce, Hotel Association of New York, Council
14 Member Ben Kallos, Richard Emalias [sp?], MFY Legal,
15 Center for NYC Neighborhoods, Counsel of Co-Ops and
16 Condos, ANHD, UJC, Sinja Cho [sp?] -- I hope I
17 pronounced that correctly -- and the New America
18 Foundation. Thank you all who stuck around till the
19 end of this hearing, we kind of had to; you didn't,
20 so I appreciate that you did, and this hearing is now
21 closed.

22 [gavel]

23

24

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C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date November 10, 2015