

A year into New York City's unprecedented crackdown on short-term rentals, Airbnb is pushing back against the restrictive regulations that have decimated its business in the city. The short-term rental giant argues that the rules—designed to increase the availability of affordable long-term housing—have failed to deliver on their promises. Instead, consumers are grappling with higher hotel prices, rents are still climbing, and small businesses, particularly in the outer boroughs, are struggling to survive.

In a recent blog post, Airbnb called for an overhaul of Local Law 18 (LL18), urging New York City officials to reassess the stringent regulations. "It's time for New York City to re-evaluate LL18 and consider amendments that would, at a minimum, allow homeowners to once again host guests," said Theo Yedinsky, Airbnb's vice president of public policy. He added that by loosening some restrictions, the city could "increase the supply of accommodations for consumers, support resident hosts, and revitalize local businesses that depend on tourism dollars."

The Rise and Fall of Short-Term Rentals in NYC

Before LL18 took effect in September 2023, New York City was one of Airbnb's largest and most lucrative markets. In 2022 alone, the company generated \$85 million in net revenue from its New York listings. The city was home to tens of thousands of short-term rentals spread across all five boroughs. However, Local Law 18 sought to change this landscape by imposing severe restrictions on short-term rentals. The law requires hosts to live on the premises during rentals, limits stays to fewer than 30 days, and caps guest occupancy at two people, among other stringent conditions.

The impact was immediate, according to data from AirDNA, the number of Airbnb listings for stays of fewer than 30 days plummeted by 83% in the first year of the law's enforcement. In July 2024, there were just 3,700 short-term listings on Airbnb in New York City, down from 21,900 in July 2023. "Many hosts were forced to switch to mid- or long-term rentals, but those who relied on short-term rentals as a primary source of income were hit hard," said Jamie Lane, chief economist at AirDNA.

For hosts like Malaika, who rented out the downstairs apartment of her two-family home in Brooklyn, the new law has been financially devastating. "I've lost about \$2,400 in monthly income, nearly a 30% drop," she said. Malaika, who bought her home in Ocean Hill, Brooklyn, with her sisters, relied on short-term rentals to help pay her mortgage. "I prided myself on offering affordable stays in a place filled with African art and culture," she said. "But the new rules make it impossible to continue hosting as I did."

A Blow to Small-Time Hosts

Many small-time hosts like Malaika have been disproportionately affected by the city's regulations. Hosts who once used platforms like Airbnb to supplement their income now find themselves struggling to make ends meet. Gia Sharp, a homeowner and co-founder of RHOAR (Residents for Homeowner Air Rights), has been leading a campaign to pause the enforcement of LL18 and exempt one- and two-family homeowners from the registration requirement. "Some of our members are doing even worse," she said. "One homeowner lived in his car over the summer because he had to rent out his place so he wouldn't lose it."

Sharp also shared her personal challenges, recounting how the new regulations have disrupted her income and prevented her from making essential repairs to her home. "There's definitely a few mortgage payments for income that I'm doing without, which is insane. I definitely can't afford to replace my windows, which is thousands of dollars," she said. Sharp and other members of RHOAR argue that the regulations have been too broad, catching small-time hosts in a net designed to target larger, illegal hotel operations.

In an interview, a retired FEMA employee, Stanley McIntosh, explained how the complexities of registering under the new law forced him out of the short-term rental market. McIntosh, who had been renting a garden-level apartment in his Harlem brownstone on Vrbo since 2017, said, "The application process was too complicated. The changes and the stuff you had to do just wouldn't have worked at all." Stanley and his wife, Rosalinda, initially shifted to longer-term rentals but are now uncertain about their next steps. "We can pay the mortgage, but we can't save like we used to," he said.

Outer Boroughs Hit the Hardest

The economic impact of LL18 has been particularly harsh on neighborhoods outside of Manhattan. Brooklyn and Queens, which had significant numbers of Airbnb listings before the law went into effect, have seen tourism and associated spending evaporate. Airbnb listings in the outer boroughs provided tourists with an affordable alternative to expensive Manhattan hotels, while also dispersing visitor dollars across different communities.

According to data from AirDNA, 37% of Airbnb listings in New York City were located in Brooklyn, and 13% were in Queens before the law. But LL18 has dramatically reduced the number of listings in these areas. As a result, tourism dollars that once flowed into local businesses in Brooklyn and Queens have dried up. "The unintended consequences of this legislation, especially the steep decline in places for tourists to stay, are hindering Brooklyn's potential to attract visitors and is hurting its residents, small businesses, and

local economy," said Randy Peers, CEO of the Brooklyn Chamber of Commerce, in a scathing op-ed.

Peers isn't the only one sounding the alarm. The Dominican American Chamber of Commerce has also criticized LL18 for favoring large corporations at the expense of middle-class residents and local small businesses. "With rent prices surging and many families relying on short-term rentals for supplemental income, the law has created financial strain for individual hosts and a decline in revenue for local businesses that thrive on tourism," said Manuel Lebron, CEO of the Dominican American Chamber of Commerce.

Hotels Reap the Benefits

While small hosts and outer-borough communities have struggled, New York City's hotel industry has experienced a remarkable boom. Since the introduction of LL18, hotel prices have surged, making New York City one of the most expensive destinations for travelers. Data from CoStar shows that New York City hotels posted the highest revenue per available room (RevPAR) increase among the top 25 U.S. hotel markets during the first half of 2024, jumping 10.1%.

Jan Freitag, national director of hospitality analytics at CoStar, confirmed the trend: "New York has certainly outperformed. While other top markets are recovering, none are seeing the jump that New York is experiencing." However, Freitag also noted that the city's hotel supply has actually decreased by 0.8% because many hotel rooms are now being used to house migrants and the homeless, adding further pressure on available accommodations. "The surge in demand, combined with the constraints on hotel capacity, has led to record-breaking prices," he said.

But while Manhattan's hotels are thriving, the story is different in the outer boroughs, where the hotel infrastructure is far less developed. "The impact on the city hasn't been even," said Jamie Lane of AirDNA. "Submarkets in the Bronx, Brooklyn, and Queens have seen short-term rental listings for stays of less than 30 nights drop by more than 90% year-over-year."

The Black Market for Rentals

As legitimate short-term rentals have disappeared, an underground market has emerged to fill the void. Hosts unable or unwilling to register with the city have turned to alternative platforms, including Craigslist, Facebook groups, and even encrypted messaging apps like Telegram and Discord. These black-market listings operate outside the legal framework,

offering few protections for guests.

"We go on there and individuals take risks in times of need if it's a personal referral to the group," said Malaika, referring to a group chat for hosts in her neighborhood. "It definitely happens. People are desperate." She admitted that she once broke the law by renting out her apartment illegally for a week to avoid missing a mortgage payment. "I was crapping the entire time because the Office of Special Enforcement sends people around, and they could have been knocking on my door any day," she said.

Marcus Räder, CEO of short-term rental software provider Hostaway, has also witnessed the rise of the black market. Speaking on the Alex & Annie Vacation Rental Podcast, he recounted his experience staying at an illegal Airbnb in New York. "Originally, I booked it on Airbnb, but then the listing got shut down. The host reached out to me and said, 'Yo, just send the money. I'm still doing it.'" Räder suggested that while the law has made Airbnb and other platforms more accountable, it has also driven many rentals underground. "We need more Craigslist and no photos. That's OK," he quipped.

Airbnb's Push for Reform

Airbnb's leadership continues to argue that the broad scope of LL18 is hurting more than it's helping. Theo Yedinsky pointed out that removing Airbnb listings from the market hasn't translated into a meaningful increase in long-term rental housing. "It's a misconception to think that if you remove a short-term rental from Airbnb, it automatically turns into long-term housing," Yedinsky said. He emphasized that many Airbnb listings are lived-in homes where the owners rent out a room or the entire house while they are away. "It assumes every Airbnb that is listed is not lived in, is not a primary residence, and that's fundamentally not true," he added.

Former City Council Member Ben Kallos, the architect of LL18, stands by the law but acknowledges that some of its provisions may need reevaluation. "It's good to see evidence that the number of short-term rentals in NYC has decreased," Kallos said. "But I'm puzzled by how few hosts have been able to register. We need to close loopholes that allow condo owners in Class B buildings to keep renting out their units without the same limitations."

Yedinsky, however, remains firm in his belief that the law's current form is unsustainable. "We're seeing the data now. The regulations haven't reduced rents, and they haven't increased vacancy rates. Instead, they've moved the activity underground," he said.

A Call for Balance

As the debate over short-term rentals continues, Airbnb and its supporters are calling for a more balanced approach to regulation. They argue that while the city's housing crisis needs to be addressed, LL18 has gone too far in penalizing small-time hosts who rely on short-term rentals for financial stability. "We're not against regulation," Yedinsky said. "We want to work with the city to create a system that works for everyone—one that addresses concerns about affordable housing while still allowing responsible hosts to operate legally."

For homeowners like Gia Sharp and Malaika, the stakes couldn't be higher. "This law has taken away our ability to make a living," Sharp said. "We need relief, and we need it soon." Malaika echoed the sentiment: "I don't know how much longer I can hold on. My savings are gone, and I'm struggling every month. This isn't what I signed up for when I bought my home."

Airbnb's blog post suggests that the solution lies in amending LL18 to allow more flexibility for homeowners, especially those in the outer boroughs. By rolling back parts of the law, the city could increase the supply of accommodations for visitors, support local businesses, and provide financial stability to resident hosts. "A more sustainable, sensible, and equitable model benefits residents, visitors, and the broader community," Yedinsky said.

No Clear Resolution in Sight

New York City's housing and tourism sectors are at a crossroads, with the future of short-term rentals hanging in the balance. As Local Law 18 enters its second year of enforcement, the city's leadership faces increasing pressure to reevaluate the law's effectiveness. With rents still rising, tourism booming, and small hosts struggling, it's clear that the law has created unintended consequences that may require a different approach.

"The housing crisis isn't going away," said Randy Peers. "But we can't ignore the economic realities facing small-time hosts and local businesses. We need a balanced solution that addresses both sides of the issue." As Airbnb and its supporters continue their push for reform, the city will have to decide whether to stick with its hardline stance or find a compromise that works for everyone.

In the meantime, the debate over short-term rentals rages on with no clear resolution in sight. As Airbnb CEO Brian Chesky prepares to speak at the upcoming Skift Global Forum, the company's future in New York City remains uncertain. But one thing is clear: Airbnb is not giving up its fight to stay in the Big Apple.