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NEW YORK CITY COUNCIL COMMITTEE ON HOUSING AND BUILDINGS

**REGARDING THE IMPACT OF SHORT TERM RENTALS
ON THE ECONOMY AND NEIGHBORHOODS**

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My name is David Hershey-Webb. I am a partner at Himmelstein, McConnell, Gribben, Donoghue & Joseph. We have been representing rent regulated tenants and Tenants Associations for over 30 years.

I am here today to talk about the threat that AirBnB and similar highly profitable ventures pose to regulated housing and to affordable housing in general in New York City.

The approximately one million rent stabilized apartments (and less than 50,000 rent controlled apartments) in New York City represent a bulwark against spiraling rents which are turning the city into an exclusive enclave of millionaires and multi-millionaires. While rents of even regulated apartments have been rising, they are still significantly lower than those of market apartments and are a source of still relatively affordable housing for low and moderate income New Yorkers. The median income of a rent-stabilized household in 2011 was \$36,600 according to the 2011 New York City Housing and Vacancy Survey prepared by the Rent Guidelines Board.

AirBnB and short term rentals threaten regulated housing in at least two significant ways. First of all, renting out your regulated apartment could lead to your eviction.

Rent regulated tenants are constantly under attack from landlords who seek to evict them so that they can rent their apartments at significantly higher market rates.

Almost all rent stabilized leases include a provision against illegal subletting. That means that tenants who rent their apartments through AirBnB, similar businesses, or on their own, without the landlord's consent, risk losing their apartments. We have litigated scores of these cases over the years, and there has been a steep increase in the number of these cases in the last 2 years.

The fact that an illegal sublet is "curable" by ending the sublet does not diminish the risks faced by regulated tenants. An illegal sublet where the tenant is found to have profiteered, or where the tenant engaged in multiple short term rentals over a substantial period of time may not be "curable" and could still lead to eviction. And each such eviction means a loss of another affordable housing unit, because landlords will do what is necessary to de-regulate any rent regulated apartment. In addition, even where a tenant cures by terminating the sublet, and even where a tenant remains in the apartment while renting it out, landlords may still resort to an eviction proceeding. As many New Yorkers are aware, just being sued in Housing Court could result in a tenant's name being added to a landlord "blacklist" which may make it harder to rent in the future. In addition, being sued in Housing Court may result in paying not only your own attorney's fees but the landlord's fees as well.

Secondly, as has been noted today, many short term rentals are undertaken by illusory tenants or including companies working either alone or in collusion with landlords. The additional income that landlords can make through short term rentals results in ratcheting up the pressure on already beleaguered regulated tenants to give up their apartments.

What might be called the "hotelification" of permanent rental housing is a serious threat to rent regulation and to the city's overall efforts to preserve and expand affordable housing.