

NEW YORK POST

New York lawmakers are waging war on the sharing economy

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June 22, 2016

If you live in New York and like to use Airbnb to let people stay in your apartment for 30 days or less while making some extra cash, you might soon be out of luck. A bill shortly will arrive on Gov. Cuomo's desk that would make advertisements for this apparently harmless activity illegal.

It would be the latest example of New York officials and lawmakers trying to strangle the "sharing economy" when it should be embraced. And as disturbing as the legislation is, there are others like it that needlessly hamper companies like Uber, Lyft and Airbnb.

What's really driving these stifling laws and regulations against Airbnb? Hotels that don't like competition.

Vijay Dandapani, the chairman of the Hotel Association of New York City, didn't mince words when he discussed Airbnb earlier this month: "Airbnb facilitates the creation of a black market for illegal and unsafe commercial rental properties that don't follow any of the same regulations as legitimate hotels."

It's true that Airbnb, like others in the sharing economy, exists in an awkward regulatory grey area. There used to be a clear distinction between cars and taxis — a distinction Uber, Lyft and other ride-share services make increasingly unclear. Similarly, before the rise of companies such as Airbnb, the difference between homes and hotels was obvious. Today, not so much.

But the rise of the "sharing economy" should prompt a rethink of current regulations and policy that is adaptive and flexible, not conformist and rigid. When describing Airbnb as an "illegal" player in a "black market," our first reaction shouldn't be, "How can this new thing be regulated as if it is an old thing?" Rather, we should ask why it's treated as a crime to temporarily rent out your own property.

Protests against ride-sharing companies like Uber and Lyft are, at their core, protests against car owners using their own property to make some extra money by giving rides to consenting customers. Given more freedom, "micro-entrepreneurs" will make the world a more innovative and interesting place.

It's impossible to know exactly how New York will look when more and more people begin using their spare time and assets to make some extra money. Instead of outlawing peaceful voluntary transactions, lawmakers should let us find out.

“Sharing economy” companies aren't only popular because homeowners and car owners can make some extra money. They're popular because they satisfy a demand.

You used to arrive in a new city only to stand on the street waving your arms around to hail a taxi and take it to a hotel. Now, thanks to entrepreneurs taking advantage of technological advances, I can fly to a strange city and find locals to give me a ride and offer me a place to stay with minimal effort.

If the government will let me.

Of course, it's not hard to understand why market incumbents like hotels are concerned about the rise of companies like Airbnb. Failure occurs in markets, and hotels have their own regulatory hurdles to tackle. But lawmakers shouldn't concern themselves with propping up industries that are failing to adapt to changes or enforcing outdated regulations that stifle competition.

A sensible legislative approach would be to promote as much competition as possible by deregulating the accommodation industry, leveling the playing field to allow for fair competition between hotels and Airbnb. Absent a desire to level the playing field completely, lawmakers could propose regulations tailored specifically for short-term rentals.

Such a move wouldn't be unprecedented: Earlier this year Arizona's governor signed a bill that did precisely that. The legislation prohibits cities from banning residents from using sites like Airbnb, but does allow cities to pass health and safety rules for short-term rental homes.

Rather than slow the growth of innovative companies and threaten apartment owners with thousands of dollars in fines, New York officials and lawmakers should provide a regulatory environment in which hotel owners compete with homeowners and customers have the most choice.

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