



Destinations

Airbnb's Most Notorious Landlord Settles with New York City

Jason Clampet, Skift - Nov 19, 2013 5:13 pm

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TAKE**

With this settlement, the city has clearly said it will enforce the existing laws about short-term rentals. What this will mean for Airbnb and its peers remains to be seen, as does its effect on hosts and users.

— Jason Clampet

New York City [just announced a settlement](#) with short-term apartment rental service Smart Apartments LLC that will prevent the company from doing any business as well as require it to pay \$1 million penalty to the city.

“Unregulated illegal hotels are unsafe and pose a danger to the community and those who unwittingly use them,” said Mayor Bloomberg in a statement. “Today’s settlement will remove dangerous and illegal conditions, and ensure we continue to safeguard the quality-of-life of both residents and tourists in our city.”

Smart Apartments, which exemplified the early, wild west days of [Airbnb.com](#) and the current generation of online apartment rental services, managed over 200 illegal short-term apartments in more than 50 buildings in Manhattan, Brooklyn, and Queens. The [city sued Smart Apartments in October 2012](#), seized its website, and blocked it from doing further business.

Smart Apartments got its start when Robert “Toshi” Chan, an actor and party promoter, developed a knack for managing short-term apartment listings on Airbnb. He was liked by users and despised by neighbors, and was a source of the grass-roots ire over short-term rentals that lead to the New York State law [preventing most apartment rentals under 30 days.](#)

As it grew more successful, Toshi and Smart Apartments used other services to advertise its units in addition Airbnb, including its own website and sites in multiple languages to target foreign visitors. Smart Apartments tended to operate in smaller buildings where the landlord had illegally converted a majority of the rooms into short-term rentals.

The city's statement announcing the settlement highlighted the safety issues in these apartments:

“The lawsuit notes that the conditions in these illegally-converted buildings – including excessive noise and traffic from unknown guests and constantly changing individuals – negatively affect the health, safety, security and general welfare of the residents of the City of New York, particularly those in surrounding units and buildings.”

Text of the restitution settlement established by the city and Smart Apartments LLC:

https://docs.google.com/viewerng/viewer?url=http://skift.com/wp-content/uploads/2013/11/Smart_Apartments_Restitution_Notice.pdf&hl=en_US

<https://skift.com/2013/11/19/airbnbs-most-notorious-landlord-settles-with-new-york-city/>