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**Council Members Rosenthal and Rodriguez Introduce Legislation
to Combat Rapid Expansion of Illegal Hotels**

*Legislation Would Increase Fines for Illegal Hotels
and Oversight of Illegal Hotels Enforcement*

Today Council Members Helen Rosenthal and Ydanis Rodriguez introduced legislation to strengthen the City's enforcement of illegal hotels, or the illegal use of residential apartments as hotel rooms for less than thirty days.

Currently, the Mayor's Office of Special Enforcement (OSE) investigates illegal hotels in response to 311 complaints. In 2014 OSE received 1,150 complaints of illegal hotels, a 62% increase from 2013. However, according to the October 2014 report by Attorney General Eric Schneiderman, there are over 25,000 illegal hotel listings in New York City through the Airbnb platform alone. Clearly, current fines are not a successful deterrent.

Furthermore, OSE has limited resources to pursue the scale of illegal hotels in New York City. OSE currently has a staff of 13 people. While OSE can inspect a building with a serious health and safety concern in 24 to 48 hours, it generally takes 3-5 weeks to investigate a complaint.

Legislation prime sponsored by Councilmembers Rosenthal Rodriguez (other names) bill would increase fines for illegal hotels to \$10,000 - \$50,000; in addition, a \$2,000

civil penalty can be issued for each day the violation is not corrected. Existing law (Local Law 45 of 2012, Brewer) sets fines at \$1,600 - \$25,000 with an additional penalty of at least \$1000 a day for up to 45 days.

"In 2014 over 35,000 residences in New York City were used as hotel rooms through Airbnb, and nearly two thirds were used illegally. That's over 25,000 homes, many of which are rent-regulated apartments, that New Yorkers can no longer access. Our current fines are too low to deter illegal hotel operators, some of whom made millions in the last year alone. By increasing fines for illegal hotels, getting a violation will no longer be the cost of doing business. This bill will aid our efforts to preserve housing in New York City," said **Council Member Helen Rosenthal**.

"Since 2009 almost 21,000 units have been converted from resident housing to illegally operating hotels. This clearly makes the case that the City needs to increase penalties to increase our deterrent response. I am proud to work closely with Council member Rosenthal to introduce this legislation and am sure that by increasing penalties, we will see a slow down if not reversal in the number of illegally operating hotels," said **Council Member Ydanis Rodriguez**.

Legislation prime sponsored by Councilmembers Rodriguez Rosenthal (other names) bill would increase Council oversight of illegal hotel enforcement through a regular report of the number of complaints, inspections, violations issued, and the amount of penalties assessed and collected, disaggregated by Council district. Further, the bill will gather information as to fire and health code violations and require OSC to submit policy and budgetary recommendations to combat illegal hotels to the Council.

When OSE investigates an illegal hotel complaint, they send a team of investigators from the Department of Buildings, the Fire Department, and the Department of Finance. Violations issued by these investigators are filed under their respective departments (Buildings, Fire, etc.) without identifying that the violation was issued under OSE or at an illegal hotel.

"Right now hundreds of residents in Washington Heights, Harlem and Crown Heights are being pressured by their landlords to vacate in order to make room for these profitable illegal hotels. The residents of our communities are already being pushed out, we don't need private companies coming in, operating illegally and further pressuring our communities to leave. In order to crack down on these illegal activities we must arm ourselves with as much information as possible to target our resources and policy to diminish these illegal activities that have such destructive ripple effects in our communities," said **Council Member Ydanis Rodriguez**.

"The City currently does not track its work against illegal hotels, despite the grave threat they pose to our housing stock. If we want to keep New Yorkers in New York, we need to track violations issued to an illegal hotel through the Office of Special Enforcement, to ensure that landlords are paying their fines and changing their behavior. This bill will aide the City in its efforts to preserve 120,000 units of affordable housing," said **Council Member Helen Rosenthal**.

Attorney General Eric Schneiderman's October 2014 report shed light on the **scale of illegal hotels in New York City**:

- Illegal hotels in New York City are **rampant**: up to 72% (25,532) Airbnb listings in New York City are illegal
- Illegal hotels can be **multimillion-dollar enterprises**: between 2010 and 2014 over 100 users controlled more than 10 different apartments each and booked 47,103 reservations; the most prolific user administered 272 unique listings and booked 3,024 reservations
- Illegal hotels can be **long-term**: in 2013 over 4,600 units were booked for at least three months of the year, and of these, nearly 2,000 were booked for a cumulative total of six months or more

Residential apartments used as hotel rooms can no longer be homes for New Yorkers.

The City is currently in a housing crisis, with a citywide rental vacancy rate of 3.45% according to the 2014 Housing and Vacancy Survey by the U.S. Census Bureau. Furthermore, the cost of rent in New York City is incredibly high: on average New Yorkers pay 34% of their income toward rent, and one third of New Yorkers pay at least 50% of their income toward rent. By decreasing the number of units for New Yorkers to live in, illegal hotels squeeze the housing market and allow landlords to charge even more for rent.

Illegal hotels also pose safety issues to tourists and other tenants. Residential units used as hotel rooms lack the safety standards required of hotels, including a map of the emergency exit route on the back of the front door of the unit and more stringent building code and fire code requirements. Tenants living in the building have the key or key code to their building shared with a large number of strangers, and they often experience a decrease in quality of life issues. The legislation introduced today has the support of Housing and Buildings Committee Chairman Jumaane Williams who has been a longtime housing advocate and has made combating illegal hotels a centerpiece of his housing agenda.

The Council is also pursuing the enforcement of illegal hotels through additional funding for OSE in the FY 16 budget. In April 2015 the Council called for an additional \$2 million to enforce illegal hotels through OSE, and the Mayor's Executive Budget in May 2015 included an additional \$1.2 for OSE.

"In my district, Lower Manhattan, where affordable housing is already scarce and under extreme pressure, illegal hotels have carved into the existing affordable housing stock. This bill to increase oversight and enforcement of illegal hotels will give the city more tools to protect affordable housing in our community," said **Council Member Margaret Chin**.

"Illegal hotel operators continue to make money hand-over-fist while their tenants go to sleep every night in buildings that lack basic fire safety features. These flagrant violations of the law endanger the health and safety of building residents and visitors alike, and I have repeatedly spoken out about the need for enhanced enforcement for illegal hotels and the issues surrounding them," said **Council Member Corey Johnson**. "I am therefore proud to support legislation put forth by my colleagues Council Members Rosenthal and Rodriguez doubling the existing monetary penalties for operation of such illegal hotels. This is an absolutely critical step in ensuring the safety of New Yorkers."

"Illegal hotels that threaten our affordable housing stock and quality of life are becoming more widespread, and our city has a responsibility to stop them. Increased reporting and fines are essential tools that our city can use to protect our neighborhoods," said **Council Member Ben Kallos**.

"The proposed legislation enhances the tools available to the Office of Special Enforcement to actively pursue illegal hotel operators. Over the past decade, illegal hotel use has steadily eroded our affordable housing stock and worsened our housing crisis. At a time when illegal use is exploding, the proposed legislation provides for accountability and acts as an effective deterrent," said **Sarah Desmond, Executive Director, Housing Conservation Coordinators**.

"We applaud Council Members Rosenthal and Rodriguez for proposing this legislation to enhance the Office of Special Enforcement's important work in combatting illegal hotel use. Over the past decade, illegal short term rentals have exacerbated our housing shortage and driven up rents in our neighborhoods. This proposed legislation is essential to deter bad actors and shed light on the destructive force that illegal hotels have on our City's affordable housing stock," said **Marti Weithman, Supervising Attorney, MFY Legal Services Inc.**

"A \$1600 violation for an illegal hotel operator is just part of the cost of doing business. At \$300/night in cash, untaxed, a \$1600 fine is only five nights of tourist business a month. The other 25 nights/month are free money! Illegal hotel operators won't stop to think twice until the fines actually hurt," said **Tom Caylor, tenant and member of the West Side Neighborhood Alliance**.