



NEW YORK STATE SENATOR

Liz Krueger

Council Considers Stronger Penalties for Illegal Hotels

LIZ KRUEGER December 2, 2007

Intro. 534 (Brewer) strengthens City's toolbox to fight illegal hotels in residential buildings

New York City Council's Housing and Buildings Committee heard testimony today from the Mayor's Office, housing advocates, elected officials, and tenants in favor of Intro. 534, a bill introduced by Councilmember Gale Brewer to increase fines against property owners who operate illegal hotels in residential buildings.

Since the Illegal Hotels Working Group (IHWG) was founded over two years ago, the illegal hotels problem has mushroomed into an epidemic threatening the available housing stock throughout Manhattan. The coalition has tracked over two hundred residential buildings in Manhattan that are operating as illegal hotels, taking thousands of housing units off of the already strained New York City housing market.

Although operating a daily- or weekly-rental hotel in a residential building is already illegal, companies that break the law only face fines of \$800 -- regardless of the number of units being illegally converted, the length of time the illegal use has happened for, or whether it is a repeat offense. Intro. 534 increases the initial penalties for illegal hotel use and introduces a per-unit and per-day fine structure. Repeat offenders will also face increasing penalties for second and third violations.

Of the need for her bill, Council Member Gale A. Brewer said, "I am adamant about ending illegal hotel use for three reasons: 1. Units of affordable housing would be available immediately, and the City of New York desperately needs this housing; 2. Residential hotels and SROs have always housed people on a permanent basis and that's what the "Type A" building code assigned to them means - permanent housing; and 3. Permanent residents who have to get up in the morning for work, and tourists who are on a tight budget and partying while on vacation, are not compatible "living" next door to each other, sharing the bathroom, or meeting in the hallways."

"Fines for illegal hotels are still being absorbed as a cost of doing business," said Council Member Dan Garodnick, a co-sponsor of the bill. "For too long, the operators of illegal hotels have depleted our stock of affordable housing because we lacked effective tools to stop the practice. Intro 534 will help change that by levying fines that are appropriate for the offense."

"The only way we're going to eliminate illegal hotels is to create a strong disincentive for those owners who choose to operate them. By levying severe fines, Intro 534 takes a critical step towards creating that disincentive. I urge my colleagues to pass this legislation as soon as possible," said Intro. 534 co-sponsor Council Member Rosie Mendez.

Another Intro. 534 co-sponsor, Council Member Jessica S. Lappin, said, "Landlords who convert residential apartments into hotel rooms must be stopped. This practice has made New Yorkers strangers in their own buildings while tourists cycle in and out. Increasing the fines for this illegal activity is an important first step to ending these illegal conversions."

"Intro. 534 increases the penalty for an illegal hotel violation, which is now just a minor annoyance compared to the profit a building owner makes from an illegal hotel operation," said Assembly Member Richard N. Gottfried. "Increasing the fines is an important first step

in the fight.”

"A dirty little secret that operators of illegal hotels were hoping no one would find out about is that they are using tax dollars to underwrite their tactics," said State Senator Liz Krueger. "While they accept tax exemptions created solely as a means to keep rental units affordable, they are actually pushing moderate and low income people out of those units and suckering tourists into renting illegal rooms."

"Illegal hotels exist in every residential building type: rental apartments, SROs, rent-regulated buildings -- even co-ops and condos aren't immune. Tenants who call my office report unacceptable noise, decreased building services, as well as an ever-revolving door of strangers coming in and out of their buildings. This is wrong. We all deserve to have peace and quiet, safety, security, and habitable living conditions in our homes," said Congress Member Jerrold Nadler.

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"At this point in the city's housing crisis, anything that diminishes our affordable housing stock is downright criminal," said Manhattan Borough President Scott M. Stringer. "The first important measure that we can implement is to ramp up the fines for illegal hotel conversions so that owners find it's just not worthwhile to circumvent the law. I urge the Council to act swiftly so that every illegal operator gets the message where it hurts most, in their bottom line."

"Illegal hotels are dangerous for both residents and guests, damage our City's reputation among tourists, and deplete our housing stock," said State Senator Tom Duane. "Currently, illegal hotel operators get away with a slap on the wrist, but Intro. 534 would ensure that

landlords found guilty of engaging in this illegal action are punished accordingly.

Unfortunately, far too many illegal hotel operators get away with their crimes because of loopholes in the law. I also want to applaud the Mayor's office for working on legislation to close these loopholes and urge fast action in order to help those tenants of illegal hotels who are at risk of eviction."

"Illegal transient hotels have reduced our city's affordable housing stock and threatened the quality of life for the permanent residents living in these buildings," said State Senator Eric Schneiderman. "The city must do everything it can to end this business practice, and I am confident that Intro 534 will go a long way towards achieving that goal."

"Landlords respond most rapidly when their money is on the line," said Assembly Member Linda B. Rosenthal. "That is why it's essential to levy substantial fines when they flout the law by illegally converting residential buildings into tourist hotels. The legislation being considered today is an important component in our fight to win back affordable housing."

"Illegal hotels are terrible for New York City's reputation as a quality tourist destination," said Assembly Member Micah Z. Kellner. "The international news media, popular tourist internet sites, and travel publications like Fodor's regularly warn tourists to be weary of hotel scams in New York City that lure unsuspecting tourists to substandard and unsafe illegal hotels."

"As elected officials, we must not allow the pursuit of profits to rip a hole through the fabric of our communities. We must do all we can to stop this insidious practice," said Assembly Member Deborah J. Glick.

New York State Senator Martin Connor said, "In the 1990's when there were dozens of empty buildings in Lower Manhattan, the Legislature created generous financial incentives to

encourage real estate development in the area. After the terrorist attacks on September 11, once again the NYS Legislature responded by creating generous tax incentives to encourage the development of affordable housing in Lower Manhattan. It is very disturbing to know that some developers are using these housing programs to create luxury hotel suites for rich tourists and corporate executive pied-à-terre."

"Illegal hotels are kicking out tenants and taking much-needed apartments off the housing market," said John Raskin, the Director of Organizing at Housing Conservation Coordinators. "This bill is a valuable first step toward reclaiming those apartments for real New Yorkers to live in."

"Illegal hotels have come to plague SROs in the past five years," said Matt Wade, a tenant organizer at Goddard-Riverside Community Center's West Side SRO Law Project. "Landlords make huge profits from international tourists, and to do it, all they have to do is force out permanent, rent-stabilized residents. They do this by making tenants' life miserable through systematic harassment--lockouts, threats, frivolous lawsuits--they're very effective. Ultimately, for every building where landlords can operate an illegal hotel with impunity, we can count on those affordable units disappearing."

"In my building, like in many others, we have to contend with drunken tourists and constant traffic up and down the halls because my landlord has been replacing tenants with tourists. We need stiffer fines on illegal activities to protect the real tenants who are trying to enjoy their homes in peace. This bill does that, and I hope the City Council passes it quickly," said Vivian Riffelmacher, a resident of 345 West 86th Street and member of the West Side Neighborhood Alliance.

"My landlord has been trying to evict me for years, ever since he realized he could make more money off my apartment by renting it to short-term guests instead of real tenants," said

Hortense Bermudez, a resident of 455 W. 34th Street and member of the West Side Neighborhood Alliance. "I had to come home early after my mother's funeral because I had to go to court again to defend myself against my landlord. We need aggressive action against these illegal hotels so that the landlords will start renting to real New Yorkers again."