

ILLEGAL HOTELS WORKING GROUP

A coalition of elected officials and housing advocates dedicated to stopping illegal hotels.

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Report Uncovers More Than 200 Illegal Hotels in NYC

Thousands of apartments lost to hotel use; elected officials demand swifter response

A new report released today identified more than 200 residential buildings in New York City that are operating as illegal hotels for tourists and short-term business visitors.

The Illegal Hotels Working Group, a coalition of housing advocates and elected officials dedicated to stopping illegal hotels, compiled the report using tenant testimony and observations, internet advertisements, and complaints made by tourists and residents to the City, to local elected officials, and to neighborhood groups who are members of the coalition.

The report details the impacts of illegal hotels on security, fire safety, and quality of life in the affected buildings, and it underscores the dramatic effect that these hotels can have on the lives of long-term tenants, including harassment and eviction.

The Working Group announced the report in front of Olympia House, an apartment building at 279 E. 44th Street that is now renting approximately 30 apartments as hotel rooms for short-term visitors.

Highlights of the report include:

- Advocates identified **224 residential buildings with hotels operating in them**, including 128 tourist hotels and 96 extended-stay hotels.
- The report estimates that **between 5,000 and 10,000 residential units** are being used as hotel rooms.
- More than 20 buildings with hotels operating in them have received 421-a real estate tax abatements, which together **cost taxpayers \$188 million in lost revenue**. The tax abatement is designed specifically to encourage residential development and alleviate the city's housing crisis, not to subsidize hotels. All apartments in a building receiving this form of tax subsidy are rent stabilized.
- Tenants in buildings that operate illegal hotels report a concurrent increase in tenant harassment, lease non-renewals and eviction suits, intended to remove tenants and allow an expansion of the hotel business.
- The primary obstacle to better enforcement of the city's building laws is weakness in the current law, which was written before illegal hotels were a widespread phenomenon. **The City has still not approved two changes in the law that are necessary to combat illegal hotels:**
 - *Increased penalties for illegal hotel operators.* This bill, Intro 534, is pending before the City Council. It would increase penalties from an \$800 flat fee to more than \$1,000 per night, per unit.
 - *Zoning changes that clarify where extended-stay hotels can and cannot operate.* In lieu of specific zones where they are permitted and encouraged, they are currently operating illegally in residential zones. Zoning changes are being contemplated by the Mayor and the City Council but the details have yet to be announced.

In light of the proliferation of illegal hotels around the city, advocates and elected officials renewed their call for the City to stiffen fines for illegal hotel use and revise zoning laws to better protect residential zones and residential buildings from hotel operations.

"This much needed report on illegal hotels highlights an ongoing threat to the city's already strained stock of affordable housing," said **Manhattan Borough President Scott Stringer**. "We cannot allow such a critical misuse of affordable housing units to continue. I urge the City Council to act quickly in drafting legislation that will prevent landlords from illegally using rent stabilized buildings as hotels."

"I am dismayed but not surprised that more than a third of the 206 illegal hotels identified in this report are located in my Senate district," said **State Senator Thomas K. Duane**. "Unfortunately, my staff and I hear all too often from constituents whose landlords have turned their buildings into illegal hotels and thus created hazardous conditions for residents and visitors alike. This report brings to light just how extensive this problem is throughout our City, and underscores the urgent need for stiffer fines and changes in the zoning laws to stop this scourge."

"The proliferation of illegal hotels needs to be stopped now!" said **State Senator Liz Krueger**. "It is unconscionable to allow desperately needed housing to be lost to profiteers who are stealing millions of dollars in tax subsidies meant for affordable housing as they evict people from their homes."

"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 and the Mayor's proposed zoning changes will go a long way towards achieving that goal."

"Illegal hotel operators take available apartments from an already stretched housing market," said **Assembly Member Richard N. Gottfried**. "This report quantifies what we have known: that we have lost thousands of residents and rent regulated apartments to illegal hotel operations."

"For well over a year the City has been talking about changes to repair loopholes in zoning that allow illegal hotels to spread like weeds," said **Assembly Member Micah Z. Kellner**. "How many New Yorkers have lost their homes while this process has been stalled? This report shows us how big and urgent the problem is—it's time to see some real action out of City Hall."

"You've read it in the news and seen it on TV: affordable residential housing in this city is being illegally rented out to tourists to turn a profit," said **Assembly Member Linda B. Rosenthal**. "This report quantifies that loss with important indications of what exactly we're losing—critical housing for the poorest New Yorkers, precious subsidies paid for by the taxpayers, and familiar, neighborly residential communities. Our report makes clear that this is not a small problem that's occurring in one or two buildings, but rather a sweeping epidemic robbing housing from across the economic spectrum."

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 "Class A" designation 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."

"It's checkout time for illegal hotels in New York City," said **Council Member Daniel R. Garodnick**. "Not only have we lost thousands of apartments to illegal hotel conversions, but they also undermine the legitimate hotel industry, avoid paying millions of dollars in taxes, and inappropriately reap tax benefits intended to benefit the residents of New York."

"If there ever was any doubt about the pervasiveness and negative impact of illegal hotels, it is now gone. I am more committed than ever to working with my colleagues to pass laws that will put an end to illegal hotels in New York and bring back much-needed affordable housing for New Yorkers," said **Council Member Rosie Mendez**.

"We knew this was happening, but now it's official: we've counted more than 200 illegal hotels in New York City," said John Raskin, Director of Organizing at **Housing Conservation Coordinators**. "It's hard enough to find housing in this city as it is; the last thing we need is to lose more apartments to the illegal hotel industry."

"This report does a fantastic job of documenting the way that a large number of slimy building owners have slipped past New York's plan for a livable city, operating illegal hotels on the sly, said Matt Wade, a tenant organizer at **Goddard-Riverside's West Side SRO Law Project**. They have scammed the city out of subsidies for affordable housing, and they have kicked out rent-stabilized tenants with impunity. New Yorkers are fed up, and we're ready to see our city pass the legislation and rezoning necessary to stop these 'scamlords!'"

"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," said Vivian Riffelmacher, a resident of 345 West 86th Street and member of the **West Side Neighborhood Alliance**.

"We used to be friendly with our neighbors," says Alan Lawrence, the **Tenant Association Chair** at 279 E. 44th Street. "Ever since the hotel operation started, we get into the elevator and we're lucky if we know anybody here!"

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