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**Testimony of State Senator Brad Hoylman  
to the New York City Council  
Regarding Illegal Hotels**

**January 20, 2014**

Thank you for the opportunity to submit testimony to the New York City Council regarding the explosive growth of illegal hotels, also known as “short-term rentals,” and their effect on our communities. I represent neighborhoods with the highest number of illegal hotels in New York City, including Hell’s Kitchen, Chelsea, the Village and the Lower East Side – areas which, according to data released by Attorney General Eric Schneiderman, accounted for one third of units booked and 55% of illegal hotel revenue from 2010-2014.

New York thrives on the newest invention and hottest trends, and welcomes visitors with open arms, with record-breaking numbers of tourists every year from 2009-2013. However, within the close confines of our city, both the technology industry and tourists must follow the laws designed to protect the safety and well being of all of our residents, guests and visitors.

Class “A” residential buildings make up the vast majority of New York City’s residential housing stock. When these units are converted from residential use to commercial use as illegal hotels for tourists and visitors, it reduces the available housing options for everyday New Yorkers, driving up the rental price of apartments. The data released by the Attorney General showed that last year revenue from illegal hotels was expected to top \$282 million, creating powerful financial incentives for landlords to transition their residential units to commercial use. This squeeze is felt most acutely in buildings with rent regulated tenants, where unscrupulous landlords use any means necessary to force rent stabilized and rent controlled tenants from their long-time homes. This problem continues to grow exponentially, taking more and more of our residential housing stock off the market. In fact, the same data released by the Attorney

General demonstrated a more than tenfold increase in illegal hotel bookings from 2010 to 2014.

Illegal hotels create a number of quality of life and safety concerns for neighboring residents. Individuals renting illegal hotels do not have the same vested interest in ensuring the harmonious, quiet enjoyment of an apartment as permanent residents. The Mayor's Office of Special Enforcement has been forced to take action against a number of operators that have turned buildings into hostel-like environments, severely diminishing the quality of life for remaining tenants. Illegal hotel operators also distribute keys to the front doors of buildings, allowing anyone to enter. This creates a significant safety risk to residents who are unable recognize potentially dangerous individuals from illegal hotel guests, and making it easier for criminals to gain unlawful access to apartments. Should the short-term rental laws be undermined, and illegal hotels are allowed unimpeded, no tenant in a rental building would be able to be sure that they were living in a residence instead of a hotel.

Illegal hotels violate a number of City and State laws, including fire safety, building and zoning codes. In New York City the Fire Code requires that legal transient occupancies, such as hotels, comply with a higher level of fire protections than residential apartment buildings, a result of lessons learned in tragic hotel fires throughout the country. In 2012, the New York City Fire Department's Chief of Fire Protection Thomas Jensen testified that, "a visitor who occupies a unit in an apartment building that is being used illegally for transient occupancy, does not have the benefit of the fire and life safety measures required in legal transient occupancies [hotels] for the protection of persons unfamiliar with the layout of the building.... The visitor is thus placed at significantly increased risk of injury or death in the event of a fire." I believe strongly that a cheap place to stay or a few quick bucks from renting an apartment while the primary tenant is away is not worth the additional risk to life and safety.

Illegal hotels disregard New York City Department of Buildings Certificates of Occupancy, which decide whether buildings are safe for users and comply with the building code. Additionally, illegal hotels violate local zoning laws that separate commercial and residential use, undermining the ability of residents to determine the type of community in which they would like to live.

New Yorkers have a right to the quiet enjoyment of their homes and visitors have a right to a safe, legal place to stay. Any effort to undermine the short-term rental law would diminish the rule of law and quality of life in our city.

I appreciate the New York City Council for taking up this important issue. Thank you for your consideration of my remarks.