

# 2023 Hotel Report

NYC Rent Guidelines Board

May 25, 2023

# Introduction

- The NYC Rent Guidelines Board (RGB) is charged with setting annual rent adjustments for rent stabilized units in Class A and Class B hotels; rooming and lodging houses; and Single Room Occupancy (SRO) buildings (all referred to generally as “hotels”).
- The Board has historically used information from the RGB’s research reports, including the *Price Index of Operating Costs (PIOC)* and the *Housing Supply Report*, to help determine appropriate hotel guidelines. Periodic memos, beginning in 2007 and related to rent levels in rent stabilized hotel units, have also supplemented these reports.
- The *2023 Hotel Report* is the second annual report that consolidates research related to rent stabilized hotels into a single report.
- The report includes information on Certifications of No Harassment for SROs, illegal hotel violations, and the number of hotel units registered with NYS Homes and Community Renewal (HCR), as well as the average and median rents in these units. Data from the hotel portion of the PIOC is also included.

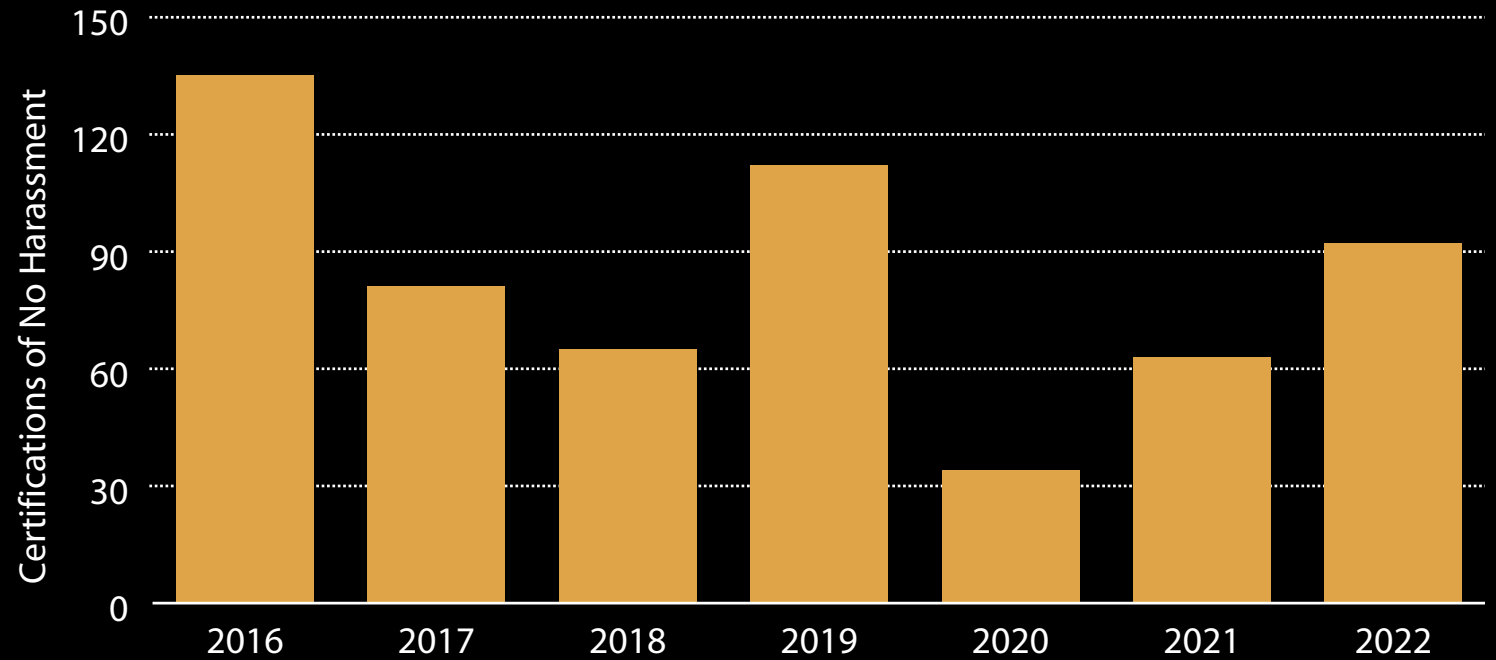
# Summary

- There were 92 Certifications of No Harassment issued by the NYC Department of Housing Preservation and Development for Single Room Occupancy buildings during 2022, an increase of 46.0% over the prior year.
- In 2022, the Mayor's Office of Special Enforcement issued 1,801 violations for illegal hotels, a 34.7% decrease from 2021 (although substantive violations increased by 134.0%).
- The 2023 PIOC found an average increase in the cost of operating hotels of 8.3% between April of 2022 and March of 2023.
- As based on an analysis of 2021/2022 HCR registration data, the median legal rent for hotels and rooming houses is \$1,018 and the average is \$1,075. The median "rent received" for rooming houses and hotels is \$864 and the average is \$948.
- As based on a longitudinal analysis of 2021 and 2022 HCR registration data, the median legal rent rose 8.8% between 2021 and 2022, and the average legal rent rose 2.7%. The median "rent received" rose 5.2% and the average "rent received" rose 2.5%.

# Certifications of No Harassment — SROs

- SRO owners may convert SRO housing to other uses after obtaining a “Certification of No Harassment” from the NYC Department of Housing Preservation and Development.
- For the second consecutive year, the number of CONHs granted by HPD rose, by 46.0% (to 92) in 2022.

# Certifications of No Harassment — SROs



Source: NYC Department of Housing Preservation and Development

# Illegal Hotel Violations

- A series of laws, beginning May of 2011, strengthened the City's ability to crack down on housing being used illegally for transient occupancy and increased the fines for doing so.
- In 2022, 1,801 violations were issued by the Mayor's Office of Special Enforcement (OSE) relating to the illegal short-term rental of units (including apartments, private homes, and SROs). The violations include substantive violations, (those issued based on inspection and observation of illegal conditions), as well as violations for failure to comply with an order to file a certification of correction with the NYC Department of Buildings, known as a B263 violation. In 2022, the total number of violations fell 34.7%, however the number of substantive violations rose 134.0%.
- Almost half of the violations in 2022, 857 (47.6% of the total) were for dwelling units in Brooklyn, with 452 violations in Queens (25.1% of the total); 432 violations in Manhattan (24.0% of the total); 49 violations in the Bronx (2.7% of the total); and 11 in Staten Island (0.6% of the total).
- Between May 2011 and December 2022, approximately 24,500 violations have been issued by OSE as part of its efforts to address illegal short-term rentals.

# Illegal Hotel Violations

## Illegal Hotel Violations Issued by the Mayor's Office of Special Enforcement, 2016-2022

*In 2022, Substantive Violations Rose, Despite Total Violations Decreasing*

Year	Bronx	Brooklyn	Manhattan	Queens	Staten Island	Total Violations Citywide	Substantive Violations Citywide*
2016	22	491	894	151	22	1,580	N/A
2017	41	803	1,273	397	43	2,557	2,299
2018	12	924	1,913	570	37	3,456	2,719
2019	16	755	2,276	494	24	3,565	3,200
2020	58	409	832	219	9	1,527	1,111
2021	59	716	1,507	472	6	2,760	708
2022	49	857	432	452	11	1,801	1,657

*\*NOTE: Substantive Violations refer to any violations issued by OSE with the exception of those for failure to comply with an order to file a certification of correction with the NYC Department of Buildings (known as a B263 violation).*

*Source: The Mayor's Office of Special Enforcement*

## 2023 Hotel PIOC

- Per the 2023 *Price Index of Operating Costs (PIOC)*, the Hotel Price Index for all hotels that contain rent stabilized units increased 8.3% this year, compared to a decline of 1.3% in 2022.
- There were increases in all of the Hotel PIOC components.
  - The Fuel component witnessed the highest proportional increase, rising 21.0%, and accounts for 15.2% of the index.
  - Insurance Costs rose by the second greatest proportion, 12.9%, and account for 6.9% of the index.
  - The remaining five components all rose by lesser proportions, including Utilities, which rose 9.9%; Maintenance, 9.3%; Taxes, 5.1%; Labor Costs, 3.0%; and Administrative Costs, 2.8%.
- Among the different categories of Hotels, the index for “Traditional” Hotels increased 7.3%, Rooming Houses by 9.9%, and SROs by 8.9%.



# ***Analysis of 2021/2022 HCR Registration Data – Introduction***

- Since 2007, periodic memos produced by Rent Guidelines Board staff have analyzed registration data filed with New York State Homes and Community Renewal (HCR) by owners of buildings containing rent stabilized “hotel” units.
- Prior to 2017, staff relied on the registration information provided by the owner or managing agent to identify hotels and rooming houses.
- Since 2017, staff have analyzed the individual records of buildings registered with HCR as either hotels or rooming houses. Only those buildings likely to be hotels or rooming houses are included in the analysis.
- The sample frame for the 2021/2022 HCR analysis includes 108 “hotels” and 352 “rooming houses,” a total of 460 buildings.
  - In 2021/2022, 322 of the 460 buildings in the sample frame were registered with HCR.
  - Data from 2022 was utilized for vast majority of buildings (84%), while 94% of the data used to compute median and average rent levels was based on 2022 HCR registration filings.

# Analysis of 2021/2022 HCR Registration Data – Registration Status

## Summary Table of HCR Unit Registration Status (2021/2022)

Number and Proportion of Units in Hotels and Rooming Houses,  
as Reported in Annual HCR Registration Filings

HCR-Registered Unit Status	Hotel	Rooming House	Total
Rent Stabilized	2,450 (39%)	2,932 (61%)	5,382 (49%)
Permanently Exempt	15 (0%)	12 (0%)	27 (0%)
Vacant	596 (10%)	849 (18%)	1,445 (13%)
Temporarily Exempt	3,184 (51%)	1,013 (21%)	4,197 (38%)
Hotel/SRO (Transient)	2,163 (68%)	646 (64%)	2,809 (67%)
Not-for-Profit	829 (26%)	205 (20%)	1,034 (25%)
Owner/Employee Occupied	41 (1%)	111 (11%)	152 (4%)
Not for Profit/Commercial/Prof/Other	151 (5%)	51 (5%)	202 (5%)
<b>Total Number of HCR Registered Units</b>	<b>6,245</b>	<b>4,806</b>	<b>11,051</b>

Source: 2021/2022 HCR Registration Files

# Analysis of 2021/2022 HCR Registration Data – Building Use

<i>Summary Table of HCR Building Use (2021/2022)</i>			
<i>Analysis of Building Use, as Reported in Annual HCR Registration Filings</i>			
<b>HCR-Registered Building Use</b>	<b>Hotel</b>	<b>Rooming House</b>	<b>Total</b>
Buildings With 100% Exempt or Vacant Units	13 (16%)	51 (21%)	64 (20%)
Number of Units in such buildings	616 (10%)	702 (15%)	1,318 (12%)
Buildings With at Least 85% Units Rent Stabilized	34 (41%)	77 (32%)	111 (34%)
Number of Units in such buildings	1,575 (25%)	1,981 (41%)	3,556 (32%)
<i>Total Number of HCR Registered Buildings</i>	83	239	322
<i>Total Number of HCR Registered Units</i>	6,245	4,806	11,051
<i>Source: 2021/2022 HCR Registration Files</i>			

# ***Analysis of 2021/2022 HCR Registration Data – Types of HCR Rent Stabilized Rents***

- Owners can register up to three different types of rents with HCR during the annual registration filing (as of April 1 of each year).
- All rent stabilized units have a legal rent. Under current law, this is the amount of rent that can be charged to new tenants upon a vacancy, or to current tenants who do not have a registered preferential rent.
- A preferential rent is defined as a rent that owners charge to tenants that is lower than the registered legal rent. Under current law, future rent increases are based on preferential rents until vacancy, at which time the owner may collect up to, but not more than, the legal rent.
- Actual rents are the rents that are paid out-of-pocket by subsidized tenants, with the balance being paid by government programs such as Section 8, Shelter Plus, or SCRIE.
- The RGB uses the HCR registration data to calculate a fourth type of rent — “rent received.” This is an estimate of the rent actually being received by the owner — generally speaking, the legal rent, unless a preferential rent has been recorded.

# Analysis of 2021/2022 HCR Registration Data – Median and Average Rents

## Summary Table of HCR Median and Average Rent Stabilized Rent Levels (2021/2022)

Analysis of Median and Average Rents for Permanently Rent Stabilized Tenants, as Reported in Annual HCR Registration Filings

HCR-Registered Median and Average Rents (Permanently Rent Stabilized Units)	Hotel			Rooming House			Total		
	Median Rent	Average Rent	# of Units	Median Rent	Average Rent	# of Units	Median Rent	Average Rent	# of Units
Legal Rent	\$867	\$1,046	2,449	\$1,189	\$1,099	2,857	\$1,018	\$1,075	5,306
Preferential Rent	\$745	\$742	294	\$1,025	\$1,050	1,039	\$888	\$982	1,333
Actual Rent	\$462	\$521	574	\$257	\$492	1,029	\$269	\$503	1,603
"Rent Received"	\$745	\$881	2,449	\$1,010	\$1,006	2,857	\$864	\$948	5,306

Source: 2021/2022 HCR Registration Files

***Analysis of  
2021/2022  
HCR  
Registration  
Data –  
Longitudinal  
Rent Analysis***

- HCR registration data from 2021 and 2022 can also be analyzed longitudinally, comparing rent levels in the same set of units in each of the two years.
- Of the 270 hotels and rooming houses identified in the 2022 data, 238 were also registered in 2021.
- However, not every building contains units with registered rents.
- Therefore, the longitudinal sample includes 53 hotels (containing 1,899 rent stabilized units) and 136 rooming houses (containing 2,523 rent stabilized units), a total of 189 buildings with 4,422 units.

# Analysis of 2021/2022 HCR Registration Data – Longitudinal Rent Analysis

## Summary Table of HCR Median and Average Longitudinal Rent Change (2021-2022)

*Longitudinal Analysis of Median and Average Rent Change (2021-2022) for  
Permanently Rent Stabilized Tenants, as Reported in Annual HCR Registration Filings*

Change in Rent, Longitudinal Sample (Permanently Rent Stabilized Units)	Hotel			Rooming House			Total		
	% Change Median Rent	% Change Average Rent	# of Units	% Change Median Rent	% Change Average Rent	# of Units	% Change Median Rent	% Change Average Rent	# of Units
Legal Rent	14.1%	5.1%	1,899	0.0%	1.2%	2,523	8.8%	2.7%	4,422
Preferential Rent	0.0%	0.2%	113	0.0%	3.7%	757	0.0%	3.3%	870
Actual Rent	47.5%	22.1%	477	1.2%	-1.2%	919	4.3%	5.8%	1,396
"Rent Received"	0.7%	3.5%	1,899	0.7%	1.9%	2,523	5.2%	2.5%	4,422

Source: 2021/2022 HCR Registration Files

# ***Analysis of 2021/2022 HCR Registration Data – Longitudinal Rent Analysis***

- Some owners increased legal rents, even though rent increases for hotels and rooming houses were not granted by the RGB during this time frame.
- In total, 66% of units in the longitudinal sample had no rent increase in legal rent, while 3% of units had a rent decrease and 31% had a rent increase.
- Among the 1,369 units in total that registered a legal rent increase (31% of all units), 60.3% increased rent by either exactly 1.0%, 1.5%, or 2.5%.
  - These increases coincide with one- and two-year lease increases granted to rent stabilized *apartments* under either Order #52 or Order #53. Each of these Orders overlap with the timeframes in the HCR registration data, which records rents at the static point of April 1 in each year.
- It is not possible to determine if the increases were taken illegally, or if the unit is registered incorrectly.



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