

2023 Hotel Report

May 25, 2023

New York City Rent Guidelines Board

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New York City Rent Guidelines Board

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What's New

- ☑ 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.
- ☑ The Mayor's Office of Special Enforcement issued 1,801 violations for illegal hotels in 2022, a 34.7% decrease from 2021 (although substantive violations increased 134.0%).
- ☑ The *2023 Price Index of Operating Costs* 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 NYS Homes and Community Renewal 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 NYS Homes and Community Renewal 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" (the legal rent, except where there is preferential rent) rose 5.2% and the average "rent received" rose 2.5%.¹

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”).² While the Board can set separate adjustments for each of these five categories of hotels, only six of the 52 hotel orders have included individual adjustments for the unique classes of hotels, with the last differentiation occurring in 1998.

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.

Overview

There were 92 Certifications of No Harassment issued by the NYC Department of Housing Preservation and Development for SROs 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.

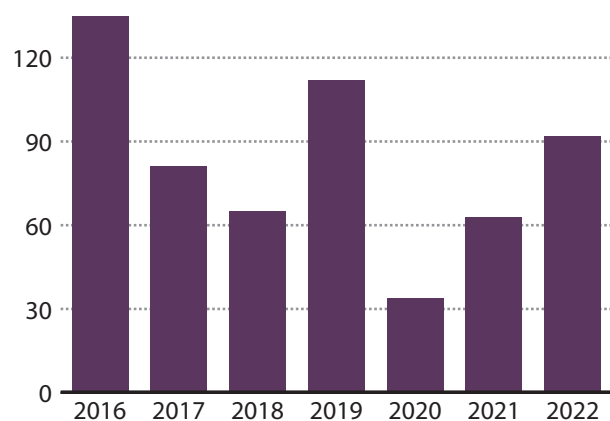
An analysis of 2021/2022 HCR registration data identified registration records for 83 hotels and 239 rooming houses (a total of 322 buildings). These 322 buildings contained 6,245 hotel units

and 4,806 rooming house units (a total of 11,051 units). Slightly less than half of these units (5,382) were registered as “rent stabilized,” with most units including corresponding rent data. The balance of the units (5,669) were registered as either vacant or exempt.

For those units where rent data is reported, the median legal rent is \$867 for hotels and \$1,189 for rooming houses (with an overall median of \$1,018). The average legal rent is \$1,046 for hotels and \$1,099 for rooming houses (with an overall average of \$1,075). The median “rent received” (the legal rent, except in cases where there is a preferential rent provided) is \$745 for hotels and \$1,010 for rooming houses (with an overall median of \$864). The average “rent received” is \$881 for hotels and \$1,006 for rooming houses (with an overall average of \$948). In addition, a longitudinal analysis of the change in rent in the same set of units in both 2021 and 2022 shows that the median legal rent rose 14.1% in hotels, was unchanged in rooming houses, and rose 8.8% overall. The average legal rent in the longitudinal sample rose by 5.1% in hotels, 1.2% in rooming houses, and 2.7% overall. For the “rent received” by owners in the longitudinal sample, the median rose by 0.7% in both hotels and rooming houses, and 5.2% overall. The average “rent

Certifications of No Harassment, 2016-2022

Certifications of No Harassment for SROs Increase 46% in 2022



Source: NYC Department of Housing Preservation and Development

received” in the longitudinal sample rose by 3.5% in hotels, 1.9% in rooming houses, and 2.5% overall.³

Certifications of No Harassment

SRO owners may convert SRO housing to other uses after obtaining a “Certification of No Harassment” (CONH) from the NYC Department of Housing Preservation and Development (HPD). For the second consecutive year, the number of CONHs granted by HPD rose, by 46.0% (to 92) in 2022.⁴ (See graph on the prior page.)

Illegal Hotel Violations

Efforts are also underway to ensure that units meant to provide permanent housing are not used as transient hotels. As of May 1, 2011, a law was passed clarifying that Class A multiple dwellings were only to be used for occupancy of 30 consecutive days or more,⁵ and on October 2, 2012, a companion law was passed strengthening the City’s ability to crack down on housing being used illegally for transient occupancy.⁶ In addition, a bill in October 2016 authorized fines up to \$7,500 for illegally advertising short-term rentals in Class A Multiple Dwellings.⁷

On January 3, 2021, New York City’s Booking Service data reporting law took effect.⁸ All transactions for listings that have five or more nights booked per quarter will be reported to the Mayor’s Office of Special Enforcement (OSE) if the listings offer entire home rentals or home rentals to three or more individuals at the same time. Listings for units in “Class B multiple dwellings” — which are lawfully used for short-term rental — are exempt from the reporting requirements. The reports will be submitted quarterly to OSE and will include information on the physical address of the short-term rental unit; the location online of the advertisement that resulted in the short-term rental; information relating to the identity of the host, including contact and payout account information; and information related to the scope of the short-term rental transaction.

In January 2022, another law (Local Law 18) was enacted to help curb the use of permanent

housing for short-term rentals.⁹ The law, which took effect on March 6, 2023 and will be enforced as of July 2023, requires anyone wishing to operate as a host of a short-term rental (a rental of less than 30 days) to register with OSE and receive a registration number. Registration numbers cannot be issued by OSE unless the unit is verified to be legal for residential occupancy and the permanent residence of the applicant, and the applicant discloses online listings and agrees to follow all applicable laws. The law also prohibits the registration of rent regulated units, and allows building owners to certify that short-term rentals are not allowed in their buildings and add their buildings to OSE’s prohibited building list, thereby preventing OSE from issuing a registration number to an individual tenant of such a building. As of May 11, 2023, 7,517 buildings are on the prohibited buildings list.¹⁰

In addition, upon receipt of registration applications from renters, OSE will notify the owner of record of the dwelling unit/building. The law also requires that booking services (such as Airbnb, VRBO, Booking.com, and other similar platforms) verify that listings are properly registered with OSE before they can take a fee.

Violations of Local Law 18 can lead to fines of up to \$5,000. These violations include failing to conspicuously post and maintain, within a dwelling unit, a copy of the short-term rental registration certificate for such unit; failing to include a short-term rental registration number in an advertisement or other offer for short-term rental of a dwelling unit; and failing to maintain a record of each short-term rental, for at least seven years after such short-term rental occurred.¹¹

Historically, violations issued by OSE have included both 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 (DOB), known as a B263 violation. When OSE finds a unit of permanent housing being used as an illegal short term rental, it will issue a violation for illegal conversion or occupancy contrary to that allowed by the DOB, and companion violations for

missing safety features required for transient use, including sprinklers, adequate means of egress, and fire alarms. These are the most common substantive violations, in addition to exceeding the number of units permitted on the Certificate of Occupancy (which are issued when units are illegally subdivided into multiple rooming units).

In 2022, 1,801 violations were issued by OSE relating to the illegal short-term rental of units (including apartments, private homes, and SROs). Note that the proportion of B263 violations (which, as described above, are issued for a failure to comply with an order to file a certification of correction with DOB) is generally no higher than approximately a quarter of all total violations, and averaged just under 15% from 2017-2022 (excluding 2021). However, in 2021 they comprised approximately three-quarters of all violations, as a result of OSE conducting compliance checks on properties with uncorrected immediately hazardous violations. The proportion of B263 violations fell to only 8% in 2022, and so while the total number of violations fell 34.7% in 2022 as compared to 2021, the number of substantive violations rose 134.0%.¹²

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. (See the table on this page for violations by borough from 2016-2022.)

Among OSE's activity over the past year, the agency announced in July 2022 the first lawsuit filed against an operation identified using the 2021 Booking Service data reporting law (as described on Page 5). The lawsuit accuses the owner and manager of a building in Manhattan of running an illegal short-term rental operation in a permanent residential dwelling. The lawsuit alleges that the operator used fake names and addresses to hide the illegal operation, and continued to operate a short-term rental business despite multiple enforcement efforts from the City, which issued violations for both the illegal short-term rentals, as well as the building's numerous hazardous conditions, including an inadequate fire alarm system, an inadequate fire sprinkler system, and a failure to provide required means of egress.¹³

It was also announced in March 2023 that,

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

following enforcement activities from OSE, a legal SRO building in Manhattan, illegally being used as a hotel, would be transformed back into a legal SRO building serving single adults with a history of chronic homelessness. Following \$280,000 in fines from OSE dating back as far as 2012, the building was acquired by a nonprofit developer in 2021. The developer will reconfigure the 84 units so that each has its own bathroom, resulting in 68 units of supportive housing.¹⁴

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 2022.¹⁵

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%. See the appendices of the 2023 *PIOC* for more details on the change in cost of individual components and items of the *PIOC*.

Analysis of 2021/2022 HCR Registration Data

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.¹⁶ Owners register their properties annually with HCR, and include such information as the status of the units in their building (i.e., rent stabilized, vacant, or exempt); the type of property (i.e., hotel or rooming house); and rent levels for units registered as “rent

stabilized,” as of April 1 of each year. If applicable, the registration information also includes actual and preferential rents. Note that while the RGB sets guidelines for five categories of hotels, HCR allows owners of such buildings to register only as either a “hotel” or “rooming house.”

Prior to 2017, staff relied on the registration information provided by the owner or managing agent to identify hotels and rooming houses. However, a close analysis of the data showed that there were registration errors, and many apartment buildings were being erroneously registered as hotels or rooming houses.¹⁷ Since 2017, registration data has been analyzed closely to more accurately identify those buildings that were most likely to be hotels or rooming houses.¹⁸ Each year, the two most recent HCR registration files are searched for buildings that self-identify as either a “hotel” or “rooming house.” For any building that did not previously register as either a hotel or rooming house (in any year since 2015, the first year that HCR files were extensively researched), the individual building is researched to determine if it is likely to be covered by the RGB’s annual hotel guideline orders.¹⁹ As of the most recent analysis, the sample frame of rent stabilized “hotels,” which is the maximum number of buildings available for each HCR analysis, now includes 460 buildings, including 108 hotels and 352 rooming houses.

The analysis that follows provides detailed information on buildings registered with HCR in either of the two most recent registration files. Data is provided both for hotels and rooming houses as separate entities, in addition to the combined total of both. Note that HCR provides the RGB with two versions of each annual registration file — an early release in the spring and a more complete file in the fall that includes additional data from those owners who did not file their registrations in a timely manner. To provide as much data as possible in this analysis, staff determines if the sample frame of 460 buildings identified in HCR registration files since 2015 are present in the most recent registration file (in this case, the early version of the 2022 registration file).²⁰ If not, they are looked for in the previous registration file (in this case, the more complete 2021 file). In all cases, if available,

the most recent data is used as the primary data source. In the *2023 Hotel Report*, 322 of the 460 buildings in the sample frame were registered with HCR in either 2021 or 2022.²¹ Data from 2022 was utilized for the vast majority of these buildings (270, or 84% of the total). However, almost all of the data from rent stabilized units used to compute median and average rent levels was based on 2022 HCR registration filings (4,975 units, or 94% of the total).

Special Note on Hotel Units

HCR registration files provided to the RGB provide information only for those units that owners register, which may or may not accurately reflect the total number of units in the building. An undercount of units is particularly common in those buildings registered as hotels, which are often used for commercial purposes (such as transient housing). Therefore, staff researches additional data sources to determine a more

accurate count of the number of units in HCR-registered hotels. Note that this analysis was not undertaken for rooming houses, which are less likely to be used for commercial purposes. For each building identified as a hotel, staff researched both registration records from the NYC Department of Housing and Preservation Development, as well as internet sites, such as Expedia and Hotels.com, and the individual websites of the hotels, when available. While the unit counts were not always consistent across the various sources, an estimate of the actual unit count within the hotels was derived, generally based on the highest number of units across the various sources. Staff found that the 108 buildings identified as hotels in the sample frame contained an estimated total of 22,079 units of housing, far above the approximately 7,929 units registered with HCR in those years. The current analysis shows that of the 83 registered hotel buildings able to be identified in the 2021/2022 data, they contain an estimated

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%)
Commercial/Professional/Other	151 (5%)	51 (5%)	202 (5%)
Total Number of HCR Registered Units	6,245**	4,806	11,051**

*The reported proportions are based solely on HCR registration records. When utilizing the higher estimate of total units in hotel buildings (as derived from sources outside of HCR registration data), the proportion of rent stabilized units in hotels drops to 14% and the proportion of rent stabilized units in hotels and rooming houses combined drops to 24%. See "Special Note on Hotel Units," starting on Page 8, for more explanation.

**The estimated number of total units in hotel buildings (as derived from sources outside of HCR registration data) is 17,342. The estimated number of total units in hotels and rooming houses combined, utilizing the higher estimate of hotel units, is 22,148. See "Special Note on Hotel Units," starting on Page 8, for more explanation.

Source: 2021/2022 HCR Registration Files

total of 17,342 units (as compared to the 6,245 units registered with HCR). For hotels only, both estimated and HCR-registered unit counts will be used to calculate the proportion of units being used as permanently rent stabilized housing.

2021/2022 HCR Registration Status

Owners of buildings containing rent stabilized units are required to register annually with HCR with detailed information about the buildings they own and the units within them, as of April 1 of each year. Among the information that HCR requests is the unit's status, which can be recorded as either "rent stabilized," "vacant," "permanently exempt," or "temporarily exempt" (see table on the previous page). For those units that are registered as exempt, owners can also provide additional information about the reason for the exemption.

The 83 hotels that comprise the *2023 Hotel Report* had a total of 6,245 units of registered housing in 2021/2022.²² Of these registered units, the majority (51%, or 3,184) were registered as "temporarily exempt," with the primary reason for the exemption given as "Hotel/SRO (Transient)." An additional 611 units (10%) were registered as either "vacant" or "permanently exempt." The remaining hotel units, 2,450 (39%), were registered as "rent stabilized."²³

The 239 rooming houses that comprise the *2023 Hotel Report* have a total of 4,806 units of registered housing in 2021/2022.²⁴ Of these registered units, the majority (2,932, or 61%), were registered as "rent stabilized." As with hotels, in the 1,013 (21%) rooming house units that are registered as "temporarily exempt," the most common reason cited is "Hotel/SRO (Transient)." An additional 861 units (18%) were registered as either "vacant" or "permanently exempt."

In total, 11,051 hotel and rooming house units in 322 buildings were registered in 2021/2022. Of these registered units, almost half, 5,382 (49%) were registered as "rent stabilized" and generally include corresponding data on rent levels. For the 4,197 (38%) of overall units that were registered as "temporarily exempt," the most common reason cited is "Hotel/SRO (Transient)." An additional 1,472

units (13%) were registered as either "vacant" or "permanently exempt."

2021/2022 HCR Building Use

The HCR registration data can also be used to determine how many buildings (as opposed to units) are being used primarily for permanently rent stabilized housing (see table on the following page). As based solely on HCR registration data for the 83 hotels identified for the *2023 Hotel Report*, 13 of these buildings (16%) consist entirely of exempt or vacant units and have no rent stabilized tenants, while 34 of these buildings (41%) have a proportion of permanently rent stabilized tenants of at least 85%.²⁵ Within the 34 buildings that are at least 85% occupied by rent stabilized tenants, there are 1,575 units (25% of the total), 1,455 of which are currently registered as rent stabilized. However, the number of buildings that are at least 85% occupied by permanently rent stabilized tenants drops when utilizing estimated total unit counts derived from sources outside of HCR data (see "Special Note on Hotel Units," starting on Page 8, and the notes accompanying the Summary Table on the following page). Based on these estimated unit counts, just five buildings are at least 85% occupied by rent stabilized tenants. These five buildings contain 869 units of housing, 786 of which are rent stabilized.

For the 239 rooming houses identified for the *2023 Hotel Report*, 51 (21%) of these buildings consist entirely of exempt or vacant units and have no rent stabilized tenants, while 77 (32%) of these buildings have a proportion of permanently rent stabilized tenants of at least 85%.²⁶ Within the 77 buildings that are at least 85% occupied by rent stabilized tenants, there are 1,981 units (41% of the total), 1,853 of which are currently registered as rent stabilized.

As based solely on HCR registration data for the total of 322 hotels and rooming houses identified for the *2023 Hotel Report*, 64 of these buildings (20%) consist entirely of exempt or vacant units and have no rent stabilized tenants, while 111 of these buildings (34%) have a proportion of permanently rent stabilized tenants of at least

Summary Table of HCR Building Use (2021/2022)

Analysis of Building Use, as Reported in Annual HCR Registration Filings

HCR-Registered Building Use	Hotel	Rooming House	Total
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%)**
Total Number of HCR Registered Buildings	83	239	322
Total Number of HCR Registered Units	6,245**	4,806	11,051**

*The proportions reported in the above table are based solely on HCR registration records. When utilizing the higher estimate of total units in hotel buildings (17,342, as derived from sources outside of HCR registration data), five hotels (6% of the total) are occupied by a minimum of 85% permanently rent stabilized tenants. In total, 82 hotels and rooming houses combined (25% of the total) are occupied by a minimum of 85% permanently rent stabilized tenants, when utilizing the higher estimate of total hotel units. See "Special Note on Hotel Units", starting on Page 8, for more explanation.

**The figures reported in the above table are based solely on HCR registration records. When utilizing the higher estimate of total units in hotel buildings (17,342, as derived from sources outside of HCR registration data), 869 units in hotels (5% of the estimated total) are in buildings that are occupied by a minimum of 85% permanently rent stabilized tenants. In total, 2,850 units in hotels and rooming houses combined (13% of the estimated total) are in buildings that are occupied by a minimum of 85% permanently rent stabilized tenants, when utilizing the higher estimate of total hotel units. See "Special Note on Hotel Units," starting on Page 8, for more explanation.

***The estimated number of total units in hotel buildings (as derived from sources outside of HCR registration data) is 17,342. The estimated number of total units in hotels and rooming houses combined, utilizing the higher estimate of hotel units, is 22,148. See "Special Note on Hotel Units," starting on Page 8, for more explanation.

Source: 2021/2022 HCR Registration Files

85%.²⁷ Within the 111 buildings that are at least 85% occupied by rent stabilized tenants, there are 3,556 units (32% of the total), 3,308 of which are currently registered as rent stabilized. However, the number of buildings that are at least 85% occupied by permanently rent stabilized tenants drops when utilizing estimated total unit counts for hotels derived from sources outside of HCR registration data (see "Special Note on Hotel Units," starting on Page 8, and the notes accompanying the Summary Table on this page). Based on these estimated unit counts, a total of 82 buildings (25%) are at least 85% occupied by rent stabilized tenants. These 82 buildings contain 2,850 units of housing, 2,639 of which are rent stabilized.

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. Among the reasons owners utilize preferential rents are market conditions at either the time of the initial lease or a subsequent renewal lease; or agreements with governmental agencies subsidizing the rent of the unit. 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, CityFHEPS, Shelter Plus, or the Senior Citizen Rent Increase Exemption program. The RGB uses the HCR registration data to calculate a fourth type of rent — "rent received." This is an

Summary Table of HCR Median Rent Stabilized Rent Levels (2021/2022)
Analysis of Median Rents for Permanently Rent Stabilized Tenants, as Reported in Annual HCR Registration Filings

HCR-Registered Median Rents (Permanently Rent Stabilized Units)	Hotel		Rooming House		Total	
	Median Rent	# of Units with Reported Rent	Median Rent	# of Units with Reported Rent	Median Rent	# of Units with Reported Rent
Legal Rent	\$867	2,449	\$1,189	2,857	\$1,018	5,306
Preferential Rent*	\$745	294	\$1,025	1,039	\$888	1,333
Actual Rent**	\$462	574	\$257	1,029	\$269	1,603
"Rent Received"	\$745	2,449	\$1,010	2,857	\$864	5,306

*For those units reporting a preferential rent: the median legal rent of the 294 hotel units is \$1,343; the median legal rent of the 1,039 rooming house units is \$1,294; and the median legal rent of the 1,333 combined hotel and rooming house units is \$1,343.

**For those units reporting an actual rent: the median legal rent of the 574 hotel units is \$1,336; the median legal rent of the 1,029 rooming house units is \$1,294; and the median legal rent of the 1,603 combined hotel and rooming house units is \$1,300. In addition, some units report both actual and preferential rents. The median preferential rent of the 99 hotel units with both a recorded actual and preferential rent is \$1,141; the median preferential rent of the 585 rooming house units is \$1,250; and the median preferential rent of the combined 684 hotel and rooming house units is \$1,202.

Source: 2021/2022 HCR Registration Files

Summary Table of HCR Average Rent Stabilized Rent Levels (2021/2022)
Analysis of Average Rents for Permanently Rent Stabilized Tenants, as Reported in Annual HCR Registration Filings

HCR-Registered Average Rents (Permanently Rent Stabilized Units)	Hotel		Rooming House		Total	
	Average Rent	# of Units with Reported Rent	Average Rent	# of Units with Reported Rent	Average Rent	# of Units with Reported Rent
Legal Rent	\$1,046	2,449	\$1,099	2,857	\$1,075	5,306
Preferential Rent*	\$742	294	\$1,050	1,039	\$982	1,333
Actual Rent**	\$521	574	\$492	1,029	\$503	1,603
"Rent Received"	\$881	2,449	\$1,006	2,857	\$948	5,306

*For those units reporting a preferential rent: the average legal rent of the 294 hotel units is \$2,120; the average legal rent of the 1,039 rooming house units is \$1,306; and the average legal rent of the 1,333 combined hotel and rooming house units is \$1,485.

**For those units reporting an actual rent: the average legal rent of the 574 hotel units is \$1,085; the average legal rent of the 1,029 rooming house units is \$1,300; and the average legal rent of the 1,603 combined hotel and rooming house units is \$1,223. In addition, some units report both actual and preferential rents. The average preferential rent of the 99 hotel units with both a recorded actual and preferential rent is \$981; the average preferential rent of the 585 rooming house units is \$1,190; and the average preferential rent of the combined 684 hotel and rooming house units is \$1,159.

Source: 2021/2022 HCR Registration Files

estimate of the rent actually being received by the owner — generally speaking, the legal rent, unless a preferential rent has been recorded.

Each of these types of rent provides an important source of information — the legal rent illustrates the maximum amount able to be collected by owners either currently or upon vacancy; preferential rents can illustrate the prevalence of a less competitive market or regulatory agreements which may require the owner to charge less than the legal rent; actual rents can provide a more accurate representation of rent burden, where low-income tenants may have rents that are subsidized; and the “rent received” is the best estimate of the revenue owners are currently receiving for each unit. The median and average of each of these rent types will be summarized below for 2021/2022 HCR rent registrations.

2021/2022 HCR Median Rent Stabilized Rent Levels

Per HCR registrations from 2021/2022, the median legal rent for rent stabilized units is \$867 for hotels (2,449 units) and \$1,189 for rooming houses (2,857 units). The median legal rent is \$1,018 for both hotels and rooming houses combined (5,306 units).²⁸

For hotels, 294 of the 2,449 units (12%) also report preferential rents, with a median preferential rent of \$745. For rooming houses, 1,039 of the 2,857 units (36%) report preferential rents, with a median preferential rent of \$1,025. The median preferential rent for both hotels and rooming houses combined (1,333 units, or 25% of the total) is \$888.

For hotels, 574 of the 2,449 units (23%) also report actual rents, with a median actual rent of \$462. For rooming houses, 1,029 of the 2,857 units (36%) report actual rents, with a median actual rent of \$257. The median actual rent for both hotels and rooming houses combined (1,603 units, or 30% of the total) is \$269.

The median “rent received” by owners for rent stabilized units is \$745 for hotels and \$1,010 for rooming houses. The median “rent received” is \$864 for both hotels and rooming houses combined. See the table on the previous page for a summary of median rents in 2021/2022.

2021/2022 HCR Average Rent Stabilized Rent Levels

Per HCR registrations from 2021/2022, the average legal rent for rent stabilized units is \$1,046 for hotels (2,499 units) and \$1,099 for rooming houses (2,857 units). The average legal rent is \$1,075 for both hotels and rooming houses combined (5,306 units).²⁹

For hotels, 294 of the 2,449 units (12%) also report preferential rents, with an average preferential rent of \$742. For rooming houses, 1,039 of the 2,857 units (36%) report preferential rents, with an average preferential rent of \$1,050. The average preferential rent for both hotels and rooming houses combined (1,333 units, or 25% of the total) is \$982.

For hotels, 574 of the 2,449 units (23%) also report actual rents, with an average actual rent of \$521. For rooming houses, 1,029 of the 2,857 units (36%) report actual rents, with an average actual rent of \$492. The average actual rent for both hotels and rooming houses combined (1,603 units, or 30% of the total) is \$503.

The average “rent received” by owners for rent stabilized units was \$881 for hotels and \$1,006 for rooming houses. The average “rent received” is \$948 for both hotels and rooming houses combined. See the table on the previous page for a summary of average rents in 2021/2022.

2021-2022 HCR 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 2021.³⁰ However, not every building contains units with registered rents (see “2021/2022 HCR Registration Status” on Page 9). 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.

The longitudinal data for median rents shows that between 2021 and 2022, the median legal rent rose by 14.1% in hotels, was unchanged in rooming

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

Legal Rent Levels:

Hotels: 2021 Median: \$744.83; 2022 Median: \$850.00; 2021 Average: \$894.76 ; 2022 Average: \$939.97

Rooming Houses: 2021 Median: \$1,206.36; 2022 Median: \$1,206.36; 2021 Average: \$1,117.22; 2022 Average: \$1,130.79

Total: 2021 Median: \$936.29; 2022 Median: \$1,018.22; 2021 Average: \$1,021.68; 2022 Average: \$1,048.85

Preferential Rent Levels:

Hotels: 2021 Median: \$1,031.40; 2022 Median: \$1,031.40; 2021 Average: \$871.42; 2022 Average: \$872.99

Rooming Houses: 2021 Median: \$1,202.00; 2022 Median: \$1,202.00; 2021 Average: \$1,066.93; 2022 Average: \$1,106.02

Total: 2021 Median: \$1,173.00; 2022 Median: \$1,173.00; 2021 Average: \$1,041.53; 2022 Average: \$1,075.76

Actual Rent Levels:

Hotels: 2021 Median: \$263.00; 2022 Median: \$387.89; 2021 Average: \$425.06; 2022 Average: \$519.18

Rooming Houses: 2021 Median: \$254.00; 2022 Median: \$257.00; 2021 Average: \$511.27; 2022 Average: \$504.94

Total: 2021 Median: \$257.00; 2022 Median: \$268.00; 2021 Average: \$481.81; 2022 Average: \$509.81

"Rent Received" Rent Levels:

Hotels: 2021 Median: \$744.83; 2022 Median: \$750.00; 2021 Average: \$863.93; 2022 Average: \$894.12

Rooming Houses: 2021 Median: \$1,018.00; 2022 Median: \$1,025.20; 2021 Average: \$1,018.43; 2022 Average: \$1,038.03

Total: 2021 Median: \$855.14; 2022 Median: \$900.00; 2021 Average: \$952.08; 2022 Average: \$976.23

Source: 2021/2022 HCR Registration Files

houses, and rose by 8.8% overall. The median preferential rent was unchanged for both hotels and rooming houses, as well as overall. The median actual rent rose by 47.5% in hotels, 1.2% in rooming houses, and 4.3% overall. For the "rent received" by owners, the median rose by 0.7% in both hotels and rooming houses, and 5.2% overall.

The longitudinal data for average rents shows that between 2021 and 2022, the average legal rent rose by 5.1% in hotels, 1.2% in rooming houses, and 2.7% overall. The average preferential rent rose by 0.2% in hotels, 3.7% in rooming houses, and 3.3% overall. The average actual rent rose by 22.1% in hotels, fell 1.2% in rooming houses, and rose by

5.8% overall. For the "rent received" by owners, the average rose by 3.5% in hotels, 1.9% in rooming houses, and 2.5% overall.

See the table on this page for a summary of the change in legal, preferential, actual, and "rent received" rents for the same set of units between 2021 and 2022. The notes accompanying the table provide rent figures for each of the two years.³¹

Also note that an examination of individual records in the longitudinal sample shows that some owners increased legal rents, even though rent increases for hotels and rooming houses were not granted by the RGB during this time frame. For hotels, 76% of the units in the longitudinal sample

had no increase in legal rent, while 2% of units had a rent decrease and 22% of units had a rent increase. For rooming houses, 59% of the units in the longitudinal sample had no increase in legal rent, while 3% of units had a rent decrease and 38% of units had a rent increase. 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 (for leases renewing between 10/1/20 and 9/30/21) or Order #53 (for leases renewing between 10/1/21 and 9/30/22). Each of these Orders overlaps 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 as a hotel or rooming house.

Summary

In summary, the number of Certifications of No Harassment for SROs increased 46.0% over the prior year (to 92), while violations for illegal hotels decreased 34.7% (to 1,801). The 2023 PIOC found an increase in the cost of operating hotels of 8.3%. The most recent HCR registration data identified 11,051 hotel and rooming house units, 5,382 of which are registered as rent stabilized. The rent stabilized units have a median legal rent of \$1,018; an average legal rent of \$1,075; a median “rent received” of \$864; and an average “rent received” of \$948. Among all the units registered in both 2021 and 2022, the median legal rent rose 8.8% and the median “rent received” rose 5.2%, while the average legal rent rose 2.7% and the average “rent received” rose 2.5%. □

Endnotes

- Note that the longitudinal analysis of 2021-2022 data shows greater increases than would be expected among hotel units. These types of buildings are legally allowed to house special populations, such as the homeless, or persons with disabilities, who are placed in these units by the City of New York and paid for with subsidies that are generally higher than rents that would otherwise be charged to permanent rent stabilized tenants. The RGB does not currently have the capability, with the available data, to accurately distinguish between units subsidized by the City and those paid for in whole by rent stabilized tenants. In 2022, the longitudinal analysis was greatly impacted by large increases in both the legal rent and the rent received in a single building that may be utilized primarily by special populations, with rents levels set by programs subsidized by the City. Were this building to be removed from the analysis, both the median legal rent and the “rent received” in hotels would be unchanged between 2021 and 2022 (a median of \$724.60 for both legal rent and “rent received” in both 2021 and 2022). The average legal rent in hotels would have fallen by 0.4% (to \$884.85 in 2022), and the average “rent received” would have fallen by 0.6% (to \$848.22 in 2022). Were this building to be removed from the analysis, overall legal rents (for both hotels and rooming houses, combined) would have been unchanged (a median of \$975.00 for legal rent in both 2021 and 2022) and median “rent received” would have risen by 0.3% (to \$866.51 in 2022). For both hotels and rooming houses combined, average legal rents would have risen by 0.7% (to \$1,032.95 in 2022) and average “rent received” would have risen by 1.0% (to \$962.51 in 2022). Note that this analysis was not conducted for other buildings that may similarly house special populations and legally allowed to charge rent increases in excess of RGB guideline orders.
- The definition of each classification of hotel is as follows: Residential hotels are “apartment hotels” which are designated as Class A multiple dwellings on the Certificate of Occupancy; rooming houses are Class B multiple dwellings having fewer than thirty sleeping rooms as defined in Section 4(13) of the Multiple Dwelling Law; a single room occupancy building is a Class A multiple dwelling which is either used in whole or in part for single room occupancy or as a furnished room house, pursuant to Section 248 of the Multiple Dwelling Law; a Class B hotel is a hotel, which carries a Class B Certificate of Occupancy and contains units subject to rent stabilization; lodging houses are those buildings designated as lodging houses on the Certificate of Occupancy.
- See Endnote 1.
- NYC Department of Housing Preservation and Development (HPD). Per HPD, under local law, if a residential building meets the definition of a single room occupancy multiple dwelling (SRO), the property owner must apply for and receive a Certification of No Harassment (CONH) before applying to the Department of Buildings for a permit to change the use or occupancy of a building, or to demolish a building or any part thereof. Per HPD, an SRO is defined as: a “class A multiple dwelling” used in whole or part as a “rooming house” or “furnished room house,” or for “single room occupancy” pursuant to section 248 of the New York state multiple dwelling law; a “class A multiple dwelling” containing “rooming units”; or a “class B multiple dwelling.”
- Press Release, Mayor’s Office. “Mayor Bloomberg Announces Results of City’s Efforts to Curb Dangerous Illegal Hotels in New York City After State Legislation Enhances Enforcement Abilities.” April 27, 2012.
- Local Law No. 45 of 2012 (Council Int No. 404-A of 2010).
- “Cuomo Signs Bill That Deals Huge Blow to Airbnb.” New York Post. October 21, 2016.

8. <https://www.nyc.gov/site/specia enforcement/reporting-law/reporting-law.page>.
9. <https://www.nyc.gov/site/specia enforcement/registration-law/registration.page>.
10. Per data from the Mayor's Office of Special Enforcement, current as of May 11, 2023 at 9 a.m.
11. <https://www.nyc.gov/assets/specia enforcement/downloads/pdfs/FINAL-RULES-GOVERNING-REGISTRATION-AND-REQUIREMENTS-FOR-SHORT-TERM-RENTALS.pdf>.
12. Office of the Criminal Justice Coordinator, Mayor's Office of Special Enforcement.
13. <https://www.nyc.gov/office-of-the-mayor/news/493-22/mayor-adams-office-special-enforcement-lawsuit-against-illegal-short-term-rental#0> and <https://www.nyc.gov/assets/home/downloads/pdf/press-releases/2022/City-v-Latimer-Complaint.pdf>.
14. <https://www.nyc.gov/site/hpd/news/011-23/nyc-hpd-rockabill-development-goddard-riverside-close-38-million-transform-illegal>.
15. "2023 Price Index of Operating Costs." NYC Rent Guidelines Board. April 20, 2023.
16. Memos were published in 2007, 2009, 2012-2013, 2015, and 2017-2020. Each of these memos can be found in the Hotel Order Explanatory Statements from the same year, with Explanatory Statements from 2012 and forward available on the RGB website and earlier Explanatory Statements available upon request.
17. It is important to accurately identify hotels and rooming houses because a Class A rent stabilized apartment building incorrectly registered as a hotel or rooming house, especially one with relatively high rent levels, will skew the average and median rent levels of what are being reported as rents for "hotel" units.
18. For more information on the methodology used in 2017, refer to the memo published on June 12, 2017. Note that while the purpose of the 2017 analysis was to create a methodology that could more accurately identify hotels and rooming houses (and that methodology forms the basis of all subsequent memos and reports), there is no guarantee that every record identified via this methodology fits the legal definition of a "hotel." Similarly, not all rooming houses or hotels are able to be identified. While not necessarily a complete count of rooming houses and hotels, the methodology that is used to identify "hotels" is more representative than would be based solely on owner-reported HCR registration status.
19. For the memos produced between 2018 and 2021, additional research was not conducted to identify additional hotels and rooming houses. However, in 2022, this research was conducted for both the current HCR files, as well as the HCR files that were analyzed in 2018-2021. See the 2022 Hotel Report for an in-depth discussion of the additions to the master list of hotels and rooming houses. In 2023, due to prior research, it was only necessary to research the newly registered hotels and rooming houses in the two most current HCR files.
20. Because the 2022 registration data is not final, two years of registration data were examined to capture buildings that may not appear in the 2022 data due to late registration. Note also that HCR registration filings may not reflect a complete count of hotels and rooming houses, as not all owners register their buildings; owners may register late; or owners may fail to correctly identify a building as a hotel or rooming house.
21. More specifically, 83 of the 108 hotels in the sample frame were present in either 2021 or 2022 data. A total of 239 of the 352 rooming houses in the sample frame were present in either 2021 or 2022 HCR registration data.
22. As noted in "Special Note on Hotel Units," which starts on Page 8, while 6,245 hotel units were registered with HCR in 2021/2022, staff calculated that there is actually an estimated total of 17,342 units in these buildings.
23. While 39% of units in hotels were registered as "rent stabilized" (as based solely on HCR registration data), as a proportion of the estimated number of hotel units in these buildings, as derived from sources other than HCR registration data, 14% of units in these buildings are rent stabilized. See "Special Note on Hotel Units," starting on Page 8, and the notes in the table on Page 8.
24. Unlike the additional research conducted for buildings registered as "hotels," for "rooming houses," registration records were not checked against other sources in regard to the number of housing units. Note that while some owners may register all their units, regardless of regulation status, others may register only those that are rent stabilized.
25. The proviso in RGB Hotel Order 41, the last time the Board granted an increase for hotel units, limited permitted increases to only those hotels and rooming houses with at least 85% permanently rent stabilized occupancy. Note that if the owner is only registering their rent stabilized units (as opposed to all units in the building), the proportion of buildings (and the units within those buildings) that are at least 85% occupied by permanently rent stabilized units may be inaccurate.
26. See Endnote 25.
27. See Endnote 25.
28. While 5,382 units in total registered as rent stabilized in 2021/2022, only 5,306 of these units recorded rent levels.
29. See Endnote 28.
30. All but 23 of the rooming houses and nine of the hotels registered in 2022 were also registered in 2021.
31. See Endnote 1.