

2024 Hotel Report

NYC Rent Guidelines Board

May 23, 2024

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 *2024 Hotel Report* is the third annual report that consolidates research related to 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.

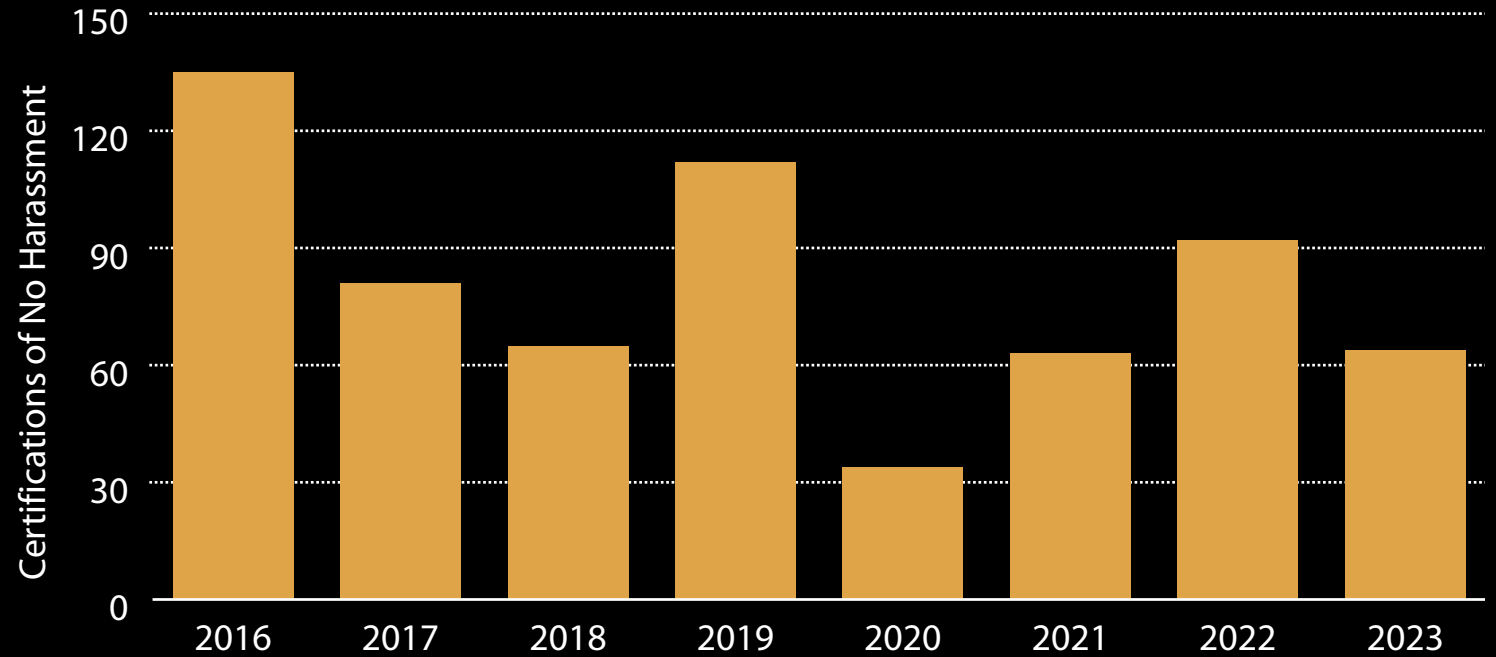
Summary

- The NYC Department of Housing Preservation and Development issued 64 Certifications of No Harassment for Single Room Occupancy buildings during 2023, a decrease of 30.4% over the prior year.
- The Mayor's Office of Special Enforcement issued 1,266 violations for illegal hotels in 2023, a 29.7% decrease from 2022.
- The *2024 Price Index of Operating Costs* found an average increase in the cost of operating hotels of 3.3% between April of 2023 and March of 2024.
- Per an analysis of 2022/2023 NYS Homes and Community Renewal registration data, the median legal rent for hotels and rooming houses is \$1,068 and the average is \$1,130. The median "rent received" (the legal rent, except where there is preferential rent) for rooming houses and hotels is \$910 and the average is \$1,011.
- Per a longitudinal analysis of 2022 and 2023 NYS Homes and Community Renewal registration data, the median legal rent rose by 1.8% between 2022 and 2023, and the average legal rent rose by 1.6%. The median "rent received" fell by 1.2% and the average "rent received" rose by 0.9%.

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 first time in three years, the number of CONHs granted by HPD fell, by 30.4% (to 64) in 2023.

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 2023, 1,266 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). In 2023, the total number of violations fell 29.7%.
- By borough:
 - 456 violations in Brooklyn (36.0% of the total)
 - 361 violations in Queens (28.5% of the total)
 - 353 violations in Manhattan (27.9% of the total)
 - 78 violations in the Bronx (6.2% of the total)
 - 18 violations in Staten Island (1.4% of the total)
- Between May 2011 and December 2023, approximately 26,000 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, 2016-2023

In 2023, Violations Decreased by 30%

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
2023	78	456	353	361	18	1,266	1,210

**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

2024 Hotel PIOC

- Per the *2024 Price Index of Operating Costs (PIOC)*, the Hotel Price Index for all hotels that contain rent stabilized units increased 3.3% this year, compared to an increase of 8.3% in 2023.
- There were increases in five of the seven Hotel PIOC components.
 - The Insurance component had the highest proportional increase, rising by 21.7%, but accounts for just 7.2% of the index.
 - More moderate increases were seen in Labor (4.2%), Taxes (3.7%), Administrative Costs (3.5%) and Maintenance (1.8%).
 - In contrast, Fuel declined by 4.1% and Utilities declined by 0.4%.
- Among the different categories of Hotels, the index for “Traditional” Hotels increased by 3.9%, Rooming Houses by 2.5%, and SROs by 3.2%.

Analysis of 2022/2023 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 2022/2023 HCR analysis includes 108 “hotels” and 360 “rooming houses,” a total of 468 buildings.
 - In 2022/2023, 304 of the 468 buildings in the sample frame were registered with HCR.
 - Data from 2023 was utilized for vast majority of buildings (84%), while 91% of the data used to compute median and average rent levels was based on 2023 HCR registration filings.

Analysis of 2022/2023 HCR Registration Data – Registration Status

Summary Table of HCR Unit Registration Status (2022/2023)

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	2,455 (40%)	2,624 (59%)	5,079 (48%)
Permanently Exempt	31 (0%)	37 (1%)	68 (1%)
Vacant	439 (7%)	733 (16%)	1,172 (11%)
Temporarily Exempt	3,276 (53%)	1,080 (24%)	4,356 (41%)
Hotel/SRO (Transient)	2,271 (69%)	685 (63%)	2,956 (68%)
Not-for-Profit	844 (26%)	202 (19%)	1,046 (24%)
Owner/Employee Occupied	44 (1%)	128 (12%)	172 (4%)
Not for Profit/Commercial/Prof/Other	117 (4%)	65 (6%)	182 (4%)
<i>Total Number of HCR Registered Units</i>	<i>6,201</i>	<i>4,474</i>	<i>10,675</i>

Source: 2022/2023 HCR Registration Files

Analysis of 2022/2023 HCR Registration Data – Building Use

Summary Table of HCR Building Use (2022/2023)

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	9 (12%)	54 (24%)	63 (21%)
Number of Units in such buildings	602 (10%)	855 (19%)	1,457 (14%)
Buildings With at Least 85% Units Rent Stabilized	30 (38%)	72 (32%)	102 (34%)
Number of Units in such buildings	1,651 (27%)	1,888 (42%)	3,539 (33%)
Total Number of HCR Registered Buildings	78	226	304
Total Number of HCR Registered Units	6,201	4,474	10,675

Source: 2022/2023 HCR Registration Files

Analysis of 2022/2023 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 2022/2023 HCR Registration Data – Median and Average Rents

Summary Table of HCR Median and Average Rent Stabilized Rent Levels (2022/2023)

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	\$900	\$1,111	2,344	\$1,206	\$1,147	2,593	\$1,068	\$1,130	4,937
Preferential Rent	\$679	\$635	205	\$975	\$1,062	708	\$802	\$966	913
Actual Rent	\$369	\$591	560	\$269	\$509	999	\$276	\$538	1,559
“Rent Received”	\$746	\$947	2,344	\$1,150	\$1,069	2,593	\$910	\$1,011	4,937

Source: 2022/2023 HCR Registration Files

***Analysis of
2022/2023
HCR
Registration
Data –
Longitudinal
Rent Analysis***

- HCR registration data from 2022 and 2023 can also be analyzed longitudinally, comparing rent levels in the same set of units in each of the two years.
- Of the 256 hotels and rooming houses identified in the 2023 data, 233 were also registered in 2022.
- However, not every building contains units with registered rents.
- Therefore, the longitudinal sample includes 54 hotels (containing 2,079 rent stabilized units) and 128 rooming houses (containing 2,240 rent stabilized units), a total of 182 buildings with 4,319 units.

Analysis of 2022/2023 HCR Registration Data – Longitudinal Rent Analysis

Summary Table of HCR Median and Average Longitudinal Rent Change (2022-2023)

*Longitudinal Analysis of Median and Average Rent Change (2022-2023) 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	0.0%	2.1%	2,079	1.5%	1.3%	2,240	1.8%	1.6%	4,319
Preferential Rent	0.0%	0.2%	133	0.6%	0.2%	587	0.0%	0.2%	720
Actual Rent	N/A	N/A	N/A	3.5%	0.7%	877	N/A	N/A	N/A
"Rent Received"	0.0%	0.1%	2,079	0.4%	1.6%	2,240	-1.2%	0.9%	4,319

Source: 2022/2023 HCR Registration Files

Analysis of 2022/2023 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, 63% of units in the longitudinal sample had no rent increase in legal rent, while 6% of units had a rent decrease and 31% had a rent increase.
- Among the 1,343 units in total that registered a legal rent increase (31% of all units), 58.9% increased rent by either exactly 1.5%, 2.5%, 3.25%, or 5.0%.
 - These increases coincide with one- and two-year lease increases granted to rent stabilized *apartments* under either Order #53 or Order #54. 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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