Sparks fly at City Council hearing on illegal hotels

BY CHRIS LOMBARDI

The controversy over illegal hotels kicked into higher gear on Monday at City Hall, when 100 tenants and advocates faced a handful of building owners in a hearing over Councilmember Gale Brewer’s bill to stiffen fines on illegal rentals.

Brewer’s fellow members of the Illegal Hotel Working Group hailed the bill, Intro 534, as an important first step toward fixing the problem, emphasizing that it demands a more comprehensive approach. Opponents of the measure, while sparse in person on Monday, still offered a glimpse of a possible new lobbying effort to come.

At the rally preceding the hearing, Brewer and other Working Group members, who have been meeting with city officials about the problem since spring 2006, were upbeat. So were the tenants, many of whom had never testified before.

Upper West Sider Alla Popkovich, who had never attended such a hearing, was excited.

“They must listen to us,” said the white-haired Russian immigrant. A 14-year resident of the Imperial Court, the uptown single-room-occupancy building where the association had held its January rally, Popkovich said she had faith that Brewer’s bill would stop the flood of tourists “making such noise dragging their suitcases.”

But at the rally’s press conference, a tall man with no news affiliation began to ask about who exactly would be subject to the new fines, which would be raised by Intro 534 to $1,000–2,500 for the first offense, increasing geometrically for repeat offenses and compounding daily if such rentals continued.

“What does this mean for legitimate businesses, who have been doing business this way forever?” asked the man, not waiting for an answer. “What about bed and breakfasts? Apartment hotels?”

While he met privately with Assemblyman Richard Gottfried, his questions carried over into the hearing itself.

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ALREADY ILLEGAL, GETTING WORSE

"This is a bill to increase enforcement of practices that are already illegal," said Brewer in her opening argument to the Housing and Buildings Committee. She and other working group members then briefly outlined what they had learned, ever since they began meeting about the growing problem in 2006.

Assemblymember Linda Rosenthal, who famously checked into the Imperial Court Hotel for a two-night stay in January, told the committee that the building's owner had "made a conscious, economic calculation," after the city determined that the owner was ignoring the building's residential status. "Breaking the law and renting to tourists brought him a sizable sum each month," she said, and the fines he incurred for these illegal actions only cost him a fraction of these profits. Other group members spoke of how their constituents had been affected.

"I've just met with a group from One Bank Street," said State Senator Thomas Duane, "who are set to be evicted very soon unless we find a way to put a stop to this, and quickly."

But it was only after those voices were amplified by State Senator Liz Krueger, a co-founder of the Working Group and a ranking member of the State Senate's Committee on Housing, Buildings and Infrastructure, that one of the City Council's Buildings Committee members began to echo the dissenting voice from the rally.

After Krueger called Intro 354 "a critical and necessary first step within a larger legislative agenda," pointing out that "some of these buildings are receiving government subsidies such as Liberty Bonds and tax abatements," Brooklyn Councilmember Louis Fidler frowned and shook his head.

"Are you sure you're not targeting legitimate businesses doing weekly rentals, that have been doing business long before these zoning classes even existed?" asked Fidler.

"Legitimate hotels are different," said Krueger. "They follow different fire codes. They advertise differently."

ON THE HOT SEAT

Like Brewer and other Working Group members, Krueger had praised the Mayor's Office of Special Enforcement, and called for the long-promised "mayor's bill" on the issue to further "clarify" New York's building code. Shari Hyman, director of the Mayor's Office of Special Enforcement (OSE), has been charged with clamping down on illegal hotels, took up that thread when she appeared as the first non-elected witness before the committee: "The current legal framework needs to be re-envisioned," she said.

Describing what her office had been able to accomplish thus far, Hyman said that in the past year, OSE had "received complaints of illegal hotels at 82 locations via 311 calls totaling 50 inspections."

City Councilmember Dan Garodnick addresses the media outside City Hall on Monday before the start of hearings on illegal hotels.

Chelsia Rose Marcius

many owners have continued to "convert" residential units to hotel rooms, which, she said, is why she supports Intro 354. The OSE director, who had prepared for opposition from the corporate housing industry, then found herself grilled from another quarter: committee members like Fidler, asking if her office had issued unjust violations to honest businessmen.

Both Fidler and Councilmember David Weprin, a co-sponsor of Brewer's bill, claimed that they had "just learned recently" that the bill "threatened businesses who have always offered weekly rentals, many of whom pay hotel taxes and benefit the city's economy," said Weprin.

Weprin and Fidler both pressed Hyman about her investigation, and about the many violations issued for "use in violation of the building's Certificate of Occupancy."

Was it possible, Weprin asked, that "legitimate operators, who have been renting exactly the same way for so many years," had been swept up in an unintentional snare, when their buildings were SROs. She did pledge, as had Brewer, Krueger and other Working Group members, that all legislation on this issue would protect legitimate businesses. "Only one such 'legitimation operator' actually showed up to testify on Monday: Ron Edelstein, one of the owners of the Imperial Court Hotel, where Linda Rosenthal had rented in January. Committee chair Martin Dillon brushed the tenants in the audience, imploring them to "show respect for my opinion, the way we are respecting yours."

In his testimony, Edelstein said that his building had been offering weekly rentals for over 60 years: "The earliest receipts I'm seeing are from 1944," he said, noting that the hotel's use preceded the 1968 Zoning Resolution. Claims that such "historic use" should change the equation have been made by other SRO owners, including Fitos Neophytus, the owner of the notorious "Candy Hotel" on 94th Street, which is prohibited from future transient rentals under a court order obtained by Hyman's office in October:

"Yes," said Edelstein, "but we didn't do it." He said that the Imperial had severed its relationship with Wocogen.com, the company Rosenthal had used to book her room. Now, he said, there were no rentals shorter than a week, and answered "Yes" when asked if he was paying hotel taxes and whether the room was up to FDNY code for transient hotels.

After Edelstein's testimony, Weprin and Fidler both said that they now were committed to making sure Intro 354 didn't injure upstanding businesses like the one Edelstein had described. Meanwhile, the tenants present from Edelstein's building shook their heads.

Just prior to Edelstein's testimony, Imperial Court tenant Ann Cunningham, wearing a hat that said, "I'm a Tenant and I Vote!" talked of broken/annoyed elevators caused by tourists, along with landlord harassment at the Imperial Court, testimony echoed by numerous others. Residents of other SROs reported "bad beds" in single rooms, which lead to overcrowded shared showers, and shoddy mail delivery, and what they perceived as active patterns of landlord harassment.

INCLUDE JAIL TIME, PLEASE

Tenants from Chelsea, Clinton and Greenwich Village, all of whom have fewer SROs, were well represented on Monday, offering testimony that illustrated both the complexity of the problem and why OSE and the Working Group have called for a better legal framework.

Monique Mirouz, who like Bermudes lives at 455 W. 34th St., said that she had "just survived a four-day party" in which the visiting college students had kept her up all night. Julie Semel said that when she lived on 44th Street, owner Brown Harris Real Estate had "converted" apartments via a performing-arts hotel agency. But when she took her landlord to court, said Semel, she lost the case because she did not report every incident of illegal use to 311.

Like many others, Mirouz waved printed EBay and Craigslist ads "posted by landlords;" advertising one-to-two-night stays.

So did "Colette Adams," a resident of the notorious 160 Bleeker Street, called "Armium Suites" by Signature Properties, who asked that her real name not be used: "I come to you from a building rented by Signature, Metro Homes and Marriott ExecuStay. (The latter company, famous for leasing The Chelsea on West 24th Street, also leases numerous apartments to hotels.) After working with Hyman's office for nearly a year--during which hip patrons set fires, got into fights with the doorman over "hotel mix-ups," and took advantage of "erotic services" advertised on Craigslist--a violation was finally issued, she said, and the maximum fine imposed.

"The fine was $800," she said, a demoralizing result after all the inspections and evidence gathering that had preceded it. "That's why I wanted to say, please include jail time in this bill. No amount of money, no fine, is going to stop these guys."