



**L E G A L
S E R V I C E S**

I N C O R P O R A T E D

**TESTIMONY
IN SUPPORT OF**

**INTRO NO. 788: ON LIMITING THE COLLECTION OF
RENTS FOR ILLEGAL OCCUPANCY IN VIOLATION OF
THE CERTIFICATE OF OCCUPANCY**

**INTRO NO. 823: ON CREATING MORE TRANSPARENCY
OF ENFORCEMENT OF ILLEGAL OCCUPANCIES
THROUGH ANNUAL REPORTS TO THE CITY COUNCIL**

**INTRO NO. 826: ON INCREASING FINES FOR ILLEGAL
OCCUPANCY**

PRESENTED BEFORE:

**THE NEW YORK CITY COUNCIL'S
COMMITTEE ON HOUSING AND BUILDINGS**

PRESENTED BY:

**MARTI WEITHMAN
SUPERVISING ATTORNEY
MFY LEGAL SERVICES, INC.**

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I. Introduction

MFY Legal Services, Inc. envisions a society in which no one is denied justice because he or she cannot afford an attorney. To make this vision a reality, for over 50 years MFY has provided free legal assistance to residents of New York City on a wide range of civil legal issues, prioritizing services to vulnerable and under-served populations, while simultaneously working to end the root causes of inequities through impact litigation, law reform and policy advocacy. We provide advice and representation to more than 10,000 poor and working poor New Yorkers each year benefitting over 20,000.

MFY annually serves more than 3,600 tenants, including more than 2,000 who are at least 60 years old. MFY is committed to working with the City Council to protect the safety and affordability of housing for low-income New Yorkers so they can continue to be an integral part of New York City communities.

II. The Illegal Occupancy of Residential Buildings

Illegal hotels, or the illegal occupancy of residential buildings for short-term stays of 29 days or less, have been plaguing New York City for well over a decade. The problem has only worsened over the past few years with the advent of Airbnb and other online platforms. Illegal hotels threaten the safety and security of all occupants – residents and tourists alike – disrupt the quality of life of permanent residents, and accelerate our already rapidly depleting stock of affordable permanent housing. The bills being introduced today will aid in deterring bad actors from illegally converting residential units and shed light on the extent of the problem in our City. The enforcement of laws prohibiting illegal hotels fits squarely within the Mayor’s housing plan to preserve 120,000 units of affordable permanent housing unit.

We appreciate the time and effort that the Council is devoting to enforcement against illegal hotels in the City. These bills are a logical next step to the City Council hearing “Short-Term Rentals: Stimulating The Economy Or Destabilizing Neighborhoods?” held in January 2015. During that hearing, it became abundantly clear that illegal hotels have reached a critical level in our City, causing safety and security issues for all occupants, negatively impacting the quality of life of permanent residents and their surrounding communities, and exacerbating our housing crisis.

MFY supports Intros Nos. 788, 823 and 826, which will further assist the City in its enforcement efforts with regards to illegal hotels.

MFY supports **Intro 788**. This bill would educate tenants about their rights concerning a landlord’s ability to collect rent when it is in violation of the certificate of occupancy due to illegal conversions. We share Council Member Levine’s concerns about tenants who, without counsel, may unknowingly put themselves in danger of litigation and subsequently placement on the “blacklist” by withholding rent without fully understanding the risks involved. In addition, obtaining an abatement for this type of illegal conversion will be difficult to prove without an attorney. We look forward to working with Council Member Levine to address these shared concerns.

MFY supports **Intro 823**. Intro 823 increases transparency of the state of illegal conversions in residential buildings through an annual report by the Department of Buildings (“DOB”) detailing the data collected by the City, including the number of complaints, inspections, violations issued – including detailed information, and the amount of civil penalties collected by the City for such violations. The bill would also request the submission of recommendations for legislation, policy and budgetary initiatives. This type of reporting will improve the transparency of the City’s efforts to stop these illegal conversions.

While MFY supports this bill, we respectfully submit that the reporting be required of Mayor’s Office of Special Enforcement (“OSE”), not DOB, as currently required by the bill. We applaud the efforts of OSE – the City entity charged with overseeing illegal hotels – in investigating complaints, issuing violations and, when necessary, commencing litigation to address illegal conversions. OSE is better situated to submit a comprehensive annual report based on the complex nature of illegal hotel complaints and coding of violations, and the systems OSE has created to gather all complaints made through different avenues. OSE receives illegal hotel complaints through several different avenues, including complaints made through 311 and DOB, and those made directly by elected officials and other concerned citizens. OSE has been extremely effective in setting up systems to collect all complaints made concerning illegal hotels, regardless of how the complaint was made and to which agency, and is in the best position to submit to the Council an annual accounting of the requested information set forth in Intro 823.

MFY supports **Intro 826**. Increasing fines for the illegal conversion of residential buildings into hotels in violation of the Illegal Hotels Law (NYS Multiple Dwelling Law), fire codes and local zoning laws will create additional disincentives for bad actors. Under this bill, fines will be increased only for repeated violations in the same unit, or for a second violation in the same building. Until the fines are steep enough to make a difference and not just a cost of doing business, bad actors will continue to put the lives of occupants at risk and deprive New Yorkers of much needed permanent housing.

III. Recommendations

Illegal hotels will continue to hasten the loss of affordable housing in the City until the incentive of extraordinary profits for bad actors who unlawfully convert residential buildings into illegal hotels no longer makes good business sense. The increase of fines, the limitation on collecting rents, and the transparency of illegal conversion complaints, violations and penalties collected – imagined in these bills – are necessary to stay vigilant and fight the illegal conversion of our residential housing. For these reasons, MFY strongly supports the proposed bills and we look forward to working with the Council and the sponsors of these bills on minor amendments and on their passage.

IV. Conclusion

MFY Legal Services strongly supports Intro Nos. 788, 823 with MFY’s suggested amendments and 826 and commends the Council for its continuing efforts to curb abusive landlord practices related to illegal occupancy of residential units. These bills are an essential step towards removing the incentives for landlords who convert residential buildings into illegal hotels.