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Int. No. 348

By Council Members Seabrook, Baez, Barron, Comrie, Dilan, Foster, Gennaro, Gerson, Jackson, Liu, Lopez, Nelson, Perkins, Recchia, Reyna, Sanders, Vann and Weprin

A Local Law to amend the administrative code of the city of New York, in relation to the licensing of low-occupancy hotels.

Be it enacted by the Council as follows:

Section 1. Legislative declaration. The Council finds that certain areas of New York City are plagued by illicit short-stay hotels. These so-called “hot sheet” hotels often have 50 or fewer rooms, which are rented for prostitution and are frequently the scene of drug use and sales, robberies, and other crimes. Disturbingly, many “hot sheet” hotels are located near residential neighborhoods and schools, exposing children and families to illegal and dangerous activities. Although community groups have protested the existence of these hotels around the City, they continue to flourish.

Accordingly, the Council finds that it is necessary to create a licensing scheme for low-occupancy

hotels. The proposed legislation would require a license for any hotel of 50 or fewer rooms. Such a license would be revocable upon a finding of prostitution or other illegal acts, effectively keeping corrupt actors out of the legitimate low-occupancy hotel market. The Council believes that such a licensing scheme would protect communities from crimes related to “hot sheet” hotels while promoting the growth of legitimate low-occupancy hotels, inns, and boarding houses.

§2. Chapter 2 of title 20 of the administrative code of the city of New York is amended by adding a new subchapter 33 to read as follows:

SUBCHAPTER 33

LOW-OCCUPANCY HOTELS

§20-540 Definitions. a. “Commissioner” shall mean the Commissioner of the Department of Consumer Affairs.

b. “Low-occupancy hotel” shall mean a building or portion of a building that contains 50 or fewer rooms, which are regularly used and kept open for letting to guests on a daily or less than daily basis. The term “low-occupancy hotel” shall include any apartment hotel, motel, or boarding house with 50 or fewer rooms, whether or not meals are served, but shall not include any single room occupancy dwellings, as defined in paragraph seventeen of subdivision a of section 27-2004 of the code. For the purposes of this subdivision, a “room” shall mean any room of any kind, other than a bathroom or lavatory, in any part or portion of a low-occupancy hotel that is available for, or let out for, use or possession for any purpose other than a place of assembly as defined in section 27-232 of the code.

c. “Person” shall mean any individual, firm, partnership, trust, association, corporation or other legal entity.

§20-541 License required. It shall be unlawful for any person to open, maintain or otherwise operate a low-occupancy hotel without first having obtained a license issued pursuant to this subchapter.

§20-542 Application; fee; fingerprinting; display. a. An application for a license required under this subchapter or for any renewal thereof shall be made to the commissioner in such form and manner as he or she shall prescribe by rule.

b. There shall be a biennial fee for a low-occupancy hotel license as follows:

1. Five hundred dollars for the first low-occupancy hotel opened, maintained, or otherwise operated by any person.

2. Twenty-five dollars for each additional low-occupancy hotel opened, maintained, or otherwise operated by a person who possesses a currently valid low-occupancy hotel license issued under this subchapter.

c. Each applicant for a license required by the provisions of this subchapter shall be fingerprinted. If the applicant is a partnership, corporation, association, or other legal entity, only one partner, officer or director must be fingerprinted for the purposes

of this subdivision.

d. Each low-occupancy hotel shall conspicuously post the license issued under this subchapter at or above its front desk.

§20-543 Issuance of license. A license to open, maintain or otherwise operate a low-occupancy hotel shall be granted in accordance with the provisions of this subchapter and any additional rules promulgated by the commissioner thereunder. The commissioner may refuse to issue to an applicant any license required under this subchapter based upon a determination made after due notice and opportunity to be heard that such applicant has engaged in conduct which would constitute a basis for license suspension or revocation as set forth in §20-544 of this subchapter.

§20-544 Renewal, suspension and revocation of licenses; license holder's reasonable belief of legal activity. a. The commissioner may refuse to renew any license required under this subchapter and may suspend or revoke any such license, after due notice and opportunity to be heard, upon the occurrence of any one or more of the following conditions:

1. Two or more criminal convictions within a one-year period of any persons for acts of prostitution as defined in article two hundred thirty of the penal law in any area of a low-occupancy hotel; or

2. Two or more convictions within a one-year period of any persons for production, presentation, or direction of or participation in an obscene performance as defined in article two hundred thirty-five of the penal law in any area of a low-occupancy hotel; or

3. The occurrence of three or more violations within a one-year period of any provision of article two hundred twenty, two hundred twenty-one or two hundred twenty-five of the penal law in any area of a low-occupancy hotel.

b. It shall be an affirmative defense that a license holder did not have reasonable grounds to believe that the proscribed conditions were present in the low-occupancy hotel.

§20-545 Transferability. No license issued pursuant to this subchapter shall be transferred or assigned to any person or used by any person other than the licensee to whom it was issued.

§20-546 Violations. a. Any person licensed under this subchapter who violates any provision of this subchapter or any rules promulgated thereunder shall be subject to a civil penalty of not less than five hundred dollars nor more than two thousand dollars for each violation, to be recovered in a civil action or in an administrative tribunal with jurisdiction.

b. The civil penalties imposed pursuant to this section shall be in addition to any other sanctions and orders that may be imposed by the commissioner pursuant to this title.

c. The remedies available in this subdivision are in addition to any other remedies available under any other applicable law.

§3. This local law shall take effect ninety days after it shall have been enacted into law; provided that the commissioner may take any actions necessary prior to such effective date for the implementation of this local law including, but not limited to, the

adoption of any necessary rules.

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