

A Hostel Take on City Regulations

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Hostels in New York City, which were once under-regulated, have now come under fire and even risk extinction because of stricter zoning and building development policies (Blaine, 2010). These policies consider the well-being of every resident and tourist, and address what is acceptable for an apartment rental and what constitutes a hotel, but they neglect the middle ground of youth hostel. This analysis reviews established regulations as they apply to hostels. It reflects the extensive negative news coverage as well as personal experiences from within the hostel world. The continued survival of hostels in New York City rests upon the recognition of their importance by the local government and legislation that applies solely to their type of boarding entity. Because there is no one definition of hostel within our jurisdiction, hostels remain in limbo between hotel and residential apartment regulation. These factors suggest the complications which deter the advancement of this niche market.

You step off of a bus onto an empty street, having just arrived at a new destination and eager to start exploring. But upon arrival, you find that the hostel you booked no longer exists (Lemon, 2011). A sign on the door reads: “closed due to building code violations.” Now, imagine you are in a foreign country that speaks a different language, your phone does not work on their local carriers and you have already prepared a budget for this trip down to your last dime, which does not account for an expensive hotel stay, what do you do? Unfortunately, this scenario happens more frequently than most people realize, but is often kept out of the media (Dolor, 2010). The ongoing debate amongst New York City officials and small business owners as to what constitutes a legitimate establishment for accommodating tourists has been an incessant argument.

During the last five years, the city’s position as to what is considered legal versus illegal boarding has changed drastically. The guidelines that determine such accommodations had previously lacked definition. The rules applied varied between hotel and housing regulation, bouncing back and forth between the two. In 2010 an attempt to standardize housing laws the city has allegedly destroyed budget lodging for the independent entrepreneur by procuring a stricter policy signed into law by Governor Paterson, which limits certain types of buildings to no less than thirty days’ occupation by each guest (Segan, 2010). Requiring a minimum stay theoretically restricts the number of transient guests passing through a building’s doorway; in the past visitors had unrestricted freedom. After the new legislation came into effect, City Commissioner LiMandri expressed pleasure in its passing by stating that “Any illegal residence can put tenants, neighbors and

first responders in serious danger, and landlords must be held accountable for creating unsafe conditions, in order to make a profit, which are a risk factor to New York residents, tourists and city employees” (as cited in Loeser & La Vorgna, 2011). The reasoning behind this legislation is that a majority of these businesses are in violation of zoning laws and fire codes that again apply to certain constituents under two separate entities. In this paper I explore hostels, both their positive and negative aspects, the flaws in our system to regulate this category of housing, and the city’s inconsistencies in justifying the shutting down of such businesses.

A youth hostel, as defined by Merriam-Webster, is a “supervised shelter providing inexpensive overnight lodging, particularly for young people...” Hostels which were originally founded in Germany in the early 1900s began to spread around the world creating a new dynamic of budget accommodation. In 1932, Hostelling International (HI) was formed in England, establishing the first international organization. HI set the standard for what hostels represent, creating a corporate image and membership-based program (Youth Hostel, 2012). Independent hostels interpret these guidelines broadly. However, certain properties take this design to the extreme by competing with luxury accommodations in room standards and amenities, while others will offer the most basic of rooms and environment. The more typical of hostels offer dormitory style lodging, shared showers, a common room for socializing, a kitchen for meal preparation, and often a kiosk that provides local tourist information. The hostel demographic stereotypically applies to younger, more social, open-minded, and budget-conscious travelers.

One common trait that remains consistent is the ability to offer market-friendly rates in contrast to those of the ever-growing, expensive hotel competition. As previously mentioned, a fine line separates a hotel and a hostel. The differences between the two are what hotels thrive upon and what New York City officials target as dangerous, the factors involved putting all implicated parties at risk (Voien, 2012). Nonetheless, here in one of the most expensive cities to visit in America, tourists are frequently searching out the best deal. What better option than a youth hostel? When most hotels’ average daily room rate starts at \$277 as listed on New York City’s main tourist site’s statistic page (<http://www.nycgo.com/articles/nyc-statistics-page>), the alternative \$30-\$50 per night for the 2012 winter season, as currently listed on Hostelworld.com, a popular online booking engine, certainly has its appeal. Many are skeptical of what to expect from communal accommodation, whether it’s a shared common space, bathroom, or bedroom, but find themselves testing it out and taking a chance in New York because it is the affordable option. The same temptations that lead tourists in search of cheaper accommodation prompt a similar interest in entrepreneurs.

Owning property in this city can be highly expensive, especially when affordable housing and rent control are strictly regulated, despite the fact that the city proactively raises taxes and the cost of living has no ceiling (Hazlitt, 1979). Small entrepreneurs who own a couple of buildings cannot afford to maintain their

properties when the average amount of income they collect is less than the cost of operations. This can also apply to the individual apartment owner that has difficulty coming up with rent (Epstein, 2012). Let's say these individuals have an unused spare bedroom, an empty apartment, or an unoccupied building. Wouldn't the temptation to operate a hostel, even illegally, be enticing because a nightly rate and extra beds would bring in additional revenue? This situation is what has influenced many of the newly developed budget accommodations to appear. Where a consumer's demand exists, a supply of service will develop to fill that need, especially when that demand will bring in more profit than the average rental.

Consider a NYC two-bedroom apartment that goes for \$1400. Now, instead of two tenants in that apartment, you manage to fit two bunk beds in each room, allowing eight people to occupy the same space per night. Instead of collecting that one rent check per month you are collecting \$40 from each individual person per night. In one week alone the landlord has made more than \$2000. The demand for budget accommodation is very appealing from both the consumer's and the supplier's outlook.

Although there is incentive for both tourists and businesses alike to pursue budget accommodation, these same factors create hostility toward hostels from both the city and residents for three main reasons. New York City residents can easily figure out that for every apartment, building, or house that is illegally converted into a transient guest-lodging facility, it means one less affordable home listed on the market. Even though new developments are constantly on the rise, affordable housing is dwindling and these illegal establishments are viewed as a threat to the livelihood of locals (Kamping-Carder, 2012). As a resident and student, I have personally experienced the difficulties in finding a reasonably priced place to live, while sites like www.airbnb.com contain over three thousand listings that offer nightly rates. These boarding rooms overcharge the unknowing tourist because they appear more reasonable than a room at a hotel but at the same time reduce availability of affordable housing for local residents (Fickenscher, 2007). A second issue is noted in frequent news coverage dealing with the welfare of permanent residents. They feel unsafe with the influx of strangers entering into their buildings to stay in an illegitimate renovation. Every day a new face is in their hallway. Also, the noise permeates the walls because young tourists are usually more careless and tend to party harder than a long-term renter. And finally, a lot of these "hostels," because they are not properly certified, are most likely not paying the appropriate amount of property tax or employment tax to the city.

So how do you differentiate between a legal hotel, an illegal hotel, and a legal apartment rental? One major defining entity is fire safety codes. Depending upon the size, occupancy, and type of building or home, certain fixtures, markings, and training are required for them to be considered up to code. An example would be that hotels are required to have a fire marshal present at all times (<http://nyail.com/fsd/>). This person has to have undergone special training and certification to qualify for this position. Apartment rentals and privately owned homes do not require a marshal. Also a privately owned home generally does not contain a sprinkler system. Any building in New York City that has converted from

its original use must adapt and update to its newly defined guidelines. An illegally converted building generally does not abide by these rules. These businesses allegedly open purely for personal interest and gain, not considering the welfare of their guests or employees. This also means that they are most likely not properly insured. In the event of a fire, the city deems this as a high-risk factor (Moynihan, 2010). The New York State Department of Health lists the very strict guidelines that have been developed based on past experiences and legal delegations that hotels must abide by (http://www.health.ny.gov/regulations/nycrr/title_10/part_7/subpart_7-1.htm). Public safety is at the forefront of most of these rules. In addition, proper exits and signage must be present more so in hotels compared with residential buildings. In hotels, a floor plan is usually displayed in a guest's room; there are illuminated fire exit signs, a secondary means of egress, and pathways that comply with the Americans with Disability Act (ADA).

As previously stated, there are currently no regulations for hostels. The hostels that attempt to "legally" function in New York, generally apply to the Department of Buildings (DOB) as a newly developed hotel (Stallman, 2007). Beyond being in the correct zoning category, to be considered, a state licensing prerequisite states that the owners must present a floor plan to an engineer at the DOB that includes thirty or more rooms within the building. Each lodging room must have its own bathroom. It is unclear how precise these plans must be and how thoroughly the layout is inspected. When consulting with Lisa Amoia, an engineer at the DOB, she clarified that it was a strict policy that left no window for flexibility. Afterwards, I inquired about boutique hotels, known for their small occupancy levels. She reiterated that state guidelines apply, and alleged that any business granted a title of hotel must be in compliance with all regulations (personal communication, 5 Dec. 2012).

Once an engineer has preapproved the building's design, determined it is in the correct zone, and had a fire marshal inspect it for fire code regulation and safety, the building owner may apply for a certificate of occupancy. If an H-9 occupancy certificate is granted, the building is categorized as a hotel. Each type of certificate determines the legal use of a building, whether it is a mixed dwelling, a family home, boarding house, industrial, etc. The various building codes can easily be found on the Department of Buildings website (http://www.nyc.gov/html/dob/html/development/co_factsheet.shtml). Hostels generally exceed occupancy codes that have previously been established for most types of buildings and room sizes. It is common to come across rooms that contain bunk beds and occupancy levels of up to four times those allowed in residential regulations. This goes against the long-standing "three unrelated persons" rule defined in the Housing and Maintenance Code § 27 - 2075:

A family is: (a) A single person occupying a dwelling unit and maintaining a common household with not more than two boarders, roomers or lodgers; or (b) Two or more persons related by blood, adoption, legal guardianship, marriage or domestic partnership; occupying a dwelling unit and maintaining a common

household with not more than two boarders, roomers or lodgers; or **(c) Not more than three unrelated persons occupying a dwelling unit and maintaining a common household; or (d) Not more than three unrelated persons occupying a dwelling unit in a congregate housing or shared living arrangement and maintaining a common household.**

The rule was established in the early 20th century as a means to prevent unmarried couples from living together, then functioned as a means of preventing unsanitary conditions resulting from overcrowded housing, and now has transformed into another purpose, to keep college students in check. It is alleged that having more young individuals together in a living space leads to additional problems with noise, parties, drugs, alcohol, and loitering. Many apartments within the city have four bedrooms. For a family, this is fine, but the city considers four strangers living together a risk factor. It is argued that there is extensive overcrowding in immigrant or welfare families, so to insist on an outdated policy such as the three unrelated persons act, seems nonsensical. Nevertheless, they have applied this rule to hotels and thus to hostels as well (Buckley, 2010). In a hotel, if you wish to add a fourth person to a room, often a fee must be paid. Hostels do not have such a fee because they consistently surpass the legal limit. Non-profits, shelters, orphanages, and college dormitories, are the only forms of occupancy in New York City that are allowed to circumvent these rules and even then the city is tough on these establishments.

So how can we regulate hostels? Unfortunately or fortunately depending on your point of view, the city is under-staffed and under-budgeted. They do not pursue or search out illegal establishments unless valid complaints have been made against the individual property. Only then, when a proper grievance has been filed, will a city official investigate (Rutkoff, 2010). Even then, the fines are not big enough to discourage these establishments from continued operation. Some have been temporarily shut down or eventually permanently shut down, but it has been noted that these businesses tend to relocate elsewhere. This is only a short-term preventative for the ongoing problem that is plaguing the city. The tourists that are expelled onto the streets during a raid are the most affected in these scenarios. The city is showing a lack of social responsibility for the welfare of visitors when implementing these actions. As noted earlier, guests have been left stranded in the street without a place to sleep. There is no one to pick up the pieces. The illegal accommodations that disregard the well-being of their guests and the city's regulations have negatively affected businesses that attempt to conduct themselves legally because they are seen in the same category.

With so many factors involved, it is difficult to determine the best means of regulating hostels. The three-unrelated-persons rule should be reevaluated because it's commonplace for hostels to have multiple beds in a room. This is how hostels are able to offer such reasonable rates. Fire codes should be reevaluated to accommodate these additional guests, implementing new regulations, since they already are applied to non-profit lodging. The city has increased fines for noncompliance, but does not follow up with most properties after the initial

complaint has been resolved (Pincus, 2012). Mayor Bloomberg created a special team that investigates illegal lodging, but they should be more actively pursuing illegitimate transient housing, as well as having more routine inspections. Businesses that follow all the guidelines should not be penalized like illegal establishments (Richardson, 2012). Hostels that try to abide by most of the city's laws are allegedly targeted more frequently because they let themselves be known by the community, but as they come under fire, more illegal hostels pop up in their place. The demand for hostels exists and should be acknowledged by city government because it attracts a large percentage of tourists each year. If the city's enforcement prohibits further illegal developments, then opportunities will arise that give legal businesses the ability to develop (Cochran, 2010). Further reform of current building codes, a reevaluation of current legislation, and more distinct definitions will be the only way to guarantee a cooperative progression for the continued existence of hostels and ensure the best interests of both residents and visitors in New York.

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Cite as: Karrin, R. (2013). A hostel take on city regulations. *City Tech Writer*, 8, 83-90. Online at <https://openlab.citytech.cuny.edu/city-tech-writer-sampler/>