

THE CITY OF NEW YORK
RENT GUIDELINES BOARD

RECEIVED
CITY CLERK'S OFFICE

1971 APR 22 PM 12:25

Hotel Order No. 1 - Rent Levels for Hotel Units - January 1, 1971
through December 31, 1971

Pursuant to the authority vested in it by the Rent Stabilization Law of 1969, as amended by local law fifty-one for the year nineteen hundred sixty-nine, the Rent Guidelines Board hereby establishes and adopts the following guidelines for rent levels of hotel units covered by the law:

Applicability

This order shall apply to any hotel unit subject to the Rent Stabilization Law and occupied by a permanent hotel tenant. It shall be effective as of January 1, 1971, with respect to such tenants who do not have a lease. Where a lease is in effect, unless the parties have contracted to be bound by this order as of January 1, 1971 or a subsequent date, this order shall govern the rent increase upon expiration of such lease on or after December 31, 1970. Where a hotel unit having been voluntarily vacated by a tenant was vacant on such date or becomes vacant thereafter, it may be offered for rental at any price notwithstanding the provisions of this order.

Guideline for rent increases

The level of fair rent increase over the lawful rent actually charged and paid on December 31, 1970 shall be six (6%) per cent, which shall escalate as of June 1, 1971 to eight (8%) per cent over such rent on the base date of December 31, 1970.

Decontrolled units

Rent Guidelines Board Order No. 2a shall govern, insofar as applicable, rent increases in hotel dwelling units covered by the law.

Explanatory Statement on Hotel Order No. 1

Acting pursuant to the Rent Stabilization Law as amended, the City Council by resolution adopted on September 29, 1970 set the guideline for increases in hotel rents for the period ending December 31, 1970, stating in part as follows:

"... Whereas, the Rent Guidelines Board's study discloses that operating costs of hotel accommodations covered by the said provisions

of the Administrative Code have risen 15 per cent in the two-year span from May 31, 1968 to May 31, 1970, and that such costs will continue to rise at approximately the same rate until January 1, 1971, the date when the Rent Guideline Board shall commence establishing guideline increases on an annual basis, and

"WHEREAS, the Rent Guidelines Board's study asserts that a constant relationship between total rent and operating expenses in such accommodation as a single class may be maintained by permitting an annual rent increase in the range from 8 to 10 per cent beginning with the base date of May 31, 1968, now therefore be it

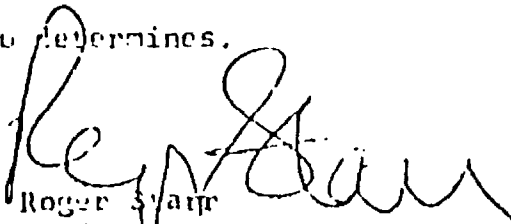
"Resolved, that effective October 1, 1970, and until a new guideline is established by the Rent Guideline Board on January 1, 1971, pursuant to subdivision f of section YY51-5.0 of the Administrative Code, there shall not be collected from any permanent hotel tenant any rent increase in excess of fifteen per cent over the rent payable for his dwelling unit on May thirty-first, nineteen hundred sixty-eight unless less than 50 per centum of the dwelling units in such hotel are subject to the provisions of the Rent Stabilization Law, in which event the maximum collectible increase from any such permanent tenant shall be 12 per centum..."

It is the responsibility of the Rent Guidelines Board to establish the guidelines for increases in hotel rents as of January 1, 1971 and once annually each succeeding year.

The Board's guideline for rent increases in hotel units for the period January 1, 1971 through December 31, 1971 is based on material gathered from a number of sources, including data prepared by Certified Public Accountants for the Metropolitan Hotel Industry Stabilization Association, Inc. Such data was checked by staff accountants of the City's Housing and Development Administration both as to its accuracy and as to its representative quality.

The data prepared for the association show an increase in various cost and expense factors from May 31, 1968, the original base date under the law, to December 31, 1971, amounting to 38.38 per cent. The increase (both actual and projected) for the twelve months of

1971 alone is estimated at 3.04 per cent. As previously noted, the Council allowed a maximum increase of 15 per cent for the period from the original base date to the end of 1970. On the basis of the data examined by us and the contractual wage increases which will be effective after May 31, 1971, this Board concludes that an increase of 6 per cent, to be escalated to 8 per cent as of June 1, would be fair for the current year, and so determines.


Roger Starr
Chairman
Rent Guidelines Board