

**Mayor's Office of Criminal Justice, Office of Special Enforcement  
New York City Council  
Committee on Housing and Buildings  
June 26, 2018**

Good morning, Chair Cornegy and members of the Committee on Housing and Buildings. My name is Christian Klossner and I am the Executive Director of the Office of Special Enforcement (OSE), which is overseen by the Mayor's Office of Criminal Justice. Thank you for the opportunity to testify today.

My office's mandate, originating from a Mayoral Executive Order in 2006, is to coordinate efforts across City agencies to problem-solve around emerging issues adversely affecting neighborhood cohesion, livability, and safety. At present, most of the complaints that OSE receives – predominantly through 311 – concern rentals for less than 30 days occurring in the city's permanent residential housing stock. Under existing State and City law, if a permanent resident is not present in the same residential unit— in either a multiple dwelling or a one-and-two-family-home—such short-term rentals are prohibited.

By working to stop the proliferation of these illegal short-term rentals, OSE's enforcement efforts advance key goals of this administration: to help preserve affordability and community livability; prevent harassment and displacement of permanent residents; and increase access to permanent housing. Our enforcement efforts protect residents and visitors to New York City from dangerous violations of the City's building and fire safety standards, while striving to ensure that New Yorkers are not disturbed by illegal commercial activity in their residential neighborhoods and buildings.

Our current enforcement process is as follows. A multi-agency team of inspectors responds to complaints or to data-analytic derived proactive assignments by conducting administrative inspections and issuing violations to building owners when they don't comply with the lawful occupancy of the building. The inspectors also issue violations where the relevant building and fire code provisions that relate to transient use, such as those specifying the necessary egresses, sprinkler systems and fire safety and alarm systems required for short-term accommodation, are not followed. In addition, wherever possible, OSE now issues violations to the operators who create illegal advertisements for transient use in multiple dwellings meant for permanent residents.

The data we collect in the field and gather from all available sources is used to detect patterns, identify egregious offenders, and set enforcement priorities.

In 2017, OSE received a total of 1800 complaints through 311 reporting an illegal and problematic short term rental. During this period, OSE conducted 3800 inspections and issued approximately 3,050 violations, amounting to nearly \$7.2 million in fines imposed on those violations that have been adjudicated. OSE has a track record of effectively fielding complaints, conducting investigations, and taking appropriate enforcement actions.

At the same time, OSE continues to expand upon previous successes and has worked to develop a strategic approach to more proactive enforcement. Whenever complaint volume allows, we try to devote twenty percent of our field inspections to targets identified through data analytics where an operator has most likely removed one or more units of housing from the market or created dangerous or overcrowded conditions, which often coincide with illegal construction. We are also attentive to which neighborhoods face the greatest crisis of affordability.

The problem of illegal short-term rentals in New York City adds to the variety of long-standing affordability issues that this administration is committed to addressing. The illegal short-term rental problem is not homogenous, but rather looks different across neighborhoods. In one neighborhood, this can mean an entire rent-stabilized building is converted to an illegal hotel. In another, a two-family home might be converted to an illegal hostel with 21 rooms and 62 beds. Effective enforcement requires tactics calibrated for these citywide differences.

It also requires OSE to gather additional data to arm the City with a better understanding of the universe of violators so that the City can respond appropriately.

Regarding Intro. No. 981, OSE and the Administration support the Council's overarching goal of adding additional tools that allow us to discern citywide patterns and trends and to identify locations and individuals that are the most commercialized, or buildings that are saturated with individual operators or egregious safety hazards. Such tools will allow OSE to conduct even more effective enforcement and should deter the spread of these illegal practices. OSE will enforce whatever the law is, while acknowledging that the universe of violators is not the same and that the focus of the office's robust enforcement efforts is on those individuals or entities that 1) undermine housing affordability by illegally removing one or more units of housing from the market, 2) disrupt their communities and generate complaints about their activity, and 3) expose guests and permanent residents alike to dangerous conditions. We are committed to working with the Council to ensure this Intro best meets its intentions and to ensure that the City receive the additional data needed to allow us to best follow these strategic priorities.

Regarding Intro. No. 554, OSE supports the overarching goal of reexamining the current civil penalty structure so that it effectively deters egregious violators of laws prohibiting illegal hotels. OSE is also in favor of maintaining a civil penalty structure that acknowledges that the universe of violators is not the same, and therefore the range of civil penalties for less egregious violators should reflect that reality.

Finally, the Preconsidered bill proposes to carve-out one-and two-family homes from the limitations on transient use in residential units in multiple dwellings. While the section of the law this bill proposes to amend is not the section of law that applies to one- and two-family homes, our overarching policy concern with the goal of the proposed legislation is it will result in an increase in transient occupancies citywide.

While the State's Multiple Dwelling Law does not apply to one and two family homes, the City's Housing Maintenance Code and Building Code apply virtually identical rules to one and two family homes, which are a vital and plentiful component of the City's residential housing stock. Because there remains confusion as to what the rule is, I want to state it in general terms: to rent for fewer than 30 days, no matter what kind of permanent residential building, you can have no more than two paying guests and you must maintain a common household with the guests, meaning you need to be staying in the individual dwelling unit that the guests are occupying and the guests must have full access to every means of egress and all of the basic facilities of the unit.

I look forward to continuing to refine these strategies through evaluation and input from the Council and other key partners. We are committed to working with the Council on addressing all forms of transient lodging as this issue remains important and complex. I am confident that the Office of Special Enforcement is playing an important role in addressing illegal transient rentals and the office will continue to work diligently to pursue its mandate.

Thank you for the opportunity to testify. I am available to answer any questions the Committee may have.