

## Ownership

# Staff, guests focus of new NYC mandate for hotel buyers

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In addition to requiring hotel buyers to retain existing staff for 90 days after purchase, a new law in New York City also mandates hotels provide service disruption notices to guests.



By [Linda Moss](#)

NEW YORK CITY—A new law in New York City requiring hotel buyers to keep existing staff at the properties on the payroll for at least 90 days is being criticized by owners as excessive as the city’s hospitality industry struggles during the pandemic.

The measure also establishes consumer protections and requires hotels to give guests 24-hour notice of service disruptions. Without proper notice, hotels can’t charge a fee or penalty if a patron cancels a stay for reasons such as construction work that causes excessive noise, having to cross a union picket line or Wi-Fi service not being available.

The legislation in the largest U.S. commercial real estate market aims to protect displaced hotel service workers when a hospitality property is sold or its ownership is transferred, and is similar to actions that have been passed in San Diego and Pasadena, California. On the East Coast, it’s another example of what some in New York point to as a governmental climate that’s unwelcoming, and detrimental, to businesses when the city is trying to come back from the pandemic.

Mayor Bill de Blasio signed off on the hotel legislation less than a week after the developers of Industry City pulled their rezoning application after meeting opposition from local and federal government officials. That scrapped project on the Brooklyn waterfront would have expanded the existing development, creating thousands of jobs, tax revenue and an expected \$1 billion in private investment.

Under the law, hotel buyers will be required to employ existing staff and maintain wages for at least 90 days after the purchase. At the end of the 90-day

service-retention period, the new employer would perform an evaluation of the worker.

The measure comes as the hospitality industry in the five boroughs has been hit hard by the coronavirus, and the temporary closings it prompted, as well as the loss of tourism the outbreak sparked. COVID-19 has already been blamed for the permanent closing of one Manhattan hotel, the Hilton Times Square, and more are expected, according to the Hotel Association of New York City. The Royalton Hotel and Embassy Suites Midtown in Manhattan both recently sold at a discount.

Hoteliers are looking at additional city restrictions on their properties, or barriers to future sales, with a wary eye.

“We don’t think excessive regulation is conducive to our business,” Vijay Dandapani, president and CEO of the Hotel Association of New York City hotel association, told CoStar News in an email Tuesday.

### **Protecting the working class**

City Councilman Mark Levine, the prime sponsor of the legislation, in a statement advocated for the law.

“The terrible blow the hospitality industry has endured in recent months has directly impacted tens of thousands of New Yorkers who rely on this industry for their livelihoods and who have worked in this industry for in some cases decades but have now been out of work since March,” he said.

“When tourists eventually return to our city, drawn to all the things that make us a world-class destination, it is only fair that hotel workers have a path back to their jobs. We also need to ensure that guests will have confidence that their hotel stay will be free of disruptions, so our bill will provide them with important safeguards. This legislation will ensure that a just rebound happens in a way that is fair for workers, and fair for guests because doing so will ultimately only strengthen the hotel industry and our city.”

Council Speaker Corey Johnson also spoke out in favor of the legislation, as a way to protect working-class New Yorkers.

“These laws are about fairness, and will be critical to support thousands of New Yorkers as we battle this pandemic,” Johnson said in a statement.

In a memo on the legislation, attorneys Glenn Grindlinger and Carolyn Richmond of the firm Fox Rothschild wrote that the law “would significantly affect” New York City hotels.

“Hotels that intend on selling their properties or changing operators who control a discrete portion of their property need to be extra vigilant in complying with these new requirements,” the two attorneys said. “Prior to any sale, transfer or any other change of the employing entity, the successor employer should know its obligations under the legislation before taking over, or risk incurring substantial liability under the legislation’s remedies.”

At the end of the 90-day employee-retention period, “the successor-employer must perform a written performance evaluation for each hotel service employee, which must be maintained by the successor-employer for at least three years,” Grindlinger and Richmond wrote.

“If the employee’s performance is satisfactory, the successor-employer must continue the employee’s job under any lawful terms and conditions of employment set by the successor-employer,” they wrote.

### **New obligations**

Grindlinger and Richmond also said the legislation, which will take effect 120 days after de Blasio’s signing, prohibits hotels from assessing cancellation fees as a result of service disruptions such as:

- Construction work at the hotel that creates excessive noise that is likely to disturb a guest, unless the construction is to correct an emergency condition.
- Infestation of bed bugs, lice, other insects, rodents or other vermin capable of spreading or carrying disease, if such infestation is not fully treated within 24 hours of the hotel becoming aware of the issue.

- The unavailability for a period of greater than 48 hours of any advertised hotel amenity, such as a pool, spa, shuttle service, internet access or food and beverage service.

- The unavailability for a period of greater than 48 hours of any advertised room appliances or technology such as in-room refrigerators, internet or Wi-Fi services.

- The unavailability of any advertised or legally required feature, such as an elevator, wheelchair lift, ramp or accessible bathroom in such room or in the hotel’s common areas.

- The unavailability for a period of greater than 24 hours of any utility, such as gas, water or electricity when the unavailability effects the location of the hotel.

- Any strike, lockout or picketing activity, or other demonstration or event for a calendar day or more at or immediately adjacent to the hotel.

*Linda Moss is with CoStar News, which originally published this article. CoStar Group is the parent company of STR, and HNN is a division of STR. This story has been edited to HNN style.*