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# The Safe Hotels Act Update

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**Key Take:** *The revised NYC Safe Hotels Act takes effect in May 2025. While it has limited some concerns, speed bumps are likely in the administration and enforcement of this legislation.*

In our [September Issue](#) of Leisure Law Insider, we summarized Int. 991-2924, known as The Safe Hotels Act (New York City Council’s proposed hotel licensing and regulatory statute), and provided some observations about its implications. Since the September article, revisions have been made and a final version, dated October 23, 2024, was signed into law by Mayor Eric Adams on November 4, 2024, as Section 1, Chapter 2 of title 20, Subchapter 38 of the Administrative Code of the City of New York (the Act). The Act is expected to take effect on May 3, 2025.

Below is a summary of the legislation and some insights with respect to licensing, employment, operating requirements, and violations.

## Hotel License Requirement

As of May 3, 2025, all hotel operators in NYC will be required to obtain a license to operate, which is valid for two years (the license fee is \$350). Under the Act, “hotel operators” is defined to mean the owner, lessee, or manager of a hotel who manages the hotel and/or controls its day-to-day operations, including employment of the hotel’s employees. This is an important change from the proposed legislation (as outlined in our September 2024 summary), which is addressed below in the Direct Employment portion of this article.

To obtain or renew a license, a hotel operator must file an application with the Department of Consumer and Worker Protections (the Department), which provides information to establish that the hotel has complied with the staffing, safety, housekeeping and direct employment provisions enumerated in the Act. A collective bargaining agreement “that expressly incorporates the requirements”<sup>[1]</sup> satisfies these provisions for a duration of the collective bargaining agreement or 10 years from the date of the application, whichever is longer. Although the Act does not explicitly state that the duration of the license may then be extended, the Committee Report dated October 23, 2024, specifies that a collective bargaining agreement incorporating the requirements of the Act would allow the license to be extended until the end of the agreement or 10 years, whichever is longer.

The Act also provides that the issuance of a license may be contingent upon “*such other information as the commissioner may require.*”<sup>[2]</sup> The previous iteration contained a separate rulemaking provision allowing the Commissioner to “*promulgate such rules as the commissioner deems necessary*” [emphasis added]. While the Act removes the Commissioner’s discretion to implement additional rules, alleviating some concerns regarding implementation and enforcement, there remains uncertainty as to what types of additional information may be sought on a case-by-case basis and whether such information may be uniformly

requested in similar circumstances. Market players, in particular those with less tolerance for risk (such as lenders), do not look favorably on uncertainties regarding critical aspects of transactions and/or operations (such as whether a hotel that was bought and/or financed will obtain or retain its license). Thus, time will reveal whether the Commissioner's discretion will be a disruptive element in the licensing component of the Act.

With respect to applications to renew a license, if an applicant has submitted all relevant forms and fees but the Commissioner fails to make a determination concerning renewal prior to the expiration date of the applicant's license, that "*shall not be cause to cease operation of a hotel.*"[3] This provides hotel operators with the ability to continue to lawfully operate a hotel where a license has previously been granted, at least until such time as the Commissioner issues a final determination.

The Act further provides that in the event of a failure to comply with any of the provisions of this Act, the Commissioner may revoke a hotel's license. The Commissioner must first notify the licensee in writing of a possible revocation and allow the licensee a period of 30 days to cure such non-compliance. If the licensee proves to the satisfaction of the Commissioner that the default has been corrected within 30 days of notification, the license shall not be revoked. While the Act does give the hotel operator advance notice of what the Act requires and, therefore, it may seem that 30 days to cure a violation could be fair and reasonable, there could be practical difficulties in correcting an operator's failure to comply, such as, for example, changes to a collective bargaining agreement or discord with the union, parties obtaining injunctions in court, or other labor difficulties. This can be another area of uncertainty as sophisticated parties and experienced legal practitioners have come across any number of scenarios during their careers where what may seem facially susceptible to cure

within 30 days can take much longer as a practical matter.

## **Direct Employment**

The Act also requires that, except for small hotels (hotels with fewer than 100 guest rooms), the hotel owner, directly or through a single operator, retained to manage the entire hotel must employ all “core employees” of the hotel: core employees are employees whose job classification/duties are at the on-site front desk (check-ins, check-outs, and reservations), housekeeping, room attendants, bell staff, and door staff. In our prior article we pointed out the obvious challenge of requiring direct employment of these staff positions by the hotel; this change is an obvious result from the substantial pushback from the hospitality professionals who explained the practicality of the direct employment requirement (and the draconian effects it could have had) as many hotels, in particular the larger and more notable hotels, retain hotel managers who employ such persons rather than the hotel’s owner.

## **Daily Operating Obligations**

The Act also requires that the hotel operator must provide continuous front desk coverage, as well as a security guard on premises at all times who has undergone human trafficking training. This security guard may take the place of front desk staff for overnight shifts.

In addition, hotels must provide daily housekeeping, unless affirmatively declined by a guest, and fresh towels and sheets upon request. Cleaning fees may not be imposed, nor may discounts or incentives be offered to guests who forego cleaning services.

Further, hotels may not accept reservations for stays of less than four hours, unless it is an airport hotel (*i.e.*, within one mile from either LaGuardia Airport or JFK International Airport).

Hotels must also provide human trafficking recognition training for all core employees (newly hired core employees have 60 days from employment to complete this training). Additionally, panic buttons must be provided to all core employees whose duties involve entering occupied guest rooms.

## **Whistleblower Provision**

The law also includes certain whistleblower protections. For example, under the Act, a hotel operator may not retaliate against any employee for disclosing or threatening to disclose the practices, policies, or activities of a hotel operator if the employee reasonably and in good faith believes the hotel is in violation of the Act or that such practices pose a substantial and specific danger to the public. Additionally, a hotel operator may not retaliate against an employee who objects to or refuses to participate in an activity, policy, or practice if the employee believes that it is unusually dangerous and it is not normally part of the employee's job.

## **Violations of the Act**

As to violations, the Act provides that hotel operators that violate the Act are subject to civil penalties of \$500 for the first violation and up to \$5,000 for four or more violations of the same kind within two years of the original violation.

We expect there will be further updates or revisions of the Act, as well as guidance on the Commissioner's discretion as the Act continues to evolve and becomes implemented. We will keep you updated in future articles.

[1] NYC Council Safe Hotels Act - Section 20-565.2

[2] NYC Council Safe Hotels Act - Section 20-565.2(3)

[3] NYC Council Safe Hotels Act - Section 20-565.29(3)(d)