

## What's the Deal By [Daniel Lesser](#)

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## Hotels for the homeless in NYC

*(The views and opinions expressed in this blog are strictly those of the author.)*

Homelessness is a social crisis that afflicts large swaths of the United States. Within New York City over the past 20 years, the number of homeless people has steadily increased and today is greater than at any time since the Great Depression. Walking the streets of Manhattan provides evidence of a widespread and serious problem of destitute people on the streets, in the subway and in parks. A significant amount of NYC taxpayer dollars are going toward funding homeless shelters in hotels.

Late last year, the city's comptroller issued a [press release](#) indicating that over 12 months (from Nov. 1, 2015, to Oct 31, 2016) the city's Department of Homeless Services (DHS) spending on commercial hotel rooms to shelter vagrants increased from US\$52,000 to US\$400,000 per day. Roughly 425,000 hotel room bookings were made by DHS at a cost of more than US\$72.9 million. ADRs from this business ranged from US\$161 to US\$194. The highest room rate was US\$629 per night at a Times Square hotel where DHS booked a block of 30 rooms for one night. A total of 815 rooms were booked for US\$400 per night or higher in two midtown hotels.

Examples of transient lodging facilities cited in the public domain for accommodating homeless persons include: Wyndham New Yorker Hotel, The MAve, Holiday Inn Express Wall Street, Quality Inn Woodside, Queens and Holiday Inn New York JFK Airport Area Rosedale Jamaica, Queens. Furthermore, in a one-block area near JFK International Airport, there are four hotels housing hundreds of homeless individuals — Days Inn, Holiday Inn, Best Western and Metro Inn.

All of this leads me to ponder the following:

- How do operators classify this segment of room night demand?
- Are transient and group travelers notified in advance of their stays that a homeless population resides in a hotel?
- How do operators insure a positive experience for transient/group guests staying at hotels that also accommodate vagrants?
- How do chain affiliated hotels that accommodate homeless patronage adhere to brand standards?
- Do owners/operators pay franchise and/or management fees on revenue derived from public municipalities to house the homeless?
- Considering this unique developing demand segment, are NYC occupancy, room rate and RevPAR operating metrics skewed?
- What is the impact, if any, on the financeability of a transient hotel that also houses homeless persons?
- Why does NYC DHS not arrange for a less costly shelter option for the homeless?
- Why on many occasions is NYC DHS paying room charges that far exceed rates paid by transient travelers?

What answers and/or thoughts do you have to these questions that surround a daunting problem in the United States, and specifically New York City?

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