

NYC Enacts Severance Pay Requirements for Displaced Hotel Workers

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Effective as of October 5, 2021, [Int. 2397-2021](#) requires operators of “transient hotels” (as defined by [Section 12-10 of the New York City zoning resolutions](#)) to pay their employees severance pay if: (1) the hotel closed to the public and has not, by October 11, 2021, recalled at least 25% of the number of employees it employed as of March 1, 2020 and has not reopened to the public by November 1, 2021; or (2) the hotel underwent a mass layoff after March 1, 2020 that resulted in the loss of work by at least 75% of employees during any 30-day period. There is an exception for hotels that have closed permanently and are in the process of converting to an alternative use, provided that: (1) the hotel employees were offered severance of at least 20 days’ pay per year of service; and (2) the severance was specifically tied to the conversion.

To be eligible for severance payment, an employee working at a covered transient hotel must have: (a) been employed by the hotel on March 1, 2020 for at least one year; (b) been employed to perform “hotel service” (defined broadly to include any work performed in connection with the operation of a hotel); (c) not been a managerial, supervisory or confidential employee who had the power to exercise control over the management of the hotel; and (d) been laid off after March 1, 2020 due to a closure or mass layoff. Severance payments are owed to all such employees beginning on October 11, 2021, for up to 30 weeks in the amount of \$500 per week, or up to a total of \$15,000. The obligation to provide severance ends when an employee is recalled, or, for a closed hotel, when the hotel reopens to the public and recalls 25% of its employees. Notably, any severance pay provided to a hotel employee prior to October 11, 2021 does not qualify as a set-off towards the obligations to pay severance to hotel employees after October 11, 2021; however, any severance payments made after October 11 will function as a set-off toward the severance pay obligations under this law. The law will expire and be deemed repealed on June 1, 2022.

This law brings significant changes for NYC employers in the hotel industry. Employers are advised to review their current practices to ensure they are in compliance with these new requirements, and consult with their Proskauer attorneys regarding next steps.

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