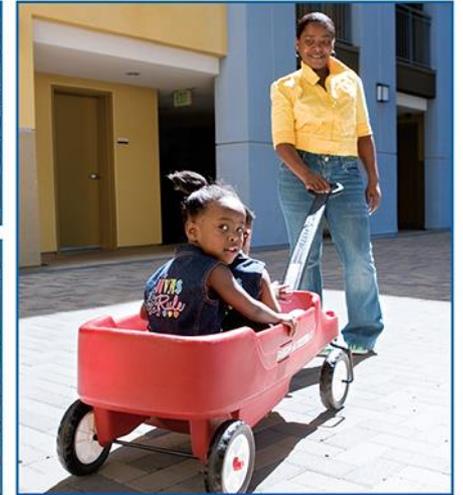


# Renewing and Reforming New York State's Rent Laws in 2019



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# The 2019 Renewal

- New York City's rent regulation laws, which cover roughly 1 million apartments, come up for renewal in the State Legislature every four years
- The next renewal date is June 15, 2019
- The current rent law structure combined with inadequate enforcement have helped drive the loss of over 150,000 rent regulated units since the early 1990s
- The renewal provides an opportunity to make reforms to New York's rent laws

# Current Rent Regulation Mechanisms

- High-Rent Vacancy Decontrol
- Preferential Rent
- Major Capital Improvements (MCI)
- Individual Apartment Improvements (IAI)
- Vacancy Allowance

# High-Rent Vacancy Decontrol

## CURRENT REGULATION

- When an apartment is vacated after the rent has lawfully reached the Deregulation Rent Threshold (DRT), currently \$2,774.76, the apartment qualifies to be permanently deregulated.

## PROPOSED REFORM

- Eliminate vacancy decontrol (S2591/A1198)
- Governor Cuomo has stated his support for this

# Preferential Rent

## CURRENT REGULATION

- An owner may offer a tenant a preferential rent that is below the legal, registered rent. At lease renewal, an owner can raise the preferential rent to any amount up to the legal regulated rent.

## PROPOSED REFORM

- Preferential rents cannot be raised beyond RGB increases upon lease renewal. A preferential rent can only be raised to the legal rent upon vacancy. (S2845A/A4349)
- The Governor has expressed support for this

# Major Capital Improvements (MCIs)

## CURRENT REGULATION

- When an owner makes a building-wide improvement, such as the installation of a new boiler, the owner can charge each rent stabilized tenant a permanent rent increase on a per room basis.
- The rent increase is based on an 8-year (35 or fewer apartments) or 9-year amortization period (more than 35 apartments).
- There is a 6% cap on the amount of the increase that may be collected each year.

# Major Capital Improvements (MCIs)

## PROPOSED REFORMS

- Extend the amortization period of the approved cost
- Reduce the maximum annual rent increase
- Eliminate permanent rent hikes caused by major capital improvements, grant landlords tax subsidies instead, and roll back any MCI increases taken in the last seven years (S3693/A4401)
- Make MCI increases temporary surcharges to rent

# Individual Apartment Improvements (IAIs)

## CURRENT REGULATION

- If an owner makes improvements to an apartment while the apartment is vacant, the owner can collect a permanent rent increase of  $1/40^{\text{th}}$  (35 apartments or fewer) or  $1/60^{\text{th}}$  (more than 35 apartments) of the cost of the improvement. The IAI is added to the rent after the vacancy increases are applied
- IAIs can also be done in an occupied apartment, but the owner must first obtain the written consent of the tenant to the increase.

# Individual Apartment Improvements (IAIs)

## PROPOSED REFORMS

- Extend the amortization period of the cost
- Eliminate rent hikes caused by IAIs (S3693/A4401)
- Make rent increases temporary

# Vacancy Allowance

## CURRENT REGULATION

- When an apartment is vacated, the landlord may raise the rent by the applicable vacancy increase, roughly 20%.

## PROPOSED REFORMS

- Eliminate the vacancy allowance (S185/A2351)
- Reduce the vacancy allowance
- Tie the vacancy allowance to the length of the prior tenancy

# Expanding Rent Regulation

## PROPOSED REFORMS

- Pass new “good cause” eviction legislation to bring renters rights to tenants in smaller buildings and in manufactured home communities (S2892/A5030)