



Message from the CEO of Bronx-Manhattan North Association of Realtors: New rent laws - by Eliezer Rodriguez

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The New Rent Laws—Revision or Revenge?

In July 2019, I wrote an article for the New York State Real Estate Journal entitled: “New Rent Laws — What Happens Now?” The article summarized a few of the changes that would affect property owners as a result of governor Cuomo’s signing into law the Housing Stability and Tenant Protection Act of 2019, (TPA) on June 14, 2019. At the end of the article, I mentioned an important seminar on the aftermath of the TPA scheduled for August 7th.

The seminar was a joint event hosted by The Bronx Manhattan North Association of Realtors (BMNAR) and the Hudson Gateway Association of Realtors (HGAR). As expected, the seminar sold out quickly and the discussion was engaging, educating, and, at times, frustrating.

The morning began with a continental breakfast sponsored by Orange Bank & Trust Co. and Webster Bank. I had the pleasure of welcoming our guests and introducing Richard Haggerty, the CEO of HGAR, who, in return, introduced the moderator for the panel discussion.

The panel discussion was moderated by John Barrett, HGAR’s Commercial & Investment Division president and managing director of investment sales at RM Friedland. The panelists for the discussion on the TPA were: Eliot Cherson, senior and founding partner of Hertz, Cherson & Rosenthal, PC, who gave the legal perspective; Matthew Engel, president, Langsam Property Services Corp. and chairman of Community Housing Improvement Program (CHIP), presented the management company’s perspective; and, Victor Sozio, executive vice president of Ariel Property Advisor, who shared the broker’s perspective.

Unfortunately, two hours were not enough to answer all the questions generated by the many in attendance. Likewise, I cannot cover all the topics discussed in this short article. What was clear though was that TPA has a lot of ambiguities which will require clarification in the legislature or the courts. Here are a few of the critical topics discussed.

The imposition on residential landlords to send out a notice of default by certified mail to tenants who are five or more days late with their rental payment. Also, if a tenant is late with the payment, \$50 or 5% of the monthly rent, whichever is less, is the maximum late fee that can be charged. Moreover, late fees, fines and repair charges cannot be charged as rent or additional rent.

All residential landlords cannot charge an application fee, but may charge a maximum of \$20 to cover the cost of obtaining a credit check. In addition, landlords must provide a copy of the credit report and the receipt to the prospective tenant. Moreover, security deposits are limited to one month's rent.

Prior to TPA, when owners made a major capital improvement (MCI) to buildings subject to rent stabilization or rent control laws, they could apply to the Division of Housing and Community Renewal to raise a tenant's rent by up to 6% in NYC and 15% in other counties. This is no longer the case. Landlords can only raise the rent by up to 2%. Moreover, qualifying for an MCI was made tougher and rent increases expire after 30 years. Rent increases due to individual apartment improvements also expire after 30 years and are capped at \$15,000 over a 15-year period.

Prior to the legislation, when the rent exceeded \$2,774.76, and the tenant's income was over \$200,000 in the prior two years, the unit became deregulated when it became vacant. The high-income and high-rent deregulation provisions were eliminated. The vacancy bonus that allowed landlords to raise the rent by as much as 20% when the unit becomes vacant was eliminated. Also eliminated was the longevity bonus which allowed the landlord to raise the rent based on the amount of time the previous tenant rented the apartment.

Two prominent real estate advocacy groups, the Rent Stabilization Association (RSA) and the Community Housing Improvement Program (CHIP), filed a lawsuit in the United States District Court for the Eastern District of New York on the grounds that the TPA violates building owners' Due Process and Takings clauses of the United States Constitution. Matthew Engel explained the lawsuit and encouraged others to join in their court action.

The overall consensus is that property owners will no longer be able to provide their tenants with the same quality service. The Housing Stability and Tenant Protection Act of 2019 is not a revision of the rent laws, but an unfair revenge against an industry that not only helps to build communities, it also helps to sustain them. The TPA will ultimately harm both landlords and tenants. I will continue to follow its impact and keep you posted.

On behalf of BMNAR and HGAR, thank you to Joseph Kelleher, president of Simone Metro Properties, for waving the fee to use the Media Center at The Hutchinson Metro Center for the timely and important seminar on the Housing Stability and Tenant Protection Act of 2019. Also, a big thank you to the moderator, panelists and to our guests for spending their morning with us.

For more information about BMNAR or future events, don't hesitate to contact me. For now, mark your calendars. Our 36th Annual Holiday Party and Toy Drive is on December 12th, 2019, at the fabulous Marina del Rey. And remember: "There is no place like home."

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