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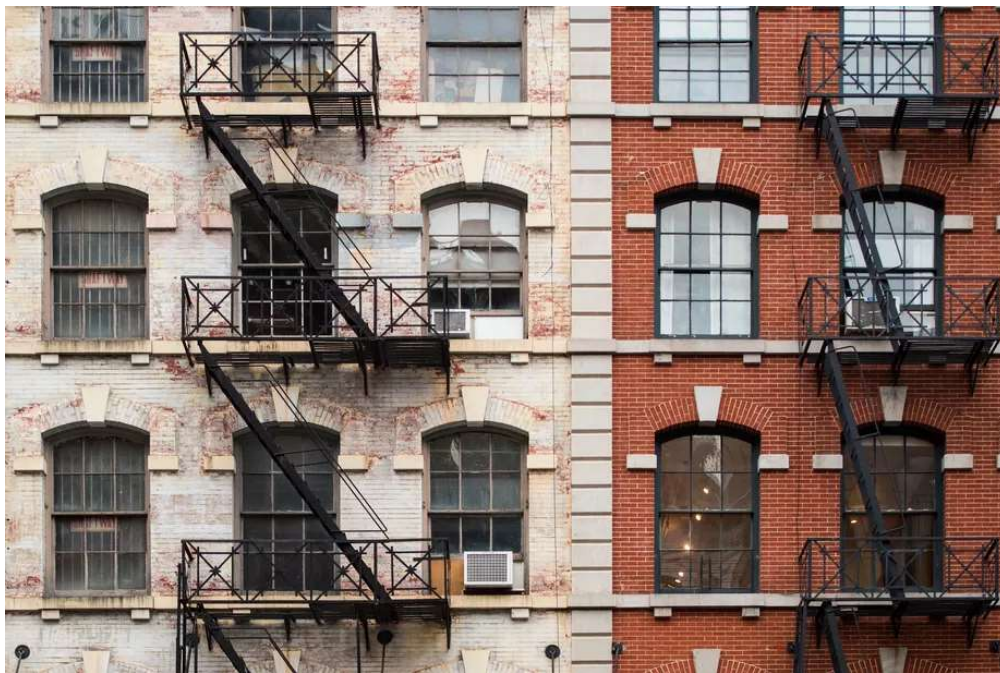
NEWS NYC RENT STABILIZATION

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How NYC landlords may be skirting the new rent laws

Here are some of the tenant-landlord issues to look out for

By **Valeria Ricciulli** | Sep 4, 2019, 3:09pm EDT



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It's been over two months since the new package of laws protecting tenants were made official in New York state. The landmark bill, the Housing Stability And Tenant

Protections Act of 2019, included several protections that activists had long advocated for under the fight for “universal rent control.”

But not everyone is clear on what the new rules mean; even the Division of Housing and Community Renewal, the statewide agency that oversees rent-stabilized housing, recently told the *New York Times* it’s still working on a framework that will clarify the new regulations. Plus, landlords may be counting on tenants not to know their rights, or that new rent laws have even gone into effect.

“While the rent reforms were undoubtedly historic, we must remain vigilant,” says Aaron Carr, executive director at the Housing Rights Initiative.

Outlets have already reported on instances of landlords (and brokers, and property managers) flouting the new rules; here, we’ve gathered some of the tenant-landlord issues to look out for, and what you need to know if you’re confronted with any of these problems.

Charging more than \$20 for a background and credit check fee

Section 238-a of the new laws says that “no landlord, lessor, sub-lessor or grantor” should charge processing or application fees unless it’s for a background check, and that should not exceed \$20 dollars. The fee must be waived if an applicant provides their own background or credit check that was conducted within the past 30 days.

If the landlord *does* collect a fee to conduct a background check, they have to provide a copy of the report to the applicant, along with a receipt or invoice from the company that conducted the background or credit check.

Still, brokers have continued to charge more than \$20 for application fees, arguing that the new laws explicitly apply to landlords but not to them, or to property managers. The *New York Times* reported this week that one renter was recently charged \$500 dollars to apply for an East 96th Street apartment.

In another case, an apartment-seeker and his partner told The City that while applying for a \$2,750/month apartment in Stuyvesant Heights, they were charged a \$300 application fee (on top of \$5,800 up front for first month’s rent and a security deposit). After several complaints, they were given a full refund, but the landlord ultimately went with another tenant for the apartment.

Charging more than a month's rent for a security deposit

Landlords can't charge more than one month's rent for a security deposit and are now required to return that deposit to tenants within 14 days after they vacate the apartment, and if any amount is retained, they should also provide an itemized statement showing why that was necessary. If the landlord fails to provide that itemized statement, "[they] shall forfeit any right to retain any portion of the deposit," the law reads.

The law also says that any person who violates those provisions "shall be liable for actual damages provided a person found to have willfully violated this subdivision shall be liable for punitive damages of up to 51 times the amount of the deposit or advance."

Illegal rent hikes

A tenant in Harlem who was paying preferential rent—a number below the legally mandated regulated rent, and a loophole that's easy to abuse—told Gothamist that just two weeks after the new rent laws passed, she received a one-year lease renewal calling for a whopping \$1,100/month increase.

The maximum that a landlord is allowed to increase rent is based on what the Rent Guidelines Board decided (in that tenant's case, it was around \$35) under the new laws. The new laws also made preferential rents permanent—which means that landlords who offered preferential rents now have to treat the amount as "the new legal base rent for that unit", a StreetEasy report says—and subject to increase limits set by the city.

According to Carr, close to 30 percent of all rent-stabilized units apartments have preferential rents. And while the new laws extend preferential rents to the duration of the tenancy, Carr says, once the tenant vacates a unit, the landlord can raise the rent to whatever the legal maximum rent is for a particular apartment.

In a letter sent to Gov. Andrew Cuomo, Carr noted that HRI has received multiple complaints from preferential rent tenants saying that their landlords were threatening to illegally increase their rents in the weeks following the passing of the new rent laws.

Threatening to let a building fall into disrepair

In a July New York Daily News op-ed, landlord Marc Goldstein, who owns 400 rent-stabilized units in Brooklyn, said that "without some form of moderate rent increases" to recoup building improvement costs, he "will no longer maintain my properties with the same vigor and pride."

Goldstein may have been referring to provisions in the new law that limit how much a landlord can hike rents after making repairs to their units, known as major capital improvements (MCIs) and individual apartment improvements (IAs). But, as Gothamist pointed out in a [July piece](#), landlords still have to abide by the “warranty of habitability” outlined in the city’s and states’ tenants’ rights provisions, which requires them to keep an apartment and building [“safe and livable at all times.”](#)

When contacted by [Gothamist](#), Goldstein later clarified that he would continue to comply with the law but that “the new laws encourage minimal compliance at best.”

But he’s hardly the only landlord who has threatened to let apartments fall into disrepair. In July, Blackstone Group, one of NYC’s [largest property owners](#), said that it would [halt renovations](#) at Stuyvesant Town and Peter Cooper Village (aside from fixing leaks or hot water service), citing the new laws.

Keeping rent-regulated apartments vacant

Just last week, [The Real Deal](#) reported that Blackstone Group was keeping 20 to 50 rent-regulated units at Stuyvesant Town and Peter Cooper Village vacant, as the new rent laws are keeping them from making profits. A source told the Real Deal that the company was “evaluating capital investments and operations.”

What can tenants do?

“Lawmakers—at both the city and state level—must continue to build on recent successes by passing other necessary legislation to improve oversight over fees charged by landlords and brokers,” Ellen Davidson, staff attorney at the Legal Aid Society, told Curbed.

“We look forward to working with our allies in government to ensure the passage of such measures that will punish landlords and brokers who chose to ignore the clear command of the law,” Davidson said.

But in the meantime, here a few things tenants can do if confronted by some of the above situations:

- Always consult with a nonprofit or a [private lawyer](#).
- If a landlord refuses to return a tenant’s security deposit, file a complaint with the [Attorney General’s office](#) or a case in [small claims court](#).

- If a landlord is charging an excess security deposit to a rent-stabilized tenant, the tenant can file a complaint with the state's [Division of Housing and Community Renewal](#).

Have you experienced any similar issues with your landlord or apartment search? Get in touch by emailing us: tips@curbed.com



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