

# REAL RENT REFORM



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## Tenants betrayed.

1:42 AM Sue Susman

**Cuomo fails tenants again as Assembly is left without a Democratic partner in rent law negotiations.**

Sweetheart deal for landlords will hurt working families; eliminate nearly 90,000 units of affordable housing.

(Albany) Despite the hope of millions of rent-regulated tenants that Albany would finally stand up to the corrupting influence of landlord money, [today's passage of the Cuomo/Flanagan proposal](#) on pro-landlord rent laws deal proves that Albany is just as dysfunctional and money-driven as ever. The Assembly, whom many housing advocates had hoped would be a bulwark against further loss of affordable housing, apparently caved in when it became clear that the Governor and Republican Senate would not yield to tenants' interest.

The announcement of this sweetheart deal for landlords and developers is sure to further erode Governor Cuomo's already low support from voters in New York, as tenants in New York City and the downstate suburbs learn that he has betrayed them once again for his deep-pocketed friends in the real estate industry. Cuomo is the largest single recipient of money from Glenwood Management's Leonard Litwin, the billionaire developer at the heart of the arrests and indictments of Former Speaker Sheldon Silver and former Majority Leader Dean Skelos.

"Preet, get your staff ready, because this smells like a whole new busload of corruption pulling into Albany," said Ava Farkas, Executive Director of the Metropolitan Council on Housing. "This deal is a sell out and a betrayal by a Governor who ran as a Democrat and promised to stand up for tenants, but governs as a pro-corporate Republican who's only looking out for the millionaires and billionaires who fund his campaign."

The "deal" will extend New York's corrupt rent laws by four years, guaranteeing a further erosion of affordable housing in New York City and the downstate suburbs. It will make a meaningless increase in the deregulation threshold to \$2700, while doing nothing to stop landlord harassment and forced evictions of low income tenants. And it makes cosmetic changes to the MCI rules, one of the loopholes landlords use to jack up rents and force tenants out.

"We had hoped that the Assembly would stand stronger for tenants and be able to win real reforms. But without a Democratic partner in the closed-door negotiations, they caved in. We are disappointed, but unfortunately not surprised," continued Farkas. "Money and corruption won, and tenants and working families lost because of the nearly 90,000 affordable homes being eliminated because of Governor Cuomo. That's his tarnished legacy."

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Click on "read more" to see what Cuomo claimed was achieved and what tenants are actually getting - and not getting.

From the Governor's website (in blue and black) :

### **Strengthening and Extending Rent Laws in New York City and Other Metropolitan Areas**

The New York metropolitan region's rent laws will be extended for four years, and will be made retroactive to June 15, 2015.

Because the state has not repealed vacancy decontrol, the Community Service Society estimates the City will lose some 87,000 affordable apartments before the rent laws are up for renewal in 4 years. (Tenant advocates therefore wanted a shorter period.)

Further, additional reforms will be made to strengthen these laws, including:

- Increasing and indexing the high rent threshold to the applicable rent guidelines board (rent guidelines boards apply different rents to different geographic areas). This will make it more difficult for units to

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## R3 CALENDAR

### NY Tenants

Today Friday, June 26 ▾

<b>Monday, June 29</b>	6:00pm <b>RGB Final Vote</b>
<b>Wednesday, July 1</b>	6:30pm <b>PACC Legal Clinic</b>
<b>Saturday, July 4</b>	10:00am <b>PACC Tenant Info as</b>
<b>Thursday, July 16</b>	6:00pm <b>PACC tenants clinic</b>
<b>Saturday, August 1</b>	10:00am <b>PACC Tenant Info as</b>

Events shown in time zone: Eastern Time

## TENANT RESOURCES

### CLICK ON THE LINKS FOR HELP

Community Service Society  
Housing Conservation Coordinators  
Law Help for New Yorkers  
Mitchell Lama Residents Coalition  
Met Council on Housing  
NYS DHCR  
NYS Resources  
Rent Guidelines Board  
Save Mitchell-Lama  
SurReal Estate  
Tenants PAC  
UHAB

be removed from rent regulation because it will allow for the high rent watermark to float based on the rent guidelines board increases.

(1) While over 10,000 apartments were de-regulated last year, only some 600 of them were **occupied**, with rents of \$2500 AND a household income of \$200,000 or more for two consecutive years. So to the extent the increase from \$2500 to \$2700 applies to occupied apartments, it's pretty irrelevant to the ongoing loss of affordable housing, or to the ongoing harassment to get regulated tenants out. Only repealing vacancy deregulation would help those problems. Cuomo recognized this in his NY Daily News op-ed piece, but did not see fit to seriously try to repeal vacancy deregulation.

(2) Landlords often claim to have put X dollars into a vacant apartment to bring the rent to the "threshold" of de-regulation. The only one who can challenge how much was actually spent on improvements is the new (unregulated) tenant who moves in, and who is probably not interested in moving in just to spend three or four years fighting the landlord. So some landlords get away with outright lies or exaggerations. Exaggerating from "\$2500" to "\$2700" requires no effort.

- Vacancy decontrol limits will be increased to \$2,700, and annual increases thereafter will be indexed to the Rent Guidelines Board.

See above explanation.

Indexing the amount to the Rent Guidelines Board percentage changes each June could put pro-tenant RGB rulings in opposition to the vacancy limit (relevant to landlords who might be trying to harass tenants out) : If the RGB rolls back or freezes rents for the following year, the \$2700 limit would stay the same. Only if lease renewal rent increases are substantial would landlords have to fear putting (or claiming to put) more money into improvements for vacant apartments. And that still would do nothing to stem harassment to get rent regulated tenants out. And that would not stop the loss of the City's affordable housing stock.

- Increasing civil harassment penalties. These provisions increase monetary penalties imposed on landlords who harass tenants by approximately \$1,000, to \$3,000 for each offense and up to \$11,000 for each offense where the owner harassed a tenant to obtain a vacancy.

Sadly, tenants rarely win harassment court cases anyway, and even when they do, judges are unlikely to impose any civil harassment penalties. So this is irrelevant.

- Extends the Major Capital Improvement amortization period from 84 months to 108 for buildings over 35 units and 84 months to 96 for

buildings under 35 units. The legislation limits the amount of rent that landlords can charge tenants in order to receive reimbursement for necessary improvements or installations.

*By way of example:*

Under the old law, the landlord installs new windows that cost \$1 million building-wide. The landlord is entitled to divide the cost of the windows by 84 (the number of months in the 7 years that the IRS allows for depreciation), and then to charge regulated tenants based on the resulting amount. It is a permanent rent increase.

Under the new law, the landlord would have to divide the cost of the windows by 108 (the number of months in the 9 years the State has now decided), and then to charge regulated tenants based on the resulting amount. It is a permanent rent increase.

(1) The tenant will still pay the increase (even if it's a tad smaller) forever. It is a permanent gift to the landlord long after the improvement cost is repaid.

(2) NY City will LOSE money on this, since the new law is giving landlords a city tax break for the additional 24 months.

- Limits the vacancy bonus provided to landlords on tenants who receive preferential rent as a way to stop the "churn" on these units.

Some landlords, unable to get the full "legal regulated rent" (LRR) for an apartment, rent it out for less. That is called a "preferential rent." But landlords have renewed leases and imposed Rent Guidelines increases based on the LRR. That can be a hefty jump, leaving the tenant unable to afford the rent. The tenant leaves, the landlord gets a vacant apartment whose rent is now closer to the vacancy threshold even without improvements.

Right now, landlords get a 20% "vacancy bonus" rent increase just for having a vacant apartment. The new law would limit landlords of apartments with preferential rents to only a 5% vacancy increase if the tenant was there for 1 year, 10% if there for 2 years, 15% if there for 3 years, and 20% (the regular vacancy bonus) for 4 or more years.

#### **What tenants did NOT get:**

1. **Repeal of vacancy decontrol** - to cut the landlord's incentive to get regulated tenants out and to save NYC's stock of affordable apartments. The Community Service Society estimates that over 87,000 affordable apartments will be lost over the next 4 years.

2. **A cap to building-wide and individual apartment improvement rent increases** so tenants don't become unaffordable, while landlords get a permanent rent increase.

**3. Elimination or reduction of the "vacancy bonus" rent increase** just for having a vacant apartment. This is another incentive for owners to get regulated tenants out, and it hastens the loss of affordable apartments.

**4. More protection of preferential rent tenants.**

Our governor apparently preferred his real estate donors to the tenants who elected him.

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