



Old Astoria Neighborhood Association (OANA)
www.OANA-NY.org

May 15, 2019

OANA Positions on upcoming Rent Regulations Renewal proposed by Justice Democrats

We are aware that the issues in Section 1 are controlled by New York State and the issues in Section 2 are controlled by the City of New York. However, we feel that all OANA's proposals should be included as part of a comprehensive housing solution.

Section 1: JUSTICE DEMOCRAT PROPOSALS

1. EXPAND RENTERS RIGHTS TO COVER THE WHOLE STATE

REMOVE GEOGRAPHIC RESTRICTIONS IN THE EMERGENCY TENANT PROTECTION ACT (ETPA) ([S5040/A7046](#)): The ETPA of 1974 allows local municipalities to opt into rent stabilization in the event of a local housing emergency. Under rent stabilization, landlords are subject to regulated rent increases and tenants benefit from the right to a renewal lease. However, only municipalities in Nassau, Westchester, Rockland counties and New York City are eligible to opt-in to renters' rights. This geographic restriction should be struck from the ETPA so that renters across the State can fight to bring rent controls to their communities.

OANA POSITION: We will not take a position as we feel this should be left up to NYS Residents outside New York City. We will not pass judgement on their needs

2. PASS NEW "GOOD CAUSE" EVICTION LEGISLATION TO BRING RENTERS RIGHTS TO TENANTS IN SMALLER BUILDINGS AND IN MANUFACTURED HOME COMMUNITIES ([S2892/A5030](#)): Rent stabilization only applies to buildings with 6 or more units. But more and more, smaller buildings are being bought up by large corporate landlords, and tenants who live in them face escalating rents and displacement. In gentrifying parts of New York City, like East New York and Bushwick, the housing stock is overwhelmingly smaller buildings. As the housing affordability crisis seeps out of New York City and into the suburbs, it is imperative that we bring rent relief to smaller buildings as these residents increasingly come under threat of displacement. Good cause eviction would bring the right to a renewal lease at limited rent increases set by a local price index to all tenants.

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OANA POSITION #2: We are strongly against removing the exempt status of smaller buildings (less than 6 units). Most of these are owned by individual non-corporate landlords and they depend upon them often for retirement funding. You would greatly decrease the value of the property, throwing the owners' retirement plans in disarray. Also, there would create a difficult administrative responsibility to these small landlords, who generally are not equipped for this task.

3. *END VACANCY DECONTROL* ([S2591/A1198](#)): Vacancy decontrol allows landlords to permanently deregulate apartments once the rent reaches \$2,733 a month and the current occupant leaves the unit. This loophole has led to the loss of hundreds of thousands of stable homes, and will lead to the eventual phasing out of all renter protections -- a windfall for landlords and a catastrophic loss for tenants. Our current legislative plan calls for repealing vacancy decontrol and re-regulating units that have been lost to this egregious loophole.

OANA POSITION #3: Instead of deregulating through rental increases, OANA asks that we consider using Household Income as a basis whether an apartment remains regulated. This income should be based on a % of HUD based AMI. (As are the Affordable Housing rents). Those who can afford it can help the landlord recover costs. This can be handled as a surcharge on the stabilized rate, so when a new tenant with lower income moves in the surcharge can be rescinded. Also, Prior conversions to market should not be reverted and should be grandfathered in. Such would provide security to investors as well as institutions that financed them in reliance of their business model (like it or not) which was in line with legislation, at the time they acted upon it. Anything contrary to that has the potential to destroy the trust of investors/landlords in NY as a safe haven for investments for an extended period of time.

4. *END RENT HIKES AND TENANT HARASSMENT CAUSED BY LOOPHOLES IN RENT CONTROL AND RENT STABILIZATION MAKE PREFERENTIAL RENTS PERMANENT* ([S2845A/A4349](#)): A preferential rent is a discounted rent that tenants pay when the legally registered rent (which, in some cases, may incorporate illegal rent hikes) exceeds the actual market value of the apartment. But when tenants renew their leases, landlords can revert to the higher rent, leading to sudden and massive rent hikes.



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These rent hikes, often hundreds of dollars, accelerate gentrification by forcing tenants to give up their homes and move. Some 266,000 families in New York City have preferential rents, as do thousands more in the three suburban counties—meaning that they may be one lease away from an eviction. This bill mandates that landlords renew rent stabilized leases with increases, if any, based upon the existing rent level the tenant pays.


OANA POSITION #4: Removal of the Preferential Rent would in fact negatively affect all tenants. Landlords would no longer have the option of temporarily offer discounted rates (especially due to temporary market conditions). OANA is therefore against this proposal. Larger landlords would undoubtedly choose not to rent out apartments, protecting their stabilized rent levels, therefore reducing the inventory available to the public. Smaller landlords would not have the option as they could not absorb the loss. However, the lower rents they would have to accept might force them to sell their properties to the larger corporations.

5. ELIMINATE THE VACANCY BONUS ([S185/A2351](#)): Under rent stabilization, landlords receive a 20% “statutory vacancy bonus” every time an apartment turns over. This bonus gives landlords a big incentive to harass and evict long-term tenants from the place they’ve called home for years. The preferential rent loophole and the eviction bonus are often used together. With these two enactments, the legislature created an outright scam that is victimizing tenants and destroying housing affordability, especially in low-income communities of color, and opened the wound that has led to the bleeding of thousands of units from the system.

6. ELIMINATE PERMANENT RENT HIKES CAUSED BY MAJOR CAPITAL IMPROVEMENTS ([S3693/A6322](#)) AND INDIVIDUAL APARTMENT INCREASES ([S3770/A6465](#)): Under our current system landlords that upgrade building systems and individual apartment finishes are able to pass the cost of those repairs onto tenants forever. However, many of these building systems repairs are necessary after years and years of neglect, and landlords often overstate the cost and extent of renovations. We would ban landlords from passing the costs of maintaining and upgrading their investments onto tenants.

OANA POSITION #5 & #6: We are against these proposals. They would incentivize landlords to do the minimal, if any capital improvements, and would lead to our housing stock “falling apart”, especially if

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these proposals are combined with any of the other proposals outlined here, which would decrease any revenue that can be used to cover these costs. This will also affect local economic activity, as the renovation business will be negatively affected. The city's tax revenue will be reduced, as the values will be adjusted downward.

Also, during construction, developers will also be incentivized to use cheaper materials and labor, and provide fewer amenities, as their prospective income will be reduced.

We propose, instead, that the costs, which can be verified by NYC Department of Buildings, be covered instead by an equal reduction in actual taxes due the Landlord. This way the cost of capital improvements will be born by the taxpayers as a whole, not the individual tenant. If the Landlord's tax liability does not allow for full recoupment of his or her costs, then this will be carried over to the next year.

7. *RENT CONTROL RELIEF* ([S299A/A167](#)): Right now, New York has two systems of rent regulation. Rent stabilization, which impacts the majority of rent regulated tenants, and rent control, which applies to about 40,000 people. Under the "Maximum Base Rent" system for rent control, tenants can face up to a 7.5% rent increase annually — much higher than the yearly adjustments for rent stabilized tenants. Our current system is confusing and arbitrary. This bill would bring rent control increases in line with the standard rent guidelines board increases.

OANA POSITION #7: We are against this proposal. The base rents being charged under rent control are so much below actual costs to the landlord that these higher increases are needed to eventually bring revenues up to a level that would at least cover costs and allow (at a minimum) for proper maintenance. Eventually we would like to see parity between Rent Control and Rent Stabilized apartments. The Landlords costs do not change.

Another point, is the ability to pass certain apartments down to family members. We feel that it should be restricted to spouse with minor children. Either someone is in need and should get a unit based on his/her personal situation (apply, maybe with some exceptions for extraordinary hardship, servicemen, etc) or they should make room for those that are in need.

In conclusion, while we understand that certain unscrupulous landlords have gamed the system, this is no reason to throw it out completely. We are sure that the addition of fixes such as improved data



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collection and transparency will lead to more effective prosecution of the “Bad” landlords without penalizing the vast majority of responsible building owners.

The consequences of eliminating the incentives for building owners to provide quality construction, renovation and upkeep of their building could turn New York into the South Bronx in the 1980s.

Our proposed “Fixes” to the current system such as described above would insure quality and cost-effective housing for all New Yorkers.

Section 2: ADDITIONAL OANA PROPOSALS NOT ADDRESSED ABOVE

Also, following are cost saving proposals beyond the scope of the tenant’s rights proposals above. If instituted, they could help mitigate any lost revenues to landlords and developers from the proposed tenant law changes. These proposals will not affect the quality of life of tenants.

1. Any time rent is withheld from a landlord because a tenant has started a legal action, that rent should be held in escrow. This needs to be mandatory, not up to a Judge’s discretion as it is currently. Tenants need to continue making payments to eliminate the incentive to bring action against a landlord in order just to avoid paying rent. This would also reduce legal fees to all parties, including the costs of housing court to the city. The only exception is if the apartment deemed uninhabitable by the DOB. In that case the tenant must submit validated rent receipts from their temporary replacement dwelling to the court in order to get restitution.

2. If there is an inspection done by the city and a building violation is found, the Landlord should be given a grace period to eliminate the issue before fines are applied. This incentivizes the landlord to take care of this as soon as possible. Also, it would reduce the adversarial relationship between the city and landlords. Landlords would be more comfortable inviting the city in to make inspections to make sure they comply. This would eliminate extra costs that are usually passed on to the tenants and increase compliance and safety to all parties.



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3. Significant time is lost, which equates to loss of revenue, because the various agencies that have a role in regulation and tax incentives in building construction, management and housing do not talk to each. Also, their stipulations and regulations often conflict with each other. We propose that a Housing and Building Czar be created who mission is to arbitrate, remove these conflicts and bureaucratic delays that often negate the best of intentions of the city's housing laws. This would be akin to what the Federal Government did by the creation of Homeland Security after 911. Various law enforcement agencies were not cooperating, and this largely eliminated this problem.

Richard Khuzami

President

Board approved.