



PN LAWYERS | MODERN SPACES

Effects of the 2019 NYC Rent Regulation Laws

Presented by Nataly Goldstein

NATALY GOLDSTEIN

REAL ESTATE ATTORNEY

BACKGROUND

Nataly graduated Cardozo School of Law in 2017, with a concentration in real estate. During her time at Cardozo, Nataly served as the President of the Real Estate Law Association and mediated several conflicts regarding real estate disputes. Nataly is the leading Real Estate and Corporate Transaction Attorney at Pardalis & Nohavicka, with experience in both residential and commercial real estate transactions.

EXPERTISE

Nataly represents buyers and sellers of Cooperative, condominium and residential matters. Her previous experience includes representing large banks such as Wells Fargo and Citibank, and uses her knowledge to help purchasers using a lender understand a closing disclosure and the entire process of purchasing a house.



“

ACCORDING TO THE NEW YORK CITY RENT
GUIDELINES BOARD

**Approximately 1.2 million apartments
in New York City alone are regulated –
whether under rent control, rent-
stabilization or another type of
regulation.**

”

The background is a dark, blue-tinted photograph of a multi-story brick building. On the left side, the word 'HOTEL' is written vertically in large, light-colored letters. At the bottom, the words 'NEW YORK' are visible in large, bold, light-colored letters. The building has many windows, some of which are lit. There are also some decorative elements like stars on the right side of the building.

HOUSING STABILITY AND TENANT PROTECTION ACT OF 2019 (TPA)

While the TPA was created for rent-regulated and non-regulated tenants, how does this affect **landlords** as investors and managers?

In The Past - Potential "Upside"

The initial motivation in purchasing regulated buildings is to eventually have some units de-regulated according to the law. This would then allow for an increase in the rent a landlord could collect.

VACANCY

Allowing property owners to deregulate units, once the property is vacated.

IAI

Increasing the cost of rent through individual apartment improvements.

MCI

Increasing the cost of rent through major capital improvements.

CAPS

Decontrolling tenants through rent and income caps previously enforced



UNDER THE NEW LAWS

ALMOST ALL OF THESE METHODS HAVE BEEN
CEASED OR LIMITED FOR LANDLORDS.

VACANCY

- High-rent vacancy and High income/high rent (luxury) deregulation are eliminated.
 - Previously: Tenant with income of \$200K for a minimum of two years + Rent of about \$2,774= de-regulated
- 20% vacancy bonus is eliminated.
- Preferential Rent is now considered Base Rent for increases





INDIVIDUAL APARTMENT IMPROVEMENTS

- capped at \$15,000 over 15 years
- ratio drastically decreased from 1/40th to 1/168th of expenses
- rent increases are now capped at less than \$90 a month
- expire after 30 years



MAJOR CAPITAL IMPROVEMENTS

- Increases are capped at 2% for a period of 30 years.
- Prohibits MCI in buildings with less than 35% of units that are stabilized
- DHCR sets a schedule of reasonable costs for MCIs
 - Previously: 6% increases, and LL had to provide receipts, no caps, and perpetual

THE "OWNER-USE" LOOPHOLE

- Landlords and their family members have been able to remove rent-stabilized tenants from multiple units to use them as residences, a rule sometimes abused by landlords as a way to ultimately raise rents.
- Now, landlords will only be able to claim "owner use" for **one apartment** for use as their primary residence.
- Any Tenant who has resided in apartment for 15+ years will never be removed for this loophole

SECURITY DEPOSITS

- Must be limited to **one month's rent**.
- Landlords must return the security deposit within **14 days** of tenant leaving the unit, along with an itemized statement covering any deductions made, failure to do so would forfeit security deposit refund.





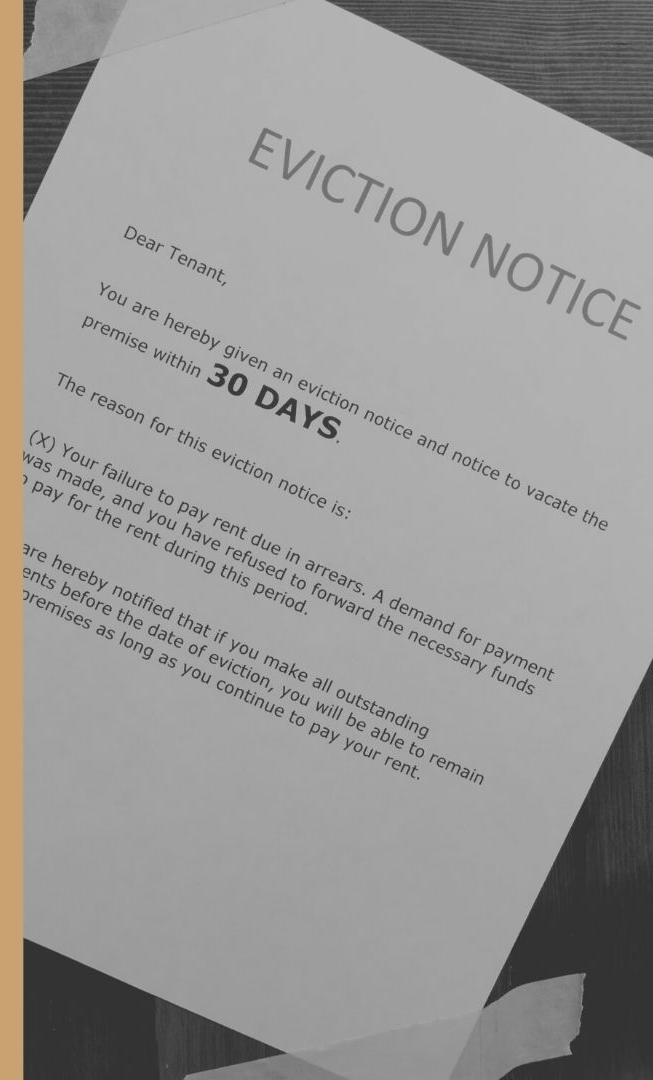
NOTICES

EVERY LANDLORD OF NON-REGULATED UNITS
MUST GIVE PRIOR NOTICE TO INCREASE RENT
BY 5% OR MORE:

- Tenant of up to one year: **30 days notice**
- Lease of 1-2 years: **60 days notice.**
- Tenant who has lived in unit for at least two years or lease of at least that length: **90 days notice.**

TENANT EVICTIONS

- Judges can now stay a warrant of eviction for up to one year based on tenant's circumstances (previously 6 months)
- Housing courts will now consider how the eviction will affect the **tenant's health, well-being, and school attendance of possible children in that unit.**
- Unlawful evictions are now considered a misdemeanor -> subject to fines between **\$1,000 to \$10,000.**



MISCELLANEOUS REGULATIONS

FIX LEASE VIOLATIONS

Tenants now have 30 days instead of 10 days to cure lease violations.

APPLICATION FEES ON APARTMENTS

Limited to \$20, including background or credit check.
Loophole? "No Landlord, lessor, sub-lessor or grantor"

BLACKLISTING

Blacklisting of purportedly troublesome tenants by landlords is now prohibited.

MISCELLANEOUS REGULATIONS

LATE FEES

LL cannot charge a late fee, unless rent has been due for 5 Days, and unpaid amount is a minimum of \$50.00 or 5% of rent, whichever is less

OVERCHARGE CLAIMS

Any overcharge claims may be reviewed for up to 6 years preceeding claim by DHCR



Many of the current changes have discouraged landlords from purchasing rent-regulated buildings because there is no longer an **“upside.”** Or, if there were opportunities for profit, they wouldn’t occur for several decades.

Additionally, landlords have almost no motivation to reinvest, improve or modernize these buildings because of the caps on IAls and MCIs.

Together, this could effectively decrease the value of rent-regulated buildings and cause landlords to neglect such buildings. Smaller landlords could even be forced out of business.



CONTACT INFORMATION

OFFICES

MANHATTAN | 950 Third Avenue, 25th Floor

QUEENS | 3510 Broadway, 2nd Floor

WEWORK | 135 E. 57th, 14th Floor

(212) 213-8511

nataly@pnlawyers.com

Follow Us



Facebook // [newyorkcitylawyers](#)



Instagram // [@pnlawyers](#)



Twitter // [@pnlawyers](#)



LinkedIn // [pnlawyers](#)



THANK YOU!

PN LAWYERS X MODERN SPACES