



SPONY

THE SMALL PROPERTY OWNERS OF NEW YORK

Consequences stemming from the 2019 Housing Stability and Tenant Protection Act

Whereas:

The passage of Bill S6458 in June of 2019 has had many negative consequences on the small property owners operating the rent-regulated housing stock. These units comprise approximately 40% of the rentals in NYC therefore, any bill negatively impacting such a large portion of the housing stock has great implications on the overall housing market.

1. HSTPA is causing disinvestment in the rent-regulated housing stock

- Prior to 2019, building owners could invest capital into apartment improvements and raise the legal rent with a state regulated formula that amortized at a period of 4-5 years depending on the size of the building and with no limit on the amount an owner could invest into the apartment. HSTPA instituted a cap and lengthened the return on investment formula resulting in a maximum increase (depending on building size) of \$87 or \$89 per month. The 2024 State budget amended the IAI program and created two tiers of improvements recognizing that apartment improvements are costly. The program still falls far below what owners need to invest in long occupied low rent units. Currently there are 50,000 units that sit empty because of the high renovation cost and low return on investment.
- Major capital improvements are a constant requirement for the aging rent-regulated housing stock. Upgrading boilers, facades, elevators, roofs, and other building systems are costly. Again, revisions to an existing program (MCI) make it difficult for an owner to undertake these projects because rent increases to help cover the cost are now severely limited. Increases are capped at 2% per year rather than 6% and can only be collected for 30 years. Other limitations include; Licensed contractors must be used and there can be no common ownership between the landlord and the contractor or vendor, the law also prohibits MCI in buildings with fewer than 35% of units that are stabilized and, The gutting of this program coincides with the cities ambitious "green" initiatives which require all multi-family buildings above 26,000 sf significantly reduce their emissions.
- The NYU Furman Center has [reported](#) alteration job flings settled at lower levels than before the passage of HSTPA. The aging rent stabilized housing stock will suffer if not maintained properly

- independent groups testified to the RGB in 2025 of the rapidly deteriorating condition of the pre-1974 rent stabilized housing stock. [The Citizens Budget Commission](#) explained “The “death spiral” happens when deferred maintenance leads to repair costs so high they nearly equal the cost of new construction. Ignoring the problem will only increase future repair burdens on the City and State and degrade the quality of life for New Yorkers living in rent stabilized housing”

2. HSTPA makes preferential rents(where a tenant is charged less than the legal regulated rent) permanent which impact rental rates and vacancy rates.

- Fewer landlords are offering preferential rents because of the inability to raise the rent to meet rising expenses. Therefore tenants who might otherwise have had a period of lower rent are not offered this option.
- Some landlords are forced to leave apartments vacant rather re-lease them for an indefinite period below the legal regulated rent. This will increase the number of vacant stabilized units.

3. HSTPA limited the amount of security and pre-paid rent a landlord could collect thereby negatively impacting certain renters.

- Pre-2019 many building owners would collect extra security to achieve a lower risk profile and thereby increasing the chances of application approval.
- Pre-paid rent allowed tenants with no credit history (ie students and foreign workers) to lower their risk profile

4. HSTPA eliminated the Vacancy and Longevity bonus crippling an owner's ability to raise rents after a long-term lease.

- The Rent Guidelines Board annual increases have been historically low. The vacancy and longevity bonuses gave an owner the opportunity to raise rents and to better keep pace with rising costs to operate buildings
- In the past, these bonuses used in conjunction with the Individual Apartment Improvement program allowed owners to rehabilitate units upon vacancy. Vacancies are rising as all avenues to improve apartments have been removed or greatly diminished.

5. HSTPA repealed High Rent/High Income Decontrol and allows well-resourced renters to remain in rent-regulated apartments

- Since there is no required “means testing” rent-regulated apartments are often occupied by tenants who wouldn't qualify for assistance. There are

no voucher or affordable housing programs that allow recipients to earn more than the AMI.

- Tenants in free-market apartments are contributing disproportionately to a buildings rent roll and therefore subsidizing the regulated units

6. HSTPA prevents the conversion of multi-family rentals to co-ops

- Prior to HSTPA multi-family buildings converted to co-op affording countless New Yorker renters the opportunity to become homeowners. Conversions were contingent on 15% of renters agreeing to purchase. That percentage has been raised to 51% effectively ending the practice and therefore denying future generations of New Yorkers this affordable pathway to homeownership.

7. The “Sunset” provision of the Emergency Tenant Protection Act (ETPA) makes rent regulation permanent.

Therefore SPONY recommends:

1. Allow for naturally occurring vacant units to be renovated and a “first rent” to be set. NY is the only market that doesn't allow for a vacancy reset on vacant units.
2. Restore MCI programs to their previous formulas which will allow building owners to better maintain their buildings and to provide updated and safe housing or institute a tax abatement program for capital improvements
3. Allow Preferential Rents to be raised to Legal Regulated Rents upon lease renewals
4. Remove the one-month security deposit limit
5. Allow for pre-payment of rent
6. Start collecting tenant income information on each rent-regulated apartment to determine how rent-stabilized benefits are allocated. At this time well-resourced tenants are receiving a tax-free benefit to the detriment of city residents that could benefit from the low rent units. In addition, through rent stabilization, the state & city provide tenants a tax-free benefit while forgoing tax revenue. NY should restore the high income standard that existed prior to HSTPA
7. Restore the 15% threshold for co-op conversions and offer renters financial incentives or programs to make ownership available to more residents.
8. Create a mechanism so that rent stabilized units will be occupied by renters in financial need.

Therefore SPONY resolves to:

1. Build a coalition with other property owner groups throughout the state
2. Meet with lawmakers to advocate for balanced housing policies
3. Advocate in the media for small housing providers
4. Testify at city and state hearings on bills and policies that impact our businesses
5. Stabilize tenants and the housing market by advocating for good housing and fiscal policies that support the underprivileged and help them rise up the economical ladder as opposed to existing policies that create generational poverty