

RSA Reporter

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Annual Message from RSA Chairman Aaron Sirulnick



Aaron Sirulnick

The passage of the Housing Stability and Tenant Protection Act of 2019 (HSTPA) was arguably the lowest point in the history of rent regulation in New York State. No matter how hard RSA worked to stop the radical changes to the State's rent laws from passing, the drastic shift in Albany was years in the making caused by a slow change in New York City voter demographics.

Our industry didn't even have a chance to fully digest the numerous changes to the rent stabilization laws before the COVID-19 pandemic rocked our world. Although the safety and health of our loved ones was the biggest priority over the last two and a half years, it is difficult to ignore the immense negative impact that the HSTPA and pandemic have had on rental property owners in New York City.

In addition to poor housing policy decisions that our State and City elected officials have made since the enactment of the HSTPA three years ago, we have seen other questionable policy decisions by lawmakers that have changed life as we know it here in New York City. Whether it's policy on housing, crime, economics, education, or others, we started to see a major shift in voter priorities over the last 12 months and it could potentially have an impact on the direction of our State moving forward.

In last month's issue of the *RSA Reporter*, our staff highlighted major achievements that we were able to secure over the last year. These accomplishments are not only a reflection of RSA's tireless advocacy on the State and City level, but it is also a reflection of our ability to stop harmful legislation from passing by countering tenant advocacy efforts with research, data, and our ability to

rally RSA members and voters throughout New York State. These efforts are also mirrored through our continued partnership with advocacy groups throughout all of New York State, our housing coalition known as Homeowners for an Affordable New York (HFAANY).

Take, for example, our efforts to prevent Good Cause Eviction from passing. RSA, along with other property owner groups throughout the entire State, launched a major educational and public relations campaign to inform New Yorkers about the negative consequences that the proposed bill would have on housing of all sizes. Once voters in all regions of New York became familiar with the proposal, they put pressure on their Senators and Assembly Members to remove any support of the bill and prevent it from passing. Despite the Legislature remaining predominantly anti-owner, backlash from their constituents forced many to take a position against the bill, which led to its defeat during the last legislative session.

Another example was our ability to secure the highest rent adjustment at the City Rent Guidelines Board (RGB) in nearly a decade. Although former Mayor Bill de Blasio is no longer in office and had no ability to impact the RGB's decision-making, the vast majority of the current Board Members are still his appointees. With our work cut out for us, RSA presented alarming data and research to the Board that justified a return to fair and adequate guideline increases. The negative impact of the HSTPA, the pandemic, rent freezes and inadequate guideline increases, all presented alarming trends throughout the entire rent-stabilized housing stock in the five boroughs.

Although RSA was anticipating higher rent adjustments, our

(Continued on Next Page ...)

IN THIS ISSUE:

1 Annual Message from RSA Chairman Aaron Sirulnick

INSIDE RSA

3 The All-New RSA App is Now Available for Download

3 RSA Welcomes Briana Spariosu to the RSA Family

4 In the News

CITY & STATE ROUNDUP

5 Heat Season Returns in New York City

6 Con Edison Warns of Higher Winter Heating Costs

6 HPD's Heat Sensors Program Continues This Year

7 Momentum on Criminal Background Check Bill Slows

7 Reminder: Updated Building Energy Grades Must Be Posted Soon

8 November Statewide Elections Most Crucial in Years

9 HCR Releases Proposed Amendments to Rent Stabilization Code

10 HFAANY Hosts Roundtable Discussion in State Capital

IN THE COURTS

11 Noteworthy Housing Court Decisions

16 Calendar of Events

CHAIRMAN'S MESSAGE

arguments ultimately resonated and the RGB once again acted independently of City Hall and made a determination based on data and facts. Several Public Members on the Board even went on record at the Final Vote and explained that these guideline increases were necessary for building owners to keep up with ever-increasing operating expenses and the limitations set forth by the 2019 rent laws. To have these comments made in a public forum by other people who are not property owner advocates is significant because it shows that poor housing policy decisions are taking a negative toll on both building owners and tenants.

It is unfortunate that we had to hit rock bottom before some lawmakers, members of rate-setting bodies, and voters began to see the consequences of questionable legislative decisions. However, the glass is now half-full and we are beginning to see the pendulum shift in a positive direction. Nevertheless, our work is just beginning and my commitment to our membership has never been stronger.

We can feel that the momentum is beginning to shift. Not only is there a desire for better housing policy solutions, but better policy overall. Poor legislative decisions have been exposed and voters are taking notice. What we were able to achieve over the last 12 months is indicative of that and we still have much more work to do. That is why this November's statewide elections are the most important since anti-owner lawmakers took control of the Legislature in 2018.

Through the *RSA Reporter* and our weekly email blasts, you have seen how often we have stressed the importance of supporting and voting for moderate State Senate and Assembly candidates. It is important to realize that being a moderate candidate goes beyond party affiliation. In the past, particularly over the last few years, RSA has supported both Democratic and Republican candidates for office. Being a supporter of fair housing policy that balances both building owner and tenant needs is not red or blue. Supporting common-sense policy is not connected to any political party. In fact, moderate candidates simply act in the best interests of all New Yorkers and do not prioritize either side of the aisle. That is why it is important to educate yourselves on all the local races in your neighborhood and determine who is the better candidate in the upcoming general election.

RSA is not concerned with political parties. RSA is solely concerned with candidates who will refuse to support reckless policy such as

Good Cause Eviction. The outcome of the election on November 8th will determine our future as an industry. On the local level, we have seen how crucial it is to have a mayor in Eric Adams who understands and supports balanced housing policy. In order for us to continue providing safe and adequate housing to our tenants, as well as comply with regulations that help us improve our aging buildings, we must ensure that we have a Legislature that shares a similar sentiment.

By the time you read my message, we will be just around one month from the election. I urge you to get involved in every way possible. Educate yourselves on the issues, the candidates, and most importantly, get out and vote. In the meantime, we encourage voluntary contributions to the RSA Political Action Committee (PAC) and Legal Fund and ask that you continue honoring your membership dues. These contributions allow us to continue supporting the candidates who have your best interests in mind. They also allow us to engage in critical legal efforts, such as our federal lawsuit that challenges the constitutionality of the State's rent stabilization laws. Our historical lawsuit continues to progress and we hope to have a decision from the Second Circuit Court of Appeals in the weeks to come.

The positive tone of this message to you is a reflection of how optimistic RSA is about meeting our future goals and defeating any roadblocks that come our way. There is no question how difficult the last few years have been for our entire industry, but we were always confident that our staff and years of experience as industry leaders would guide us to the light at the end of the tunnel. Through good and bad times, RSA is and always has been at the forefront fighting for the City's affordable housing providers.

This is a commitment that our organization has made to our members for over 50 years and one that we will continue to honor. This is a commitment to RSA that my family and I have had for generations. The Sirulnick family has proudly waved the RSA flag for decades and the successes of our industry are what we strive for. The best part about RSA and what we represent is that my family does not have to do this alone. Our industrywide achievements can only be obtained when we, all rental property owners, do this together. Join RSA as we fight for better policy, not only for us, but for our tenants as well.

– Aaron Sirulnick, RSA Chairman

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The All-New RSA App is Now Available for Download

by Michael Tobman, RSA Membership Director



Michael Tobman

Everything we do at RSA is about our diverse membership. Nothing is more important. On a list of 50 considerations discussed when we make decisions about anything, our members are items one through 49.



So, when we started conversations with property-tech company **Qira** about developing an RSA App, the only thing that drove our work was how it could help our members run their buildings and their finances, as well as improve their relationships with their tenants. Nothing else mattered. We believe we have succeeded in building an easy-to-use tool to help, especially for our smaller to mid-size building owners. Of course, we also encourage our colleagues with larger portfolios to also use the RSA App!

Our **free App** has officially launched and is available through the App Store on your Apple or Android phone, or on your laptop or desktop. Look up “RSA NYC” and you’ll recognize our blue and white logo in the menu.

Here’s what the RSA App provides:

- A secure mobile platform for your tenants to pay their rent online through a variety of payment options, including credit or debit card, ACH, or scanned paper check.
- An integrated alert system for HPD violations and OATH Hearings Division decisions, providing a heads up on any new violations or related to your building(s).

- Photo & Video Storage: the ability to store pictures and videos providing documentation about how violation issues were addressed. You can easily reference this data at any time through your RSA/Qira App account (all data is stored for future reference).
- Enhanced Prospective Renter Screening: Qira’s AI-based screening technology pulls data from over 40 sources to give a full picture of prospective renters. A robust alternative to traditional screening products, you can vet prospective renters with low or no credit, as well as international residents, providing a solution for a broader population of renters, all in compliance with recent regulatory changes.

The RSA/Qira App also integrates with your building’s property management technology – from paper ledgers to bookkeeping software - simplifying every financial transaction between properties and renters.

RSA is pleased to offer this platform. We developed it with you in mind. Qira is happy to provide training sessions for you, and marketing materials for your tenants, on how to use this new RSA product. Qira, in conjunction with RSA staff, offered their first free training webinar at the end of September. In the event that you missed it, we will be offering additional webinars throughout the remainder of the year. Be on the lookout for “save the date” notifications and announcements in future RSA email blasts.

Of course, you can also email me at mtobman@rsanyc.org to schedule an easy training, or if you have any questions with regard to the new RSA App. ■

RSA Welcomes Briana Spariosu to the RSA Family



Briana Spariosu

In mid-September, RSA happily welcomed our newest staff member. **Briana Spariosu** has been hired as RSA’s new **Associate Director of Communications and Research**.

Ms. Spariosu brings extensive experience in editorial work and data research and will team up with RSA’s experienced staff to enhance our internal and external communications efforts to our membership and the public. This will include providing content for the RSA

Reporter, RSA’s weekly email blasts, managing and overseeing RSA’s social media accounts, conducting research and data reports that advance our agenda on the legislative level, and much more.

As always, we would love to hear from our members who may have any concerns or questions, particularly those who would like to participate in our public relations campaigns. Feel free to reach out to Briana Spariosu at **(212) 214-9235**, or by email at BSpariosu@rsanyc.org. ■

Momentum on Criminal Background Check Bill Slows

RSA Continues Putting Pressure on Council

Although we were led to believe that the City Council's resuscitated attempt to end criminal background checks would be expedited, it appears as if the Council has shifted its priorities for the time being.

In late-August, RSA notified our membership about Manhattan Council Member Keith Powers' controversial bill, **Intro. 632**, which is basically an exact replica of former Council Member Stephen Levin's earlier bill to prevent rental property owners and building managers from performing criminal background checks on prospective tenants.

At the time of the bill's resurfacing, it was clear that a much more progressive and anti-owner Council was confident that they would be able to quickly pass this bill as a result of new support for the legislation. Although a majority of Council Members withdrew their support for former Council Member Levin's bill last year after receiving backlash from building owners and tenants in their districts, many of those Council Members are no longer in office due to terms that expired at the end of 2021.

Over the summer, RSA was told that Council Member Powers hoped to have a hearing on Intro. 632 and pass it by the end of September. Because the Council shifted their focus to other critical issues, there was no immediate momentum or appetite for Intro. 632 in the early fall. Nevertheless, RSA continued to put pressure on bill sponsors and called on our membership to once again participate in an effort to stop the bill from getting any traction.

In early September, RSA President Joseph Strasburg wrote an op-ed in the Bronx Times Reporter (*see page 4*). This publication was selected for various reasons, such as targeting multiple Bronx Council Members who support the bill, as well as educating Bronx property owners and tenants about the Council's poorly drafted legislation. RSA took a similar approach last year for Queens residents when Mr. Strasburg wrote an op-ed in the Queens Daily Eagle (*see page 13 of the November 2021 RSA Reporter*).

Furthermore, RSA continued to push our VoterVoice campaign for owners and tenants to draft a message and send it directly to their Council Member. If you have not participated in the VoterVoice campaign, please visit <https://bit.ly/3UwQW67>. We also drafted a sample letter for our members to share with your tenants. This letter details what is at stake if the Council were to enact Intro. 632 and why it could be dangerous to your existing tenants, their families and surrounding community members. This sample letter simply requires your name and signature and is available to download on RSA's website. We urge you to send this letter to your tenants, as well as share the link to fellow property owners who may not be RSA members, so that they may also provide it to their tenants. To download the letter, please visit <https://bit.ly/3dwP4cZ>.

We expect to have updates on Intro. 632 throughout the month of October. Please be on the lookout for these updates via RSA email blast. ■

Reminder: Updated Building Energy Grades Must Be Posted Soon

Owners of buildings that appear on the New York City Benchmarking Covered Building List must post their building energy efficiency rating label no later than **October 31, 2022**.

As part of New York City's concerted effort to reduce the City's carbon footprint, **Local Law 33 of 2018** requires owners of buildings over 25,000 square feet, or owners of multiple buildings on a lot that totals a minimum of 100,000 square feet, to post energy rating grades in a conspicuous location near each public entrance of their building(s). These grades can be posted either externally or internally so long as it's visible to the public. Owners can access and print their updated 2022 grade as of October 1st through the City Department of Building's (DOB) under the Building Energy Efficiency Rating tab located on the DOB NOW website at <https://on.nyc.gov/3S9c9S8>.

Grades are derived from the NYC Benchmarking Law, rating property owners on how their building's energy and water consumption compared to similar buildings and tracking progress annually to aid in energy efficiency planning. DOB has put together a "steps to compliance" guide for building owners, which can be found by visiting <https://on.nyc.gov/3R5MubB>.

DOB will issue a violation to any property owner on the covered buildings list who fails to comply with Local Law 33 of 2018. Failure to timely display the building energy efficiency rating label will result in a **\$1,250** fine. For more information about benchmarking and energy efficiency ratings, please visit <https://on.nyc.gov/3Srbo86>. ■

HCR Releases Proposed Amendments to Rent Stabilization Code

Three years after the enactment of the Housing Stability and Tenant Protection Act of 2019 (HSTPA), the State Homes and Community Renewal (HCR) published the long-awaited proposed amendments to the Rent Stabilization Code (RSC), NYS Tenant Protection Regulations (TPR), and NYS & NYC Rent Control Regulations.

After careful analysis, RSA determined that there were several proposed amendments of note that are of great concern. Please be advised that these are proposed amendments and are not final. Furthermore, our staff continues to thoroughly analyze the proposed amendments and we will provide additional information along the way. The following are the proposed amendments of note:

1. Eliminates ability to charge a first rent when combining units:

- Where two rent-stabilized apartments are combined: the legal regulated rent of the newly created unit is the combined rents of the stabilized apartments, plus the IAI allowance for each unit (i.e. \$15,000 per unit). This new apartment would have to be registered under the same designation as one of the prior rent-stabilized apartments.
- Where one rent-stabilized apartment is combined with one unregulated apartment- OR- when one unregulated apartment is made larger by adding a portion of a rent-stabilized apartment: the newly created unit is subject to rent stabilization, but it is not clear what the new rent would be.
- Where the outside perimeter of a rent-stabilized apartment is either increased or decreased: the new legal regulated rent would increase or decrease by a percentage that corresponds with the increase or decrease in square footage size from the original apartment size.
- The following points remain unclear from the proposed regulations: what the legal regulated rent is when combining a rent-controlled apartment with another apartment, or expanding/decreasing its size; and what the legal regulated rent or regulatory status of an apartment is when combining unregulated units, dividing unregulated units, combining unregulated units with portions of the common area of the building, or creating new units in a new space in a rent-stabilized building.

2. Changes to Substantial Rehabilitation:

- must replace at least 75 percent of building-wide and

individual housing accommodation systems (before it was “not to exceed 75 percent”).

- eliminates owner’s ability to demonstrate good cause for replacing a building system that did not otherwise need replacement, but was desirable due to its aesthetic or historic merit.
- eliminates presumption available to owner that the building is substandard/seriously deteriorated where the building is 80 percent vacant.

3. Changes to calculation of base date rent, overcharges, the default formula, etc.:

- An obvious result of *Regina*, the proposed amendments bifurcate rent overcharge complaints/proceedings to determine the legal regulated rent filed before and after June 14, 2019.
- Especially for overcharges filed after June 14, 2019, HCR may look to the “most recent reliable annual registration statement” filed six or more years prior to the filing of a complaint for overcharge/initiation of a proceeding, but in no event shall that date be prior to June 14, 2015 (one concern is that there will not really be a “six year” look back period for any overcharge filed after June 14, 2019.)
- The default formula now applies to owners who purchase at judicial or other such sales, and proposed regulation removes the ability of an owner to offer a full rent history to preclude imposition of the default formula.
- While property owners are only required to keep records for six years (unless otherwise provided in the RSC/RSL), HCR may examine all records available to determine the legal regulated rent regardless of whether owner elected to keep records for a longer period.

4. Additional key points not contemplated by the HSTPA found in these proposed amendments:

- Owners must add domestic partners to leases upon request (not just spouses).
- Victims of domestic violence and tenants paying \$1 under an order issued by a governmental agency/court are exempt from the requirement to maintain the premises as their primary residence during a period of temporary absence.
- Removing a preferential rent from an existing rent-stabilized tenant’s lease (or a would-be successor) may constitute HCR harassment
- “Common ownership” is defined as “any identity of interest or relationship based on family ties or financial interest

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HFAANY Hosts Roundtable Discussion in State Capital

Coalition Met to Discuss Next Steps in Good Cause Eviction Fight

Building upon the successes of RSA and other rental housing advocacy groups successfully defeating the controversial Good Cause Eviction bill in June, our coalition met in September to discuss what our next steps are for a new legislative session.

By way of background, dozens of property owner advocacy groups from throughout New York State formed a coalition known as Homeowners for an Affordable New York (HFAANY) in early 2022. The main objective of this coalition was to ensure that Good Cause Eviction did not pass in Albany. After executing a multi-million-dollar public relations and educational campaign, the controversial bill did not pass at the end of the legislative session.

However, ahead of this November's statewide elections, we know that housing issues will be at the top of the legislative agenda in 2023 for anti-owner lawmakers, regardless of the outcome of the elections. As a result, HFAANY stakeholders convened for a roundtable discussion in Albany in mid-September to discuss our upcoming strategy on Good Cause

Eviction, as well as legislative priorities for property owners during next year's legislative session.

Various ideas were discussed at the meeting, such as what new and effective strategies can be implemented for the Good Cause Eviction fight, proposed revisions of the draconian Housing Stability and Tenant Protection Act of 2019 (HSTPA), proposed amendments to the Emergency Rental Assistance Program (ERAP) statute, State and City voucher programs for costly building compliance requirements, and much more. RSA, as well as other attendees, agreed that there is certainly a lot of work to do in the months ahead. However, this first roundtable discussion was a step in the right direction and will lead to additional events throughout the remainder of the year.

Following the November 8th election, RSA will not only detail the results of all important races, but also detail the implications that these results will have on our industrywide agenda for 2023. Be on the lookout for this summary in the December 2022 issue of the *RSA Reporter*. ■

HCR Releases Proposed Amendments to Rent Stabilization Code

(Continued From Previous Page ...)

between the owner/managing agent of a property and any other entity with which the owner/managing agent conducts business.” (This is relevant for purposes of IAI and MCI applications).

The proposed amendments also codify the Housing Stability and Tenant Protection Act of 2019 (HSTPA) changes, such as eliminating vacancy allowances and longevity increases, drastically reducing IAI and MCI increases and collectability, expanding the look-back period and record keeping requirements beyond four years, restricting owner occupancy to one unit, and other changes.

RSA, in conjunction with various landlord attorneys hosted a webinar on these proposed amendments on October 6th. During that webinar, panelists educated attendees on combining apartments/creation of new units, substantial rehabilitation and demolition, base date rent, application of

default formula, rent overcharges, succession, and more.

HCR has announced that public comments on the proposed amendments to be submitted in writing are now welcomed. Furthermore, there will be public hearings on the proposed amendments in New York City, Long Island and Westchester on November 15th. Additional information about submitted testimony, as well as registering for these public hearings, can be found at <https://on.ny.gov/3Bq7GTN>. If you wish to testify in-person, pre-registration of speakers is advised. Those who wish to pre-register may call the office of Michael Berrios at (718) 262-4816 and state the time they wish to speak at the hearing and whom they represent. Pre-registered speakers who have reserved a time to speak will be heard at approximately that time and will be limited to five minutes.

We will provide additional updates in the weeks to come via the next *RSA Reporter* and email blasts. ■