

# RSA Reporter

WE HOUSE NEW YORK

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## Good Cause Eviction Will Take Centerstage This Session

*New Assembly Housing Chair Committed to Legislation*

Although we knew that progressive members of the Legislature would prioritize Good Cause Eviction once again this year, the new chairperson of the Assembly housing committee will give the rental housing industry a particularly hard time this legislative session.

In early January, the worst-case scenario unfolded when Assembly Speaker Carl Heastie appointed Upper West Side Assemblywoman Linda Rosenthal as the new chairperson of the Assembly Standing Committee on Housing. Rosenthal, who has been in office since 2006, has spent her entire career as staunch advocate for progressive tenant measures and was a driving force behind the Housing Stability and Tenant Protection Act (HSTPA) of 2019. Soon after her appointment, Rosenthal released a statement to her constituents, calling the appointment an honor. She cited a personal experience that she had with a property owner years ago as the driving force behind her passion to fight for tenants' rights. Additionally, she briefly mentioned her goals as chairperson of the committee, all of which include strengthening protections for tenants.

With Rosenthal as the new chairperson of the Assembly housing committee, as well as pro-tenant Senator Brian Kavanagh serving as the chairperson of the Senate Committee on Housing, it is only a matter of time before they shift their undivided attention towards Senator Julia Salazar's Good Cause Eviction bill. Even if the bill were to be voted out of committee, which would be progress for advocates compared to last year, RSA's early projections indicate that the Senate does not have enough votes to pass the measure. However, anything could happen at any moment, especially if Speaker Heastie and Senate Majority Leader Andrea Stewart-

Cousins decide to advocate for the passage of Good Cause Eviction.

For now, Governor Kathy Hochul has not provided any indication that she would support the measure. In the meantime, RSA and our statewide housing partners cannot afford to take our foot off of the gas. Expanding upon our successful efforts of defeating the bill last year, Homeowners for an Affordable New York (HFAANY) is re-launching our massive public relations effort combating Good Cause Eviction. Last year, RSA and various rental property owner groups throughout the State invested a substantial amount of money into the effort and we have once again committed to a robust campaign for this legislative session. Although we will expand upon these efforts as we go along, the early phase of the campaign includes a digital and radio ad campaign, social media, physical mail, emails, patch-through calls to Senators and Assembly Members, op-eds and stories, and more.

As the early phase of our 2023 campaign begins to hit targets throughout the State, we will keep a close eye on the announcement of critical hearings of both the Assembly and Senate housing committees. Additionally, we will monitor any movement out of the Governor's office, particularly if Good Cause Eviction is included as part of her proposed State budget for the upcoming fiscal year. Governor Hochul is expected to announce the details of the proposed budget in early February.

Due to the increased urgency over Good Cause Eviction, we will provide frequent updates over the next few weeks through email and through the *RSA Reporter*. It is crucial that you pay close attention to these notifications. We will detail how our membership can become involved in our efforts once again. ■

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# PRESIDENT'S MESSAGE



Joseph Strasburg

## Governor vs. Legislature?

It has barely been one month since Governor Kathy Hochul began her first full term in office and she is already having differences of opinion with the progressive members of the Legislature.

Shortly before the holidays, Governor Hochul nominated Hector D. LaSalle, Presiding Justice of the New York State Supreme Court Second Department, as the new State Court of Appeals Chief Judge after former Chief Judge Janet DiFiore resigned last summer. Shortly after her nomination, Governor Hochul faced fierce criticism from progressive members of the Legislature, particularly members of the Democratic Socialists of America (DSA), who felt Judge LaSalle was too conservative.

Although all seemed well between the Governor and State lawmakers at the State of the State address on January 10<sup>th</sup> (see page 5), the honeymoon was short-lived when in an unprecedented move, the Senate Judiciary Committee voted against Judge LaSalle's nomination. The committee's rejection, a first in New York history, has created a schism between the Governor and progressive lawmakers that could have a massive impact on this year's legislative session.

As we went to press with this issue of the *RSA Reporter*, Governor Hochul was preparing to unveil her preliminary State budget for the upcoming fiscal year. After detailing an ambitious housing agenda during her State of the State address, we expect the Governor to further elaborate on these plans through the proposed budget.

It is important to keep in mind that during budget negotiations between Governor Hochul and the Legislature, lawmakers could potentially seek legislative items as part of a trade-off for particular items that the Governor would like to see included in the budget. Given the current appetite for stronger tenant protections, this could very well include Good Cause Eviction.

Politically, Hochul has appeared to shift in a more moderate direction since securing her victory in the November election. This could bode well for the rental housing industry, especially since Governor Hochul continues to avoid endorsing far-left proposals such as Good Cause Eviction. Although the legislation could pass as a standalone bill by the end of the legislative session in June, we anticipate that anti-owner lawmakers, particularly

newly appointed Assembly housing committee chairperson Linda Rosenthal (see page 1), will use Good Cause Eviction as leverage during budget negotiations.

Based on the strong opposition of Judge LaSalle shown by the progressive members of the Legislature, we believe that these far-left lawmakers are going to do everything they can to test the governing power of Kathy Hochul. This could potentially set up infighting amongst State Democrats for the remainder of the legislative session.

Good Cause Eviction has predominantly been supported by New York City and Lower Hudson Valley lawmakers, a clear indication that members of the Legislature outside of the boroughs are well aware of the negative consequences that the bill would have on housing throughout the State. As a result, this could potentially give Governor Hochul enough leverage to avoid supporting the bill.

Unfortunately, nothing is guaranteed in politics, and it is still way too early to predict the outcome of this legislative session with regard to housing initiatives. That is why we have relaunched our industrywide coalition, Homeowners for an Affordable New York (HFAANY), to fight off any efforts to enact Good Cause Eviction. Because last year was an election year, it was much easier to stave off any efforts to pass this controversial bill. However, our work is cut out for us this year, and RSA is committed to investing all necessary resources that will ensure defeating this bill once again.

The next couple of months will paint a much clearer picture with regard to how Governor Hochul and the Legislature will work together between now and the end of June. If the progressive members of the Legislature hijack budget negotiations and secure any items off of their wish list, it could be the beginning of a long first term for the Governor.

RSA takes tremendous pride in outreach efforts to our membership. As a result, it is important that you closely monitor the updates we provide you via email blast concerning the State budget, movement on Good Cause Eviction, and any updates out of the Legislature that will directly involve the New York City rental housing industry.

You must be prepared at any moment to engage in our advocacy efforts, whether it is to fight off any harmful legislation, or to support any legislative items that we have proposed to State lawmakers. ■

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## Property Tax Assessments Mostly Increase Again Citywide

*City Sees Large Increases for Class 2 Buildings in Outer Boroughs*

The City Department of Finance (DOF) has released tentative property tax assessments for buildings throughout the City and overall, assessments have increased for rental property owners.

DOF released the tentative assessment roll on January 17<sup>th</sup> for the upcoming Fiscal Year (FY) 2024, which will begin on July 1, 2023. Tax assessments varied throughout the City, rising for all building classes. For Class 2 buildings (rentals, co-ops and condos), assessments predominantly rose for both larger and smaller buildings, but significantly increased for 4–10-unit buildings, particularly in the outer boroughs. Overall, tax assessments across all tax classes increased by **4.37 percent**, with Class 2 buildings increasing by **3.1 percent**. The following is a summary of the data released by DOF:

**Citywide**, there is an assessment increase of only **1.59 percent** for larger Class 2 rental buildings, which will actually slightly decrease the average annual tax bill to **\$5,385** per apartment per year (an \$11 decrease from last year). Rental properties citywide with 4-10 units will increase **6.09 percent**, which raises the annual tax bill to **\$4,274** per apartment (a \$230 increase from last year).

The **Bronx** saw the largest assessment increase of **11.32 percent** for larger Class 2 buildings, raising the annual tax bill to **\$2,423** per unit. For buildings with 4-10 units, the assessment value increased by **9.10 percent**, raising the annual tax bill to **\$2,914**.

In **Manhattan**, assessments for larger Class 2 rentals decreased by **2.13 percent**, decreasing the annual tax bill to **\$8,630** per unit (a \$227 difference from last year). Rentals with 4-10 units saw an increase of **4.49 percent**, increasing the annual tax bill to **\$9,585** per unit.

In **Brooklyn**, larger Class 2 rental buildings have an assessment increase of **7.83 percent**, raising the annual tax bill to **\$3,851** per unit. Rentals with 4-10 units will see an increase of **6.79 percent**, which raises the annual tax bill to **\$2,991** per unit.

In **Queens**, assessments for larger Class 2 rentals increased by

**5.48 percent**, raising the annual tax bill to **\$4,127** per unit. Buildings with 4-10 units in Queens increased by **7.14 percent**, which would increase the annual tax bill to **\$3,817** per unit.

**Staten Island** saw an assessment increase of **3.61 percent** for larger Class 2 buildings, but the annual tax bill will slightly decrease to **\$2,716** per unit. Buildings with 4-10 units had an increased assessment value of **6.38 percent**, raising the tax bill to **\$3,388** per unit.

The overall increases in assessments come as no surprise as increased property values will ultimately drive-up property taxes, which the City ultimately relies on to fund essential agencies and services. Various fiscal watchdog groups have warned about inevitable budget deficits that the City will face in upcoming fiscal years and, as a result, the City will turn to increased property tax, payments to help curb those deficits. Despite rental property owners still reeling from massive financial losses caused by the COVID-19 pandemic, the value of rental buildings have risen for the second straight year. The increases in assessed building values will once again play a significant role in RSA's arguments at the Rent Guidelines Board (RGB) this spring.

Please keep in mind that the FY 2024 tentative tax roll is subject to adjustment based on tax challenges by rental property owners. We encourage you to review your tentative assessments and file a protest with the New York City Tax Commission if the assessments are not consistent with neighboring properties or borough averages. Visit the City Tax Commission website at <https://on.nyc.gov/3qFaxEr> to obtain the forms you will need to begin the process of challenging your assessment. For additional information about the process of challenging your property tax assessment, see page 9 of the January edition of the *RSA Reporter*.

If you have not yet reviewed your individual property tax assessment, please visit <https://on.nyc.gov/2RkY2eo>. The deadline for Class 2 property owners to challenge their assessed values is **March 1, 2023**. ■

### RSA MEMBERSHIP MEETING

**Wednesday, February 22, 2023 at 2:30PM-4:00PM at  
RSA Office 123 William St., 12<sup>th</sup> Fl., Manhattan**

The Membership Meeting is an opportunity for owners to learn about political, legal and regulatory updates as well as to raise questions and concerns. All paid RSA members are welcome to attend. Register by calling **212-214-9243** or via email at [mrodriguez@rsanyc.org](mailto:mrodriguez@rsanyc.org). Pre-registration is required and will close at noon the day before the date of the meeting.

## Rental Housing Industry Awaits Crucial Kingston Decision

*Judge Could Decide in Early February*

Rental property owners in Kingston continue to wait for a decision concerning their historic case that not only challenges the municipality's decision to opt-in to rent stabilization, but the Kingston Rent Guidelines Board's (KRGB) unprecedented vote to roll-back rents.

A decision out of the Ulster County Supreme Court is expected in early February, but the legal team of the Hudson Valley Property Owners Association (HVPOA) has been incredibly active over the last two months. Shortly before the new year, HVPOA's legal team, led by Matthew Brett of Belkin Burden Goldman, LLP, filed an affidavit from Kevin Corte, who served as the director of Kingston's Office for Housing Initiatives from March 2021 until December 2021.

The legal team is confident that this recent court filing solidifies the arguments that Kingston property owners have been making for months. The vacancy study conducted by the City of Kingston last April and May and later adopted by the Common Council to opt-into rent stabilization is flawed, falsely claiming the existence of a housing emergency.

Although Corte was not the director at the time that the survey was conducted, the December 30, 2022 filing includes his sworn

statement explaining that Housing Initiatives were not equipped to undertake the significant work involved in an accurate survey and expressed his concern to city staff and Kingston Mayor Steve Noble. In addition, Corte also noted that a prior independent study from the Rochester-based Center for Governmental Research did not, in fact, reveal a vacancy rate of below five percent.

On November 18, 2022, Judge David M. Gandin granted a temporary restraining order (TRO) of the KRGB's early-November vote to become the first municipality to enact a rent reduction. Four days later, Judge Gandin ordered that Kingston owners will not be obligated to issue renewal leases, but rather, tenants will remain as month-to-month tenants until the case is concluded. Furthermore, the current rent in place will be the legal regulated rent and the State Homes and Community Renewal (HCR) is stayed from processing any complaints for failure to renew lease renewal or fair market rent appeals while the Kingston property owners' challenge is pending.

Kingston property owners and their legal team continue to remain optimistic and we anticipate a decision from the Ulster County Supreme Court before the next issue of the *RSA Reporter*. Be on the lookout for a breaking news alert through an RSA email blast. ■



## 2023 Annual Safety Notice Service

*It's Not Too Late to Comply With the Law!*



- Did you know that the Fire Department has updated their required notices for 2023?
- Did you know that the Fire Department has a new resident certification requirement?
- How can you keep track of the constant changes in notice requirements?
- Don't tie up your own staff or rely on profit-driven vendors who require contracts and raise prices on renewal.
- RSA is the only organization that helps you meet your compliance needs and fights on your behalf to make compliance as easy as possible.

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## Governor Hochul's Ambitious Housing Agenda Outlined

In early January, Governor Kathy Hochul held her second State of the State address and presented her wide-ranging agenda, touching on the housing initiative for New York for the next decade.

Entering her first full term, Governor Hochul made her speech in the Assembly Chamber on January 10<sup>th</sup>, addressing the entire Legislature and various elected officials throughout the State. At a minimum, the Governor's housing plan is bold and ambitious, emphasizing the easing of regulatory restrictions to expand development beyond New York City ultimately as a way of achieving greater housing throughout New York. Most importantly, Governor Hochul did not mention the need for any major legislative changes, such as Good Cause Eviction. Despite advocates pushing for the bill to be passed this legislative session, the Governor has avoided discussing the issue at all costs.

Governor Hochul's speech was less focused on the specific details of how such goals will develop, but rather, rallying the support of attendees. Critical incentives to rehabilitate housing, greater opportunities to convert vacant office spaces to residential units, and support homeowners in high-need communities of color were all celebrated. However, tenant advocates protested her proposals, claiming they fail to address the needs and priorities of tenants and ensure affordable housing.

Governor Hochul supports flexibility within New York City to increase residential capacity, which is something that City Council Members have been working towards on a micro level for the past several years. Although she did not go into detail at the time of her address, in early January, Governor Hochul announced her proposed \$25 billion, five-year housing plan, which will work to preserve 100,000 affordable homes in urban and rural communities. Local land use restrictions, some of the most stringent in the country, have prevented or limited new construction over the years. As a result, the Governor's agenda will require negotiation of these legislative items separately, potentially as part of the State budget this coming spring.

Following the more frequent weather devastations, Governor Hochul will also be authorizing basement dwelling units to be considered legal apartments. Governor Hochul has proposed providing the City of New York with the local authority to provide amnesty by local law for existing basement units that meet health and safety standards to be determined by the City. Given the cost of expenses to keep up with basement units, this is a step in the right direction for residential building owners to have this part of their properties supported the way other units are.

Governor Hochul has also stated that she will work with the Legislature to fashion and enact a replacement for the 421-a property tax exemption program that expired last year. A well-structured incentive is necessary to stimulate the production of new affordable rental housing in New York City sufficient to meet

the overall goals of her ambitious housing plan.

While new construction is critical, preserving existing affordable housing is also a vital tool, particularly in New York City. Although details were vague at the time of the speech, Governor Hochul has also proposed an updated tax exemption to support property owners who need support for undertaking major capital repairs. Resuscitating the now-expired J-51 program would be pivotal for owners of aging properties, but it is still unclear if the Governor plans to advocate for the return of J-51, or work with lawmakers on creating a new, but similar program.

There is no question that there are several legislative and financial roadblocks that will need to be overcome in order to achieve these ambitious goals. However, Governor Hochul and Mayor Eric Adams' positive working relationship and strong desire to achieve these goals is encouraging. RSA will also be pushing other legislative items through this year's session that include, but are not limited to, easing some of the restrictions imposed by 2019 rent laws (HSTPA), as well as rental subsidies for some of the most rent-burdened tenants.

We expect that many of these goals will be further outlined as part of the Governor's preliminary State budget, which will be released no later than the beginning of February. We will keep you apprised of all developments. ■

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