



Intro. 196

Memorandum In Opposition

The Rent Stabilization Association represents 25,000 diverse owners and managers who collectively manage over one million units of housing in every neighborhood and community throughout the City. We thank the Committee for giving us the opportunity to testify on behalf of our members in opposition to Intro. 196, which would give certain qualified entities the first opportunity to purchase and the right of first refusal when residential buildings are offered for sale. This bill creates problems for both purchasers and sellers. Our members are both.

RSA membership is deeply diverse. Our members truly look like every part of our diverse city. Whether in Harlem, Washington Heights, Fort Greene, Ocean Hill, Southeast Queens, Crown Heights, Flatbush, The Bronx, the North Shore of Staten Island, or in so many other neighborhoods – property owners in all communities, RSA members – deserve a clear, unobstructed opportunity to participate in a market sometimes long-denied them.

Numerous RSA members have purchased a modest building in communities where their families first settled. They have committed to their neighborhoods and made the choice to invest in their communities. Dictating that certain corporate entities should be given purchase preference over others only limits access to ownership. And this bill establishes a preference that a certain class of corporate owners are more desirable than others.

Currently any purchaser has a right to purchase any property. Intro. 196 does nothing to expand opportunity. Instead, it strips opportunity away from individuals and seeks to direct it to a government-vetted preferred purchaser pool. The harsh reality is this bill takes away the opportunity to purchase property from communities of color and further strips them of their opportunity to create generational wealth.

As was recently reported in the New York Times, Black families are leaving New York City in record numbers, with one reason cited being lack of homeownership. This bill would make the path to homeownership even harder. Buying a three-family home, living in one unit and renting out the other two is a tired-true-method towards affording property and building wealth. This bill puts up new obstacles in that quest for ownership and creating generational wealth opportunities.

Further, the bill fails to recognize that the affordable housing market is not solely within the purview of a limited group of narrowly-defined affordable housing providers. Rather, affordable housing is provided by thousands of private owners throughout the city. The private market,

regulated and less-regulated, has done what government struggles to accomplish: private owners and developers take an active role in keeping markets affordable.

This bill would impair the property rights within the transactional market. This interjection would disrupt the sales market and take away the flexibility of the private market operations and instead establish a rigid timeline that hamstring property ownership. The right to own and the right to sell and when and for how much are the foundations of private property and contracts. There are times when market conditions and financial realities require owners to be limber and move quickly in reaction to market situations. The timeline imposed by Intro. 196 would thwart any ability to be market-responsive and adds unnecessary cost and delay and negatively impacts the value of the property.

Fully played out, this bill would mean the sales process could be delayed for up to one year. As we all know, markets can drastically change in one year and this will place undue hardship on sellers who will be forced to carry an asset for far longer than viable, and on buyers whose situations certainly can change during this extended period.

Purchase, ownership, and sale of real estate - whether three-family homes, or apartment buildings – is how families build multigenerational wealth. For too long, and for too many reasons often instigated and supported by government action, families and communities of color have been excluded from this market opportunity. Depending on the neighborhood, it is only recently that families of color have been robustly participating in this vital segment of the economy. Inserting a new third party into the real estate market, and insisting on added time for transactions, will immediately and negatively impact these communities and all residents' property rights.

For the above reasons, RSA is opposed to Intro. 196.