

RSA Reporter

WE HOUSE NEW YORK

March 2024 | VOL. 43 ISSUE 3

We're Not Making This Up

Every faith has a version of this story, a parable about acknowledging situations and limitations and recognizing when it's time to make adjustments:

A man of faith was stuck on a rooftop in a flood, praying for help.

Soon a neighbor in a rowboat came by and shouted to the man stranded on the roof, "Jump in, I can save you."

The stranded man shouted back, "No, it's OK, I'm praying to God and I'll be saved."

So the rowboat went on.

Then a motorboat came by. The woman in the motorboat shouted, "Jump in, I can save you."

To this the stranded man said, "No thanks, I'm praying to God and I'll be saved. I have faith."

So the motorboat went on.

Then a helicopter came by and the pilot shouted down, "Grab this rope and I will lift you to safety."

To this the stranded man again replied, "No thanks, I'm praying to God and I will be saved. I have faith."

So the helicopter reluctantly flew away.

Soon the water rose above the rooftop and the man drowned. He went to Heaven. He finally got his chance to discuss the situation with God, at which point the man exclaimed, "I had faith in you but you didn't save me, you let me drown. I don't understand why!"

To this God replied, "I sent you a rowboat and a motorboat and a helicopter, what more did you expect?"

Whatever your religion and wherever you first heard this story, the lesson is the same: pay attention to what's happening, take help when it's offered and don't count on faith alone to fix problems.

It's a lesson New York's public officials need to remember.

New York enacted new rent laws in 2019 that severely curtailed the amount owners of stabilized buildings can invest in both building-wide maintenance and in rehabilitating individual apartments. New York then, for all intents and purposes, rolled right in COVID. That widespread and deadly public health crisis impacted every aspect of the economy and every market, in addition to the wrenching – and still unfolding – loss of life. COVID housing hardships were addressed with Housing Court moratoriums, ERAP, supplemental Unemployment Insurance payments and other social service programs. In addition to the tremendous good these programs did, for tenants and owners both, this flood of government money, and ceased or slowed administrative matters, had the effect of clouding the actual impacts of the 2019 rent laws. Now – in 2024 – we can see the economic havoc generated by these laws.

We warned public officials that there would be disinvestment in stabilized buildings, not out of malice but out of economic necessity. Academic studies have confirmed this has happened and industry surveys have confirmed this is the reality in your buildings. That's the rowboat.

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These same 2019 rent laws made it economically infeasible to rehab apartments after long tenancies, often decades long. If the rent on these apartments are prohibited from reflecting the extensive work needed to make them habitable for the next tenant holding a stabilized lease for that apartment, then it stands to reason that the work won't be done and the apartment would be left vacant. City agency studies and industry surveys have confirmed the increase in multi-year vacancies in stabilized buildings, particularly in smaller buildings that are either predominantly or exclusively stabilized. Apartments are vacant and not rehabbed in the midst of an affordable housing crisis because of state policies. That's the motorboat.

We warned that state policies forcing disinvestment and denying reasonable economic accommodations in making available affordable apartments that need extensive work would devalue stabilized apartment buildings everywhere, which would cause a crisis in regional and community banks. That wasn't an empty threat and it wasn't doomsaying. It was based on broad and deep experience dealing with banks, markets, government agencies and policymakers. Current events confirm this hard economic truth. Community and regional banks, those closest to affordable housing lending, are in dire shape – some collapsing, many shaky – because of forced revaluation of stabilized buildings as risky, if not toxic, assets. That's the helicopter.

This is our current situation. It is – unless necessary adjustments are made to allow reinvestment in building maintenance and apartment rehabs – the quite bad best-case scenario.

Some legislators are trying to make it worse. Mislabeled Good Cause Eviction, particularly its requirement of mandatory lease renewals, would regulate every multifamily building and every non-regulated apartment in the entirety of New York. It would further devalue every apartment building in every city, county, town and village in the state. It would force tax increases on single family homes to compensate for devalued multifamily homes. It would destroy off-campus housing options in college and university towns. It would collapse more banks. That would be the drowning.

The state has been shown a rowboat, a motorboat and a helicopter and warned what the flood would do. And yet some professional activists and their aligned legislators insist that faith alone will save affordable housing. If New Yorkers – neighbors and voters – are the God character in the parable, when policymakers are called to account for their actions and inactions they'll be asked "Why didn't you listen? What did you expect?" ■

RSA HYBRID MEMBERSHIP MEETING

In-person at the RSA office or via Zoom

Wednesday, March 27, 2024 at 2:00PM

Join us in person at the RSA office or via Zoom for our next membership meeting. We will bring our members up-to-speed on all the latest news and updates in the housing industry.

Please call **(212) 214-9243** or send an email to **mrodriguez@rsanyc.org** to register, please indicate whether you will be attending in person or via zoom. Once you have registered with your RSA member number, the Zoom meeting ID and password will be sent to you via email. You may enter the waiting room area of the virtual meeting as early as 1:50 p.m. on that day. RSA staff will then admit you into the meeting and start the meeting promptly.