



Legislation Text

File #: Res 0044-2018, Version: *

Res. No. 44

Resolution calling upon the New York State Legislature to pass and the Governor to sign, a bill that would authorize New York City's Department of Finance (i) to freeze the rent of units in the Rent Freeze Program at the preferential rent rate and (ii) notify New York State Homes and Community Renewal when a unit in the Rent Freeze Program receives preferential rent

By Council Member Cornegy

Whereas, New York State Homes and Community Renewal (HCR) oversees over 1 million rent stabilized apartments in New York City; and

Whereas, Rent Stabilization restricts how much rent a certain residential housing unit can increase per year; and

Whereas, The Rent Stabilization Code (RSC) allows a property owner to charge tenants "preferential rent," which is rent that is less than what the property owner would ordinarily be entitled to receive under the Rent Stabilization system; and

Whereas, The "preferential rent" can be either for the term of the lease or for the entire term of the tenancy; and

Whereas, When a tenant's lease is up for renewal, property owners can increase rents to what they are entitled to receive under rent stabilization (also known as the legal rent) and such rent increase can be hundreds of dollars higher than the preferential rent; and

Whereas, According to AARP, many older and disabled residents on fixed and limited incomes are vulnerable to rising rental costs; and

Whereas, Under the State's Real Property Tax Law, New York City protects eligible senior citizens and people with disabilities from certain rent increased that are imposed by the property owners if they have total

annual household income of \$50,000 or less; and

Whereas, This benefit is provided pursuant to the senior citizen rent increase exemption (SCRIE) and disability rent increase exemption (DRIE) programs, collectively referred to as the New York City Rent Freeze Program (Rent Freeze Program); and

Whereas, The Rent Freeze Program, managed by the New York City Department of Finance (DOF), freezes the rent of eligible tenants at either their prior legal rent or one-third of their income, whichever is greater, and future rent increases for the unit are paid by the City to property owners in the form of a real property tax abatement credit; and

Whereas, Despite these steps, preferential rents for the term of the lease may result in unaffordable rent increases when the lease expires and it may force tenants with fixed incomes to move; and

Whereas, To prevent seniors or disabled tenants from being displaced due to a rate hike on their rent, DOF should be able to freeze the rent at the preferential rent level; and

Whereas, During the application process, the applicant should meet the requirements for the Rent Freeze Program, provide DOF with documentation that the unit is receiving preferential rent and DOF should then notify HCR about this information; and

Whereas, Under the Rent Code Amendments of 2014, when an owner claims that the rent is being charged preferential, HCR will examine the lease and rent history to assure that the higher legal rent is correctly calculated and lawful; and

Whereas, Because the Rent Act of 2015 limits rent increases at a vacant unit that was previously occupied by a household receiving preferential rent, this information could also be useful to HCR; now, therefore, be it

Resolved, That the Council of City of New York calls upon the New York State Legislature to pass and the Governor to sign, a bill that would authorize New York City's Department of Finance (i) to freeze the rent of units in the Rent Freeze Program at the preferential rent rate and (ii) notify New York State Homes and

Community Renewal when a unit in the Rent Freeze Program receives preferential rent.

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