



Legislation Text

File #: Res 0565-2018, **Version:** *

Res. No. 565

Resolution calling upon the New York State Legislature to introduce and pass, and the Governor to sign, legislation authorizing the New York City to create a Commercial Rent Increase Exemption program, which will provide a property tax abatement to landlords who enter into long-term affordable lease agreements with small businesses

By Council Members Lander, Cumbo, Powers, Rosenthal and Chin

Whereas, Small businesses in the City bear significant financial burdens because of the high commercial rents they pay; and

Whereas, In some neighborhoods, landlords who lease their properties to small businesses seek steep rent increases when it comes time for their small business tenants to renew their leases; and

Whereas, According to a 2017 report by the City Council, “Planning for Retail Diversity: Supporting NYC’s Neighborhood Businesses,” these rent increases could be as much as 50 percent or more on average; and

Whereas, The Council’s analysis of data from the Real Estate Board of New York showed that the average retail asking rents in Manhattan grew 44 percent between 2006 and 2016; and

Whereas, The extreme increases in commercial rents have forced several small businesses to shut down causing neighborhoods to lose long-standing businesses that provided them with vital services for decades; and

Whereas, New York City has existing programs to help certain populations maintain an affordable rent; and

Whereas, For example, low-income senior citizens and people with disabilities in rent-regulated apartments are protected by the Senior Citizen Rent Increase Exemption (SCRIE) program and the Disability Rent Increase Exemption (DRIE) program, known collectively as the New York City Rent Freeze Program; and

Whereas, The Rent Freeze Program freezes the rent for eligible residents of rent-regulated housing who have annual household incomes of \$50,000 or less, are over the age of 62 or have a qualifying disability, and who pay more than one-third of their incomes on rent; and

Whereas, In the program, landlords receive the difference between the legal regulated rent and the frozen rent amount in the form of a refundable property tax abatement; and

Whereas, According to the Fiscal 2018 Annual Report on Tax Expenditures published by the Department of Finance, the Rent Freeze Program provided more than 72,000 senior citizens and people with disabilities with rental assistance at a cost to the City of nearly \$177 million; and

Whereas, Creating a similar program to SCRIE and DRIE called the Commercial Rent Increase Exemption (CRIE) program would help small commercial businesses address rent increase issues and incentivize landlords to limit the increase in commercial rent for small businesses; and

Whereas, The abatement would offset a variable proportion of the difference between the expected new market rent the owner could charge and the actual rent charged under the new lease; and

Whereas, Under this program, the new market rent would be determined by the Department of Finance using data reported by property owners through the annually required Real Property Income and Expense statement; and

Whereas, The City would be authorized to determine the eligibility criteria for small businesses, landlords, and lease conditions that qualify for the abatement and would also be authorized to cap the total amount of abatement given out per year and/or restrict the abatement to areas of the City that have seen massive increases in commercial asking rents; and

Whereas, Small businesses define the identities of New York City's diverse neighborhoods and action must be taken to preserve the character of our local retail and these neighborhoods; now, therefore, be it

Resolved, That the Council of the City of New York calls upon the New York State Legislature to introduce and pass, and the Governor to sign, legislation authorizing the New York City to create a Commercial

Rent Increase Exemption program, which will provide a property tax abatement to landlords who enter into long-term affordable lease agreements with small businesses.

WK/RKC
LS 4900
10/11/18