

Just before midnight on Thursday, June 25th, the New York State Legislature passed a bill that extended the rent laws for four years through 2019. Here is a brief summary of the important changes to the rent laws that you must know:

- The rent laws have been extended for four years, until June, 2019.
 - Tenants sought a two-year extension.
- The rent threshold for both high-rent vacancy deregulation and high-income, high-rent deregulation has been raised to \$2,700 from \$2,500. That threshold will be adjusted January 1, 2016 and each January 1st thereafter by the one-year guideline issued the prior year by the City Rent Guidelines Board. Significantly, for high-rent vacancy deregulations based upon the new threshold, deregulation will be based upon whether the legal regulated rent for the prior tenant was more than \$2,700. Please note that this change does NOT affect prior deregulations which were based upon the legal regulated rent of the new tenant.
- - Tenants sought a total repeal of vacancy deregulation or an increase to a \$3,000 threshold.
- The amortization period for major capital improvements has been increased from seven years (which it has been since 1990) to eight years for buildings with 35 or fewer units and nine years for buildings with more than 35 units. MCI rent increases continue to be a permanent part of the rent. These new amortization periods apply to pending MCI applications. Significantly, owners are provided with a new one-time tax abatement for the MCI.
- - Tenants sought MCI increases that would be temporary surcharges.
- The vacancy allowance has been revised to address vacancies which arise after a prior lease where the tenant paid a preferential rent. In these cases, a vacancy allowance of 5% is permitted if the last vacancy lease commenced less than two years prior to the new lease, 10% if less than three years prior to the new lease, 15% if less than three years prior to the new lease, and 20% if four years or more prior to the new lease. These vacancy allowances, as with "regular" vacancy allowances, are applied to the legal regulated rent.
 - Tenants sought to prohibit preferential rents from increasing to the legal regulated rent and to either repeal or reduce the vacancy allowance to 7.5%
- Monetary penalties for harassment have been increased by various amounts.
- The new rent laws are retroactive to June 15, 2015.

Despite extraordinary efforts by Governor Andrew Cuomo, Mayor Bill de Blasio and tenant advocates to strengthen the rent laws, Senate Republicans advocated for the best possible outcome for the entire rental housing industry.

Please do not hesitate to reach out to us if you have any questions regarding this information.