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Facing Year 2 of NYC Rent Freeze, Landlords Sue

By Josh Russell

MANHATTAN (CN) - New York City landlords want a judge to intervene as the rent freeze endorsed by Mayor Bill de Blasio takes effect for the second year.

The July 7 petition in Manhattan Supreme Court came nearly two weeks after the New York City Rent Guidelines Board adopted Order No. 48, which freezes rent increases at 0 percent for one-year leases and 2 percent for two-year leases for a second year in a row.

Four Brooklyn landowners brought the filing, joined by the trade group Rent Stabilization Association, which represents 25,000 landlords across the city.

The landlords own a million apartments, "most of which are rent stabilized," the petition states.

Calling Order No. 48 "arbitrary and capricious," as well as "constitutionally dubious," the landlords say "tenant affordability" is not a permissible consideration for issuing annual guideline increases for rent stabilized apartments.

Taking a literal approach to Section 26-510 of the New York City Rent Stabilization Law of 1969, the petitioners say the established guidelines make no reference to "tenant affordability."

Section 26-510 states that "the board calculates rent increases on the basis of cost increases experienced in the past year, its forecasts of increases over the next year, its determination of the relevant operating maintenance cost-to-rent ratios, and other relevant information concerning the state of the real estate industry."

New York City's guidelines reflect the actual costs of supplying housing and "have nothing to do with tenant affordability," according to the petition.

The landlords contend that any trouble tenants face in paying "reasonable rents is a problem caused by society at large, and must be borne by the public as a whole, not by a group of owners who are charging reasonable rents."

De Blasio had said the city needed Order No. 48 because "the facts demanded a rent freeze."



"We are fighting displacement and protecting affordability on every front from putting shovels in the ground for more affordable housing than any time in 40 years to increasing free legal services for tenants tenfold, to this rent freeze, we are turning the tide to keep this city for everyone," the mayor said in a statement.

The Rent Stabilization Association calls for a court order annulling Order No. 48 and declaring it unconstitutional under the Fifth and 14th Amendments, alleging violations of the separation-of-powers doctrine and the taking of private property for public use without just compensation.

New York City's Rent Guidelines Board should also draft a new version of Order No. 48 "in accordance with applicable law."

The Rent Guidelines Board voted 7-2 on June 27 to keep rents frozen another year.

In addition to the Rent Stabilization Association, the other plaintiffs are Benson Realty LLC, Danielle Realty LLC, Milagros Huertas and Marilyn Percy.

The landlords say they are "directly and adversely affected" by the rent freezes.

They are represented by Jeffrey Turkel at Rosenberg & Estis.

Representatives from the New York City Rent Guidelines Board did not immediately respond to requests for comment.

