



## NEW YORK STATE BUILDERS ASSOCIATION, INC.

Peter Florey | President

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### **Talking points for upstate New York landlords lobbying against municipalities opting into the Good Cause Eviction (GCE) law:**

#### ECONOMIC IMPACTS ON SMALL LANDLORDS

- Unclear Exemptions: The law's exemption for small landlords is ambiguous, particularly for those with multiple LLCs or partial ownerships. The lack of clear guidelines from DHCR could lead to unintended consequences and legal challenges, placing an undue burden on small landlords.
- Increased Legal Risks: Landlords may face significant legal risks if a tenant challenges rent increases above the CPI cap. The onus is on the property owner to defend these increases in court, which could be costly and time-consuming.
- Increased Rents: If the community opts into GCE, it will most likely increase rents; on average, over the past decade, rents have not increased more than 3% a year. Under Good Cause, the state would give property owners guidance to raise rents by 7% to 8% each year.

#### REGULATORY OVERREACH AND COMPLIANCE BURDENS

- Extrajudicial Authority: DHCR is granted extrajudicial authority under this law, which extends beyond traditional rent regulation into free-market housing. This overreach could set a precedent for further state intervention in private property rights.
- Lack of Judicial Consistency: The law's broad language gives judges wide latitude to interpret lease violations and rent increases, leading to inconsistent rulings that could vary significantly across municipalities.
- Ambiguous Definitions: Key terms like "small landlord" and "high rent exemption" are subject to local interpretation, creating uncertainty and potential conflicts during implementation.
- Complex Compliance Requirements: The law imposes complex compliance requirements on landlords, including providing detailed ownership information and tracking exemptions across multiple properties. This increases the administrative burden, particularly for landlords with multiple properties.

#### IMPACT ON HOUSING SUPPLY

- Fewer Apartments: GCE will lead to fewer available apartments. In areas of the country where Good Cause-like regulations were put in place, property owners transitioned apartments into short-term rentals like Airbnb or VRBO.
- Exemptions for New Construction: New construction post-2009 is exempt for 30 years, but the law could still stifle future development if developers anticipate further regulatory tightening.



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### IMPACT ON HOUSING SUPPLY (Cont'd)

- Build More: The only way to lower rents is to build more housing. Opting into Good Cause without a larger plan to address supply is a mistake.
- Government Funding: There isn't enough government funding to increase the supply of affordable housing on the scale necessary to lower rents. Opting into GCE without incentives for developers to create more housing will worsen the housing crisis.

### LEGAL AND POLITICAL LANDSCAPE

- Mobilization of Tenant Groups: Tenant groups are using the law as a political tool to organize and advocate for further regulation. Landlords should proactively engage with local governments to counter these efforts and highlight the law's negative impacts on housing availability.
- Pressure from Tenant Advocacy Groups: Tenant advocacy groups are likely to push for more stringent local regulations, as seen in places like Albany and Ithaca. Landlords should be prepared for increased lobbying efforts to narrow exemptions and increase regulation.

### CALL TO ACTION

- Engage with Local Officials: Landlords should actively engage with local officials to discuss the potential negative impacts of opting into Good Cause Eviction. Emphasize the risks to small landlords, the administrative burden, and the potential for reduced housing supply.
- Educate the Community: Work to educate tenants and the broader community about the potential long-term impacts of the law, including the risk of reduced housing availability and increased costs.

These talking points can help landlords build a cohesive argument against adopting Good Cause Eviction in upstate New York municipalities.