2024 Budget Deal: Fact Sheet & Explainer

The proposed 2024 State Budget will deny millions of renters across New York State basic protections from rent hikes and evictions, while also decimating current protections for rent stabilized tenants. Governor Hochul will falsely claim this budget helps tenants while they pass the weakest Good Cause in the country, with loopholes that render the law unenforceable.

This budget:

- **Guts Good Cause by making enforcement impossible:** Requires tenants to know the size of their landlord's portfolio — data that is impossible to find — effectively making the law unusable and meaningless.
- **Excludes at least 3.4 million tenants – over 87% of whom Good Cause was originally designed to cover –** from tenant "protections" by excluding: tenants outside NYC; all buildings built after 2009; all new buildings for 30 years; all households that pay more than ~$5,000/month; tenants living in portfolio sizes of fewer than 11 units; tenants living in owner-occupied buildings of fewer than 9 units.
- **Rolls back 2019 rent laws**: Incentivizes landlords to push out over 1 million rent stabilized households in order to raise rents by almost $200 a month per unit, resulting in a wealth transfer of at least $1.5 billion from rent stabilized tenants to real estate over 5 years
- **Abandons homeless New Yorkers in shelters and on the streets:** Despite support for the Housing Access Voucher Program from homeless groups, social service providers, and even real estate, this budget does not include a single dollar to move homeless New Yorkers out of shelters into stable housing while the homelessness crisis reaches historic proportions.
- **Delivers multi-million dollar tax breaks to developers** through the revival of 421-a, costing New Yorkers nearly $2 billion annually in forgone tax revenue to build housing most New Yorkers cannot afford.

The exclusions in Governor Kathy Hochul's version of Good Cause are complex and overlapping. Taking each exclusion one by one, we can estimate:

Good Cause Exemption	**# of Tenants Excluded**
Opt-in outside of NYC	<2,189,300 *(if every major Upstate city opts in)*
30-year New Construction	422,410
< 200% of Fair Market Rent	≤ 251,000
Portfolio Size < 9 Units	599,706 (*NYC only*)
Owner-occupied Building < 9 Units	*Unknown*
Total exempted	3,462,416 ***at minimum***

Updated April 17, 2024

I. The Weakest Good Cause in the Country

Governor Kathy Hochul's 'Swiss Cheese' Good Cause Eviction proposal would be the weakest Good Cause eviction proposal in the United States, containing exemptions and causes to evict unseen anywhere else.

Good Cause eviction is the law in 5 states and hundreds of municipalities. The laws are mostly structured around the California version (recently enacted Good Cause) or the New Jersey version (legacy Good Cause).[1]

	Hochul's "Swiss Cheese" Good Cause	**Salazar/Hunter "Prohibition of Eviction without Good Cause"**	**NJ "NJ Anti-Eviction Act"**	**CA "The California Tenant Protection Act of 2019"**
Year in Effect		NA	1974	2023
Geographic Impact	New York City, with options to opt-in	Statewide	Statewide	Statewide
Portfolio Size Exemptions	Landlords who own less than 11 apartments across their portfolio	None	None	None
Building Exemptions	Owner occupied buildings with less than 9 units	Owner occupied buildings with less than 4 apartments	None	Two-unit owner occupied buildings and single family homes that are not owned by corporations or LLCs
High Rent Exemptions	Apts above 200% of Fair Market Rent, ~$5000 for a 2 bedroom in NYC	None	None	None
New Construction Exemptions	Buildings after 2009 exempt until 2039; New buildings exempt 30 years	None	None	Buildings built with the last 15 years are exempt
Reasons for Eviction	Same as the Salazar/Hunter bill, but additionally: • "Good Faith" removal from the market • "Good Faith" substantial rehabilitation to the apartment	• Violation rental agreement • Refusal to pay reasonable rent increases • Certain cases in which landlord or their family decides to self occupy • Illegal activity by tenant	• Violation of rental agreement • Nonpayment of rent • Property damage • Landlord wants to retire property from residential use • Tenant lived on premise as part of employment agreement	• Violation of rental agreement • Nonpayment of rent • Serious property damage • Illegal activity by tenant • Refusal to sign a lease extension on similar terms • Failure to move after giving notice
Rent Increases	5% + CPI or 10%, whichever is lower	3% or 1.5x CPI, whichever is higher	Defined locally	5% + CPI or 10%, whichever is lower

[1] For more details on other states or municipalities, please reach out to ritti@housingjusticeforall.org.

Updated April 17, 2024

II. Impossible to Enforce Good Cause

We need a clear and simple proposal that allows tenants, landlords, lawyers, and judges to easily understand who is covered by the law in order to enforce it.

Governor Hochul's Good Cause proposal will make it impossible for tenants to know if they are covered — effectively gutting the law. It will also introduce new 'causes to evict' that landlords will use to skirt the law.

A. Impossible to Identify Coverage

In order to understand if they are covered by Good Cause, tenants will have to:

A. Know the portfolio sizes of their landlords
B. Figure out the HUD Fair Market Rent for their region – a figure that changes frequently and is subject to uncommon boundaries

Governor Hochul's proposal excludes landlords who own fewer than 11 apartments across their whole portfolio – but landlords often operate behind anonymous shell LLCs. By gutting the LLC Transparency Act last year and blocking the creation of a public database, Governor Hochul ensured that predatory landlords can easily use LLCs to evade Good Cause Eviction.

Many corporate landlords and real estate investors themselves have no idea how many apartments they own. For example, someone may provide a 10% equity investment to a company that owns 100 apartments. Do they own 100 apartments, or do they own 10? There is not a clear way to identify how many units exist in a "portfolio" – both because of a lack of data, and because of the nature of the real estate industry.

*B. **New Causes to Evict***

Governor Hochul's proposal introduces two new 'Good Causes' to evict a tenant that landlords will use to completely bypass the law: removal from the market and substantial rehabilitation. These causes will be completely unenforceable.

Landlords will be able to say they are evicting tenants so they can take an apartment off the market or substantially rehabilitate the unit. After successfully removing the tenant, they can then take the apartment off the market for a month or two and immediately rent out the apartment to a new tenant. Because of the lack of enforcement after the point of eviction, the landlord does not actually even have to remove the unit from the market or renovate it.

These new causes for eviction will also give landlords carte blanche to continue to buy up low-income buildings in gentrifying neighborhoods, mass evict the tenants living in them, slap some fresh paint on the building, and then rent it to richer, whiter tenants – a tragic situation that has been playing out statewide that Good Cause was meant to stop.

III. “Swiss Cheese” Good Cause

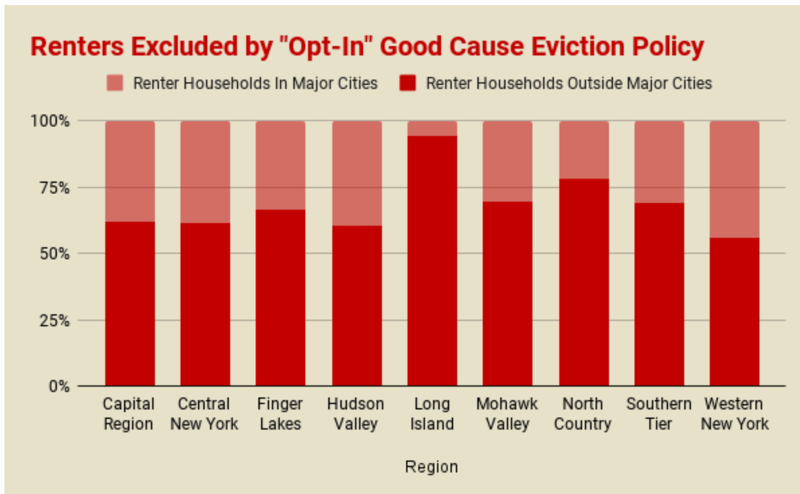
This version of Good Cause Eviction excludes 3.4 million renters at minimum – but no one in the State Government has any idea how many households this version would protect or exclude.

The original Good Cause Eviction bill was designed to protect nearly 1.6 million renter households, or almost 4 million renters, across the state. The exclusions in Governor Kathy Hochul’s version of Good Cause are complex and overlapping, so no one – including Governor Hochul and state leadership – has a clear picture of how many households will be excluded from protections. Taking each exclusion one by one, we can estimate at least 3.4 million renters would be excluded – excluding at minimum over 87% of the tenants Good Cause Eviction was meant to cover.

A. Upstate and Long Island Exclusion

100% of renters outside of New York City will be initially excluded. 67% of renters in New York State (over 2 million tenants) live in places that are unlikely to ever opt-in.

In places that might opt-in, the portfolio size exemptions will dramatically limit the scope of the bill in towns and cities where the housing stock is largely single family homes and duplexes.



B. New Construction Exclusion

More than 168,000 rental units, housing an estimated over 400,00 renters, were built statewide since 2010, and would be excluded for the next 15 years until 2039, as would any new buildings for another 30 years. There is no financial rationale for a 30 year exemption – most multifamily loans amortize over 7-10 years.

C. Fair Market Rent Exclusion

This measure would exclude approximately 251,000 tenants in New York City alone. A report from the Community SErvice Society and the Pratt Center for Community Development found that a significant proportion of renters living in high-cost rentals are multi-generational, immigrant households doubling and tripling up to stay in their neighborhoods. Median asking rents for a two-bedroom in Manhattan are already at approximately $5,450, just under the $5,504 high rent cap. 200% of FMR is not a high rent threshold, it's an incentive for the landlord to raise their price just a little more to ensure they won’t be covered by basic renter protections.

Updated April 17, 2024

D. Portfolio Exclusions and Owner-Occupant Exclusions

The current Good Cause proposal excludes owner occupied buildings with less than 9 apartments. It will also exclude landlords who own less than 11 or 9 units, depending on final language. New estimates from City Limits suggest that in NYC alone, **599,706 renters living in 238,927 units** would be excluded by a portfolio exemption of less than 9 units. The true scope of who this would exclude is an impossible figure to determine or enforce, as discussed in Section II.

IV. Rollbacks to Rent Stabilization

The state budget makes significant changes to the Individual Apartment Improvement increase system, which could result in a wealth transfer of at least $1.5 billion from rent stabilized tenants to real estate over 5 years. IAIs, which allow landlords to raise rent-stabilized rents in-between tenancies, are notoriously fraudulent (40% of IAI cases were fraudulent pre-2019), encourage real estate speculation, and incentivize landlords to aggressively pursue displacement and eviction. Their usage was significantly curbed in the 2019 Housing Stability and Tenant Protection Act.

Current Law (2019 - Now)	**Changes in the 2024 State Budget**
$15,000 cap on IAI rent increases for all apartments, amortized over 14 to 15 years – roughly translates to rent increases between $83 - $89 a month. IAIs are temporary and roll off the regulated rent after 30 years.	Two Tiers of IAI Caps: Tier 1: $30,000 for all apartments, amortized over 12 to 13 years, increase of ~200 a month Tier 2: $50,000 amortized over 12 to 13 years, increase of ~300 a month Tier 2 apartments must have been vacant for 2022, 2023, and 2024 *and* apartments where the prior tenant has lived in the unit for 25 years or more.

Impact:

- **Tier 1** changes to the IAI system roughly translate to **an increase of around $200 a month for around 1 million rent stabilized housing units in the state.**
  - Using a normal turnover rate, this translates to a wealth transfer of at least **$1.5 billion to real estate over 5 years.**
  - *We expect the turnover rate to grow given the new incentive to harass and displace tenants.*

- **Tier 2** impacts approximately 250,000 households who have lived in their homes for more than 25 years – these families would have a new target on their back. This change would roughly translate to an increase of approximately $300 a month.

  These households:
  - Have a median income of around 38% of the citywide average
  - Are overwhelmingly senior (162,000 households or 57%)
  - A third include a household member with a disability (101,000 households)