



January 5, 2022

The Honorable Senator Brian Kavanagh  
250 Broadway Room 2011  
New York, NY 10007

Dear Senator Kavanagh,

Southbridge Towers, Inc. is a 1650-unit cooperative in lower Manhattan with over 5,000 residents. We stand firmly with our counsel, Stuart Saft Esq. and agree completely with his testimony presented to the New York State Senate on Friday, January 7, 2022 against the Good Cause Eviction Bill (as below).

***“The Good Cause Eviction Legislation will have a negative impact on every co-op and every rented condo unit in New York. I am here today to advise you that the Good Cause Eviction Legislation would be a disaster for co-ops and condos and their owners, who elect their boards to manage their jointly owned property and pay all the bills because it will impede the board’s ability to operate the property when a shareholder defaults. Every Co-Op and Condo is the same in New York; the burden of ownership does not fall on a wealthy absentee landlord but on all the other owners of the building.***

***Legislation has been introduced in the New York State Senate (S-3082) and the New York State Assembly (A-5573) (collectively, the “Bill”), that effectively creates rent control by the state for virtually every residence in New York including cooperatives and condominiums. Even hotels permitting stays of more than thirty days would be affected.***

***The Bill provides that every tenant has a right to a renewal lease at a rent increase that cannot exceed the greater of 3% or 1½ times the increase in the Consumer Price Index. The Bill would also preclude the owners of apartment buildings (including cooperatives and condominiums), and hotels with guests staying over 30 days, from being able to evict a tenant, sub-tenant, or someone without a lease or other occupancy agreement, unless the landlord can demonstrate to a Judge that there is a good cause for the eviction. The Bill would require a Judge to determine whether the Landlord has a good reason for evicting a tenant and the tenant’s failure to comply with the terms of the Lease would not necessarily be enough.***

***Moreover, the Bill provides that no landlord of a housing accommodation can evict a tenant, without showing good cause even if the occupant does not have a valid lease. Good cause includes failure to pay rent unless the tenant received a rent increase that was unreasonable. An unreasonable rent increase would be an annual rent increase of more than 3% or 1½ times the increase in the consumer price index, regardless of the building’s actual operating expenses. The landlord’s failure to satisfy this requirement would allow an occupant to remain in the space without paying for it and the fact that the lease expired or the occupant never had a lease***

*is irrelevant. The Bill, if enacted, would fundamentally change how someone owning real estate could treat an occupant of space regardless of whether the occupant had a legal right to occupy the space, which would seriously damage the economic viability of residential real estate including reducing property's value and the property taxes going to New York City and the Transfer Taxes needed by the State and City.*

*Good cause also includes the occupant's refusal to allow the owner of the space access to the space for the purpose of making "necessary" repairs or improvements and it would be up to a court to determine what would be considered a "necessary repair or improvement." As a result, a court would be asked to determine if a repair or improvement was necessary and, if the court did not think so, the occupant would not have to allow the owner into the apartment to make repairs and improvements. Moreover, the occupant could obtain an injunction stopping a nonpayment, objectionable tenancy, or holdover proceeding for years while a Judge determines if the Judge believes there was good cause for the eviction and, even if the court agrees with the landlord, there would be another year's delay as the tenant appeals the decision.*

*It should be noted that while the rent can only increase by 3%, for the last decade real estate taxes have been increasing by far more than 3% per year. Additionally, recently enacted laws and regulations by the City and the State mandating actions that have to be taken to reduce a building's carbon footprint combined with the recently enhanced Local Law 11 regulations, which require the facade of every building six stories or greater to be inspected and repaired every five years, will cause operating expenses to continue to increase significantly. There is little doubt that operating costs will increase by significantly more than 3%. This will also mean that co-ops cannot require their shareholders to pay maintenance and assessments above 3% and rental landlords cannot increase rents by more than 3% regardless of their increased operating costs. Moreover, co-op shareholders and condo unit owners would not be able to rent out their homes and apartments and obtain increases of more than 3% a year regardless of how much their maintenance or common charges and real estate taxes increase, which increases are caused primarily by the City and State of New York.*

*This legislation is premised on the belief that boards can subsidize their shareholders and unit owners indefinitely while the boards have to slowly work through the courts to be able to obtain the money to operate their properties. Shockingly, the owner of an apartment cannot evict a squatter without being required to demonstrate to the satisfaction of a judge and then probably an appellate court, that the owner of the apartment or unit has "good cause" in trying to reclaim the apartment or units. In addition, an employee who is provided housing cannot be evicted after being terminated until the owner proves that the employment was lawfully terminated, which will require Landlord-Tenants courts to determine whether the employer has violated a union contract or the Labor Law. One cannot imagine how the hotels will be able to function if they are unable to recover a hotel room from someone staying over 30 days without obtaining a court order, which can take months or years to achieve.*

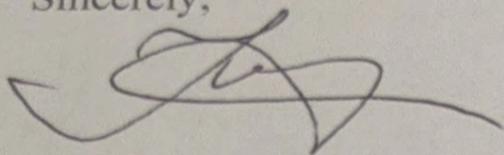
*Every new law has unintended consequences and what will be the consequences of this one? I indicated that I served on the Board and as chair of NCB's Loan Committee and I can tell you that this piece of legislation that is intended to help someone, somewhere, will make it more difficult and, in an economic downturn impossible, for boards from being able to obtain financing. How will lenders judge the impact of a lease default when in addition to the Landlord and Tenant, there will be a mediator, an arbitrator, a phalanx of lawyers, and a yet unnamed City Agency who are going to become participants in the process?*

*If the Senate wants to do something, it should look for ways to make co-ops and condos more affordable. What is so sad is that no one in City or State government is focused on the huge increases in the costs to operate these buildings.*

*Ladies and Gentlemen of the Committee there are thousands of co-op and condo owners living in your districts who cannot afford to keep paying for mandate after mandate and ever higher real property taxes. Thank you."*

Thank you for your consideration.

Sincerely,



Nora Ostrovsky  
President, Southbridge Towers, Inc.