

Legal Alert: NYS Housing Deal Package enacts Good Cause Eviction Law and Amends IAI Rent Increases

April 22, 2024

Good Cause Eviction

On April 20, 2024, the Good Cause Eviction (“GCE”) Law, new Article 6-A of the Real Property Law, was enacted. While much of the new law takes effect immediately, the notice requirements, as well as the changes in rent demands and pleading requirements for summary proceedings, take effect 120-days later, on August 18, 2024.

GCE limits renewal increases to the lower of (i) 5% plus the percentage change in the Consumer Price Index (“CPI”) or (ii) 10%; and limits the grounds pursuant to which an owner may refuse to renew a lease.

In the context of a renewal, an increase on a renewal of more than the lesser of 10% or 5% + CPI are presumptively unreasonable, but such presumption is rebuttable.

Owners of **unregulated** apartments must show “good cause” where a lease is not renewed. Good cause includes, but is not limited to:

1. Tenant’s failure to pay rent, provided the rent did not result from a rent increase that is unreasonable;
2. Tenant is violating a substantial obligation of their tenancy;
3. Tenant is committing or permitting a nuisance;
4. Tenant’s occupancy is in violation of or causes a violation of law and the landlord is subject to civil or criminal penalties;
5. Tenant is using or permitting the apartment to be used for illegal purposes;
6. Tenant has unreasonably refused access for the purpose of making necessary repairs required by law or for another legitimate purpose;
7. Landlord seeks to recover the apartment for personal use and occupancy;
8. Landlord seeks to demolish the apartment;
9. Landlord seeks to withdraw the apartment from the housing rental market;
and
10. Tenant fails to agree to reasonable changes to a lease at renewal, including increases in rent that are not unreasonable.

Effective August 18, 2024, GCE law notices must be attached to all vacancy and renewal leases (for both unregulated and regulated housing units), and to predicate notices and

petitions where an owner commences a holdover proceeding or nonpayment proceeding. The notice will indicate whether the apartment is subject to GCE Law, and state why.

GCE law is not applicable to: (1) units owned by a “small landlord”; (2) owner-occupied units; (3) a unit that is sublet, where the sublessor seeks to recover possession for personal use; (4) employee-occupied units; (5) units subject to rent stabilization or other regulatory agreement; (6) affordable housing units governed by another law, rule or regulation; (7) unit is owned as a condominium or cooperative; (8) unit for which a temporary or permanent certificate of occupancy was issued on or after January 1, 2009, for a period of time of 30-years following issuance of such certificate; (9) unit qualifies as a seasonal use dwelling; (10) unit in a hospital, continuing care retirement community, assisted living residence; (11) manufactured home park; (12) hotel room or other transient use accommodation; (13) dorm owned/operated by higher education institution, or a grade school; (14) unit is within and for use by a religious institution; and, (15) units where the monthly rent exceeds 245% of the fair market rent established by the United States Department of Housing and Urban Development, which DHCR will be required to publish.

*A waiver by a tenant of any rights under GCE Law is void as contrary to public policy.

Individual Apartment Improvement Rent Increases

Rent Stabilization Law § 26-511(c)(13), which governs individual apartment improvement (IAI) rent increases, as previously amended by the HSTPA and Clean Up Bill, has been amended to provide:

A permanent rent increase equal to 1/168th of the new cap of \$30k, which equals \$178.57 for buildings with 35 units or less; and, 1/180th for buildings with more than 35 units, which equals \$166.67.

- The same rules apply regarding the requirement to obtain tenant consent where the work is performed in an occupied unit; the type of work permitted; and documentation requirements.
- The same 15-year period applies, which period begins with the first IAI on or after 6/14/19.

A permanent rent increase after a 25-year period of continuous occupancy OR if the unit was registered as vacant in 2022, 2023 and 2024 equal to 1/144th of the new cap of \$50k, which equals \$347.22 for buildings with 35 units or less; and 1/156th for buildings with more than 35 units, which equals \$320.51.

- An owner must obtain *prior* certification from DHCR.
- Subsequent to the performance of the IAI, the owner must submit to DHCR evidence of the completed work, not limited to photos, receipts, proof of payment, etc.

- DHCR will be entitled to a fee that equals 1% of the amount claimed for IAIs at the time of this filing.
- The \$50k cap may be expended on any number of separate IAIs in a 15-year period.
- No owner will be eligible for this IAI if, within 5-years prior to filing such IAI, any unit in the building has been subject to a determination by DHCR or a Court for treble damages due to an overcharge, OR where a unit in the building has received a determination finding harassment.

A full copy of the NYS Assembly Bill is available [here](#).