Reasonable Cost Schedule Emergency Adoption

CONSOLIDATED REGULATORY FLEXIBILITY ANALYSIS (FOR SMALL BUSINESSES AND LOCAL GOVERNMENTS)

1. EFFECT OF RULE

The Rent Stabilization Code (“RSC”) and the City Rent and Eviction Regulations (“CRER”) apply only to rent stabilized or rent controlled housing units in New York City. The Emergency Tenant Protection Regulations (“TPR”) and the State Rent and Eviction Regulations (“SRER”) apply only to rent stabilized or rent controlled housing units located in those communities outside of New York City that are subject to the Emergency Tenant Protection Act or the Emergency Housing Rent Control Law. The class of small businesses affected by these proposed amendments will be small property owners, who own limited numbers of rent regulated units. DHCR has sought to provide alternative and tailored methods of compliance with the requirements to provide options to small businesses to limit any additional regulatory burden. These amendments are expected to have no impact on local governments.

1. COMPLIANCE REQUIREMENTS

The proposed amendments would require small businesses that own regulated residential housing units to perform some minimal additional recordkeeping and may require additional reporting if an owner seeks a waiver of the schedule. Such businesses will continue to need to keep documentation of renovations performed and establish that improvement costs align with the reasonable cost schedule or the reasons it does not. However, such additional compliance requirements are in keeping with the kind of due diligence an owner would ordinarily take in the absence of any such regulation to assure it gets the best quality work at a competitive price.

1. PROFESSIONAL SERVICES

The proposed amendments may require small businesses to obtain new or additional professional services in the form of architecture or engineering services if it seeks a waiver, but such services are often already used with respect to a contested MCI application. Further, the regulation will require review of costs for major capital improvements when contracting for the services to be in comply with the reasonable cost schedule.

1. COMPLIANCE COSTS

There is no indication that the proposed amendments will impose significant costs upon small businesses or upon the local government anticipated by the passage of the HSTPA.

1. ECONOMIC AND TECHNOLOGICAL FEASIBILITY

Compliance is not anticipated to require any unusual, new, or burdensome technological applications.

1. MINIMIZING ADVERSE IMPACT

The proposed regulations have no adverse impact on local government. They may have some minimal costs to businesses which must be weighed against that the rule is required by statute and necessary to enforce statutes designed to protect the public health safety and welfare. The regulations do not create different regulatory standards for small businesses. It is difficult, on a blanket regulatory basis, to make exceptions for small businesses, but the regulation does allow small businesses to use exceptions available to owners under certain circumstances. Outside of the administrative proceedings themselves where these applications are made on a building by building or complex-wide basis, it is difficult to ascertain the size of the businesses subject to these regulations as a single business may own multiple properties with each applicant often created as a single asset corporation. To the extent the approaches suggested in SAPA section 202-b are appropriate, present procedures take these into account.

1. SMALL BUSINESS AND LOCAL GOVERNMENT PARTICIPATION

The rent laws and regulations empower DHCR to enforce the law and determine allowances for building improvements. These regulations apply to a specific situation regarding reasonable costs for certain building improvements. Meetings have been held with both business owners and affected tenant interest groups.

In addition, all interested parties will have an opportunity to comment as part of this SAPA process and all issues raised by concerned parties will be carefully reviewed and considered by DHCR prior to final promulgation.

This process will include public hearings and a review by the New York City Department of Housing Preservation and Development as required by law prior to its final adoption.