

REBNY Testimony | March 17, 2021

The Real Estate Board of New York to The Committee on Small Business of the New York City Council Concerning Pre-Intro T2021-7265

The Real Estate Board of New York (REBNY) is the City's leading real estate trade association. Founded in 1896, REBNY represents commercial, residential, and institutional property owners, builders, managers, investors, brokers, salespeople and other organizations and individuals active in New York City real estate. REBNY strongly supports policies that expand the local economy, grow, and improve the City's housing stock and create greater opportunities for all New Yorkers. Thank you to the City Council for the opportunity to testify on this important legislation.

Just as was the case with Intro 2083-2020, which extended Local Law 55 of 2020 allowing for the unenforceability of personal guaranties, REBNY also opposes Pre-considered Intro T2021-7265 which again modifies Local Law 55 of 2020 by extending the unenforceability of personal guaranties in connection to certain commercial leases to June 30, 2021. The pandemic's impact on New York City's economy continues to be broad, adversely affecting tenants and owners alike.

Upon a tenant's default, owners could have no recourse to collect rent or other fees without the enforceability of a personal guarantee, making it difficult for owners to meet mortgage and property tax payments. Although the Council enacted Local Law 55 to protect vulnerable small businesses, it continues to elude this Council that small businesses also consist of property owners in need of relief. Government should not be able to shift the pandemic's economic burden from one group to another without explaining why one group is more deserving of relief than the other.

There are many empathetic small business landlords who have helped support their tenants, particularly in preventing a business from vacating its space. But throughout the pandemic commercial tenants have abandoned their leases, knowing that no party will be responsible for the unpaid rent. Indeed, in a survey of small property owners, one out of five commercial tenants have either abandoned or threaten to abandon their leaseholds during the period from March to August 2020.¹ This will only cause more

¹ Small Property Owners of New York, (August 25, 2020), Retrieved from <https://spony.org/2020/08/small-property-owners-of-newyork-announces-majority-of-owners-and-managers-of-small-properties-are-working-with-tenants-by-reducing-forgoing-and-offering-rentconcessions>

economic stress for owners and impede New York City's overall recovery from the pandemic. For a Council that aims to promote equity and justice, perhaps nothing is more inequitable or unjust.

REBNY believes strongly in the need for a pandemic commercial rent relief program and is working with the State Legislature and the Council to establish such a program. We hope that ultimately a strong rent relief framework will be implemented to support small business tenants and small building owners alike. Until then, it behooves us to not extend punitive measures like Local Law 55 that picks winners and losers.

For the foregoing reasons, REBNY opposes Pre-Considered Intro T2021-7265. Thank you for the opportunity to testify on these points.

CONTACT:

RYAN MONELL

Director of New York City Government Affairs

Real Estate Board of New York

rmonell@rebny.com