



## Legislation Text

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**File #:** Res 0307-2024, **Version:** \*

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### Res. No. 307

Resolution calling upon the New York State Legislature to pass, and the Governor to sign, legislation that limits the duration of time for which a landlord can collect payment from loss of rents insurance coverage without conducting meaningful repairs to an uninhabitable unit leased by a tenant to three months.

By Council Members Gutiérrez and Krishnan (in conjunction with the Brooklyn Borough President)

Whereas, New Yorkers whose homes become uninhabitable due to reasons such as flooding from a storm or fire damage often must abandon their residence and find emergency or new permanent housing; and

Whereas, Emergency displacement from a home may cause immense financial and emotional harm, especially when it persists for an extended period of time; and

Whereas, When a property becomes unsafe to occupy, due to an emergency or any other reason, the Department of Buildings or the Department of Housing Preservation and Development will issue a vacate order that prevents tenants from reoccupying the property until it is sufficiently repaired; and

Whereas, According to data from the New York City Open Data portal, the average time to close a vacate order that requires repair by a landlord is over 365 days; and

Whereas, As of February 2024, there are more than 5,000 units with outstanding vacate orders that require repair by a landlord and approximately 80% of these units are located in environmental justice communities, which are low-income or minority communities in New York City; and

Whereas, These data suggest that many landlords do not repair uninhabitable units in a timely manner even though these repairs would allow for the resumption of rent collection; and

Whereas, Loss of rents coverage, also known as fair rental value coverage, is an insurance product included in most landlord insurance policies that provides a payment equal to the value of rent generated by a

covered property when that property becomes uninhabitable; and

Whereas, Loss of rents coverage reduces the incentive for landlords to repair uninhabitable units in a timely manner and thereby may extend the duration of time for which a vacated tenant is displaced; and

Whereas, The incentive to delay repairs may be especially strong when the covered property contains rent-controlled units because, in this case, a delay of repairs may coerce a rent-controlled tenant to find an alternate permanent residence, which would allow the unit to become rent stabilized or deregulated; and

Whereas, The negative externalities of loss of rents coverage could be mitigated if landlords were prohibited from indefinite collection of insurance payments unless they make meaningful repairs to leased but uninhabitable units; now, therefore, be it

Resolved that the Council of the City of New York calls upon the New York State Legislature to pass, and the Governor to sign, legislation that limits the duration of time for which a landlord can collect payment from loss of rents insurance coverage without conducting meaningful repairs to an uninhabitable unit leased by a tenant to three months.

AGB  
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