



To:

The Honorable Eric Adams, Mayor of the City of New York
The New York City Department of Social Services
150 Greenwich Street, 42nd Floor
New York, NY 10007

Re: Opposition to Proposed Amendments to Chapter 10 Title 68 of the Rules of the City of New York (Termination of the CityFHEPS Unit Hold Incentive Payment)

Dear Mayor Adams and Department of Social Services Leadership,

On behalf of **THE SMALL PROPERTY OWNERS OF NEW YORK, INC. (“SPONY”)**, a trade association representing the interests of property owners throughout New York for over forty (40) years, we write to express our **strong opposition** to the New York City Human Resources Administration’s (“HRA”) proposed amendment to Chapter 10 Title 68 of the Rules of the City of New York (the “HRA Amendment”). The HRA Amendment seeks to discontinue the incentive payment previously made to landlords in connection with the CityFHEPS program. The proposed elimination of this incentive represents a serious setback to the City’s efforts to secure housing for New Yorkers, especially lower-income households. **The passage of the HRA Amendment will have immediate, negative consequences for both housing providers and voucher holders.**

The Unit Hold Incentive was established to address a longstanding, systemic challenge: the extended delays caused by administrative backlogs and caseworker processing that often stretches for weeks or months before a tenant can move into an approved unit. During this period, landlords are asked to hold apartments vacant — incurring significant financial losses — while inspections, lease approvals, re-budgeting and documentation are completed and prepared. The Unit Hold Incentive has been a critical bridge, ensuring that housing providers remain willing to participate in the CityFHEPS program despite these significant bureaucratic delays.

Without this incentive payment, property owners—particularly smaller landlords who rely on rental income to meet mortgage, property tax, insurance and maintenance obligations—will have no financial incentive to keep units off the market while waiting for the City’s internal processes to conclude. In many instances, housing providers are waiting anywhere between three (3) and six (6) months for paperwork and required inspections to be completed by caseworkers in the CityFHEPS program. The result of the HRA Amendment will be fewer available units for

voucher holders, longer shelter stays, and increased costs to the City — precisely the opposite of the program’s stated goals.

Moreover, this decision undermines years of partnership-building between the City and the private housing community. The City has repeatedly emphasized the importance of public and private collaboration in addressing homelessness and housing insecurity, especially for low-income New Yorkers. Removing a modest but vital incentive in the face of continued administrative delays sends a discouraging message to housing providers who have worked in good faith to support the City’s housing initiatives and provide an essential service, housing. Given the critical focus the housing market in New York has received including the ongoing observation of warehousing of vacant units and an inability for housing providers to properly rehabilitate significantly aged apartments (as a result of regulatory policy changes and limited allowable rent increases following the passage of New York’s Housing Stability and Tenant Protection Act (HSTPA) of 2019), this amendment would only exacerbate the ongoing shortage of available units as landlords simply would not be able to financially shoulder the burden of keeping a unit off the market pending the city’s review.

Housing providers across New York are being pushed to the breaking point. Even before recent legislative changes, many were already struggling to keep up with skyrocketing expenses. Property taxes, insurance premiums¹, maintenance and repair costs, fuel, water, and even legal fees have all increased dramatically. The situation is made worse by the excessive delays and expenses of Landlord-Tenant Court proceedings, which leave housing providers footing enormous, unpredictable legal bills.² Now, with the passage of the Fairness in Apartment Rental Expenses (FARE) Act, the burden has grown even heavier. Owners of properties that are fully rent-stabilized (no market rate apartments)—many of whom are small, family-run housing providers—are now forced to absorb 100% of broker fees. Meanwhile, large corporate landlords with market-rate apartments can and do simply pass those same costs on to tenants through

¹ Rising insurance costs for low income housing providers has been an issue raised multiple times yet government action has not taken place. Small property owners with rent stabilized and low income tenants are facing direct harm while providing essential housing:

<https://www.cityandstateny.com/opinion/2025/10/opinion-protect-housing-affordability-confronting-new-yorks-loom-ing-insurance-crisis/408585/>;

<https://gothamist.com/news/rising-costs-threaten-future-of-nycs-affordable-housing-report-finds>;

<https://thenyhq.org/2024/03/18/nyhc-alarms-risk-of-rising-insurance-costs-for-affordable-housing/>;

<https://gothamist.com/news/ny-tries-to-contain-rising-threat-to-affordable-housing-skyrocketing-insurance-costs>

² <https://therealdeal.com/new-york/2024/02/26/lefrak-sues-housing-court-alleging-nightmarish-delays/>;

See also *In The Matter Of The Application Of Argentine Leasing Limited Partnership, Auburn Leasing Limited Liability Company, Birch Leasing Limited Partnership, Bucknell Realty Limited Partnership, Canada Leasing Limited Liability Company, Et Al V. Office Of Court Administration, et al.*, Case No.

703941/2024 filed in New York Supreme Court, Queens County and pending appeal to the Appellate Division, Second Department, Case No. 2025-03979

higher rents.³ This disparity is unfair—it is a direct hit to the small housing providers who form the backbone of New York’s affordable housing stock. Fully rent-stabilized property owners cannot raise rents beyond the limited increases permitted by the Rent Guidelines Board, yet these providers’ costs continue to rise unchecked. The new broker fee requirement effectively cuts deeper into already razor-thin margins, threatening the stability of countless rent-stabilized units. Worse still, the loss of the unit hold incentive under the HRA Amendment will further discourage participation in programs meant to house vulnerable tenants, as all of these policies together make it impossible for housing providers to continue to provide housing. These policies risk driving small housing providers out of the market entirely—shrinking the very pool of affordable housing the city so desperately needs and currently is relying on to house New Yorkers.

We respectfully urge the City to reject the proposed HRA Amendment immediately and reinstate the Unit Hold Incentive. If the City wishes to reduce costs associated with delays, the solution should not be to penalize landlords but rather to streamline internal CityFHEPS processing, upgrade electronic processes and portal pages for tenants, improve caseworker communication, shorten approval timelines and onboard additional CityFHEPS agents to reduce backlog in applications and inspections. Until those improvements are made, the Unit Hold Incentive remains an essential tool to maintain program participation and preserve housing access for vulnerable New Yorkers. Efforts can also be made to give autonomy to the parties—allowing housing providers to work directly with proposed tenants to address minor non-hazardous issues and terms regarding the tenancy rather than CityFHEPS caseworkers who often cannot be reached, are unavailable to answer tenant questions or mishandle submitted paperwork, resulting in tenants losing potential apartment placements.

We appreciate your attention to this critical issue and welcome the opportunity to meet to discuss practical solutions that sustain the CityFHEPS program’s effectiveness while respecting the economic realities and ever increasing costs impacting housing providers across New York. If New York truly wants to preserve affordability and protect tenants, it must also protect the people providing that housing. For all the reasons stated above and to further avoid the collapse of New York’s affordable housing stock, rejection of the HRA Amendment is necessary.

Sincerely,
Ann Korchak, Board President

³ See examples of articles describing increases in market rate rental prices and effects on the rental market in New York following passage of the FARE Act:

<https://www.nytimes.com/2025/07/19/nyregion/nyc-broker-fee-fare-act.html>;

<https://nypost.com/2025/06/21/us-news/rents-jump-shocking-15-after-nyc-ditches-broker-fees/>;

<https://nowbham.com/nyc-rent-surges-15-after-fare-act-bans-broker-fees/>;

<https://gothamist.com/news/nyc-ended-most-broker-fees-last-month-what-has-the-new-law-done-to-rents>