

S.4659A (Kavanagh)/ A.4877A (Shrestha)

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<p>BILL</p> <p>S.4659A (Kavanagh)/ A.4877A (Shrestha)</p>
<p>SUBJECT</p> <p>Opposition to Rent Emergency Stabilization for Tenants (REST) Act</p>
<p>DATE</p> <p>January 28, 2026</p>
<p>OPPOSE</p>

The Business Council of New York State strongly opposes the Rent Emergency Stabilization for Tenants (REST) Act S.4659A (Kavanagh)/ A.4877A (Shrestha), which would make housing less affordable across New York State by expanding rent stabilization and weakening the objective standards that have historically governed its use under the Emergency Tenant Protection Act (ETPA). While intended to address affordability concerns, this legislation would undermine housing supply, increase long-term costs, and discourage the private investment necessary to create and preserve affordable housing.

For more than five decades, ETPA has limited rent stabilization to circumstances where an objective housing emergency exists, defined by a vacancy rate of five percent or less. This standard ensures that rent regulation is tied to demonstrable housing scarcity rather than broader economic pressures unrelated to housing supply. S.4659A abandons this framework by allowing municipalities to declare a housing emergency based on a range of subjective, non-supply-based indicators even when housing supply is adequate and remains stable void from scarcity. This shift conflates affordability challenges with supply shortages and permits rent stabilization in markets where it will not address underlying cost drivers.

Once adopted, rent stabilization would be administered through local rent guidelines boards empowered to set annual rent increases on most market-rate rental units within a municipality. Let's take New York City as an example; experiences demonstrate that these boards often adopt rent increase limits that are disconnected from the actual costs of owning and operating rental housing, including escalating taxes, insurance, utilities, labor, and the capital investments required to maintain safe and habitable buildings. When revenues are constrained while costs continue to rise, property owners are forced to defer maintenance, reduce reinvestment, or exit the rental market altogether, which perpetuates outcomes that ultimately reduce housing quality and availability.

Additionally, this bill would also expand rent stabilization to buildings with fewer than six units in municipalities outside New York City. Small buildings constitute a significant share of the housing stock in many communities and are frequently owned by individuals or families operating on thin margins. Subjecting these properties to rent regulation and rent guidelines board oversight increases administrative burdens and limits owners' ability to respond to rising costs. Over time, this leads to fewer rental units, deferred maintenance, and higher costs for tenants competing for a shrinking supply of housing.

The REST Act further undermines affordability by reducing the exemption for newly constructed or substantially rehabilitated buildings to just 15 years. Housing affordability depends on sustained investment in new construction and the reinvestment of aging housing stock. Development and rehabilitation projects rely on long-term financial planning, typically structured around 30-year mortgages. The risk that rent stabilization could be imposed midway through a project's financial lifecycle increases financing costs or deters projects entirely. When fewer homes are built or rehabilitated, competition for existing units intensifies, driving rents higher across the market.

New York City illustrates that rent stabilization has not resolved affordability challenges. Despite decades of rent regulation and oversight by rent guidelines boards, the city remains one of the least affordable housing markets in the state and country. Expanding this model to other regions risks replicating those outcomes while further constraining housing production. Furthermore, this bill removes the requirement that rent regulation be lifted once vacancy rates recover, allowing controls to persist indefinitely. This lack of a clear off-ramp increases uncertainty, discourages investment, and raises long-term housing costs.

For these reasons, the Business Council of New York State strongly opposes S.4659A (Kavanagh), A.4877A (Shrestha). Improving housing affordability in New York requires policies that expand supply, encourage investment, and support reinvestment; not the expansion of rent stabilization and rent guidelines boards that would make housing scarcer and more expensive statewide.