Anti- Displacement Policy Toolkit

Speculation Watch List

This tool creates a “Speculation Watch List” of recently sold apartment buildings where low rent-paying tenants may be at increased risk of harassment and displacement pressure. Under this program, the City will compile and disseminate a list of buildings where data suggests that the sale of the building was based on speculative assumptions. With this Watch List, community groups and the City can better target outreach, education, and other program strategies to protect tenants.

Status In NYC

Enacted

Status Elsewhere

N/A

For NYC:

POLICY OBJECTIVE:

The objective of the Speculation Watch List is to provide useful information that community groups and the City can use to target outreach, education, and other programmatic strategies to protect tenants. Most NYC residents live in multi-family apartment buildings, and low rent-paying tenants are facing a crisis of displacement due to increasing speculation by real estate developers, investors, and mortgage lenders (also known as “predatory equity”, which is predicated on pushing existing tenants out.

The New York City Council enacted this law — Intro 1210-A 2016 — in December 2017.

HOW DOES IT WORK?

This program requires the Department of Housing Preservation and Development (HPD) to create a publicly available “watch list” of rent-regulated buildings where, based on several factors, tenants might be at risk of being displaced. Buildings on the watch list may be prioritized for HPD preservation programs or initiatives. The key factor indicating a displacement risk will be a “capitalization rate” that is below market norms. A low capitalization rate indicates that a developer purchased a property for more than market value and might displace current tenants to increase revenue and profit. Some of the data used to compute the capitalization rate formula is publicly available (the building sale price), and some of the data is being partially released by the NYC Department of Finance to HPD for limited use in the Watch List formula (an accurate building rent roll).
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For NYC:

WHO BENEFITS?
Existing rent-regulated tenants in multi-family buildings and in neighborhoods where gentrification is on the rise. Speculators see these buildings as “undervalued” because tenants are paying significantly below market-rate rents; displacing these tenants greatly increases their profits.

HOW WAS IT ENACTED?

HOW IS IT ENFORCED?
The program will be implemented by the City Department of Housing Preservation & Development (HPD).

WHO'S INVOLVED?
Stand for Tenant Safety Coalition
Stabilizing NYC