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## **The Rising Challenges Created by the HSTPA: What Property Owners Need to Know**

Since the enactment of the Housing Stability and Tenant Protection Act of 2019 (HSTPA), property owners across New York, particularly those operating under ETPA (Emergency Tenant Protection Act) guidelines, have faced mounting financial and operational challenges. While the law aimed to enhance tenant protections, its unintended consequences are now impossible to ignore — and they are jeopardizing the very housing stock it sought to preserve.

### **The Growing Crisis: Defaulting Loans and Strained Properties**

In the years since HSTPA's passage, the restriction on rent increases, the limitation on recovering renovation costs (through Major Capital Improvements and Individual Apartment Improvements), and the elimination of vacancy decontrol have dramatically cut into landlord revenues. As a direct result, many landlords are struggling — not just to operate at a profit, but to simply cover basic building expenses like taxes, insurance, utilities, and necessary maintenance.

Without sufficient rental income, property owners are increasingly unable to maintain buildings in good, safe condition. The cumulative effect: failing housing stock and a sharp rise in loan defaults.

### **Recent Foreclosure Actions: A Warning Sign**

Several large foreclosure actions have already begun to emerge, especially concerning ETPA-regulated properties:

- Signature Bank's failure in 2023 highlighted the deep financial exposure tied to multifamily loans, especially for rent-regulated properties. A significant portion of their distressed loan portfolio involved ETPA buildings.
- New York Community Bank (NYCB) also faced financial turbulence after absorbing a portfolio laden with underperforming multifamily loans tied to HSTPA-constrained properties, ultimately prompting leadership changes and a rethinking of lending policies.
- Private lenders and investors are increasingly pulling back from offering financing on ETPA properties, leaving many owners unable to refinance maturing loans — a vicious cycle leading toward foreclosure and further disinvestment.

### **The Bigger Picture: Eroding Housing Quality**

When property owners cannot generate sufficient income to invest in their buildings, housing quality deteriorates. Tenants experience worsening conditions — leaky roofs, broken boilers, outdated electrical systems — while owners face escalating regulatory fines, increased insurance costs, and legal risks.

Ironically, while HSTPA was intended to protect tenants, the lack of balance in

the law is now contributing to housing instability in rent-regulated communities.

## **What You Can Do: Make Your Voice Heard**

The Westchester Owners Association urges all property owners, stakeholders, and concerned citizens to write, call, or email your state representatives in Albany. Let them know what is really happening to our industry. Share your personal experiences about rising costs, deteriorating building conditions, and the financial impossibility of maintaining rent-regulated properties under the current framework.

Lawmakers need to hear directly from you. If we do not speak up, these problems will only continue to worsen, and more of our valuable housing stock will be lost.

Together, we can advocate for fairer laws that balance tenant protections with the realities of responsible property management.

### **☐ New York State Senators – Westchester County**

#### **1. Senator Andrea Stewart-Cousins (District 35)**

- Role: Senate Majority Leader
- District Office: 28 Wells Avenue, Building 3, Yonkers, NY 10701
- Phone: (914) 423-4031
- Email: [scousins@nysenate.gov](mailto:scousins@nysenate.gov)
- Albany Office: Legislative Office Building, Room 907, Albany, NY 12247
- Phone: (518) 455-2585

#### **2. Senator Shelley B. Mayer (District 37)**

- District Office: 235 Mamaroneck Avenue, Suite 400, White Plains, NY 10605
- Phone: (914) 934-5250
- Email: [smayer@nysenate.gov](mailto:smayer@nysenate.gov)
- Albany Office: Legislative Office Building, Room 509, Albany, NY 12247
- Phone: (518) 455-2031

#### **3. Senator Pete Harckham (District 40)**

- District Office: 1441 Route 22, Suite 205, Brewster, NY 10509
- Phone: (845) 276-2681
- Email: [harckham@nysenate.gov](mailto:harckham@nysenate.gov)
- Albany Office: Legislative Office Building, Room 313, Albany, NY 12247
- Phone: (518) 455-2340

### **☐ New York State Assembly Members – Westchester County**

#### **1. Assemblymember Nader J. Sayegh (District 90 – Yonkers)**

- District Office: 35 East Grassy Sprain Road, Suite 406B, Yonkers, NY 10710
- Phone: (914) 779-8805
- Email: [sayeghn@nyassembly.gov](mailto:sayeghn@nyassembly.gov)
- Albany Office: Legislative Office Building, Room 331, Albany, NY 12248
- Phone: (518) 455-3662

#### **2. Assemblymember Amy Paulin (District 88 – Scarsdale)**

- District Office: 700 White Plains Road, Suite 252, Scarsdale, NY 10583
- Phone: (914) 723-1115
- Email: [paulina@nyassembly.gov](mailto:paulina@nyassembly.gov)
- Albany Office: Legislative Office Building, Room 926, Albany, NY 12248

- Phone: (518) 455-5585

### 3. Assemblymember Chris Burdick (District 93 – Mount Kisco)

- District Office: 333 N. Bedford Road, Suite 131, Mount Kisco, NY 10549
- Phone: (914) 244-4450
- Email: [burdickc@nyassembly.gov](mailto:burdickc@nyassembly.gov)
- Albany Office: Legislative Office Building, Room 417, Albany, NY 12248
- Phone: (518) 455-5397

### 4. Assemblymember Dana Levenberg (District 95 – Ossining)

- District Office: 8 Revolutionary Road, Ossining, NY 10562
- Phone: (914) 941-1111
- Email: [levenbergd@nyassembly.gov](mailto:levenbergd@nyassembly.gov)
- Albany Office: Legislative Office Building, Room 325, Albany, NY 12248
- Phone: (518) 455-5348

For a comprehensive list of all New York State Senators and Assembly Members, including their contact information, you can visit the official directories:

- New York State Senate Directory: <https://www.nysenate.gov/senators>
- New York State Assembly Directory: <https://nyassembly.gov/mem/>

If you need assistance drafting messages or letters to your representatives, feel free to ask!

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**Westchester Owners' Association**  
**570 Yonkers Avenue**  
**Yonkers, NY 10704**  
**(914) 240-8270**

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James G. Dibbini & Associates, P.C. | 570 Yonkers Avenue | Yonkers, NY 10704 US

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