

## MEMORANDUM IN OPPOSITION

### Int. No. 1105 by Councilmember Chi Osse

Status: Committee on Consumer & Worker Protection

Date: June 2023  
Contact: Michael Kelly

The New York State Association of REALTORS® (NYSAR) **strongly opposes Int. No. 1105 (Osse)** due to its failure to protect hardworking licensed real estate professionals. The City Council and Committee on Consumer and Worker Protection should recognize that it harms workers – specifically real estate licensees – who are merely trying to earn a living and help prospective renters and landlords navigate the largest and most complex residential rental market in the United States.

REALTORS® in New York State had an average median gross income of \$36,150 in 2021. While REALTORS® in New York City earn more (exact data was unavailable for the 5 boroughs), New York City remains deeply unaffordable for the typical real estate licensee. Many of the same professionals whose compensation model would be altered under this legislation are struggling to pay rent – a cost that this bill would only exacerbate. This is because landlords will be forced to raise monthly rents to compensate real estate brokers if they cannot charge the prospective tenant a broker's fee. At the same time that it would increase rents, this bill would put the future of broker compensation for rental transactions in New York City on shaky ground.

REALTORS® are required by law to complete mandatory fair housing and other continuing education courses to maintain their license with the Department of State. Multi-family housing providers often rely on the expertise of REALTORS® to list, show and represent the property owner in the rental of their units. Under the current business model, the real estate broker's fee is typically paid at the onset of a lease for this work. This upfront payment protects real estate licensees by delinking their compensation from monthly rent payments.

If this bill were to become law, landlords may opt to pay the broker's fee upfront, but even then, landlords will be less likely to use the services of licensed real estate brokers if they must pay them directly. This would likely lead landlords to come up with other ways of screening tenants, including possibly using unlicensed screeners who are not required to undergo fair housing training and adhere to state licensing requirements.

Prohibiting the collection of a broker's fee by a landlord will do absolutely nothing to make housing more affordable. It will, however, introduce tremendous uncertainty to the rental market in New York City, thereby harming real estate licensees.

For these reasons, the New York State Association of REALTORS® **strongly opposes Int. No. 1105 (Osse)** and urges its defeat.

*The New York State Association of REALTORS® is a not-for-profit trade organization representing more than 64,000 of New York State's real estate professionals. The term REALTOR® is a registered trademark, which identifies real estate professionals who subscribe to a strict code of ethics as members of the National Association of REALTORS®. These REALTORS® are also members of the New York State Association of REALTORS® as well as their local board or association of REALTORS®.*