



New York State Association of REALTORS®, Inc.

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New York City Council  
Committee on Consumer and Worker Protection  
New York City Hall  
New York, NY 10007

RE: Testimony on Int. No. 360 (FARE Act)

The New York State Association of REALTORS® (NYSAR) thanks the Committee on Consumer and Worker Protection for the opportunity to submit written testimony on behalf of its more than 13,000 members living and working in New York City.

NYSAR strongly opposes Int. No. 360 (Osse) as it will harm renters and real estate licensees alike. Renters and real estate professionals in New York City are navigating the largest and most complex residential rental market in the United States, which suffers from historically low inventory and high rents due to failed policies.

The effort to eliminate broker's fees is the latest in a long list of efforts to artificially address the high cost of housing in New York by city and state governments alike. Existing rent regulation laws have done nothing to address the affordability crisis. More recently the passage of Good Cause Eviction laws and laws preventing rental resets have resulted in the prevention of thousands of housing units coming onto the market. Adopting a law that limits broker fees will once again do nothing to address our housing shortage.

The unaffordability of rental housing is driven by the low rate of housing development, which drives up prices. To put things in perspective, a January 2024 report by the New York City Comptroller stated that the median rent for public listed apartments citywide is \$3,500, or \$42,000 per year. The typical broker's fee on a median priced apartment – which is negotiable – would not exceed 15 percent of the annual rent, or \$6,300. Lower priced apartments have lower broker's fees. However, the dearth of lower priced apartments is what makes the rental market in New York City so challenging. The solution is to build more rental housing, including affordable housing, not to shift the responsibility for compensation to an entire class of licensed professionals, as this bill would do.

The intent of the bill is to alter the current practice of a real estate licensee collecting this fee from the renter for their services rendered. Unfortunately, it would harm the renter by leading to higher rents, as the broker's fee would be included in the rent. Furthermore, the broker's fee would effectively be paid each year the lease is renewed, rather than paid once at the onset of the initial lease.

REALTORS® in New York State had an average median gross income of \$36,150 in 2021. Wages for real estate agents in New York City typically start at \$52,000 per year. Thus, many of the same professionals whose compensation model would be altered or eliminated under this legislation are middle income workers also dealing with the high cost of rental housing. As stated earlier, this bill would increase the already high cost of rent for many apartments as landlords will be forced to recoup the cost of compensating real estate brokers for services currently paid for by the tenant. The alternative to landlords not increasing rents to recoup the cost of broker's fees is to eliminate the use of real estate licensees altogether. Landlords would then be responsible for rental transactions directly or would hire unlicensed workers unfamiliar with fair housing laws.

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REALTORS® and other licensed real estate brokers and agents are required by law to complete mandatory fair housing and other continuing education courses to maintain their license with the Department of State. Real estate brokers and agents can be fined or have their license suspended or revoked by the DOS for fair housing violations. Furthermore, 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 current practice, the broker's fee is typically paid at the onset of a lease. This upfront payment protects real estate licensees by delinking their compensation from monthly rent payments.

No renter is required to rent an apartment with a broker's fee, as many apartments in New York City do not require the payment of broker's fees. Prohibiting the collection of broker's fees from renters who do not hire real estate licensees would reduce the availability of licensees who work with property owners and drive many real estate licensees away from the rental business – limiting choice for renters.

For these reasons, the New York State Association of REALTORS® strongly opposes Int. No. 360 (Osse) and urges the Committee to not advance this legislation. Thank you for the opportunity to submit written testimony.

*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®.*