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# Albany Reaches Deal on Tax Cap and Rent Rules

By **NICHOLAS CONFESSORE** and **THOMAS KAPLAN**

ALBANY — Gov. **Andrew M. Cuomo** and legislative leaders struck a tentative deal on Tuesday paving the way for a vote on issues that affect millions of New Yorkers — renewing regulation of rent-regulated apartments, capping property taxes for homeowners and raising tuition at state universities — but reached no agreement on whether to take a vote on legalizing **same-sex marriage**.

Mr. Cuomo praised the deal as significant progress toward his key goals, but some rank-and-file Democrats questioned whether the agreement would do enough to protect the millions of New York City residents who live in rent-regulated apartments.

The state's annual legislative session had been scheduled to end on Monday, and lawmakers are now pushing to complete their work and go home.

The rent, property tax and tuition measures — some details of which were still being negotiated on Tuesday night — are expected to begin moving to the floor of the Senate and Assembly on Wednesday. At the same time, Mr. Cuomo and Senate Republicans continue to negotiate details of the marriage bill, which is strongly supported by the governor and the Democratic-controlled Assembly, but is one vote short of majority support in the Republican-controlled Senate.

The passage of the housing and education measures, and the success or failure of same-sex marriage, will put a final stamp on Mr. Cuomo's eventful first six months in office, which had been marked by battles with core constituencies in his own party over economic and fiscal issues.

The rent deal appeared to fall well short of what many Democrats and tenant activists had hoped for, though Democratic lawmakers will probably vote for it. And the modest strengthening of rent regulations came at a high price for Democrats from New York City — a commitment to pass a property tax cap, which many Democratic lawmakers fear will exacerbate disparities in education spending between wealthy and poor school districts.

The renewal of rent regulations would leave in place laws that allow landlords to deregulate apartments when tenants' rent and income reach certain thresholds, but would raise those thresholds, to \$2,500 from \$2,000 in monthly rent, and to \$200,000 from \$175,000 in annual

household income. Tenant advocates had sought for more than a decade to abolish the deregulation laws, and they hoped finally to achieve that goal under Mr. Cuomo, a popular Democrat.

The proposed rent deal also requires that landlords document more of the money they spend to improve rent-stabilized apartments before they can pass along those costs to renters.

But with Senate Republicans, whose districts have relatively few regulated apartments, unwilling to make further concessions, Assembly leaders appeared ready to settle for what they could get.

“I think the days of pushing are over,” said the Assembly speaker, Sheldon Silver, a Manhattan Democrat. “We have come up with a deal that — as opposed to expiration, as opposed to straight extender, which has been the Senate position all along — is a significant improvement.”

Mr. Cuomo, speaking to reporters Tuesday night, said the rent deal represented progress for tenants. “You can have an opinion, but there are also facts, and the facts are that this extends and strengthens the laws,” he said. “And the fact is, this is a much better deal than the last arrangement that was agreed on rent renewal.”

But the deal drew sharp criticism from tenant advocates.

“Governor Cuomo has been telling people for months that the big difference between 1997 and now is that George Pataki is not the governor and that he is a strong Democrat and that he is going to deliver real rent reform,” said Michael McKee, the treasurer of the Tenants Political Action Committee, referring to a previous renewal deal forged by Mr. Pataki, a Republican. “This is not real rent reform. This is continuing the phase-out and elimination of the entire rent regulation system in the downstate region.”

Lawmakers also agreed to allow the [State University of New York](#) and the City University of New York to raise tuition at a rate of \$300 a year in each of the next five years. While full details of the deal were not available on Tuesday, lawmakers said students who depend on state financial aid to pay their full tuition bills would be exempt from the increase.

The property tax measure, which affects homeowners throughout New York, would cap annual increases in the amount of property taxes collected annually by school districts and towns at 2 percent a year or the rate of inflation, whichever is lower, while offering some relief for local governments from state spending mandates. Mr. Cuomo and Senate Republicans say the legislation will curb soaring property taxes in places like Long Island, Westchester County and pockets of upstate New York, where residents face some of the highest property taxes in the country.

The proposed tax cap, the broad outlines of which were hashed out by Mr. Cuomo and legislative

leaders last month, drew praise from business groups that had pushed hard for the measure.

“Clearly, the property tax cap puts a discipline on continued growth in local spending and state mandates for spending that we haven’t been able to achieve on any other basis,” said Kathryn S. Wylde, president of the Partnership for New York City, an association of business leaders. “From the standpoint of the taxpayer, and the overall economic interests of the state, this is a very good thing.”

Economists and analysts have a range of opinions about the effectiveness of property tax caps. While conservatives tend to like them, those on the left often prefer tax breaks aimed at low- and middle-income families.

New York’s tax cap is more closely modeled on a cap that has been in place for years in Massachusetts, which limits the overall tax increases in a school district, as opposed to assessments.

Joan Youngman, senior fellow at the Lincoln Land Institute, a Massachusetts research group that studies land use, said the 2.5 percent tax cap in Massachusetts, passed in the 1970s, had been effective.

“To have a state that was known as ‘Tax-achusetts’ that had a commitment to many social programs putting in a limit that caused real pain and cutbacks, and gradually over time to work our way through it — all you can hope for is relative stability,” Ms. Youngman said. “I don’t want to jinx Massachusetts, but it has for several decades been a relatively stable situation, and when it comes to property taxes, that is high praise,” she added.

*Danny Hakim contributed reporting.*