

Attention NYC Landlords: What You Need to Know About the FARE Act Taking Effect June 11, 2025

Starting **June 11, 2025**, a significant legal change will affect how **residential rental transactions** are conducted in **New York City**. The **Fairness in Apartment Rental Expenses (FARE) Act**, passed by the NYC Council in December 2024, is designed to reduce upfront costs for tenants — and it directly impacts **how brokerage commissions are handled**.

Key Impact for Landlords

Under the FARE Act, **the party that hires the real estate broker must pay the commission**.

For landlords, this means:

- If you (the property owner) or your managing agent provide a listing to a real estate broker, whether it's an exclusive listing or an open listing, and whether this is done in writing or verbally, **you are deemed to have hired the broker**, and therefore **you must pay the broker's commission**.
- This applies regardless of how the tenant finds or contacts the broker. As an example, if you speak to one or any number of agents on the phone, and advise them of a units availability, you have effectively hired them to represent you, and you will be responsible for the broker's fee.
- The law goes into effect for **any lease agreements signed on or after June 11, 2025**. It does **not** apply to lease renewals or leases signed before that date.

What Landlords Should Do Now

To ensure compliance and avoid disruption in your leasing operations:

1. Update Your Agreements

Make sure all listings provided to brokers, whether exclusive or open, clearly reflect that the **landlord is responsible for the broker's commission** starting June 11th.

2. **Budget for Commission Costs**

Brokers can no longer rely on tenants to pay commissions unless they are specifically working as the tenant's agent under a separate agreement. In the majority of cases, landlords will be paying these fees.

3. **Communicate with Your Brokers**

Be clear in your expectations and ensure you have **written agreements** with brokers that outline responsibilities and commission structures under the new law.

4. **Avoid Legal Risks**

If a landlord refuses to agree to pay the broker commission post-June 11, brokers are being advised to release the listing. Make sure you're not caught off guard or lose access to tenant leads.

5. **Stay Informed on Legal Challenges**

Industry organizations including the **Real Estate Board of New York (REBNY)** and **NYS Association of Realtors** are challenging the law in court. However, unless an injunction is granted, the June 11 effective date **will be enforced**.

Bottom Line

The FARE Act will reshape leasing dynamics across NYC. It aligns the city with standard practices across much of the U.S., where landlords typically pay broker commissions when hiring an agent. Being proactive now will help ensure a smooth transition.

If you plan to list any rental apartments in the coming weeks or months, make sure you're prepared to meet this new legal obligation.

Still Not Sure About How This Affects You?

Call me on my personal cell phone at (917) 336 1118 and I'll be happy to take as much time as needed to help you understand all this. ***And if you like, I'll show you how you can minimize the cost this new law will impose on you as a landlord.***