

June 15, 2017

6 questions to ask before you sublet your NYC rental



Even if you're not going the legally-dicey Airbnb route, once summer rolls around, a lot of New Yorkers' thoughts turn to getting out of the city—which in many cases, means finding a subletter for their apartment. But whether you're simply looking to fill your apartment for the season or want to find someone to take over for the remainder of your lease, to stay in good stead with your landlord and make sure you're legally covered, you'll want to do some due diligence before ushering a virtual stranger in your apartment.

(And of course, in this case we're referring to legal, long-term sublets of 30 days or more, as rentals of any period shorter than that are illegal in NYC.)

Below, seven questions to research before you attempt to play landlord your New York City rental:

Do I have permission to sublet?

Believe it or not, if you're in a standard market-rate rental building with more than four units and the apartment is still your primary residence, you're legally entitled to sublet your apartment for up to two years, even if there's a provision in your lease stating otherwise. "In a market rate apartment, you are allowed to sublet regardless of what a lease, rider, or specific landlord or building may tell you," says Halstead's Senad Ahmetovic. "As long as you ask permission, and the subtenant you're presenting is qualified, has a job and appropriate income, and is otherwise considered a suitable tenant." (In a rent-controlled apartment, however, sublets are a no-go, and while you can potentially sublet a rent-stabilized unit, there are restrictions on the process—more details here.)

Indeed, the Metropolitan Council on Housing has a full guide to your right to sublet, the proper protocol for seeking a landlord's permission, and what constitutes reasonable grounds for your landlord to reject a potential subletter. (Valid reasons include failure to follow proper procedures on your end, or a

proposed subletter with insufficient income, a history of eviction, or poor credit.)

It's a good idea to check in with your management first about any particular procedures—and whether or not they charge a fee for subletting—says CORE agent Steve Snider. From there, once you have a proposed subletter lined up, you must submit a formal request to sublet (the Met Council has a full guide) with information including the reason for the sublease, the proposed term of the lease, and the consent of any co-tenant or guarantor in the apartment.

Will the landlord raise the price?

While it's illegal to sublet your apartment for more than your rent—in other words, to turn a profit on your sublet—it's possible that your *landlord* may take the sublet as an opportunity to raise the rent. They may also want to insist on a subletter signing a new one-year lease—rather than a shorter lease for the remainder of your current agreement—an important detail you'll want to know before you go out in search of a tenant.

"You don't know until you ask the management company," says Snider. "Either they'll let someone take over for the remaining months of your lease, or they'll make them sign a new one year lease." This is particularly likely if you've been in your apartment for several years and have a rent that's well below market rate.

"My experience is that if the tenant sublets for five months, the landlord will probably keep the rent the same, but for a new one year lease, many times, they'll increase the rent," says Snider. So you don't end up blindsiding a prospective tenant with a much-higher-than-expected monthly rent, go to your landlord and find this out ahead of time.

Should I offer the apartment furnished, or unfurnished?

The answer to this question will depend in part on personal preference (and whether you're willing to take on the hassle and expense of moving your furniture), as well as the length of your potential sublet. "If the term of the sublet is three months, then having it furnished will help," says Snider. Or sometimes, he says, if the person is subletting because they're moving out before their lease is up and need someone to cover the rest of the time, "they might offer to rent it furnished, and negotiate with the subletter, who may say, 'I don't want the bed but I'll take the rest.'" In other words, if you're flexible about your furnishings, they can become part of the bargaining process, which can be an extra ace in your back pocket in an increasingly competitive rental market.

If you do sublet furnished, says Ahmetovic, you could feasibly be entitled to charge around 10 percent more than you would otherwise, but again, this is something to run by your landlord before confirming.

What should the written agreement look like?

As with all things involving real estate and large chunks of cash, whatever arrangement you decide upon, you'll want it carefully outlined in writing. "[There needs to be] a separate sublease agreement, which all parties sign, and that specifies the duration of the sublet, the terms of the deal, and other details such as whether it will be provided furnished," says Ahmetovic.

Luckily, you don't have to go this alone. There are plenty of samples online—a free option is available for download here—and it's possible your landlord already has access to a document that will work perfectly well. "The Real Estate Board of New York has a sublease agreement that we generally use, or use that as the outline and then add on specific clauses as needed," says Ahmetovic. Unfortunately, these forms are only available to REBNY members, so you'll need to go through your landlord (or if applicable, the broker you're using to find a tenant) to gain access. Either way, be sure to get a formal agreement down on paper and signed by yourself, the landlord, and your subletter.

Do I need to change my insurance? And does my subletter have coverage of their own?

Subletting your rental does, indeed, affect your insurance situation, and in order to be covered, you'll most likely need to shell out some extra cash. You'll also want to make sure that your subtenant is covered by their own renter's insurance policy, says Jeff Schneider of Gotham Brokerage (a Brick sponsor).

As for your coverage, most standard policies will be voided if you sublet your apartment, but you can pay to add "landlord" liability coverage, which can cost anywhere from \$50 to \$500 annually, says Schneider, depending on whether the apartment is still your primary residence. Expensive, yes, but not as expensive as on-site damage or injury would be if you don't have solid insurance coverage in place.

Do I have any accounts I should cancel before moving out?

One last thing to keep in mind before you sign over your apartment: Until you fully transfer the lease (and related accounts) over to someone else, you'll still be responsible for utilities, including electric, gas, and cable. This is an important heads up in terms of tracking your bills, yes, but also, an important thing to keep an eye on if you're worried a subletter might run up your bills.

"I had clients who went on a nine-month trip and sublet their apartment, and over the course of that time, their subletters ordered all kinds of movies and shows on-demand, to the tune of a couple hundred dollars a month," says Snider. All of which was being charged to his clients' credit card, which was still connected to the account.

While you likely can't stop someone from running up high electric bills with their air conditioning, you could potentially write a clause into your lease adding a surcharge for out-of-the-ordinary electric bills.

And as far as extra such as cable, says Snider, "It's like what you do with kids—you can call the cable company and tell them ahead of time not to approve any new orders for upgrades or on demand services." Additionally, he says, if you have a smart TV that's connected to accounts such as Netflix, Hulu, or more notably, Amazon Prime, it's a good idea to log out or disconnect before handing over the keys—and the remote.