





# THE DEAL ON RENTING IN MANHATTAN

**THE BASICS:** In a city as large, dynamic, and diverse as New York, the rental process can be exciting, but also overwhelming.

**From brownstones to high-rises, New York City offers a dizzying array of options, and to help you navigate this sometimes daunting variety, it is important that you work with a broker who is knowledgeable, experienced and accessible.**

I am absolutely committed to finding the ideal apartment for you. Working together, we can get you acclimated with the current rental market, help you explore your housing options and prepare you for what is necessary to "qualify" for a New York City apartment. I am the only broker you'll need, and all I ask is that you work with me exclusively.

The following pages can be used as a guide to the apartment rental process in New York City. As always, I am here for you throughout your search and welcome any questions you may have.

Please call today and experience the finest real estate service New York has to offer. I look forward to hearing from you.

Warmest regards,  
Andrew Barrocas, CEO

# A FEW GOOD QUESTIONS

Determining Your Search Criteria:

Preferences, needs, and budget will heavily dictate your search results.



- When do I need to move vs. when am I able to move?
- Do I have a roommate? How much can I/we afford and qualify for?
- Do I need a guarantor?
- What paperwork do I need based on my apartment preferences? (rentals vs. condos vs. co-ops)
- What are my wants and needs? (building type, amenities, location, etc.)
- What can my budget get me in my desired neighborhood? (doorman downtown vs. price vs. neighborhood)
- Will I need to pay a fee or can you help me find a no-fee apartment?
- What do I do once I locate an apartment that I want?
- Are there any special circumstances? (i.e., a foreign national, bad credit, diplomat, retired, 150 lb dog, bankruptcy, student, short-term, etc.)

# BREAKING DOWN THE RENTAL PROCESS

**Timing is Everything!** To ensure your move is as stress free as possible, you need to plan ahead. Below is a timeline to help you manage your moving process. Please note that during the summer months, from May through August, apartments rent quicker than at any other time of the year. You should be prepared to schedule appointments well in advance to view properties and be ready to make decisions quickly.

## When Do We Start?

### 60 Days Prior\*(to projected move-in date)

Schedule a telephone consultation with your broker to determine search criteria and schedule appointment to view properties

### 45 Days Prior:

View co-op/condo apartments (leaving time for board approval)

### 30 Days Prior:

View rental properties, Secure lease

### 14 Days Prior:

Schedule utilities installation , Transfer/obtain renter's insurance, Schedule pressurized walls installation

\* The first ten days of the month are the most ideal times to see apartments.

Note: Your move-in date should be arranged at the time of your lease signing. Be sure to find out what, if any, restrictions there are on scheduling your move-in with your new building, and where you can pick up your keys.

# CRUNCHING THE NUMBERS

**How much can i afford/qualify for on my own? Do i need a guarantor?** By far the most restricting, yet important part of your criteria is your budget; once you calculate the amount you can afford to spend on housing each month, you can evaluate your options.

## Income Requirements

Most landlords require tenants' annual salary to be equal to 40x-50x the monthly rent. In most cases this must be guaranteed income and does not include bonuses, e.g., if the property is \$2,000.00 a month, you must earn \$80,000.00 to \$100,000.00 a year in order to qualify to rent the property. In a share/roommate situation, the landlord will often qualify tenants based on combined income; however this will require an extensive application and additional paperwork, such as a landlord reference letter.

## Lease Guarantor (If Necessary)

If an applicant does not meet the financial requirements, the landlord may require a lease guarantor. This person is responsible for the rent if the tenant fails to pay it. They are generally required to go through the same application process as the tenant and earn 80 to 100 times the monthly rent. Most landlords prefer a tri-state guarantor (someone who lives in New Jersey, New York or Connecticut), however this will vary from landlord to landlord.

## What Paperwork Do I/We Need To Apply?

Paperwork requirements will vary slightly by building, building type, and individual landlord.

- **Employment Verification Letter on company letterhead.** If self-employed, a letter from a CPA stating current year's projected income and past year's income
- **Copy of last 2 years' tax returns** (1st page and signature page is traditionally acceptable for a rental property)
- **Recent pay stubs**
- **Copy of bank/brokerage statements**
- **Photo ID**
- **Condo and co-op buildings will require a Sublet Application Package.** The paperwork requirements for this type of application will vary by building and will require a more extensive application, traditionally with additional paperwork such as a landlord reference letter, bank reference letter, and personal and professional recommendation letters.

# WHO OWNS YOUR BUILDING? IT MATTERS.

There are three types of building ownership in Manhattan and they each vary with respect to the requirements and the approval process, ranging in difficulty from rentals (easiest) to co-ops (complex).

## Rental Buildings

A single landlord owns the entire building and the real estate laws determine whether the specific unit is rent stabilized or non-rent stabilized. Landlords generally require the standard paperwork (discussed later), a credit check and request one month's rent and one month's security deposit upon lease approval. The approval process can take anywhere from one day to one week but is usually no more than that.

## Condominiums

Each unit is individually owned and is used as a personal residence or can be rented out as an investment property. Subject to the regulations of the condo board (a governing body for the building made up of individual owners), owners are able to determine their own rental price and lease length. Owners will generally require the standard paperwork plus whatever additional information they feel necessary for approval. In addition, applicants must also submit whatever necessary paperwork the board may ask for, as the owner of the property is required to disclose any potential renters. However, unlike a co-op, the board does not have the right to turn down an applicant that an owner is willing to rent to. Tenants are generally required to pay application, board and move-in fees (as well as additional security if required) and the entire process could take anywhere from one week to one month.

## Cooperatives

As in a condo, each unit is individually owned, but in a co-op, individuals own shares in the building based on their apartment's size and value, and not the deed to the property. Co-ops tend to have the most stringent rules and regulations with respect to rentals. In addition to the standard paperwork, the co-op board generally requires extensive financial and personal information, as well as an extensive interview. All of this can be challenging for international clients or new hires without an established credit history; however, it is important to note that this process offers tenants an incomparable level of security in a community that only a co-op can provide. Tenants are generally required to pay application, board, and move-in fees as well as extra security and the approval process generally takes around one month.

There may be value in subletting a condo or co-op if you are looking to live somewhere for longer than one year. While barriers to entry like a longer application process and higher upfront costs may deter some from these apartments, their rents are often lower than those in rental buildings.

# BUILDING TYPE

The quality of the building with respect to elevator and walk-ups can vary dramatically depending on how well the property is maintained by the owner, and each situation should be judged on its own merits.

## Doorman Building

These buildings tend to be larger buildings, such as high-rises with the highest level of security. They offer the greatest level of convenience and comfort, with someone there to take/hold your packages, dry cleaning, scheduled drop-offs, or anything else you might need while you are out. (If you are new to Manhattan, delivery is a way of life on the island. Also, you should consider that mail and packages will not be left without a signature – another benefit of the doorman building).

### There are three types of doorman buildings:

- **Luxury High-Rise** These buildings have more than one doorman, usually a full staff of attendants, and offer concierge-like services. Top amenities, such as a private health club, pool, sun deck, children's playroom, and laundry facilities are generally available, but will vary with each building.
- **Standard Doorman** These buildings have someone on duty 24 hours a day and will provide the security and convenience of a doorman, but they do not offer added amenity services.
- **Part-Time Doorman** These buildings typically have a doorman for the day shift but rely on security cameras or some form of high-tech security system at night.

## Elevator Building

These buildings do not have a doorman on duty, although some may have an elevator attendant. These buildings are considered somewhere in between a doorman building and a walk-up with respect to quality, comfort and security. They often have laundry in the building and a security system such as an intercom. These buildings are typically more moderately priced; they are not as expensive as a doorman building, but not as inexpensive as a typical walk-up.

## Walk-Up Building

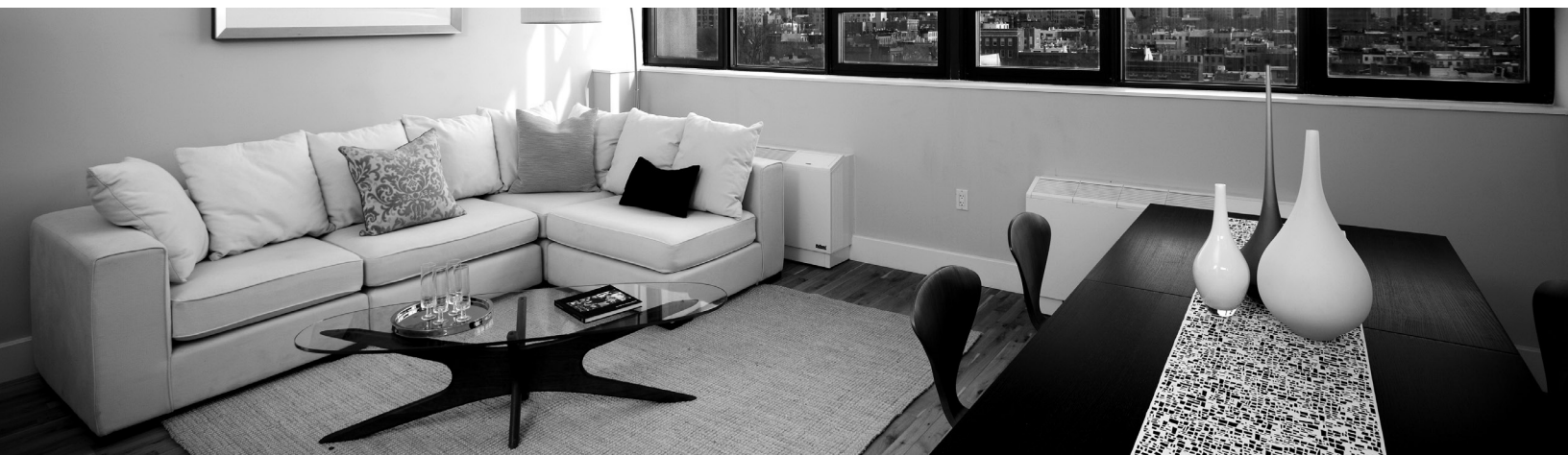
These buildings do not have a doorman or elevator. They can be brownstones or townhouses (4–5 stories), above storefronts (generally one or two stories), or low-rise buildings (free-standing 4–5 stories). They are the most affordable living accommodation in the city; however, they have minimal amenities. Most walk-up buildings have double door security and some have more elaborate systems, such as intercoms and cameras.

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# APARTMENT SIZES

In addition to the standard apartments in Manhattan, there are several unique shapes and sizes available.



**Studio** A one-room apartment where the bedroom and living room are in the same space. Depending on the room size, the kitchen may either be a separate room or simply found along a wall in the same room. Studios are sometimes known as efficiencies. Keep in mind that sometimes a studio can be larger than a one-bedroom apartment.

**Alcove Studio** Similar to a studio in that it is composed of only one room, but it also offers an open area adjoined to the living room space, which is typically used for sleeping. An alcove studio is sometimes known as a junior one-bedroom or an L-shaped studio because the layout may resemble the shape of the letter.

**Flex (Convertible) Two** A one-bedroom apartment that has enough space, usually in the living room, to create a second bedroom and smaller living room.

**Junior 4** A one-bedroom apartment with an additional alcove space in the living room, generally used as a dining room, or converted into a second bedroom.

**Classic 6** Specific to a prewar building, this is an apartment with six rooms: a living room, a formal dining room, a kitchen, plus two full-sized bedrooms, and a small third bedroom, typically referred to as the maid's room. (Classic 7s and 8s are also available, and provide one or two additional full-sized bedrooms).

# FEE VS. NO FEE

A Closer Look Into How It Actually Works. Many renters are still confused about the truth behind fee versus no-fee rentals. Let's break it down into all of the different fee scenarios, with the basic understanding that the agent fee is always paid in some way, shape, or form (no, we don't work for free).

## The "No-Fee" Rental

Really a misnomer, this refers to the situation in which the landlord is paying the broker fee. This could be the case for many reasons: excess inventory, over-priced apartments, a desire to move the apartment as quickly as possible, or the need to keep rents higher on the bank books. Whatever the reason, the landlord believes he must incentivize tenants and their agents to view and rent the said property; the easiest way to do that is to prevent the tenant from incurring the out-of-pocket expense of paying the fee. Rental price negotiability is lower than in other situations, as the landlord is already incurring out-of-pocket costs.

## The Fee Rental

This refers to those apartments where the landlord is not incentivizing the broker to show or rent the apartment. Often, fee apartments are therefore either in demand or unique, providing the landlord with enough confidence that they will rent without putting them "on sale," so to speak. Such apartments are either represented by a broker as "exclusives" or are "open listings." The latter means that every agent receives the same compensation for renting the apartment (the fee the renter and agent agree to), and is paid by the renter. Rental price negotiability is likely greatest here.

## The Co-Broke

This is the situation in which one agent represents the landlord and another represents the tenant. Mostly, the fee is paid by the tenant and then split between the two agents. In this scenario, the fee itself is least negotiable as both agents are paid half their normal gains (which ends up being less than the one month generally paid by big landlords). Sometimes, owners pay their agents their half of the fee, such that the tenant's agent has more wiggle room on negotiating their portion, making it less costly for the tenant.

Bottom line, the more concessions the landlord provides, the less wiggle room in the rental price. The best strategy is to set your rental budget, NOT based on the fee/no-fee scenario, but the total absolute cost to you. It's very common to find a fee apartment of similar quality but lower rent, that nets out (after including the fee) to the same rent as a no-fee apartment. PLUS, after the first year, you are paying that lower rent going forward for as long as you stay, rather than the higher rent with the "built-in" no-fee amount. In theory, the longer you are likely to live in the apartment, the better the deal that fee apartment will have become.

# CLOSING THE DEAL

It's our job to make sure that once we've located an apartment for you, you are able to move forward with the application process and secure it quickly. If you are prepared with the required documents referenced earlier in this guide, the process should move quickly.

## Rental Property

Be prepared to act quickly. The summer months are the busiest for rentals. The majority of leases, 75%, turn over in these months and there will be competition for the available apartments due to this higher demand.

## Deposit

Anywhere from \$300 to one month's rent can be required to take an apartment off the market during the application process.

- Some landlords will accept applications on a first-come, first-served basis. Others will take multiple applications and credit checks for the same apartment.
- Fees of \$50 to \$300 will be required and are non-refundable.
- Paperwork will be submitted for review and credit report will be pulled.

## Condo/CO-OP

- Fees can range from \$400 to \$4000 (rare case) in non-refundable application fees to the management company.
- Initial application will be presented to the owner for review, usually with credit check and employment/financial information.
- The condo and co-op sublet application will be submitted to the managing agent after signing the lease with the owner of the unit.
- Upon "approval" from the owner, a sublet application will be completed to present to the managing agent/board of managers for review.
- An interview is usually required when subletting a co-op.

## Once You Are Approved For The Apartment

A lease signing is scheduled and information for the certified funds is provided. Certified bank checks are required for both the first month's rent and the security deposit, while personal checks are acceptable for rent going forward. Checks required at lease signing will vary by building, owner, apartment, individual applicant, and many other factors. Traditionally, you can count on this being 1st month's rent + 1-2 months' security deposit + the brokerage commission (if applicable).

# SPECIAL CIRCUMSTANCES

## International Relocation

With no US credit history, it may be difficult to rent an apartment in Manhattan. The possible options you have include:

- Obtain a US (preferably tri-state) guarantor
- Pay 4+ months extra security deposit
- Pay from 6 months to a year's rent in advance

Note: Certain buildings will not allow diplomats, or will only accept a diplomat if diplomatic immunity is waived.

## Students

While certain buildings do not allow students, most will allow a student via the following options:

- Obtain a US (preferably tri-state) guarantor
- Extra security deposit (with qualifying assets in the bank for the applicant)
- Payment of a year's rent in advance

## New Hires

Depending on the state of the market and the policy of the landlord, these applicants will have varied requirements usually including:

- A guarantor
- Extra security deposit

Note: Recent master's program graduates with past work experience may be shown more leniency in the qualification process.

## Bad Credit/Bankruptcy

Landlords will be hesitant to accept this applicant without a guarantor. Some landlords are more forgiving and open to an applicant with a past credit issue in exchange for extra security or pre-paid rent.

## Pets

Having a pet will limit your search options as there are many "no pets allowed" buildings. For those that are pet friendly:

- You may be required to pay an extra security deposit
- There may be a "no pets for subtenants" policy or the owner may not allow them in their condo or co-op

## Shares/Roommates (Walls)

Not all buildings allow pressurized walls. Further, certain apartment lines within a building may not allow conversions. There is not always an easy solution to these situations. Not all landlords are flexible and it is our job to present you with your most viable options.



