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Small Claims Court Limit Increased to \$10,000.00 and Mandatory Arbitration

jamie · Tuesday, April 14th, 2020

There have been some recent legislative amendments, which seem well intentioned and positive. Effective December 17, 2019, the amount that can be recovered in New York City small claims court cases was increased from \$5,000.00 to \$10,000.00. This can be viewed as a positive development for landlords (including co-ops) and condominium boards.

Due to the Housing Stability and Tenant Protection Act of 2019, residential landlords can no longer seek to recover fees other than base rent (maintenance) in landlord-tenant proceedings. As a result, small claims court is an alternative forum a landlord might consider when litigating a dispute regarding repair charges, fines, utility charges or parking fees.

Condominium boards have always had a difficult time collecting common charges under applicable New York Laws, and this law firm has been a long-time proponent of small claims court. This amendment increasing the claim limit to \$10,000.00 makes small claims court an even more attractive option. Unfortunately, the other city courts in New York are still limited by the pre-existing \$5,000.00 limit.

In addition, in May 2019, the Chief Administrator of the New York court system announced a “Presumptive Alternative Dispute Initiative” encouraging each county to implement its own mandatory court arbitration programs, whereby court approved arbitrators decide many cases instead of judges to reduce judicial backlog.

In response to the Presumptive Alternative Dispute Initiative, in 2020 some city courts started requiring arbitration of small claims cases. While this seems to be a positive development in theory, which could result in quicker and less expensive resolutions of disputes, it remains to be seen whether these city courts have adequate staffing of qualified arbitrators to actually be a help rather than a hindrance.

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