



## NYC's New Home Improvement Rules Shift Permit Responsibility to Contractors

New York City has significantly expanded the regulatory burden on home improvement contractors through the adoption of Local Law 181 of 2025 and implementing rules promulgated by the Department of Consumer and Worker Protection (“DCWP”), effective June 19, 2026. These changes impose detailed permit-related disclosure obligations and, critically, create a framework under which the contractor is now expected to obtain, or ensure the obtaining of, required permits for residential projects. Therefore, contractors must now take a much more active role in identifying, disclosing, and ultimately ensuring that required permits are obtained.

For contractors and practitioners in Nassau/Suffolk who regularly interface with NYC work, this development represents a meaningful shift in risk allocation, with immediate implications for contract drafting, compliance, and litigation exposure.

### Permit Responsibility in NYC

Historically, under New York City law, the property owner bore ultimate legal responsibility for ensuring required permits were obtained. In practice, however, permits were typically filed and pulled by the licensed contractor through the Department of Buildings (“DOB”), as permits are tied to the contractor’s license and insurance credentials. Separately, DOB regulations already require that permit applications be submitted by a licensed or registered contractor, and permits are generally issued only to such contractors for renovation work.

The new rule does not fully rewrite that framework - but it formalizes and codifies expectations that had previously been industry practice, while expanding contractor liability. Put differently, permit responsibility in NYC can no longer be treated as a gray area - contracts must clearly address it, and contractors are now expected to manage it.

### The New Law: Mandatory Permit Disclosures and Allocation of Responsibility

Local Law 181 of 2025, now codified in the NYC Administrative Code and implemented through amendments to Title 6 of the Rules of the City of New York, requires that home improvement contractors provide detailed permit disclosures in writing at or before contract execution. Specifically, where permits are “foreseeably required,” the contractor must disclose:

- (i) Which permits are required;
- (ii) Who is responsible for obtaining them;
- (iii) What actions must be taken to obtain them;
- (iv) Estimated permit-related costs and fees; and
- (v) How the owner can verify permit status in City systems.

Critically, the rules further clarify that the contractor must either obtain the required permits directly or ensure that the permits are obtained by the appropriate party. This language effectively collapses the traditional distinction between “owner responsibility” and “contractor practice,” placing affirmative compliance obligations on the contractor.

### **Practical Effect: A De Facto Shift of Permit Responsibility**

Although the statute stops short of declaring contractors the sole legal obligors, the regulatory scheme produces a functional shift of responsibility. Contractors must now “get it done”. It is no longer sufficient to simply notify the owner that permits are required; or rely on an architect or owner filing independently. Instead, contractors must actually obtain the permits, or affirmatively ensure that someone else does. Failure to do either exposes the contractor to enforcement risk.

### **What this Means for Contractors: Expanded Pre and Post-Contract Obligations**

Contractors must now evaluate, at the contract stage: (i) anticipated DOB filings (ALT-1, ALT-2, ALT-3); (ii) potential involvement of registered design professionals; (iii) filing timelines and permit sequencing. This creates a front-loaded due diligence obligation, often before plans are finalized - a point of concern raised during rulemaking. In other words, contractors must now have a working understanding of permitting triggers before signing contracts. This often requires coordination with architects and engineers (who formally determine filing requirements), expeditors and DOB filing systems. A “we’ll figure that out later” approach is no longer viable.

Contract language should also be updated. Standard home improvement contracts must now clearly allocate responsibility for obtaining permits, reflect the required disclosures and align with the contractor’s actual role (e.g., filing vs. coordinating). Ambiguity creates risk - particularly where a contractor states that the owner will obtain permits but remains obligated to “ensure” they are obtained.

Finally, the rules also require contractors to maintain permit disclosures for six years (or longer depending on warranty period). Failure to comply may trigger DCWP penalties, licensing consequences and/or potential inability to enforce the contract (by analogy to other home improvement violations).

## **Implications for Property Owners**

Owners benefit from increased transparency but should not assume full risk transfer to contractors. Owners remain responsible under the Administrative Code for ensuring permits are obtained. Therefore, owners should confirm who is pulling permits, when applications will be filed and whether a design professional is required.

Owners who rely blindly on a contractor remain exposed to DOB violations and enforcement actions.

## **Conclusion**

Local Law 181 and its implementing rules represent a meaningful evolution in NYC construction regulation. While framed as a disclosure law, its practical effect is to increase contractor accountability and blur traditional lines between owner and contractor responsibility for permitting.

Contractors who do not adapt their practices — particularly at the contract formation stage — face heightened exposure to regulatory penalties and private claims.

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