



**Department of
Housing Preservation
& Development**

TESTIMONY OF THE DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT TO THE CITY COUNCIL HOUSING AND BUILDINGS COMMITTEE ON THE 2011 NEW YORK CITY HOUSING AND VACANCY SURVEY (HVS) AND THE CONTINUATION OF RENT CONTROL AND RENT STABILIZATION IN NEW YORK CITY – FRIDAY, MARCH 2ND 2012 – 10AM

Good Morning, Chairman Dilan and members of the Housing and Buildings Committee. I am Mathew Wambua, Commissioner of the New York City Department of Housing Preservation and Development, and with me are Dr. Moon Wha Lee, Assistant Commissioner of Housing Policy Analysis and Statistical Research, and Elyzabeth Gaumer, Director of Research.

Thank you for the opportunity to appear before you today to testify in support of Resolution Number 1230 and Introduction Number 791. These two important measures constitute the local confirmation of the continued housing emergency in New York City and would permit the extension of the Rent Control and Rent Stabilization Laws.

As you know, for the continuation of Rent Control to be authorized, the New York City Council must pass a resolution 30 to 60 days after submission of findings of the triennial Housing and Vacancy Survey (HVS). Similarly, for the continuation of Rent Stabilization, the Council must enact legislation before April 1st. HPD submitted selected initial findings of the 2011 HVS to the Council on February 10th, 2012. My testimony today will present the initial findings of the 2011 New York City Housing and Vacancy Survey.

The survey of the City's housing stock has been carried out every three years over a 46 year period, starting in 1965. It is conducted by the United States Census Bureau at the request of the City of New York. Interviews for the current survey were conducted between February and May 2011. The methodology has remained constant since inception. The survey is used to determine, among other things, the rental vacancy rate, the supply of housing, the condition of these accommodations, details on the affordability of housing in the City, demographics of tenants, and the need for continuing the regulation of rents. It is also worth noting that because the current survey sample was drawn from the 2010 decennial census, and thus from a different data set from all previous surveys, no

direct comparisons of specific survey categories can be made to previous survey findings. This notwithstanding, we are confident that the findings of this survey are reliable and provide an invaluable snapshot of housing supply and conditions.

As discussed, the primary purpose of the HVS is to determine whether a housing emergency continues to exist in New York City to merit the need for rent stabilization and rent control. The 2011 Housing and Vacancy Survey reports the vacancy rate in rental apartments in New York City to be 3.12 percent, well below the 5 percent net rental vacancy rate threshold set forth in State and Local Laws as the condition for determining that a housing emergency continues to exist.

Further examination of the 3.12 percent vacancy rate for available rental units shows that the vacancy rate for rent-stabilized units as a whole was 2.63 percent in 2011. Conversely, the vacancy rate for private non-regulated units that were never rent-controlled or rent-stabilized, units that were decontrolled (including those in buildings with five or fewer units), and unregulated units in cooperative or condominium buildings was 4.43 percent, the highest of all major rental categories. The rental vacancy rate in 2011 for units with asking rents of less than \$800 was 1.10 percent. The vacancy rate for units with asking rents of \$800-\$999 was 2.58 percent; the rate for units with an asking rent level of \$1,000-\$1,249 was 3.61 percent. The rental vacancy rate moves up closer to 5 percent as asking rent levels go further up: it was 4.32 percent for units with an asking rent level of \$1,250-\$1,499.

The HVS also provides a snapshot in time of the number of housing units in New York City. According to the 2011 HVS, there were 3.35 million units in the City, the largest housing stock in the 46-year period since the first survey was conducted in 1965. Specifically there are a total of 2.17 million rental units—both occupied and vacant available for rent—of which 38,000, or 1 percent, are rent controlled and 987,000, or 45 percent, are rent stabilized. An additional 850,000, or 39 percent, are private, non-regulated, and 300,000 or 14 percent make up the remaining rental stock. There are 67,818 vacant units that are available for rent. These are the units that are used to calculate the net rental vacancy at 3.12 percent. The number of owner units, occupied and vacant, was 1,015,000. The homeownership rate for the City as a whole was 31.9 percent in 2011 – meaning that nearly one in three households live in housing that they own.

The HVS utilizes several measures of housing quality, including self-reported deficiencies and objective measurement of physical conditions. We are extremely pleased to report that the HVS indicates residential building conditions in New York City are good. For all occupied units, the dilapidation rate was 0.2 percent and the dilapidation rate for rental units was 0.3 percent in 2011. Housing maintenance conditions were also good across the City; however there are areas where housing quality lags behind. The HVS data underscores the need for our continued commitment to improving living conditions here in New York City. This

includes the collaboration between HPD and the City Council in working to craft legislation and institute policies that ensure high levels of accountability for owners of residential dwellings in New York City.

An outstanding example of this collaboration is the success of the Alternative Enforcement Program (AEP) enacted by the Council in 2007 and updated in 2011 to include asthma triggers like mold and vermin infestation. The list of properties in Round 5 of AEP was recently released bringing the number of distressed buildings addressed through the program to 1,000. Of those buildings in Rounds 1 through 4, conditions in 53 percent have improved to the point that they have been discharged from AEP. Similarly, through the Proactive Preservation Initiative, unveiled last year with the Mayor, Speaker Quinn and Chairman Dilan, HPD uses a variety of physical and financial indicators to identify multifamily properties at risk of tipping into severe distress. This proactive early warning system allows us to intervene and work with owners to help them regain command of their properties for the benefit of their tenants and the community. Efforts like these, made possible through our strong partnership, ensure that New Yorkers reside in housing that is safe and habitable.

The HVS collects detailed information on household incomes and rents that we use to assess the rent burden of residents and the need for affordable housing. In 2011, the median gross rent-to-income ratio was 33.8 percent citywide. That is, more than half of New York renter households paid a third of their income toward housing costs each month. One third of renter households in the City (33.1 percent) paid 50 percent or more of their household income for gross rent in 2011. In short, too many New Yorkers are finding that a higher percentage of their income goes to pay the rent every month.

When we look at the distribution of renter-occupied households by HUD Income Limits (this is a way of categorizing household income that adjusts for household size and it is the way that HPD classifies eligibility for affordable housing) we see that overall, households at the lowest end of the income distribution show greater levels of rent burden; however, it is particularly important to note that a larger proportion of households earning 30 to 70 percent of HUD Income Limits are rent burdened, compared to those earning less than 30 percent of HUD Income Limits. These households generally do not qualify for many subsidy programs because they earn too much, yet these are the households that frequently struggle to make ends meet in our high cost city.

The data on rent vs. income tells the story of why our efforts to develop and preserve our affordable housing stock are so very important. This figure shows the number of households targeted to receive different types of housing assistance, by income level. As I noted earlier, there are more than 300,000 renter households in the lowest income group that live in public housing or receive other forms of assistance toward rent.

The Mayor's New Housing Marketplace Plan has also made great strides in the production and protection of affordable housing in New York City. Since fiscal year 2003, when the Plan began, we have financed the creation or preservation of 129,440 units of affordable housing. In that time 30,359 newly constructed rental units have been completed and 45,431 affordable rentals have been preserved as affordable with the majority targeted to those earning between 40 and 80 percent of HUD Income Limits. In addition, the City started construction on 10,146 new units that are not yet completed and thus not reflected as rented or available for rent in this report, but will be in the next HVS in the 2014. We are doing more for our fellow citizens than any other municipality in the country and for that we have you, in the Council and our other partners in the public and private sectors to thank.

In summation, the 2011 HVS has demonstrated why it is necessary for the Administration and the Council to continue pushing for means to preserve and create affordability in New York City. Given the determination of an ongoing housing emergency it is essential that both Rent Control and Rent Stabilization are extended. We urge the Council to adopt Resolution 1230 and Introduction 791 as soon as possible.

We thank you for your time and we are happy to respond to any questions you might have.



Select Findings from the 2011 Housing and Vacancy Survey

Mathew M. Wambua
Commissioner, Department of Housing Preservation and Development

2011 Housing and Vacancy Survey (HVS)

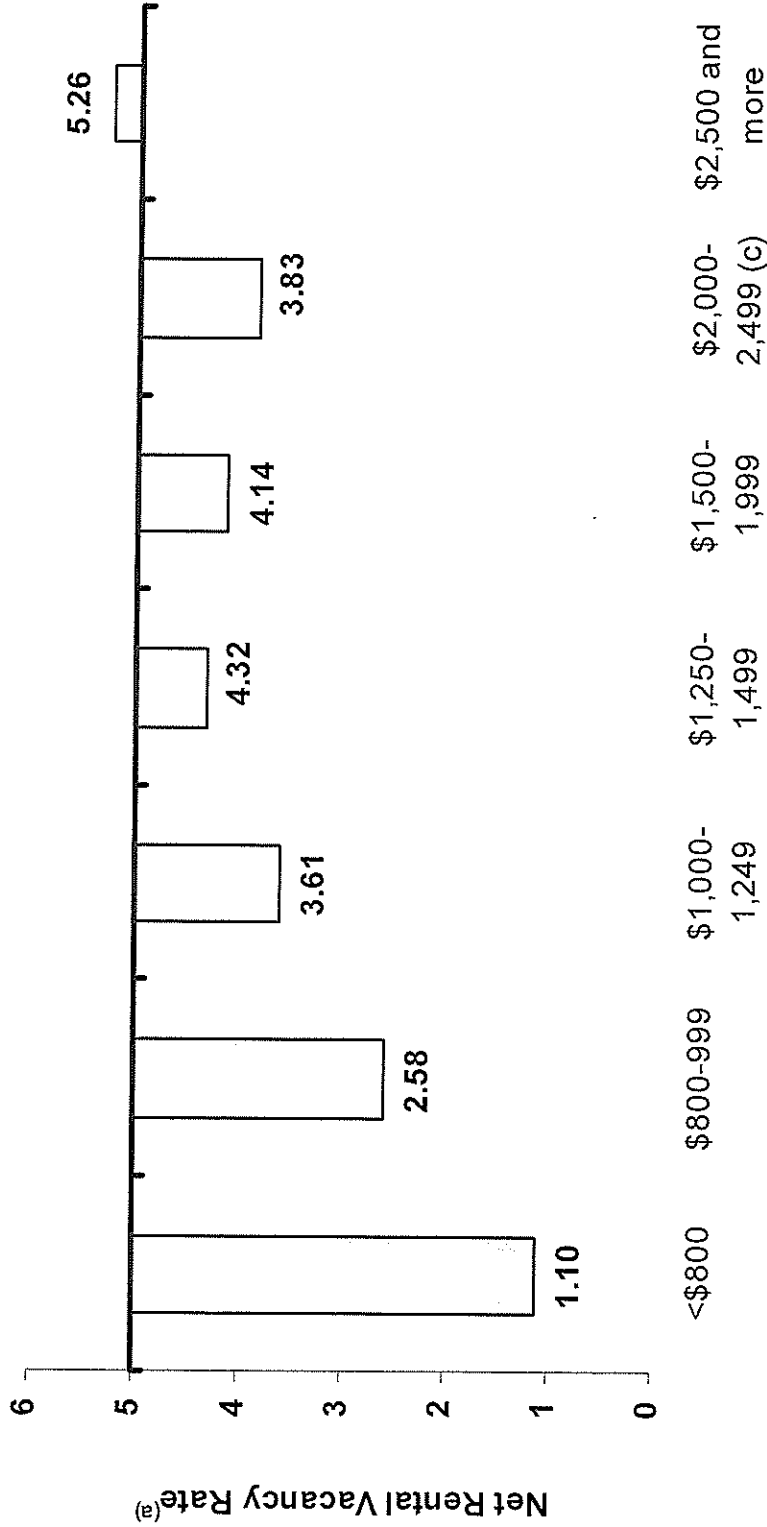
The Housing and Vacancy Survey (HVS) is used to determine the need for continuing the regulation of rents in New York City.

- HVS provides data on New York City's:
 - Rental Vacancy Rate;
 - Supply of housing;
 - Median Income and Rents; and
 - Condition of Housing Accommodations
- The survey has been carried out every 3 years over a 46 year period, starting in 1965.
- Is conducted by the United States Census Bureau at the request of the City of New York.
- The current survey sample was drawn from the 2010 decennial census.
- Interviews for the current survey were conducted between February and May 2011.

The 2011 HVS reports the vacancy rate in rental apartments to be 3.12% -- well below the 5% vacancy rate threshold set forth in law as the condition for determining that a housing emergency continues to exist in New York City.

Vacancy Rate, by Monthly Rent Level

In 2011, the net rental vacancy rate is 3.12%, citywide.



Source: U.S. Census Bureau. See 2011 Housing and Vacancy Survey Initial Findings, Table 7

- (a) The vacancy rate is calculated by dividing vacant units available for rent units that are not dilapidated by the sum of vacant units available for rent units that are not dilapidated plus renter-occupied units (dilapidated and not dilapidated).
- (b) Asking rents for vacant units and contract rents for occupied units.
- (c) Since this is a small number of units, interpret with caution.

2011 Housing Stock, by Tenure and Vacancy Status

Housing Units	Units	Percent
Renter-Occupied Units	2,104,816	62.79%
Owner-Occupied Units	984,066	29.36%
Vacant Units Available for Sale or Rent	98,693	2.94%
Vacant Units, Not Available for Sale or Rent	164,467	4.91%
Total Housing Units	3,352,041	100.00%

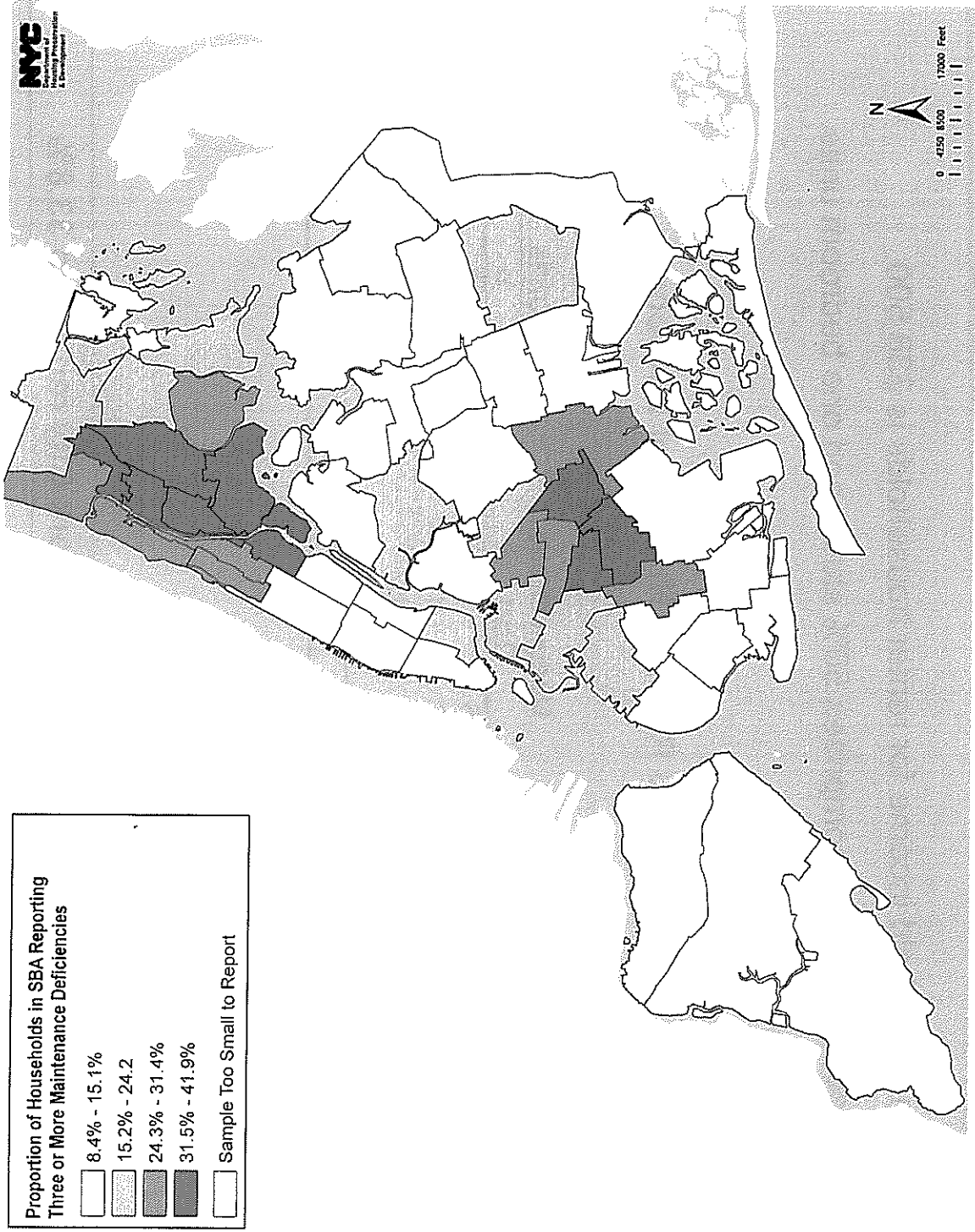
Rental Units	Units	Percent
Renter-Occupied Units	2,104,816	96.88%
Rent controlled	38,374	1.77%
Rent stabilized	960,870	44.23%
Private non-regulated units ^(a)	812,124	37.38%
All other rental units ^(b)	293,448	13.51%
Vacant Units, Available for Rent	67,818	3.12%
Total Rental Units	2,172,634	100.00%

Source: U.S. Census Bureau. See 2011 Housing and Vacancy Survey

(a) "Private non-regulated" consists of units that were never rent controlled or rent stabilized, units that were decontrolled (including those in buildings with five or fewer units), and unregulated rental units in cooperative or condominium buildings.

(b) Numbers may not add up to total due to rounding.

2011 Housing Quality: Maintenance Deficiencies, by Sub-Borough Area



Source: U.S. Census Bureau. See 2011 Housing and Vacancy Survey Initial Findings

(a) Map shows proportion of renter-occupied units with three or more reported maintenance deficiencies, including heating breakdown, use of additional heating source, leaks from outside of apartment, holes in walls, ceiling, and/or floors, peeling paint, signs of rodents, and toilet breakdown. SBA's with samples that are too small are excluded.

2011 Median Gross Rent, by Renter-Occupied Units

The median household income for renter households is \$38,500.

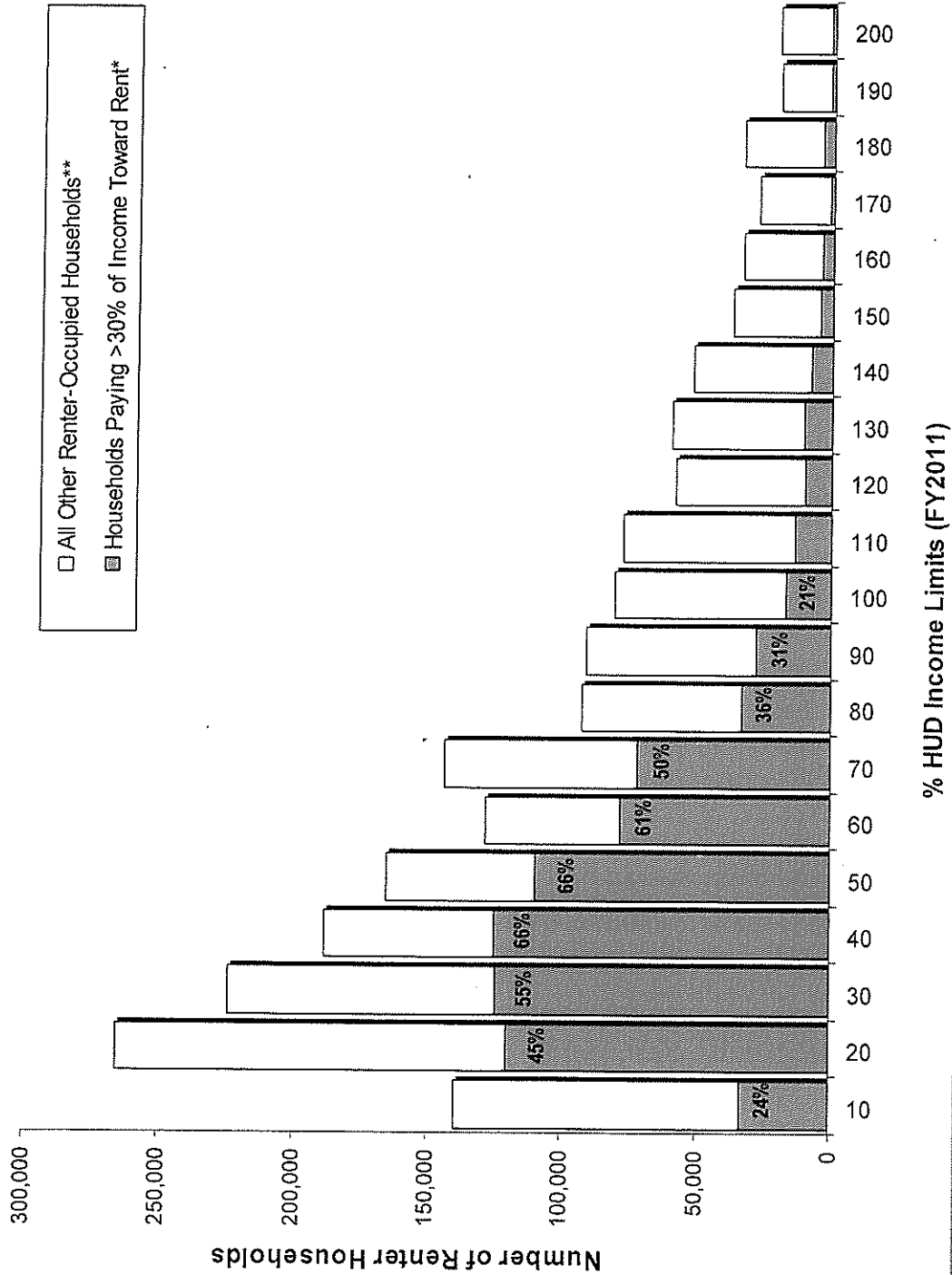
The occupied rental stock comprises 50% studio and one bedroom units.

Median Gross Rent, by Number of Bedrooms

Number of Bedrooms	Median Gross Rent		Units	
	\$		n	%
Studio	\$ 1,145		185,313	9%
1 Bedroom Unit	\$ 1,105		861,020	41%
2 Bedroom Unit	\$ 1,277		723,305	34%
3+ Bedroom Unit	\$ 1,496		335,179	16%
All Renter-Occupied Units	\$ 1,204		2,104,816	100%

The median rent burden for New York City renters is 33.8%

Household Incomes and Housing Affordability

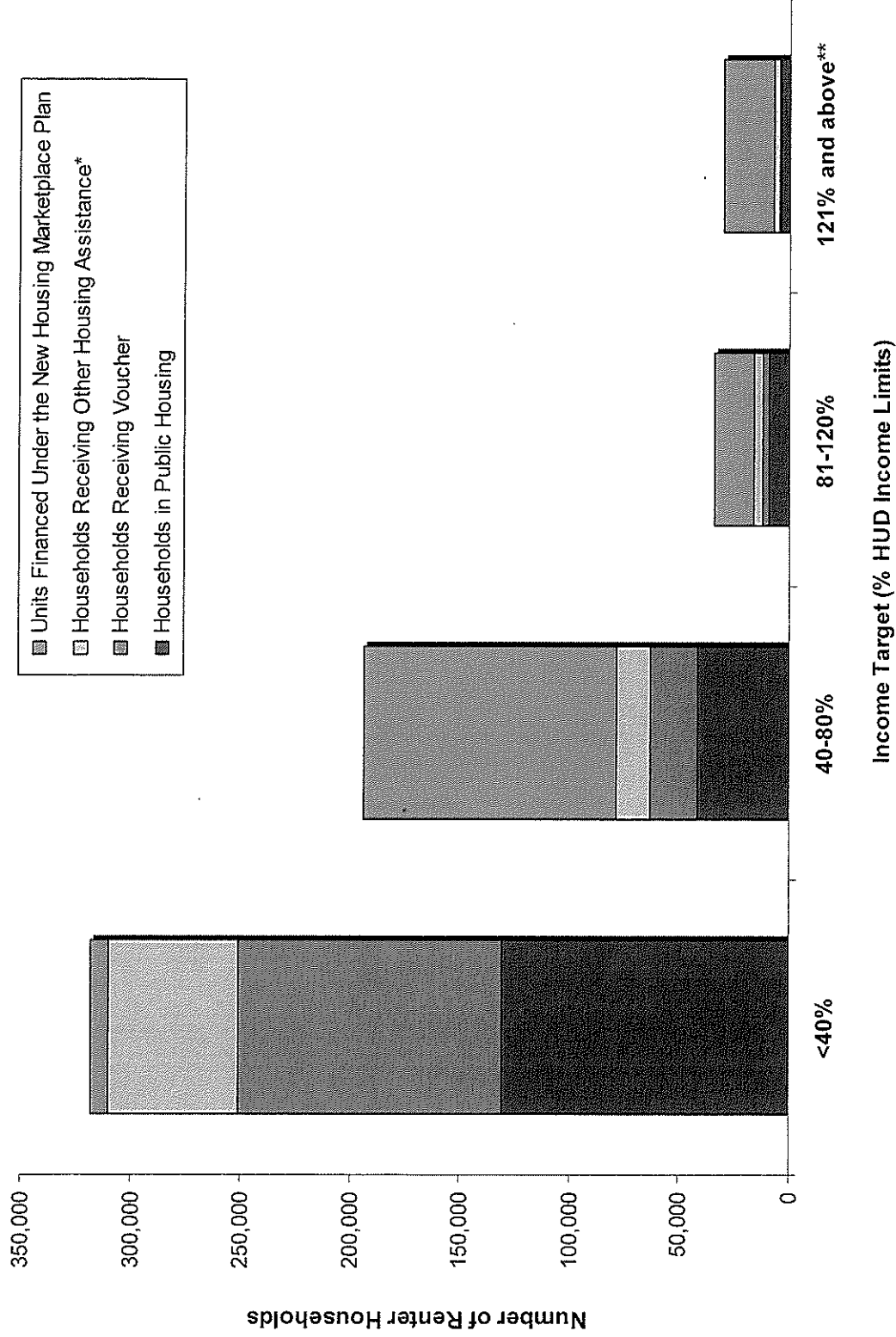


Source: 2011 Housing and Vacancy Survey (U.S. Census)

* Rent burden defined as household paying 30% or more of gross household income toward gross rent (includes utilities); excludes households living in Public Housing and/or receiving rental subsidy (including Section 8 Voucher, SCRIE, Jiggets, Employee Housing Incentive Program, Work Advantage, or other City, State, or Federal housing assistance as reported by respondent), anyone not paying cash rent, and cases where rent burden could not be computed because of missing or top-coded income or rent data.

** All other households include the total enumerated count of renter-occupied households minus those identified as paying more than 30% of income toward rent.

New Housing Marketplace Plan (NHMP)



Source: 2011 Housing and Vacancy Survey (U.S. Census) and NYC HPD

*Other housing assistance includes SCRIE, Work Advantage, Jiggets, and Employee Incentive Housing Program, and Other City, State or Federal subsidy program as reported by respondent; excludes households >200% HUDIL and those receiving Public Assistance Shelter Allowance;

** Also includes any unit without income restrictions (such as accessory rental units in 2 family homeownership projects or superintendent units); HPD is the process of reviewing units where HUD Income Limits information is unknown; estimates subject to revision.

2011 Housing and Vacancy Survey

The results of the 2011 HVS reports determines that a housing emergency continues to exist in New York City.

Addressing the Shortage of Housing in New York requires government action to help stem the loss of regulated units:

- State Legislature and Governor Cuomo passed the extension of rent regulation in 2011 which requires legislative confirmation by the City Council before April 1, 2012
 - Included increase in decontrol threshold (\$2500)
- Mayor's New Housing Marketplace Plan continues to finance the creation or preservation of more than 128,000 units (165,000 units by 2014) of housing for New Yorkers with incomes that range from very low to middle

HPD and Mayor Bloomberg support the swift passage of Resolution 1230 and Introduction 791 to permit the extension of the Rent Control and Rent Stabilization Laws.



FOR THE RECORD

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**TESTIMONY OF THE COMMUNITY HOUSING IMPROVEMENT PROGRAM
INTRO 791 OF 2012
IN RELATION TO EXTENDING THE RENT STABILIZATION LAWS
MARCH 2, 2012**

The Community Housing Improvement Program (CHIP) is a trade association of owners of multifamily property in New York City. Its 2,500 members own approximately 250,000 units of rental housing.

CHIP is opposed to a declaration of a continuing housing emergency and urges the Council to reject the proposal. We are opposed to the continuation of the current system of rent stabilization and rent control (RSRC) because it is ineffective and it damages housing.

The finding of an emergency is flawed for several reasons:

It alleges that "there will be excessive rent increases and evictions for failing to pay such increases" without the finding. This is an unsupportable statement because it assumes that there are millions of replacement tenants immediately available and willing to commit to the apartments now occupied by existing tenants. This is of course impossible. Were there no finding of emergency and RSRC to phase out, the overwhelming majority of tenants would experience no impact.

The measure is without legal and constitutional authority as there is not a housing emergency. The situation instead, after 70 years of such an "emergency" is the demonstrated and ordinary state of affairs in a City growing to record population. How can a state of affairs be a temporary emergency if it continues for 70 years? And how can governments bound by constitutional constraints exercise extraordinary police powers on a permanent basis?

If there was an emergency and RSRC was the answer, the emergency should have long since been abated. After 70 years of trying this particular solution without the situation getting better, housing markets are sending a clear signal RSRC is not working.

In fact, RSRC is a large part of the problem. RSRC is a form of price control. Price controls always lead to shortages of the item controlled. Economists on both the left and right of the political spectrum agree on this point. If you care about the future of

affordable housing in this City, you should feel compelled to explore other options. The failure of the current regulatory scheme is apparent.

Current state of constitutional doctrine on takings is that regulatory takings are only valid if a broad public purpose is served. After 70 years of failing to correct the alleged emergency, RSRC fails to meet that test.

Significant numbers of RSRC buildings are buildings in distress. The City's Rent Guidelines Board determined that approximately 10% of rent stabilized buildings are distressed, meaning that expenses exceed income. According to a 2010 study by the independent research firm Urbanomics, an additional 38% of rent stabilized buildings are just breaking even, meaning that they are one financial shock or one more City mandate away from becoming distressed. Together that means that 48% or essentially half of all rent stabilized buildings are either distressed or in danger of becoming so. Continuing the emergency will only exacerbate this problem.

There is no escape valve for such buildings. While a theoretical "hardship" provision is in the law, it is rather like voting rights in the old Soviet Union: no one qualifies to apply, and even if you do qualify, the right is rarely granted.

Further, an owner is effectively barred from using a rent stabilized building as he or she determines is useful and appropriate. The owner is forced to make contracts whether they are economically feasible or not; the owner may not use the building for himself and family without the government's permission which is generally withheld.

RSRC is a behemoth threatening housing policy. Simultaneously, it is changing private property from a constitutionally protected right into a conditional privilege, while so stifling housing production as to cause severe shortages.

This Council is traditionally a champion of civil liberties. In that tradition the Council should recognize and protect private property from government interference, especially government interference which has no demonstrable purpose.

FOR THE RECORD

Legal
Services NYC

Testimony of Legal Services NYC Before the New York City Council Housing and Buildings Committee Oversight Hearing on the Renewal of Rent Regulation in New York City

March 2, 2012

Legal Services NYC (LS-NYC) thanks the City Council Housing and Buildings Committee for holding this hearing, as well as for its continued leadership on housing issues of vital concern to low-income New Yorkers. LS-NYC supports the renewal of the state's rent regulation laws. Rent regulation is an irreplaceable tool for the preservation of affordable housing for the city's most vulnerable residents.

Legal Services NYC provides free legal services in civil matters to low-income households in New York City. The eighteen neighborhood offices of Legal Services NYC operate in diverse communities throughout the City to represent low-income tenants in disputes involving tenants' rights to remain in their homes.

Manhattan Legal Services (MLS) and South Brooklyn Legal Services (SBLS) are two of Legal Services NYC's programs. Each year, MLS and SBLS assist thousands of poor Manhattan and Brooklyn tenants facing eviction from their apartments. Many more people would like to get help but cannot because we have limited resources. Many of our low-income clients can barely afford their rent-regulated apartments; loss of rent regulation would force them out of their homes and neighborhoods. Additionally, many landlords seek eviction of rent-regulated tenants. We have seen case after case of landlords who purchase rental buildings and try to evict long-term tenants—many of them elderly or disabled—on frivolous grounds. Renewal of rent regulation is critical to protecting vulnerable New York City residents and stabilizing economically diverse communities in Manhattan and Brooklyn.

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Mark G. Cunha, Board Chair

 LSC

Introduction

We urge the City Council to pass Bill No. 791 and renew the state rent protection laws which will expire on April 1, 2012; allowing these laws to expire would create a housing catastrophe for New York City.

Renewal of Rent Protection Laws and Co-op/Condo Conversion Protection Laws

The rent protection laws protect tenants—many of whom have incomes below the poverty line—from losing their homes because of unrestricted increases in their rent. In addition to regulating rent increases, the Rent Stabilization Law provides crucial tenure protections which tenants in unregulated private housing lack. These protections include the right to lease renewal, succession rights for remaining family members, and eviction restricted to causes specified in the law. All of these protections provide tenants with the security that allows them to work and thrive in these challenging times. Rent-stabilized tenants also have an enforcement system in the courts and the State Division of Housing and Community Renewal (DHCR). Finally, in an increasingly segregated city, rent stabilization preserves some racial and economic integration in gentrifying neighborhoods.

New York City is facing a critical shortage of affordable housing. The emergency that was declared in the passage of the Rent Stabilization Law has endured throughout the years, but the crisis, which had been chronic, has become dire. In the last twenty years, the State has enacted laws which have weakened tenant protections and contributed to the loss of affordable housing. By renewing rent regulation, the state legislature would at least restore some of the status quo that existed prior to weakening amendments passed in 1993 and 1997.

A. Background

The number of homeless families in New York City has reached record highs in the face of a low vacancy rate for apartments and the continuing decline in affordable rent stabilized and other sources of housing within the financial reach of low-income New Yorkers. While tenants struggle to find and maintain affordable housing, they must pay the increasing cost of basic necessities. However, landlords have continued to profit. Low-income tenants in rent stabilized apartments have had to shoulder the greatest burden of declining affordability in New York City rental market. The rental burden on moderate-income tenants has also increased. Tenants in New York face an increasingly dire situation, and the City Council should encourage the State to seize this historic opportunity to renew and enhance the rent regulation laws.

B. Who Lives in Rent-Stabilized Housing?

The information below vividly illustrates who lives in rent-stabilized apartments:

- The median household income for rent-stabilized tenants is \$37,000 a year, compared to \$38,500 for unregulated tenants and \$75,000 for homeowners.¹
- 39% of households with incomes below the federal poverty line live in rent-regulated housing. Overall, 435,000 low-income families live in rent-regulated housing.²
- 16% of households living in stabilized housing make less than \$10,000 a year.
- 37% of rent-stabilized tenants pay rent that is more than 40% of their income.
- 49% of rent-stabilized tenants pay rent that is more than 30% of their income.
- 77% of renters with income below the federal poverty line living in rent-regulated apartments pay rent that is more than 50% of their income, a drastic increase from 64% in 2005 and on par with such tenants in unregulated apartments.³
- 22% of rent-stabilized tenants are black, 32% are Latino, and 9% are Asian.
- 53% of rent-stabilized households are headed by immigrants or someone born in Puerto Rico.

(Except where noted, all of these figures are taken from analysis of the U.S. Census Bureau's 2008 New York City Housing and Vacancy Survey.)

C. Declining Affordability of Housing

In the face of fewer rental opportunities and higher prices, renters are suffering from a growing disparity between what they can afford and their actual rent. Rents have increased 56% in the last decade, far above the overall price increase of 34%.⁴ An individual would have to work an astonishing 149 hours per week at minimum wage, 52 weeks a year, in order to afford an average two-bedroom apartment in New York City.⁵ Alternatively, the individual would need a wage increase to at least \$26.98 per hour, or \$56,120 a year, in order to afford the same apartment.⁶

¹ Dr. Moon Wha Lee, New York City Dept. of Housing Preservation and Development, *Selected Initial Findings of the 2011 New York City Housing and Vacancy Survey*, February 9, 2012, at 5.

² Victor Bach & Tom Waters, Community Service Society, *Making the Rent, 2008 to 2010*, New York City Rent Guidelines Board Hearing, April 30, 2010, at 1-2.

³ Victor Bach & Tom Waters, Community Service Society, *Making the Rent, 2008 to 2010*, New York City Rent Guidelines Board Hearing, April 30, 2010, at 4.

⁴ NYC Rent Guidelines Board, *2011 Income and Affordability Study*, 8.

⁵ NYC Rent Guidelines Board, *2011 Income and Affordability Study*, 9.

⁶ NYC Rent Guidelines Board, *2011 Income and Affordability Study*, 9.

Unfortunately, this situation is exacerbated by the worst economic downturn since the Depression. New York City's unemployment rate increased for the third consecutive year, to an average of 9.5% in 2010, up from 9.3% in 2009.⁷ In addition, for the first time since 2003, the number of people employed in New York City has fallen, with a loss of over 255,000 jobs between April 2009 and April 2010. Low-income households have been most affected by the recession, where the unemployment rate rose from 10.7% in 2008 to 15.2% in 2009.⁸

Tenants without jobs struggle to pay rent and obtain the necessities of life. The number of New York City food stamp recipients increased 14.9% in 2010 after increasing 20% in 2009, and the number of cash assistance recipients increased in 2009 for the first time since 2004 and continued to increase in 2010.⁹ Bankruptcy filings have been steadily increasing since 2005, with an 8.8% increase from 2009 to 2010.¹⁰ Given the economic pressures facing low-income New Yorkers, it is critical that rent regulatory laws be renewed.

D. Declining Availability of Housing

Unfortunately for New York renters, declining affordability is coupled with declining availability. The net vacancy rate of units available for rent was 3.12% in 2011, significantly below the 5.0% threshold that legally defines a housing emergency.¹¹ The number of vacant units affordable to low-income New Yorkers is even more meager.¹² The vacancy rate for rent-stabilized units measured just 2.63%¹³ and the rate for units with monthly rents of less than \$799 was just 1.10%.¹⁴

The decrease in availability of affordable vacant units is exacerbated by the loss of at least 16,907 rent-stabilized housing units in 2010, the second largest number of units subtracted in a single year since this report was first prepared in 2003, and only exceeded in 2009.¹⁵ Meanwhile, High Rent/Vacancy Decontrol was the largest source of measured subtractions from the rent stabilized housing stock in 2010, accounting for 76% of the total number of subtractions. By borough, 57% of all units leaving rent stabilization in 2010 were located in Manhattan, a total of 9,644 units. Second largest

⁷ NYC Rent Guidelines Board, *2011 Income and Affordability Study*, 3.

⁸ Victor Bach & Tom Waters, Community Service Society, *Making the Rent, 2008 to 2010*, New York City Rent Guidelines Board Hearing, April 30, 2010, at 5.

⁹ NYC Rent Guidelines Board, *2011 Income and Affordability Study*, 7.

¹⁰ NYC Rent Guidelines Board, *2011 Income and Affordability Study*, 7.

¹¹ Dr. Moon Wha Lee, New York City Dept. of Housing Preservation and Development, *Selected Initial Findings of the 2011 New York City Housing and Vacancy Survey*, February 9, 2012, at 3.

¹² In 2008, the vacancy rate for all units with rents between \$500 and \$799 was only 1.5 and for apartments with rents between \$800 and \$999, only 2.2 % were vacant.

¹³ Dr. Moon Wha Lee, New York City Dept. of Housing Preservation and Development, *Selected Initial Findings of the 2011 New York City Housing and Vacancy Survey*, February 9, 2012, at 4.

¹⁴ *Id.*

¹⁵ NYC Rent Guidelines Board, *Changes to the Rent Stabilized Housing Stock in New York City in 2010*, at 8.

was Queens, representing 21% (3,590 units) removed; followed by Brooklyn, 17% (2,838 units); the Bronx, 4% (739 units); and Staten Island, representing just 1% (96 units) of the total number of units removed from rent stabilization in 2010.¹⁶ Units that remain available are increasingly out of the range of low-income New Yorkers. The rental vacancy rate in 2011 for units with asking rents of less than \$800 was a mere 1.10%.¹⁷ Raising rents would only accelerate the loss of increasingly scarce housing affordable to low-income New Yorkers.

The scarcity of available rent-stabilized housing is a part of an overall decline in the availability of affordable housing. In 2009, 117 buildings applied for conversion of single room occupancy buildings into housing no longer affordable to low-income people continues. Furthermore, the steady decrease in Mitchell-Lama units has accelerated over the past several years, with at least 42,000 lost to buyouts since 1985.¹⁸ There remain only 95,000 such units left in the City today.¹⁹

Applicants for Section 8 housing face similar shortages: 124,000 applicants are on the waiting list for Section 8 housing vouchers in New York City.²⁰ This combination of market forces and governmental decisions has had a devastating impact on low and moderate income New Yorkers. The declining number of vacant units available for rent, the fact that housing expansion has not kept pace with population growth,²¹ and the Section 8 crisis have all contributed to the scarcity of available affordable housing.

E. Housing-related Hardships and Related Social Costs on the Rise

The rate of housing-related hardships²² among low-income renters has been increasing in recent years.²³ New Yorkers are increasingly relying on unconventional living arrangements; nearly 15,000 residents live in households of three or more roommates unrelated to the head of household.²⁴ High housing cost burdens and concentrated poverty also cause a range of more serious social harms, including higher arrest rates, poorer nutrition and health, higher financial burdens for local governments, greater educational failure, higher teenage pregnancy rates, more costly basic consumer goods, and

¹⁶ *Id.* at 8-9

¹⁷ Dr. Moon Wha Lee, New York City Dept. of Housing Preservation and Development, *Selected Initial Findings of the 2011 New York City Housing and Vacancy Survey*, February 9, 2012, at 4.

¹⁸ NYC Rent Guidelines Board, *2010 Housing Supply Report*, 8.

¹⁹ NYC Rent Guidelines Board, *2010 Housing Supply Report*, 8.

²⁰ NYC Rent Guidelines Board, *2011 Income and Affordability Study*, 10.

²¹ Margery Austin Turner, *Current Rental Housing Market Challenges and the Need for a New Federal Policy Response: Statement before the Committee on Appropriations, Subcommittee on Transportation, IIUD, and Related Agencies, US House of Representatives*, 2.

²² These hardships include the “lesser” hardships of rent/mortgage arrears and utility cut-offs and the “severe” hardships of doubling up and using shelters.

²³ Victor Bach & Tom Waters, Community Service Society, *Making the Rent*, May 2008, 24.

²⁴ Cara Buckley, “In New York, Breaking the Law on Roommates,” *The New York Times*, March 10, 2010.

greater difficulty maintaining steady jobs.²⁵ In addition, those suffering from high housing cost burdens are more likely to be evicted and more likely to experience homelessness.²⁶ Notably, high housing cost burdens particularly affect families. Over half of households with children (54%) experienced housing hardship in 2007, compared to 30% among adult households.²⁷ Over a quarter of those with children (27%) experienced multiple hardships, compared to 15% of adult households.²⁸ Furthermore, the hardship rates among families with children with income levels between 100 and 200% of the poverty line have surpassed the high hardship rates among families with income below the poverty line.²⁹

In addition to financial hardships, many tenants are experiencing worsening housing conditions, as landlords fail to put increased profits back into their buildings. The City's Department of Housing Preservation and Development (HPD) reported a significant increase in the number of complaints concerning housing conditions in FY 2009 as compared to FY 2008, with emergency complaints rising by close to 6% and heat and hot water complaints by more than 15%.³⁰

F. Effect of Stagnant Low-Income Wages and Increasing Prices on Residents

Wages have not kept up with living costs, creating enormous pressure on households to somehow meet the cost of necessities other than rent. Nominal wages declined by 8% and real wages declined by 8.4% in 2009,³¹ but prices for consumer goods in the New York metropolitan area increased 1.7%.³² Earnings for low-end earners have declined; among low-income residents, the median wage and salary income dropped from \$15,000 in 2008 to \$14,000 in 2009.³³ In addition, in April 2010 Con Edison began implementing a three-year rate plan that will raise the average New York City resident's bill.³⁴ Transportation costs are also rising. The Metropolitan Transportation Authority (MTA) implemented a 10% fare increase in June 2009 and a 7.5% increase at the beginning of this year.³⁵

²⁵ Margery Austin Turner, *Current Rental Housing Market Challenges and the Need for a New Federal Policy Response: Statement before the Committee on Appropriations, Subcommittee on Transportation, HUD, and Related Agencies, US House of Representatives*, 5; Douglas Rice and Barbara Sard, Center on Budget and Policy Priorities, *The Effects of the Federal Budget Squeeze on Low-Income Housing Assistance*, 2.

²⁶ Douglas Rice and Barbara Sard, Center on Budget and Policy Priorities, February 1, 2007, *The Effects of the Federal Budget Squeeze on Low-Income Housing Assistance*, 2.

²⁷ Victor Bach & Tom Waters, Community Service Society, *Making the Rent, May 2008*, 30.

²⁸ Victor Bach & Tom Waters, Community Service Society, *Making the Rent, May 2008*, 30.

²⁹ Victor Bach & Tom Waters, Community Service Society, *Making the Rent, May 2008*, 25.

³⁰ City of New York, *Preliminary Mayor's Management Report*, February 2010, 69, available at http://www.nyc.gov/html/ops/html/mmr/mmr_sub.shtml. Accessed June 2010.

³¹ NYC Rent Guidelines Board, *2011 Income and Affordability Study*, 6.

³² *Id.* at 4.

³³ Victor Bach & Tom Waters, Community Service Society, *Making the Rent, 2008 to 2010*, New York City Rent Guidelines Board Hearing, April 30, 2010, at 5.

³⁴ Patrick McGeehan, "Average Con Edison Bill to Rise by \$10 Over 3 Years," *New York Times*, March 25, 2010.

³⁵ http://www.mta.info/mta/2011_fare_change_nyct.html

These price hikes in the midst of a recession signal continued economic difficulty for the residents of New York City, especially low-income New Yorkers who are already struggling to survive.

Increases in the cost of basic necessities have a particularly severe impact on low income New Yorkers, who already have very limited residual income remaining after paying a high percentage of their income for rent. From 2005 to 2008, low-income renters suffered a 4% decrease in residual income, with renters living below the poverty line facing an even more acute 9% decrease, an average drop from \$146 to \$133 per month (measured in 2007 dollars).³⁶ Families living below the poverty line have only a little over \$4 per day per household member to cover all non-rent expenses, including food, transportation, and medical costs.³⁷ A further reduction in affordable housing will only exacerbate the crises that poor households experience, leading to increased costs for society as a whole.

G. Growing Problem of Homeless Families

The scarcity of affordable housing, rising rents, and the increasing cost of living have contributed to record use of the City's shelters in 2010. "An all-time high number of New Yorkers turned to homeless shelters last year and the homeless shelter population was larger than at any time since the city began keeping records, according to a report by the Coalition for the Homeless, an advocacy group, based on city data. A record 113,553 homeless people slept in shelters in the last fiscal year, including 28,977 families."³⁸ An average of 36,175 children and adults slept in the shelters each night in 2010, a 0.7% increase over 2009, following a 7% increase in 2009 over 2008.³⁹ Since 2008, the overall homeless shelter population has risen an alarming 9%.⁴⁰ Even more distressing is the 10.1% increase since 2008 in the number of homeless families with children in the shelters each night.⁴¹ A decrease in affordable housing will only push more families from their homes onto the streets. In addition to the tragic human costs, the increased need for shelter will result in increased financial costs for the City in sheltering homeless families at a time of decreasing revenue in the City budget.

³⁶ Victor Bach & Tom Waters, Community Service Society, *Making the Rent, 2008 to 2010*, New York City Rent Guidelines Board Hearing, April 30, 2010, at 4.

³⁷ *Id.* at 4-5.

³⁸ Mosi Secret, "A New First Stop for Homeless Families," *New York Times*, May 3, 2010, available at <http://cityroom.blogs.nytimes.com/2011/05/03/a-new-first-stop-for-homeless-families/?ref=nyregion>

³⁹ NYC Rent Guidelines Board, *2011 Income and Affordability Study*, 11.

⁴⁰ NYC Rent Guidelines Board, *2010 Income and Affordability Study*, 13.

⁴¹ NYC Rent Guidelines Board, *2009 Income and Affordability Study*, 13.

II. Increased Displacement Pressure from Landlords Despite Profits

Landlords are doing quite well, despite the economy that increasingly places a strain on low-income New Yorkers. In rent stabilized buildings from 2008 to 2009, operating costs increased by only 0.1%, while total landlord income increased by 1.8%.⁴² Net operating income grew by 5.8% from 2008 to 2009 and has been increasing for five consecutive years.⁴³ Even after adjusting for inflation, landlords' net operating income increased 9.3% from 1990 to 2008.

Despite landlords' solid profit margin, landlords continue to attempt to displace tenants. Both harassment and rent overcharge complaints to the Division of Housing and Community Renewal (DHCR) increased substantially in 2008: harassment complaints were up 31% and rent overcharge complaints were up 20%.⁴⁴ In addition, fear of displacement runs high; a third of black and Hispanic renters, 22% of white and 25% of Asian renters express concern that they will be forced out of their neighborhoods over the next two years.⁴⁵

In sum, the situation facing low-income New Yorkers calls for preservation of existing protections and changes in the law that will increase the security of a substantial portion of New York City's scarce stock of affordable housing.

Conclusion

Thank you for the opportunity to testify before the City Council Housing and Buildings Committee. This is a time of grave crisis in this state and this city. We are facing a dire lack of affordable housing in New York City exacerbated by the current economic downturn. We hope that the City Council will pass Bill no. 791 which would renew rent regulation for many of the state's most vulnerable tenants.

Respectfully submitted,

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⁴² NYC Rent Guidelines Board, *2011 Income and Expense Study*, 3.

⁴³ *Id.*

⁴⁴ *Daily News*, June 4, 2008, "Stabilized Apartments Down, Frets Up," Adam Lisberg, 7 (quoting Leslie Torres, state Deputy Commissioner for Rent Administration).

⁴⁵ Victor Bach & Tom Waters, Community Service Society, *Making the Rent Summary*, May 2008, iii.



FOR THE RECORD

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TESTIMONY OF THE LEGAL AID SOCIETY
IN SUPPORT OF INT. 0791-2012, A LOCAL LAW TO AMEND THE
ADMINISTRATIVE CODE OF NEW YORK, IN RELATION TO EXTENDING THE
RENT STABILIZATION LAWS AND RES. 1230-2012 RESOLUTION DETERMINING
THAT A PUBLIC EMERGENCY REQUIRING RENT CONTROL IN THE CITY OF
NEW YORK CONTINUES TO EXIST AND WILL CONTINUE TO EXIST ON AND
AFTER APRIL 1, 2012.

New York City Council Committee on Housing and Buildings

March 2, 2012

Thank you to the New York City Council Committee on Housing and Buildings for the opportunity to speak at this very important hearing.

The Legal Aid Society

The Legal Aid Society is the oldest and largest program in the nation providing direct legal services to low-income families and individuals. The mission of the Society's Civil Practice is to improve the lives of low-income New Yorkers by helping vulnerable families and individuals to obtain and maintain the basic necessities of life — housing, health care, food and subsistence income or self-sufficiency. The Society's legal assistance focuses on enhancing individual, family and community stability by resolving a full range of legal problems in the areas of immigration, domestic violence and family law, employment, housing and public benefits, foreclosure prevention, elder law, tax, community economic development, health law and consumer law.

The Society achieves its mission in a number of ways. Through a network of 10 neighborhood and courthouse-based offices in all five boroughs and 23 city-wide and

special projects, the Civil Practice provides free direct legal assistance in more than 40,000 legal matters annually. In addition, the Civil Practice represents low-income New Yorkers in law reform litigation which benefits some 2 million families and individuals each year. Overall, combining individual representation with law reform litigation, advocacy and neighborhood initiatives, the Society successfully provides as many low-income New Yorkers as possible with access to justice. In addition to direct legal services, the Society provides extensive back-up support and technical assistance for community organizations in all five boroughs of the City, "know your rights" trainings for community residents, and community education sessions on complex legal issues affecting low-income communities. When it is the most efficient and cost-effective way to help clients, the Society provides legal representation to groups of clients with common legal problems, including those referred by elected officials. Finally, the Society also operates an extensive pro bono program through which over 1,000 volunteers provide more than 50,000 hours of free legal assistance to low-income New Yorkers annually.

The Legal Aid Society welcomes this opportunity to testify before the New York City Council Committee on Housing and Buildings concerning the continuing housing emergency and the importance of extending the rent laws.

Introduction

The primary purpose of rent regulation in New York City has been to eliminate abnormal rents in an overheated market. Indeed, the Rent Stabilization Law's stated goal is to protect "public health, safety, and welfare...and to prevent exactions of unjust, unreasonable, and oppressive rents and rental agreements." Rent Stabilization can only exist during a housing emergency which is defined by law as a market where the vacancy rate has fallen below 5 percent. New York City first declared an emergency in 1974. This emergency has endured throughout the years but the crisis which had been chronic has become acute. Because the vacancy rate is so low, tenants cannot move and exercise market power. The Rent Stabilization Law was meant to – and has acted to – approximate the workings of a market where both parties have the power to negotiate contracts.

This purpose of this committee hearing is to consider whether that housing emergency continues to exist and thus whether Rent Stabilization and Rent Control should be extended. Our answer to these questions is yes. The emergency continues to exist and

these essential laws must be extended. If the City does not act, millions of New Yorkers will be at risk of “unjust, unreasonable and oppressive rents” and will face “uncertainty, hardship and dislocation.” Without rent regulation, programs that have been created to protect our elderly residents and residents with disabilities, such as SCRIE (the rent increase exemption law for senior citizens) and DRIE (the rent increase exemption law for persons with disabilities), will become meaningless, and elderly New Yorkers and New Yorkers with disabilities will be threatened with eviction and homelessness.

Who Lives in Rent Regulated Housing?

Rent stabilization primarily serves low-income people, people of color, and immigrants.¹

- The median household income for rent-stabilized households is \$37,000 a year and the median income for rent controlled households is \$29,000. The median income of households in private non-regulated rent units is \$52,260. The median income for homeowners is \$75,000.²
- 21 percent of rent-stabilized tenants living in poverty, and 22 percent have incomes from 100 to 200 percent of the federal poverty line.³
- 60 percent of rent-stabilized tenants have household incomes below the New York City median of \$42,000 a year.
- 22 percent of rent-stabilized tenants are Black, 32 percent are Latino, and 8 percent are Asian.
- 55 percent of rent-stabilized tenants are immigrants or born in Puerto Rico.
- Low rent apartments are predominantly occupied by low-income tenants.⁴
- The median household income for tenants in rent-stabilized apartments with rents below \$600 a month is \$20,000 a year.
- 32 percent of rent-stabilized tenants with rents below \$600 a month living in poverty, and 27 percent have incomes from 100 to 200 percent of the federal poverty line.

¹ Email from Tom Waters, Community Service Society to Ellen Davidson.

² Selected Initial Findings of the 2011 New York City Housing and Vacancy Survey, prepared by Dr. Moon Wha Lee, February 9, 2012, available at <http://www.nyc.gov/html/hpd/downloads/pdf/HPD-2011-HVS-Selected-Findings-Tables.pdf>. Accessed February 28, 2012.

³ The full findings of the 2011 New York City Housing and Vacancy Survey are not available. Thus, the following bullet points are based on data from the 2009 New York City Housing and Vacancy Survey.

⁴ Email from Tom Waters, Community Service Society to Ellen Davidson

- 81 percent of rent-stabilized tenants with rents below \$600 a month have household incomes below the New York City median of \$42,000 a year.
- The median household income for rent-stabilized tenants with rents below \$1,200 a month is \$30,000 a year.
- 23 percent of rent-stabilized tenants with rents below \$1,200 a month are living in poverty, and 25 percent have incomes from 100 to 200 percent of the federal poverty line.
- 66 percent of rent-stabilized tenants with rents below \$1,200 a month have household incomes below the New York City median of \$42,000 a year.

Declining Affordability of Housing

New York City is facing an acute shortage of affordable housing. In the last twenty years, the State has enacted laws which have contributed to the loss of affordable housing. Since the passage of vacancy decontrol, automatic vacancy increases and the preferential rent amendments, landlords have been give an incentive to harass tenants or commit massive fraud to create vacant apartments that can be deregulated with higher rents. In the face of fewer rental opportunities and higher prices, New York City renters are suffering from a growing disparity between what they can afford and their actual rent. Unfortunately, the trend towards declining rent affordability is only going to continue as the recovery from the Great Recession appear to be a jobless recovery. Tenants in New York City face an increasingly dire situation and the loss of Rent Stabilization and Rent Control would be catastrophic for this City.

Housing-related Hardships and Related Social Costs on the Rise

The rate of housing-related hardships⁵ among low-income renters has been increasing in recent years.⁶ New Yorkers are increasingly relying on unconventional living arrangements; nearly 15,000 residents live in households of 3 or more roommates unrelated to the head of household.⁷ High housing cost burdens and concentrated poverty are also

⁵ These hardships include the "lesser" hardships of rent/mortgage arrears and utility cut-offs and the "severe" hardships of doubling up and using shelters.

⁶ Victor Bach & Tom Waters, Community Service Society, *Making the Rent*, May 2008, 24.

⁷ Cara Buckley, "In New York, Breaking the Law on Roommates," *The New York Times*, March 10, 2010.

associated with a range of more serious social harms, including higher arrest rates, poorer nutrition and health, higher financial burdens for local governments, greater educational failure, higher teenage pregnancy rates, more costly basic consumer goods, and greater difficulty maintaining steady jobs.⁸ In addition, those suffering from high housing cost burdens are more likely to be evicted and more likely to experience homelessness.⁹

Effect of Stagnant Low-Income Wages and Increasing Prices on Residents

Wages have not kept up with living costs, creating enormous pressure on households to somehow meet the cost of necessities other than rent. Nominal wages declined by 8.0 percent and real wages declined by 8.4 percent in 2009, following a 3.4 percent decrease in 2008,¹⁰ but prices for consumer goods in the New York metropolitan area increased 1.6 percent.¹¹ Earnings for low-end earners have declined; among low-income residents, the median wage and salary income dropped from \$15,000 in 2008 to \$14,000 in 2009.¹² New York City residents must pay increased rates for Con Edison and increased transportation costs for fare increases implemented by the Metropolitan Transportation Authority (MTA).¹³ These price hikes in the midst of a recession signal continued economic difficulty for the residents of New York City, especially low-income New Yorkers who are already struggling to survive.

Growing Problem of Homeless Families

The scarcity of affordable housing, rising rents, and the increasing cost of living have contributed to record use of the City's shelters. In October 2011, there were 41,204 children and adults sleeping in city shelters.¹⁴ Since 2002, the overall homeless shelter

⁸ Margery Austin Turner, *Current Rental Housing Market Challenges and the Need for a New Federal Policy Response: Statement before the Committee on Appropriations, Subcommittee on Transportation, HUD, and Related Agencies, US House of Representatives*, 5; Douglas Rice and Barbara Sard, Center on Budget and Policy Priorities, *The Effects of the Federal Budget Squeeze on Low-Income Housing Assistance*, 2.

⁹ Douglas Rice and Barbara Sard, Center on Budget and Policy Priorities, February 1, 2007, *The Effects of the Federal Budget Squeeze on Low-Income Housing Assistance*, 2.

¹⁰ NYC Rent Guidelines Board, *2011 Income and Affordability Study*, 6.

¹¹ *Id.* at 4.

¹² Victor Bach & Tom Waters, Community Service Society, *Making the Rent, 2008 to 2010*, New York City Rent Guidelines Board Hearing, April 30, 2010, at 5.

¹³ Patrick McGeehan, "Average Con Edison Bill to Rise by \$10 Over 3 Years," *New York Times*, March 25, 2010. Michael A. Grynbaum, "Despite Bad News, Subway Chief Hopes to Hold Line on Fare," *New York Times*, Feb. 24, 2010.

¹⁴ Coalition for the Homeless, New York City Homelessness, The Basic Facts.

<http://www.coalitionforthehomeless.org/page/-/NYCHomelessnessFactSheet10312011.pdf>. Accessed on February 28, 2012.

population has risen an alarming 37 percent.¹⁵ More than 10,000 families with nearly 17,000 children are homeless.¹⁶ Even more distressing, there was a 5.1 percent decrease in permanent housing placements as of the Rent Guideline Board's Income and Affordability Study last March.¹⁷ This study took place prior to the City's decision to end the Advantage program, the only program which assisted homeless families to find permanent housing.

Increased Displacement Pressure from Landlords Despite Profits

In rent stabilized buildings, from 2008 to 2009, operating costs and total landlord income increased by comparable amounts—0.1 percent and 1.8 percent, respectively.¹⁸ In 2008, the Price Index of Operating Costs (which measures the cost of goods and services used to operate and maintain New York City apartments) rose by only 3.4 percent.¹⁹ Net operating income grew by 5.8 percent from 2008-2009 and has been increasing for six consecutive years.²⁰ On average, landlords of rent-stabilized buildings retain a monthly average of \$362 per rent-stabilized unit as pre-tax profit or for use in financing the building and improvements, equivalent to an estimated annual mean of \$194,000 per building.²¹ In Manhattan, profit from rent-stabilized apartments is an even higher \$568 per month.²² Even after adjusting for inflation, landlords' net operating income has increased 16.3 percent from 1990 to 2009.²³

Despite landlords' solid profit margin, landlords continue to apply pressure in an effort to displace tenants. Both harassment and rent overcharge complaints to the State Division of Housing and Community Renewal (DHCR) increased substantially in 2008: harassment complaints were up 31 percent to 344 and rent overcharge complaints were up 20 percent to 1,038.²⁴ In addition, fear of displacement runs high; a third of Black and

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ NYC Rent Guidelines Board, *2011 Income and Affordability Study*, 11.

¹⁸ NYC Rent Guidelines Board, *2011 Income and Expense Study*, 3.

¹⁹ NYC Rent Guidelines Board, *2011 Price Index of Operating Costs*, 3.

²⁰ NYC Rent Guidelines Board, *2011 Income and Expense Study*, 3.

²¹ NYC Rent Guidelines Board, *2011 Income and Expense Study*, 8.

²² *Id.*

²³ NYC Rent Guidelines Board, *2011 Income and Expense Study*, 10.

²⁴ *Daily News*, June 4, 2008, "Stabilized Apartments Down, Frets Up," Adam Lisberg, 7 (quoting Leslie Torres, state Deputy Commissioner for Rent Administration).

Hispanic renters, 22 percent of White and 25 percent of Asian renters express concern that they will be forced out of their neighborhoods over the next two years.²⁵

Declining Availability of Housing

Unfortunately for New York renters, declining affordability is coupled with declining availability. The net vacancy rate of units available for rent was 3.12 percent in 2011, significantly below the 5.0 percent threshold that legally defines a housing emergency.²⁶ The number of vacant units affordable to low-income New Yorkers is even more meager. In 2011, the vacancy rate for all units with rents less than \$800 was only 1.1 percent, and for apartments with rents between \$800 and \$999 only 2.58 percent were vacant. The vacancy rate for rent-stabilized units was even more troubling, measuring just 2.63 percent.²⁷ The decrease in the availability of affordable vacant units is exacerbated by the loss of at least 16,907 rent-stabilized housing units in 2010, primarily due to vacancy deregulation.²⁸ Units that remain available are increasingly out of the range of low-income New Yorkers. From 2005 to 2008, the number of apartments renting for less than \$1,000 per month fell by over 80,000, and the number renting for less than \$800 per month fell by nearly 55,000.²⁹ Overall, from 2002 to 2008, there has been a 16.4 percent loss in rental apartments that low-income households can afford.³⁰ Raising rents would only accelerate the loss of increasingly scarce housing affordable to low-income New Yorkers.

The scarcity of available rent-stabilized housing is a part of an overall decline in the availability of affordable housing. Furthermore, the steady decrease in Mitchell-Lama units has accelerated, with at least 42,000 lost to buyouts since 1985.³¹ There remain only 95,000 such units left in the City today.³²

²⁵ Victor Bach & Tom Waters, Community Service Society, *Making the Rent Summary, May 2008*, iii.

²⁶ Selected Initial Findings of the 2011 New York City Housing and Vacancy Survey, prepared by Dr. Moon Wha Lee, February 9, 2012, available at <http://www.nyc.gov/html/hpd/downloads/pdf/HPD-2011-HVS-Selected-Findings-Tables.pdf>. Accessed February 28, 2012.

²⁷ *Id.*

²⁸ NYC Rent Guidelines Board, *Changes to the Rent Stabilized Housing Stock in New York City in 2010*, 8.

²⁹ Coalition for the Homeless, *State of the Homeless 2010: How Governor Paterson's Budget Will Make New York's Historic Homelessness Crisis Even Worse*, 14.

³⁰ *Id.*

³¹ NYC Rent Guidelines Board, *2010 Housing Supply Report*, 8.

³² NYC Rent Guidelines Board, *2010 Housing Supply Report*, 8.

Applicants for public or federally subsidized housing face similar shortages. Indeed, 143,960 applicants are on the waiting list for public housing in New York City.³³ The New York City Housing Authority (NYCHA) accepted only emergency applicants into the Section 8 program from May 15, 2007 to December 10, 2009, and stopped processing voucher applications altogether in December 2009, after withdrawing 2500 vouchers from needy section 8 voucher holders. There are 124,617 families on the waiting list for Section 8 vouchers.³⁴

This combination of market forces and governmental decisions has worked together to have a devastating effect on low- and moderate-income New Yorkers. The declining number of vacant units available for rent, and the fact that housing expansion has not kept pace with population growth,³⁵ have all contributed to the scarcity of available affordable housing.

Extend the Rent Stabilization and Rent Control laws.

In light of the continuing housing emergency in the midst of the greatest economic crisis since the Great Depression, the City must extend the Rent Stabilization and Rent Control laws. In Section 2 of the Emergency Tenant Protection Act, the Legislature found that

a serious public emergency continues to exist in the housing of a considerable number of persons in State of New York . . . there continues to exist in many areas of the state an acute shortage of housing accommodations caused by high demand, attributable in part to new household formations and decreased supply, in large measure attributable to reduced availability of federal subsidies and increased costs of construction and other inflationary factors.

The Legislature further found

preventive action by the legislature continues to be imperative in order to prevent exaction of unjust, unreasonable and oppressive rents and rental agreements and to forestall

³³ New York City Housing Authority "Fact Sheet", available at <http://www.nyc.gov/html/nycha/html/about/factsheet.shtml>. Data accessed February 28, 2012

³⁴ New York City Housing Authority "Fact Sheet", available at <http://www.nyc.gov/html/nycha/html/about/factsheet.shtml>. Data accessed February 28, 2012. There are 23,037 applicants that are on both waiting lists.

³⁵ Margery Austin Turner, *Current Rental Housing Market Challenges and the Need for a New Federal Policy Response: Statement before the Committee on Appropriations, Subcommittee on Transportation, HUD, and Related Agencies, US House of Representatives, 2.*

profiteering, speculation and other disruptive practices tending to produce threats to public health, safety and general welfare; that in order to prevent uncertainty, hardship and dislocation, the provisions of this act are necessary. . . .

These words are as true today as they were in 1974 when the ETPA was enacted. For all these reasons, we urge this Committee to extend the Rent Stabilization and Rent Control Laws.

Conclusion

Thank you for the opportunity to testify before the New York City Council Committee on Housing and Buildings today. This City has been in the midst of a grave crisis for three years now. We were facing a dire lack in affordable housing in New York City even before this financial crisis hit. Before the record loss of jobs, New Yorkers were struggling to pay their rents. Over the past year, we have reached record levels of family homelessness. According to the prior testimony before Congress of Margery Austin Turner of The Urban Institute, "In general, the lack of affordable housing stands in the way of economic productivity and undermines the fundamental premise that full-time workers should be able to achieve a decent standard of living for themselves and their families."³⁶

Without affordable housing, New York City will not recover. We hope that the City will extend the rent laws and protect the housing of over one million families.

Respectfully Submitted:

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³⁶ Margary Austin Turner, *Current Rental Housing Market Challenges and the Need for a New Federal Policy Response: Statement before the Committee on Appropriations, Subcommittee on Transportation, HUD, and Related Agencies, US House of Representatives*, 6.

FOR THE RECORD



LEGAL
SERVICES

INCORPORATED

TESTIMONY

on

Extension of Rent Regulation

PRESENTED BEFORE:

THE NEW YORK CITY COUNCIL
COMMITTEE ON HOUSING AND BUILDINGS

PRESENTED BY:

Donna Chiu
Senior Staff Attorney
March 2, 2012

MFY LEGAL SERVICES, INC., 299 Broadway, New York, NY 10007
212-417-3700 www.mfy.org

Good afternoon, members of the Committee. Thank you for inviting MFY Legal Services to this hearing and giving us this opportunity to speak to you about the critical need to extend rent regulation in New York City.

MFY is a nonprofit legal services organization that has served vulnerable and underserved New Yorkers through advice, counsel and full representation for almost 50 years. I am a senior staff attorney in MFY's Lower Manhattan Justice Project, which seeks to protect affordable housing and preserve the economic and cultural diversity of the neighborhoods in Lower Manhattan. My work focuses on low-income and working poor communities in Chinatown and the Lower East Side – rapidly gentrifying neighborhoods – by providing direct legal assistance to tenants to save their homes. Since 2007 when the Lower Manhattan Justice Project began, we have been inundated with court cases where rent regulated tenants are singled out for eviction because property owners are on a mission to drive them out and deregulate every single possible unit.

There is a continuing housing emergency in New York City.

There is a continuing housing emergency in New York City requiring the extension of Rent Stabilization and Rent Control. New York State law provides that when there is a vacancy rate of 5% or less, the New York City Council must declare a housing emergency. The 2011 New York City Housing and Vacancy Survey shows the city-wide rental vacancy rate is 3.12% -- significantly lower than the statutory minimum of 5%.¹

Those of us who live or work in New York City don't need a survey to tell us that New York City is still in the midst of an affordable housing crisis. We need only to use our eyes to see the rapid gentrification of "minority" neighborhoods, use our ears to hear the skyrocketing

¹ Dr. Moon Wha Lee, *Selected Initial Findings of the 2011 New York City Housing and Vacancy Survey* (Feb. 9, 2012), at <http://www.nyc.gov/html/hpd/downloads/pdf/HPD-2011-HVS-Selected-Findings-Tables.pdf>.

rents reported in our news² and, in some cases, personally experience being pushed out of our own neighborhoods and communities because we can no longer afford the rising rents.

As an attorney at MFY who specializes in housing work, I can personally attest to the existing housing emergency and the devastating consequences that would befall our clients, low-income and working-class New Yorkers, if rent regulation is not extended.

First, I want to bring an end to the misinformed notion that rent regulation primarily benefits privileged, middle-class Manhattanites. In fact, roughly 90% of my clients are low-income immigrants. In almost every case, they reside in rent regulated housing. Here are a few of my clients' characteristics:

- They are employed at jobs that constitute the real backbone of our economy – they work in restaurants as cooks and wait staff; they are home attendants; they are employees at non-profit organizations; they are construction workers, hotel employees, truck drivers and school janitors.
- Most of them earn minimum wage and are only able to get by with food stamps. They are able to afford their rents essentially because their apartments are rent protected.
- Some are long-term residents of Lower Manhattan, having settled here when they immigrated to New York in pursuit of the American Dream. Some are recent immigrants. Both groups chose to settle in immigrant communities because they can access services in their native languages and enjoy foods and other goods they remember from their homelands.
- Many are senior citizens and/or disabled and so rely on a fixed income from the Social Security Administration.

² The Real Deal, *N.Y.C. Asking Rents Increase, Proving Exception to National Trends* (Jan. 10, 2012), available at <http://therealdeal.com/blog/2012/01/10/nyc-asking-rents-increase-proving-exception-to-national-trends/>; Amanda Fung, *For Apartment Landlords, 2011 Was Grand Indeed*, Crain's New York Business.Com (Jan. 12, 2012), available at http://www.craigslist.com/article/20120112/REAL_ESTATE/120119961&utm_source=Daily%2BAAlert&utm_medium=email&utm_campaign=Newsletters#.

Next, I want to emphasize the dangerous consequences the entire City will face if rent regulation is not extended. Certainly, there will be serious threats to the health, safety and welfare of New York – the exact harms the legislators sought to prevent by passing the New York City Rent Control Law in the first place.³ If rent regulation is not extended:

- Low-income and working poor New Yorkers would be forced to spend more of their income on paying market-rate rent and less on food and other necessities such as medication. We can expect this consequence will affect our society's most vulnerable members most severely, namely children who rely on their parents for support and senior citizens or disabled individuals with fixed incomes.
- The overcrowding situation will be even more serious than that reflected by the 2011 New York City Housing and Vacancy Survey.⁴ More and more people will be forced to live together in smaller spaces in order to afford the much higher market rent. Their living situation may also become unsafe if public utilities, such as electrical lines and sewage, are being used past capacity.
- Low-income and working-poor New Yorkers will not be able to afford the much higher market rents. These New Yorkers will be forced to enter New York City's already-overburdened shelter system placing an additional strain on limited New York City resources. Not only will our City's homelessness crisis widen, but this will leave our City with less money to spend on other services such as education and public safety.
- Finally, there will be a mass exodus of hard-working New Yorkers from the City because they simply cannot afford to live here anymore. The City will lose one of its identifying features - its economic and cultural diversity. A city cannot function solely on its upper-income residents. Low-wage positions keep this City running, clean, fed and habitable.

Lastly, I'd like to share with you three brief examples of the real-life consequences of de-regulation.

I was recently part of the legal team at MFY that represented a group of tenants ordered to vacate their homes after a fire broke out in their building on Elizabeth Street, in a neighborhood now known as NoLiTa. These tenants' apartments were rent protected. Many of

³ Local Emerg. Hous. Rent Control Act, Section 1 of Laws 1962, Chapter 21, §1(2).

⁴ Dr. Moon Wha Lee, *Selected Initial Findings of the 2011 New York City Housing and Vacancy Survey* (Feb. 9, 2012), at <http://www.nyc.gov/html/hpd/downloads/pdf/HPD-2011-HVS-Selected-Findings-Tables.pdf>.

them spoke only Spanish and were seniors and other low-income individuals. Initially, the landlord wanted to use this opportunity to renovate the apartments and then rent them to new tenants at market-rate rents of \$2,500 to \$3,000. After a year of litigation to force the landlord to comply with the law, the tenants' apartments were finally repaired and the tenants were allowed to return home. Without a court battle, the building would have displaced families and seniors who had lived in this community long before it was known as NoLiTa. However, because our clients' homes were rent regulated, they had a right to return to their homes and pay the regulated rent, not the market rate rent, upon the completion of repairs.

I also represented an elderly Chinese couple on Delancey Street who received eviction papers shortly after a new landlord purchased the building. The tenants had lived continuously in their rent controlled apartment since immigrating to New York City from Hong Kong in 1967. The new landlord brought a baseless eviction proceeding against this elderly couple claiming that they were not tenants despite that they had tendered rent in their own names that was accepted by the predecessor landlord since the 1970s. This elderly couple could not afford to move because they lived on fixed incomes from Social Security. As a practical matter, they needed to live close to Chinatown since they are of limited English proficiency. However, their fixed incomes meant they could not afford to pay the market rate rents in the area or even the rents in the outer borough's Chinese communities. MFY was able to preserve this elderly couple's long-term home that is affordable on their fixed income in the only neighborhood they have called home since 1967. Now the tenants, active volunteers in the Chinese community, can focus their time and energy on helping others instead of worrying about being evicted.

Last year, I represented a young couple with two young children residing in a rent stabilized apartment on Grand Street in the heart of Chinatown. The family had immigrated to

New York City from Guang Zhou, China in 1996. The couple has strong ties to the local community since both of them work in Chinatown and their children attend school there. One day, they received eviction papers when the landlord switched to another management company. Despite the fact that the landlord clearly knew who was residing in their apartment because there are two video cameras on each floor and the landlord operated the store on the ground floor, the eviction papers claimed that the young couple did not reside in the apartment and had sublet it. Because their apartment is rent stabilized, the law requires an owner to prove its allegations in order to evict the tenants of a protected unit. If this were a deregulated apartment, once the lease expires, the landlord could start a case to evict the tenants without a single allegation of lease violation or wrongdoing and, in such a case, these tenants would have had no defense and would have faced serious consequences. The children would be uprooted from their current school, the family would not be able to continue to live in Chinatown, and the young couple's expenses would increase as they would now have to spend more money on rent and travel.

Conclusion

In conclusion, MFY respectfully request that the City Council recognize that there is a continuing housing emergency in New York City requiring the further extension of rent regulation. It is authorized to do so under State law and it must take action now to protect hard working New York tenants.

DATED: March 2, 2012

Submitted by,

Donna Chiu
Senior Staff Attorney
MFY Legal Services, Inc.
299 Broadway, 4th Floor
New York, NY 10007

Testimony by New York Legal Assistance Group (NYLAG)

before the NYC Council Committee on Housing and Buildings:

**Int. No. _____, A Local Law to amend the administrative code of the City of New York, in relation to extending the rent stabilization laws; and
Res. No. _____, A Resolution determining that a public emergency requiring rent control in the City of New York continues to exist and will continue to exist on and after April 1, 2012.**

March 2, 2012

Chair Erik Dilan, Council Members, staff, good morning and thank you for the opportunity to speak about Rent Control and Rent Stabilization in New York City. My name is Kamilla Sjödin and I am the Supervising Attorney of the Housing Project at the New York Legal Assistance Group, a nonprofit law office dedicated to providing free legal services in civil law matters to low-income New Yorkers. NYLAG serves immigrants, seniors, the homebound, families facing foreclosure, renters facing eviction, low-income consumers, those in need of government assistance, children in need of special education, domestic violence victims, persons with disabilities, patients with chronic illness or disease, low-wage workers, low-income members of the LGBT community, Holocaust survivors, as well as others in need of free legal services. For full disclosure, I am a former employee of the New York City Council where I, at one time, served as counsel to the Committee on Housing and Buildings.

We are testifying today in support of passing both bills that are the subject of this hearing into law and thereby extending Rent Control and Rent Stabilization in the City. I hope that our testimony will serve to support the testimony of other organizations that research and provide the horrific statistics relating to the continual loss of affordable housing in New York. To that end, in addition to maintaining affordable housing stock and regulating rents, I would like to emphasize that stabilized housing also provides **stability** for families, the vast majority of whom are low income, and neighborhoods in that stabilized tenants have the right to renew their leases every year or every two years, unlike private housing where tenants have little to no protections from being evicted upon the expiration of their leases.

NYLAG's Housing Project represents tenants in Housing Court and before various agencies. Currently, most of our cases are in Queens where we have an onsite satellite office in the Queens Housing Court building. We conduct intake at this office and, therefore, see a slew of cases, both that qualify for our services and those that do not. Even if someone is ineligible for our services, we strive to provide those tenants with advice and counsel. Because Queens has fewer stabilized apartments than some of the other boroughs, we see many cases where our clients are constantly forced to move from one apartment to another, often annually leaving neighborhoods, friends, family, support services, medical providers, and forcing children to constantly change schools, etc. We also see a lot of these families unable to find alternate housing once their leases expire and, as such, they are brought to Housing Court where they are sometimes able to gain some time to move, but often, even with additional time, are unable to find alternate housing and end up going into the shelter system. There are currently over 40,000 adults

in the shelter system and approximately 17,000 children.¹ There is currently an inadequate amount of affordable housing available.²

Now that the Advantage Program no longer exists, we have seen an increase in cases filed to evict tenants. Given this, coupled with Section 8 not being available to tenants either, we expect to see many more cases filed, more evictions, and more people entering or trying to enter the shelter system.

Thus, in addition to causing homelessness and exacerbating the housing crisis, the lack of stabilized and affordable units creates an overwhelming number of cases filed in Housing Court, which is already overworked. Therefore, we urge the Council to pass both bills in order to preserve what is left of affordable, stable housing in NYC.

In conclusion, we strongly urge you to pass the two subject bills extending both rent stabilization and rent control in the City, to generally make more affordable housing available, and to work with the State to extend stabilization and to protect the few remaining stabilized units left.

We would welcome the opportunity to further discuss or comment on these matters in the future.

Thank you for the opportunity to testify today.

Respectfully submitted,

Kamilla Sjödin, Supervising Attorney

¹ See "City's Homeless Count Tops 40,000," *Wall Street Journal*, Nov. 9, 2011, available at <http://online.wsj.com/article/SB10001424052970204190704577026511791881118.html>.

² See "America's Poorest People Running Out Of Places To Live: Study," *The Huffington Post*, Feb. 16, 2012, available at http://www.huffingtonpost.com/2012/02/16/affordable-rentals_n_1282519.html?view=print&comm_ref=false.



On behalf of its members who own or manage nearly one million units of rent regulated housing subject to the most stringent regulation in the United States, the Rent Stabilization Association objects to the extension of the rent laws. We know that the City Council will again routinely extend these laws as it has done for the last 40 years, but we hope that, this time, there will be some discussion about more efficient and effective ways to implement the goals of the rent regulatory systems.

The rent laws have been in place for so long that we tend to forget the basis for these laws, which were first imposed on the Federal level as part of war-time price controls. While the rest of the country dropped war-time price controls with the end of hostilities, New York City is the only city in the country that has maintained such laws continuously for more than 70 years.

The basis for these "temporary" extensions has been the continuation of a "housing emergency" defined as a rental housing vacancy rate that does not exceed 5 percent. If the goal of the rent laws is the address the shortage of housing, then the rent laws must be deemed a failure because they have done nothing to ease the housing shortage.

This goal itself is questionable since a low vacancy is a sign of a vibrant housing market. It seems that everyone wants to live and work in New York and no one wants to leave. New York, landlocked and restricted by zoning and other regulations, never has and probably never will be able to provide a surplus of housing for all who wish to live here.

Rather than deal with the shortage of housing, the rent laws attempt to deal with the consequences of this shortage: the laws are intended to keep some rents below the levels which market forces alone would dictate. And those rents are kept low by forcing private owners to pay the subsidy costs which, in most cases, are borne by taxpayers at large.

According to the 2011 NYC Housing and Vacancy Survey, the typical renter pays approximately 30% of their income for rent, a number that is comparable to the typical rent burden across the county. The real problem occurs for the 25% of tenants who pay more than 50% of their income for rent. These tenants generally have such low incomes that they cannot afford the least expensive market rents without subsidies.

But the rent laws do a very poor job of protecting those tenants most in need. According to a recent analysis by the Citizens Budget Commission, most of the benefits of rent regulation accrue to relatively wealthy tenants, not poor tenants. And regulated renters in Manhattan benefit from rents substantially below market, while renters in the other borough often pay regulated rents that are equal to or higher than market rents.

In fact, we do not have a housing emergency so much as we have an income emergency, which rent regulation has failed to address. Even worse, the City's taxpayer funded rent subsidies also seem to be failing.

According to another recent analysis by the Furman Center at NYU, there are more than 500,000 units of housing subsidies and subsidized housing for low-income renters in New York City, equal to 25% of all renter households. Yet, according to the HVS, 25% of tenants are still extremely rent burdened. Either the City's rent subsidies are seriously mis-directed or the assessment of rent burdens in the HVS is seriously over-stated.

Rent regulations do nothing to alleviate housing shortages and little to ease rent burdens, and they also gain no support from the latest Housing and Vacancy Survey which finds that there has never been more housing in the City than there is right now and that building conditions have never been better in the 47 year period that these surveys have been conducted.

The 2011 HVS, in fact, suggests that the rent laws should not be extended. There are now nearly as many non-regulated rentals in New York City as regulated units. The non-regulated sector has a significantly higher vacancy rate and lower cost burdens with rent levels that are not significantly higher than regulated rents. This suggests that non-regulated sector is doing a better job of providing housing than the regulated sector.

The 2011 HVS also casts doubt on the finding of a rental vacancy rate below 5%. While the survey counted 67,000 vacant, available for rent units, it also counted 164,000 vacant unavailable units, of which 49,000 were undergoing renovation. If only some these units, which are temporarily off the market, were properly categorized, the vacancy rate would exceed 5%.

The HVS also provides evidence that there should not be a wholesale renewal of the rent laws. Vacancy rates increase as the rent level rises. Based on the 2008 HVS, the RSA calculated that the 5% vacancy rate was breached at a rent level of \$1400 per month. That rent level may be slightly higher in 2011, but higher rents are never subject to the so-called emergency conditions and should not continue to be regulated.

We appreciate the need to protect and provide assistance to tenants who are truly in need. But we hope the City Council will evaluate and find ways to better target municipal resources to those tenants without placing the burden solely on private property owners.

TENANTS & NEIGHBORS

THE STATEWIDE CENTER OF POWER FOR TENANTS

Maggie Russell-Ciardi, Executive Director
New York State Tenants & Neighbors Coalition

Testimony as Prepared
New York City Council Committee on Housing and Buildings Hearing, March 1, 2012
Res 1230-2012, Intro 0791-2012

Good morning. Thank you to Committee Chair Dilan for holding this hearing and to all of you for being here. I appreciate the opportunity to testify about the housing emergency that exists in New York City and about the need for there to be government regulation of rents as long as that emergency exists. I'd like to thank Council Members Mark-Viverito and Gonzalez for sponsoring Resolution 1230 and Intro 791 respectively, and to Speaker Quinn for co-sponsoring both bills. In our view these are critical pieces of legislation that should be passed immediately.

I am the Executive Director of the New York State Tenants & Neighbors Coalition, a 501c4 membership organization founded in 1974 that does legislative organizing and advocacy on issues related to the preservation of affordable housing. We have over 3,000 dues-paying members, most of whom live in rent controlled or rent stabilized housing, who help determine our organization's campaign priorities and who spearhead our organizing and advocacy work.

Tenants & Neighbors has a 501c3 affiliate organization, which I direct, the New York State Tenants & Neighbors Information Service. That organization does on-the-ground education and organizing work in buildings that are at risk of loss of affordability, helping the tenants develop and implement building-level campaigns to preserve the affordability of their homes, as well as broader administrative campaigns that address the underlying causes of loss of affordability. The Information Service initially focused primarily on subsidized housing, but with the rise in speculative investing in New York's rent regulated developments, it also now does organizing work with tenants in rent regulated buildings that were purchased at unsupportable purchase prices by developers who sought to raise rents, push out low and moderate income tenants, and deregulate apartments through vacancy decontrol.

In addition to our own legislative campaigns, the New York State Tenants & Neighbors Coalition plays a leadership role in the Real Rent Reform (R3) campaign, a coalition of over sixty organizations that work together to get stronger tenant protections at the state level. Last year, when the rent laws were set to expire, R3 was able to get the state legislature not just to renew the laws without any weakening amendments, but also to strengthen the laws in several meaningful ways. Part of what made that victory possible was that there were many City Council Members who supported our efforts by signing on to the Council resolution urging the state legislature to renew and strengthen the laws, attending hearings, participating in local strategy meetings, joining our grassroots actions, and even making trips to Albany with us. We're very grateful for all that our Council Members did, and so I wanted to take this opportunity to recognize and thank you for the strong leadership and support you provided.

Resolution 1230 and Intro 0791- Declaring a Housing Emergency and Extending Laws

Regarding Resolution 1230 and Intro 791, Tenants & Neighbors' position, based on our extensive experience working with New York City's low and moderate income tenants, is that there is no question that a housing emergency continues to exist and that New York must continue regulating rents to protect tenants from the negative impacts of the severe housing shortage we face.

The data in the 2011 Housing and Vacancy Survey, which I reviewed prior to this hearing, reflects the realities that we see in our day to day work; it is incredibly compelling, and it paints a very bleak picture of the housing market and of the prospects low and moderate income tenants have for finding decent housing that they can afford. According to the selected initial findings in the HVS, the current housing vacancy rate is only 3.12. As you know, anything under 5 percent is considered a housing emergency. When housing is this scarce, landlords have a tremendous amount of power, and without government regulation of rental agreements, tenants would face the prospect of speculative, unwarranted, and abnormal increases in rents, and/or baseless or retaliatory eviction.

This prospect is beyond daunting for many of New York's rent regulated tenants, most of whom are struggling to get by, and who critically need the stability that rent regulation is designed to provide. According to this year's HVS, the median household income in rent stabilized apartments is only \$37,000, and in rent controlled apartments is only \$29,000. From our work with our members and the constituents our affiliate organization serves, we know that many rent stabilized tenants make far less, and if and when they get salary increases, those increase are always outpaced by Rent Guidelines Board and Major Capital Improvement rent increases. Tenants struggle more and more every year to pay their rent regulated rents and many would be at a total loss if their apartments were suddenly converted to market rate housing.

In addition, many of the tenants we work with who live in rent controlled housing are senior citizens on a fixed income, who are already struggling to pay rent increases of up to 7.5 percent every year, and who, without rent control, would not have a chance of remaining in the homes they have lived in for decades. There are also many other rent controlled tenants we represent who have some degree of security now because they are on the SCRIE program, but who would suddenly be faced with unaffordable rent increases and almost certain displacement if rent control ceased to exist.

So, in our opinion, it is of the utmost importance for the Council to pass these two bills, and to send a strong message that New York is a city that takes a stand for its low and moderate income residents who are fighting to remain in their homes and communities, and that defends the economic and racial diversity of the many neighborhoods that make up its five boroughs.

Supporting the Strengthening and Expanded Enforcement of the Rent Laws

In addition to asking you to pass these two bills, I'd also like to let you know about some of the other ways the Council could support our efforts to protect tenants from the negative impacts of the housing shortage we face, not all of which are adequately addressed by our existing rent laws.

While the renewal and strengthening of the state's rent laws last year was a historic victory, in our view the reforms were merely a small step in the right direction; there is still much more work we need to do in order to truly



protect tenants from the displacement pressure they face and to protect our stock of rent regulated housing for the future. It would be tremendous if we didn't have the Urstadt Law and I could be here today asking the Council to pass the bills we need. But until we are able to get home rule, I instead need to ask Council to stand with us as allies in our effort to push the state legislature to expend New York City's tenant protections. There are several bills Tenants & Neighbors has identified as priorities for this year that we would like the Council to pass resolutions in support of, including: a Rosenthal/Espaillet bill (A1892/S5699) that eliminates the MBR/MCR system through which rent controlled tenants' rent adjustments are determined and instead has the Rent Guidelines Board (RGB) determine the adjustments for those rent controlled tenants whose landlords are authorized to collect increases; a Kavanagh/Squadron bill (A6394/S741) that reforms how the RGB members are appointed and expands the criteria for who is eligible to serve on the Board; and a Rosenthal/Espaillet bill (A7234/S5603) that prevents the RGB from passing higher rent increases for certain tenants than for others, like they did in 2008 and 2009 when they approved a minimum increase for certain tenants with rents under \$1,000. We are also working on a legislative solution to the problem of tenants with preferential rents being asked to pay rent increase that are much higher than the RGB-approved increases when they renew their leases. We have already reached out to the Council Speaker's office about our state level legislative platform, and we would also be pleased to meet with any of the members of the Housing Committee if you would like more information about the bills we are supporting.

Additionally, our affiliate organization, the New York State Tenants & Neighbors Information Service, has been working, in collaboration with other organizations, on a campaign to get New York State Homes and Community Renewal (HCR) to issue the rules and regulations about the enforcement of the rent laws that they were required to promulgate under the law that passed last year, and also to get the agency to do more targeted and proactive enforcement of the laws. Last month, this campaign gained significant momentum when the Governor announced the appointment of a Deputy Commissioner to head a new Tenant Protection Unit (TPU) charged with enforcing the rent laws, and that \$4.8 million for that unit had tentatively been allocated in the state's FY13 budget. In the coming months, the New York State Tenants & Neighbors Information Service will be looking for the Council's support of its campaign to help shape that new unit and ensure that the enforcement the TPU does is properly targeted and is effective, and that the TPU is truly accountable to the tenants it is charged with protecting.



Lastly, the Rent Guidelines Board season begins at the end of this month, and the New York State Tenants & Neighbors Information Service will be looking for Council support of our efforts to educate rent regulated tenants about how they can get involved this process and to push for the lowest possible rent adjustment in 2012. If any of the members of the Housing Committee would like to meet with us to discuss our plans for the 2012 RGB season, we would welcome that opportunity.

I thank you again for the chance to testify at this hearing, and for your continued responsiveness to the issues we bring to your attention and your efforts on behalf of tenants. We look forward to continuing to work with you in 2012, and in the years ahead.





Testimony to the City Council
Housing and Buildings Committee Hearing
Friday March 2nd, 2012, 10:00 am
250 Broadway, 14th floor

Good morning. My name is Sam Stein and I am the Rent Regulation Campaign Coordinator at Tenants & Neighbors, a grassroots organization that harnesses tenant power to preserve at-risk affordable housing and strengthen tenants' rights in New York. I am speaking this morning on behalf of the Real Rent Reform campaign, a coalition of over 60 tenant, community, labor, legal, and political groups working from the ground up to pass pro-tenant legislation in New York.

I would first like to thank Chairman Dilan, and the members of this committee for the opportunity to testify today.

The Real Rent Reform campaign strongly supports the council's intention to renew both rent stabilization and rent control for three more years. As HPD's 2011 Housing and Vacancy Survey shows, New York City is still in the midst of a serious and deleterious housing emergency. With a city-wide vacancy rate of 3.12%, still well under the emergency threshold of 5%, market conditions continue to be stacked in favor of landlords.

Just as when the housing emergency was declared in 1974, the city's low vacancy rate means that the housing market does not work fairly for tenants. Renters cannot negotiate with their landlords for improved services or more affordable rents because they lack bargaining power: with so few vacant apartments to move to, tenants cannot exert their greatest source of leverage. This is especially the case when just 1% of vacant apartments are considered low rent by the city. HPD's housing survey results show that not only is there a housing emergency in New York City, but that renewing and expanding rent regulation is a vital and valid part of the solution.

Rent stabilization has been highly effective at keeping rents relatively low for millions of working families in New York City. The 2011 HPD survey shows that rent stabilized units are nearly one quarter less expensive than their market rate counterparts. These affordable apartments are crucial to working families; the survey shows that average incomes for rent stabilized tenants are almost one quarter below the city's average. Families are crowding into rent stabilized apartments because vacancy is so low and regulated apartments are so scarce. 13.9% of rent stabilized apartments are crowded, nearly one quarter more than market rate apartments. Maintaining and expanding rent regulation is an essential strategy for keeping the city diverse and affordable to all New Yorkers.

In light of the ongoing housing emergency, the Real Rent Reform campaign is continuing to fight for stronger rent laws, and needs the help and support of the City Council. Our top priorities include:

- *Opposing J-51*: If the legislature approves this quarter billion dollar giveaway to landlords this session, they also need to do something very significant to preserve affordability for tenants who are struggling to remain in their homes in the face of major displacement pressure.
- *Reforming preferential rents*: We have to close the loophole found in approximately 25% of stabilized leases that is causing fear of displacement across New York City and the suburban counties.
- *Fixing MCIs*: Today, rent regulated tenants pay for the same “Major Capital Improvements” over and over again every month, even though the landlord has been fully repaid for their work. This situation must be changed.
- *Reforming the RGB*: We are working to diversify the Board’s membership, and make the Rent Guidelines Board more open and transparent by giving the City Council advice and consent on mayoral appointments to the Board.
- *Protecting rent controlled tenants*: Under the current system, many rent controlled tenants are facing up to 7.5% annual rent increases, even though many of them are senior citizens living on fixed incomes. The Maximum Base Rent/Maximum collectible rent system through which their rent adjustments are determined must be reformed.

These reforms are crucial to the ongoing success of rent regulation in New York City. The Real Rent Reform campaign calls on the City Council not only to renew rent stabilization and rent control, but to pass resolutions and stand in support of statewide bills that would significantly strengthen protections for rent regulated tenants.

Again, thank you Chairman Dilan, and members of this committee, for the opportunity to testify.

Sam Stein

Campaign Coordinator

Real Rent Reform Campaign and New York State Tenants & Neighbors Coalition

236 West 27th Street, 4th floor

New York, NY

10001

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 791 Res. No. 1230

in favor in opposition

Date: March 2

(PLEASE PRINT)

Name: Maggie Russell-Ciardi

Address: _____

I represent: Tenants & Neighbors

Address: 236 W. 27th

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 3/2/12

(PLEASE PRINT)

Name: Kamilla Sjodin

Address: _____

I represent: NYLAG

Address: 7 Hanover Sq. 18th Fl

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THE CITY OF NEW YORK**

Appearance Card

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in favor in opposition

Date: 3/2/12

(PLEASE PRINT)

Name: Frank Ricci

Address: _____

I represent: Rent Stabilization Assn

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

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in favor in opposition

Date: 3-2-12

(PLEASE PRINT)

Name: MARTA WHITE

Address: 101 W, 85 TH ST

I represent: BROCKHOLST TENANTS

Address: 101 W 85 ST NYC 10024

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in favor in opposition

Date: 3/2/12

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Name: ELLEN DAVIDSON

Address: 199 WATER ST NY NY

I represent: The Legal Aid Society

Address: _____

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THE CITY OF NEW YORK**

Appearance Card

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in favor in opposition

Date: 3/2/12

(PLEASE PRINT)

Name: Sam Stein

Address: 236 W 27th ST, New York NY 10001

I represent: Real Rent Reform Campaign

Address: 443rd ST, Brooklyn NY 11215

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**THE COUNCIL
THE CITY OF NEW YORK**

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in favor in opposition

Date: _____

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Name: Mathew Wambua, Commissioner

Address: 100 Gold St

I represent: HPD

Address: 100 Gold St

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**THE COUNCIL
THE CITY OF NEW YORK**

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in favor in opposition

Date: Mar 3/2/12

(PLEASE PRINT)

Name: Donna Chirle, NY Legal Services

Address: 299 Broadway, 4th Fl., NY NY

I represent: NY Legal Services

Address: same

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**THE COUNCIL
THE CITY OF NEW YORK**

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in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Samuel Liu / Pavita Krishnaswamy from
Address: 90 John St, #301, NY, NY 10025 Legal Service NYC

I represent: Legal Service NYC

Address: 40 North St, NY, NY

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THE CITY OF NEW YORK**

Appearance Card

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in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Nina Rapoze
Address: 431 E 73rd Str Apt 5FW NY NY

I represent: myself

Address: same as above

Please complete this card and return to the Sergeant-at-Arms