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Gale A. Brewer, Borough President

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**Gale A. Brewer, Manhattan Borough President
Testimony before the New York City Rent Guidelines Board
On the Proposed Rent Guidelines for October 2020–September 2021 Renewals**

My name is Gale A. Brewer and I am the Manhattan Borough President. Thank you to Chair David Reiss and the members of the New York City Rent Guidelines Board for the opportunity to testify today.

Of all the years that I have testified before the Board, none carries as much weight as this year. We are in the midst of a pandemic and an economic crisis. Your decision on the lease adjustments for rent stabilized apartments, lofts, and SRO hotels will greatly impact whether and for how long New Yorkers can afford to live in their homes.

I stand by my position from April 1, when I wrote a letter to Governor Cuomo, that the pandemic has greatly restricted full public participation throughout the Board's rent determination process. Even as I'm privileged to testify before you today, I'm aware that dozens of tenants are wait-listed and will not have the ability to publicly testify because this year's public hearings are limited to two sessions of Zoom webinars, unlike last year's schedule of four public hearings in four different boroughs. It is unfortunate that while Governor Cuomo placed much of New York State under PAUSE, he did not suspend this year's Rent Guidelines Board process and keep all rents at the same level until such time as it is safe for the Board to resume meetings with full public participation.

I thank the Board for your thoughtful engagement with this process during these difficult times. I appreciate that you clearly did consider the adverse impact of COVID-19 on New Yorkers' health, housing stability, and economic outlook. I believe that your consideration is reflected in your preliminary proposal of a rent freeze for SROs; and for apartments and lofts, a rent freeze for one-year lease renewals and a 1% increase only for the second year of two-year lease renewals.

I want to push the Board's proposal further and ask you to consider freezing rent for *all* lease renewals, or go further and act upon tenant advocates' call for a 3% rent rollback. From a housing policy perspective, I understand the Board's proposal: every tenant has the safety of a rent freeze for one year, and only those who believe they can afford a 1% increase in the second year should opt for a two-year lease renewal.

But we are in an unprecedented time when weighing housing considerations alone is no longer sufficient for a conversation around rent increase. By comparing New Yorkers who managed to flatten the curve through staying at home with clusters of outbreak in congregate settings such as shelters, it is evident that housing stability is a key factor in individual and public health. With leading health experts such as Dr. Anthony Fauci estimating that a COVID-19 vaccine likely won't be available until 2021, guaranteeing housing stability for two years for all is the only sensible way to ensure the continued safety of our city's tenants.

I want to address the concerns of property owners. Since New York went on PAUSE, I have heard from building owners who told me they have no idea how they will keep their buildings financially afloat. I understand their fears and frustrations. But the reality is that between the horrible plights of owners and tenants, the owners have options while the tenants do not.

For decades, NYS HCR has had a hardship program in place to assist owners who can demonstrate financial hardship in operating their buildings. As we all know, if in fact a building's rent roll is insufficient to provide essential services and generate a reasonable return, an owner may open up their books and records and demonstrate this situation to HCR in their application for a hardship increase.

Furthermore, rent levels are not why owners may be in trouble right now. The current pandemic situation and its resulting economic hardship have made it impossible for many New Yorkers to keep up with their rent while still providing for their families. I support efforts that enable owners to continue providing essential services in their buildings and pay their expenses, such as the voucher-based program under the Emergency Rent Relief Act of 2020 recently passed by the State legislature. But this is not the forum to address the problem. Permanently raising rents is not the answer to our temporary crisis.

Finally, as former RGB Executive Director Timothy Collins has reminded the Board every year, when he analyzed each year's operating income and expenses of buildings and owners' net operating income since 1990, data shows that owners have been historically overcompensated in both categories, specifically, "the increases authorized by the RGB since 1990 (starting in 1991) exceeded the amounts needed to keep owners whole in all respects by 31.34%." This Board is charged with balancing the financial interests between tenants and owners. In light of decades of imbalance tilted in the owners' favor, the Board only has one choice: to tip the scale away from years of overcompensating owners.

I thank the Board for recommending 0% increase for SRO tenants, who are some of the city's most vulnerable residents.

Thank you for the opportunity to testify.