



OFFICE OF THE PRESIDENT
BOROUGH OF MANHATTAN
THE CITY OF NEW YORK

1 Centre Street, 19th floor, New York, NY 10007
(212) 669-8300 p (212) 669-4306 f
431 West 125th Street, New York, NY 10027
(212) 531-1609 p (212) 531-4615 f
www.manhattanbp.nyc.gov

Gale A. Brewer, Borough President

**Gale A. Brewer, Manhattan Borough President
Testimony Before the NY State Assembly Committee on Housing Hearing On
Rent-Regulated Housing and Tenant Protection
May 2, 2019**

My name is Gale Brewer, and I am the Manhattan Borough President. Thank you to Chair Cymbrowitz and members of the Standing Committee on Housing for the opportunity to testify on the important issue of protecting tenants through rent regulation.

I am here today to highlight the need for stronger rent regulation protection for Manhattan residents. According to data from the latest available NYC Housing Vacancy Survey (released in 2017), Manhattan has about a quarter of the city's total number of rental units, totaling 878,176.¹ Of those, approximately 260,000 units remain rent-regulated as of 2017.² While no data is readily available on the number of stabilized units in every Manhattan building, we do know, from data that the NYC Rent Guidelines Board obtained from DHCR's 2017 rent registrations, that there are approximately 14,336 buildings in Manhattan that contain one or more rent-stabilized units.

Rent-regulated units in Manhattan run the gamut from pre-1974 stabilized units housing very low-income families to 421a-stabilized units with initial rents well above the deregulation threshold, to rent controlled units that are rapidly becoming unaffordable due to annual Maximum Base Rent increases. I would urge the committee to take care not to confuse rent regulation with affordability in all cases, while still affirming the value that rent regulation accords to all regulated tenants such as succession rights and mandatory lease renewal.

¹ Selected Initial Findings of the 2017 New York City Housing Vacancy Survey, HPD, 2018.

² NYU Furman Center, Profile of Rent Stabilized Units and Tenants in New York City, 2014; and NYC Rent Guidelines Board's annual Changes to the Rent Stabilized Housing Stock in NYC reports. Due to different methodologies employed by the two sources, the number is only an estimate.

The continuation of rent regulation is absolutely essential to our effort to protect the ever-decreasing supply of housing that's affordable to New Yorkers, including poor, working and middle-income households. We all know that the current law must be strengthened and amended to address the existing provisions through which apartments become unaffordable and even evade regulation. To this end I urge this committee to support, as I do, the proposals under consideration by the state legislature to, among other things, eliminate the vacancy bonus and the four-year look-back period and substantially amend the preferential rent provisions.

High rent vacancy deregulation is one of the worst loopholes in the current law that must be closed to protect tenants, and our housing stock. Under the current law, when an apartment becomes vacant, owners are entitled to large vacancy increase (usually 20%), plus additional increases based on "improvements" made in the individual apartment. Of course there is no scrutiny of the legitimacy of such improvements, and they may only exist on paper, to bring the apartment over the deregulation threshold – currently \$2,774.76. This part of the law not only creates a huge incentive for landlords to try to evict otherwise good tenants, but has been a major factor in the loss of affordable housing. In 2017, 53% of all permanently deregulated units were due to high rent vacancy decontrol, a practice which has, to date, resulted in a substantial net loss of over 147,512 rent regulated units since 1994.³ I fully support the proposed legislation that would end the system of unscrutinized individual apartment improvements that have pushed so many units over the regulatory threshold.

Another driver of rapid rent increases that have been pushing units closer to the deregulation threshold are the exorbitant, often multiple Major Capital Improvement (MCI) increases that have been imposed on regulated rents. I know that years ago many believed it was necessary to employ MCI to ensure owners are made whole for the investments they make in maintaining their buildings, but it is now clear that genuine building improvements result in increased value and owner compensation without MCIs. MCIs are now granted for what many believe to be work that should be considered general maintenance, and are permanently baselined into existing rent - so tenants end up paying indefinitely for a one-time expense.

While we have all read about the most egregious \$200.00 per month MCI's, my office regularly sees the more common, \$50 to \$60 per month permanent increases in rent from MCI's – again sometimes for things that you would think a

³ New York City Rent Guidelines Board, <https://www1.nyc.gov/assets/rentguidelinesboard/pdf/changes18.pdf>

responsible building owner would take care of as regular maintenance such as roof maintenance and pointing. While it doesn't seem like a huge increase, when incorporated into the base rent for future percentage increases, it leads to much more rapid rise to unaffordability, possible eviction, and deregulation of another apartment. Successive MCI's were a common problem encountered by tenants in my old council district, but my staff is seeing such situations more frequently in Harlem and farther uptown.

But in my opinion, of the biggest problems calling out for reform under our current regulatory system is the plight of the rent control tenancy. As you know, rent control is the system that pre-dates rent stabilization. There are only about 21,750 units left under the rent control system and many of the rent controlled tenants are elderly.⁴ These tenants, over the past decade or so have been subject to one of the most precipitous rates of rent increase imaginable, receiving increases of 7.5% annually along with additional fuel adjustment amounts. A constituent that I know well, an elderly woman and holocaust survivor, lives in a rent controlled apartment and has been receiving such rent increases. In trying to help her understand her legal rent increases and fuel adjustments, my staff calculated that her rent had increased by more than 17% between 2015 and 2018, with an additional 7.5% increase for this year. In addition to the exorbitantly high increases, the system of Maximum Base Rents, Maximum Collectible Rents and Fuel Cost Adjustments are so complicated that very few tenants can understand the notices they receive. The rent control increase system simply must be brought into line with the rest of the regulatory system so that increases can be absorbed and understood by these tenants.

I don't have to remind you that a new day dawned in Albany this January. We must do our part to maximize the opportunity we have to protect tenants, and our supply of affordable housing. Renewing and drastically reforming rent regulation must be the first step toward addressing our housing crisis, and the homeless crisis that so many of our fellow New Yorkers are facing today as well.

Thank you for your consideration.

⁴ Number of rent controlled units from Selected Initial Findings of the 2017 New York City Housing Vacancy Survey, HPD, 2018.