

City's Rent-Controlled Apartments Are Vanishing

Between 2000 and 2007, New York City lost over 345,000 rent stabilized apartments affordable to low-income households primarily because of vacancy decontrol and excessive rent increases. This finding, in the recent Community Service Society report, "New Housing Emergency," reveals that the supply of rent stabilized housing in the city is quickly declining.

Well over a million New Yorkers with incomes below twice the poverty line (about \$37,000 for a family of three) live in rent-regulated housing. Regulated apartments constitute their largest source of housing, far more than live in public and subsidized housing combined. Rent regulation is an effective and appropriate legislative response to the extreme power imbalance between landlords and tenants caused by the chronic housing shortage and resulting high rents in New York City.

Laws Expire in June

The current laws that govern rent stabilized apartments expire on June 15. The state Legislature must not only extend the protections of rent stabilization. It must also strengthen these laws to prevent the continued decline in the number of affordable apartments.

The loss of affordable rent stabilized apartments occurs when a vacant apartment's monthly rent is \$2,000 or above. Then it can be taken out of rent protection forever. But very few of the many thousands of apartments that have been deregulated had \$2,000 rents before vacancy. Most apartments became subject to vacancy decontrol because of rent increases during vacancy. Rent control and rent stabilization are especially important to tenants who are most vulnerable to the housing shortage – those with low and middle incomes. The 1.6 million low- and middle-income New Yorkers who live in rent-regulated housing benefit in two ways.

First, they are protected from unjustified evictions or unreasonable rent increases. This is especially important for tenants who find it necessary to demand better maintenance and services in their apartments or buildings. Without rent regulation, they would be vulnerable to landlords' refusal to renew their leases. Second, rent regulated tenants experience more affordable rents as a result of the limit on rent increases.

In addition, rent regulation benefits the city at large by promoting both neighborhood stability and market stability. This strengthens communities and ensures that tenants can share in the benefits as their neighborhoods improve. And it preserves the opportunity for people of moderate income (household income about \$55,000 to \$95,000) to live in the city.

Incentives to Conversion

The law allows vacant apartments with rents over \$2,000 per month to be legally converted into market-rate apartments. But because other provisions allow large increases during vacancies, any

rent-stabilized apartment can be deregulated upon vacancy, even when the previous rent was far below the \$2,000 threshold. Some of the rent increase mechanisms require landlords to spend money on apartment improvements, but others do not. The cost to the landlord is often very low compared to the advantages of decontrol. And landlords have a very large economic incentive to bring rent up to \$2,000 to meet the decontrol threshold.

As a result, regulated apartments are becoming far less available. In 2009, landlords reported that they removed 13,500 apartments from rent stabilization, and the number of reports has been rising steadily. But landlords are not required to report destabilizations, so the true rate of deregulation is certainly much higher.

The combined effect of these rent increase mechanisms and vacancy destabilization prerogatives is allowing the going rents to rise extremely rapidly throughout the city and suburbs, but especially in Upper Manhattan and in areas of western Brooklyn, northwest Queens, southern Westchester and western Nassau County – neighborhoods which have traditionally housed large communities of low-wage workers. To make matters worse, the lack of proactive enforcement by the state Housing and Community Renewal agency enables landlords to deregulate apartments without the legally mandated expenses. Destabilization is never investigated unless the new tenant in a deregulated apartment complains.

In the past few years, low- and middle-income New Yorkers have been hit hard by the recession, and there is still no job market recovery in sight. It is all too likely that New York State will make budget cuts that compound their hardships. Meanwhile, rents for low-income people continue to rise.

The Legislature must act now. It is imperative to renew the rent regulation laws, but also to repeal vacancy decontrol, curtail exorbitant rent increases on vacancy, and reform the major capital improvement rent increase. This would help those struggling to make ends meet without involving any additional government spending. Without effective rent regulation, New York would quickly devolve into a city populated by the wealthy and the poor – a mirror of a third world city. And that would be a disaster for the city as an economic engine as well as for its livability.

David R. Jones is president and CEO of the Community Service Society (CSS), the leading voice on behalf of low-income New Yorkers for over 165 years. The views expressed in this column are solely those of the writer. The Urban Agenda is available on CSS's website: www.cssny.org.

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