**New York State Assembly Committee on Housing: Hearing on Rental Housing & Tenant Protections**

**Testimony for Rachel Fee, New York Housing Conference**

**May 9, 2019**

My name is Rachel Fee. I am Executive Director of the New York Housing Conference (NYHC). I would like to thank the Committee Chair Cymbrowitz and other members of the Legislature for the opportunity to testify on this important topic.

The NYHC is a statewide, nonprofit affordable housing policy and advocacy organization. As a broad-based coalition, our mission is to advance City, State and Federal policies and funding to support the development and preservation of decent and affordable housing for *all* New Yorkers.

New York continues to experience an affordable housing crisis, with nearly 1 million rent-burdened households. While the City and State have achieved record productions levels of affordable housing, nearly 150,000 rent stabilized apartments have been lost to deregulation since 1994.[[1]](#endnote-1) In New York City, 966,000 apartments are currently rent stabilized representing 45% of total rental stock.[[2]](#endnote-2) According to the Housing and Vacancy Survey, rent stabilized housing predominantly serves low- and moderate-income households. Therefore, further deregulation of rent stabilized apartments will have an exacerbating effect on the affordable housing crisis.

The Speaker and the Housing Committee chair have put forward a powerful package of reform proposals which will protect renters with the goal of stemming this worsening crisis. We support many of these reforms but recognize the need for a balanced approach, which strengthens rent law protections for tenants, while also ensuring that owners have the incentive to invest in a sustained manner in our housing stock, and that there is a process for appropriate rent increases from the Rent Guidelines Board (RGB).

It is important that policy changes are considered in a holistic manner including 1) protections for renters; 2) an enforcement effort which is adequately staffed; 3) incentives for investment; and 4) the process for rent setting conducted by the RGB. All of these aspects of the rent laws should be reformed in a coordinated approach as they are interconnected. A balanced approach will expand protections for renters, prevent the abuse and speculative practices currently allowed by the system while also ensuring continued investment in the rent stabilized housing stock.

**Expanding Protections for Renters**

Regarding the package of reform proposals advancing in the Assembly, we strongly support ending vacancy decontrol. With strong support from the Assembly, Senate and Governor, we expect there will be an end to vacancy decontrol in June. Vacancy decontrol allows a landlord to remove a unit from rent stabilization if it becomes vacant and the legal maximum rent is $2,774.76 a month or more in New York City. By removing the incentive to deregulate and with additional enforcement staff at HCR, this one bill will have an enormous impact on curbing speculative practices that result in tenant harassment and displacement, as well as financially overleveraged properties.

While the incentive to deregulate will be removed, the incentive to increase rents will remain. Therefore, we also support the legislation reforming preferential rents, which would protect renters from unmanageable increases to much higher legal rents during their tenancy, especially in neighborhoods with rapidly rising rents. In these markets, renters currently receiving preferential rents are under threat of displacement.

**Enforcement & Reporting**

The Legislature passed a budget this spring that provides a total of $64 million for administration and enforcement of rent regulation in New York City, Nassau, Westchester, and Rockland, including funding for an additional 94 staff positions, and $5.5 million for the Tenant Protection Unit (TPU). This funding for increased enforcement is a critical part of reforming the rent laws. With this additional capacity to investigate fraudulent rent increases, speculative practices will be less likely. If the administration of the rent regulation system is understaffed, any reforms will be meaningless and simply fuel cynicism about the system.

In addition to enhanced enforcement, new reporting requirements can also benefit this policy discussion and provide for additional public data and greater transparency. The Executive Budget referred to a report from Homes and Community Renewal utilizing the data they collect in their oversight role. The Budget stated that such a report may include data on the number of rent stabilized units inside and outside of NYC; the number of rent controlled units inside and outside of NYC; the number of applications for major capital improvements filed with HCR; the number of units with preferential rents; for units with preferential rents, the difference between the preferential rent and the registered rent; and the number of rent overcharge complaints and orders. While this reporting requirement was not adopted in the enacted budget, we support new annual reporting requirements to better inform the public and policy makers on the impact of rent reforms.

**Mechanisms for Investment & Rent Increases**

Regarding major capital improvements (MCIs), individual apartment improvements (IAIs) and vacancy bonuses, the legislative package put forward repeals these programs. While these programs have been sometimes utilized to carry out unscrupulous investment strategies aimed at achieving large rent increases or turning over apartments to achieve vacancy bonuses, we do not think that these programs should be totally eliminated. We believe they should be reformed and enforced because it is important that building owners keep investing in their buildings for the health and safety of their tenants; to comply with the housing maintenance code; and to strengthen communities. Maintaining a set of incentives for investment that allows for building system upgrades and also apartment improvements, will be especially critical for those owners for whom rent increases will be necessary in order to finance repairs. Eliminating all options to finance repairs or recoup investment costs, while also maintaining the same process for annual rent increases by the RGB, will inevitably result in disinvestment and the deterioration of building conditions in rent stabilized housing over the long-run.

To summarize, we advocate for a package of reforms that protects renters from rapidly escalating rents and the outrageous abuses of the current system, while also encouraging investment in this important housing stock. Thank you for this opportunity to comment.

1. New York City Rent Guideline Board. 2018. *Changes to the Rent Stabilized Housing Stock in New York City in 2017* [↑](#endnote-ref-1)
2. Ibid [↑](#endnote-ref-2)