

Preserving Rent Regulation

As the 2010 legislative session in Albany crawls to an end, one of the few issues left on the agenda is New York's system of rent regulations, which protect a million families in New York City and 50,000 more in the suburbs from excessive rent increases and arbitrary eviction. Rent regulation, comprising rent stabilization and rent control, 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 the New York City area. Its primary purposes are to ensure fairness and to promote stability in a wrenchingly tight housing market.

Significant Benefits

Rent regulation produces significant benefits for lower-income New Yorkers, who are most vulnerable to unaffordable rent, poor conditions, and displacement. Well over a million New Yorkers with incomes below twice the poverty line (\$36,620 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.

Not surprisingly, the real estate industry and conservative advocates have tried to paint rent regulation as a "subsidy" for undeserving tenants. In a column in the *Daily News*, a representative of the Citizens Budget Commission (CBC) recently suggested that rents would go down for unregulated tenants if currently regulated apartments were decontrolled. But the CBC report referred to does not prove that claim, or even argue for it. It simply assumes that unregulated rents would go down. In fact, it is quite likely that they would go up – for the same reason that rents all over Harlem have risen in response to the high-rent developments that have been built there in recent years. In 1996, as rent control was lifted in Boston, rents rose there by 14 percent and the vacancy rate dropped.

The fairness and stability created by the rent regulation system has important benefits for renters at all income levels, especially low-income renters. Although a growing number of rent-stabilized tenants pay unaffordable rents over 30 percent of income, rent-stabilized tenants continue to have a significantly lower likelihood of excessive rents.

The system is sometimes criticized because it allows tenants to pay rents above 30 percent of income. Although rent regulation was never designed to guarantee an affordable rent, the increasing rate of excessive rents among regulated tenants is cause for concern. It can be best addressed by amending the rent laws to reduce excessive rent increases during vacancies.

Rent regulation provides tenants with the freedom to advocate for better conditions. The New York City Department of Housing Preservation and Development and other government agencies are limited in staff capacity. They rely on tenant initiative to guide enforcement of the Housing and Maintenance Code and other laws. Rent regulation is the best protection against arbitrary eviction in retaliation against tenants who advocate for better conditions in their apartments and buildings. It is essential to the maintenance of safe and decent housing.

Rent regulation provides neighborhood stability and prevents displacement, strengthening social ties in neighborhoods and ensuring that tenants can share in the benefits when their neighborhoods improve.

Not a Subsidy

The CBC criticizes the rent regulation system because the benefits reach tenants with incomes that are, according to the CBC, too high. This argument is flawed both because rent regulation is not a subsidy program that should be evaluated in terms of its targeting and because rent regulation is not in fact poorly targeted by the standards of subsidy programs.

There is an actual, widely praised subsidy program with targeting similar to that of rent regulation - Mayor Bloomberg's New Housing Marketplace Plan, which is expected to create about 91,000 new affordable apartments by 2013. Of these apartments, 55 percent will be for households with incomes up to 80 percent of the New York metro area's Area Median Income (AMI), which is currently defined by the federal government as \$77,400. As a comparison, the Census Bureau's New York City Housing and Vacancy Survey shows that in 2008, 56 percent of rent stabilized households had incomes up to 80 percent of AMI.

Finally, there is one overriding argument in favor of rent regulation in New York City: It helps to preserve the opportunity for people of moderate income (household income about \$55,000 to \$95,000) to live in the city. Without rent regulation, New York would quickly devolve into a place 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.

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