

Metropolitan Council on Housing

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MEMO OF SUPPORT FOR A9967/S6881 (Kavanagh / Serrano)

The Metropolitan Council on Housing strongly urges the New York State legislature to pass A9967/S6881 during the 2010 legislative session, extending the rent and eviction protections that over 2.5 million New Yorkers in over 1.1 million rent-regulated apartments depend on to be able to afford their homes. Met Council has thousands of members across New York City and has worked for over 50 years to preserve and expand the city's stock of affordable housing.

Our rent regulation laws exist because the chronic shortage of lower-rent apartments in downstate New York produces an imbalanced market wherein tenants are at a profound disadvantage. The shortage of affordable apartments allows landlords to extract high rents across New York City and the suburban counties regardless of the quality or condition of the housing and the ability of tenants to pay. Rent regulation is essential for preventing displacement and overcrowding, and it helps ensure that neighborhood stability is not compromised by speculation, greed, and rent gouging.

While the recession has created further strains, the affordable-housing crisis has long been a tremendous burden in New York, particularly for low- and middle-income families. In New York City today, over 40 percent of renter households are rent-burdened, paying over a third of their income in rent, and over 25 percent pay more than half of their household income in rent – leaving precious little for the other necessities of life. The median income of households living in rent-stabilized apartments is \$36,000 per year, while the median for rent-controlled households is \$24,000. Without rent regulation, many families would be unable to afford to remain in their apartments or neighborhoods, and many would not be able to afford to stay in the region at all.

Rent regulation is by far the largest program preserving the affordability of our housing stock – in fact, it is larger than all other programs combined. Unlike other measures that rely on subsidies and tax abatements, this program costs the government virtually nothing, yet it continues to allow landlords of rent-regulated buildings to make sizeable profits. The most recent data shows that landlords of rent-stabilized buildings are left, on average, with 38% of rent money they collect for profit and mortgage payments, after paying for operating expenses. (Rent Guidelines Board 2009 Income and Expense Study). The recent spike in foreclosures is not owing to inadequate rental income, but is instead the direct result of rampant speculation. The promise of deregulating apartments and taking them out of the system entirely led many investors to purchase properties at far above their present value.

When the rent laws have come up for renewal in past years, threats that they would be allowed to expire were used by opponents of the system as leverage to significantly undermine the laws. We have already lost hundreds of thousands of once-affordable apartments through provisions such as vacancy decontrol – one among many concessions that were agreed upon during last-minute negotiations in 1997 and 2003 amid threats that the laws would be allowed to expire entirely.

This cycle cannot be allowed to repeat itself in 2011. The legislature must act in 2010 to extend these vital protections to New Yorkers by passing A9967/S6881.