

Weak Rent-Regulation Laws Squeezing Out Low-Income New Yorkers

Increased housing instability across the country in the wake of the recent recession has prompted some state and local governments to take a closer look at how the decline of rent regulation has affected the stock of affordable housing.

Rent-regulation laws persist in a handful of major cities around the country, including San Francisco and Washington, D.C. New York's rent regulations, which date back to World War II, are set to expire in June, setting off a push in the state capital for a renewed, strengthened law.

Adding to the urgency of the debate, a March 2011 report by the Community Service Society (CSS), an advocacy group for low-income New Yorkers, found that loopholes and lax enforcement of rent-stabilization laws have dramatically decreased the availability of affordable housing for low- and middle-income families in the New York City area.

The report, titled "The New Housing Emergency," found that the stock of rent-regulated housing fell throughout the city between 2002 and 2008. In 2008, only 41% of recent movers were likely to have moved into rent-regulated apartments, a seven-point drop from 2002. The availability of rent-regulated housing declined most sharply in Manhattan, but also dropped significantly in gentrifying areas of outer Brooklyn and Queens.

Rent-stabilization laws allow landlords to destabilize only vacant apartments with rents \$2,000 or higher, but provisions of the law have made it easier for landlords to reach this threshold. Once an apartment becomes vacant, the law allows landlords to increase its rent through a "vacancy allowance" of about 20%.

Landlords can also legally raise the rent of apartments by \$1 for every \$40 of individual improvements, and for every \$84 of major capital improvements. The report said that these regulations allow landlords to raise rents on vacant units past the legal threshold with fairly modest investments—and can easily inflate the value of their investments, due to uneven enforcement by the city's Housing and Community Renewal agency.

A report by the New York City Rent Guidelines Board found that the number of rent-stabilized apartments in the city shrunk by 13,247 in 2010. That was a smaller decrease than in 2009, when 14,014 apartments left stabilization. But because landlords are not required to report these destabilizations, the CSS report

noted that the number of apartments leaving regulation is likely to be underreported.

New York Assembly Speaker Sheldon Silver, who released the report jointly with CSS, said its findings made the case for tougher rent regulations in the city.

"Vacancy decontrol and exorbitant rent hikes are rapidly eroding our stock of affordable housing," Silver said in March, as reported in the *New York Daily News*.

The report recommended renewing the laws while repealing the vacancy destabilization provision and reforming the provision on major capital increases. A bill approved by the Assembly in April would end vacancy destabilization and limit the vacancy allowance to 10%, according to the *New York Times*. At press time, the State Senate had not acted on the bill. ■

Rent Burden in New York City

The rent burden that meets the generally accepted standard of affordability is 30% of monthly income.

Median Rent Burden	
Regulated Tenants	
Poor (below federal poverty threshold of \$18,530 annual income for a family of three)	63%
Low income (up to 199% of poverty threshold)	48%
Middle income (200 to 399% of poverty threshold)	26%
Unregulated Tenants	
Poor	67%
Low income	50%
Middle income	29%

Source: Analysis of New York City Housing and Vacancy Survey, U.S. Census Bureau, 2008; Community Service Society and the Assembly of the State of New York, "The New Housing Emergency," March 13, 2011; *Federal Register* 76, no. 13 (2011), pp. 3637–38.