

## **The Importance of Rent Regulation**

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The Community Service Society of New York (CSS) is a 160 year-old organization dedicated to promoting the economic security of low-income New Yorkers. Recent challenges have raised questions about the degree to which New York's system of rent regulation serves that objective. This memorandum affirms the important role of rent regulation in enabling low-income New Yorkers to negotiate the city's demanding rental market.

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 New York City and the suburban counties.

Its primary purposes are to ensure fairness and to promote stability in a wrenchingly tight housing market. These objectives also result in important benefits for renters at low income levels:

- **Affordability:** 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.
- **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.
- **Neighborhood stability:** Rent regulation prevents displacement, strengthening social ties in neighborhoods and ensuring that tenants can share in the benefits when their neighborhoods improve.

Affordability, freedom to advocate for better conditions, and neighborhood stability are important to tenants at many income levels.

Rent regulation produces significant benefits for low-income New Yorkers, who are most vulnerable to unaffordable rent, poor conditions, and displacement. Well over a million people with incomes below twice the poverty line live in rent-regulated housing. Regulated apartments constitute their largest source of housing, far more than live in public and subsidized housing combined.

The Citizens Budget Commission has criticized 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.

CBC does not raise similar objections to 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 (which is currently defined by the federal government as \$77,400) and 11 percent will be for households from 80 to 120 percent of AMI. 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 and 17 percent had incomes from 80 to 120 percent of AMI. Here is an actual, widely praised subsidy program with targeting similar to that of rent regulation.

The Citizens Budget Commission has also criticized the rent regulation system because it allows many 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 and excessive increases based on Major Capital Improvements.

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