



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
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TESTIMONY OF NEW YORK CITY COMPTROLLER SCOTT M. STRINGER
BEFORE THE NEW YORK CITY RENT GUIDELINES BOARD

JUNE 16, 2014

Thank you Chairwoman Godsil and distinguished members of the Rent Guidelines Board (RGB) for the opportunity to testify at this important public hearing.

After years of consistent rent increases, I am pleased that this Board—for the first time in its 46 year history—may enact a rent freeze. One year increases of zero percent to three percent and two year increases of 0.5 percent to 4.5 percent were proposed just over a month ago in a nearly unanimous vote and I strongly urge you to follow your own recommendation and impose a rent freeze that will provide much-needed relief to households throughout the five boroughs.

In support of that goal, I'd like to share with you several key findings from my office's recent report, "*The Growing Gap: New York City's Housing Affordability Challenge*." Taken together, the data presented in this report offers a strong justification for a rent freeze for one-year leases and the lowest possible rent increase for two-year leases. For your convenience, I am submitting copies of my report as a supplement to this testimony.

First, the city's rent stabilized housing stock continues to decline, and those units that remain are less affordable. Using RGB data, both "*The Growing Gap*" and Mayor de Blasio's recently-released "Housing New York" plan noted a net loss of over 152,000 rent stabilized units in New York City from 1994-2012. Additionally, data presented in past Housing and Vacancy Surveys indicate that average stabilized rents have increased by over 43 percent from 2002 – 2011. A rent freeze would moderate both of these trends.

Second, apartments renting for \$1,000 or less—a critically important price point for many low-income New Yorkers—are rapidly disappearing from our city. An examination of inflation-adjusted rents revealed that from 2000 to 2012 some 400,000 apartments renting for \$1,000 or less (in 2012 dollars) were pushed above the \$1,000 threshold.

While the number of affordable units under \$1,000 has plunged, the number of apartments renting for between \$1,000 and \$1,800 has soared, with net gains of 97,000 units renting for \$1,201 - \$1,400; 85,000 units renting for \$1,401 - \$1,600; and 67,000 units renting for \$1,601 - \$1,800.

Taken together, these trends have helped to drive the inflation-adjusted median rent from \$839 in 2000 to \$1,100 in 2012, a 31.1% increase.

The sizeable losses of affordable housing units from the lowest rent categories only underscores how an RGB-imposed rent freeze could help to temporarily mitigate the financial pressure felt by those living in the lowest rent categories, particularly since 86 percent of the monetary benefits of rent regulation go to New Yorkers earning less than \$100,000.

Lastly, low-income households are increasing in number and their rent burdens have spiked. From 2000 to 2012, New York City witnessed an increase of nearly 52,000 households earning less than \$40,000 (in 2012 dollars). Combined with the significant rise in inflation-adjusted rents detailed above, the substantial addition of low-income households – the very households for whom affordable apartments rent between \$400 and \$1,000 – has contributed to an alarming spike in rent-to-income ratios among the City’s poorest renter households.

The average rent-to-income ratio for households earning \$20,000 or less held steady between 2000 and 2012 at an astonishing rate of approximately 68 percent, while the most prominent rent-to-income ratio increase was felt by households earning \$20,001 - \$40,000, which jumped from an already rent-burdened 33.2 percent to an average of 41.4 percent. That’s more than 40 cents of every dollar going toward rent for over 1.3 million New York City households earning incomes of \$40,000 or less.

Rent-to-income ratios are one of the fundamental measures of housing affordability and with over 1.3 million New York City households earning incomes of \$40,000 or less, the housing circumstances of low-income New Yorkers that do not receive rental or other non-cash subsidies are perilous. These are the households that stand to benefit the most from a rent freeze this year.

In conclusion, by hitting the “pause” button on rent increases this year, the Rent Guidelines Board will create an opportunity for the programmatic details of the Mayor’s housing plan to emerge and advance. A rent freeze will also provide opportunities for a renewed dialogue focused on replenishing the pipeline of rent stabilized housing. Above all, a rent freeze will provide relief to the low-income New Yorkers who have been hit the hardest by recent changes in the City’s housing landscape.

Finally, as I do every year, I once again appeal to the Board to assert that New York City should be able to exercise control of its rent stabilization laws under Home Rule. For too long, legislators who answer to constituencies detached from and unaware of our housing crisis have wielded exclusive power over our rent laws. The Rent Guidelines Board should lead the effort to return authority over rent and eviction policies to New York City by taking a stance in favor of repealing the Urstadt law.

Thank you again for the opportunity to testify.