



THE CITY OF NEW YORK  
OFFICE OF THE COMPTROLLER  
SCOTT M. STRINGER

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

**JUNE 8, 2015**

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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 encouraged that this Board—for the first time in its 47 year history—may enact a rent freeze. One year increases of zero percent to two percent, and two year increases of 0.5 percent to 3.5 percent, are currently on the table 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.

Since 1994, New York City's rent stabilized housing stock has seen a minimum net loss of 103,986 units. Last year alone, 6,235 units were deregulated under High Rent/Vacancy Deregulation, up 30 percent from 2013.

While the total number rent stabilized apartments increased in 2014 by 169, the population of New York City has risen by an average of nearly 80,000 per year since 2010.<sup>1</sup>

The math tells the story: unless we're fitting 473 people into each of those affordable units, the market for affordable housing continues to get tighter.

Indeed, as I noted last year in "*The Growing Gap: New York City's Housing Affordability Challenge*," the housing emergency is particularly stark for low-income New Yorkers who rely on apartments renting for less than \$1,000 a month.<sup>2</sup>

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, helping to drive the inflation-adjusted median rent from \$839 in 2000 to \$1,100 in 2012, a 31.1 percent increase.

In 2013, that trend continued, with median monthly contract rents for all apartments in New York City increasing by an inflation-adjusted 1.1 percent over 2012.

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<sup>1</sup> <http://www.nyc.gov/html/dcp/html/census/popcur.shtml>.

<sup>2</sup> [http://comptroller.nyc.gov/wp-content/uploads/documents/Growing\\_Gap.pdf](http://comptroller.nyc.gov/wp-content/uploads/documents/Growing_Gap.pdf).

Meanwhile, median household income for renters rose in real terms by only 0.1 percent in 2013, to \$40,908.

The combination of rising rents and stagnant wages has led to rising rent-to-income ratios—one of the fundamental measures of housing affordability—for renters across the income spectrum, but particularly for the City’s low-income households.

The average rent-to-income ratio for households earning \$20,000 or less held steady between 2000 and 2012 at a 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.

Overall, the Preliminary 2014 Housing and Vacancy Survey reported that the median gross rent-to-income ratio for all renters was 33.8 percent—the highest ever—and that rent-stabilized tenants face an even greater burden, with a median gross rent-to-income ratio of 36.4 percent.

Of course, when considering whether to enact a rent freeze, it is critical for this body to consider not only the plight of tenants, but also the situation confronting landlords. After all, landlords need funds to both adequately maintain our aging housing stock and earn a reasonable return on their investment.

Once again, the data suggests that they are able to do both. Net operating income grew for the ninth consecutive year in 2013 and tax assessments of buildings with stabilized units increased by 6.5 percent in FY 2015, indicating that the market sees greater value in these properties.

Meanwhile, the Price Index of Operating Costs increased by a mere 0.5 percent this year, owing largely to a sharp decrease in fuel costs (21.0 percent) as the price of crude oil on global markets plunged from over \$100 a barrel to as low as \$44 a barrel.

At a moment when Albany debates the future of rent regulation and whether to continue programs offering billions of dollars in tax incentives for developers to construct affordable housing, it is critical to maintain the affordability that we already have. The only way to do that is by enacting a long overdue rent freeze that will provide relief for low-income New Yorkers.<sup>3</sup>

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.

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<sup>3</sup> 86 percent of the monetary benefits of rent regulation go to New Yorkers earning less than \$100,000.