



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 21, 2016**

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Good evening, Chairwoman Roberts and distinguished members of the Rent Guidelines Board, and thank you for the opportunity to testify at this public hearing.

I am grateful that this Board—for only the second time in its 48 year history—may enact a rent freeze. One year increases of zero percent to 2 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 enact a freeze.

In fact, I think there is a strong argument to be made that market conditions today serve to justify a freeze more *this year* than they did *last year*. Some would even argue that there is even a case to be made for a rent rollback.

Since 1994, New York City has seen a minimum net loss of over 151,000 rent regulated apartments. To put that in perspective, we've lost more rent regulated apartments in New York City over that time than there are rental apartments in the entire city of Rochester.

Indeed, 8,049 New York City units were deregulated in 2015 alone under High Rent/Vacancy Deregulation -- up 29 percent from the number deregulated in 2014, according to the Division of Housing and Community Renewal.

New Yorkers remain squeezed by rising rents on one side and stagnant incomes on the other.

Median monthly contract rents for all apartments in New York City have risen 6.3 percent since 2011, when adjusted for inflation.

Meanwhile, median income for rental households has only gone up by 1.1 percent since 2010.

In fact, according to data from the 2014 Housing and Vacancy Survey, more than half of New York City renters are officially classified as "rent burdened," meaning they are putting more than 30 percent of income towards rent, and more than one-third are paying more than 50 percent of income towards rent every single month.

That's one reason why our city is also contending with a record number of homeless people – on average, more than 57,000 people slept in city shelters every night in 2015, more than 23,000 of them children.

Of course, it is essential that the RGB also consider the circumstances that landlords are facing. To be sure, building owners require sufficient income to adequately maintain an aging housing stock and to earn a reasonable return.

But the RGB's own data shows quite clearly that the past year has been a profitable one for building owners.

Based on the Rent Guidelines Board's Price Index of Operating Costs (PIOC), net operating income for landlords grew by 3.5 percent from 2013 to 2014 – marking the tenth consecutive year that net operating income has increased for building owners. Tax assessments of properties containing rent stabilized units rose by 8.0 percent citywide in FY 2016, indicating their increased market value.

At the same time, landlord costs actually decreased by 1.2 percent in 2016 – driven by a precipitous decline of 41.2 percent in fuel costs. And that plunge in the fuel cost follows another large decline in 2015 of 23.4 percent. Prices for heating oil are at their lowest level in the past 10 years,

Over the years, landlords at these hearings have frequently spoken about rising fuel costs in particular as a justification for approving large rent increases.

In 2008, for example, building owners noted the volatility of fuel prices, and asserted that escalating fuel costs would create untenable profit margins in their buildings. Those concerns did not materialize, but the Board nevertheless enacted substantial rent increases that year.

Now we are in a different place, and the same logic should apply. If rising fuel prices were enough to warrant significant increases in the past, then a meaningful reduction in those same costs should support a freeze.

Last year's decision to approve a zero percent increase for one-year leases, and two percent for two-year leases, provided thousands of tenants with the first, genuine relief they have had in decades.

The Rent Guidelines Board can provide a real lifeline to more than 1 million New York City tenants by choosing to approve another rent freeze.

The need is there. The data is there. The time is now. Please help to keep New York City a place where dreamers from around the globe can afford to put down roots and raise a family.

Finally, as I do every year, I once again appeal to the Board to make the case – in City Hall and in Albany -- that New York City should be allowed to exercise control over its rent stabilization laws

under Home Rule. For too long, upstate legislators who rarely set foot in New York, much less live here, have wielded exclusive power over our rent laws, and it's got to stop.

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 as always for the opportunity to testify.