



HARVEY EPSTEIN
Assemblymember 74th District

THE ASSEMBLY
STATE OF NEW YORK
ALBANY

June 21st, 2018

NYC Rent Guidelines Board
1 Centre St, Suite 2210
New York, NY 10007

Dear Members of the Board:

Thank you for all your work on behalf of over one million rent-stabilized tenants. The Board bears an enormous responsibility in deciding whether rent stabilized tenants are able to stay in their homes. We are disappointed by the preliminary vote, which set a range that does not include an option to freeze rents at a time when the City is gripped by a worsening homelessness and affordability crisis while landlords enter the twelfth consecutive year of increases in their net operating income.

The Board's 2018 Income and Expense Study found landlords of typically sized rent-stabilized buildings earned an average net annual operating income of \$312,176 in the last year of available data –nearly five times the average annual income of a small business in New York City. These excessive profits are due to a variety of conditions favorable to landlords, including mortgage interest hovering around the lowest rates ever recorded by the Board's Mortgage Service Report, flat service fees, and a plummeting cost-to-income ratio. Additionally, vacancy and collection losses fell once again, decreasing to the lowest level in the history of the Mortgage Survey Report. These factors, coupled with an infinitesimal number of reported foreclosures, demonstrate an overwhelmingly advantageous environment for landlords.

Rent-stabilized tenants, on the other hand, are met with increasingly challenging conditions that continue to threaten their ability to live in their homes and in New York City. The few positive economic indicators reported by the 2018 Income and Affordability Study are tempered by a decrease in real wages. For low income New Yorkers – who, according to an analysis by the Community Service Society, make up the majority of residents in rent regulated apartments – wage stagnation coupled with an increase in rents creates an incredibly precarious scenario.

In addition to no wage growth, the City's vacancy rate continues to remain perilously low and we are now entering the ninth consecutive annual increase in the number of homeless New Yorkers, which rose to a stunning average of 59,467 persons a night, according to the 2018 Income and Affordability Study. Tenants also face a hostile federal administration that could



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triple rents for New Yorkers receiving federal subsidies. This would drastically worsen an already acute affordable housing crisis and compound rent-stabilized tenants' rents.

Every dollar added to rents edges units closer to deregulation. Each lost unit makes our city less livable for low and moderate income New Yorkers, who continue to be displaced from communities where they have lived for decades. The majority of rent-stabilized tenants are people of color, who will be disproportionately impacted by an increase.

Freezing rents would grant tenants much needed relief as our City weathers a period of profound uncertainty with regard to the fate of federal programs that help low income individuals. Given that the preliminary vote offers no option for the ideal zero percent increase, we urge you in the strongest possible terms to support only the lowest possible increase.

Thank you for your attention to this important issue that will affect one million rent-stabilized New Yorkers. If you would like to discuss further, you may contact any of us directly, or via Jackson Fischer-Ward in Assembly Member Harvey Epstein's office at 212-979-9696.

Sincerely,

Harvey Epstein
Assembly Member
74th District

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Assembly Member
45th District

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Assembly Member
39th District

Brian Barnwell
Assembly Member
30th District

William Colton
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Deborah J. Glick
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