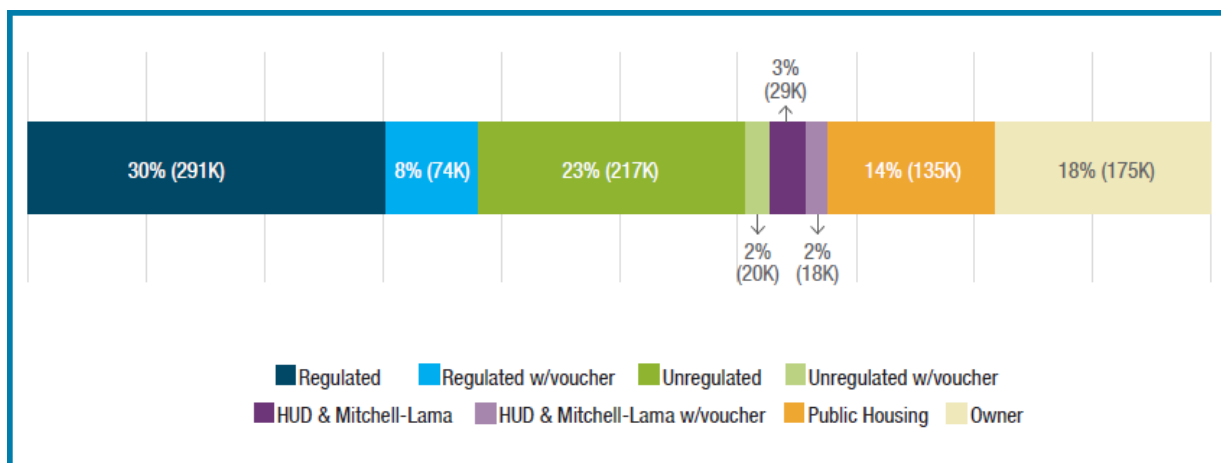


Thank you for the opportunity to offer comments on the 2019-2020 Executive Budget Proposal as it relates to housing. My name is Oksana Mironova and I am a Housing Policy Analyst at The Community Service Society (CSS), an independent nonprofit organization that addresses some of the most urgent problems facing low-income New Yorkers and their communities, including the effects of the city's housing affordability crisis.

New York City has always been known as a chronically tight, high-cost rental market. In recent decades, housing that is affordable to low-income New Yorkers has become more elusive and homelessness has skyrocketed. The city's low-income population has remained fairly stable since 2000, with about a million households living below twice the federal poverty level. Yet the number of homeless families in shelters has tripled.

There are approximately 960,000 low-income households in New York City, who live in a range of housing types, as illustrated in the graph below. The State's 2019-2020 Budget has strong implications for all these major housing types.



Source: 2017 HVS

Rent Regulation

In New York City, 365,000 low-income households live in rent regulated apartments, twice the number who live in public and subsidized housing combined. Rent regulation is of utmost importance to low-income New Yorkers. Over the past 25 years, legislative decisions by the city and state have weakened rent regulation, encouraging tenant harassment and allowing for sudden and permanent rent hikes. New York City has lost at least 291,000¹ rent regulated apartments since 1994.

[See more in our report: [Rent Regulation in NYC: How it Works, What Went Wrong, and How to Fix it](#)]

¹ Gross amount.

Given the central role rent regulation plays in the lives of low-income New Yorkers, the rent laws should be strengthened in 2019. In the Governor’s budget bill, \$8 million of funding for Homes and Community Renewal (HCR) is contingent on the passage of “The Rent Regulation Act of 2019.” While “The Rent Regulation Act of 2019” extends and strengthens rent regulation, it fails to close key loopholes that drive the loss of rent regulated units. One such loophole is the vacancy bonus, which CSS has previously found to be the source 49 percent of total rent increases above inflation.

[See more in our report: [Making the Rent 2016: Tenant Conditions in New York City's Changing Neighborhoods](#)]

Rent regulation is dependent on strong and consistent enforcement. Since its creation in 2012, HCR’s Tenant Protection Unit (TPU) has effectively detected fraud and harassment through audits, investigations, and legal action. TPU has re-registered close to 68,000 apartments that disappeared from HCR’s rent registration logs, conducted Individual Apartment Improvement Audits (IAI), and reached major settlements with landlords that engaged in systemic tenant harassment.

Given the size of the rent regulated housing stock in New York State, TPU needs additional funding to continue its important work and increase its impact. CSS recommends doubling TPU’s budget to \$10 million, thus allowing it to expand its audits, investigations, and legal actions.

HCR funding should not be contingent on the passage of “the Rent Regulation Act of 2019” because it fails to close to key loopholes. Further, HCR’s TPU, which is central to enforcing the state’s rent laws, needs additional funding to continue its important work.

Rental Supplement - Home Stability Support

CSS supports Assembly Bill 1620 by Assembly Member Hevesi and Senate Bill 2375 by State Senator Krueger, which would create the “Home Stability Support” program, a form of rental assistance for people leaving the homeless shelter system or who are at risk of homelessness. This proposal directs rental assistance to the people who need it most, and provides mandated relief to local governments that are struggling with limited resources. It addresses homelessness by doing what most present-day housing programs do not do – enable people with incomes near or below the poverty line to afford rent.

The major programs for creating new affordable housing today are capital subsidy programs – that is, they provide resources for constructing apartment buildings but not for heating, maintaining, and otherwise operating them. But, capital subsidies can reduce rents only so much, and rent payments are still needed to cover the costs of operating the building. ***That is why existing programs are failing homeless people and those at risk of homelessness.*** Subsidies to

lower rents below operating costs are the missing ingredient in today's housing programs, and Home Stability Support provides that.

[See more in our report: [Making the Rent Truly Affordable: Why Operating Subsidies Belong in New York City's Affordable Housing Toolkit](#)]

New York City Housing Authority (NYCHA)

State funding is critically needed to contribute to NYCHA's efforts to improve resident living conditions. CSS recommends that the State:

- 1) Release the \$450 million already appropriated funds for NYCHA improvements (\$200 million from FY17 and \$250 million from FY19).
- 2) Close the \$8 billion capital gap estimated in the NYCHA Plan 2.0, starting with \$1 billion in FY20 split evenly between New York City and New York State.
- 3) Earmark new revenue sources for NYCHA improvements.

Replace the Mortgage Recording Tax with a Real Property Transfer Tax

When homes are purchased in New York State, the Real Property Transfer Tax (RPTT) is imposed on all purchases based on the price paid for the home. However, only those who borrow to purchase or refinance a home pay the Mortgage Recording Tax (MRT). New York City Comptroller Stringer has proposed eliminating the MRT, replacing it with a single Real Property Transfer Tax that rises as the price of the property rises. This change would benefit middle class New Yorkers, and would also raise up to \$400 million annually.

CSS supports this proposal, because it would provide a much needed revenue stream to support operating subsidies – a necessity for financing extremely low income housing.

[See more in our report: [Making the Rent Truly Affordable: Why Operating Subsidies Belong in New York City's Affordable Housing Toolkit](#)]



A GUIDE TO

Rent Regulation in New York City

How it works, what went wrong, and how to fix it

by Oksana Mironova

**Community
Service
Society** | Fighting Poverty
Strengthening
New York

January 2019

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About the Author

Oksana Mironova is a housing policy analyst at the CSS, where her research focuses on housing issues impacting low-income New Yorkers. She has worked with organizations across the housing field, including Tenants & Neighbors, the West Side Federation for Senior and Supportive Housing, and Enterprise Community Partners. She grew up in Coney Island, Brooklyn and holds a Master of Urban Planning degree from CUNY Hunter.

Acknowledgements

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The Community Service Society of New York (CSS) is an informed, independent, and unwavering voice for positive action representing low-income New Yorkers. CSS addresses the root causes of economic disparity through research, advocacy, litigation, and innovative program models that strengthen and benefit all New Yorkers. www.cssny.org

The case for strengthening the rent laws in 2019

In 2019, the laws that protect over a million renter households in New York City and Westchester, Nassau, and Rockland counties will come up for renewal.¹ A product of nearly 100 years of advocacy and legislation, rent regulation is critical for low-income New Yorkers: more low-income tenants in New York City live in rent regulated apartments than in subsidized and public housing combined.

Rent regulation mediates the severe power imbalance between tenants and landlords, which is exacerbated by tight housing markets. The rent laws offer protections from sudden rent increases, provide the right to a lease renewal, outline maintenance standards and limits on security deposits, and indirectly lead to more affordable rents for low-income tenants. On the neighborhood level, rent regulation acts as a counterbalance to gentrification and as a bulwark against displacement and homelessness, helping residents stay in their apartments. On a city level, it provides the groundwork for other programs like Right to Counsel and helps promote integration without displacement, an important component of residential desegregation.

By mediating rent levels, rent regulation makes tenant-based subsidies like Section 8 vouchers **more effective.**

The rent laws, similar to anti-trust laws, consumer protections and other regulatory laws, are especially important for low-income people but benefit moderate-income households as well. They differ from—but often complement—housing subsidy programs. For example, by mediating rent levels, rent regulation makes tenant-based subsidies like Section 8 vouchers more effective.

Over the past 25 years, legislative decisions by the city and state have weakened rent regulation, encouraging tenant harassment and allowing for sudden and permanent rent hikes. Vacancy decontrol permanently deregulates apartments when the rent reaches \$2,733 upon vacancy.² Since this provision went into effect in 1994, the city has lost 291,000



units of rent regulated housing. Loopholes like the vacancy bonus, and the Major Capital Improvements (MCI) and Individual Apartment Improvements (IAIs) provisions, allow landlords to raise the rents quickly with minimal oversight. At the same time, the preferential rent provision strips away renter protections among about a third of rent regulated tenants. When combined, these four loopholes go well beyond what is needed to incentivize the cost of maintaining a building. They make tenant turnover financially beneficial to landlords, creating an incentive for harassment and fraud. On a broader scale, the rent law loopholes undermine neighborhood-level stability, especially in gentrifying areas.

The decline of rent regulation is occurring within the context of a broader affordability crisis, including the loss of subsidized housing and rapid increases in unregulated rents, dramatically shrinking the city's supply of housing affordable to low-income households.

In 2019, New York State has the progressive momentum—as demonstrated by the success of candidates running on pro-tenant platforms and support for stronger rent laws in the media and among everyday New Yorkers—to reform rent law loopholes that incentivize harassment, fuel rent increases, and lead to the loss of regulated units. Further, for the first time since the 1970s, there is momentum for the expansion of tenant protections statewide.

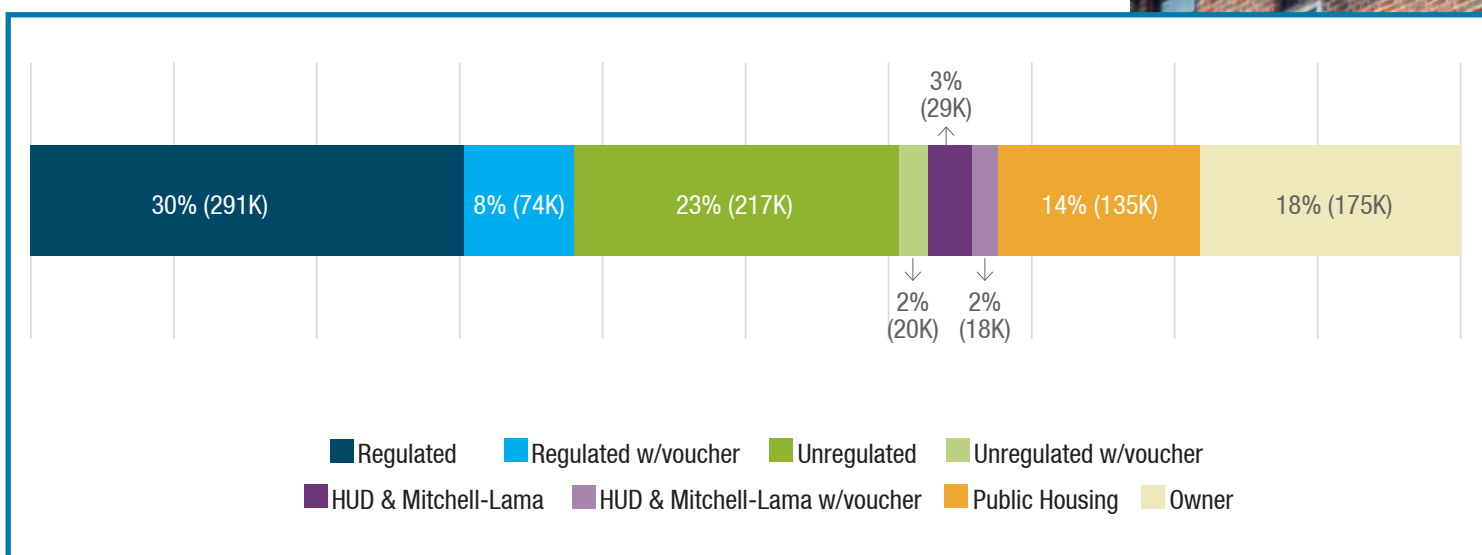
Our recommendations to the state legislature are:

- Repeal vacancy decontrol, to stop the rapid loss of rent stabilized units.
- Make preferential rents last for the duration of the tenancy, to extend the protections of rent stabilization—predictable rent adjustments and security of tenure—to the 266,000 renter households who have preferential leases.
- Repeal the vacancy bonus, and reform Major Capital Improvements (MCI) and Individual Apartment Increases (IAI) processes, which drive up regulated rents above the annual rent guidelines, are highly susceptible to fraud, and, when combined with preferential rents and vacancy decontrol, encourage harassment and displacement.
- Remove geographic restrictions in the 1974 Emergency Tenant Protection Act (ETPA), to give all New York State municipalities the choice to opt in to rent regulation.
- Pass a statewide just cause law to extend security of tenure to unregulated and month-to-month tenants in New York City and across the state. To be maximally effective, the statute should have an enforceable unconscionable rent increase clause.

Why is rent regulation important?

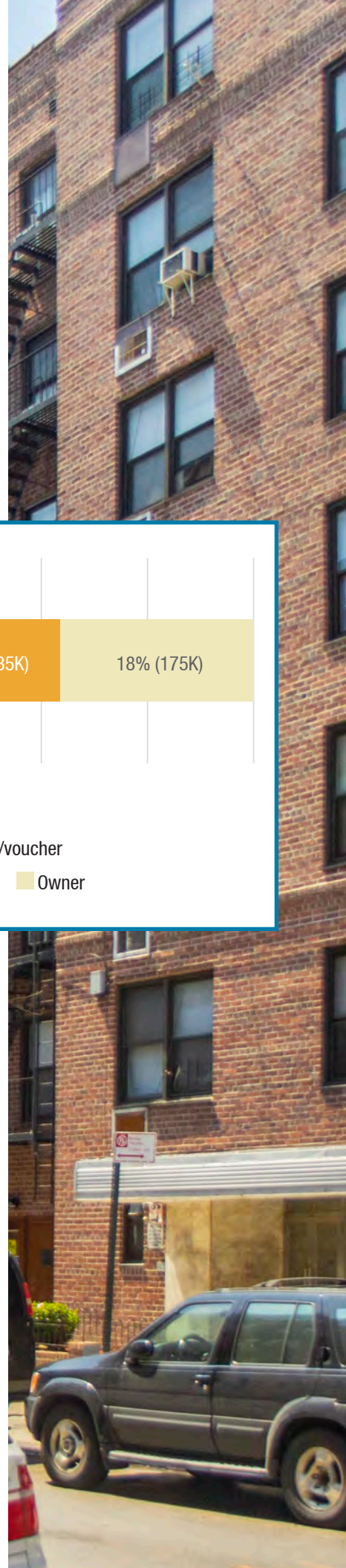
The Community Service Society has long advocated for stronger rent regulation, because of its utmost importance to low-income New Yorkers.³ As illustrated in Figure 1, 365,000 low-income households live in rent regulated apartments in New York City, twice the number who live in public and subsidized housing combined.⁴

FIGURE 1 Low-income households, by housing type



Source: CSS Analysis of 2017 New York City Housing Vacancy Survey (HVS)

Given the central role rent regulation plays in the lives of low-income New Yorkers and its emergence as a top priority for New York State legislators in 2019, this report provides an in-depth look into this regulatory system, including an overview of how the rent laws work and the types of units they cover. It describes the system's evolution over time, influenced by broader political shifts in New York and nationally, and compares it to other forms of rent control in the United States. The report outlines the benefits of rent regulation for individual tenants, neighborhoods, and the city, and addresses common myths. It concludes with the potential for groundbreaking policy change in 2019.





How does rent regulation work in New York?

Rent regulation is a legal framework outlined by the 1974 Emergency Tenant Protection Act (ETPA), which will sunset in 2019. It is a state-level enabling law, meaning that New York State outlines the parameters of the system, while New York City, as well as local governments in Nassau, Westchester, and Rockland counties, opt in to participate.⁵ The law is implemented through a body of regulations called the Rent Stabilization Code.

Rent regulation mediates the relationship between tenants and landlords, two parties that do not have equal bargaining power, especially in a tight rental market. The system corrects this imbalance by defining a process for determining rents, outlining basic habitability standards, providing tenants with security of tenure, and setting limits on security deposits and other fees. As with any set of rights, rent regulation is not income tested, meaning that renters of all incomes benefit, without any public subsidy. Low-income tenants, who have the least choice within the rental market, benefit the most.

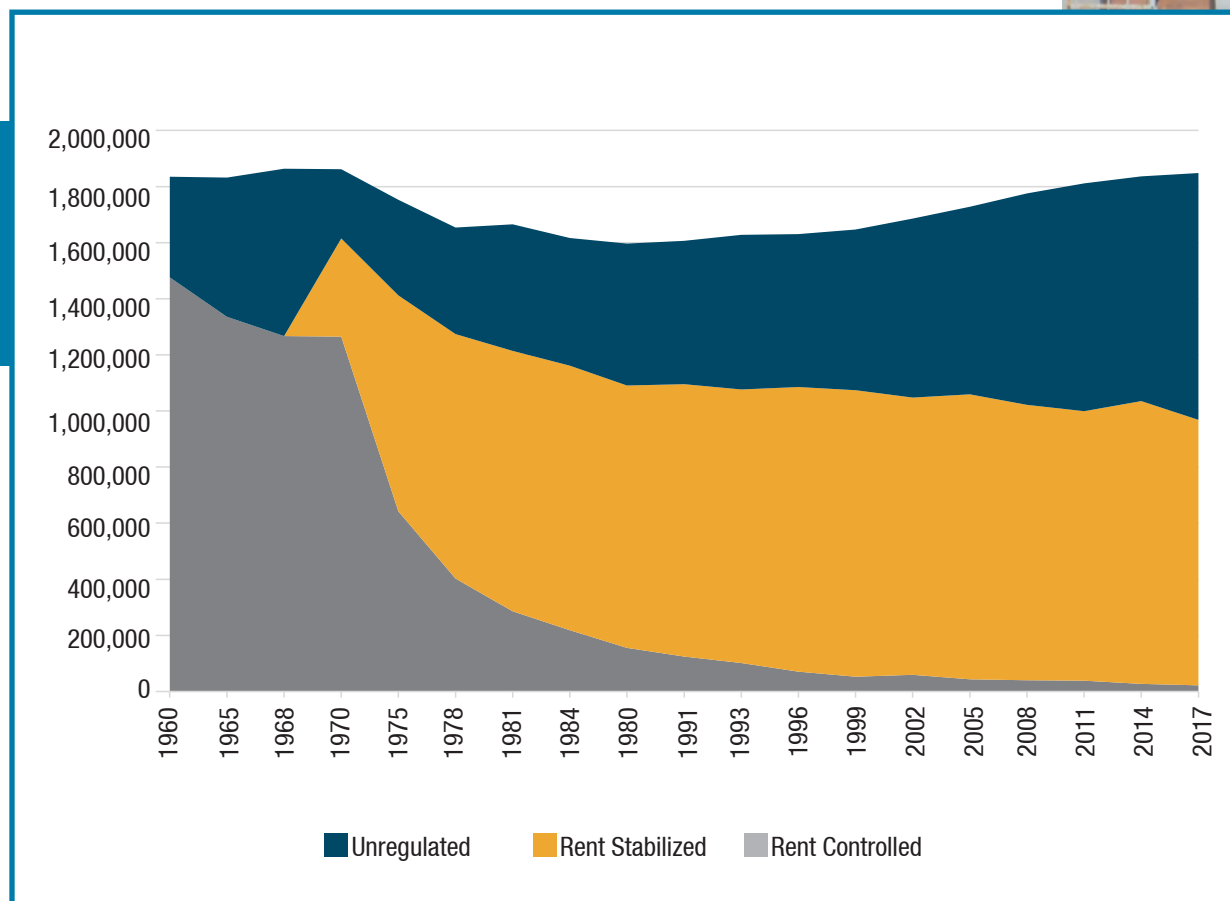
Rent regulation mediates the relationship between tenants and landlords, **two parties that do not have equal bargaining power**, especially in a tight rental market.

New York City's rent regulation framework is largely controlled by the state, with certain powers devolved to the city. The New York State Department of Homes and Community Renewal's (HCR) Office of Rent Administration (ORA) is responsible for overall oversight and enforcement. The city has control over the rent setting process, through the mayor-appointed Rent Guidelines Board (RGB) that votes on rent adjustments annually.⁶

What types of apartments are covered by rent regulation and where are they?

Today, 966,000 apartments (45 percent of the rental market) are classified as rent stabilized, primarily in buildings with six or more apartments built before 1974. A growing number of new rental buildings are regulated temporarily under tax incentive programs. When passed, ETPA came to supersede an older system of rent control in the state, as illustrated in Figure 2 below. There are 22,000 rent controlled units left in New York City, largely occupied by low-income seniors who have lived in their apartments since 1971.⁷ Rent controlled units exist under a different regulatory regime, Maximum Base Rent, which sometimes results in larger annual rent increases than under rent stabilization. Outside of New York City, there are an additional 38,000 rent regulated units in New York State.

FIGURE 2 The decline of rent control and the growth of rent stabilization



Source: CSS analysis of historic HVS data

The rent regulated housing stock is not static. The following building and apartment types enter rent stabilization:

- Pre-1974 Mitchell Lama rentals that have lost their affordability protections.
- Rent controlled apartments and legally converted industrial lofts.
- Buildings that receive certain types of tax incentives, including 421-a, J-51, 421g, 421c, and Article 11. Generally, these buildings stay regulated for the life of the incentive.

With the evolution of the ETPA, including changes made by both the New York State legislature and the New York City Council in the early 1990s, apartments can also exit rent regulation when:

- The rent reaches \$2,733 upon tenant vacancy.⁸
- The rent reaches \$2,733 and the household income is higher than \$200,000.

- The building converts to a condo or co-op (upon vacancy of tenant).
- The building is substantially renovated (gutted and substantial building systems replaced) or converted to commercial/professional use.
- A temporary tax incentive (421a, J-51, 421g, 421c, and Article 11) expires.
- The building is condemned, demolished, or permanently removed from the market in some other way.

Far more apartments are removed from than added to rent stabilization. Further, landlord reporting of when an apartment is deregulated upon vacancy is essentially voluntary. Therefore, the true number of deregulated units is likely higher than 290,958.

When measuring the overall benefit to New York City renters, the additions to and subtractions from the rent stabilized housing stock do not represent a one for one equivalency. For example, when former Mitchell-

FIGURE 3 Rent Stabilization Additions and Subtractions (1994-2017)

ADDITIONS	
Temporarily regulated under a tax incentive program	92,544
Formerly rent controlled units + loft conversions	39,509
Mitchell-Lama termination	11,393
Total apartments	143,446

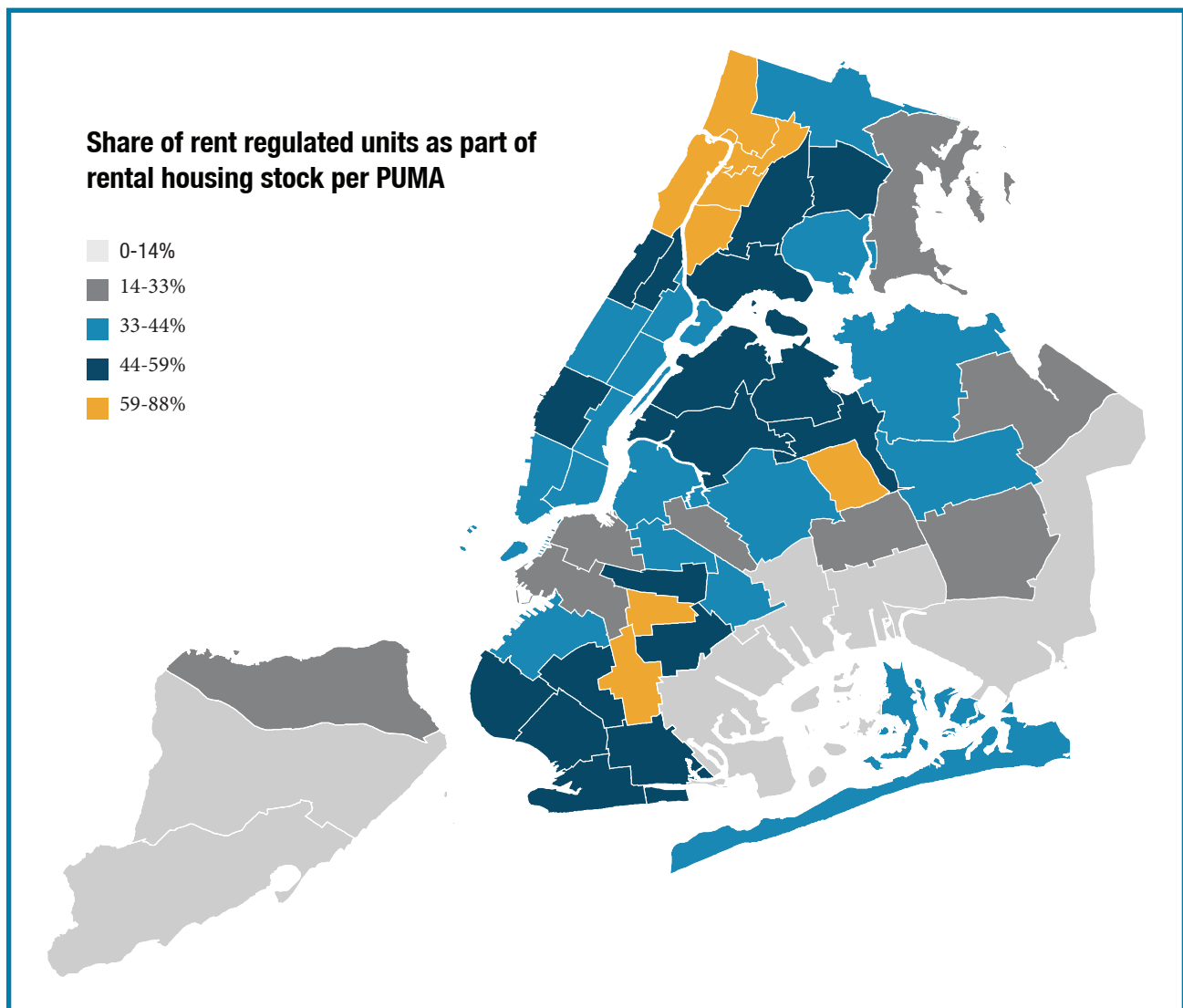
Data Source: NYC Rent Guidelines Board, Changes to the Rent Stabilized Housing Stock in New York City in 2017

SUBTRACTIONS	
Vacancy deregulation	155,664
Conversion to co-op/condo/commercial/business use	52,112
Tax-incentive expiration	41,341
Unit loss	26,017
Substantial rehab	9,478
Over-income deregulation	6,346
Total apartments	290,958

Lama units transition into rent stabilization, tenants in those units lose certain protections. Units temporarily regulated under some tax incentive programs, like 421a, enter the system at high rent levels and are unaffordable to many renters.

ETPA's age and size prescriptions limit rent regulation to neighborhoods with older multi-family buildings, including upper Manhattan, northwest Bronx, central Brooklyn, and northern Queens (see Figure 4).

FIGURE 4 What neighborhoods have the largest share of rent stabilized units?



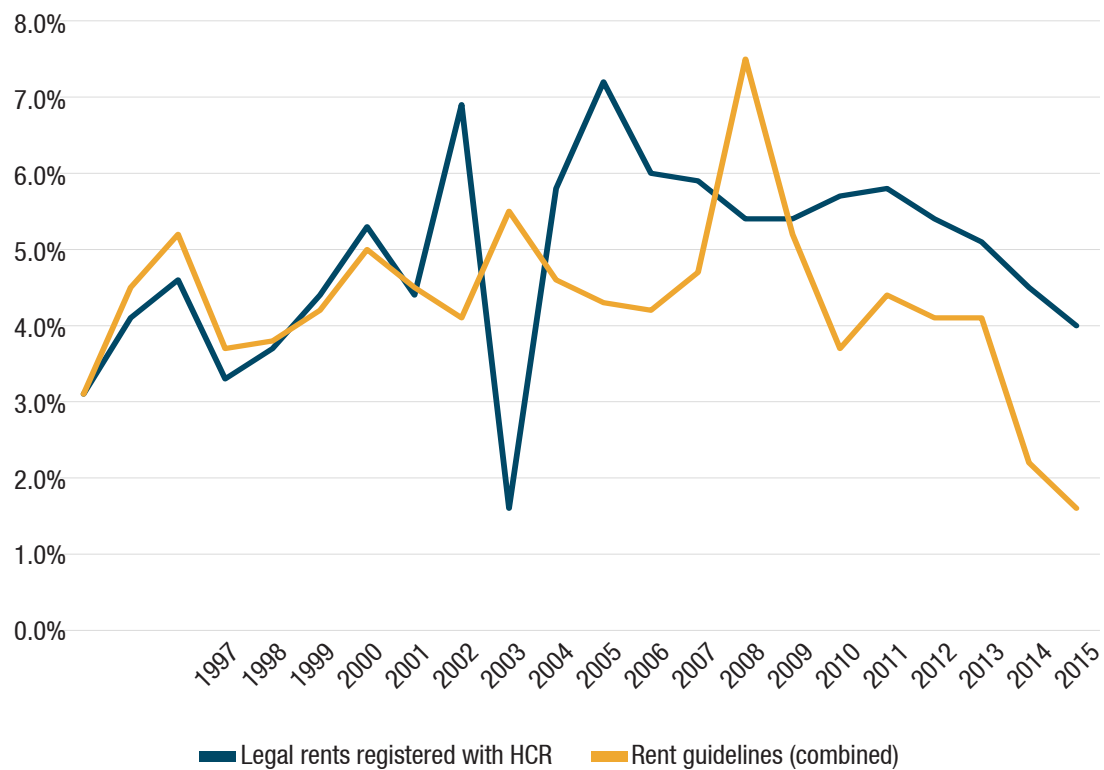
Source: 2017 HVS; US Census designated Public Use Microdata Areas (PUMAs)

The mechanics of a rent increase and the detrimental impact of rent law loopholes

The nine person Rent Guidelines Board (RGB) sets annual rent adjustments for all rent stabilized apartments in New York City, based on economic and housing indicators and advocacy efforts by landlords and tenants. RGB members include two landlord representatives, two tenant representatives, and five members representing the general public. In the past 25 years, the increases have varied from zero percent under a de Blasio-era RGB (first appointed in 2014) that takes tenant hardships into account, to 8 percent increases for two year leases under a Bloomberg-era RGB (2002-2013).

Figure 5 illustrates that annual RGB guidelines (gold line) and actual rent increases (blue line) tracked fairly closely in the 1990s, but began to diverge in the 2000s. Responding to the severity of the housing crisis in

FIGURE 5 Registered legal rent increases vs. adjusted rent guidelines, 1994-2015



Data source: NYC Rent Guidelines Board, 2018 Income and Expense Study. The legal rent guidelines are adjusted to calendar year and are calculated based on both one- and two-year leases.

New York City, the RGB has issued relatively low rent guidelines over the past few years. But actual regulated rents have increased at a higher rate.

In recent years, low RGB guidelines have not translated to reasonable rent increases for all rent stabilized tenants because loopholes within the rent laws allow landlords to raise rents well above the guidelines. These loopholes include:

- **Major Capital Improvements (MCI)** allow landlords to raise rents beyond allowable guidelines to incentivize and pay for building-wide improvements, like boiler or roof replacements. While landlords have to submit documentation of conducted work, invoice padding and other types of fraud are rampant due to weak HCR enforcement capacity.⁹
- **Individual Apartment Improvements (IAI)** allow landlords to increase rents in individual units to incentivize apartment renovations that go beyond regular maintenance. HCR approval is not required for IAIs, which introduces an easily exploitable opportunity for fraud.¹⁰
- **Preferential rents** allow landlords to register a rent with HCR that is higher than the actual rent paid. While seemingly beneficial to tenants, preferential rents are a Trojan horse. Because landlords can revoke a preferential rent when a lease comes up for renewal, tenants are no longer protected from sudden rent increases.¹¹ According to advocates, tenants often pay closer attention to the preferential rent they are paying compared to the legal rent registered with HCR. As a result, landlords are able to illegally inflate the registered rents. In 2017, 31 percent of all rent stabilized leases had preferential rents.¹²
- **Vacancy bonuses** allow landlords to increase rents by about 20 percent when a new tenant rents a stabilized apartment.¹³ In a previous report, CSS found that vacancy bonuses contributed to 48 percent of total rent increases in rent stabilized apartments between 2011 and 2014.¹⁴

Investors weaponized the rent law loopholes, developing sophisticated revenue generating strategies predicated on systematic rent increases above the annual rent guidelines.

When combined, these four loopholes go well beyond what is needed to incentivize the cost of maintaining a building, producing an exponential impact on rents. They make tenant turnover financially beneficial to landlords, creating an incentive for harassment and fraud.



On a broader scale, the rent law loopholes undermine neighborhood-level stability, especially in gentrifying areas. In neighborhoods with modest rents, stabilized legal rents often climb above market levels as a result of vacancy bonuses, IAs, or MCIs, all of which are susceptible to illegal overcharges because the onus for monitoring and enforcement falls on the tenant. Landlords offer tenants preferential rents, hedging on future spikes in the rental market. Tenants have a tight window—only four years—to challenge illegal overcharges, a difficult and time consuming process. If a sudden change, like a rezoning, heats up the local rental market, landlords can then revoke preferential rents at will. Regulated tenants with preferential rents do not have access to the security of tenure that is available to other regulated tenants. This problem did not exist before 2003, when preferential rents would last the duration of a tenancy.

Shortly after the city and state legislatures weakened the rent regulation framework in New York in the 1990s, modest multi-family buildings suddenly became attractive investment opportunities. Private equity firms turned rent regulated housing into a “new global asset class,” purchasing buildings from smaller landlords across the city.¹⁵ Investors weaponized the rent law loopholes, developing sophisticated revenue generating strategies predicated on systematic rent increases above the annual rent guidelines. For example, the sales brochure for Savoy Park, a large, rent stabilized complex in Harlem, describes a “proven value enhancement plan” for the property, which has “increased effective gross income at the Property by approximately 23.8% since acquisition” through strategic deployment of MCIs and IAs. While the Savoy Park brochure pointedly makes mention of value increases during “normal apartment turnover,” harassment-as-investment-strategy is well documented in rent regulated buildings.¹⁶

GLOSSARY

421-a, J-51, 421g, 421c, and Article 11: Tax incentive programs that temporarily regulate apartments, for the lifetime of the incentive. These units differ from the rest of the rent regulated housing stock, because they generally are both regulated and income-tested.

Emergency Tenant Protection Act (ETPA) of 1974: The New York State law that allows (but, does not require) New York City and local governments in Nassau, Westchester, and Rockland counties to enact rent stabilization (see Rent Stabilization) locally. Under ETPA, the parameters of how localities may regulate rents are outlined in the Rent Stabilization Code.

High rent vacancy deregulation: A provision implemented by the city in 1994 and the state in 1997 that permanently deregulates apartments when the rent reaches an annually adjusted threshold—currently set at \$2,733—upon tenant vacancy. Since 1994, at least 291,000 apartments have been permanently deregulated.

Individual Apartment Improvements (IAI): A provision within the rent laws that allows landlords to increase rents in individual units beyond allowable guidelines, to incentivize apartment renovations that go beyond regular maintenance. HCR approval is not required for IAIs and a clear cost schedule for qualifying improvements does not currently exist.

Legal rent: The rent in a stabilized apartment that is officially registered annually with the New York State Homes and Community Renewal (HCR). In practice, many stabilized rents go unregistered.

Major Capital Improvements (MCI): A provision within the rent laws that allows landlords to increase building-wide rents beyond allowable guidelines, to incentivize capital improvements, like boiler or roof replacements. HCR approval is required for MCIs but agency enforcement capacity is low and a clear cost schedule for repairs does not currently exist.

New York City Department of Housing Preservation & Development (HPD): NYC's housing agency, which does not have oversight over rent regulation, because it is enabled by the state. However, it does have regulatory control over apartments temporarily regulated under certain tax incentive programs (see 421-a, J-51, 421g, 421c, and Article 11).

New York State Homes and Community Renewal's (HCR) Office of Rent Administration: The office within the state's housing agency that provides oversight and enforcement for rent stabilized units statewide.

New York State Homes and Community Renewal's Tenant Protection Unit (TPU): The office within the state's housing agency that proactively enforces the rent laws, including auditing IAIs and re-registering delinquent rent stabilized units.

Preferential rent: The provision within the rent laws that allows landlords to register a rent with HCR that is higher than the actual rent paid. Landlords generally do this when no tenant would pay the highest allowable rent on a vacant apartment, when the market rent is actually lower than the maximum legal rent. In 2003, the laws changed to allow landlords to revoke a "preferential" rent when a lease comes up for renewal, thus nullifying the tenant protections that are central to rent regulation.

Rent control: In New York State, rent control is the older of the two systems of rent regulation, protecting 22,000 units in buildings built before 1947. Outside of New York State, rent control is often used as a broader term for various tenant protection laws.

Rent Guidelines Board: Under the ETPA (see Emergency Tenant Protection Act), New York City and local governments in Nassau, Westchester, and Rockland counties that choose to enact rent stabilization have to create locally-appointed Rent Guidelines Boards (RGB), which then set annual rent adjustments for rent stabilized apartments. The Boards issue rent guidelines based on economic and housing indicators and advocacy efforts by landlords and tenants.

Rent regulation: In New York State, rent regulation is the catch-all term for both rent control and rent stabilization.

Rent stabilization: The newer and larger of the two systems of rent regulation in New York State, which offers renters protections from sudden rent increases, provides the right to a lease renewal, outlines maintenance standards and limits on security deposits, and indirectly leads to more affordable rents for low-income tenants. It covers 966,000 apartments in New York City and 38,000 units in Nassau, Westchester, and Rockland counties.

Rent Stabilization Law of 1969: A moderate form of rent regulation introduced in New York City in 1969. The state ETPA (see Emergency Tenant Protection Act) amended and expanded the Rent Stabilization Law.

Urstadt Law of 1971: A New York State law, enacted in conjunction with other deregulatory measures in 1971, which barred New York City from adopting any rent regulations that are "more stringent or restrictive" than those put in place by the state. The law did not preclude the city government from weakening the rent laws, as it did with a vacancy decontrol measure in 1994 (see High rent vacancy deregulation).

Vacancy bonus: A provision implemented by the state in 1997 that allows landlords to increase rents by about 20 percent when a new tenant moves into a rent stabilized apartment.



WHY IS RENT REGULATION SO

New York City's rent regulation system is multi-layered. It has changed in response to federal housing policy, tenant mobilization, and real estate lobbying, sometimes resulting in contradictions and unintended consequences during implementation. The evolution of rent regulations in New York City and beyond is a political process, as illustrated by the historical overview below.

New York City passed the first rent regulations in the country in 1920, in response to a post-World War I housing shortage and successful organizing by tens of thousands of tenants. These laws, which lasted until 1929, defined the relationship between tenants and landlords, limited evictions, and established a court-based rent arbitration process.

In 1941, responding to the economic impact of World War II, President Roosevelt created the federal Office of Price Administration (OPA), which had broad powers over local markets and ushered in a brief era of strict local rent controls. After the war, the federal government devolved the responsibility over rent regulation to the states.¹⁷ While many states immediately phased out rent control laws, a coalition of tenant, consumer, and labor groups pressed New York State to continue controlling rents.¹⁸

By the late 1960s, the state government had implemented decontrol measures leading to the decline of rent regulation across the state. The impact was severe: vacancies dropped to 1.2 percent and median rents increased by 27 percent.¹⁹ The city responded with the Rent Stabilization Law of 1969, which was quickly undercut by a series of state laws in 1971 that limited municipal control over rent regulation and allowed landlords to deregulate units upon vacancy. The state's laws led to both increased landlord harassment and a spike in rents, as landlords tried to push out tenants to deregulate units. In response, New York's tenant advocacy network mobilized, and pushed for the passage of the Emergency Tenant Protection Act (ETPA) in 1974, which forms the basis for the current rent stabilization system.

COMPLICATED?

ETPA enabled municipalities in Westchester, Nassau, and Rockland counties to opt in to rent stabilization, if the local rental vacancy rate stayed under five percent. In New York City, ETPA essentially allowed the implementation of the 1969 Rent Stabilization law. It protected tenants' security of tenure and allowed for annual rent increases, overseen by the Rent Guidelines Board. Over time, the vast majority of formerly rent controlled units entered into rent stabilization, leaving just 22,000 units that are still covered by the old system today.

ETPA's passage was part of a wave of rent regulation laws adopted in about 180 to 200 localities around the country from 1972 to 1985, which tended to be more flexible than the first generation of rent control.²⁰ By the 1980s, as both the federal government and local legislatures took a conservative turn, a number of states embraced anti-regulatory measures on ideological grounds. In 1986, a coalition of Berkeley landlords unsuccessfully challenged the city's rent control law in the Supreme Court. National real estate groups lobbied the Reagan administration to cut off community development block grant (CDBG) funding to states without rent control bans. The National Tenant Union coordinated a campaign to defeat this proposal.²¹

The 1986 Supreme Court Berkeley rent control decision freed cities to pass rent regulation statutes without the necessity of state approval.²² However, it left space for statewide rent control bans, which would either preempt or nullify local laws. The American Legislative Exchange Council (ALEC)—

an “organization of state legislators dedicated to the principles of limited government, free markets and federalism”²³—created model state legislation entitled the Rent Control Preemption Act, which would prevent local governments “from enacting, maintaining or enforcing an ordinance that would have the effect of controlling the amount of rent charged for leasing private residential or commercial property.”²⁴ Over time, 35 states passed rent control preemption laws, often using ALEC's model.²⁵ These laws have an impact beyond rent control, limiting other types of housing policies. For example, in Tennessee, inclusionary zoning was ruled to be illegal, because of the state's Rent Control Preemption Act.

By the late 1960s, the state government had implemented decontrol measures leading to the decline of rent regulation across the state. The impact was severe: vacancies dropped to 1.2 percent and median rents increased by 27 percent.

Just as the ETPA was part of a broader wave of progressive urban policy in the 1970s, anti-regulatory rhetoric created momentum for a 1990s rollback of rent control laws in traditionally progressive states. In 1994, Massachusetts held a statewide referendum on rent control. Residents of the two cities in the state that had rent control—Boston and Brookline—voted to keep it legal,

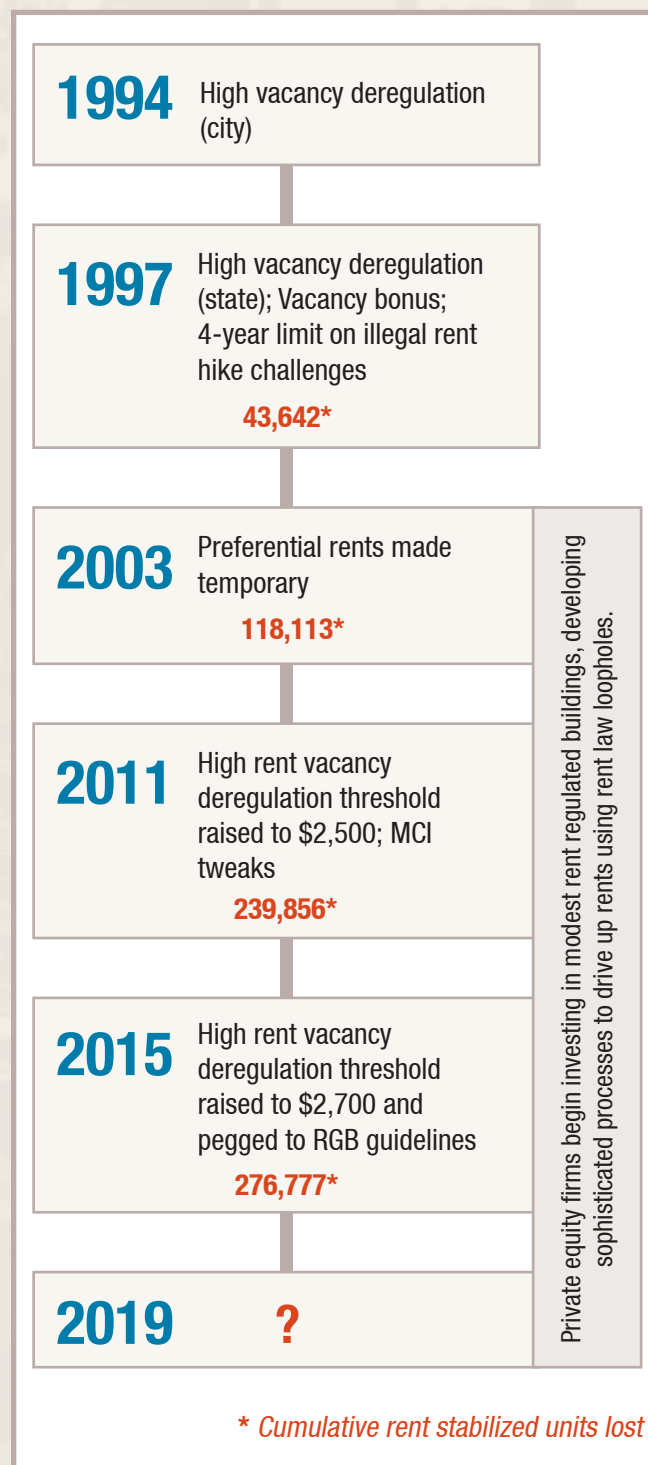
WHY IS RENT REGULATION SO COMPLICATED?

while a slight majority in the rest of the state voted to abolish it.²⁶ In 1995, California passed Costa-Hawkins Rental Housing Act, which severely limited local rent control ordinances and introduced vacancy decontrol.

In 1994, the New York City Council approved a bill that let landlords deregulate apartments that reached \$2,000 in monthly rent upon vacancy. Three years later, New York State adopted the city's policy, further weakened the framework by introducing the vacancy bonus, and narrowed the window of time a tenant has to challenge an illegal rent increase. In 2003, the state legislature made preferential rents temporary and revocable during a resident's tenancy, thus allowing landlords to bypass annual rent guidelines.

These changes have had a profound impact on the rent regulated housing stock in New York State. The number of apartments with preferential rents increased from 62 in 2000 to 266,279 in 2015.²⁷ As illustrated in Figure 6, the city has lost 291,000 registered rent stabilized units since 1994, not accounting for the quiet loss of rent regulated units that landlords simply fail to register with HCR. High-rent vacancy deregulation is the leading cause of loss of rent stabilized units, with vacancy bonuses, MCIs, and IAs providing a quick path to deregulation for a motivated landlord.

FIGURE 6 Timeline of major changes to the rent laws and cumulative stabilized units lost





RENT CONTROL TYPES

Rent control is a broad legal category that encompasses everything from strict rent caps to mild eviction protections, with most policies in the United States falling somewhere in the middle. Underpinning this continuum is the understanding that tenants are unable to negotiate with landlords on an equal footing, in the same way that a patient or student does not hold equal power to an insurance company or a student loan provider. Rent regulation (or, alternatively, rent control) laws correct this power imbalance. They include:

Hard rent controls, which establish a rent ceiling. Some municipalities, including New York City, enacted strict rent control statutes in the 1940s in response to war-related economic upheaval. Today, there are no municipalities in the United States that have hard rent controls, also known as first generation rent controls.

Moderate rent controls, which define a process for modest annual rent increases. They are often pegged to an economic measure like the Consumer Price Index or set by an arbitration body. Moderate rent controls also provide guidance on “conversions, maintenance, and the relationship between landlord and tenant.”²⁸ Most moderate rent control systems, including New York State’s, date back to the 1970s. This second generation of rent controls included between 180 and 200 municipalities during its peak.²⁹

Weak/limited rent controls limit their rent controls statutes to a specific housing type, like mobile homes, or a specific population, like seniors or low-income people. These types of systems largely exist in states that have lost stronger forms of rent

regulations over time. For example, Massachusetts passed a rent control preemption statute in 1994, abolishing Boston’s and Cambridge’s rent control laws. However, mobile homes were exempted from the preemption law. These systems have a very limited impact, and, when defined by a population type, may incentivize discrimination.³⁰

Today, local rent control ordinances exist in New York, New Jersey, California, Maryland and Washington, D.C.; none are state-wide. Under the ETPA, only municipalities in Nassau, Westchester and Rockland counties, in addition to New York City, can opt in to rent stabilization. In New Jersey, roughly 100 municipalities have rent control laws, ranging from moderate to weak. In California, 15 cities have rent control, including weak controls in Oakland and moderate controls San Francisco.³¹ In Maryland, four municipalities have rent stabilization. Like New York’s rent regulation framework, these local systems are complex, with a range of exemptions by housing size and year of construction, landlord hardship rules, and vacancy deregulation loopholes.

Just cause protection laws give tenants the right to continue living in their apartment unless there is a good cause to terminate their tenancy. Just cause is generally outlined in the law, and may include: non-payment of rent; breach of lease; creation of a nuisance; use of unit for illegal activity; a plan for immediate owner-occupancy; demolition plans by landlord.

Cities that have rent regulations often also have just cause laws. New Jersey has a state-wide just cause eviction statute. Washington D.C. and

California cities like Los Angeles and Oakland have both rent controls and just cause statutes. New York City’s rent stabilized tenants have just cause protection, however unregulated tenants and most renters in New York State do not.

Maximally effective just cause eviction statutes cover a broad range of units and include a provision about unconscionable rent increases. Without such a provision, the statute leaves an opening for landlords to dramatically increase the rent at the end of a lease term, a de facto termination of tenancy.

Limited just cause: Places with rent control preemption laws—like New Hampshire, Portland, and Seattle—sometimes also have just cause eviction protection statutes. However, they are often more limited in scope, because unconscionable rent increase clauses are challengeable under the preemption statutes. Some rely on tenant relocation fees as the mechanism for discouraging landlords from denying tenants leases. Chicago and Boston extend just cause eviction protections only to renters in properties that go through foreclosure. Municipalities in Connecticut have just cause eviction for seniors and disabled people, as well as mobile home renters.

Figure 7 Renter protection statutes in the United States

Statute type	State/Municipality example
Hard rent control	Federally mandated during WWII across the country, including all major cities in New York State
Moderate rent control	New York City; Westchester, Nassau, and Rockland counties, NY; Berkeley, CA; East Palo Alto, CA; Washington D.C.; Takoma Park, MD; Jersey City, NJ; Linden, NJ; Lakewood, NJ
Limited rent control	Oakland, CA; San Jose, CA; Los Gatos, CA; Los Angeles, CA; Hoboken, NJ; Orange, NJ; Elizabeth NJ; East Brunswick, NJ
Just cause eviction protection	State of New Jersey; Oakland, CA; Los Angeles, CA; Washington D.C.
Limited just cause eviction protection	State of New Hampshire, Portland, OR; Seattle, OR; Chicago, IL; Boston, MA



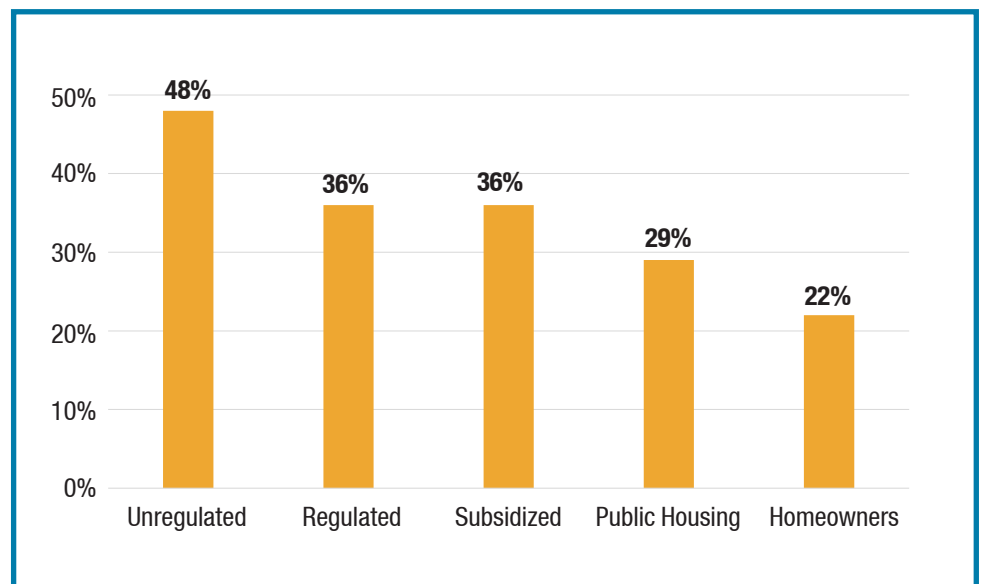
What protections does rent regulation offer to tenants?

Even in its weakened state, New York’s rent regulation framework continues to offer multiple protections to tenants including:

Protections from sudden rent increases, which are a core element of rent regulation. While sudden rent increases can be difficult to absorb for tenants across income levels, they are most likely to be catastrophic for low-income tenants. Half of low-income tenants in New York City already pay more than half of their income toward rent, a top predictor for eviction and homelessness.³² A sudden large rent increase can push a low-income household over the edge.

Security of tenure (right to a lease renewal). Rent regulation provides tenants with the right to a lease renewal if the tenant is paying rent and is not in violation of their lease. This facet of the rent laws provides renters with the stability to plan for the near-future. As illustrated in our latest Unheard Third survey findings, regulated renters are more likely to feel that they will be able to afford to stay in their neighborhood long term, as compared to unregulated renters. Regulated renters feel as stable as households living in subsidized housing, but not as stable as public housing residents or homeowners (see Figure 8 below).

FIGURE 8 Share of households who don’t think they will be able to afford to stay in their neighborhood long term (2018)

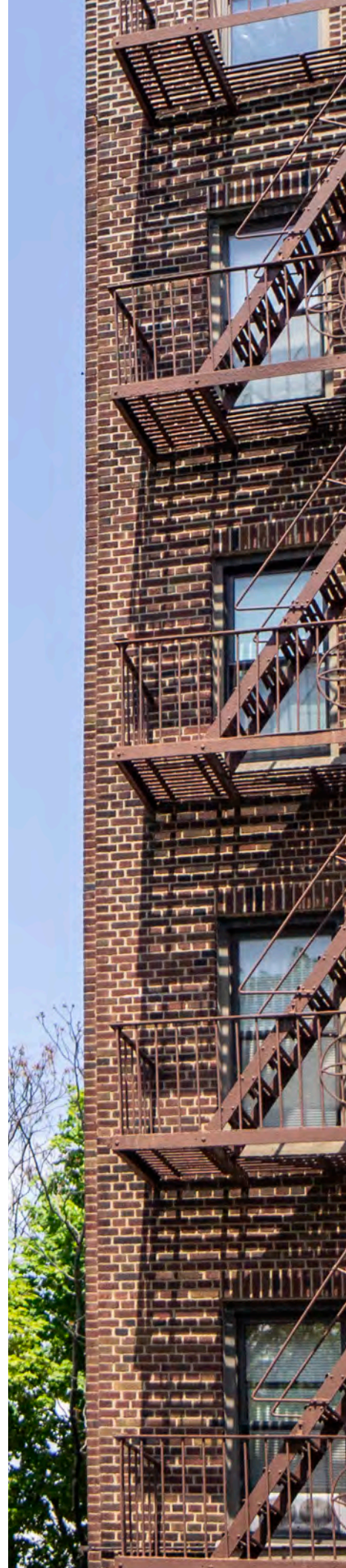


See Appendix II for more information about CSS’s annual Unheard Third survey.

Enforceable maintenance standards: The rent laws outline the basic services and living conditions that should be maintained by the landlord and a process for challenging poor living conditions. While this has not stopped many landlords from using withdrawal of services as a harassment tool, the city legislature has passed several anti-harassment laws to strengthen this aspect of the rent regulation system.

Limits on security deposits and other fees: A 2018 report by New York City Comptroller Scott Stringer found that the cost of entry into the housing market is a growing problem, especially for low-income tenants.³³ Rent regulation caps security deposits to one month's rent and defines the procedure for setting other types of fees, including those associated with air conditioners, washing machines, window guards, etc.

Framework for organizing and litigation: Rent hikes and lease termination are both potential tools landlords can use against tenants who organize a tenants association or ask for repairs. By regulating rents and providing tenants with a right to a lease renewal, the rent laws create a platform for individual or collective action by tenants.





What protections does rent regulation offer to neighborhoods?

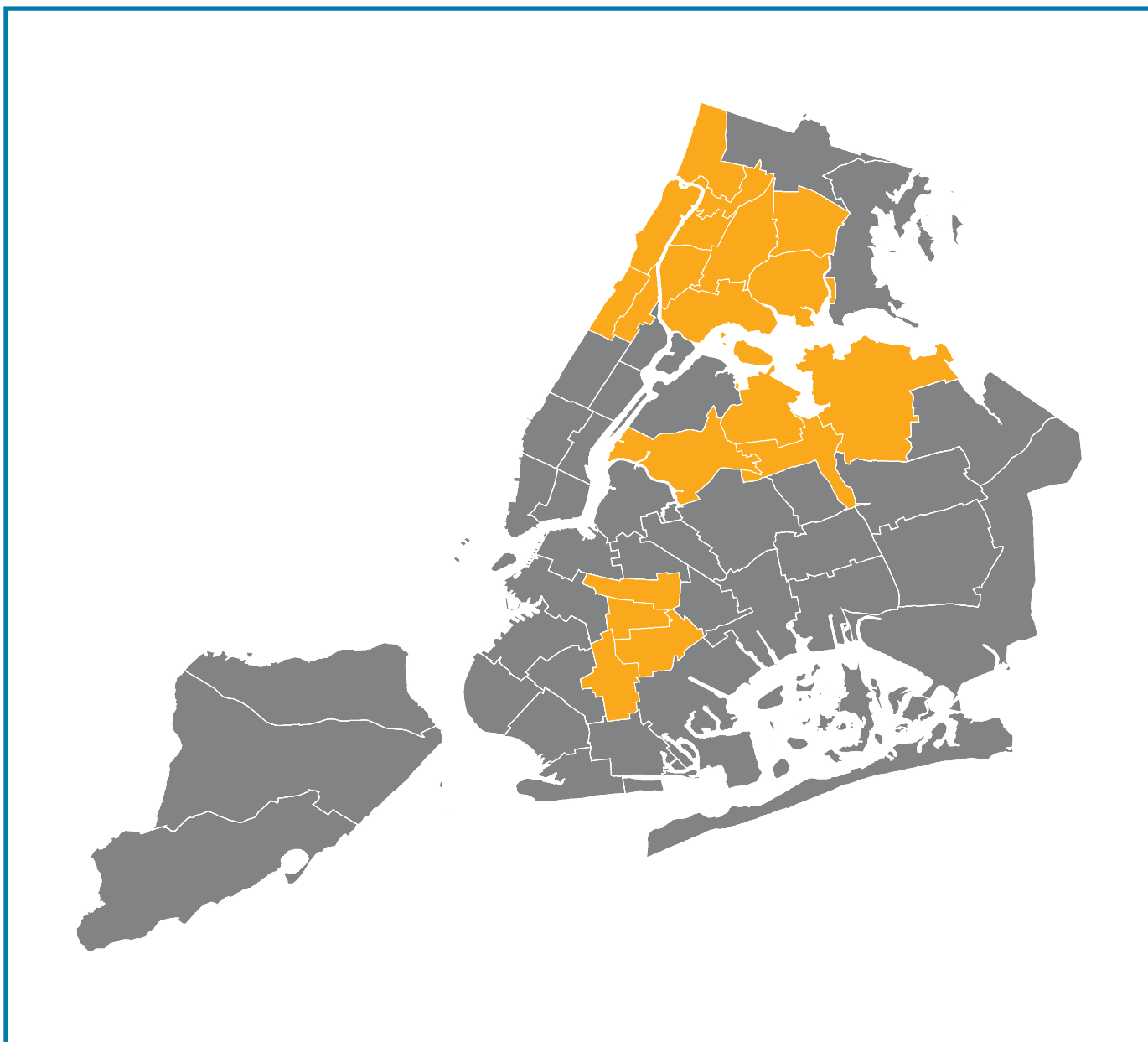
The benefits of rent regulation extend beyond individual tenants to the neighborhood.

Anti-homelessness strategy: Homelessness advocacy groups, including Voices of Community Activists & Leaders (VOCAL), New Destiny Housing, and Citizens' Committee for Children have increasingly pointed to rent regulation as a tool for preventing homelessness. In a tight housing market, where the vacancy rate for apartments under \$1,000 is just 2 percent, the right to a lease renewal becomes incredibly important to low-income tenants. While rent regulation is not set up to address all factors that drive homelessness, like stagnating wages among low-income earners, it helps tenants stay in their homes, especially in gentrifying neighborhoods with rapidly rising unregulated rents.

Integration without displacement: Resident stability is associated with strong and healthy neighborhoods. As noted in a report by Council Member Brad Lander's office that outlined twelve steps toward the desegregation of New York City, stronger rent laws are a critical tool for integration without displacement.³⁴ Thirty-six percent of low-income black households live in rent regulated apartments, compared to 19 percent in unregulated units; and 46 percent of Latinx low-income households live in regulated apartments, compared to 23 percent in unregulated apartments. Low-income renter households of color become more vulnerable to displacement as real estate prices continue to rise in neighborhoods outside of the city's high-cost core. These include northern Manhattan, northern Queens, central Brooklyn, as well as south and northwest Bronx (see Figure 9).

FIGURE 9

Neighborhoods that have a higher than average share of rent regulated units and are majority Asian, Black, and Latinx.



Source: CSS analysis of 2017 HVS; US Census designated Public Use Microdata Areas (PUMAs)
Note: The median and average rent regulation rate per PUMA is .44.



What is the impact of rent regulation citywide?

As a housing policy that directly impacts the largest number of units citywide, rent regulation has a broad impact on the city's rental housing stock.

Groundwork for other laws and programs: While not a subsidy program, rent regulation supports housing affordability initiatives. For example, on its own, rent regulation does not necessarily prevent high rent burdens. However, by mediating rent levels, it increases the effectiveness of tenant-based voucher programs. As stated by sociologist Matthew Desmond, who advocates for a universal voucher program, “expanding housing vouchers without stabilizing rent would be asking taxpayers to subsidize landlords’ profits.”³⁵ In New York City today, 61 percent of vouchers (covering 88,900 units) are used by regulated renters compared to 19 percent (28,000) by unregulated renters, likely because the higher-priced unregulated units are not accessible to voucher holders.

Rent regulation also allows for other types of tenant protection programs. For example, New York City's new Right to Counsel Law provides low-income tenants facing an eviction with access to a lawyer in housing court. Right to Counsel works because attorneys representing low-income tenants use the laws enshrined in the Emergency Tenant Protection Act and Rent Stabilization Law to keep renters facing unjust evictions in their homes. It is much more difficult to protect unregulated tenants.

Lower rents, indirectly: Rent regulation is not a housing subsidy program, and is not designed to meet all affordability challenges. However, it does keep citywide rents lower overall. The median rent for rent stabilized apartments rose from \$1,237 in 2014 (April 2017 dollars) to \$1,269 in 2017, an increase in 2.6 percent above inflation. Median rents in unregulated apartments rose from \$1,546 to \$1,700, or 10 percent above inflation (See Rent Regulation Myth section for a discussion about the relationship between regulated and unregulated rents).

More opportunities for non-profit developers and community land trusts. By controlling the market, rent regulation reduces real estate speculation. This creates more opportunity for non-profit and community developers to compete and makes models like community land trusts much more viable.





RENT REGULATION

Debates about rent regulation are highly politicized. Implementation complexity and the presence of mediating variables in real world housing markets make it difficult to isolate its impact. As a result, policy decisions are vulnerable to ideological rhetoric masked as fact, spurious correlations, and false equivalencies. Below, we outline five main examples of rent regulation myths and their impact on housing policy.

1. Rent regulation is a handout for the rich.

In the early 1990s, when the City Council passed a bill that introduced vacancy deregulation, “the landlord lobby was very effective at framing the issue as about rich people living in rent-stabilized apartments,” according to Jenny Laurie, who was the executive director of The Metropolitan Council on Housing at the time.³⁷ Lifestyle articles about celebrities and royalty living in rent regulated apartments in Manhattan helped create a false narrative about who the typical rent regulated tenant was.

In reality, there are more low-income households in rent regulated apartments than in NYCHA and subsidized housing combined (365,000 as compared to 182,000 in 2017). They make up 38 percent of total rent regulated households. Among low-income renters, both black and Latinx tenants are twice as likely to live in rent regulated housing as compared to unregulated housing.³⁸ Higher-income people do live in rent regulated apartments. About 13 percent earn more than 800 percent of the federal poverty line, or \$158,000 for a family of three, in part because subsidy programs like 421a temporarily regulate high-rent units.

As with all consumer protection programs, rent regulation is open to everyone, but benefits low-income people the most. Wealthier people have more choice within the rental market and the means to access expertise necessary to effectively navigate the landlord/tenant relationship (for example legal and financial services).

MYTHS

2. “It will be like the 1970s”: Rent regulation and abandonment.

In 1971, Charles Urstadt, housing commissioner under Governor Rockefeller and namesake of the Urstadt Law, told the New York Times: “... it is estimated that up to 50,000 housing units are abandoned each year in New York City. A program, therefore, should be established providing for vacancy decontrols in all municipalities and in all classes of accommodations.”³⁹

Policymakers like Urstadt blamed rent regulation for property decline and abandonment, arguing that landlords did not have the incentive to maintain their portfolios because regulation limited their income. The actual causes for the nationwide decline of cities in the 1970s were much more complex. Over the course of the twentieth century, lending institutions and government policy steered investment into racially-exclusive suburban housing development, while redlining urban neighborhoods across the U.S. This devastated and devalued black and Latinx neighborhoods across the country, both in cities that had rent regulation like New York and Oakland, and those that did not, like St. Louis and Chicago. In the 1970s and 1980s, global economic restructuring and federal austerity intensified urban decline, further lowering property values. As early as 1982, empirically-informed evidence emerged debunking the dubious causal relationship between abandonment and rent regulation. Peter Marcuse illustrated that “abandonment takes place, and as severely, in cities without rent control as in cities with it.”⁴⁰

This myth continues to inform arguments against strengthening rent regulation in New York City today, morphing into a warning about the recent past from an unnamed “real estate insider” in a 2018 New York Post piece: “these young people don’t remember what the Bronx looked like in the 1960s and 1970s, when there was disinvestment and boarded-up and vacant buildings.”⁴¹

As early as 1982, empirically-informed evidence emerged debunking the dubious causal relationship between abandonment and rent regulation.

In the contemporary housing market, New Jersey is the best place to examine the impacts of moderate rent control policies, because the state has a range of municipalities with and without rent control. Using a sample of 161 communities in New Jersey, a 2015 study tested the impact of rent control (both its presence and its relative strictness) on housing quality and foreclosure rates (as a proxy for abandonment). It did not find significant impact on the two variables when controlling for apartment size, income, race, and median rents.⁴²

RENT REGULATION MYTHS

3. Rent regulation causes rent increases by constricting supply.

A dominant argument against rent regulation is that it introduces restrictions to the supply side of the rental market, lowering vacancy rates and driving up rents. Critics have argued that builders are discouraged from creating new housing under rent regulation. However, moderate rent controls generally only cover units in existence at the time of the law's adoption, thus addressing the potential problem of regulatory barriers discouraging new rental housing development.

Critics also argue that landlords under pressure from rent regulation remove units from the rental stock, reducing the overall supply of housing, thus driving up rents. A 2018 study of the San Francisco rental market found that landlords exploited loopholes to remove units from rent control by demolishing them or converting them to condos, causing an overall decline in the number of rental units in the city.⁴³ This study has been used extensively in the political arena as an argument against stronger rent control measures in California.

The finding that landlords will exploit rent control loopholes to generate a profit in a gentrifying real estate market is undoubtedly true. However, the source of the problem that reduces the supply of the rental housing stock are the loopholes, rather than rent control. In San Francisco, groups like Tenants Together are campaigning to close the loophole that allows landlords to evict tenants and remove units from the rental housing stock.⁴⁴

Real estate markets are notoriously difficult to collapse into a model.⁴⁵ The market is distorted by tax incentives; national and international capital flows into local real estate; information is tightly controlled by brokers and other gatekeepers; racist practices continue to limit access to people of color; and, individual housing choices are complex. However, if we accept the argument that regulation restricts supply thus causing rents to rise, then we can assume that the removal of rent regulation would cause rental prices to stabilize or even decrease.

The myth of the apartment “hoarding” regulated renter is a **moralistic judgment** about how much space renters should take up **that goes against empirical evidence.**

When Massachusetts outlawed rent control in 1994, the removal of rent regulation did not stabilize the rental markets in Boston and Cambridge. Instead, rents rose quickly in both formerly regulated and never regulated units. The overall rise in property values also encouraged condo conversions, restricting the supply of rental units. A study of the rental housing market in Cambridge showed that the removal of rent control resulted in a \$1.8 billion increase in property values between 1994 and 2004, with never regulated properties accounting for more than half of the increased value.⁴⁶ Since the value of a rental building is measured by its rent rolls, this increase was a result of higher rents. In Cambridge, inflation-adjusted advertised rents for a two-bedroom apartment went up from \$1,163 in 1996 to \$1,700 in 2003. In neighboring Boston rents went up from \$882 in 1995 to \$1,600 in 2003.⁴⁷

In New York City, the passage of the 1969 Rent Stabilization Law was partially motivated by the dramatic rise in rents that followed the gradual loosening of rent control in the 1950s and 1960s. Rather than encouraging a balance within the rental market, the rental vacancy rate plummeted and rents skyrocketed (*see Why is rent regulation so complicated? A short history of its evolution in New York*).

4. Rent regulation causes a misallocation of space by tenants.

Critics argue that rent regulation encourages renters to “hoard” apartments,⁴⁸ which could mean occupying an apartment that is too large for their household size or staying in an apartment for a too lengthy period of time. This constricts the overall supply of available units, causing rents to rise. In the popular media, this argument is couched in a winner and loser dichotomy, with a few “undeserving” tenants hoarding rent stabilized apartments and many “deserving” tenants suffering the consequences of higher rents elsewhere.



RENT REGULATION MYTHS

Recent data tells a different story. In New York City, regulated renters were more likely to live in crowded conditions. Thirteen percent of rent stabilized units were classified as crowded and 6 percent were classified as severely crowded in 2017. Among unregulated apartments, 11 percent were crowded and 4 percent were severely crowded.⁴⁹

Further, owner-occupied housing tends to have fewer occupants per room than either regulated or unregulated housing. Land use laws and homeowner subsidy programs like the mortgage interest deduction encourage the development and consumption of larger owner-occupied properties. The myth of the apartment “hoarding” regulated renter is a moralistic judgment about how much space renters should take up that goes against empirical evidence.

Rent regulation does encourage and provide a financial benefit to renters who stay put. In New York City, the vacancy bonus and other loopholes drive up rents whenever a regulated tenant moves out. In 2017, the average move-in year for rent regulated tenants was 2009. It was 2013 for unregulated tenants.⁵⁰ Overall rents are lower for regulated tenants than for unregulated tenants (*see What is the impact of rent regulation citywide?*). The indirect longevity bonus is not limited to regulated renters. Long-term unregulated renters, on average, also pay less than newer unregulated renters. Unlike regulated tenants, unregulated tenants do not have a right to a lease renewal.

The right to stay is a central tenet of progressive housing policy, and has many documented benefits for both individuals and communities. However, many people stay in their apartments because mobility is difficult or impossible. In high-cost cities like New York and San Francisco, the costs associated with moving in general and entering into the homeownership market in particular⁵¹ are a dominant reason why tenants with greater means stay in rent regulated apartments. At the same time, low-income tenants are locked out of the rental market all together.

Eliminating rent regulation could only affect the balance of supply and demand and lead to lower rents if existing tenants are displaced. Without a clear vision about where existing regulated low-income tenants would end up, arguing that they should be displaced to create space for theoretical new tenants is both unrealistic and cruel.

5. Rent regulation hurts small landlords.

Organizations that advocate against rent regulation often hold up small, neighborhood landlords as victims of a fundamentally unfair regulatory system. Moderate rent control frameworks, including New York City's, offer ample hardship provisions and room for profit. According to the Rent Guidelines Board (RGB), from 2015 to 2016, the net operating income for all rent stabilized housing grew by 4.4 percent. This was the 12th consecutive increase in the net operating income.⁵² While data about net operating income differences by portfolio size is not available, RGB's research shows consistent growth regardless of building size or borough.

Trade groups representing affordable housing landlords, including the Association for Neighborhood & Housing Development (ANHD) and New York State Association for Affordable Housing (NYSAAFH) have come out in support of stronger rent laws in 2019. While ANHD and NYSAAFH represent a wide range of landlords with both small and large portfolios, neighborhood-based developers of affordable housing generally operate under the tightest budgets and face the greatest regulatory constraints.

Eliminating rent regulation could only affect the balance of supply and demand and lead to lower rents if existing tenants are displaced.

Rent stabilized buildings are increasingly likely to be owned by large landlords or, increasingly, financial investors, rather than small mom and pop landlords. This shift began in the mid-2000s, when private equity firms purchased 100,000 units (about 10 percent) of the city's rent stabilized housing stock.⁵³ The transformation of the "typical rent regulated landlord" continues today, with investors continuing to buy up rent stabilized properties and employing sophisticated strategies to systematically exploit rent law loopholes to drive up rents.

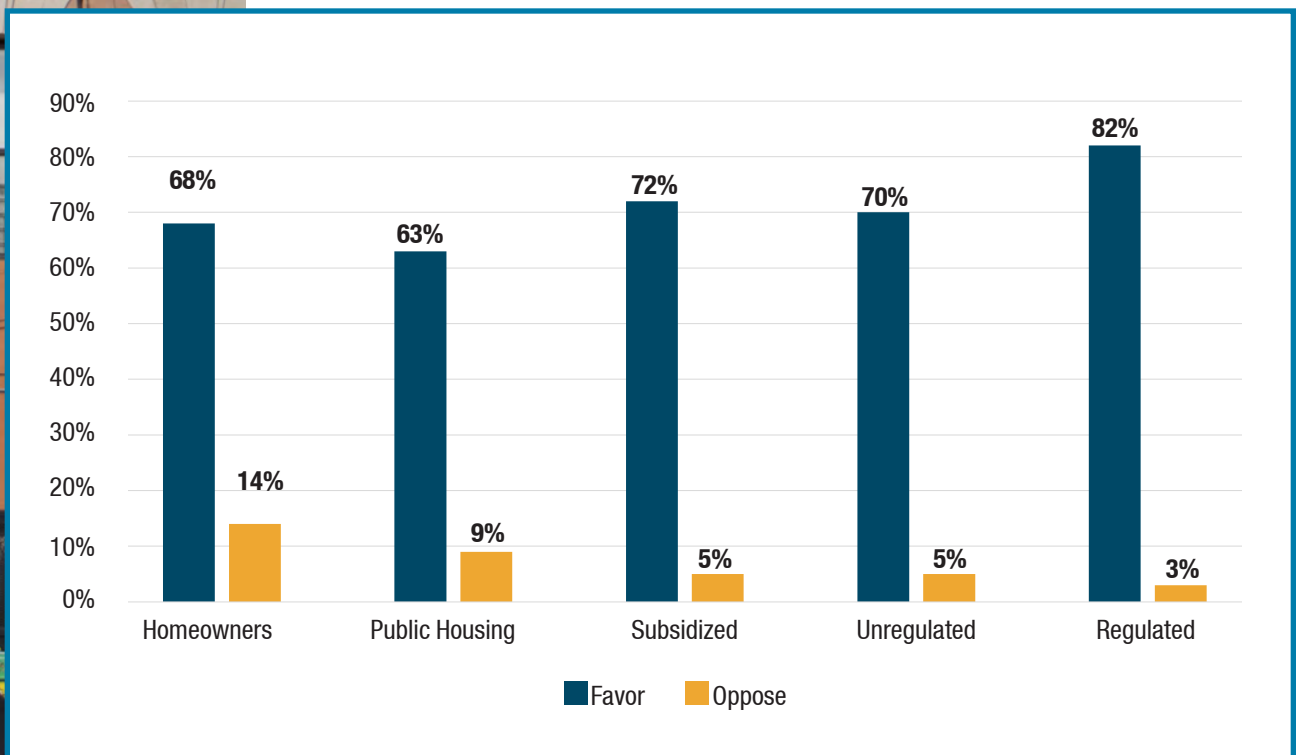


What's new in 2019?

Rent regulation has helped balance the relationship between tenants and landlords in various municipalities across the country for almost 100 years. It has evolved and remains flexible enough to respond to local market conditions. Historically, resistance to rent regulation—in New York and other states—has often been based in anti-regulatory ideology rather than empirical evidence of negative impacts.

In New York State, 2019 presents an opportunity to undo a 25-year legacy of anti-tenant provisions that undermine rent regulation. There is progressive momentum statewide, as demonstrated by both the success of candidates running on pro-tenant platforms and support for stronger rent laws by the editorial boards of major newspapers. New Yorkers, including those who live in rent regulated units and those who do not, overwhelmingly support stronger rent laws, as illustrated in Figure 10.

FIGURE 10 Do you favor or oppose stronger rent laws to keep more apartments rent-stabilized, or are you not sure?



Source: 2018 Unheard Third survey

2019 Policy Recommendations

Rent regulation loopholes work in tandem to undermine tenants' rights. For maximum impact, the New York State legislature should address them as a group, including:

- Repeal vacancy decontrol to stop the rapid loss of rent stabilized units.
- Make preferential rents last for the duration of the tenancy, to extend the protections of rent stabilization—predictable rent adjustments and security of tenure—that are currently denied to the 266,000 renter households who have preferential leases.
- Repeal the vacancy bonus, and reform Major Capital Improvement (MCI) and Individual Apartment Increases (IAI) processes, which drive up regulated rents above the annual rent guidelines, are highly susceptible to fraud, and, when combined with preferential rents and vacancy decontrol, encourage harassment and displacement.

In addition, for the first time in decades, the state legislature has a chance to expand the rent regulation framework to a broader constituency. The state legislature should:

- Remove geographic restrictions in the Emergency Tenant Protection Act (ETPA), which covers New York City, Nassau, Westchester, and Rockland counties, largely as a result of political negotiations in the mid-1970s. With growing rents in cities and suburbs across the state, all municipalities should have the choice of opting into rent regulation.
- Pass a statewide just cause law to extend security of tenure to unregulated and month-to-month tenants in New York City and across the state. To be maximally effective, the statute should have an enforceable unconscionable rent increase cause.



Appendix I - Municipalities in Nassau, Rockland and Westchester that have opted-in to the ETPA

Nassau County	<i>Cities of</i>	Glen Cove, Long Beach
	<i>Town of</i>	North Hempstead
	<i>Villages of</i>	Cedarhurst, Floral Park, Flower Hill, Freeport, Great Neck, Great Neck Plaza, Hempstead, Lynbrook, Mineola, North Hempstead-town (unincorporated), Rockville Centre, Russell Gardens, Thomaston, Baxter Estates
Rockland County	<i>Town of</i>	Haverstraw
	<i>Village of</i>	Spring Valley
Westchester County	<i>Cities of</i>	Mount Vernon, New Rochelle, Rye, White Plains, Yonkers
	<i>Towns of</i>	East Chester, Greenburgh, Harrison, Mamaroneck
	<i>Villages of</i>	Croton-Harmon, Dobbs Ferry, Hastings-on-Hudson, Irvington, Larchmont, Mamaroneck, Mt. Kisco, Ossining, Pleasantville, Port Chester, Sleepy Hollow, Tarrytown

Source: DHCR, October 2018

Appendix II - 2018 Unheard Third Survey Methodology

The Community Service Society designed this survey in collaboration with Lake Research Partners, who administered the survey by phone using professional interviewers. The survey was conducted from July 11 to August 13, 2018.

The survey reached a total of **1,775 New York City residents**, age 18 or older, divided into two samples:

- 1,138 low-income residents (up to 200% of federal poverty standards, or FPL) comprise the first sample:
 - * 578 poor respondents, from households earning at or below 100% FPL
 - * 560 near-poor respondents, from households earning 101% - 200% FPL
- 637 moderate- and higher-income residents (above 200% FPL) comprise the second sample:
 - * 437 moderate-income respondents, from households earning 201% - 400% FPL
 - * 200 higher-income respondents, from households earning above 400% FPL

This year's survey also included an oversample of **954 cell phone interviews** among adult residents up to 400% FPL and an oversample of 100 retail workers who only heard questions C1-7, 28-56, 59-60, and 72-103.

Telephone numbers for the low-income sample were drawn using random digit dial (RDD) among exchanges in census tracts with an average annual income of no more than \$40,840. Telephone numbers for the higher income sample were drawn using RDD in exchanges in the remaining census tracts. The data were weighted slightly by income level, gender, region, age, party identification, education, immigrant status, and race in order to ensure that it accurately reflects the demographic configuration of these populations. Interviews were conducted in English, Spanish, and Chinese.

In interpreting survey results, all sample surveys are subject to possible sampling error; that is, the results of a survey may differ from those which would be obtained if the entire population were interviewed. The size of the sampling error depends on both the total number of respondents in the survey and the percentage distribution of responses to a particular question. The margin of error for the low-income component is 2.9 percentage points. The margin of error for the higher income component is 3.9 percentage points.

Endnotes

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2. As of 2015, the high rent vacancy decontrol threshold is adjusted each year using the one-year rent guideline from RGB.
3. Thomas J. Waters and Victor Bach, *Making the Rent: Tenant Conditions in New York City's Changing Neighborhoods*, Community Service Society, 2016; Thomas J. Waters and Victor Bach, *Destabilized Rents: The Impact of Vacancy Decontrol on Low-Income Communities*, Community Service Society, 2009.
4. The federal poverty threshold, updated by the Census Bureau each year, is used to quantify poverty in America. CSS defines "low-income" as individuals and families whose earnings are at 200% of the federal poverty level (FPL), or \$38,636 for a family of three.
5. The State legislature sets a new sunset date for the ETPA when it is renewed (over the past few renewal cycles, it was renewed for four years). New York City's rent control and rent stabilization laws are renewed every three years.
6. The city has additional control over newer units added to rent stabilization, like those regulated with 421a.
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