

**TESTIMONY OF NEW YORK CITY PUBLIC ADVOCATE LETITIA JAMES BEFORE
THE NEW YORK CITY RENT GUIDELINES BOARD**

**JUNE 18, 2015
BROOKLYN BOROUGH HALL – BROOKLYN, NY**

Thank you to the New York City Rent Guidelines Board (RGB) and Chair Rachel Godsil for the opportunity to testify on the proposed rent increases for apartments that remain subject to the New York City Rent Stabilization Law. This week has created unnecessary hardships for the more than 2 million rent regulated tenants in our city. When the clock struck midnight on Monday, Albany failed millions of New Yorkers who rely on rent regulations to stay in their homes. Since Monday, my office has been providing assistance via a new hotline to any rent regulated tenant in need.

The RGB remains one of the few mechanisms that the Mayor still has to preserve affordable housing in our city. Rent regulated apartments are the largest source of affordable housing for New Yorkers. Increases in stabilized rents impact these tenants directly as well as affect the affordability of all New Yorkers' rents.

We all know that the New York City housing market remains tight and extremely competitive. RGB's 2015 Housing Supply Report determined the citywide rental vacancy rate to be 3.45 percent. Given that such a declaration hinges on the statutory recognition that a vacancy rate of less than 5 percent creates abnormal market conditions, this means New York City is in a housing emergency.

Last year I advocated for a rent freeze; however, the RGB voted for increases of 1 percent for one-year leases and 2.75 percent for leases of two years. Another year of passing additional financial burdens onto tenants who are still reeling from prior rental increases is an unfair and unnecessary hardship. We need a rent freeze.

From 2012 to 2013, Net Operating Income or revenue for property owners remaining after operating expenses are paid grew 3.4%. This is the ninth consecutive year that net operating income has increased. So why do we need a rent increase? Did the income of tenants rise by 3.4 percent?

Not only do these rent increases squeeze tenants directly— but ever since George Pataki introduced vacancy destabilization in 1997 -- landlords have used rent increases as their weapon of choice to nudge vacant apartments out of regulation. As a lifelong New Yorker, I personally have observed dramatic changes throughout this city. Communities such as Bushwick have seen their stock of regulated housing plummet from 41 percent in 2002 to 32 percent in 2011. This trend will only continue until vacancy destabilization is ended once and for all.

An analysis of my Worst Landlord List shows that Bushwick was one of the neighborhoods in Brooklyn with the most buildings on the list. Let's also not forget the case of Amrom Israel and Joel Israel who in April were charged with fraud, grand larceny and unlawful eviction for pushing rent-stabilized tenants out of their homes in Williamsburg, Greenpoint and Bushwick.

If we keep increasing rents and allowing apartments to exit the program, where will people go given that the 2014 median income rent in Brooklyn was \$2,890? And how will this displacement affect the communities we call home? The overarching risk is that if people are pushed out of their neighborhoods, there will be nowhere left in the city where they can go.

The law requires the RGB to look at "projected cost of living indices" yet in 2008, the recession's worst year, the RGB adopted a 4.5 percent increase for one year leases, and 8.5 percent for two-year leases - and left it up to tenants to decide how to make ends meet. Since then, the slow recovery of the city's economy has not allowed New Yorkers' income to catch up to these rent increases. These disproportionate changes must cease.

Roughly 60,000 people are living in homeless shelters in the city, which is a post-depression record. Kings County Housing Court sees roughly 5,000 new eviction cases per month. Action must be taken now to reverse these trends.

New York City should be a place where everyone can afford to live. The RGB can and must take corrective action this year by voting for a rent freeze on both one and two-year leases. This is something that is long overdue.