

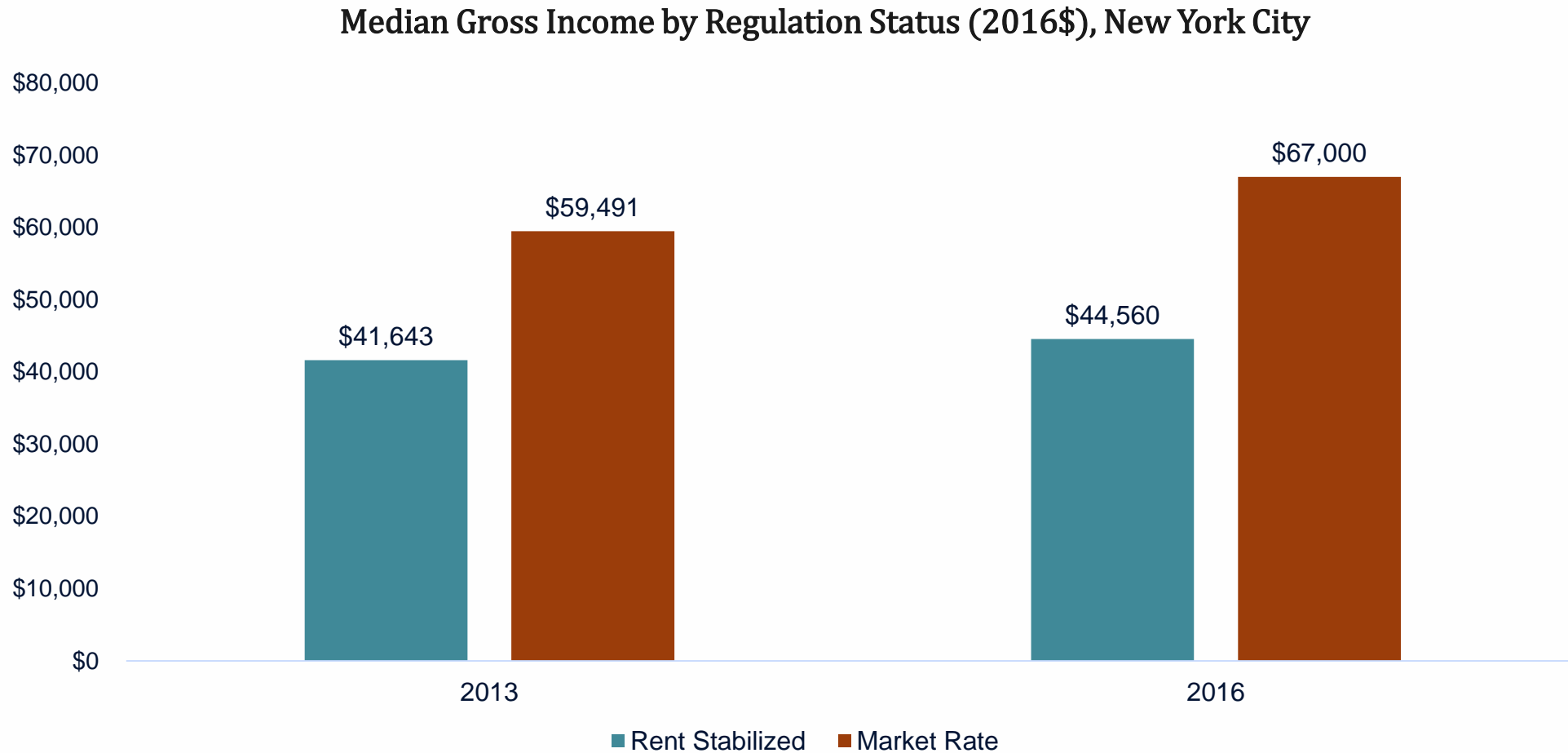
**NYU
Furman
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Reforming Rent Stabilization in New York City

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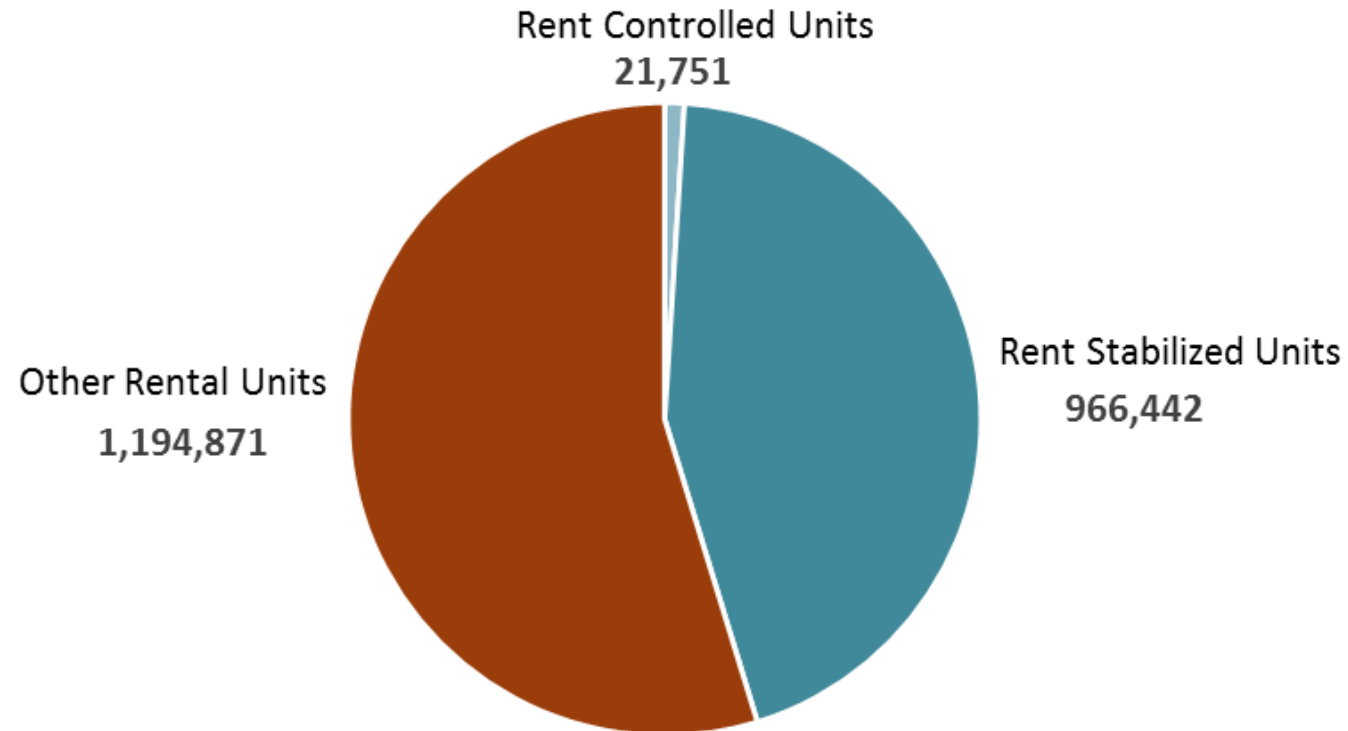
Rent Stabilization in New York

Rent stabilized units serve households with lower incomes than market rate units serve.



44% of New York City's rental units were rent stabilized in 2017.

New York City Rental Housing Stock by Regulation Status, 2017



~ **857,000** units in 2017

subject to rent stabilization because in buildings with six or more units built before 1974.

~ **89,500** units in 2017

subject to rent stabilization because of receipt of an affordable housing subsidy.

Since 1994, there has been a net loss of **147,512** rent stabilized units in New York City.

Losses (units)

High-Rent Vacancy Deregulation: 155,664

Co-op/Condo Conversion: 49,640

421-a/J-51 Expirations: 41,431

High-Rent/High-Income Deregulation: 6,346

Other: 37,967

Additions (units)

421-a: 79,043

Formerly Rent Controlled: 38,692

Mitchell-Lama Buyouts (City/State): 11,393

Other Subsidy: 13,551

Lofts: 817

Rent stabilization laws limit rent increases in stabilized units.

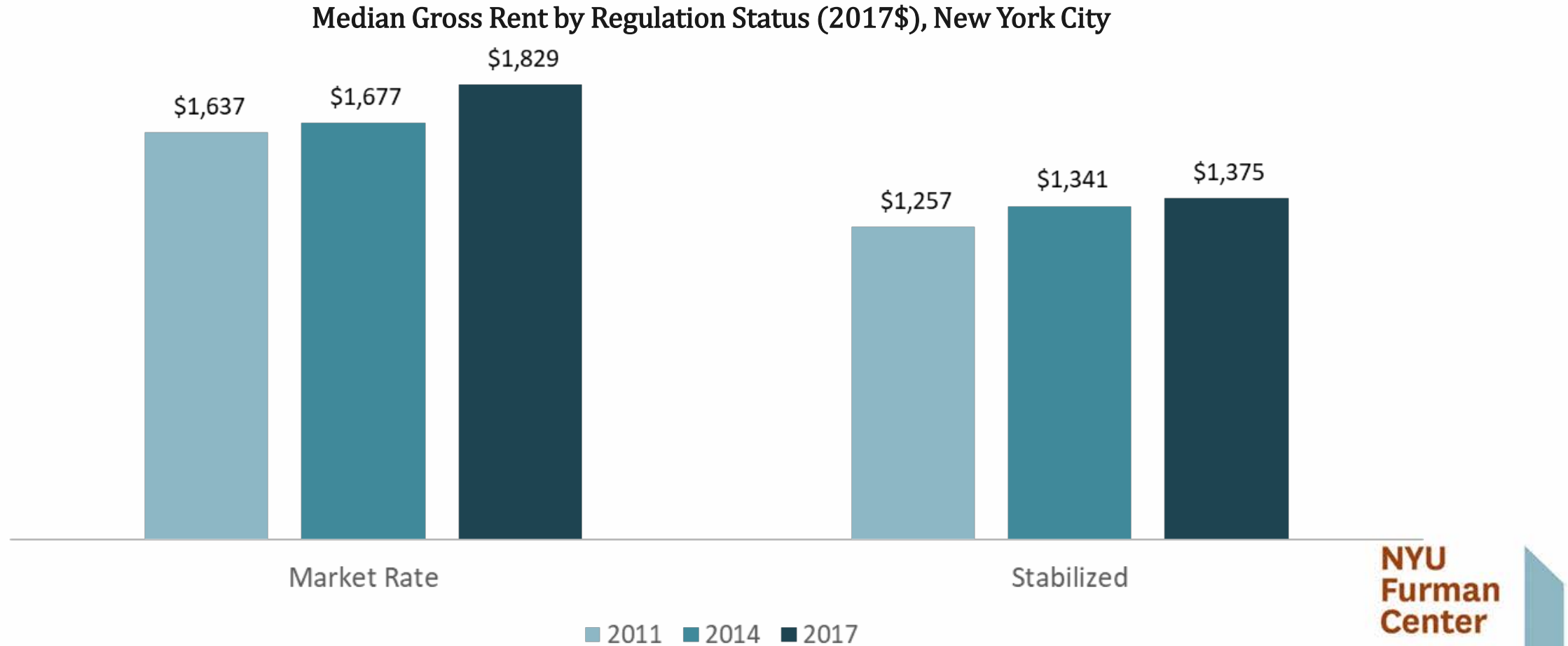
Lease renewal increases are set by the Rent Guidelines Board.

Rents can also rise:

- upon **vacancy** (~20%);
- when an owner makes a **Major Capital Improvement (MCI)**;
- when an owner makes an **Individual Apartment Improvement (IAI)**.

Rent Stabilization in New York

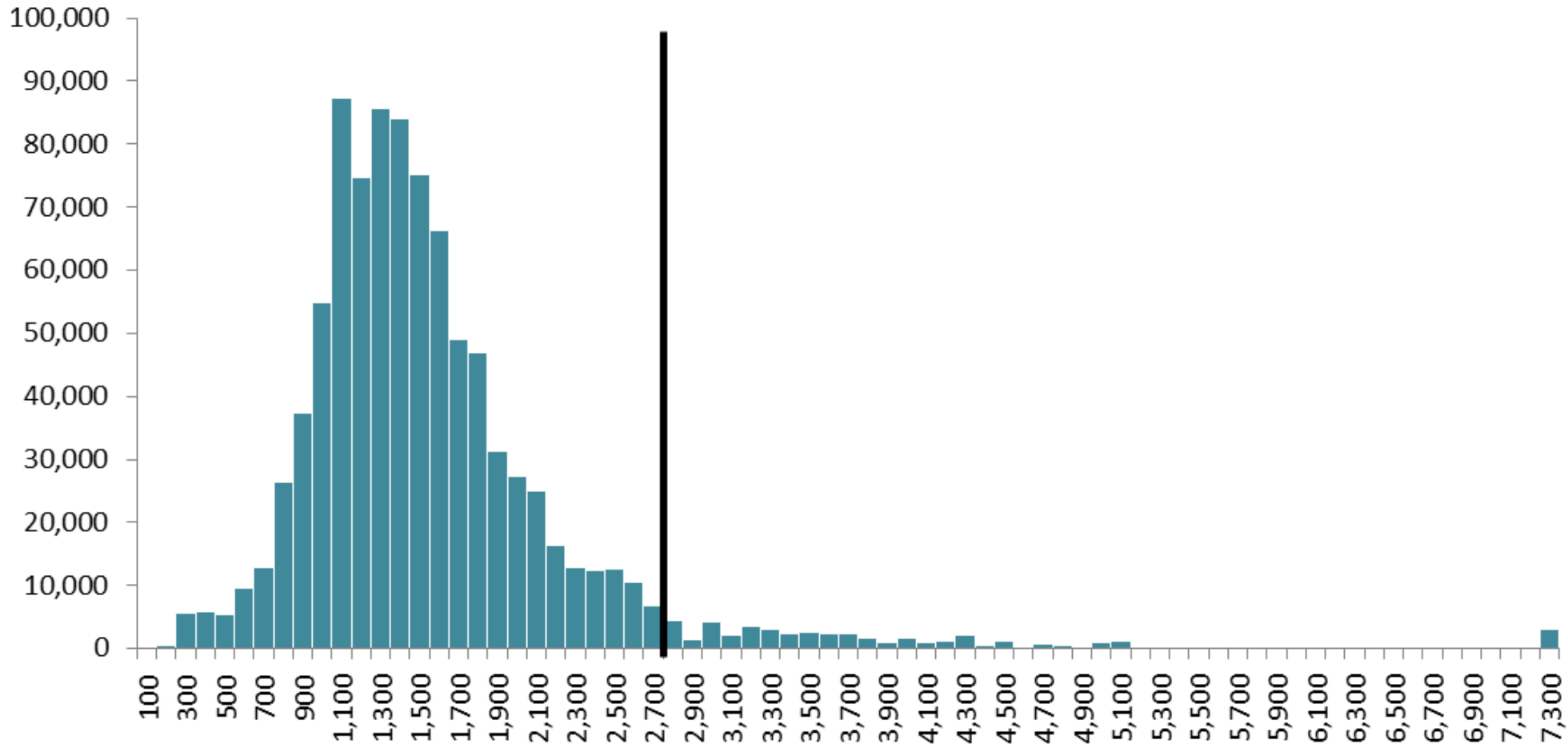
Since 2011, the median rent for stabilized units has risen by \$118 while median rent for market rate units rose somewhat faster (by \$192).



Rent Stabilization in New York

In 2017, 13.3% of all rent stabilized tenants paid rents between \$1,900 and \$2,700.

Distribution of Rent Stabilized Units by Gross Rent (2017\$), New York City



Proposals to Reform Rent Stabilization in New York City



Vacancy Allowance

- What is it?
 - The amount the legal rent can increase for a new tenant.
- How does it work today?
 - The legal rent for a new tenant can be about 20% more than the legal rent for the last tenant, with some exceptions.
- What is proposed?
 - Eliminate it (S1593/A9815).

Vacancy Allowance

- 2 vacancy allowances raises the monthly rent from \$1,898 to \$2,733.
 - ~ **124,000** rent stabilized units rent for \$1,900 to \$2,700/month.
- 1 vacancy allowance raises the monthly rent from \$2,278 to \$2,733.
 - ~ **42,000** rent stabilized units rent for \$2,300 to \$2,700/month.

High-Rent Vacancy Deregulation

- What is it?
 - Mechanism by which most stabilized units have exited rent stabilization.
- How does it work today?
 - Once the legal rent reaches the deregulation threshold, and the unit is vacated, it is no longer subject to rent stabilization. The current threshold is \$2,733.
- What is proposed?
 - To eliminate this form of deregulation (S3482/A0433).

Major Capital Improvements (MCIs)

- What is it?
 - After making qualified building-wide system replacements/upgrades to improve the building, an owner can apply to HCR to increase the rents of the stabilized units in the building based on those costs.
- How does it work today?
 - If HCR allows, an MCI increase is a permanent, monthly rent increase equal to the cost of the improvement (not including any borrowing costs) divided by:
 - 96 months (8 years) for buildings with 35 units or fewer, OR
 - 108 months (9 years) for buildings with more than 35 units.
- What is proposed?
 - Make MCIs temporary surcharges to the legal rent that cease after the 8 or 9 year period ends (S4312).

Preferential Rents

- What is it?
 - Preferential rent is rent charged that is less than the legal rent.
- How does it work today?
 - With any lease renewal (even for an existing tenant), the owner can raise the rent from a preferential rent level to any amount up to the legal rent level.
- What is proposed?
 - Only permit increases up to legal rent upon vacancy (S6527/A6285)

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Share of Regulated Apartments with Preferential Rents

