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Rent-Stabilized Apartments, Ever More Elusive



STEP 1 Matt Fox, left, and Matt Held went apartment-hunting together.

By MARC SANTORA Published: July 5, 2012

IN the often desperate hunt for an affordable place to live in Manhattan, the rent-stabilized apartment retains a strong hold on the imagination. It is so hard to find one that newcomers may think they have gone the way of subway tokens and Automats.

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STEP 2 They found a place on Barrow Street with an actual living room.

But even in Manhattan, nearly half of all rental apartments are rent-stabilized. And last year, lawmakers in Albany strengthened protections for tenants, raising the rent ceiling to \$2,500 a month from \$2,000 before an apartment can be deregulated, and the annual income limit to \$200,000 from \$175,000. In Manhattan, the new rules affect nearly 250,000 apartments.

Those rules mean that rent-stabilized apartments may be even more difficult to come by as people stay in them longer. What with the overall rental vacancy rate of about 1 percent in Manhattan, when one does come up for lease, prospective tenants are likely to discover themselves facing nearly the same level of scrutiny as condo or co-op buyers,

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Michael Nagle for The New York Times
STEP 3 It also has two full bedrooms and a well-equipped kitchen.

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Michael Nagle for The New York Times
FINALLY Lucky them. The place is rent-stabilized: \$2,800 a month.

agents say.

The appeal of a rent-stabilized unit is obvious. Landlords of stabilized units are allowed to raise the rent by only a few percentage points, as determined by the city's Rent Guidelines Board. Tenants do not have to move out until their income tops the state limit.

And in Manhattan, the price gap between a rent-stabilized and a market-rate unit has never been greater, according to a [study released this spring](#) by the Furman Center for Real Estate and Urban Policy at New York University.

Even before the spike in market-rate rents over the past year, rent-stabilized rates were, on average, \$1,245 a month cheaper.

"The competition for a \$4,000 one-bedroom is now fierce," said Yuval Greenblatt, a vice president of Prudential Douglas Elliman. "So you can imagine how strong competition is for something below market value."

The study also found that, despite the widespread impression that stabilized apartments are meant to provide affordable housing (and they certainly keep housing prices stable for hundreds of thousands of people), many of those fortunate enough to land one in recent years have been relatively well off.

Whereas the median income of all renters of stabilized apartments in the Manhattan core — defined as below 96th Street — is \$57,780, the median income of those moving in in recent years is closer to the average Manhattan income of about \$100,000, said Vicki L. Been, the director of the Furman Center.

"Some people who enjoy the benefits of rent stabilization are not low-income households," the report revealed.

In [New York City](#) outside of core Manhattan, the difference is less pronounced, the study found. There, the average stabilized rent is \$250 cheaper than the market rate. And the median income of stabilized tenants is \$8,000 below that of market-rate ones; south of 96th Street, the income difference is much greater.

Finding a stabilized apartment remains a challenge. The city's Department of Housing Preservation and Development has a list of all the buildings that have at least some stabilized apartments, but it provides no data on how many of the apartments in the building are regulated and how many are market-rate. It is also not a listing service.

And as for the city's major brokerages, few if any keep track of stabilized units.

"I have people all the time who come to me and ask me to find them a rent-stabilized apartment," said Alexis Fleming, a broker at Citi Habitats. "I tell them good luck. It is a needle in a haystack."

In seven years, she said, she has rented just seven stabilized apartments.

For those fortunate enough to come upon one, that may be just the beginning of the struggle. Potential renters are likely to face stiffer competition than ever as landlords sort through well-qualified bidders.

Jack Freund, the executive vice president of the Rent Stabilization Association, which represents 25,000 landlords and property owners, says it is in the interest of landlords to be even more selective than market-rate landlords.

"In the free market, you get a tenant in, and if it turns out bad, you simply do not renew that lease," he said. "As a rent-regulated landlord, the owner does not have that option."

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Potential renters must be fully prepared. Not only do you need to have a check in hand to cover the application fee and deposit, but as an applicant you will also be expected to have earned an annual income of 45 to 50 times the monthly rent for the past three years. If the apartment, for example, costs \$2,000 a month, an applicant, or an applicant and a roommate, need to show a salary exceeding \$90,000. Landlords are also closely scrutinizing credit history, looking for a score over 700.

For many young people moving to the city, salary and credit history can be a problem, so they must produce a guarantor to pay the rent if the tenant cannot. Some landlords would prefer to deal with a qualified tenant. Others like guarantors, since they add an extra level of protection. Landlords generally like guarantors to show at least 100 times the monthly rent in income.

Brokers say that in small buildings, landlords are often more interested in the type of tenant one might make and therefore more understanding if all the criteria are not met exactly.

A raft of rules and regulations protects stabilized tenants, including the mandatory offer of a lease renewal, but no laws govern the application process. Although some landlords take the first qualified applicant who comes along, others take multiple applications, hoping to find the most qualified tenant.

Mr. Greenblatt, the Prudential broker, said that when he first moved to the Manhattan in 1993, the landscape was vastly different.

Without much searching, he found a lovely studio apartment with a working fireplace at 53 Irving Place for just over \$700 a month.

Now, when people come to him in the hopes of finding a similar deal, he offers a harsh reality check.

“The same opportunities are not available,” he said. “Period.”

The vast majority of regulated apartments are rent-stabilized. It is much harder to find anything rent-controlled — apartments in buildings that went up before 1947 and have been occupied continuously by a tenant (or family member, spouse or lifetime partner) since 1971. There are only about 38,000 of these units left in the city.

Shannon Aalai, a broker at Citi Habitats who specializes in finding apartments for people relocating for work, says the first thing she has to do is educate a client about the realities of the market.

“People have this notion that they are going to find this great, cheap rent-stabilized apartment,” she said.

It is understandable, she said, since many people either know someone or have heard a story about a successful search for a stabilized apartment.

“But the reality is, the really cheap stuff never even hits the market,” she said.

She should know.

Ms. Aalai found her \$1,300 rent-stabilized apartment in the Gramercy area because other brokers lived in the building, knew the landlord and gave her a heads-up when an apartment became available.

It is the kind of story that inspires hope, providing proof that deals can be found, and envy, as the reality sinks in that not everyone has an equal opportunity.

Mr. Greenblatt says that those who have only a few weeks to secure an apartment will find it nearly impossible to find a stabilized one.

“If your timing was right and you got here 20 years ago,” he said, “you could be living in a

three-bedroom on Park Avenue.” Those larger units, however, rarely turn over. And if a renter does leave, it is often in the landlord’s interest to do extensive renovations — enough to legally move the apartment out of stabilization to market rate.

However, if a person has months to search, he said, the best bet is to focus on studios and small one-bedrooms in older tenements or brownstones.

Often, when those kinds of apartments turn over, the renovation that would be required in order to charge market rate is too costly, given what the unit could command in rent, so it is kept in the stabilization system.

Of course, there is always luck, and a good broker.

Just ask Matt Held, 22, and his college buddy, Matthew Fox, also 22.

They both wanted to live in Manhattan, and Mr. Fox, a student at the New York University School of Law, was hoping to be close to the West Village campus.

For more than a month, they pounded the pavement in frustration.

“It was really difficult to even find a decent convertible one-bedroom apartment for less than \$4,000,” Mr. Held said. Some apartments they saw had been advertised as two-bedrooms but had no living room. Others had no real kitchen, or an impossibly cramped bathroom.

They seriously doubted that they would find anything.

Mr. Held was also wary of brokers, wanting to do things on his own. So when Mr. Fox contacted Ms. Fleming of Citi Habitats, he was skeptical.

When she called him on a recent Saturday morning, telling him he needed to rush down to the West Village immediately, with a check in hand, Mr. Held asked if she was sure the place was decent.

“She told me, ‘I will not waste your time,’ ” he said. She also made it clear that he had better be the first one in the apartment that morning, since it would go fast.

When he arrived at the apartment on Barrow Street, he was stunned.

It not only had two full bedrooms, a living room, and a kitchen with decent appliances, but it was also rent-stabilized with a monthly price of \$2,800.

Mr. Fox said that when Mr. Held called him about the place, his first reaction was to wonder what was wrong with it.

“You don’t want to find that there is no door,” he said.

But there were no problems, and because Ms. Fleming had a good relationship with the landlord, the application went smoothly. The two men recently moved in, and they know how lucky they are.

“We were sitting around with some friends and we would not shut up about it,” Mr. Held said. “Finally, they were like: ‘Enough already, you got a great deal. We get it.’ ”

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