



THE COUNCIL
OF
THE CITY OF NEW YORK

GALE A. BREWER

COUNCIL MEMBER, 6TH DISTRICT, MANHATTAN

DISTRICT OFFICE
563 COLUMBUS AVENUE, AT 87TH STREET
NEW YORK, NY 10024
TEL: (212) 873-0282
FAX: (212) 873-0279

CITY HALL OFFICE
250 BROADWAY, ROOM 1875
NEW YORK, NY 10007
TEL: (212) 788-6975
FAX: (212) 513-7717

GBrewer@council.nyc.gov
www.council.nyc.gov

CHAIR
OVERSIGHT AND INVESTIGATIONS

COMMITTEES

CONSUMER AND WORKER PROTECTION
FINANCE
GOVERNMENTAL OPERATIONS
HIGHER EDUCATION
RULES, PRIVILEGES, AND ELECTIONS

SUB-COMMITTEE
COVID RECOVERY AND RESILIENCY

Council Member Gale A. Brewer Testimony on the New York City Rent Guidelines Board’s Proposed Rent Guidelines for October 2022–September 2023 Lease Renewals

June 8, 2022

My name is Gale A. Brewer and I am the City Council Member for District 6. Thank you to Chair David Reiss and the members of the New York City Rent Guidelines Board (RGB) for the opportunity to testify today.

It is not this Board’s responsibility to ensure that every household can afford rent. However, members of the RGB are tasked with analyzing the rental housing market’s conditions, and to make annual determinations that keep building owners “whole” and protect renters from an undue rent burden.

Tenants are experiencing the loss of jobs and income due to the pandemic, which has deepened their financial struggles. Total rental arrears accrued by New York families is estimated at over \$2 billion.¹

The NYS Emergency Rental Assistance Program was launched in June 2021 to help New Yorkers meet their rent payments. As of today, there have been almost 336,000 applications and \$2.4 billion in assistance obligated or paid out to landlords on behalf of tenants². This program offers significant aid to those in need. However, increasing inflation on a saturated housing market makes it difficult to find an affordable apartment.

Inflation rates have placed a disproportionate economic burden on both tenants and homeowners, impacting the mental health and physical safety of New Yorkers. My office has received frantic calls, emails, and visits from residents who fear housing insecurity and seek support from the government. To assist our residents, we host monthly housing clinics, offering free consultation with a housing attorney. Since January 2022, 302 residents have attended and 157 of those have been able to speak with an attorney.

Many seniors who face rent hikes have applied to become SCRIE clients, a program that would help them avoid unaffordable rent increases. However, eligibility is restricted based on household income. My office is supportive of increasing the annual household income criterion for new applicants from \$50,000 to \$60,000 but this is a State decision.

¹ <https://nationalequityatlas.org/rent-debt>

² <https://otda.ny.gov/programs/emergency-rental-assistance/program-reports.asp>

In January 2022, I wrote to Governor Hochul in support of the Good Cause Eviction legislation, S3082 (Salazar et al.)/A5573 (Hunter et al.), which prohibits evictions without just cause. Absent this legislation, many working and middle class tenants in market-rate buildings experience harassment by brokers and landlords who seek to create vacancies. Tenants who do not want to move should be able to stay in their homes without fear of retaliation as long as they follow all current laws. Although this initiative did not pass this year, we will continue to advocate for its passage.

To be clear, I do not believe it is the Board's responsibility to reverse the impact of hardships caused by COVID-19, except for the following:

I urge the Board to view the above findings in the context of three decades of RGB determinations that favored property owners over rent stabilized tenants. Seen this way, the unaffordability of rent stabilized units is the result of cumulative rent increases of 30% since 1991. Though it is the pandemic that caused some tenants to suddenly become unable to pay rent, the amount of total rental arrears among rent stabilized households is higher than it should be if there hadn't been historic overcompensation to property owners. It is thus the Board's responsibility to close the overcompensation gap rather than to maintain or to further widen it.

Additionally, as evidenced by the Community Service Society of New York (CSS), state unemployment rates are twice the national average and the job deficit is three times the nationwide average. Furthermore, coupled with the significant increase in the ratio of median rent to income, which increased from 40% in 2002 to 52% in 2017, rent stabilized tenants cannot afford further increases.

Moreover, the New York Eviction Moratorium expired on January 15, 2022, and there are 227,000 eviction filings in court as of April 26, 2022.³ Increasing the burden on rent stabilized tenants will also increase the burden on housing courts, slowing due process for everyone.

In voting to adopt preliminary guidelines of a 2-4% increase for one-year leases and a 4-6% increase for two-year leases, the Board is contemplating increases that are well beyond reason. I ask the Board to reconsider this decision and to vote for a rent freeze for another year in order to help to close the historic overcompensation gap.

I urge the Board to continue 0% increase for SRO and lodging house tenants, as they are among the city's most vulnerable residents.

I want to close by acknowledging the plight of property owners, particularly the small landlords. Over the past year, I have heard from many owners of small- to mid-sized buildings who shared with me their struggles in trying to meet mortgage payments and building expenses while accommodating tenants who could not pay their rent. The Rent Guidelines Board's 2022 Income and Expense Study found a 7.8% decrease in rent stabilized unit net operating income (NOI) – “the earnings that remain after operating and maintenance” from 2019 to 2020.

NOI is understood as an indicator for “basic financial condition.” This decrease clearly

³ <https://www.cssny.org/news/entry/testimony-rgb-rent-increase-2022>

underlines the adversity experienced by owners in the first year of the pandemic, which has likely increased in subsequent years.⁴ These challenges are real. However, just as I believe that the Board is not charged to solve all pandemic-induced hardships for tenants, support for owners' hardship caused by the pandemic must come from sources other than RGB increases on tenants.

Building owners face the difficult task of piecing together help from many sources including negotiating with lenders for mortgage forbearance or a refinance, coordinating with NYS OTDA to receive emergency rental assistance for eligible tenants, and applying for rental hardship with NYS Homes and Community Renewal. Other potential sources of assistance will require legislative or executive action, such as establishing a landlord hardship fund at the State level or adding pandemic-related recommendations in New York City's ongoing effort to reform the property tax system. These possible ways to offer relief to building owners are outside of the RGB's purview, and I call on my colleagues in government to take action where possible.

Thank you to the Board for your dedication and thoughtful consideration during this challenging time.

Sincerely,

A handwritten signature in black ink that reads "Gale A. Brewer". The signature is written in a cursive, flowing style.

Gale A. Brewer
City Council, 6th District

⁴ <https://rentguidelinesboard.cityofnewyork.us/wp-content/uploads/2022/03/2022-IE-Study.pdf>