



NEW YORK STATE SENATOR
Pedro Espada Jr.

Espada Bill Would Freeze Rent for Three-Quarters of a Million Tenants

PEDRO ESPADA, JR. February 17, 2010

| ISSUE: **HOUSING**

| COMMITTEE: **HOUSING, CONSTRUCTION AND COMMUNITY DEVELOPMENT**



Press Contact: Steve Mangione (cellular) 914-403-4072

New York State Senate Majority Leader Pedro Espada, Jr. is throwing a major lifeline to tenants struggling to pay their rent.

Sen. Espada, who also serves as Chairman of the Senate Standing Committee on Housing, Construction and Community Development, today unveiled proposed legislation (S.6811) that would help poor, low and moderate income, and working families pay their rent. His

legislation would establish a rent relief assistance program that would freeze the rents of nearly 300,000 households of rent-stabilized apartments to the tune of \$100 million in rent increase exemptions in the first year of the program, and gradually increasing to \$130 million in rent increase exemptions by year ten. This means that nearly three-quarters of a million tenants in an unprecedented one-third of the city's one million rent-stabilized apartments across the five boroughs would have their rents frozen for the next decade.

Sen. Espada's rent freeze program is modeled after the city's SCRIE (Senior Citizens Rent Increase Exemption) and DRIE (Disability Rent Increase Exemption) programs. Highlights of the proposed bill include the following:

- Households of rent-stabilized apartments are eligible if paying one-third or more of total annual income on rent (same as SCRIE and DRIE).
- Total annual household income threshold of \$45,000 (which is a significant increase over the \$29,000 SCRIE threshold and \$27,780 DRIE threshold), allowing for a greater number of households (nearly 300,000) to benefit from this safety net (SCRIE and DRIE provide rent relief to less than 50,000 households).
- Unlike SCRIE and DRIE, eligibility is not limited to age and disability status.
- The rent increase exemption program would be funded solely by landlords through a J-51 take-back program and would require no financial commitment on the part of the city or state.

Sen. Espada's proposed rent freeze legislation received high praise and support from tenants and clergy, community, housing and other advocacy groups that joined him at an 11 a.m. press conference on the steps of City Hall. He told the crowd he plans to fast track the legislation and anticipates bipartisan support. The Majority Leader, who submitted the bill today, is advocating for a vote on the Senate floor within weeks.

"Tenants with low and moderate incomes – working poor and working families – historically have been excluded from the safety net provided by rent relief assistance programs. Too many households have been left unprotected. With the economic crisis making it increasingly difficult for working families to meet monthly rent payments, my legislation is intended to expand this narrow safety net that will insulate 300,000 households from rent

increases,” Sen. Espada said.

“Who would oppose freezing the rents of low and moderate income and working families? Who would oppose rent freeze legislation that would sustain affordable housing well into the future, and allow working families to use more of their income to put food on the table, clothe their children and pay their utility bills?” Sen. Espada said.

“We must leave conventional housing rhetoric and politics at the door and focus instead on providing real rent relief to tenants who need it most,” he added.

The legislation would provide rent assistance to 30% of households in the rent-stabilized system throughout the five boroughs – 88,000 households in Brooklyn, 70,000 in Manhattan, 69,000 in the Bronx, 68,000 in Queens and 2,000 in Staten Island.

For Maria Cruz, a single mother of three daughters who lives in a rent-stabilized apartment in the Bronx and earns under \$45,000 a year, a rent freeze would be much-needed and welcome relief.

“This would help me make the rent and still be able to make ends meet,” said Ms. Cruz, who attended the press conference in support of the Espada rent freeze legislation.

Fritz Jean, President of Mount Hope Housing, an 8,000-unit complex in the northwest Bronx, said, “This will fill the void for two groups of tenants that slip through the cracks – working class tenants whose paychecks are largely consumed by their monthly rent, and ‘young’ senior citizens – 59, 60, 61-year-old tenants – who are not yet eligible for SCRIE. Senator Espada’s legislation would have wide-reaching implications, finally addressing rent inequities plaguing a large universe of rent-stabilized tenants.”

Bishop Fernando Rodriguez, President of the Latin American Chaplains Association, an international not-for-profit organization of clergy that counts housing assistance among its programs, said, “The harsh reality is that people can’t afford to pay their rent. Families in our congregations use 35-40% of their income to cover rent. This is a hardship when your annual take-home salary is \$20,000 or \$25,000. They need help, not promises. Senator Espada’s rent freeze bill offers a solid, well-devised program that will provide help and keep rents affordable for tenants,” Bishop Rodriguez added.

The rent freeze fund and associated administrative costs of the city would be funded by revenue generated through the J-51 take-back program and the projected increases in real estate assessments that would come as a result of the take-back.

The legislation would also allow the city to use excess revenue accumulated in the rent freeze fund to provide housing assistance to the homeless.

The recent Court of Appeals decision in the case of Roberts v. Tishman Speyer Properties created the opportunity to fund the rent freeze program, according to Sen. Espada, under the following conditions prescribed by his proposed legislation: Landlords would be obligated to return to the city all of the J-51 tax benefits they received for their buildings and waive any future J-51 tax benefits. Payments by landlords would provide the financial underpinnings of the rent increase exemption program.

The city essentially would administer the program the same way it does SCRIE and DRIE. Sen. Espada said his legislation would not only eliminate years of litigation (certain to occur to determine whether the Court of Appeals decision applies retroactively and whether the four-year statute of limitations on rent overcharges applies to these claims), it would protect the city's real estate tax revenue base, protect tenants in buildings facing foreclosure because of the Court decision, and address the Court's acknowledgement that relief from 'unacceptable burdens' created by its decision was a matter for the State Legislature.

#