LIZ KRUEGER
SENATOR, 28TH DISTRICT

ALBANY OFFICE
STATE CAPITOL BUILDING
ROOM 416
ALBANY, NEW YORK 12247
(518) 455-2297
FAX (518) 426-6874

DISTRICT OFFICE
211 EAST 43RD STREET, STE. 2000
NEW YORK, NEW YORK 10017
(212) 490-9535
FAX (212) 499-2558

E-MAIL
LKRUEGER@NYSENATE.GOV

NEW YORK
STATE
SENATE
ALBANY, NEW YORK 12247

CHAIR, MAJORITY MEMBER
FINANCE

COMMITTEES:
RULES
BUDGET & REVENUE

TESTIMONY OF STATE SENATOR LIZ KRUEGER BEFORE THE NEW YORK CITY RENT GUIDELINES BOARD REGARDING PROPOSED RENT INCREASES JUNE 27, 2025

My name is Liz Krueger and I represent the 28th Senate District, which includes the Upper East Side, Roosevelt Island, Gramercy/Flatiron/Chelsea, and Midtown areas of Manhattan. I want to thank you for providing me an opportunity to submit testimony on the range of proposed rent increases for rent-stabilized tenants: anywhere from 1.75% to 4.75% for one-year leases and 3.75% to 7.75% for two-year leases.

With housing being the primary expense of most American households, and New Yorkers paying a higher percentage of income compared to the average, any increase in rates will have profound consequences on personal finances of New Yorkers, especially in housing vulnerable communities. Even if the rent increases ultimately approved are at the low end of the proposed ranges, I have serious concerns about what this decision would mean for the more than 1 million low-, moderate, and middle-income rent-stabilized tenants in New York City who already are facing unprecedented rent burdens. Over the past three decades, the Rent Guidelines Board (RGB) has approved rent increases that dramatically outpaced both building owners' expenses and tenants' incomes. I fear that a drastic increase will lead to further hardships, and evictions, for tens of thousands of households who are already having great difficulty paying their current rents. The impacts of a high increase on seniors, the disabled, and other vulnerable New Yorkers on fixed incomes would be especially grave.

I strongly encourage the Board to carefully consider its preliminary vote and to enact significantly lower guidelines. Such a decision would be entirely consistent with the legislative mandate and jurisdiction of the RGB, which was established in 1969 to set rent guidelines that counteract the effects of an acute housing shortage. We are in the midst of a housing crisis—according to the 2023 Housing and Vacancy Survey (HVS), the citywide net vacancy rate for all rental apartments was 1.41%; this was the lowest rate since the inception of the HVS in 1965. However, the vacancy rate for apartments affordable to apartments for middle- and low-income households was even lower: 0.91% for vacant apartments with rents between $1,100-$1,649 per month and .78% for those with rents between $1,650-$2,399.

Economists have repeatedly determined that a vacancy rate of less than 5% creates abnormal market conditions. In addition to its extraordinarily low housing vacancy rate, the New York City rental market is unique among major American and international cities, and as such faces unique market challenges. Exogenous factors like higher rates of corporate speculation in our property markets, extreme income disparities, and high development costs put abnormal upwards pressure on rental rates and produce negative social and economic externalities for all New Yorkers. The RGB's mission to construct or stimulate "normal" or "fair" rent levels in a market driven by chronic scarcity and instability, is necessary not only to prevent failures in the New York housing market, but to the overall economic health of our city.

Why a Minimal Rent Increase is Appropriate This Year

While it is reasonable to expect tenants and building owners to share the burden of increased operating expenses, this burden must be shared equitably. It is unconscionable for building owners in one of the most profitable economic sectors of our economy to pass all of their expenses on rent-stabilized tenants who have a median household income of $60,000 and are facing a difficult economic climate. According to the most recent HVS, 45.5% of rent stabilized tenants who do not receive rental assistance are rent burdened and 21% of all rent stabilized tenants face food insecurity. New York City still lags behind the rest of the state and nation in restoring job losses since the height of the COVID-19 pandemic. The unemployment rate remains at 5.3%, which is higher than pre-pandemic levels and low-wage sectors have been severely hit by rising inflation. In 2024, consumer prices grew by 3.9% in New York City and prices continue to grow at the highest annual rate in 30 years. In 2024, cash assistance rose by 16.2%, reaching 556,412 cases. The number of cash assistance recipients has increased for five consecutive years.

Rent-stabilized housing is the only affordable housing resource left to most low- and moderate-income tenants. However, once they have been priced out of their apartments, many rent-stabilized tenants have few other options. There were 633,000 families who applied for the waiting list for public housing in 2024. My staff and I frequently hear from constituents who fear they will have no choice but to enter the shelter system or leave New York City if they lose their stabilized apartments. New York is currently in an unprecedented housing crisis, with minimal new affordable housing being built that is unable to meet the demand. It is common for many tens of thousands of families to apply to each new building offering affordable units through the city's housing lottery.

One of the most important factors the RGB must consider is whether owners of regulated properties have the necessary income to maintain their buildings. The 2024 Income and Expense Study shows rent income significantly outpaced expense increases and income from rent has increased more than average income almost every year since the RGB began collecting data. The Owners of rent-regulated buildings in all five boroughs have done extremely well during the past three decades—they have seen both their profits, and the value of their properties rise exponentially. According to the RGB's 2025 Income and Expense study, owners' net operating incomes (the amount of income remaining after all operating and maintenance expenses have been paid) are 48.0% higher today after adjusting for inflation than they were in 1990. Since 1990, revenue has outpaced expenses for building owners in every borough. Net operating incomes have grown 153% in Brooklyn, 67% in Queens, 40% in Manhattan, and 35% in the Bronx. The data clearly indicates that minimizing a rent increase would not place an undue burden on building owners.

Larger Implications and Economic Context of RGB's Decision

Section 26-510(b) of the Rent Stabilization Law requires the RGB to consider "relevant data from the current and projected cost of living indices" in its deliberations. The RGB members are also permitted to consider the effects of their decisions on the availability of affordable housing throughout the city.

Homelessness in the city has increased by almost 150% since 2022 and in January of 2024, the Coalition for Homelessness recorded more New Yorkers sleeping in shelters than any point in history. The total homeless population has risen by 12% since just last year, and concerningly the proportion of long-term homeless New Yorkers is on the rise. Research shows that the primary cause of homelessness, particularly among families, is a lack of affordable housing. Rent increases at the higher end of the proposed ranges would exacerbate the already dire circumstances facing New York's low- and moderate-income families. Such rent increases would have significant deleterious effects on households already struggling to pay for rent and other basic expenses.

The preservation of affordable rent-regulated units is essential to efforts to keep middle-class families in our city and to the maintenance of healthy stable communities. If we truly want the city to maintain its vitality and diversity, we must do all we can to ensure an effective rent regulation system. As the crisis in affordable housing deepens and becomes more widespread, the RGB must keep our housing stock as affordable as possible so that we can maintain the economic health and diversity of our city.