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**Testimony of State Senator Brad Hoylman
Before The New York City Rent Guidelines Board
On Proposed Rent Guidelines**

June 16, 2014

Thank you Chair Godsil and members of the Rent Guidelines Board ("RGB") for the opportunity to submit testimony regarding the proposed guidelines for rent-stabilized apartments, lofts, and hotel units for leases renewing between 10/1/2014 and 9/30/2015. I represent New York State's 27th Senate District, which includes the neighborhoods of Clinton/Hell's Kitchen, Chelsea, Greenwich Village, the Upper West Side, Midtown/East Midtown, the East Village, and Lower East Side. This mixed-income district is composed largely of tenants, thousands of them rent-regulated, both in small rental buildings as well as iconic rental complexes, including Stuyvesant Town-Peter Cooper Village, London Terrace Gardens, Westbeth, and Phipps Plaza. As such, these proposed rent guidelines are crucial to my district and, I believe, New York City as a whole.

In a departure from the significant rent increases proposed in prior years, the RGB has proposed rent increases ranging from 0% to 3% for one-year leases, and 0.5% to 4.5% for two-year leases for rent-stabilized apartments. Given the toll the recent economic recession had on tenants, it is appropriate that the RGB is considering the possibility of a rent freeze to allow tenants to make up economic ground after falling so far behind.

As I am sure you are aware, according to the 2011 Housing and Vacancy Survey ("HVS"), the most recent data available, the median income of rent-controlled households was only \$29,000 in 2010, and the median income of households in rent-stabilized units was only \$37,000. Moreover, housing costs constitute a huge percentage of these tenants' income. Housing is considered "affordable" to a family when it makes up no more than 30% of their income. According to the 2011 HVS, one third of renter households in the City (33.6 percent) paid 50 percent or more of their household income for gross rent in 2011, the highest ratio in the history of the study.

While tenants are struggling, the RGB's 2014 Income and Expense Study, which shows landlords of stabilized properties' Net Operating Income ("NOI") after all operating and maintenance expenses are paid, paints a rosier picture for landlords. This is the eighth consecutive year that NOI has increased, by a city-wide average of 9.6% in 2012. Further, from 1990 to 2012, after adjusting for inflation, NOI has increased by 31.5%. As the report explains, "This indicates revenues have outpaced expenses to the extent that average monthly NOI was worth 31.5% more in 2012 than it was in 1990, after adjusting for inflation." Landlords are more than making a profit from their buildings. The data show that even for owners of rent-stabilized units, real estate in New York is a high growth industry – traded on the backs of New York City's increasingly vulnerable poor and middle class.

Year after year the RGB's own statistics do not support the landlords' primary argument that increased rents are necessary to meet increased operating costs. An honest assessment of the real numbers shows not only that landlords can afford – and will still profit from – rents remaining constant, but also that most regulated tenants cannot afford any rent increases.

Therefore, I urge the RGB impose a freeze on rents for all rent regulated apartments as well as for lofts, hotels, rooming houses, single room occupancy buildings, and lodging houses.

Thank you for the opportunity to testify before you today.