



## Rent Regulation in NYC

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- **History of rent regulation in NYC**
- **Tenants of rent regulated units**
- **Implementation and policy implications of rent regulation in NYC**

Price control system that:

1. Sets maximum rent increases
2. Offers tenant rights not otherwise provided by private market

Covers approximately 50% of housing units

- 2.5 million tenants live in rent stabilized apartments
- 20,000 tenants live in rent controlled apartments

**1940s**

Wartime price controls on all rental housing throughout the United States.

**1950s &  
1960s**

New York State, then New York City control the system-  
Larger rent increases and decontrol of any unit at vacancy

**1970s**

New York State again controls the system- Re-stabilized all units built before 1974. New construction would not be subject to rent regulation unless the owner entered into an agreement with the City in exchange for tax relief.

**1990s &  
2000s**

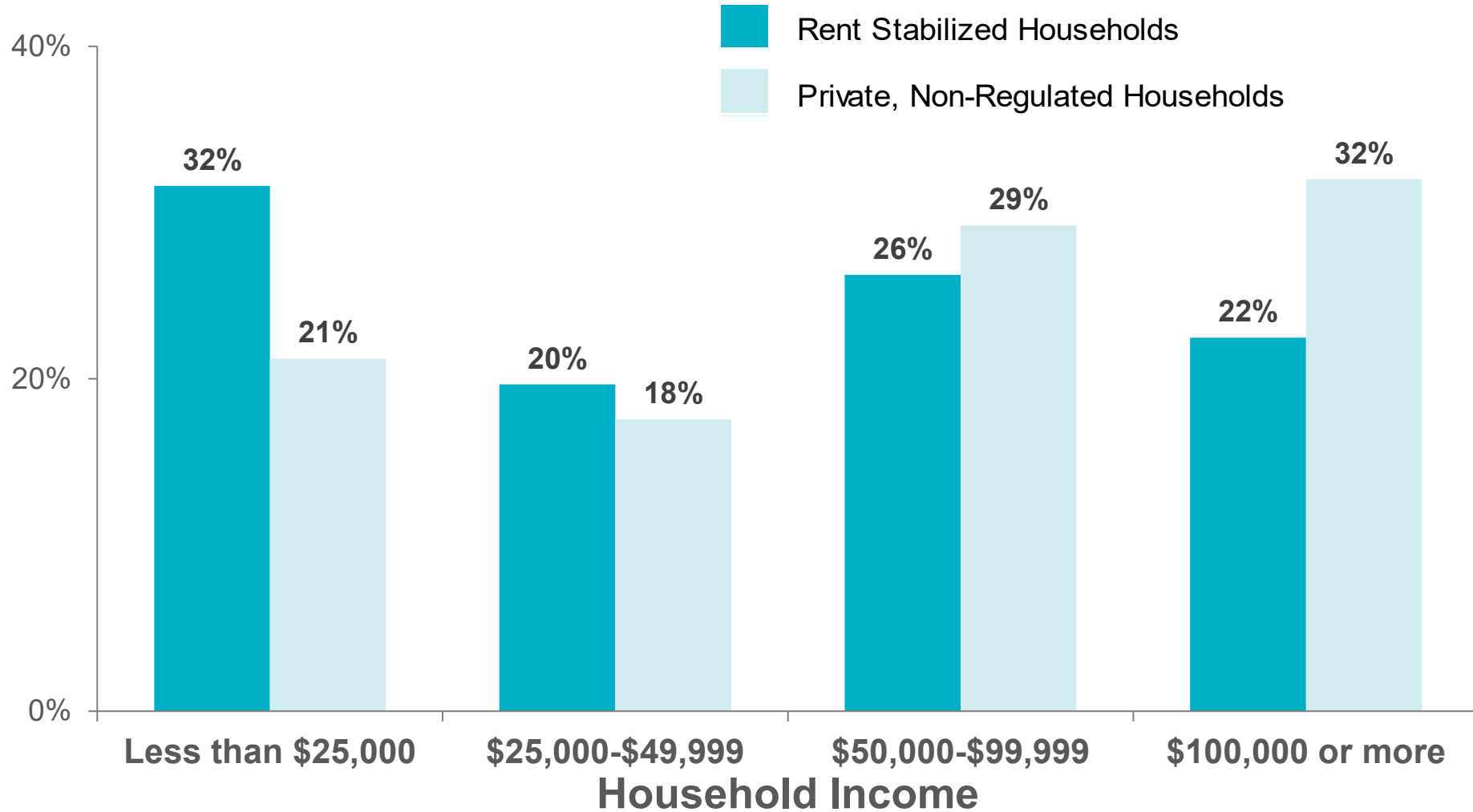
Decontrol re-introduced- multiple pro-landlord provisions to allow for various rent increases

**2010s to  
present**

Multiple pro-tenant provisions- including the end of decontrol in 2019 and the ability of the rest of New York State to opt-in to rent regulation under certain conditions.

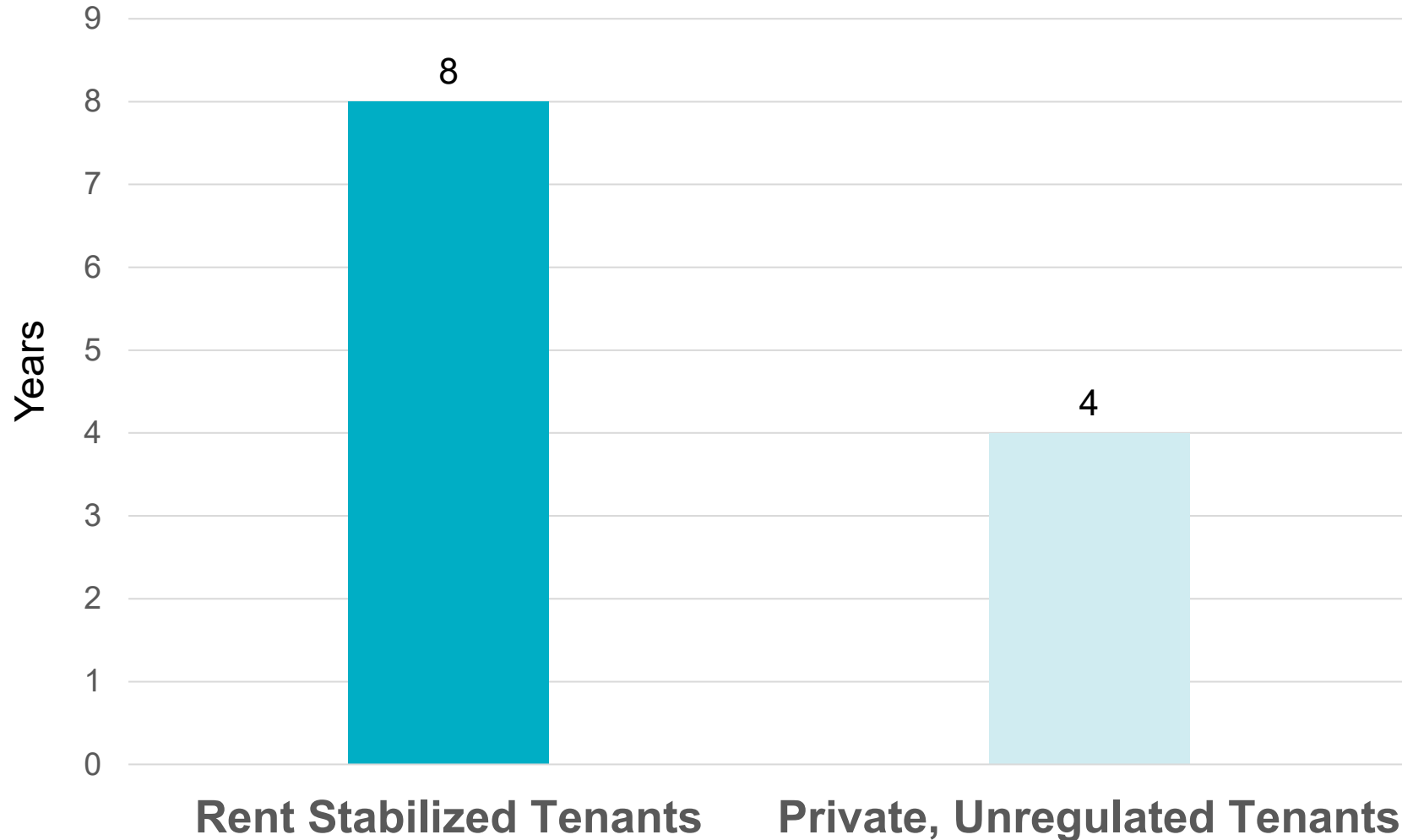
1. Generally, units in buildings with **6 or more units** that are **built before 1974** are stabilized by law
2. Many government programs require units to become rent stabilized by contract as condition of assistance. This includes:
  - Units built or preserved as “Affordable Housing”
  - Tax exemptions for new construction or major repairs
  - Some units that were formerly part of government programs

- More likely to be a member of a racial/ethnic minority group
- More likely to live alone
- More likely to live with a senior age 62+
  
- Less likely to have children under age 18 in the household
- Less likely to have attained a four-year college degree
- Lower income, with nearly two out of every three households meeting a US definition of “low income” that would qualify them for housing assistance.









To maintain rent stabilization, New York State law requires that New York City establish the existence of a housing emergency— defined as a citywide net rental vacancy rate of 5% or less.

New York City law requires a survey to determine:

- NYC net rental vacancy rate
- Inventory of housing supply
- Condition of housing in neighborhoods
- Continued need for rent regulation

The New York City Housing and Vacancy Survey is the longest running housing survey in the US. Conducted under contract between New York City and US Census Bureau every ~3 years.

## Legal Rent

Annual vote by the Rent Guidelines Board (RGB) determines rental increases for 1-year and 2-year leases.

The RGB consists of nine members, 2 members to represent tenants, 2 members to represent owners, and 5 members to represent the general public. The RGB is a New York City entity.

Rent increases vary from year to year but have historically been around 3 percent for a 1-year lease (slightly higher than inflation).

## Preferential Rent

Rent offered below the legal rental threshold for the building. About 1/3 of rent stabilized tenants are offered a preferential rent.

Preferential rents have been regulated since 2005, but as of 2019 the preferential rent is treated as the legal rent of the unit for the resident's time in the unit.

## **Major Capital Improvements (MCIs)**

Improvements that impact the whole building (roofs, boilers, windows)

Total approved value “amortized” over 12-12½ years and added as a temporary rent increase

Increase cannot exceed 2% of the rent per year

Approved value cannot exceed state-approved cost schedule

## **Individual Apartment Improvements (IAIs)**

Improvements to individual apartments (kitchens, bathrooms)

Total approved value “amortized” over 14-15 years and added as a temporary rent increase

Spending cannot exceed \$15,000 and 3 IAIs in a 15-year period.

Both MCIs and IAIs expire after 30 years.

## **Right to lease renewal**

Rent stabilized tenants have the right to elect to renew their lease. Landlords can only refuse lease renewal under limited circumstances.

## **Rent reduction**

A court may grant a rent reduction if the landlord has not maintained the quality of the unit.

## **Succession rights**

A “family member” has the right to a renewal lease or protection from eviction if he or she lived with the tenant for two years immediately prior to the end of the tenant’s tenure.

A “family member” is defined as someone who is closely related to the respondent or someone who can prove emotional and financial commitment and interdependence.

## **Registration**

Owners must register rent stabilized units yearly with state housing agency. Failure to register is punishable by fees. Failure to register or to pay fees results in a limit on future rent increases.

## **Rent History**

Tenants can request a rent history listing all rent increases due to renovations and improvements.

## **Prevention Against Fraud**

25% of MCIs and IAIs must be inspected/checked by the State housing agency.

Tenants can file for rent overcharge if they paid more than the legal registered rent.

# Recent Changes in Rent Regulation

	Current Tenants	Future Tenants
Pre-2019	<ul style="list-style-type: none"> <li>• Tenants offered preferential rents could get sudden, large increases.</li> </ul>	<ul style="list-style-type: none"> <li>• Large increases between tenants, including rent increases for:               <ul style="list-style-type: none"> <li>▪ Vacancy</li> <li>▪ Improvements (no limit)</li> <li>▪ Longevity of the previous tenant.</li> </ul> </li> <li>▪ Deregulation of units that meet threshold</li> </ul>
Post-2019	<ul style="list-style-type: none"> <li>• Preferential rents are treated as legal rents during the tenant's tenure</li> <li>• Reduces risk of harassment to reach a vacancy</li> </ul>	<ul style="list-style-type: none"> <li>• No automatic increase at vacancy</li> <li>• Limits on increases due to improvements</li> <li>• No deregulation</li> <li>• Rent laws no longer sunset</li> <li>• Keeps rent levels about the same to the previous tenant.</li> </ul>



Price controls provide protection and stability to the most vulnerable New York City residents.

Additional rights and protections also ensure that tenants can remain in their rent stabilized units long-term.

More recent changes to the rent regulation laws have taken further steps to protect the rent regulated stock as a resource for New York City.

For questions, please contact:

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