

# RENT FREEZES ARE NOT THE ANSWER

## THE COVID-19 (CORONAVIRUS) PANDEMIC HAS AFFECTED THE RENTAL HOUSING INDUSTRY IN UNPRECEDENTED WAYS.

Through May, thousands of City tenants lost their jobs or were forced to stay home as their place of work remained shut down due to national and local restrictions. **This has ultimately had a ripple effect on building owners and rent collections.**

Mayor Bill de Blasio and his pro-tenant appointees to the Board are attempting to make building owners the scapegoat and enact another politically-motivated rent freeze. Despite what the Mayor might believe, it is the responsibility of government to provide much-needed relief for affected tenants, but it is the responsibility of the Board

to enact adequate rent increases. Although the likelihood of another rent freeze is high, **RSA members must testify** and go on the record about the ongoing challenges that they are facing as a result of COVID-19, the latest changes to the rent laws and the inadequate guidelines from previous years.

**The following information about this year's RGB process is vital for your testimony.** You should also consider RSA's recommended talking points and speaking tips on how to better deliver your testimony.

## WHAT TO KNOW

### INCREASES IN PIOC

This year's **Price Index of Operating Costs (PIOC)** has increased again by **3.7%**. Nearly all components used to calculate the PIOC (except fuel) have increased, **including property taxes (+5.9%)**.

### MAYOR DE BLASIO

Since Mayor Bill de Blasio has taken office, **owners' costs** have increased **25.2%** (according to the PIOC), while **rents** have increased only by **5.25%**. Since 2014 (de Blasio's first year in office), **property taxes** alone have increased nearly **44%**, a yearly average of **6.27%**.

### OWNER NOI HAS DECREASED

According to RGB data, owner **net operating income (NOI)** has decreased by **0.6%**, the first decrease since 2002-2003. This calculation comes from the RGB's Income and Expense (I&E) Study and is based on Real Property Income and Expense (RPIE)

Statements filed by owners with the Department of Finance (DOF).

### DEPLETED NOI

RSA has warned since the first rent freeze was enacted in 2016 that inadequate guidelines, coupled with increased expenses, would result in decreased NOI over time. This is now happening and will continue with another rent freeze.

### EXISTING AID FOR TENANTS

Thousands of tenants may have lost their jobs. However, an eviction moratorium is in place until August 20<sup>th</sup>, federal stimulus payments of between \$1,200 and \$3,400 have been

issued to individuals and families with two children, unemployment benefits have been greatly expanded for individuals to receive as much as \$4,800 per month, or as little as \$3,400 per month, through the end of July.

### GUIDELINES EFFECTIVE DATE

The latest guideline would not go into effect for another four months and the Board is operating under the notion that tenants will not return back to work any time soon even as New York State has started lifting workplace restrictions.

## THE RGB HAS PROPOSED

- **FOR A ONE-YEAR LEASE: 0%**
- **FOR A TWO-YEAR LEASE: 0% for the first year and 1% increase for the second year**
- **A SPECIAL GUIDELINE FOR DECONTROLLED APARTMENTS** equal to **Maximum Base Rent (MBR) + 39%**

## RECOMMENDED TALKING POINTS TO HIGHLIGHT IN YOUR TESTIMONY

- ▶ The Board Members, especially the newly appointed ones, must understand that rent increases of only 5.25% over the last six years, along with another potential rent freeze, will not allow small property owners to maintain and make necessary repairs to their buildings.
- ▶ If the units in your building(s) are predominantly or all rent-stabilized, it is imperative that you testify, especially if the inadequate guidelines under this Administration and increased operating costs have affected your ability to properly maintain your building.
- ▶ The Housing Stability and Tenant Protection Act (HSTPA) of 2019 has severely limited an owner's ability to properly invest back into their aging buildings. The only guaranteed source of much-needed income will be through the City RGB.
- ▶ Prior to the HSTPA, Tenant Members of the Board argued that even without rent increases through the RGB, building owners were able to raise rents through Individual Apartment Improvements (IAI), Major Capital Improvements (MCIs), vacancy allowances and preferential rents. Now, building owners are either no longer able to utilize such provisions in the law, or are severely limited in how they can do so.
- ▶ Have you still had to spend money on other major repairs and improvements that have not resulted in MCI or IAI increases? Explain what the repairs were and how much they cost you.
- ▶ You may also discuss if you were not able to perform much-needed repairs to your building or a particular apartment due to limited reserves and limitations imposed by the HSPTA.
- ▶ The RGB believes that all tenants have lost their jobs or have had their incomes affected due to the COVID-19 (Coronavirus) pandemic. It is important to discuss your experience over the last few months with regard to rent collections and whether or not your tenants struggled to meet their monthly obligations.
- ▶ Be sure to mention how the PIOC does not include several government mandated costs that you incur, such as building façade inspections, lead paint removal, mold and indoor allergen removal, heating conversions, building registration fees, energy benchmarking, etc.
- ▶ Detail how low your rent roll might be in comparison to how high your property taxes have increased over the last six years in particular.
- ▶ Ask why the Board, who seems to act only in the best interests of tenants, has not publicly supported property tax or water and sewer bill relief for struggling property owners to offset another rent freeze.
- ▶ Be sure to discuss if and how many tenants who receive SCRIE, DRIE, or Section 8, whose rent increases are paid for by existing government subsidies, live in your building(s). Also, be sure to mention if you are participating in any of the City's programs to house the homeless.

**TURN TO THE NEXT PAGE FOR THE HEARING DATES AND INFORMATION ON HOW TO TESTIFY!**

## HOW YOU CAN DELIVER TESTIMONY TO THE RGB

- **Testimony can be provided in various forms this year.** If you decide to provide live testimony, you will only have two minutes to speak. You should write/type out your testimony and highlight the points you want to make. Keep it short, keep it simple and stay focused on the message that you want to deliver.
- Registration to testify live will be limited and can be done on the RGB website beginning June 1<sup>st</sup> at <https://bit.ly/3cpIort> (Please see the the box on this page for the remaining RGB dates). Once you are registered, you will be provided with further instructions by the RGB.
- If you provide voice or video-recorded testimony in advance, it will still be limited to two minutes long. Written testimony can be submitted via email at [board@nycrgb.org](mailto:board@nycrgb.org). Voice or video testimony must be submitted via Dropbox at <https://bit.ly/3cA90Ww>. Please be advised that the submitted testimony will not be read or played on the live YouTube stream during the public hearing.
- If for whatever reason you still feel uncomfortable and would rather not testify, you may still watch the public hearings and Final Vote live on YouTube at <https://bit.ly/3fHsRoI>.

### MARK YOUR CALENDARS!

#### **VIRTUAL PUBLIC HEARING:**

Wednesday, June 10<sup>th</sup> at 4:00 p.m. – live on YouTube

#### **VIRTUAL PUBLIC HEARING:**

Thursday, June 11<sup>th</sup> at 6:00 p.m. – live on YouTube

#### **RGB FINAL VOTE:**

Wednesday, June 17<sup>th</sup> at 7:00 p.m. – live on YouTube

**Vito Signorile, RSA's Director of Communications,** can help you prepare your testimony and give additional guidance for the remainder of the RGB deliberations. He can be reached via email at [vsignorile@rsanyc.org](mailto:vsignorile@rsanyc.org).