New York City Rent Guidelines Board
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Statement by Doug Apple, Chair of the New York City Rent Guidelines Board
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The New York City Rent Stabilization Law of 1969 (RSL) and the New York State Emergency Tenant Protection Act of 1974 (ETPA) each made findings of "a serious public emergency" in housing, an emergency that unfortunately continues to this day. These laws accordingly enacted a legislative scheme with the purpose of "prevent[ing] speculative, unwarranted and abnormal increases in rents," "prevent[ing] exaction of unjust, unreasonable and oppressive rents and rental agreements," and "forestall[ing] profiteering, speculation and other disruptive practices." ETPA § 2; RSL § 26-501.

To achieve these goals, the law tasks the Board with setting annual guidelines for the "adjustment of the level of fair rents," RSL § 26-510(h). In doing so, the law directs the Board to review and consider:

> (1) the economic condition of the residential real estate industry in New York City including such factors as the prevailing and projected (i) real estate taxes and sewer and water rates, (ii) gross operating maintenance costs, (iii) cost and availability of financing and interest rates and (iv) supply of housing and vacancy rates;
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> (2) relevant data from the current and projected cost of living indices for New York City; and
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> (3) such other data as has been made available to us—including the impact of any rent adjustment on tenant affordability.

This year – as with many other years- the public discussion centered on tenant affordability and the financial condition of the rent-stabilized stock. Income and expense data for owners reflects the complexity of this issue as it relates to the building's financial conditions. News headlines reported data from the RGB *2025 Income and Expense Study*, that Net Operating Income (NOI) increased from 2022 to 2023 by 12.1% in all building throughout NYC containing at least one rent-stabilized unit. While this is true, a more comprehensive look reveals that NOI of buildings Citywide that are 100% rent-stabilized only increased by 0.7% after taking inflation into account, as reported in a RGB staff *2025 Income and Expense Study* memo. And, as reported in the *2025 Income and Expense Study Report Presentation*, since 2017-18, real NOI (after inflation) for rent-stabilized buildings outside of Manhattan's core decreased by 13.6%.

As prior Chairs have noted, there is no simple formula for determining fair rent adjustments based on the significant and detailed data presented to the Board. It is important to recognize that owners face significant challenges maintaining the quality of rent-stabilized housing and preserving this vital stock for tenants in the long run. As measured by the RGB's *2025 Price Index of Operating Costs Report*, prices facing owners rose 6.3% from April 2024 through March 2025, following the previous year's increase of 3.9%. It is likely that elements of these trends, including rising insurance costs and property taxes, will persist, with RGB staff projecting that the rise in prices will increase by 4.8% next year.

In addition to the staff reports, we received expert testimony from more than 20 organizations and housing professionals. Notably the Furman Center of New York University, the Community Preservation Corporation, Enterprise Community Partners and the Citizens Budget Commission all presented testimony on the changes faced by the rent stabilized stock, with rising costs and inflation outpacing the modest rent increases over the past several years.

As I have considered this year's guidelines, I am mindful of the deep affordability challenges facing tenants in rent-stabilized housing. The RGB's *2025 Income and Affordability Study* highlighted persistent and growing challenges for tenants, with average inflation-adjusted wages down 0.4% in the most recent time-period studied (the 4th quarter of 2023 through the 3rd quarter of 2024). And, the rent tenants face continues to be significant, as indicated by the most recent *Housing and Vacancy Survey* (*HVS*) that reported that the median gross rent for rent-stabilized tenants was 30.5% of household income in 2023 (though down from 36.2% in 2021). The *HVS* also reported that the proportion of rent stabilized tenants that do not receive rental assistance that were considered rent burdened was 45.5%, which includes 18.3% paying more than 30% of their income in rent and 27.2% paying more than 50% of their income in contract rent. While rental assistance can mitigate this burden for some tenants—with the median gross rent-to-income ratio for rent-stabilized tenants excluding those receiving rental assistance currently at 28.8%—the data nonetheless indicate a steep rent burden for many rent-stabilized tenants.

In addition to the RGB studies, we heard from the Fiscal Policy Institute (FPI) and Columbia Center on Poverty and Social Policy, among others, who cited the continued challenges of tenant affordability. Columbia's research shows that 27% of families in rent-stabilized housing are in poverty and 62% are low income, and FPI's presentation showed that renters' incomes have only grown by 11.5% between 2019 and 2023 while housing costs grew by nearly 18%.

The supply of housing available to rent remains extremely tight, with a citywide vacancy rate of 1.41 % for rent stabilized apartments in 2023, down from 4.54% in 2021. And relief from this housing shortage is unlikely in the near term. The number of new residential permits issued in 2024 was the lowest since 2017. However, one encouraging data point was that the RGB's *Changes to the Rent Stabilized Housing Stock in NYC in 2024* report showed a net gain of nearly 14,898 units to the rent stabilized stock.

Another notable trend is the on-going decline in sales price for rent-stabilized buildings. The average per-unit sales price citywide in 2024 was $253,389, an inflation-adjusted decrease of 28.9% from the prior year. Of 100% stabilized buildings, the average price per unit sold in 2024 was $175,225, an inflation-adjusted decline of 37.6%. And, as reflected in the *2025 Mortgage Survey Report,* the average interest rate for new multi-family loans for buildings with rent-stabilized units was 6.73%, a decline of 28 basis points from 2024, but still well above the average rate in 2023 of 6.02%. Falling sales price and historically higher interest rates, in the longer term, could have an impact on building conditions as owners struggle to access the needed capital for major capital upgrades. It is important that the Board keep a close watch on the physical conditions of buildings --- as reflected by code violation data --- and we urge future Boards to develop new data and reporting to closely track buildings' physical conditions.

In sum, the data noted above, as well as additional data presented to the Board, underscore that owner costs are continuing to rise, and there is reason to be concerned about the long-term health of the stock of rent-stabilized housing. With tenant affordability a real concern, it is critical that the Board balance these equally important considerations as we seek to ensure the stability of the rent stabilization system for tenants and owners and preserve this critical component of the City's housing stock. I believe this year's guidelines strike the appropriate balance.