Alex Armlovich RGB Statement

Today's guidelines represent a nuanced compromise between the competing testimonies the RGB received.

The 3% one-year guideline most closely reflects the testimony we heard from leading civic organizations, regulated nonprofit affordable housing operators, and think tanks with respect to financial distress in the nonprofit affordable housing stock. After 10 years in a row of 1-year guidelines below the rate of NYC-area inflation–the longest such stretch of real-dollar 1-year rent rollbacks in RGB history–the status of New York's nonprofit social housing is troubled. This year the Community Preservation Corporation and Enterprise Community Partners took the unprecedented step of opening their books to us: The results were troubling. In balancing consideration, however, we also received testimony from the Fiscal Policy Institute (also for the first time) on the use of "NYC CPI less shelter" as a useful lower-bound estimate of the likely change in operating costs of housing over time. Our guidelines are prospective, and the data is retrospective, but we nonetheless expect the 1-year guideline will prove to be the 11th real-dollar rent rollback in a row–below NYC inflation yet again–but likely quite close to FPI's "NYC CPI less shelter" index when next year's data comes in.

The 4.5% two-year guideline most closely reflects the testimony we heard from tenants. Over the next two years covered by our guidelines, no measure of inflation or operating costs is expected by any professional forecaster consensus, bond market breakeven, or overnight indexed swap market to fall below 4.5% cumulatively. To the senior citizens and veterans who testified: We heard you. Based on Social Security Administration COLA forecasts for 2026 and 2027, this 2-year guideline represents approximately a 0.5% cumulative real rent rollback over two years. In plain language that means seniors' and veterans' rent relative to their incomes will go down, as SSA and VA COLAs for people on a fixed income are slated to phase in at a markedly higher rate than this guideline.

The net effect of these guidelines–a small real-dollar rollback on the 1-year, and a large real-dollar rollback on the 2-year–on distress in the housing stock will depend on how many tenants take the two-year versus the one-year guidelines, in addition of course to the realized evolution of operating costs and inflation compared to current expectations.

Finally, on matters of building quality and habitability, we were moved by the urgent calls to address housing quality offered by a majority of speakers. Taxation, subsidy, and most regulatory powers remain beyond the remit of the RGB. Still, I hope to explore any possible RGB path to creating both the means and the incentive for regulated landlords to meet the customer service and habitability expectations that tenants rightly hold.