Statement of Alex Schwartz, Public Member of the Rent Guidelines Board

June 30, 2025

Taking inflation into account, as one must, the RGB during the first three years of the Adams Administration has not only frozen the rent, but rolled it back by 2.9%. This is based on the RGB's composite measure of its rent adjustments, which combines the maximum allowable rent change for 1- and 2-year leases and, before 2020, the maximum allowable increase for vacancies (Prior to the passage of the Housing Stability and Tenant Protection Act of 2019, landlords could increase rents for vacated rent-stabilized units by up to 20%).

During the De Blasio Administration the RGB also reduced rents according to this metric. Adjusting for inflation, RGB cut rents by 1.7%. But this was only because of its low rent increases during Covid, when inflation spiked. In contrast, from October 2014 through September 2020, the RGB under Mayor De Blasio increased the rent by 4.3% adjusting for inflation, and this includes two years when it froze rents for 1-year leases.

When rents increase more slowly than inflation, less money is available for building owners to cover essential repairs, building improvements, and their mortgage payments.

This is not only true for properties under private for-profit ownership, but also for buildings owned by nonprofit affordable housing groups. Furthermore, about 25% of all rent stabilized housing was built or preserved under New York's various affordable housing programs, costing the city more than $30 billion from 1987 through 2023, adjusting for inflation.

Failing to keep rents at least level with inflation degrades the physical and financial viability of New York's affordable housing investments, as well as the rent-stabilized housing stock overall.

It is essential for rents to be kept as low as possible for tenants of rent-stabilized housing. But it is also essential to ensure that rent-stabilized housing generates sufficient income to cover its basic needs. When rent adjustments consistently lag behind inflation, the physical and financial condition of rent-stabilized housing deteriorates. This is especially true for predominantly rent-stabilized buildings containing few if any market-rate apartments.

RGB staff research and testimony presented to the board indicate that rent stabilized housing is under increased stress:

- The Net Operating Incomes (NOI) of pre-1974 buildings located outside of core Manhattan decreased by 13.1% from 2021-23.
- Outside core Manhattan 10% of all rent-stabilized buildings reported negative NOI in 2023—1,265 in total--meaning their operating costs exceeded total rental and other income. This percentage rises to 11.3% for pre-1974 buildings that are at least 80% rent-stabilized.
- The Community Preservation Corporation, a major nonprofit lender for affordable housing providers, reported that 20% of the loans in their portfolio involved buildings did not have sufficient NOI to fully cover their mortgage payments, and that 8% of their loans were delinquent.

- Testimony from the NYU Furman Center showed evidence of deferred maintenance from 2019 through 20213 in predominantly rent-stabilized buildings in the Bronx with below-median rents.

From October 2024 to May 2025 the average monthly consumer price index (the primary measure of inflation), for the New York Metro area increased by 3.1% compared to the monthly average from Oct. 2023 to Sept. 2024). To preserve the financial and physical condition of rent-stabilized housing, it is essential for rents to increase at a similar pace. This is why I support the rent adjustment guidelines for the coming year.