



New York City Rent Guidelines Board

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Statement by Maksim Wynn, Owner Member on the New York City Rent Guidelines Board Released at the June 25, 2026, Public Meeting of the Board

As the owner's representative, my primary concern is ensuring that rent stabilized buildings are able to operate in a way that is financially sustainable for their owners, and does not endanger their physical condition.

Economic Occupancy

Past boards have reasonably assumed that the best way to ensure sustainable operations is to increase legal rents. However, the data this board has reviewed suggests that for buildings with income to expense issues, increasing legal rents may, counterintuitively, decrease income.

That is because buildings with income to expense issues are also buildings where a rent increase could have the most negative impact on economic occupancy. Economic occupancy, or the percentages of owed rent that is actually collected, decreases when tenants are unable or unwilling to pay their rent.

According to testimony from the New York Apartment Association, or NYAA, and the Furman Center, the buildings with the greatest income and expense issues are pre-1974, 90%+ stabilized buildings. The NYAA also asked this board to center its decision making on these buildings, which is what I have done.

The Furman Center describes pre-'74, 90%+ stabilized buildings as housing the lowest income, most rent burdened tenants. Unsurprisingly, these are also the buildings with the lowest economic occupancy. According to testimony from REBNY, economic occupancy in pre-'74 buildings is 90%, while it is closer to 97% in post-'73 buildings, where tenants typically have higher incomes.

Taken together this means that tenants in pre-'74, 90%+ stabilized buildings are struggling to pay rent, and their rent has gone up 12% over the last four years. If this board raises the rent 2% for 1-year leases, and that causes a single additional household in the median 16-unit building to

stop paying rent, that will result in a 6.25% decrease in annual rental income, or roughly a 4.25% net decrease.

While increases in rent may counterintuitively decrease rental income, that does not mean that no economic intervention is needed. These buildings and their owners are struggling and they need a decrease in expenses as well as an increase in the availability of capital.

Policy makers at the city, state, and federal levels have the ability to make the expense and capital interventions that these buildings and their owners need. These policy makers need only the political will to commit the resources required to sustain this at risk segment of the rent stabilized stock.

Expense Containment

According to NYAA, there are as many as 5,000 distressed buildings among the 90%+ stabilized, pre-'74 stock, despite a 12% rent increase over the last four-years. This level of distress points to systemic issues on the expense side of the ledger.

While current economic occupancy levels create a counterintuitive relationship between rent increases and building income, no such dynamic exists on the expense side. A decrease in expenses causes a direct, proportional increase in net operating income, or NOI.

The good news is that the majority of costs, according to HPD, are concentrated in expenses that can be addressed through policy interventions. These costs—taxes, insurance, and utilities—are ones that are generally increasing but that the city, state, and federal governments have the tools to intervene in directly.

The insurance cost containment intervention recently unveiled by the city is a good first step, but it must be only the first of many steps. Further interventions must be made to decrease the costs of both property taxes and utilities.

While I leave it to policy makers to structure the specifics, there are clear precedents and existing programs that can be expanded to provide relief for operators of rent stabilized buildings.

For example, on the tax exemption side, there are numerous programs that provide tax relief to different categories of rent stabilized buildings. But there is not an as of right exemption for pre-'74 90%+ stabilized buildings. The state must create such an exemption as soon as possible. Doing so would provide much needed relief for these buildings, which are the ones with the most severe income and expense issues.

To reduce owners' utility expenditures, eligibility for DEP's Multi-Family Water Assistance Program should also be expanded. Doing so would offer expense relief to both pre-'74 90%+ stabilized buildings and the vast majority of buildings that are rent stabilized, government-subsidized and income-restricted.

Currently, only this latter category is eligible for the program, but the program is underfunded to the point that, in 2025, it provided relief to only a quarter of this category's stock and covered only a quarter of their water costs. The city's new housing plan promises to double the number of covered units in 2026, but this additional investment is not nearly enough. The program must be expanded to cover both of the above segments of the rent stabilized stock in their entirety and to cover a greater share of these buildings' water costs.

To further reduce owner expenses, the federal government should expand eligibility for the federally funded Home Energy Assistance Program, or HEAP, while the state's New York Public Service Commission should expand the Energy Affordability Program, or E.A.P. HEAP and E.A.P. both currently discount low-income households' gas and electricity bills. For pre-'74 90%+ stabilized buildings and rent stabilized, government-subsidized and income-restricted buildings, the program should be expanded so that it also covers units' gas and electricity bills when they are paid by the owner.

Case Study

Testimony provided to the RGB by a Small Property Owners of New York member demonstrates both why these expense reductions are needed, and the benefit, at this moment in time, of focusing on reducing expenses rather than increasing rent.

The member is the operator of a 21-unit, family-owned, 100% rent stabilized building that was built in 1924. Only 20 of the units are occupied, and the operator has a preferential rent roll that is only 90% of their legal rent roll. Perfectly in line with REBNY's testimony, the economic occupancy of their preferential rent roll is 90%, which is only 82% of their legal rent roll. This likely means that multiple tenants are not paying their full rent, if they're paying their rent at all.

Despite all of this, the building's NOI was positive, at about \$67,000 per year, or \$3,200 per unit. However, that was not enough to cover the nearly \$100,000 per year the operator pays in debt service.

The financial hardship this building faces is primarily driven by its rising expense costs. In 2025, its property taxes, insurance, and water/sewer charges totaled roughly \$79,000. City and state policy makers have the power to reduce these expenses thereby addressing the building's needs with expense side interventions.

Reducing just these three expenses by roughly 40%, or fully abating the building's property taxes and reducing insurance as well as water and sewer by just 15%, would result in the building being able to not only cover their debt service but also to have positive net cash flow.

Inversely, should this board increase the legal rent for this building by 2%, and should that increase cause even a single additional average tenant to stop paying rent, the result would be a 3% net decrease in income, and a 26% decrease in net cash flow.

This operator's testimony shows that the best outcome for buildings like theirs is for the city and state to directly invest in reducing their expenses, while this board gives tenants' incomes time to catch up, thereby strengthening the building's rent roll.

Capital Interventions

That said, there is a subset of buildings within the pre-'74, 90%+ stabilized stock whose issues cannot be addressed by expense interventions alone. These buildings are characterized by some combination of high leverage, severe capital needs, and very low- to negative-NOI.

Buildings that have substantial capital needs and very low- to negative-NOI, but are not severely over leveraged are eligible for HPD's HRP, HPO, and PLP programs. These programs provide a combination of capital for repairs and expense relief in the form of a tax exemption. However, these programs are capital constrained, have long pipelines, and smaller operators may have difficulty accessing them.

Owners of buildings that are in physical and financial distress cannot afford to wait two, three, or four years to access capital. To address these needs, HPD needs a sizable and sustained increase in its capital budget so it can quickly support these buildings whose issues cannot be addressed solely by income and expense interventions.

The even more distressed subset of these buildings have severe capital needs and high interest, high loan-to-value, debt. As a result, these buildings are often toxic assets, and so owners who wish to sell typically cannot find interested buyers. However, HPD has a program called Neighborhood Pillars that finances the sale of such buildings to non-profits.

These buildings and their owners need an offramp that only HPD can provide, but even more than the category of buildings above, they cannot wait years for that intervention.

If the city and state care about both of these subsets of buildings, the tenants who live in them, and the owners who operate them, they need to drastically increase funding for the programs that provide a much needed backstop.

Conclusion

Taking a step back, there is a subset of the rent stabilized stock that is in real distress, but the underlying causes are systemic ones. Those systemic issues need to be addressed, but, at this moment, the tools this board has are more likely to cause owners harm rather than help, while the tools that the city and state have will definitively help. The city's new insurance program is a good indicator of intent, but the relief it provides is only a fraction of what is needed. The city and state must follow up with much more support to ensure the stock's long term viability.

Still, at this moment, with the city taking the first steps towards the capital and expense interventions owners need, and the imminent risk of cratering economic occupancy, a 0% rent increase on 1- and 2-year leases is in owners' best interests.