THE CITY OF NEW YORK
RENT GUIDELINES BOARD

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PUBLIC MEETING

OF THE

DIRECTORS

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22 Reade Street

Thursday, April 23, 2026

9:30 a.m.

B E F O R E:

CHANTELLA MITCHELL,

THE CHAIR

A P P E A R A N C E S:

Board of Directors:

Chantella Mitchell, Chair

Arpit Gupta

Brandon Mancilla

Lauren Melodia

Sagar Sharma

Sina Sinai

Christina Smyth

Adán Soltren

Maxim Wynn

GUEST SPEAKERS AM SESSION:

Kenny Burgos - New York Apartment Association

Ann Korchak - Small Property Owners of New York

Jose Tur - Small Property Owners of New York

Sophia Hepheastou - Small Property Owners of New York

Basha Gerhards - Real Estate Board of New York

GUEST SPEAKERS PM SESSION:

Tim Collins, Esq. - Collins, Dobkin & Miller LLP

Sumathy Kumar - Housing Justice for All

Elisa Martinez - Housing Conservation Coordinators

Julie Xu - CAAAV

Maansi Shah - Union of Pinnacle Tenants, CHHAYA CDC, Queens Tenant Coalition

Emma Rehac - Union of Pinnacle Tenants, Youth Alliance for Housing (YAH)

Esteban Giron - Crown Heights Tenant Union, Tenants PAC

Evy Viruet - Goddard Riverside Law

S T A F F:

Andrew McLaughlin - Executive Director

Brian Hoberman - Co-Research Director

Danielle Burger - Co-Research Director

Charmaine Superville - Office Manager

P R O C E E D I N G S

CHAIR MITCHELL: All right. We are going to go ahead and get started this morning.

Good morning. I'm Chantella Mitchell, the Chair of the New York City Rent Guidelines Board. And I'd like to welcome you to this meeting of the Board.

This is the fourth meeting in a series of public meetings and hearings to determine lease adjustments for rent-stabilized housing units in New York City, with leases commencing or being renewed on or after October 1st, 2026, and on or before September 30th, 2027.

I will now take roll call; please respond if present.

Arpit Gupta?

MR. GUPTA: Present.

CHAIR MITCHELL: Brandon Mancilla?

(Non-verbal response.)

CHAIR MITCHELL: Lauren Melodia?

MS. MELODIA: Present.

CHAIR MITCHELL: Sagar Sharma?

MR. SHARMA: Here.

CHAIR MITCHELL: Sina Sinai?

MR. SINAI: Present.

CHAIR MITCHELL: Christina Smyth.

MS. SMYTH: Present.

CHAIR MITCHELL: Adán Soltren?

MR. SOLTREN: Present.

CHAIR MITCHELL: Maksim Wynn?

MR. WYNN: Present.

CHAIR MITCHELL: And Chantella Mitchell.

Let the record show that we do have a quorum.

The next planned meeting of this Board will be the preliminary vote for rent-stabilized lease adjustments, which will be held Thursday, May 7th. This in-person meeting will start at 7:00 p.m., and will be held at the LaGuardia Performing Arts Center at LaGuardia Community College in Long Island City, Queens. Doors will open at 6:00 p.m.

If you plan to attend, please use the entrance on Van Dam Street at the intersection of 47th Avenue. We encourage you to arrive early to avoid delays and to help speed the entry for the public. This meeting will also be live-streamed via YouTube. Information regarding this meeting is posted on our website, nyc.gov/RGB, in our meeting section.

In order to accommodate the needs of the press, the host venue has requested all members of the press notify the rank guidelines board by May 7th, at 10:00 a.m., if they will be in attendance, and if so, will utilize the Molt box for audio.

You can respond by calling 212-669-7480 between the hours of 9:00 a.m. and 5:00 p.m., or by email at askrgb.nyc.gov. See details in our meeting section of our website.

We are planning four public hearings for the public to comment on the proposed guidelines. Hearings will be held in Queens on June 5th, at the Jamaica Performing Arts Center; in the Bronx, on June 8th, at the Maine Theater at Hostess Community College; in Brooklyn, on June 11th, at the Theater at the NYC College of Technology; and in Manhattan, on June 16th at Symphony Space. These hearings will be held in the evening beginning at 5:00 p.m., in Queens, the Bronx, and Manhattan, and beginning at 7:00 p.m., in Brooklyn.

The final vote will take place on June 25th, starting at 7:00 p.m. at El Museo del Barrio, 1230 5th Avenue at 104th Street in Manhattan. More information regarding the time and location of the public hearings and final vote will be posted on our website tomorrow.

If you're interested in receiving email updates about upcoming RGB meetings and hearings, please go to our homepage and click on RGB email updates under quick links. Members in your folder, you will find the historical data tables prepared by the RGB staff, as well as follow-up memos regarding additional data requested during the April 9th presentations of the 2026 PIOC and the 2026 Mortgage Survey Report. These are the same documents that were sent to you via email yesterday.

All right. So we will begin today's meeting with the staff presentation of the 2026 hotel report. A copy of this report is in your meeting folder and there are copies of the report here today. And it will be made available on our website after the meeting along with the staff presentation. Just click research on our homepage to download.

All right. So I will turn it over to you, Danielle. Thank you.

MS. BURGER: Thank you, good morning.

The New York City Rent Guidelines Board is charged with setting annual rent adjustments for rent stabilized units in class A and class B hotels, rooming and lodging houses, and single room occupancy buildings, all referred to generally as hotels.

To assist the Board in setting these guidelines, the 2026 hotel report includes information on certifications of no harassment for SROs, illegal hotel violations, and the number of hotel units registered with New York State Homes and community renewal, as well as the average and median rents in these units. Data from the hotel portion of the PIOC is also included.

The New York City Department of Housing Preservation and Development granted 52 certifications of no harassment for single room occupancy buildings during 2025, a decrease of 25.7

percent over the prior year.

The Mayor's Office of special enforcement issued 1,909 violations for illegal hotels in 2025, a 31.5 percent increase from 2024.

The 2026 price index of operating costs found an increase in the cost of operating hotels of 4.4 percent between April, of 2025, and March, of 2026.

Per an analysis of registered rent-stabilized units, in 2004 or 2005 New York State homes and community renewal registration data, the median legal rent for hotels and rooming houses is $1,202, and the average is $1,234. The median rent received for rooming houses and hotels is $1,100, and the average is $1,237.

A longitudinal analysis of the same set of registered rent-stabilized units in 2024 and 2025 HCR registration data shows that the median legal rent rose by 0.5 percent between 2024 and 2025, and the average legal rent rose by 0.6 percent. The median rent received rose by 12.1 percent, and the average rent received rose by 10.7 percent.

SRO owners may convert SRO housing

to other uses after obtaining a certification of 'No Harassment' from the New York City Department of Housing Preservation and Development. In 2025, the number of buildings granted CONHs by HBD fell. A total of 52 CONHs were granted to buildings in 2025, a decrease of 25.7 percent. A total of 60 applications for CONHs were received in 2025, approximately the same number as the prior year.

This graph illustrates the number of buildings receiving certifications of 'No Harassment', granted by HPD for SROs from 2018 through 2025.

A series of laws beginning in May of 2011 strengthen the city's ability to crack down on housing being used illegally for transient occupancy and increase the fines for doing so.

In 2025, 1,909 violations were issued by the Mayor's Office of Special Enforcement relating to the illegal short-term rental of units, an increase of 31.5 percent from 2024.

By borough, there were 697 violations in Brooklyn, 653 in Manhattan, 449 in Queens, 63 in Staten Island, and 47 in the Bronx.

Between May of 2011 and December

of 2025, approximately 29,000 violations have been issued by OSE. This table summarizes by borough the violations issued by the mayor's office of special enforcement in each year between 2017 and 2025.

This slide presents data from the hotel portion of the 2026 price index of operating cost report. Per the 2026 PIOC, the hotel price index for all hotels that contain rent-stabilized units increased by 4.4 percent this year compared to the rise of 7.3 percent in 2025.

There were increases in all seven hotel PIOC components. The insurance cost component had the highest proportional increase, rising by 10.5 percent, followed by fuel, which rose by 9.6 percent.

More moderate increases were seen in maintenance, 6.2 percent; utilities, 6.0 percent; administrative costs, 3.5 percent; and labor costs, 3.3 percent. The change in taxes, which makes up 35 percent of the hotel index, was nearly flat, rising just 0.1 percent.

Among the different categories of hotels, the index for traditional hotels increased by 3.5 percent, rooming houses by 5.6 percent, and SROs by 5.4 percent.

Each year, staff use the two most recent registration files from New York State Homes and Community Renewal, or HCR, to analyze data on hotels and rooming houses. Only those buildings likely to be hotels or rooming houses are included in the analysis. The sample frame for the 2024-2025 HCR analysis includes 148 hotels and 332 rooming houses, a total of 480 buildings.

In 2024-'25, 367 of the 480 buildings in the sample frame were registered with HCR. Because 2025 filings are not complete as of the publication of this report, the buildings in the sample frame are also searched for in 2024 data. However, data from 2025 was utilized for nearly all of the data in the report.

Owners of buildings containing rent-stabilized units are required to register annually with HCR with detailed information about the buildings they own and the units within them as of April 1st of each year.

In total, 12,323 hotel and rooming house units and 367 buildings were registered in

2024 or 2025. Of these registered units, 5,269, or 43 percent, were registered as rent-stabilized.

For the 5,763, or 47 percent, of units that were registered as temporarily exempt, the most common reason cited is hotel/SRO transient. An additional 1,291 units, or 10 percent, were registered as either vacant or permanently exempt.

The HCR registration data can also be used to determine how many buildings are being used primarily for permanently rent stabilized housing. As based solely on HCR registration data for the total of 367 hotels and rooming houses identified for the 2026 hotel report, 115 of these buildings have a proportion of permanently rent-stabilized tenants of at least 85 percent. Within the 115 buildings that are at least 85 percent occupied by rent-stabilized tenants, there are 3,898 units.

Note that this table relies solely on owner-reported unit counts from HCR. A more detailed discussion of unit counts in hotels can be found in the report.

This slide will present a quick

explanation of the types of rents that can be registered with HCR. Owners can register up to three different types of rents with HCR during the annual registration filing as of April 1st of each year.

All rent-stabilized units have a legal rent. Under current law, the legal rent provides the maximum amount able to be collected by owners either currently or upon vacancy for those tenants who pay a lower preferential rent. A preferential rent is defined as the rent that owners charge to tenants that is lower than the registered legal rent. Under current law, future rent increases are based on preferential rents until vacancy, at which time the owner may collect up to but not more than the legal rent.

Actual rents are the rents that are paid out of pocket by subsidized tenants, with the balance being paid by government programs. The .

RGB uses the HCR registration data to calculate a fourth type of rent received. This is an estimate of the rent actually being received by the owner. Generally speaking, the legal rent unless a preferential rent has been recorded. The rent received is the best estimate of the revenue owners are currently receiving for each unit.

This slide will present median and average rent levels from 2024 or 2025 for each of the four types of rent we just discussed. Per HCR registrations, the median legal rent for rent-stabilized units is $1,202, and the average legal rent is $1,234 for both hotels and rooming houses combined. A total of 5,123 units.

In total, 534 units, or 10 percent of the total, also report preferential rents. With a median preferential rent for both hotels and rooming houses combined of $650 and an average preferential rent of $809.

In total, 977 units, or 19 percent of the total also report actual rents, with a median actual rent for both hotels and rooming houses combined of $306 and an average actual rent of $661.

And the rent received by owners for the 5,123 rent-stabilized units is a median of $1,100 for both hotels and rooming houses combined and an average of $1,237.

HCR registration data from 2024 and 2025 can also be analyzed longitudinally, comparing rent levels in the same set of units in each of the two years. Of the 348 hotels and rooming houses identified in the 2025 data, 336 were also registered in 2024. However, not every building contains units with registered rents.

Therefore, the longitudinal sample includes 101 hotels containing 3,899 rent-stabilized units and 141 rooming houses containing 1,052 rent-stabilized units, a total of 242 buildings with 4,951 units.

The longitudinal data for rent shows that between 2024 and 2025, the median legal rent rose by 0.5 percent overall, and the average legal rent rose by 0.6 percent overall. The median preferential rent fell by 2.6 percent overall, and the average preferential rent rose by 0.7 percent overall. The median actual rent rose by 2.3 percent overall, and the average actual rent rose by 0.9 percent.

And for the rent received by owners, the median rose by 12.1 percent overall, and the average rose by 10.7 percent overall.

An examination of individual records in the longitudinal sample shows that some owners increased legal rents, even though rent increases for hotels and rooming houses were not granted by the RGB during this timeframe. In total, 29 percent of units had a rent increase.

Among the 1,419 units with a recorded rent increase, 73 percent increased rent by exactly 2.75 percent, 3.0 percent, 3.2 percent, or 5.25 percent. These increases coincide with one- and two-year lease increases granted to rent stabilized apartments under either order 55 or order 56. Each of these orders overlap with the timeframes in the HCR registration data, which records rents at the static point of April 1st in each year.

It is not possible to determine if the increases were taken illegally or if the unit is registered incorrectly.

Thank you, and if there's any questions.

CHAIR MITCHELL: Thank you, Danielle.

Any questions from the Board?

(No response.)

CHAIR MITCHELL: All right. Thank you.

MS. BURGER: Thank you.

CHAIR MITCHELL: So next, we will transition to hear from our owner panel, which is scheduled to go until 12:20. The Board will take a break from 12:20 to 1:00 o'clock, and then in the afternoon, we will hear testimony from the tenant panel from 1:00 to 3:30.

So, I'll welcome the owner panel to come up and I'll introduce you all.

All right. So we would like to welcome Kenny Burgos from the New York Apartment Association. Thank you so much. You all see okay? Okay.

MR. BURGOS: All right. Let's get the first slide up.

Chair, Board members, first I want to thank you for the opportunity to testify. My name is Kenny Burgos.

I want to begin by acknowledging the affordability crisis facing renters in this city. It is real, it is serious, and it deserves a serious response. Many tenants who are struggling are eligible for support through programs like SCRIE, DRIE, and expanded voucher programs, and we support those tools. We believe tenants who need the help should receive it.

But rent must still cover operating costs. That is not a landlord argument, it is a building maintenance argument. New York is unique in that its rent regulation system does not require rent to cover the actual cost of operating the properties subject to it. That makes us a global outlier, and over time, it is not sustainable.

I want to be precise about where the system is breaking down, because it is not breaking down uniformly. This Board will vote on a single rent adjustment percentage that would apply to every rent stabilized lease in New York City commencing between October 1st, 2026, and September 30th, 2027. One number, applied uniformly across roughly 1 million apartments in buildings bear that bear almost no meaningful financial resemblance to one another. That is a problem that I'm here to address.

When you take a look at the RGB's own data and the data presented by the NYU firm and center earlier this year, you see structurally different buildings operating under completely different financial conditions being subjected to a single policy instrument that was calibrated for the average that ignores the dire fiscal reality of the majority.

Let me make this concrete; consider two buildings that will receive the rent adjustment this Board will vote on. Both of these buildings are rent stabilized under New York law, both will receive the same rent adjustment. The owner of the pre-'74 legacy building will apply that percentage to a rent of $1,344. The post-'73 building, with tax breaks, market rate tenants paying $5,500 a month, and most of the building's major systems with 20 to 30 years of useful life left, will apply the rent adjustment to $3,200 rent.

One of those owners needs a meaningful rent adjustment, the other doesn't. This Board will give them the same, if any. The concrete comparison I just walked through, the pre-'74 legacy building and the post-'73 new construction, is not a rhetorical flourish. It describes a structural distinction in how these two building types entered the rent stabilization system, how they operate under it, and how they ultimately exit.

The fundamental problem with the data this Board uses to set its annual adjustment is the data does not see that distinction at all. This pie chart shows where the rent-stabilized units are in the survey sample from the income and expense report. And it shows the large difference between net operating incomes for the different building types. The pre-74 stabilized majority stock was pulled into the system involuntarily by operation of State law based on when the buildings were constructed.

These owners did not enter into an exchange; they did not receive a tax benefit. They did not accept stabilization in return for anything. They inherited a regulatory obligation because of the age of the building, and they operate under that obligation indefinitely, with no sunset, no subsidy, and in most cases, no cross-subsidy from unregulated units because the entire building is stabilized.

The post-'73 stabilized stock entered the system on an entirely different basis. These buildings, through voluntary agreements, are in stabilization because their owners receive something in exchange for it. These buildings are also typically mixed income, with a market rate portion whose revenue cross-subsidizes the regulated units. And they exit stabilization when the abatement expires.

The Furman Center, in its March testimony to this Board, demonstrated that this segmentation is possible and that it produces dramatically different financial pictures.

When you separate the pre-'74 stock from the rest, you see a troubling trend of net operating income decline. Gross income growing at roughly 10 percent against expenditures growing at roughly 30 percent from 2019 to 2025 in inflation-adjusted terms. This is in large part due to the RGB defunding majority pre-'74 buildings for a decade as this chart breaks down.

The RGB's mandate is not to

calibrate a rent adjustment weighted to the average, it is to set an adjustment that produces a sustainable outcome for the majority regulated stock. When the RGB's definition of regulated stock contains two regimes with opposite financial profiles, the result is a systemic defunding of the majority pre-1974 stock.

We had a little fun with this slide. This Board has heard from HPD last week about rising building distress across the city. They're doing great work to help preserve buildings, but they don't have the capacity to meet the need of the distress. The analogy we use is 100 hardworking firefighters trying to put out blazes in 5,000 buildings. It's not possible.

Additionally, there is work underway with the administration on longer term structural solutions. Insurance market reform, property tax relief, Local Law 11, cost mitigation. That work matters and we support it. But those solutions will take years to materialize. Owners cannot fund emergency repairs today based on promises of future relief.

A rent freeze now would not hold

the line. It would deepen the problem immediately in the buildings that are already closest to the edge. And in case you are wondering, yes, we do believe more than 5,000 buildings are currently in severe financial distress.

A tax abated post-1973 building and a financially distressed pre-1974 legacy building are not the same thing. They do not have the same costs, the same revenue, the same capital access, the same tax burden or the same operating risk profile. They have almost nothing in common except the legal label "rent stabilize." They shouldn't be lumped together. The income and expense study clearly shows this. The Furman Center has documented it.

The PIOC component data shows it and this Board, with full access to all of it, is preparing to vote one number for both. We have two asks of you; first, base your decision on the condition of pre-1974 housing outside the core of Manhattan. This is the segment that represents the majority of the regulated housing and faces the greatest risk.

Second, be willing to think

differently. The RGB has the ability to consider differentiated adjustments by building type rather than a single across the Board number. You also have a platform to guide policymakers for a more sustainable system. Everyone agrees the current system is not working for tenants and it's not working for owners.

If we want to preserve this housing, rent must cover costs, and the tenants who need help must be supported directly. That is the path to a more stable and equitable system.

Thank you.

CHAIR MITCHELL: Thank you. Questions from the Board?

Yes, Arpit.

MR. GUPTA: Yeah, thanks for that testimony.

So just to pick on the last point about differentiated adjustments across building type, could you elaborate on that; like, what -- could you give a concrete example; or like, what do you have in mind specifically?

MR. BURGOS: Well, this Board previously was able to provide adjustments for low rents in an anomalous amount as opposed to a percentage. So, there was a time where the Board differentiated those adjustments. So, we're simply saying you have an ability and a latitude to decide and think creatively, and we ask of you to do so.

CHAIR MITCHELL: Brandon?

MR. MANSIA: Thanks, Kenny.

I have a question about insurance, and the rise of a lot of the data has shown that the cost of insurance is a big driver behind increasing costs, generally. So, what are your members saying about that; what's behind it; do you have any data or research of your own that you've done around it; and what do you make of what you mentioned briefly there, the city hall proposal for reform?

MR. BURGOS: Absolutely. Thank you for that. Insurance, I think, has been one of the key components that both City Hall, ourselves and many others who speak on this housing from a policy perspective that has been detrimental to this housing. You have cases in the Bronx where only two or three operators are even deciding to insure in that borough.

As a result, we've seen major, major increases. We've taken a look at the data that the RGB has put forth, and we have seen some discrepancies. I think your number is somewhere around $111 per month per unit. We have heard from some owners where it can go as high as $150 per month per unit.

Now granted, you know, these can differ by borough, by city, but one thing we can say for sure, the trend is alarming. Insurance has increased by well over 100 percent in the past five years. And when you're taking that much of the revenue from a regulated stock that is coming at a direct cost to the experience of tenants, to the quality of these buildings, and taking away money that can work to improve these buildings that are in deep distress.

And I'm sorry, you asked me about the City Hall proposal; we are in support of City Hall in any method looking to address this. We thank, you know, City Hall and the mayor for addressing a crisis head-on. It's yet to be seen what the details will be of that, and certainly the results; this is my point earlier, where this kind of relief is still years out. And if I recall correctly, the universe that that proposal hopes to capture is something like 20,000 apartments, if I'm correct here.

MALE VOICE: 20,000 first year, 100,000 --

MR. BURGOS: Yeah, going up to 100,000 now in a million rent stabilized units across the city. Obviously, that's not capturing the entire universe. So, it will be helpful, we support it, but it will not help every building.

CHAIR MITCHELL: Thank you, Kenny.

I had a question with the -- if around increasing resources for SCRIE, DRIE and vouchers, has the association done like a cost estimate or seen any good ones of what it would take on that side to be able to raise the rents to the amount where the buildings that you're concerned about would have positive NOI or even positive debt service coverage? Like, what does that increase in tenant resources look like?

MR. BURGOS: Sure. And we haven't done a cost estimate but, you know, we go off the data produced by New York City. And as of recently, there's an estimated 50,000 homes today that are eligible for SCRIE and DRIE that have not taken this opportunity to freeze their rent. It's something that we've taken part with some local elected officials in trying to go into some of the dentist neighborhoods that have that eligibility to enroll people.

We have encouraged, you know, lawmakers and of course City Hall to try and ramp those efforts up. This is an immediate relief that tenants can feel today. And to the Governor's credit, they're expanding the income eligibility. And this is a proposal, again, that we support. And why; because it's supporting tenants at the direct cost level without defunding these buildings. The owners then get a property tax credit in relation to what that rent increase would have been. And that is a policy in which can be helpful to address the affordability crisis without defunding the buildings these tenants live in.

CHAIR MITCHELL: Thank you.

Other questions from the Board?

Max?

MR. WYNN: Yeah. Hey, thanks for

coming, Kenny.

MR. BURGOS: Thank you.

MR. WYNN: Can you speak a little more about the 5,000 buildings you described as being in financial distress?

MR. BURGOS: Sure.

MR. WYNN: Can you say more about whether the owners of those buildings are seeking to sell them and are unable to; or whether, you know, it's an operating problem?

MR. BURGOS: Sure. Thank you for question. So this Board categorizes distress when a building is effectively at 100 percent cost to income ratio or cash flow negative. And based on that, we have about 10 percent of the stock that RGB would consider to be in distress. Already an alarming number.

We would respectfully disagree in that categorization of distress. We are using -- the Mamdani administration used the Pinnacle Portfolio and described it as very low averaging rent and concerned at it being an unsupportable business with $1,300 averaging low rent. By that definition, they're about one-third of the housing stock in rent stabilization that would qualify as very low averaging rent and an unsupportable business.

So we think anywhere between that, and certainly, of course, cash flow negative would be considered distressed building, which is why we estimate about 5,000 buildings are in deep distress.

Your question about owners either willing or being unwilling to sell: obviously, in many cases, because of what's happened over the past several years, many of these owners find themselves with mortgages and debt that exceed the revenue today and their valuations.

That would, of course, incur many owners to try and sell a building and have to pay a bank or pay to spend money to sell their building. Obviously, many owners find themselves in a financial scenario where they don't want to be; that is not an easy decision to make.

Every single building, every owner is going to have a different financial scenario based on when they purchased, based on their business model, based on the building's rent rolls, just given there's been so many evolutions of this rent stabilization system. But it's no question that what we're seeing today is people who are selling are selling their buildings for steep discounts 50, 60, 70; we've seen as high as 90 percent. And that is causing me great concern as well.

CHAIR MITCHELL: Other questions from the Board?

(No response.)

CHAIR MITCHELL: Thank you, Kenny.

MR. BURGOS: Thank you so much.

CHAIR MITCHELL: Now, we will welcome Ann Korchak, Jose Tur, and Sophia Hepheastou from the Small Property Owners of New York.

MS. KORCHAK: I guess we'll go with Sophia first because Jose just walked out. Thanks.

(Unintelligible Cross-talk.)

CHAIR MITCHELL: All right. Welcome to Ann, Jose, and Sophia.

MS. KORCHAK: Good morning. I'm Ann Korchak, and I serve as the Board president of

SPONY, the Small Property Owners of New York.

And just for some background, SPONY, is a trade association of small rental building operators and our members operate small rent stabilized buildings throughout the city. And I'm joined by two of those operators here, owner-operators today.

Jose and Sophia are providing housing in the very epicenter of the Stabilized Housing Crisis that Kenny just spoke about and that we heard the Furman Center speak about and we'll hear REBNY speak on this as well.

Their first-hand accounts of navigating severe financial challenges should make it clear to the Board just how precarious much of this aging rent-stabilized housing stock has become. This housing is vitally important to the tenants who live in our buildings, to the city who depends on our property tax to fuel the municipal government, and to those of us that operate it and own it.

We're not faceless absentee owners; we are families who have long ties to our neighborhoods. We offer tenant stability, and we're just really grateful to have this opportunity to share some first-hand experience with you all here this morning.

MS. HEPHEASTOU: Good morning. Can you all hear me? So as Anne said, thank you for this opportunity. We appreciate being able to kind of share the reality that we find ourselves in every day operating this kind of housing stock.

A little background about this property: We have a portfolio, but we focused on one just because of time limitations. This property has been family owned and run for almost 40 years.

If you go to the next slide here, the properties we operate are all in the Bronx in various areas. This one is in Tremont. It's a 21 residential unit apartment, there's no commercial tenants. It's over a hundred-year old building. It was built in the 1920s, 1924. It's approximately 16,000 square feet. It's almost fully occupied, there's 20 units.

If you look at the numbers, all the data is from 2025. So, it's a very accurate real-time snapshot of the finances and the current financial stability of this property.

If you look at the bottom over there, we show that these buildings, because they're stabilized and due to the 2019 laws, there are preferential rents, which mean that there was discounted rent provided to these tenants. So, despite whatever the legal rent is, the building is generating less income each month because there's a discount.

So if you look, the legal rent roll is about $29,000. The actual rent that's coming into the building is $26,000. And then if you look at what the annual collection is, it's even less because a lot of time we have delinquent tenants. We have significant arrears on the properties.

So, you know, it's really important to emphasize that even though there's a preferential rent amount and there's a legal rent roll, the building is still generating a lot less money.

This is a screen capture of the total annual operating costs. So you see the top four categories are pretty much fixed costs. The building can't change these. These are set by outside forces that they have no hand or, you know, messing with. The water sewer is set by the city. The gas is set by ConEd rates. The delivery fees have significantly increased on this property.

The property insurance is already affected because many carriers, as Kenny testified, have pulled out of the Bronx. And we even had to remove Umbrella because we just couldn't afford it and there were no carriers of providing it. The property taxes, again, keep increasing. And the rest are the different categories: management fees; super fees; repairs; common area electric. The total operating costs are $308,241. So just based on the numbers, we're already operating at a negative NOI.

And as, you know, testimony was shared earlier on the 2026 RPIE, the Bronx, specifically, Tremont, and this category area has seen the only area with a negative NOI increase. So the numbers are not lying; that is really happening, and we're experiencing it firsthand.

So again, any freeze in this kind of category, because this is the epicenter of what's going on, is going to negatively impact this housing stock and ultimately the tenants that rely on this housing.

Additionally, there's several mandates that the city is pushing out through various New York City Council bills. Unfortunately, many of these policies and mandates don't take into consideration the income and where the buildings are. So each time there's a new mandate, for example, the Fair Act, there was no carve-out for rent-stabilized portfolios or properties.

So now, buildings are required, of this kind of, you know, condition, to cover the cost of broker fees. So that's a direct hit to the NOI because there's no way to pass any of those costs; there's no way to bring any money in, and we just can't afford to rent apartments out because there's no amount of money for broker fees now.

We also have other mandates that are being rolled out, like the cooling AC mandate. We don't know if the electrical overhaul in these, kind of 100-year-plus buildings, can support that kind of electrical supply that's needed to create that. XRF lead testing and lead remediation thresholds were decreased. So now buildings have to do testing and also work on costly remediation efforts.

The new gas appliance stove law, again, there's a limit on how many master plumbers are in New York. I think the number is 1,100, and now we need to pull those resources to install stoves, you know, and tenants have delays waiting for those stoves. So again, these are more costs hitting this housing stock.

There's also the façade mandate. Again, and that could impose significant capital improvements that the building just doesn't have to comply.

So again, it's more and more cost that rent-stabilized housing, you know, pre-war buildings are being forced to pay that they simply just don't have the money to do.

And then a significant amount of money, you know, in this portfolio has almost over $100,000 in arrears. So that's even less money that the building has to operate. And some of it is from chronic non-payment cases where the same tenants we're seeing are in court again and again and again.

So they're clogging the courts, and they're impacting the quality of life for the other tenants in the building because time and money that the building could be putting towards maintenance and benefits, you know, for the other tenants are instead forced to be put into housing court because there's simply no other mechanism to generate money for these buildings.

So, you know, it's not just the arrears, but there's no other mechanism. There's no mediation, there's no way to get out. You know, tenants who are consecutive not paying and draining these buildings.

And then, you know, there was a question earlier regarding the selling or the value of these kind of properties. We had done an appraisal in 2021 of another building also in the Bronx in Fordham, and the appraisal was in 2021. The appraisal was at 3.35 million, and the same appraisal was done in April of this year, and the building has decreased $880,000 in a four-and-a-half-year period.

And this is concerning because, you know, if this building needs to take out financing to cover some of these major capital improvement projects, no bank is willing to lend because of the uncertainty of the 2019 laws, the financial standing of the building, and the additional mandates that continue to come out for rent-stabilized housing stock.

And that's the end. I don't know if there's any questions.

CHAIR MITCHELL: Great. Thank you.

Questions from the Board?

Lauren?

MS. MELODIA: Hi, I was wondering if you could share with us any anecdotal or assessment that you have of members of your association and their engagement with HPD programs that kind of address some of the more acute problems that distressed properties are facing.

MS. HEPHEASTOU: I will add that this building has no violations. So this is a completely clean building, you know, many of the tenants have been there for 30 plus years, some of them. So, you know, we work with HPD, I don't know if Ann wants to answer that but, you know, whenever there's a complaint, management is very attuned and working with tenants where we can to get access and deal with it.

But you know, that's assuming that it's something that could be fixed. If it's something that's structurally problematic or that requires significant amounts of money, there's no guarantee that we can do that and fix it.

So we suspect if there is a freeze or if there's further defunding through mandates and policies, we won't be able to accommodate repairs because there simply is no money for the maintenance required for these properties.

MS. KORCHAK: Right. And to your question, I don't know of any owners or members of our organization that have successfully gotten support through any of those HPD programs. On the state side, DHCR also has a hardship. And the program was set up back in the '90s. And just the application process itself could be years in the making. And it's just been incredibly difficult for those that have attempted to take part in that to navigate and to have a successful outcome.

MR. WYNN: So could you maybe expand on that a little bit? Because I think Lauren was asking more specifically about HPD (unintelligible).

MS. KORCHAK: Yeah, right. And I don't know any building owners that have gotten assistance through an HPD program.

MS. HEPHEASTOU: We had tried to submit and get information regarding the lead program that they had. And I believe I called the number on the site maybe at least 10 or 15 times. And I never got a call back. And then I started emailing. And I never got a response. And maybe a year later, someone got back to me, but there was no actual meaningful assistance or, you know, path forward on how to remediate, you know, apartments that have significant lead that would require, you know, thousands of dollars and then, you know, additional upgrades.

MR. WYNN: No, I think that makes sense. I mean, it'd be helpful maybe if you could speak a little more about the experiences your members have had trying to access capital repair programs, what the barriers have been, and we can do this as follow up, but like, and whether you think it's the size of the owner's portfolios that may be making it harder to access the programs. And I'm specifically talking about the HPD preservation programs.

MS. KORCHAK: Yeah, and, you know, follow up, I prefer to do a little survey among our people. Yeah, but I can definitely get that.

CHAIR MITCHELL: I appreciate it in the presentation, the cost out of the city council mandates. And I'm curious, kind of, similar to Max's questions, if there have been any meaningful conversations among members in the council about how those cost estimates are prepared beforehand and what that looks like in terms of costing out those mandates for your owners.

MS. KORCHAK: Since I've been paying attention and active, oftentimes, you know, I'll look on the city council website where they list the legislation. And there is a tab on there for financial impact and typically it says none because there is no impact to the city.

But I don't recall being asked,

you know, if I ever testified at any hearing, like, the gas appliance would -- I didn't actually testify to that one. But there doesn't seem to be a whole lot of consideration on the operational side of what the cost of some of these programs -- or not programs, laws will be.

MS. HEPHEASTOU: Or the viability. I mean, the biggest concerning one that's coming down the pipeline is probably the AC mandate because, you know, a hundred-year-plus buildings electrically may not be able to support AC units on every, you know, room. I don't know how that happens.

MS. KORCHAK: Right. And then the law did say that there would be exceptions, right, if that happened, but there'll be costs for us to tell HPD or DOB that it's not capable that old building might not be capable of doing that, so that would probably entail bringing an electrician or an architect engineer in to then prepare some report that says the feasibility of this AC program wouldn't work in Sophia's 21 unit building that was built in 1924 based on whatever their professional experience, would explain why it's not possible.

MR. HEPHEASTOU: But we're still paying for those reports, so that's still money coming out.

CHAIR MITCHELL: Got it. Thank you.

And also, I was curious towards the beginning of the presentation where you talked a little bit about arrears and collections. So as we're looking at this specific segment in the Bronx, we are also in our income and affordability looking at how different the tenant experiences in the Bronx, and you mentioned things like mediation or other resources that would be helpful in terms of kind of avoiding eviction, limiting those costs.

Are there specific programs or things, not that are available to you now, but that you found are helpful? Because I imagine as rents go up, collections could become more of an issue if there's not something to ensure that tenants are able to pay?

MS. KORCHAK: Well, SCRIE and DRIE is a program that really works for everybody. Earlier this year, I was asking for some feedback among our membership and it's one of the few times where the overwhelming response was; you know, that really works. There's not a lot of roadblocks. And, I mean, the only problem is sometimes, you know, with a tenant who maybe has connectivity issues, right, that sometimes the owner will sit down with the tenant, you know, at a laptop and get it through.

But overall, it's a program that works. And I think Kenny said earlier, right, that there may be another 30,000 people that are eligible for it, but don't use it. So, being able to expand that would be great.

And I know I speak for every owner when I say, if we could avoid housing court, we would love to be able to do that. So mediation maybe is, it's not widespread, it's not common right now, but if there was a program to be able to do that, that would be helpful.

MS. HEPHEASTOU: The only issue is programs like SCRIE and DRIE are amazing, but they're not eligible to everybody. There's age requirements, income requirements. So a general population of tenants may not be eligible for those programs. So outside of one-shot deal, you know, us funneling them to HRA, DSS for rental assistance, there really isn't anything else.

So, you know, we work with our tenants, you know, once we see they're one or two months behind, we start engaging, you know, is something wrong? Like, are you struggling? What's happening? And then we find, you know, by the third month, if we're ignored, housing court is the only mechanism, because you can't get the apartment back without a marshal and a formal eviction happening.

So we just can't wait because again, the building is in such dire situation with money that every penny literally counts. So in these situations, by the time we get to the point like further down, some of these cases start with two months of arrears, and by the court case being done, we're at almost $30,000 or $40,000 in arrears.

So even if a program was going to pay out, they may not be able to pay out that full amount. So it's a very, you know, not great system for everybody, for tenants, for landlords, for the court people, for legal aid. It's the whole system.

MR. TUR: Yeah. I would echo what they would say. I think that it really becomes a lose-lose situation for both the landlord and the tenant, because of that delay once they stop paying, then once the court proceeding starts, and then to when what typically happens, the most common thing for us since we work with our tenants and try to establish, you know, rapport and understand the situation to the best of our ability.

What usually happens is they end up, once in court, they typically receive a one-shot deal. But typically, on average, it takes about a year for that to happen. And we don't see much assistance with the staff in court to help them push and receive the one-shot deal a little quicker, so it leaves everyone in limbo, especially the tenant, which doesn't know what to do and is very concerned. And then we're obviously taking a big hit from it.

And sadly, I've been on the very, I would say, the most difficult situation was because my grandfather has owned and operated buildings in Washington Heights since 1979. So we had a tenant that received two one-shot deals totaling over $60,000 in arrears. This particular tenant, I actually sat down with him to apply for this one-shot deal. And because there was no follow-up, the application faltered, and it ended up pushing this case over a year.

Eventually, he did what he needed to do in the end to receive the one-shot deal. And it took about three weeks, surprisingly. Now, this same tenant robbed my grandfather last September, at gunpoint, and he ended up dying two weeks later after getting a stroke the following day after the incident. And the city -- this is also something I'd like to point out. Let's see.

CHAIR MITCHELL: I'm sorry for your loss.

MR. TUR: We still are receiving checks from the city, and here's one of them dated April 6th of 2026. Now, this is after me handing back these same checks and informing the city that, one, my grandfather is dead, the owner is dead, two, the tenant is in jail in Rikers Island, and number three, the apartment is vacant.

So I think there's some really low-hanging fruit here and massive inefficiencies that really hurt everyone. It hurts the people that are in real need; it hurts the families, especially our family, as you know, we see it as a form of -- it's very disrespectful, I think; and it shows the inefficiency and that there's massive work that needs to be done here. And quite frankly, I'm only trying to make it easier for the city to discover this issue and to address it as soon as they can.

So when I returned the checks, this was about two months ago last week, after several follow-ups, several letters to and posts on social media, I received a call from HRA that they were going to discontinue the case, but I still haven't seen any direct confirmation. After this, I'm going to return these checks, and hopefully this is addressed. Hopefully, you, the Board here, can help me with the situation and the overall situation relating to these issues that I just mentioned.

CHAIR MITCHELL: Thank you for sharing your testimony.

MS. KORCHAK: Actually, Jose, you have your building expenses too. One or two just, you have a snapshot too. Jose's in Washington Heights, another spot at the center.

MS. HEPHEASTOU: I don't know how to get to that one. Do you guys download it or?

CHAIR MITCHELL: Other questions from the Board while we get the additional data up on the screen.

Lauren?

MS. MELODIA: Just one quick like definition question that I feel like I missed at the beginning: Your organization is a membership of small business owners. You also mentioned small buildings.

MS. KORCHAK: Yeah. Small -- yeah --

MS. MELODIA: So, is it small portfolios or small buildings or both?

MS. KORCHAK: I would say both. And each of them is a small business. I mean, every building is definitely a small business. Most of the buildings owned by our membership would fall into that small category. Like DHCR says 35 units.

Most of our members are in like that six to 25 units. Like usually walk-ups, not elevated buildings, you know, those types of cross, you know, on the block, not like a bigger avenue -- not like a bigger building on an avenue tends to be cross streets. Yeah.

MS. HEPHEASTOU: It's also kind of deceptive because you can say someone has a big building or a portfolio, like they have a hundred plus units. That may be very large to a landlord or a housing provider that only has a two-family home. But someone like us where we have a portfolio of 60 units or 65 units, we'd be considered small compared to the 100-plus people.

So it's all kind of relative, but the same issues are still there, whether you're three units, six units, because it's really the building type, like if it's a pre-war or whatever.

CHAIR MITCHELL: Thank you for that clarification.

And Brandon, you had a question?

MR. MANCIA: Just along those lines, your members tend to own multiple buildings.

Is it a range?

MS. KORCHAK: I know my family owns two 10-unit buildings on the same block. That's pretty common. Two to three buildings or a single building. Yeah. I don't know anybody that owns like 15 buildings.

MR. TUR: Well, thank you everyone. I'd like to formally introduce myself. My name is Jose Tur. My grandfather, back in 1979, after getting here from Cuba and working eight years as a porter, decided to save up some money and initially make a $25,000 investment into building Washington Heights, where he dedicated and spent his life from 50 years old till 99 when he passed last year on October 8th.

He operated the buildings till the last day, doing accounting, making repairs, so he knew every tenant. He knew the building inside out and dedicated his life to it. And he didn't speak English up till the last day that he was alive. So he really gave it his all and was a big member of the community and helped everyone, his tenants, including whenever they came under hard times. So, it really means a lot to me to be here and to share his story, his hard work, and live up to his values. So, thank you very much.

Here, I want to make it as crystal clear as I can: my situation here -- and I won't hesitate to say it -- this is really the best-case scenario. And what I mean by that is our buildings: we own two buildings in Washington Heights, one being 20 units, the other 25. We have no mortgage, and we do almost everything in-house. I myself, in carrying the superintendent, duties for free to help the family and I live in the building and I know all the tenants in the building.

I've known them since I was a kid. And here, I wanted to share just a brief summary on the financials that we're faced with. So, this Board, since 2019, has approved rent increases, and we're speaking for one-year leases here of 13.4 percent. And now, in NYC, actual inflation, based on BLS data, has gone up 26.3 percent leaving us with a 12.9 percentage of a spending gap here.

Now, these are the big four. These are what we can't control and what has unfortunately been rising tremendously high. So here you can see, you know, our property taxes have gone up 14 percent since 2019; insurance, 118 percent; heating oil, which is massively understated due to the war in Iran, at 32 percent since 2019. It's not factored here, the Iran war situation. And then water and sewer, 20 percent, which makes up 74 percent of all of our OPEX. These combined are 317,000 per year.

Now, our total operating expenses are really 80 percent of the rent that we collect, right? Our monthly rent is $968, and I'd like to reiterate that these are all rent-stabilized apartments, 100 percent are rent-stabilized here. The monthly costs being $874 to maintain each apartment, and also this is the best-case scenario.

We have no mortgage. Property manager serves as an on-site superintendent, myself. Most owners in this city have neither, and many don't have the experience needed to keep the costs low, which we do. My grandfather taught me what I know, and if wasn't for him, it'd probably be very difficult for me to maintain to maintain, to keep costs low by fixing the things that we need to fix on the fly with our tenants, and also being on site is a major advantage.

And also, what this means is, one repair call or one massive needed capital improvement could essentially leave us in the red immediately.

One more thing I'd like to add because I think it's very, very important since it's so recent and the data isn't reflected in any of your studies -- well, very thinly and including mine's, is the war in Iran has dramatically increased our fuel costs. We are on number two oil, so we don't -- the boilers aren't energized by gas.

And, for example, I have a slide here I'd like to share with you. So, in January 14, of this year, we would buy oil at 2.67 a gallon; most recently in April, on April 6, that was at $4.97, an increase of 86 percent. Now, what that translates to is this could eventually, if this war continues, which most recently, as most recent is last week, quoting Secretary of Energy Chris Wright, "Prices may not return to pre-war levels under three gallons. Three gallons, until next year."

So this could potentially turn all of these numbers inside out and decrease NOI dramatically if this war continues, impacting many buildings across the city and only making the situation worse.

Thank you.

CHAIR MITCHELL: Thank you.

Questions from the Board?

Yes, Christina.

MS. SMYTH: Hi Jose. Thanks so much for coming today and (unintelligible) all of my condolences for your family's loss. It's a terrible scenario all across the Board. Are you presently in court presenting any other tenants or (unintelligible)?

MR. TUR: We are not in court. We have two tenants in arrears being over six months. I'm trying to, and I've been working with them to put them on a payment plan versus going to court since I don't want to deal with the year delay, and, you know, it doesn't work, we have to pay legal fees. They're in limbo. So, as of right now, we're not in court. We're currently working with the tenant via mediation.

I've known them for years, so. So far, it's working out. Worst case scenario, if it doesn't, then we'll go to court to pursue the one-shot deal. Unfortunately, that's really the only path that we have that works at the moment.

MS. SMYTH: Okay. Seems, Sophia, you said the same thing that you'd rather work with your tenants directly than seek the money in court.

MS. HEPHEASTOU: We try. The problem is with payment plans, there's no guarantee because nothing is in writing or enforceable. So oftentimes, when we've given that leniency, we've noted that it usually doesn't work. They may make one payment, and then not only are we back to the same situation, but now there's nothing binding.

So we, for us, it's much more beneficial to not waste any additional time and resources because, again, even operating the buildings is time and energy. So we just can't, you know, create a draft agreement, have them sign, you know, give them six months. It's just -- it's not tenable.

So, for us, we automatically go to court, and the tenants and the advocacy attorneys that are appointed on their behalf through legal aid, oftentimes, we could do court stipulations in court, where if they don't make the payments pursuant to the stipulation, there's a meteor kind of threat where the eviction will move forward. So we know that there's a time definite. You know, it may take a year and a half, but we know that there's a way to stop the bleeding.

MS. SMYTH: All right.

MR. TUR: One more thing I'd like to point out; long term, my experience, 100 percent of the time, every tenant that has collected a one-shot deal in our history, from what I -- from what I know throughout the years, has always fallen back into arrears. It's a consistent pattern all throughout. So I wanted to point that out because I don't think data really reflects that.

MR. MCLAUGHLIN: I just have a follow-up question, but first, yeah, Jose, sorry for your loss.

For both of you, I'm curious about whether you've seen changes in collections over time. So again, tenants paying less of their rent over the years, any trends you've seen on that would be helpful.

MS. HEPHEASTOU: It's gotten worse, and it has gotten worse significantly post COVID.

MR. TUR: I echo the same. I mean, it's after COVID. You know, once these same tenants, the ones that I'm speaking for have been in a pattern of arrears for since I couldn't remember, so, you know, not to say that they're abusing the system or they know how it works, but the same pattern continues to be the same.

CHAIR MITCHELL: I had a question about the monthly cost to maintain each apartment. Could you help us understand what's included in that 874, or just the broad categories of maintenance?

MR. TUR: Sure. So as I mentioned, what makes up over 74 percent of it includes property tax, property insurance, heating oil, water and sewer. The rest of it is management fees; our porter; on-call repairs; utilities; electric and gas set, being supplies; chemical treatment for the boiler, specifically extermination; internet for cameras; and just a contingency built for building maintenance,.

CHAIR MITCHELL: Thank you.

MR. TUR: Yes.

CHAIR MITCHELL: Another question?

Max.

MR. WYNN: Yeah, I just have one more. And Sophia, just to the extent you could share this, it'd be helpful. Could you give us a little information about the loan you have on the case study property, you know, general terms?

MS. HEPHEASTOU: Yeah, it is a, I want to say a third -- 30-year. I'd have to track it. But the percentage rate was about 7. 8. We're due for a refi. We're trying to refi because the rate is just so high, and we've actually been told that the lender we worked with, which was Freddie Fannie, are no longer covering or loaning to rent stabilize, so we have no choice but to look for another lender. So, you know that's -- it's another concern because we just don't know how we're going to get financing at a more affordable rate.

CHAIR MITCHELL: They said no lending to rent stabilize in New York City, period?

MS. HEPHEASTOU: I don't know what they said, but they're just not even looking to do a recast or a refi, so it's not an available lender.

CHAIR MITCHELL: Thank you.

Yes, Christina.

MS. SMYTH: One other very specific question is if you've noticed year over year increases in your ConEd common area, electricity costs, say the last two to three years.

MS. HEPHEASTOU: Yeah, I mean everything's gone up. The delivery fees are killing everybody.

MS. KORCHAK: Right. And ConEd just got approval for an 11 percent increase, I believe, for electric and nine for gas. But like Sophia said, the delivery costs now are equal --

MS. HEPHEASTOU: To the service, yeah.

MS. KORCHAK: Right. The usage.

MS. HEPHEASTOU: And we can't -- I mean, even if we try to contact ConEd to say, you know, maybe there's something wrong with the meter, the reading, you know, they pawn it off to the owner to bring in, you know, licensed people to check everything, and that's more cost that we just simply can't take on.

MR. TUR: Yeah. So if you have zero usage, or you get it down to zero usage, you still have a fixed cost that's continually rising.

CHAIR MITCHELL: Got it.

MS. HEPHEASTOU: There's also mandates. You know, like we're required to have the common areas lit up. We're required to have outdoor building lighting on. So, you know, we can't really mess with those because you run the risk of an HPD violation or, you know, someone getting hurt because it's dark. You know, we don't want that.

CHAIR MITCHELL: Sina.

MR. SINAI: Jose, my condolences.

And a question for Sophia, I was just wondering -- I was wondering if you could maybe elaborate a little bit more about, like, the refinancing situation and, like, over the years, the kind of support that you've been maybe hoping to get and how that the landscape has changed and what you might like to see in terms of like solutions that support those types of financing solutions.

MS. HEPHEASTOU: I mean, usually when a building needs to take financing, you know, it's a hard decision to make. Nobody wants to be in that situation. But you know, if you need money immediately for an improvement or whatever you need, you kind of have to just make a judgment call and see, you know, hope that the numbers work.

You know, the way that the lenders usually look at everything: They take an appraisal of the property; they look at the rent roll; you know, they look at all of that and then they do an algorithm to see, you know, if they're going to loan to you. I mean, we can't really control that because it's up to each lender's guidelines.

You know, for us it was a big slap in the face to find out that Freddie, Fannie aren't going to, you know, work with us because, you know, it's the government. But, you know, it's the climate, it is what it is.

And, you know, the citations and the continual echo in the sentiment from, you know, the banking industry that we're hearing is the 2019 laws and the inability for these buildings to get any meaningful income is really affecting the landscape, and for loans. So, we just -- we don't know how it's going to shake out. I mean, you know, we're trying as best as possible, but with the war in Iran, it may not even make sense to refi at this point, and it's just going to be more money that we're just spending on interest, right?

MS. KORCHAK: Right. And similar to insurance, you know, there are less banks interested in making loans to rent stabilized buildings. I think it was last year, right, there was the discussion about toxic debt, you know, what had been with the Signature bank. Those loans they were referred to as toxic, and I think that just puts more banks --

MS. HEPHEASTOU: Off.

MS. KORCHAK: -- in a cliff -- yeah, right, that the underwriting these loans is not very appealing, right? And when -- and, right, Signature, obviously, did a very large portion of those loans, and other banks are rethinking. You know, this -- the thought of, you know, carrying more of this debt on their books.

MR. TUR: And, also, for the ones buying these buildings, it makes it much harder to sell because it makes it so much harder to buy up front.

MS. HEPHEASTOU: Other question --

CHAIR MITCHELL: Are there any other questions on that?

All right. Well, thank you so much, Sophia, Jose, and Ann.

MS. HEPHEASTOU: Thank you.

MR. TUR: Thank you.

CHAIR MITCHELL: And we will welcome up Basha Gerhards from the Real Estate Board of New York, REBNY.

MS. GERHARDS: All right. Ready when you are.

CHAIR MITCHELL: All right. Welcome, Basha.

MS. GERHARDS: Thank you. Good morning, Chair Mitchell, board members, RGB staff. My name is Basha Gerhards, Executive Vice President of Public Policy for the Real Estate Board of New York.

REBNY, is the city's leading real

estate trade association representing commercial, residential, and institutional property owners, builders, managers, investors, brokers, salespeople, and other organizations and individuals active in New York City real estate.

An important part of the housing ecosystem we represent is the owners and managers of tens of thousands of rent-stabilized units, pre- and post-1974.

Thank you to the members of the New York City Rent Guidelines Board for the opportunity to provide our perspective regarding rent adjustments for the city's rent-regulated apartments as part of this year's proceedings.

The annual rent guidelines issued by this Board are the only system-wide mechanism for aligning rents with rising costs, covering basic apartment turnover expenses, and by extension, for preserving housing quality and stabilized apartments. We strongly support tenants receiving aid and support amongst ongoing affordability pressures, such as through city and state voucher programs.

However, long-term housing quality

and financial sustainability for stabilized buildings require that rent adjustments keep pace with cost growth given the current regulatory structure of rent-stabilized housing in New York City.

To help inform the Board's decision with the most current data available, REBNY commissioned a study led by HRNA advisors to analyze more current income and expense data and changes since 2019. Based on prior conversations with the Board, staff, the NYU Furman Center, we made a point of gathering more information on buildings with fewer than 11 units, whose information is not available to the Board from their current data polls from the Department of Finance. This is the fifth year REBNY has conducted this survey.

The April 2026 TC 201 study, which is enclosed in the appendix of the written testimony, includes data for 2025 that was submitted to the City of New York in March 2026. The study was conducted in April this year with outreach by REBNY and industry partners SPONY and New York Apartment Association to the owners and managers of rent-stabilized housing.

This study utilized a longitudinal data set of 2,533 entries spanning reporting years 2017 through 2025 across approximately 1,025 buildings to examine rising owner expenses and their impact on income over time.

Data submissions for reporting year 2025 included over 22,000 units and consist largely of buildings in Manhattan and Queens, driven by building sizes of 100-plus units.

The 2025 reporting year data set contained 48 buildings smaller than 20 units. Most buildings were 20 or more units, with the largest buildings concentrated in Queens and mid-sized buildings concentrated in the Bronx.

The 2025 data set was comprised primarily of medium and large buildings, with a larger representation of buildings less than 20 units than in prior years that we've conducted this survey, 66 percent of the buildings' submissions were rent stabilized at 90 to 100 percent.

The latest TC 201 data shows that owners continue to face significant operating cost pressure. Taxes remain the largest expense category, while insurance, utilities, and fuel have seen some of the sharpest increases since 2019. Per unit insurance costs are up 109 percent since 2019, utilities are up 56 percent, and fuel is up 37 percent.

While some categories moderated from '24 to 2025, those shifts should not be mistaken for a return to financial health. And I'll talk a little bit more about why some of those shifts occurred.

Costs in several key categories remain well above pre-pandemic levels, especially for older buildings with less ability to absorb them due to constrained rents and higher rental arrears. In pre-1974 buildings, insurance costs remained far above pre-2019 levels, and from 2024 to 2025, net operating income fell six percent. The oldest and most heavily stabilized portions of the housing stock are under the greatest strain, and you've heard from my colleagues in the industry to the specific case examples.

But this is showing up system-wide for this type of building stock. Insurance costs for all building sizes have increased since 2019, but declined in the last year. Insurance decreased; drivers could include decreases in building value, which we see represented in the tax assessment data, and lower property taxes being collected from a subset of the rent-stabilized housing stock -- and you'll see that in a few slides -- elective reduction in insurance coverage, or elective reduction in the deductible, potentially reflecting landlord efforts to keep costs down.

Insurance costs for all buildings stabilization levels have been increasing steadily since 2019 but also saw a drop in the last year as owners report making changes to policies to adjust for costs. Again, very limited bandwidth and where you can adjust costs on the insurance side, as SPONY also referenced, right, increasing the -- or I should say dropping umbrella, loss of carriers, all this starts factoring in.

One of the things we would like to study further, as in the coming years, is where those insurance costs are dropping. We believe it's probably happening in those who are already in the most financial distress because, again, they're under pressure to reduce their costs across the board.

Again, though, generally speaking, insurance costs have been one of those big drivers in expense growth and have been increasing steadily since 2019, with costs for older buildings surpassing newer buildings in 2023.

Since 2024, older and newer buildings have both had decreases in insurance costs per unit. Again, we believe this is reflective of people trying to reduce costs in the areas where they can, as property taxes and other costs continue to rise that are outside owner control.

The bifurcation between pre- and post-1974 buildings is reflected in top expenses, but property taxes remain the top expense for all properties under government control. Fuel and insurance are more costly for buildings with higher shares of stabilized units, and maintenance and labor are higher for buildings that are mixed-income market-rate properties.

Taxes remain the top expense for all stabilization levels in 2025. So, regardless of whether you are 30 percent stabilized or 100 percent stabilized, followed by maintenance and administration costs. Maintenance is in the top three for buildings with less than 90 percent stabilization, but was previously in the top three for those that were predominantly stabilized and fully stabilized in 2019.

What I want to flag here is that maintenance is dropping out of the top three expense. Again, this is something that is controlled by owners and is a way they can reduce overall expenses. We also see this reflected then in general investment levels in the applications for individual apartment improvements with DHCR, building permits and other metrics for what is happening to housing quality.

Taxes remain the highest expense for all building ages. So, again, regardless of pre- or post-1974, property tax is the most expensive thing that someone is paying for out of their revenue or the rent that they are collecting.

I would like to flag every year we are asked, "Is our data set tracking or predictive of what you will see the following year?" And I'd like to say, yes. You see this both reflected in where the top expenses are and the general costs.

However, I would fully expect to see in the TC 201 data higher expenses and lower property taxes over time because these are challenges to the Department of Finance on the taxes that they are assessing for the properties.

And so, we see that both here with 2024 data. So this was our TC 201 survey data from last year compared to your current 2024 RPIE data. And looking at the prior year, our TC 201 2023 survey, which we presented in 2024, as compared to what you all looked at then the following year in the 2023 RPIE data.

Tracking average monthly expense spending on insurance demonstrates the potential of TC21 data to be a leading predictor of RGB data in the following year. So we see this tracks very closely over the last several years for what we see. We would expect you also to see then a slight decrease in insurance, but again, insurance overall has grown incredibly exponentially since 2019 year over year, and is impacting smaller, older, fully stabilized buildings greatest.

Okay. So looking at what this means for those cost pressures on the income side, looking at -- here we are looking at income varies a lot by geography, and this is really important. Core Manhattan is clearly different from the rest of the city. We also see this reflected in that same pattern that shows up in the comparison data too. The citywide number can hide real differences across boroughs and submarkets.

This is not just a one-year issue, the same split has been there over time, consistently. Core Manhattan is very different than the markets in Upper Manhattan, Brooklyn, Queens, Bronx, Staten Island, and even the rest of the city. When you look at New York City without Core Manhattan, you see those numbers align more closely with what we would expect to see in, quite frankly, in the Bronx and Queens where you have probably the largest concentration of stabilized apartments.

Newer buildings show higher income, driven largely by unregulated units. That is part of why post-1974 buildings are not a good stand-in for the whole system, and again, a lot of those post-1974 newer construction buildings are located in Core Manhattan and in the Brooklyn and Queens waterfront, and this is really a result of various public policy mechanisms, including 421A, which was responsible for nearly 70 percent of all new multifamily, including new rent-regulated and rent-stabilized units over the last 10 years.

Revenue growth is not keeping pace evenly across the system. We see this kind of breaking out, especially when you look at more fully rent-regulated apartments versus unregulated rental apartments are able to keep pace with expense growth. And in a lot of cases, when we're looking at mixed-income buildings, such as under those programs, whether its 421A, Article 11s, or other preservation programs from HPD, they are actually asking the market-rate apartments to cross-subsidize those affordable units.

And this is also true for even the as-of-right zoning programs like inclusionary housing, and now, the new program universal affordability preference.

Looking here, you can see the split, again, very clearly between pre-1974 and post 1974, with the NOI, net operating income declined six percent for older buildings, while it increased 11 percent for newer buildings from 2024 to 2025. Overall, older buildings have seen a decline in NOI since 2019, whereas newer buildings have seen an increase in the same period.

Looking at NOI by stabilization or a percentage of the building that is stabilized, buildings with the greatest portion of rent-stabilized units have seen declines in NOI since 2019, while those with lower portions of stabilized units have increased or remained stable since 2019.

Geography matters a lot too here in the bifurcation between pre- and post-1974 buildings. NOI in post 1974 buildings exceeds that of pre- 1974 buildings in all geographies, and exceeds it the most in core Manhattan.

This is where the pressure is most visible. Over the last year, older buildings demonstrated a decrease in all categories shown, with NOI experiencing the greatest decrease. While gross income has decreased since 2019, expenses have increased six percent since 2019.

For the newer post-1974 buildings, NOI has increased 27 percent since 2019, while expenses have decreased and gross income has remained relatively flat since 2023.

I do want to reiterate again here; post-1974 buildings are on a different track, both in terms of their financial health, the quality of their buildings, and generally what they have access to in terms of, again, the ability to access market rate rents to kind of fill the gaps of anything the RGB does or does not do in its annual proceedings.

Very quickly, I just want to close with a quick note on the underlying data; TC 201 give building level income and expense information that is more current than the data the Board usually has the opportunity to work from. Again, this is reflective of our PIEs are not filed for buildings with less than 11 units, so we are pleased we're able to present to you building information for those types of properties.

The RPIEs are also given to you for the previous full year, and this is a function of when your proceedings start and when that information closes. We do a lot of effort, and we're really grateful to our industry partners for their outreach this year to all the owners and managers to make sure we can start to pull in more information and make sure we're fully representing geographies across the city.

Hopefully, next year, we'll have some people volunteer from Staten Island, but certainly would encourage the board to also ask for the TC 201 information, as that's a way for you to also get some of this more current information for your proceedings as well.

So the last thing I'll add about the data itself, and then I'll just land on some concluding remarks; we gather the forms, we, on the back end, match this with the Pluto dataset. This is how we are able to do things like building age, total number of units, make the consideration about what percentage stabilized this is.

And then, sort the buildings into typologies based on the number of units, the geography aligned with the Rent Guidelines Board categorizations, and building age. This enriched dataset is then queried to calculate the average per-unit income and expenses by category across building size, geography, and age.

We do lump labor, maintenance, and miscellaneous expenses into one category at this level, just because these can be miscategorized through the forms themselves, but happy to spend more time in Q&A if you'd like, in terms of what those things can cover. And we then compare our dataset to the most recent income and expense study from the RGB to identify significant variances in other areas for future research.

So to end, to keep buildings in good physical condition for the people who live in them, we encourage this board to take a holistic view in its 2026 guideline deliberations, one that considers operating expenses, the share of distressed properties, and localized financial pressures.

The most recent RGB income and expense study shows that while citywide net operating income increased 6.2 percent between 2023 and 2024, the citywide average masks serious geographic disparities, which I cover today. Now more than ever, the RGB has a responsibility to ensure rent adjustments do not fall behind expense growth.

I also want to provide context for core Manhattan's NOI. Many of these properties include market rate units because of the way they were developed and financed, which makes them structurally different from older stabilized buildings outside core Manhattan and those 100 percent stabilized and affordable projects subject to city, State, and federal programs.

The RGB's own report notes that post-1974 buildings generally entered rent stabilization because owners received tax benefits, and those post-1974 properties accounted for just nine percent of buildings and 16 percent of units in their RPI analysis. This tracks we only built 100,000 units in the last decade compared to our total building stock of 3.2 million housing units.

These newer Manhattan core properties carry higher rents due to elevated development costs and have higher labor costs as a requirement of the programs that built them. As a matter of practice to remain competitive for those market rate rents, those buildings will also have higher routine maintenance costs to maintain accessory spaces, such as amenity rooms, and employ more building service workers at their prevailing wage. They also generate substantial one-time tax revenue from construction and financing, which further distinguishes them from the rest of the stabilized housing stock.

Unlike the story for this smaller segment of newer buildings, the TC 201 data shows that many owners, especially of older, more highly stabilized buildings, are operating under mounting financial pressure. We can understand why these conditions are attributed to bad actors. However, the city's housing challenges are not explained by broad claims about bad owners alone. Recent revenue research shows that the most serious violations and evictions are highly concentrated in a relatively small share of buildings, while most buildings do not show these same severe patterns.

The Board should not adopt a rent freeze that risks worsening these housing conditions across the stock.

Lastly, we often, in these proceedings, discuss the need for and availability of data to make decisions. We believe both DHCR and DOF must continue to improve access to critical already collected data by the agencies on rent stabilized housing, including regular publication of building level registration data, with stabilization percentage by quartile and zip code level data on vacancies and independent apartment -- individual apartment improvement activity.

Better access to this data would help the Board and the public evaluate the health of the stabilized stock more consistently. We would encourage the Board, for example, to request the 2025 TC201 forms for those buildings with less than 11 units for next year's proceedings. In the interim, we hope the Board will consider the points we raised today and the spirit in which this data is collected, which is to provide real-time information.

As long as policy continues to limit revenue while property taxes keep rising, we will continue to see further erosion in the quality of the rent regulated housing stock and worsening conditions for the New Yorkers who live in those apartments.

We urge the Board to adopt guidelines that reflect the financial realities facing large swaths of rent stabilized buildings today and ensure the long-term health of this critical segment of the city's affordable housing.

Thank you, again, for the opportunity to present the 2026 TC201 survey and offer this testimony.

CHAIR MITCHELL: Thank you, Basha.

Questions from the board.

I had a question about the last piece. So, Kenny shared very candidly that the apartment association's stance was that one needs a rent adjustment and one does not. In talking about the different segments, is that similar to revenue stance that they're, as you point out, the differences among the stock that one needs one doesn't or….

MS. GERHARDS: Look, even new construction has to bake in expense growth, and there's only so much we can pressure, we can put on the market rate apartments. I do view a rent freeze as increasing rents than on every single person who's in a market rate apartment in a mixed income building, because they will be forced to fill the gap.

Quite frankly, you know, interest rates still continue to go up, you have the same constraints on utilities. But if we're talking about what are the things that pre- and post-1974 buildings need, it's about degrees. Does every single one of these buildings need to keep pace with expense growth? Yes. So, therefore, especially at vacancy and at turnover where there's significant costs regardless of its new construction or pre-1974, the rent adjustments that Rent Guidelines Board do are critical.

Pre-1974 needs a lot more than just the RGB, but the RGB is what we have today. We do not have a functional individual apartment improvement mechanism, MCIs were significantly curtailed. There is no such thing as a vacancy allowance anymore.

Quite frankly, the programs at the city and state are significantly limited by the amount of money that that is available to them and the HPDQ for preservation deals, I've been advised can take as long as four to five years. And, unfortunately, for a long time, it took a year just to get a project manager.

The Article 11s, which are a really important source of preservation deals, those require city council sign off. And J-51, which used to be, I'd say, one of the more popular tools for preservation in the rent regulated rent stabilized housing stock especially for pre-1974, even that avenue was clocked off with the changes made several years ago that the program would only be for buildings that were 50 percent income-restricted, and the stabilization requirements were removed.

The Senate right now has proposed in their one-house budget a reform to the program because it's up for renewal to allow 90 percent stabilized or greater buildings to qualify for the benefit. The trick in all of this, though, is, you're supposed to be completely clear from violations. The whole reason you would need to enter into any of these programs, and need this financial assistance is you probably need capital dollars to address violations and the quality and the, I would say, capital improvements necessary for the building.

CHAIR MITCHELL: Thank you, Basha.

Other questions?

Max?

MR. WYNN: Yeah. I mean, I sound like a little bit of a broken record now, but you represent a very large group of owners, and, I think, one thing that looks like it was missing a little bit from this report is economic occupancy. So would you mind speaking a little bit about what you're seeing on collections from your members?

MS. GERHARDS: I'd say that in the pre-1974 rent stabilized housing stock, rental arrears and collections are consistent with what the RGB staff report showed which is, you know, in the low '90s, as compared to what our owners would see in their market rate apartments, which would be closer to 97 to 98 percent collection rates.

Pre-pandemic, all collection rates went down specifically during the time of the eviction moratorium. However, market rate apartments did tick back up into the higher 90s.

On the rent regulated, rent stabilized side, whether those are units that are income restricted or pre-1974, rental collections are lower than they are in a market rate apartment.

CHAIR MITCHELL: Thank you.

Other questions from the Board?

MS. SMYTH: I have a question, Chantella.

CHAIR MITCHELL: Yes, Christina.

MS. SMYTH: Hi, Basha.

Do you have any direct experience or information about your constituents, your owners, and clearing HPD violations? Because you talked about HPD violations and the inability to get a J-51, if there are any HPD violations. The mayor was just doing a walk-through recently through a multi-family building and quickly gave a violation to an owner who had a tenant who put flower pots on the fire escape as if that's a building owner's responsibility.

So I wanted to ask your specific experience with the process of an HPD violation clearance inspection, the cost and how that works.

MS. GERHARDS: So HPD inspections is one of the -- or HPD violations and I didn't slip on inspections but that's actually the biggest holdup. So in order to ascertain whether there is a violation, HPD needs access to the apartment which the tenant has to grant. The owner can't just barge in there with an HPD inspector. So this requires three people to show up at the same time and be coordinated to open a door. That is a challenge.

And part of this is a technological challenge. HPD gives a longer window for arrival than most cable and utility companies do when they coming in for a repair. HPD could show up anytime all day. Tenants will then stay home from work, lose a day of work to provide access to the apartment. The same HPD inspectors who are charged with identifying violations are also pulled in for an apartment fire.

So this is a resource issue with the agency in terms of not having sufficient inspectors to do both tasks. So then, the HPD inspectors don't show up.

If they are able to show up, and they are able to gain access to the apartment, they then ascertain whether there is a violation, while they're coming in for the original complaint, say the tenant says, "My smoke detector is beeping." That smoke detector is also a carbon monoxide detector. All of a sudden, it's not one; its two violations, and its two violations for each day that the battery was not able to be put in. And that is irregardless of whether the tenant actually told the building owner, "I need a new battery for the smoke and carbon monoxide detector."

And that, essentially, is the challenge here; is a lack of communication both between the tenant and the owners, the owner and the tenant and then HPD in terms of when they're showing up.

Owner corrects the violation; they put the battery, I'm picking on the smoke detector and the carbon monoxide, battery puts in. Then HPD has to show back up to affirm that the battery was placed into the smoke detector.

Again, same song and dance. Are you all there at the same time to be led into the apartment; is access granted? When you have tenants who are working, that is that is challenging. When you have owners, who are running multiple properties or have super dealing with emergencies within the building, that is also challenging.

And, you know, we've been in conversation with HPDU over now two mayoral administrations regarding, is there a tech solution for this, and is there a way to really address this problem.

You can also have inspectors coming out for other things and then giving multiple violation notices even though it's a violation the owner is actively correcting, but maybe they need a part. A good example of this is, as referenced, was the gas stove. But you know, there was also a lack of the combination detectors for a while there. If you need to fix a wall, during COVID, we weren't able to get gypsum drywall for about six months.

So, like all of these things, an owner could actively be aware and wanting to fix it, but do they have the equipment available? New local laws passed requiring a master plumber to sign off on some of this work. The 1,100 plumbers, that is also an access and resource issue.

With all of these things, it's

very easy to say, well, this is someone else's fault or this is someone else's fault. I believe there is an opportunity for collaboration to address this, but it also requires some level of trust from the tenant and ownership communities, and from the agencies to not view everyone as inherently bad and to work together to address these building violations when you're dealing with buildings that are over a hundred years old, and, even, in the post-1974 stock. I am worried about post-1974 to the early 90s, you know, where those buildings are also entering the time for massive capital infusions necessary to update things like roofs and boilers and their electrical systems.

And that pressure is only going to continue with things like the cooling bill that was passed in the last council, but also local law 97 compliance. I mean, the real estate industry pays over $600 million to the city in fees and fines and penalties and reporting cost and all of this directly to the city to say, here's the piece of paper saying I've done the thing.

CHAIR MITCHELL: Thank you.

Other questions from the Board?

MR. WYNN: I just have one more.

CHAIR MITCHELL: Of course.

MR. WYNN: I mean we've heard a lot about utilities as well as insurance. Can you speak about REBNY's involvement in conversations with ConEd and National Grid and the other utilities you've spoken to?

MS. GERHARDS: So we participate in the Public Service Commission rate cases as an active stakeholder. You know, one of the things we've always been really concerned about is who is paying for all of these things. I mean, this was really the conversation we had both on Local Law 97 and with the adoption of the State's climate law.

One of the things that was not really accounted for in either of these frameworks is what do you do when you have a 1.41 percent vacancy rate and you need access to a fully occupied building to do quite intensive work; whether that's replacing the electrical wiring or updating, you know, removing gas pipes. All of this is quite intensive and costly just on the owner side, and then, when you account for the rates.

In the affordable world, as I'm sure you're aware, the property owner has to pick up those costs for the tenant, I'm going to say an income-restricted unit subject to a regulatory agreement, those types of units also fall under rent stabilization.

So we're sitting here looking at all the need to green our infrastructure, to green the grid. There's a cost associated with that. There's a cost to the unit and building systems in order to make sure that they're compliant with both local and State law and the, you know, continued changes to the energy code. And, you know, we're sitting here being like, okay, these are future costs. And that's also why I would go back to my previous answer about why is it important for even post-1974 buildings to still get rent increases, because those costs are across the building stock regardless of age.

CHAIR MITCHELL: Any other questions?

(No response.)

CHAIR MITCHELL: Thank you, Basha.

MS. GERHARDS: You're welcome.

Thank you for having me today.

CHAIR MITCHELL: Absolutely.

Any discussion among the Board before we go to break?

(No response.)

CHAIR MITCHELL: It's hard to say yes to.

So we will now go to break before we start with the tenant panel in the afternoon.

(Whereupon, at 12:20 p.m., the public hearing was adjourned.)

(Whereupon, the afternoon session commenced on the next page.)

P R O C E E D I N G S

CHAIR MITCHELL: All right. Welcome back, everyone. Good afternoon. Again, I'm Chantella Mitchell, the chair of the New York City Rent Guidelines Board. And I would like to welcome everyone back to the meeting.

A couple of announcements before we get started: For folks who didn't hear this morning, we are planning four public hearings for the public to comment on the proposed guidelines. These hearings will be held in Queens on June 5th at the Jamaica Performing Arts Center; in the Bronx on June 8th, in the main theater at Hostos Community College; in Brooklyn on June 11th, in the theater at the New York City College of Technology; and in Manhattan on June 16th at Symphony Space.

These hearings will be held in the evenings beginning at 5:00 p.m., in Queens, the Bronx, and Manhattan, and at 7:00 p.m., in Brooklyn. The final vote will take place on June 25th, starting at 7:00 p.m., at El Museo del Barrio at 1230 5th Avenue at 104th Street in Manhattan. More information regarding the time and location of the public hearings and final vote will be posted on our website tomorrow.

And so now I'm --

MR. MCLAUGHLIN: Actually, there's --

CHAIR MITCHELL: Yes.

MR. MCLAUGHLIN: -- a typo on the announcement. It's actually June 4th in the Bronx. That's --

CHAIR MITCHELL: Ah, thank you.

MR. MCLAUGHLIN: I take responsibility. June 4th. That's a Thursday.

CHAIR MITCHELL: Thank you. Thank you for the correction. Sorry about that. So again, in the Bronx, that'll be June 4th.

MR. MCLAUGHLIN: No, I'm not. No, I'm sorry. I think Queens. Queens. I'm sorry. Queens, June 4th.

CHAIR MITCHELL: Thank you. Queens, June 4th. Please visit the website. Do not rely on what I just announced.

MR. MCLAUGHLIN: June 4th, in Queens.

CHAIR MITCHELL: Thank you so much, Andrew.

So now we are pleased to get started with our tenant panel testimony, and we are delighted to welcome first -- got my papers all here. We're delighted to welcome Tim Collins, Esquire from Collins Dobkin & Miller, LLP, who will be testifying via Zoom. Welcome, Tim.

MR. COLLINS: Thank you. It's good to be back, and I'm sorry, it looks like I'm frozen. Can you all hear me? If somebody just raises a hand, I'll know. Okay. Yeah, okay, good.

CHAIR MITCHELL: Yes.

MR. COLLINS: All right. If at some point you can't hear me, please just wave and I'll see what I can do. I may have to go off video.

Okay. So first of all, welcome to all the new members and the new Chair. I know it's a kind of a daunting process. I will readily confess that when I served as executive director and counsel, it really took me a couple of years to understand how the system worked and, you know, to understand the various types of information and how it really fit within the whole scheme.

As most of you may -- well, many

of you may know, I served as counsel and executive director from 1987 to 1994. After that, I was a consultant; I prepared the introduction to the Rent Guidelines Board that is on the website, which has been dutifully updated by staff over the years. And I was kind of out of the process beginning in 2001 or around 2001/2002, got back into it a few years later. And I was really interested in, you know, I was really concerned about what was going on, mainly with regard to the high rent deregulation and the effect it was having on the stock.

And all of that is in the testimony that was provided to you. I think Andrew circulated it. You may have a hard copy of it. I would ask that you please take the time to read that because it really is a roadmap on the history of where the Board has been, what the consequences of its past actions have been, and how critical they are for the decision that you make today.

There's a lot of misunderstanding about the process, the press routinely says, you know, the owners are claiming that they can't pay their expenses. The tenants are claiming the rents are too high. The Board adopted a guideline, everybody goes away unhappy, and that's the end of the story until next year.

And to a considerable degree, that's misinformation. There are a lot of things that you're dealing with, a lot of information that has been given to you about tenant hardships, about, you know, owners trying to meet costs and so on. I did -- was able to listen to some of the testimony earlier today.

What struck me about that testimony was really two things. One is there was a tight focus on the last five or six years. I think references were made to, you know, what's happened since 2019 repeatedly. The Board has been in existence for over a half a century. The Board's made decisions that have had impacts increasing base rents over time. I'm going to focus on that in just a minute.

So to take a chunk of time that is limited to 2019 is myopic and misleading. The other thing I heard, and I was quite sympathetic with the owners who testified that they were really struggling to meet costs, I think Washington

Heights, a couple of buildings, some in the Bronx. I recognize that. I understand it's a serious issue, and I know that there are some programs available to those owners.

But I think if you listen to their testimony closely, what they were saying is, we're having a real problem with collection losses. There are people who, you know, either can't afford or simply won't pay the rent, and then we get tangled up in housing court. And as a result, you know, we're not making the money that should be made.

This Board is not able to remedy the problem of collection losses. That's an issue of wages and incomes. And I know that there are some lower-income neighborhoods in the city that experience very high collection losses. Raising the rents for those tenants who either won't or can't pay rent, and the vast majority of situations, the answer is they can't pay rent- possibly job losses, low incomes, or whatever. But raising their rents is not going to remedy that problem.

Raising the rents across the Board

for everyone is going to have further deleterious consequences, which I'll talk about in just a minute.

Let me just, you know, one thing that I'm concerned about this year is that, you know, the Mayor catapulted to political prominence and largely on what I would call the most progressive agenda since Fiorello La Guardia. And one of the stated goals of the mayor perhaps the most prominent, was a rent freeze.

So there's certainly a perception in the public, and I think there will be in the press, and the owners will tout this, that, you know, this is a political decision, the fix is in and so on. Well, let me make something clear: I don't know the Mayor; I haven't met the Mayor; nobody from the Mayor's Office has reached out to me. Didn't campaign for him, didn't donate to his campaign.

And I honestly don't care whether the Mayor called for a rent freeze or not. I happen to agree with it, but I don't really care whether it came from the Mayor or not. I've been calling for a rent freeze since 2008. And especially in subsequent years, my calls for a rent freeze became more and more urgent to the point of being practically apoplectic by 2014.

I saw what was happening, and if you read my testimony, it's pretty clear. And I was basically saying that what's going on at the state level is deregulation is causing hemorrhaging and causing rent burdens to soar, which was clearly the case by a number of successive housing and vacancy survey results.

And ultimately, the Board for a time, especially between 2008 and 2014, embarked upon what I described then and what I will describe now as an unwarranted and ill-advised march to the market. They wanted to get beyond rent regulation. For whatever reason, some people are ideologically opposed to it.

Let me speak fundamentally about what rent regulation is about. It is, in fact, not a new concept; it's an ancient concept. It goes back to the American Revolution; it goes back to the rebellion of the tenant farmers in the Hudson Valley; it goes back to the resistance of tenants and, actually, outbreaks of violence on occasion in

Manhattan at the turn of the century with new immigration and people crowded into tenements.

The main object or the main evil that rent regulation tries to address is arbitrary power. Arbitrary power takes many forms, whether it's from, you know, a king or a distant parliament that's not responsive to colonists, whether it's from a slave owner with respect to a slave, whether it's from a big corporation with monopoly power with respect to consumers. When there's a housing shortage, and there's clearly a profound housing shortage in New York City, the last recorded vacancy rate was one of the lowest in decades; I think it was 1.4 percent.

Owners have extraordinary market power, and the State legislature and many other people recognize that that's a form of arbitrary power. It's power that is disconnected with accountability unless there are laws which protect these tenants.

Now, the consequence of the march to the market that I was talking about was to raise rent burdens from about 30 percent in 2008 or '09 to 35 percent in 2011, 36 percent in 2014, where it stayed in 2017 and 2021, and it started to come down. What happened was rents were -- rents grossly exceeded what was needed to cover owner operating costs and to protect net operating income from the effects of inflation.

And as a result of that, the rent burdens went up. Homelessness, I believe, more than doubled. And we ended up in the disaster that we're still dealing with now. Successive Chairs of the Board and, you know, majorities of the Board started tapping the brakes around 2015, but it was too little and too late, and we're still dealing with the consequences of it.

And the proof of the consequences of it is in the submission that I've given you. There's a table which I developed; I can't remember if it was 15 or 20 years ago, it's since been updated or checked by the staff. There were some technical issues at one point that were pointed out, and I asked the staff if they would make sure that my numbers were accurate every year, and they have, and I appreciate that.

And by the way, I do have to mention: you're very lucky to have a really qualified and seasoned staff. From what I've seen over the years, they will follow the numbers and report with a great deal of integrity. They let the Board make the policy. But that's really a wonderful thing to have in this day and age when, unfortunately, so many administrative agencies, especially at the federal level, have become grotesquely politicized. This is not one of those. I think you can trust Andrew, and Brian, and the others on the staff to report accurate information and give you as much as they can get that deals with the relevant issues.

Now, one of the problems, of course, is that you can be deluged by statistics and not look at the key issues that the Board should be dealing with. Now, what the Board's general obligation should be is to simulate a normal market where one doesn't exist. In normal markets, in the United States at least, typically there's a 7 to 10 percent vacancy rate. In New York, as we know, it's very low.

The consequence is that if we got to a seven or eight percent vacancy rate, rents would come down dramatically. We're not there, and so the Board has to do a job to hold them back. Now, I've asked the question: What is it that is needed to keep owners whole in the way that they might be in a truly competitive market where there are a number of vacancies and opportunities for tenants to rent housing?

And again, I'm getting back to the table, which is at the end of the submission I gave you. It's rather complicated, but it can be summed up in fairly simple terms. It eliminates all of the statutory increases, and looks at what this Board has authorized since 1990. And as you all know, 1990 is the year that we first got information from the Department of Finance with regard to income and expenses.

And by doing that, it's sort of an abstract analysis or a focus on, you know, between the one- and two-year guidelines and vacancy allowances, what has this Board permitted owners to do? And when we look at that, we see, and I'm just looking, rather than reading all this to you, I'm looking for my actual numbers, which are in my submission. Give me one second here.

We see that in order to keep

owners whole, and by keeping them whole, I'm not talking about just covering operating costs; I'm talking about preserving net operating income from erosion due to inflation. So we increase the amount needed to cover operating costs, and we increase rents further in order to ensure that net operating income remains relatively constant.

In order to accomplish that, the Board would have had to have adopted 240.65 percent in rent increases over time since 1990, since we have data with which to track this. In fact, the Board adopted rent increases which totaled 247.32 percent. And the cost side of this, in terms of keeping owners whole, is directly from the Department of Finance tax information. And it's the only year that it's updated by the price index is 2025 because the tax information doesn't get us quite that far.

So it's very clear. You can look at that. You can look at the numbers, very clear that what this Board has done over time, and in particular, what it has done since 2008, is overcompensate owners. Up until -- in 2008, had the Board authorized 108 percent in increases it would have kept owners whole at that time. And in fact, the Board did authorize 108 percent increases.

So in 2008, we were kind of at a foundational baseline where what had been authorized and what was needed really matched. After that, and it's shocking, what happened was the gap between what the Board authorized and what was needed grew. What was needed, by 2015, was 143.14 percent in rent increases, and what was given by the Board was 182.29 percent in rent increases. So there was this gross overcompensation, and that was the point in time where I was getting nearly hysterical about what the Board was doing. And there was no other way to describe it other than a conscious march to the market in an attempt to sort of quietly and over time deregulate the stock.

What we've seen, to a large extent, you know, in terms of the pendulum swinging back, or I like to say, you know, democracy struck back with the Housing Stability and Tenant Protection Act of 2019, and with a successive number of guidelines which were much lower or closer to zero.

Now, owners can complain that these guidelines over the last 10 years or so have not kept up with operating costs, but I would submit that that's a form of cherry-picking because the base baked into those rents, deeply baked into those rents, were excessive guidelines which imposed tremendous hardships on tenants throughout this period. And we're only just beginning to get back.

Now, I will also add that this is a very conservative analysis. There are, you know, people who would say, you know, you should focus really on tenant affordability, and if the rents have to come down further in order to ensure that rents are affordable, that should be done. I'm not going to argue with that, all I'm saying is that even if you take a conservative approach to what's been done, owners have been overcompensated.

Now, of course, that doesn't address collection losses. It doesn't address the fact that, you know, there may have been a divergence of wealth or an increase in poverty. Some people in some places can't afford the rent, you can't remedy that.

It also doesn't address the fact that many owners heavily leveraged properties and speculated at a time when they thought that they could get their buildings out of rent regulation through, you know, vacancy deregulation over time, through higher rents over time.

And that changed the regulatory environment in the city often changes as it has over the last 100 years, and investors need to expect that things are not always going to remain the same. But nonetheless, it was a necessary correction. The market was bloated by speculation. The demands of owners and the pressures on owners, and they were real. They were real, but they were driven by their own speculation. The pressures on tenants were driven by bad decisions. Largely in Albany, and also by this Board.

So the correction that's taken place, again, has been too slow, too little, and too late, and it still needs to go forward. And so, by the numbers, no disregarding whatever the Mayor wants to do, and I have no disrespect for the Mayor. I think he's an amazing individual and shares many of the same values that I do. But beyond that, it's not related to a political issue.

Of course, it's good politics to try and keep rents down, but that's not the issue. And the issue is not making everything affordable; the issue is eliminating excessive arbitrary power by owners to control profiteering and rent gouging and serve the fundamental purpose of the rent regulation system, which is to restore fairness to a market.

So with that, and I'm afraid I have a court appearance in about 40 minutes. It's about 20 minutes away from here, so I can take some questions for a little bit. But again, thank you for allowing me to appear. It's a pleasure, and I regret that I couldn't be there personally.

CHAIR MITCHELL: Thank you so much, Tim.

Questions from the Board?

(No response.)

CHAIR MITCHELL: All right. We thank you so much for being here, Tim.

MR. COLLINS: Thank you. Thank you. I can get to court on time. Thank you.

CHAIR MITCHELL: Yes, you can.

All right. Next, we will welcome Tenants Block. We'll have Sumathy Kumar, Elisa Martinez, and Julie Xu. Welcome.

MS. KUMAR: Hello. Thank you so much for inviting us to testify today. My name is Sumathy Kumar. I'm the executive director of the New York State Tenant Bloc and Housing Justice for All. The Tenant Bloc is an organization fighting to build tenant power from -- no worries, from our buildings to the ballot box.

We are the sister organization to Housing Justice for All, which is a statewide coalition of over 80 organizations fighting to expand and strengthen fighting to expand and strengthen rent stabilization, end homelessness, and build pathways to social housing.

We are here today representing organized tenants in New York City who are fighting for a New York that belongs to New Yorkers. The Rent Guidelines Board has already heard some of the data that synthesizes our experience, and we know that it's tenants who are the real experts on what it's like to pay for housing in New York, to love our homes and our neighborhoods and our city, all while struggling to remain here and truly make our homes actually feel like home.

So based on our experience as organized tenants and the overlapping crises that are affecting working people in New York, we are here to urge the Rent Guidelines Board to enact a rent freeze for rent-stabilized tenants for both one and two-year leases this year.

There is broad support, and as many people have mentioned, for a rent freeze. Last year, our organizations collected 20,000 signatures from tenants across the city affirming that a rent freeze was the most important commitment in the 2025 mayoral elections. And this fall, more than one million New Yorkers voted for a rent freeze when they went to the ballot.

This demand isn't coming from the top down, it's a grassroots demand for a city where tenants can make and keep a home. And we know that now a rent freeze has a 1,000,000-person mandate.

It's also deeply needed. We are facing more than just an affordability crisis, but we've been hit with a crisis of ICE deportations, wartime inflation, and austerity cuts to our social safety net. The crisis is unprecedented, and it calls for a proportional response, a rent freeze for both one and two-year leases.

The data supports this. According to the Rent Guidelines Board's own reports, landlord profits were up six percent last year. Over the past three years, net operating incomes have risen by nearly 30 percent. Meanwhile, rents and rent-stabilized housing went up nearly 13 percent under the previous Adams administration.

And we know rent is tenants' biggest expense every month, and a 2025 survey from the Community Service Society showed that half of rent-stabilized tenants are struggling to make ends meet, and two-thirds lack emergency savings.

A rent freeze for both one and two-year leases would be new for the Rent Guidelines Board, but it is a call that is grounded in the experience of the 2.4 million New Yorkers who live in rent-stabilized apartments. Working New Yorkers, retirees, New Yorkers living in gentrifying neighborhoods all tend to sign two-year leases because of the security that it brings them.

If we want a rent freeze to truly make a difference in working people's lives, we need to extend that rent freeze to both one- and two-year leases this year.

An analysis from the Community Service Society showed that a rent freeze could save New Yorkers up to $7 billion collectively, an average of nearly $600 per month for an individual.

New Yorkers have been demanding solutions to the affordability crisis that is raging across our city, and the Rent Guidelines Board this year can deliver.

I'm going to invite my colleagues, Julie and Elisa, to share more about what tenants are experiencing across the city and what a rent freeze would mean for us. Thank you.

MS. XU: Hello, good afternoon. Thank you for listening to our testimonies today. My name is Julie Xu, I'm a member of Tenant Block, and I work as the lead organizer of the Chinatown Tenants Union at CAAAV: Organizing Asian Communities.

So our organization was founded in 1986 as the Committee against Anti-Asian Violence.

We organized against police and white supremacist violence against Asian communities. In 2005, Chinese tenants founded the Chinatown Tenants Union because of rising costs, landlord neglect, and harassment that were driving long-time tenants out of Chinatown.

For years, we've organized with public housing tenants and now with working class Bengali tenants across Queens. We represent thousands of working-class youth, elders, and tenants across Queens, Brooklyn, and Manhattan. We've been in our neighborhoods for decades. This means that we've seen how financialization of the real estate market has accelerated gentrification and displacement in our neighborhoods.

Many of our tenants send their checks to faceless LLCs, their homes rapidly change hands, and corporate landlords leverage debt to buy up more and more buildings to expand their portfolios.

So I'm going to talk a little bit about the history of Chinatown, but also about what I'm seeing on the ground, and we're seeing on the ground facing tenants and immigrants.

So neighborhoods like Chinatown formed in response to anti-immigrant violence. They are historically home to working class immigrants who repeatedly face public disinvestment. Rent control and rent stabilization are the only reasons why ethnic neighborhoods like Chinatown can remain working class, even in boroughs where the median rent has spiked to 5,000 a month, the historic high for Manhattan.

But this year, particularly, tenants have been hit with a triple crisis, right? There's a crisis of ICE deportations, a crisis of wartime inflation affecting affordability, and a crisis of austerity cuts to our social safety nets, mostly to Medicaid and SNAP. A freeze on both one and two-year leases or negative adjustment on rent is one of the city's first lines of defense to protect 2.4 million working class and immigrant tenants in the city.

So I'm sure you all have seen everything that's been going on, and I'm here to report back some of how it's affecting tenants in places like Chinatown. So the attacks on immigrants have created unseen ripple effects that affect the housing market. The massive ICE incursion into sanctuary cities directly impacts working tenants.

For working class immigrants in New York City, the most expensive city in this country, the threat of ICE deportation is intensifying the threat of displacement. ICE raids in public spaces means that private homes and small businesses are some of the only places where immigrants feel safe.

Even then, landlords have been threatening ICE escalation on tenants asking for repairs. As a result, we have members who are scared to go to work and scared to go home or leave home. The depths of the crisis goes beyond some of this data that you get inundated with, so I want to share a few of the many stories from our members.

Mr. L has lived in Chinatown for more than 30 years. He usually works in a restaurant but has been avoiding going to work because he's terrified of an ICE raid at his place of employment. He fears, very groundedly, that he will be disappeared to a country that he has never been to. He fears -- he has no knowledge of where he might end up. He currently has no income, and he's only able to afford rent because his son-in-law supports him.

We also have many members in this moment who are isolating and moving away to reduce risk to family as well. Ms. G is a youth leader in college. Her aunt is at risk of deportation and has now moved away from her family, and is living alone because she's fearful of putting her family at risk. She doesn't leave the house because she's afraid of being snatched.

There are many countless other stories just like hers of immigrants who fear that every time they leave their home, it might be the last.

These are the ripple effects happening in real time that cannot be captured. Tenants deserve the ability to take shelters in their homes, and a rent freeze is a key form of relief for tenants to be able to do that.

Another crisis of wartime inflation and of the social safety cuts is an affordability crisis that persists. The effect of inflation and the lack of affordability in our city is another central reason why tenants need and deserve the rent freeze.

We have a youth leader whose mother is a nail salon worker. Because people across the city are struggling to pay for the basics, they are not getting their nails done, as you might imagine. She now has fewer customers and less income than ever before, which makes it difficult to pay rent.

Even stagnant wages are worth less when costs rise. Families are hit with price hikes from groceries and price hikes on electricity up to 200 percent. I have a member who is saying his electricity went from $50 a month to 100 even before the summer season of using ACs has started.

So patients are hit with price hikes also on medical services. Taxi and rideshare drivers are hit with 20 percent price hikes on gas. Meanwhile, many of our elders are on fixed incomes.

Immigrants comprise nearly forty percent of the population in New York City. So what are working-class immigrant tenants supposed to do? Chinatown is nothing without students, nail salon workers, home care workers, restaurant workers, and retired elders. The policies of our city should protect the people of this city.

So in conclusion, we are in a historic crisis. I think it's hard to know that we're in it when we're in it, but we're seeing the effects of it. This is a historic crisis of deportations, inflation, and austerity on top of our housing crisis.

The government has both precedent and responsibility to cap costs on New Yorkers, and that begins with rent. There is historic precedent; the Emergency Price Control Act of 1942 established controls on rent nationwide during World War II.

Our city enacted a rent freeze multiple times, and the Emergency Rental Assistance Program as tangible and highly effective ways of keeping tenants in their homes during the pandemic.

Working-class in immigrant neighborhoods like Chinatown remain home to working-class immigrants because of rent stabilization. It is a matter of life or death, actually, for people to remain in neighborhoods where they can get access to medical care in their language, where they can get access to groceries, where they can get access to legal services in language.

So we must use rent stabilization for what it was meant for, which is to protect our communities, our people, and our city.

Thank you, and I'll pass it to Elisa.

MS. MARTINEZ: Thank you. Good afternoon. Can you hear me? Can you all hear me all right?

CHAIR MITCHELL: Yes.

MS. MARTINEZ: Good afternoon. Thank you. My name is Elisa Martinez, and I'm a community organizer at Housing Conservation Coordinators, or HCC. And I'm also a member of the New York State Tenant Bloc.

Housing Conservation Coordinators is a not-for-profit anchored in Hell's Kitchen and Clinton Hill neighborhoods of Manhattan's West Side, where it's been for over 50 years. Each year, we work with over 4,000 tenants to preserve Hell's Kitchen and ensure they can continue to call this neighborhood home. But this fight isn't just my job. I'm also a rent stabilized tenant in Washington Heights, where my parents live in a rent stabilized building just a few blocks from me.

The pressures of the affordability crisis have hit my family directly. I love my neighborhood, but I've watched the majority of my family get displaced and move away as Columbia University buys up more real estate for student housing and hospital workers, who price out the people that make the community what it is.

My father is 67, and he's ready to retire, but his income is just above the threshold for the rent freeze available for seniors through city programs like SCRIE and DRIE. He is terrified that without a rent freeze, he won't have the resources to age in place.

My own apartment has housed generations of my family members, and now I share it with my brother, who's recently diagnosed with MS. To me, that apartment is more than just its poor conditions and its four walls. It gave my brother an opportunity to live at home and live with family despite a debilitating diagnosis. It's the place where my brother learned to walk again.

Of course, deteriorating conditions have made living a challenge. Our bathroom ceiling has collapsed multiple times. Our landlord claims to have fixed it, only for it to happen again. My family has complained about this same issue for decades. As long-term tenants, we know that our landlords have neglected our homes for years, even when they raise our rents.

According to a 2023 analysis from the Community Service Society, most tenants saw no improvement in their building or apartment despite rent increases.

I live in one of 93 buildings recently purchased by Summit Gold from Pinnacle Group through a bankruptcy auction. Pinnacle's bankruptcy gave us a rare opportunity to open the books of predatory landlords. As the court records clearly showed, Pinnacle's buildings did make money. Pinnacle made 27 million in 2024 after operating costs, as it had for years.

Summit Gold argued in court that it should be allowed to buy our buildings because they are profitable. Even though there's more than enough money to run our buildings, Pinnacle could no longer keep up with its debt service. For decades, it recklessly speculated, taking out loans that could only be paid back by driving up rents and driving out long-term tenants. Speculation, not operating costs of the building or the rents we pay or rent stabilization itself, drove the buildings into bankruptcy.

Though they get a lot of press, rent-stabilized portfolios like Pinnacle represent a small fraction of the total. But even in these cases, we have to be clear about what is happening. Landlords placed enormous bets on making housing more expensive, and tenants' lives more miserable. The Rent Guidelines Board must not punish tenants for their landlords' poor business decisions, especially decisions which push New Yorkers out of New York.

There are many other ways the city can support landlords who are truly struggling, besides handing down rent hikes to the tenants who cannot afford them. There's already a hardship exemption available to rent-stabilized landlords and public funding available for repairs. The Mamdani administration has a plan to lower landlord insurance costs with city-backed insurance.

The role of the Rent Guidelines Board is to implement the policy of rent stabilization as it was designed, to stabilize the lives of tenants in New York City. For years, tenants have fought for rent freezes at the Rent Guidelines Board and for reforms at, to rent stabilization at the state level to ensure that rent stabilization serves its true purpose.

The 2019 Housing Stability and Tenant Protection Act solved the real housing crisis in rent stabilization, by closing loopholes which led to mass displacement across the city and staggering loss of affordable housing. Tenants keep this city running. We are the bus drivers, nurses, teachers, artists, parents who make New York what it is. The Rent Guidelines Board must take action to keep us in our homes and in our city.

In the context of so much uncertainty, where the cost of groceries inflates as gas prices rise, where the cost of healthcare balloons as our social safety net frays, tenants should have the certainty that their rents will remain the same, not just this year, but the year after.

That's why we urge the Rent Guidelines Board to enact a rent freeze on one and two-year leases in 2026. A rent freeze is a contract between New York City and New Yorkers that says tenants belong in this city, and we deserve to stay here.

Thank you.

CHAIR MITCHELL: I thank each of you for your testimony.

Questions from the Board?

(No response.)

CHAIR MITCHELL: You touched on this a little bit, but I'm curious about the kind of conditions you're seeing, building conditions among your membership or folks you're organizing with. And you talked also a little bit about kind of the -- what you see in the pinnacle versus other types of ownership. We've heard so much about different types of the stock, so I'm just curious if, even anecdotally, you all are seeing things around different conditions in different types of buildings.

MS. XU: Okay. I believe in Chinatown, rent-stabilized housing is almost 50 percent of the stock. And what we've seen is, within the last four years, even after rent raises, conditions have largely not changed for tenants. They're often very much in disrepair.

I've done the outreach in these buildings, and I've gone and seen the homes myself. There's a lot of pest issues, a lot of broken-down stairwells, a lot of children getting bit by bugs. And it's why our organization formed actually, and why it continues to exist because of the really hard conditions.

MS. KUMAR: Yeah. And like Julie said, when there are rent hikes at the RGB, those conditions continue. So we see a pattern of rent increases not actually going into the maintenance of the building and changing the conditions that people are living in. And, you know, it's often going into debt service or to buy more buildings.

Another community service society report showed, you know, looked at buildings that are both regulated and unregulated, and saw that tenants experience condition issues across regulation. And so, there is a widespread problem of conditions in our housing stock. And I think, you know, the recent rental rip-off hearings also show that. But what we've seen is that rent hikes aren't leading to repairs, and that repair issues are persisting across different types of regulation.

CHAIR MITCHELL: Thank you.

Other questions from the Board?

(No response.)

CHAIR MITCHELL: Thank you so much.

MS. XU: Thank you.

MS. MARTINEZ: Thank you.

MS. KUMAR: Thank you.

CHAIR MITCHELL: All right. We will now welcome Rent Justice Coalition, Maansi Shah, Emma Rehac, and Esteban Giron.

MS. SHAH: Thank you for pronouncing my name correctly.

CHAIR MITCHELL: Okay, good. I was going to ask.

(Unintelligible Cross-talk.)

MR. GIRON: All right. Good

afternoon. We'll introduce ourselves briefly. My name is Esteban Giron, he/him pronouns.

MS. REHAC: My name's Emma Rehac, she/they pronouns.

MS. SHAH: My name is Maansi Shah. Any pronoun.

MR. GIRON: I'm a rent-stabilized tenant. I live in Crown Heights in Brooklyn. I'm a member of the Crown Heights Tenant Union, and the political director of Tenants PAC. Thank you, Chair Mitchell, for giving us this rare opportunity, and a big thanks to Adán for coordinating with tenant groups. We haven't seen these many tenants testify like this.

The new members are likely not familiar with my past testimony, but to be sitting here now as opposed to leading the audience in expletive-heavy chants directed at the Chair is quite a journey and a very different experience, so very excited for that. So thank you.

We're not attorneys or researchers, we are here today to share crucial data nonetheless by giving you a bit of a bird's-eye view of what's actually happening on the ground in our own buildings and in some of the high-profile portfolios that have been mentioned actually at all of your meetings so far and by our colleagues earlier including the Pinnacle portfolio, which all three of us have been organizing in -- I've been organizing there for two years. These are lessons that have big implications for the work that you're doing here, so hopefully you can use that resource.

Our experience has led us to conclude that this is the year for New York City tenants to see a negative rent adjustment for the first time in our city's history.

Now, we are the Rent Justice Coalition. We are an alliance made up of tenant unions, legal service providers, advocates, and organized tenants from across the city who come together every year to ensure tenant voices engage in this process.

We've been doing this work every year for well over a decade. We meet with RGB members, as we have already with some of you. We turn out hundreds of tenants to the Board votes and recruit tenants to testify at the borough hearings.

We speak to the media, we get our message out so tenants know what is happening and why they should care.

So less than a week after Zohran Mamdani secured his victory last November, the Rent Justice Coalition voted unanimously to use this unique opportunity to win something truly transformative for New York City tenants. Tenants elected a mayor that would do as he promised and create the conditions for this Board to bring relief to struggling tenants.

The fact that so many tenants have testified here today is evidence that Zohran has kept his promise. He appointed a board that will listen to tenants, and now it's on us to convince you to act on that mandate as a people's board and shift the window of possibility for how rental adjustments are determined.

It wasn't just the election that set up this opportunity. A week before the June primary last year, our fellow tenants in Kingston, New York, helped set the precedent for the legality of a negative rent adjustment, which was affirmed at the Court of Appeals.

This Board does have the power to raise the rent, to freeze the rent, or to reduce the rent. Never have the conditions been so favorable for tenants to finally get some real relief.

MS. REHAC: Hello everybody. My name's Emma. I use she/they pronouns. I am a rent-stabilized tenant in Washington Heights. I am a member and an organizer of the Union of Pinnacle Tenants, and I'm also the founding director of the Youth Alliance for Housing, or YAH.

I'm 24 years old, I grew up throughout uptown Manhattan. I graduated from New York City's public schools, and I am so grateful and proud to be able to call myself a New Yorker. I'm here today because I love this city, I love my neighbors, and I want to make sure that we, the tenants of New York, the people who run the city, get to stay in our homes.

I'm a rent-stabilized tenant on 155th Street in a building that was Pinnacle and then recently auctioned to Summit. I share a lease with two roommates that I met on Facebook because in this economy, there are entire internet communities dedicated to connecting total strangers with one another so they can keep a roof over their heads.

All three of us work full-time, and all three of us are rent-burdened, paying over 30 percent of our income on our rent, not including utilities.

We are part of the Union of Pinnacle Tenants, the largest citywide tenant union, representing thousands of rent-stabilized tenants throughout New York. Through my work with the union, I have met hundreds of longstanding tenants who have lived in their homes since before I have been alive. People who have built their lives, raised their families, and nurtured community in apartments they are actively being priced out of.

One of the tenants that I've met is named Jen. She is an educator, a wife, and a mother of two who's been living in a rent-stabilized apartment in the Kingsbridge area of the Bronx for 23 years. Jen is rent-burdened, paying nearly 40 percent of her income on rent. And the rent hikes experienced during the Adams administration has pushed her and her family.

Her husband was born and raised in Kingsbridge. They have family in the neighborhood who they rely on for childcare, and they have a community that they have been nurturing for decades. They want to do anything in their power to stay in their home. Fighting to remain in the face of unaffordable rent means her husband has continued to push back his needed dental surgeries. It has meant making sacrifices at the grocery store, and putting a little less on Jen's plate to make sure that her child's belly is full.

Amidst this incredible unaffordability crisis, we know that the rent is already too high. And this is an opportunity for the Rent Guidelines Board to create real material change for the tenants of New York City to provide relief and restore affordability.

I know many other folks have talked about this, so we're just going to highlight some of it, but we know affordability is the number one issue for New Yorkers. This is the platform that the new mayor was elected on. The Rent Guidelines Board's own data has shown that wages are not increasing in relation to the rate of inflation, while rents continue to go up.

The most recent study showed that real wages have actually decreased by 0.4 percent while the rents have increased by three percent. Cash assistance caseloads are up, food stamp recipients are up, Medicaid enrolees are up. We know that every year, tens of thousands of people are evicted from their homes for not being able to pay the rent. Homelessness has reached record highs in this city.

New Yorkers are in crisis. They have been in crisis since before the Adams administration rose our rent by twelve percent, and people are already struggling to meet ends meet, which is why we need a negative rental adjustment to be able to address the crisis and heal the harm that has already been caused.

MS. SHAH: Yeah. Thank you, all. Hi, everyone. My name is Maansi, and I, like my colleagues, am also a member of the Union of Pinnacle Tenants, a rent stabilized tenant, as well as a staff organizer with CHHAYA CDC and with the Queens Tenant Coalition.

I don't want to repeat what my colleagues and other tenants have been sharing again and again too much, but I do want to note that we're all here because we have seen how this speculative business model has just increased tenant suffering across the city for years.

So I'm here to give you just a couple of cases from landlord portfolios in which I organize to illustrate just how as operating incomes have increased and continue to increase, tenants have only seen their conditions worsen.

Next slide. Yeah, you can go on.

Landlords are not investing their money into the maintenance of their buildings. We have seen across every portfolio that I have organized in that conditions have only continued to get worse and worse. So our only conclusion can be that operating income is not tied to upkeep, but instead this is a business model that is premised on widespread disrepair, on tenant harassment.

And we have also seen, we have ample evidence, that loans that were underwritten prior to the 2019 Housing Stability Act were premised on the fact that rent-stabilized buildings would be flipped or sold because of inflated rent rolls and evicting tenants from buildings that they had been in for many years.

We can go on.

I'm going to give you the first example of this business model and its consequences: Ved Parkash is a notorious landlord in the Bronx and in Queens, who has been telling us openly about this model, saying, "You borrow money from one building and buy the other one. That's exactly what I did. Keep borrowing money, keep buying the buildings."

He's a notorious landlord who has topped the worst landlord in New York City list for three years. His portfolio reflects not isolated lapses or neglect, but a sustained and intentional ownership model built on financial extraction, deferred maintenance, and minimal reinvestment in core building systems.

We, alongside others, have been organizing against Parkash's business practices for over a decade, and we have firsthand experience of how this pattern of disinvestment has overwhelmed community organizing capacity and placed tenants' health and safety at risk many, many times.

Parkash's buildings have a history of fire hazards, including three fires in buildings in the Bronx over the last three years. These fires have displaced hundreds of residents, many of whom are still displaced today.

Parkash, at the same time, has 23 times the number of evictions in his buildings as the New York City average.

Several of his buildings are now in foreclosure because of this business model, and that process has not interrupted this pattern of disinvestment and disrepair at all. Tenants cannot pay and are living in disrepair.

The housing market is speculative and built on inflated mortgages and debt service. Tenants should not be responsible for that speculation and a business model that is predicated on their own displacement. There was a list study from -- that studied 2003 to 2020 and found that over that entire period, areas with higher poverty, higher Black and Latina populations were more likely to see multifamily rentals being sold for the greatest increase in price.

Similar to sales, more debt is taken out on properties in areas with high poverty and higher Black and Latino populations. These findings are very much in line with what community organizers have been saying -- communities and organizers have been saying for a very long time, that these neighborhoods have been subject to rising sales, and with it, displacement pressures that are caused by this speculative business model.

I'm going to give you one other example. Sorry. One more example; Zara Realty is, again, a notorious and fast-growing real estate company based in Jamaica, Queens. The company purchased its first building in 1982, and now owns over sixty buildings comprising more than 5,000 units across Queens in Nassau County. They have faced repeated accusations and legal challenges that they harass tenants, charge them illegal fees, even threatening undocumented tenants in an attempt to coerce them out of rent-stabilized units by posting DHS notices in their lobbies.

Since 2019, Zara Realty has faced two major lawsuits by the New York State Attorney -- by the New York Attorney General, Letitia James, based on years-long investigations that included interviewing more than 170 tenants and analyzing leases and rent ledgers for breaking rent stabilization laws, illegal fees, and overcharges in their buildings.

We have been organizing in these buildings for over a decade, and have seen this constant drive, patterns of intimidation and harassment to kick out long-term rent-stabilized tenants, predominantly low-income immigrant tenants out of their buildings in Queens. And this has worked, they have turned over many, many buildings in Jamaica. Some tenant leaders measured that in one building, 87 percent of the residents left within five years of Zara Realty taking ownership of their building.

Just last month, this same company was approved for an almost quarter of a billion-dollar refinancing, taken against 18 of their rent-stabilized properties. Because they know that they will make -- they will continue to make massive profits under this very model even after the 2019 laws.

And tenants, at the same time, as

you can see, are still enduring the same unlivable conditions and continued harassment and neglect in spite of a landlord that is getting a quarter of a billion dollars in a loan. This is part of a larger pattern that we have all been pointing to today.

And tenants -- and we know that tenants should not be responsible for this business model. We can and must find other ways to deal with speculation than on the backs of tenants.

MR. GIRON: So to close us out here, we are going to be mobilizing tenants to fight for a negative rent adjustment. You will see us; we will be loud.

But we would also like to ask directly; we're hopeful that today's the beginning of a new paradigm where we have a city government that understands that people having a livable and affordable home is a priority.

As such, we are asking the city and the Rent Guidelines Board to commission a study on landlord profits and tenant budgets that examines the extent to which existing RGB metrics systematically overstate landlord cost burdens and understate tenant financial hardship, thereby providing a clear empirical basis for future RGB decisions.

It'll do this in four ways: It will account for the distortion in inflation measures that include rent itself; it will assess patterns of debt refinancing and speculative investment that inflate claimed operating costs, and create unsustainable debt repayment structures; it will assess tenant incomes, hours of work, household compositions, compare it against the true cost of living and the rents in rent-stabilized housing across the city; and will evaluate the historic overcompensation that the Rent Guidelines Board provided to landlords outpacing operating costs in the 2000s.

And this would just be a way for us to have -- for both the, you know, the Board and for the rest of us who are involved in this process to have some numbers that we can look at. It doesn't actually change the situation. Our experience, our lived experience, will be played out in those numbers. We're confident that will be the case.

But this might allow for deeper conversations in this context and, you know, the ability to really have some -- yeah, some clarity on things that can be pretty confusing right now. And with that… .

MS. REHAC: So exactly like Esteban was talking about, right? The data presented today and collected by the Rent Guidelines Board just reinforces and statistically proves what the tenants of New York have been crying out for years. What people already know in their lived experience every day, right?

The rent is already too high. The rent was already too high even before Adams took office. Our landlords' incomes are not in crisis. It is our housing, our basic need for shelter that is in crisis.

So before we leave today, I wanted to leave you with one more story: In October of 2025, as people do on Halloween, I was door-knocking to support tenants in Inwood in creating a tenant association in this building. There, I met Sonny. He's been living in this building for over 26 years. That's longer than

I've been alive. He's 61 years old, and has been living with Parkinson's for the past five years. This means that he does not yet qualify for SCRIE and the different services for seniors.

He works for New York Presbyterian Hospital, helping with the organization and delivery of supply shipments. His tremors are getting worse every single day, and his job is becoming increasingly inaccessible for him. He is afraid he will not be hired for different work because of his disability, and he cannot afford to retire.

Sonny works full time and pays over 55 percent of his income on rent. He is already being forced to make unimaginable choices between his health and his housing, choices that are literally life and death. A rent freeze can stop further harm from happening, but in order to address and heal the harm that has already been caused, to heal the harm that people are currently experiencing every single day, we need a negative rent adjustment. That's it.

CHAIR MITCHELL: Thank you all. Thank you. Thank you for your testimonies.

Questions from the Board?

(No response.)

CHAIR MITCHELL: I'm always going to have a question.

I'm curious if there are, whether it's tools or just meaningful things you all have seen or that you have ideas around in terms of the actual building conditions, kind of understanding that the slides that you showed us in some of those photos, the realities that tenants are living in. I'm curious what recommendations, tools, thoughts you have seen that work or have ideas around.

MR. GIRON: So one of the things that we've employed to great effect in the Pinnacle portfolio is something called repairing the duct, which is kind of just out of case law. It is a proactive way to essentially, you know, we tell people to go get some quotes from some contractors, see if they need to do, like, extermination or need to replace something. These are for, like, smaller sort of things.

And then send the receipt for it with your rent, with the, you know, with the difference. And it is very rare to get sued for that because then the landlord would have to show what they did to actually take care of those repairs.

So it is really hard to get them to do something -- even if you do, like, an HP case, it's very rare for landlords to, like, actually follow through on that. But this is a way to do that, that has been super effective. And especially in the context of a bankruptcy where, like, there's, you know, there's all sorts of other issues that are, you know, the finances are wrapped around, this is, like, a very direct way to do it. So that's -- yeah, a little titbit there.

CHAIR MITCHELL: Yes, Sina?

MR. SINAI: Yeah. These are some powerful stories, and I was -- apologies if I'm not familiar with the material out there. But I was wondering if you have, like, a -- maybe a more systematic surveys of your tenant union members. I think just as we're trying to, like, you know, just you represent many, many people, and I think, like, getting, like, a coherent view of that on, like, a regular basis would be really, really helpful too. But just, like, thinking out loud.

MR. GIRON: Thanks.
CHAIR MITCHELL: Yeah.
MS. REHAC: Thank you.
CHAIR MITCHELL: No, thank you. Other questions?
(No response.)
CHAIR MITCHELL: Thank you all so much for your testimonies.
MR. GIRON: Thank you.
MS. REHAC: Thank you.
MR. GIRON: Thanks so much.
CHAIR MITCHELL: Okay. We will now welcome Evy Viruet from Goddard Riverside SRO Law Project.
MS. VIRUET: Hi. Okay. I do have copies of my testimony.
(Unintelligible Cross-talk.)
MS. VIRUET: Good afternoon, members of the Board. My name is Evy Viruet, I am a tenant organizer with Goddard Riverside Law Project, formerly known as the SRO Law Project. The law project has provided free legal representation, and organizing support to SRO tenants living on the West Side of Manhattan for

over 40 years.

It is a great honor to have this opportunity to address you all concerning issues affecting tenants in single-room occupancies and Class A residential hotels.

We celebrate the Board's vote last year in favor of zero percent rent increase for SROs. This was a fair decision that considered the need to maintain rents affordable for low-income New Yorkers without compromising the ability of building owners to profit from their investments.

Last year, we testified at this Board regarding the lack of resources and housing alternatives most SRO tenants face if they are priced out of their homes. We also discussed the profitable uses that owners of SRO buildings make of their properties without renting them to permanent tenants.

Unfortunately, the conditions that warranted last year's zero percent vote remain unchanged. SRO tenants continue to struggle while buildings designated for residential use by rent-stabilized tenants are increasingly used for other purposes. We generate significant profits in these buildings.

This is further coupled by the recent inflation crisis, which heavily impacts people on fixed incomes. Considering that disproportionate amount of people on fixed income live in SROs, these SRO tenants are heavily impacted by high inflation and an everyday cost of living. As a result, a zero percent vote is even more justified. We hope our testimony today will compel the Board to vote for zero percent rent increase for tenants of SROs again this year.

Conditions of SRO tenants; the picture painted in the 2026 Income and Affordability Study is alarming for low-income New Yorkers in general. Unsurprisingly, the report indicates that in 2025, there was an increase in caseloads for cash assistance that went up 7.4 percent, with Supplemental Nutrition Assistance Program, which is SNAP, declining by 0.4 percent.

The unemployment rates have increased to 5.2 percent since 2022. More worrisome is the increase in caseloads following the end of the eviction moratorium since 2021. And the city's inability to guarantee the transformative right to counsel to low-income tenants in eviction defense. Comparing numbers from 2021 to 2025, we see a 288 percent difference in non-payment filings, and 364 percent in non-payment calendared cases.

This economic hardship is coupled with 4.0 percent inflation rate in the New York City metro area, higher than the national average of 3.3 percent.

Low-income households are disproportionately affected by inflation with a drop in real wages by 4.3 percent.

On top of all of this, the number of residential evictions rose from 15,529 in 2024 to 17,821 in 2025. New York City Department of Homeless Services Shelters rose an average of 8.0 percent in each -- in stays for each night, with the average number of people staying in DHS shelters each night reaching 90,803 in February of this year. This is up four thousand people since 2025, and over three times the average of 20,000 to 25,000 found in the 1990s.

Additionally, the median gross rent-to-income ratio for all tenants based on the twenty twenty-four American Community Survey is 30.9 percent. Even most disconcerting, almost a third of rental households pay more than 50 percent of their income toward gross rents, while more than half of households pay more than 30 percent of their income.

We observe this reality with the SRO tenants that we serve, who frequently pay a substantial amount of their modest incomes, whether from government benefits like SSI and/or HRA shelter allowance, or from employment. SRO tenants pay such a large portion of their income, despite the fact that SROs are basically habitable.

Most SRO tenants live in single rooms, and have to use communal bathrooms located in shared areas of the building. Lack of access to any kitchen facilities is a common feature of the SRO life. The bedroom units are often tiny, with the legal minimum being as small as eighty square feet per person. Considering the minimal living conditions, it should come to no surprise that SROs are the last resort for housing low-income people who would rather -- I'm sorry, who would otherwise be homeless if it wasn't for SROs.

It is often the only form of housing that very low-income New Yorkers can afford. Thousands of hardworking people, as well as a disproportionate number of elderly and disabled people, call SROs their home. If the economic situation is -- I'm sorry, if the economic situation is difficult for low-income New Yorkers, it is dire for most residents of SROs because they are historically marginalized and vulnerable population.

Many rely on SSI, disability pensions, food stamps, and other resources as their sole source of income. Tenants who are seeking assistance from our office routinely report incomes as low as $10,000 per year. For many, the affordability of their SRO home means the difference between having a roof over the head, over their head and being homeless.

With vacancy rates in apartments costing below $1,100 at just 0.39 percent and homelessness at an average of nearly 85,645 in 2025, the city cannot afford to increase rents on what is one of the last resources of truly affordable housing for low-income New Yorkers.

The low vacancy rates in New York City suggest that building owners have little trouble renting out their units to permanent tenants. SRO landlords, however, have found more profitable uses of their properties that allow them to reap higher profits while depleting the availability of this affordable housing stock.

These uses include contracts from Department of Homeless Services and Human Resources Administration, among others. Not leasing to New York City colleges and renting to tourists, both legally and illegally, a report released in 2010 by the Manhattan Borough President's Office at the time showed 1,336 SRO units were lost between 1996 and 2010, in Community District Seven, which is the Upper West Side, which Goddard's -- yeah, that is part of our catchment area.

SRO owners are making profits both legally and illegally renting out rent-stabilized units to tourists on a nightly or weekly basis, depending on the classification, zoning, and fire code regulation that apply to the building. Some SRO hotels are lawfully permitted to offer transient rentals, but the vast majority never inform their guests that the rooms are subject to rent stabilization, and the guests have a right to become a permanent tenant.

Although the strengthening of the law prohibiting illegal hotels in twenty-ten and increased enforcements after the passage and implementation of Local Law 18 have helped curb the practice of transient rentals to a certain extent, many SRO owners continue to skirt the law and charge Exorbitant rates of -- I'm sorry, rates for rooms that have legal rents that would be affordable for low-income New Yorkers.

In addition to profiting off of tourist rentals, SRO owners also keep affordable units off the market by warehousing whole or substantial portions of their buildings.

As tenants are harassed, tenants die or get evicted, their units are removed and kept from the market. Owners refuse to rent to new tenants, and units stay vacant for years. We call that warehousing. Okay.

The purposes for this vary: Owners have kept units vacant for years in order to deregulate the units. The most harmful thing is that some owners keep buildings vacant so they can obtain certificates of No Harassments to convert the buildings for other uses. This is how HPD was able to issue 70 certificates of no harassment in 2025, an increase of 9.4 from the previous year.

Other purposes are unknown, but the effect is a drastic and harmful reduction of affordable SRO units for rent in the city. What we do have certainty about is that owners, by choice, do not maximize their rental income when they keep units vacant. The effect of this widespread practice are also known and exacerbated housing affordability crisis for those already suffering the most.

To give an idea of how widespread the problem is, looking only at the law project's catchment area, we are aware of several buildings with large numbers of vacant units. Although the problem is widespread, the following are a few examples: 215 West 14th Street continues to only house approximately four permanent tenants despite of having 18 SRO units;

The Alexander at 306 West 94th Street has approximately four permanent tenants in a building with 114 SRO units;

828 St. Nicholas Avenue has only 1 permanent tenant living in a building with 38 SRO units;

And perhaps the most shocking is the Camden Hotel at 206 West 95th Street, with one permanent tenant, and the building has 207 SRO units.

These numbers are not unique to the law project within our catchment area, with landlords reporting less than half of their SRO units as rent stabilized and reporting the rest as either vacant or exempt. This, however, significantly undercounts the discrepancy between rent stabilized units and vacant/transient units, as this is based on landlord self-reporting to DHCR.

The 2025 hotel report by the Rent Guideline Board emphasizes that undercount of units is particularly common in these buildings registered as hotels, which are often used for commercial purposes such as transient houses. The report estimated that for the 108 hotels identified in 2024, there were approximately 22,645 units as opposed to the 7,900 units registered with DHCR.

Since the owners of these buildings with warehouse units are foregoing rents from permanent tenants, they certainly do not deserve any guideline increases.

Conversely, the tenants in their buildings are frequently harassed and must struggle on limited income and consistently pay their rent. Any increase will bring potential catastrophic consequences for them and would reward their landlords' unscrupulous and illegal actions.

Let's talk about inflation crisis and its impact on SRO tenants. The ongoing inflation crisis particularly impacts SRO tenants, the majority who are on a fixed income such as Social Security retirement. Social Security does adjust a cost-of-living increase, the inflation rate outstrips such adjustment. Many other forms of fixed income do not provide for cost-of-living adjustments.

Wages have not been keeping up with inflation either. As a result, households are paying more for basic necessities than ever before. While their real -- I'm sorry, while their income in real terms are diminishing. Lower-income households are particularly impacted, with these households experiencing the highest level of inflation with the lowest income increase.

SROs are housing accommodations of a last resort. SRO tenants are low-income people living on a brink. Their incomes are just -- their incomes are just barely enough to afford the necessities that they need to have a better quality of life. They are precisely the group of people who have been most impacted by the rising prices.

Allowing landlords to increase rent prices in the midst of record inflation will result in pushing many SRO tenants over the brink of homelessness. Even under regular circumstances, SRO tenants are unable to afford alternative housing, especially in a notoriously expensive city like New York.

With inflation and rising rents all over the city, alternative housing is simply not an option. Increasing rent will only further the hardship and marginalization of SRO tenants from high inflation. Landlords, on the other hand, benefit from increasing real estate prices and do not need a rent increase as a further boon.

While the 2025 hotel report found a 7.3 percent increase in operating costs for SRO hotel owners, few of the many SRO tenants that talk with us on a regular basis have mentioned not many improvements -- they have not done many improvements in their living conditions.

Increased property values and increased profits from renting rooms at unregulated market rates should give pause to hotel owners seeking higher rents from SRO tenants. The Rent Guideline Board should not grant a rent increase to benefit those who need it least, and who are often unscrupulous actors at the expense of those who are living on the edge of an economic catastrophe and who are just trying to live and survive.

No rent increases for SRO tenants this year, please. Zero percent. Rent increases for tenants cannot justify in SRO buildings that are not fully occupied by permanent rent-stabilized tenants, or where the building's income is dependent primarily on sources other than its own -- other than its rent rolls.

Many SRO buildings earned the vast

majority of their income from sources other than renting to permanent rent-stabilized tenants. Rental income from permanent tenants' pales in comparison to income from lucrative contracts with city agencies to house the homeless. Illegal operated tourist hotels and the student dormitory operations that are present in many SROs.

In the instances that are -- I'm sorry, in the instances where there are no such operations, rental income could be increased by simply returning to market all the rooms that are warehoused and currently sitting vacant.

Lastly, although you may be tempted to pass proviso, such as the ones that were passed in years prior to 2012 that permitted increases if buildings had a certain percentage of occupancy, no increase accompanied by a proviso for SROs is warranted. Based on our office experience, tenants have frequently brought complaints with the New York State Homes and Renewal -- Home and Community Renewal, which is HCR, to challenge landlords' illegal increases under past provisos.

In years when provisos have been in effect, our office had nonetheless had to challenge numerous illegal rent increases in the past several years, with zero percent rent increases and no provisos. The number of illegal overcharge complaints our office has filed on behalf of SRO tenants has decreased drastically. Because of the widespread practice of warehousing and the alternative uses -- I'm sorry -- alternative use property owners make of their building. The majority of SRO buildings would not meet the proviso criteria to qualify for a rent increase.

The risk of summarily illegal increases with a proviso is high, and many tenants fearing retaliation will simply pay the increases without challenging them. Okay. Therefore, we encourage that you vote for a zero percent increase for SROs and hotels without any proviso.

In conclusion, for the reasons presented, we do not believe that owners of SRO buildings should be rewarded with a rent increase this year, and we urge that you vote a zero percent rent increase with no proviso.

Thank you.

CHAIR MITCHELL: Thank you.

MS. VIRUET: I was a little nervous, guys, so please bear with me.

CHAIR MITCHELL: Thank you. We appreciate your testimony. It was great. Questions from the Board?

MR. MCLAUGHLIN: Can I?

CHAIR MITCHELL: Yes, Andrew.

MR. MCLAUGHLIN: So I just want to recognize Larry Wood, who worked for Goddard Riverside for many years, has retired.

MS. VIRUET: Yes.

MR. MCLAUGHLIN: So he has come to this day for over 30-some-odd years or whatever, and --

MS. VIRUET: That's why I'm nervous.

MR. MCLAUGHLIN: You did him proud, no worries.

MS. VIRUET: That's why I'm nervous.

MR. MCLAUGHLIN: That's --

MS. VIRUET: Yeah.

MR. MCLAUGHLIN: But I would just like to congratulate Larry on his retirement, and

-- yeah.
MS. VIRUET: Thank you, sir.
MR. MCLAUGHLIN: He was -- I wish him well.
MS. VIRUET: Thank you.
MR. MCLAUGHLIN: Yeah.
MR. SOLTREN: And I guess just to add to that.
CHAIR MITCHELL: Yes, Adán.
MR. SOLTREN: I also congratulate Larry on his retirement.
MS. VIRUET: Hi, Adán.
MR. SOLTREN: I hope he does well moving forward.
MS. VIRUET: Thank you.
MR. SOLTREN: And just for, like, historical context, as Andrew was saying, Larry would come and the Goddard Riverside SRO project would always come as really the only group that would come and provide testimony on behalf of SRO and hotel tenants.
So just to, you know, let everyone on the Board, for those new and those old alike, understand, like, it is a really important piece to

this puzzle, because we do have to vote on those adjustments. And so, to have the Goddard SRO project here still providing that testimony is important. It means something.

MS. VIRUET: Thank you, Adán. This was big shoes to fill, so.

CHAIR MITCHELL: Well, yes. You did great. Thank you, Evy.

MS. VIRUET: Thank you.

CHAIR MITCHELL: And thank you for the written testimony. It's helpful.

MR. WYNN: Can I just ask one quick clarification real quick before you run off?

CHAIR MITCHELL: Yes, Max.

MR. WYNN: Very quick. Sorry. Is Goddard Riverside also an operator of SROs? Doesn't Goddard Riverside own SROs as well as a nonprofit?

MS. VIRUET: Wait, that question is an executive question?

MR. WYNN: I will pass it on over email. No, no, I just was trying -- I know them from, like, doing affordable housing development, so.

MS. VIRUET: Thank you.

CHAIR MITCHELL: Yeah, you may get an email from us, Evy. Thank you. Thank you so much.

Further discussion from the Board?

Yes, Adán?

MR. SOLTREN: I just had a question because I believe it was Tenant Block who had referenced the two-year lease, the anecdote that most of the tenants that they interact with choose two-year leases.

I know it's something that we also see in our practices. Normally, HCR would provide that information, I thought, as to how many two-year as opposed to one-year leases were signed in a given year. I checked to see the answers to this year's questionnaire, and I didn't see it when I did a quick search for it. If we don't have that information, I think we should request that information from HCR, and --

MR. MCLAUGHLIN: Yeah. I'll stop you. We do do that when we -- in part of our research. So we have the breakdown of those who sign the one and two leases.

MR. SOLTREN: Of the one and two years? Is that --

MR. MCLAUGHLIN: We can get that, you know, we could include it. We'll email it out, but it's in the price index when we take a look at the mixed term of leases.

MR. SOLTREN: Right.

MR. MCLAUGHLIN: We take a look at the HCR database, and we do that.

MR. SOLTREN: If we could get the exact number….

MR. MCLAUGHLIN: We could take the number -- yeah, the ones who sign one-year leases versus two-year leases. I don't know what it is off the top of my head.

MR. SOLTREN: It's all right.

MR. MCLAUGHLIN: But we can -- I'll send that around and point --

MR. SOLTREN: What I think would also be helpful would be to see -- let's say you take, like, a decade as your scope, how many tenants who have been in possession for the tenant of record for ten years consistently sign the two-year.

Because I think what we can extrapolate from that is get a sense of, like, who the longer-term tenants are, and to see whether or not this is, in fact, accurate that they are more inclined, regardless if they have the option of a zero percent or a one percent or a low adjustment, that they consistently do take the two-year. I do think it is important for us to --

MR. MCLAUGHLIN: Okay.

MR. SOLTREN: -- to analyze that.

MR. MCLAUGHLIN: Yeah. I think last year we did. We did a memo that took a historical look back on the breakdown, but we didn't follow, like, if they were in ten-year. I --

MR. SOLTREN: Right.

MR. MCLAUGHLIN: Yeah, when they were in place.

MR. SOLTREN: Or if it was (unintelligible).

MR. MCLAUGHLIN: Yeah. I'd have to see whether we can actually do that part of it, but I'm pretty sure that --

MR. SOLTREN: We could be able to

because, I mean, look, it's not going to (unintelligible) it's all based on DHC (unintelligible) of probation and that all landlords provided. So it (unintelligible), but I still think it's a worth check list.

MR. MCLAUGHLIN: Okay.

CHAIR MITCHELL: Other discussion from the Board?

(No response.)

CHAIR MITCHELL: Well, I just want to again thank everyone for their testimonies both this morning and this afternoon.

And can I have a motion to adjourn?

MS. MELODIA: Motion to adjourn.

CHAIR MITCHELL: Second? Great. We are adjourned. Thank you all.

(Whereupon, the meeting was adjourned.)

STATE OF NEW YORK)
SS.
COUNTY OF NEW YORK)

I, MARC RUSSO, a Shorthand (Stenotype) Reporter and Notary Public within and for the State of New York, do hereby certify that the foregoing pages 1 through 171, taken at the time and place aforesaid, is a true and correct transcription of my shorthand notes.

IN WITNESS WHEREOF, I have hereunto set my name this 12th day of August 2026.

Marc Russo

MARC RUSSO

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