New York City Independent Budget Office

TESTIMONY

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On behalf of New York City Independent Budget Office
To the New York City Rent Guidelines Board

Good afternoon, Chair Mitchell, and members of the New York City Rent Guidelines Board (RGB). My name is Louisa Chafee, Director of the Independent Budget Office (IBO). I am joined by Sarah Parker, Senior Research and Strategy Officer, and Sarah Internicola, Lead Budget and Policy Analyst. IBO is a government agency whose mission is to enhance understanding of New York City's budget, public policy, and economy through independent analysis. We appreciate the opportunity to testify at today's Public Meeting on our agency's recent research on rent stabilized housing.

Segments of the Rent Stabilized Housing Stock

As you well know, there are about one million rent stabilized apartments in New York City, constituting 41% of the City's rental apartments and 27% of the overall housing stock citywide. Using City and State administrative data, IBO explored different characteristics across the rent stabilized housing stock. Our analysis focuses on roughly 928,000 stabilized apartments across about 43,000 Multiple Dwelling A buildings.

The characteristics of rent stabilized buildings IBO analyzed include:

- Geography, by borough with Manhattan split into Core and Upper Manhattan, per RGB definitions, and by Community District.
- Year of construction, separating pre-1974 and post-1973 buildings based on the Emergency Tenant Protection Act of 1974.
- Median monthly rent of rent stabilized apartments for rent stabilized buildings.
- Share of apartments that are rent stabilized, again calculated at the building level.

IBO finds that the rent stabilized stock varies widely on these characteristics.

Rent stabilized housing is spread across the entire City, but there are clear concentrations of rent stabilized housing, especially in northern Manhattan and the Bronx. You can see this on slide 2, which maps rent stabilized apartments by Community District.

Three quarters of the City's rent stabilized apartments are in pre-1974 buildings. These are buildings that became stabilized under the Emergency Tenant Protection Act of 1974 and remain stabilized today. As shown in slide 3, there are notable patterns in the concentration of pre-1974 rent stabilized buildings across Community Districts. Community Districts in eastern Queens, southwest Brooklyn, Upper Manhattan, and southern Staten Island have the highest concentrations of pre-1974 buildings (the darker shaded areas on the map). Some Community Districts have more than half of their stabilized apartments in post-1973 buildings (the lighter shaded areas). High shares of post-1973 rent stabilized apartments appear in areas that have seen major rezonings and new development in recent decades. This includes the Chelsea, Williamsburg, Greenpoint, and Downtown Brooklyn neighborhoods.

Citywide, the median monthly rent of rent stabilized apartments is $1,603, with the bottom quartile of rents at $1,190 or lower and the top quartile of rents starting at $2,186. Slide 4 shows there are rent variations by building age. The median rent for rent stabilized apartments built before 1974 ($1,511) is about $800 lower than the median rent for stabilized apartments built after 1973 ($2,307). Rents for pre-1974 buildings are much more clustered around the median rent, while rents for post-1973 buildings are more evenly distributed from the lowest and highest ends of the rent spectrum.

Slide 5 shows that about a third of all rent stabilized apartments are in buildings over 90% stabilized with rents below $1,500. However, there are more rent stabilized apartments renting over $2,500 than below $1,000. Also, about 23% of rent stabilized apartments are in buildings less than 90% rent stabilized, representing a substantial portion of the stock.

Indicators of Distress

IBO next compares four indicators of physical and financial distress in rent stabilized buildings with non-stabilized rental housing citywide. IBO used the following four indicators of distress in its analysis:

- Open **Hazardous** (Class B and C) **Housing Maintenance Code violations**.
- **Emergency Repair Program** (ERP) **charges** going back to January 1, 2023. These are charges incurred when the Department of Housing Preservation and Development (HPD) fixes hazardous housing code violations that owners failed to correct in a timely manner. ERP charges suggest a property owner unwilling or unable to pay for repairs.
- Historical **enrollment in Alternative Enforcement Program** (AEP). AEP is an HPD program that implements frequent inspections for properties with persistent hazardous housing maintenance code violations and ERP charges. HPD may make repairs to improve physical conditions of housing in the program. This suggests chronic maintenance issues.
- **2025 Tax Lien Sale eligibility and inclusion**. Properties with long overdue property taxes, water or sewer charges, or HPD repair charges can become eligible for the City's tax lien sale. Having a lien sold suggests financial distress in the building if the owner is unable to pay these bills, or possible disinvestment by an owner unwilling to pay the bills.

IBO will now present highlights from its analysis of distress across the various segments of the rent stabilized stock identified above. These indicators can complement RGB research on building net operating incomes to better understand the conditions in rent stabilized buildings. The causes of distress are influenced by many factors and are beyond the scope of our report; IBO intends to provide an understanding of where distress is present rather than to describe circumstances underlying the indicators of distress.

IBO finds that across all categories of the rent stabilized stock, the majority of buildings tend to be in similar or better condition compared to citywide non-stabilized averages. There are both newer and older rent stabilized buildings that show materially better conditions than other non-stabilized rental housing citywide. Although some poor conditions exist, they only characterize a small portion of certain segments of the stock.

Measuring Distress

First, IBO considered the overall scale of distress across the rent stabilized stock. IBO found that 28,400 rent stabilized buildings, or 66% of those analyzed, have a violation rate below the citywide average, showing good conditions. There are also 5,400 rent stabilized buildings, or 13% of those analyzed, that have at least one hazardous violation per unit.

The City Administrative Code defines a "distressed property" as one with a violation rate of at least five hazardous Housing Maintenance Code violations per apartment, among other criteria. IBO identified 600 rent stabilized buildings, or 1% of those analyzed, with five or more hazardous violations per unit. However, these conditions are not limited to rent stabilized housing. There are an additional 923 non-rent stabilized buildings, or 1.6% of those analyzed, with five or more hazardous violation per unit. Housing quality is a concern for a small number of both stabilized and non-stabilized buildings citywide.

Where is Distress Concentrated?

IBO looked at distress by median rent of rent stabilized apartments at the building level. Slide 7 shows this broken out by pre-1974 and post-1973 buildings. Across all categories, IBO finds that the majority of buildings have a violation rate below the citywide non-stabilized average of 0.18 violations per unit. There are relatively higher shares of buildings with higher violation rates among buildings with lower rents, but still, most of these buildings have a lower violation rate than the citywide average.

Slide 8 shows the shares of rent stabilized buildings, again by median rent and building age, which were eligible for the 2025 lien sale and which had their liens sold. The citywide non-stabilized shares are depicted by the horizontal lines on the chart. Nearly 9% of pre-1974 buildings with median stabilized rents under $1,000 were eligible for the lien sale, above the citywide average of 8.3% for non-stabilized rental buildings. All other rent categories were below the citywide non-stabilized average for lien sale eligibility. All rent categories were below the citywide non-stabilized average for liens sold of 1.0%

Next, IBO reviewed the same indicators of distress by the share of a building that is rent stabilized. As shown on slide 9, starting with the same housing maintenance code analysis, IBO again sees that across all categories, the majority of buildings have a violation rate below the citywide average. IBO does find somewhat higher violation rates for buildings that are highly stabilized and built pre-1974, but the pattern is less clear for post-1973 buildings.

On slide 10, the green sections show the share of rent stabilized buildings with average ERP charges per unit above the non-stabilized average. As the share of a building that is rent stabilized increases, so does the share of buildings above the non-stabilized ERP average. However, the share of rent stabilized buildings above the non-stabilized average is only as high as 22% (and as low as 3%) across these different categories.

IBO assessed the same distress indicators by building location, using the borough-based geographies that the RGB uses in its research. Here, the greatest contrasts arise. Looking at housing maintenance code violation rates by borough in slide 11, IBO finds that less than half of pre-1974 buildings in the Bronx and Upper Manhattan have a violation rate below the citywide average. Meanwhile, buildings in other boroughs show a majority with a lower violation rate than the citywide average, as high as 80% in Core Manhattan.

This is further shown in slide 12, where pre-1974 buildings in the Bronx, Upper Manhattan, and Brooklyn show rates of AEP enrollment above the non-rent stabilized average of 2.4%. These properties in the Bronx specifically reach 10% AEP enrollment.

Conclusion

Rent stabilized housing varies widely across the stock by building age, median rents, location, and the share of the building stabilized. Across and within these categories, there are also a wide range of conditions present. IBO finds that the majority of rent stabilized buildings show conditions similar to or better than citywide non-stabilized building averages.

Where distress does exist in the rent stabilized stock, it tends to be concentrated in pre-1974 buildings that are lower rent, highly stabilized, or located in the Bronx or Upper Manhattan. Even among these segments, however, distress affects only a small portion of these buildings while many show conditions better than citywide averages. Housing quality concerns are thus not limited to rent stabilized housing, but rather affect a portion of all rental housing citywide.

Rent guidelines are not designed to address the specific needs of individual buildings, but rather to provide year-to-year rent predictability for tenants. Rate-setting is only one of many tools shaping outcomes for rent stabilized housing, owners, and tenants, and should be distinguished from broader housing policies and preservation programs intended to address underlying building concerns. There are many policy tools that may be implemented to address distress for different subsets of buildings. This would allow the City to consider policies to further preserve this housing for owners and tenants.

Thank you for the opportunity to testify and we look forward to answering any questions you may have.

For IBO's full analyses, see: Current State of Rent Stabilized Housing.

To see more of IBO's work and to follow IBO on socials scan here: SCAN ME