

Rent Regulation Awaits Its Fate

by {ga=rwebber}

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State and local officials are preparing to chart the future of rent regulation in New York City. Several forthcoming decisions and votes will determine large-scale changes, such as whether former Mitchell-Lama apartments will move into rent stabilization, and smaller ones, such as how much stabilized rents can increase this year.

First, the Rent Guidelines Board is ramping up to determine this year's allowable increases for leases on rent regulated apartments. The nine-member board, composed of a chairman, two landlord representatives, two tenant representatives, and four public members, will consider owners' operating costs, terms and availability of financing, cost of living indices, and testimony from landlords, tenants, experts, and elected officials.

They will use [annual reports](#) generated by their own researchers such as the Price Index of Operating Costs, The Mortgage Survey, and the Housing Supply Report. They will also do their own calculations, get extra analysis of the numbers, and consider what landlords and tenants have to say at their public meetings. Then, they will distill all of the information down, and make a decision.

Last year, the board allowed two percent increases for one-year leases and four percent increases for two-year leases, even though landlords' costs had gone down from the previous year. This year, landlords are claiming that high fuel prices and increased property taxes warrant double digit increases. Tenants will fight to bring that number down, but some think the final compromise will be higher than tenants have seen in a long time. Increases over the past decade have averaged about three percent for one-year leases and five percent for two-year leases.

The board was expected to start its work in March, but some last minute changes postponed their first meeting. Mayor Michael Bloomberg decided to [replace](#) five board members, and the background checks of his new appointees took longer than expected. The current meeting [schedule](#) begins in April and runs through mid-June, when board members will cast their final vote.

Meanwhile, the City Council has weighed in on rent regulation, in largely symbolic resolutions, since, under the current structure, state laws run the show. [See Gotham Gazette articles on [rent regulation](#)

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and the battle over

[rent regulation.](#)

] On March 12th, the council voted to renew the city's rent stabilization law though April 1, 2006. It also passed two resolutions that would try to influence the state legislature, as it reconsiders rent laws which will expire on June 15th.

[One resolution](#) urges the state legislature to repeal the Urstadt Law, which was passed in 1971 and handed state legislators control over rent regulation by forbidding the city from making any rent laws that are stricter than the state's.

The Council resolution says, "the regulation of these rent stabilized and rent controlled dwelling units is more appropriately a matter of local concern and should be subject exclusively to decisions made by the Mayor and the City Council." It also says that the Urstadt law prevents the city from "exercising home rule over an issue of vital local importance."

The [other resolution](#) supports the State Assembly's passage of a bill that would renew rent regulation until 2008 and alter certain elements of the 1997 laws that regulation proponents dislike.

The bill would eliminate high rent vacancy decontrol, which has deregulated apartments that rent for \$2000 or more upon vacancy. Critics have said that nearly 100,000 apartments have been deregulated under this provision, and it could eventually dismantle rent regulation as a whole. The bill would also drop the allowable increase in rent for vacant apartments from 20 percent to 10 percent, and extend rent stabilization to former Mitchell Lama developments and former Section 8 housing developments. Finally, it would stop landlords from abusing the provision of the law that allows apartments to be removed from rent regulation for personal use.

The Assembly passed the bill in early February, and the City Council called upon the State Senate and the governor to sign it into law. The bill has been introduced into the State Senate by a few Republican senators who represent districts in New York City. It now sits with the Senate committee on Housing, Construction, and Community Development. It is not likely to be supported by many other Senate Republicans, who have said they want to keep the rent regulation laws as is, and who comprise the majority in the Senate. And Majority Leader Joe Bruno has said he will not touch rent regulation until the legislature passes a budget.

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More than one million households under rent regulation are awaiting the final decisions with no small amount of anxiety. And while tenant advocates see the current bills as a strong starting point for the inevitable negotiation among Assembly Speaker Sheldon Silver, Bruno, and Governor Pataki, they also know, from long experience, that anything could happen.

Rebecca Webber is a journalist who has covered housing issues for Gotham Gazette since July 2000.

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