



TESTIMONY

on

Extension of Rent Regulation

PRESENTED BEFORE:

THE NEW YORK CITY COUNCIL
COMMITTEE ON HOUSING AND BUILDINGS

PRESENTED BY:

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Good afternoon, members of the Committee. Thank you for inviting MFY Legal Services to this hearing and giving us this opportunity to speak to you about the critical need to extend rent regulation in New York City.

MFY is a nonprofit legal services organization that has served vulnerable and underserved New Yorkers through advice, counsel and full representation for almost 50 years. I am a senior staff attorney in MFY's Lower Manhattan Justice Project, which seeks to protect affordable housing and preserve the economic and cultural diversity of the neighborhoods in Lower Manhattan. My work focuses on low-income and working poor communities in Chinatown and the Lower East Side – rapidly gentrifying neighborhoods – by providing direct legal assistance to tenants to save their homes. Since 2007 when the Lower Manhattan Justice Project began, we have been inundated with court cases where rent regulated tenants are singled out for eviction because property owners are on a mission to drive them out and deregulate every single possible unit.

There is a continuing housing emergency in New York City.

There is a continuing housing emergency in New York City requiring the extension of Rent Stabilization and Rent Control. New York State law provides that when there is a vacancy rate of 5% or less, the New York City Council must declare a housing emergency. The 2011 New York City Housing and Vacancy Survey shows the city-wide rental vacancy rate is 3.12% -- significantly lower than the statutory minimum of 5%.¹

Those of us who live or work in New York City don't need a survey to tell us that New York City is still in the midst of an affordable housing crisis. We need only to use our eyes to see the rapid gentrification of "minority" neighborhoods, use our ears to hear the skyrocketing

¹ Dr. Moon Wha Lee, *Selected Initial Findings of the 2011 New York City Housing and Vacancy Survey* (Feb. 9, 2012), at <http://www.nyc.gov/html/hpd/downloads/pdf/HPD-2011-HVS-Selected-Findings-Tables.pdf>.

rents reported in our news² and, in some cases, personally experience being pushed out of our own neighborhoods and communities because we can no longer afford the rising rents.

As an attorney at MFY who specializes in housing work, I can personally attest to the existing housing emergency and the devastating consequences that would befall our clients, low-income and working-class New Yorkers, if rent regulation is not extended.

First, I want to bring an end to the misinformed notion that rent regulation primarily benefits privileged, middle-class Manhattanites. In fact, roughly 90% of my clients are low-income immigrants. In almost every case, they reside in rent regulated housing. Here are a few of my clients' characteristics:

- They are employed at jobs that constitute the real backbone of our economy – they work in restaurants as cooks and wait staff; they are home attendants; they are employees at non-profit organizations; they are construction workers, hotel employees, truck drivers and school janitors.
- Most of them earn minimum wage and are only able to get by with food stamps. They are able to afford their rents essentially because their apartments are rent protected.
- Some are long-term residents of Lower Manhattan, having settled here when they immigrated to New York in pursuit of the American Dream. Some are recent immigrants. Both groups chose to settle in immigrant communities because they can access services in their native languages and enjoy foods and other goods they remember from their homelands.
- Many are senior citizens and/or disabled and so rely on a fixed income from the Social Security Administration.

² The Real Deal, *N.Y.C. Asking Rents Increase, Proving Exception to National Trends* (Jan. 10, 2012), available at <http://therealdeal.com/blog/2012/01/10/nyc-asking-rents-increase-proving-exception-to-national-trends/>; Amanda Fung, *For Apartment Landlords, 2011 Was Grand Indeed*, Crain's New York Business.Com (Jan. 12, 2012), available at http://www.craigslist.com/article/20120112/REAL_ESTATE/120119961&utm_source=Daily%2BAAlert&utm_medium=email&utm_campaign=Newsletters#.

Next, I want to emphasize the dangerous consequences the entire City will face if rent regulation is not extended. Certainly, there will be serious threats to the health, safety and welfare of New York – the exact harms the legislators sought to prevent by passing the New York City Rent Control Law in the first place.³ If rent regulation is not extended:

- Low-income and working poor New Yorkers would be forced to spend more of their income on paying market-rate rent and less on food and other necessities such as medication. We can expect this consequence will affect our society's most vulnerable members most severely, namely children who rely on their parents for support and senior citizens or disabled individuals with fixed incomes.
- The overcrowding situation will be even more serious than that reflected by the 2011 New York City Housing and Vacancy Survey.⁴ More and more people will be forced to live together in smaller spaces in order to afford the much higher market rent. Their living situation may also become unsafe if public utilities, such as electrical lines and sewage, are being used past capacity.
- Low-income and working-poor New Yorkers will not be able to afford the much higher market rents. These New Yorkers will be forced to enter New York City's already-overburdened shelter system placing an additional strain on limited New York City resources. Not only will our City's homelessness crisis widen, but this will leave our City with less money to spend on other services such as education and public safety.
- Finally, there will be a mass exodus of hard-working New Yorkers from the City because they simply cannot afford to live here anymore. The City will lose one of its identifying features - its economic and cultural diversity. A city cannot function solely on its upper-income residents. Low-wage positions keep this City running, clean, fed and habitable.

Lastly, I'd like to share with you three brief examples of the real-life consequences of de-regulation.

I was recently part of the legal team at MFY that represented a group of tenants ordered to vacate their homes after a fire broke out in their building on Elizabeth Street, in a neighborhood now known as NoLiTa. These tenants' apartments were rent protected. Many of

³ Local Emerg. Hous. Rent Control Act, Section 1 of Laws 1962, Chapter 21, §1(2).

⁴ Dr. Moon Wha Lee, *Selected Initial Findings of the 2011 New York City Housing and Vacancy Survey* (Feb. 9, 2012), at <http://www.nyc.gov/html/hpd/downloads/pdf/HPD-2011-HVS-Selected-Findings-Tables.pdf>.

them spoke only Spanish and were seniors and other low-income individuals. Initially, the landlord wanted to use this opportunity to renovate the apartments and then rent them to new tenants at market-rate rents of \$2,500 to \$3,000. After a year of litigation to force the landlord to comply with the law, the tenants' apartments were finally repaired and the tenants were allowed to return home. Without a court battle, the building would have displaced families and seniors who had lived in this community long before it was known as NoLiTa. However, because our clients' homes were rent regulated, they had a right to return to their homes and pay the regulated rent, not the market rate rent, upon the completion of repairs.

I also represented an elderly Chinese couple on Delancey Street who received eviction papers shortly after a new landlord purchased the building. The tenants had lived continuously in their rent controlled apartment since immigrating to New York City from Hong Kong in 1967. The new landlord brought a baseless eviction proceeding against this elderly couple claiming that they were not tenants despite that they had tendered rent in their own names that was accepted by the predecessor landlord since the 1970s. This elderly couple could not afford to move because they lived on fixed incomes from Social Security. As a practical matter, they needed to live close to Chinatown since they are of limited English proficiency. However, their fixed incomes meant they could not afford to pay the market rate rents in the area or even the rents in the outer borough's Chinese communities. MFY was able to preserve this elderly couple's long-term home that is affordable on their fixed income in the only neighborhood they have called home since 1967. Now the tenants, active volunteers in the Chinese community, can focus their time and energy on helping others instead of worrying about being evicted.

Last year, I represented a young couple with two young children residing in a rent stabilized apartment on Grand Street in the heart of Chinatown. The family had immigrated to

New York City from Guang Zhou, China in 1996. The couple has strong ties to the local community since both of them work in Chinatown and their children attend school there. One day, they received eviction papers when the landlord switched to another management company. Despite the fact that the landlord clearly knew who was residing in their apartment because there are two video cameras on each floor and the landlord operated the store on the ground floor, the eviction papers claimed that the young couple did not reside in the apartment and had sublet it. Because their apartment is rent stabilized, the law requires an owner to prove its allegations in order to evict the tenants of a protected unit. If this were a deregulated apartment, once the lease expires, the landlord could start a case to evict the tenants without a single allegation of lease violation or wrongdoing and, in such a case, these tenants would have had no defense and would have faced serious consequences. The children would be uprooted from their current school, the family would not be able to continue to live in Chinatown, and the young couple's expenses would increase as they would now have to spend more money on rent and travel.

Conclusion

In conclusion, MFY respectfully request that the City Council recognize that there is a continuing housing emergency in New York City requiring the further extension of rent regulation. It is authorized to do so under State law and it must take action now to protect hard working New York tenants.

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