



AFFORDABLE HOUSING OR LACK THEREOF

What Does a 1% Rent Increase Do? (Other Than Irritate Virtually Everyone)

By Kim Velsey | 06/24/14 6:15am



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It was widely speculated that the evening of June 23 might be the night of a historic freeze—the first time that the Rent Guidelines Board voted for a zero percent rent increase on stabilized units in its 45 year history. With six of the board’s nine members appointed by Mayor Bill de Blasio, who called for a freeze, it had seemed quite possible that if any year were to be the year, this would be it. Instead, the Board backed a strange compromise—a one-percent increase for one-year leases and 2.75 percent increase for two-year leases—a bump so miniscule that it would appear to have little beyond symbolic import to either tenants or landlords.

The symbolism of such a small increase, however, seemed to irk both groups—suggesting as it did the Board’s stubborn dedication to inhabiting some kind of middle ground, no matter how meaningless the position. A one-percent increase for rent-stabilized units, though the smallest in the city’s history (last year saw a four-percent increase), sufficed neither as a statement about the importance of maintaining affordable housing amidst stagnant wages, nor will it mean very much in practical terms for landlords. For example, the rent on a \$1,500 a month apartment will rise a mere \$15 a month.

As one landlord [told *The New York Times*](#), “The difference between zero and 1 percent is negligible. Real estate taxes went up 2.8 percent this year. Who’s going to hurt is the small-property owner who’s on the fringe.”

As a candidate, Mayor Bill de Blasio called for a one-year rent freeze on rent-stabilized apartments, citing the many tenants struggling to pay their current rents. Given that the mayor has appointed six of the board’s nine members, it had seemed that a rent freeze might finally come to pass. However, days before the vote, [Capital](#)

New York reported that Mr. de Blasio seemed to be backing away from his position, urging only that the Board “look at a lot of information and decide what makes sense first and foremost based on the actual facts, the actual numbers.”

As *The Times* reported, two de Blasio’s appointees voted in favor of the rent increase: Sara Williams Willard, a senior project manager at the Hudson Companies and Steven Flax, vice president for community reinvestment at M & T Bank in New York.

Indeed, according to *The Times*, Mr. Flax was the board member who proposed the one-percent increase, as it “costs money to run buildings,” though he later told the paper that “I have to say this moment is a nightmare.”

Members of the liberal establishment also expressed dissatisfaction with the compromise; immediately after the vote, state Assemblyman Brian Kavanagh tweeted that the increases were “Disappointing in a year when 0% seemed both justified and within reach.”

City council speaker Melissa Mark-Viverito also expressed her disappointment, writing in a statement that “while we appreciate that the increase was kept to a minimum, as our city’s housing crisis comes to a head, it’s crucial that we utilize every opportunity to fight for and preserve affordability for the New Yorkers who call this city home.”

At issue is the question of how the Board should weigh landlords’ expenses against the financial challenges faced by tenants and the need to preserve affordable housing. Based on last night’s vote it seems that the Board still believes that rather than looking at affordable housing more broadly, its task is to determine a number between the zero percent increase demanded by tenants year after year and the amount by which landlords claim their expenses have gone up.

Though at least Michael Barbolla, the COO of Charles Rutenberg Realty, thinks that the one-percent increase is a good way to avoid alienating landlords while keeping rent increases at levels that even lower-income tenants should be able to afford, he told the *Observer* on Monday night.

“You’re never going to have an opportunity for it to be 100 pleasing,” Mr. Barbolla said. “This is a happy medium.”

So okay, we guess that **not everyone hates** the Rent Guidelines Board.

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