

FACT BRIEF

## Rent Stabilization in New York City

Next week, the U.S. Supreme Court is expected to announce whether it will hear *Harmon v. Kimmel*, a case with potentially dramatic implications for New York City’s housing market. The case challenges the constitutionality of rent-stabilization in New York City. Were the Supreme Court to take the case, and side with the Harmons after hearing arguments, nearly half of the rental units in New York City could be affected, and the reverberations likely would be felt throughout the entire housing market.

**Table A** shows that in 2011, New York City was home to 1,025,214 rent-regulated units, representing 47 percent of the city’s total rental housing stock, according to the 2011 New York City Housing and Vacancy Survey. The stock of rent-regulated units includes a relatively small number of rent-controlled units—approximately 38,000—but a much larger number of rent-stabilized units. Both units subject to both rent control and units subject to rent stabilization fall under strict rules governing rent increases, obligations to provide services, and

the circumstances under which tenants can be evicted. Rent control applies only to buildings built before February 1947 and to units occupied by a tenant (and in some cases, his or her family member, spouse or lifetime partner) who has lived in the unit continuously since before July 1, 1971. Rent stabilization generally applies to buildings of six or more units built between February 1, 1947 and December 31, 1973, and to those units that have exited from the rent-control program. Units that are rent-controlled face more significant limits on the ways that they may exit the program than do units that are rent-stabilized. Units also enter rent stabilization under more varied circumstances. For example, as **Table B** shows, approximately 8 percent of the city’s stabilized units (and nearly all stabilized units in buildings constructed after 1974) were voluntarily subjected to rent stabilization by their owners in exchange for tax incentives from the city.

James and Jeanne Harmon’s Upper West Side brownstone contains three involuntarily rent-stabilized units. Involuntarily stabilized units, representing 92 percent of the stabilized stock, are regulated based on a “housing emergency” declared

Table A: Housing Stock in New York City, 2011

	NYC	Share of Rental Units	Share of Total Units
Total Housing Units	3,187,574	-	-
Owner Occupied Units	1,014,940	-	31.8%
Rental Units	2,172,634	-	68.2%
<i>Rent-Stabilized</i>	986,840	45.4%	31.0%
<i>Rent-Controlled</i>	38,374	1.8%	1.2%
<i>Market Rate</i>	849,800	39.1%	26.7%
<i>Other Rental Units*</i>	297,620	13.7%	9.3%

\*Other Rental Units includes Public Housing, Mitchell-Lama, In Rem, HUD-Regulated, Article 4, Municipal Loan, and Loft Board Regulated Units.

by the city in 1974 and renewed every three years since. Under New York State's Rent Stabilization Law (RSL), the city may declare a housing emergency whenever the city's rental vacancy rate drops below five percent.

Understanding the effects of rent regulation on tenants in New York City requires attention to differences across neighborhoods and over time. The Furman Center has compiled the data below to better inform discussions about rent stabilization.

**Table C** shows that in 1981, 63 percent of rental units were subject to rent stabilization or rent control. Over the past 30 years, there has been a net loss of about 231,000 regulated units as more units exited the program than entered through tax incentive programs.

**Table B: Rent-Regulated Units, 2011**

*Includes both Rent-Stabilized and Rent-Controlled Units*

	Rent-Regulated Units	Regulated Share of Total Rental Units	% Voluntary
New York City	1,025,214	47.2%	8.0%
Bronx	231,754	59.7%	13.3%
Brooklyn	306,374	44.3%	4.6%
Manhattan	284,089	48.4%	6.9%
Queens	194,536	43.3%	8.7%
Staten Island	8,461	14.8%	8.4%
Core Manhattan	166,961	41.7%	16.2%
NYC (not-core Manhattan)	858,254	48.4%	6.4%
<b>Neighborhoods With the Most Regulated Units</b>			
Washington Heights/Inwood	56,173	86.7%	0.3%
Kingsbridge Heights/Moshulu	40,174	91.5%	1.4%
Highbridge/South Concourse	37,385	83.0%	6.0%
Upper East Side	35,651	44.4%	4.2%
Astoria	34,018	53.0%	8.3%
Flatbush	33,077	75.3%	0.7%
University Heights/Fordham	31,578	75.7%	3.8%
South Crown Heights	30,942	80.8%	0.9%
Upper West Side	30,420	42.9%	15.7%
Lower East Side/Chinatown	30,351	48.3%	5.6%

**Table C: Housing Stock in New York City, 1981 - 2011**

*Includes both Occupied and Vacant Available Units*

	1981	1991	2002	2011
Total Housing Units	2,730,789	2,789,804	3,081,772	3,187,574
Owner Units	754,745	858,108	997,003	1,014,940
Rental Units	1,976,044	1,931,696	2,084,769	2,172,634
Rent-Regulated	1,238,387	1,134,995	1,101,720	1,025,214
<i>Rent-Stabilized</i>	952,832	1,010,584	1,042,397	986,840
<i>Rent-Controlled</i>	285,555	124,411	59,324	38,374
Public Housing	166,061	174,253	178,075	185,534
Market Rate and Other Rental Units*	571,596	622,448	804,973	961,886
Share Regulated	62.7%	58.8%	52.8%	47.2%

\*Market Rate and Other Rental Units includes Market Rate, Mitchell-Lama, *In Rem*, and other subsidized housing units

**Table D: Income and Rent of Tenants in Market Rate and Rent-Regulated Units, 2011***Includes both Rent-Stabilized and Rent-Controlled Units*

	Median Income		Median Rent		% Rent Burdened (rent >30% of income)	
	Market Rate	Rent-Stabilized	Market Rate	Rent-Stabilized	Market Rate	Rent-Stabilized
New York City	\$ 52,260	\$ 36,600	\$ 1,550	\$ 1,160	55.7%	58.0%
Bronx	\$ 35,800	\$ 26,400	\$ 1,340	\$ 1,066	65.9%	66.8%
Brooklyn	\$ 43,200	\$ 35,000	\$ 1,350	\$ 1,121	58.4%	58.9%
Manhattan	\$ 100,000	\$ 49,200	\$ 2,625	\$ 1,295	46.7%	51.5%
Queens	\$ 50,000	\$ 40,000	\$ 1,410	\$ 1,230	55.7%	56.3%
Staten Island	\$ 39,680	\$ 45,000	\$ 1,300	\$ 1,110	58.4%	46.0%
Core Manhattan	\$ 110,000	\$ 57,780	\$ 2,725	\$ 1,480	45.7%	49.8%
NYC (not-core Manhattan)	\$ 44,320	\$ 34,112	\$ 1,385	\$ 1,132	58.2%	59.6%
<b>Neighborhoods With the Most Regulated Units</b>						
Washington Heights/Inwood	\$ 55,000	\$ 38,800	\$ 2,065	\$ 1,150	71.5%	56.8%
Kingsbridge Heights/Moshulu	\$ 30,000	\$ 26,670	\$ 1,025	\$ 1,100	57.1%	71.1%
Highbridge/South Concourse	\$ 25,000	\$ 27,000	\$ 1,306	\$ 1,026	59.5%	66.6%
Upper East Side	\$ 106,000	\$ 55,000	\$ 2,850	\$ 1,585	46.8%	59.1%
Astoria	\$ 52,000	\$ 50,000	\$ 1,439	\$ 1,340	53.8%	46.2%
Flatbush	\$ 50,000	\$ 38,000	\$ 1,320	\$ 1,175	47.8%	59.7%
University Heights/Fordham	\$ 19,000	\$ 20,364	\$ 1,380	\$ 1,044	66.7%	69.9%
South Crown Heights	\$ 39,000	\$ 40,000	\$ 1,170	\$ 1,040	59.3%	49.0%
Upper West Side	\$ 120,000	\$ 50,300	\$ 2,800	\$ 1,450	42.0%	46.4%
Lower East Side/Chinatown	\$ 110,000	\$ 43,950	\$ 2,680	\$ 1,205	35.3%	51.0%

**Table D** compares the median income, median rent, and share of tenants who are rent burdened for market-rate renters versus stabilized renters. There is no income test for tenants seeking to rent a stabilized apartment, so some people who enjoy the benefits of rent stabilization are not low-income households. Across the city, however, stabilized units are home to lower income households than market-rate units. The average difference in incomes across the two groups ranges from just over \$8,000 in Brooklyn to \$50,000 in Manhattan. Part of the income difference likely stems from the fact that rent-stabilized units have more

householders over 65 years old than market-rate units. **Table E** shows that over 23 percent of rent-stabilized households are led by a senior, compared to 7 percent of market-rate households.

The large gap in incomes in Manhattan is driven primarily by the very high incomes of market-rate renters in Manhattan not by low incomes of rent-stabilized households. Indeed, the median income of stabilized rental households in Manhattan below 96th Street (Core Manhattan) is higher than the median income of market-rate tenants in all but eight neighborhoods outside of the core of Manhattan.

Differences in contract rents are also much more pronounced in Manhattan than in the outer boroughs, with stabilized rents about \$1,245 per month lower than market-rate rents in core Manhattan but only \$250 lower than market-rate rents in Upper Manhattan and the outer boroughs. Some of this gap between stabilized and market rents is likely due to the fact that stabilized units tend to be older and smaller (**Table E**) than market-rate units. Some of the gap also may be related to the fact that in general, rents are lower for tenants who have been in a unit for many years than for recent movers, and rent-stabilized tenants on average, tend to have been living in their units for about twice as long as market rate tenants.

There is little difference citywide in the share of households in market-rate and regulated housing that pay over 30% of their income on rent. In fact, households living in stabilized units are slightly more likely to be rent burdened than those living in market-rate units. Given that the households living

in regulated apartments generally have lower incomes, however, the fact that the share of rent-burdened households in rent-regulated housing is close to the share of market-rate tenants who are rent-burdened suggests that rent regulation may be easing rent burdens for these lower income households.

**Table E** also compares the length of tenure for households living in rent-stabilized and market-rate rental units. About 23 percent of households in stabilized units have lived in their unit for 20 years or more, compared with only 7 percent of households living in market-rate units. This difference is especially pronounced in Manhattan below 96<sup>th</sup> Street, where 35 percent of stabilized households have lived in the same unit for over 20 years, compared with just 2.7 percent of market-rate households. On average, stabilized tenants have been living in their units for 12 years compared to 6 years for market-rate households.

**Table E: Characteristics of Market Rate and Rent-Stabilized Units, 2008**

*Includes both Rent-Stabilized and Rent-Controlled Units*

	Number of Bedrooms		Number of People per Household		Share of Householders > 65 Years Old		Share of Households that Moved in More Than 20 Years Ago	
	Market Rate	Rent-Stabilized	Market Rate	Rent-Stabilized	Market Rate	Rent-Stabilized	Market Rate	Rent-Stabilized
New York City	1.8	1.4	2.6	2.3	7.9%	17.4%	7.1%	23.1%
Bronx	2.0	1.5	2.8	2.6	10.9%	13.0%	7.1%	16.8%
Brooklyn	1.9	1.5	2.8	2.4	8.7%	18.2%	9.6%	21.8%
Manhattan	1.3	1.2	1.9	1.9	4.9%	19.7%	3.1%	30.4%
Queens	2.0	1.3	2.9	2.3	8.2%	18.3%	7.7%	22.1%
Staten Island	1.8	1.3	2.5	1.7	10.5%	**	7.6%	**
Core Manhattan	1.2	1.0	1.8	1.6	4.9%	22.4%	2.7%	35.2%
NYC (not-core Manhattan)	1.9	1.5	2.8	2.4	8.7%	16.4%	8.4%	20.7%

*\*\* Insufficient Data*

**Table F: Demographic Characteristics of Tenants Living in Market Rate and Rent-Stabilized Units, 2008***Includes both Rent-Stabilized and Rent-Controlled Units*

	Market Rate				Rent-Stabilized			
	White	Black	Hispanic	Asian	White	Black	Hispanic	Asian
New York City	43.0%	20.2%	22.9%	13.0%	35.3%	22.4%	32.0%	9.3%
Bronx	16.0%	36.6%	43.0%	**	9.6%	28.0%	58.8%	3.1%
Brooklyn	39.1%	29.8%	20.5%	9.7%	42.1%	33.5%	18.0%	5.8%
Manhattan	73.4%	5.9%	8.3%	11.5%	47.6%	14.9%	25.6%	9.6%
Queens	26.7%	17.2%	31.6%	23.5%	36.0%	8.9%	32.7%	21.8%
Staten Island	55.6%	11.8%	29.0%	**	57.4%	26.5%	**	**
Core Manhattan	77.4%	3.1%	6.6%	11.9%	67.8%	6.3%	10.1%	14.1%
NYC (not-core Manhattan)	33.2%	25.1%	27.5%	13.3%	28.9%	25.6%	36.3%	8.3%

*\*\* Insufficient Data*

**Table F** shows the racial and ethnic distribution of households living in rent-stabilized and market-rate rental units. Minority households occupy a greater share of stabilized units than market-rate units.

This contrast is especially large in Manhattan, where 52 percent of rent-stabilized households are non-white, as compared to just 27 percent of market-rate rental households.

*Note:* A prior version of this brief incorrectly reported the regulated share of total rental units for core Manhattan and the city outside core Manhattan in Table B. In core Manhattan in 2011, 41.7 percent of rental units were rent-regulated (previously 81.6 percent), and 16.2 percent of those units were voluntarily regulated (previously 1.9 percent). Outside core Manhattan in 2011, 48.4 percent of rental units were regulated (previously 43.6 percent), and 6.4 percent of those units were voluntarily regulated (previously 9.2 percent).

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