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April 3, 2011 5:59 AM

The way through rent madness

We prefer rules that protect families, not apartments

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No tenant advocate, no landlord association, no sane policymaker would design a rent regulation system like the one afflicting New York City today. Needy families struggle in vain to find affordable apartments, while Manhattanites earning six figures linger for decades in spacious units at laughably low rents. Some tenants shell out six times as much as their neighbors down the hall.

The system sets American capitalism on its head and instead has an obscure body called the Rent Guidelines Board arbitrate for 2.5 million New Yorkers and their landlords—after a cacophonous ritual of dramatic pleading and political pontificating (otherwise known as a hearing).

Nonetheless, neither the state Legislature nor Gov. Andrew Cuomo has any intention of letting rent laws expire on June 15. Their mission, therefore, must be to make the best of the current system while easing the city toward a more sensible one. Fortunately, they do not need to do much to accomplish the latter goal.

Eight years ago, when the rent laws last came up for renewal, measures were kept in place to free vacant apartments from the shackles of government control while protecting tenants who depend on regulated rent. Tenants could stay in their apartments and pay the regulated rent (or an even lower “preferential rent” set by the landlord) as long as they wanted, unless the regulated rent reached \$2,000 and their income was \$175,000 or greater for two consecutive years. If a \$2,000-plus apartment became vacant, regulation would cease.

The point was to slowly excise expensive apartments and high-income tenants from the system without displacing families who could not afford market rates. It's not perfect, but it has steadily removed from regulation apartments that did not require it and tenants who did not deserve it. At the same time, affordable apartments strictly limited to low-income tenants have been built, keeping the number of regulated units at about 1 million.

Tenant leaders, pushing for the \$2,000 threshold to be raised, imply that the state's failure to index the figure to inflation was some sort of devious oversight. But if the threshold were continually raised, apartments would remain regulated in perpetuity. This, of course, is what tenant advocates want—a system that is not just permanent but permanently expanding.

We prefer rules that protect families, not apartments. Locking 1 million housing units into endless regulation artificially constrains the housing market, creating two arbitrary classes: one with regulated rents and the other competing for a limited supply of market-rate apartments.

The system is perpetuated by fear that without regulation, rents would skyrocket and millions of New Yorkers would find their city unaffordable. But landlords aren't in the business of charging more than people are willing to pay. Freeing the city's housing market all at once, however, could be rocky and is a political impossibility in any case. Simply extending the current rules would accomplish that slowly—without all the drama.