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New York: Rent Stabilization and Rent Control

The following information on rent stabilization and rent control comes from the New York City Rent Guidelines Board:

Rent-stabilized apartments are apartments in buildings of six or more units built between Feb. 1, 1947, and Jan. 1, 1974. Tenants in buildings of six or more units built before Feb. 1, 1947, who moved in after June 30, 1971, are also covered by rent stabilization. A third category involves buildings with three or more apartments built or extensively renovated since 1974 with special tax benefits. Generally, these buildings are stabilized only while the tax benefits continue.

The board notes that there are many exceptions to these general categories. For example, if the legal rent exceeded \$2,000 after a vacancy the unit may be deregulated. Or, if the unit was in a building converted to a co-op it may be deregulated upon vacancy. And a tenant living in a rent-stabilized apartment with a rent higher than \$2,000 a month whose family income exceeds \$175,000 a year for two consecutive years is no longer entitled to rent stabilization, and the apartment may be deregulated.

The rent-stabilization system became law in 1969, a time when rents were rising sharply in many post-World War II buildings. The system has frequently been extended and amended, and now about 1 million apartments in the city are covered by rent stabilization. Rent stabilized tenants are protected from sharp increases in rent and have the right to renew their leases. The Rent Guidelines Board sets the allowable percentage increase for renewal leases each year.

Rent stabilization differs from rent control, a program that generally applies to residential buildings constructed before February 1947 in municipalities that have not declared an end to the post-World War II rental housing emergency. A total of 51 municipalities have rent control, including New York City, Albany, Buffalo and various cities, towns, and villages in Albany, Erie, Nassau, Rensselaer, Schenectady and Westchester Counties.

For an apartment to be under rent control, the tenant (or their lawful successor such as a family member, spouse, or adult lifetime partner) must have been living in that apartment continuously since before July 1, 1971. When a rent controlled apartment becomes vacant, it either becomes rent stabilized, or, if it is in a building with fewer than six units, it is generally removed from regulation. About 50,000 apartments are covered by rent control.

An apartment in a one- or two-family house must have a tenant in continuous occupancy since April 1, 1953, to be subject to rent control. Once it is vacated after that date, it is no longer subject to regulation. Previously controlled apartments may have been decontrolled on various other grounds. On rare occasion, a decontrolled apartment is ordered back under rent control as a penalty for certain violations of the rent laws.

The law also provides that landlords may increase the rent by 1/40th the cost of apartment improvements. [A 2008 report by a tenant advocacy group said that landlords had been abusing the rule by claiming to have spent more than they had actually spent. The report criticized the state's housing agency for failing to monitor how landlords have been applying the rent increases. The city's largest landlord group denounced the report as misleading, and one of the property owners in the report defended the cost of the improvements that the tenant had claimed were exaggerated.]