

TESTIMONY of SUSAN SUSMAN
before the
NEW YORK STATE ASSEMBLY COMMITTEE on HOUSING
PUBLIC HEARING on RENT and EVICTION REGULATION LAWS
Thursday, January 20, 2011

My name is Sue Susman, and I am the president of the Central Park Gardens Tenants' Association in Manhattan.

First, thanks to Chairman Vito Lopez for your unceasing efforts to ensure that the rent laws are renewed and strengthened. I would also like to express my thanks to Speaker Sheldon Silver for his own support for stronger rent laws.

Central Park Gardens is a former Mitchell-Lama. Because the development was built before 1974, we are now in rent stabilization. This is good, but it means we are now subject to the state rent laws – and fear their weakening if and when they are renewed before they sunset under 5 months from now. We also face the same loss of affordable housing as other rent stabilized buildings.

Our building has 247 units. When we left Mitchell-Lama for rent stabilization, 9 of those units were vacant. Not one remained rent stabilized between that date in 2005 and the first new tenant who moved in. There are now roughly 30 apartments in the building that have been “improved” out of rent stabilization upon their very first vacancy after we left Mitchell-Lama – as tenants have aged and moved to nursing homes, or died. Given vacancy decontrol, these apartments have been lost to the affordable housing stock of New York City and New York State forever.

How did it happen? The mechanics are worth repeating: The rents were originally about \$500 for tenants with no income surcharges. The owner got an immediate 20% increase to \$600, and then had to raise the rents to \$2000 to get the apartments out of stabilization. That would be 40 times \$1400, or \$56,000. But according to the reports of an engineer and a building contractor, the owner only put in about \$36,000. That ain't hay, but it is \$20,000 short of what was required. So why are the apartments not back in rent stabilization? Because the burden is on the **new tenant** to challenge the rent. Because DHCR rarely has the staff or time to investigate and enforce such claims. Because the tenants who paid for the engineer's report and were involved in the lawsuit found themselves in court for over 2 years as legal bills mounted. Although the owner reduced their rents to \$2000 after the suit began, at a certain point the tenants could not afford to keep fighting so they settled – and agreed to move out.

That means that raising the amount of rent for vacancy decontrol to \$2700 would essentially make no difference: regardless of the amount the owner is supposed to put in to raise the rent to the deregulation level, there is virtually no way to enforce it unless the new tenant is wealthy, savvy, and determined. And since even the new tenants are

paying a substantial portion of their income for rents of roughly \$3000 to \$4000 dollars for a one- or two-bedroom apartment, they cannot fight it.

In the meantime, the former Mitchell-Lama tenants in our building continue to struggle with “unique or peculiar circumstances” as we wait to see whether the issue will be appealed to the state’s highest court. And we are not in as bad shape as those in post-1973 buildings taken out of Mitchell-Lama. Since only 15% of those tenants are even eligible for Section 8 enhanced vouchers, the other 85% must rely on “landlord assistance plans,” (many of which are expiring this year – for the Putnam portfolio of buildings) or nothing at all. So we need you to pass a bill that would put into rent stabilization all buildings taken out of Mitchell-Lama or project-based Section 8, regardless of the year built, and without “unique or peculiar” increases.

In short, the city has lost over 300,000 stabilized units due to vacancy decontrol since 1994 , and tens of thousands of Mitchell-Lama and Section 8 units as landlords take these apartments out of rent regulation. The few affordable apartments being built are (a) not affordable to the people who keep this city running – even under 421-a; and (b) not even enough to replace those apartments being lost, let alone providing for new tenants. This city is in crisis and needs help to remain diverse.

So we need you to

- Renew the rent and eviction regulation laws for rentals and co-ops
- Repeal vacancy decontrol and
- Put more units under rent regulation – including those lost to vacancy decontrol and in former Mitchell-Lama and Section 8 buildings.
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Let the 421-a program die and use that money on low-income housing. We need you to keep the protections confirmed by the courts such as rent stabilization for tenants whose landlords get J-51 tax breaks. And if repeal of vacancy decontrol is unachievable this year, I urge that you renew the rent and co-op laws just to 2014.

We count on you to ensure the rent laws level the playing field between tenants and landlords.

Thank you for this opportunity to testify.