

I am Council Member Ben Kallos, representing the Upper East Side, Midtown East, Roosevelt Island and El Barrio.

Good afternoon to the Rent Guidelines Board Chair Rachel Godsil, Public Members Flax, Joza, Shine, and Wenk, Owner Members Cruz and Willard, Tenant Members Epstein and Garcia.

To the members of the public who are here today, thank you for coming out to this hearing. I stand with you today in calling for a rent freeze. Please show your support over twitter with hashtag #rentfreeze and if you mention @BenKallos, I'll be sure to re-tweet you. Now, let's break twitter.

I request that the Rent Guidelines Board vote for rent freeze, that is a 0% rent increase for 1-year leases and a 0% rent increase for 2-year leases.

This rent freeze will help correct the course of extremely high rent increases over the past years, the current environment of an affordability crisis plaguing our city, and the data produced by the Rent Guidelines Board.

Over the past generation, Rent Guidelines Board increases have far outpaced inflation and the consumer price index. I have personally compared the past 20 years of Rent Guidelines Board increases against the Consumer Price Index and found that Rent Guidelines Board outpaced the Consumer Price Index by 14%. That means a \$500 a month apartment in 1994 is now a minimum of \$906.19 a month with an annual rent of over \$10,874.22, while following inflation the same unit would be \$786.30 a month and \$1,438.60 less a year.

The Rent Guidelines Board must freeze the rents until inflation finally catches up to the generations of increases as high as 5% and 8.5% that provided landlords with windfalls that far outpaced the rising costs these increases were intended to address.

Since 2008, tenants have experienced high rent increases that have led to an increased rent burden. New York City's renters are currently carrying the highest rent burdens ever recorded; the average amount of rent paid by stabilized tenants has increased to 34.9% of household incomes.[i] Over a third of all rent stabilized households pay more than 50% of their income towards rent[ii]. Rent Guidelines Board increases are not the only means by which rent is raised. Rent increases between 2008-2013 including Rent Guidelines Board increases, vacancy bonuses, and Major Capital Improvement increases have been on average 5% [iii]. This has contributed enormously to the affordability crisis gripping this city and my district. This year, with new board members, I am hopeful that there will be an incorporation of the issues facing tenants in the determinations leading to the final rent determination, and that will lead to a needed historic decision for a rent freeze.

The Rent Guidelines Board consistently shows data of the Net Operating Income increasing for owners. The NOI has increased for the 8th consecutive year and this year by 9.6%.[iv] In Manhattan, the take home dollar amount of the NOI is \$704 per unit.[v] For the low and moderate income tenants in my district, they can't afford a rent increase and have been barely affording the past increases.

The steady loss of rent-stabilized units, one of our most precious housing resources, is mostly due to high rent vacancy deregulation. Raising rents is both an enormous burden for tenants currently in their apartment and contributes to the overall loss of affordable housing. The city has lost 104,155 rent stabilized units in the past twenty years[vi]. The board should take into consideration the effect of this enormous loss on the city as a whole.

The time is now for a rent freeze for my district and for all of New York City's rent-stabilized tenants. Thank you very much for the opportunity to testify.

**Comparison Chart of Rent Guidelines Board Orders[vii] and Consumer Price Index[viii]**

*14% Difference between RGB One Year Increases and Annual CPI Average*

<b>Year</b>	<b>1 Year</b>	<b>2 Year</b>	<b>RGB Order</b>	<b>Avg. CPI</b>	<b>1 yr. RGB &amp; CPI Difference</b>	<b>Sample Rent Increases based on RGB</b>	<b>Sample Rent Increases based on CPI</b>
<b>2013</b>	4.00%	7.75%	45	1.50%	2.50%	\$ 906.19	\$ 786.30
<b>2012</b>	2.00%	4.00%	44	2.10%	-0.10%	\$ 871.33	\$ 774.68
<b>2011</b>	3.75%	7.25%	43	3.20%	0.55%	\$ 854.25	\$ 758.75
<b>2010</b>	2.25%	4.50%	42	1.60%	0.65%	\$ 823.37	\$ 735.22
<b>2009</b>	3.00%	6.00%	41	-0.40%	3.40%	\$ 805.25	\$ 723.64
<b>2008</b>	4.50%	8.50%	40	3.80%	0.70%	\$ 781.80	\$ 726.55
<b>2007</b>	3.00%	5.75%	39	2.80%	0.20%	\$ 748.13	\$ 699.95
<b>2006</b>	4.25%	7.25%	38	3.20%	1.05%	\$ 726.34	\$ 680.89
<b>2005</b>	2.75%	5.50%	37	3.40%	-0.65%	\$ 696.73	\$ 659.77
<b>2004</b>	3.50%	6.50%	36	2.70%	0.80%	\$ 678.08	\$ 638.08
<b>2003</b>	4.50%	7.50%	35	2.30%	2.20%	\$ 655.15	\$ 621.30
<b>2002</b>	2.00%	4.00%	34	1.60%	0.40%	\$ 626.94	\$ 607.33
<b>2001</b>	4.00%	6.00%	33	2.80%	1.20%	\$ 614.65	\$ 597.77
<b>2000</b>	4.00%	6.00%	32	3.40%	0.60%	\$ 591.01	\$ 581.49
<b>1999</b>	2.00%	4.00%	31	2.20%	-0.20%	\$ 568.28	\$ 562.37
<b>1998</b>	2.00%	4.00%	30	1.60%	0.40%	\$ 557.13	\$ 550.26

<b>1997</b>	2.00%	4.00%	29	2.30%	-0.30%	\$ 546.21	\$ 541.60
<b>1996</b>	5.00%	7.00%	28	3.00%	2.00%	\$ 535.50	\$ 529.42
<b>1995</b>	2.00%	4.00%	27	2.80%	-0.80%	\$ 510.00	\$ 514.00
<b>1994</b>	2.00%	4.00%	26	2.60%	-0.60%	\$ 500.00	\$ 500.00

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[i] NYC Rent Guidelines Board 2014 Income and Affordability Study 1.

[ii] NYC Rent Guidelines Board 2014 Income and Affordability Study 8.

[iii] Tim Collins, *An Introduction to the Rent Guidelines Board and the Rent Stabilization System*.

[iv] 2014 Income and Expense Report 1.

[v] 2014 Income and Expense Report 8.

[vi] NYC Rent Guidelines Board, *Changes to the Rent Stabilized Housing Stock in New York City in 2013*, 9, 13. (As noted in the report, these numbers are a floor or a minimum count of units loss as registration of deregulated units with DHCR is voluntary).

[vii] Rent Guidelines Board Orders courtesy of TenantNet available at [http://tenant.net/Rent\\_Laws/RGBorders/rgbtoc.html](http://tenant.net/Rent_Laws/RGBorders/rgbtoc.html)

[viii] Consumer Price Index Data from 1913 to 2014 (CPI-U) provided by U.S. Department of Labor, Bureau of Labor Statistics, available from the US Inflation Calculator available at <http://www.usinflationcalculator.com/inflation/consumer-price-index-and-...>