

I am Council Member Ben Kallos, representing the Upper East Side, Midtown East, Roosevelt Island and El Barrio. That's @BenKallos on Twitter and Instagram.

Good afternoon to the Rent Guidelines Board Chair Hon. Kathleen A. Roberts, Public Members Flax, Joza, Rahman and Schaub, Owner Members Walsh and Serafy, and Tenant Members Epstein and Garcia.

To New Yorkers here today, and especially tenants, thank you for attending this hearing. I am proud to stand with you today.

This year, I am calling on the Rent Guidelines Board to vote for a rent rollback.

Last year, the Board voted for a historic rent freeze for one-year leases, the first of its kind, and that began to correct for the disproportionately high increases of previous years.

Year after year, as rent goes up, tenants have shouldered an undue burden. Meanwhile, income cannot keep pace, and only crept up by 2.3% between 2005 and 2013 in real terms. The approved rent increases each year were largely based upon the landlord's operating costs, measured by the price index of operating cost (PIOC). This practice not only failed to consider tenants, but was also proven to be inaccurate: based upon data from the Department of Finance (DOF), the PIOC has overstated landlord costs by 11% since 2005. This miscalculation led to unfairly high rent increases in past years, which must be corrected with a rent rollback.

Over the past two years, the Board has done a lot of work to improve this process, both by adapting the way it evaluates the data, and by expanding its public hearings to reach more tenants and landlords in more parts of the City. For the first time this year, there will be a second hearing in northern Manhattan. Thank you to the members of the Board for these changes.

In establishing rent adjustments this year, we must acknowledge that Rent Guidelines Board increases have far outpaced inflation and the consumer price index. I have compared 20 years of RGB increases to the Consumer Price Index and found that the rent increases 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. Following inflation, that same unit would be \$786.30 a month and \$1,438.60 less a year.

Those increases have come with consequences. A unit is considered affordable if the rent is no higher than 30% of their household income. The median rent-to-income ratio of tenants in rent stabilized apartment is 36.4%. By this standard, a majority of rent-stabilized tenants have units that are not affordable. The stress of financial insecurity takes a toll on New Yorkers every day.

To correct for these disproportionate increases, tenants must finally get a rent rollback.

This is the year for a rent rollback, because landlord costs have gone down, even by the PIOC's

slanted measurement, which came out at negative 1.2%, while net operating incomes rose by 4.9%, the 10th-straight annual increase. It is time to consider the needs of our tenants, and now is when landlords can afford to correct for years of high rent increases and subsequent burden on tenants. This is a city of renters, but we will only remain one if we vigorously protect the affordable housing we already have.

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, and with 221,988 evictions just last year, we are at risk of losing many more. The board should take into consideration the effect of this enormous loss.

The time is now for a rent rollback, for the 29,000 rent-stabilized units in my district and for tenants across New York City.

Comparison Chart of Rent Guidelines Board Orders and Consumer Price Index
14% Difference between RGB One Year Increases and Annual CPI Average

Year	1 Year	2 Year	RGB Order	Avg. CPI	1 yr. RGB & CPI Difference	Sample Rent Increases based on RGB	Sample Rent Increases based on CPI
2013	4.00%	7.75%	45	1.50%	2.50%	\$ 906.19	\$ 786.30
2012	2.00%	4.00%	44	2.10%	-0.10%	\$ 871.33	\$ 774.68
2011	3.75%	7.25%	43	3.20%	0.55%	\$ 854.25	\$ 758.75
2010	2.25%	4.50%	42	1.60%	0.65%	\$ 823.37	\$ 735.22
2009	3.00%	6.00%	41	-0.40%	3.40%	\$ 805.25	\$ 723.64
2008	4.50%	8.50%	40	3.80%	0.70%	\$ 781.80	\$ 726.55
2007	3.00%	5.75%	39	2.80%	0.20%	\$ 748.13	\$ 699.95
2006	4.25%	7.25%	38	3.20%	1.05%	\$ 726.34	\$ 680.89
2005	2.75%	5.50%	37	3.40%	-0.65%	\$ 696.73	\$ 659.77

2004	3.50%	6.50%	36	2.70%	0.80%	\$ 678.08	\$ 638.08
2003	4.50%	7.50%	35	2.30%	2.20%	\$ 655.15	\$ 621.30
2002	2.00%	4.00%	34	1.60%	0.40%	\$ 626.94	\$ 607.33
2001	4.00%	6.00%	33	2.80%	1.20%	\$ 614.65	\$ 597.77
2000	4.00%	6.00%	32	3.40%	0.60%	\$ 591.01	\$ 581.49
1999	2.00%	4.00%	31	2.20%	-0.20%	\$ 568.28	\$ 562.37
1998	2.00%	4.00%	30	1.60%	0.40%	\$ 557.13	\$ 550.26
1997	2.00%	4.00%	29	2.30%	-0.30%	\$ 546.21	\$ 541.60
1996	5.00%	7.00%	28	3.00%	2.00%	\$ 535.50	\$ 529.42
1995	2.00%	4.00%	27	2.80%	-0.80%	\$ 510.00	\$ 514.00
1994	2.00%	4.00%	26	2.60%	-0.60%	\$ 500.00	\$ 500.00

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-annual-percent-changes-from-1913-to-2008/>

NYC Rent Guidelines Board, *Changes to the Rent Stabilized Housing Stock in New York City in 2013*, 9, 13.

Tom Waters, Community Service Society of New York. *The Geography of Rent Regulation and Legislative Districts*, http://b3cdn.net/nycss/21de717dd5b4b8e395_5gm6i6zlu.pdf