

Protecting Immigrant Homes:

The Importance of Stronger Rent Laws for
the Newest New Yorkers

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Summary

Amidst a broad affordable housing crisis in New York, the plight of immigrant tenants often goes unmentioned. Immigrants now comprise 38 percent of New York City residents (44 percent of households are headed by immigrants), and they are more likely than other New Yorkers to reside in rent-stabilized or –controlled apartments. With the rent laws expiring this spring, and rent-regulated housing in jeopardy as a result, immigrant New Yorkers’ access to the city’s limited stock of affordable housing is thus greatly at risk. This report provides data to illustrate the importance of robust rent laws for immigrant New Yorkers and the need to renew and strengthen these laws this year. Strengthening the rent laws this year will enable more immigrant New Yorkers to pursue the better life for themselves and their families for which they came to this city. If the rent laws are not strengthened, many immigrants will no longer be able to afford to live here, putting their American dreams in jeopardy.

1. Introduction:

New York City's Affordability Crisis and the Rent Laws

New Yorkers disagree on many things, but there is at least one point of common ground: [the city is becoming increasingly unaffordable to its residents](#). This crisis of affordability has been widely researched and reported, and there is no longer any question about its existence. The affordability crisis has various manifestations, including the lack of available rental stock and the high rent burden paid by tenants.

The data on these points are indisputable. Citywide, the vacancy rate is 3.45 percent, far below the 5 percent threshold for a housing emergency in any given locality established by the 1974 Emergency Tenant Protection Act. In such a tight rental market, New Yorkers are paying disproportionate amounts of their incomes toward rent. More than three in ten New Yorkers pay at least 50 percent of their income to rent, and median gross rents have increased by 10 percent between 2011 and 2014 (see Table One below). Meanwhile, wages for working-class New Yorkers have stagnated. To make matters worse, median gross rents for rent-stabilized and -controlled units have actually gone up more than in private non-regulated units in recent years,¹ with landlords increasingly taking advantage of regulatory loopholes (see discussion below).

Table One: New York's Affordable Housing Crisis²

New York City-wide Vacancy Rate (2014)	3.5%
Housing Emergency Threshold for Vacancy Rate (Below this level is a housing emergency)	5%
Median Percentage of Gross Income Being Spent on Rent (30% is maximum standard to be deemed "affordable")	31.2%
Percentage of NYC Renters Paying at Least 50 Percent of Income for Rent	33.8%
Increase in Gross Rent, 2011-2014	10%

In this context, many New Yorkers are paying close attention to the current debate in Albany about renewing the rent laws. The renewal and strengthening of these laws to prevent landlords from uncontrolled rent increases is vital to preserving the limited affordable housing stock that currently exists in New York City. Citywide, approximately one million units are currently protected by rent regulations³—and, in many parts of the city, these protections are the only thing standing between working families and exorbitant increases that would price them out.

2. The Importance of the Rent Laws to Immigrant New Yorkers

What has received less attention in the rent laws debate, however, is the extent to which it matters for the livelihoods of immigrant New Yorkers. This report fills that gap and illustrates the centrality of renewed and strengthened rent laws to immigrant communities.

Immigrant New Yorkers make up a growing and crucial portion of our city. Foreign-born residents constitute 38 percent of New York City residents (see Table Two below). They are also more likely than native-born New Yorkers to participate in the labor force and own small businesses.⁴

Table Two: Statistics About Immigrant New Yorkers⁵

Number of immigrants in New York City	3.2 million
Immigrants as percentage of the New York City population	38%
Immigrant-headed households as percentage of households	44%

Meanwhile, immigrant New Yorkers face major challenges in accessing affordable housing. Research has demonstrated that immigrant New Yorkers are more likely to live in over-crowded conditions.⁶ They also pay a disproportionate amount of their income towards rent, leaving them with less disposable income to spend on other important family needs.⁷ (See Table Three for data on these problems.) High rent burden affects immigrants like Martha Morales, an Elmhurst resident and Make the Road New York (MRNY) member who arrived in New York 25 years ago from Colombia. Martha earns a low income and pays virtually all of it on her \$1,200 rent (sometimes accruing debt to be able to afford it), and she is facing pressure to leave from her landlord so he can raise the rents or sell. She observes, “There’s no help for me. There are no more affordable options for people like me to live. That’s why there are so many people out on the street.”

In this context, rent-regulated housing often offers the best chance at an affordable place to live. Immigrant New Yorkers are more likely to reside in rent-regulated housing than native-born New Yorkers. Across the city, 36 percent of immigrants reside in rent-regulated units (compared to 33 percent of all residents who live in rent-regulated units).

Moreover, immigrant-led households occupy 50 per cent of all rent-regulated units (see Table Four below). Finally, it bears mention that for undocumented immigrants—more than 500,000 of whom reside in New York City⁸—the rent laws offer one of the few existing benefits and protections in the housing market. With affordable housing in exceedingly short supply, these laws are indispensable for protecting many undocumented families, as well.

Rent regulation has been critical for immigrant New Yorkers. Take Leticia Pazmino, a Jackson Heights resident and MRNY member who arrived from Ecuador 37 years ago. Leticia has been living in a rent-stabilized apartment for 22 years with her son. At the age of 57, Leticia appreciates the convenience of living in Jackson Heights, where she has a strong community and access to the stores she needs. Rent-stabilized housing is critical for her, because, as she notes, “the only jobs available to people like me pay minimum wage or a bit more. Where would I be able to rent an apartment if I didn’t have rent stabilization? I wouldn’t have anywhere to go.”



Leticia Pazmino, a Jackson Heights resident, would not know where to turn without her rent-stabilized apartment.

Table Three: Rent Burdens and Overcrowding for Immigrant New Yorkers⁹

Median rent burden for immigrant-headed households	34%
Median rent burden for all households	31%
Median rent burden for immigrant-headed low-income households	58%
Percentage with more than one person per room, immigrant-headed households	17%
Percentage with more than one person per room, all households	10%
Percentage with more than one person per room, immigrant-headed low-income households	24%
Percentage with more than one person per room, all low-income households	17%

Table Four: Immigrant New Yorkers in Rent-Regulated Housing¹⁰

Percentage rent-regulated, immigrant-headed households	36%
Percentage rent-regulated, all households	33%
Percentage rent-regulated, immigrant-headed low-income households	44%
Percentage rent-regulated, all low-income households	41%
Number of immigrant-headed, rent-regulated households	436,686
Percentage of rent-regulated households that are immigrant-headed	50%

While immigrants like Leticia depend on rent-stabilized and -controlled housing, they have also often borne the brunt of landlords’ efforts to displace low- and moderate-income tenants to be able to substantially raise rents and/or take units out of rent regulation. Loopholes like the “vacancy bonus” (through which landlords can add more than 20 percent to regulated units’ rents once a tenant has left), “major capital improvements” increases (MCIs, through which landlords can permanently raise rents if they make certain improvements buildings), and “individual apartment improvements” (IAs, through which landlords can raise rents based on claims of having improved individual vacant units) have enabled landlords to raise the rent considerably in rent-regulated units across New York City. In rapidly-gentrifying areas like East Harlem and Bushwick, immigrant New Yorkers have often fallen prey to efforts by landlords to price them out and displace them.

Take the story of María Elena Khohaciche, an MRNY member in Bushwick who has resided in her rent-regulated apartment for more than 40 years since



María Elena Khohaciche (center), Bushwick resident, has lived in her rent-stabilized apartment for 40 years and now faces displacement.



María Najera, a rent-stabilized tenant, has faced repeated efforts from her landlord to remove her from her rent-stabilized apartment.

from a rent-stabilized unit, reflects on the importance of having strong regulations: “If we don’t have strong rent laws, we don’t have rights to anything. The landlord at my Bushwick apartment wants to get rid of me and my family so that he can raise the rent. If the rent laws didn’t exist, I would not be in my apartment anymore. Even as it stands, we’re losing many affordable apartments in my community.”

arriving from Colombia. Recently, the landlord has tried to remove the tenants of all six units in her building, succeeding in every case but hers. María Elena, a 75 year-old retiree, now lives in the building with no neighbors, and the landlord has left the lights broken in the hallway for two months. She enters her building each day with fear for her safety, and she can only reach her third-floor apartment by using the light on her cell-phone to guide her. If the landlord succeeds in removing her, María Elena notes, “I’ll have nowhere to go in this neighborhood, because all the rents nearby have increased by thousands of dollars.”

Nearby, María Najera, another Bushwick resident and MRNY member who has experienced efforts by her landlord to remove here

3. Protecting Immigrant New Yorkers Through Strengthened Rent Laws

Given the centrality of rent-regulated units to immigrant families across New York City and tenants' vulnerability to unscrupulous landlords, it's clear that renewing and strengthening New York's rent laws is of particular importance to immigrants. For immigrant renters to be fully protected from the onslaught of displacement and gentrification, the rent laws should be renewed this spring, with the following measures to strengthen them.

- **Repeal vacancy deregulation:** Currently, upon vacancy, landlords can remove apartments from rent regulation when rents rise over \$2,500. This process has deregulated hundreds of thousands of units, and, following vacancy decontrol, rents can rise indefinitely while tenants lose eviction protections. Most apartments that were deregulated in the last 15 years should also be re-regulated.
- **Repeal deregulation of rent-regulated apartments:** The opportunity to deregulate apartments puts current tenants at risk for harassment and fraudulent deregulation. To truly preserve affordable housing in New York City, rent regulated apartments should stay rent-regulated no matter the rent charged or the income of the families living in the apartment.
- **Eliminate the "vacancy bonus":** Currently, landlords can raise rents more than 20 percent each time the apartment is vacated, providing landlords with an incentive to displace current tenants. This "vacancy bonus" should be eliminated.
- **End Source of Income Discrimination:** State law does not currently protect tenants from discrimination based on their source of income (e.g., if their income comes from a government subsidy such as Section 8). This reduces accommodation choices for many New Yorkers, placing an even heavier burden on many low-and moderate-income tenants. Such discrimination should be made illegal state-wide.
- **Reform the Individual Apartment Improvement rent increase system:** The imposition of unwarranted and fraudulent rent increases based on alleged "improvements" in vacant apartments is the greatest single factor driving the rapid inflation of rents and the single greatest threat to the affordability that the Rent Laws were enacted to preserve. Weak existing regulations make it possible for unscrupulous landlords to unlawfully deregulate tens of thousands of rent-stabilized units, and inflate rents in stabilized apartments to a level beyond the reach of many working families. The IAI system must be reformed.
- **Protect tenants with "preferential rents":** The current rent laws contain a loophole that impacts hundreds of thousands of "preferential rent" tenants. Preferential rents occur when a landlord offers a rent-stabilized apartment for less than the legal regulated rent, which is often higher than the market will bear. Currently, when

such leases are renewed, landlords can raise rents all the way up to the legal regulated rent, which can be hundreds of dollars higher than the preferential rate. Preferential lease renewals should be offered based on the lower rate and only permit landlords to raise the rent to the higher rate upon vacancy.

- **Make MCIs temporary surcharges:** Currently, “Major Capital Improvements” (MCIs) undertaken by landlords can be used to permanently increase the rent. MCIs should be converted into temporary surcharges, rather than permanent additions to the rent. When a building-wide improvement is paid off, the surcharge should disappear. MCI rent increases should not be compounded into the monthly rent for the purposes of determining annual or biennial rent increases, and MCI payments should be capped at 6% of total rent to prevent landlord abuse (current rent-controlled tenants can be charged up to 15% of their rent per MCI, while rent-stabilized tenants have a 6% cap.)
- **End Fraudulent Fees:** Immigrant tenants, like many low-and moderate-income tenants, suffer from fraudulent landlord fees. The rent laws should include a prohibition on surcharges for tenant-installed appliances, such as air conditioners or washing machines, where the tenant pays for electric utility services.
- **Rent control relief:** Rent-controlled residents have been subject to exorbitant rent increases. The annual 7.5% rent increases should be dramatically reduced and brought in line with typical rent-stabilized adjustments by using a rolling average of the past five years’ New York City RGB rent adjustments for one year leases on class A apartments.¹¹ Fuel and labor pass-alongs for rent-controlled tenants should also be eliminated, since fuel and labor costs are already factored into the RGB’s annual deliberations for rent adjustments.
- **Mitchell-Lama reform:** Localities such as New York City, which face major affordable housing crises, should be authorized to declare a housing emergency and extend the protections of rent regulations to building that were formerly Mitchell-Lama rentals or HUD subsidized housing and were privatized. Local legislative bodies should also be empowered to declare a housing emergency and extend the protections of rent regulations to current Mitchell-Lama rentals or HUD subsidized housing developments that privatize in the future.

These reforms would play a critical role in ensuring that the limited stock of affordable housing in New York is preserved for generations to come. For immigrants that rely heavily on rent-regulated housing, bold action to renew and strengthen the rent laws is critical for ensuring that their families will have a continued place in the city they call home.

Sources

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2. Data for this table come from the HPD report cited above.
3. *Ibid.*
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5. "American Community Survey: 2013 One-year Sample." 2013. Accessed online May 5, 2015.
6. *Ibid.*
7. "Housing the City of Immigrants." March 2011. Waters, Tom and Victor Bach. Community Service Society of New York Report. (Read full report here: http://b.3cdn.net/nycss/6174637efe14b4c944_l2m6b8b6d.pdf) It bears mentioning that there exists significant variation in these data between nationalities among immigrant New Yorkers, as highlighted by Waters and Bach. Special thanks to Tom Waters at CSS for helping to review, and provide supplementary data for, this report.
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10. *Ibid.*
11. In 2013, for example, a rent-controlled tenant in an apartment that qualifies for a rent adjustment would have paid no more than a 2.7% rent increase, based on the average of one-year RGB rent increases from 2008 – 2013.