

# The Rent Is Too Damn High in New York – Thanks to Politicians

Our elected officials always talk about wanting to lower rents for New York City. Yet, nearly every single policy decision they implement has had the exact opposite effect.

Research has shown that “price controls” actually increase costs, yet rent regulations get stronger every legislative session. Economics tells us that supply and demand matters, yet this simple truth is ignored.

Rather than trying to address the supply of housing units and adding new stock, policymakers try to encumber the existing stock, making it more difficult to build new units, and implement policies that will ultimately degrade the housing stock and, therefore, the living conditions of the very people they claim to want to help.

Even if our elected officials believe that an economics textbook is capitalist propaganda, look no further than the pandemic to show a real-life example of how supply and demand works. During the pandemic, New York City residents left the city by the thousands. Apartments were left vacant, and what happened to rents? They dropped by 30 to 40 percent. That’s real-life economics at work.

There is absolutely a housing crisis in New York City, and we need housing for people at all levels on the economic spectrum. Folks

who work hard and make this city function should be able to comfortably afford to live here, and increasingly they cannot. But the solution to our housing crisis is supply — plainly and simply, supply.

Here are five easy steps our elected officials can take to greatly increase the supply of housing units in our city and make housing costs more affordable for everyone.

**The state should lift the 12 floor-to-area (FAR) cap on residential density.** The caps should go to 15 within 1,000 feet of mass transit stops in the outer boroughs and 18 within Manhattan’s highest-density districts. This could be

accomplished by increasing the Inclusionary Housing Bonus to 40 percent (as opposed to the current 20 percent) and allowing for transferable development rights (air rights) anywhere within the community board — with the exclusion of lower-density mid-blocks.

**The 421a tax abatement program needs to be brought back.** Whether it’s called 421a, Affordable New York, 485w or whatever you want to call it — it should be called the “We are going to build a ton of new apartments” program — it needs to come back ASAP. We are advising many owners of rental sites, particularly in the outer boroughs, not to sell now because, without the abatement, the land has

little value. It is simply not economically feasible to build new rental buildings, particularly those with an affordable component, without the tax abatement.

The deadline of having to obtain a Temporary Certificate of Occupancy (TCO) before June 15, 2026, to get the benefits of the present program is now holding up projects that vested their Affordable New York benefits by getting a footing in the ground before June 15 of this year. Many owners worked furiously to get that footing in but are unsure if they can get the TCO before the deadline. This is particularly true of larger projects. Many of these simply won’t be built. This reduces supply and exerts upward pressure on rents. **This deadline should be extended immediately.**

During the 1970s, the Bronx was burning because it made more sense to burn down properties rather than invest in them. The major capital improvement and individual apartment improvement programs were implemented, and the result was a drop in the dilapidation rate from 14 percent in the mid-1970s to 0.04 percent in 2019. The rent law changes in June of 2019 marginalized these programs to the point where private capital is no longer incentivized to enhance the quality of the housing stock. And tens of thousands of previously rent-stabilized apartments have been nailed shut and are sitting empty. **These programs should be restored to their old**

**mechanics immediately.**

The fifth suggestion is to **incentivize the conversion of nonresidential buildings to residential.** The city is chock full of older, functionally obsolete office buildings that presently have high levels of vacancy. There is so much space vacant that letting tenants out of their leases and paying for moving costs is likely all that is needed to get them to move. Many of these buildings should be converted to residential with affordable components. Zoning can be modified to allow this, and the 421g tax abatement program should be brought back. After 9/11, the 421g program was the main reason that the Financial District became a 24/7 neighborhood. There were 2,000 dwelling units there before 421g, and now there are 30,000.

Each of these changes would add to the supply of apartments, reduce rents, increase the quality of our housing stock, enhance the quality of life for residents of the city, increase real estate tax revenue, and create jobs. This is the no-brainer of no-brainers.

New York is the greatest city in the nation, but we cannot take for granted that it will always be that way. Curbing crime and solving our housing issues will go a long way toward keeping the city on top!

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