

Analysis of Rent Control in Jersey City

Census of buildings

The affordable housing stock is extremely low. There are probably less than 120 rent-controlled buildings downtown when there were more than 1000. Most were lost to demolition and condo conversion the past 25 years. The changes to the ordinance that are taking place are threatening the loss of the rest. This same thing happened in the 1980's in NYC when 1000's of rent stabilized buildings were converted to CO-OPS. In Jersey City, most 4-8 family downtown properties are and had been owned by old time JC residents who put their kids through college on the cash flow. Many of the family owned buildings have been owner occupied for decades. Many generations living in multiple apartments in the same buildings. When these people sell they are funding their only source of retirement savings. Many units are also kept vacant because they don't want to rent apartments for \$700 per month.

Inequities in Vacancy Decontrol Policy.

Vacancy allowance does not include interest on the money property owners must borrow or the loss of rent for the 6 months of vacancy it takes to get permits and renovate a unit. Updated rents are still low compared with new construction rents. New tenants are ecstatic about the opportunity to rent these units, which sometimes can be \$300-\$500 below market rents.

Inability to Keep Pace with Increasing Costs of Operation

This month's 1.6 percent CPI comes at the same time as a 100% tax increase that cannot be passed along and cannot sustain the cost of maintaining a 100-year-old properties. Most of the pre-war housing stock was obsolete in 1995. Wood Windows had lead paint, 1920s-constructed bathrooms, knob and tube wiring and plaster walls. 1000 of units may have been renovated since then, most needed to be, supported by the vacancy decontrol function – but many more older units continue to need help. The old units that are hard to maintain – most have 20-amp fuses that can't power even one AC unit, drop ceiling tiles and old wood floors that can't be sanded anymore.

Property Tax for Single Family Homeowners

Rent reductions, which could come as a result of new policies in the rent leveling office, will lead to tax appeals. The tax burden will then shift to the small homeowner – they are the only place you can pick up new revenue. That and fines (see below). There are more than 7000 small homeowners in Greenville alone.

Inequity Versus Pilots

Pilots consume services at the same escalating rate but their taxes are reduced in real terms as others are increased.

Protect Housing Stock

Fire, flood, increased costs for taxes, insurance, fuel, and loss of rental income from tenants while trying to recover possession are easy examples to show that investment in real estate bears greater risk of loss than cash in the bank.

Compliance and Rent Control Office Performance

- Equity value not appraised value arguments and lawsuit
- Going out of their way to undermine owners, including auditing rent records when there are no issues with those buildings or complaints from tenants except as instigating by Jersey City Together.
- 1990 is the base year and the 2-year look back is being pierced by activity through the rent leveling office.
- Deferred increases are no longer allowed – use it or lose it.
- State is backed up 18 months on the green card. The city is saying we won't approve or register without it.
- Some city claims of noncompliance do not include an explanation
- Submitting rent registrations has become an issue, as many owners report that they have submitted multiple and never received them back.
- There is a lot of confusion with what is considered a vacancy improvement (construction code changed and a lot of work does not need a permit anymore but improvements are getting denied for lack of permits).
- On the housing code enforcement side under Hendon and Hudnut we are getting hit much harder than we used to.
- Regulatory matters related to section 8 being applied to rent control.
- There was once the presumption of compliance and now there is the presumption of non-compliance.
- The penalties should be lenient for unintended or technical violations and maintains a self-reporting standard for increases.
- Capital improvement dynamics are more difficult

Condo owners face twin perils of rent control liabilities and revaluation impacts. They have the highest property taxes in the state on a per square foot basis, and yet they fall under rent control ordinance that avails most of them to regulated rents that are less than their maintenance fees.

Small homeowners need relief from threats to their family assets.

Multi-family owners should be enabled to improve their properties and operate efficiently. Most of Jersey City's rent controlled housing stock is at least 50 years old and some of it is more than 100 years old. Replacing systems and renovating apartments is impossible when long-term residents move out

Stranding the housing stock with artificially low rents has other impacts, including constraining prospective increases in property valuation that leads to greater tax

revenues – supplying tax relief to all other classes of property owners who currently subsidize the rent control properties.

Vacancy decontrol – has had no negative repercussions in Bayonne and has been in existence for 5 years. In fact, Bayonne’s diversity statistics have gone up. Vacancy Decontrol would allow incomes for owners to go up – the city could thereafter perform a targeted revaluation of only 4c and 4a buildings – and raise money for affordable housing from the increased taxes