

Initiative 1:

Addressing Solomon Report

Solomon Study Flaws

The Solomon rent control study, emanating from a sincere commitment to protecting access to housing for Jersey City residents, noted 8 “takeaways” whose conclusions are often rooted in incorrect and though well-intended could lead to unintended consequences if they are the basis for future policy. Solomon’s report also misses the most important policy issue of all: which is that the rent leveling office has not even identified many apartments that should fall under rent control but whose owners refuse to register their rents.

1. Solomon Initiative: Maintain a publicly searchable database of all rent-controlled units in Jersey City with rents listed.

Reality: Landlords would be sharing personal information about tenants, invading their privacy and exposing them to online investigations and mischief.

2. Engage in proactive outreach to tenants to alert them that they live in a rent-controlled unit.

Reality: Leases already include this information.

3. Fine landlords who submit incomplete rent registrations while offering education on how to fill out disclosure forms properly.

Reality: A fine schedule already exists, although in recent months the rent leveling office has been successfully sued for misapplying the law.

4. Analyze “rent rolls” for evidence of illegal rent increases or high rates of turnover.

Reality: The Rent Leveling already has the capacity to do this, although only recently has the rent leveling office taken affirmative action in challenging rent histories. A lack of data, including many missing rent registration records, hobbles this effort, which results in a natural bias against landlords who are in substantial compliance and whose records can be more easily utilized.

5. Encourage tenants who may be subject to illegal rent increases to contest them.

Reality: The rent-leveling office has made preliminary efforts in this direction, but its work has unfairly focused on registered Landlords rather than the many out-of-compliance unregistered landlords whose offenses likely are far more dramatic.

6. Simplify and streamline the process by which tenants challenge illegal rent increases.

Reality: Tenants and landlords should perform under similar legal standards, as the law provides them equal protection. However, as recent cases have shown, the rent leveling office is inviting tenants to challenge rents on a haphazard basis, accepting some proofs, denying others and making determinations autocratically, violating the principle of equal protection.

7. End the “vacancy loophole” for capital repairs, removing the perverse incentive for landlords to push out tenants in order to increase rents.

Reality: Jersey City’s incentives for upgrading apartments and buildings are the most successful components of the rent leveling ordinance, protecting rent-controlled apartments that would otherwise be demolished or converted to single-family homes, condominiums or short-term rentals. Jersey City has lost 3100 of these units to Airbnb registrations alone, eliminating previously accessibly priced housing, plus an estimated 3000 additional units. Perhaps the most wrong-headed of the observations made in Councilman Solomon’s report, the notion that Jersey City should contort rent control laws to provide affordable housing is a losing cause, as providing decontrols at vacancy allows not only for improvements to the housing stock but also increases in value that contribute to the City’ fiscal health through higher tax ratables.

8. End the “demolition loophole” to stop the permanent loss of units.

Reality: Real estate is a continually evolving business and properties are regularly repurposed to meet new economic and land-use demands. Even absent the drive for returns on investment, demolition is a natural consequence of wear and tear – buildings do not last forever. In rent-controlled environments, where property values and returns are artificially constrained, demolition is a solution to creating value. Upgrading properties should be the objective, which will keep them viable within their rent-controlled status. Constraining their incomes and denying the right to demolish the buildings will only hasten their decline, assuring that they become unviable and inviting decay.