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## New York Rent Control: Paved With Good Intentions



New statewide rent control laws have thrown the New York City apartment market into turmoil, with prices of properties impacted dropping sharply overnight and the possibility that it will lead to the deterioration of housing stock and depress the amount of supply.

The law—the Housing Stability and Tenant Protection Act of 2019—affects 1.1 million rent-stabilized apartments in New York City alone, representing somewhere between one-third and one-half of the apartment stock in the five boroughs. The new controls have many provisions that are troublesome for property owners, but the most critical issues involve eliminating the ability to transfer stabilized units to market rates and limiting the amount owners can increase rents to pay for capital improvements.

Legislators crafted the laws to address the lack of affordable housing in New York, but it could have the opposite affect by incentivizing owners of stabilized properties to take units out of stock. Owners also have less incentive to upgrade older buildings that need renovations.