June 10, 2025 12:33 PM | 36 MINUTES AGO

Op-ed: NYC's rent-stabilized housing crisis a challenge for the next mayor

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New York City is in the throes of a historic housing crisis. We hear it in the stories of families struggling to afford rent, see it in the record number of New Yorkers living in shelters, and feel it in the intense debate around how to build the hundreds of thousands of new homes our city desperately needs.

But while adding supply is critical, we can't overlook another crisis: our existing rent-stabilized housing stock is in deep, growing financial and physical distress. No matter who wins this November's mayoral election, this is the housing emergency they will inherit on day one. The question is: how will they fix it?

At the Community Preservation Corporation (CPC), one of the largest mission-driven lenders and servicers in the country dedicated solely to multifamily housing, we have a unique window into the financial and physical health of the city's rent-stabilized housing. The data we collect tells a troubling story.

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Since 2020, operating expenses across our portfolio have increased by 21%, including a 6% increase in the past year alone. Meanwhile, rent collections plummeted during the pandemic and have yet to recover. Collections in our rent-stabilized buildings average around 92%, meaning owners are still losing nearly 10 % of their anticipated income. That might not sound like much, but when your margins are already razor-thin, it can be the difference between keeping the lights on and falling into financial distress.

The signs of distress are everywhere. In our permanent servicing portfolio, the percentage of loans delinquent by 60 days or more tripled in the last year from 3.7% of unpaid principal balance to 9% in 2024. That's $109 million in unpaid principal tied to 2,043 homes. As a result, enforcement actions like foreclosures are on the rise. As of December 2024, 16 loans in our permanent portfolio were undergoing enforcement.

These numbers are not isolated. They point to a systemic issue. Our city's rent-stabilized housing stock, which we count on to provide stable, long-term affordability to low- and moderate-income New Yorkers, is being stretched to its breaking point.

The reasons – some stemming from 2019's Housing Stability and Tenant Protection Act – are no mystery: ever-rising operating costs, capped rents, high interest rates, and ongoing revenue shortfalls are making it harder for building owners to maintain, let alone invest in, their properties.

Our analysis shows that to simply break even on a rent-stabilized unit, monthly rent would need to be $1,320. That figure includes typical operating expenses, modest capital reserves, and a 92.5% collection rate. It doesn't account for necessary improvements to bring units up to current standards or ensure long-term sustainability. But according to the Rent Guidelines Board's 2025 Income and Expense Study, average monthly rent in 2023 across the five boroughs was just $1,406 (excluding Core Manhattan) and as low as $1,145 in the Bronx. Under the increases just proposed by the RGB, owners could raise those rents by just 1.75% to 4.75%: far short of what is needed.

When buildings carry such low rents, their operating income cannot keep up with the upkeep costs, resulting in deferred maintenance, increased violations, and declining quality. Financial distress leads to physical distress.

This puts the city in a perilous position. If we continue to ignore the mounting challenges facing rent-stabilized housing, we risk watching many of our most affordable homes deteriorate beyond repair. We cannot allow that to happen. These buildings are not disposable assets. They are part of the essential fabric of New York City's housing landscape.

To be clear, the focus on building new housing is necessary and urgent. We absolutely need more supply to meet demand and bring rents down. But those new homes are years away from occupancy. Our rent-stabilized stock houses millions of New Yorkers today. It is our front line in the fight for housing stability.

Whoever is elected mayor this November will face a critical test. Will they step up with a comprehensive plan to preserve and stabilize this housing stock? Or will they allow continued financial decline and physical deterioration to hollow out one of the city's most vital resources?

Fixing this won't be easy. It will require tough conversations, policy adjustments, and likely some targeted financial interventions. But if we are serious about protecting affordability and preventing further displacement, then preserving our rent-stabilized housing must be at the center of the city's housing strategy and a top priority for the city's new administration.

So, to the candidates running to be New York City's next mayor, I'll ask again: with our rent stabilized housing stock in crisis, how will you fix it?

Rafael E. Cestero is CEO of The Community Preservation Corporation and host of The Housing Problem podcast. He previously served as commissioner of the New York City Department of Housing Preservation and Development.

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