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Urban Democracy Lab Working Papers are circulated for discussion and comment. They reflect ongoing research and analysis and may be revised. These papers emerge from discussion with community partners but have not gone through a process of community review as is our practice. This paper is part of a series that responds to a rare political opening: the chance to rebuild city governance around affordability, dignity, and democratic control. The papers are designed as practical tools for transition and early governing, with companion briefs for rapid circulation and working-paper versions that provide full rationale, evidence, and implementation detail. They reflect our Real Utopian orientation: feasible design of transformative institutions and policies that are egalitarian, durable, and sustainable.

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## Executive Summary

Housing is one of the main drivers of New York City's high cost of living, with a growing proportion of renters spending more than 50% of their income on rent. To address the housing affordability crisis, tenant organizations have long advocated for a rent freeze to protect rent-stabilized tenants from future increases. In 2025, Mayor Zohran Mamdani made this demand a focal point of his mayoral campaign. As a form of rent control, a rent freeze is a timely policy measure that Mayor Mamdani can take to ensure housing affordability and stability for one million households in rent-subsidized housing, while putting billions of dollars back into the pockets of renters and the economy over the next four years.

However, the demand for a rent freeze has been met with renewed resistance from landlords and real estate associations. They claim that a rent freeze will worsen the housing affordability crisis and create financial distress for landlords. This working paper will dispel key myths surrounding a rent freeze while shedding light on the key obstacles to housing affordability – speculation, landlord abuse, and mismanagement. The paper highlights what is at stake for renters and the future of the city – permanent, dignified, and affordable lives and homes – for generations to come.

# Introduction

It is well-known that rent is too high in this city of renters. Housing has clearly become a profitable business for private landlords and investors. Decades of speculation and inadequate government spending in new social housing have resulted in historically low vacancy rates and high rents. Across all five boroughs, the typical asking rent is \$3,500 per month<sup>1</sup> while the average household income is \$63,698.<sup>2</sup>

Building on the work of local and statewide housing justice and tenant organizations, this working paper uses public data to illustrate how a rent freeze can address housing affordability for rent-stabilized tenants. In the long-term, however, a rent freeze has to be complemented with a set of housing policies that include the expansion of rent stabilization. To this end, the memo has three parts:

- Dispelling key myths about the financial situation of landlords and renters
- The social, political, and economic benefits of a rent freeze
- Steps toward a rent freeze and expanding rent stabilization

## Dispelling key myths about the financial situation of landlords and renters

Landlords and real estate associations claim that a rent freeze would worsen the city's already strained housing market by cutting off the primary source of revenue owners use to pay for taxes, maintenance, and debt service. Publicly available evidence, however, is clear: financial distress lies with renters, not landlords. This section addresses key myths on the financial situation of landlords and renters.

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<sup>1</sup> Office of the New York City Comptroller. 2024. *Spotlight: New York City's Rental Housing Market*. Retrieved from: <https://comptroller.nyc.gov/reports/spotlight-new-york-citys-rental-housing-market/>.

<sup>2</sup> NYU Furman Center. 2024. *State of Renters and Their Homes*. Retrieved from: <https://furmancenter.org/stateofthecity/view/state-of-renters-and-their-homes-2024>.

## Myth #1: "Mom-and-pop" landlords will be hardest hit by the rent freeze.

"Mom-and-pop" landlords make up only a small portion of the city's property owners. Large and medium-sized corporate landlords with 21 or more buildings in their portfolio own approximately half of all the one million rent-stabilized units in the city.<sup>3</sup> "Mom and pop" landlords as well as small landlords that operate ten or less buildings own the remaining half of rent-stabilized units.

The Rent Guidelines Board (RGB), which establishes annual guidelines for rent adjustments, estimates that rent-stabilized apartment landlords collected an average monthly rent of \$1,599 in 2023.<sup>4</sup> In units built before 1974, monthly rents collected were generally lower (\$1,477) compared to units built after 1973 (\$2,219). In addition to collecting rent, landlords often charge for additional services such as laundry, parking, and utilities, bringing their average monthly income to \$1,786.<sup>5</sup> At the borough level, landlords in Manhattan had the highest median income, at \$2,150 (\$2,534 in Core Manhattan and \$1,536 in Upper Manhattan); followed by Queens, at \$1,482; Brooklyn, at \$1,405; Staten Island, at \$1,262; and the Bronx, at \$1,222.

## Myth #2: A rent freeze will cut into maintenance costs and lead to distressed properties.

Even after deducting maintenance costs from rents, landlords still make a profit. This is because most landlords do the bare minimum when it comes to maintenance and operation. The combined cost of operating and maintenance citywide (which include taxes, labor, utilities, fuel, insurance, maintenance, administrative, and miscellaneous

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<sup>3</sup> JutFix. 2020. Examining the Myth of the "Mom-and-Pop" Landlord. Retrieved from: <https://medium.com/justfixorg/examining-the-myth-of-the-mom-and-pop-landlord-6f9f252a09c>.

<sup>4</sup> RGB. 2025. *2025 Income and Expense Study*. Retrieved from: <https://rentguidelinesboard.cityofnewyork.us/wp-content/uploads/2025/03/2025-IE-Study.pdf>.

<sup>5</sup> RGB, 2025, p. 6.

costs) was \$1,160 per unit in 2023.<sup>6</sup> By borough, costs were highest in Manhattan (\$1,610), followed by Queens (\$1,085); Brooklyn (\$1,015); the Bronx (\$938); and Staten Island (\$897). On average, landlords of rent-stabilized apartments spent roughly 62 cents out of every dollar of revenue on operating and maintenance costs in 2023.<sup>7</sup>

The amount of income after paying operating and maintenance expenses, or revenue, is known as the Net Operating Income (NOI). For owners of rent stabilized units, the average NOI was \$626 per month in 2023, with units in post-1973 buildings generating more revenue (\$1,330 per month) than those in pre-1974 buildings (\$488 per month).<sup>8</sup> Based on the average NOI of \$626, a landlord collects approximately \$3756 per month in NOI and \$45,072 yearly after expenses in a rent-stabilized apartment with six units (the minimum number of units required to meet the definition of stabilized housing). By borough, NOI was highest in Manhattan \$926; \$683 in Brooklyn; \$566 in Queens; \$339 in the Bronx; and \$318 in Staten Island.

Previous rent freezes between 2015 and 2020 under former Mayor Bill de Blasio did not result in high levels of building distress or abandonment. Distressed properties are buildings where operating and maintenance costs outpace gross income. Data from the RGB shows that only 5.4% of buildings were distressed in 2018.<sup>9</sup> In 2023, when there was no rent freeze, 9.3% of all rent-stabilized units were distressed.<sup>10</sup> For distressed buildings, both state and city governments offer a number of programs for property owners to rehabilitate their units to make them rentable.

### Myth #3: A rent freeze will mainly benefit middle-class white tenants in rent-stabilized housing.

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<sup>6</sup> RGB, 2025, p. 8.

<sup>7</sup> RGB, 2025, p. 11.

<sup>8</sup> RGB, 2025, p. 10.

<sup>9</sup> Mironova, Oksana. 2020. Testimony: NYC Needs a Rent Freeze. Retrieved from:

<https://www.cssny.org/news/entry/testimony-nyc-rgb-rent-freeze>.

<sup>10</sup> RGB. (2025). *Income and Expense Study*. p. 9. Retrieved from:

<https://rentguidelinesboard.cityofnewyork.us/wp-content/uploads/2025/03/2025-IE-Study.pdf>.

A rent freeze would impact roughly 960,700 households in rent-stabilized housing, which represent 41% of the 2.3 million households in the city.<sup>11</sup> Approximately 70% of rent-stabilized tenants are Black, Hispanic and Asian, while 29% are white.<sup>12</sup> Compared to market housing, where the median income is \$90,800, the median income for renters in rent stabilized housing is \$60,000. Moreover, 26% of renters in rent-stabilized housing earn less than \$25,000 and are overrepresented by Black, Hispanic, and Asian households.<sup>13</sup>

### Myth #4: A rent freeze will only force landlords to raise rents in market-rate housing.

While a rent freeze will not prevent landlords in market-rate housing from raising their rents, tenants are protected by Good Cause Eviction, a New York State law that went into effect on April 20, 2024. Good Cause Eviction is the result of years of housing activism and tenant organizing. It provides tenants in market rentals with new protections against an unlawful eviction and the ability to challenge rent increases above the established guidelines.

### Speculation and property mismanagement are key barriers to affordable housing

The evidence presented above demonstrates that most landlords are in a stable financial situation and that even without a rent freeze, most landlords tend to fall behind on needed repairs! For landlords that are faced with financial stress, it is clear that rent regulation is not the source of their financial woes; rather, the causes are market speculation as well as their own mismanagement of their properties.

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<sup>11</sup> US Census Bureau, 2023, p. 45.

<sup>12</sup> US Census Bureau, 2023, p. 48.

<sup>13</sup> RBG. 2025. *2025 Income and Affordability Study*. p.12.

<https://rentguidelinesboard.cityofnewyork.us/wp-content/uploads/2025/04/2025-IA-Study.pdf>

In the housing market, speculation involves the buying and selling of housing for the sole purpose of turning a profit by driving up property values. Between 2000-2018, speculation was particularly concentrated among low-income housing in Queens, Brooklyn, Manhattan, and the Bronx, which led property values to soar between 400% and 600%.<sup>14</sup> Speculation is linked with high levels of eviction among low-income and racialized neighbourhoods.<sup>15</sup> Speculation has also been found to be closely linked to lower-quality rental housing; in other words, the more money landlords and investors make from speculation and high rents, the less likely they are to reinvest that income into maintaining their properties.<sup>16</sup> Of the various types of landlords, large corporate landlords in particular are more likely to evict renters and apply for Major Capital Improvements (MCIs) in order to raise rents beyond the annual rent guidelines in rent-stabilized buildings.<sup>17</sup>

The disastrous consequences of speculation and financial mismanagement are exemplified by the bankruptcy of Pinnacle Group, a large corporate landlord that owns 93 buildings across four boroughs. The business model of large landlords like Pinnacle Group relies on speculation and financial risk. They purchase older apartment buildings, which are typically occupied by low-income tenants, so that they can raise rents and defer maintenance in the hopes that the rent payments will pay off their debts while pushing out lower-income tenants. For years, tenants and their advocates have protested against their landlord for neglecting urgent repairs and ongoing maintenance, as well as abuse and harassment of tenants. In 2025, Pinnacle Group filed for bankruptcy, placing over 5000 rent-stabilized units on the market and leaving renters in limbo.

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<sup>14</sup> Greenberg et. al 2024. "Housing Speculation, Affordable Investments, and Tenant Outcomes in New York City." *Cityscape: A Journal of Policy Development and Research*, 26(1): pp. 153-177.

<sup>15</sup> Pratt Center for Community Development. (2024). How Home Flipping Reduces Affordability in NYC Neighborhoods of Color. [https://prattcenter.net/uploads/1124/20619bf8cb1e5e0bb1bbc3bff3108ee6fa7024cdae6fc90819ecba5346108c4c/FlippingOut2024\\_PrattCenter.pdf](https://prattcenter.net/uploads/1124/20619bf8cb1e5e0bb1bbc3bff3108ee6fa7024cdae6fc90819ecba5346108c4c/FlippingOut2024_PrattCenter.pdf).

<sup>16</sup> Greenbert et. al 2024, p. 163.

<sup>17</sup> JustFix, 2020.

# The Social, Political, and Economic Benefits of a Rent Freeze

## Economic benefits

More than half of all renters spend more than 30% of their income on rent.<sup>18</sup> A survey of 2000 low-income renters in stabilized housing found that 66% were struggling financially and that 83% had little to no savings.<sup>19</sup> Renters in stabilized housing faced cumulative rent increases of 12.6% since 2022,<sup>20</sup> in addition to overall inflation on the rising cost of living, which amounts to an additional 10% on top of the rent increases over the same period.<sup>21</sup> A rent freeze would send money back into the pockets of renters rather than generate profits for private landlords and investors. According to a study by the Community Services Society (CSS), a rent freeze would save renters \$590 a month and between \$2.44 billion to \$6.84 billion over four years.<sup>22</sup> There is simply no other public policy that would generate as much disposable income towards groceries, healthcare, and other basic necessities.

## Social benefits

Rent stabilization contributes to the financial and social stability of families and their communities. NYC's Independent Budget Office (IBO) found that the annual turnover

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<sup>18</sup> NYC Tenant Protection Cabinet. 2023. 'Fast Facts about NYC Housing.' Retrieved from: <https://www.nyc.gov/content/tenantprotection/pages/fast-facts-about-housing-in-nyc>.

<sup>19</sup> Community Service Society of New York. 2025. *Rent-stabilized tenants are struggling to make ends meet*. Retrieved: [https://smhttp-ssl-58547.nexcesscdn.net/nycss/images/uploads/pubs/102825\\_RSTenantsAreStruggling\\_OnePager\\_V2.pdf](https://smhttp-ssl-58547.nexcesscdn.net/nycss/images/uploads/pubs/102825_RSTenantsAreStruggling_OnePager_V2.pdf).

<sup>20</sup> Community Service Society of New York. 2025. *Stabilized Rents Up 12.6% in Adams' New York*. Retrieved from: [https://smhttp-ssl-58547.nexcesscdn.net/nycss/images/uploads/pubs/092525\\_StabilizedRentsUp\\_Fact\\_Sheet\\_V4.pdf](https://smhttp-ssl-58547.nexcesscdn.net/nycss/images/uploads/pubs/092525_StabilizedRentsUp_Fact_Sheet_V4.pdf).

<sup>21</sup> US Census Bureau, 2023, p. 55.

<sup>22</sup> Community Service Society of New York. 2025. *How Would a Rent Freeze Impact NYC's Rent Stabilized Tenants?* <https://www.cssny.org/publications/entry/how-would-a-rent-freeze-impact-nycs-rent-stabilized-tenants>

rate for rent-stabilized apartments is much lower than market rentals, which had a turnover rate of 20%, with neighbourhoods like Manhattan, Staten Island and Queens with an even higher turnover rate of 30%.<sup>23</sup> In neighbourhoods that are undergoing gentrification and an influx of high-income market renters, low-income and racialized renters will stand to gain the most from a rent freeze.<sup>24</sup>

## Political benefits

Implementing a rent freeze entails minor administrative costs, while rebuilding public trust in institutions following years of scandal and corruption under Mayor Adams. A rent freeze would help restore public confidence in the local government by demonstrating to New Yorkers that government institutions can work to serve the public good rather than enhance the profits of private landlords, especially in a time of extraordinary financial pressures on renters.

Rent freezes are an important form of rent control in expensive housing markets, and New York is not the only city to try them. Globally, cities such as Berlin and Mexico City have adopted similar measures in recent years to stop the housing crisis from becoming worse in the short-term.<sup>25,26</sup> However, the key lesson to be learned from other cities, as well as from New York's own history, is that rent control is a single policy tool

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<sup>23</sup>IBO. 2017. "Which New York City Neighborhoods Saw the Most—and Fewest—Tenants Move from Rent-Stabilized Apartments in 2010-2015?". Retrieved from: <https://ibo.nyc.ny.us/cgi-park2/2017/04/which-new-york-city-neighborhoods-saw-the-most-and-fewest-tenants-move-from-rent-stabilized-apartments-in-2010-2015/>.

<sup>24</sup> Chen, Ruoyu, Hanchen Jiang, and Luis E. Quintero. 2023. "Measuring the Value of Rent Stabilization and Understanding Its Implications for Racial Inequality: Evidence from New York City." *Regional Science and Urban Economics* 103 (November): 103948. <https://doi.org/10.1016/j.regsciurbeco.2023.103948>.

<sup>25</sup> Sagner, Pekka, and Michael Voigtländer. 2023. "Supply Side Effects of the Berlin Rent Freeze." *International Journal of Housing Policy* 23 (4): 692–711. <https://doi.org/10.1080/19491247.2022.2059844>.

<sup>26</sup> In Mexico City, a rent freeze between 1942-2001 produced a backlash by landlords and real estate developers in the long-run, leading to deterioration of the housing stock, a depopulation of the city center, and the 'warehousing' of units, whereby landlords avoided allocating their properties for rental housing, as well as rising social tensions between renters (see Aaron, Henry. 1966. "Rent Controls and Urban Development: A Case Study of Mexico City." *Social and Economic Studies* 15 (4): 314–28. [https://www.jstor.org/stable/pdf/27853921.pdf?refreqid=fastly-default%3A574dc144690db5c3dcc2ff1b55686481&ab\\_segments=&initiator=&acceptTC=1](https://www.jstor.org/stable/pdf/27853921.pdf?refreqid=fastly-default%3A574dc144690db5c3dcc2ff1b55686481&ab_segments=&initiator=&acceptTC=1);

that won't solve the housing crisis on its own. In the long-run, private developers and landlords have withdrawn or stalled the flow of housing supply under rent freezes. But historical examples such as 'Red Vienna' also demonstrate the potential solution to this problem – direct government intervention in the financing, construction, and ownership of new social housing, and the adoption of a policy framework that discourages speculation and treats housing as a public good rather than private good.

## **Steps toward a rent freeze and expanding rent stabilization**

A rent freeze is a crucial step to addressing the long-standing housing affordability crisis for renters. This working paper recommends that Mayor Mamdani's administration adopt the following priority areas to make rent affordable: 1) appoint members to the RGB who support a rent freeze; 2) expand rent regulation; and 3) rehabilitate vacant rent-stabilized units. Each of these points are discussed in detail below.

### **Priority 1: Appoint pro-rent freeze members to the Rent Guidelines Board**

The RGB is composed of nine members, all of whom are appointed by the mayor in staggered terms of 2-4 years, and represent tenants, landlords, and members of the public. As was done under former Mayor Bill de Blasio, who backed three rent freezes between 2015 and 2020, Mayor Zohran Mamdani can appoint members to the RGB who have the authority to approve a rent freeze, and has expressed his willingness to do so starting in 2026. Appointing pro-rent freeze members to the board is an important first step to protecting rents from future increases.

However, tenant organizations have also called for reforms to the RGB, including greater representation of renters on the board to reflect the ratio of renters to owners in New

York, and who reflect a diversity of background and employment such as teachers and nurses.<sup>27</sup> These reforms would contribute to improving the democratic governance of the RGB by ensuring that renters can participate in making important decisions around rent regulation on an ongoing basis.

## Priority 2: Expand rent stabilization

An apartment is defined as rent stabilized if it includes six or more housing units and built before 1974. Rent stabilized units represented 27% of the overall housing stock and 41% of rental units. However, an apartment can become rent stabilized through several mechanisms.<sup>28</sup> To expand the number of rent-stabilized buildings, the city can extend its programs to rehabilitate and convert existing private rental housing into rent-stabilized housing. This includes continuing and expanding a number of city and statewide programs.<sup>29</sup>

## Priority 3: Rehabilitate vacant rent-stabilized units

In a housing market where the vacancy rate for rent-stabilized units is at a historically low 0.98% and 1.84% for market housing, government intervention is needed to tackle the high number of vacant units and deteriorating housing stock across all sectors of the housing market. The official number of vacant rent stabilized units reported by landlords in 2022 was just over 40,000 units, compared to a peak of 60,000 in 2021.<sup>30</sup>

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<sup>27</sup> Senate Bill S8215. *Rent guidelines board reform act*. 2025-2026 Regular Sessions. May 21, 2025. State of New York. <https://www.nysenate.gov/legislation/bills/2025/S8215>.

<sup>28</sup> Landlords can 'opt-in' to rent stabilized through tax abatement programs. If the building was rehabilitated or converted from another use, then an owner can apply for the abatement known as the J-51 Property Tax Exemption and Abatement. If it is recently constructed, the owner is eligible for the Section 421-a Tax Exemption Program (which typically lasts between 15-25 years). Once either of these tax benefits expire, rent will usually become deregulated. In addition, the city government has also carried out Mitchell-Lama buyouts to convert private rental housing into rent stabilized housing.

<sup>29</sup> See list of existing programs for housing rehabilitation as recommended by the Office of the New York City Comptroller: <https://comptroller.nyc.gov/reports/accurately-assessing-and-effectively-addressing-vacancies-in-nycs-rent-stabilized-housing-stock/>

<sup>30</sup> IBO, 2023. Most Rent Stabilized Apartments Do Not Remain Vacant Year-to-Year. Retrieved from: <https://www.ibo.nyc.ny.us/iboreports/most-rent-stabilized-apartments-do-not-remain-vacant-year-to-year-august-2023.html>.

However, tenant organizers estimate that the unofficial number is likely much higher.<sup>31</sup> Expanding programs to rehabilitate vacant rent-stabilized units, as well as exploring the possibilities of applying taxes or penalties to landlords that purposely keep rentable properties off the market should be considered.

## Conclusion

While thousands of New Yorkers have already been forced out of the city due to the lack of affordable housing, those that have no option but to remain are forced to choose between paying rent, utilities, groceries, healthcare, and other basic necessities. Rising rents drive displacement, housing precarity and instability, and ultimately undermine people's ability to feel hopeful about their futures. Working-class and racialized renters stand to benefit the most from a rent freeze. If implemented, a rent freeze would immediately lower the cost of living for one million households in rent-stabilized housing. Furthermore, money saved on rents would go back into the economy, creating housing and job stability for all.

Mayor Mamdani has a historic opportunity to implement a rent freeze as part of a progressive policy agenda. As a form of rent control, a rent freeze is a crucial policy instrument that can advance the decommodification of housing, by transforming private rental housing from a profitable enterprise into a regulated public good. The rent freeze will be the administration's first major demonstration that the city government can side with tenants, signaling a break with the status quo and laying the foundation for a new social contract around housing.

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<sup>31</sup> The City, 2024. Tens of Thousands of Rent-Stabilized Apartments Remain Off the Market During Record Housing Shortage. Retrieved from: <https://www.thecity.nyc/2024/02/14/rent-stabilized-apartments-vacant/>.