

# A RENT CONTROL REPORT FOR

**WARD E, JERSEY CITY**

DOWNTOWN JERSEY CITY

*APRIL 2019*



## PREPARED BY:

James Solomon, Ward E Councilperson  
Laura Bustamante, Ward E Council Aide  
Sarah Ligon, Ward E Policy Volunteer  
Amanda Luchun, Ward E Graduate Intern

# CONTENTS

---

## 1 EXECUTIVE SUMMARY

- *Five Key Findings*
- *Overview of Report*

## 5 WHY FOCUS ON RENT CONTROL?

## 7 OVERVIEW OF RENT CONTROL IN JERSEY CITY

- *Rent Control Ordinance*
- *Units Subject to The Law*
- *Reporting Requirements*
- *How Rent Can Be Increased*
- *How to Challenge Illegal Rents*
- *Enforcement*

## 12 OVERVIEW OF DATA SOURCES

- *What Units are Covered by the Rent Control Ordinance?*
- *Door-To-Door Canvassing*
- *Landlord Registration Statements*

## 14 KEY FINDINGS

- *Estimated Number of Rent Controlled Units in Ward E*
- *Lack of Awareness of Tenant's Rights*
- *Landlords Flagrantly Disregard the Rules & Requirements of the Rent-Control Program*
- *Longtime Residents are Losing Their Apartments to Newer, Higher-Paying Tenants*
- *Turnover & Rent Hikes: A Case Study*
- *The Permanent Loss of Affordable Units Through Demolition*

## 32 RECOMMENDATIONS

- *Maintain a Publicly Searchable Database*
- *Proactive Outreach to Tenants*
- *Fine Landlords Who Submit Incomplete "Rent Registration Statements"*
- *Analyze "Rent Rolls" For Evidence of Illegal Rent Increase*
- *Encourage Tenants Who May Be Subject to Illegal Rent Increase to Contest Them*
- *Simplify & Streamline the Process*
- *End the "Vacancy Loophole"*
- *End the "Demolition Loophole"*

## 35 CONCLUSION



# EXECUTIVE SUMMARY



Jersey City’s rent control ordinance created over 1,100 affordable apartments downtown — more than any other federal, state, or local affordable housing policy. The law does so by placing strict restrictions on a landlord’s ability to raise rents. Yet over the last decade, Jersey City’s government let its rent control enforcement lapse. That choice put hundreds of affordable homes in danger at a time of rising gentrification and displacement.

This report from Councilman James Solomon investigates the state of rent control in downtown Jersey City. **Its conclusions are stark: the rent control system is broken. Through lack of enforcement and poorly drafted laws, hundreds of tenants in rent-protected units have been displaced while rents have skyrocketed.** The report's five key findings are:



# FIVE KEY FINDINGS

---

1

## **RENT CONTROL IS THE LARGEST SOURCE OF AFFORDABLE HOUSING IN DOWNTOWN**

- There are over 1,100 units of rent controlled housing in downtown Jersey City, more than any other source of affordable housing in Ward E.

2

## **TENANT'S LACK AWARENESS OF THEIR RIGHTS IN RENT CONTROLLED UNITS.**

- Over 50% of tenants interviewed reported not knowing they lived in a rent controlled apartment.

3

## **MANY LANDLORDS FLAGRANTLY DISREGARD THE RULES AND REQUIREMENTS OF THE RENT CONTROL PROGRAM**

- More than 9 out of 10 tenants reported they failed to receive the legally required "Rental Statement" that provides the previous tenants' rent and information about the tenant's rights under the ordinance.
- Furthermore, 78% of landlords omitted information that might identify illegal rent increases on their "Landlord Registration Statement."

4

## **LONGTIME RESIDENTS ARE LOSING THEIR APARTMENTS TO NEWER, HIGHER-PAYING TENANTS**

- Through legal and illegal means, landlords raised rents to unaffordable levels. One rent controlled apartment cost \$5,850 a month!
- Over 50% of rents are higher than the HUD "affordable rent" for Hudson County(1).
- Over 50% of tenants moved into their units within the last seven years--a shocking statistic given the monetary value of a rent controlled unit.
- High turnover leads to large--and likely illegal--rent increases as landlords exploit a "vacancy improvements" loophole to raise rents without oversight from the city.

5

## **A "DEMOLITION LOOPHOLE" ALLOWS FOR THE PERMANENT REMOVAL OF AFFORDABLE UNITS**

- Jersey City approved demolitions for rent-controlled buildings, permanently removing their affordability protections.

# OVERVIEW OF REPORT



The report reaches these conclusions through three main sources of data. First, Councilman Solomon’s office analyzed the New Jersey Property Tax List to identify buildings likely subject to Jersey City’s rent control ordinance, as no such comprehensive list exists at the city level. Second, with volunteers, we surveyed 79 tenants by going door-to-door to ask about their personal experience with the law. Third, his office analyzed hundreds of “landlord registration statements,” listing rents and other information for rent controlled buildings and units. Those registrations were compared to the tenant surveys and the requirements of the law.

The report below begins with a discussion of the importance of rent control, and why it is important to preserve when the rents in Jersey City are staggeringly high. It then outlines the data sources used to conduct the analysis followed by an overview of the rent control ordinance in Jersey City. The report then dives into its five key conclusions:

- 1 Rent Control's importance as a source of affordable housing in downtown.
- 2 A discussion of tenants' lack of awareness of their rights.
- 3 A discussion of landlords' decisions to ignore the varied rules related to the rent control program.
- 4 An analysis of rent levels and the ways in which landlord evade rent regulations.
- 5 A discussion of the "demolition loophole" that permanently removes units.

Ultimately, the report concludes with recommendations on how the city can better enforce the current rent control ordinance and amend it to better protect affordable units.



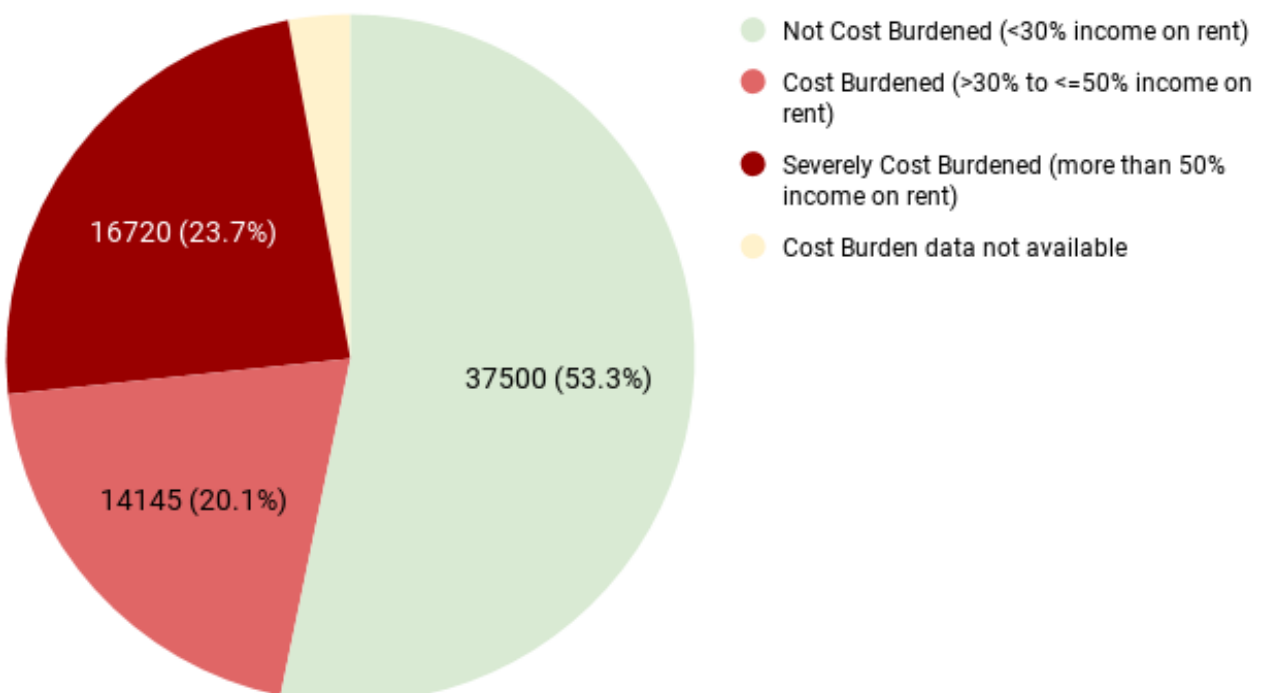
# Why Focus on RENT CONTROL?

As neighborhoods all over Jersey City face rising costs of living and housing that outstrips middle-class wages, making rent at the end of the month matters more than ever. According to the most recently-available American Community Survey results, nearly a quarter of renters in Ward E must spend over 50% of their household income to live in the neighborhood.

It's news to nobody that downtown has become especially difficult for moderate-income Jersey City families to afford. Rent is a heavy burden for families across the city; according to that same American Community Survey data, nearly half of Jersey City renters must devote too much of their income to stay in their homes.

**Cost Burden: How Many JC Households Must Overspend on Rent**

**FIGURE 1**



Commonsense limits on a landlord's power to raise rent both preserves Jersey City's diversity and ensures its people can remain in the very communities they've helped build for generations. Stable rents allow Jersey City's low- and moderate-income families to plan for their futures without the fear of an outlandishly unaffordable rent increase.

Yet, despite the importance of rent control in helping long-term families cope with cost of living increases, rent control in downtown Jersey City has been largely ignored. Jersey City government does not keep a comprehensive list of units covered by rent control; many tenants did not realize they lived in rent controlled buildings; and landlords operate with the knowledge that their misdeeds will likely not see the light of day. This report seeks to change that reality. What follows is the result of a six-month grassroots campaign, staffed almost entirely by unpaid volunteers from many walks of Jersey City's life. This team knocked on hundreds of doors in downtown, spent hours piecing together disparate datasets, and combed through seven years, 49 buildings, 506 units, and 1,290 individual records of handwritten landlord rent registration rolls obtained via multiple Open Public Records Act requests. **That effort, documented below, comes to an unmistakable conclusion: the system of rent control in Jersey City is broken.**







# OVERVIEW OF RENT CONTROL IN JERSEY CITY

## A. RENT CONTROL ORDINANCE

The City of Jersey City adopted its rent control ordinance on February 6, 1986, codified as Ord. No. C-14A (2), and as chapter 260 of the municipal code. The ordinance sets the criteria for which buildings are subject to the law; the reporting requirements for landlords; the rules for rent increases; and enforcement and appeals mechanisms.

## B. UNITS SUBJECT TO THE LAW

As described above, the law mandates that all multi-family buildings built before June 25, 1987 with more than four residential units are subject to its rent control ordinance, subject to a few exemptions.

## C. REPORTING REQUIREMENTS

Jersey City's rent control ordinance contains strong reporting requirements:

- Incoming tenants must receive a “**Rental Statement**” from their landlord which provides crucial information for the tenant, including the fact that the unit is subject to the rent control ordinance and the rent of the previous tenant. This last piece of information is an important check against illegal rent increases.
- As described in the previous section, landlords must provide Jersey City with an annual “**Landlord Registration Statement**,” which includes the date the current tenant moved in, the date the previous tenant moved out, the base rent, the current rent being charged, the amount of the increase between the previous tenant and current tenant, and the month the increase went into effect.

## D. HOW RENT CAN BE INCREASED

Landlords can raise the rent only once in a period of 12 months. The law clearly outlines the permissible avenues landlords can increase rents:

- **Consumer Price Index (CPI):** Annually, landlords can increase rents according a formula developed using the CPI, which is a measure of inflation. The formula allows landlords to increase rents by the lesser of either 4% or the percentage difference between the Consumer Price Index three months prior to the expiration or termination of the lease and three months prior to the commencement of the lease term. The CPI percentage changes monthly and is supplied to landlords by Jersey City's Office of Landlord / Tenant Relations. Landlords must notify the tenant of a rent increase in writing at least thirty days before the effective date of said increase.
- **Hardship Application:** A landlord can apply to increase the rent above the CPI if they can prove that the current rents do not offer a "fair return" on their property. The law defines a "fair return" as 6% above the maximum passbook demand deposit savings account interest rate available in the municipality. The landlord must file a hardship application with the Rent Leveling Board, which adjudicates the application. Tenants possess both notification and appeal rights in this process.
- **Capital Improvement:** A landlord can increase rents through capital improvements by applying to the Rent Leveling Board. The landlord must demonstrate the cost of improvements prior to increasing the rent. If approved, the landlord may increase rents through a formula which accounts for the costs of those repairs. Tenants possess notification and appeal rights through this process.

- 
- **“Vacancy Loophole” to Capital Improvements:** This loophole allows for landlords to conduct capital improvements--and increase rents--without the oversight of the Rent Leveling Board. If a unit is vacant, the landlord does not need to file a capital improvement application prior to conducting repairs and then increasing rents. *This loophole creates an incentive for landlords to vacate units and then increase rents without oversight.* However, any rental increase is still bound by the formula for capital increases outlined in the law. If a landlord increases rents above the legal amount, tenants possess the right to challenge it.
  - **“Demolition Loophole” to Permanently Remove Units from Rent Control Protections:** Landlords can apply for—and receive—permission from Jersey City to demolish their buildings. Such an action permanently removes the rent control protections from the new units (in part because state law prohibits the rent control ordinance from covering newly-constructed dwellings for thirty years). There are no rules or regulations restricting such demolitions above and beyond the normal approval process and zoning rules (such as historic districts). Tenants whose buildings receive demolition approvals, however, are still protected under New Jersey's anti-eviction laws. Those laws may offer the tenant the legal right to remain in the unit despite the demolition approval. Nevertheless, many tenants may not be aware of those rights, and may be coerced into abandoning their valuable rent-controlled homes.

- 
- **No "Vacancy Decontrol" Loophole:** Unlike many other cities, Jersey City limits landlords from profiting off rent spikes on a new tenant merely because the previous tenant has moved out. Instead, the new tenant's rent must follow on from that of the previous tenant, even if the apartment itself has sat unoccupied since the previous tenant's move-out. The landlord cannot legally raise the rent above the CPI if the housing unit is left vacant unless they use the above-described vacancy loophole. This crucial policy is intended to protect tenants from harassment or wrongful eviction by landlords with a perverse incentive to vacate their buildings for profit.

## **E. HOW TO CHALLENGE ILLEGAL RENTS**

The law provides a recourse for tenants to challenge rents they suspect to be illegal. Complaints of illegal rent increases are handled by the Bureau of Rent Leveling.

- **Who can file:** A complaint can be filed by any tenant or group of tenants on behalf of a tenant, as long as they reside in premises on the complaint. After filing, tenants may request an inspection from the local housing or property maintenance department.
- **Rental Statements & Illegal Rent Increases:** Generally, there is a two year limitation on filing a complaint for an illegal rent increase. If a landlord did not provide the tenant with a rental statement when he/she moved in, the two year limitations period will be waived. As a result of the survey, we found that 61% of respondents were not provided this documentation.

---

Rent charges may be rolled back or reduced through a finding from the Rent Leveling Board of:

- Changes to standard services including, but not limited to heating system, maintenance, and equipment of the housing space
- Unapproved rent increase beyond the cost of living increase
- Increased rent from undocumented capital improvements
- If the rent has increased more than once in a twelve month period

There are also tenant protections against harassment from landlords.

## **F. ENFORCEMENT**

The part of Jersey City government responsible for oversight of the rent control ordinance is the Office of Landlord/Tenant Relations, which is supervised by the Office of Housing Preservation in the Department of Housing, Economic Development, and Commerce. Within the Office of Landlord Tenant Relations sits the Bureau of Rent Leveling which includes a seven member appointed board. They administer and enforce the Rent Control Ordinance Chapter 260 of the Jersey City Municipal Code. The Office of Housing Preservation and the Department of Housing, Economic Development, and Commerce is under new leadership as of August 2018. Therefore, it is unfair to assign blame for the City's failure to enforce its rent control ordinance to the new leadership. The Office of Landlord/Tenant Relations has a Rent Leveling Administrator who is responsible for accepting all "Rent Rolls" submitted by the landlords.

## OVERVIEW OF DATA SOURCES

### A. WHAT UNITS ARE COVERED BY THE RENT CONTROL ORDINANCE?

Because Jersey City does not possess a comprehensive database of units covered by rent control, this analysis began with a review of the state New Jersey Property Tax List. The NJ Property Tax List contains records for each building in the state, including year built and use of the building. Those two variables are crucial because, according to Jersey City's ordinance, all multi-family buildings built before June 25, 1987 with more than four residential units are subject to its rent control ordinance, subject to a few exemptions. Our team searched the property tax list for multi-family rental buildings (category 4C built before 1987); that search returned 120 buildings potentially subject to Jersey City rent control ordinance.

These buildings are "potentially subject" to the ordinance for multiple reasons. First, the state database contains errors and missing data. Second, some buildings may be exempt from the ordinance if their units were vacant prior to 1988. An email sent to Jersey City's Office of Housing Preservation seeking to work together to vet the list was not returned. This report will recommend improved maintenance of city records to ensure that going forward, all properties subject to rent control are clearly registered with the city in a publicly accessible manner.

## **B. DOOR-TO-DOOR CANVASSING**

Using the list of buildings potentially subject to the rent control ordinance, the office of Councilman Solomon organized an in-person survey of tenants in rent controlled units. On three Sundays in the fall of 2018 and winter of 2019, grassroots volunteers knocked on hundreds of doors, ultimately completing surveys with 78 tenants. Neighborhood residents answered rent-related questions such as whether they'd been informed of rent control at move-in; whether they'd experienced rent increases; how much rent they paid; and a general discussion of their experiences (See a copy of the survey in the appendix). Additional responses were recorded as tenants reached out to the Councilman's office after learning of his efforts.

## **C. LANDLORD REGISTRATION STATEMENTS**

Owners of properties subject to rent control must file an annual Landlord Registration Statement for each property. These annually filed forms, taken together comprise the building's "rent roll." This requires property owners to certify how many housing units exist within the property. For each unit, the property owner must certify the date the current tenant moved in, the date the previous tenant moved out, the base rent, the current rent being charged, the amount of the increase between the previous tenant and current tenant, and the month the increase went into effect. Further, the form asks for information regarding any capital improvements made or any hardship applications filed.

Our office, pursuant to New Jersey's Open Public Records Act, filed an official request to obtain the Landlord Registration Statements likely subject to Jersey City's rent control ordinance for the years 2012-2018. Jersey City responded with records for some of those years, covering 506 units across 49 buildings for a total of 1,290 apartment records in all.

# KEY FINDINGS

## 1 RENT CONTROL IS THE SINGLE LARGEST SOURCE OF AFFORDABLE HOUSING IN DOWNTOWN JERSEY CITY, COVERING AN ESTIMATED 120 BUILDINGS AND 1,151 UNITS

The analysis of the state property tax database, as described earlier, found an estimated 120 buildings and 1,151 units subject Jersey City's rent control restrictions in downtown. **Appendix B** lists each building and the number of units potentially subject to the ordinance. In addition to the 1,151 units listed, condominium complexes may also be covered if they were built prior to 1987 and any individual person or entity owns more than four units within the building. It was beyond the scope of this report to identify the condo units covered under the ordinance.

A comparison with other forms of affordable housing reveals rent control to be the largest single source of affordable housing in downtown. This result further emphasizes its importance in combatting gentrification and displacement in downtown Jersey City.

**FIGURE 2**

Type of Affordable Housing	Units
Affordable Housing	252
Public Housing	240
Subsidized Affordable Housing	591
Subsidized Senior Housing	652
Rent Control	1,152
<b>Total Affordable Housing Units in Ward E</b>	<b>2,887</b>



## 2. LACK OF AWARENESS OF TENANT'S RIGHTS:

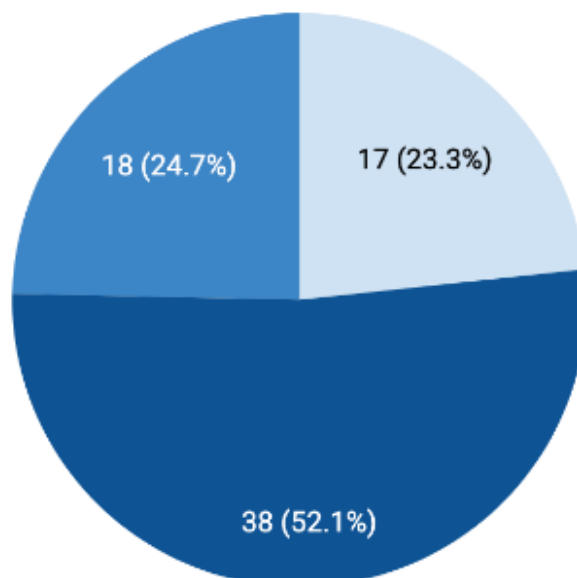
Tenants cannot protect their rights if they are unaware that they possess them. A key goal of our survey was to ascertain to what extent tenants in rent-controlled units were aware of that fact and the protections against rent increases they possessed. Our survey's answer was clear: over 50% of tenants were unaware they even lived in a rent controlled unit, and even fewer were aware of the rights they were afforded.

By withholding such basic information from people who live in their buildings, landlords are able to raise rents illegally. Among the most troubling anecdotal results of our door-knocking interviews was the large majority of residents who had no idea they were protected by rent control.

**FIGURE 3**

### PERCENTAGE OF TENANTS INTERVIEWED WHO KNEW THEY LIVED IN A RENT-CONTROLLED BUILDING

- Informed of Rent Control
- Uninformed of Rent Control
- Blank/ NA



---

### 3. **LANDLORDS FLAGRANTLY DISREGARD THE RULES AND REQUIREMENTS OF THE RENT-CONTROL ORDINANCE**

Jersey City's rent control ordinance contains strong reporting requirements to hold landlords accountable and prevent displacement. Those requirements include that every new tenant be informed that their apartment is rent-controlled and the rent paid by the prior tenant in a "Rental Statement." Additionally, Jersey City mandates every landlord of a rent-controlled building to submit a detailed "Landlord Registration Statement," known as a "rent roll," documenting how much the landlord charged per apartment and how each apartment's rent and tenancy changed over time. The form asks property owners for a detailed series of data designed to detect and prevent unfair rental increases on tenants. Each year, landlords are required to disclose:

- How many housing units exist within the property
- A detailed financial picture of the building's ownership and financing, including any and all LLC's and management companies with an interest in the property
- A detailed listing of:
  - date the current tenant moved in
  - date the previous tenant moved out
  - a detailed, "show your work" listing of every piece of the landlord's rental calculation for their tenant, including the unit's "base rent," actual rent being charged, the precise amount of any increase between the previous tenant and current tenant, and the month the increase went into effect. Further, the form asks for information regarding any capital improvements made, or any hardship applications filed.

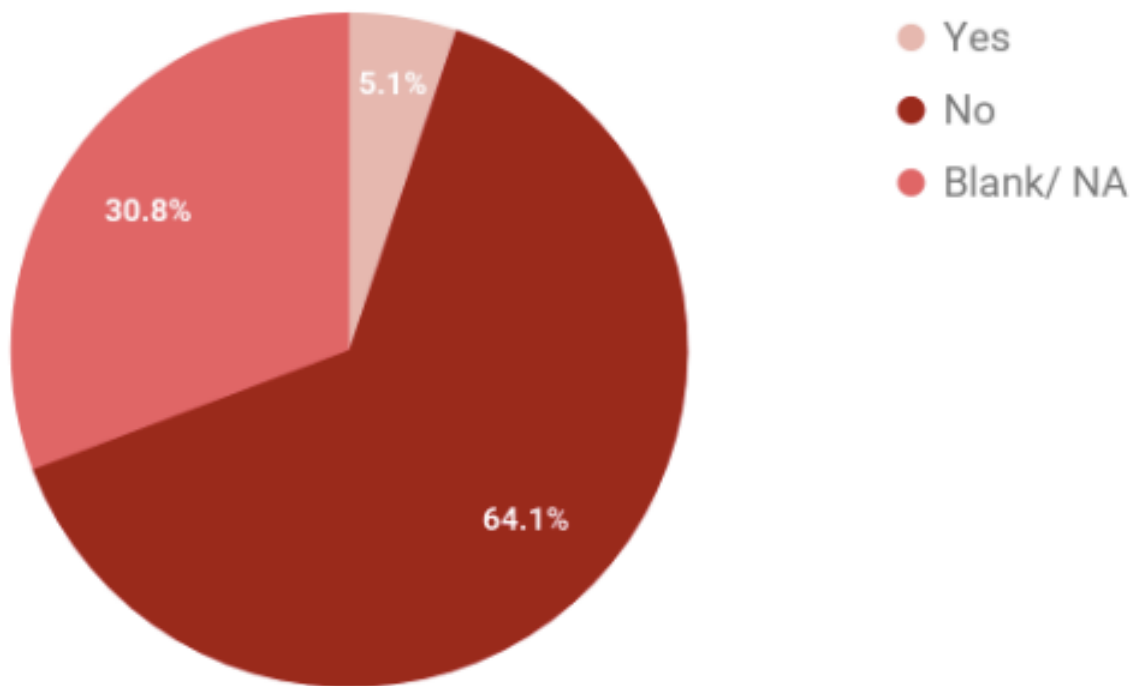
---

As such the “rent roll” record is a powerful tool for tenant protections, and one cities across the U.S. use to uncover red flags and bad actors.

Despite these legal requirements, Jersey City landlords routinely ignore these requirements. To assess compliance with the rental statement, our canvassers surveyed tenants to see if they were aware of the previous tenant’s rent, a required piece of information in the rental statement. The result: only 6% of residents said yes.

**FIGURE 4**

**WHERE YOU TOLD WHAT THE PREVIOUS TENANT PAID IN RENT ?**



Compliance with the annual rent rolls is similarly dismal. Nearly 78% of the 49 buildings and 506 individual units' landlord rent registrations we examined were both submitted and approved in an incomplete – or even nearly blank – state. Landlords were so comfortable flouting the system that some even crossed out disclosure requirements with a Sharpie. Here, for instance, a landlord changes the disclosure column simply to read “New Rent,” obscuring the fact that Apt. 4’s tenant moved out since the previous year (Fig. 5.1) and the new tenant had in fact been hit by a 13% rent increase (Fig. 5.2).

**FIGURE 5.1**

**2016 Rent Roll: Apt 4 has lived there a year and is paying \$1,550 a month**

**SECTION F / TENANCY INFORMATION**

LIST APARTMENT NUMBERS, RESPECTIVE TENANTS' NAMES, BASE AND ACTUAL RENT, ETC. USE THE SAME NUMBERING OF APARTMENTS AS USED IN PAST RENT REGISTRATIONS, TENANTS' LEASES & POSTINGS ON PREMISES. IF APARTMENT NUMBERING HAS CHANGED PROVIDE CORRESPONDING OLD NUMBERS. IF AN APARTMENT UNIT NEVER HAD A NUMBER ASSIGN IT A PERMANENT NUMBER.

Apt	Rms	Last Name	First Name	Move In Date	Move Out Date Previous Tenant	Annual C.P.I. %	Amount of Increase	Month of Increase	Current Base Rent	New Actual Rent
1	3			7-10		%	1.5%		1,210	1,172.25
2	3			10-12		%	1.5%		1,490	1,475
3	3			10-15		%	1.5%		1,830	1,750
4	3			4-15		%	1.5%		1,580	1,550
5	3			4-09		%	1.5%		1,315	1,302
6	3			1-15		%	1.5%		1,530	1,500
7	3			6-89		%	1.5%		659	623
8	3			3-13		%	1.5%		1,545	1,525

**NEW rent**

**FIGURE 5.2**

**2017 Rent Roll: Apt 4 has a new tenant who's now paying \$1,750/month- a 13% increase**

10. RENT ROLLING  
FOOTNOTES

**NEW TENANT**

**SECTION F / TENANCY INFORMATION**  
 LIST APARTMENT NUMBERS, RESPECTIVE TENANTS' NAMES, BASE AND ACTUAL RENT. USE THE SAME NUMBERING OF APARTMENTS AS USED IN PAST REGISTRATION, TENANTS' LEASES & POSTINGS ON PREVIOUS RENT ROLLS. IF APARTMENT NUMBERING HAS CHANGED PROVIDE CORRESPONDING OLD NUMBER. IF AN APARTMENT UNDERGOES A NUMBER ASSIGN IT A PERMANENT NUMBER.

Apt	Unit	Last Name	First Name	Move In Date	Move Out Date / Vacant	Annual C.P.I. %	Amount of Increase	Month of Increase	Current Base Rent	New Actual Rent
1	3			7-10	1,184	%	1%		1,210	1,184
2	3			10-12	1,500	%	\$25		1,550	1,500
3	3			10-15	1,750	%	0		1,775	1,775
4	3			7-16	1,750	%	60		1,800	1750
5	3			4-09	1,302	%	0		1,330	1,302
6	3			1-15	1,515	%	1%		1,535	1,515
7	3			6-89	629	%	1%		665	629
8	3			3-13	1,550	%	\$25		1,575	1,550
						%				



#### 4. LONGTIME RESIDENTS ARE LOSING THEIR APARTMENTS TO NEWER, HIGHER-PAYING TENANTS

##### A. The Rent is Too Damn High - Rent Control Edition

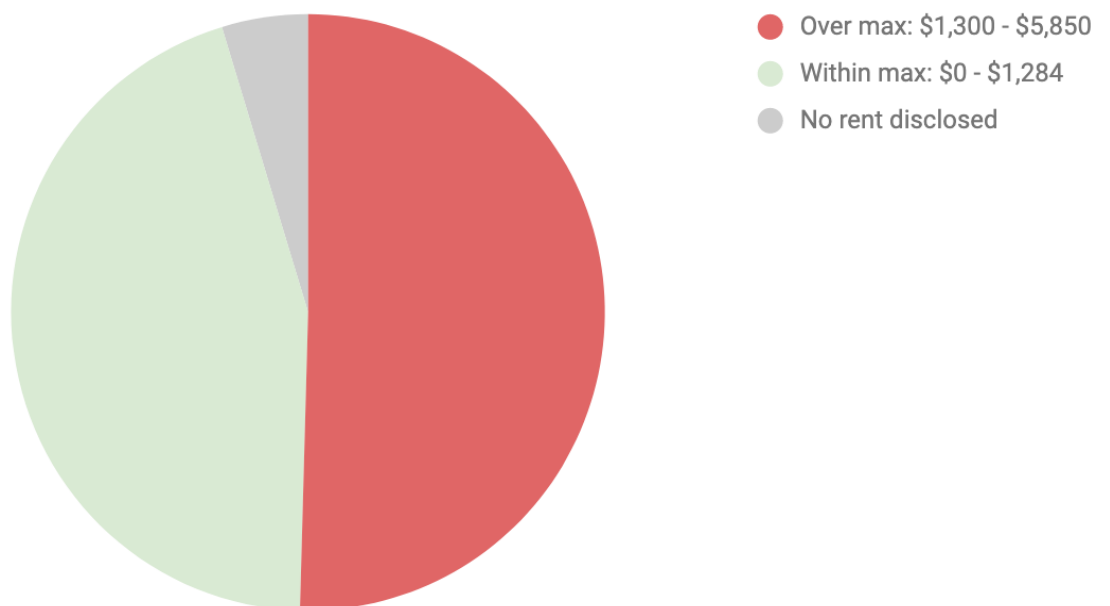
Through legal and illegal means landlords have successfully evaded Jersey City's system of rent control to raise rents to unaffordable levels. Our analysis found that in 2017, the year with the most complete data, over **50% of units no longer had "affordable rents."** The analysis defines an affordable rent as at or below the HUD moderate-income rent (80% of Area Median Income) for a family of two. That number for 2017 was \$1,290<sup>(3)</sup>. The analysis assumes this figure underestimates the degree to which rents have skyrocketed as the landlords who failed to report their rent are more likely to charge higher rents.

Some rents even outpaced market-rate, unregulated rates. Over 10% of units had rents above \$1,750, with two reaching as high as \$5,850!

### FIGURE 6

#### Cost Burden to Rent -Controlled Households, 2017

In relation to HUD moderate income rent of \$1,290 for 1-BR, 2017



<sup>(3)</sup>The analysis focused on 2017 as that year had the most complete data spanning 34 rent-controlled buildings and 341 apartments; however, it's difficult to conduct a conclusive analysis given that so many of the rent records are blank, missing, or otherwise spotty.

## B. Displacing Long-Term Residents to Raise Rents

Given the immense financial value of a rent-controlled unit, one would expect most tenants to remain in their units for long periods of time, with a low rate of turnover. Our analysis, instead, finds massive turnover in a short period of time, suggesting a concerted effort to displace long-time tenants.

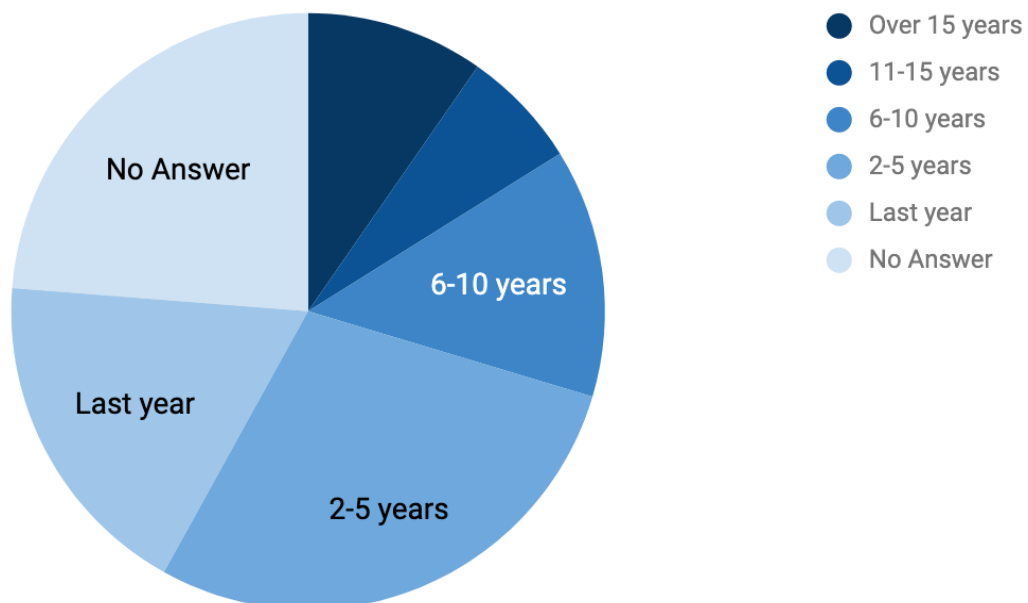
As described earlier, Jersey City's rent-control laws do not allow for "vacancy decontrol" or rent increases above CPI. We can surmise, though, that many landlords emptied their buildings and then either exploited the "vacancy loophole" or simply illegally raised rents on unsuspecting new tenants who did not know they lived in rent controlled units.

Using the 2017 data, we can quantify that turnover. A startling number of rent-controlled residents were recent transplants. Nearly 1 in 5 had come to their apartment less than two years before. Fifty percent moved in with 7 years. Less than 15% were long-term renters defined as living in their unit for slightly more than a decade (11+ years).

**FIGURE 7**

### HOW NEW WERE 2017'S RENT-CONTROLLED RESIDENTS?

Duration of Tenancy in 341 Rent-Controlled Ward E Apartments, 2017





---

Such turnover can be drastic within a single building. We noted a number of buildings that emptied entirely, all in the course of a single year, effectively either removing the units from Jersey City's desperately-needed affordable rent pool or replacing earlier tenants with new, higher paying tenants. In one such building, 327 5th St., all six of its apartments turned over to new tenants in the year 2015. The "rent rolls" did not contain information explaining how this happened or what the previous community of residents had been paying, 2015 saw all-new tenants; in 2016, the landlord raised those same tenants' average rent by nearly 35%. Another landlord's eight apartments at 304 Second St. emptied entirely of tenants in 2015 but has not recorded a new tenant as of 2017, all eight units were still being registered as off the market/uninhabited.

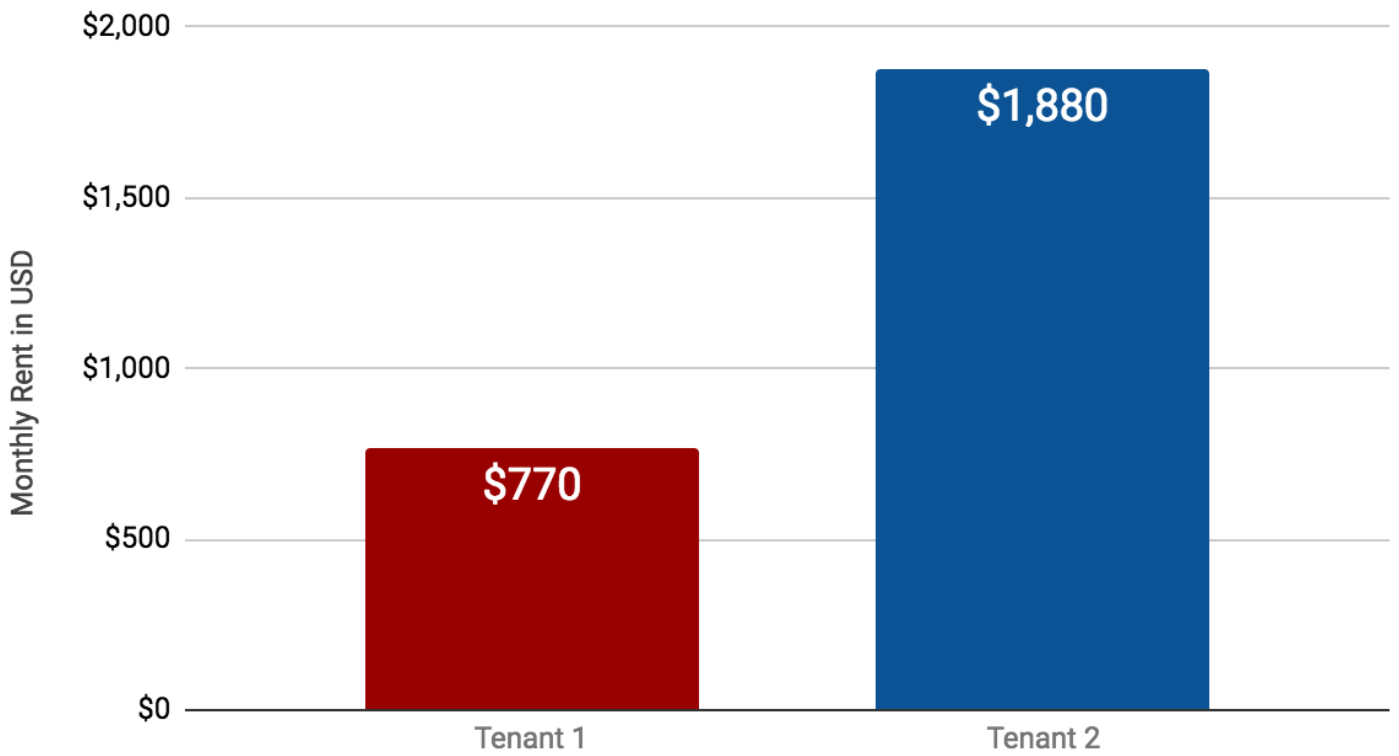
This pattern appeared again and again in the in-person surveys and rent-roll analysis, examples of which included:

- New tenants paying rents 12%, 20%, or even in some cases up to 44% higher than rent paid by the tenant who had just moved out;
- Buildings with high turnover also had the highest rent increases in the same three to four year timespan. This fact is particularly concerning in light of the fact that the majority of tenants with whom the canvassers spoke were recent transplants who had not been informed that their units were rent-stabilized;
- Recent tenants sometimes paid more than double what their counterparts across the hall were paying -- at one building, neighbors were paying \$770 and \$1,880, respectively, on nearly identical units. See [Fig. 8]

---

**FIGURE 8**

**DIFFERENCE IN RENT BETWEEN TENANT 1 & TENANT 2  
(BUILDING NAME REDACTED)**

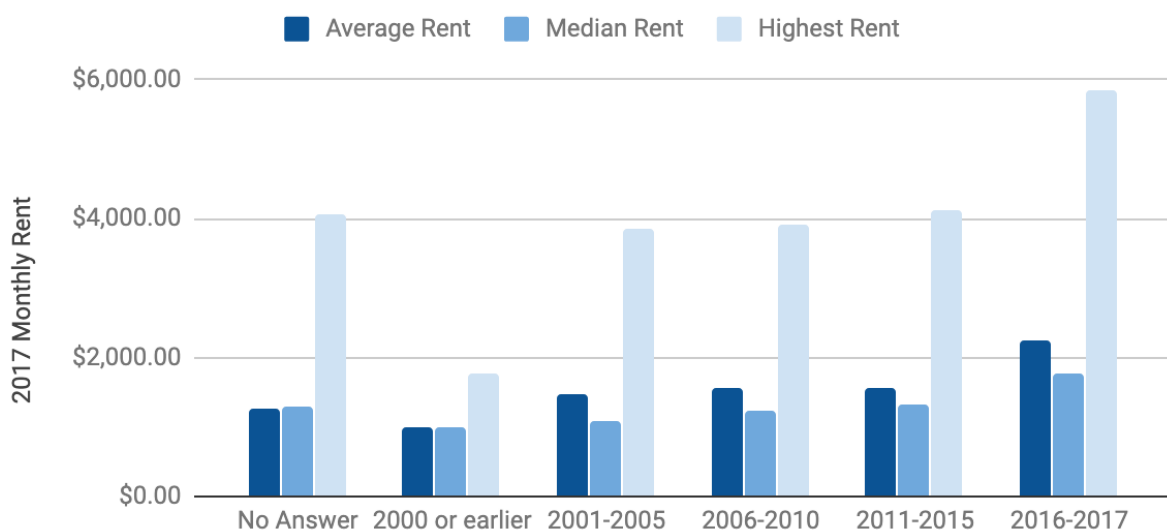


The chart below [Fig 9] demonstrates the clear correlation between new tenants and higher rents. It is worth noting, too, that tenants whose landlords did not disclose any move-in/move-out date at all were also paying notably higher rents, suggesting a correlation between illegal rent increases and landlords' reluctance to disclose required information.

**FIGURE 9**

### COST VS. MOVE-IN DATE: 341 RENT-CONTROLLED APTS, 2017

as declared via landlord in rent rolls dated 2017



#### Cost vs. Move-In Date: 341 Rent-Controlled Apts, 2017

as declared by landlord in rent rolls dated 2017

Last Turnover Occurred	No. of 2017 Units	Average Rent	Median Rent	Lowest Rent	Highest Rent
No Answer	81	\$1,264.63	\$1,287.50	\$0.00	\$4,050.00
2000 or earlier	30	\$1,007.63	\$995.00	\$0.00	\$1,772.24
2001-2005	17	\$1,459.14	\$1,080.00	\$850.00	\$3,850.00
2006-2010	36	\$1,570.37	\$1,230.02	\$262.99	\$3,923.00
2011-2015	115	\$1,566.59	\$1,321.00	\$650.00	\$4,120.00
2016-2017	62	\$2,251.89	\$1,782.99	\$738.00	\$5,850.00
<b>Total</b>	<b>341</b>				

## C TURNOVER AND RENT HIKES: A CASE STUDY

The case of 144 Steuben St. illustrates in stark relief this report's key findings of lack of compliance, rent increases, and high turnover.

Unlike many of the buildings analyzed, this landlord filed at least four years of consecutive rent registrations which paint a picture of 36 people's apartments between 2013 - 2017. Very much like most of the landlords, however, this one consistently omitted most necessary fields in their disclosure form. Instead, they opted to provide a single move-in date and rent charge per apartment rather than displaying how or why they arrived at that rent figure.

**FIGURE 10**

### 144 STEUBEN, 2013 RENT ROLL

Apt	Rms	Last Name	First Name	Move In Date	Move Out Date Previous Tenant	Annual C.P.I %	Amount of Increase	Month of Increase	Current Base Rent	New Actual Rent
804		[Redacted]	[Redacted]	9/15/12		%			2,750	
804				9/15/12		%			2,750	
804				9/15/12		%			2,750	
901				7/1/12		%			4,500	
901				7/1/12		%			4,500	
902				10/5/03		%			4,600	
903				6/15/11		%			4,600	
904				2/15/11		%			3,200	
								%		
						%				
						%				
						%				
						%				

RECEIVED  
 MAR 18 2013  
 J.C. RENT LEVELING BOARD

That lack of information makes it impossible to ascertain why there is such a large discrepancy between rents in different units. For example, why was the person living in Apartment 902 already paying so much more rent (\$1,400!) than their neighbor in 904?

Two years later, in 2015, high turnover continues as seen in Figure E. Several of 902's neighbors have already moved on, but the tenant in 902 is still there, albeit facing an unexplained \$300 rent increase, significantly above the legal limit:

**FIGURE 11**

**APARTMENT 902 TENANT IN 2015 RENT**

802		11/15/14	%	3600.00
803		3/8/14	%	3200.00
804		11/30/13	%	2350.00
901		7/1/12	%	4900.00
902		10/5/13	%	4900.00
903		6/15/11	%	4900.00
904		5/28/14	%	3400.00

By 2017, the person who lived in 902 has moved out -- making way for a new tenant who is now being charged a whopping \$5,800 dollars on the same apartment, an unexplained 25% increase on the rent paid by the previous tenant just four years prior:

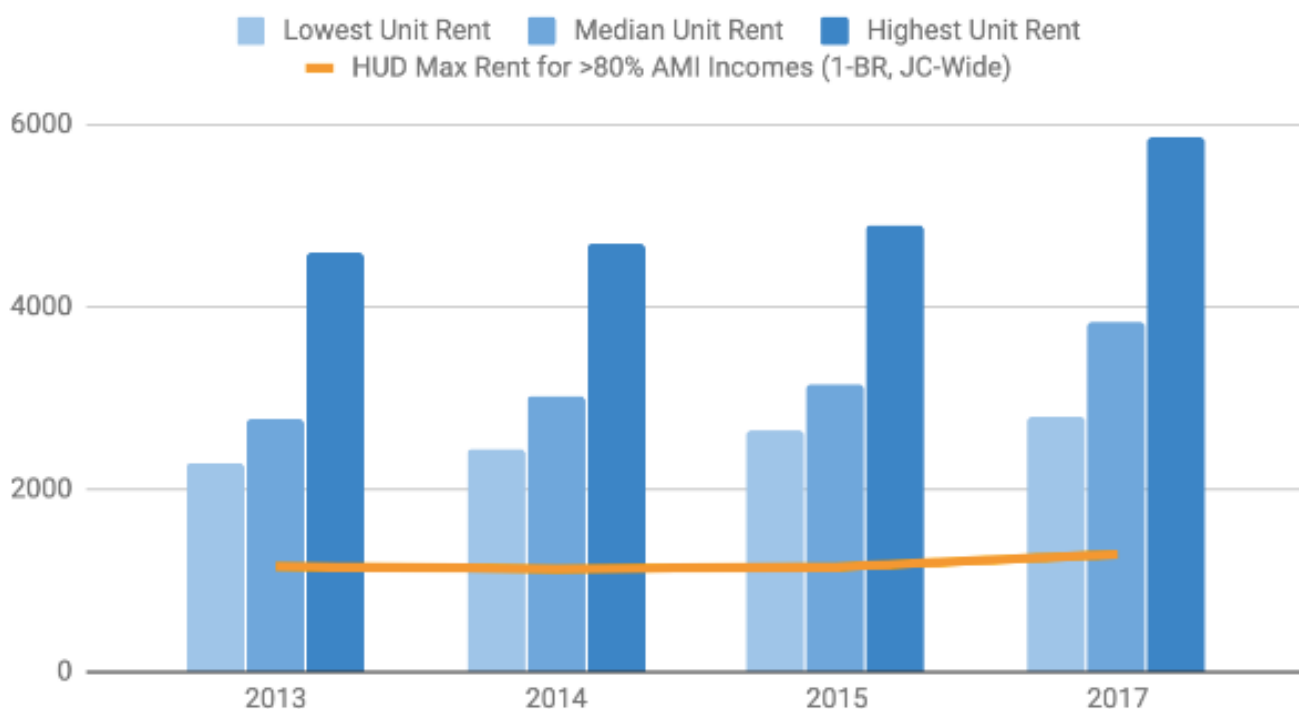
**APARTMENT 902 TENANT IN 2017 RENT**

804		3/1/2016	3,200.00
901		7/1/2012	5,850.00
902		5/1/2017	5,800.00
903		6/15/2011	5,850.00
904		5/28/2014	4,120.00

A look at the range of rents tenants were asked to pay at 144 Steuben demonstrates a consistent pattern of sharp rental increase across just five years.

**FIGURE 12**

**144 STEUBEN: UNIT RENT BY YEAR, 2013-2017**

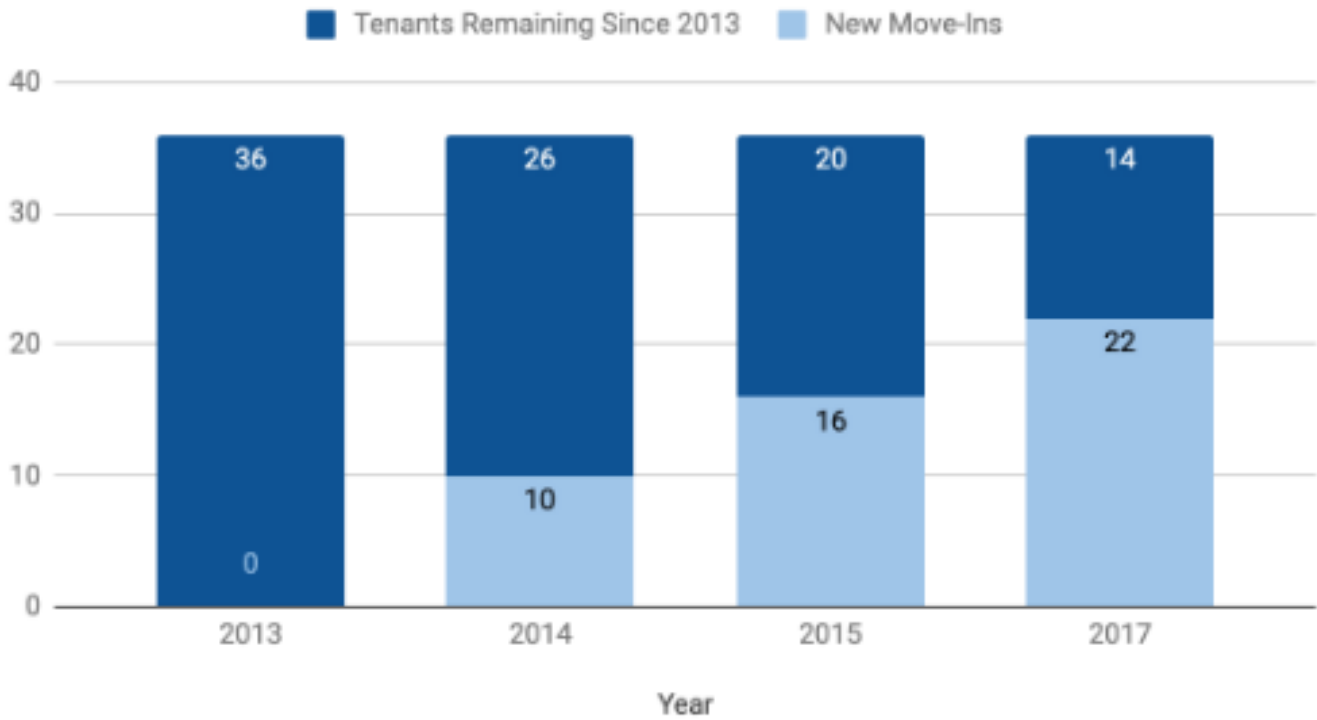


\*HUD 80% AMI rent obtained via <https://www.nj.gov/dca/hmfa/developers/credits/compliance/limits.shtml>

Despite the absence of capital improvement applications, and the city ordinance’s limits on rent increase, this landlord was able to replace nearly 61% of their rent-controlled tenants, and increase total profits by 32% since 2013.

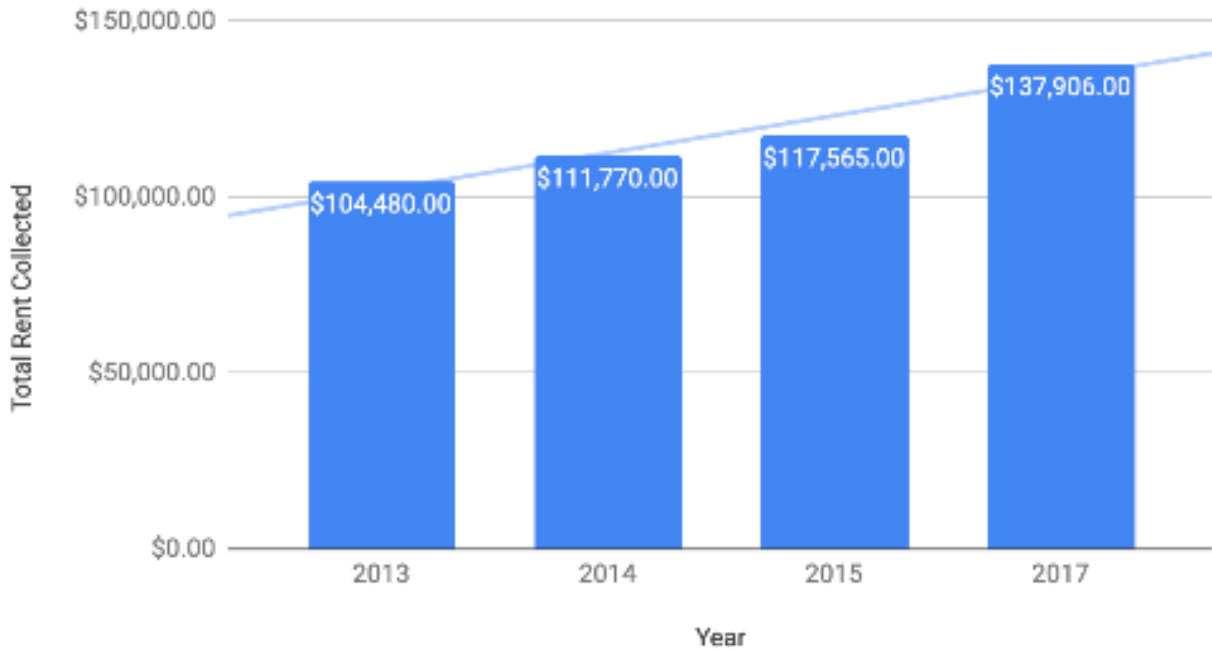
# FIGURE 13

## 144 STEUBEN: UNIT RENT BY YEAR, 2013-2017



# FIGURE 14

## 144 STEUBEN: TOTAL RENT COLLECTED, 2013-2017



---

## 5. THE PERMANENT LOSS OF AFFORDABLE UNITS THROUGH DEMOLITION

The story of 375 5th St. reveals how landlords can exploit a “demolition loophole” to remove apartments from their rent control protections – permanently.

In 2015, 375 5th St. contained 6 rent controlled apartments in the rapidly gentrifying Village neighborhood of downtown. Three units rented for less than \$1,000 a month, with the most expensive rent at \$1,350. As with all rent-controlled units, the landlord could not increase rents above the CPI increase unless they applied for an exemption.

That same year, however, the owners at 375 5th St. found a way around those restrictions. They applied for, and eventually received, permission to demolish their building. The demolition of a building covered by the rent control ordinance removes all rent protections from the newly constructed units. The new units will likely sell for prices near and above \$1M...and six affordable units have now been permanently removed from the city.

Over the course of three separate hearings before the Zoning Board of Adjustment to approve the new project, the permanent loss of the six affordable units was never discussed. It is quite possible neither the Planning Department staff nor Board of Adjustment Commissioners were ever aware that the units were rent controlled.



---

Tenants whose buildings receive demolition approvals are still protected under the New Jersey state anti-eviction law. That law may offer the tenant the legal right to remain in the unit despite the demolition approval; however, many tenants may not be aware of those rights. In this case, we do not know how the tenants at 375 5th St. were removed.

As a full review of demolition records was beyond the scope of this report, we do not have a complete list of the rent-protected units lost through demolition. However, the existence of this “demolition loophole” demonstrates the need for Jersey City to monitor all future demolition applications for their impacts on affordable housing.



# RECOMMENDATIONS

The rapid loss of affordable housing merits immediate and drastic action. Jersey City already enacted our first recommendation, which would have been to replace the Directors of the the Housing, Economic Development, and Commerce Department and the office of Landlord / Tenant Relations. We hope this new leadership embraces their mandate to enforce Jersey City's rent control laws.

To address the crisis outlined in the report, our office issues the following eight recommendations:

**1. MAINTAIN A PUBLICLY-SEARCHABLE DATABASE OF ALL RENT CONTROLLED UNITS IN JERSEY CITY WITH RENTS LISTED**

- Right now, tenants must call the Office of Landlord/Tenant Relations to learn if their unit is rent controlled. The list of buildings and units subject to the ordinance should be comprehensive and easily accessible. In addition, the Office of Landlord/Tenant Relations must enforce the requirement to publicly post visible rent control disclosure signs in common areas of all rent-controlled units in Jersey City.

**2. PROACTIVE OUTREACH TO TENANTS TO ALERT THEM THAT THEY LIVE IN A RENT CONTROLLED UNIT**

- Require, as promised at the end of 2018, a comprehensive re-registration of every rent-controlled building in the City. Furthermore, Jersey City should annually mail tenants a notice informing them they live in a rent controlled unit, an FAQ on their rights, and key contact information.

---

### **3. FINE LANDLORDS WHO SUBMIT INCOMPLETE RENT REGISTRATION STATEMENTS WHILE OFFERING EDUCATION ON HOW TO FILL OUT THE FORM PROPERLY**

- Landlords submit forms that are almost blank, omitting crucial information that could flag unfair rent hikes or potential tenant harassment. The Rent Leveling Administrator and Rent Leveling Board need to emphasize and enforce an "all fields required/incomplete forms will be returned" policy with teeth attached. The Rent Leveling Board should add an instruction page to all rent registration forms providing simple definitions of key terms. The City should also host regular training events for landlords and make this information available through their website.

### **4. ANALYZE "RENT ROLL" FOR EVIDENCE OF ILLEGAL RENT INCREASES OR HIGH RATES OF TURNOVER**

- The Rent Leveling Board and Tenant/Landlord Office should pursue a rigorous audit of all available rent-controlled building registries. The "rent rolls" often contain evidence of concerning behavior by landlord that merits additional investigation. All rent rolls should be scrutinized and enforcement taken against any landlord found to have violated the ordinance.

### **5. ENCOURAGE TENANTS WHO MAY BE SUBJECT TO ILLEGAL RENT INCREASES TO CONTEST THEM**

- Investigations by the Office of Landlord/Tenant Relations can identify potential illegal rent increases. Tenants should be immediately notified of such a situation and encouraged to file an illegal rent increase application with the Rent Leveling Board.

---

## **6. SIMPLIFY AND STREAMLINE THE PROCESS BY WHICH TENANTS CHALLENGE ILLEGAL RENT INCREASES**

- Make illegal rent increase applications easily accessible to the public through the city website.
- Publish a clear guideline of steps to file such an application.
- Pass legislation to ensure that landlords are held accountable when they do not file their annual Rent Registration Statement form properly.

## **7. END THE "VACANCY LOOPHOLE" FOR CAPITAL REPAIRS**

- All capital improvements should be pre-approved by the Rent Leveling Board. The “vacancy loophole” creates a perverse incentive for landlords to push out tenants and execute costly repairs without oversight resulting in rents that are no longer affordable. The City Council should quickly amend the law to eliminate this loophole.

## **8. END THE "DEMOLITION LOOPHOLE" TO STOP THE PERMANENT LOSS OF UNITS**

- Any building demolished should not be able to shirk its obligation to provide affordable units. Landlords must provide, at a minimum, one-to-one replacement of rent-protected units if they apply for a demolition permit. The City Council should quickly amend the law to eliminate this loophole.



# CONCLUSION

Downtown Jersey City's housing costs have outpaced people's wages. Rent control addresses that reality head-on. When implemented properly, it keeps long-time community members in the neighborhoods they've helped grow and build through affordable housing. Unfortunately, because of lax enforcement and easily exploitable loopholes, rent control in downtown Jersey City fails to deliver this benefit.

This report's conclusions call for immediate action. The rent control system is broken: landlords operate with impunity while tenants live unaware of their rights. Each day of delay could lead to another illegal rent increase or another long-time resident displaced. The Jersey City's Office of Landlord/Tenant Relations must enforce the laws aggressively and proactively. Jersey City Council, as the legislative body of the city, must quickly strengthen the rent control ordinance and close its loopholes.

Last but not least, this report serves as a cautionary tale of what occurs when government forgets whom it serves. If the rules on the books had only been enforced, Jersey City would be more just and equitable than it is today. Taking swift action now cannot repair the mistakes of the past, but it can deliver a better city today.

## APPENDIX B

### LIST OF RENT CONTROLLED BUILDINGS IN DOWNTOWN

Rent Control Building	Estimated Number of Units
89-95 WAYNE	50
250 FIRST ST.	50
238 FIFTH STREET	43
144 STEUBEN	36
245 VAN VORST ST.	24
284 THIRD	22
278-286 BARROW ST.	20
47 MERCER ST.	20
108 SUSSEX	15
98 WAYNE ST.	15
233-235 SECOND ST.	14
221 FOURTH	11
277 EIGHT	11
101 SUSSEX ST.	11
96 WAYNE ST.	11
208 FIFTEENTH	10
214 WARREN	10
295 EIGHT	10
100 WAYNE ST.	10
110 SUSSEX ST.	10
112 SUSSEX ST.	10
174 GRAND ST.	10
228 MONTGOMERY ST.	10

---

294 BARROW ST.	10
297 BARROW ST.	10
563 JERSEY AVE	10
599 GROVE ST.	10
38 WAYNE	9
511 JERSEY	9
42 MERCER ST.	9
82 WAYNE ST.	9
92 WAYNE ST.	9
145 BRUNSIWCK	8
151 COLUMBUS	8
153 COLUMBUS	8
153 COLUMBUS	8
155 COLUMBUS	8
157 COLUMBUS	8
159 COLUMBUS	8
161 COLUMBUS	8
201 EIGHTH	8
205 EIGHT	8
219 SEVENTH	8
257 EIGHTH	8
300 SIXTH	8
311 SEVENTH	8
367 SECOND	8

---

399 SECOND	8
437 JERSEY AVE	8
464 MONMOUTH	8
505 JERSEY AVE	8
513 JERSEY	8
56 COLES	8
568 JERSEY	8
570 JERSEY	8
572 JERSEY	8
203 EIGHTH ST.	8
205 PAVONIA AVE.	8
206 SEVENTH ST.	8
209 FIFTH ST.	8
225 THIRD ST.	8
247 FIFTH ST.	8
270 SECOND ST.	8
272 SECOND ST.	8
276 SECOND ST.	8
278 SECOND ST	8
282 SECOND ST.	8
296 BARROW ST.	8
298 BARROW ST.	8
309 THIRD ST.	8



313 FIFTH ST.	8
314 SEVENTH ST.	8
323 FIFTH ST.	8
328 FIFTH ST.	8
335 PAVONIA AVE.	8
344 FOURTH ST.	8
378 THIRD ST.	8
380 THIRD ST.	8
52 BRIGHT ST.	8
566 JERSEY AVE.	8
597 GROVE ST.	8
137 BRUNSWICK ST.	8
191 COLUMBUS DR.	8
204 SEVENTH ST.	8
209 SIXTEENTH ST.	8
244 SECOND ST.	8
383 SECOND ST.	8
136 STEUBEN	7
212 FIFTEENTH	7
289 BARROW	7
317 PAVONIA	7
364 EIGHTH ST.	7
304 SIXTH	6

---

327 FIFTH	6
353 EIGHT	6
355 EIGHT	6
125 BRUNSWICK ST.	6
233 BARROW ST.	6
330 PAVONIA AVE.	6
346 SEVENTH ST.	6
345 PAVONIA AVE.	6
347 SEVENTH ST.	6
348 SEVENTH ST.	6
350 SEVENTH ST.	6
351 SEVENTH ST.	6
375 FOURTH ST.	6
491 MONMOUTH ST.	6
493 MONMOUTH ST.	6
362 EIGHTH ST.	6
605 JERSEY AVE.	6
72 WAYNE ST.	6
195 BAY ST.	5
304 SECOND	5
318 THIRD	5
344 SEVENTH	5
266 ERIE ST.	5

---

341 PAVONIA AVE.	5
347 PAVONIA AVE.	5
135 BRUNSWICK ST.	5
397 SECOND ST.	4
<b>Total</b>	<b>1151</b>