



ABOUT THE HARMON CASE and the U.S. SUPREME COURT

Mr. Harmon and his “hardship”

James Harmon’s grandparents bought the brownstone in question in 1949 for \$41,000. At the time of the initial purchase, all of the apartments were subject to the old rent control law.

The brownstone is now worth at least \$3 million. Since 1949 its value has risen 25 percent faster than the stock market, more than twice the increase in median home prices nationwide, and more than nine times faster than the general cost of living.

The brownstone currently contains three rent-stabilized apartments and three unregulated apartments. In addition, Mr. and Mrs. Harmon live in a spacious apartment.

In 2005 Mr. Harmon bought out his brother’s interest in the property for \$1.5 million. At the time of this purchase, three of the units were rent-stabilized, which Mr. Harmon, as co-owner, certainly knew.

Who is being subsidized?

Mr. Harmon’s petition to the U.S. Supreme Court claimed that rent regulations force him “subsidize” his rent-stabilized tenants who he says pay 59 percent less than his market rate (unregulated) tenants.

But Mr. Harmon conveniently ignores the value brought to his property by other regulatory actions, including fire safety and building codes, landmark preservation programs, and stricter zoning regulations – all of which have created and maintained a safe and habitable city, but whose net effect has been to suppress the housing supply and thereby greatly enhance the value of existing structures.

Mr. Harmon bought his property under a regulatory system he well understood, and profits handsomely from limitations created by other regulations. If anyone is receiving a windfall from government invention, it is the Harmon family.



Why the courts are not the proper venue

Virtually every act of government carries with it a shifting of benefits and burdens. Balancing the concerns of affordability, safety, environmental and cultural quality, profitability and neighborhood stability are issues best handled by democratically elected legislatures.

The U.S. Supreme Court has agreed with this position in the past. In a unanimous decision of 2005, Justice Sandra Day O'Connor wrote in *Lingle v. Chevron*, involving commercial rent regulation in Hawaii, that courts are not competent to judge the economic fairness of regulatory actions and that these matters are best left to legislative bodies. The decision not to grant cert in this case follows the precedents set by previous decisions.

The real purpose of rent and eviction regulation

The overarching purpose of rent protection laws is not simply to protect tenants who are currently in occupancy, but to preserve a supply of affordable rental housing for the next generation of renters. Deregulation of apartments upon vacancy destroys this central feature of rent regulation.

The rent laws were never intended only to protect low-income tenants. They were designed to prevent profiteering, speculation and unjust evictions in a market where demand vastly outstrips the supply of rental housing. If New York were to ever have a vacancy rate over 5 percent, as most cities do, rent regulation would cease to be in effect.

Rent law protections allow low-income and middle-income families to remain in their homes and neighborhoods. Rent stabilization = neighborhood stabilization.

Where are rent-stabilized apartments and who are rent stabilized tenants?

Contrary to real estate propaganda, rent-stabilized apartments are located throughout the five boroughs. Brooklyn, not Manhattan, has the most, with 295,631 units. Manhattan is second with 264,366. The Bronx has 229,362; Queens 189,021; and Staten Island 8,461.

Rent stabilized tenants had a median annual household income of \$37,000 in 2010, compared to \$75,000 for homeowners.



Rent burdens for rent stabilized families in New York City have skyrocketed from a median of 22 percent of income in 1970 to more than 35 percent of income in 2011.

65.65 percent of tenants in rent stabilized apartments are people of color and/or Spanish speaking. Non-Hispanic white households occupy 34.35 percent of rent-stabilized units.

Landlord misinformation

Despite misleading information from the landlords' lobby, data and studies from many sources, including the U.S. Bureau of the Census and the New York City Rent Guidelines Board show that rent stabilization has not suppressed housing construction, reduced housing quality, or promoted housing abandonment. And data from the New York City Department of Finance demonstrate that owners of rent-stabilized properties are doing well, with a net operating income of 38 percent.