

CONNECT THE DOTS: Money in Politics

Landlords Give Generously in Albany; Rent Regulations Slowly Disappear

In good times and in bad, there is one thing New Yorkers can count on: the unrelenting housing crunch in many of our cities and towns. Tenants turned to their lawmakers in Albany to protect them from escalating rents. But the real estate industry, with substantial profit at stake in the residential property market, also turned to lawmakers, using their money to influence policy. This year, the special interests' investment appears to have paid off.

Tenants and landlords in New York have been battling over rent regulation for decades. Most New Yorkers want to preserve rent regulations—nearly 80%, according to a 1997 *New York Times* poll. This year, New York's rent laws were set to expire on June 15 unless they were renewed by the Legislature. The last time the rent laws took center stage, in 1997, the laws were renewed—but only after changes that seriously weakened protections for tenants and threaten to gradually erase rent regulated apartments from the map. This time around, the millions spent by landlords on lobbying and campaign contributions swayed this crucial debate, and the Governor and State Senate Republicans rushed through a last-minute bill that tenant advocates estimate will lead to the deregulation of about 300,000 apartments over the next decade.

Campaign Cash Comes Home to Albany

Rent regulations are important to millions of tenants across the state. But their voices have been drowned out by the millions of dollars given to state lawmakers by real estate interests. Real estate interests have wallpapered Albany with **over \$2.7 million in campaign donations** since 1999:

\$1,477,000 from industry trade associations Rent Stabilization Association (RSA), Real Estate Board of NY (REBNY), Bronx Realty Advisory Board, and their PACs

\$1,249,000 from members of the boards of RSA and REBNY

Many of these donations were in sizable chunks of \$25,000, \$40,000 or even \$50,000. More than half went to state political parties, with the Conservative and Republican parties overwhelmingly favored over the Democrats.

Republican and Conservative Parties Clean Up;

Democrats Left in the Dust

When making donations to the state parties, real estate PACs virtually ignore the typically pro-tenant Democrats.

Their favorite recipient is the **Senate Republican Campaign**

Committee, which received \$475,750 from real estate trade associations and their PACs and an additional \$300,350 from their board

members—a total of **\$776,000** since 1999.

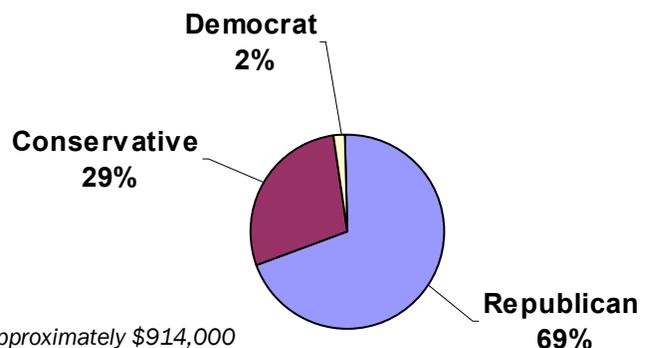
While the Conservative and Republican parties received multiple contributions of \$50,000 or more, the largest single PAC contribution to the Democratic party was a mere \$3,000.

The most favored individual recipient of industry giving? **Governor Pataki**, who alone received more than \$208,000 from RSA and REBNY board members and \$72,000 from the organizations and their PACs, for a total of **over \$280,000**. Additionally, the Republican State Committee, a party account under the Governor's control, collected \$166,000.

Not all Republicans are so favored. For example, Senator Padavan, who supports renewing and strengthening tenant protections, has received only \$900 from 1999 to date.

A bill to extend and strengthen rent regulations passed the Assembly in early February, but the companion bill saw no activity in the Senate until the final days of session, despite a media spotlight on the issue and serious public concern about rent hikes in a

PAC and Trade Association Campaign Giving to State Parties, 1999-2003



Out of a total of approximately \$914,000

weak overall economy. After enacting four emergency one-day extensions of the laws, the **Senate Republicans outmaneuvered Assembly Democrats** and passed a measure late in the last day of session that further weakened the renewed rent regulations. Faced with a choice between letting all rent regulations expire or passing the Republican-backed bill, the Assembly voted 106 to 38 to pass the Senate version.

Real Estate's Deep Pockets

Landlords consistently made donations of \$10,000, \$25,000, and even more. RSA and REBNY board members made fifty contributions worth \$10,000 or more.

Their PACs wrote two dozen checks worth \$25,000 or more—all to the Conservative or Republican parties or Governor Pataki.

The biggest individual donors to state candidates and parties since 1999:

Leonard Litwin, \$218,300

Howard Milstein, \$166,300

Peter Kalikow, \$154,100

Clearly, wealthy real estate moguls are way ahead of the average tenant when it comes to the power of the pocketbook. **The average NYC tenant household has an income of \$31,000.** Many of the individual gifts from big donors surpassed the

average renters' annual income. New York State's deeply flawed campaign finance system perpetuates these dramatic inequities.

Landlords Move in With Lobbyists

On top of making large campaign contributions, **RSA and REBNY each have spent over half a million dollars lobbying** in the capitol since 1999. Both organizations consistently report lobbying on rent regulations throughout this period.

In total, they spent **nearly \$1.2 million** lobbying in Albany from 1999 to date.

Why This Year's Battle Mattered—to Both Sides

After the heated political battles over renewing the rent laws in 1997, many saw rent control as a minor issue in 2003. Governor Pataki and Senator Bruno had said they were happy with rent regulations as approved in 1997 and would be willing to extend them into the future.

In fact, vacancy decontrol and other provisions added six years ago will slowly end rent stabilization over the next 20 or so years. Tenant advocates estimate that weaker rent control laws have allowed 100,000 apartments to fall out of

FACTS ABOUT

NEW YORK'S TENANTS:

- *Rent control and/or rent stabilization laws affect New York City and various cities, towns and villages in Albany, Erie, Nassau, Rockland, Rensselaer, Schenectady and Westchester counties.*
- *Two-thirds of NYC residents are renters.*
- *In NYC, half of all apartments are either rent controlled or rent stabilized—approximately 1 million apartments in total.*
- *More than a quarter of renters in NYC spend half or more of their income on rent.*
- *In 2001, the median income for a NYC tenant household was \$31,000.*

Sources: Gotham Gazette and HPD

the stabilized housing stock since 1993. The 2003 law further undermines rent regulations.

Landlords want regulation to fade away. Consistent landlord lobbying and campaign contributions over the last four years have been key to this goal.

Albany's Shaky Foundations Mean Instability for Millions of New York Tenants

By not passing a bill until the final day of session, lawmakers favoring deregulation were able to keep real debate on this crucial question out of the Legislature. Because the New York Legislature does not have a procedure for resolving conflicting bills passed by the two houses, this late-in-the-day maneuver painted the Assembly into a corner. Instead of a democratic, merit-based decision-making process that New Yorkers could trust, the millions of dollars spent by industry interests drowned out the voice of the people.



This fact sheet was created in July 2003 as part of a series called CONNECT THE DOTS, which aims to show how money in politics impacts on issues New Yorkers care about. To learn more about Common Cause/NY's CONNECT THE DOTS coalition, call 1-800-300-8707. This project was made possible by support from the Robert Sterling Clark Foundation.