



February 11, 2010

The Council of the City of Hoboken
City Clerks Office
94 Washington Street
Hoboken, New Jersey 07030

Dear Hoboken Council Members:

The Liberty Board of REALTORS follows issues that come about from rent control in Northern New Jersey as part of our service to our membership. As for myself, I have followed the different successes and failures that Rent Control has had in New Jersey since President Nixon lifted wage and price controls in January 1973. I became intimately involved when I became the first member appointed to Hoboken's Rent Leveling Board, and then being honored by Rent Leveling Members throughout the state by being appointed to their Executive Committee. I was also deeply involved with the design of the operational processes for the Hoboken rent leveling office, which was reasonably accepted by both tenants and landlords, and unchanged for almost 10 years.

The rent leveling office in Hoboken started as a non-political place of fairness and remained so until 1983. It is not easy, but if I had the opportunity to give any advice on how to accomplish this in the future it would be to make sure there is as little involvement of attorneys as possible in the daily operations. Our mission was to assure that both landlords and tenants were treated fairly. That mission should return as a major objective for the City. Most importantly, tenants should not receive rent increases that could be interpreted as a means of harassment or rent gouging. For the first 10 years conflicts that couldn't be handled through simple discussion were rare. There were no lawsuits and there were no procedures developed that were inconsistent with the spirit or the purpose of the ordinance.

We did this with only one staff person and rarely was the law department involved. In fact, the City attorney assigned to us would jokingly complain that if all the committees assigned to him used his service as little as we did his son would have to pay his own way through college. Landlords and tenants were never treated as the enemy. We always reminded the property owners that they may own the property, but the apartment rented was a home for their tenants and

as such they should always be respectful to a tenant's concern. We cooperated with all inquires from interested investors, attorneys and REALTORS.

This was all done when the Hoboken Rent Leveling law covered more than 18,000 units, a staff of one person and almost no budget for attorney fees. Now Rent Leveling covers less than 7,000 units and it's our understanding it takes more than three staff people to operate and with an attorney on retainer. There are numerous complaints about the lack of openness and understanding of the Rent Leveling Board's records. This, at a time when Hoboken's spending and finances are in dire straits and tax dollars are getting harder and harder to come by. If the present crises is to be resolved with good legislation that the citizens of Hoboken can live with then the city council should know the history of rent control in Hoboken.

The City of Hoboken adopted a rent control ordinance soon after the Borough of Fort Lee, which was the first New Jersey municipality to do so following the lifting of wage and price controls in 1973 by President Nixon. Other municipalities also followed Fort Lee's lead by adopting their own rent control ordinances.

After adopting an ordinance similar to Fort Lee's, Hoboken realized it needed an entirely new ordinance that reflected its stock of tenement housing. Fort Lee's ordinance was more suited to its reliance on High Rise Luxury housing. Hoboken has come a long way from those days of well built, but deteriorating housing stock. Homes in Hoboken were built to last even if their owners were financially unable to fully maintain them. Then in the late 1970's Hoboken's renaissance began with the Brownstone Boom. New Yorkers found homes in Hoboken for one third the price of what they were selling for in the five boroughs. In fact it took less time to travel from Hoboken to Manhattan than it did from any of the boroughs.

Hoboken's second ordinance, adopted later in 1973, was directed to an understanding of the city's needs and covered almost 20,000 units. That ordinance worked successfully for both landlords and renters for more than ten years and was administered by a one-person staffed Rent Leveling Office.

In 1983 the Hoboken City Council approved an amendment to the rent control law. The most notable change for local residents was to include all housing units in Hoboken, becoming the only rent control law in the country to control rents on housing units with less than 3 units in a building. But investors in Hoboken saw this as the beginning of the change of a law that had served landlords needs to maintain their properties and protect tenants from unreasonable rent increases. It was also the major impetus for the conversion of many tenements to condominiums.

Here's a bit of history you will not find in any records. This amendment was championed by the then city council president. His was facing an election campaign against a well know tenant advocate and he saw this as his ticket to win his upcoming election. But the public was not fooled. Tenants did not like

being appeased and small homeowners were outraged. He was handily defeated.

Then sometime after 2000, Hoboken, in an effort to continue to not serve the interests of all its residents, reinterpreted the city's rent control policy, one that created confusion and caused some homeowners to consider bankruptcy as the only way to solve their problems. From the beginning the Rent Leveling Office never required "vacancy decontrol forms" to be filed, and at other times simply refused to accept them. Hoboken changed that long standing policy. It is our understanding that if a property owner at any time was out of compliance with the new policy to require vacancy decontrol forms, all of their previous rental increases would be disallowed, even if the owner had been in compliance with the city procedures at the time.

We understand that because of the recent court decision the City Council is considering amending its rent control law. The best way to tackle this problem is to take from history what worked so that property owners are treated fairly, tenants are not harassed or become victims of rent gouging, and all taxpayers are treated properly by not spending tax dollars foolishly.

Our executive committee has attempted to meet with Mayor Zimmer but she has not yet shown any interest in receiving our input. This is why we are writing this letter directly to the City Council. The only solution may be to go back to when Rent Leveling worked in Hoboken. It is something that should be considered. The city does not need unnecessary employees or attorneys on the public payroll.

If any Council member believes the Liberty Board can be of any assistance to them please don't hesitate to contact us.

Sincerely,

Joseph W. Hottendorf
Executive Vice President

cc: Mayor Dawn Zimmer