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Testimony of Sarah Stefanski
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To the New York City Council Committee on Aging
Regarding the Senior Citizen Rent Increase Exemption Program

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Good afternoon Chairwoman Chin and members of the City Council Committee on Aging. My name is Sarah Stefanski and I am the housing budget and policy analyst at the New York City Independent Budget Office. Thank you for the invitation to testify today on the city's outreach efforts and the eligibility thresholds related to the Senior Citizen Rent Increase Exemption program, known as SCRIE.

As you know, low-income senior households enrolled in the SCRIE program receive a rent freeze and landlords in return receive a property tax abatement to compensate for the lost rental income. The SCRIE program applies to low-income seniors living in certain types of regulated housing, such as rent-regulated apartments, Mitchell-Lama housing, and Article XI cooperatives; it is not available to low-income seniors living in market-rate rental housing.

A household is eligible for SCRIE if at least one tenant is age 62 or older, lives in a qualified regulated apartment, has an annual income that does not exceed \$50,000, and pays more than one-third of their monthly income in rent. Tenants with Section 8 vouchers or those who live in public housing do not qualify for the program, as they receive other forms of assistance that limit their rent burden. Because seniors must be paying more than one-third of their income in rent in order to qualify for SCRIE, the program by definition freezes seniors' rents at a level above what is generally considered "rent-burdened." In this way, SCRIE does not alleviate the burden, but does keep the problem from becoming worse.

SCRIE Participation

For many years the SCRIE program has been plagued by low participation rates among eligible seniors. In [testimony](#) delivered before this committee in 2002, when the threshold for annual income was capped at \$20,000, IBO reported that about one-third of seniors eligible for SCRIE were participating in the program. More recently, in a 2014 City Council Finance Committee hearing, IBO [testified](#) that an estimated 43 percent of eligible households benefited from the SCRIE program. These estimates compared data on housing and income for seniors using the New York City Housing and Vacancy Survey, which is administered by the U.S. Census Bureau and published every three years.

We have updated our previous work using the 2014 Housing and Vacancy Survey and 2016 SCRIE participation numbers reported by the Department of Finance. Because of data limitations, we focus solely on SCRIE; our estimates do not include the Disability Rent Increase Exemption, a related program that freezes rents for some people with disabilities.

IBO estimates that there are 130,000 households in the city eligible for SCRIE under the current rules. According to the Department of Finance, the number of households enrolled in SCRIE has been on the rise. A total of 59,524 households are participating in the SCRIE program in 2016, up from 57,325 households the year before.

Based on data from the Housing Vacancy Survey, we estimate that approximately 46 percent of eligible households are enrolled in the SCRIE program in 2016. Given the nature of the Housing and Vacancy Survey data, it is difficult to make direct comparisons over time. Nevertheless, our estimates suggest an improvement in the participation rate since we last testified in 2014, even as the number of SCRIE-eligible households has grown. The increased participation has occurred as the city has stepped-up its outreach efforts to get eligible seniors enrolled in the program. Despite the improvement, our analysis suggests that less than half of eligible seniors are currently benefitting from the program.

Proposed Changes to SCRIE

The Council is considering several resolutions today that would support state legislation seeking to broaden the eligibility for SCRIE by changing the way that the income eligibility threshold is determined. Resos 59 and 114 call on the state to enact legislation that would either exclude some types of income (such as annual increases in Social Security) or deduct some kinds of expenditures (such as unreimbursed medical expenses) when determining SCRIE eligibility.

There is broad support for the goal of increasing SCRIE enrollment and preventing current recipients from being dropped when automatic cost of living adjustments boost seniors' income. But the administrative burden both for seniors and for the city that would likely be necessary to implement such changes would limit their effectiveness. For example, seniors would need to keep careful track of which medical costs were not fully reimbursed and then submit receipts to the Department of Finance for verification.

A simpler and less costly approach is to keep the basic eligibility threshold rising in sync with cost of living adjustments to Social Security and prevent erosion in the inflation-adjusted value of the eligibility threshold. This approach is suggested by another section of Reso 59, which calls for enactment of state legislation to automatically index the eligibility threshold using the local consumer price index. As the Council considers which resolutions to advance, administrative burdens and ease of compliance should be a factor in your deliberations.

Thank you again for the invitation to testify and I would be happy to answer any questions.