



WHITEPAPER

**HOBOKEN REFERENDUM
POSTURING: WASTEFUL,
WRONGHEADED, REVEALING**

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Introduction

You've been pounded by canvassers and mail concerning the upcoming Referendum ballot question on rent control. Our group of Petitioners are all Hoboken residents. We constructed the Referendum, and it's time you heard the actual reasons for the Referendum and its impacts.

The upcoming Ballot initiative is very specific about its impacts to new tenants, existing tenants and funding for affordable housing:

Should Chapter 155-31 of the Ordinances of the City of Hoboken, Rent Control Ordinance ("RCO") be amended to provide an option to landlords to pay a fee of \$2500 to the Hoboken Affordable Housing Trust Fund in order to lease voluntarily vacated apartments at a freely negotiated rent, which thereafter remain subject to the provisions of the ("RCO") including limitations on annual rent increases.

The Referendum specifically reaffirms protections for new and existing residents under the current rent control ordinance. While the Referendum is a reaction to Hoboken Government's mismanagement of both its affordable housing policy and its rent control administration, it stands on its own objectives: It will utilize rent controlled housing to the benefit of those who need housing subsidies by providing new revenue sources to build it; and it will allow new tenants to move into improved apartments at rent they can afford. By allowing tenants to pay market prices, property owners will be incentivized to make needed repairs that are impossible for them to make under the current law, which severely constrains rents even at vacancy.

Referendum Achieves Tax Fairness

Two years ago, the Administration raised property taxes at four times the rate it proposed, to limit increases in rent - and this year increased property taxes at twice the rate. Allowing the City to keep up with rising costs but sentencing the rental housing stock to deterioration by forcing it to lag behind increased expenses. This is a death spiral for housing. You can see it in certain parts of town - it is obvious which properties are under rent control.

But pandering to the tenant vote is not the end of the unethical government actions we consistently see when it relates to rent controlled housing. Hoboken officials then asserted that all condo owners are under rent control. **It's patently outrageous that if condo owners wanted to rent their apartments, they can only charge rents are based on 1985 rental data.** While most condo owners occupy their apartments and do not intend to rent their units, price constraints affect the value of all units.

Adding to the injury, because property taxes on commercial property are based on the revenue to the property, property taxes paid by rent controlled buildings are minimized. The tax burden is then shifted to condo and single-family homeowners despite that there is no difference in the services the City provides condos from rent controlled apartments.

In essence, Hoboken government pays for votes from high-income tenants in rent-controlled apartments with money extracted from property owners. But by allowing rent-controlled properties to freely price their units upon vacancy, after which they fall under rent control – which would also apply to the Condominium owners should they seek to rent their units – the property tax burden will be rebalanced.

An Agenda to Undermine Property Ownership

Last year the Council adopted policies that punished property owners who reduced rents in COVID by forbidding them from charging those pre-COVID rents upon vacancy – a dramatic change in the law that benefitted no existing tenant at that time. Previously there were 12,500 rent-controlled units in Hoboken and now there are fewer than 7,500. Recent policies only further assure that there will be additional conversions to condominium and single-family homes, which puts additional strain on the rental market in Hoboken.

Then the rent control board ignored the counsel of its own attorneys and issued rulings that caused commencements of four separate lawsuits whose prospective liability exceed \$100 million. Hoboken's win-loss record in litigation is atrocious, as evidenced by the recent tragedy of its management of the Western Edge redevelopment program. More losses on the horizon will create liabilities for Hoboken taxpayers.

What's Behind The Opposition?

Hoboken officials have done everything they can to interfere with the Referendum. On two occasions only threats of litigation forced the City Clerk to provide an honest counting of signatures on our petitions to get on the ballot. In defiance of notarized documents, the last round of signature submissions saw 207 of 209 signatures rejected, but we fought our way onto the ballot despite a dishonest signature review. Then despite our notices that

it was illegal to do so, the Council submitted its own interpretive language to accompany the ballot question, supposedly, in the name of educating voters but in actuality was an attempt to drive no votes. The drafters are the very same people opposing the Referendum and therefore how could their drafting be considered objective?

And now the Administration is sending out “notices” about the election without the actual question and with the ballot language altered as an attempt to bias voters against the Referendum. With unlimited access to Administrative and Legal expenses – all ultimately borne by the taxpayers – the politicians are purposefully tipping the scales.

The question is why? And for who? The organized opposition is a group of tenant activists – led by the toxic political agenda of a radical group of Hoboken residents who are deeply connected to the Democratic Socialists of America who are based outside of the City. Their best allies have been:

Tiffanie Fisher, whose weekly drivel is almost impossible to decipher but who seems to enjoy saddling her wealthy Tea Building neighbors with the cost of her bizarre values that at the same time reward her own real estate investment greed AND send condo owners the bill for discounted rents for people who don’t qualify for subsidies in the form of escalating property taxes;

And Mayor Ravi Bhalla , who on the heels of a brutal loss in his Congressional bid is trying to revive his political career using taxpayer money paying for edited ballot mailers that are not only deceitful, they could very well be classified as tampering. Biased assaults on the facts as a Referendum is over the line and Hoboken residents should not allow themselves to be duped by a government trying to obscure its own failures.

There are two truths the Government seeks to cloak: First, not one current tenant in Hoboken will be affected by the proposed Referendum. If property owners harass tenants to create vacancies, they are subject to criminal prosecution and regulatory consequences that far outweigh any prospective rewards. The public should be asking, why would Hoboken government suspect harassment and not pursue the violators? **The administration should be ashamed of claiming an inability to protect its residents, but it also knows that there are no recent criminal cases.** The claim is bogus.

Second, rent controlled apartments are not solutions to affordable housing, which has been acknowledged time and again by the Governments elected officials, consultants and attorneys. Who currently gets Hoboken’s rent-controlled apartments? People moving into Hoboken who make \$100,000-\$300,000 per year or who have wealthy parent co-signors. **The Administration has not built one unit of affordable housing in 61 years and its Affordable Housing Trust has expended just \$2,100 in the last year on assistance to families in need.**

Look no further than the Council meeting of August 15th for the truth about Hoboken's affordable housing policy: The Referendum proposes that landlords pay \$2,500 into the Affordable Housing Trust Fund when a new tenant pays a market rent – money that could be used to enable the construction of new units at the site of the current Hoboken Housing Authority, as proposed by Councilmen Ramos and Russo and unanimously adopted by the Council. The joke is that all the Council people acknowledged at the time that there was no funding for the plan. When Councilman Cohen was challenged as to why he would not build affordable units, he said “that would change the character of the community.”

There has been and continues to be lots of optical messaging and virtuous talk from Hoboken government, but their true agenda is to find a way to assure that rich kids get the discounted housing so they can preserve their perceived 'character' of the community. Not to make a sincere effort to have affordable housing.

Rent control is not affordable housing. But if property owners are being burdened with the politics of a Government with a rotten soul, at least create some hope for people desperate to stay in their community who do not have the means to do so on their own.