US Centre Summer Research Grant

Recipient: Pratap Jayaram

Project title: Deals, debt, and collective action in New York City rental housing

Project summary:

Critical scholarship on rental housing in the past decades has focused on its dual role as both a necessary space of social reproduction and an asset for investment (Madden and Marcuse, 2016). Crunched between these two competing interests, tenants often find themselves struggling to remain in their homes amidst speculation-driven rent increases and – at times – overt landlord harassment. Research on landlord decision making has focused on distinctions between corporate and individual owners (Immergluck et al., 2020; Leung et al., 2021; Gomory, 2022), relationships between landlords and vulnerable tenants (Desmond & Valdez, 2013; Rosen & Garboden, 2022; Decker, 2023), and the effects of regulation on landlord behaviour (Hatch, 2017; Greif, 2018; Reosti et al., 2024). Scholarship taking a political economy approach to rental housing, meanwhile, has traced the process of financialization which has concentrated housing ownership and developed new forms of extraction from tenants (Aalbers, 2017; Akers & Seymour, 2018; Fields, 2018; Cooper & Paton, 2021). My research seeks to link these branches of the literature by considering a critical, under-explored element: the role of lending and mortgages in the operation of rental housing and the subsequent outcomes that tenants experience.

Following from this, my thesis poses the questions:

1) How does the interaction of lenders and real estate investors shape the landscape of New York City rental housing?
2) How do tenant-led efforts to secure community-controlled housing navigate debt, and what does this show about the pitfalls and possibilities of credit in the acquisition and preservation of affordable housing?

The first question speaks to the foundational relationship between the lending industry and the real estate industry in the production of rental housing for well over a century. The innovation of new debt instruments over the past hundred years has produced the rental housing landscape as we know it, while also precipitating nationwide crises that have necessitated the incorporation of these instruments into federal and state authorities, cementing the role of the private sector in both funding and operating multifamily housing. New York, with its history of tenant activism and centrality to the global financial system, serves as a unique case study for the collision of capital and social interests within the rental housing system. In particular, the past decade has been marked by a heated battle over the city's rent stabilised housing stock, with major tenant legislative victories capping a decade of credit-driven speculation. The continued contestation over rent stabilised housing today helps to reveal the most recent shifts in the financial and social role of debt in the private housing system.

On the other hand, local initiatives to develop alternatives to private, for-profit rental housing find themselves having to navigate the same housing finance structure which helped produce this crisis. My second research question therefore aims to understand the contradictions and complexities that come with engaging in community ownership initiatives, taking advantage of New York's strong community land trust (CLT) fabric. These organizations leverage grassroots political power alongside partnerships with elected officials and nonprofit affordable housing developers to simultaneously fight predatory landlord practices and funnel properties out of the cycle of speculation and into community ownership (Cahen et al., 2019; Kruger et al., 2020). Understanding how they navigate the complexities of the housing finance system, and the challenges which remain unresolved, is critical to strengthening the movement for housing justice.

I take a mixed methods approach to this study, seeking to combine qualitative engagement with lending, private rent stabilised housing, and affordable housing professionals with quantitative exploration of lending and housing quality patterns across New York.

Summer 2026 research:

Thanks to the funding I received from the Phelan US Centre, I was able to conduct two months of fieldwork in New York City, coinciding with several important events relevant to the lending, rent stabilised housing, and CLT worlds. I arrived in New York just in

time to absorb the end of one of the most heated Rent Guidelines Board processes in recent memory. Each year, the New York City Rent Guidelines Board convenes to organise a series of public panels, inviting testimony from rent stabilised property owners, real estate industry figures, affordable housing activists, and rent stabilised tenants. These public hearings culminate in a final vote, during which the Board announces their decision on the maximum allowable rent increase in rent stabilised units, covering new 1- and 2-year leases.

I attended the final public hearing as well as the final vote. During these events, I mingled with both tenants and landlords, hearing their perspectives on the process as well as their reactions to the outcome: a rent freeze (or a 0% allowed increase) for all units. These events also led to several follow-up interviews with owners, through which I was able to further grow my understanding of the stories and perspectives of rent stabilised landlords.

Separately, I also attended two events related to housing finance offering perspectives from two ends of the housing spectrum. The first of these was a half-day conference organised by the New York Federal Reserve, focused on building pathways to finance Community Land Trust initiatives in New York. The event centred on the work of several CLTs which had participated in a yearlong engagement with the Change Capital Fund, and presented insights from CLT organisers as well as leaders at multiple grant-making institutions focused on community ownership. The following day I attended the National Private Lenders Association (NPLA) Conference in Atlantic City, NJ. This conference gathered private lending professionals from across the country to discuss the state of the lending industry as well as build connections between brokers, lenders, and institutional capital providers. Together, these contrasting events offered me important insights into both profit-oriented and community-driven financing.

Preliminary findings:

My fieldwork over the summer showed me that turmoil in multifamily finance is causing legitimate issues for small rent stabilised property owners, which in turn is presenting both opportunities and challenges for the CLT movement. Private lenders (lenders which source their capital from institutional or individual investors rather than deposits) have played an increasing role in real estate investment since the 2008 financial crisis, signalling a shift away from traditional bank lenders. While regional banks and savings and loans have historically dominated multifamily lending in the New York rent stabilised market, shocks in this ecosystem in the past two years (the collapse of Signature Bank in 2023 and the near-collapse of New York Community Bank in 2024) have meant that the landscape of multifamily finance has shifted towards lenders with less historical knowledge of the rent stabilised market and a more rigid focus on projected rental incomes in the underwriting process. Even for a segment of the lending industry which prides itself on creativity and deal flow, the vast majority of the

private lenders I spoke with at the NPLA conference were reluctant to endorse the rent stabilised market given the stricter rigid governing regulations passed in 2019.

That stands in sharp contrast to the pre-2019 lending environment, when lenders saw rent stabilised assets as primed for an explosion on valuation given the looser restrictions on rent increases and the deregulation of units. The abundance of credit contributed to a booming market for rent stabilised properties, and property investors with both bank and private financing were able to amass huge portfolios of rental housing. Following the regulatory changes in 2019 however, underwriting standards for rent stabilised properties have tightened, and several lenders at the NPLA conference lamented the unwillingness of owners to acknowledge the more conservative valuations that lenders were assigning to their buildings due to their limited rental growth.

As a result, rent stabilised property owners have few options to access credit, either for property acquisition or for rehabilitation. The owners I spent time with at the Rent Guidelines Board events all shared a similar profile of business: family-owned, inter-generational, and with only two to three properties with close to 100% rent stabilised units under their ownership. These owners and their families had abstained from portfolio expansion, and in many cases had only minimally taken advantage of their ability to deregulate units in their buildings. If the NPLA conference represented the emerging direction of the real estate industry, these landlords were hardly the archetypal, deal-hungry investors sought by lenders. In many ways because they had chosen not to capitalise on the looser regulations, they were now facing legitimate financial stress (primarily in the form of skyrocketing insurance and utility costs) without the actuarial tools of a large portfolio. Facing a year-long rent freeze, these owners insisted that their buildings would only fall further into disrepair, criticizing the tenant movement's political agenda for moving the city towards a repeat of the 1970's era of mass housing abandonment.

This reference was notable for several reasons, not least because the abandonment crisis of the 70's is a key moment in the lineage of the modern CLT movement in New York. The organisers I spoke with over the summer recognised that a growing stock of rent regulated properties with apathetic owners and mounting distress was a potential opportunity to significantly expand community owned housing. The New York Federal Reserve event showcased a growing ecosystem of funders for CLT organizational development, and a nexus of political will and community organizing energy to continue to push for policies to support CLTs. However, acquisition and rehabilitation funding remains far less systematised than capacity building support, meaning that organizations with little experience in real estate finance are having to navigate significantly more complex capital structures than other property owners. Given the extensive rehabilitation needs of the properties most well positioned for CLT

acquisition, it is something of an open question how to build the financial pipelines necessary to support CLT rehabilitation of these properties at the necessary scale.

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