THE HOUSING AFFORDABILITY WAR

How politicians turn a housing shortage into political power - and what one New York apartment reveals

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WHEN A POLITICIAN PROMISES TO FREEZE THE RENT, ASK A SECOND QUESTION.

WHO WILL BUILD THE NEXT APARTMENT?

THE CHARGE: The Housing Affordability War exploits real hardship. Politicians show the rent, hide what it takes to create and run a building, blame owners or Washington, and promise relief by decree. A rent can be frozen. Land, labor, debt, insurance, taxes, utilities, and repairs cannot.

Executive Summary: The Apartment Begins With a Decision

This essay makes a direct charge: housing pain is being weaponized for political power. The method is familiar. Show the public a rent it cannot bear. Hide the land, labor, financing, taxes, insurance, maintenance, regulation, and risk inside it. Name a villain. Then promise that a stronger government can force the number down.

The housing crisis is real. In 2024, 51.6 percent of New York City renter households spent at least 30 percent of income on rent, and 28.8 percent spent at least half.[2] The official vacancy rate was 1.4 percent - only 33,000 apartments available citywide - and it fell below 1 percent for units renting under $2,400.[3] This is not invented pain. It is a market emergency.

But real pain is not permission to hide arithmetic. A government can freeze the rent, subsidize the tenant, tax the owner, guarantee the lender, build public housing, or seize control of the property. It cannot command an apartment to exist at a cost nobody is willing to pay. Before there is a tenant, a lease, or a landlord to condemn, someone must decide to put capital at risk.

That decision is the beginning of every privately supplied apartment. If the expected rent will not cover the building and produce a return worth the risk, the investor does not hold a press conference. The investor buys something else. The apartment disappears before anyone can photograph it, regulate it, or move into it.

From Chicken to Housing

The companion Chicken essay opened a $12.54 package and showed the farmer, processor, packager, trucker, store worker, taxes, capital, and thin layers of profit hidden behind one shelf price.[1] Its challenge was simple: What do you want to cut? Housing obeys the same rule, but the stakes are larger and the response is slower.

A chicken can return to the shelf in weeks. An apartment building can take years to finance, approve, and construct, and it must survive decades of repairs and political change. A bad grocery policy can empty a shelf. A bad housing policy can erase the next generation of buildings.

Before There Is a Landlord

Imagine that you are deciding whether to enter the housing business. You may be one person investing family savings, a partnership buying a small building, a developer assembling a site, a nonprofit, a corporation, or a pension fund investing workers' retirement money. The legal wrapper changes. The first question does not: Will this building pay for itself, survive the risks, and earn a return that justifies tying up the money?

You begin with no rent and no tenant. You buy land or an aging property. You pay architects, engineers, lawyers, surveyors, consultants, and permit fees. You negotiate with the city. You borrow money and pay interest while the site produces nothing. You hire contractors, buy concrete, steel, lumber, windows, elevators, boilers, wiring, plumbing, and safety systems. You carry delays, cost overruns, lawsuits, weather, and the possibility that the rules will change before the doors open.

Then the operating years begin. Property tax arrives. The mortgage arrives. Insurance, heat, water, electricity, payroll, repairs, cleaning, security, inspections, and legal obligations arrive. The roof, elevator, facade, boiler, and pipes begin aging on the first day. A tenant sees one monthly number. The owner sees a building that never stops sending invoices.

A Home Is Built Twice

Every apartment building is built twice: first on a spreadsheet, then in concrete. If the spreadsheet does not work, the concrete never appears. That is not a slogan or an ideology. It is the point at which scarcity is either relieved or preserved.

The political story usually begins at the end. The rent is visible, so the person collecting it is made to carry the entire moral burden. The years of capital, approvals, construction, debt, and risk are edited out. 'Landlord' becomes a complete explanation. It is not an explanation. It is a substitute for one.

Profit is not shameful evidence that housing failed. Profit is the signal that tells the next person to build. Excessive profit should attract competitors. Fraud, collusion, discrimination, and neglect should be proved and punished. But if every possible return is described as theft, do not be surprised when investment chooses another city, another asset, or no housing at all.

The Shortage Is Real

New York does not have a normal rental market. It has a shortage. From 2010 through 2022, city employment grew 23 percent while the housing stock grew only 9 percent.[9] By 2023, the rental vacancy rate had fallen to 1.4 percent. Below $2,400, fewer than one apartment in one hundred was available.[3][9] Tenants are not negotiating in a market full of alternatives. They are competing for too few homes.

The income side is equally blunt. Median renter household income was $64,866 in 2024. Thirty percent of that income supports gross rent of $1,622 a month. The city's median gross rent was $1,811.[2] The typical renter was already outside the traditional affordability line. That gap is a household crisis. It is not proof that the entire difference is owner profit.

THE CRISIS, WITHOUT THE SLOGAN

CITYWIDE VACANCY	VACANCY BELOW $2,400	RENTERS COST-BURDENED
1.4%	**LESS THAN 1%**	**51.6%**

THE PAIN IS REAL. THE ACCOUNTING STILL EXISTS.

Open the Monthly Rent

Now open one New York rent as we opened the chicken package. The Rent Guidelines Board's latest Income and Expense Study covers nearly 17,800 buildings containing more than 805,000 stabilized apartments. In 2024, owners collected an average monthly rent of $1,681 per unit. The average operating bill was $1,203, before any mortgage payment.[4]

The figures below are rounded to the nearest dollar. They are citywide averages, not the private ledger of one building. They do not prove that every owner is efficient or honest. They do prove that rent is built from costs, not conjured from greed.

The $1,681 Rent: The Operating Bill Before the Bank

Actor / cost	What it pays for	Monthly amount
City government	Property tax	$316
Maintenance crews	Repairs and materials	$209
Management	Administration and legal	$153
Building workers	Supers, porters, payroll	$134
Utility providers	Water, sewer, electricity	$123
Insurers	Property and liability coverage	$107
Fuel suppliers	Heat	$89
Other costs	Miscellaneous operations	$72
TOTAL OPERATING BILL	**Before the mortgage**	**$1,203**
LEFT FROM RENT	**Before mortgage or return**	**$478**
COLLECTED RENT	**Average monthly rent**	**$1,681**

STOP: THE $478 IS NOT PROFIT. THE BANK HAS NOT BEEN PAID.

Now Pay the Bank

The first table stops where the city's operating-cost report stops. The $478 is residential rent left before financing. The Board's full ledger adds commercial and other building income and reports $688 in net operating income per apartment. That is cash before debt, major work, income tax, and any return. It is not profit.

Use one transparent test: $90,000 borrowed per apartment at the Board's 6.13 percent average rate, calculated on a 30-year amortization. Monthly principal and interest: $547. That payment matches the 1.26 debt-service coverage standard reported by the Board. The loan is only 41 percent of the Board's $218,182 average sale price per fully stabilized apartment - well below the 73.6 percent maximum lenders reported.[13]

Cash-flow stage	What it means	Monthly amount
Cash before bank	Official NOI	$688
Bank	**Mortgage principal and interest**	**-$547**
LEFT AFTER BANK	**Before major work and tax**	**$141**
Contractors	Roofs, boilers, elevators	STILL UNPAID
OWNER	**Actual return or loss**	**NOT KNOWN**

In the first month, $460 of the payment is interest and $87 is principal. The mix changes; $547 still leaves the building's account. Accountants separate principal from interest. Cash flow does not.

STOP CALLING IT PROFIT: After the bank is paid, $141 remains for major replacements, income tax, and only then a possible owner return. One serious repair can erase it.

A building without a mortgage is not free. Someone still placed capital into it and gave up every other use of that money. Borrowed capital requires interest. Invested capital requires a return. Eliminate both, and you have not made housing cheaper. You have made investment in housing irrational.

PAY THE WORKERS. PAY THE TAXES. PAY THE UTILITIES. PAY THE INSURER. PAY THE BANK. REPLACE THE BOILER. THEN SHOW ME THE "EXCESS PROFIT."

Only Now Can You Say "Profit"

The word "income" is where the political distortion begins. Campaigners point to the city's $688 of "net operating income" and invite the public to hear "profit." The financing test exposes the trick.

After a conservative mortgage, $141 remains before major replacements, income tax, and any return. A larger loan, a shorter amortization, a vacancy, or one major repair can erase it.

The citywide average also hides enormous differences. In 2024, 9.2 percent of buildings in the study had operating costs greater than total income. Average monthly net operating income was $1,464 per unit in Core Manhattan and $359 in the Bronx.[4] One slogan cannot honestly describe both buildings.

Profits exist. Appreciation exists. Some owners are wealthy. Some buildings were bought too aggressively. Some landlords neglect tenants and deserve enforcement, fines, or loss of control. None of that turns property tax into profit, pays a plumber, replaces a boiler, or services a mortgage. Demand the actual result after debt and capital work. Do not rename the money before those bills are paid. The worst landlord in the city is not an accounting method.

Now Demand the Cut

Demand a 20 percent rent cut. The $1,681 rent becomes $1,345, a reduction of $336. The $1,203 operating bill does not move. If the building's other income stays unchanged, official net operating income falls from $688 to $352. The illustrative $547 mortgage does not shrink. The building is now $195 short per apartment every month before major work and income tax. That is not a reduction in cost. It is a cash deficit with a politically selected victim.[4][13]

WHAT DO YOU WANT TO CUT?

Taxes? Repairs? Building staff? Heat? Water? Insurance? The mortgage?

NAME THE BILL YOU WILL ERASE - OR NAME THE PERSON YOU EXPECT TO EAT THE LOSS.

This is the question the Housing Affordability War tries to keep offstage. 'Cut the rent' sounds compassionate only while the building stays faceless. Open the bill and the slogan becomes a cut in maintenance, labor, credit, investment, or a transfer to taxpayers. Someone pays. In housing, the person who refuses to pay may be the person who would have built the next apartment.

A Freeze Freezes Only the Rent

On June 25, 2026, New York City's Rent Guidelines Board adopted a 0 percent adjustment for both one- and two-year stabilized leases beginning from October 1, 2026 through September 30, 2027.[6] Mayor Zohran Mamdani called it a historic victory and immediate relief for working people.[7] For a covered tenant, the relief is real. The rent does not rise.

Nothing else freezes. The same Board found that building operating costs rose 5.3 percent from April 2025 through March 2026. Fuel rose 11.0 percent, insurance 10.5 percent, maintenance 6.0 percent, utilities 5.6 percent, administration 4.8 percent, labor 3.0 percent, and property taxes 2.6

percent. Over five years, total operating costs rose 31.0 percent and insurance costs nearly doubled.[5]

The freeze is therefore not a reduction in the cost of housing. It is a decision that the owner will absorb the next year's increase in the regulated rent. A city may make that choice to protect tenants. Then it should say exactly what it is doing. Calling the rent frozen does not freeze the expense, compensate the building worker, repair the elevator, or pay the lender.

A one-year freeze is not communism. It is a price control - a socialist instrument inside a capitalist housing market. The current tenant receives the visible benefit. The owner carries the first loss. The next effects may appear later as delayed work, weaker financing, conversion, disinvestment, fewer bidders for troubled buildings, or fewer people willing to create rentals. Not every owner reacts the same way. Economics still reacts.

A major American Economic Review study of San Francisco showed the tradeoff clearly. Rent control reduced displacement for covered tenants, but affected landlords reduced rental housing supply by 15 percent through conversions and redevelopment.[8] San Francisco is not New York, and one study does not predict the exact effect of one New York freeze. It does destroy the fantasy that price control protects tenants without changing supply.

Reduce a Cost and Deserve the Credit

The distinction is not partisan. The Mamdani administration's new insurance initiative aims to reduce property and liability premiums for affordable and stabilized buildings. That attacks a real input cost. The city says the program is intended to become self-sustaining and reach 100,000 homes by 2030.[11] If it truly lowers the total cost of risk, it is honest affordability policy and deserves credit. If taxpayers ultimately absorb losses, publish that cost too.

This is the test. Reduce insurance, and the building can cost less to operate. Reduce an unnecessary tax, delay, mandate, or construction barrier, and the apartment can cost less to create. Improve productivity, and the saving is real. Freeze only the rent, and the cost remains. The policy has named a different payer without admitting it.

Washington Cannot Order a Building Into Existence

Federal policy matters. Interest rates, taxes, immigration and labor policy, tariffs, building materials, housing finance, subsidies, and regulation all affect housing. Any federal administration should be held responsible for costs it causes. But the link must be shown. A painful rent is not proof that one president created it, and an executive order is not a construction crew.

No president can sign away the price of land, concrete, steel, skilled labor, architects, insurance, property tax, water, heat, maintenance, credit, or time. A socialist government can declare the rent. A dictatorship can seize the building. Neither can repeal the resources needed to build and preserve a home. Economics does not salute an order.

Much of New York's housing arithmetic is set closer to home: zoning, density, approvals, property tax, rent rules, construction mandates, and the speed and predictability of local government. Politicians who control those levers but point only to Washington are not tracing the price. They are redirecting the anger.

The Shortage Behind the Price

A 1.4 percent vacancy rate is the clearest fact in this debate. It means the tenant has almost no power to walk away. If ten families are chasing one acceptable apartment, a speech against greed does not create the other nine. A rent cap may decide who keeps the first apartment. It does not build the rest.

This is where political manipulation becomes especially destructive. Government restricts what can be built, where it can be built, how long approval takes, and how heavily rentals are taxed. Then it condemns the price produced by scarcity and offers more control as the cure. The shortage becomes both the failure and the campaign asset.

The market price is not a moral verdict. It is a warning that demand has outrun supply. Silence the warning without adding homes and the shortage does not disappear. It moves into waiting lists, lotteries, side payments, favoritism, overcrowding, deteriorating buildings, longer commutes, and families forced out of the city.

The Capitalist Answer: Make Housing Worth Creating

Free-market capitalism does not promise every landlord a profit. It requires owners and developers to compete, maintain their buildings, earn tenants, and lose money when they make bad decisions. It also requires government to stop making new housing needlessly difficult and then blaming the market for producing too little.

Build more homes in more neighborhoods. Permit greater density near transit. Legalize smaller projects and conversions. Shorten approval time. Make rules predictable before capital is committed. Release suitable public land through transparent competition. Let nonprofit, cooperative, small-owner, and corporate models compete. Enforce safety, habitability, fair-housing, antitrust, and fraud laws without treating existence itself as an offense.

Attack the tax structure. The City Comptroller has documented that New York taxes rental buildings more heavily than condominiums, creating a barrier to new multifamily rentals. Its proposal estimated that tax parity could reduce taxation on new large rentals by 30 percent and enable additional unsubsidized development in strong markets.[10] That is a real cost available for government to cut.

Capitalism should be challenged to produce. Remove barriers, invite capital, and let builders compete. If rents remain high because land, construction, or insurance remains high, keep attacking those inputs. If a company colludes, cheats, discriminates, or neglects, prove it and punish it. If a project cannot serve the lowest-income families without subsidy, use a transparent subsidy and show the taxpayer's share. Do not hide the bill inside a command.

Strengthen the Family Instead of Faking the Rent

More supply is essential, but it will not rescue every family immediately. The lowest-income household can remain unable to pay even in a competitive market. Help that household directly. Portable housing assistance, targeted vouchers, refundable tax credits, and emergency support preserve choice and reveal the public cost. A universal price control gives the largest dollar benefit to whoever already occupies the most valuable covered apartment, whether that household needs the subsidy or not.

Then repair the full household budget. My earlier New York City minimum-wage analysis showed families running short before rent after childcare, healthcare, transportation, food, and taxes.[12] The Chicken essay showed why a product can be honestly priced and still unaffordable.[1] This housing essay completes the picture: affordability is a relationship between the family's purchasing power and the real cost of providing the home.

Make the home cheaper to create and operate. Make the family stronger. Subsidize genuine need openly. Those are honest paths. Point to a rent, erase the cost structure, blame an opponent, and promise control as a substitute for supply - that is not a solution. It is recruitment into the Affordability War.

Conclusion: Do Not Reward the Manipulation

Housing pain deserves an honest solution. It must never become permission to hide costs, invent a universal villain, or pretend that government can order abundance. If a rent is illegal or abusive, prove it. If a building is neglected, enforce the law. If a family lacks purchasing power, help the family. If the city subsidizes housing, publish the full public cost. If supply is scarce, let more housing be built.

Do not accept the monthly rent as a campaign poster. Demand the land price, construction bill, financing terms, operating costs, tax burden, subsidy, and actual return. Demand the number of homes the policy will create, not merely the number of rents it will restrain. A policy that protects today's tenant by silently charging tomorrow's renter must answer to both.

The choice is not between compassion and capitalism. It is between honest relief and political manipulation. Compassion without supply becomes rationing. Affordability without accounting becomes a slogan. A government that freezes the visible number while costs rise, blocks the next building, and then blames the shortage on an enemy is not solving the crisis. It is learning how to govern through it.

Lower the real cost. Build more homes. Strengthen the family. Or name the payer.

Freeze the rent, hide the cost, blame the owner, and drive away the next builder:

THAT IS NOT AFFORDABLE HOUSING. IT IS HOW A SHORTAGE BECOMES PERMANENT.

Sources and Notes

[1] Companion essay: Lev Neymotin, 'Who Should Pay for Affordable Chicken?' (2026). It establishes the distinction between lowering a real cost and moving the bill to another payer.

[2] New York City Rent Guidelines Board, 2026 Income and Affordability Study. 2024 ACS data: median renter income $64,866; median gross rent $1,811; 51.6% of renters paid at least 30% of income toward rent and 28.8% paid at least 50%. Source

[3] New York City Department of Housing Preservation and Development, 2023 Housing and Vacancy Survey initial findings. Citywide rental vacancy: 1.4%; approximately 33,000 available units; vacancy below 1% for units under $2,400. Source

[4] New York City Rent Guidelines Board, 2026 Income and Expense Study, based on 2024 RPIE filings. Average collected rent $1,681; gross income $1,890; operating cost $1,203; NOI $688 per unit per month. Operating costs exclude debt service, and NOI is not net profit. Source

[5] New York City Rent Guidelines Board, 2026 Price Index of Operating Costs. Operating costs rose 5.3% in 2025-26 and 31.0% over five years; insurance rose 99.9% over five years. Source

[6] New York City Rent Guidelines Board, Adopted Summary of Guidelines 2026-27. Order 58 provides 0% adjustments for one- and two-year stabilized leases commencing October 1, 2026 through September 30, 2027. Source

[7] New York City Mayor's Office, Mayor Mamdani's Statement on the Rent Guidelines Board's Final Vote, June 25, 2026. Source

[8] Rebecca Diamond, Tim McQuade, and Franklin Qian, 'The Effects of Rent Control Expansion on Tenants, Landlords, and Inequality: Evidence from San Francisco,' American Economic Review 109(9), 2019. The study found benefits for covered tenants and a 15% reduction in rental housing supply among affected landlords. Source

[9] New York City Comptroller, 'New York City's Housing Supply Challenge,' February 2024. Employment grew 23% from 2010-2022 while the housing stock grew 9%; the report identifies excess demand over supply as a primary driver of high rents. Source

[10] New York City Comptroller, 'A Better Way to Tax Multifamily Housing Development,' December 2023. The report identifies the rental-condominium tax disparity as a barrier and estimates that parity would reduce taxation on new large rentals by 30%. Source

[11] New York City Department of Housing Preservation and Development, city-backed insurance initiative, April 16, 2026. The program targets a real operating cost and aims to reach 100,000 homes by 2030. Source

[12] Companion analysis: Lev Neymotin, 'NYC Minimum Wage and Affordability' (2026), family-of-four model. It is cited only to connect rent to the household's complete budget.

[13] New York City Rent Guidelines Board, 2026 Mortgage Survey Report. Average rate for new multifamily mortgages: 6.13%; average minimum debt-service coverage: 1.26; average maximum loan-to-value ratio: 73.6%; average 2025 sale price per unit for 100% stabilized buildings: $218,182. Source

Method note: The first table uses the RGB's 2024 citywide average operating cost of $1,203 and exact category amounts, rounded to whole dollars. The $478 is collected rent minus operating costs; it excludes other building income and comes before debt, capital work, income tax, and profit. The financing table uses the RGB's official $688 NOI and an illustrative $90,000 loan at 6.13%, calculated on a 30-year amortization. The $547 monthly payment and its first-month split of $460 interest and $87 principal are rounded. This is a transparent example, not a claim about every building's mortgage.