

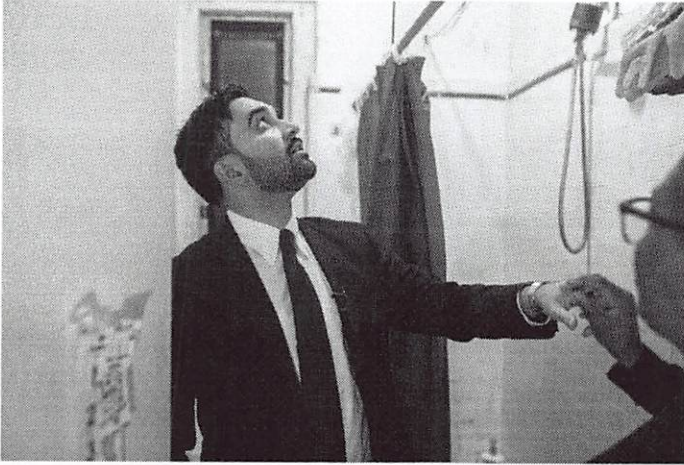
# *The Rent-Control Slums of New York*

Mayor Mamdani tries to stop a bankruptcy his new housing czar caused.

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By The Editorial Board

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New York Mayor Zohran Mamdani DAVE SANDERS/POOL/AGENCE FRANCE-PRESSE/GETTY IMAGES

Talk about socialist irony. Zohran Mamdani said last week that his “first major action” as mayor of New York City would be to intervene in the bankruptcy of Pinnacle Group to protect tenants in apartments that have fallen into disrepair because of—wait for it—rent control.

The new mayor on Thursday toured a ramshackle Pinnacle tenement in Brooklyn where he said he would “take action to seek immediate relief and improve living conditions” for tenants. His office said Pinnacle had more than 5,000 housing violations and 14,000 complaints across 83 buildings, including rodents, mold, broken walls and boilers.

Pinnacle placed its portfolio of mostly rent-stabilized apartments in Chapter 11 last spring and blamed government rent restrictions. The city has barred landlords from raising rents by more than 3% annually in recent years, even as costs for insurance, maintenance and utilities have skyrocketed.

Many landlords are losing money and deferring maintenance. Tenants in rent-regulated units are roughly twice as likely to complain about rats, heating breakdowns, mold and peeling paint as those in market-rate units. New York's prolonged Covid eviction moratorium exacerbated landlord losses since many tenants didn't pay rent for two years.

Prior to a 2019 state law, landlords could deregulate units when tenants moved out and the rent exceeded about \$2,800 a month. They could also raise rents by up to 6% to cover renovation costs. Now they can't do either.

The New York Housing Conference, a nonprofit that promotes so-called affordable housing, recently warned that landlords of rent-stabilized buildings would need \$1 billion in government aid to avoid default. Enter Mr. Mamdani, who last week appointed left-wing activist Cea Weaver as his housing czar. This is like hiring an arsonist to put out a fire.

He boasts that Ms. Weaver played a "pivotal role in securing passage" of the 2019 state rent law and the Covid eviction moratorium, as well as a 2024 law that limited rent increases statewide in most buildings to 5% plus the consumer price index. He says she also "mobilized more than 20,000 tenants to vote in support of a citywide rent freeze," as if that's good news.

Ms. Weaver isn't shy about her goals. The NYU professor says the city needs to stop treating private property as an individual right and treat it "as a collective good and towards a model of shared equity." She adds this "will mean that families, especially white families," will "have a different relationship to property." Will she soon be demanding that families share their homes or spare rooms with whoever she deems worthy—and by race?

The mayor has been cagier about his goals, saying he wants to freeze the rent in rent-stabilized buildings. Does he want more buildings to become as dilapidated as Pinnacle's? Meantime, "tenant organizers" want the city to take over Pinnacle's buildings. Have they toured the New York City Housing Authority's rodent-infested apartments?

Auctioning Pinnacle's buildings in bankruptcy might let another developer refurbish the apartments. State law lets landlords escape the rent-stabilization regime if they renovate buildings in "substandard or seriously deteriorated condition."

But Attorney General Letitia James last month sued a developer to block this exemption claim. One property had sagging floors, an aging boiler and electric system plus five code violations, but she said it wasn't "substandard" because the building isn't collapsing. In other words, buildings have to fall apart before they can be improved. Let's hope the same isn't true of the new mayor's New York.

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