

The Rent Guidelines Board Housing NYC: Rents, Markets and Trends 2001

September 2001



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Chairman's Acknowledgments

As the Chairman of the New York City Rent Guidelines Board (RGB), I am pleased to introduce *Housing NYC: Rent Markets and Trends 2001*, the latest compendium of research by the staff of the RGB. *Housing NYC* compiles all of the research performed throughout the research 'season' into one retrospective volume and represents the foundation of the information the Board uses to decide on annual rent adjustments each year.

This year's edition makes a contribution to the public record as an in-depth look at New York City's rental housing market, vital statistics that summarize the City's economic status, the multi-family mortgage market and cost of living indices for 2000 through early 2001. In combination with the RGB's web site: housingnyc.com, this compendium is a resource for owners, tenants, public officials, agencies, real estate professionals and members of the general public to better understand New York City's rent stabilized housing market, rent regulation and the larger forces that affected owners and tenants over the last year.

I extend my thanks to the members of the Rent Guidelines Board, each of whom I have been proud to serve with this year. I am especially gratified to work with the senior and long-standing members of the Board who provided invaluable institutional knowledge and assisted greatly in bringing all of the new members 'up to speed.'

To the staff of the Rent Guidelines Board, I am particularly grateful for their professionalism and dedication. The staff worked diligently to administer the rent-setting process, work with new members and follow the strict timetable to which staff research, meetings and hearings and deadlines must adhere. I am honored to work with this talented and tireless group.

Steven M. Sinacori
Chairman

Executive Director's Acknowledgments

Housing NYC: Rents Markets and Trends 2001 is an annual compendium of the primary research produced by the staff of the Rent Guidelines Board (RGB) over the 2001 guidelines season. The release of *Housing NYC: Rents Markets and Trends 2001* marks the thirteenth year in which the RGB has published its primary research in compendium form.

The RGB's primary research project is the Price Index of Operating Costs (PIOC), which measures changes in operating and maintenance costs in rent stabilized buildings. This is the tenth year that Andrew McLaughlin has supervised the entire survey process. Andrew managed a team of surveyors and oversaw the collection of thousands of price quotes. With the assistance of our survey team Manager Shirley Alexander, serving in her eighth year on the survey team, the PIOC survey process went smoothly and efficiently. Our survey team from Simpson Personnel Services consisted of Lana Turner, Terrence A. Nathan, and Douglas Caldwell. I extend my gratitude to all for their conscientious effort.

All RGB staff members contribute to the PIOC in some respect. Susan Hayes collected and analyzed data on fuel and water and sewer costs. Andrew assisted in drafting the report, and all researchers reviewed the text and the detailed appendices. Thanks are also due to two long-time associates of the RGB's: Jim Hudson for his calculation of the real estate tax component and Anthony Blackburn, for assisting in this year's heating utilization survey and his editorial assistance.

In addition to the PIOC, the RGB research staff produced four other reports this year. Brian Hoberman, completing his second season with the Board, acted as primary researcher on three studies. Brian performed the *2001 Mortgage Survey*; the *2001 Income and Affordability Study*, adding many new information sources, and with Susan Hayes, the *2001 Housing Supply Report*. Susan Hayes, in her first season with the RGB, met the challenge of studying revenues and costs in the *2001 Income & Expense Study*, a substantial project. She helped to implement a major improvement to the report, separating data for Upper and Core Manhattan, and lent her editing skills to the 2001 update of *An Introduction to the Board*, the board member briefing manual authored by Tim Collins. Besides supervising the PIOC, Andrew assisted in performing this year's heating utilization survey, designed and formatted this book, designed graphics and acted as in-house webmaster for the RGB's web site: Housingnyc.com. Brian and Susan also assisted in a major update of the web site and all RGB researchers assisted in the editing of this compendium. My highest compliments go out to the research staff for their talent and tenacity—it is a pleasure to work with all of them.

The RGB's Office Manager, Leon Klein, has in 2001 entered his 17th year of service to the Board working with accounts and keeping the office stocked and running. Leon's consistency and dedication to the RGB are unmatched, and his reliable presence is a fixture to not only the staff and Board but also to the larger rent regulation community that attend our meetings and hearings. The RGB's public voice is Cecille Latty. Hers is the voice you hear when calling the RGB with an inquiry. Cecille manages the Board's communications, books meetings and assists the public with questions using her formidable institutional knowledge of rent regulation policies built up over her 11 years with the RGB.

Although RGB reports are produced entirely "in house," our research efforts would not be possible without assistance from many others. For the information they provided, our gratitude goes out to: Warren Liebold of the NYC Department of Environmental Protection for assisting the RGB in obtaining water/sewer data; Lisa S.J. Yee at the NYC Department of Housing Preservation and Development (HPD), who provides data on tax benefit programs; Bill Sears and Eric Kober at the Department of City Planning for data on new housing completions; Farid Heydarpour at the NYC Comptroller's Office, who provides labor force data; Jeff Weissenstein at the NYS Department of Labor, who provides payroll information; Fred Badalamenti at the Department of Buildings for city-wide construction data; Alan Lui at the NYC Sheriff's Office and Percy Corcoran at the Bureau of City Marshals for information on evictions and

possessions; Nestar Bunbury and Raj Pathani at the NY State Attorney General's Office, for information regarding cooperative and condominium developments; and Ernesto Belzaguy at the NYC Civil Court, for data on housing court proceedings; Adam Glantz, also at HUD, for providing federal budget figures; Art Shulman of the NYS Division of Housing and Community Renewal (DHCR) for answering our many queries; George Sweeting of the Independent Budget Office for lending his expertise on real estate taxes; and Glenn Borin, Maurice Kelman, Florence Miller and Abe Kleinbardt of the NYC Department of Finance for producing the income and expense data. Special thanks are also due to Leonard Linder and his staff at the NYC Department of Finance for providing the data for the real estate tax component of the 2001 PIOC.

Our appreciation is extended to the numerous agencies that provided useful data throughout the year. At the national level: the U.S. Census Bureau, Residential Construction branch; the Bureau of Labor Statistics, and the Department of Housing and Urban Development, Economic and Market Analysis Division. Agencies at the state level include: the Real Estate Financing Bureau of the Attorney General's Office, the Division of Housing and Community Renewal and the Department of Labor's Research and Statistics Division. Local level sources include: the Department of Finance; the Department of Buildings; the Department of City Planning; the Mayor's Office of Operations; the Comptroller's Office; the Office of Management and Budget; Corporation Counsel; the Bureau of City Marshals and the Department of Housing Preservation and Development, Office of Development.

Thanks are also due to those who lent their expertise to our administration this year. From HPD we would like to thank Moon Wha Lee, Sheree West, Gary Weiss, and Laura Katz; from DHCR, Deputy Commissioner Paul Roldan and Deputy Counsel David Cabrera; from the NYPD, Deputy Commissioner Tibor Kerekes and his staff; from the NYFD, Dominic Morelli and Roy Katz for use of the Fire Department's auditorium; from the elegant Schomburg Center where we held our hearing for the first time this year, thanks are due to James Briggs Murray and Mikita Farrow and the staff for their assistance; and from the venerable Great Hall at Cooper Union where we held our final meeting this year, our thanks go to the entire staff. We give special thanks to those who testified at RGB meetings this year: Donna Tessitore and Sonia Rodriguez of the Department for the Aging; Joe Rosenberg and Harold Schultz of the Department of Housing Preservation and Development.

Anita Visser
Executive Director

Income and Expense



- *2001 Price Index of Operating Costs*
- *2001 Income and Expense Study*
- *2001 Mortgage Survey*

The Rent Guidelines Board

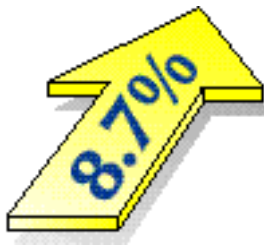
2001 Price Index of Operating Costs

Introduction

The Price Index of Operating Costs (PIOC) measures the price change in a market basket of goods and services used in the operation and maintenance of rent stabilized apartment buildings in New York City. The goods and services which make up the market basket were originally selected on the basis of the findings of a study of 1969 expenditure patterns by owners of rent stabilized apartment buildings. Minor changes in the specification of some of these goods and services have been carried out over time to maintain the representativeness

of the market basket. The relative importance of the various goods and services in the market basket was updated in 1983 by means of a study of expenditure patterns of owners of rent stabilized apartment buildings.

**The Price Index of
Operating Costs for
Rent Stabilized
Apartment Buildings
rose ...**



The PIOC was maintained by the Bureau of Labor Statistics (BLS) from 1970 to 1981. From 1982 to 1990, the PIOC was prepared by private consulting firms. In 1991, the Rent Guidelines Board (RGB) staff's growing expertise and familiarity made it possible to move the PIOC "in house."

The PIOC measures changes in the cost of purchasing a specified set of goods and services, which must remain constant both in terms of quantity and quality from one year to the next. The need to exclude the effect of any alterations in the quality of services provided requires that very careful specifications of the goods and services priced must be developed and applied. The pricing specifications must permit the measurement of changes in prices paid for carefully defined pricing units with specific terms of sale, such as cash, volume or trade discounts. For certain items, such as real estate taxes, the price paid is determined administratively, and the information is collected from City records.

Changes in the overall PIOC result from changes in the prices of individual goods and services, each weighted by its relative importance as a percentage of total operating and maintenance expenditures. Because the market basket is fixed in the sense that the quantities of goods and services of each kind remain constant, the relative importance of the various goods and services will change when their prices increase either more quickly or more slowly than average. Thus, the relative importance, or weight, attached to each good or service changes from year to year to reflect the different rates of price change among the various index items. The expenditure weights used in the construction of the 2001 Price Index are based upon the 1983 Expenditure Study and revised on the basis of the 1982-2000 measured price changes and a survey of heating utilization patterns used in rent stabilized buildings this year.

WHAT'S NEW

- ✓ The Price Index of Operating Costs for Rent Stabilized Apartment Buildings (PIOC) rose 8.7% this year.
- ✓ Costs in pre-war buildings rose 10.1%.
- ✓ The PIOC was higher than projected mainly because of sharp and unanticipated increases in fuel and natural gas costs.
- ✓ The "core" PIOC, which excludes the erratic changes in fuel oil, natural gas, and electricity costs, is useful for analyzing inflationary trends. The core rose by 4.0% this year.
- ✓ Real estate taxes rose 5.5% due mainly to the strong rise in assessments.
- ✓ Labor costs rose 4.0%, an increase from last year's growth of 2.6%.
- ✓ The Utilities component increased by 15.0% due to sharp increases in natural gas costs.
- ✓ Insurance costs grew by 4.9%, a significant rise from the 0.7% increase found last year. Rate increases fueled much of the growth in insurance costs.
- ✓ The Price Index for Apartments is projected to increase 2.1% next year.

TERMS AND DEFINITIONS

Price Index - the measure of price change in a market basket of goods and services.

Component - categories of goods and services, such as Labor Costs or Taxes, that comprise the market basket of a price index.

Item - representative individual goods and services within a component, such as Pushbroom, Plumbing, Faucet or Roof Repair.

Price Relative - the ratio of current year prices to prior year's prices.

Expenditure Weight - the relative importance of the change in costs of different goods and services.

Specification - defined pricing units with specific terms of sale, such as cash, volume or trade discounts.

The importance of each index component is shown by its "expenditure weight" (see Appendix B.2). The measured 2000-01 price changes in each index component are also presented in this table. The expenditure weights and the 2000-01 price changes are then combined to provide the overall change in the PIOC over the period from 2000-01.

The 1983 Expenditure Study provides a basis for calculating separate sets of expenditure weights for buildings constructed before 1947 and for buildings constructed in 1947 or later. Typically, buildings constructed before 1947 incur a lower percentage of operating and maintenance costs for property taxes, but their fuel costs represent a significantly higher percentage of total operating and maintenance costs than do the fuel costs of the post-1946 buildings. The differences between the pre-1947 and post-1946 buildings are submerged when their expenditure patterns are combined in the construction of the overall PIOC. It is nevertheless possible to develop separate price indices for the pre-1947 and post-1946 buildings. In addition, there are separate price indices for gas-heated, oil-heated and master-metered buildings. Although the expenditure weights for all rent stabilized buildings and for each of the five subcategories of buildings differ, the price changes are the same for each of the six indices. (See Appendices B.2 and B.3)

The PIOC consists of nine cost components, each designed to measure changes in a category of costs such as fuel, insurance, utilities, etc. The methodology for each component is described in the final section of this report.

Summary

This year, the PIOC for rent stabilized apartment buildings rose by 8.7%, nearly a percentage point higher than the year before (7.8% in 2000). The increases in the 2000 and 2001 PIOC's are the highest since 1990, following five out of six years when PIOC-measured prices and costs increased by modest rates. Over the past year, increases in costs occurred in all PIOC components. Among the seven components unaffected by energy prices, these cost increases ranged from 0.8% for parts and supplies to 5.5% for real estate taxes. Of the remaining two components, utility costs increased by 15.0% and fuel costs increased by 33.3%. The "core" PIOC, which excludes the erratic changes in fuel oil, natural gas and electricity costs, is useful for analyzing long-term inflationary trends. The core PIOC rose by 4.0% this year, somewhat outpacing the Consumer Price Index (CPI), which grew by 3.1% over about the same period.¹

CHANGE IN COSTS FOR RENT STABILIZED APARTMENT BUILDINGS, APRIL 2000 TO APRIL 2001

Taxes	5.5%
Labor Costs	4.0%
Fuel Costs	33.3%
Utilities Costs	15.0%
Contractor Services	3.6%
Administrative Costs	4.1%
Insurance Costs	4.9%
Parts & Supplies	0.8%
Replacement Costs	1.0%
All Costs	8.7%

Price Index Components

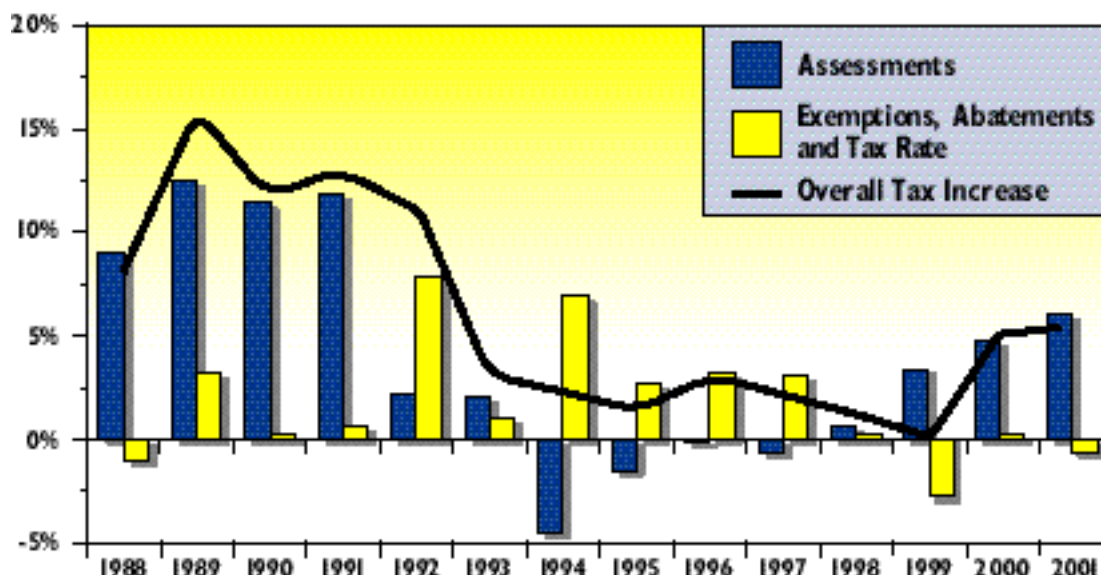
Taxes



The Tax component of the PIOC is based entirely on real estate taxes. The change in taxes is estimated by comparing aggregate taxes levied on rent stabilized apartment houses in FY 2000 and FY 2001. The tax data was obtained from the New York City Department of Finance.

Rising Property Values Increase Billable Assessments for the Fourth Consecutive Year

(Percent Change in Taxes due to Assessments and Exemptions/Abatements/Tax Rate)



Source: New York City Department of Finance

Real estate taxes for rent stabilized buildings rose this year by 5.5%. The change in taxes was primarily due to a strong rise in assessments. The tax rate for Class Two properties declined slightly this year after an increase the year before. Changes in tax exemptions and abatements had little impact on taxes this year.

Tax Levy — The total tax levy for all properties in the City (commercial and residential) increased by 4.3% from 2000 to 2001, mainly due to rising assessments. The Class Two property levy rose more rapidly than the City as a whole, by 5.5%. The distribution of the levy among property classes tends to shift from year to year. In recent years, more of the tax burden has generally fallen on Class Two properties, the category that contains the vast majority of rent stabilized buildings. In FY 2001, the levy share for Class Two properties increased by 1.2% to 34.5% of the total tax burden. This is a smaller rise than in FY 2000 when the Class Two levy share increased by 2.6%.

Tax Rate — In 1998, the tax rate for Class Two properties was essentially unchanged, falling slightly by 0.1%, and in 1999, the tax rate for Class Two fell more rapidly, by 2.8%. Last year, the tax rate for Class Two increased by 1.0%. In FY 2001, the tax rate for all Class Two properties decreased slightly, by 0.04%, to 10.847.

Assessments — The assessed valuations of rent stabilized buildings rose dramatically from the late 1980's through 1991, increasing 8% or more each year (see the above graph). In 1992 and 1993, the increase in valuations for stabilized buildings slowed to 2% per year. The impact of the recession was finally reflected in tax bills the following two years—valuations dropped 4.7% in FY 1994 and 1.3% in FY 1995. Smaller decreases occurred in the next two years.

For the fourth consecutive year, assessments of rent stabilized buildings increased in FY 2001. Across the City, assessments rose by 5.9%, almost a full percentage point higher than last year's rise of 5.0%. All five boroughs showed increases in assessments, ranging from 2.8% in Staten Island to a rise of 6.5% in Manhattan in FY 2001. Assessments rose in Queens by 4.6%, by 5.0% in Brooklyn and by 5.7% in the Bronx.

Abatements and Exemptions — This year, the number of buildings with abatements declined by 8%. The average benefit value of the typical abatement stayed roughly the same from FY 2000 to FY 2001.

Many of the buildings that were renovated during the 1970's and 80's in New York City benefited from tax abatements. In recent years, many of these abatements have been expiring. The number of tax abatements

declined this year in every borough except Staten Island, which retained the same number of abatements as in the previous year. The net impact of the decrease in the number of abatements and the minimal change in the average abatement value in FY 2001 is a small increase in the tax liability for rent stabilized buildings as a whole, by approximately 0.3%.

In FY 2001, both the number and value of average tax exemptions increased. Nearly 4% more rent stabilized buildings benefited from tax exemptions than in the year before, and the average value of exemptions increased by almost 6% this year. The increase in tax exemptions had a larger impact on the real estate tax component of the PIOC than the change in abatements. For all stabilized properties, the rising number and value of tax exemptions reduced owners' tax bills by about 0.7%. (See Appendices B.5 and B.6)

Labor



The price index measure of labor costs includes union and non-union salaries and benefits, in addition to Social Security and unemployment insurance. The cost of unionized labor

comprises more than two-thirds of the Labor component. The entire Labor component comprises almost 17% of the overall price index

Labor costs rose 4.0%, an increase from last year's growth of 2.6%. This is the largest increase since 1995 when the labor component rose 4.1%. This year, labor costs increased more rapidly due in large part to non-union labor wages, which increased by 5.2% compared to last year's growth of 3.8%. In addition, employers saw a significant increase in the cost of union benefit contributions of 4.6% over last year's growth of just 0.05%. Conversely, unionized wages as a group increased by 3.1% this year, offsetting the faster growth in non-union pay and union benefits.

Fuel



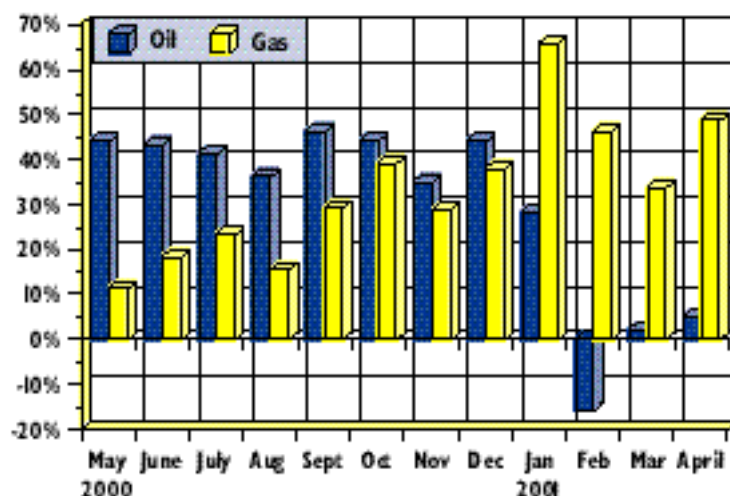
In a continuation of last year's rapid growth, the cost of fuel oil rose by 33.3% this year. Although this year's increase was dramatic, costs did not rise as much as in 2000 when fuel prices rose 54.8%. The cost increases for #2 fuel oil, #4, and #6 were 32%, 38% and 35% respectively.

Although not as high as the record-breaking growth witnessed in the first quarter of the year, fuel oil prices grew rapidly from May to December 2000. Monthly fuel price increases over that period were over 35% higher than the comparable period the year before. During the first quarter of 2001, fuel costs increased strongly in January but declined in February. Relatively small increases occurred in both March and April of 2001.

The effect of the increase in demand due to this year's colder winter raised the cost of heating with oil by 12.5%. The remainder of the 33.3% rise in fuel costs was due to the low supply of crude oil and the resulting price increases.² The graph below shows increases in combined fuel costs by month as compared to the prior year (i.e. Feb. 2000 to Feb. 2001).

Gas Prices Increased Sharply Throughout 2000-01

(Price of #2, #4 and #6 Fuel Oil and Gas Used for Heating by Month, 2000-01, Compared to Previous Year)



Source: 2000 and 2001 Price Index of Operating Costs Vendor Surveys

Utilities



The Utilities component consists primarily of electricity, natural gas, and water and sewer charges. Telephone and steam costs are a small part of the Utility component. In the case of most Utilities items, changes in costs are measured using the PIOC specifications (i.e. the quantity of electricity, steam, etc. being purchased) and the changes in rate schedules. Water and sewer costs are based on billings obtained from the City's Department of Environmental Protection (DEP).

This year, Utilities increased by 15.0%, led by a sharp increase in gas costs that rose 57.4%. The increase in gas costs was driven primarily by a shortage in supply that resulted in the rise in price of natural gas. Steep wholesale gas prices charged to Con Edison and Keyspan led to consistently high fuel adjustments throughout the heating season. This resulted in high gas rates to owners of multi-family buildings that peaked in January 2001. Colder weather during the heating season raised the cost of heating with gas by 11.5%. The remainder of the increase in the cost of gas for heating was due to the change in rates. (See graph on previous page)

The double-digit increases in gas and steam (23%) prices were offset by low increases in water and sewer costs (1.0%) and electricity costs (1.9%). Water and sewer costs account for about 57% of the Utilities component.

For the third year, the PIOC has measured frontage and metered costs separately. The frontage rate set by the NYC Water Board for FY 2001 was 1.0%.³ Water and sewer charges for rent stabilized buildings that were billed on a frontage basis in both FY 2000 and FY 2001 increased by the Water Board rate. Charges increased by 1.06% for buildings billed on a metered or mixed-billing basis (buildings with metered bills in calendar years 1999 and 2000 or buildings that switched from frontage to metered billing during the two-year period). This is a change from last year's finding, in which buildings with metered or mixed billing increased less than the Water Board's rate.

This year, a smaller share of buildings moved from frontage to metered billing (2.5%), a decline from previous studies. From 1998 to 1999, 6% of the sample had made the switch, up from 3% in 1997 to 1998. This

group of buildings experienced an 8% decrease in water/sewer costs, a slightly smaller decrease than in the 1998-1999 time period. Metered bills are calculated based on actual consumption, unlike frontage bills, which are calculated based on building size and the number of units and fixtures. While customers that changed billing formats have overall experienced an initial reduction in their bills in the last three RGB studies, once on metered billing, changes in consumption make water/sewer bills less predictable.

As in the previous two years, this year's study found high variability in the change in owners' costs in buildings billed on a metered basis. Since metered bills reflect actual consumption, which fluctuates with occupancy changes and leaks, costs can vary greatly from year to year, especially in small buildings that are most sensitive to these changes. Of the buildings with metered bills in both 1999 and 2000, slightly less than half experienced a decrease in their water/sewer costs and three percent had increases that were below the Water Board rate of 1%. This indicates a decrease in consumption and a saving for almost half of property owners.

The combined increase in water and sewer costs for all rent stabilized buildings was slightly more than one percent (1.01%).

Contractor Services



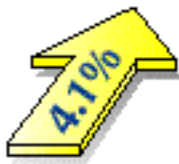
The Contractor Services component rose 3.6%, one full percentage point lower than last year's increase of 4.6%. The most important items in this component by weight are repainting and plumbing prices, which comprise two-thirds of the Contractor Services component. This year, Contractor Services prices grew less quickly due in large part to repainting prices. Repainting rates increased by 2.8% compared to last year's growth of 6.2%. However, plumbing prices rose 4.1% outpacing last year's growth of 3.4%. All of the other items had price relatives between 0.8% to 9.2%.

Painters cited that the reason for the smaller price increase was due to fewer customers than in the prior year resulting in more competition between painting contractors. Several plumbers reported that there was an

increase in the cost of labor and materials so they charged more for their services than they did in the previous year.

Like last year, every item in the Contractor Services component experienced some rise in prices. Roof repair showed the highest increase (9.2%) of any item in this component due to the increase in the price of oil-based materials used to fix roofs. Floor maintenance had the smallest increase of 1.1%.

Administrative Costs



The Administrative Costs component rose 4.1%, a slight increase over last year's growth of 4.0%. Fees paid to management companies, accountants, and attorneys make up nearly this entire component.

A large portion of the growth in the Administrative Costs component can be attributed to a rise in management company fees (4.5%) which comprise two-thirds of this component. Management fees are often tied to apartment buildings' rental income and are affected by changes in rents and vacancies. This year's growth is higher than last year's (4.1%), indicating that management companies continue to see increased rents and fewer vacancies in the buildings they manage.

Attorneys' fees increased 1.6%, which is lower than the prior year's rise of 3.3%. The cost associated with accounting rose 5.0% in 2001, faster than last year's rate (4.3%). Attorneys cited increases in court fees and an increase in overhead costs as reasons for charging a higher rate to their clients, while accountants claimed that increases in inflation, commercial rents and computer costs led to higher rates.

As reported in the 2000 PIOC, the cost of skilled contractors had increased faster than that of their counterparts, professionals (i.e. attorneys, accountants and management companies), for the past two years. In 2001 this trend reversed, with the increase in cost of professionals outpacing the growth in skilled contractors costs by 0.5% percentage points. This was a return to the trend that occurred throughout much of 1990's when the Administrative Costs component consistently grew at a faster pace than the cost for skilled contractors.

Insurance



Insurance costs rose this year by 4.9%. This was a significant increase compared to the 0.7% growth seen in 2000 PIOC and the highest increase in the cost of insurance since 1996.

Over 60% of the building owner survey responses indicated an increase in insurance costs. Just less than one-fourth of the responses reported no change from the previous year while only 15% showed a decrease in costs. Rate hikes fueled insurance cost growth, with roughly half of this year's respondents claiming higher rates, as opposed to only 14% that reported rate declines.

Roughly 19% of the building owner responses reported a change in insurance carriers for the surveyed building in the past year. This percentage is up from 17% in 2000, 11% in 1999 and 10% in 1998. Last year, 46% of the owners who switched carriers benefited from this change with a median decrease of 18% in their insurance costs. This year only 34% of owners who switched carriers saw a decrease in the cost of their insurance with only a median decrease of 9%. Nearly 64% of owners who found new carriers saw an increase in their insurance costs.

The removal of lead-based paint coverage from insurance policies continued at a slower rate in 2001. Only 2.1% of building owners reported that insurers were withdrawing lead-based paint coverage from their policies over concern for the potential costs of liability for lead-related health problems.

Parts and Supplies



The Parts and Supplies component accounts for roughly two percent of the entire price index. The overall increase in the Parts and Supplies component was 0.8%, the lowest increase of any component in this year's price index. Increases in this component have not exceeded 2.2% since 1992 when Parts and Supplies rose 2.5%.

Replacement Costs



The Replacement Costs component is even less significant than the Parts and Supplies component, its weight being only 1/100th of the PIOC. This year's increase in the Replacement Costs component was only 1.0%.

Rent Stabilized Hotels

The Hotel Price Index includes separate indices for each of three categories of rent stabilized hotels (due to their dissimilar operating cost profiles) and a general index for all stabilized Hotels. The three categories of hotels are: 1) "traditional" hotels—a multiple dwelling which has amenities such as a front desk, and maid or linen service; 2) Rooming Houses—a multiple dwelling other than a hotel with thirty or fewer sleeping rooms; and, 3) single room occupancy hotels (SRO's)—a multiple dwelling in which one or two persons occupy a single room residing separately and independently of other occupants.

The price index for all stabilized Hotels rose 10.5% this year, almost 2 percentage points more than the increase in the apartment price index. The primary difference between the increase in the hotel index and the apartment index was in the tax component. The increase in taxes for all types of Hotels was 13.2% overall (versus 5.5% in apartment buildings), driven mainly by the increase found in assessments for "traditional" hotels. There was notable diversity among hotel subgroups in tax expense this year, as real estate taxes increased in "traditional" stabilized hotels by 19.2%, by 10.5% in SRO's, and by 6.7% in Rooming Houses. The increase in tax burden found for Hotels this year was caused by the relatively high gains in assessed value for all classes of rent stabilized Hotels (22.0% for "traditional" hotels, 11.2% for SRO's and 6.8% for Rooming Houses), offset slightly by a decrease in the tax rate.

While the increase in cost for taxes was higher for stabilized Hotels than for apartments, these properties also experienced higher increases for labor expense. Labor costs increased more rapidly in Hotels (4.4%) versus the 4.0% rise in apartments, mainly due to the higher increase in the cost of non-union labor in Hotels. The increase in utility cost for Hotels was 13.9%, somewhat smaller than the 15.0% increase for apartments. The difference was due primarily to electricity costs in Hotels, which are weighted more heavily in Hotels than in apartments and did not rise as fast as other heating-related utility costs. Conversely, the rates for contractor services did not rise as quickly in Hotels (2.9%) as they did in apartments (3.6%) this year. Because the contractor services component is less important in the hotel index (accounting for about 10% of the weight) than in the apartment index (about 15% of the weight), the lower increase in maintenance rates did not offset the overall hotel index significantly. The sharper increases in the tax and labor components caused the price index for all stabilized Hotels to rise somewhat faster than the price index for all stabilized apartments.

CHANGE IN COSTS FOR RENT STABILIZED HOTEL BUILDINGS, APRIL 2000 TO APRIL 2001

Taxes	13.2%
Labor Costs	4.4%
Fuel Costs	32.6%
Utilities Costs	13.9%
Contractor Services	2.9%
Administrative Costs	3.8%
Insurance Costs	4.9%
Parts & Supplies	0.7%
Replacement Costs	1.4%

All Costs 10.5%

CHANGE IN COSTS FOR RENT STABILIZED LOFT BUILDINGS, APRIL 2000 TO APRIL 2001

Taxes	5.5%
Labor Costs	4.0%
Fuel Costs	35.6%
Utilities Costs	11.8%
Contractor Services	3.6%
Administrative Costs, Legal	1.6%
Administrative Costs, Other	4.4%
Insurance Costs	4.9%
Parts & Supplies	0.8%
Replacement Costs	1.0%

All Costs 6.8%

PROJECTED CHANGE IN COSTS FOR RENT STABILIZED APARTMENT BUILDINGS, APRIL 2001 TO APRIL 2002

Taxes	6.2%
Labor Costs	3.5%
Fuel Costs	-13.6%
Utilities Costs	1.0%
Contractor Services	3.9%
Administrative Costs	3.6%
Insurance Costs	2.5%
Parts & Supplies	1.6%
Replacement Costs	1.0%

All Projected Costs 2.1%

Among the different categories of Hotels, the index for "traditional" hotels increased 12.2%, SRO's by 10.9% and Rooming Houses by 9.8%. (See Appendices B.4 and B.7)

Rent Stabilized Lofts

The increase in the Loft Index this year was 6.8%, 1.9 percentage points lower than the increase for apartments. This difference is explained by the fact that utility costs grew less rapidly (11.8% in lofts versus 15.0% in apartments) and are less important for lofts than for apartments. In addition, fuel costs that rose at a similar rate (35.6% in lofts versus 33.3% for apartments) are also less important for lofts than for apartments. (See Appendix B.8)

2001-2002 PIOC Projections

Each year, projections for the components of the PIOC are performed to provide the Rent Guidelines Board with an estimate of how much costs are expected to rise in the year following the current price index. Along with the current PIOC, the PIOC Projection provides a basis to assist the Board in setting guidelines for tenants choosing two-year leases.

Projecting changes in the PIOC has become more challenging in recent years. Energy prices—which affect about one-sixth of the market basket of operating costs measured in the index—have become increasingly volatile. Unpredictable geo-political events and changing weather patterns are some of the forces behind large changes in fuel-related costs (heating fuel, electricity, gas and steam), that have in turn hindered the accuracy of the PIOC projections in recent studies.

This year, operating costs in rent stabilized apartment buildings rose by 8.7% versus last year's RGB projection of 3.8%. The steep increase in fuel and utilities costs contributed the most to the variance between the 2001 projection and the actual 2001 PIOC. Fuel costs increased by 33% versus the expected increase of 7%. PIOC projection methodology assumes a return to "normal" weather based on the most recent five-year average (see Endnote 2) when predicting fuel costs. The fact that the past year was much colder than

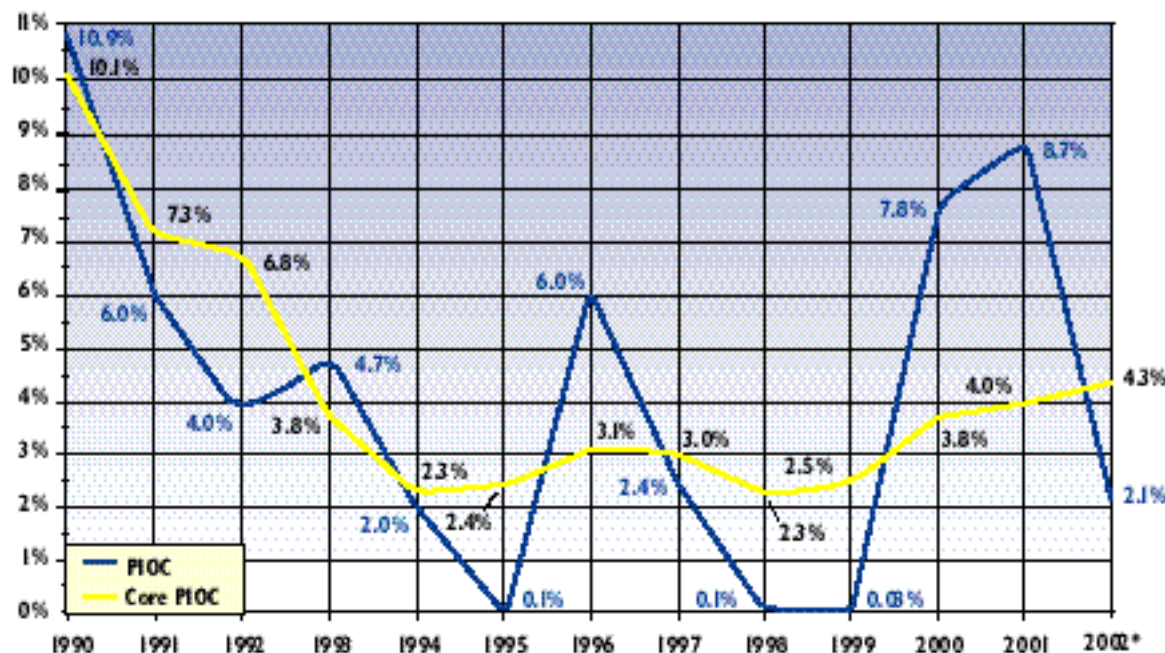
the prior year added about 12.5% to the large rise in fuel costs and 11.5% to gas heating costs. Spikes in energy prices, which were much higher than anticipated, drove the bulk of the fuel cost increase, contributing about 20% to the fuel cost increase. Rising energy costs and the colder weather also contributed to utility costs increasing more quickly than predicted (15.0% versus the 3.2% estimate). The increase in utility costs was largely driven by the cost of gas for heating which rose 58.0% in 2001 versus the 11.4% predicted increase. Insurance costs, another volatile and unpredictable component, rose almost 4 percentage points higher than the 2001 estimate. Labor Costs rose about 1 percentage point more rapidly than anticipated, while Parts and Supplies rose by about 1 percentage point less than expected. Real Estate Taxes, Contractor Services, Administrative Costs and Replacement Costs components, about 50% of the PIOC taken together, rose within seven-tenths of one percent of the projected levels.

The "core" PIOC (see graph on the following page), which measures long-term local trends by factoring out shifts in fuel costs, gas, and electricity rates, rose 4.0% versus last year's RGB projection of 3.4%. Insurance Costs, Parts and Supplies and Labor Costs showed the most variation between the actual and predicted Core increases (the components were 4.0, 1.2 and 1.0 percentage points different than predicted respectively). All of the remaining increases in the core components in the 2001 projection and the actual 2001 core show a high level of agreement. It is interesting to note that the CPI grew on average for the year ending March 2000 to the year ending March 2001 (the latest figures available) by 3.1%. Although the CPI uses a different market basket, the change in non-fuel-related costs measured in the core PIOC is a full percentage point higher than the CPI this year.

Overall, the PIOC is expected to grow by 2.1% from 2001 to 2002 due to a 6.2% projected increase in taxes, and moderate projected growth in labor, utility, contractor services and administrative costs offset by a 13.6% projected decrease in fuel costs. The "core" PIOC is projected to rise more rapidly than the overall PIOC, by 4.3% as falling energy-related costs are eliminated and will not dampen the growth in the core components.

The "Core" Increases to the Highest Level Since 1992

(Percent Change in the Price Index of Operating Costs and the Core PIOC, 1990-2002)



*Note: The percent change for 2002 was estimated.

Source: Price Indices of Operating Costs, 1990-2001, PIOCprojection for 2002

Taxes +6.2%

Property taxes comprise roughly a quarter of the PIOC. From the mid-1980s to the early 1990's, taxes often rose faster than the overall PIOC. From 1993-99, slower increases in tax rates and falling or stable assessments meant that taxes increased more slowly than they had in the prior period. However, the current trend of rising assessments, including the 5.9% increase in assessments found in FY 2001, indicate that the effects of NYC's economic recovery are now being felt in the Tax component.

Class Two properties include rent stabilized apartments, co-ops and condominiums. Within this category, rent stabilized dwellings are classified as either "rental buildings" or "4-10 unit family buildings." Based on the preliminary tax roll, the Finance Department forecasts billable assessments (the assessed value of a property on which tax liability is based) for rental buildings to increase by 11.6%, while billables for 4-10 family buildings are expected to increase by 4.9% in FY 2002. However, preliminary assessments are

slightly imprecise because following the release of the tentative assessment roll each year, a small percentage of appraisals are contested and overall final assessments are generally reduced.

After adjusting for estimated changes in the class levy share, the value of exemptions, the tax rate, the value of abatements, and contested assessments, it is estimated that tax costs to owners will grow by 7.2% and 0.2% respectively for rentals and 4-10 unit properties. Once these tax class categories are combined according to their proportion of the stabilized stock and distribution by borough, average property tax bills for rent stabilized buildings, which are predominantly classified as "rental" buildings, are estimated to increase by 6.2% in the next fiscal year.

Labor Based Components

(Labor +3.5%, Administrative Costs +3.6% and Contractor Services +3.9%)

Labor Based Components in the PIOC include Labor Costs, comprising the wages and benefits of building

maintenance workers (e.g. superintendents, porters, etc.), Contractor Services, which primarily covers the work of plumbers and painters, and Administrative Costs, which is almost entirely comprised of management, legal, and accounting fees.

Contracts for both the Westchester County (formerly 32E which serves the Bronx) and the New York City chapters of Union Local 32B-32J were negotiated through 2002 so exact projections of the rate change in wages could be calculated. All other projected labor increases are based on a geometric eight-year average.

Wages for members of Local 32B-32J in the Bronx will rise 1.8% while wages for NYC Local 32B-32J are predicted to rise 3.2% for superintendents and 3.4% for handypersons and others. By combining these increases with the remaining items in the Labor component, an increase of 3.5% is projected in labor costs for the coming year.

Increases in Administrative Costs and Contractor Services are projected by averaging the growth rates observed in each component over the past three years. Administrative cost increases have been fairly constant over the decade and are estimated to rise by 3.6% over the next year. In comparison, the cost of Contractor Services has been more variable in the recent past and based on a three-year average is projected to increase by 3.9% next year.

Fuel -13.6%

The cost of fuel oil depends heavily on volatile weather patterns as well as political and economic variables that cannot be reliably predicted. Given these difficulties (and barring unforeseen natural or geo-political events), the cost of oil heating in New York City is estimated to decrease by 13.6% in the coming year following last year's significant cost increase.

Assuming that annual temperatures in 2002 return to the most recent five-year average for Central Park, New York City (see Endnote 2), which would be about 10% warmer than the weather experienced in 2000-01, the commensurate decrease in demand for heating fuels will in turn decrease the cost of fuel oil to building owners.

In sum, based on current U.S. Energy Information Administration (EIA) forecasts, declining fuel prices and reduced fuel consumption brought about by "normal"

weather conditions, are estimated to decrease fuel oil heating costs to owners of stabilized buildings in New York City by 13.6% in the next year.⁴

Utilities +1.0%

In the PIOC, the costs of electricity, natural gas, water and sewer service, purchased steam and telephone service are grouped as Utilities. Water and sewer costs alone account for about 57% of this component this year, while electricity and gas comprise another 40% of the utility category (17% and 23% respectively). Steam and telephone prices constitute the remainder of the Utilities component (3%).

Next year, the overall cost of utilities is estimated to rise by 1.0%. The bulk of this modest growth will come from an estimated decrease in the cost of natural gas (-6.7% according to EIA price estimates and an assumed return to the five-year average weather pattern), and a 0.2% decrease in electricity costs. The projected decrease in energy-related costs is offset by a moderate estimated increase in water and sewer rates (a 3.5% increase is proposed for the coming year).

The New York State Public Service Commission (PSC) estimates that following recent rate drops, electricity delivery rates will remain relatively constant in the upcoming year. In January 2001 and again in April 2001, Con Edison's delivery rates were reduced for most multi-family buildings. These rate decreases resulted in an approximate 8% reduction in total average bills for most sizes of multi-family buildings in the first quarter of 2001. If weather is "normal" and fuel prices do not drop as expected, then electricity prices this summer will be higher than last summer, offsetting the earlier rate decreases. However, adjustment charges for the changing cost of supplying power should decrease somewhat assuming fuel prices behave as predicted. Using the most recent EIA projections, the cost of electricity is estimated to drop minimally, by 0.2% over the coming year.

Natural gas costs are estimated to decrease by 6.7% next year. Neither Keyspan nor Con Edison expects an increase in rates or delivery charges over the upcoming year. Assuming a return to the five-year average weather pattern in combination with EIA estimates for the change in natural gas prices which take into account

dropping fuel price adjustment charges, decreased consumption is projected to ultimately produce a decline in gas costs of 6.7% over the next year. (See Endnote 2)

During the past ten years, water and sewer costs have grown the fastest of all the items in the Utilities component. After many double digit increases, water and sewer rates were frozen from FY 1994 to FY 1995. Rates were unfrozen in FY 1996, rising by 5%, followed by increases of 6.5% in FY 1997 and '98. Rates rose less rapidly FY 1999 and FY 2000, each by 4%, followed by an increase of 1% for FY 2001. An increase of 3.5% should take effect for FY 2002, given current proposals before the New York City Water Board.

In total, weighted changes in water and sewer charges, electricity, steam, telephone and natural gas costs, are projected to cause Utilities to rise by 1.0% in 2002.

Insurance +2.5%

Insurance Costs for rent stabilized buildings increased 4.9% last year up from growth of 0.7% the year before. This highly variable component showed a decrease of 1.5% in 1998 and an increase of 3.5% in 1999. Based on a geometric eight-year average, Insurance Costs are estimated to rise by 2.5% over the coming year.

Parts and Supplies +1.6%

The Parts and Supplies component has usually played a very small role in the PIOC, comprising slightly more than 2% of the index in 2001. Over the past six years there has been very modest growth in this component ranging from 0.8% to 2.2%. This trend should extend to 2002 when the cost of Parts and Supplies is estimated to increase by 1.6%.

Replacement Costs +1.0%

This component accounted for about one percent of the entire price index in 2001. Over the past year, Replacement Costs increased by only 1.0%. The modest 15-year trend of growth in Replacement Costs should continue with costs rising by an estimated 1.0% over the next year.

Methodology

Owner Survey

The Owner Survey gathers information on management fees, insurance, and non-union labor from building managers and owners. Survey questionnaires, accompanied by a letter describing the purpose of the PIOC, were mailed to the owners or managing agents of stabilized buildings.

This year the questionnaire contained an additional section that asked owners detailed questions on how they heat the property selected in the sample of rent stabilized buildings. A total of 645 completed heating surveys were returned to the RGB. The survey found significant shifts in the usage patterns of the three grades of fuel oil and natural gas used for heating as measured by the PIOC since the weights were last updated in 1982. Survey findings showed that there has been a significant shift from oil to gas for space heating over the last 19 years and that, for oil heated buildings, there has been growing dependence on #2 oil instead of #6 oil. The results of the survey were used to redistribute the weights among the following items: 301, 302, 303 and 406, to reflect current heating patterns. The survey did not affect the importance or weight of any of the remaining items in the PIOC. Implementing the results of the heating survey did not impact the outcome of the PIOC significantly. The difference between the PIOC percent change with the old weights and the new weights was one-tenth of one percent.

If the returned questionnaire was not complete, an interviewer contacted the owner/manager and the missing information was gathered. All of the price information given by the owner/managing agent was then confirmed by calling the relevant insurance and management companies and non-union employees.

The sample frame for the Owner Survey included more than 41,000 stabilized buildings registered with the New York State Division of Housing and Community Renewal (DHCR) in 1999. A random sampling scheme was used to choose 5,100 addresses from this pool for the owner mailing. The number of buildings chosen in each borough was proportional to the share of stabilized buildings in that borough. The "multiple contact" method was used for the third

consecutive year for the Owner Survey. Three successive mailings were sent at timed intervals to the owner or managing agent of each property selected in the survey sample.

Over 17% of the questionnaires mailed out were returned to the RGB. A total of 800 returned surveys contained information, from which 607 insurance prices, 162 non-union labor quotes and 117 management fees were validated. The number of verified prices in 2000 and 2001 for the Owner Survey is shown in Appendix B.1.

Fuel Oil Vendor Survey

Fuel price information is gathered on a monthly basis via a telephone survey. A monthly survey makes it possible to keep in touch with fuel vendors and to gather the data on a consistent basis (i.e. on the same day of the month for each vendor). Vendors are called each month to minimize the likelihood of misreporting and also to reduce the reporting burden for the companies that do not care to look up a year's worth of prices. The number of fuel quotes gathered this year was comparable to last year and is contained in Appendix B.1.

To calculate changes in fuel oil costs, monthly price data is weighted using a degree-day formula to account for changes in the weather. The number of heating degree-days (see Endnote 2) is a measure of heating requirements.

Real Estate Tax Computations

The sample of buildings used to compute the 2001 tax price relative was drawn by providing a list of rent stabilized properties registered with DHCR to the Department of Finance. Finance "matched" this list against its records to provide data on assessed value, tax exemptions, and tax abatements for more than 36,000 buildings in FY 2000 and FY 2001. The list of rent stabilized buildings that registered with DHCR in 1998 was used this year.

The Department of Finance data was used to compute a tax bill for each stabilized building in FY 2000 and FY 2001. The change computed for the PIOC is simply the percentage increase in aggregate tax bills for these buildings from FY 2000 to FY 2001.

Vendor Survey

The Vendor Survey is used to gather price quotes for Contractor Services (e.g. painting), Administrative Costs (e.g. management and attorney fees), Parts & Supplies (e.g. mops), and Replacement Costs (e.g. refrigerators). As in prior years, the vendor database was updated by adding new vendors and deleting those who no longer carry the products in question. All vendor quotes were obtained over the telephone. The telephone interview procedures used for gathering price quotes were unchanged from prior years. A total of 682 recorded price quotes were gathered. For a description of the items priced and the number of price quotations obtained for each item, refer to Appendix B.1.

Water/Sewer Sample

To measure the change in water and sewer costs for rent stabilized buildings, actual bills from a random sample of properties were accessed through the NYC Department of Environmental Protection (DEP)'s Customer Information System (CIS) and examined. This study used the same basic methodology that has been used in the last two RGB water/sewer studies. This year, the sample size was increased to 1,600 rent stabilized buildings, up from 1,200 in the 2000 PIOC and 625 in the 1999 PIOC, to reduce statistical sampling error. The random sample of buildings was drawn from the most recent list of stabilized buildings registered with DHCR in 1999. The sample included 1,041 buildings (69%) billed on frontage in both years, 412 buildings (28%) billed on metered billing in both years, and 38 buildings (3%) that converted from frontage to metered billing. This last group of properties was a smaller share of the sample, unlike in previous studies (6% in the 2000 PIOC and 3% in 1999 PIOC). A total of 109 records (7%) for the desired time period were deemed unusable and removed from the analysis due to incomplete data, often resulting from a large number of estimated bills or missing bills due to meter malfunctions and other technical problems.

With the assistance of DEP staff, each building's accounts were examined to determine the latest available correct billing amounts for the current year (either FY 2001 or calendar year 2000) and prior year

(either FY 2000 or calendar year 1999) depending on the billing type. Adjustments were made for billing errors, rebate program credits, and irregular billing periods when they occurred. Following data collection, weights were created based on the proportion of properties that were billed on a frontage basis or metered basis (including mixed-billing). This year, 70% of the buildings were billed on a frontage basis and 30% were on metered-billing. The weights were then assigned to the two component items within the utility cost category. Similar to the method used in prior RGB PIOC studies, the Water Board FY 2001 increase of 1.0% in water and sewer charges was assigned to all buildings in the frontage component item, after an examination of 200 actual frontage bills showed a 1% increase in charges during the time period.

Many metered buildings, or buildings that moved from frontage to metered billing over the period, had highly variable changes in costs that were significantly different than the Water Board rate. As described earlier, the nature of metered billing is to base costs on actual consumption; thus these buildings are more sensitive to changes in consumption than those billed on a frontage basis. Small buildings (6-19 units) are particularly vulnerable to these quarterly swings; that is, a new vacancy or occupancy, or a leak in one unit has a more significant impact on the entire building's water/sewer bill. Other reasons for substantial fluctuations in bills include faulty equipment—problems with meters and dials, unaddressed leak or waste; incorrect customer-read bills, and estimated bills which often under- or over-estimate usage depending on when the last actual read was taken.

During 1999-2000, DEP continued working toward its goal of installing meters in all NYC residential buildings, as it has since 1986, and DEP estimates that about 80% of residential buildings now have meters.⁵ Property owners are currently charged a 100% surcharge of their current annualized bill for failing to install, repair or replace a meter or remote.⁶ Many buildings with six or more units that become metered join various transitional billing programs if they qualify, which limit charges during the transition.

The Water Board intends to phase out historical and currently existing frontage and flat-rate billing bases by the end of June 2004, along with transitional billing

programs. In October 2000, the Board approved a new program to "promote water conservation in multi-family buildings" and give owners "a measure of control over their water and sewer costs."⁷ Under the program, owners of buildings with six or more units with meters can elect in lieu of metered billing, to be billed on a fixed charge per dwelling unit, if they have shown that water-saving equipment and practices have been installed. In other words, as opposed to receiving quarterly bills based on consumption, these customers will pay a predetermined annual water and sewer charges. In these buildings, DEP will continue to monitor consumption to ensure that conservation is being achieved. If owners in the program refuse to fix leaks or other problems, they will have to pay the higher metered-rate. The program will begin in FY 2002 (beginning July 1, 2001) and the fixed charge will be \$424 per dwelling unit plus any rate increase enacted for 2002. The Water Board may adjust this charge in later fiscal years.

Other Items

In addition to the items previously discussed, a number of other pieces of information are needed to complete the PIOC, including union contract and benefit information, Social Security rates, unemployment insurance rates, heating degree-days, and utility rate schedules. These items are used in computing some of the labor components, changes in utility costs for electricity, gas, steam, and telephone, and the cost-weighted change in fuel expenses.

Price Index Projections

The PIOC Projections are estimated by using data from Federal, state and local agencies, estimates from related industry experts and trend forecasting using three or eight-year averages.

Taxes were projected by using data from the Department of Finance's tentative assessment roll for FY 2002 and the amended and restated City Council tax fixing resolution to estimate (for Class Two properties) the change in class levy share and assessments, the tax rate and the impact of exemptions and abatements in the coming fiscal year. These estimates produce a projected tax cost for the owners of rental and 4-10

family buildings. Labor costs are projected by analyzing labor contract terms supplied by apartment workers union Local 32-BJ and an eight-year geometric average of all other Labor items. Fuel costs are projected by using data and information from the U.S. Energy Information Administration's current "Short-Term Energy Outlook" report, which includes assumptions about changes in usage according to a projected return to the average temperature over the last five years. Utility costs are projected by obtaining rate projections for the coming year from the New York State Public Service Commission, the New York City Water Board, industry representatives from area utility companies and EIA projections. Natural gas rate projections are combined with assumptions about usage if the coming year's weather had the five-year average number of heating degree-days (see Endnote 2).

The other components, Administrative Costs, Contractor Services, Insurance, Parts and Supplies, and Replacement Costs are projected by using three-year or eight-year geometric averages of the component price relatives.

Acknowledgments

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Endnotes

- (1) The average CPI-U for All Urban Consumers, New York-Northeastern New Jersey for the year from April 1999 to March 2000 (178.3) compared to the average for the year from April 2000 to March 2001 (183.8) rose by 3.1%. This is the latest available CPI data and is roughly analogous to the 'PIOC year', which for the majority of components compares the most recent point-to-point figures from April to April, monthly cost-weighted figures from May to April, or the two most recent fiscal year bills from July to June.
- (2) The May 2000 to April 2001 year was 10% colder than the most recent 5-year average "normal" year, and 16% colder than the year before. "Normal" weather refers to the typical number of heating degree-days

measured at Central Park, New York City, over a given period. A heating degree-day is defined as, for one day, the number of degrees that the average temperature for that day is below 65 degrees Fahrenheit. The most recent five-year average "normal" temperature refers to the total number of average annual Heating Degree Days from 1996 to 2000 measured in Central Park by the National Weather Service.

- (3) "Public Information Regarding Water and Wastewater Rates", New York City Water Board, April 2001.
- (4) Source: "Short-Term Energy Outlook," April 2001. U.S. Energy Information Administration, Department of Energy.
- (5) "City Switches Its Stance on Water Meters" by Eric Lipton, The New York Times, December 15, 2000.
- (6) "Water and Wastewater Rate Schedule", New York City Water Board, July 1, 2000.
- (7) "Conservation Program for Multiple Family Residential Buildings Implementation Guidelines", New York City Water Board, October 26, 2000.

The Rent Guidelines Board

2001 Income & Expense Study

Introduction

As required by the Rent Stabilization Law, the Rent Guidelines Board (RGB) has analyzed the cost of operating and maintaining rental housing in New York City since 1969, as part of the process of establishing rent adjustments for stabilized apartments. Historically, the Board's primary instrument for measuring changes in prices and costs has been the Price Index of Operating Costs (PIOC), a survey of prices and costs for various goods and services required to operate and maintain rent stabilized apartment buildings.

In 1990, the RGB acquired a new data source that enabled researchers to compare PIOC-measured prices and costs with those reported by owners: Real Property Income and Expense (RPIE) statements from rent stabilized buildings collected by the NYC Department of Finance. These Income and Expense (I&E) statements, filed annually by property owners, provide detailed information on the revenues and costs of "income producing" properties. The addition of I&E statements has greatly expanded the information base used in the rent setting process. I&E statements not only describe conditions in rent stabilized housing in a given year, but also depict changes in conditions over a two-year period. Most importantly, I&E data encompasses both revenues and expenses, allowing the Board to more accurately gauge the overall economic condition of New York City's rent stabilized housing stock.

This I&E Study examines the conditions that existed in New York's rent stabilized housing market in 1999, the year for which the most recent data is available, and also the extent by which these conditions changed from 1998.

Local Law 63

The income and expense data for stabilized properties originates from Local Law 63, enacted by the New York City Council in 1986. This statute requires owners of apartment buildings and other properties to file RPIE statements with the Department of Finance annually. While certain types of properties are exempt from filing RPIE forms (cooperatives, condominiums, buildings with fewer than 11 units or with an assessed value under \$80,000), the mandate produces detailed financial records on thousands of rent stabilized buildings. Although information on individual properties is strictly confidential, Department of Finance is allowed to release summary statistics of the data to the RGB.

Prior to 1998, properties had to have a minimum assessed value of \$40,000 to be subject to filing requirements. Since 1998, buildings with an assessed value of \$80,000 or less were no longer required to file an RPIE. This change reduced the total number of filings, although only about 2% of rent stabilized buildings with eleven or more units were affected.

WHAT'S NEW

For owners of rent stabilized buildings in New York City, 1999 was a year in which rents and revenues grew more than operating costs, at a strong pace that was consistent with the experience of the last three years. Unlike the last two years, however, operating costs rose more quickly than the year before. The rise in costs was propelled by increases in expenses such as taxes, labor, maintenance, and administration, particularly affecting pre-war stock. These effects caused Net Operating Income (NOI, revenue remaining after operating and maintenance expenses are paid) to rise by 8.7%, a somewhat lower increase than the decade-highs experienced over the last two years.

In stabilized buildings, from 1998-99:

- ✓ Rental income increased by 5.5%.
- ✓ Total income rose by 5.5%.
- ✓ Operating costs increased by 3.5%.
- ✓ Net operating income grew by 8.7%.

CHANGES IN THE STABILIZED UNIVERSE AFFECT REPORTED AVERAGE RENTS

The HVS and the RPIE employ different units of measurement. The HVS measures data in units, while the RPIE measures data on a building-wide basis. If both the HVS and RPIE data measured the same stock, the HVS data, which consists of contract rents, would necessarily be higher than the RPIE data, which measures collected rents. Collected rents are always lower than contract rents due to vacancy and collection losses. The fact that the RPIE post-46 average monthly rent (\$854) was higher than the HVS post-46 average monthly rent (\$809) this year is anomalous and may be due to several factors.

First, the rent stabilized housing stock has undergone significant changes in the past three years. According to the HVS, the number of post-46 stabilized units has decreased by approximately 11,000 units from 1996 to 1999. Second, both the RPIE and the HVS rents are mean figures which can be affected by outliers in each sample. The post-46 HVS mean rent may be lower than expected (there was a 2% increase in mean rents from 1996 to 1999) because of an exodus of high-rent units due to vacancy and luxury decontrol. However, when the median HVS rents are compared (medians being less influenced by outliers than means), there is an 8% increase in post-46 stabilized rent from 1996 to 1999.

The fact that the HVS average rent for the post-46 stock falls below the RPIE average indicates possible shortcomings with both data sets. Since the RPIE data is drawn from building by building filings, rent and expense data from apartments which have undergone vacancy or luxury decontrol cannot be excluded, and therefore the higher rents associated with these units are part of the overall average rent. In this sense, the \$854 figure may be high, but it is nonetheless a better reflection of the economic condition of buildings containing such units. Conversely, HVS data on stabilized rents, which does not include what are presumably very high rents in deregulated apartments, does not offer a clear portrait of the economic health of buildings with a mix of regulated and deregulated units.

Since 1990, the RGB has received data on samples of rent stabilized properties that file RPIE forms. Samples in the first two studies were limited to 500 buildings, because RPIE files were not automated. Upon computerization of I&E filings several years ago, the size of the samples used in RGB I&E studies has grown to more than 10,000 properties, and over 500,000 units.

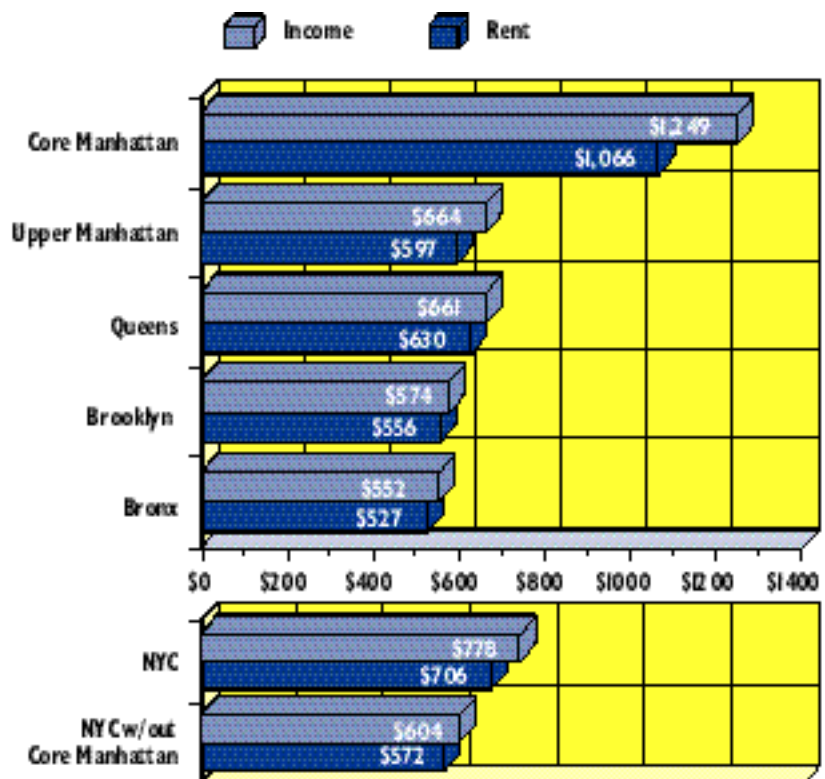
Cross-Sectional Study

Rents and Income

In 1999, rent stabilized property owners collected monthly rent averaging \$706 per unit. As in prior years, units in pre-war buildings rented for less on average (\$652 per month) than those in post-war buildings (\$854 per month). Stabilized monthly rents at the borough level were \$929 in Manhattan, \$630 in Queens, \$556 in Brooklyn and \$527 in the Bronx (as noted in the Methodology, figures for Staten Island were not included throughout the analysis due to the small number of buildings in the datasets). In Core Manhattan (the area south of East 96th and West 110th Streets), average monthly rents were \$1,066 per unit

Stabilized Rents and Income Were Highest in Core Manhattan in 1999

(Average Monthly Collected Rent/Income per Dwelling Unit by Borough)*



* See Endnote 1

Source: NYC Department of Finance, 2000 RPIE Filings

while rents in Upper Manhattan were \$597 per unit. Stabilized property owners in all New York City neighborhoods excluding Core Manhattan averaged rent collections of \$572 per unit per month.

Two independent data sources, the triennial NYC Housing and Vacancy Survey (HVS) and the NYS Division of Housing and Community Renewal (DHCR) registration data, provide important comparative rent data to the rents stated in RPIE filings. The comparison of the RPIE rents to the HVS and DHCR rents is a good indicator of the overall rental market reflecting both how well owners are able to collect the rent roll and the prevalence of vacancies.

Rents included in RPIE filings tend to be lower than figures obtained from the HVS and DHCR primarily because of differences in how average rents are computed. RPIE data reflects actual rent collections which account for vacancies or non-payment of rent. HVS data consists of contract rents (the amounts stated on leases, which includes both legal and preferential rents) while DHCR data consists of legal rents. Because HVS and DHCR rent data do not include vacancy and collection losses, these rents are generally higher than RPIE rent collections data. Furthermore, RPIE information reflects rents collected over a 12-month period, DHCR data reflects rents registered on April 1, 1999, and 1999 HVS figures are contract rents in effect during the first four months of 1999. Because 1999 is a year in which the HVS was conducted, it is possible to compare rent data from all three sources. In sum, despite the anomalies between the three rent indicators, the difference between RPIE rents and HVS or DHCR rents is a good estimate of vacancy and collection losses incurred by building owners, and the relative change in the gap is one way of estimating the change in such losses from year to year.

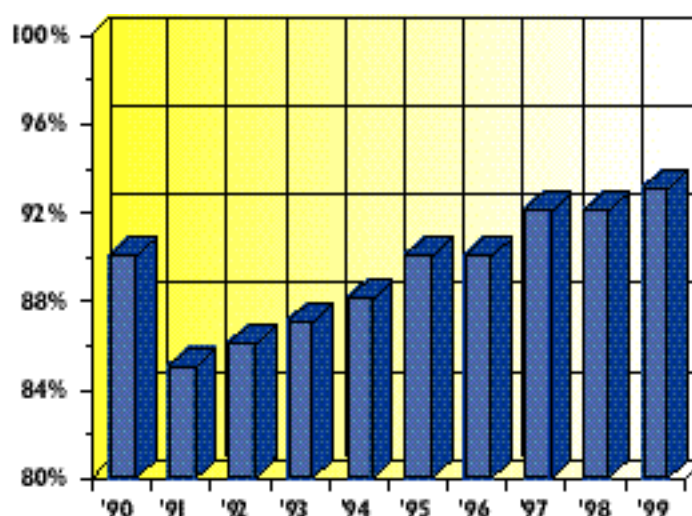
The HVS mean contract rent of \$720 for all rent regulated apartments exceeds the average rent computed with RPIE data by 2.0%.² This is the smallest 'gap' compared to other HVS years during the 1990's (a 9% gap in 1996, 6% in 1993 and 4% in 1991). Rent by building age also varies in the HVS. The

mean HVS contract rent in older pre-war apartments was \$690, which was 6% higher than the RPIE average rent of \$652 (see Endnote 2). Conversely, the HVS average rent for units built after 1946 (\$809) was 5% lower than the 1999 RPIE average rent of \$854 (see page 26 sidebar). If even a portion of this differential between HVS and RPIE rents can be attributed to vacancy and collection losses, then it seems that older stabilized buildings continued to face much greater hardships than modern properties in the actual collection of their annual income in 1999.

Since 1991, when comparing annual RPIE and DHCR average rents, the gap between the two has contracted steadily. In fact, over the nine years, the difference between RPIE and DHCR rents has decreased by half. In 1991, the average RPIE collected rent was 15% lower than the average DHCR registered legal rent. In 1999, the average RPIE rent (\$706) was only 7.2% less than DHCR's average rent (\$761). This gap between collected and legal rent is smaller than in the recessionary period of the early 1990's, indicating that building owners continue to collect a greater portion of their legal rent rolls due to lower vacancies and fewer

Percentage of Legal Rent Collected Has Increased Steadily since 1991

(Average Monthly Citywide RPIE Rents as a Share of Average Monthly DHCR Legal Registered Rents 1990-99)



Source: DHCR Annual Rent Registrations;
NYC Department of Finance, 1991-2000 RPIE Filings

**RPIE RENT COLLECTIONS GREW
FASTER THAN DHCR LEGAL RENTS
AND THE RGB RENT INDEX
FROM 1990-91 TO 1998-99**

	RPIE Rent Growth	DHCR Rent Growth (Adjusted)	RGB Rent Index (Adjusted)
90-91	3.4%	4.8%	4.7%
91-92	3.5%	3.5%	4.0%
92-93	3.8%	2.9%	3.3%
93-94	4.5%	2.8%	3.0%
94-95	4.3%	2.5%	2.8%
95-96	4.1%	3.6%	3.8%
96-97	5.4%	4.4%	5.3%
97-98	5.5%	4.6%	4.2%
98-99	5.5%	3.3%*	3.7%
90-91 to 98-99 ⁺	48.0%	37.4%	40.6%

* This is an estimated number which will be revised when the actual figures are available.

⁺Not adjusted for inflation.

Source: DHCR Annual Rent Registrations; NYC Department of Finance, 1991-2000 RPIE Filings

"preferential rents"³ or non-paying tenants (see graph on previous page). The gap between collected and legal rent varies widely at the borough level. In 1999 Manhattan property owners collected rents that were only 1.7% below DHCR's average legal rent for the borough while owners in the outer boroughs collected rents that were 15% lower than legal rents in Bronx and Brooklyn and 12% lower in Queens. At least part of this differential in the outer boroughs is due to preferential rents, offered most often when the legal stabilized rent exceeds the market rate for the area.

A final benchmark that can help place RPIE rent data in context is the RGB Rent Index, which measures the overall effect of the board's annual rent increases on contract rents each year. As the adjacent table shows, for the past seven years, average RPIE rents increased faster than the RGB's Rent Index. From 1998 to 1999, RPIE rent collections increased by 5.5%, almost two percentage points higher than the increase in the RGB rent index (3.7%, adjusted for the July-June fiscal year). This suggests that stabilized building owners continue to derive additional revenues from sources other than guideline increases. These sources may include rent increases from individual apartment and building-wide improvements, which are not accounted for in the RGB Rent Index.

The comparison between the growth in collected rents and the increase in rent allowed by RGB guidelines has changed over time. During the recession years of the early 1990's, collected RPIE rents did not grow as quickly as DHCR legal rents or the RGB rent guidelines. This indicates that owners during this period either offered more preferential rents or were simply unable to collect the full amount allowed by the guidelines during that period. As the City's real estate market and the general economy began to recover in 1993, rent collections grew more quickly than the guidelines or legal rents, indicating a drop in vacancy and collection losses, fewer preferential rents, and more rent increases due to renovations. It is interesting to note that a longer view of the three indices shows overall that collected rents have grown more quickly than the impact of rent guidelines or legal rents from 1990-91 to 1998-99. RPIE rents increased 48.0%, the RGB Rent Index increased 40.6%, and DHCR adjusted rents increased 37.4% in that period (these figures are not adjusted for inflation, see adjacent table).

Many owners of stabilized buildings augment their apartment rents by selling services to their tenants as well as by renting commercial space. Current RPIE filings show an average monthly gross income of \$778 per rent stabilized unit in 1999, with pre-war buildings earning \$720 per unit and those in post-war properties earning \$937 per unit. These figures encompass rent from stabilized apartments as well as the sale of services (e.g. laundry, vending, parking) and commercial income. Such proceeds accounted for a 9% share of the total income earned by building owners in 1999, about the same as the distribution observed for 1998 and 1997. Core Manhattan owners particularly benefit from commercial income, with nearly 15% of their total revenues coming from commercial units and services, about the same share as in the two previous years.

In the outer boroughs, property owners did not receive as large a portion of their total income from commercial sources. When Core Manhattan is excluded from the calculation, building owners in the rest of the city received just 5.2% of their total income from commercial sources. The respective figures for the other boroughs were 4.6% in Queens, 4.5% in the Bronx and 3.1% in Brooklyn. The proportion of commercial and service income for properties in Queens was less than found last year, while properties in Bronx and Brooklyn experienced about the same proportion. The graph on page 26 shows the average rent and income collected in 1999 by borough, and for the City as a whole see Appendix C.3.

Operating Costs

Rent stabilized apartment buildings incur considerable expenses in the course of their operation. RPIE filings include data on eight categories of maintenance costs. In contrast to revenues, however, this data does not distinguish between expenses for commercial space and those for apartments, making the calculation of "pure" residential operating and maintenance (O&M) costs impossible, except in a smaller sample of residential buildings analyzed below. Thus, the operating costs reported are comparatively high because they include maintenance costs for commercial space.

The average monthly operating cost for stabilized units was \$464 in 1999. Costs were lower in units situated in pre-war buildings (\$445), and substantially higher in the post-war sector (\$518). Geographically, costs were lowest in Brooklyn and the Bronx (\$376 and \$377) and highest in Queens and Manhattan (\$400 and \$595). Looking more closely at Manhattan property owners, costs for units located in Core Manhattan averaged \$665 a month while the costs in Upper Manhattan were \$430. The average monthly operating costs for stabilized building owners in New York City, excluding Core Manhattan, reduces the city average to \$389. The graph on the following page details average monthly expenses by cost category and building age for 1999. See Appendices C.1 and C.2 for a complete breakdown of costs in pre- and post-war buildings.

In 1992, Department of Finance and RGB staff tested RPIE expense data for accuracy. Initial

examinations found that most "miscellaneous" costs were actually administrative or maintenance costs, while 15% were not valid business expenses. Further audits on the revenues and expenses of forty-six rent stabilized properties discovered that O&M costs stated in RPIE filings were generally exaggerated by 8%. Costs tended to be less accurate in small (11-19 units) properties and most precise for large (100+ units) buildings. However, these results are somewhat inconclusive since several owners of large stabilized properties refused to cooperate with the Department of Finance's assessors. Adjustment of the 1999 RPIE O&M cost (\$464) by the results of the 1992 audits (reducing the cost by 8%) results in an average monthly O&M cost of \$426 citywide and \$357 on average in NYC neighborhoods outside of Core Manhattan.

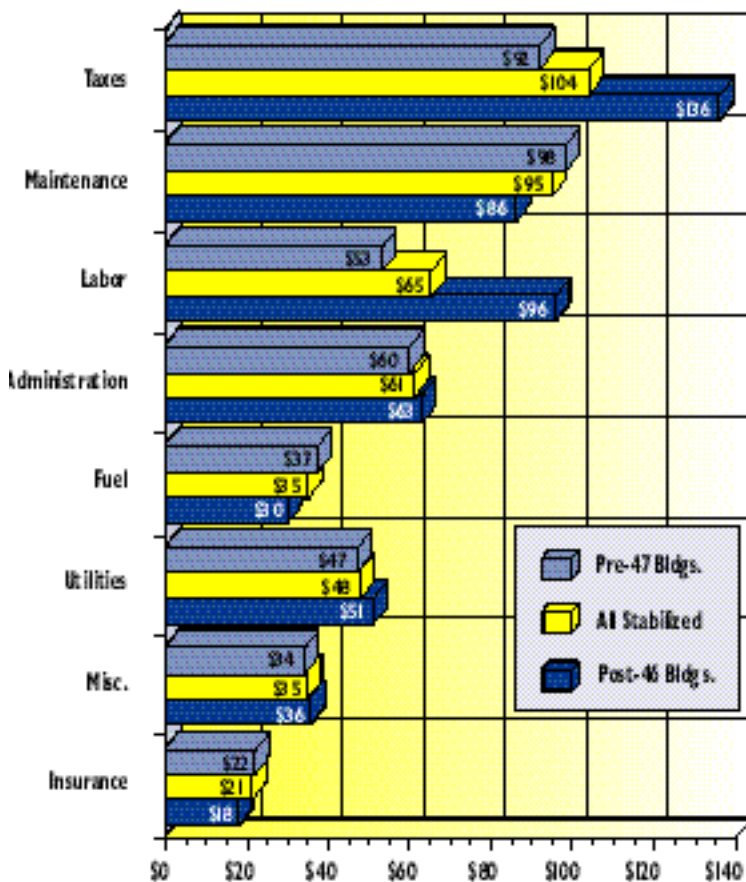
Just as buildings without commercial space typically generate less revenue than stabilized properties with commercial space, operating expenses in these buildings tend to be lower on average than in buildings with a mixture of uses. This year, average audited O&M costs for units in "residential-only" buildings were \$391 per month, \$35 less than the audit-adjusted average (\$426) for all stabilized buildings in 1999. As in previous RGB Income & Expense Studies, most of the difference in costs between the two types of properties stemmed from taxes, administration and miscellaneous expenses that were respectively 15%, 11%, and 8% lower on average for buildings without commercial space than for all stabilized properties.

Components of Operating Costs

In 1999, nearly three-fourths of total expenses in stabilized buildings were comprised of taxes, maintenance, labor and administration costs. Older buildings on average spent proportionately more on maintenance, fuel and insurance costs, consequently spending less on taxes and labor. Conversely, newer buildings spent relatively more money on taxes and labor and less on maintenance, administration, fuel and insurance. The least amount of variation between expenses in buildings of different ages occurred in the cost components of utilities and miscellaneous costs. These spending patterns have not varied much in recent years. (See Appendix C.5)

Taxes Are Largest Expense in 1999

(Average Monthly Expense per Dwelling Unit per Month)*



* See Endnote 4

Source: NYC Department of Finance, 2000 RPIE Filings

As in previous years, building size affected the distribution of costs in rent stabilized buildings in 1999. As described above, taxes, maintenance, labor and administration costs dominated total operating costs in all buildings. Labor costs continued to be particularly associated with size, comprising much larger shares of total operating costs in larger buildings, probably due to the concentration of large, post-war stabilized buildings in Manhattan, which tend to employ doormen. In contrast, fuel, insurance and miscellaneous costs consumed less of each operating and maintenance dollar in larger buildings, probably due to efficiencies of scale realized by larger properties, particularly those with 100 or more units. Maintenance costs also tend to decrease with greater building size.

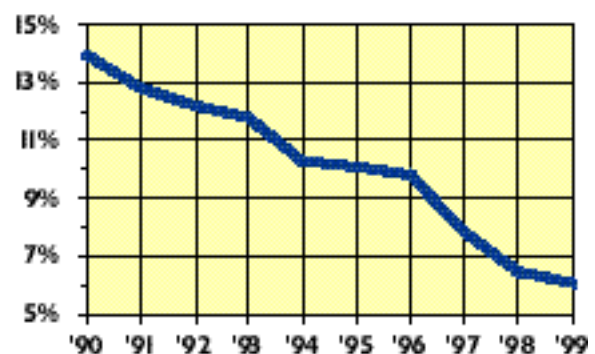
"Distressed" Buildings

Buildings that have operating and maintenance costs greater than gross income are considered distressed. Among the properties that filed 1999 RPIE forms, 769 buildings, or 6% of the cross-sectional sample, had O&M costs in excess of gross income. The proportion of distressed buildings again comprised a smaller percentage of the cross-sectional sample than it did in the previous year (7%). Only 38 (5%) of these distressed buildings were built after 1946. The chart below shows how since 1990 the share of distressed buildings in the cross-sectional sample has declined.

Buildings with expenses greater than revenues in 1999 suffered from both abnormally high expenses (122% of the 1999 all-building average), and low rents and income (respectively only 65% and 63% of the all-building average, a slightly higher proportion than the figures reported in 1998). Not surprisingly, a larger share of distressed buildings' overall operating expenses went to maintenance costs, as opposed to the share in all stabilized buildings (25% and 20% respectively). These buildings also paid less property taxes (84% of the all-building average) than all rent stabilized buildings. Appendix C.6 shows the distribution of distressed buildings by age, size and location.

Share of Distressed Properties Declines During the 1990's

(Percent of Distressed Properties in Cross-Sectional Samples 1990-99)



Source: NYC Department of Finance, 1991-2000 RPIE Filings

Net Operating Income and Operating Cost Ratios

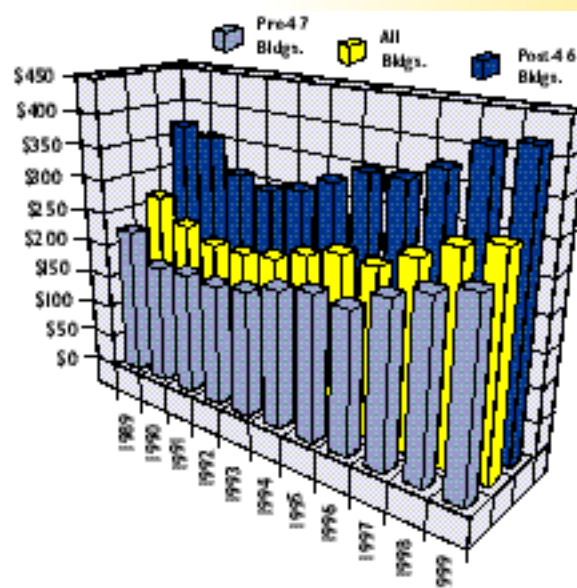
In most stabilized buildings, revenues exceed operating costs, yielding funds that can be used for mortgage payments, improvements and pre-tax profit. The amount of income remaining after all operating and maintenance (O&M) expenses are paid is typically referred to as "Net Operating Income" (NOI). While financing costs, income taxes and appreciation determine the ultimate profitability of a property, NOI is a good indicator of its basic financial condition. Moreover, changes in NOI are easier to track on an aggregated basis than changes in profitability, which require an individualized examination of return on capital placed at risk.

On average, apartments in rent stabilized buildings generated \$314 of net income per month in 1999, with units in pre-war buildings earning less (\$276 per month) than those in post-war buildings (\$419 per month). Average monthly NOI tended to be considerably greater for stabilized properties in Manhattan (\$483) than for those in the outer boroughs: \$175 in the Bronx, \$198 in Brooklyn and \$261 in Queens. There was a large dichotomy when looking at NOI on a sub-borough level in Manhattan. Core Manhattan properties gained on average \$584 a month in NOI while properties in Upper Manhattan had an NOI of \$234, which was close to the monthly NOI average calculated citywide, excluding Core Manhattan (\$215). Average monthly NOI in "residential-only" properties citywide was \$273 per unit in 1999, 13% lower than the norm for all stabilized buildings. (See Appendix C.4)

NOI reflects the revenue available after payment of operating costs, that is, the money owners have for financing their buildings, making improvements, and for pre-income tax profits. While NOI should not be the only criteria to determine the ultimate profitability of a particular property, it is a useful exercise to calculate the annual NOI for a hypothetical "average stabilized building". Multiplying the average monthly NOI of \$314 per stabilized unit by the typical size of buildings in this year's cross-sectional sample (47 units) yields an estimated mean annual NOI of about \$177,000 in 1999.

Traditionally, the RGB has used O&M Cost-to-Income and O&M Cost-to-Rent ratios to evaluate the profitability of New York's stabilized housing, presuming that

After Inflation, NOI Surpasses Levels Last Seen in the Late 1980s (Average Monthly Net Operating Income per Apartment in Constant 1999 Dollars)



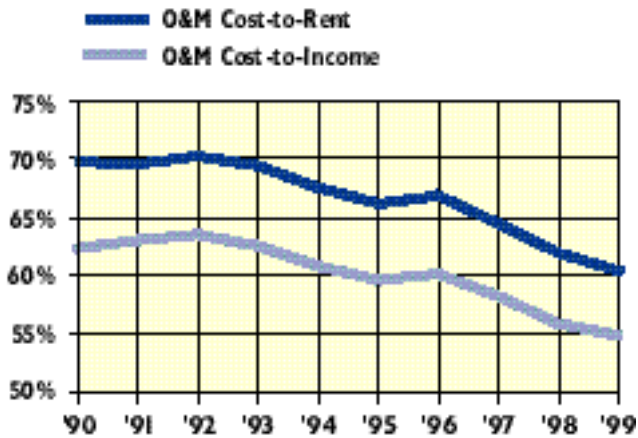
AVERAGE MONTHLY NOI PER APARTMENT
(CONSTANT 1999 DOLLARS)

	All	Post-46	Pre-47
1989	\$267	\$369	\$225
1990	\$233	\$357	\$181
1991	\$216	\$308	\$183
1992	\$214	\$296	\$182
1993	\$220	\$306	\$188
1994	\$238	\$328	\$204
1995	\$253	\$351	\$215
1996	\$249	\$352	\$209
1997	\$275	\$374	\$238
1998	\$301	\$411	\$259
1999	\$314	\$419	\$276

Source: NYC Department of Finance,
1990-2000 RPIE Filings

1999 Cost-To-Income and Cost-to-Rent Ratios are Lowest in this Decade

(Ratios of Citywide Average Monthly Audited O&M Costs to Average Monthly Gross Income 1990-99)



Source: NYC Department of Finance, 1991-2000 RPIEFilings

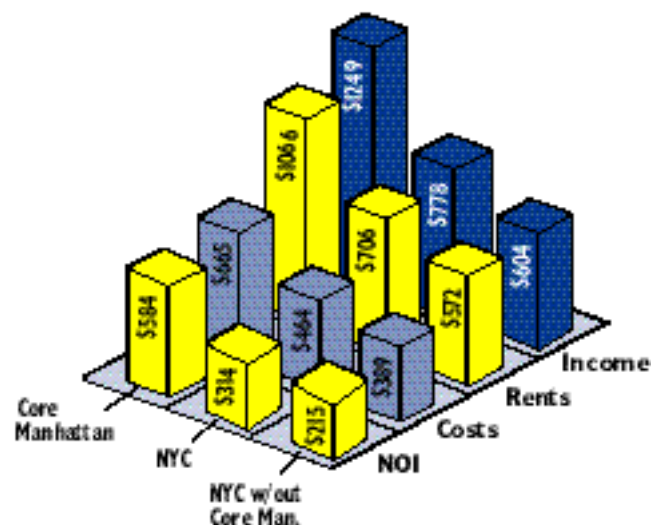
buildings are better off by spending a lower percentage of revenue on expenses. The chart above shows how over the period from 1990-99, the proportion of total income and rent collection spent on audited operating costs has fluctuated but largely decreased in stabilized buildings citywide. From a peak of 63.4% in 1992, the Cost-to-Income ratio has fallen every year except for 1996. The Cost-to-Income ratio was 54.8% in 1999, the lowest average ratio in twelve years. From 1992 to 1999, the Cost-to-Income ratio declined by 8 percentage points. In other words, owners report that they devoted 8 cents less from every dollar of revenue towards expenses in 1999 than they did in 1992. Operating costs were 60.4% of rent collections, the lowest average ratio in ten years. As operating costs have consumed less revenue in recent years, inflation-adjusted NOI in 1999 was nearly 18% more than the average found in 1989 (see graph on previous page). During the same period (1989-99), citywide inflation-adjusted rents and income grew 1.7% and 1.2% respectively and inflation-adjusted costs declined by 7.4%.

Rents, income and costs per unit on average were highest in Core Manhattan (see adjoining graph) in 1999. When Core Manhattan is excluded from the analysis, the average revenue and costs figures are reduced. The Cost-to-Income Ratio for the rest of the city was 59.1%, higher than the Cost-to-Income Ratio citywide (54.8%).

Overall, these NOI figures suggest that the City's stabilized housing market has emerged from the deep recession of the early 1990's and in 1999 experienced better financial conditions. During the stagnant economic period of the early 1990's, unemployment and collection losses rose in the City, limiting owners' ability to offset rising operating costs by raising rents. This trend started reversing around 1993, when the City's economy improved to the point where rents (and revenues) increased faster than costs, which remained stable until 1996. The 1996 RPIE data showed that rent stabilized properties experienced leaps in several cost categories, reversing the three-year trend of stable and moderate cost growth. Rent and income collections strongly outpaced costs in 1997 and 1998. However, this trend abated somewhat in 1999 (see Longitudinal Study). The result of these conditions is an increase in average monthly inflation-adjusted NOI of \$13 per unit per month from the previous year (\$301 to \$314). For a detailed view of NOI trends, see the table on the previous page for average monthly NOI by building age from 1989 to 1999 in constant 1999 dollars. After seven years in which NOI did not reach levels seen in 1989, years 1997-99 show real improvement in NOI.

Stabilized Rents/Income and Costs were Highest in Core Manhattan in 1999

(Average Monthly Income, Rent, Operating Costs and Net Operating Income per Dwelling Unit, 1999)



Source: NYC Department of Finance, 2000 RPIE Filings

Longitudinal Study

Rents and Income

Average rent collections in stabilized buildings rose by 5.5% in 1999, which was nearly identical to the increases observed during 1997 and 1998 (5.4% and 5.5%). The increase experienced in 1999 was most likely propelled by fewer vacancies and strong rent collections as demand for rental housing continued to outstrip supply. Rising investment in property improvements and maintenance may also be boosting rent collections since the costs of renovating building-wide systems and individual apartments can be added to stabilized rents. The vacancy increase implemented by New York State in June of 1997 (18%-20%), under the Rent Regulation Reform Act of 1997, may also have contributed to the strong increases seen in stabilized rent collections since 1997.

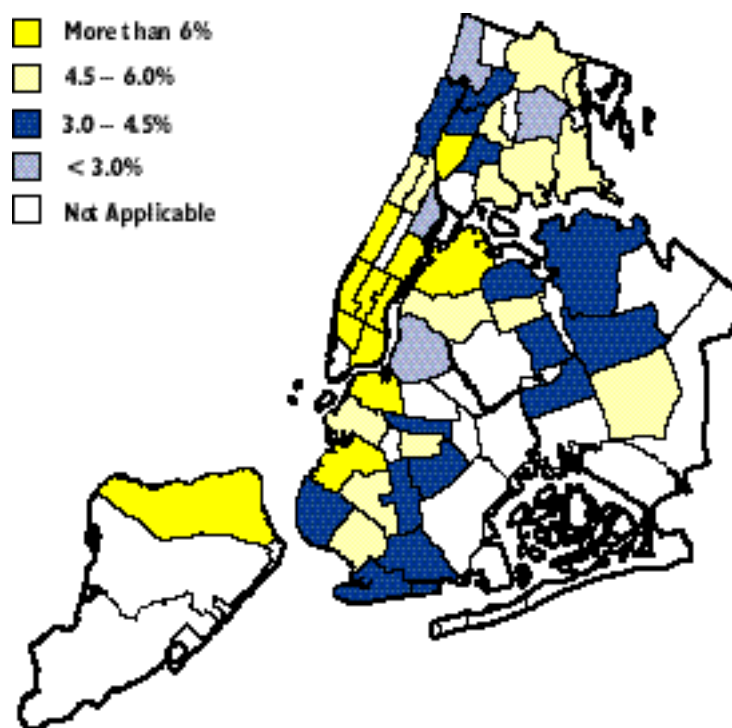
In a departure from last year, rent collections in older (pre-47) buildings increased more (5.9%) than those in newer (post-46) properties (4.8%). Rent collections for all stabilized units increased by 6.9%, 5.4%, and 4.9% for small (11-19 unit), medium (20-99 unit), and large (100+ unit) buildings respectively. Once again, small buildings appear to have the highest gains in rent collections, gaining the highest rent growth of all the size categories for six straight years.

Rent collections in stabilized properties located in the borough of Manhattan rose 6.7% from 1998 to 1999. Rent collections grew in Core Manhattan by 7.1%. Some neighborhoods in Core Manhattan saw average growth in rent collections above 7%: Midtown, Greenwich Village, Stuyvesant Town/Turtle Bay, Lower East Side/Chinatown and Chelsea/Clinton. In Upper Manhattan, rent collections grew by 5.3%. In the outer boroughs, rent collections grew by 4.3% in the Bronx, 4.2% in Brooklyn and 3.7% in Queens from 1998 to 1999. As the adjoining rent collection growth map shows, the rapid rent growth concentrated in Core Manhattan propelled the citywide average, while areas in

the outer boroughs experienced more moderate and varied rent collection growth. When rent collections in Core Manhattan buildings are excluded an average rent growth of 4.3% was calculated for the remainder of the City. Outside of Core Manhattan, the community districts experiencing the highest growth in rent collections were Sunset Park and Brooklyn Heights/Fort Greene (Brooklyn), Astoria (Queens) and Highbridge/S. Concourse (Bronx). The neighborhoods with the lowest growth were East Harlem (Upper Manhattan), and Pelham Parkway and Riverdale/Kingsbridge in the Bronx.

The total income collected in rent stabilized buildings, comprising apartment rents, commercial rents and sales of services, increased by 5.5% from 1998

Stabilized Rents Rose Highest in Core Manhattan in 1999
(Change in Collected Rents 1998-99)



Note: Fifteen Community Districts are "Not Applicable" because they did not contain enough stabilized buildings to calculate reliable statistics. Areas shaded white may also denote non-residential spaces, such as parks, bodies of water and airports.

Source: NYC Department of Finance, 2000 RPIE Filings

to 1999. This increase in income is the largest recorded since the RGB began collecting RPIE data. Revenues rose faster in pre-war buildings (5.8%) and slower in post-war buildings (4.8%). Compared to the other boroughs, Queens property owner's total income grew the least (3.3%). The gross income of Core Manhattan properties grew by 6.8%, while Upper Manhattan income grew faster than the city average as well (6.0%). When Core Manhattan is excluded from the analysis, the rest of the city's average income growth is 4.1%.

Gross income grew in all three size categories of buildings, with small buildings experiencing the largest growth (7.9%). Medium buildings experienced a 5.3% increase in income, while the collected income of large buildings grew by 4.6%. See Appendix C.8 for a complete breakdown.

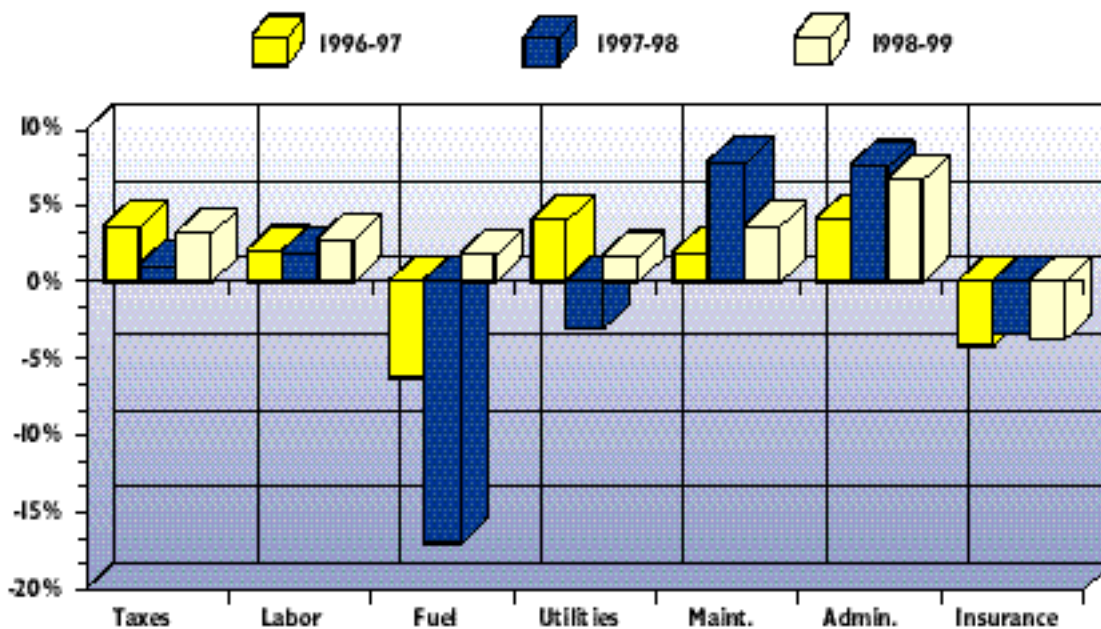
Operating Costs

Expenses in stabilized buildings grew less rapidly (3.5%) than increases in both rents and total income

from 1998-99. For the first time in three years, expenses increased at a faster rate than the year before. Costs rose in newer buildings by just 0.4%, in contrast to the increase in costs realized by pre-war buildings from 1998-99 (4.8%). While the I&E studies have found that rent and income revenues tend to rise at similar rates to one another, operating cost increases are much more variable, often the result of volatile changes in the cost of fuel, maintenance, insurance or utilities, as the graph below shows.

Expenses increased by 3.5% in rent stabilized buildings from 1998-99. This was larger than the increase observed from 1997-98 (1.5%). From 1997-98, fuel expenses dropped sharply, dampening overall cost growth. From 1998-99, however, almost all of the major components within total O&M costs increased (see graph below). Administration, maintenance, taxes, and labor costs increased by 6.8%, 3.7%, 3.1% and 2.9% respectively. Fuel and utility costs increased at a more modest pace (1.8% and 1.7%). Insurance fell by 3.6%, continuing a three-year trend of declines.

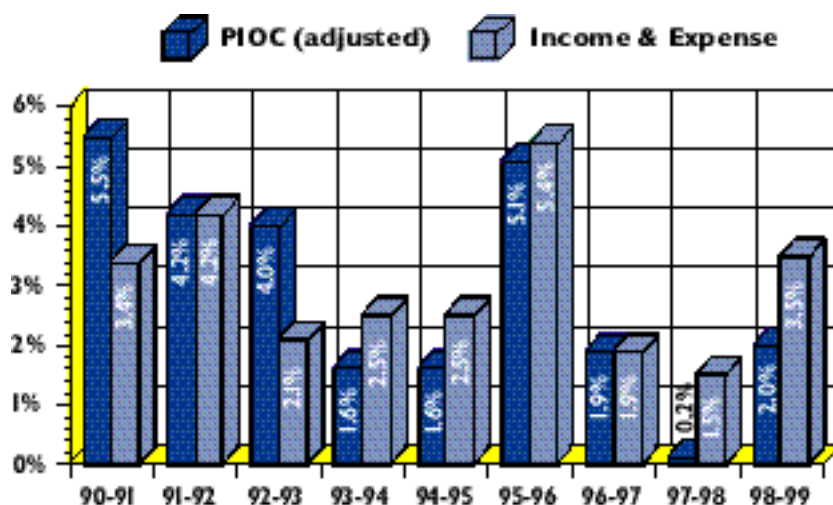
Administration Costs Continue to Rise from 1996-99, while Insurance Costs Continue to Fall
(Change in Operating Cost Components, 1996-99)



Source: NYC Department of Finance, 1998-2000 RPIE Filings

From 1998-99, Owner-Reported RPIE Costs Increased Faster than those Measured in the PIOC

(Change in Operating & Maintenance Costs, I&E and PIOC, 1990-91 to 1998-99)



Note: The PIOC increase is adjusted from the April to April to the July to June fiscal year.

Source: NYC Department of Finance, 1991-2000 RPIEFilings; PIOC 1990-99

As in past years, building size influenced the rate of growth; expenses rose by 5.5%, 3.3%, and 2.7% respectively in small, medium, and large buildings. Not surprisingly, O&M costs rose the most in Core Manhattan (5.4%). Thus, when Core Manhattan properties are removed and a citywide average is calculated, it is smaller than the average for the entire city (2.4%). Queens properties on average did not follow the trend seen in the other boroughs with a decrease of 0.6% in operating costs.

The RPIE and the RGB's long-running survey, the Price Index of Operating Costs (PIOC), each provide a form of independent verification for the expense findings in the other. However, comparison of I&E and PIOC data is somewhat distorted due to differences in the way each instrument defines costs and time periods. For example, there is a difference between when expenses are incurred and actually paid by owners as reported in the RPIE, versus the price quotes obtained from vendors for specific periods as surveyed in the PIOC. In addition, the PIOC primarily measures prices on an April to April basis, while most RPIE statements filed by landlords are based on the calendar year. To compare the two, weighted averages of each must be calculated, which may cause a slight loss in accuracy. Finally, the PIOC measures a hybrid of costs, cost-weighted prices and pure prices, whereas the RPIE provides unaudited owner-reported costs.

Over the past several years, growth in PIOC-measured costs has consistently differed from expense increases reported in RPIE data. Since the beginning of the decade, the PIOC has grown faster in periods of economic downturn, and RPIE overall expenses has grown faster in recovery. While the "gap" between the

two indices has been steadily narrowing since 1993, this year there was a difference of 1.5 percentage points between the two indices. This is the largest difference since 1992-93, up slightly from last year's gap of 1.4%. From 1998-99, as the graph on the previous page shows, the adjusted PIOC change in prices was 2.0% in while the increase in RPIE expenses was 3.5%. While the gap is similar in size to that found from 1997-98, the changes among the components within the two indices differ. The PIOC and RPIE reported similar increases from 1998-99 in the categories of labor, utilities and maintenance costs, while analysis of RPIE data detected larger increases in taxes, fuel and administrative costs. Changes in insurance costs, a volatile cost component, differed the most between the data sources—a decrease of 3.6% according to RPIE data while the PIOC had an increase of 2.8%.

The PIOC, vital to the RGB as an indicator of current price and cost changes, may be most robust when measuring cost increase trends as New York City's rent stabilized housing market emerges from recession. This is because the PIOC is strong at tracking costs during economic upswings, when all types of costs and prices are generally increasing, and when accelerating revenue growth induces fewer owners to cut back on maintenance services and other elective costs. In periods of economic downturn, owners may substitute goods, making the PIOC's 'market basket' of goods less representative. Longitudinal RPIE data, on the other hand, is a highly reliable measure of cost trends over both the short- and long-term because its source is actual empirical data for over 12,500 stabilized buildings. Unfortunately, due to filing periods and processing time, RPIE data is not available to the RGB for more than a year after the calendar reporting year has ended. Therefore, the RPIE data is not current enough to be the only source of cost change information for the RGB to establish annual rent adjustments.

From 1990-91 to 1998-99, cumulative growth in the two indices seem to confirm the accuracy of one another in measuring expense changes for rent stabilized properties: the PIOC grew 29% in stabilized buildings while a 30% increase was measured from RPIE data. However, cumulative increases in fuel, maintenance, administration and insurance costs vary considerably between the two indices over the last nine years.

Operating Cost Ratios

Between 1998 and 1999, the proportion of gross income spent on audited expenses (the O&M Cost-to-Income ratio) declined by 1.1 percentage point. The proportion of rental income used for audited expenses (the O&M Cost-to-Rent ratio) declined by a similar amount (1.3 percentage points). The O&M Cost-to-Income and O&M Cost-to-Rent ratios decreased six times in seven years. Both ratios decreased each year from 1993-95, then increased slightly in 1996, primarily because of the sharp increase in fuel expenses that year. The declines in the operating cost ratios of two or more percentage points in 1997 and 1998 are the largest drops seen over the nine-year period in which they have been computed. In other words, in a continuing trend, property owners are spending a smaller portion of each dollar in rent or income on operating expenses.

"Distressed" Buildings

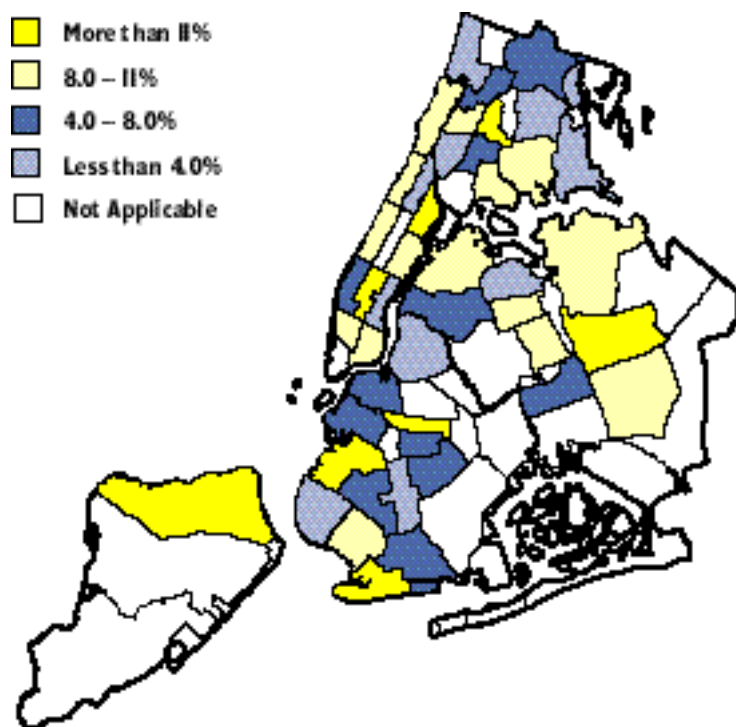
Five percent of the buildings in this year's longitudinal sample (552) had O&M expenses that exceeded revenues, slightly higher than the share in last year's longitudinal study. Only 27 (5%) of distressed properties were built after 1946. The fundamental conditions of these buildings did not change. While rent collections and gross income increased, operating expenses grew at a faster pace from 1998 to 1999. Again, distressed properties are burdened by low rents, lack of commercial income, and high operating expenses.

Net Operating Income

Since revenues grew more rapidly than operating costs during 1999, it is not surprising that on average, citywide net operating income in rent stabilized buildings increased by 8.7%, although not at the pace seen in the past two years (11.8% and 11.4%). The 11.8% increase in average NOI from 1997-98 was the highest rate of NOI growth found in the past nine years in which RGB analyzed longitudinal data. Again, NOI refers to the earnings that remain after operating and maintenance (O&M) expenses are taken care of, but before payments in income tax and debt service.

NOI Growth Varied Across New York City Neighborhoods During 1999

(Change in Net Operating Income 1998-99)



Note: Fifteen Community Districts are "Not Applicable" because they did not contain enough stabilized buildings to calculate reliable statistics. Areas shaded white may also denote non-residential spaces, such as parks, bodies of water and airports.

Source: NYC Department of Finance, 2000 RPIE Filings

In a departure from the previous year, NOI grew at a faster pace in the post-war stock (10.8%) as it did in pre-war stock (7.5%) from 1998-99. NOI rose the most (12.3%) in small buildings (11-19 units) unlike last year in which these buildings experienced the smallest increase. This year, average NOI growth in medium-sized structures (20-99 units) equaled the citywide average for all buildings (8.7%) and grew at a slower pace (6.8%) in large structures (100 or more units). See Appendix C.9 for a complete breakdown.

NOI growth rates for the 1998-99 time period varied greatly across the City. Rent stabilized buildings in Queens had an average NOI growth rate of 9.8%. Stabilized buildings located in Brooklyn experienced an average increase in NOI of 5.7% and those in the Bronx experienced a 5.4% increase. Average NOI grew faster in

the sub-borough of Upper Manhattan on average (12%) as compared to Core Manhattan (8.4%) and New York City neighborhoods excluding Core Manhattan (7.4%). The map on this page shows that NOI growth was mixed but generally strong across New York City neighborhoods from 1998-99. The New York City community districts with the highest NOI growth were Coney Island and Sunset Park (Brooklyn), Hillcrest/Fresh Meadows (Queens), East Harlem and Midtown (Manhattan) and E. Tremont (Bronx). The neighborhoods with the slowest growth in NOI were Pelham Parkway and Riverdale/Kingsbridge (Bronx); Flatbush (Brooklyn); and Central Harlem in Upper Manhattan.

Conclusion

The RPIE filings from over 12,500 rent stabilized buildings support the trend that the overall financial condition of New York City's rent stabilized properties continued to improve in 1999, as it has for the past number of years. Revenue collections remain strong, although expenses edged up this year after two years of relatively small growth in costs. The growth in revenue and expenses from 1998-99 resulted in a strong NOI increase of 8.7% citywide, although the rise in expenses somewhat

dampened the NOI increase from the record-high growth of the two previous years. The table on the next page provides the year-to-year changes in rents, income, costs, and NOI since 1990-91. In 1999, owners of rent stabilized buildings generally had a larger amount of inflation-adjusted income after operating and maintenance expenses were paid than the year before.

Methodology

The information in this report was generated from summaries of raw data from RPIE forms filed with the NYC Department of Finance in 2000 by owners of apartment buildings with eleven or more dwellings. The data in these forms, which reflects financial conditions in stabilized buildings for the year 1999, was

Citywide Longitudinal Growth Rates in Rent and Income Outpace Costs in 1998-99

(Average Monthly Rents, Income, Operating Costs and Net Operating Income per Dwelling Unit, 1989-99)

	Avg. Rent Growth	Avg. Income Growth	Avg. Cost Growth	Avg. NOI Growth
89-90*	3.3%	3.7%	7.1%	-1.8%
90-91	3.4%	3.2%	3.4%	2.8%
91-92	3.5%	3.1%	4.2%	1.2%
92-93	3.8%	3.4%	2.1%	6.3%
93-94	4.5%	4.7%	2.5%	9.3%
94-95	4.3%	4.4%	2.5%	8.0%**
95-96	4.1%	4.3%	5.4%	2.3%
96-97	5.4%	5.2%	1.9%	11.4%
97-98	5.5%	5.3%	1.5%	11.8%
98-99	5.5%	5.5%	3.5%	8.7%

*See Endnote 5 **See Endnote 6
Source: NYC Department of Finance, 1990-2000 RPIE Filings

computerized in late 2000 (the form is not due until September), and made available to RGB research staff in early 2001 for analysis.

As in past studies, two types of summarized data, cross-sectional and longitudinal, were obtained for stabilized buildings. Cross-sectional data, which provides a "snapshot" or "moment in time" view, comes from properties that filed 1999 RPIE forms. This data is used to compute average rents, operating costs, etc. that are typical of the year 1999. Longitudinal data, which provides a direct comparison of identical elements over time, encompasses properties that filed RPIE forms for the years 1998 and 1999. The longitudinal data describes changing conditions in average rents, operating costs, etc. by comparing forms from the same buildings over two years. Analysis of filing dates shows that RPIE forms reflect conditions around July of the previous calendar year. Thus, cross-sectional data in this report measures conditions in effect throughout 1999, while longitudinal data measures changes in conditions that occurred from 1998 to 1999.

This year, 12,505 rent stabilized apartment buildings were analyzed in the cross-sectional study, and 10,361 stabilized properties were examined in the longitudinal study. The sample of buildings was created by matching a list of properties registered with the DHCR in 1998 against buildings that filed a 1999 RPIE statement (or 1998 and 1999 statements for the longitudinal sample). Like last year's study, the number of buildings in both the cross sectional and the longitudinal sample increased from the previous year. The cross-sectional sample increased by 122 buildings (1%) and the longitudinal sample increased by 300 buildings (3%).

Once the two samples were drawn, properties that met the following criteria were removed:

- Buildings contained fewer than 11 units. Owners of buildings with fewer than 11 apartments (without commercial units) are not required to file RPIE forms;
- Owners did not file a 1999 RPIE form for the cross-sectional study, or a 1998 and a 1999 RPIE form for the longitudinal study;

- No unit count could be found in RPIE records;
- No apartment rent figures were recorded on the RPIE forms. In these cases, forms were improperly completed or the building was vacant

Three additional methods were used to screen the samples so properties with inaccurate building information could be removed to protect the integrity of the samples:

- In early I&E studies, Department of Finance used the total number of units from their Real Property Assessment files (RPAD) to classify buildings by size and location. RGB researchers found that sometimes the unit counts on RPIE forms were different than those on the RPAD file, and consequently deemed the residential counts from the RPIE form more reliable.
- Average monthly rents for each building were compared to rent intervals for each borough, computed from the 1999 HVS to improve data quality. Properties with average rents outside of the borough rent ranges were removed from all samples. This year, 140 buildings were removed from both samples for this reason. Half of these buildings (70) had average rents below \$100 per month, and the other half had average rents in excess of the upper limits. Such screening for outliers is critical since such deviations may reflect data entry errors and thus could skew the analysis.
- Buildings in which operating costs exceeded income by more than 300% were excluded from both samples. Three properties were excluded for this reason.

As in prior studies, after compiling both samples, Department of Finance categorized sample data reflecting particular types of buildings throughout the five boroughs (e.g. structures with 20-99 units built in Brooklyn before 1947). Staten Island is not included in most of the borough-level analyses because it contains too few stabilized buildings in most size and age categories to calculate reliable statistics.

For the first time, Department of Finance provided research staff with data summarized at the sub-borough level in Manhattan this year. Manhattan properties were grouped into two categories, "Core Manhattan"—

properties south of East 96th Street or West 110th Streets, or "Upper Manhattan"—the remaining areas. Where possible, researchers provided figures for Upper and Core Manhattan and for the "rest of the city"—New York City excluding Core Manhattan. The extremely tight real estate market in Core Manhattan often results in income and expense data that is different from other areas of New York City. Thus, this added bifurcation allows separate examination of what are often two very different economic conditions, Core Manhattan and the rest of the city. All data in both the cross-sectional and longitudinal analysis is weighted using 1999 HVS allocations, the best estimate available of the real distribution of stabilized buildings in New York City. □

Endnotes

- (1) RPIE rent figures include money collected for apartments, owner-occupied or related space and government subsidies. Income encompasses all revenue from rents, sales of services, such as laundry, valet and vending, and all other operating income.
- (2) Mean contract rents for 1999 were computed using the 1999 New York City Housing and Vacancy Survey (HVS). RPIE data includes information on some rent controlled units. In order to arrive at a rent figure comparable to the I&E data, controlled and stabilized units from the 1999 HVS were combined to compute an average rent for all regulated units.
- (3) Preferential rents refer to actual rent paid which is lower than the "legal rent," or the amount the owner is entitled to charge. Owners often offer preferential rents when the current market cannot bear the legal rent.
- (4) Last year's *I&E Study* utilized 1996 HVS information on the distribution of rent stabilized buildings in NYC to adjust the RPIE data. Since the 1999 HVS data became available in time for this year's study, the more recent distribution of buildings was used to weight the RPIE data. The '99 HVS included fewer post-46 units than in 1996 (see sidebar on page 26). As a result, pre-47 buildings received more weight in this year's analysis. Since pre-47 buildings tend to have lower expenses, the additional weight of these buildings helps explain why the 1999 RPIE figures reported in this study are in many cases similar or lower than in last year's study. Also keep in mind that the cross-sectional cost figures included in the 2001 and 2000 I&E studies are not derived from the same sample of buildings.
- (5) Even though percent changes were calculated for 1989-90, these figures are not directly comparable to later years because only 382 buildings were included in the longitudinal sample. Comparisons are best made between 1990-91 and later years when the sample increased to approximately 10,000 buildings due to computerization of RPIE data.
- (6) The correct figure for the growth in average Net Operating Income citywide from 1994-95 is 8.0%. Prior RGB reports incorrectly reported a figure of 9.0%.

The Rent Guidelines Board

2001 Mortgage Survey

WHAT'S NEW

- ✓ Average interest rate for new multifamily mortgages is 8.42% - a slight decrease from the prior year.
- ✓ Average interest rate for refinanced multifamily mortgages declined to 7.97% this year.
- ✓ Average fees (points) for new loans have remained at 0.99% - the lowest in the history of the survey.
- ✓ The past year saw a significant decline in the number of non-performing loans and foreclosures, continuing a trend seen over the past few years.
- ✓ Continued mortgage market stability illustrated by unchanged underwriting criteria (loan-to-value and debt service ratios) and lending terms.
- ✓ Lending practices remained similar between boroughs, but interest rates vary slightly.

Introduction

Section 26-510 (b)(iii) of the Rent Stabilization Law requires the Rent Guidelines Board (RGB) to consider the "costs and availability of financing (including effective rates of interest)" in its deliberations. To assist the Board in meeting this obligation, each January the RGB research staff surveys financial institutions that underwrite mortgages for multifamily rent stabilized properties in New York City. The survey provides details about New York City's multifamily lending during the 2000 calendar year. The survey is organized into five sections: new and refinanced loans, underwriting criteria, non-performing loans, characteristics of buildings in lenders' portfolios and geographical distribution of lending practices.

Summary

The *2001 Mortgage Survey* reflects the continuation of a relatively stable and accessible lending market, despite the increasing concern about the possibility of a nationwide recession in the later part of the year.¹ Interest rates for both new and refinanced mortgages declined, and lending terms remained as flexible as in the prior year. New loan volume among banks surveyed remained stable, though refinancing volume declined slightly this year. Strict lending practices in effect in the early 1990's appear to have paid off as the number of non-performing loans and foreclosures declined significantly. The survey also found that participating lenders offer their services throughout the City with, for the most part, little difference in lending practices and interest rates.

Survey Respondents

Twenty-seven financial institutions participated in the survey this year out of seventy-six surveys mailed. This was the same number of respondents as last year, despite the continuing trend of bank mergers and acquisitions. The survey sample is updated annually to include only those institutions offering loans for multiple dwelling, rent stabilized properties. New institutions were found through research in trade journals, directories, World Wide Web search engines and lists compiled by the Federal Deposit Insurance Corporation (FDIC). In addition, this year the staff added lenders to the survey by obtaining a list of mortgages filed for rent stabilized properties over a recent six-month period with the City's Department of Finance. Of the twenty-seven respondents, all but one (a local housing services program) were traditional lending institutions: savings banks, saving and loan (S&L's) and commercial banks.

The FDIC provided data about the multifamily real estate holdings of the survey respondents. There is significant variety in the dollar value of the

holdings of the respondents, ranging from \$602,000 to \$3.3 billion in multifamily housing loans. Six had over a billion dollars in holdings, while three had under ten million. The average holding was \$657 million.

As illustrated in previous surveys, a few large lenders again provided the majority of new and refinanced mortgages. Of the entire pool of respondents, four provided 66% of the total volume of new mortgages, and seven provided 81% of the total volume of refinanced loans of all respondents.

The report also compares information from the same group of lenders who have responded each of the last two years. By examining these longitudinal respondents, the staff is better able to distinguish between actual changes in the lending market versus fluctuations caused by different institutions responding to the surveys in consecutive years. Twenty-one institutions that responded this year also completed last year's Mortgage Survey. This increased the size of the longitudinal group by two respondents over last year.

The report begins by discussing findings from a cross-sectional study of all respondents to the 2001 Mortgage Survey, followed by an analysis of the longitudinal group.

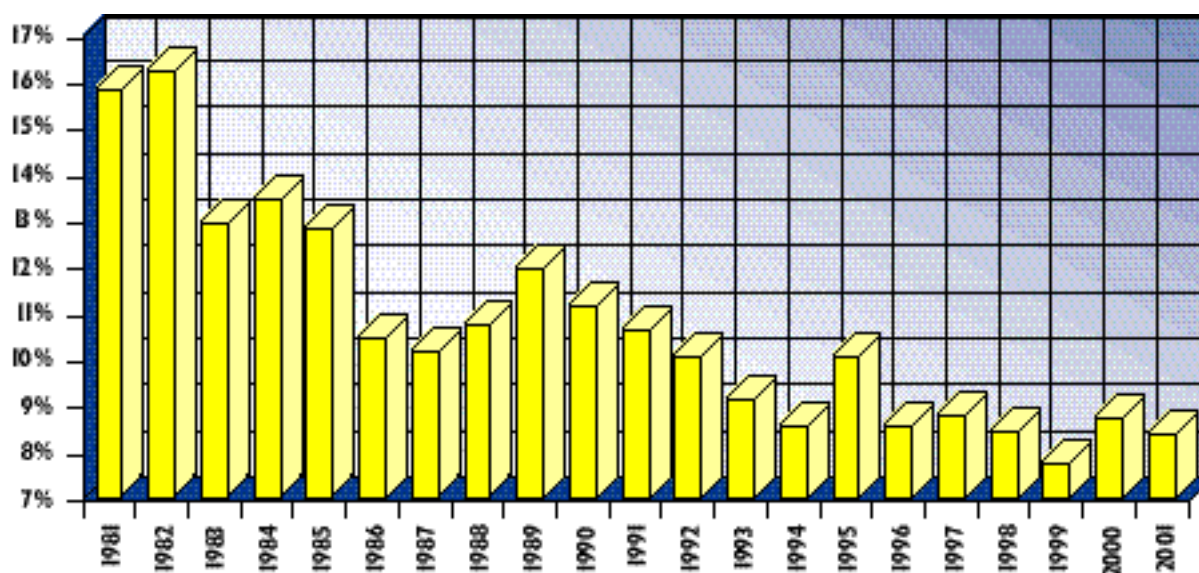
Cross-Sectional Analysis

Financing Availability and Terms

For the third time in four years, average interest rates decreased. This year's average rate of 8.42% for new multifamily mortgages was a decrease of 0.29 percentage points, or 3%, from the previous year (see graph below). There are many factors that this decrease can be attributed to, most notably the actions taken by the Federal Reserve Board (the Fed) towards the end of the year to lower interest rates in an attempt to stimulate the U.S. economy.²

The vast majority of the institutions responding to the survey this year (24 out of 27) also offered refinanced mortgages, and usually on the same terms. While most charged the same rate for refinanced and new originations, five charged lower rates and none charged a higher rate for refinanced loans. The average rate for refinanced loans was 7.97%, a decrease of 0.65 percentage points, or 7.5%, from the previous year. Of the three respondents who did not offer loan refinancing, they offered new mortgages at noticeably higher interest rates, (on average 9.67%), than those offering both loan types.

Multifamily Mortgage Interest Rates Decrease
(Average Interest Rates for New Loans to Rent Stabilized Buildings, 1981-2001)



Source: Rent Guidelines Board, Annual Mortgage Surveys.

Definition of Terms

Actual LTV - the typical loan-to-value ratio of buildings in lenders' portfolios

Debt Service - the repayment of loan principal and interest

Debt Service Ratio - net operating income divided by the debt service; measures the risk associated with a loan; the higher the ratio, the less money an institution is willing to lend

Loan-to-Value Ratio (LTV) - the dollar amount institutions are willing to lend based on a building's value; the lower the LTV, the lower the risk to the lender

Maximum LTV - the loan-to-value ratio set by the lenders as part of their underwriting criteria

Points - up-front service fees charged by lenders as a direct cost to the borrowers

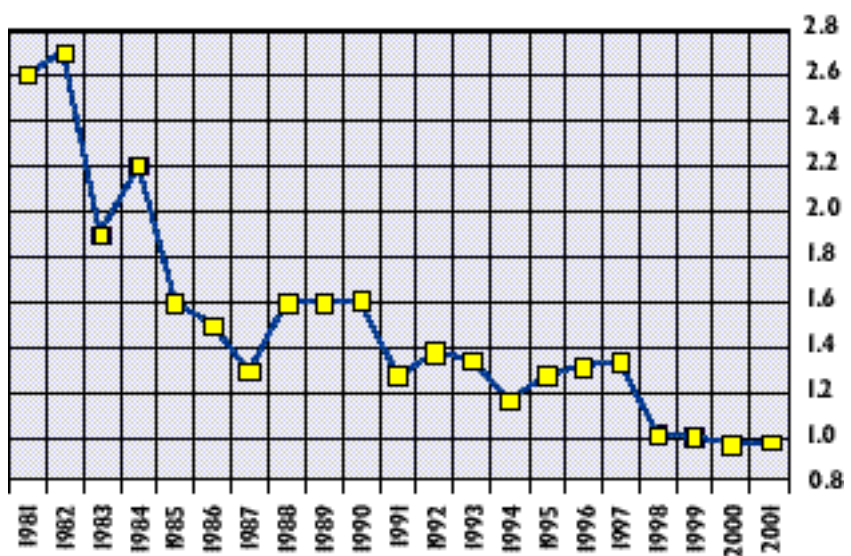
Terms - the amount of time the borrower has to repay the loan; generally, the term should not exceed the remaining economic life of the building

Federal Reserve Board actions taken in 2000 and the beginning of 2001 help to explain the decrease in mortgage rates. From February to May of 2000, the Fed raised both the Discount Rate—the interest rate at which depository institutions borrow from the Federal Reserve Bank of New York—and the Federal Funds Rate—the rate banks charge each other for overnight loans—each by a total of 1%. Then, in response to the slowing growth and fear of a recession in the national economy, the Fed lowered both rates in January 2001 twice, each by a total of one percentage point.³ Mortgage interest rates are influenced in large part by both anticipation and response to actions taken by the Fed. So with the slowing of the economy in the latter part of 2000, lenders were expecting rate cuts, stimulating a decline in mortgage rates in the latter part of the year (see Endnote 2).

Average points—up-front service fees charged by lenders—were 0.99% for new loans this year, the same as last year. Average points reported in the survey have remained low, near 1%, for the past four years (see graph below). Points for new mortgages ranged from 0 to 2%, with most respondents offering 1%. This year, the average points charged for refinanced loans was 1.06%, up slightly from last year's figure of 1.01%.

Lenders remained flexible in the loan terms they offered this year, comparable to the results from last year's Mortgage Survey. While term lengths are difficult to analyze (survey respondents normally provide a wide range of terms rather than a single number), the range of terms offered this year narrowed a bit from last year. Mortgage terms reported by respondents fell within a 3- to 25-year range, and most lenders offered 5 to 15 years. This continued mortgage term flexibility over recent years is in great contrast to

Service Fees for New Loans Remain Low
(Average Points Charged for New Loans, 1981-2001)



Note: Average service fees for new loans remained at 0.99%—the lowest in the history of the survey.

Source: Rent Guidelines Board, Annual Mortgage Surveys.

terms found in the surveys of the mid-1990's, which indicated that close to half of respondents offered maximum loan maturities of just five years.

Loan volume for both new and refinanced mortgages remained relatively strong this year. However, this year's survey saw a slight abatement of the trend of increases in loan activity that prevailed since the mid-1990's. An average of 60 new loans per institution were financed this past year, virtually unchanged from the previous year's count of 61. In comparison, the 1997 survey showed an average of 37 new mortgages per lender, and the 1998 survey showed 41. Refinancing activity also slowed, but somewhat more rapidly this year. The average number of refinanced loans (59) was 9% lower than the average of 65 found in the previous year, but more than the average of 33 in 1998 and 50 in 1999. It is important to keep in mind, however, because of the trend in bank mergers, borrowers have fewer institutions to choose from. Therefore, the average institutional loan volume reported by remaining lenders may be inflated for this reason.

Most lenders (58%) reported little or no change in loan volume this year, up from 39% last year. This year, however, fewer lenders (27%) reported a significant increase in the volume of new and refinanced loan applications compared to the year before (42%). Slightly lower than last year, about 15% of lenders saw a decrease in volume this year, due primarily to a drop in applications filed, while one institution reported that their rate of approvals had also decreased.

The reduction in refinancing activity seen in this year's survey may be caused by several reasons. Because interest rates for refinanced loans were higher in January 2000 (8.62%) than in January 2001 (7.97%), these somewhat higher rates may have diminished demand for refinancing for at least part of the year surveyed. Reflecting this, institutions reported that about half (51%) of their loans refinanced this year were offered at lower rates, versus 90% the year before. In addition, since the mid-1990's, rates for refinancing have largely been lower than 9%, it is possible that most owners who wished to take advantage of the lower rates have already done so over this period.

Finally, fewer small buildings were refinanced at lower rates during the past year. To determine if small building owners are taking advantage of refinancing

options, lenders were asked how many refinanced loans were offered at lower rates to buildings with twenty or fewer units. Respondents reported that about a third (35%) of existing loans to smaller buildings were refinanced at lower rates. This is a decline from last year, when 47% of refinanced loans were offered to small buildings at lower rates. For all data in this section, see Appendix E.1.

Underwriting Criteria

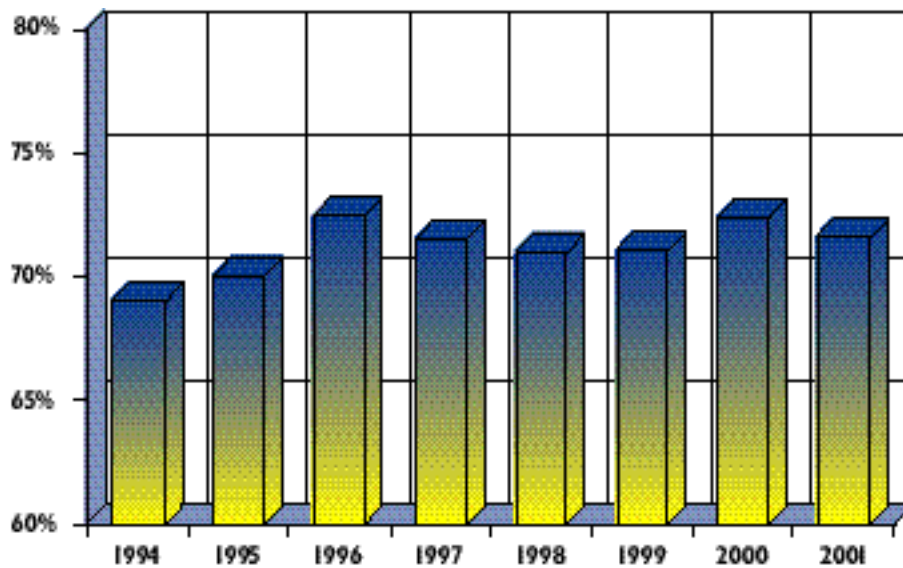
This year's survey found little change in the lending practices of institutions, similar to the last few years. This trend reflects a period of low delinquencies and defaults that resulted from stricter requirements in effect during the early 1990's. As recent surveys have indicated, this year's findings provide additional evidence that while lenders are always cautious, this past year represented a continued era of ample loan availability and a continuation of the less stringent underwriting policies seen for the last several years.

While most lenders reported little variation, four respondents reported multiple changes in their underwriting practices. Two lowered the points and fees for borrowers looking for mortgages, two increased the monitoring requirement, two offered expanded lending to rent stabilized buildings and one reported increased expenses as a reason for a change in their underwriting practices. In terms of approvals, two respondents reported more stringent criteria due to increased demand for mortgages.

Other areas of origination practices and standards measured by the Mortgage Survey also remained similar to the past few years. Criteria for maximum loan-to-value ratios, debt service coverage, and building characteristics, such as age and condition, varied little from last year's survey. The average maximum loan-to-value ratio (LTV), the dollar amount ceiling respondents were willing to lend based on a building's value, ranged from 63% to 80%. The average was 71.6%, slightly lower than the previous year's 72.4% (see graph on the next page).

Another important lending criteria is the debt service ratio, which measures an investment's ability to cover mortgage payments using its net or operating income. The debt service ratio (or net operating income

Little Change Found in Maximum Loan-to-Value Ratios (1994-2001 Cross-Sectional Average Loan-to-Value Standards)



Source: Rent Guidelines Board, Annual Mortgage Surveys.

divided by the debt service) remained virtually unchanged, with an average debt service requirement of 1.25, virtually the same as last year's 1.24. The higher the debt service coverage requirements, the less money a lender is willing to loan given constant net income. Because the average debt service ratio remained relatively constant since last year, it can be assumed that most lenders have not changed the amount of money they are willing to lend in relation to the net operating income of buildings.

Other standards that lenders cite when assessing loan applications remain virtually unchanged from last year. Sixty-three percent of lenders stipulate that overall building maintenance is an important standard when assessing loan applications. Thirty percent consider the number of units important. Nineteen percent of lenders state that they take into account the age of a building. Another 11% consider a building's potential for cooperative or condominium conversion. And 15% of lenders take into consideration whether the borrower was an occupant of the building, with two lenders specifically citing that the borrower cannot live in the building.

Non-Performing Loans and Foreclosures

Further evidence of improvement in the rent stabilized lending market is provided by responses to questions concerning non-performing loans and foreclosure proceedings. The survey found a sizable drop in both non-performing loans and foreclosures by participating institutions this year. Just 12% of lenders report having non-performing loans and just 4% report having foreclosures over the past twelve months. This represented a decrease from last year's figures of 19% reporting non-performing loans and 15% reporting foreclosures, or drops of eight and eleven percentage points, respectively. These non-performing and foreclosed loans represented less than 2% of these respondents' total loans to rent stabilized buildings. Lower vacancy and collection losses may be contributing to the phenomenon of fewer loan defaults and delinquencies this year. Recent surveys reflect substantial improvement over vacancy and collection losses seen most recently in the mid-1990's, when upwards of three-quarters of respondents reported losses of at least 5%.

Of the three lenders who report having non-performing loans, just one took foreclosure actions. That same lender reports that after taking foreclosure action, regular debt service resumed in all cases. This year's reduction in non-performing loans and foreclosures is in great contrast to data from the early 1990's, when foreclosure activity was high.

Characteristics of Rent Stabilized Buildings

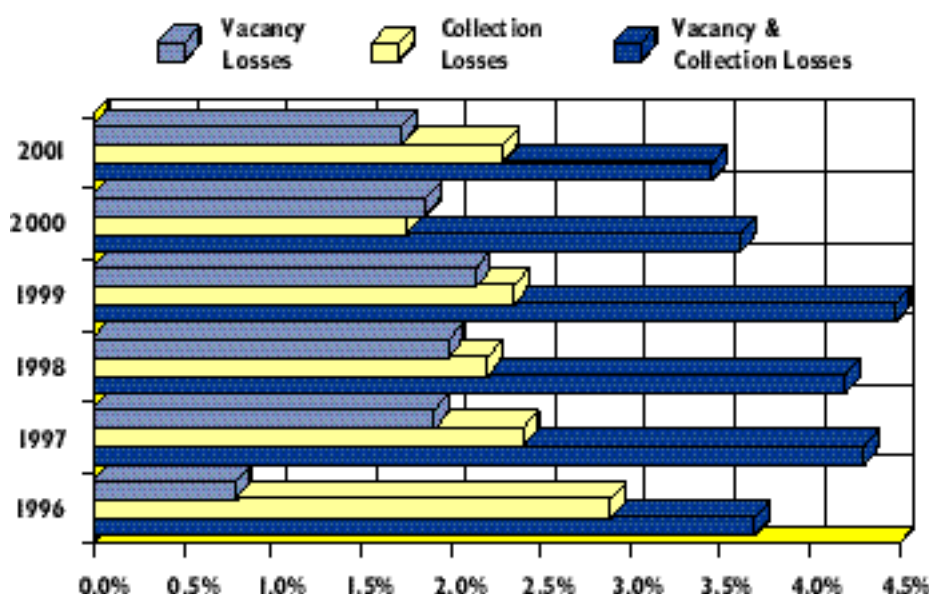
Respondents indicated this year that, except for average building size, there was little change in the characteristics of rent stabilized buildings in their portfolios. Unlike recent surveys, the reported average building size in lenders' portfolios this year was evenly spread out between one and forty-nine units, with eight reporting an average of 1-10 units, another eight reporting 11-19 units and a final eight reporting an average building with 20-49 units. Just three lenders reported an average size of 50-99 units. This year, a larger number (69%) of lenders reported that the average building in their portfolios was built between 1921 and 1946. The second most commonly cited age range of their average building fell between 1947 and 1960.

Fewer rent stabilized buildings experienced vacancy and collection losses this year. Average vacancy and collection losses decreased overall this year to 3.46%, the lowest level in six years (see graph below). While the percentage of losses attributed to collection problems alone showed a slight increase, (from 1.96% last year to 2.29% this year), the percentage of lenders facing 5% or more in vacancy and collection losses declined substantially this year from 52% to 39%.

The average loan-to-value (LTV) ratio of 66.9% for buildings in lenders' portfolios was virtually unchanged from the previous three years. This result reflects the same stability as found in the maximum ceiling LTV required by institutions. The lack of significant changes in both the average and maximum ceiling LTV ratio indicates that lenders are holding firm to their lending standards, a sign of a stable mortgage market.

There was an equally large increase in both the average operating and maintenance (O&M) costs and average rent reported by respondents. The average O&M expense per unit per month reported by lenders was \$374, an 11% increase from the \$337 average found in the *2000 Mortgage Survey*. In addition, the average rent per unit per month was \$742, which was a \$71 increase,

Vacancy and Collection Losses Decline Overall (Average Vacancy and Collection Losses, 1996-2001)



Note: Vacancy and collection losses decreased overall to their lowest level in five years.

Source: Rent Guidelines Board, Annual Mortgage Surveys.

also 11% higher than last year⁴ (see Appendix E.2). The equally large increases in both expenses and rent charged can perhaps be attributed to the increased demand for apartments in the City. This has allowed owners to make improvements to apartments and better maintain them, in exchange for the ability to charge higher rents, especially when they are vacated or when Major Capital Improvement work is done.

It is interesting to note that although the sources and sample sizes are very different, the average O&M cost-to-rent ratio in the Mortgage Survey is 50.4%, compared to the 60.4% ratio found in the most recent *Income and Expense Report*.⁵

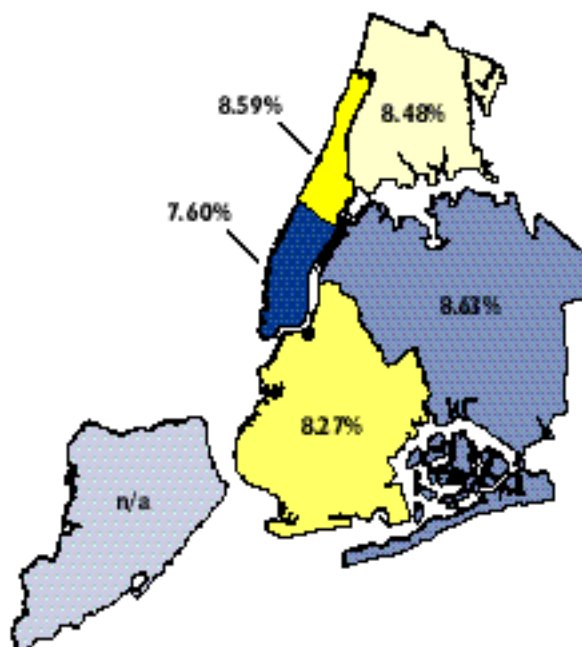
Geographic Distribution

Last year, new geographic questions were added to the Mortgage Survey. Lenders were asked about the percentage of new and refinanced loans made to each borough, with Manhattan divided into upper and lower sections, acknowledging the common bifurcation of real estate data in that borough.⁶

Unlike last year, buildings receiving new mortgages showed somewhat different rates depending on their geographic location. Lenders who offered more loans in Core Manhattan did, on average, offer them at interest rates lower than the other parts of the City (see map below). Of those lenders with at least a quarter of their portfolio located in Core Manhattan (six institutions), the average new mortgage interest rate was 7.60%, 0.82 points, or 10%, lower

Little Variation Found in Mortgage Interest Rates Between Boroughs

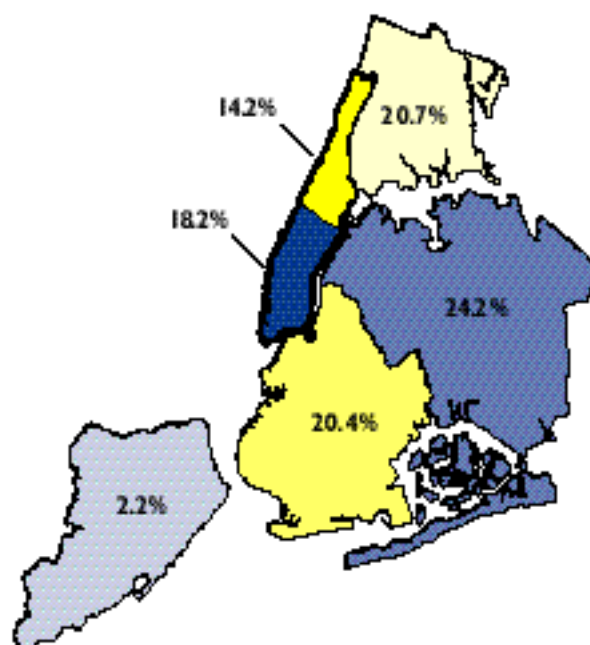
(Average Interest Rates Charged for New Loans, 2001)



Note: For the purposes of this survey, Core Manhattan was defined as that part of the borough south of West 110 St. and East 96 St., and the remainder as Upper Manhattan. Staten Island rate information is "not applicable" because it does not contain enough stabilized buildings to calculate reliable statistics. These rates are the aggregate average charged by lenders citywide who offer at least 25% of mortgages in the particular borough.

Source: Rent Guidelines Board, 2001 Mortgage Survey.

New Mortgages Offered Throughout City by Lenders (Average Distribution of New Mortgages By Borough)



Note: For the purposes of this survey, Core Manhattan was defined as that part of the borough south of West 110 St. and East 96 St., and the remainder as Upper Manhattan.

Source: Rent Guidelines Board, 2001 Mortgage Survey.

than the average interest rate reported by all survey respondents. However, beyond Core Manhattan, rates varied little. By contrast, in Queens, where nine lenders held at least a quarter of their portfolio, the average rate was 8.63%, the highest rate of all the sections of the City. In Brooklyn, the average rate was 8.27% for its nine lenders, 8.48% for the Bronx (eight), and 8.59% for Upper Manhattan (four). In addition, loans to Staten Island made up no more than 5% of any institutions' portfolios.

Similar to last year, survey results indicate that most survey participants offer mortgages throughout the City, and that few lenders concentrate on only one borough or area. In this year's survey of new mortgage financing, 24.2% of loans in the survey were made in Queens, 20.4% to Brooklyn buildings, 20.7% in the Bronx, 18.2% in Core Manhattan, 14.2% in Upper Manhattan, and 2.2% in Staten Island.⁷ (See map above)

For refinanced lending, the distribution by borough is somewhat similar—21.6% of the refinanced mortgages in the survey were made in the Bronx, 21.4% in Queens, 21.8% in Brooklyn, 22.0% in Core Manhattan, 12.0% in Upper Manhattan, and 1.5% in Staten Island.

The survey again also asks lenders to report on the number of dwelling units contained in the average rent stabilized building in each borough in their portfolios. Respondents were evenly split between two sizes of buildings (small buildings, containing 6-19 units, and medium-sized buildings, with 20-99 units) to which they most frequently lent citywide. Exceptions to this were

found in the Bronx, where lenders said 80% of that borough's mortgages were to medium-sized buildings, and in Upper Manhattan, where the figure was 63%. The other areas were more evenly divided, except on Staten Island, where all lenders reported that their average building contains between 6-19 units. While lenders do certainly lend to large buildings, only one reported that their average building contains over 100 units, and only in Upper Manhattan.

Longitudinal Analysis

Information regarding rent stabilized buildings can be analyzed longitudinally to more accurately measure changes in the lending market, since a number of respondents reply to the Mortgage Survey in at least two consecutive years. This longitudinal comparison helps to determine whether changes highlighted in the cross-sectional analysis reflect actual fluctuations in the lending market or the presence of a different pool of respondents this year. In this section, responses from the twenty-one lenders who replied to surveys both in 2000 and 2001 (longitudinal group) were compared to the data from all twenty-seven institutions providing responses in the 2001 survey (cross-sectional group). This year, there were two more lenders in the longitudinal group than in the year before.

Financing Availability and Terms

The longitudinal analysis revealed data that is similar to the findings in the cross-sectional group. This year's average interest rate reported by the longitudinal group was 7.85%, which represents a decrease of 9.4%, or 0.81 percentage points, from last year's rate of 8.66%. This decrease is larger than the change reported by the cross-sectional group (8.42% this year and 8.71% last year, a 3%, or 0.29 percentage point, decrease). (See Appendix E.3)

An examination of interest rates for refinanced loans revealed comparable changes. Both groups' average interest rate decreased from one year to the next, with the rate for the longitudinal group going from 8.53% to 7.53%, a decrease of 12% (see Appendix E.4). The average rate for the cross-sectional group similarly decreased, though again by a lesser amount (7.5%).

The longitudinal analysis found that average points offered by lenders fell a bit for new loans but remained stable for refinanced loans this year. The longitudinal group reports an average of 0.93% for new loans, slightly lower than last year's 1.01% figure, and remained virtually unchanged for refinanced loans this year, at 1.02% this year and 1.03% last year.

Like the cross-sectional group, fewer new and refinanced loans were approved this year. A decrease in the average number of new loans opened by participating institutions, from 75 last year to 70 this year, was found among the longitudinal group. In addition, the number of refinanced loans established by the longitudinal group decreased more significantly, with 70 refinanced loans this year, versus 81 the year before. While the longitudinal group's new and refinanced total loan volume was greater than the cross-sectional group, both groups show an overall trend towards fewer mortgage approvals. This may reflect the mixed landscape of interest rates charged, which earlier in the year increased, then later, began to fall, as the Fed started to fight fears of inflation by lowering rates.

As further evidence that the refinancing boom may be curtailing, most lenders in the longitudinal group report that a smaller proportion of their loans held in-house this year were refinanced at lower rates, compared to the year before, similar to the cross-sectional analysis. Furthermore, perhaps explaining the decline in loan volume, three lenders saw declines in their loan volume of at least 25%, while only one saw an increase of at least that same amount.

Lending Standards

Respondents report little change in the average maximum loan-to-value (LTV) ratio, according to the longitudinal analysis. There was a slight increase in the maximum LTV from 69.7% to 70.9% this year. The maximum LTV ratio found in the longitudinal group was slightly lower than the LTV found in the cross-sectional analysis (71.6%) for this year. The findings of both the longitudinal and the cross-sectional groups indicate relative stability in lending criteria. The actual average LTV of the longitudinal group remained virtually unchanged at 66.4%, compared to last year's 66.9%. It is also similar to the 66.9% reported in the cross-

sectional analysis. Furthermore, this year's longitudinal debt service coverage ratio is 1.24, almost the same as last year's 1.26, and also about the same as this year's cross-sectional group figure of 1.25. (See Appendix E.5)

The survey also found a considerable drop in the vacancy and collection losses in the longitudinal group from one year to the next. This year's average vacancy and collection loss was 2.54% compared to 3.60% last year, a 29% decline. When the vacancy and collection losses were compared to the cross-sectional results, this year's average longitudinal figure was even lower than the cross-sectional's figure of 3.46%. These results show that both owners and lenders appear to continue to benefit from a stable and accessible lending market this year. In addition, the reduction in vacancy and collection losses means fewer delinquencies for lending institutions.

Non-performing and Delinquent Loans

When examining non-performing or delinquent loans for the longitudinal group from one year to the next, respondents reported little change. Delinquencies continue to be insignificant, with none of the lenders in the longitudinal group reporting notable changes in non-performing loans or foreclosures from the same period last year.

Conclusion

Both institutional lenders and rent stabilized building owners benefited from a stable and accessible lending market over the last twelve months. Lending terms remained favorable, volume for new loans remained relatively stable and foreclosures rates and vacancy and collection losses declined. However, this year's survey showed some evidence of a curtailment in refinancing activity. Whether the mortgage industry will maintain similar patterns for the next twelve-month period may be influenced by how well the local economy fares, as fears of a recession mount. □

Endnotes

(1) "Jobs Data, Other Signs of a Slowing Economy Inspire Talk That Fed May Cut Interest Rates," The Wall Street Journal, September 5, 2000.

- (2) "Lag Time is a Variable to Watch in Fed Rate Cut," The Wall Street Journal, January 5, 2001.
- (3) Discount Rate and Federal Funds Rate data derived from the Federal Reserve Board of New York web site. World Wide Web page <<http://www.ny.frb.org>> (accessed March 6, 2001).
- (4) The per unit, per month O&M expense and rent figures reported in the Mortgage Survey reflect a very small, non-random sample of the City's regulated stock and are included for informational purposes only. The rent and expense figures in the Rent Guidelines Board's *Income and Expense Study* are derived from a much larger sample of stabilized buildings and can be viewed as more authoritative.
- (5) The operating and maintenance cost-to-rent ratio from the 2001 *Mortgage Survey* reflects estimates by lenders of expenses and rents for rent stabilized buildings as of approximately January 2001. The latest available O&M cost-to-rent ratio from the *Income and Expense Study* (I&E) reflects rents and expenses reported by owners for calendar year 1999. Average monthly costs per unit in the Mortgage Survey are consistently lower than those reported in the I&E. This may be due to differences in the two data sources—lenders' estimated average of buildings in an institution's portfolio vs. a weighted average of a large sample of owner-reported data; the large variance between the two sample sizes; and, the difference between the buildings studied in each analysis—buildings required to file Real Property Income and Expense (RPIE) forms must have an assessed value greater than \$80,000 and 11 or more units, while the Mortgage Survey reports does not exclude these buildings.
- (6) For the purposes of this survey, Core Manhattan was defined as that part of the borough south of West 110 St. and East 96 St., and the remainder as Upper Manhattan.
- (7) Due to rounding, percentages may not add up to 100%.

Income and Affordability



- *2001 Income and Affordability Study*

2001 Income and Affordability Study

WHAT'S NEW

- ✓ New York City's economy grew by 5.3% last year.
- ✓ Employment increased by 100,000 jobs last year, including 99,400 private sector jobs.
- ✓ The unemployment rate fell to 5.7% last year, down from 6.7% in 1999. However, it remains substantially higher than the U.S. unemployment rate of 4.0%.
- ✓ Inflation averaged 3.1% in the metro area in 2000, up from 2.0% in the prior year.
- ✓ Average real wages for all NYC workers increased 2.0% in 1999.
- ✓ NYC's population grew to over 8 million, a record level and a 9.4% increase since 1990.
- ✓ The average number of single adults in temporary housing increased over the prior year 3.7%, to 6,826 at the beginning of FY 2001.
- ✓ The average number of families temporarily sheltered each night increased 5.6% over the prior year, to 5,291 at the beginning of FY 2001.
- ✓ The number of non-payment filings in Housing Court stayed virtually unchanged in 2000.

Introduction

Section 26-510(b) of the Rent Stabilization Law requires the Rent Guidelines Board (RGB) to consider "relevant data from the current and projected cost of living indices" and permits consideration of other measures of housing affordability in its deliberations. To assist the Board in meeting this obligation, the RGB research staff produces an annual *Income & Affordability Study*, which reports on housing affordability and tenant income in New York City's rental market. The study highlights year-to-year changes in many of the major economic factors affecting New York City's tenant population and takes into consideration a broad range of market forces and public policies affecting housing affordability. Such factors include New York City's overall economic condition—unemployment rate, wages, Consumer Price Index and Gross City Product—as well as the number of eviction proceedings and the impact of welfare reform and federal housing policies on rents and incomes.

Summary

The past year reflected a shifting economic outlook, both locally and nationally. The year 2000 started with a strong national economy, but ended with increasing fears of a recession, stimulated primarily by a faltering stock market and higher energy prices. However, New York City's economic indicators over the past year have remained healthy and do not yet reflect the wavering economy. The performance of the City's economy during the year 2000 is best illustrated by the growth in the Gross City Product (GCP), which increased by 5.3% in 2000, the highest recorded growth in over a decade. The City also saw an increase in the number of jobs by 100,000, including 99,400 in the private sector, and a significant decrease in the unemployment rate. Inflation remained moderate last year, increasing by 3.1%. But while many sectors of the NYC economy have benefited, others have not, including apartment-hunters and households at the low end of the wage scale, who faced rising rents and fewer vacant apartments.

Economic Condition

The City's economic well-being has, for the most part, remained strong over the last year, despite fears created by the falling fortunes of Wall Street and the potential of a recession nationwide. New York City's Gross City Product (GCP), which measures the total value of goods and services produced, grew by 5.3% in 2000, a higher increase than that found in recent years.¹ By comparison, the GCP grew by an average of 3.7% per year over the prior five years. Moreover, the NYC GCP increase in 2000 outpaced the 5.0% increase in the U.S. Gross Domestic Product (GDP) for the second consecutive year.²

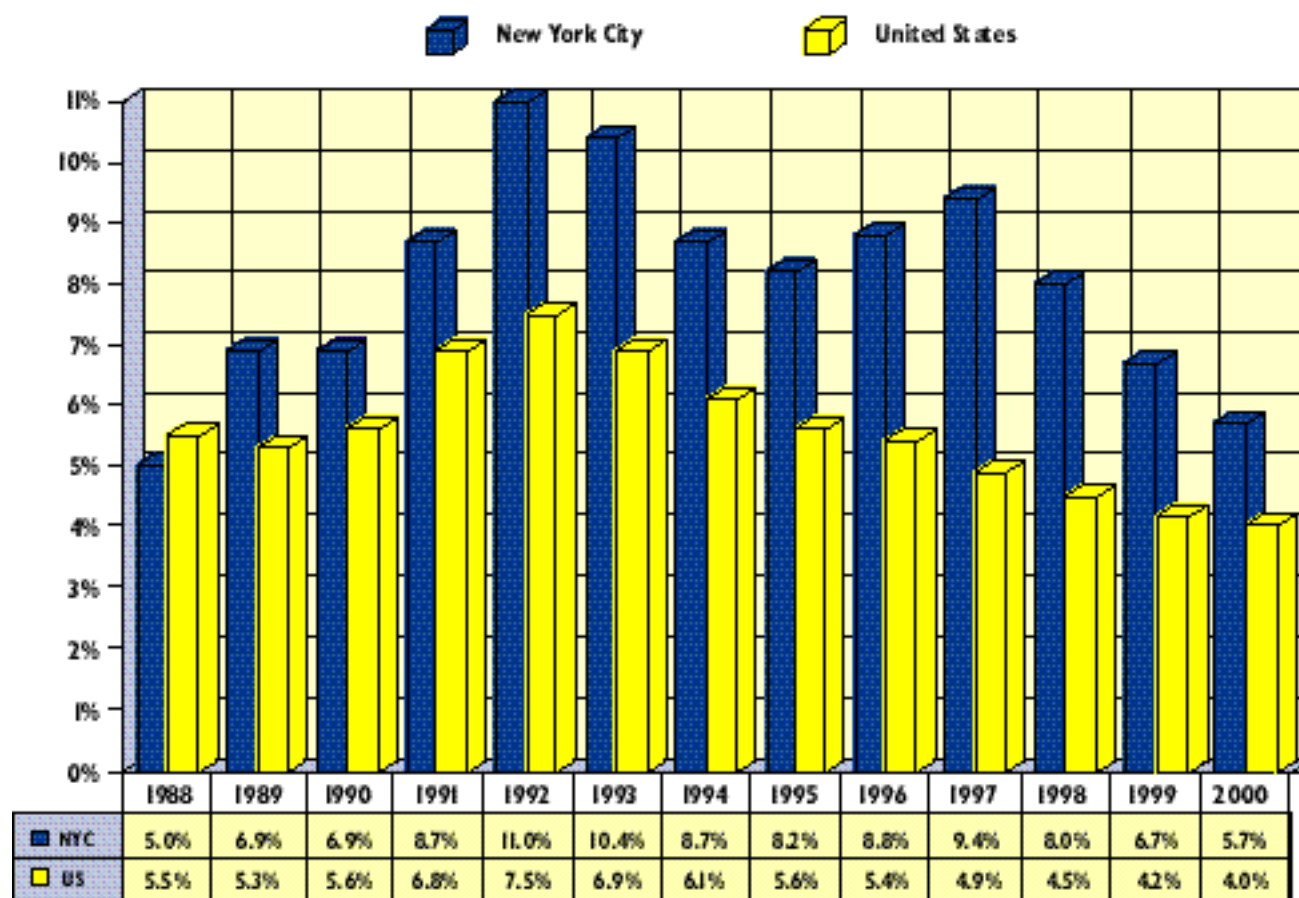
The Consumer Price Index (CPI), which measures the change in cost of typical household goods, increased at a higher rate in 2000 (3.1%) than in 1999 (2.0%) in the NYC metropolitan area. However, the NYC CPI increased at a lower rate than the entire nation's CPI for urban consumers (3.4%) in 2000.

The employment situation has significantly improved over the last year. The NYC unemployment rate fell by one percentage point, from 6.7% in 1999 to 5.7% in 2000. NYC's 5.7% unemployment rate in 2000 is almost half of the rate measured in 1992: 11%. While still higher than the U.S. unemployment rate, which was 4.0% in 2000, the discrepancy between the NYC and nationwide rates narrowed to the smallest difference since 1990. (See graph below and Appendix F.1)

The unemployment rates in each borough fell in 2000, though two boroughs (Brooklyn and the Bronx) maintain significantly higher rates than the other three. All boroughs saw their unemployment rates fall about one percentage point from the year before. The Bronx, however, maintained both the highest unemployment rate and saw the smallest decline from the prior year, falling 0.8 percentage points to 7.3%. Queens and Staten Island had the lowest unemployment rates, at 4.8% in 2000. Manhattan's rate fell to 4.9% and Brooklyn fell 1.0 points to 6.8% in 2000.

Two additional employment indices also improved in 2000. The NYC labor force participation rate, which measures the proportion of all non-institutionalized people, aged 16 and over, who are employed or actively looking for work, increased in 2000, to 60.0%, up from

Lowest New York City Unemployment Rate Seen Since 1988
(NYC and U.S. Unemployment Rates, 1988-2000)



Source: U.S. Bureau of Labor Statistics.

58.5% in 1999. This remained lower than the U.S. rate though, which edged up slightly to 67.2% in 2000. In addition, the NYC employment/population ratio, which measures the proportion of those who are actually employed as a ratio of all non-institutionalized people age 16 or over, increased to 56.3% in 2000, up almost two percentage points from 54.6% in 1999.³ The U.S. employment/population ratio, in contrast, was 64.5% in 2000, up slightly from 64.3% in 1999. The continued large gap between the NYC and U.S. employment/population ratios illustrates the higher unemployment rate in NYC, which in 2000 was 1.7 percentage points, or 43% higher, than in the U.S. overall.

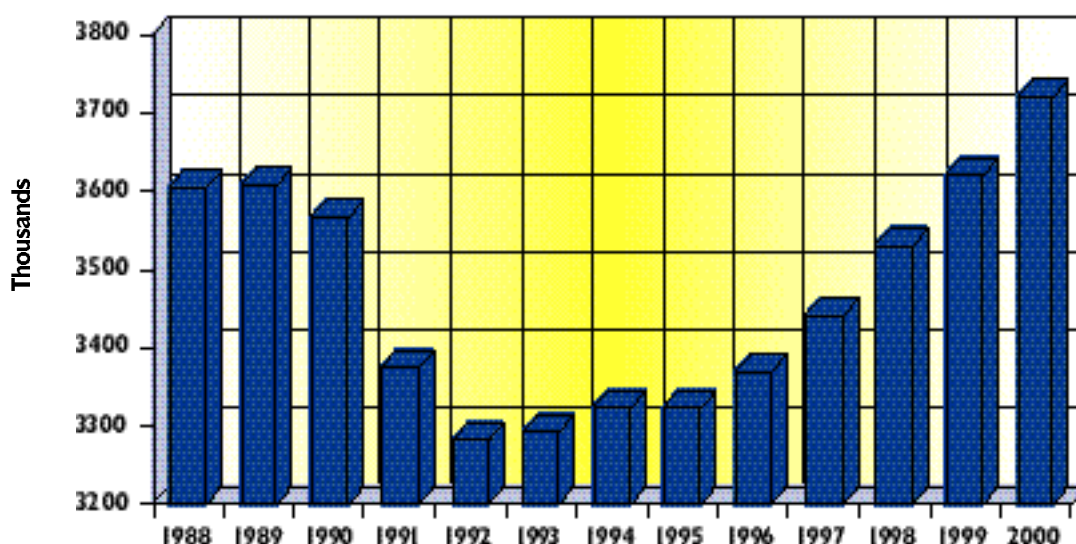
The improved employment situation in NYC this past year is further reflected in the increased number of new jobs. NYC gained 100,000 new jobs, a 2.8% increase over 1999. Of these new jobs, virtually all (99,400) were in the private sector. Based on revised figures, this job growth was the greatest absolute increase since the RGB began collecting this data. Most of the job growth in 2000 occurred in the service sector, which grew by 71,700 jobs, or 5.2%. Other sectors gaining jobs in 2000 include trade, up 20,700, or 3.4%; construction, up 7,900, or 6.9%; finance, insurance and real estate (FIRE) jobs, up 4,400, or 0.9%; and the

transportation and utilities sector, gained 3,300 jobs, for an increase of 1.6%. Government jobs overall increased by just 600 jobs, or 0.1%. However, the manufacturing sector again lost jobs in 2000, decreasing by 8,500, or 3.4%. (See graph below and Appendix F.2)

In another sign of a strong NYC economy, both nominal and real wages again increased from 1998 to 1999, the most recent year for which figures are available, for those employed in NYC (which also includes those who live outside the City). In 1999, the average annual nominal wage was \$54,083, an increase from \$52,006 in 1998. Adjusted for inflation, real wages increased 2.0% from 1998-99. Average real wages increased in all job sectors. The FIRE sector saw the largest increase in real wages, rising by 3.5%. (See Appendix F.3)

In addition to receiving the highest increase in real wages, the financial services industry also continued to maintain the highest salaries. In 1999, the FIRE sector continued to pay the highest wages of all sectors, at an average of \$122,121, a real wage increase of 42.4% since 1993. By contrast, the lowest paid job sector remained trade, whose average wage was \$34,309 in 1999, a real wage increase of 1.2% over the prior year, and a 4.5% increase since 1993. This is a continuation of a trend,

NYC Employment Levels Are Greatest in History of Study
(Average Annual Payroll Employment, NYC, 1988-2000)



Source: U.S. Bureau of Labor Statistics.

where the highest levels in job growth are seen in industries that pay the least, and conversely see the smallest annual increases in wages. The two industries that added the greatest number of jobs in 2000, services and trade, which combined accounted for 92.4% of the job growth, saw only a 2.0% increase in real wages from 1998 to 1999. In contrast, the highest paid sector of the NYC economy (FIRE) added the fewest private-sector jobs (0.9% increase over prior year). (See Appendices E.3 and F.4)

New York City Renters

Affordability

As reported last year following the release of the 1999 Housing and Vacancy Survey (HVS), housing in NYC is generally less available, especially apartments with rents less than \$500 per month, compared to three years earlier. The citywide vacancy rate fell from 4.01% in 1996 to 3.19% in 1999, indicating that fewer apartments were vacant and available for rent in 1999.

Data from the 1999 HVS reveals that lower-rent apartments (those under \$600 per month) have become increasingly scarce. The vacancy rate for the most affordable rental apartments fell dramatically: just 1.26% of units with asking rents of under \$400 were vacant, down from 3.21% in 1996, using inflation-adjusted asking rents. The vacancy rate for \$400-\$499 also fell, from 3.31% in 1996 to 2.53% in 1999. Also, the \$500-\$599 unit vacancy rate fell from 3.89% to 2.86%. The vacancy rate for all but the most expensive apartments fell similarly. Furthermore, the proportion of stabilized apartments renting for less than \$500 decreased substantially, by half from 1993-1999. In 1993, 43% of stabilized apartments rented for less than \$500; in 1999, only 20% did.

Affordability, as measured by the rent-to-income ratio, remained under the 30% benchmark⁴ but did not improve during the 1990's for NYC renters. The median share of income paid by all tenants towards contract rent in 1999 was 27.2% of their incomes, up slightly from 26.5% in 1991. The median contract rent-to-income ratio for stabilized tenants similarly increased, from 25.8% in 1991 to 27.4% in 1999, according to the HVS. The higher ratios in 1999 mean that renters paid more of their income in rent than in 1991.

Further examining the impact of inflation on data gathered in the HVS over this period reveals that rent stabilized tenants' incomes have not kept up with their increases in rent. Tenants have faced housing costs that have risen faster than their incomes in real terms. A comparison of inflation-adjusted income and contract rent levels from the 1991 and 1999 HVS's reveals that while median rent stabilized tenants' incomes have risen 2.8% during the 1990's, their median rent has risen 10.8% in the same period (in 1999 dollars).⁵ Moreover, HVS data on crowding, which is greater in rent stabilized apartments than for all renters, indicates that many stabilized households may be doubling up to keep their rent affordable.

Examining renter household's income over the most recent three-year period surveyed reveals similar findings. According to the 1999 HVS, which reflects household income for 1998, the inflation-adjusted median income for renter households increased from 1995 to 1998 by just 1.7%.⁶

By comparison, rent stabilized tenants saw their real median household income decline slightly by 0.5%, falling to \$27,000. These figures are significantly different than for renter and owner NYC households combined, who instead saw an overall 4.2% increase in real average wages. In addition, an even greater increase in wages was found when examining data for all who work in NYC (but don't necessarily live in the City), who saw a 12.0% increase in real average wages over the same three years. This suggests that the recent increases in income (2.0% increase in real income in 1999) earned by workers employed in NYC may have largely gone to suburban residents. When looking at both rent costs and income, statistics indicate that it is increasingly difficult for those households with lower incomes to afford housing without some government assistance.

Since the HVS data was collected in early 1999, reports have indicated that housing costs have continued to climb to record levels in much of the City. One limited study of select brokers' vacant, available units reported that the average rent for rental apartments in lower Manhattan climbed 10.7% during the first six months of 2000, and 46% during the prior six years, to an average of \$2,984.⁷ However, there are signs that the upward trend in prices for housing may have begun to level off in early 2001, as economic indicators locally begin to cool.⁸

Nationally, similar trends have been reported. One study found that, nationwide, the number of families suffering from “critical housing needs,” that is, those that pay more than half their household income for housing or live in “severely inadequate housing,” rose 64% between 1997 and 1999.⁹ This same study found, of the major U.S. cities studied in the report, that NYC has the most acute shortage of affordable housing, with over 1.5 million families lacking adequate housing.¹⁰

Middle-Income Stabilized Households

The ability to pay an “affordable” rent varies greatly in New York City among stabilized renters, particularly among the middle or moderate income households. While there is no official definition of the “middle class,” there are several measures related to the distribution of income available.¹¹ Dividing households into five equal groups based on annual income, and studying the three middle groups that surround the median is one method to define middle-income households and evaluate how they are faring in the housing market. Using data from the 1999 HVS, the median income of all rent stabilized households in 1998 was \$27,000. This is about the same as their inflation-adjusted median income in 1995. In comparison, the inflation-adjusted median income of all non-regulated¹² renters in New York City increased by 10% during the same period.¹³ The annual incomes of these three middle income groups of stabilized households ranged from \$9,600 to \$56,999 in 1998.

Housing affordability was a varied experience for middle income stabilized renters in 1998, and remained virtually unchanged since 1995. These households had a median contract rent less than that of middle income non-regulated renters (\$628 and \$735 respectively). After adjusting for inflation, the median contract rent for middle income stabilized renters rose modestly (a 1% increase) from 1995-98. While slightly more than half pay less than 30% of their income in rent, considered by the federal government as having an affordable rent burden,¹⁴ another third paid 30%-50% of income in rent and almost 18% paid over 50% of income in rent. This distribution is nearly identical to what middle income stabilized renters experienced in 1995. In both years, nearly 50% of middle income stabilized

households had rent-to-income ratios in excess of 30%. The median rent-to-income ratio for all middle income stabilized renters was nearly 29% in both 1995 and 1998. In comparison, despite the fact that middle income renters in non-regulated units faced higher rents, their median income was higher than that of middle income stabilized renters, resulting in a lower median rent burden during 1995 and 1998 (26% and 25% respectively) for those households.

Another method to evaluate housing affordability is to determine the prevalence of households experiencing both a low income and a high rent burden (rent-to-income ratio). The U.S. Department of Housing and Urban Development (HUD) defines households as having ‘worst case housing needs’ if their income is less than 50% of the area median income and they pay more than 50% of their income in rent.¹⁵ A small share, 6.2%, of middle income stabilized households fit this criteria in 1998, with an average rent-to-income ratio of almost 70% and an average annual income of \$13,555. When the same criteria is applied to 1995 data from the 1996 HVS, about the same share of middle income rent stabilized households had worst case housing needs (6.5%). Thus from 1995-98, the share of middle income stabilized households with the most severe housing affordability challenges remained unchanged.

Population Growth

Another key factor contributing to the shortage of affordable housing is the significant increase in the City’s population over recent years, driven largely by immigration. According to the 2000 decennial Census, NYC saw its population increase to its highest recorded level ever, increasing 9.4% over the last decade to 8.0 million people. All boroughs saw population increases over the last decade, with the highest percentage increases in Staten Island (17%), Queens (14%) and the Bronx (11%). The smallest increases occurred in Brooklyn (7%) and Manhattan (3%).¹⁶

Indicative of the growth in population and lack of significant new housing creation is the increase in overcrowding in NYC apartments. According to the 1999 HVS, 11.0% of renter households were overcrowded in 1999, a 7% increase over 1996, when 10.3% were

overcrowded (that is, have greater than one person per room). Stabilized households are even more crowded: 13.2% in 1999 were overcrowded, versus 11.8% in 1996. In contrast, among non-regulated renter households, 9.2% were overcrowded. (See Appendix F.5)

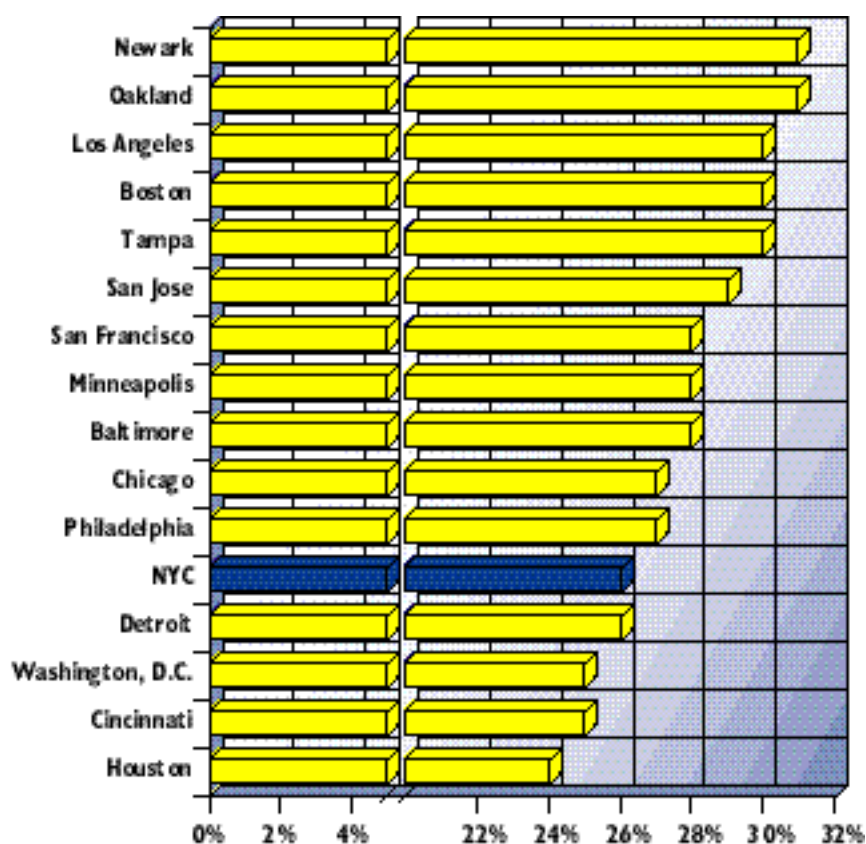
Comparison Between NYC and Other U.S. Cities

Using cross-sectional data from recent U.S. Census Bureau's American Housing Surveys (AHS), RGB staff found that New York City's median gross rent-to-income ratio was slightly below the average. Individual cities were selected for which the Census Bureau completed a survey in the two most recent years for which surveys were conducted (1998 and 1999) and that have at least 50,000 occupied rental units in their inventories. RGB

staff narrowed the comparison to the central city in each metropolitan area, rather than entire metropolitan areas, to avoid comparability problems that arise when including suburbs with core urban areas. This selection criterion yielded fifteen cities aside from New York City. Due to differences in how the Census Bureau defines variables in the New York City HVS versus the AHS, RGB staff used data from the AHS for all of New York City's variables in this comparison.

The American Housing Survey reveals that the median rental housing cost for all types of renters in New York City is \$671, which is higher than the median rent of \$607 in other cities in this comparison. In terms of median household income, renters in thirteen cities have lower median incomes than New York City, which has a relatively high median income of \$28,616. Renters in Baltimore have the lowest income in the RGB's sample, with a median

New Yorkers Pay Smaller Share of Income for Housing Costs than Other Urban Centers (Median Gross Rent-to-Income Ratios for Renter Households in Selected Cities, 1998-99)



Source: American Housing Survey, U.S. Census Bureau, 1998-1999.

income of \$14,409. San Francisco has the wealthiest renters, earning a median income of \$38,999 per year.

Most urban areas in the RGB comparison pay more of their income in housing costs than New York City. Using median rent-to-income ratios calculated in the AHS, RGB staff found that New Yorkers who rent their apartments pay approximately 26% of their income towards gross rent each month. Three central cities had lower median rent-to-income ratios of 24-25%, and eleven other cities had higher rent-to-income ratios of 27-31%. (See graph on previous page.) Similar to the 1999 HVS, the AHS found that at the median, the rent-to-income ratio for all NYC renters is below the federal affordability standard of 30%. (The AHS does not allow separate analyses of rent stabilized households.)

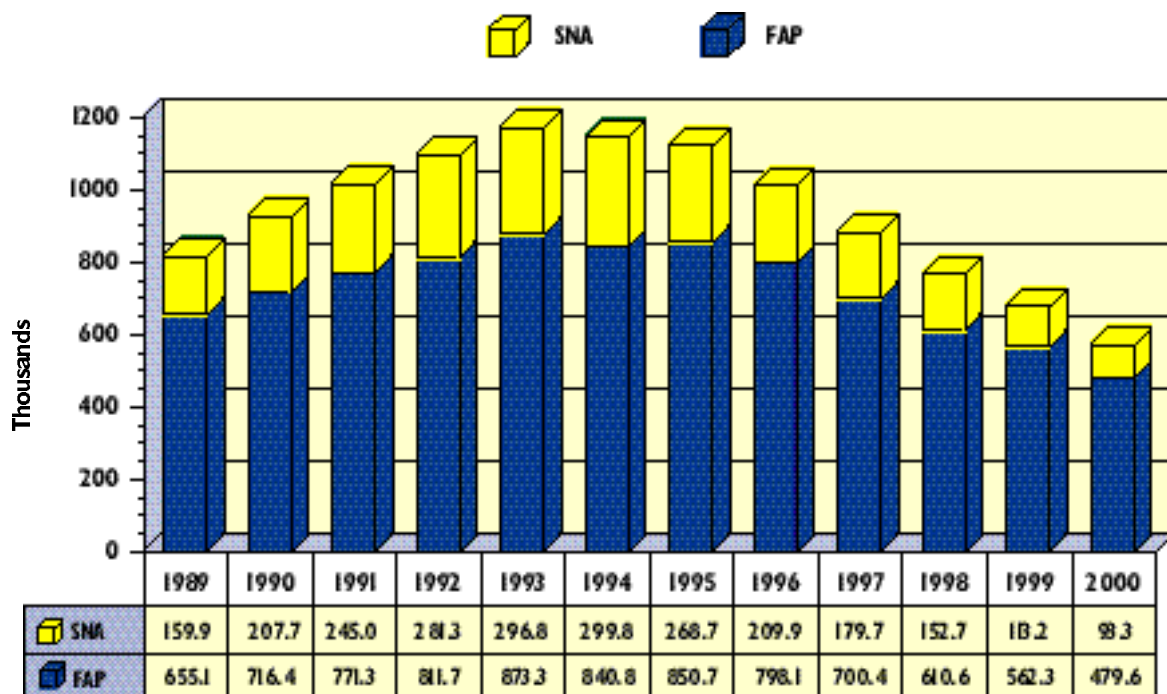
Welfare Reform

As seen in prior years, public assistance caseloads continued to drop in NYC over the past year. The most

recent edition of the *Mayor's Management Report* indicates that the number of persons receiving public assistance decreased to 538,000 by December 2000, the lowest level since November 1966 and a decline of 623,000, or 53.7%, since March 1995, when the City's welfare reform initiative began.¹⁷ During the first four months of FY 2001, 37,370 public assistance recipients found employment, 67% more than in the same period in the prior year. An average of 573,000 residents received public assistance in fiscal year 2000 (covering the period July 1, 1999 to June 30, 2000), 15% less than in the previous year and 51% less than 1993's record high of 1,170,000.

Public assistance rolls are made up of two main programs: the Family Assistance Program (FAP) and the Safety Net Assistance (SNA) program. FY 2000 saw a caseload reduction of 82,700, or 14.7%, in the number of participants in FAP (funded through the federal Temporary Assistance to Needy Families (TANF) program). The second program, SNA, also saw a drop in

Further Decline in Public Assistance Caseload Seen in FY 2000
(Family Assistance Program (FAP) and Safety Net Assistance (SNA), FY 1989-FY 2000)



Source: Mayor's Management Reports, FY's 1989-Preliminary FY 2001.

its caseload, to 91,600 in October 2000, 8.9% less than at the same time a year earlier and 49% less than in FY 1997. However, there was also a slight increase in the number of new public assistance applications during the first four months of FY 2001, with 3,900 more received during this period, compared to the same period in the prior year. (See graph on previous page.)

Along with these changes, the *Mayor's Management Report* also indicates that as of October 2000, 48.7% of FAP families participate in work activities, up from 40.7% a year earlier. Current and former welfare recipients have been able to obtain employment more easily due to the greater availability of jobs evidenced by the declining unemployment rate. This is an indication that the economy is now better able to absorb those welfare recipients seeking work than it had been able to in prior years, especially during the recession of the early 1990's.

While the number of public assistance beneficiaries has dropped significantly in recent years, some families that have continued to receive benefits face losing their federal welfare benefits at the end of 2001. That is when the five-year limit on federal benefits, enacted as part of the 1996 overhaul of the system, first begins to affect those families receiving welfare. It is estimated that about 59,000 families in NYC will be affected by the expiration of benefits. However, state and city benefits will initially make up for at least part of the loss in federal benefits.¹⁸

Housing Policy

For years, one of the primary aspects of the City's housing policy strategy was to sell the City's extensive inventory of occupied and vacant, blighted apartment buildings that the City had taken over due to non-payment of taxes.¹⁹ Additionally, in January 2001, the City administration sought to shift the emphasis by proposing the largest investment in housing in NYC in nearly a decade: a four-year, \$1.2 billion plan to build or renovate over 10,000 apartments.²⁰ The plan includes the renovation of about 7,000 existing units, including 1,100 vacant ones, the construction of 3,100 new units, and the development of commercial and retail space.

On a Federal level, the most recently approved Department of Housing and Urban Development (HUD) \$32.4 billion budget (for FY 2001) was the

largest since 1981, and the allocation for homeless programs the largest ever, increasing \$105 million nationwide over the prior year. In particular, NYC will receive \$85 million for homeless programs.²¹

A 6.8% increase in the HUD budget has been proposed for FY 2002, including increases of \$197 million nationwide for 34,000 new Section 8 housing vouchers, of which 1,700 are slated to be distributed in NYC, and a \$150 million increase nationwide in public housing operating subsidies, of which NYC will gain about \$30 million, or 4%. However, the proposed budget also includes a \$700 million reduction nationwide in the Public Housing Capital Fund, which would mean a loss of about \$100 million for NYC. The budget also proposes to cancel the Public Housing Drug Elimination program, translating into a \$35 million loss for NYC.

Both local and federal governments continued to lag in the creation of new housing units in NYC. In 2000, no new units of Federal Housing Administration (FHA)—insured multifamily housing were produced in NYC and fourteen other major U.S. cities.²² Local spending on housing has also lagged in recent years: In FY 1991, a total of \$940 million in city money was spent on housing and NYC Housing Preservation and Development (HPD) services, while in FY 2000, only \$535 million was spent, about 43% less.²³

Evictions & Homelessness

Homelessness & Emergency Assistance

Despite strong economic indicators during the year 2000, some New Yorkers have not benefited—in particular, those who remain or have become homeless. Perhaps exacerbated by the limited availability of affordable housing, the situation for the homeless has not improved over the past year. The average number of single adults lodged in temporary housing increased slightly over the first four months of FY 2001 to 6,826, compared to the same period the prior year (6,580), a 3.7% increase. The situation was the same for families: the average number of families staying in temporary housing each night during the same four-month comparison period increased 5.6%, from 5,011 to 5,291. The average number of days that

families spent in temporary housing also increased by 10.3%, from 272 to 300 days. In addition, the number of families relocated to permanent housing decreased during the first four months of FY 2001, from 1,323 to 1,269, a 4.1% decline. Furthermore, the number of families found ineligible for temporary housing increased by 20.4% to 3,303 during the first four months of FY 2001 compared to the same four-month period in FY 2000.

Reports indicate that this past winter saw an increase in the number of homeless people lodging in shelters. During the 2000-01 winter, the number of homeless rose above 25,000, including 10,200 children and their 8,000 adult guardians, as well as 7,500 single adults. Furthermore, according to a recent study, more than 333,000 New Yorkers (4.6% of the City's 1990 population) stayed in shelters for at least one day between 1987 and 1996.²⁴

The number of recipients in other areas of emergency assistance this year fell as well, following a similar decline seen the year before. There was an 8.1% drop in the number of persons receiving food stamps, dropping to 869,200 by October 2000, compared to a year earlier. The continued reduction in demand for many areas of emergency assistance is probably due to a combination of the improving area economy as well as tougher standards that have been implemented for receiving assistance.

However, a recent report, derived from U.S. Department of Agriculture figures, indicates that nationwide, at least twelve million people are not receiving food stamps, even though they are eligible. Simultaneously, the number of people on food stamp rolls has fallen almost a third since welfare laws were overhauled in 1996. This has strained food banks: the principal nonprofit source for food banks has doubled the amount of food it distributes nationwide, to two billion pounds over the last two years.²⁵

Housing Court

Another useful tool the RGB uses to understand the effect of varying economic conditions on New York City's renters is housing court data. Specifically, Housing Court actions are reviewed to determine the proportion of tenants who are unable to meet their

rental payments. Similarly, evictions are tracked to measure the number of households experiencing the most severe affordability problems.

Perhaps reflecting recent Housing and Vacancy Survey data showing the rent-to-income ratio declining slightly over the three-year period from 1996 to 1999, the number of non-payment filings in Housing Court has stayed virtually unchanged in 2000. When the RGB first began to collect this data in the mid-1980s, non-payment filings averaged 323,000 between 1983 and 1989. But since the mid-1990's, filing rates over the last six years have declined to an average of 275,000.

While court filings have declined in recent years, the proportion of cases resulting in an actual court appointment has steadily risen in the same period. During the mid-to-late 1980s, an average of 27.1% of non-payment filings were "calendared" (resulting in a court appearance). But since the early 1990's, that figure has climbed steadily, so that in 2000, 45.5% of filings were calendared. (See Appendix F.7)

An examination of the number and proportion of evictions is another useful measure of tenants' ability to afford rents. Of the 125,787 non-payment proceedings that reached the point of trial, 23,830 court decisions ruled in favor of landlords and for the tenant's eviction, according to 2000 calendar year data. As a proportion of cases noticed for trial that resulted in an eviction/possession ruling, it increased slightly, up from 18.4% in 1999 to 18.9% in 2000. But the proportion remains a great deal lower than that found in the mid to late-1980s, when typically a quarter to a third of cases reaching court resulted in an order of eviction or possession.

Conclusion

New York City's major economic indicators remained strong in 2000, showing no signs of the nationwide economic slowdown that began later in the year. The City's economy, as measured by the Gross City Product, increased by 5.3%, the highest rate of growth in over a decade, the City gained 100,000 jobs and the unemployment rate fell significantly. Furthermore, the median rent-to-income ratio for stabilized households remained below the affordable level in 1999. However, the situation for apartment-hunting New

Yorkers remained difficult, with a diminishing availability of moderately-priced apartments due to an increasing population and an anemic rate of affordable housing creation. □

Endnotes

- (1) 1999 GCP was revised from 5.3% to 4.8%
- (2) NYC Comptroller's Office, Economic Notes, Feb. 2001.
- (3) The NYC labor force participation rate and employment/population ratio are derived from unpublished data from the U.S.Bureau of Labor Statistics.
- (4) The HUD benchmark for housing affordability is a 30% rent-to-income ratio. Source: Basic Laws on Housing and Community Development, Subcommittee on Housing and Community Development of the Committee on Banking Finance and Urban Affairs, revised through December 31, 1994, Section 3.(a)(2).
- (5) Data provided by the U.S.Census Bureau from the 1991 HVS is unimputed, but from the 1999 HVS is imputed, which must be taken into account when comparing data from these two years.
- (6) The HVS defines total household income as including wages, salaries, and tips; self-employment income; interest dividends; pensions; and other transfer and in-kind payments.
- (7) "Manhattan Rents Go Ever Upward," by Dennis Hevesi, New York Times, Nov. 10, 2000.
- (8) "Manhattan Rents Starting To Drop After Long Climb," by Tracie Rozhon, New York Times, Jan. 16, 2001.
- (9) "More Middle-Income Families Are Facing Lack of Affordable Homes, Study Finds," by Patrick Barta, The Wall Street Journal, Feb. 6, 2001.
- (10) "City Is Tops in Lack of Affordable Housing," by Tania Padgett, Newsday, March 14, 2001.
- (11) U.S.Census Bureau. "Income Inequality—Middle Class Narrative", August 3, 2000. World Wide Web page
<<http://www.census.gov/hhes/income/midclass/midclsan.html>>
- (12) Non-regulated units are those that were never rent controlled or rent stabilized, units which were decontrolled, including those in buildings with five or fewer units, and unregulated rentals in cooperative or condominium buildings. Middle income non-regulated were defined with the same methodology—dividing all renters by annual income into five equal groups and analyzing the three middle groups
- (13) NYC Department of Housing Preservation and Development "Selected Findings of the 1999 New York City Housing and Vacancy Survey. World Wide Web page
<<http://www.nyc.gov/html/hpd/html/data/research-data.html>>
- (14) FY 1998 Income Limits and Fair Market Rent, U.S.Department of Housing and Urban Development. World Wide Web page
<<http://www.huduser.org/datasets/il/fmr98/hud98ny.txt>>
- (15) Affordable Housing Shortage in Metro New York City, December 5, 2000. U.S.Department of Housing and Urban Development. World Wide Web page <<http://www.hud.gov/worsfact/newyork.cfm>>
- (16) Population changes described here reflect enumerated population counts collected by the Census Bureau in 1990 and 2000. 1990 data has not been adjusted to take into account the increased number of households counted by the Census Bureau in 2000.
- (17) Mayor's Management Report, Prelim FY 2001.
- (18) "State's Poorest Facing Loss of U.S.Aid," by Somini Sengupta, New York Times, Feb. 10, 2001.
- (19) "Housing Proposal Reflects Policy Shift," by Eric Lipton, New York Times, Feb. 28, 2001.
- (20) "Inside the Budget Office," NYC Independent Budget Office report, No. 78, Feb. 28, 2001.
- (21) "New York To Get Millions in Federal Aid to Find Permanent Housing for Homeless," by Dean Murphy, New York Times, Dec. 24, 2000.
- (22) "City Is Tops in Lack of Affordable Housing," by Tania Padgett, Newsday, March 14, 2000.
- (23) "Battery Park Is Success, Except for Pledge to the Poor," by Eric Lipton, New York Times, Jan. 2, 2001.
- (24) "Homeless Shelters in New York Fill to Highest Level Since 80's," by Nina Bernstein, New York Times, Feb. 8, 2001.
- (25) "Millions Eligible for Food Stamps Aren't Applying," by Elizabeth Becker, New York Times, Feb. 26, 2001.

Housing Supply



- *2001 Housing Supply Report*

The Rent Guidelines Board

2001 Housing Supply Report

WHAT'S NEW

- ✓ Over 15,000 new dwelling units were approved for construction in 2000, an increase of 21% from 1999.
- ✓ The number of new dwelling units receiving a Final Certificate of Occupancy increased 44% in 2000, to 12,905 units.
- ✓ The number of units newly receiving 421-a certificates decreased 54% in 2000, to 2,828 units.
- ✓ About 84,000 dwellings obtained J-51 tax benefits in 2000, 2% more than in the prior year.
- ✓ The City reduced its *in rem* occupied housing stock by 15%, or 2,113 units, from 1999 to 2000.

Introduction

Most indicators on New York City's residential housing market posted positive gains from 1999 to 2000. The number of permits issued for new dwelling units citywide continued to climb, reaching over 15,000 units. Permits grew at an even faster pace in the first quarter of 2001, compared to the first quarter of 2000. The number of housing units completed, according to Final Certificate of Occupancy records, grew by 44% to 12,905 units citywide. The number of cooperative and condominium units approved for conversion or new construction increased in 2000. Conversely, the number of housing starts and the number of units completed through the 421-a certificate tax exemption program both declined from 1999-2000.

Rehabilitation of residential units increased slightly (2%) in the J-51 tax abatement and exemption program. New York City continued to reduce the share of city-owned occupied units, decreasing by 15% from 1999 to 2000 through various disposition programs. In early 2001, the City administration proposed a four-year, \$1.2 billion plan to build and renovate over 10,000 apartments. However, the latest City rental vacancy rate of 3.19% indicates that there is not enough vacant and available housing supply to meet demand.

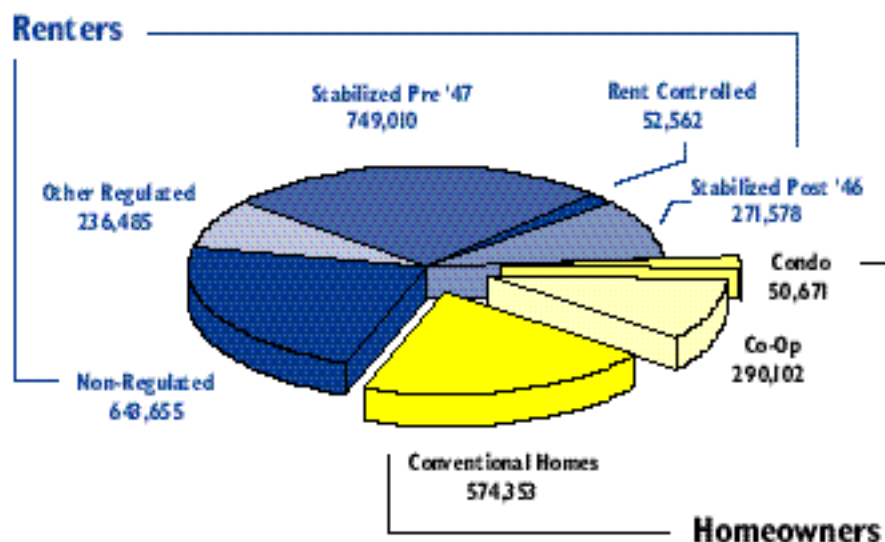
New York City's Housing Inventory

New York City is unique, when compared with the nation as a whole, in that the substantial majority of its residents do not own the homes in which they live. The 1999 Housing and Vacancy Survey (HVS) reports that the percent of rental units relative to all dwellings in New York City stood at 66% in 1999, down from 70% in 1996. While lower, this is still twice the national average of 33%.¹ New York City is also unique in the types of dwelling units owned. Whereas conventional one- and two-family homes are the norm nationally, the high number of cooperatives and condominiums and small multiple dwellings such as brownstones in its owner-occupied housing pool further differentiates New York City from other parts of the country. In New York City, these alternative forms of home ownership account for 45% (412,000) of owner-occupied dwellings, according to the 1999 HVS, up from 42% in 1996. Examining both rental and owner units combined, New York City in 1999 had a total of 3,039,000 housing units.

While the number of rental units has declined since 1996, New York City's housing remains dominated by the size of its rental housing stock. The rental housing stock in New York City is also very diverse and contains many subgroups. However, unlike many other cities nationwide, the bulk of rental units in New York City are rent regulated. Of the 2,018,000 occupied and vacant available rental units reported in the most recent HVS, just under a third (30%) were unregulated, or "free market." The majority are either pre-war rent stabilized (38%) or post-war rent stabilized (14%), and the rest are rent controlled (3%) or part of various other² types of regulated apartment units (16%).³

New York City's Housing Stock is Predominantly Renter-Occupied

(Number of Renter and Owner Occupied Units)



Source: U.S. Bureau of the Census, 1999 New York City Housing & Vacancy Survey.

Unlike the decline in the number of rental units, since 1996, the number of privately owned homes increased over the period. This largely occurred through the purchase of cooperatives and condominiums. The 1999 HVS reports that of the 75,000 unit increase in the privately-owned housing stock⁴, about two-thirds involved the addition of co-ops or condos, and only a third (25,000) from the addition of conventional homes.⁵ Furthermore, the number of unregulated rental units increased by more than 27,000. However, the share of rental units overall fell because of an even larger drop in the number of regulated units. Rent controlled units declined by 18,000, stabilized units fell by 6,000 and the number of other regulated units⁶ declined by 13,000. Finally, there were 21,000 fewer vacant units that were off the sale or rental markets. These units were most likely either added to the housing market or to a lesser extent, demolished. (See chart above)

With the significant drop in vacant, available-for-rent and -sale units, the vacancy rate for New York City's rental stock decreased from 4.01% in 1996 to 3.19% in 1999. The vacancy rate is the lowest in Queens, where just 2.11% of the available rental units are vacant. Meanwhile, Staten Island's vacancy rate, at 5.82%, is the highest. (See adjoining tables)

Changes in the Housing Inventory

New Additions

Additions to the housing stock are generally from new construction, substantial rehabilitation of deteriorated buildings and building conversions from non-

VACANT AVAILABLE RENTALS

	1996	1999	Change
Total	81,256	64,412	-20.7%
Controlled	NA*	NA*	NA*
Stabilized	37,549	25,790	-31.3%
Pre-1947	29,381	20,069	-31.7%
Post-1946	8,168	5,720	-30.0%
Mitchell Lama	3,500	2,829	-19.2%
Public Housing	6,450	3,323	-48.5%
Private, Non-regulated	33,758	32,471	-3.8%

*NA: Once a rent controlled unit becomes vacant it typically reverts to rent stabilization.

Source: 1996 and 1999 New York City Housing and Vacancy Surveys.

VACANCY RATES

	1996	1999	Change
NYC Total	4.01%	3.19%	-20.3%
Pre-1947*	3.85%	2.61%	-32.2%
Post-1946*	2.83%	2.06%	-27.2%
Bronx	5.43%	5.04%	-7.2%
Brooklyn	4.20%	3.26%	-22.4%
Manhattan	3.47%	2.57%	-25.9%
Queens	3.28%	2.11%	-35.7%
Staten Island	4.17%	5.82%	39.6%

*Stabilized units

Source: 1996 and 1999 New York City Housing and Vacancy Surveys.

residential to residential use. The number of permits authorized for new construction is a measure of how many new dwelling units will be completed and ready for occupancy within three years, depending on the type of housing structure. According to the Census Bureau, the gap between units issued permits and those that are actually constructed has significantly narrowed in recent years; hence tracking permits is an even stronger indicator of the amount of new housing units coming on-line.

The number of permits issued for new privately-owned residential units in single and multi-family buildings in New York City increased from 1999 to 2000, continuing an upward trend. In 2000, permits were issued for 15,050 units of new construction, an increase of 21.2% over the 12,421 units in 1999 (see graph below). Though still well below the nineteen-eighties' 20,000 unit peak reached in 1985, and the 1960's average of 37,000 new units each year, residential building has continued its resurgence since recovering from the recession of the early 1990's, with more permits issued for residential units in 2000 than in any year since 1985. While the City overall saw a sizable increase from 1999-2000, the number of permits issued in Brooklyn remained virtually unchanged, increasing by 0.4% for a total of 2,904 units in 2000. The largest increase occurred in the Bronx, where the number of

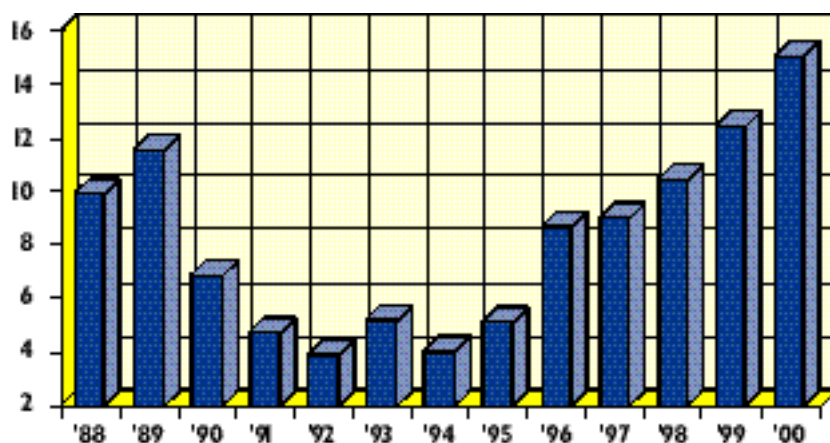
permits for residential units increased by 42.8% (from 1,153 units in 1999 to 1,646 units in 2000). The number of permits in Manhattan increased by 34.8% to 5,110 units, Queens by 25.5% to 2,723 units and Staten Island by 10.5% to 2,667 units. (See Appendix G.1 and the map on the following page)

The latest available 2001 building permit data is for the first quarter, January through March. Compared to the first quarter of 2000, the number of permits issued in New York City in the first quarter of 2001 has increased by nearly 40%, reaching a total of 4,421. Brooklyn had the largest increase, 78.8%. Manhattan increased by 60.1%, Queens by 32.8% and the Bronx by 29.4%. First quarter permits issued for the construction of units in Staten Island decreased by 22.2%.

The NYC Department of City Planning tracks the number of new dwelling units completed, mainly from the Final Certificate of Occupancy records from the Department of Buildings (DOB). According to their most recent data, during the past ten years, 95,241 new residential units were completed. Between 1990 and 2000, the largest share of the new units completed were located in Manhattan (36,178), while 17,872 units in Staten Island, 17,237 units in Queens, 13,123 units in Brooklyn, and 10,831 units in the Bronx were completed.

In New York City, the number of new housing units in 2000 (12,905) increased by 44% from the number

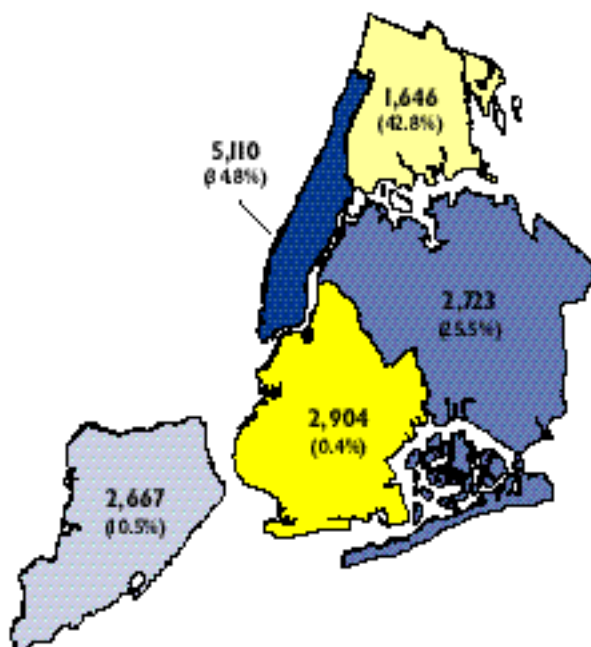
Number of Permits Issued for New Construction of Residential Units Continues to Grow in 2000
(Units Issued New Housing Permits 1988-2000, in Thousands)



Source: U.S. Bureau of the Census, Manufacturing and Construction Division Building Permits Branch.

Permits for New Housing Units Increased by 21% from 1999-2000 in New York City

(Total Number of Permits Issued in 2000 and Percentage Change From 1999 by Borough)



Source: U.S. Bureau of the Census, Manufacturing and Construction Division - Building Permits Branch.

completed in 1999 (8,937). The largest growth in new units occurred in Manhattan, a 161% increase, while new housing units declined the most in Staten Island, a decrease of 14%, from 1999-2000. Units in Brooklyn increased by 45%, units increased in the Bronx by almost 14%, and the number of units completed in Queens declined by 5% from 1999-2000. See Appendix G.2 for a complete historical breakdown.

Another source of information on new housing development is the annual *Mayor's Management Report*, which reports publicly-sponsored residential construction. The NYC Department of Housing Preservation and Development (HPD) reported 7,620 total housing starts in FY 2000. This includes 3,970 moderate rehabilitation housing starts and 800 gut rehabilitation housing starts (in both city-owned and private housing), and 2,850 new construction starts. In FY 2001, the department plans 12,325 total starts,

including construction of 1,146 new units and the completion of 1,303 units in one- to four-unit owner-occupied homes through the NYC Partnership New Homes program.

Tax Incentive Programs

Under the 421-a tax incentive program created in 1970, many new multifamily properties containing three or more rental units receive tax exemptions. The program (and its counterpart for conventional, one- to two-family homes, under Section 421-b of the New York State Real Property Tax Law) permits a reduction by owners in the taxable assessed value of eligible properties. That is, owners are exempt from paying additional real estate taxes due to the increased value of the property resulting from the improvements made. According to HPD, eligible projects must be new construction of multiple dwellings on lots that were vacant, predominantly vacant or improved with a non-conforming use three or more years before the new construction is to commence. Owners are exempt from paying additional real estate taxes on the increased value of the property due to the new construction (i.e. housing structure). Apartments built with 421-a tax exemptions are subject to the provisions of the Rent Stabilization Laws during the exemption period. Thus, 421-a tenants share the same tenancy protection as stabilized tenants, and initial rents approved by HPD are then confined to increases established by the Rent Guidelines Board (RGB).

There are a number of factors used to determine the level and duration of 421-a benefits. These factors include: geographic location; reservation of units for low- and moderate-income families; construction periods and government involvement. In addition, properties are subject to construction guidelines. Rental properties located outside what is known as the Manhattan Exclusionary Zone (which is located between 14th and 96th Streets) receive an exemption for 10 to 25 years depending on location, whether they meet one of the first two conditions listed above, and whether they are located in a neighborhood preservation area. Longer exemption periods apply in northern Manhattan and the other boroughs, and to projects that receive governmental assistance or contain 20% low-income units.

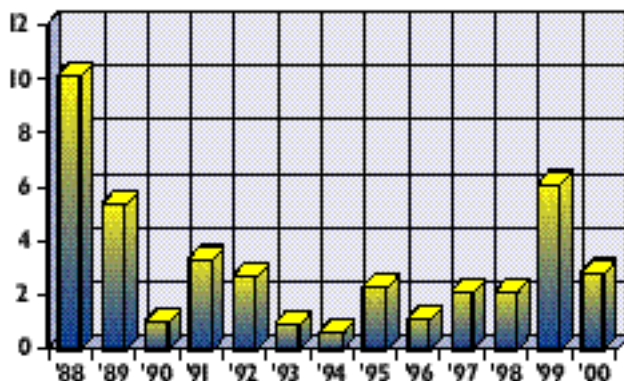
Housing developments located in the Manhattan Exclusionary Zone (located between 14th and 96th Streets) are part of the 421-a Affordable Housing Program, but receive more limited tax benefits. These projects receive exemptions for ten years—a full exemption from taxes for two years, followed by an eight year period in which taxes are phased in at 20% every two years, provided they meet all of the criteria listed above. Manhattan's strong residential market has the effect of stimulating development of affordable housing in other parts of the City. Participation in this program, under the criteria listed above, enables developers of new market-rate projects in Manhattan's exclusionary zone to buy tax-abatement certificates from developers who create or rehabilitate affordable housing elsewhere in the City. For each low-income rental unit produced, five tax abatement certificates are given. According to HPD, these certificates are generally sold for \$10,000 to \$20,000 each.⁷ There were fewer housing starts under this part of the program in 2000 than in 1999. It is estimated that when all the units begun in 2000 are completed, 434 new affordable units will be produced, creating 2,170 certificates to be sold. This is 19% less than in 1999. In addition, unlike last year, no housing units began undergoing gut rehabilitation under the program, versus 93 units that went through gut rehab last year.

Furthermore, significantly fewer affordable units were completed under the Affordable Housing program in 2000 than in the previous year. Last year, 264 new affordable units were completed, which produced 1,320 certificates for market-rate housing, 45% fewer than in 1999. Sixty-four units finished undergoing gut rehabilitation in 2000, creating 320 certificates, 49% fewer than in 1999.

Citywide, both within and outside the Manhattan Exclusionary Zone, the number of apartments newly receiving 421-a exemptions decreased sharply in 2000, falling 54%, to 2,828. Last year, in contrast, the number of apartments receiving new 421-a benefits increased by 189% (see chart below). The largest share of units receiving benefits last year were in buildings located in Manhattan and Queens, containing 39% and 34%, respectively. The remainder of these units were in Brooklyn (16%) and the Bronx (11%).

The number of certificates issued citywide in recent years remains well below the number of units that received exemptions in the late 1980s, when on average, 8,000 new units per year received exemptions. According to the 1999 HVS, there were close to 30,000 rent stabilized apartments currently receiving 421-a benefits. These units, however, do not remain permanent members of the stabilized stock. As exemptions expire, rental apartments are no longer governed by rent regulation rules. (See Appendices G.5 and G.6)

54% Decline in Number of Units Newly Receiving 421-a Certificates Reported in 2000
(Units Receiving Certificates, in Thousands)



Source: NYC Dept. of Housing Preservation & Development.

Conversions and Subdivisions

Since new development alone cannot satisfy the growing needs of residents, alternative methods for supplying new housing units, such as subdivisions and conversions, help to meet demand. Subdivisions refer to dividing existing residential space into a larger number of housing units. Non-residential spaces, such as offices or other commercial spaces, can be converted for residential use. There have been a growing number of conversions in neighborhoods such as SoHo and TriBeCa (Manhattan) and DUMBO and Williamsburg (Brooklyn). Warehouse and manufacturing space is being transformed into loft apartments in these areas, attracting those individuals who are looking for less conventional residences. Office and other commercial space is also being converted into rental housing,

ranging from affordable developments to luxury units, in various neighborhoods in the City. In Mott Haven (Bronx) a casket factory was transformed into a 79-unit affordable housing complex in 2000.⁸ According to a recent news report, some plans for converting commercial space into residential space in downtown New York were shelved because of the rebound of the downtown office market in the last two years.⁹ This trend is backed by analysis of the Federal Reserve Board, which found that downtown Manhattan's office vacancy rate decreased from 11.9% in April 1999 to 6.3% in April 2000.¹⁰

In addition to conversion of manufacturing and office space into residential units, there have also been an increasing number of conversions taking place among single room occupancy (SRO) buildings. Over the past few years, the number of reports of SRO buildings being converted to tourist hotels or single-family dwellings or apartments has risen. SRO owners may convert SRO housing to other uses after obtaining a "Certificate of No Harassment" from HPD. The number of Certificates issued over the past three years has greatly increased in Manhattan, where the vast majority of SRO's are located. In 1995 and 1996, an average of 67 applications were filed each year. However, from 1997 through 1999, an average of 115 applications for Certificates of No Harassment were filed in Manhattan, a 72% increase.¹¹ In 2000, the total number of Manhattan applications were about the same as in the prior three years: 113 applications.

Illegal conversions are another source of additions to the housing supply. The NYC Department of Buildings defines an illegal conversion as the creation of a housing unit(s) without first receiving the approval of, and permits from DOB. Often, conversion involves the alteration or modification of an existing one- or two-family home by adding an apartment in the basement or attic or creating a rooming house. This housing is generally illegal because it violates the zoning regulations for the area. In other circumstances, the house itself was not constructed for the current use, and cannot safely accommodate all the people in residence.¹² Conversion has been a divisive issue in Queens, where some owners of one-to-three family wood-frame homes have divided basements and attics without sufficient exits. Some defend the conversions as necessary to accommodate extended families, and the

complaints are harassment against immigrants. Critics are concerned with the safety of these conversions—fire hazards, unhealthy overcrowding—plus the increase burden they place on city services, without bringing in additional property tax revenue.

The Department of Buildings Quality of Life Task Force, created in 1997, investigates complaints of illegal housing. The numbers of complaints, field visits and violations issued have continued to increase since the creation in 1997 and expansion since its inception. According to DOB, unplanned growth causes a severe strain on local public services that results in the overcrowding of schools, public transportation and sewer and sanitation systems and also creates parking problems. The most serious aspect of this illegal construction is that often it creates substandard, potentially dangerous housing.

During the first four months of FY 2001, the Department of Buildings received 4,939 illegal conversion complaints, compared to 3,923 complaints during the same period of FY 2000. 12,268 complaints were made in all during FY 2000, and increase of 47% from the 8,370 complaints filed during FY 1999. Field visits are made by inspectors, and violations may be issued. In FY 2000, 16,505 field visits were made, up by 49% from 11,067 in FY 1999.¹³

Illegal conversion violations can be corrected in two ways: either removal of the illegal condition, or legalizing the unit if the zoning laws permit multiple housing units. In FY 1997, there were 1,466 violations issued, while in FY 1998 there were 4,931 and in FY 1999, a total of 6,935 violations. In FY 2000, 9,217 violations were issued. During the first four months of 2001, 12,240 violations were issued, compared with 3,595 violations during the same period in FY 2000. A new state law was signed into law in June 2000, making it harder for landlords who make illegal housing conversions to ignore fines for violations. Judgments that are in arrears for a year will be processed as a tax lien against the property, allowing the city to collect fines and start foreclosure proceedings if the fines are not paid.¹⁴

Cooperative and Condominium Activity

Another source of new housing is created in the City is through the construction of cooperatives (co-ops) and

condominiums (condos). Conversion of rental units or commercial space into co-ops and condos is another means of production. While New York remains predominantly a city of renters, the level of home-ownership has been increasing. Many of the newly developed units for sale have been aimed at the high-end market, with fewer units coming on to the market for entry-level and middle-level buyers in the past few years, particularly in Manhattan.¹⁵ One middle-income cooperative apartment completed in 2000 in Harlem received 4,000 applications for the 240 apartments in the building.¹⁶ According to the Real Estate Board of New York, eight condo projects with 723 units were completed in Manhattan during 1999, and on the Upper East Side, five condo buildings with 500 units came online in 2000.¹⁷

Owners wishing to convert their buildings to co-ops or condos, and developers wanting to build new co-op or condo buildings, must file plans with (and receive approval from) the New York State Attorney General's Office. In 2000, the Attorney General approved 120 plans, about the same as the number of plans in 1999 (119). These 120 plans affected 3,072 housing units, a 7.6% increase in the total number of units in 1999 plans. More plans were accepted in Brooklyn (67) than in Manhattan (42); although Manhattan plans covered more housing units (1,809 units in Manhattan to 644 units in Brooklyn). The majority of the plans accepted citywide were for new construction, 87 plans, covering a total of 1,911 units. This is a considerable increase from last year, when new construction accounted for 50 of the 119 accepted plans (1,123 units). Rehabilitation accounted for 15 plans and 220 units, and the remainder, 18 plans and 941 units, were conversions. Compared to 1999, while the number of construction plans increased, the number of rehabilitation and conversion plans accepted decreased. See Appendices G.3 and G.4 for a complete breakdown.

While the conversion of rental housing into co-op and condo units increases the housing inventory for sale, it reduces the total number of housing units for rent. Conversions represent 30.6% of the total number of units in plans accepted by the Attorney General's Office in 2000, an increase from 24.6% in 1999 and from 4.9% in 1998. While the total number of units converted to co-ops or condos has dropped overall in

recent years, residual effects remain because of the time lag in the impact of conversions on the housing market. Since most conversion plans are non-eviction plans, for most of the units, only when the original rental tenant moves out does the apartment become owner-occupied. When that happens, the unit is then removed from the rental universe, thereby reducing the number of rental apartments available. Thus, thousands of renter-occupied units are being converted as tenants under non-eviction plans move out, even as the number of units accepted for conversion have declined in recent years.

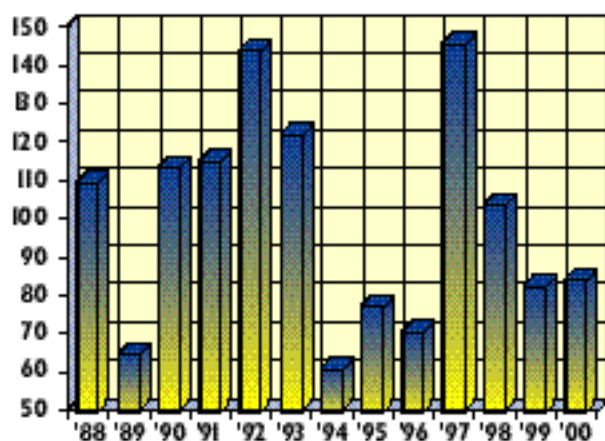
Rehabilitation

As buildings age, they require periodic renovation and rehabilitation to remain in livable condition. This is especially true of NYC's housing stock, of which more than 60% of the units are in buildings greater than 50 years old.¹⁸ Substantial rehabilitation, subsidized through tax abatement and exemption programs, is one method by which units remain or are readmitted to the City's housing stock. The J-51 tax abatement and exemption program is designed to promote the periodic renovation of New York City's stock of rental housing.

In the late 1980s and early 1990's, the number of units approved for initial J-51 tax abatements and exemptions each year was frequently above 100,000 dwellings. In the mid-1990's, rehabilitation activity declined to just under 70,000 units per year. But in 1997, coinciding with the improving NYC economy, the number of units receiving J-51 benefits increased sharply, with over 145,000 additional units receiving this tax incentive. However, in 1998 and 1999, despite the improved economy, the number of units newly receiving benefits declined significantly, falling 29% in 1998 and 21% in 1999. The year 2000 saw a slight reversal, with the number of units receiving J-51 benefits up 2%, to 83,925. (See graph on next page)

The J-51 tax relief program requires that rental units be subject to rent regulation for the duration of the benefits, just like the 421-a program. Apartment units in many high-rent neighborhoods are not allowed to enter the program because the apartment tax assessment generally cannot exceed \$38,000 after completion.

Number of Units Receiving J-51 Certificates Increased Slightly Last Year (Units Receiving Initial Benefits, in Thousands)



Source: NYC Dept. of Housing Preservation & Development.

Rehabilitation activities that are eligible for tax abatements and exemptions include Major Capital Improvements (MCIs), substantial rehabilitation, conversion from non-residential uses, and moderate rehabilitation, which requires significant improvement to at least one major building-wide system. Enriched exemption and abatement benefits are also available for conversion to Class A multiple dwellings (which are permanent residential dwellings) and rehabilitation of Class A buildings that are not entirely vacant.¹⁹

Since most units receiving J-51 benefits would ordinarily be under the jurisdiction of rent stabilization laws even without tax abatements, the majority of these units will remain stabilized after the benefit period. However, rental apartments not stabilized prior to receiving tax benefits will not be subject to the City's rent regulations once their benefits expire. (See Appendices G.5 and G.6)

Tax-Delinquent Property

In Rem Housing

In the 1970s and 1980s, the City foreclosed on thousands of tax-delinquent residential properties, becoming the owner and manager of 5,358 buildings by

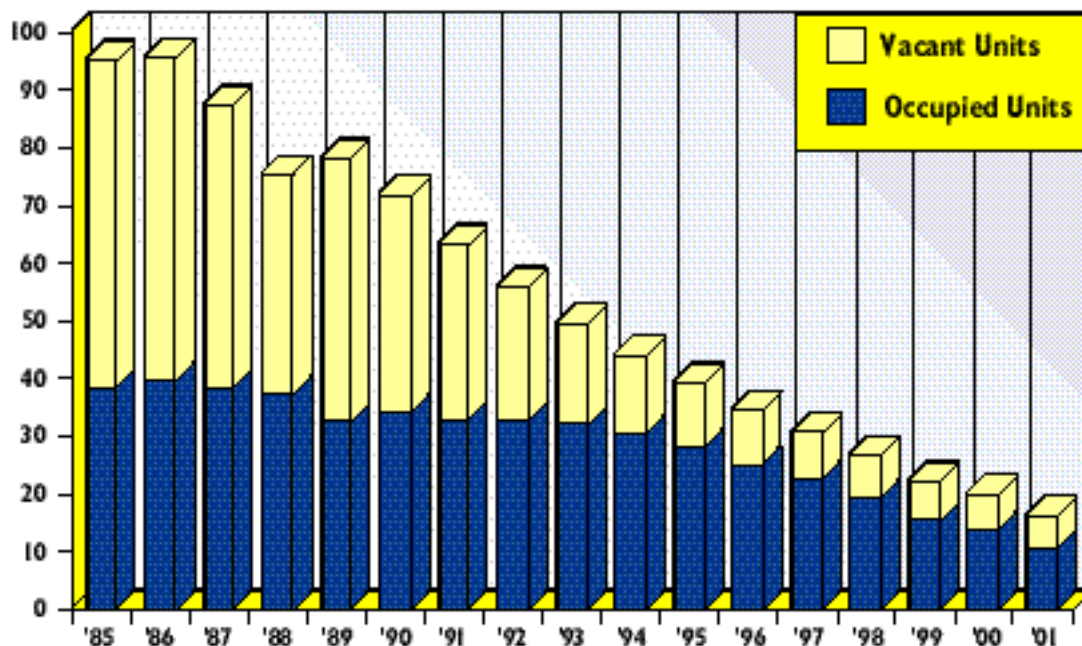
1994, most of which were dilapidated multi-family housing occupied by a low-income population.²⁰ HPD has developed multiple disposition programs over time to manage, rehabilitate and sell many of these *in rem* buildings. HPD's Building Blocks! Initiative began in 1994, with the goal of returning city-owned properties to private owners and stimulating neighborhood development.²¹ These programs—Neighborhood Entrepreneurs Program (NEP), Neighborhood Redevelopment Program (NRP), Tenant Interim Lease I and II Programs (TIL), Tenant Ownership Program, Asset Sales and Neighborhood Homes Programs, enable local entrepreneurs, community not-for-profit housing organizations and groups of tenants to own and manage these buildings. Many of these programs include funds for rehabilitation and use the proceeds of federal tax credits to keep rents affordable.

HPD reduced the number of occupied *in rem* units in central management to 12,362 by the end of calendar 2000 from 14,475 in 1999 (15%).²² From December 1994 through December 1999, the number of occupied *in rem* housing units was reduced by 59%, or by over 17,000 units, adding an estimated \$8 million annually to the City in tax revenue, and providing additional low-cost housing opportunities to needy families. HPD plans to reduce the number of these occupied *in rem* units to 10,504 by the end of FY 2001 and 6,916 in FY 2002.²³ (See graph on next page)

In May 2000, HPD launched a new initiative to sell vacant city-owned buildings to experienced developers for rehabilitation using private financing and equity. These buildings are eligible for J-51 tax abatements. Following rehabilitation, the developers can either sell the units to owner-occupants or manage as rental properties. All rental units must enter the rent stabilization system upon initial occupancy. The buildings involved in the Vacant Buildings 2000 Program are located in Northern Manhattan, Central Brooklyn and the South Bronx. At the end of calendar 2000, there were 744 vacant buildings (6,241 units) in central management, 44% less than at year-end in 1994 (952 buildings). HPD plans to reduce the number of vacant units in central management to 5,741 in FY 2001 and 4,542 in FY 2002 through various programs including CityHome and HomeWorks. (See Appendix G.7)

City In Rem Housing Stock Continued to Decline in 2000

(Units in HPD Central Management Stock 1985-2001, in Thousands)



Note: 2001 figures are projections.

Source: Mayor's Management Report, Office of Operations, FY 1985-FY 2001.

Anti-Abandonment Strategies

Since 1994, the City stopped vesting properties that were tax delinquent (taking title through tax foreclosure) and developed a three-pronged anti-abandonment strategy.²⁴ First, tax liens for properties that are not distressed are sold in bulk to private investors. After the lien is sold, the lienholder is entitled to collect the entire lien amount, plus other interest and charges, from the property owner. In addition, the property owner must continue to pay current taxes to the City. If the owner has not paid the lien or entered into a payment plan, the lienholder can file for foreclosure on the property.²⁵ During FY 2000, 11,535 buildings were reviewed for distress, 11,796 were recommended for exclusion and 9,739 buildings were referred for tax lien sales.²⁶

The second anti-abandonment strategy is third party transfer. For buildings that are distressed and in tax arrears, the City can initiate an *in rem* tax foreclosure action against property owners. The policy, under Local Law 37, transfers the title of *in rem* properties directly to

new owners—qualified third parties—without the City ever taking title itself. The properties are temporarily transferred to a Neighborhood Restore, a nonprofit corporation, and upon the judgment of the court, are transferred to a qualified third party. Over the past four fiscal years, the City has initiated foreclosure actions against 864 properties, and has a total of 132 eligible “third parties”.

Although many owners enter into repayment agreements and the buildings are not transferred, during FY 2000, a total of 48 properties were transferred to third parties. Once transferred, the City forgives debts and grants the new owners tax breaks and low-interest loans for rehabilitation. HPD received a Pioneer Institute Better Government Award for the program in 2000 and plans to accelerate the program in 2001. A new addition to the program in 2001 is the inclusion of nonprofit tenant cooperatives as qualified third parties. Groups of tenant-owners will receive 25% of the properties transferred. The prior policy required tenant ownership groups to partner with a

nonprofit housing manager to enter into the pool of third parties.²⁷

Under the third anti-abandonment strategy, HPD identifies buildings at risk of abandonment and helps these owners achieve fiscal and structural soundness for their properties through housing education, counseling, subsidized loans and voluntary repair agreements, to preserve housing and avoid *in rem* actions entirely.²⁸

Special Needs Housing

Housing developments are also created or converted in New York City for populations with special needs. Under the New York/New York II agreement, approved in late 1999, New York City and the New York State will share the costs to create 1,500 beds for homeless, mentally ill individuals.²⁹ The City will provide 810 units over the next five fiscal years. As of early 2001, 310 of these units have been constructed. The remaining 500 will be provided by HPD's Supportive Housing Program, 11 of which are under construction and 489 are either in design or under review.³⁰ HPD also develops housing units for homeless families and

individuals. In FY 2000, 503 apartments for this population were produced.

According to analysis by the Independent Budget Office (IBO), HPD has been developing housing for the low-income AIDS population since 1990 with the aid of federal Housing Opportunities for Persons with AIDS (HOPWA) funds, but in recent years, funds devoted to new housing construction has declined.³¹ Over the past decade, 1,600 units have been developed, including 153 in 2000. Although funds for new housing development have declined in recent fiscal years, spending on rental assistance is increasing. From 1998 to 1999, the number of cases receiving rental assistance grew by 5,000 to 16,000 total. By June 2000, 17,000 people were receiving rental assistance. The City also provides housing for low-income individuals with HIV/AIDS in SRO units. According to IBO, 900 people with HIV/AIDS were living in SRO's and 500 in commercial hotels in 2000.

An aging population in New York City has caused some private and public housing developments to add on-site services for their elderly tenants. A number of elderly renters are remaining in the apartments they

DO SINGLE SENIOR TENANTS RENT APARTMENTS LARGER THAN THEY NEED?

According to the 1999 HVS, 20% of New York City's almost two million renter households are headed by someone 62 years of age or older (392,620 households). Of these households, 61% are seniors living alone, with no other household members (238,139 households). The largest share of these "single senior tenants" live in one-bedroom or studio units (72%). Twenty-four percent live in two-bedroom units and almost 5% live in units with three or more bedrooms. In other words, about 67,000 households, or 3% of the City's rental units with two or more bedrooms headed by a single senior could be considered underutilized. The amount of underutilization varies by type of renter household as the adjoining table demonstrates.

The largest shares of single elderly tenants in apartments with two or more bedroom occur within non-regulated apartments (43.5%), public housing (39%) and rent controlled housing (34%). In rent stabilized apartments, 24% live in apartments with two or more bedrooms while just 13% of single seniors in Mitchell Lama housing occupy apartments with two or more bedrooms. In other regulated housing, 12% live in apartments with two or more bedrooms.

	0-1 Bedrm	2 Bedrms	3+ Bedrms	Total
Rent Stabilized	76% (85,573)	20% (22,587)	4% (3,216)	100% (112,102)
Rent Controlled	66% (17,517)	30% (7,639)	4% (1,093)	100% (25,889)
Mitchell Lama	87% (11,684)	10% (1,349)	3% (359)	100% (13,392)
Public Housing	61% (17,891)	35% (10,210)	4% (1,444)	100% (29,545)
Other Regulated	88% (17,152)	10% (2,017)	2% (220)	100% (19,389)
Non-Regulated	56.5% (21,386)	32% (12,108)	11.5% (4,327)	100% (37,821)
ALL RENTERS	72% (170,843)	24% (55,911)	4% (11,385)	100% (238,139)

Source: 1999 New York City Housing and Vacancy Survey

raised their children in. This phenomenon has a direct impact on the housing supply. Anecdotal evidence suggests that widowed elderly people are living in three-bedroom apartments, foregoing a move to a smaller apartment, assisted living facility or a retirement community. As a result, these larger housing units would not be passed down to younger, larger families. However, this trend is not supported within the rent stabilized housing stock, according to analysis of the 1999 HVS. According to HVS data, 11% of all rent stabilized tenants are seniors (62 years of age or more) living alone. The majority of these tenants, 76%, are renting one-bedroom units or studio units. However, an estimated 20% live alone in units with two bedrooms and 4% in units with three or more bedrooms, a total of about 26,000 stabilized households which may be considered underutilized. (See inset previous page)

New York City's older population, which dropped between 1970 and 2000 (from 1.4 million to 1.3 million) is expected to increase by nearly one-half, ballooned by the baby-boom generation, to 1.8 million by 2020.³² Some apartment complexes have begun to provide on-site medical, financial and social services to help elderly tenants. Advocates argue that the provision of these services as a logical, cost-effective way to care for an aging population. Other analysts question whether the growth in assisted-living facilities experienced elsewhere will come to New York City at all. Seniors in New York City apartments can purchase similar services to those provided in assisted-living facilities, such as home health care and delivery of groceries, plus enjoy other urban conveniences, all while avoiding moving costs and the often increased costs of assisted living facilities.

Demolitions

In 2000, the number of buildings demolished in NYC jumped significantly. The NYC Department of Buildings reports that 1,500 buildings were demolished, a 109% increase over the 1999 count of 717. This was the highest total since the RGB began collecting this data in 1985. Three boroughs accounted for the vast majority of building demolitions: Queens (35%), Brooklyn (33%) and Staten Island (20%). All boroughs except

the Bronx also saw increases in the number of demolitions over last year. Brooklyn and Queens saw the largest percentage increases, up 136% and 133%, respectively, while Staten Island increased 93% and Manhattan increased 91%. The Bronx, however, saw 4% fewer demolitions in 2000.

The number of demolitions has increased in three out of the last four years. While in the early 1990's relatively few residential buildings in New York City were being demolished, this began to change in 1996, when the number of buildings demolished doubled from the previous year.³³ According to the NYC Department of Buildings, the high number of demolitions over the last few years is in large part due to the increased size of current and future developments. Larger projects require more space, sometimes an entire city block, and this calls for the demolition of more buildings. (See Appendix G.8)

Prospects for Housing Programs

The U.S Department of Housing and Urban Development (HUD) has seen its recent budget allocations increase to its highest levels in two decades. The \$32.4 billion budget for the current Fiscal Year (FY 2001) is the largest since 1981, and the allocation for homeless programs the largest ever, increasing \$105 million nationwide over the prior year. In particular, New York City will receive \$85 million for homeless programs.

The Bush administration has proposed a 6.8% increase in the HUD budget for FY 2002, including increases of \$197 million nationwide for 34,000 new Section 8 housing vouchers, of which about 1,700, at a value of \$9.85 million, would be available in NYC. If approved, this would be about 57% fewer new vouchers available for City residents, compared to last year's actual budget. The President also proposed a 4% increase for NYC in the public housing operating fund but a 24% decrease in the public housing capital fund.

Other aspects of the proposed HUD budget emphasize home ownership, with a number of new programs that are designed to aid lower-income tenants purchases first homes. These programs include the American Dream Downpayment Fund (\$200 million),

designed to down payment assistance provided by third parties, and the Section 8 Homeownership Program, which would help low-income renters become homeowners by expanding the ability to use Section 8 vouchers for homeownership. Voucher-holders would be able to use up to one year's worth of Section 8 assistance for the down payment on a home. Families would then have the option of using their vouchers to pay the ongoing costs of a mortgage.

However, some critics of the president's proposed HUD budget dispute whether it is in reality being increased. Members of the Committee on Financial Services contend that the budget proposal really includes a cut of \$2.2 billion. The discrepancy arises from accounting that allows the Federal Housing Authority (FHA) receipts to be added to the HUD budget, while in reality those funds are being diverted to help fund proposed tax cuts, and an increase in Section 8 budget authority that does not produce any additional spending.³⁴

Locally, in recent years, the City has focused its housing program primarily on disposing of properties it has acquired from tax delinquencies and abandonment. But in January 2001, the City administration sought to shift the emphasis by proposing the largest investment in housing in NYC in nearly a decade: a four-year, \$1.2 billion plan to build or renovate over 10,000 apartments.³⁵ The plan includes the renovation of about 7,000 existing units, including 1,100 vacant ones, the construction of 3,100 new units, and the development of commercial and retail space.

Conclusion

The residential housing market in New York City in the year 2000 primarily showed signs of improvement. Permits issued for new dwelling units reached a level not seen since the 1980s, the number of certificates of occupancy issued increased significantly from the prior year and there was a slight increase in the number of units that began to receive J-51 benefits for rehabilitation. However, the past year also saw a large decline in the number of newly constructed units receiving 421-a tax exemptions, as well as a housing market unable to keep pace with the City's increasing population. □

Endnotes

- (1) 1999 American Housing Survey conducted by the U.S. Census Bureau.
- (2) Other units include public housing, Mitchell-Lama, *in rem*, HUD regulated, Article 4 and Loft Board units.
- (3) Percentages do not add up to 100% due to rounding.
- (4) Includes owner-occupied and owner-vacant and available-for-sale.
- (5) Conventional homes include privately owned units, houses and buildings that are not co-ops or condos.
- (6) Other units include public housing, Mitchell-Lama, *in rem*, HUD regulated, Article 4 and Loft Board units.
- (7) Landlord Information/Tax Incentives: 421-A, NYC Department of Housing Preservation and Development web site. World Wide Web page <<http://nyc.gov/html/hpd/html/assistance/private-owner-tax-inc.html>>.
- (8) Department of City Planning. Housing Completions for Manhattan are compiled from the Yale Robbins, Inc. Residential Constructions in Manhattan Newsletter and the Final Certificate of Occupancy Issued listings from the Department of Buildings. For all other boroughs, the information is from Final Certificate listings only.
- (9) "Building's New Incarnation: Ex-Coffin Plant Now Garden Apartments," by Jose Martinez, Daily News, September 20, 2000.
- (10) "Healthy Downtown Office Market Triggers Flip-Flop Conversion," by Arthur Fefferman, Real Estate Weekly, November 8, 2000.
- (11) Federal Reserve Board, "Federal Reserve Districts: Second District—New York", June 14, 2000. World Wide Web page <www.federalreserve.gov/FOMC/BeigeBook/2000/20000614/2.htm>.
- (12) West Side SRO Law Project, quoting HPD data.
- (13) "Resolving an Illegal Conversion Violation," NYC Dept. of Buildings. World Wide Web page <<http://nyc.gov/html/dob/html/illconbk.html>>.
- (14) Mayor's Management Report, Preliminary Fiscal 2001.
- (15) "Turning Up Heat on Landlords," by Merle English, Newsday, June 10, 2000.
- (16) "Prices Cool a Little for Apartments in Manhattan," by Dennis Hevesi, The New York Times, October 27, 2000.
- (17) "Middle-Income Housing," by Terry Pristin, The New York Times, September 21, 2000.
- (18) 1999 NYC Housing and Vacancy Survey.
- (19) Landlord Information/Tax Incentives: J-51, NYC Department of Housing Preservation and Development web site. World Wide Web page <<http://nyc.gov/html/hpd/html/assistance/private-owner-tax-inc.html>>.
- (20) "Luxury-Rental Project on East Side is Converted to Condos," by Rachele Garbarine, The New York Times, September 22, 2000.

- (21) "Breaking the Cycle of Abandonment: Using a Tax Enforcement Tool to Return Distressed Properties to Sound Private Ownership," by Christopher J. Allerd, NYC HPD, 2000.
- (22) Data reported here on occupied *in rem* units in Central Management is for the most recent calendar year. Data reported on *in rem* units in Appendix G.7 differs slightly as it reflects the most recent fiscal year.
- (23) Community Service Society of New York, "Distressed Housing: Implementing New York City's Anti-Abandonment Agenda," February 1998 Urban Agenda Issue Brief.
- (24) *Mayor's Management Report*, Preliminary Fiscal 2001.
- (25) Schill, Michael. "Housing Issues and Options for New York City", World Wide Web page
<www.gothamgazette.com/commentary/78.schill.html#2>.
- (26) NYC Dept. of Finance, Common Questions and Answers about New York City's Tax Lien Sale Process.
- (27) *Mayor's Management Report*, Preliminary Fiscal 2001.
- (28) "In Tenants the City Trusts? Advocates Party Over Transfer," by Matt Pacenza, City Limits Weekly, March 19, 2001.
- (29) *Mayor's Management Report*, Preliminary Fiscal 2001.
- (30) Supportive Housing Network of NY, 2001.
- (31) NYC Independent Budget Office, "AIDS Housing Assistance: Budget Update," October 13, 2000.
- (32) "Apartments Rise To Needs," by Mary Jane Fine, Daily News, March 4, 2001.
- (33) In recent years, the DOB could not guarantee that the number of demolitions provided to the RGB contained residential units only.
- (34) "Budget Blues and Fuzzy Math," Shelterforce, March/April 2001.
- (35) "Housing Proposal Reflects Policy Shift," by Eric Lipton, The New York Times, Feb. 28, 2001.

Appendices



Appendix A: Guidelines Adopted by the Board

A.1 Apartments & Lofts — Order #33

On June 20, 2001, the Rent Guidelines Board (RGB) set the following maximum rent increases for leases commencing or being renewed on or after October 1, 2001 and on or before September 30, 2002 for rent stabilized apartments:

One-Year Lease	Two-Year Lease
4%	6%

In the event of a sublease governed by subdivision (e) of section 2525.6 of the Rent Stabilization Code, the allowance authorized by such subdivision shall be 10%.

No vacancy allowance is permitted except as provided by sections 19 and 20 of the Rent Regulation Reform Act of 1997.

Any increase for a renewal lease may be collected no more than once during the guideline period.

For Loft units that are covered under Article 7-C of the Multiple Dwelling Law, the Board established the following maximum rent increases for increase periods commencing on or after October 1, 2001 and on or before September 30, 2002:

One-Year Increase Period	Two-Year Increase Period
1%	2%

Leases for units subject to rent control on September 30, 2001, which subsequently become vacant and then enter the stabilization system, are not subject to the above adjustments. The rents for these newly stabilized units are subject to review by the New York State Division of Housing and Community Renewal (DHCR). In order to aid DHCR in this review, the RGB has set a special guideline. For rent controlled units which become vacant after September 30, 2001, the special guideline shall be the greater of the following:

- (1) 150% above the maximum base rent as it existed or would have existed, plus the allowable fuel cost adjustment, or
- (2) The Fair Market Rent for existing housing as established by the United States Department of Housing and Urban Development (HUD) for the New York City Primary Metropolitan Statistical Area pursuant to Section 8(c) (1) of the United

States Housing Act of 1937 (42 U.S.C. section 1437f [c] [1]) and 24 C.F.R. Part 888, with such Fair Market Rents to be adjusted based upon whether the tenant pays his or her own gas and/or electric charges as part of his or her rent as such gas and/or electric charges are accounted for by the New York City Housing Authority.

Such HUD-determined Fair Market Rents will be published in the Federal Register, to take effect on October 1, 2001.

A.2 Hotel Units — Order #31

On June 20, 2001, the Rent Guidelines Board (RGB) set the following maximum rent increases for leases commencing or being renewed on or after October 1, 2001 and on or before September 30, 2002 for rent stabilized hotels:

Single Room Occupancy Buildings (SRO)	2%
Lodging Houses	2%
Class A Hotels	2%
Class B Hotels	2%
Rooming Houses	2%

Except that the allowable level of rent adjustment over the lawful rent actually charged and paid on September 30, 2001 shall be 0% if:

- Fewer than 70% of the residential units in a building are occupied by permanent rent stabilized or rent controlled tenants paying no more than the legal regulated rent, at the time that any rent increase in this Order would otherwise be authorized.
- Furthermore, the allowable level of rent adjustment over the lawful rent actually charged and paid on September 30, 2001 shall be 0% on any individual unit if the owner has failed to provide to the new occupant of that unit a copy of the Rights and Duties of Hotel Owners and Tenants, pursuant to Section 2522.5 of the Rent Stabilization Code.

Appendix B: Price Index of Operating Costs

B.1 PIOC Sample, Number of Price Quotes per Item, 2000 vs. 2001

Spec	Description	2000	2001	Spec	Description	2000	2001
211	Apartment Value	175	159	701	INSURANCE COSTS	656	607
212	Non-Union Super	114	99				
216	Non-Union Janitor/Porter	60	63	801	Light bulbs	10	6
	LABOR COST	349	321	802	Light Switch	10	7
301	Fuel Oil #2	31	29	803	Wet Mop	8	12
302	Fuel Oil #4	9	8	804	Floor Wax	7	7
303	Fuel Oil #6	7	6	805	Paint	16	15
	FUEL COSTS	47	43	806	Pushbroom	8	6
501	Repainting	131	115	807	Detergent	7	5
502	Plumbing,Faucet	34	33	808	Bucket	11	10
503	Plumbing,Stoppage	31	37	809	Washers	12	10
504	Elevator #1	14	11	810	Linens	10	10
505	Elevator #2	14	11	811	Pine Disinfectant	7	7
506	Elevator #3	14	11	812	Window/Glass Cleaner	6	6
507	Burner Repair	13	15	813	Switch Plate	10	11
508	Boiler Repair,Tube	10	10	814	Duplex Receptacle	11	8
509	Boiler Repair,Weld	5	6	815	Toilet Seat	16	15
510	Refrigerator Repair	11	13	816	Deck Faucet	13	10
511	Range Repair	12	14		PARTS & SUPPLIES	162	145
512	Roof Repair	24	22	901	Refrigerator #1	7	9
513	Air Conditioner Repair	11	10	902	Refrigerator #2	10	11
514	Floor Maint. #1	10	8	903	Air Conditioner #1	5	5
515	Floor Maint. #2	10	8	904	Air Conditioner #2	5	5
516	Floor Maint. #3	10	8	905	Floor Runner	13	11
518	Linen/Laundry Service	6	5	906	Dishwasher	9	6
	CONTRACTOR SERVICES	360	337	907	Range #1	7	6
601	Management Fees	124	117	908	Range #2	7	7
602	Accountant Fees	28	30	909	Carpet	15	12
603	Attorney Fees	23	21	910	Dresser	9	8
604	Newspaper Ads	20	19	911	Mattress & Box Spring	13	13
605	Agency Fees	5	5		REPLACEMENT COSTS	100	93
606	Lease Forms	10	12				
607	Bill Envelopes	14	12				
608	Ledger Paper	9	8				
	ADMINISTRATIVE COSTS	233	224		All Items	1907	1770

B.2 Expenditure Weights, Price Relatives, Percent Changes and Standard Errors, All Apartments, 2001

Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error	Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error
101	TAXES,FEES,& PERMITS	0.2526	1.0545	5.45%	0.0309	601	Management Fees	0.6833	1.0447	4.47%	0.8178
201	Payroll,Bronx,All	0.1207	1.0178	1.78%	0.0000	602	Accountant Fees	0.1434	1.0498	4.98%	1.8137
202	Payroll,Other,Union,Supts.	0.1172	1.0340	3.40%	0.0000	603	Attorney Fees	0.1342	1.0161	1.61%	1.1923
203	Payroll,Other,Union,Other	0.2891	1.0351	3.51%	0.0000	604	Newspaper Ads	0.0044	1.0268	2.68%	1.4068
204	Payroll,Other,Non-Union,All	0.2833	1.0520	5.20%	0.6383	605	Agency Fees	0.0055	1.0374	3.74%	1.8642
205	Social Security Insurance	0.0472	1.0330	3.30%	0.0000	606	Lease Forms	0.0104	1.0177	1.77%	1.3881
206	Unemployment Insurance	0.0067	1.1143	11.43%	0.0000	607	Bill Envelopes	0.0101	1.0285	2.85%	2.8302
207	Private Health & Welfare	0.1358	1.0456	4.56%	0.0000	608	Ledger Paper	0.0088	1.0000	0.00%	0.0000
	LABOR COSTS	0.1677	1.0395	3.95%	0.1808		ADMINISTRATIVE COSTS	0.0853	1.0406	4.06%	0.6377
301	Fuel Oil #2	0.5919	1.3156	31.56%	0.7720	701	INSURANCE COSTS	0.0621	1.0486	4.86%	0.7283
302	Fuel Oil #4	0.1485	1.3825	38.25%	2.9508	801	Light Bulbs	0.0378	1.0135	1.35%	1.0918
303	Fuel Oil #6	0.2596	1.3455	34.55%	1.6371	802	Light Switch	0.0482	1.0000	0.00%	0.0000
	FUEL	0.0949	1.3333	33.33%	0.7625	803	Wet Mop	0.0415	1.0435	4.35%	4.1948
401	Electricity #1,2,500 KWH	0.0121	1.0144	1.44%	0.0000	804	Floor Wax	0.0399	1.0032	0.32%	0.3218
402	Electricity #2,15,000 KWH	0.1543	1.0198	1.98%	0.0000	805	Paint	0.2219	1.0194	1.94%	1.2570
403	Electricity #3,82,000 KWH	0.0000	1.0710	7.10%	0.0000	806	Pushbroom	0.0362	1.0000	0.00%	0.0000
404	Gas #1,12,000 therms	0.0044	1.4235	42.35%	0.0000	807	Detergent	0.0323	1.0361	3.61%	3.7494
405	Gas #2,65,000 therms	0.0465	1.5686	56.86%	0.0000	808	Bucket	0.0417	0.9595	-4.05%	2.8472
406	Gas #3,214,000 therms	0.1854	1.5795	57.95%	0.0000	809	Washers	0.0998	0.9998	-0.02%	0.1048
407	Steam #1,1.2m lbs	0.0157	1.2236	22.36%	0.0000	811	Pine Disinfectant	0.0473	1.0095	0.95%	1.0213
408	Steam #2,2.6m lbs	0.0060	1.2470	24.70%	0.0000	812	Window/Glass Cleaner	0.0511	1.0000	0.00%	0.0000
409	Telephone	0.0104	0.9768	-2.32%	0.0000	813	Switch Plate	0.0457	1.0000	0.00%	0.0000
410	Water & Sewer - Frontage	0.4270	1.0100	1.00%	0.0000	814	Duplex Receptacle	0.0343	1.0000	0.00%	0.0000
411	Water & Sewer - Metered	0.1382	1.0106	1.06%	1.8926	815	Toilet Seat	0.0998	1.0147	1.47%	1.0485
	UTILITIES	0.1541	1.1495	14.95%	0.2616	816	Deck Faucet	0.1223	1.0000	0.00%	0.0000
501	Repainting	0.4139	1.0281	2.81%	1.0307		PARTS AND SUPPLIES	0.0221	1.0081	0.81%	0.3902
502	Plumbing,Faucet	0.1375	1.0416	4.16%	1.1263	901	Refrigerator #1	0.0918	1.0184	1.84%	1.1237
503	Plumbing,Stoppage	0.1242	1.0395	3.95%	1.1468	902	Refrigerator #2	0.4754	1.0140	1.40%	0.9970
504	Elevator #1,6 fl.,1 e.	0.0548	1.0372	3.72%	1.8356	903	Air Conditioner #1	0.0172	1.0050	0.50%	0.4737
505	Elevator #2,13 fl.,2 e.	0.0360	1.0326	3.26%	1.5565	904	Air Conditioner #2	0.0221	1.0074	0.74%	0.7492
506	Elevator #3,19 fl.,3 e.	0.0210	1.0285	2.85%	1.3054	905	Floor Runner	0.0885	1.0025	0.25%	1.9562
507	Burner Repair	0.0386	1.0235	2.35%	1.1909	906	Dishwasher	0.0477	1.0000	0.00%	0.0000
508	Boiler Repair,Tube	0.0458	1.0337	3.37%	1.7962	907	Range #1	0.0457	1.0075	0.75%	0.7826
509	Boiler Repair,Weld	0.0329	1.0526	5.26%	2.2019	908	Range #2	0.2115	1.0026	0.26%	0.2725
510	Refrigerator Repair	0.0128	1.0257	2.57%	1.5481		REPLACEMENT COSTS	0.0095	1.0097	0.97%	0.5198
511	Range Repair	0.0135	1.0226	2.26%	2.0353		ALL ITEMS	1.0000	1.0873	8.73%	0.1398
512	Roof Repair	0.0545	1.0924	9.24%	3.1669						
513	Air Conditioner Repair	0.0088	1.0382	3.82%	2.7424						
514	Floor Maint.#1,Studio	0.0003	1.0121	1.21%	3.6914						
515	Floor Maint.#2,1 Br.	0.0005	1.0078	0.78%	3.4713						
516	Floor Maint.#3,2 Br.	0.0048	1.0112	1.12%	3.4940						
	CONTRACTORSERVICES	0.1517	1.0363	3.63%	0.5350						

B.3 Price Relatives by Building Type, Apartments, 2001

Spec #s	Item Description	Pre- 1947	Post- 1946	Gas Heated	Oil Heated	MASTER METERED BLDGS
101	TAXES,FEES, & PERMITS	1.0545	1.0545	1.0545	1.0545	1.0545
201-207	LABOR COSTS	1.0402	1.0388	1.0424	1.0391	1.0434
301-303	FUEL	1.3314	1.3408	1.3160	1.3339	1.3168
401-411	UTILITIES	1.1886	1.1446	1.3157	1.0298	1.1849
501-516	CONTRACTOR SERVICES	1.0371	1.0341	1.0342	1.0368	1.0357
601-608	ADMINISTRATIVE COSTS	1.0269	1.0380	1.0318	1.0318	1.0273
701	INSURANCE COSTS	1.0486	1.0486	1.0486	1.0486	1.0486
801-816	PARTS AND SUPPLIES	1.0081	1.0081	1.0085	1.0080	1.0068
901-908	REPLACEMENT COSTS	1.0096	1.0100	1.0083	1.0101	1.0087
ALL ITEMS		1.1006	1.0785	1.1082	1.0844	1.0903

B.4 Price Relatives by Hotel Type, 2001

Spec #	Item Description	Hotel	RH	SRO
101	TAXES,FEES,& PERMITS	1.1920	1.0665	1.1046
205-206,208-216	LABOR COSTS	1.0361	1.0569	1.0545
301-302	FUEL	1.3237	1.3156	1.3400
401-407,409-411	UTILITIES	1.1224	1.1275	1.1976
501-509,511-516,518	CONTRACTORSERVICES	1.0275	1.0313	1.0326
601-608	ADMINISTRATIVE COSTS	1.0386	1.0372	1.0371
701	INSURANCE COSTS	1.0486	1.0486	1.0486
801-816	PARTS AND SUPPLIES	1.0061	1.0096	1.0074
901-904,907-911	REPLACEMENT COSTS	1.0137	1.0138	1.0134
ALL ITEMS		1.1215	1.0982	1.1091

B.5 Percentage Change in Real Estate Tax Sample by Borough and Source of Change, Apartments and Hotels, 2001

	% Change Due to Assessments	% Change Due to Exemptions	% Change Due to Abatements	% Change Due to Tax Rate	% Change Due to Interactions	Total % Change
APARTMENTS						
Manhattan	6.54%	-0.71%	0.06%	-0.09%	-0.01%	5.79%
Bronx	5.74%	-1.78%	0.88%	-0.04%	0.00%	4.79%
Brooklyn	5.03%	-0.40%	0.80%	-0.04%	0.00%	5.38%
Queens	4.56%	-0.55%	0.69%	-0.04%	0.00%	4.66%
Staten Island	2.79%	0.56%	0.46%	-0.04%	0.00%	3.77%
Total	5.91%	-0.73%	0.34%	-0.07%	0.00%	5.45%
HOTELS						
Hotel	22.01%	-0.33%	-0.05%	-1.97%	-0.45%	19.20%
RH	6.84%	-0.03%	0.05%	-0.18%	-0.03%	6.65%
SRO	11.18%	0.45%	-0.30%	-0.73%	-0.14%	10.46%
Total	14.68%	0.07%	-0.15%	-1.12%	-0.25%	13.24%

Note: Totals may not add due to rounding.

B.6 Tax Change by Borough and Community Board, Apartments, 2001

Borough	Community Board	Number of Buildings	Tax Relative	Borough	Community Board	Number of Buildings	Tax Relative	Borough	Community Board	Number of Buildings	Tax Relative
Manhattan	All	12992	5.79	(Bronx cont.)	6	451	6.98	(Bklyn.cont.)	17	604	5.14
					7	921	6.81		18	69	3.72
	1	35	-10.65		8	346	3.45				
	2	1223	6.61		9	286	6.00	Queens	All	6364	4.66
	3	1542	7.30		10	171	6.21				
	4	1028	5.47		11	277	4.16		1	1817	4.99
	5	299	5.66		12	381	5.82		2	844	7.84
	6	958	4.68						3	398	5.69
	7	2096	7.19	Brooklyn	All	12393	5.38		4	368	4.00
	8	2343	5.90						5	1150	3.23
	9	704	3.58		1	1480	7.39		6	344	3.55
	10	746	-6.57		2	685	6.29		7	431	5.23
	11	572	2.32		3	731	0.79		8	186	4.28
	12	1425	7.31		4	1250	3.28		9	195	5.91
Lower Man.		9024	5.78		5	296	8.50		10	64	5.58
					6	994	6.54		11	132	4.11
Upper Man.		3968	5.89		7	884	4.28		12	153	4.51
					8	934	6.47		13	50	1.50
Bronx	All	4867	4.79		9	551	5.27		14	86	6.15
					10	837	4.85				
	1	245	3.74		11	753	6.47	Staten Island	All	175	3.77
	2	205	-7.84		12	618	5.48				
	3	239	-12.43		13	173	4.17		1	117	4.47
	4	652	5.01		14	904	5.43		2	33	1.13
	5	635	7.18		15	392	4.96		3	21	2.76
					16	222	2.23	Total	All	36791	5.45

Note: No Community Board could be assigned to the following number of buildings for each borough: Manhattan (21),Bronx (58),Brooklyn (16),Queens (146),Staten Island (4). The number of buildings in the category "All" for each borough includes these buildings which could not be assigned a Community Board. Lower and Upper Manhattan building totals are defined by block count and cannot be calculated by using Community Board numbers alone.

B.7 Expenditure Weights, Price Relatives, Percent Changes and Standard Errors, All Hotels, 2001

Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error	Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error
101	TAXES,FEES,& PERMITS	0.2370	1.1324	13.24%	1.1885	601	Management Fees	0.6146	1.0447	4.47%	0.8178
205	Social Security Insurance	0.0573	1.0330	3.30%	0.0000	602	Accountant Fees	0.0830	1.0498	4.98%	1.8137
206	Unemployment Insurance	0.0145	1.1143	11.43%	0.0000	603	Attorney Fees	0.1396	1.0161	1.61%	1.1923
208	Hotel Private Health/Welfare	0.0350	1.0242	2.42%	0.0000	604	Newspaper Ads	0.1034	1.0268	2.68%	1.4068
209	Hotel Union Labor	0.3252	1.0278	2.78%	0.0000	605	Agency Fees	0.0241	1.0374	3.74%	1.8642
210	SRO Union Labor	0.0126	1.0255	2.55%	0.0000	606	Lease Forms	0.0117	1.0177	1.77%	1.3881
211	Apartment Value	0.1217	1.0600	6.00%	1.5280	607	Bill Envelopes	0.0137	1.0285	2.85%	2.8302
212	Non-Union Superintendent	0.3058	1.0601	6.01%	0.8772	608	Ledger Paper	0.0100	1.0000	0.00%	0.0000
213	Non-Union Maid	0.0000	0.0000	NA	0.0000		ADMINISTRATIVE COSTS	0.0951	1.0381	3.81%	0.5726
214	Non-Union Desk Clerk	0.0000	0.0000	NA	0.0000	701	INSURANCE COSTS	0.0346	1.0486	4.86%	0.7283
215	Non-Union Maintenance Worker	0.0000	0.0000	NA	0.0000						
216	Non-Union Janitor/Porter	0.1279	1.0391	3.91%	0.8602	801	Light Bulbs	0.0156	1.0135	1.35%	1.0918
	LABOR COSTS	0.1874	1.0444	4.44%	0.3445	802	Light Switch	0.0181	1.0000	0.00%	0.0000
301	Fuel Oil #2	0.6807	1.3156	31.56%	0.7720	803	Wet Mop	0.0490	1.0435	4.35%	4.1948
302	Fuel Oil #4	0.0151	1.3825	38.25%	2.9508	804	Floor Wax	0.0496	1.0032	0.32%	0.3218
303	Fuel Oil #6	0.3042	1.3455	34.55%	1.6371	805	Paint	0.1218	1.0194	1.94%	1.2570
	FUEL	0.1062	1.3257	32.57%	0.7254	806	Pushbroom	0.0411	1.0000	0.00%	0.0000
401	Electricity #1,2,500 KWH	0.0803	1.0144	1.44%	0.0000	807	Detergent	0.0431	1.0361	3.61%	3.7494
402	Electricity #2,15,000 KWH	0.0867	1.0198	1.98%	0.0000	808	Bucket	0.0508	0.9595	-4.05%	2.8472
403	Electricity #3,82,000 KWH	0.2699	1.0710	7.10%	0.0000	809	Washers	0.0498	0.9998	-0.02%	0.1048
404	Gas #1,12,000 therms	0.0452	1.4235	42.35%	0.0000	810	Linens	0.3168	1.0053	0.53%	0.3490
405	Gas #2,65,000 therms	0.0338	1.5686	56.86%	0.0000	811	Pine Disinfectant	0.0185	1.0095	0.95%	1.0213
406	Gas #3,214,000 therms	0.1389	1.5795	57.95%	0.0000	812	Window/Glass Cleaner	0.0197	1.0000	0.00%	0.0000
407	Steam #1,1.2m lbs	0.0002	1.2236	22.36%	0.0000	813	Switch Plate	0.0540	1.0000	0.00%	0.0000
409	Telephone	0.1790	0.9768	-2.32%	0.0000	814	Duplex Receptacle	0.0412	1.0000	0.00%	0.0000
410	Water & Sewer - Frontage	0.1254	1.0100	1.00%	0.0000	815	Toilet Seat	0.0497	1.0147	1.47%	1.0485
411	Water & Sewer - Metered	0.0406	1.0106	1.06%	1.8926	816	Deck Faucet	0.0611	1.0000	0.00%	0.0000
	UTILITIES	0.1568	1.1385	13.85%	0.0768		PARTS AND SUPPLIES	0.0588	1.0069	0.69%	0.3587
501	Repainting	0.2159	1.0281	2.81%	1.0307	901	Refrigerator #1	0.0195	1.0184	1.84%	1.1237
502	Plumbing,Faucet	0.0814	1.0416	4.16%	1.1263	902	Refrigerator #2	0.1004	1.0140	1.40%	0.9970
503	Plumbing,Stoppage	0.0779	1.0395	3.95%	1.1468	903	Air Conditioner #1	0.0609	1.0050	0.50%	0.4737
504	Elevator #1,6 fl.,1 e.	0.0351	1.0372	3.72%	1.8356	904	Air Conditioner #2	0.0742	1.0074	0.74%	0.7492
505	Elevator #2,13 fl.,2 e.	0.0318	1.0326	3.26%	1.5565	907	Range #1	0.0086	1.0075	0.75%	0.7826
506	Elevator #3,19 fl.,3 e.	0.0303	1.0285	2.85%	1.3054	908	Range #2	0.0405	1.0026	0.26%	0.2725
507	Burner Repair	0.0264	1.0235	2.35%	1.1909	909	Carpet	0.3448	1.0147	1.47%	0.9390
508	Boiler Repair,Tube	0.0283	1.0337	3.37%	1.7962	910	Dresser	0.1815	1.0286	2.86%	2.2959
509	Boiler Repair,Weld	0.0240	1.0526	5.26%	1.5481	911	Mattress & Box Spring	0.1695	1.0036	0.36%	0.4619
511	Range Repair	0.1489	1.0226	2.26%	2.0353		REPLACEMENT COSTS	0.0242	1.0137	1.37%	0.5471
512	Roof Repair	0.0230	1.0924	9.24%	3.1669						
513	Air Conditioner Repair	0.0423	1.0382	3.82%	2.7424						
514	Floor Maint.#1,Studio	0.0009	1.0121	1.21%	3.6914						
515	Floor Maint.#2,1 Br.	0.0019	1.0078	0.78%	3.4713						
516	Floor Maint.#3,2 Br.	0.0174	1.0112	1.12%	3.4940						
518	Linen/Laundry Service	0.2145	1.0150	1.50%	1.5058						
	CONTRACTORSERVICES	0.1000	1.0291	2.91%	0.5469		ALL ITEMS	1.0000	1.1049	10.49%	0.3111

B.8 Expenditure Weights and Price Relatives, Lofts, 2001

Spec #	Item Description	Weights	Price Relative	Spec #	Item Description	Weights	Price Relative
101	TAXES	0.2454	1.0545		ADMINISTRATIVE COSTS,LEGAL	0.1122	1.0161
201	Payroll,Bronx,All	0.0000	1.0178	601	Management Fees	0.7977	1.0447
202	Payroll,Other, Union,Supts.	0.2920	1.0340	602	Accountant Fees	0.1546	1.0498
203	Payroll,Other, Union,Other	0.0000	1.0351	604	Newspaper Ads	0.0054	1.0268
204	Payroll,Other, Non-Union,All	0.5373	1.0520	605	Agency Fees	0.0067	1.0374
205	Social Security Insurance	0.0464	1.0330	606	Lease Forms	0.0114	1.0177
206	Unemployment Insurance	0.0074	1.1143	607	Bill Envelopes	0.0131	1.0285
207	Private Health & Welfare	0.1169	1.0456	608	Ledger Paper	0.0111	1.0000
	LABOR COSTS	0.1132	1.0401		ADMINISTRATIVE COSTS - OTHER	0.1045	1.0443
301	Fuel Oil #2	0.3271	1.3156	701	INSURANCE COSTS	0.1528	1.0486
302	Fuel Oil #4	0.5570	1.3825				
303	Fuel Oil #6	0.1159	1.3455	801	Light Bulbs	0.0378	1.0135
	FUEL	0.0668	1.3563	802	Light Switch	0.0482	1.0000
401	Electricity #1,2,500 KWH	0.0130	1.0144	803	Wet Mop	0.0415	1.0435
402	Electricity #2,15,000 KWH	0.1664	1.0198	804	Floor Wax	0.0399	1.0032
403	Electricity #3,82,000 KWH	0.0000	1.0710	805	Paint	0.2219	1.0194
404	Gas #1,12,000 therms	0.0047	1.4235	806	Pushbroom	0.0362	1.0000
405	Gas #2,65,000 therms	0.0498	1.5686	807	Detergent	0.0323	1.0361
406	Gas #3,214,000 therms	0.1263	1.5795	808	Bucket	0.0417	0.9595
407	Steam #1,1.2m lbs	0.0168	1.2236	809	Washers	0.0998	0.9998
408	Steam #2,2.6m lbs	0.0063	1.2470	811	Pine Disinfectant	0.0473	1.0095
409	Telephone	0.0111	0.9768	812	Window/Glass Cleaner	0.0512	1.0000
410	Water & Sewer - Frontage	0.5027	1.0100	813	Switch Plate	0.0456	1.0000
411	Water & Sewer - Metered	0.1028	1.0106	814	Duplex Receptacle	0.0343	1.0000
	UTILITIES	0.0805	1.1182	815	Toilet Seat	0.0998	1.0147
501	Repainting	0.4138	1.0281	816	Deck Faucet	0.1224	1.0000
502	Plumbing,Faucet	0.1375	1.0416		PARTS AND SUPPLIES	0.0234	1.0081
503	Plumbing,Stoppage	0.1242	1.0395	901	Refrigerator #1	0.0919	1.0184
504	Elevator #1,6 fl.,1 e.	0.0548	1.0372	902	Refrigerator #2	0.4754	1.0140
505	Elevator #2,13 fl.,2 e.	0.0361	1.0326	903	Air Conditioner #1	0.0172	1.0050
506	Elevator #3,19 fl.,3 e.	0.0210	1.0285	904	Air Conditioner #2	0.0220	1.0074
507	Burner Repair	0.0386	1.0235	905	Floor Runner	0.0884	1.0025
508	Boiler Repair,Tube	0.0458	1.0337	906	Dishwasher	0.0478	1.0000
509	Boiler Repair,Weld	0.0330	1.0526	907	Range #1	0.0456	1.0075
510	Refrigerator Repair	0.0127	1.0257	908	Range #2	0.2116	1.0026
511	Range Repair	0.0135	1.0226		REPLACEMENT COSTS	0.0186	1.0097
512	Roof Repair	0.0544	1.0924				
513	Air Conditioner Repair	0.0088	1.0382				
514	Floor Maint.#1,Studio	0.0003	1.0121				
515	Floor Maint.#2,1 Br.	0.0006	1.0078				
516	Floor Maint.#3,2 Br.	0.0049	1.0112				
	CONTRACTORSERVICES	0.0826	1.0363		ALL ITEMS	1.0000	1.0684

B.9 2001 PIOC Commensurate Formula Addendum

Background

For the past decade or so, each Price Index of Operating Costs (PIOC) report has included three so-called "commensurate" formulae. These formulae are not required by law, and the latter two didn't exist through the first twenty or so years of the Rent Guidelines Board's (RGB) existence. In the 1970s, the PIOC consultants (at that time the RGB had no research staff) devised the first of the commensurate formulae as an analytical tool to assist RGB members to distill the various PIOC numbers and determine what guidelines would (1) keep landlords relatively "even," while (2) protecting tenants from "unconscionable" rent increases.

More technically stated, the "commensurate" combines various data concerning operating costs, revenues, and inflation into a single measure that gives "one" estimate (note: not "the only" estimate) of the degree to which rents would have to be adjusted so that net operating income ("NOI") in stabilized buildings remained constant. In all instances, though, the original and subsequent two formulae were intended only as casual "starting points" for any member who wished to consider them.

(It is important to note that "net operating income" does not necessarily equate to "net profit." Determining profit would require an analysis of such things as capital placed at risk, financing costs and any pertinent appreciation/depreciation.)

Original Formula

The original formula assumes that if a landlord netted \$10 on a unit in 1969, rents should be adjusted so the landlord would net the same \$10 on the same unit in 1979, 1989 and 1999. By not taking inflation into account, though, this formula suggests results that many Board members deemed impractical.

The original formula additionally does not take into account the actual mix of one- and two-year lease terms. Instead, this formula answered the following questions: (1) if all tenants chose a one-year lease, what rent adjustment would be needed in order to insure that the net operating income, unadjusted for inflation, remained constant; and (2) if all tenants chose a two-year lease, factoring in projected cost increases, what adjustment would be needed? Since Housing & Vacancy Survey (HVS) data shows that only about 70% of all stabilized units receive adjustments each year, this formula needed revision.

Moreover, while the suggested starting point for one-year leases is based on the known numbers reflected in the PIOC, the suggested starting point for two-year leases is based on assumptions and estimates for the coming year. Understandably and unavoidably, any significant "real life" deviation from those assumptions and estimates will affect the appropriateness of the two-year projections. Among these multi-varied factors would be a sharp rise or fall in oil prices, inflation, taxes and water rates, labor costs, interest rates, rent collection gains/losses due to changes in the economy, etc.

Thus, in the early 1990's the RGB staff devised two additional formulae.

Second Basic Formula

The second formula takes into account the mix of lease terms, or as noted above, the fact that only 70% of stabilized units receive rent adjustments each year. HVS data indicates that approximately two-thirds of tenants opt for two-year leases, while one-third opt for one-year leases. Moreover, approximately 10% of rent regulated units become vacant each year. Thus, of the approximately 90% percent of leases that are ultimately renewed, 60% are renewed each year (i.e. 30% represent one-year leases and 30% representing half the two-year leases). This 60% renewal number plus the 10% of units that become vacant (and presumably are re-let) add up to the 70% figure. Similar to the original formula, the second method preserves landlord's net operating income, but does not compensate for NOI's erosion due to inflation. (See note)

Third Basic Formula

The third formula takes into account both the 70% issue (mix of lease terms) and inflation. (See note)

Impact of Vacancy Allowance

Debates have arisen whether the "vacancy allowance" mandated by state law somehow should be factored into the formulae. The RGB's 1997-98 Recent Movers Study found that despite state law permitting a vacancy allowance of up to 20% (and more, if the prior tenant had been a particularly long-term one), owners citywide were able to obtain from incoming tenants rents reflecting vacancy increases of 12% at the median. As usual, owners of units in "core Manhattan" were able to obtain huge vacancy increases, which were offset by the far more modest vacancy allowances that owners of units in other parts of the City were able to command.

Thus, as to formulae that consider the impact of the vacancy allowance, a 12% median vacancy increase is assumed.

Manner of Calculations

Last year the staff calculated results based upon five different formulae, all variations of the three basic formulae. Although the results of these formulae are non-binding analytical tools that any member can choose to apply or discount, the staff attempts to calculate them according to certain guidelines. Sometimes, though, it is difficult to apply these guidelines, and seemingly disparate numbers may result.

Foremost, the staff tries to produce for each formula numbers that are "policy neutral" between one- and two-year leases. That is, the suggested numbers optimally are not so skewed as to encourage (intentionally or not) tenants to overwhelmingly opt for either a one- versus a two-year lease. As example the staff never will suggest guidelines of 2% (one-year) and 13% (two-year) (presumably resulting in most tenants opting for one-year leases) or 5% and 6% (presumably resulting in most tenants opting for two-year leases), even though according to the RGB's complex formulae, both sets of numbers theoretically could arrive at the same desired NOI result.

Secondly, the staff endeavors for simplicity's sake to use whole or half-numbers: i.e. 3.5% and 5.0%. Therefore, even if a "more exact" suggestion might be 3.486% and 5.102%, the staff will suggest more rounded numbers.

Applicability

These formulae and their suggested starting points do not apply to any RGB report except the PIOC. Thus, members are at liberty to consider—and should consider—the impact of other RGB reports in determining rent adjustments they deem appropriate. Indeed, too often members, tenants, owners and those in the media seemingly assume that (1) rent adjustments must be based entirely or principally upon the PIOC, and (2) the suggested commensurate formulae are somehow binding upon RGB members. Both assumptions are categorically wrong. Moreover, as all these formulae have some limitations, and the staff constantly is trying to devise more accurate alternatives.

Titling The Formulae

For ease of reference, the formulae have been renamed. Where appropriate the staff has noted whether vacancy allowance considerations have been included.

- (1) "Non-inflation, non-renewal rate adjusted;" and
- (2) "Non-inflation, but renewal rate adjusted;" and
- (3) "Inflation and renewal rate adjusted."

Thus, based upon a PIOC of 8.7% and an estimated PIOC for 2002 of 2.1% (first formula only), the five commensurate formulae results are as follows:

(1) Non-inflation, non-renewal rate adjusted:

One-Year Lease: 5.2%

Two-Year Lease: 5.9%

(2) Non-inflation, but renewal rate adjusted (vacancy factor included):

One-Year Lease: 4.5%

Two-Year Lease: 8.0%

(3) Non-inflation, but renewal rate adjusted (no vacancy factor):

One-Year Lease: 6.5%

Two-Year Lease: 11.0%

(4) Inflation and renewal rate adjusted (vacancy factor included):

One-Year Lease: 6.5%

Two-Year Lease: 10.5%

(5) Inflation and renewal rate adjusted (no vacancy factor):

One-Year Lease: 9.0%

Two-Year Lease: 13.0%

It is the RGB's collective duty to consider the PIOC, perhaps the various commensurate formulae, the findings of the other staff reports, the testimony presented at the Board's various meetings, the statements offered at the public comment sessions, and any other pertinent factors to determine appropriate rent adjustments.

Edward S. Hochman

Chairman

April, 2001

Note: The following assumptions were used for the second and third formulae: (1) The required increase in landlord revenue is the sum of the increase due to increased costs and the impact of inflation on NOI. The increase in revenue due to costs is 60% of the 2001 PIOC increase of 8.7%, or 5.2%. The 60% figure is the most recent ratio of average operating costs to average income in rent stabilized buildings. The increase in revenue due to the impact of inflation on NOI is 40% times the latest 12-month average increase in the CPI (3.1%) or 1.2%. Thus, the total increase in landlord income required is 6.4%. (2) Assumptions regarding lease renewals were derived from the 1999 Housing and Vacancy Survey. These terms are only illustrative. Other combinations of terms could produce the 6.4% increase in landlord revenue.

B.10 Changes in the Price Index of Operating Costs, Expenditure Weights and Price Relatives, Apartments, 1991-2001

	1991		1992		1993		1994		1995	
	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative
Taxes	0.232	12.8%	0.246	11.0%	0.263	3.1%	0.259	2.3%	0.260	1.4%
Labor	0.159	5.2%	0.158	5.2%	0.160	5.6%	0.161	4.3%	0.165	4.1%
Fuel	0.122	4.6%	0.121	-10.9%	0.103	5.2%	0.104	-0.5%	0.101	-12.7%
Utilities	0.140	1.2%	0.133	6.6%	0.137	12.7%	0.147	2.1%	0.147	-4.0%
Contractor Services	0.157	5.5%	0.156	2.4%	0.154	2.5%	0.150	0.9%	0.149	2.4%
Administrative Costs	0.084	3.0%	0.082	2.8%	0.081	3.8%	0.080	3.7%	0.081	3.8%
Insurance	0.069	4.4%	0.068	2.3%	0.067	-0.5%	0.064	0.8%	0.063	5.2%
Parts & Supplies	0.026	3.6%	0.026	2.5%	0.025	1.0%	0.024	1.0%	0.024	-0.5%
Replacement Costs	0.011	1.3%	0.011	3.8%	0.011	4.2%	0.010	1.6%	0.010	0.2%
All Items	6.0%		4.0%		4.7%		2.0%		0.1%	
Pre '47										
Taxes	0.156	12.8%	0.167	11.0%	0.180	3.1%	0.178	2.3%	0.179	1.4%
Labor	0.136	5.2%	0.134	5.1%	0.139	5.3%	0.140	4.3%	0.143	3.8%
Fuel	0.167	4.8%	0.166	-10.4%	0.144	5.1%	0.145	-0.8%	0.141	-12.7%
Utilities	0.137	1.5%	0.137	7.6%	0.138	12.3%	0.149	2.3%	0.149	-4.1%
Contractor Services	0.188	5.4%	0.187	2.1%	0.186	2.5%	0.183	1.0%	0.181	2.5%
Administrative Costs	0.079	3.2%	0.078	2.7%	0.078	3.7%	0.077	3.6%	0.078	3.8%
Insurance	0.090	4.4%	0.089	2.3%	0.089	-0.5%	0.085	0.8%	0.084	5.2%
Parts & Supplies	0.030	3.5%	0.030	2.5%	0.030	1.0%	0.029	1.0%	0.028	-0.5%
Replacement Costs	0.017	1.3%	0.016	3.6%	0.016	4.2%	0.016	1.5%	0.016	0.2%
All Items	5.5%		2.8%		4.6%		1.8%		-0.4%	
Post '46										
Taxes	0.306	12.8%	0.324	11.0%	0.343	3.1%	0.337	2.3%	0.337	1.4%
Labor	0.196	5.1%	0.194	5.4%	0.195	6.0%	0.197	4.2%	0.200	4.3%
Fuel	0.091	3.8%	0.089	-12.5%	0.074	5.6%	0.075	0.4%	0.073	-12.6%
Utilities	0.123	0.6%	0.116	4.7%	0.116	13.6%	0.125	1.6%	0.125	-3.8%
Contractor Services	0.109	5.8%	0.108	3.1%	0.106	2.5%	0.104	0.5%	0.102	2.2%
Administrative Costs	0.097	2.7%	0.093	3.0%	0.092	4.0%	0.091	3.8%	0.092	3.7%
Insurance	0.048	4.4%	0.047	2.3%	0.046	-0.5%	0.044	0.8%	0.043	5.2%
Parts & Supplies	0.021	3.6%	0.021	2.5%	0.020	1.1%	0.019	1.0%	0.019	-0.4%
Replacement Costs	0.009	1.3%	0.008	4.2%	0.008	4.1%	0.008	1.6%	0.008	0.2%
All Items	6.5%		4.8%		4.9%		2.3%		0.6%	

1996		1997		1998		1999		2000		2001	
Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative
0.263	3.0%	0.255	2.4%	0.255	1.2%	0.258	0.4%	0.259	5.2%	0.253	5.5%
0.171	3.1%	0.167	2.3%	0.166	2.7%	0.171	3.4%	0.176	2.6%	0.168	4.0%
0.088	29.6%	0.108	0.4%	0.106	-15.0%	0.090	-18.4%	0.073	54.8%	0.095	33.3%
0.141	7.8%	0.143	2.9%	0.144	2.3%	0.147	-0.4%	0.147	5.7%	0.154	15.0%
0.152	1.8%	0.146	3.4%	0.147	2.7%	0.151	3.5%	0.156	4.6%	0.152	3.6%
0.084	3.5%	0.082	3.9%	0.083	3.3%	0.086	2.9%	0.089	4.0%	0.085	4.1%
0.066	5.0%	0.066	1.9%	0.065	-1.5%	0.064	3.5%	0.067	0.7%	0.062	4.9%
0.024	0.8%	0.023	1.5%	0.023	1.9%	0.023	2.2%	0.023	1.9%	0.022	0.8%
0.010	1.0%	0.010	1.0%	0.010	0.6%	0.010	1.7%	0.010	0.8%	0.010	1.0%
6.0%		2.4%		0.1%		0.03%		7.8%		8.7%	
0.182	3.0%	0.175	2.4%	0.175	1.2%	0.178	0.4%	0.180	5.2%	0.174	5.5%
0.150	3.3%	0.145	2.4%	0.145	2.7%	0.150	3.8%	0.156	2.7%	0.147	4.1%
0.124	28.9%	0.149	0.7%	0.147	-14.8%	0.126	-17.9%	0.104	52.9%	0.118	33.1%
0.144	7.6%	0.145	3.3%	0.146	2.6%	0.151	0.1%	0.152	5.0%	0.174	18.9%
0.186	1.9%	0.178	3.3%	0.179	2.7%	0.185	3.6%	0.192	4.5%	0.185	3.7%
0.082	3.4%	0.079	3.7%	0.080	3.2%	0.083	1.5%	0.084	2.6%	0.080	2.7%
0.088	5.0%	0.087	1.9%	0.086	-1.5%	0.086	3.5%	0.089	0.7%	0.082	4.9%
0.028	0.8%	0.027	1.5%	0.026	2.0%	0.027	2.2%	0.028	2.0%	0.026	0.8%
0.016	0.9%	0.015	1.0%	0.015	0.7%	0.016	1.5%	0.016	0.8%	0.015	1.0%
6.8%		2.5%		-0.5%		-0.4%		8.8%		10.1%	
0.340	3.0%	0.332	2.4%	0.332	1.2%	0.335	0.4%	0.336	5.2%	0.330	5.5%
0.207	3.0%	0.202	2.1%	0.202	2.7%	0.206	2.9%	0.212	2.5%	0.203	3.9%
0.064	31.9%	0.080	-0.5%	0.078	-15.6%	0.065	-20.0%	0.052	60.7%	0.073	34.1%
0.119	8.2%	0.122	2.2%	0.122	1.8%	0.124	-1.5%	0.122	7.1%	0.127	14.5%
0.104	1.4%	0.100	3.6%	0.101	2.6%	0.103	3.2%	0.107	4.7%	0.104	3.4%
0.095	3.5%	0.093	4.1%	0.095	3.4%	0.097	2.5%	0.100	3.6%	0.096	3.8%
0.045	5.0%	0.045	1.9%	0.045	-1.5%	0.044	3.5%	0.045	0.7%	0.043	4.9%
0.019	0.9%	0.018	1.4%	0.018	1.9%	0.018	2.2%	0.019	1.9%	0.018	0.8%
0.008	1.0%	0.008	1.0%	0.008	0.6%	0.008	2.0%	0.008	0.7%	0.008	1.0%
5.4%		2.3%		0.5%		0.02%		7.2%		7.9%	

Appendix C: Income and Expense Study

C.1 Cross-Sectional Income and Expense Study: Estimated Average Operating & Maintenance Cost (1999) per Apartment per Month by Building Size and Location, Structures Built Before 1947

	<u>Taxes</u>	<u>Labor</u>	<u>Fuel</u>	<u>Water/Sewer</u>	<u>Light & Power</u>	<u>Maint.</u>	<u>Admin.</u>	<u>Insurance</u>	<u>Misc.</u>	<u>Total</u>
Citywide	\$92	\$53	\$37	\$28	\$19	\$98	\$60	\$22	\$34	\$445
11-19 units	\$119	\$31	\$47	\$30	\$21	\$111	\$67	\$29	\$43	\$498
20-99 units	\$84	\$50	\$37	\$28	\$17	\$95	\$56	\$22	\$33	\$422
100+ units	\$121	\$101	\$29	\$26	\$32	\$103	\$76	\$16	\$32	\$536
Bronx	\$51	\$42	\$39	\$28	\$16	\$92	\$50	\$23	\$29	\$369
11-19 units	\$56	\$39	\$56	\$28	\$25	\$115	\$55	\$31	\$46	\$450
20-99 units	\$52	\$40	\$38	\$28	\$15	\$90	\$49	\$23	\$28	\$362
100+ units	\$44	\$63	\$34	\$21	\$20	\$87	\$58	\$18	\$19	\$364
Brooklyn	\$68	\$35	\$40	\$26	\$16	\$82	\$44	\$21	\$31	\$364
11-19 units	\$72	\$22	\$54	\$28	\$15	\$96	\$50	\$27	\$38	\$401
20-99 units	\$67	\$34	\$39	\$26	\$15	\$78	\$44	\$21	\$30	\$355
100+ units	\$71	\$58	\$30	\$25	\$19	\$90	\$40	\$17	\$25	\$376
Manhattan	\$131	\$73	\$37	\$29	\$20	\$111	\$68	\$24	\$39	\$531
11-19 units	\$165	\$36	\$43	\$31	\$25	\$124	\$84	\$31	\$48	\$586
20-99 units	\$116	\$69	\$37	\$29	\$20	\$113	\$71	\$23	\$40	\$516
100+ units	\$165	\$131	\$27	\$28	\$43	\$117	\$99	\$15	\$37	\$662
Queens	\$83	\$38	\$36	\$28	\$13	\$77	\$47	\$21	\$27	\$371
11-19 units	\$81	\$18	\$45	\$28	\$10	\$81	\$35	\$24	\$30	\$353
20-99 units	\$83	\$36	\$35	\$28	\$14	\$77	\$49	\$20	\$26	\$370
100+ units	\$87	\$85	\$29	\$29	\$11	\$72	\$44	\$18	\$34	\$409
St.Island *	-	-	-	-	-	-	-	-	-	-
Core Manhattan	\$169	\$84	\$34	\$29	\$27	\$119	\$87	\$23	\$46	\$616
11-19 units	\$176	\$35	\$42	\$31	\$25	\$124	\$85	\$31	\$49	\$597
20-99 units	\$160	\$79	\$34	\$29	\$20	\$115	\$80	\$24	\$47	\$587
100+ units	\$185	\$141	\$26	\$28	\$48	\$125	\$107	\$14	\$40	\$714
Upper Manhattan	\$57	\$56	\$41	\$28	\$20	\$110	\$59	\$24	\$32	\$427
11-19 units	\$57	\$46	\$56	\$33	\$24	\$122	\$70	\$32	\$37	\$477
20-99 units	\$58	\$56	\$40	\$26	\$21	\$111	\$58	\$23	\$31	\$425
100+ units	\$53	\$72	\$30	\$23	\$19	\$74	\$49	\$21	\$21	\$361
City w/out Core Manhattan	\$62	\$42	\$39	\$27	\$16	\$90	\$49	\$22	\$30	\$378

* The number of Pre-47 rent stabilized buildings in Staten Island was too small to calculate reliable statistics.

Notes: The sum of the lines may not equal the total due to rounding. Totals in this table may not match those in Appendix C.3 due to rounding. Data in this table are NOT adjusted for the results of the 1992 Department of Finance audit on I&E reported operating costs. The category "Utilities" used in the I&E report is the sum of "Water & Sewer" and "Light & Power".

Source: NYC Department of Finance, RPIE Filings.

C.2 Cross-Sectional Income and Expense Study: Estimated Average Operating & Maintenance Cost (1999) per Apartment per Month by Building Size and Location, Structures Built After 1946

	<u>Taxes</u>	<u>Labor</u>	<u>Fuel</u>	<u>Water/Sewer</u>	<u>Light & Power</u>	<u>Maint.</u>	<u>Admin.</u>	<u>Insurance</u>	<u>Misc.</u>	<u>Total</u>
Citywide	\$136	\$96	\$30	\$27	\$25	\$86	\$63	\$18	\$36	\$518
11-19 units	\$194	\$32	\$35	\$29	\$40	\$122	\$95	\$29	\$56	\$631
20-99 units	\$102	\$61	\$32	\$27	\$21	\$78	\$52	\$20	\$34	\$427
100+ units	\$169	\$137	\$28	\$26	\$28	\$93	\$74	\$15	\$38	\$607
Bronx *	\$90	\$63	\$33	\$26	\$24	\$80	\$48	\$22	\$32	\$417
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	\$79	\$48	\$34	\$26	\$19	\$77	\$47	\$24	\$32	\$385
100+ units	-	-	-	-	-	-	-	-	-	-
Brooklyn *	\$86	\$69	\$32	\$26	\$22	\$79	\$52	\$19	\$38	\$424
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	\$87	\$57	\$33	\$26	\$22	\$78	\$51	\$20	\$40	\$413
100+ units	\$76	\$108	\$31	\$27	\$23	\$78	\$51	\$17	\$30	\$441
Manhattan	\$261	\$167	\$29	\$27	\$30	\$118	\$105	\$16	\$52	\$805
11-19 units	\$335	\$44	\$37	\$31	\$69	\$181	\$187	\$32	\$98	\$1,013
20-99 units	\$187	\$94	\$28	\$26	\$24	\$108	\$76	\$22	\$38	\$604
100+ units	\$285	\$192	\$29	\$27	\$31	\$121	\$113	\$14	\$56	\$867
Queens	\$99	\$77	\$29	\$27	\$23	\$72	\$49	\$17	\$27	\$420
11-19 units	\$126	\$38	\$38	\$28	\$23	\$79	\$48	\$28	\$40	\$448
20-99 units	\$100	\$59	\$32	\$28	\$20	\$71	\$49	\$19	\$29	\$406
100+ units	\$93	\$99	\$26	\$26	\$25	\$71	\$47	\$14	\$24	\$424
St.Island *	\$97	\$65	\$34	\$23	\$22	\$83	\$58	\$19	\$34	\$435
20+ units	\$85	\$69	\$34	\$22	\$20	\$78	\$54	\$18	\$31	\$411
Core Manhattan	\$278	\$170	\$29	\$27	\$32	\$122	\$111	\$16	\$53	\$837
11-19 units	\$342	\$43	\$36	\$31	\$70	\$176	\$190	\$32	\$100	\$1,020
20-99 units	\$213	\$101	\$26	\$26	\$25	\$113	\$83	\$22	\$42	\$651
100+ units	\$295	\$194	\$29	\$27	\$32	\$122	\$117	\$14	\$55	\$885
Upper Manhattan *	\$53	\$128	\$29	\$23	\$16	\$89	\$37	\$13	\$69	\$457
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	\$80	\$66	\$36	\$26	\$20	\$91	\$48	\$21	\$24	\$414
100+ units	-	-	-	-	-	-	-	-	-	-
City w/out Core Manhattan	\$90	\$75	\$30	\$26	\$22	\$75	\$47	\$18	\$32	\$415

* The number of Post-46 rent stabilized buildings with fewer than 20 units in Brooklyn, the Bronx, Staten Island, and Upper Manhattan as well as buildings with 100+ units in the Bronx, Staten Island, and Upper Manhattan were too small to calculate reliable statistics.

Notes: The sum of the lines may not equal the total due to rounding. Totals in this table may not match those in Appendix C.3 due to rounding. Data in this table are NOT adjusted for the results of the 1992 Department of Finance audit on I&E reported operating costs. The category "Utilities" used in the I&E report is the sum of "Water & Sewer" and "Light & Power".

Source: NYC Department of Finance, RPIE Filings.

C.3 Cross-Sectional Income and Expense Study, Estimated Average Rent and Income (1999) per Apartment per Month by Building Size and Location

	<u>Post-46</u>			<u>Pre-47</u>			<u>All</u>		
	<u>Rent</u>	<u>Income</u>	<u>Costs</u>	<u>Rent</u>	<u>Income</u>	<u>Costs</u>	<u>Rent</u>	<u>Income</u>	<u>Costs</u>
Citywide	\$854	\$937	\$518	\$652	\$720	\$445	\$706	\$778	\$464
11-19 units	\$731	\$1,055	\$631	\$652	\$797	\$498	\$659	\$818	\$509
20-99 units	\$662	\$696	\$427	\$624	\$677	\$422	\$632	\$681	\$423
100+ units	\$1,064	\$1,181	\$607	\$847	\$929	\$536	\$979	\$1,083	\$579
Bronx	\$617	\$661	\$417	\$510	\$531	\$369	\$527	\$552	\$377
11-19 units	-	-	-	\$500	\$557	\$450	\$506	\$572	\$432
20-99 units	\$586	\$604	\$385	\$508	\$526	\$362	\$518	\$536	\$365
100+ units	-	-	-	\$542	\$557	\$364	\$594	\$617	\$396
Brooklyn	\$620	\$650	\$424	\$540	\$555	\$364	\$556	\$574	\$376
11-19 units	-	-	-	\$541	\$577	\$401	\$546	\$589	\$403
20-99 units	\$609	\$632	\$413	\$536	\$548	\$355	\$554	\$569	\$369
100+ units	\$645	\$673	\$441	\$566	\$574	\$376	\$600	\$617	\$404
Manhattan	\$1,483	\$1,698	\$805	\$810	\$944	\$550	\$929	\$1,078	\$595
11-19 units	\$952	\$1,699	\$1,013	\$768	\$1,012	\$586	\$774	\$1,034	\$599
20-99 units	\$1,007	\$1,126	\$604	\$762	\$871	\$516	\$778	\$888	\$522
100+ units	\$1,640	\$1,879	\$867	\$1,067	\$1,206	\$662	\$1,373	\$1,566	\$772
Queens	\$657	\$697	\$420	\$591	\$609	\$371	\$630	\$661	\$400
11-19 units	\$629	\$679	\$448	\$530	\$545	\$353	\$553	\$577	\$375
20-99 units	\$636	\$663	\$406	\$597	\$616	\$370	\$618	\$641	\$389
100+ units	\$678	\$715	\$424	\$633	\$644	\$409	\$673	\$708	\$423
St.Island	\$660	\$708	\$435	-	-	-	\$660	\$708	\$435
Core Manhattan	\$1,530	\$1,768	\$837	\$935	\$1,103	\$616	\$1,066	\$1,249	\$665
11-19 units	\$966	\$1,730	\$1,020	\$789	\$1,045	\$597	\$796	\$1,074	\$615
20-99 units	\$1,102	\$1,244	\$651	\$903	\$1,048	\$587	\$923	\$1,069	\$593
100+ units	\$1,676	\$1,924	\$885	\$1,154	\$1,304	\$714	\$1,425	\$1,626	\$803
Upper Manhattan	\$805	\$855	\$457	\$578	\$646	\$427	\$597	\$664	\$430
11-19 units	-	-	-	\$574	\$701	\$477	\$574	\$701	\$477
20-99 units	\$624	\$644	\$414	\$579	\$640	\$425	\$580	\$641	\$425
100+ units	-	-	-	\$567	\$634	\$361	\$743	\$804	\$428
City w/out Core Manhattan	\$649	\$687	\$416	\$543	\$571	\$378	\$572	\$604	\$389

Notes: City and borough totals are weighted, while figures for building size categories are unweighted. Cost figures in this table are NOT adjusted for the results of the 1992 Department of Finance audit on I&E reported operating costs. The number of Post-46 rent stabilized buildings with 11-19 units in the Bronx, Brooklyn, and Upper Manhattan, and buildings with 100+ units in the Bronx and Upper Manhattan, were too small to calculate reliable statistics as was the number of Pre-47 bldgs in Staten Island.

Source: NYC Department of Finance, RPIE Filings.

C.4 Cross-Sectional Income and Expense Study, Net Operating Income in 1999 by Building Size and Location

	<u>Post-46</u>	<u>Pre-47</u>	<u>All</u>		<u>Post-46</u>	<u>Pre-47</u>	<u>All</u>
Citywide	\$419	\$276	\$314	Core Manhattan	\$931	\$487	\$584
11-19 units	\$424	\$298	\$309	11-19 units	\$710	\$448	\$459
20-99 units	\$270	\$255	\$258	20-99 units	\$594	\$462	\$475
100+ units	\$575	\$393	\$504	100+ units	\$1,038	\$590	\$823
Bronx	\$243	\$162	\$175	Upper Manhattan	\$398	\$219	\$234
11-19 units	-	\$107	\$140	11-19 units	-	\$224	\$224
20-99 units	\$219	\$164	\$171	20-99 units	\$230	\$216	\$216
100+ units	-	\$193	\$221	100+ units	-	\$273	\$376
Brooklyn	\$226	\$191	\$198	City w/o Core	\$272	\$193	\$215
11-19 units	-	\$176	\$186				
20-99 units	\$219	\$193	\$200				
100+ units	\$232	\$198	\$213				
Manhattan	\$893	\$395	\$483				
11-19 units	\$687	\$427	\$435				
20-99 units	\$522	\$354	\$366				
100+ units	\$1,012	\$543	\$794				
Queens	\$277	\$238	\$261				
11-19 units	\$231	\$192	\$202				
20-99 units	\$257	\$246	\$252				
100+ units	\$291	\$235	\$285				
St.Island	\$273	-	\$273				

Notes: City and borough totals are weighted, while figures for building size categories are unweighted. Cost figures in this table are NOT adjusted for the results of the 1992 Department of Finance audit on I&E reported operating costs. The number of Post-46 rent stabilized buildings with 11-19 units in the Bronx, Brooklyn, and Upper Manhattan, and buildings with 100+ units in the Bronx and Upper Manhattan, were too small to calculate reliable statistics as was the number of Pre-47 bldgs in Staten Island.

Source: NYC Department of Finance, RPIE Filings.

C.5 Cross-Sectional Distribution of Operating Costs in 1999, by Building Size and Age

	<u>Taxes</u>	<u>Maint.</u>	<u>Labor</u>	<u>Admin.</u>	<u>Utilities</u>	<u>Fuel</u>	<u>Misc.</u>	<u>Insurance</u>	<u>Total</u>
Pre-47	20.8%	22.0%	12.0%	13.5%	10.5%	8.4%	7.7%	5.1%	100.0%
11-19 units	23.8%	22.3%	6.2%	13.4%	10.1%	9.5%	8.7%	5.9%	100.0%
20-99 units	19.8%	22.5%	11.8%	13.4%	10.5%	8.8%	7.8%	5.3%	100.0%
100+ units	22.5%	19.3%	18.9%	14.1%	10.9%	5.3%	5.9%	3.0%	100.0%
Post-46	26.3%	16.6%	18.6%	12.3%	9.9%	5.8%	7.0%	3.4%	100.0%
11-19 units	30.7%	19.3%	5.1%	15.0%	10.9%	5.6%	8.8%	4.6%	100.0%
20-99 units	24.0%	18.2%	14.3%	12.2%	11.2%	7.5%	7.9%	4.7%	100.0%
100+ units	27.8%	15.3%	22.7%	12.2%	8.8%	4.6%	6.2%	2.4%	100.0%
All Bldgs.	22.4%	20.4%	14.0%	13.1%	10.3%	7.6%	7.5%	4.6%	100.0%
11-19 units	24.5%	22.0%	6.1%	13.5%	10.2%	9.1%	8.7%	5.8%	100.0%
20-99 units	20.2%	22.2%	12.0%	13.3%	10.6%	8.7%	7.8%	5.3%	100.0%
100+ units	23.0%	18.9%	19.3%	14.0%	10.7%	5.3%	5.9%	2.9%	100.0%

Source: NYC Department of Finance, RPIE Filings.

C.6 Cross-Sectional Distribution of “Distressed” Buildings, 1999 RPIE Filings

<u>Pre-47</u>	<u>Citywide</u>	<u>Bronx</u>	<u>Brooklyn</u>	<u>Manhattan</u>	<u>Queens</u>	<u>St. Island</u>	<u>Lower Man.</u>	<u>Upper Man.</u>
11-19 units	258	39	57	142	19	1	120	22
20-99 units	458	134	102	203	18	1	103	100
100+ units	15	4	2	4	5	-	3	1
All	731	177	161	349	42	2	226	123
<u>Post-46</u>	<u>Citywide</u>	<u>Bronx</u>	<u>Brooklyn</u>	<u>Manhattan</u>	<u>Queens</u>	<u>St. Island</u>	<u>Lower Man.</u>	<u>Upper Man.</u>
11-19 units	9	-	1	4	3	1	3	1
20-99 units	25	5	6	5	7	2	3	2
100+ units	4	-	1	2	1	-	2	-
All	38	5	8	11	11	3	8	3
<u>All Bldgs.</u>	<u>Citywide</u>	<u>Bronx</u>	<u>Brooklyn</u>	<u>Manhattan</u>	<u>Queens</u>	<u>St. Island</u>	<u>Lower Man.</u>	<u>Upper Man.</u>
11-19 units	267	39	58	146	22	2	123	23
20-99 units	483	139	108	208	25	3	106	102
100+ units	19	4	3	6	6	-	5	1
All	769	182	169	360	53	5	234	126

Source: NYC Department of Finance, RPIE Filings.

C.7 Cross-Sectional Sample, 1999 RPIE Filings

	<u>Post-46</u>		<u>Pre-47</u>		<u>All</u>	
	<u>Bldgs</u>	<u>DU's</u>	<u>Bldgs</u>	<u>DU's</u>	<u>Bldgs</u>	<u>DU's</u>
Citywide	1,379	150,019	11,126	440,101	12,505	590,120
11-19 units	106	1,543	2,755	41,588	2,861	43,131
20-99 units	799	45,800	7,989	332,290	8,788	378,090
100+ units	474	102,676	382	66,223	856	168,899
Bronx	213	15,801	2,185	106,222	2,474	122,023
11-19 units	9	133	189	2,895	198	3,028
20-99 units	174	10,249	1,996	92,361	2,170	102,610
100+ units	30	5,419	76	10,966	106	16,385
Brooklyn	253	25,486	2,411	95,581	2,664	121,067
11-19 units	13	191	523	7,959	536	8,150
20-99 units	165	10,882	1,828	80,551	1,993	91,433
100+ units	75	14,413	60	7,071	135	21,484
Manhattan	422	63,665	5,285	190,923	5,707	254,588
11-19 units	37	559	1,718	25,715	1,755	26,274
20-99 units	178	8,895	3,373	124,516	3,551	133,411
100+ units	207	54,211	194	40,692	401	94,903
Queens	437	42,052	1,152	46,677	1,589	88,729
11-19 units	36	508	319	4,917	355	5,425
20-99 units	248	14,349	783	34,486	1,031	48,835
100+ units	153	27,195	50	7,274	203	34,469
St.Island	54	3,015	17	698	71	3,713
11-19 units	11	152	6	102	17	254
20-99 units	34	1,425	9	376	43	1,801
100+ units	9	1,438	2	220	11	1,658
Core Manhattan	380	59,527	3,821	128,183	4,201	187,710
11-19 units	36	547	1,561	23,281	1,597	23,828
20-99 units	145	7,137	2,109	70,209	2,254	77,346
100+ units	199	51,843	151	34,693	350	86,536
Upper Manhattan	42	4,138	1,464	62,740	1,506	66,878
11-19 units	1	12	157	2,434	158	2,446
20-99 units	33	1,758	1,264	54,307	1,297	56,065
100+ units	8	2,368	43	5,999	51	8,367

Source: NYC Department of Finance, RPIE Filings.

C.8 Longitudinal Income and Expense Study, Estimated Average Rent and Income Changes (1998-1999) by Building Size and Location

	<u>Post-46</u>			<u>Pre-47</u>			<u>All</u>		
	<u>Rent</u>	<u>Income</u>	<u>Costs</u>	<u>Rent</u>	<u>Income</u>	<u>Costs</u>	<u>Rent</u>	<u>Income</u>	<u>Costs</u>
Citywide	4.8%	4.8%	0.4%	5.9%	5.8%	4.8%	5.5%	5.5%	3.5%
11-19 units	5.9%	7.3%	3.9%	7.1%	8.0%	5.7%	6.9%	7.9%	5.5%
20-99 units	4.8%	4.6%	0.9%	5.5%	5.5%	4.0%	5.4%	5.3%	3.3%
100+ units	4.1%	4.2%	-0.2%	6.4%	5.3%	8.0%	4.9%	4.6%	2.7%
Bronx	5.9%	6.0%	4.8%	4.0%	4.4%	4.3%	4.3%	4.7%	4.4%
11-19 units	-	-	-	5.5%	6.3%	5.3%	6.0%	6.6%	3.9%
20-99 units	4.6%	4.5%	3.4%	4.0%	4.4%	4.2%	4.1%	4.4%	4.1%
100+ units	-	-	-	2.2%	2.4%	4.2%	5.2%	5.3%	5.8%
Brooklyn	3.8%	3.8%	-0.2%	4.3%	4.2%	4.3%	4.2%	4.1%	3.3%
11-19 units	-	-	-	5.9%	6.2%	6.8%	5.9%	6.3%	6.6%
20-99 units	4.0%	3.7%	1.2%	4.2%	4.0%	3.8%	4.1%	3.9%	3.1%
100+ units	3.1%	3.6%	-3.8%	3.4%	3.6%	4.2%	3.5%	3.8%	-1.1%
Manhattan	5.5%	5.9%	3.1%	7.2%	6.9%	5.2%	6.7%	6.6%	4.7%
11-19 units	10.0%	12.9%	11.1%	8.0%	9.1%	5.6%	8.0%	9.3%	5.9%
20-99 units	5.8%	7.7%	4.6%	6.8%	6.6%	3.7%	6.7%	6.6%	3.8%
100+ units	5.4%	5.5%	2.8%	8.0%	6.2%	10.0%	6.4%	5.8%	5.7%
Queens	2.7%	2.2%	-3.6%	5.3%	5.3%	4.8%	3.7%	3.3%	-0.6%
11-19 units	5.4%	5.2%	0.3%	5.1%	5.1%	3.1%	5.2%	5.1%	2.3%
20-99 units	5.0%	3.9%	-1.6%	5.8%	5.7%	5.5%	5.3%	4.7%	1.5%
100+ units	0.3%	0.0%	-6.2%	2.6%	2.5%	2.1%	0.5%	0.3%	-5.4%
St.Island	7.8%	8.2%	4.3%	-	-	-	7.8%	8.2%	4.3%
Core Manhattan	5.6%	6.0%	3.2%	7.8%	7.1%	6.2%	7.1%	6.8%	5.4%
11-19 units	10.1%	13.1%	10.7%	7.8%	8.9%	5.7%	7.9%	9.1%	6.0%
20-99 units	5.9%	8.0%	4.4%	7.4%	6.9%	4.3%	7.2%	7.0%	4.3%
100+ units	5.4%	5.5%	2.6%	8.6%	6.5%	10.9%	6.6%	5.9%	6.1%
Upper Manhattan	5.7%	6.6%	7.9%	5.3%	6.0%	2.5%	5.3%	6.0%	2.9%
11-19 units	-	-	-	8.6%	11.4%	4.2%	8.7%	11.4%	6.2%
20-99 units	4.8%	4.5%	5.7%	5.1%	5.4%	2.4%	5.0%	5.2%	3.2%
100+ units	-	-	-	1.0%	3.5%	-1.5%	3.4%	5.2%	3.0%
City w/out Core Manhattan	3.7%	2.6%	-1.1%	4.6%	4.8%	3.9%	4.3%	4.1%	2.4%

Notes: City and borough totals are weighted, while figures for building size categories are unweighted. Cost figures in this table are NOT adjusted for the results of the 1992 Department of Finance audit on I&E reported operating costs. The number of Post-46 rent stabilized buildings with 11-19 units in the Bronx, Brooklyn, and Upper Manhattan, and buildings with 100+ units in the Bronx and Upper Manhattan, were too small to calculate reliable statistics as was the number of Pre-47 bldgs in Staten Island.

Source: NYC Department of Finance, RPIE Filings.

C.9 Longitudinal Income and Expense Study, Net Operating Income Changes (1998-1999) by Building Size and Location

	<u>Post-46</u>	<u>Pre-47</u>	<u>All</u>		<u>Post-46</u>	<u>Pre-47</u>	<u>All</u>
Citywide	10.8%	7.5%	8.7%	Core Manhattan	8.7%	8.3%	8.4%
11-19 units	12.8%	12.2%	12.3%	11-19 units	16.7%	13.4%	13.6%
20-99 units	10.9%	8.1%	8.7%	20-99 units	12.0%	10.3%	10.5%
100+ units	9.2%	1.6%	6.8%	100+ units	8.0%	1.1%	5.6%
Bronx	8.1%	4.6%	5.4%	Upper Manhattan	5.3%	13.3%	12.0%
11-19 units	-	10.8%	16.1%	11-19 units	-	26.8%	26.8%
20-99 units	6.3%	4.9%	5.1%	20-99 units	2.5%	11.6%	11.4%
100+ units	-	-0.9%	4.5%	100+ units	-	11.3%	7.1%
Brooklyn	11.7%	4.0%	5.7%	City w/out Core Manhattan	8.6%	6.7%	7.4%
11-19 units	-	4.7%	5.6%				
20-99 units	8.4%	4.2%	5.3%				
100+ units	20.9%	2.4%	14.0%				
Manhattan	8.4%	9.4%	9.0%				
11-19 units	15.6%	14.3%	14.3%				
20-99 units	11.2%	10.9%	11.0%				
100+ units	8.0%	1.6%	5.9%				
Queens	12.3%	6.0%	9.8%				
11-19 units	17.1%	8.9%	11.0%				
20-99 units	13.9%	6.0%	10.1%				
100+ units	10.6%	3.3%	9.9%				
St. Island	14.7%	-	14.7%				

Notes: City and borough totals are weighted, while figures for building size categories are unweighted. Cost figures in this table are NOT adjusted for the results of the 1992 Department of Finance audit on I&E reported operating costs. The number of Post-46 rent stabilized buildings with 11-19 units in the Bronx, Brooklyn, and Upper Manhattan, and buildings with 100+ units in the Bronx and Upper Manhattan, were too small to calculate reliable statistics as was the number of Pre-47 bldgs in Staten Island.

Source: NYC Department of Finance, RPIE Filings.

C.10 Longitudinal Sample, 1998 and 1999 RPIE Filings

	<u>Post-46</u>		<u>Pre-47</u>		<u>All</u>	
	Bldgs	DU's	Bldgs	DU's	Bldgs	DU's
Citywide	1,115	114,475	9,246	361,757	10,361	476,232
11-19 units	86	1,262	2,248	34,026	2,334	35,288
20-99 units	683	39,133	6,729	280,158	7,412	319,291
100+ units	346	74,080	269	47,573	615	121,653
Bronx	188	13,449	1,901	89,681	2,089	103,130
11-19 units	7	100	137	2,131	144	2,231
20-99 units	158	9,332	1,709	79,715	1,867	89,047
100+ units	23	4,017	55	7,835	78	11,852
Brooklyn	209	19,284	2,033	81,345	2,242	100,629
11-19 units	12	179	411	6,256	423	6,435
20-99 units	136	8,944	1,575	69,470	1,711	78,414
100+ units	61	10,161	47	5,619	108	15,780
Manhattan	331	49,344	4,311	151,066	4,642	200,410
11-19 units	30	460	1,426	21,390	1,456	21,850
20-99 units	150	7,505	2,755	100,844	2,905	108,349
100+ units	151	41,379	130	28,832	281	70,211
Queens	348	30,203	988	39,069	1,336	69,272
11-19 units	31	442	270	4,181	301	4,623
20-99 units	213	12,275	683	29,821	896	42,096
100+ units	104	17,486	35	5,067	139	22,553
St.Island	39	2,195	13	596	52	2,791
11-19 units	6	81	4	68	10	149
20-99 units	26	1,077	7	308	33	1,385
100+ units	7	1,037	2	220	9	1,257
Core Manhattan	296	45,581	3,135	101,561	3,431	147,142
11-19 units	29	448	1,306	19,505	1,335	19,953
20-99 units	124	6,122	1,727	56,612	1,851	62,734
100+ units	143	39,011	102	25,444	245	64,455
Upper Manhattan	35	3,763	1,176	49,505	1,211	53,268
11-19 units	1	12	120	1,885	121	1,897
20-99 units	26	1,383	1,028	44,232	1,054	45,615
100+ units	8	2,368	28	3,388	36	5,756

Source: NYC Department of Finance, RPIE Filings.

D: 1999 Housing and Vacancy Survey, Summary Tables

D.1 Occupancy Status

	<u>ALL UNITS</u>	<u>Owner Units</u>	<u>Renter Units</u>	<u>Stabilized</u>
Number of Units (occupied and vacant, available)	3,038,797 [@]	932,123	2,017,701	1,046,378
<u>Occupied Units</u>	2,868,415	915,126	1,953,289	1,020,588
Bronx	419,040	91,596	327,444	186,928
Brooklyn	821,293	233,513	587,780	270,294
Manhattan	727,437	165,904	561,534	354,595
Queens	755,737	332,332	423,405	198,244
Staten Island	144,907	91,781	53,126	10,526
<u>Vacant Units</u>	170,382			
Vacant, for rent or sale	81,409	16,997	64,412	25,790
Bronx	18,612	1,227	17,385	8,867
Brooklyn	23,640	3,821	19,819	6,906
Manhattan	20,691	5,875	14,816	5,283
Queens	14,293	5,184	9,109	3,635
Staten Island	4,174	891	3,283	1,099
Asking Rent				
<\$300	-	-	2,090	166
\$300-\$399	-	-	1,794	0
\$400-\$499	-	-	5,203	3,302
\$500-\$599	-	-	8,510	4,183
\$600-\$699	-	-	11,176	5,984
\$700-\$799	-	-	13,685	6,931
\$800-\$899	-	-	6,661	1,938
\$900-\$999	-	-	3,107	592
\$1000-\$1249	-	-	4,600	1,228
\$1250+	-	-	7,587	1,467
Vacant,not for rent or sale	88,973	-	-	-
Bronx	11,619	-	-	-
Brooklyn	23,775	-	-	-
Manhattan	33,923	-	-	-
Queens	16,042	-	-	-
Staten Island	3,613	-	-	-
Dilapidated	4,542	-	-	-
Rented-Not Yet Occupied	5,049	-	-	-
Sold-Not Yet Occupied	5,385	-	-	-
Undergoing Renovation	19,121	-	-	-
Awaiting Renovation	12,870	-	-	-
Non-Residential Use	1,888	-	-	-
Legal Dispute	5,990	-	-	-
Awaiting Conversion	364	-	-	-
Held for Occasional Use	17,229	-	-	-
Unable to Rent or Sell	5,276	-	-	-
Held Pending Sale of Building	3,160	-	-	-
Held for Planned Demolition	0	-	-	-
Held for Other Reasons	7,019	-	-	-
(Not Reported)	1,079	-	-	-

[@] All housing units,including owner-occupied, renter-occupied,vacant for rent,vacant for sale, and vacant unavailable.

<u>Rent Stabilized Units</u> <u>Pre-1947</u>	<u>Rent Stabilized Units</u> <u>Post-1946</u>	<u>Rent</u> <u>Controlled</u>	<u>Mitchell-</u> <u>Lama</u>	<u>Public</u> <u>Housing</u>	<u>Other</u> <u>Regulated*</u>	<u>Other</u> <u>Rentals**</u>	
769,079	277,298	52,562	69,975	172,662	73,264	602,861	Number of Units (occupied and vacant, available)
749,010	271,578	52,562	67,146	169,339	70,792	572,862	<u>Occupied Units</u>
156,223	30,705	4,292	19,219	36,131	16,509	64,365	Bronx
217,491	52,803	14,429	17,040	57,513	19,713	208,790	Brooklyn
291,725	62,871	24,184	22,365	53,199	28,639	78,552	Manhattan
80,908	117,336	9,251	8,522	17,149	4,966	185,273	Queens
2,663	7,864	406	0	5,346	965	35,883	Staten Island
							<u>Vacant Units</u>
20,069	5,720	0	2,829	3,323	2,472	29,999	Vacant, for rent or sale
7,762	1,105	0	1,290	1,514	456	5,258	Bronx
6,322	584	0	385	776	859	10,893	Brooklyn
4,810	473	0	844	611	760	7,318	Manhattan
888	2,746	0	309	422	0	4,742	Queens
287	812	0	0	0	398	1,786	Staten Island
							<u>Asking Rent</u>
166	0	-	0	976	624	323	<\$300
0	0	-	0	941	291	561	\$300-\$399
2,876	425	-	839	589	71	404	\$400-\$499
3,947	236	-	174	607	171	3,376	\$500-\$599
4,134	1,850	-	465	210	319	4,198	\$600-\$699
5,388	1,544	-	0	0	109	6,645	\$700-\$799
1,336	602	-	827	0	680	3,216	\$800-\$899
393	198	-	145	0	33	2,338	\$900-\$999
600	628	-	181	0	175	3,015	\$1000-\$1249
1,230	237	-	198	0	0	5,923	\$1250+
-	-	-	-	-	-	-	Vacant, not for rent or sale
-	-	-	-	-	-	-	Bronx
-	-	-	-	-	-	-	Brooklyn
-	-	-	-	-	-	-	Manhattan
-	-	-	-	-	-	-	Queens
-	-	-	-	-	-	-	Staten Island
-	-	-	-	-	-	-	Dilapidated
-	-	-	-	-	-	-	Rented-Not Yet Occupied
-	-	-	-	-	-	-	Sold-Not Yet Occupied
-	-	-	-	-	-	-	Undergoing Renovation
-	-	-	-	-	-	-	Awaiting Renovation
-	-	-	-	-	-	-	Non-Residential Use
-	-	-	-	-	-	-	Legal Dispute
-	-	-	-	-	-	-	Awaiting Conversion
-	-	-	-	-	-	-	Held for Occasional Use
-	-	-	-	-	-	-	Unable to Rent or Sell
-	-	-	-	-	-	-	Held Pending Sale of Building
-	-	-	-	-	-	-	Held for Planned Demolition
-	-	-	-	-	-	-	Held for Other Reasons
-	-	-	-	-	-	-	(Not Reported)

* Other Regulated Rentals encompasses *In Rem* units, as well as those regulated by HUD, Article 4 or 5, and the New York City Loft Board.

** Other Rentals encompasses dwellings which have never been regulated, units which have been deregulated (including those in buildings with fewer than 6 apartments) and unregulated rentals in cooperatives or condominiums.

D.2 Economic Characteristics

	<u>All Households@</u>	<u>Owner Households</u>	<u>Renter Households</u>	<u>Stabilized</u>
Monthly Contract Rent				
\$0-\$199	-	-	114,465	19,271
\$200-\$299	-	-	87,915	23,600
\$300-\$399	-	-	102,889	45,629
\$400-\$499	-	-	200,770	117,972
\$500-\$599	-	-	289,199	193,016
\$600-\$699	-	-	313,967	187,148
\$700-\$799	-	-	242,162	129,755
\$800-\$899	-	-	170,906	84,499
\$900-\$999	-	-	110,288	54,687
\$1000-\$1249	-	-	133,677	72,136
\$1250-\$1499	-	-	51,045	31,638
\$1500-\$1749	-	-	38,178	26,570
\$1750+	-	-	73,379	25,025
(No Cash Rent)	-	-	(24,448)	(9,642)
Mean	-	-	\$727	\$731
Mean/Room	-	-	\$237	\$275
Median	-	-	\$648	\$650
Median/Room	-	-	\$181	\$200
Monthly Cost of Electricity				
Mean	\$62	\$83	\$50	\$46
Median	\$50	\$70	\$45	\$40
Monthly Cost of Utility Gas				
Mean	\$71	\$124	\$33	\$26
Median	\$30	\$100	\$25	\$20
Monthly Cost of Water/Sewer				
Mean	\$34	\$34	\$29	-
Median	\$33	\$33	\$25	-
Monthly Cost of Other Fuels				
Mean	\$119	\$123	\$66	-
Median	\$100	\$100	\$33	-
Monthly Mortgage Payments				
Mean	-	\$1,267	-	-
Median	-	\$1,023	-	-
Monthly Insurance Payments				
Mean	-	\$67	-	-
Median	-	\$56	-	-
Monthly Property Taxes				
Mean	-	\$146	-	-
Median	-	\$125	-	-

@ All households,including owners and renters.

<u>Rent Stabilized Units Pre-1947</u>	<u>Rent Stabilized Units Post-1946</u>	<u>Rent Controlled</u>	<u>Mitchell- Lama</u>	<u>Public Housing</u>	<u>Other Regulated*</u>	<u>Other Rentals**</u>	
14,910	4,362	6,576	2,276	66,811	17,337	2,194	Monthly Contract Rent
20,897	2,702	5,814	2,689	33,984	16,086	5,743	\$0-\$199
40,706	4,922	6,924	4,479	23,291	7,652	14,916	\$200-\$299
97,073	20,898	6,834	10,705	26,795	6,203	32,261	\$300-\$399
154,054	38,962	9,430	12,357	8,970	5,085	60,341	\$400-\$499
133,632	53,515	6,093	9,630	7,217	4,407	99,473	\$500-\$599
85,510	44,245	2,265	9,771	1,578	3,477	95,316	\$600-\$699
54,569	29,929	2,458	5,610	336	2,272	75,732	\$700-\$799
35,601	19,086	1,845	2,945	170	2,510	48,130	\$800-\$899
49,270	22,866	2,245	3,085	0	3,568	52,643	\$900-\$999
23,072	8,566	567	2,794	187	689	15,171	\$1000-\$1249
18,524	8,046	181	0	0	787	10,641	\$1250-\$1499
14,832	10,193	193	641	0	0	47,520	\$1500-\$1749
(6,357)	(3,284)	(1,138)	(166)	0	(721)	(12,782)	\$1750+
							(No Cash Rent)
\$703	\$811	\$498	\$657	\$293	\$432	\$916	Mean
\$268	\$296	\$153	\$210	\$78	\$140	\$240	Mean/Room
\$620	\$700	\$477	\$600	\$250	\$303	\$750	Median
\$193	\$225	\$133	\$170	\$65	\$93	\$187	Median/Room
							Monthly Cost of Electricity
\$45	\$49	\$42	\$45	\$50	\$46	\$56	Mean
\$40	\$40	\$40	\$45	\$40	\$40	\$50	Median
							Monthly Cost of Utility Gas
\$25	\$30	\$26	\$21	\$30	\$30	\$45	Mean
\$20	\$25	\$19	\$15	\$24	\$25	\$28	Median
							Monthly Cost of Water/Sewer
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Monthly Cost of Other Fuels
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Monthly Mortgage Payments
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Monthly Insurance Payments
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Monthly Property Taxes
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median

* Other Regulated Rentals encompass *In Rem* units, as well as those regulated by HUD, Article 4 or 5, and the New York City Loft Board.

** Other Rentals encompass dwellings which have never been regulated, units which have been deregulated (including those in buildings with fewer than 6 apartments) and unregulated rentals in cooperatives or condominiums.

D.2 Economic Characteristics (Continued)

	<u>All Households</u> [@]	<u>Owner Households</u>	<u>Renter Households</u>	<u>Stabilized</u>
Monthly Contract Rent				
\$0-\$199	-	-	6.0%	1.9%
\$200-\$299	-	-	4.6%	2.3%
\$300-\$399	-	-	5.3%	4.5%
\$400-\$499	-	-	10.4%	11.7%
\$500-\$599	-	-	15.0%	19.1%
\$600-\$699	-	-	16.3%	18.5%
\$700-\$799	-	-	12.6%	12.8%
\$800-\$899	-	-	8.9%	8.4%
\$900-\$999	-	-	5.7%	5.4%
\$1000-\$1249	-	-	6.9%	7.1%
\$1250-\$1499	-	-	2.6%	3.1%
\$1500-\$1749	-	-	2.0%	2.6%
\$1750+	-	-	3.8%	2.5%
(No Cash Rent)	-	-	-	-
Mean	-	-	-	-
Mean/Room	-	-	-	-
Median	-	-	-	-
Median/Room	-	-	-	-
Monthly Cost of Electricity				
Mean	-	-	-	-
Median	-	-	-	-
Monthly Cost of Utility Gas				
Mean	-	-	-	-
Median	-	-	-	-
Monthly Cost of Water/Sewer				
Mean	-	-	-	-
Median	-	-	-	-
Monthly Cost of Other Fuels				
Mean	-	-	-	-
Median	-	-	-	-
Monthly Mortgage Payments				
Mean	-	-	-	-
Median	-	-	-	-
Monthly Insurance Payments				
Mean	-	-	-	-
Median	-	-	-	-
Monthly Property Taxes				
Mean	-	-	-	-
Median	-	-	-	-

[@] All households, including owners and renters.
Totals may not add to 100% due to rounding.

<u>Rent Stabilized Units Pre-1947</u>	<u>Rent Stabilized Units Post-1946</u>	<u>Rent Controlled</u>	<u>Mitchell- Lama</u>	<u>Public Housing</u>	<u>Other Regulated*</u>	<u>Other Rentals**</u>	
2.0%	1.6%	12.7%	3.4%	39.4%	24.7%	0.4%	Monthly Contract Rent
2.8%	1.0%	11.3%	4.0%	20.1%	23.0%	1.0%	\$0-\$199
5.5%	1.8%	13.5%	6.7%	13.8%	10.9%	2.7%	\$200-\$299
13.1%	7.8%	13.3%	16.0%	15.8%	8.9%	5.8%	\$300-\$399
20.7%	14.5%	18.3%	18.4%	5.3%	7.3%	10.8%	\$400-\$499
18.0%	19.9%	11.8%	14.4%	4.3%	6.3%	17.8%	\$500-\$599
11.5%	16.5%	4.4%	14.6%	0.9%	5.0%	17.0%	\$600-\$699
7.3%	11.2%	4.8%	8.4%	0.2%	3.2%	13.5%	\$700-\$799
4.8%	7.1%	3.6%	4.4%	0.1%	3.6%	8.6%	\$800-\$899
6.6%	8.5%	4.4%	4.6%	0.0%	5.1%	9.4%	\$900-\$999
3.1%	3.2%	1.1%	4.2%	0.1%	1.0%	2.7%	\$1000-\$1249
2.5%	3.0%	0.4%	0.0%	0.0%	1.1%	1.9%	\$1250-\$1499
2.0%	3.8%	0.4%	1.0%	0.0%	0.0%	8.5%	\$1500-\$1749
-	-	-	-	-	-	-	\$1750+
-	-	-	-	-	-	-	(No Cash Rent)
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Mean/Room
-	-	-	-	-	-	-	Median
-	-	-	-	-	-	-	Median/Room
-	-	-	-	-	-	-	Monthly Cost of Electricity
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
-	-	-	-	-	-	-	Monthly Cost of Utility Gas
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
-	-	-	-	-	-	-	Monthly Cost of Water/Sewer
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
-	-	-	-	-	-	-	Monthly Cost of Other Fuels
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
-	-	-	-	-	-	-	Monthly Mortgage Payments
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
-	-	-	-	-	-	-	Monthly Insurance Payments
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
-	-	-	-	-	-	-	Monthly Property Taxes
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median

* Other Regulated Rentals encompass *In Rem* units, as well as those regulated by HUD, Article 4 or 5, and the New York City Loft Board.

** Other Rentals encompass dwellings which have never been regulated, units which have been deregulated (including those in buildings with fewer than 6 apartments) and unregulated rentals in cooperatives or condominiums.

Totals may not add to 100% due to rounding.

D.2 Economic Characteristics (Continued)

	<u>All Households[@]</u>	<u>Owner Households</u>	<u>Renter Households</u>	<u>Stabilized</u>
1998 Total Household Income				
Loss,no income or<\$5000	199,768	24,427	175,342	87,972
\$5000-\$9999	297,267	39,316	257,951	119,961
\$10,000-\$19,999	447,395	102,024	345,371	179,668
\$20,000-\$29,999	363,446	82,245	281,201	154,693
\$30,000-\$39,999	316,816	87,983	228,833	121,849
\$40,000-\$49,999	257,526	85,576	171,950	95,306
\$50,000-\$59,999	212,276	78,978	133,298	70,391
\$60,000-\$69,999	172,723	74,523	98,200	51,800
\$70,000-\$79,999	134,647	64,725	69,922	37,205
\$80,000-\$89,999	97,275	53,612	43,663	25,748
\$90,000-\$99,999	77,684	45,450	32,234	17,045
\$100,000+	291,592	176,267	115,324	58,949
(Not Reported)	0	0	0	0
Mean	\$47,487	\$69,898	\$36,987	\$36,968
Median	\$33,000	\$53,000	\$26,000	\$27,000
Contract Rent to Income Ratio				
<10%	-	-	145,377	73,845
10%-19%	-	-	471,506	245,961
20%-29%	-	-	404,196	199,474
30%-39%	-	-	241,160	121,196
40%-49%	-	-	140,865	72,447
50%-59%	-	-	91,078	47,285
60%-69%	-	-	72,197	38,718
70%+	-	-	291,199	173,623
(Not Computed)	-	-	(95,712)	(48,039)
Mean	-	-	35.5%	37.0%
Median	-	-	27.2%	27.4%
Households in Poverty				
Households Below 100% of Poverty Level	536,521	58,183	478,338	234,727
Households at or Above 100% of Poverty Level	2,331,893	856,943	1,474,951	785,861
(Not Reported)	0	0	0	0
Households Below 125% of Poverty Level	694,423	84,596	609,827	296,590
Households at or Above 125% of Poverty Level	2,173,992	830,530	1,343,462	723,997
(Not Reported)	0	0	0	0
Households Receiving Public Assistance	385,526	30,770	354,756	176,459
Households Not Receiving Public Assistance	1,950,891	716,452	1,234,438	641,268
(Do Not Know)	(18,181)	(8,368)	(9,813)	(6,794)
(Not Reported)	(513,817)	(159,535)	(354,282)	(196,067)
Households Receiving TANF§	119,848	3,427	116,421	60,922
Households Receiving Safety Net	10,780	787	9,994	3,947
Households Receiving Social Security Insurance	144,515	11,922	132,593	61,782
Households Receiving Other Public Assistance	151,638	15,997	135,642	67,037
Households Receiving Rent Subsidy				
Households Receiving Section 8 Certif./Voucher	-	-	107,838	53,081
Households Receiving Shelter Allowance	-	-	123,803	62,884
Households Receiving SCRIE	-	-	22,756	13,640
Households Receiving Another Federal Housing Subsidy	-	-	29,099	10,535
Households Receiving Another State/City Housing Subsidy	-	-	20,792	11,939

§Temporary Assistance for Needy Families
 Senior Citizens Rent Increase Exemption
[@] All households,including owners and renters.

<u>Rent Stabilized Units Pre-1947</u>	<u>Rent Stabilized Units Post-1946</u>	<u>Rent Controlled</u>	<u>Mitchell- Lama</u>	<u>Public Housing</u>	<u>Other Regulated*</u>	<u>Other Rentals**</u>	
69,015	18,957	4,769	5,940	28,897	11,603	36,160	1998 Total Household Income
93,426	26,535	10,008	9,149	57,240	22,587	39,006	Loss, no income or <\$5000
133,836	45,832	16,259	16,633	36,719	15,260	80,443	\$5000-\$9999
117,649	37,044	5,455	10,630	22,312	7,743	80,774	\$10,000-\$19,999
87,027	34,822	4,847	7,163	11,994	5,604	77,378	\$20,000-\$29,999
71,473	23,834	2,968	5,053	4,918	2,298	61,111	\$30,000-\$39,999
50,810	19,581	2,849	4,790	3,281	1,695	50,356	\$40,000-\$49,999
33,526	18,275	1,033	3,073	1,338	1,165	39,508	\$50,000-\$59,999
25,509	11,696	541	900	1,184	651	30,003	\$60,000-\$69,999
18,513	7,235	985	919	621	577	14,986	\$70,000-\$79,999
10,418	6,627	350	337	416	673	13,171	\$80,000-\$89,999
37,808	21,141	2,498	2,558	418	935	49,965	\$90,000-\$99,999
0	0	0	0	0	0	0	\$100,000+
							(Not Reported)
\$35,318	\$41,519	\$27,401	\$29,622	\$15,541	\$18,603	\$47,358	Mean
\$25,580	\$30,400	\$17,000	\$21,611	\$9,704	\$10,248	\$35,350	Median
							Contract Rent to Income Ratio
56,007	17,838	7,535	3,666	14,541	6,214	35,033	<10%
175,906	70,056	11,810	14,627	32,130	10,996	148,389	10%-19%
148,182	51,292	6,820	12,149	50,732	17,515	114,734	20%-29%
87,093	34,102	5,342	8,748	25,753	6,688	70,416	30%-39%
51,262	21,185	4,756	5,328	12,279	5,049	39,791	40%-49%
34,499	12,785	3,386	5,476	6,763	3,595	23,022	50%-59%
29,191	9,528	2,470	4,010	5,347	1,750	19,149	60%-69%
132,791	40,830	7,690	10,510	13,471	14,460	68,069	70%+
(34,078)	(13,961)	(2,753)	(2,631)	(8,323)	(4,526)	(54,261)	(Not Computed)
37.4%	35.6%	35.2%	39.3%	31.2%	42.0%	35.3%	Mean
27.7%	26.9%	27.0%	31.7%	27.9%	28.1%	25.8%	Median
							Households in Poverty
187,909	46,819	10,968	16,314	91,028	34,376	90,924	Households Below 100% of Poverty Level
561,101	224,759	41,593	50,832	78,310	36,416	481,938	Households at or Above 100% of Poverty Level
0	0	0	0	0	0	0	(Not Reported)
234,814	61,777	16,996	20,629	109,207	42,077	124,327	Households Below 125% of Poverty Level
514,196	209,802	35,565	46,517	60,132	28,715	448,535	Households at or Above 125% of Poverty Level
0	0	0	0	0	0	0	(Not Reported)
146,592	29,866	7,180	12,158	74,258	84,700 ^o		Households Receiving Public Assistance*
461,247	180,021	36,183	36,839	73,902	446,246		Households Not Receiving Public Assistance
(4,154)	(2,640)	(571)	(193)	(560)	(1,695)		(Do Not Know)
(137,017)	(59,050)	(8,628)	(17,956)	(20,617)	(111,013)		(Not Reported)
53,345	7,577	927	2,141	27,294	8,701	16,436	Households Receiving TANF\$
2,583	1,364	181	789	2,471	644	1,961	Households Receiving Safety Net
51,080	10,702	3,995	4,591	31,748	11,360	19,118	Households Receiving Social Security Insurance
54,588	12,449	2,613	4,967	24,802	9,022	27,200	Households Receiving Other Public Assistance
							Households Receiving Rent Subsidy¥
45,394	7,687	419	7,618	3,958	23,812	18,948	Households Receiving Section 8 Certif./Voucher
54,703	8,181	938	3,576	31,404	7,232	17,770	Households Receiving Shelter Allowance
8,076	5,564	2,512	1,805	3,204	1,287	309	Households Receiving SCRIE
8,843	1,693	184	6,214	4,758	5,175	2,232	Households Receiving Another Federal Housing Subsidy
9,558	2,381	207	879	3,877	1,812	2,078	Households Receiving Another State/City Housing Subsidy

^o Separate public assistance figures cannot be run for "Other Regulated" and "Other Rentals" households. The households receiving assistance for these two categories are reported together.

¥ Due to a change in the reporting of households receiving rent subsidies in the 1999 HVS, households receiving each type of subsidy is reported, rather than the total number of households receiving rent subsidies. Because households can receive more than one type of subsidy, it was impossible to report those households "Not Receiving Subsidies", those reporting "Don't Know" or "Not reported/ Not Applicable".

* Because households can receive more than one type of public assistance, the sum of the households receiving each category of assistance (TANF, Safety Net etc.) exceed the total households receiving public assistance.

D.2 Economic Characteristics (Continued)

	<u>All Households[@]</u>	<u>Owner Households</u>	<u>Renter Households</u>	<u>Stabilized</u>
1998 Total Household Income				
Loss, no income or <\$5000	7.0%	2.7%	9.0%	8.6%
\$5000-\$9999	10.4%	4.3%	13.2%	11.8%
\$10,000-\$19,999	15.6%	11.1%	17.6%	17.6%
\$20,000-\$29,999	12.6%	9.0%	14.4%	15.2%
\$30,000-\$39,999	11.0%	9.6%	11.7%	11.9%
\$40,000-\$49,999	9.0%	9.4%	8.8%	9.3%
\$50,000-\$59,999	7.4%	8.6%	6.8%	6.9%
\$60,000-\$69,999	6.0%	8.1%	5.0%	5.1%
\$70,000-\$79,999	4.7%	7.1%	3.6%	3.6%
\$80,000-\$89,999	3.4%	5.9%	2.2%	2.5%
\$90,000-\$99,999	2.7%	5.0%	1.7%	1.7%
\$100,000+	10.1%	19.2%	5.9%	5.7%
(Not Reported)	-	-	-	-
Mean	-	-	-	-
Median	-	-	-	-
Contract Rent to Income Ratio				
<10%	-	-	7.8%	7.6%
10%-19%	-	-	25.3%	25.3%
20%-29%	-	-	21.8%	20.5%
30%-39%	-	-	13.0%	12.4%
40%-49%	-	-	7.6%	7.4%
50%-59%	-	-	4.9%	4.9%
60%-69%	-	-	3.9%	4.0%
70%+	-	-	15.7%	17.9%
(Not Computed)	-	-	-	-
Mean	-	-	-	-
Median	-	-	-	-
Households in Poverty				
Households Below 100% of Poverty Level	18.7%	6.4%	24.5%	23.0%
Households at or Above 100% of Poverty Level	81.3%	93.6%	75.5%	77.0%
(Not Reported)	-	-	-	-
Households Below 125% of Poverty Level	24.2%	9.2%	31.2%	29.1%
Households at or Above 125% of Poverty Level	75.8%	90.8%	68.8%	70.9%
(Not Reported)	-	-	-	-
Households Receiving Public Assistance				
(Not Reported)	16.5%	4.1%	22.3%	21.6%
	-	-	-	-
Households Receiving TANF§	5.2%	0.5%	7.4%	7.5%
Households Receiving Safety Net	0.5%	0.1%	0.6%	0.5%
Households Receiving Social Security Insurance	6.2%	1.6%	8.4%	7.6%
Households Receiving Other Public Assistance	6.6%	2.2%	8.7%	8.3%
Households Receiving Rent Subsidy				
Households Receiving Section 8 Certif./Voucher	-	-	6.8%	6.5%
Households Receiving Shelter Allowance	-	-	7.8%	7.7%
Households Receiving SCRIE	-	-	6.6%	8.4%
Households Receiving Another Federal Housing Subsidy	-	-	1.8%	1.3%
Households Receiving Another State/City Housing Subsidy	-	-	1.3%	1.5%

§Temporary Assistance for Needy Families
 Senior Citizens Rent Increase Exemption
 @ All households, including owners and renters.

<u>Rent Stabilized Units Pre-1947</u>	<u>Rent Stabilized Units Post-1946</u>	<u>Rent Controlled</u>	<u>Mitchell- Lama</u>	<u>Public Housing</u>	<u>Other Regulated*</u>	<u>Other Rentals**</u>	
9.2%	7.0%	9.1%	8.8%	17.1%	16.4%	6.3%	1998 Total Household Income
12.5%	9.8%	19.0%	13.6%	33.8%	31.9%	6.8%	Loss,no income or<\$5000
17.8%	16.9%	31.0%	24.8%	21.7%	21.6%	14.0%	\$5000-\$9999
15.8%	13.6%	10.4%	15.8%	13.2%	11.0%	14.1%	\$10,000-\$19,999
11.6%	12.8%	9.2%	10.7%	7.1%	7.9%	13.5%	\$20,000-\$29,999
9.5%	8.8%	5.6%	7.5%	2.9%	3.2%	10.7%	\$30,000-\$39,999
6.8%	7.2%	5.4%	7.1%	1.9%	2.4%	8.8%	\$40,000-\$49,999
4.5%	6.7%	2.0%	4.6%	0.8%	1.6%	6.9%	\$50,000-\$59,999
3.4%	4.3%	1.0%	1.3%	0.7%	0.9%	5.2%	\$60,000-\$69,999
2.5%	2.7%	1.9%	1.4%	0.4%	0.8%	2.6%	\$70,000-\$79,999
1.4%	2.4%	0.7%	0.5%	0.2%	0.9%	2.3%	\$80,000-\$89,999
5.0%	7.8%	4.7%	3.8%	0.2%	1.3%	8.7%	\$90,000-\$99,999
-	-	-	-	-	-	-	\$100,000+
-	-	-	-	-	-	-	(Not Reported)
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
7.8%	6.9%	15.1%	5.7%	9.0%	9.4%	6.8%	Contract Rent to Income Ratio
24.6%	27.2%	23.7%	22.7%	20.0%	16.6%	28.6%	<10%
20.7%	19.9%	13.7%	18.9%	31.5%	26.5%	22.2%	10%-19%
12.2%	13.3%	10.8%	13.5%	16.0%	10.1%	13.6%	20%-29%
7.2%	8.2%	9.5%	8.3%	7.6%	7.6%	7.7%	30%-39%
4.8%	5.0%	6.8%	8.5%	4.2%	5.4%	4.4%	40%-49%
4.1%	3.7%	5.0%	6.2%	3.3%	2.6%	3.7%	50%-59%
18.6%	15.8%	15.4%	16.3%	8.4%	21.8%	13.1%	60%-69%
-	-	-	-	-	-	-	70%+
-	-	-	-	-	-	-	(Not Computed)
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
25.1%	17.2%	20.9%	24.3%	53.8%	48.6%	15.9%	Households in Poverty
74.9%	82.8%	79.1%	75.7%	46.2%	51.4%	84.1%	Households Below 100% of Poverty Level
-	-	-	-	-	-	-	Households at or Above 100% of Poverty Level
-	-	-	-	-	-	-	(Not Reported)
31.3%	22.7%	32.3%	30.7%	64.5%	59.4%	21.7%	Households Below 125% of Poverty Level
68.7%	77.3%	67.7%	69.3%	35.5%	40.6%	78.3%	Households at or Above 125% of Poverty Level
-	-	-	-	-	-	-	(Not Reported)
24.1%	14.2%	16.6%	24.8%	50.1%	16.0%	-	Households Receiving Public Assistance*
-	-	-	-	-	-	-	(Not Reported)
8.8%	3.6%	2.1%	4.4%	18.6%	15.0%	3.5%	Households Receiving TANF\$
0.4%	0.7%	0.4%	1.6%	1.7%	1.1%	0.4%	Households Receiving Safety Net
8.4%	5.1%	9.3%	9.4%	21.6%	19.6%	4.1%	Households Receiving Social Security Insurance
9.1%	6.0%	6.2%	10.4%	17.1%	15.7%	5.9%	Households Receiving Other Public Assistance
7.4%	3.6%	1.0%	15.4%	2.7%	41.1%	4.0%	Households Receiving Rent Subsidy¥
9.0%	3.9%	2.2%	7.2%	21.3%	12.5%	3.8%	Households Receiving Section 8 Certif./Voucher
7.7%	9.6%	7.9%	10.5%	7.2%	5.4%	0.5%	Households Receiving Shelter Allowance
1.4%	0.8%	0.4%	12.9%	3.2%	9.1%	0.5%	Households Receiving SCRIE
1.6%	1.1%	0.5%	1.9%	2.7%	3.2%	0.4%	Households Receiving Another Federal Housing Subsidy
							Households Receiving Another State/City Housing Subsidy

° Separate public assistance figures cannot be run for "Other Regulated" and "Other Rentals" households. The households receiving assistance for these two categories are reported together.

¥ Due to a change in the reporting of households receiving rent subsidies in the 1999 HVS, households receiving each type of subsidy is reported, rather than the total number of households receiving rent subsidies. Because households can receive more than one type of subsidy, it was impossible to report those households "Not Receiving Subsidies", those reporting "Don't Know" or "Not reported/ Not Applicable".

* Because households can receive more than one type of public assistance, the sum of the households receiving each category of assistance (TANF, Safety Net etc.) exceed the total households receiving public assistance.

D.3 Demographic Characteristics

	<u>All Households</u> [@]	<u>Owner Households</u>	<u>Renter Households</u>	<u>Stabilized</u>
Year Moved Into Current Dwelling				
1996-1999	1,003,472	197,741	805,731	412,478
1993-1995	436,098	115,082	321,017	172,878
1990-1992	256,190	81,013	175,177	95,255
1987-1989	193,678	80,991	112,686	53,961
1984-1986	142,795	61,068	81,728	45,414
1981-1983	125,814	49,653	76,161	44,974
1971-1980	394,015	156,436	237,579	144,580
Prior to 1971	316,351	173,141	143,210	51,049
(Not Reported) [§]	41,800	41,800	-	-

Household Composition

Married Couples	1,140,117	505,051	635,066	317,067
Children <18 Years of Age	421,106	158,533	262,572	125,296
w/o Children <18 Years of Age	150,711	85,734	64,977	32,944
Other Household Members	145,524	66,814	78,710	42,032
w/o Other Household Members	422,777	193,970	228,807	116,794
(Not Reported)	0	0	0	0
Female Householder	1,126,512	272,529	853,983	439,151
Children <18 Years of Age	208,107	23,306	184,801	92,850
w/o Children <18 Years of Age	215,173	62,250	152,923	78,029
Other Household Members	140,665	26,168	114,497	50,650
w/o Other Household Members	562,567	160,806	401,762	217,622
(Not Reported)	0	0	0	0
Male Householder	601,785	137,546	464,239	264,370
Children <18 Years of Age	20,169	4,799	15,370	7,719
w/o Children <18 Years of Age	159,792	35,347	124,445	66,796
Other Household Members	32,187	7,197	24,991	15,053
w/o Other Household Members	389,636	90,203	299,433	174,802
(Not Reported)	0	0	0	0
(Sex Not Reported)	0	0	0	0

Race of Householder

White, non-Hispanic	1,326,166	556,940	769,226	436,243
Black, non-Hispanic	668,264	190,632	477,632	197,592
Puerto Rican	280,269	40,914	239,354	112,496
Other Hispanic	362,220	46,047	316,173	197,495
Asian/Pacific Islander	218,671	77,004	141,667	71,808
American/Aleut/Eskimo	12,824	3,588	9,236	4,954
(Not Reported)	0	0	0	0

Age of Householder

Under 25 years	116,078	10,712	105,366	60,633
25-34	581,624	96,015	485,609	265,897
35-44	679,595	194,898	484,697	247,769
45-54	527,413	203,345	324,068	173,779
55-64	276,877	115,946	160,930	87,716
62-64	100,192	43,004	57,188	26,936
65-74	319,142	139,042	180,100	92,174
75-84	202,113	85,426	116,687	51,331
85 or more years	65,381	26,736	38,645	14,353
(Not Reported)	0	0	0	0
Mean	48	54	46	45
Median	45	52	42	41

[@] All households, including owners and renters.

[§] The 'Not Reported' figure must be subtracted from both the total for All Occupied Units and Owner Occupied Units, and from the 1996-99 figures to obtain the correct percentage on the following page. All other year categories should be taken as a percentage of the total occupied households less the 'Not Reported' value.

<u>Rent Stabilized Units</u> <u>Pre-1947</u>	<u>Rent Stabilized Units</u> <u>Post-1946</u>	<u>Rent</u> <u>Controlled</u>	<u>Mitchell-</u> <u>Lama</u>	<u>Public</u> <u>Housing</u>	<u>Other</u> <u>Regulated*</u>	<u>Other</u> <u>Rentals**</u>	
309,335	103,143	0	23,528	41,105	19,827	308,793	Year Moved Into Current Dwelling
131,479	41,398	0	11,347	21,054	11,735	104,002	1996-1999
72,786	22,469	0	7,363	16,750	8,214	47,596	1993-1995
43,176	10,785	0	5,066	16,196	6,683	30,780	1990-1992
32,861	12,553	0	2,477	10,982	5,312	17,544	1987-1989
33,481	11,493	192	2,589	7,727	5,807	14,872	1984-1986
100,462	44,118	3,311	13,281	30,033	9,138	37,235	1981-1983
25,430	25,619	49,058	1,495	25,490	4,076	12,041	1971-1980
-	-	-	-	-	-	-	Prior to 1971
							(Not Reported)
							<u>Household Composition</u>
214,498	102,569	9,074	17,461	29,539	14,185	247,739	Married Couples
91,672	33,625	716	4,921	11,998	5,263	114,379	Children <18 Years of Age
23,130	9,814	1,384	2,135	2,586	2,517	23,411	w/o Children <18 Years of Age
30,389	11,643	356	742	5,431	1,252	28,895	Other Household Members
69,308	47,486	6,618	9,663	9,524	5,153	81,054	w/o Other Household Members
0	0	0	0	0	0	0	(Not Reported)
331,596	107,554	29,691	39,179	115,855	43,896	186,212	Female Householder
78,339	14,511	380	8,033	32,245	11,301	39,993	Children <18 Years of Age
60,653	17,375	3,871	3,724	19,489	5,048	42,763	w/o Children <18 Years of Age
42,229	8,421	1,605	5,633	23,070	7,143	26,397	Other Household Members
150,375	67,247	23,836	21,790	41,051	20,404	77,059	w/o Other Household Members
0	0	0	0	0	0	0	(Not Reported)
202,915	61,455	13,796	10,507	23,944	12,711	138,912	Male Householder
6,615	1,104	341	552	1,738	968	4,053	Children <18 Years of Age
51,896	14,900	3,454	2,557	3,836	2,856	44,946	w/o Children <18 Years of Age
12,176	2,878	0	528	2,747	479	6,183	Other Household Members
132,228	42,574	10,002	6,869	15,622	8,408	83,730	w/o Other Household Members
0	0	0	0	0	0	0	(Not Reported)
0	0	0	0	0	0	0	(Sex Not Reported)
							<u>Race of Householder</u>
292,978	143,265	35,091	17,859	12,319	13,732	253,982	White, non-Hispanic
141,713	55,879	7,113	29,260	85,084	31,443	127,140	Black, non-Hispanic
99,141	13,355	4,375	8,664	46,798	13,856	53,164	Puerto Rican
160,694	36,801	4,900	6,002	20,467	9,333	77,975	Other Hispanic
50,075	21,733	887	4,771	3,684	1,938	58,579	Asian/Pacific Islander
4,409	544	195	589	986	490	2,022	American/Aleut/Eskimo
0	0	0	0	0	0	0	(Not Reported)
							<u>Age of Householder</u>
49,178	11,455	168	2,180	4,004	2,596	35,784	Under 25 years
208,784	57,113	1,335	10,571	27,017	8,602	172,188	25-34
189,207	58,562	3,267	15,132	38,759	15,365	164,404	35-44
124,174	49,604	6,375	12,380	29,773	11,401	90,361	45-54
61,557	26,159	4,957	7,011	20,336	5,470	35,441	55-61
18,186	8,750	2,960	3,369	7,563	2,872	13,488	62-64
59,801	32,373	12,135	7,699	22,882	10,220	34,990	65-74
28,727	22,603	14,403	5,369	14,464	10,054	21,066	75-84
9,393	4,960	6,963	3,435	4,541	4,212	5,141	85 or more years
0	0	0	0	0	0	0	(Not Reported)
44	49	68	51	51	54	42	Mean
40	47	70	50	49	52	39	Median

* Other Regulated Rentals encompass *In Rem* units, as well as those regulated by HUD, Article 4 or 5, and the New York City Loft Board.

** Other Rentals encompass dwellings which have never been regulated, units which have been deregulated (including those in buildings with fewer than 6 apartments) and unregulated rentals in cooperatives or condominiums.

D.3 Demographic Characteristics (Continued)

	<u>All Households</u> [@]	<u>Owner Households</u>	<u>Renter Households</u>	<u>Stabilized</u>
Year Moved Into Current Dwelling				
1996-1999	34.0%	17.9%	41.2%	40.4%
1993-1995	15.4%	13.2%	16.4%	16.9%
1990-1992	9.1%	9.3%	9.0%	9.3%
1987-1989	6.9%	9.3%	5.8%	5.3%
1984-1986	5.1%	7.0%	4.2%	4.4%
1981-1983	4.5%	5.7%	3.9%	4.4%
1971-1980	13.9%	17.9%	12.2%	14.2%
Prior to 1971	11.2%	19.8%	7.4%	5.0%
<u>Household Composition</u>				
Married Couples	39.7%	55.2%	32.5%	31.1%
Children <18 Years of Age	14.7%	17.3%	13.4%	12.3%
w/o Children <18 Years of Age	5.3%	9.4%	3.3%	3.2%
Other Household Members	5.1%	7.3%	4.0%	4.1%
w/o Other Household Members	14.7%	21.2%	11.7%	11.4%
(Not Reported)	-	-	-	-
Female Householder	39.3%	29.8%	43.7%	43.0%
Children <18 Years of Age	7.3%	2.5%	9.5%	9.1%
w/o Children <18 Years of Age	7.5%	6.8%	7.8%	7.6%
Other Household Members	4.9%	2.9%	5.9%	5.0%
w/o Other Household Members	19.6%	17.6%	20.6%	21.3%
(Not Reported)	-	-	-	-
Male Householder	21.0%	15.0%	23.8%	25.9%
Children <18 Years of Age	0.7%	0.5%	0.8%	0.8%
w/o Children <18 Years of Age	5.6%	3.9%	6.4%	6.5%
Other Household Members	1.1%	0.8%	1.3%	1.5%
w/o Other Household Members	13.6%	9.9%	15.3%	17.1%
(Not Reported)	-	-	-	-
(Sex Not Reported)	-	-	-	-
<u>Race of Householder</u>				
White, non-Hispanic	46.2%	60.9%	39.4%	42.7%
Black, non-Hispanic	23.3%	20.8%	24.5%	19.4%
Puerto Rican	9.8%	4.5%	12.3%	11.0%
Other Hispanic	12.6%	5.0%	16.2%	19.4%
Asian/Pacific Islander	7.6%	8.4%	7.3%	7.0%
American/Aleut/Eskimo	0.4%	0.4%	0.5%	0.5%
(Not Reported)	-	-	-	-
<u>Age of Householder</u>				
Under 25 years	4.0%	1.2%	5.4%	5.9%
25-34	20.3%	10.5%	24.9%	26.1%
35-44	23.7%	21.3%	24.8%	24.3%
45-54	18.4%	22.2%	16.6%	17.0%
55-61	9.7%	12.7%	8.2%	8.6%
62-64	3.5%	4.7%	2.9%	2.6%
65-74	11.1%	15.2%	9.2%	9.0%
75-84	7.0%	9.3%	6.0%	5.0%
85 or more years	2.3%	2.9%	2.0%	1.4%
(Not Reported)	-	-	-	-
Mean	-	-	-	-
Median	-	-	-	-

[@] All households, including owners and renters. Totals may not add to 100% due to rounding.

§ The 'Not Reported' figure must be subtracted from both the total for All Occupied Units and Owner Occupied Units, and from the 1996-99 figures to obtain the correct percentage on the following page. All other year categories should be taken as a percentage of the total occupied households less the 'Not Reported' value.

<u>Rent Stabilized Units Pre-1947</u>	<u>Rent Stabilized Units Post-1946</u>	<u>Rent Controlled</u>	<u>Mitchell- Lama</u>	<u>Public Housing</u>	<u>Other Regulated*</u>	<u>Other Rentals**</u>	
							<u>Year Moved Into Current Dwelling</u>
41.3%	38.0%	0.0%	35.0%	24.3%	28.0%	53.9%	1996-1999
17.6%	15.2%	0.0%	16.9%	12.4%	16.6%	18.2%	1993-1995
9.7%	8.3%	0.0%	11.0%	9.9%	11.6%	8.3%	1990-1992
5.8%	4.0%	0.0%	7.5%	9.6%	9.4%	5.4%	1987-1989
4.4%	4.6%	0.0%	3.7%	6.5%	7.5%	3.1%	1984-1986
4.5%	4.2%	0.4%	3.9%	4.6%	8.2%	2.6%	1981-1983
13.4%	16.2%	6.3%	19.8%	17.7%	12.9%	6.5%	1971-1980
3.4%	9.4%	93.3%	2.2%	15.0%	5.8%	2.1%	Prior to 1971
							<u>Household Composition</u>
28.6%	37.8%	17.3%	26.0%	17.4%	20.1%	43.2%	Married Couples
12.2%	12.4%	1.4%	7.3%	7.1%	7.4%	20.0%	Children <18 Years of Age
3.1%	3.6%	2.6%	3.2%	1.5%	3.6%	4.1%	w/o Children <18 Years of Age
4.1%	4.3%	0.7%	1.1%	3.2%	1.8%	5.0%	Other Household Members
9.3%	17.5%	12.6%	14.4%	5.6%	7.3%	14.1%	w/o Other Household Members
-	-	-	-	-	-	-	(Not Reported)
44.3%	39.6%	56.5%	58.3%	68.4%	62.0%	32.6%	Female Householder
10.5%	5.3%	0.7%	12.0%	19.0%	16.0%	7.0%	Children <18 Years of Age
8.1%	6.4%	7.4%	5.5%	11.5%	7.1%	7.5%	w/o Children <18 Years of Age
5.6%	3.1%	3.1%	8.4%	13.6%	10.1%	4.6%	Other Household Members
20.1%	24.8%	45.3%	32.5%	24.2%	28.8%	13.5%	w/o Other Household Members
-	-	-	-	-	-	-	(Not Reported)
27.1%	22.6%	26.2%	15.6%	14.1%	18.0%	24.2%	Male Householder
0.9%	0.4%	0.6%	0.8%	1.0%	1.4%	0.7%	Children <18 Years of Age
6.9%	5.5%	6.6%	3.8%	2.3%	4.0%	7.8%	w/o Children <18 Years of Age
1.6%	1.1%	0.0%	0.8%	1.6%	0.7%	1.1%	Other Household Members
17.7%	15.7%	19.0%	10.2%	9.2%	11.9%	14.6%	w/o Other Household Members
-	-	-	-	-	-	-	(Not Reported)
-	-	-	-	-	-	-	(Sex Not Reported)
							<u>Race of Householder</u>
39.1%	52.8%	66.8%	26.6%	7.3%	19.4%	44.3%	White, non-Hispanic
18.9%	20.6%	13.5%	43.6%	50.2%	44.4%	22.2%	Black, non-Hispanic
13.2%	4.9%	8.3%	12.9%	27.6%	19.6%	9.3%	Puerto Rican
21.5%	13.6%	9.3%	8.9%	12.1%	13.2%	13.6%	Other Hispanic
6.7%	8.0%	1.7%	7.1%	2.2%	2.7%	10.2%	Asian/Pacific Islander
0.6%	0.2%	0.4%	0.9%	0.6%	0.7%	0.4%	American/Aleut/Eskimo
-	-	-	-	-	-	-	(Not Reported)
							<u>Age of Householder</u>
6.6%	4.2%	0.3%	3.2%	2.4%	3.7%	6.2%	Under 25 years
27.9%	21.0%	2.5%	15.7%	16.0%	12.2%	30.1%	25-34
25.3%	21.6%	6.2%	22.5%	22.9%	21.7%	28.7%	35-44
16.6%	18.3%	12.1%	18.4%	17.6%	16.1%	15.8%	45-54
8.2%	9.6%	9.4%	10.4%	12.0%	7.7%	6.2%	55-61
2.4%	3.2%	5.6%	5.0%	4.5%	4.1%	2.4%	62-64
8.0%	11.9%	23.1%	11.5%	13.5%	14.4%	6.1%	65-74
3.8%	8.3%	27.4%	8.0%	8.5%	14.2%	3.7%	75-84
1.3%	1.8%	13.2%	5.1%	2.7%	6.0%	0.9%	85 or more years
-	-	-	-	-	-	-	(Not Reported)
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median

* Other Regulated Rentals encompass *In Rem* units, as well as those regulated by HUD, Article 4 or 5, and the New York City Loft Board.

** Other Rentals encompass dwellings which have never been regulated, units which have been deregulated (including those in buildings with fewer than 6 apartments) and unregulated rentals in cooperatives or condominiums.

Totals may not add to 100% due to rounding.

D.4 Housing / Neighborhood Quality Characteristics

	<u>All Units</u> [@]	<u>Owner Units</u>	<u>Renter Units</u>	<u>Stabilized</u>
<u>Maintenance Quality</u> (Units Experiencing:)				
Additional Heating Required	288,643	40,036	248,607	120,535
Additional Heating Not Required	2,107,939	729,325	1,378,614	718,465
(Not Reported)	(471,832)	(145,764)	(326,068)	(181,587)
Heating Breakdowns	311,166	46,815	264,351	154,896
No Breakdowns	2,078,426	722,382	1,356,044	682,646
(Not Reported)	(478,822)	(145,928)	(332,894)	(183,046)
Broken Plaster/Peeling Paint	376,607	47,006	329,602	195,228
No Broken Plaster/Peeling Paint	2,004,187	718,420	1,285,767	635,963
(Not Reported)	(487,621)	(149,701)	(337,920)	(189,397)
Cracked Interior Walls or Ceilings	294,125	27,686	266,439	160,850
No Cracked Interior Walls or Ceilings	2,106,580	743,018	1,363,562	679,474
(Not Reported)	(467,709)	(144,421)	(323,288)	(180,264)
Holes in Floor	142,532	8,474	134,058	86,664
No Holes in Floor	2,173,013	727,948	1,445,065	725,950
(Not Reported)	(552,870)	(178,704)	(374,166)	(207,973)
Rodent Infestation	498,914	56,611	442,303	275,653
No Infestation	1,905,071	713,540	1,191,531	566,851
(Not Reported)	(464,429)	(144,975)	(319,454)	(178,083)
Toilet Breakdown	257,572	54,039	203,532	106,238
No Toilet Breakdown/No Facilities	2,134,846	707,437	1,427,408	733,831
(Not Reported)	(475,997)	(153,649)	(322,348)	(180,519)
Water Leakage Inside Unit	447,836	93,605	354,231	216,282
No Water Leakage	1,950,742	675,790	1,274,952	623,344
(Not Reported)	(469,837)	(145,731)	(324,106)	(180,962)
Units in Buildings w. No Maintenance Defects	1,172,820	493,070	679,750	306,127
Units in Buildings w. 1 Maintenance Defect	484,359	145,025	339,334	179,688
Units in Buildings w. 2 Maintenance Defects	247,051	42,632	204,419	116,538
Units in Buildings w. 3 Maintenance Defects	135,311	11,782	123,529	75,687
Units in Buildings w. 4 Maintenance Defects	86,446	7,063	79,383	48,539
Units in Buildings w. 5+ Maintenance Defects	68,954	2,957	65,997	37,838
(Not Reported)	(673,474)	(212,597)	(460,877)	(256,172)
<u>Condition of Neighboring Buildings</u>				
Excellent	465,153	226,986	238,167	108,195
Good	1,325,899	446,176	879,723	454,042
Fair	508,152	88,820	419,332	223,246
Poor Quality	101,004	8,834	92,170	53,649
(Not Reported)	(468,206)	(144,310)	(323,896)	(181,455)
Boarded Up Structures in Neighborhood	319,376	74,978	244,398	119,804
Units Not Close to " " "	2,127,060	708,402	1,418,658	737,264
(Not Reported)	(421,978)	(131,745)	(290,233)	(163,519)

@ All housing units, including owners and renters.

<u>Rent Stabilized Units</u> <u>Pre-1947</u>	<u>Rent Stabilized Units</u> <u>Post-1946</u>	<u>Rent</u> <u>Controlled</u>	<u>Mitchell-</u> <u>Lama</u>	<u>Public</u> <u>Housing</u>	<u>Other</u> <u>Regulated*</u>	<u>Other</u> <u>Rentals**</u>	
							<u>Maintenance Quality</u> (Units Experiencing:)
94,706	25,830	4,955	8,774	35,829	14,672	63,841	Additional Heating Required
527,299	191,167	40,692	41,595	112,849	45,375	419,638	Additional Heating Not Required
(127,005)	(54,582)	(6,914)	(16,777)	(20,661)	(10,745)	(89,384)	(Not Reported)
124,399	30,498	7,544	6,546	31,073	13,349	50,943	Heating Breakdowns
496,154	186,492	38,195	44,169	115,501	46,355	429,178	No Breakdowns
(128,457)	(54,588)	(6,822)	(16,431)	(22,765)	(11,088)	(92,742)	(Not Reported)
157,495	37,732	12,972	6,747	45,792	10,310	58,554	Broken Plaster/Peeling Paint
457,867	178,096	31,746	43,768	102,179	49,503	422,609	No Broken Plaster/Peeling Paint
(133,647)	(55,749)	(7,844)	(16,632)	(21,368)	(10,980)	(91,700)	(Not Reported)
139,175	21,675	7,222	6,135	34,722	12,661	44,850	Cracked Interior Walls or Ceilings
484,523	194,952	38,095	44,727	114,490	47,789	438,987	No Cracked Interior Walls or Ceilings
(125,312)	(54,952)	(7,245)	(16,284)	(20,127)	(10,343)	(89,025)	(Not Reported)
80,111	6,554	4,030	1,424	11,546	6,652	23,742	Holes in Floor
522,312	203,638	39,100	47,858	134,205	52,218	445,733	No Holes in Floor
(146,587)	(61,386)	(9,432)	(17,865)	(23,588)	(11,922)	(103,387)	(Not Reported)
231,894	43,759	10,125	10,484	42,001	25,172	78,867	Rodent Infestation
392,609	174,242	35,103	40,395	106,981	35,255	406,947	No Infestation
(124,507)	(53,576)	(7,334)	(16,267)	(20,356)	(10,365)	(87,048)	(Not Reported)
87,459	18,779	6,192	7,602	30,672	8,909	43,920	Toilet Breakdown
537,275	196,555	38,295	44,255	118,933	51,511	440,585	No Toilet Breakdown/No Facilities
(124,275)	(56,244)	(8,075)	(15,289)	(19,734)	(10,373)	(88,358)	(Not Reported)
175,014	41,267	12,923	9,262	33,298	16,390	66,076	Water Leakage Inside Unit
448,416	174,928	31,581	41,788	115,714	44,119	418,406	No Water Leakage
(125,579)	(55,383)	(8,058)	(16,096)	(20,327)	(10,283)	(88,380)	(Not Reported)
200,200	105,927	16,541	23,283	50,244	19,795	263,761	Units in Buildings w. No Maintenance Defects
134,995	44,693	9,876	12,044	31,024	13,327	93,376	Units in Buildings w. 1 Maintenance Defect
92,180	24,358	5,272	6,641	23,261	7,749	44,959	Units in Buildings w. 2 Maintenance Defects
62,677	13,009	4,683	2,521	14,878	5,206	20,555	Units in Buildings w. 3 Maintenance Defects
42,624	5,915	1,902	1,473	8,238	4,689	14,543	Units in Buildings w. 4 Maintenance Defects
33,484	4,355	1,552	1,629	11,485	4,656	8,837	Units in Buildings w. 5+ Maintenance Defects
(182,851)	(73,321)	(12,735)	(19,556)	(30,209)	(15,372)	(126,833)	(Not Reported)
							<u>Condition of Neighboring Buildings</u>
71,126	37,069	6,607	8,103	8,921	3,088	103,253	Excellent
327,142	126,900	28,085	26,799	70,038	29,342	271,417	Good
180,851	42,396	8,231	12,635	55,183	21,782	98,254	Fair
45,057	8,593	1,666	2,716	14,648	5,972	13,519	Poor Quality
(124,835)	(56,621)	(7,973)	(16,893)	(20,548)	(10,607)	(86,420)	(Not Reported)
104,288	15,516	4,663	7,075	27,653	18,616	66,587	Boarded Up Structures in Neighborhood
531,666	205,598	41,628	45,505	121,870	43,291	429,099	Units Not Close to " "
(113,055)	(50,464)	(6,271)	(14,567)	(19,815)	(8,885)	(77,176)	(Not Reported)

* Other Regulated Rentals encompass *In Rem* units, as well as those regulated by HUD, Article 4 or 5, and the New York City Loft Board.

** Other Rentals encompass dwellings which have never been regulated, units which have been deregulated (including those in buildings with fewer than 6 apartments) and unregulated rentals in cooperatives or condominiums.

D.4 Housing/Neighborhood Quality Characteristics (Continued)

	All Dwellings ^(a)	Owner Units	Rental Units	Stabilized
<u>Maintenance Quality</u> (Units Experiencing:)				
Additional Heating Required	12.0%	5.2%	15.3%	14.4%
Additional Heating Not Required (Not Reported)	88.0% -	94.8% -	84.7% -	85.6% -
Heating Breakdowns	13.0%	6.1%	16.3%	18.5%
No Breakdowns (Not Reported)	87.0% -	93.9% -	83.7% -	81.5% -
Broken Plaster/Peeling Paint	15.8%	6.2%	20.4%	23.5%
No Broken Plaster/Peeling Paint (Not Reported)	84.2% -	93.9% -	79.6% -	76.5% -
Cracked Interior Walls or Ceilings	12.3%	3.6%	16.3%	19.1%
No Cracked Interior Walls or Ceilings (Not Reported)	87.7% -	96.4% -	83.7% -	80.9% -
Holes in Floor	6.2%	1.2%	8.5%	10.7%
No Holes in Floor (Not Reported)	93.8% -	98.8% -	91.5% -	89.3% -
Rodent Infestation	20.8%	7.4%	27.1%	32.7%
No Infestation (Not Reported)	79.2% -	92.6% -	72.9% -	67.3% -
Toilet Breakdown	10.8%	7.1%	12.5%	12.8%
No Toilet Breakdown (Not Reported)	89.2% -	92.9% -	87.5% -	87.2% -
Water Leakage Inside Unit	18.7%	12.2%	21.7%	25.8%
No Water Leakage (Not Reported)	81.3% -	87.8% -	78.3% -	74.2% -
Units in Buildings w. No Maintenance Defects	53.4%	70.2%	45.5%	40.0%
Units in Buildings w. 1 Maintenance Defect	22.1%	20.6%	22.7%	23.5%
Units in Buildings w. 2 Maintenance Defects	11.3%	6.1%	13.7%	15.2%
Units in Buildings w. 3 Maintenance Defects	6.2%	1.7%	8.3%	9.9%
Units in Buildings w. 4 Maintenance Defects	3.9%	1.0%	5.3%	6.3%
Units in Buildings w. 5+ Maintenance Defects (Not Reported)	3.2% -	0.4% -	4.4% -	5.0% -
Condition of Neighboring Buildings				
Excellent	19.4%	29.4%	14.6%	12.9%
Good	55.2%	57.9%	54.0%	54.1%
Fair	21.2%	11.5%	25.7%	26.6%
Poor Quality (Not Reported)	4.2% -	1.1% -	5.7% -	6.4% -
Boarded Up Structures in Neighborhood	13.1%	9.6%	14.7%	14.0%
Units Not Close to " " (Not Reported)	86.9% -	90.4% -	85.3% -	86.0% -

@ All housing units,including owners and renters.

Totals may not add to 100% due to rounding.

<u>Rent Stabilized Units</u> <u>Pre-1947</u>	<u>Rent Stabilized Units</u> <u>Post-1946</u>	<u>Rent</u> <u>Controlled</u>	<u>Mitchell-</u> <u>Lama</u>	<u>Public</u> <u>Housing</u>	<u>Other</u> <u>Regulated*</u>	<u>Other</u> <u>Rentals**</u>	
							<u>Maintenance Quality</u> (Units experiencing:)
15.2%	11.9%	10.9%	17.4%	24.1%	24.4%	13.2%	Additional Heating Required
84.8%	88.1%	89.1%	82.6%	75.9%	75.6%	86.8%	Additional Heating Not Required
-	-	-	-	-	-	-	(Not Reported)
20.0%	14.1%	16.5%	12.9%	21.2%	22.4%	10.6%	Heating Breakdowns
80.0%	85.9%	83.5%	87.1%	78.8%	77.6%	89.4%	No Breakdowns
-	-	-	-	-	-	-	(Not Reported)
25.6%	17.5%	29.0%	13.4%	30.9%	17.2%	12.2%	Broken Plaster/Peeling Paint
74.4%	82.5%	71.0%	86.6%	69.1%	82.8%	87.8%	No Broken Plaster/Peeling Paint
-	-	-	-	-	-	-	(Not Reported)
22.3%	10.0%	15.9%	12.1%	23.3%	20.9%	9.3%	Cracked Interior Walls or Ceilings
77.7%	90.0%	84.1%	87.9%	76.7%	79.1%	90.7%	No Cracked Interior Walls or Ceilings
-	-	-	-	-	-	-	(Not Reported)
13.3%	3.1%	9.3%	2.9%	7.9%	11.3%	5.1%	Holes in Floor
86.7%	96.9%	90.7%	97.1%	92.1%	88.7%	94.9%	No Holes in Floor
-	-	-	-	-	-	-	(Not Reported)
37.1%	20.1%	22.4%	20.6%	28.2%	41.7%	16.2%	Rodent Infestation
62.9%	79.9%	77.6%	79.4%	71.8%	58.3%	83.8%	No Infestation
-	-	-	-	-	-	-	(Not Reported)
14.2%	8.7%	14.0%	14.7%	20.5%	14.8%	9.1%	Toilet Breakdown
85.8%	91.3%	86.0%	85.3%	79.5%	85.2%	90.9%	No Toilet Breakdown
-	-	-	-	-	-	-	(Not Reported)
28.1%	19.1%	29.0%	18.1%	22.3%	27.1%	13.6%	Water Leakage Inside Unit
71.9%	80.9%	71.0%	81.9%	77.7%	72.9%	86.4%	No Water Leakage
-	-	-	-	-	-	-	(Not Reported)
35.4%	53.4%	41.5%	48.9%	36.1%	35.7%	59.1%	Units in Buildings w. No Maintenance Defects
23.8%	22.5%	24.8%	25.3%	22.3%	24.0%	20.9%	Units in Buildings w. 1 Maintenance Defect
16.3%	12.3%	13.2%	14.0%	16.7%	14.0%	10.1%	Units in Buildings w. 2 Maintenance Defects
11.1%	6.6%	11.8%	5.3%	10.7%	9.4%	4.6%	Units in Buildings w. 3 Maintenance Defects
7.5%	3.0%	4.8%	3.1%	5.9%	8.5%	3.3%	Units in Buildings w. 4 Maintenance Defects
5.9%	2.2%	3.9%	3.4%	8.2%	8.3%	2.0%	Units in Buildings w. 5+ Maintenance Defects
-	-	-	-	-	-	-	(Not Reported)
							Condition of Neighboring Buildings
11.4%	17.2%	14.8%	16.1%	6.0%	5.1%	21.2%	Excellent
52.4%	59.0%	63.0%	53.3%	47.1%	48.8%	55.8%	Good
29.0%	19.7%	18.5%	25.1%	37.1%	36.2%	20.2%	Fair
7.2%	4.0%	3.7%	5.4%	9.8%	9.9%	2.8%	Poor Quality
-	-	-	-	-	-	-	(Not Reported)
16.4%	7.0%	10.1%	13.5%	18.5%	30.1%	13.4%	Boarded Up Structures in Neighborhood
83.6%	93.0%	89.9%	86.5%	81.5%	69.9%	86.6%	Units Not Close to " "
-	-	-	-	-	-	-	(Not Reported)

* Other Regulated Rentals encompass *In Rem* units, as well as those regulated by HUD, Article 4 or 5, and the New York City Loft Board.

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Appendix E: Mortgage Survey

E.1 Interest Rates and Terms for New and Refinanced Mortgages, 2001

New Mortgages						Refinanced Mortgages				
<u>Instn</u>	<u>Rate (%)</u>	<u>Points</u>	<u>Term (yrs)</u>	<u>Type</u>	<u>Volume</u>	<u>Rate (%)</u>	<u>Points</u>	<u>Term (yrs)</u>	<u>Type</u>	<u>Volume</u>
4	P + 1	1	5	adj	NR	P + 1	1	7	adj	3
5	7.63	1	5 to 10	fxd	NR	7.63	1	5 to 10	fxd	65
6	8.25	0	5+5+5	adj	20	8.25	0	5+5+5	adj	15
10	7.75	.5	5+7	fxd	NR	7.75	.5	5+7	NR	250
12	9.50	1	15	adj	NR	\$	\$	\$	\$	\$
14	7.50	.5	5+5	adj	200	7.50	.5	5+5	adj	125
15	7.13	0	5/7/10	fxd	57	7.13	0	5/7/10	fxd	57
16	7.31	.5	bal:5/7,25	adj	230	7.31	.5	bal:5/7,25	adj	200
17	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR
18	7.50	1	5,7,10,15	fxd	63	7.50	1	5,7,10	fxd	42
23	8.63	1	5+5	fxd	40	8.38	1	5+5	fxd	20
31	7.75	1.5	10/15	adj	19	7.75	1.5	10/15	adj	11
32	COF+1.5	.9	3-10	fxd	1	COF+1.5	.9	3-10	fxd	1
33	8.25	1	15	adj	NR	8.25	1	15	adj	40
34	NR	1	5,10,15	fxd	33	7.88	1	5,10,15	fxd	28
35	8.50	1	15	fxd	12	8.50	1	15	fxd	3
37	9.25	2	10	fxd	8	9.25	2	10/5 yr payout	fxd	NR
40	8.75	2	15	fxd	9	8.63	2	10/25	fxd	2
41	9.52	0	10/15/20	fxd	NR	8.33	1.5	3/5/7	NR	NR
50	P+1	2	15	NR	25	P+1	2	15	NR	NR
61	9.50	1	15	adj	50	NR	NR	NR	NR	NR
107	7.13	1	5 +5/up to 30	fxd	217	7.13	1	5 +5/up to 30	fxd	NR
111	10.00	.8	15-25	adj	3	\$	\$	\$	\$	\$
117	7.25	1	5+5	fxd	150	7.25	1	5+5	fxd	150
208	8.75	1	5+5	NR	32	8.50	1	5+5 option	NR	32
209	8.50	1	5+5+5	adj	21	8.50	1	5+5+5	adj	16
210	11.00	2	15	fxd	10	8.00	2	15	fxd	NR
Avg.	8.42	.99	5-15*	†	60.0	7.97	1.06	5-15*	†	58.9

Treasury Bill plus spread.
Amortization.
\$ Refinancing not available.
† No average computed.
* Represents typical response.

fxd = fixed rate mortgage.
adj = adjustable rate mortgage.
bal = balloon
NR = no response to this question.
COF=Cost of Funds
P=Prime Rate

Note: The average for interest rates, points and terms is calculated by using the midpoint when a range of values is given by the lending institution. Five year terms with one or more five year options are considered to have 5-year maturities when calculating the mean.

Source: 2001 Rent Guidelines Board Mortgage Survey.

E.2 Typical Characteristics of Rent Stabilized Buildings, 2001

<u>Lending Institution</u>	<u>Loan-to-Value of Outstanding Loans</u>	<u>Maximum Loan-to-Value Standard</u>	<u>Debt Service Coverage</u>	<u>Vacancy & Collection Losses</u>	<u>Collection Losses Only</u>	<u>Typical Building Size</u>	<u>Average Monthly O&M Cost/Unit</u>	<u>Average Monthly Rent/Unit</u>
4	60%	70	1.25	3%	<1%	1-10	NR	NR
5	50	NR	NR	2	1	20-49	300	850
6	70	73	1.25	3	2	1-10	275	700
10	65	75	1.3	<1	<1	50-99	300	550
12	65	NR	NR	5	5	1-10	350	700
14	65	75	1.3	3	<1	20-49	500	900
15	70	70	1.25	4	4	50-99	400	725
16	70	70	1.3	5	2	20-49	240	750
17	75	75	1.25	NR	NR	11-49	DK	450
18	70	75	1.2	3	2	20-49	DK	850
23	65	68	1.25	3	3	20-49	800	1700
31	75	75	1.2	5	3	11-19	348	676
32	65	75	1.3	3	1	DK	500	1250
33	65	65	1.3	5	3	11-19	295	500
34	65	70	1.4	2	2	20-49	350	750
35	65	65	1.25	3	2	11-19	325	650
37	65	63	1.2	<1	<1	11-19	400	850
40	55	68	1.3	<1	<1	1-10	250	600
41	65	70	1.2	>7	4	1-10	257	550
50	70	70	1.1	4	2	11	NR	625
61	65	NR	NR	5	3	1-10	300	850
107	65	75	1.2	3	2	NR	NR	NR
111	70	70	1.2	5	<1	1-10	280	250
117	70	73	1.3	5	1	50	DK	685
208	70	75	1.35	5	5	20-49	287	650
209	70	75	1.25	4	3	11-19	900	800
210	80	80	1.15	7	5	1-10	200	700
Average	66.9%	71.6%	1.25	3.46%	2.29%	mode 1-10 & 20-49	\$374	\$742

NR indicates no response to this question.

DK indicates the respondent does not know the answer to this question.

^ Excluded/subsidized rate

Note: Average loan-to-value (LTV) and debt service coverage ratios were calculated using the midpoint when a range was given by the lending institution.

Source: 2001 Rent Guidelines Board Mortgage Survey.

E.3 Interest Rates and Terms for New Financing, Longitudinal Study

Lending Institution	Interest Rates		Points		Term		Type	
	2001	2000	2001	2000	2001	2000	2001	2000
5	7.63	8.50	1	1	5 to 10	5-10	fxd	fxd
6	8.25	8.88	0	.4	5+5+5	5+5+5	adj	adj
10	7.75	8.33	.5	.5	5+7	5+7	fxd	fxd
12	9.50	9.25	1	1	15	15	adj	adj
14	7.50	8.75	.5	1	5+5	5+5	adj	adj
15	7.13	8.75	0	0	5/7/10	10	fxd	fxd
16	7.31	8.50	.5	1	bal:5/7,25	Bal:5+5/25	adj	adj
17	NR	T+200-250	NR	1	NR	5/10	NR	both
18	7.50	7.62	1	1.5	5,7,10,15	5,10,15	fxd	fxd
23	8.63	8.00	1	1	5+5	5+5	fxd	NR
31	7.75	8.75	1.5	1.5	10/15	10/15	adj	adj
32	COF+1.5	COF+1.5	.9	.8	3-10	3-10	fxd	both
33	8.25	8.25	1	1	15	15	adj	adj
35	8.50	8.50	1	1	15	15	fxd	fxd
37	9.25	9.00	2	1	10	10	fxd	NR
40	8.75	8.13	2	1.5	15	15	fxd	fxd
41	9.52	10.54	0	1	10/15/20	10/15/20	fxd	fxd
50	P+1	P+1	2	2	15	10	NR	adj
107	7.13	8.13	1	1	5+5	5+5	fxd	adj
111	10.0	9.50	.8	1	15-25	25	adj	adj
117	7.25	8.50	1	1	5+5	5	fxd	fxd
Avg.	7.85%	8.66%	.93	1.01	†	†	†	†

NR indicates no response to this question.

† No average computed.

Note: Averages for interest rates and points are calculated by using the midpoint when a range of values is given by the lending institution.

Source: 2000 and 2001 Rent Guidelines Board Mortgage Surveys.

E.4 Interest Rates and Terms for Refinanced Loans, Longitudinal Study

Lending Institution	Interest Rates		Points		Term		Type	
	2001	2000	2001	2000	2001	2000	2001	2000
5	7.63%	8.50	1	1	5 to 10	5-10	fxd	fxd
6	8.25	8.88	0	.4	5+5+5	5+5+5	adj	adj
10	7.75	8.33	.5	.5	5+7	5+7	NR	fxd
12	\$	\$	\$	\$	\$	\$	\$	\$
14	7.50	8.50	.5	1	5+5	5+5	adj	adj
15	7.13	8.75	0	0	5/7/10	10	fxd	fxd
16	7.31	8.50	.5	1	bal:5/7,25	bal:5+5/25	adj	adj
17	NR	T+200-250		1	NR	10	NR	both
18	7.50	7.62	1	1.5	5,7,10	5,10,15	fxd	fxd
23	8.38	8.50	1	1	5+5	5+5	fxd	NR
31	7.75	8.75	1.5	1.5	10/15	10/15	adj	adj
32	COF+1.5	COF+1.5	.9	.8	3-10	3-10	fxd	both
33	8.25	8.25	1	1	15	15	adj	adj
35	8.50	8.50	1	1	15	15	fxd	fxd
37	9.25	9.00	2	1	10/5	10/5	fxd	NR
40	8.63	8.00	2	1.5	10/25	10/25	fxd	fxd
41	8.33	9.71	1.5	1.5	3/5/7	3/5/7+25payout	NR	NR
50	P+1	P+1	2	2	15	10	NR	adj
107	7.13	8.13	1	1	5+5	5+5	fxd	adj
111	\$	\$	\$	\$	\$	\$	\$	\$
117	7.25	8.50	1	1	5+5	5	fxd	fxd
Avg.	7.53%	8.53%	1.02	1.03	†	†	†	†

NR indicates no response to this question.

\$ Refinancing not available.

† No average computed.

Note: Averages for interest rates and points are calculated by using the midpoint when a range of values were given by the lending institution.

Source: 2000 and 2001 Rent Guidelines Board Mortgage Surveys.

E.5 Lending Standards and Relinquished Rental Income, Longitudinal Study

<u>Lending Institution</u>	<u>Max Loan-to-Value</u>		<u>Debt Service Coverage</u>		<u>Collection Losses</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
5	NR	NR	NR	NR	1%	2%
6	73%	70%	1.25	1.25	2	2
10	75	NR	1.3	1.3	1	1
12	NR	65	NR	1.2	5	<1
14	75	70	1.3	1.2	<1	2
15	70	70	1.25	1.25	4	4
16	70	70	1.3	1.3	2	2
17	75	68	1.25	1.37	NR	<1
18	75	80	1.2	1.18	2	5
23	68	68	1.25	1.25	3	1
31	75	75	1.2	1.2	3	2
32	75	75	1.3	1.3	1	1
33	65	65	1.3	1.35	3	3
35	65	65	1.25	1.25	2	2
37	63	63	1.2	1.2	<1	<1
40	68	68	1.3	1.3	<1	<1
41	70	70	1.2	1.2	4	4
50	70	NR	1.1	NR	2	NR
107	75	NR	1.2	NR	2	2
111	70	70	1.2	1.2	<1	3
117	73	75	1.3	1.3	1	3
Average	70.9%	69.7%	1.24	1.26	2.00%	2.05%

NR indicates no response to this question. DK indicates the respondent does not know the answer to this question.

Note: Average loan-to-value and debt service coverage ratios are calculated using the midpoint when a range is given by the lending institution.

Source: 2000 and 2001 Rent Guidelines Board Mortgage Surveys.

E.6 Retrospective of New York City's Housing Market

<u>Year</u>	<u>Interest Rates for New Mortgages</u>	<u>Permits for New Housing Units in NYC and northern suburbs</u>	<u>Permits for New Housing Units in NYC only</u>
1981	15.9%	12,601 b	11,060
1982	16.3%	11,598 b	7,649
1983	13.0%	17,249 b	11,795
1984	13.5%	15,961	11,566
1985	12.9%	25,504	20,332
1986	10.5%	15,298	9,782
1987	10.2%	18,659	13,764
1988	10.8%	13,486	9,897
1989	12.0%	13,896	11,546
1990	11.2%	9,076	6,858
1991	10.7%	6,406	4,699
1992	10.1%	5,694	3,882
1993	9.2%	7,314	5,173
1994	8.6%	6,553	4,010
1995	10.1%	7,296 f	5,135
1996	8.6%	11,457 f	8,652
1997	8.8%	11,619 f	8,987
1998	8.5%	13,532 f	10,387
1999	7.8%	15,326 f	12,421
2000	8.7%	18,128 s	15,050 s
2001	8.4%	.	.

Notes: Interest rate data was collected in January of the shown year. Permit data is for the entire 12-month period of the shown year. The northern suburbs include Putnam, Rockland, and Westchester counties.

b Prior to 1984, Bergen Co., NJ permit figures are included.

f These figures have been revised from prior years to reflect the final adjusted count.

s These figures are preliminary. • These figures are not yet available.

Sources: Rent Guidelines Board, Annual Mortgage Surveys; U.S. Bureau of the Census, Manufacturing & Construction Division, Residential Construction Branch.

Appendix F: Income and Affordability Study

F.1 Average Annual Employment Statistics by Area, 1989-2000

Unemployment Rate	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Bronx	7.0%	8.2%	10.1%	12.5%	11.9%	10.0%	9.6%	10.6%	11.6%	10.0%	8.1%	7.3%
Brooklyn	6.7%	7.9%	9.5%	12.0%	11.2%	9.7%	9.2%	10.0%	10.7%	9.4%	7.8%	6.8%
Manhattan	5.0%	5.8%	7.3%	9.0%	8.8%	7.6%	7.0%	7.4%	7.8%	6.8%	5.7%	4.9%
Queens	5.0%	6.0%	8.0%	10.5%	9.5%	8.2%	7.6%	8.1%	8.5%	7.0%	5.9%	4.8%
Staten Island	4.8%	6.4%	8.3%	10.4%	9.2%	7.8%	7.4%	7.8%	8.4%	6.9%	5.8%	4.8%
NYC	6.9%	6.9%	8.7%	11.0%	10.4%	8.7%	8.2%	8.8%	9.4%	8.0%	6.7%	5.7%
U.S.	5.3%	5.6%	6.8%	7.5%	6.9%	6.1%	5.6%	5.4%	4.9%	4.5%	4.2%	4.0%
Labor Force Participation Rate												
NYC	57.6%	57.1%	56.4%	56.4%	56.0%	55.5%	55.2%	56.7%	58.5%	58.9%	58.5%	60.0%
U.S.	66.5%	66.5%	66.2%	66.4%	66.3%	66.6%	66.6%	66.8%	67.1%	67.1%	67.1%	67.2%
Employment-Population Ratio												
NYC	53.6%	53.1%	51.5%	50.2%	50.2%	50.7%	50.7%	51.7%	53.0%	54.2%	54.6%	56.3%
U.S.	63.0%	62.8%	61.7%	61.5%	61.7%	62.5%	62.9%	63.2%	63.8%	64.1%	64.3%	64.5%
Gross City Product (NYC)												
(thousands,\$1996)	268.6	272.7	267.5	270.3	276.2	276.8	282.2	292.7	304.8	316.2	331.3	349.0
% Change	3.6%	1.5%	-1.9%	1.0%	2.2%	0.2%	2.0%	3.7%	4.1%	3.7%	4.8%	5.3%
Gross Domestic Product (U.S.)												
(thousands,\$1996)	\$6,591.8	6,707.9	6,676.4	6,880.0	7,062.6	7,347.7	7,543.8	7,813.2	8,159.5	8,515.7	8,875.8	9,318.5
% Change	3.5%	1.8%	-0.5%	3.0%	2.7%	4.0%	2.7%	3.6%	4.4%	4.4%	4.2%	5.0%

Note: The New York City Comptroller's Office revises the Gross City Product periodically. The GCP & GDP figures presented here may not be the same as those reported in prior years. Note that GCP and GDP figures are preliminary.

Sources: U.S.Bureau of Labor Statistics; U.S.Bureau of Economic Analysis, U.S.Dept.of Commerce; NYS Dept.of Labor; NYC Comptroller's Office.

F.2 Average Payroll Employment by Industry for NYC, 1990-2000 (in thousands)

Industry Employment	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	1999-2000 Change
Construction	114.9	99.8	87.1	85.8	89.3	90.2	91.4	93.8	102.4	114.1	122.0	6.9%
Manufacturing	337.5	307.8	292.8	288.8	280.4	273.5	266.4	264.8	259.1	250.7	242.2	-3.4%
Transportation	229.1	218.4	204.8	203.4	201.5	202.9	204.9	205.5	206.2	207.9	211.2	1.6%
Trade	608.3	565.3	545.6	537.9	544.1	555.4	565.0	577.7	589.80	609.9	630.6	3.4%
FIRE	519.6	493.6	473.5	471.6	480.3	473.4	468.5	473.4	483.4	486.0	490.4	0.9%
Services	1,149.0	1,096.9	1,093.1	1,115.8	1,148.1	1,183.6	1,226.7	1,274.9	1,325.5	1,384.2	1,455.9	5.2%
Mining	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2	-33.3%
Total Private Sector	2,958.7	2,782.1	2,697.3	2,703.6	2,744.0	2,779.3	2,823.7	2,890.4	2,967.7	3,053.1	3,152.5	3.3%
Government	607.6	592.6	584.5	587.6	578.3	560.1	546.0	551.50	561.5	567.4	568.0	0.1%
New York City	--	--	--	223.8	252.3	237.3	235.0	237.0	242.4	246.6	250.8	1.7%
Total	3,566.3	3,374.7	3,281.8	3,291.2	3,322.3	3,322.9	3,369.7	3,411.9	3,529.2	3,620.5	3,720.5	2.8%

Note: Totals may not add up due to rounding. The Bureau of Labor Statistics revises the statistics periodically. The employment figures reported here may not be the same as those reported in prior years.

Sources: U.S.Bureau of Labor Statistics; NYC Comptroller's Office; NYC employment figures from the NYC Office of Management and Budget.

F.3 Average Real Wage Rates by Industry for NYC, 1992-99 (1989 dollars)

Industry	1992	1993	1994	1995	1996	1997	1998	1999	1998-1999 % Change
Construction	\$34,861	\$34,305	\$34,399	\$34,023	\$34,166	\$33,547	\$34,761	\$35,516	2.2%
Manufacturing	\$32,137	\$31,151	\$31,838	\$32,838	\$34,678	\$35,502	\$39,027	\$38,998	-0.1%
Transportation	\$36,046	\$34,945	\$35,311	\$35,733	\$36,626	\$36,534	\$38,136	\$38,234	0.3%
Trade	\$24,974	\$24,234	\$24,303	\$24,031	\$23,851	\$24,359	\$25,019	\$25,315	1.2%
FIRE	\$63,917	\$63,290	\$59,290	\$65,902	\$74,258	\$81,100	\$87,038	\$90,108	3.5%
Services	\$29,576	\$29,210	\$29,108	\$29,422	\$29,340	\$29,873	\$31,272	\$32,097	2.6%
Private Sector	\$35,658	\$34,981	\$34,306	\$35,533	\$36,839	\$38,333	\$40,481	\$41,244	1.9%
Government	\$29,843	\$29,936	\$30,693	\$31,851	\$32,144	\$32,615	\$31,822	\$32,622	2.5%
Total Industries	\$34,641	\$34,107	\$33,745	\$34,942	\$36,193	\$37,464	\$39,125	\$39,905	2.0%

Note: The New York State Department of Labor revises these statistics annually. The wage figures reported here may not be the same as those reported in prior years.

Source: New York State Department of Labor, Research and Statistics Division.

F.4 Average Nominal Wage Rates by Industry for NYC, 1992-99

Industry	1992	1993	1994	1995	1996	1997	1998	1999	1998-1999 % Change
Construction	\$40,040	\$40,583	\$41,669	\$42,255	\$43,663	\$43,873	\$46,207	\$48,134	4.2%
Manufacturing	\$36,911	\$36,851	\$38,567	\$40,784	\$44,317	\$46,430	\$51,876	\$52,853	1.9%
Transportation	\$41,401	\$41,340	\$42,773	\$44,379	\$46,806	\$47,779	\$50,693	\$51,817	2.2%
Trade	\$28,684	\$28,669	\$29,439	\$29,846	\$30,480	\$31,857	\$33,256	\$34,309	3.2%
FIRE	\$73,412	\$74,873	\$71,820	\$81,848	\$94,898	\$106,064	\$115,695	\$122,121	5.6%
Services	\$33,970	\$34,556	\$35,259	\$36,541	\$37,495	\$39,068	\$41,569	\$43,500	4.6%
Private Sector	\$40,955	\$41,383	\$41,556	\$44,130	\$47,078	\$50,132	\$53,810	\$55,898	3.9%
Government	\$34,276	\$35,415	\$37,179	\$39,558	\$41,078	\$42,654	\$42,300	\$44,212	4.5%
Total Industries	\$39,787	\$40,349	\$40,876	\$43,397	\$46,253	\$48,996	\$52,006	\$54,083	4.0%

Note: The New York State Department of Labor revises the statistics annually. The wage figures reported here may not be the same as those reported in prior years.

Source: New York State Department of Labor, Research and Statistics Division.

F.5 New York City Population Statistics, 1900-2000

Year	Bronx	Brooklyn	Manhattan	Queens	Staten Island	Citywide	Citywide Change from prior decade
1900	200,507	1,166,582	1,850,093	152,999	67,021	3,437,202	--
1910	430,980	1,634,351	2,331,542	284,041	85,969	4,766,883	38.7%
1920	732,016	2,018,356	2,284,103	469,042	116,531	5,620,048	17.9%
1930	1,265,258	2,560,401	1,867,312	1,079,129	158,346	6,930,446	23.3%
1940	1,394,711	2,698,285	1,889,924	1,297,634	174,441	7,454,995	7.6%
1950	1,451,277	2,738,175	1,960,101	1,550,849	191,555	7,891,957	5.9%
1960	1,424,815	2,627,319	1,698,281	1,809,578	221,991	7,781,984	-1.4%
1970	1,471,701	2,602,012	1,539,233	1,986,473	295,443	7,894,862	1.5%
1980	1,168,972	2,230,936	1,428,285	1,891,325	352,121	7,071,639	-10.4%
1990	1,203,789	2,300,664	1,487,536	1,951,598	378,977	7,322,564	3.5% (See Note)
2000	1,332,650	2,465,326	1,537,195	2,229,379	443,728	8,008,278	9.4% (See Note)

Note: Population counts for 1990 and 2000 represent enumerated population counts. 1990 figures above have not been adjusted to take into account the increased number of households surveyed for the 2000 Census. See Endnote 16 in the I & A Study.

Source: U.S. Census Bureau, Population Division.

F.6 Consumer Price Index for All Urban Consumers, New York-Northeastern New Jersey, 1990-2000

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
March	136.6	143.4	149.1	154.1	157.9	160.9	166.5	170.7	173.0	175.5	181.5
June	137.1	144.6	149.5	154.2	157.8	162.2	166.5	170.3	173.1	176.8	182.0
September	140.8	145.8	151.4	155.3	159.0	163.2	168.2	171.7	174.4	178.2	184.4
December	141.6	146.6	151.9	155.6	158.9	163.7	168.5	171.9	174.7	178.6	184.2
Quarterly Average	139.0	145.1	150.5	154.8	158.4	162.5	167.4	171.2	173.8	177.3	183.0
Yearly Average	138.5	144.8	150.0	154.5	158.2	162.2	166.9	170.8	173.6	177.0	182.5

12-month percentage change in the CPI

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
March	6.0%	5.0%	4.0%	3.4%	2.5%	1.9%	3.5%	2.5%	1.3%	1.4%	3.4%
June	5.1%	5.5%	3.4%	3.1%	2.3%	2.8%	2.7%	2.3%	1.6%	2.1%	2.9%
September	6.5%	3.6%	3.8%	2.6%	2.4%	2.6%	3.1%	2.1%	1.6%	2.2%	3.5%
December	6.2%	3.5%	3.6%	2.4%	2.1%	3.0%	2.9%	2.0%	1.6%	2.2%	3.1%
Quarterly Average	5.9%	4.4%	3.7%	2.9%	2.3%	2.6%	3.0%	2.2%	1.5%	2.0%	3.2%
Yearly Average	6.0%	4.5%	3.6%	3.0%	2.4%	2.5%	2.9%	2.3%	1.6%	2.0%	3.1%

Source: U.S.Bureau of Labor Statistics.

F.7 Housing Court Actions, 1983-2000

<u>Year</u>	<u>Filings</u>	<u>Calendared</u>	<u>Evictions & Possessions</u>
1983	373,000	93,000	26,665
1984	343,000	85,000	23,058
1985	335,000	82,000	20,283
1986	312,000	81,000	23,318
1987	301,000	77,000	25,761
1988	299,000	92,000	24,230
1989	299,000	99,000	25,188
1990	297,000	101,000	23,578
1991	302,000	114,000	20,432
1992	289,000	122,000	22,098
1993	295,000	124,000	21,937
1994	294,000	123,000	23,970
1995	266,000	112,000	22,806
1996	278,000	113,000	24,370
1997	274,000	111,000	24,995
1998	278,156	127,851	23,454
1999	276,142	123,399	22,676
2000	276,159	125,787	23,830

Note: "Filings" reflect non-payment proceedings initiated by rental property owners, while "Calendared" (previously labeled "Intakes") reflect those non-payment proceedings resulting in a court appearance.

Sources: New York City Civil Court, First Deputy Chief Clerk for Housing; New York City Department of Investigations, Bureau of City Marshals.

F.8 Housing and Vacancy Survey Data, Rent Stabilized Apartments, 1996 and 1999

	1996 ¹		1999 ²	
	Number	Percent	Number	Percent
Household Income				
<\$5,000/Loss/No Income	89,893	8.9%	87,972	8.6%
\$5,000 to \$9,999	145,235	14.3%	119,961	11.8%
\$10,000 to \$14,999	87,960	8.7%	96,096	9.4%
\$15,000 to \$19,999	81,025	8.0%	83,572	8.2%
\$20,000 to \$24,999	85,367	8.4%	83,382	8.2%
\$25,000 to \$29,999	75,694	7.5%	71,311	7.0%
\$30,000 to \$34,999	71,695	7.1%	62,402	6.1%
\$35,000 to \$39,999	57,521	5.7%	59,447	5.8%
\$40,000 to \$49,999	89,571	8.8%	95,306	9.3%
\$50,000 to \$59,999	66,957	6.6%	70,391	6.9%
\$60,000 to \$69,999	47,346	4.7%	51,800	5.1%
\$70,000 to \$79,999	30,646	3.0%	37,205	3.6%
\$80,000 to \$89,999	18,261	1.8%	25,748	2.5%
\$90,000 to \$99,999	13,989	1.4%	17,045	1.7%
\$100,000 to \$124,999	53,590	5.3%	28,932	2.8%
\$125,000 or More			30,017	2.9%
Not Reported	0	--	0	--
Median	\$25,300	--	\$27,000	--
Mean	\$35,725	--	\$36,968	--
Contract Rent				
<\$100	3,379	0.3%	1,693	0.2%
\$100 to \$199	21,250	2.1%	17,578	1.7%
\$200 to \$299	31,519	3.2%	23,600	2.3%
\$300 to \$399	75,037	7.5%	45,629	4.5%
\$400 to \$499	155,700	15.6%	117,972	11.7%
\$500 to \$599	207,237	20.7%	193,016	19.1%
\$600 to \$699	173,327	17.3%	187,148	18.5%
\$700 to \$799	104,259	10.4%	129,755	12.8%
\$800 to \$899	67,628	6.8%	84,499	8.4%
\$900 to \$999	38,605	3.9%	54,687	5.4%
\$1,000 to \$1,249	52,071	5.2%	72,136	7.1%
\$1,250 to \$1,499	22,719	2.3%	31,638	3.1%
\$1,500 to \$1,749	19,325	1.9%	26,570	2.6%
\$1,750 or More	28,427	2.8%	25,025	2.5%
No Cash Rent	14,267	--	9,642	--
Not Reported	0	--	0	--
Median	\$600	--	\$650	--
Mean	\$680	--	\$731	--
Contract-Rent-to-Income Ratio				
<10%	78,604	8.1%	73,845	7.6%
10% to 14%	117,880	12.2%	122,515	12.6%
15% to 19%	131,084	13.6%	123,446	12.7%
20% to 24%	105,155	10.9%	117,829	12.1%
25% to 29%	85,350	8.8%	81,645	8.4%
30% to 34%	72,353	7.5%	71,259	7.3%
35% to 39%	49,192	5.1%	49,937	5.1%
40% to 49%	66,939	6.9%	72,447	7.4%
50% to 59%	46,767	4.8%	47,285	4.9%
60% to 69%	36,189	3.7%	38,718	4.0%
70% to 79%	32,787	3.4%	31,010	3.2%
80% or More	145,282	15.0%	142,613	14.7%
Not Computed	47,169	--	48,039	--
Not Reported	0	--	0	--
Median	27.6%	--	27.4%	--
Mean	38.8%	--	37.0%	--

The highest household income category used by Census in the 1996 HVS was \$100,000 or more.

1. 1996 HVS reflects 1995 incomes.

2. 1999 HVS reflects 1998 incomes.

Note: 1996 and 1999 data values are imputed.

Source: 1996 and 1999 New York City Housing and Vacancy Survey, U.S. Bureau of the Census.

Appendix G: Housing Supply Report

G.1 Permits Issued For Housing Units in New York City, 1960-2001

<u>Year</u>	<u>Bronx</u>	<u>Brooklyn</u>	<u>Manhattan</u>	<u>Queens</u>	<u>Staten Island</u>	<u>Total</u>
1960	--	--	--	--	--	46,792
1961	--	--	--	--	--	70,606
1962	--	--	--	--	--	70,686
1963	--	--	--	--	--	49,898
1964	--	--	--	--	--	20,594
1965	--	--	--	--	--	25,715
1966	--	--	--	--	--	23,142
1967	--	--	--	--	--	22,174
1968	--	--	--	--	--	22,062
1969	--	--	--	--	--	17,031
1970	--	--	--	--	--	22,365
1971	--	--	--	--	--	32,254
1972	--	--	--	--	--	36,061
1973	--	--	--	--	--	22,417
1974	--	--	--	--	--	15,743
1975	--	--	--	--	--	3,810
1976	--	--	--	--	--	5,435
1977	--	--	--	--	--	7,639
1978	--	--	--	--	--	11,096
1979	--	--	--	--	--	14,524
1980	--	--	--	--	--	7,800
1981	--	--	--	--	--	11,060
1982	--	--	--	--	--	7,649
1983	--	--	--	--	--	11,795
1984	--	--	--	--	--	11,566
1985	1,263	1,068	12,079	2,211	3,711	20,332
1986	920	1,278	1,622	2,180	3,782	9,782
1987	931	1,650	3,811	3,182	4,190	13,764
1988	967	1,629	2,460	2,506	2,335	9,897
1989	1,643	1,775	2,986	2,339	2,803	11,546
1990	1,182	1,634	2,398	704	940	6,858
1991	1,093	1,024	756	602	1,224	4,699
1992	1,257	646	373	351	1,255	3,882
1993	1,293	1,015	1,150	530	1,185	5,173
1994	846	911	428	560	1,265	4,010
1995	853	943	1,129	738	1,472	5,135
1996	885	942	3,369	1,301	2,155	8,652
1997	1,161	1,063	3,762	1,144	1,857	8,987
1998	1,309	1,787	3,823	1,446	2,022	10,387
1999	1,153	2,894	3,791	2,169	2,414	12,421
2000	1,646	2,904	5,110	2,723	2,667	15,050
2001	392 (303)	844 (472)	2,035 (1,266)	664 (500)	486 (625)	4,421 (3,166)

First three months of 2001. The number of permits issued in the first three months of 2000 is in parenthesis.

Source: U.S.Bureau of the Census,Manufacturing and Construction Division,Building Permits Branch.

G.2 New Dwelling Units Completed in New York City, 1960-2000

<u>Year</u>	<u>Bronx</u>	<u>Brooklyn</u>	<u>Manhattan</u>	<u>Queens</u>	<u>Staten Island</u>	<u>Total</u>
1960	4,970	9,860	5,018	14,108	1,292	35,248
1961	4,424	8,380	10,539	10,632	1,152	35,127
1962	6,458	10,595	12,094	15,480	2,677	47,304
1963	8,780	12,264	19,398	17,166	2,423	60,031
1964	9,503	13,555	15,833	10,846	2,182	51,919
1965	6,247	10,084	14,699	16,103	2,319	49,452
1966	7,174	6,926	8,854	6,935	2,242	32,131
1967	4,038	3,195	7,108	5,626	3,069	23,036
1968	3,138	4,158	2,707	4,209	3,030	17,242
1969	1,313	2,371	6,570	3,447	3,768	17,469
1970	1,652	1,695	3,155	4,230	3,602	14,334
1971	7,169	2,102	4,708	2,576	2,909	19,464
1972	11,923	2,593	1,931	3,021	3,199	22,667
1973	6,294	4,340	2,918	3,415	3,969	20,936
1974	3,380	4,379	6,418	3,406	2,756	20,339
1975	4,469	3,084	9,171	2,146	2,524	21,394
1976	1,373	10,782	6,760	3,364	1,638	23,917
1977	721	3,621	2,547	1,350	1,984	10,223
1978	464	345	3,845	697	1,717	7,068
1979	405	1,566	4,060	1,042	2,642	9,715
1980	1,709	708	3,306	783	2,380	8,886
1981	396	454	4,416	1,152	2,316	8,734
1982	997	332	1,812	2,451	1,657	7,249
1983	757	1,526	2,558	2,926	1,254	9,021
1984	242	1,975	3,500	2,291	2,277	10,285
1985	557	1,301	1,739	1,871	1,939	7,407
1986	968	2,398	4,266	1,776	2,715	12,123
1987	1,177	1,735	4,197	2,347	3,301	12,757
1988	1,248	1,631	5,548	2,100	2,693	13,220
1989	847	2,098	5,979	3,560	2,201	14,685
1990	872	929	7,260	2,327	1,384	12,772
1991	656	764	2,608	1,956	1,627	7,611
1992	802	1,337	3,750	1,498	1,136	8,523
1993	886	616	1,810	801	1,466	5,579
1994	891	1,035	1,927	1,523	1,572	6,948
1995	1,148	1,647	2,798	1,013	1,268	7,874
1996	1,079	1,583	1,582	1,152	1,726	7,122
1997	1,327	1,369	816	1,578	1,791	6,881
1998	567	1,333	5,175	1,263	1,751	10,089
1999	1,218	1,025	2,341	2,119	2,234	8,937
2000	1,385	1,485	6,111	2,007	1,917	12,905

Note: Dwelling unit count is based on the number of Final Certificates of Occupancy issued by NYC Department of Buildings, or equivalent action by the Empire State Development Corporation or N.Y.S. Dormitory Authority. In addition, housing completions in Manhattan are also compiled from the Yale Robins, Inc. Residential Construction in Manhattan newsletter. The NYC Dept. of City Planning revised several borough figures from 1990 through 2000, which are reflected above.

Source: New York City Department of City Planning, Certificates of Occupancy issued in Newly Constructed Buildings.

G.3 Number of Residential Cooperative and Condominium Plans Accepted for Filing By the Attorney General's Office, 1997-2000

	1997	1998	1999	2000
Private Plans	<u>Plans (Units)</u>	<u>Plans (Units)</u>	<u>Plans (Units)</u>	<u>Plans (Units)</u>
New Construction	33	69 (3,225)	50 (1,123)	87 (1,911)
Rehabilitation	0	45 (812)	30 (1,029)	15 (220)
Conversion (Non-Eviction)	4	19 (210)	12 (359)	9 (738)
Conversion (Eviction)	0	0	1 (48)	1 (24)
Private Total	37 (900-1,300)^B	133 (4,247)	93 (2,559)	112 (2,893)
HPD Sponsored Plans	<u>Plans (Units)</u>	<u>Plans (Units)</u>	<u>Plans (Units)</u>	<u>Plans (Units)</u>
New Construction	NA	0	0	0
Rehabilitation	NA	3 (14)	0	0
Conversion (Non-Eviction)	NA	21 (176)	0	0
Conversion (Eviction)	NA	0	26 (295)	8 (179)
HPD Total	NA	24 (190)	26 (295)	8 (179)
Grand Total	37 (900-1,300)^B	157 (4,437)	119 (2,854)	120 (3,072)

Note: Figures exclude "Homeowner" and "Commercial" plans/units. HPD stands for the NYC Department of Housing Preservation and Development.

NA: Attorney General's Office does not have this data available due to a change in reporting systems.

B Number of units is estimated from the average building size of coop/condo plans submitted in prior years.

The Attorney General's Office did not differentiate between non-eviction and eviction conversions.

Source: New York State Attorney General's Office, Real Estate Financing Bureau.

G.4 Number of Units in Cooperative and Condominium Plans Accepted for Filing By the New York State Attorney General's Office, 1981-2000

<u>Year</u>	<u>New Construction</u>	<u>Conversion Eviction</u>	<u>Conversion Non-Eviction</u>	<u>Total New Construction & Conversion</u>	<u>Units in HPD Sponsored Plans</u>
1981	6,926	13,134	4,360	24,420	925
1982	6,096	26,469	16,439	49,004	1,948
1983	4,865	18,009	19,678	42,552	906
1984	4,663	7,432	25,873	37,968	519
1985	9,391	2,276	30,277	41,944	935
1986	11,684	687	39,874	52,245	195
1987	8,460	1,064	35,574	45,098	1,175
1988	9,899	1,006	32,283	43,188	1,159
1989	6,153	137	25,459	31,749	945
1990	4,203	364	14,640	19,207	1,175
1991	1,111	173	1,757	3,041	2,459
1992	793	0	566	1,359	1,674
1993	775	41	134	950	455
1994	393	283	176	852	901
1995	614	321	201	1,136	935
1996	NA	NA	NA	750-1,000 ^B	NA
1997	NA	NA	NA	900-1,300 ^B	NA
1998	3,225	0	386	3,611	190
1999	1,123	343*	359	1,825*	295
2000	1,911	203	738	2,852	179

Note: HPDPlans are a subset of all plans and include rehabilitation plans; the total column does not contain rehabilitation plans explaining why HPD plans are higher than the total in some years.

NA: The Attorney General's Office does not have this data available at present due to a change in reporting systems.

B Number of units is estimated from the average building size of coop/condo plans submitted in prior years.

* These numbers were revised from the previous year's report.

Source: New York State Attorney General's Office, Real Estate Financing Bureau.

G.5 Tax Incentive Programs

Buildings Receiving Certificates for 421-a Exemptions, 1998-2000

	1998		1999		2000	
	<u>Certificates</u>	<u>Units</u>	<u>Certificates</u>	<u>Units</u>	<u>Certificates</u>	<u>Units</u>
Bronx	8	138	14	322	5	316
Brooklyn	31	397	37	457	30	448
Manhattan	9	1,389	21	4,591	9	1,106
Queens	21	222	37	637	39	958
Staten Island	2	72	2	116	0	0
Total	71	2,118	111	6,123	83	2,828

Buildings Receiving J-51 Tax Abatements and Exemptions, 1998-2000

	1998			1999			2000		
	<u>Buildings</u>	<u>Units</u>	<u>Certified Cost (\$1,000s)</u>	<u>Buildings</u>	<u>Units</u>	<u>Certified Cost (\$1,000s)</u>	<u>Buildings</u>	<u>Units</u>	<u>Certified Cost (\$1,000s)</u>
Bronx	196	10,239	\$17,911	285	9,344	\$22,444	480	17,215	\$24,258
Brooklyn	565	22,060	\$26,094	2,968	19,819	\$25,787	421	16,090	\$25,185
Manhattan	1,005	46,007	\$53,666	879	23,763	\$45,173	2,025	25,377	\$42,124
Queens	477	24,324	\$15,336	639	27,129	\$18,729	817	23,510	\$11,779
Staten Island	15	897	\$760,600	24	2,066	\$7,351	171	1,733	\$6,197
Total	2,258	103,527	\$113,768	4,795	82,121	\$119,484	3,914	83,925	\$109,543

Source: New York City Department of Housing Preservation and Development, Office of Development, Tax Incentive Programs.

G.6 Tax Incentive Programs—Units Receiving Initial Benefits, 1981-2000

<u>Year</u>	<u>421-a</u>	<u>J-51</u>
1981	3,505	--
1982	3,620	--
1983	2,088	--
1984	5,820	--
1985	5,478	--
1986	8,569	--
1987	8,286	--
1988	10,079	109,367
1989	5,342	64,392
1990	980	113,009
1991	3,323	115,031
1992	2,650	143,593
1993	914	122,000
1994	627	60,874
1995	2,284	77,072
1996	1,085	70,431
1997	2,099	145,316
1998	2,118	103,527
1999	6,123	82,121
2000	2,828	83,925

Source: New York City Department of Housing Preservation and Development, Office of Development, Tax Incentive Programs.

G.7 City-Owned Properties, Fiscal Years 1985-2001

Fiscal Year	Central Management				Alternative Management		Vestings		Buildings Sold
	Occupied Units	Occupied Buildings	Vacant Units	Vacant Buildings	Units	Buildings	Units	Buildings	Buildings
1985	38,561	4,102	56,474	5,732	12,825	542	--	--	531
1986	39,632	4,033	55,782	5,662	13,375	583	--	--	275
1987	38,201	4,042	48,987	4,638	13,723	587	--	--	621
1988	37,355	3,628	37,734	3,972	14,494	624	--	--	58 +
1989	32,377	3,359	45,724	3,542	17,621	780	--	--	72
1990	33,851	3,303	37,951	3,110	14,800	705	3,323	292	112
1991	32,783	3,234	30,534	2,796	12,695	615	2,288	273	140
1992	32,801	3,206	22,854	2,368	--	--	1,462	197	--
1993	32,078	3,098	17,265	2,085	9,237	470	2,455	211	162
1994	30,358	2,992	13,675	1,763	8,606	436	715	69	81
1995	27,922	2,885	11,190	1,521	7,903	433	240	17	170
1996	24,503	2,684	9,971	1,349	6,915	393	49	2	386
1997	22,298	2,484	8,177	1,139	5,380	289	0	0	253
1998	19,084	2,232	7,511	1,021	6,086	305	0	0	206
1999	15,333	1,905	6,664	869	6,640	401	0	0	251
2000	13,613	1,730	6,295	805	6,282	382	0	0	136
2001 ^B	10,504	1,334	5,741	657	6,829	380	0	0	252

Note: HPD could not confirm vestings data prior to FY 1990.

^B Plan for FY 2001, excluding data in vestings columns.

Source: NYC Office of Operations, Preliminary Fiscal 2001 *Mayor's Management Report*; NYC Department of Housing Preservation and Development.

G.8 Building Demolitions in New York City, 1985-2000

Year	Bronx		Brooklyn		Manhattan		Queens		Staten Island		Total	
	5+ Units	Total	5+ Units	Total	5+ Units	Total	5+ Units	Total	5+ Units	Total	5+ Units	Total
1985	81	157	3	101	59	73	3	133	1	31	147	495
1986	48	96	14	197	19	38	3	273	4	67	88	671
1987	14	55	2	130	22	33	1	273	6	83	45	574
1988	3	34	2	169	25	44	2	269	0	160	32	676
1989	6	48	8	160	20	38	3	219	0	109	37	574
1990	4	29	3	133	20	28	5	119	0	71	32	380
1991	10	33	15	95	9	14	1	68	0	32	35	242
1992	12	51	6	63	2	5	1	41	0	33	21	193
1993	0	17	4	94	0	1	3	51	0	5	7	168
1994	3	14	4	83	5	5	2	42	0	8	14	152
1995	2	18	0	81	0	0	2	37	0	17	4	153
1996	--	30	--	123	--	25	--	118	--	84	--	380
1997	--	29	--	127	--	51	--	168	--	119	--	494
1998	--	71	--	226	--	103	--	275	--	164	--	839
1999	--	67	--	211	--	53	--	227	--	159	--	717
2000	--	64	--	499	--	101	--	529	--	307	--	1,500

Note: The Census Bureau discontinued collecting demolition statistics in December, 1995. The New York City Department of Buildings began supplying the total number of buildings demolished from 1996 forward, and cannot specify whether buildings are residential, nor if they have 5+ units.

Source: U.S. Bureau of the Census, Manufacturing and Construction Division, Building Permits Branch; New York City Department of Buildings.

Glossary of Rent Regulation

1/40th Increase: See "Individual Apartment Improvement Rent Increases."

421-a Tax Incentive Program: Created in 1970. Offers tax exemptions to qualifying new multifamily properties containing three or more rental units. Apartments built with 421-a tax exemptions are subject to the provisions of the Rent Stabilization Laws during the exemption period. Thus, 421-a tenants share the same tenancy protections as stabilized tenants and initial rents approved by HPD are then confined to increases established by the Rent Guidelines Board.

Adjustable Rate Mortgage (ARM): Similar to a variable rate mortgage except that interest rate adjustments are capped in order to protect lenders and borrowers from sudden upturns or downturns in a market index.

Affordable Housing: As defined by the United States Department of Housing and Urban Development, any housing accommodation for which a tenant household pays 30% or less of its income for shelter.

Aid to Families with Dependent Children (AFDC): A defunct income assistance program designed to help parents with dependent children. In 1997, there were over 700,000 recipients in New York City (see "Temporary Assistance to Needy Families").

Balloon Loan: A type of loan that is partially amortized, which means that principal is partially paid throughout the term of the loan. At maturity, the borrower still has a substantial sum (balloon) that must be repaid or refinanced.

Class A Multiple Dwelling: As defined under the Multiple Dwelling Law, a multiple dwelling building which is generally occupied as a permanent residence. The class includes such buildings as apartment houses, apartment hotels, maisonette apartments, and all other multiple dwellings except Class B dwellings.

Class B Multiple Dwelling: A multiple dwelling which is occupied, as a rule, transiently, as the more or less

temporary abode of individuals or families. This class includes such buildings as hotels, lodging houses, rooming houses, boarding schools, furnished room houses, college and school dormitories.

Condominium: A form of property ownership in which units are individually owned and the owners acquire shares in an association that owns and cares for common areas.

Cooperative: A form of property ownership in which a building or complex is owned by a corporation. Shares in the corporation are allocated per apartment and the owners of those shares, who are called proprietary lessees, may either live in the apartment for which the shares are allocated or rent that apartment to a sub-tenant.

Core Manhattan: The area of Manhattan south of 96th Street on the East Side and 110th Street on the West Side. See also "Upper Manhattan."

Cross-sectional: The type of analysis that provides a "snapshot" view of data as it appears in a singular moment or period of time.

Debt Service: Repayment of loan principal and interest; the projected debt service is the determining factor in setting the amount of the loan itself.

Debt Service Ratio: The net operating income divided by the debt service; it measures a borrower's ability to cover mortgage payments using a building's net operating income.

Decontrol: See "Deregulation."

Department of Housing Preservation and Development (HPD): The New York City agency with primary responsibility for promulgating and enforcing housing policy and laws in the City.

Deregulation: Also known as "Decontrol" or "Destabilization." Deregulation occurs by action of the owner when an apartment under either rent control or rent stabilization legally meets the criteria for leaving regulation. When an apartment is deregulated, the rent may

be set at 'market rate.' There are two types of deregulation, commonly referred to as Luxury Decontrol (also High-Income High-Rent Decontrol) and Vacancy Decontrol (also High-Rent Decontrol). See these terms for details.

Destabilization: See "Deregulation."

DHCR: See "Division of Housing & Community Renewal."

Discount Rate: The interest rate Federal Reserve Banks charge for loans to depository institutions.

Distressed Buildings: Buildings that have operating and maintenance expenses greater than gross income are considered distressed.

Division of Housing and Community Renewal (DHCR): The New York State agency with primary responsibility for formulating New York State housing policy, and monitoring and enforcing the provisions of the state's residential rent regulation laws.

Emergency Tenant Protection Act of 1974 (ETPA): Chapter 576 Laws of 1974: In Nassau, Rockland and Westchester counties, rent stabilization applies to non-rent controlled apartments in buildings of six or more units built before January 1, 1974 in localities that have declared an emergency and adopted ETPA. In order for rents to be placed under regulation, there has to be a rental vacancy rate of less than 5% for all or any class or classes of rental housing accommodations. Some municipalities limit ETPA to buildings of a specific size, for instance, buildings with 20 or more units. Each municipality declaring an emergency and adopting local legislation pays the cost of administering ETPA (in either Nassau, Rockland or Westchester County). In turn, each municipality can charge the owners of subject housing accommodations a fee (up to \$10 per unit per year).

Eviction: An action by a building owner in a court of competent jurisdiction to obtain possession of a tenant's housing accommodation.

Fair Market Rents: In New York City, when a tenant voluntarily vacates a rent controlled apartment, the apartment becomes decontrolled. If that apartment is in a building containing six or more units, the apartment becomes rent stabilized. The owner may charge the first stabilized tenant a fair market rent. All future rent increases are subject to limitations under the Rent Stabilization Law, whether the same tenant renews the

lease or the apartment is rented to another tenant. The Rent Stabilization Law permits the first stabilized tenant after decontrol to challenge the first rent charged after decontrol, through a Fair Market Rent Appeal, if the tenant believes that the rent set by the owner exceeds the fair market rent for the apartment. The Appeal is decided taking into consideration the Fair Market Rent Special Guideline and rents for comparable apartments.

Family Assistance Program (FAP): New York State's TANF program. See "Temporary Assistance to Needy Families."

Federal Deposit Insurance Corporation (FDIC): Established by the federal government in 1950 to insure the deposits of member banks and savings associations.

Federal Reserve Board: The central bank of the United States founded by Congress in 1913 to provide the nation with a safer, more flexible, and more stable monetary and financial system.

Federal Funds Rate: Set by the Federal Reserve, this is the rate banks charge each other for overnight loans.

Fixed Rate Mortgage (FRM): The interest rate is constant for the term of a mortgage.

Fuel Cost Adjustment: The New York City Rent Control Law allows separate adjustments based on the changes, up or down, in the price of various types of heating fuels. The adjustment will be based on fuel price changes between the beginning and end of the prior year. Only tenants in rent controlled apartments located in New York City are subject to this fuel cost adjustment. Early rent stabilized New York City Rent Guidelines Board orders also contained supplementary guidelines adjustments denominating fuel cost adjustments.

Gross City Product (GCP): The dollar measurement of the total citywide production of goods and services in a given year.

Guideline Rent Increases: The percentage increase of the Legal Regulated Rent that is allowed when a new or renewal lease is signed. This percentage is determined by the New York City Rent Guidelines Board for renewal leases signed between October 1 of the current year and September 30 of the following year. The percentage increase allowed is dependent on the term of the lease and whether the lease is a renewal or vacancy lease (see 'Vacancy Allowance'). Although the RGB customarily set

increases for vacancy leases, it has not done so since the passage of the Rent Regulation Reform Act of 1997, which established statutory vacancy increases. Sometimes additional factors such as the amount of the rent, whether or not electricity is included in the rent and the past rental history have also resulted in varying adjustments.

Home Relief: See "Safety Net Assistance."

Hotel: Under rent stabilization, a multiple dwelling that provides all of the following services included in the rent:

- (1) Maid service, consisting of general house cleaning at a frequency of at least once a week;
- (2) Linen service, consisting of providing clean linens at a frequency of at least once a week;
- (3) Furniture and furnishings, including at a minimum a bed, lamp, storage facilities for clothing, chair and mirror in a bedroom; such furniture to be maintained by the hotel owner in reasonable condition; and
- (4) Lobby staffed 24 hours a day, seven days a week by at least one employee.

Housing Maintenance Code: The code, enforced by the New York City Department of Housing Preservation and Development, which provides for protection of the health and safety of apartment dwellers by setting standards for the operation, preservation and condition of buildings.

Housing & Vacancy Survey Study (HVS): A triennial survey of approximately 17,000 households conducted by the United States Census Bureau data. The survey is used, *inter alia*, to determine the vacancy rate for residential units in New York City, and gather other information necessary for HPD, RGB, DHCR and other housing officials to formulate policy.

HPD: See "Department of Housing Preservation and Development."

HUD: The United States Department of Housing and Urban Development, which is the federal agency primarily responsible for promulgating and enforcing federal housing policy and laws.

HVS: See "Housing Vacancy Survey."

I&E: Refers to the annual *Income and Expense Study* performed by the Rent Guidelines Board drawn from summarized data on RPIE forms, the income and expense statements filed annually by owners of stabilized buildings with the New York City Department of Finance.

Individual Apartment Improvements (IAI or "1/40th"): An increase in rent based on increased services, new equipment, or improvements. This increase is a NYS policy and is in addition to the regular annual Rent Guidelines Board increases for rent stabilized apartments and Maximum Base Rent increases for rent controlled apartments. If owners add new services, improvements, or new equipment to an occupied rent regulated apartment, owners of rent regulated units can add 1/40th or 2.5% of the cost of qualifying improvements to the legal rent of those units excluding finance charges. E.g., (1) if an apartment's legal rent were \$500, and (2) the landlord made \$4,000 of qualifying improvements, then (3) the landlord thereafter could add 1/40th of the cost of those improvements—in this example, \$100—to the apartment's existing legal monthly rent for a resulting new legal rent of \$600. The 1/40th increase remains permanently in the monthly rent, even after the cost of the improvement is recouped. Owners must get the tenant's written consent to pay the increase and an order from DHCR is not required. If any apartment is vacant, the owner does not have to get written consent of a tenant to make the improvement and pass-on the 1/40th increase.

Initial Legal Registered Rent: Under rent stabilization, the lawful rent for the use and occupancy of housing accommodations under the Rent Stabilization Law or the Emergency Tenant Protection Act, as first registered with the DHCR, which has not been challenged pursuant to regulation, or if challenged, has been determined by the DHCR.

In Rem: *In Rem* units include those located in structures owned by the City of New York as a result of an *in rem* proceeding initiated by the City after the owner failed to pay tax on the property for one or more years. Though many of these units in multiple dwellings had previously been subject to either rent control or rent stabilization, they are exempt from both regulatory systems during the period of city ownership.

J-51 Program: A program governed by Sections 11-243 and 11-244 of the New York City Administrative Code (formerly numbered J-51) under which, in order to encourage development and rehabilitation, property tax abatements and exemptions are granted. In consideration of receiving these tax abatements and at least for the duration of the abatements, the owner of these buildings agrees to place under rent stabilization those apartments which would not otherwise be subject to rent stabilization (e.g., those in buildings with fewer than 6 apartments or

buildings constructed after 12/31/73). This program provides real estate tax exemptions and abatements to existing residential buildings that are renovated or rehabilitated in ways that conform to the requirements of the statute. It also provides these benefits to residential buildings that were converted from commercial structures.

Legal Rent: The maximum rent level that a landlord is entitled to charge a tenant for a rent regulated unit. The landlord of such a unit must annually register that legal rent with DHCR. Also, the initial legal registered rent as adjusted in accordance with the Rent Stabilization Code, or the rent shown in the annual registration statement filed 4 years prior to the most recent registration statement (or if more recently filed, the initial registration statement), plus in each case, any subsequent lawful increases and adjustments.

Legislature: The New York State Legislature.

Loft Board: A New York City agency that regulates lofts. Lofts are governed by Article 7-C of the Multiple Dwelling Law, and are not (until brought up to Code) within DHCR's rent regulatory jurisdiction.

Loan-to-Value Ratio (LTV): An expression of the safety of a mortgage principal based on the value of the collateral (e.g., an LTV of 50% means that a lender is willing to provide a mortgage up to half the value of a building). A decline in LTV may indicate a tightening of lending criteria and vice versa.

Longitudinal: The type of analysis that provides a comparison of identical elements over time, such as comparing data from 1998 to the same data in 1999.

Low Rent Supplement: See "Supplemental Adjustment."

Luxury Decontrol: The change in an apartment's status from being rent regulated to being deregulated because the apartment's household has (1) a yearly income of \$175,000, (2) in two or more consecutive years, and (3) the apartment's monthly rent is \$2,000 or greater.

Major Capital Improvements (MCI): When owners make improvements or installations to a building subject to the rent stabilization or rent control laws, they may be permitted to increase the building's rent based on the actual, verified cost of the improvement. To be eligible for

a rent increase, the MCI must be a new installation and not a repair to old equipment. For example, an owner may receive an MCI increase for a new boiler or a new roof but not for a repaired or rebuilt one. Other building-wide work may qualify as MCIs as well, such as "pointing and water-proofing" a complete building where necessary. The Rent Stabilization Code also stipulates that applications for MCI rent increases must be filed within two years of completion of the installation. MCI rent increases must be approved by DHCR.

Maximum Base Rent Program (MBR): The Maximum Base Rent Program is the mechanism for authorizing rent increases for New York City apartments subject to rent control so as to ensure adequate income for their operation and maintenance. New York City Local Law 30 (1970) stipulates that MBRs be established for rent controlled apartments according to a formula calculated to reflect real estate taxes, water and sewer charges, operating and maintenance expenses, return on capital value and vacancy and collection loss allowance. The MBR is updated every two years by a factor that incorporates changes in these operating costs.

Maximum Collectible Rent (MCR): The rent that rent controlled tenants actually pay or are obligated to pay to the owner. In any one calendar year, the collectible rent shall be increased by no more than 7.5% until the MBR is reached. Other increases not associated with the MBR system are possible in the same year, in addition to the 7.5%, such as fuel cost adjustments and approved increases for individual apartment improvements and/or major capital improvements. The MCR generally is less than the MBR. For example, if a tenant's rent (MCR) on 12/31/87 was \$200, and his/her MBR was \$233, then on 1/1/88 (effective date of MBR) his/her rent (MCR) would rise 7.5% to \$215 and the MBR ceiling would rise by 16.4% (1988/89 MBR factor) to \$271.22. On 1/1/89, the MBR would remain the same (since MBRs cover a two year period), but the MCR would rise by another 7.5% to \$231.12.

Mean and Median Averages: The "mean" is an arithmetic average of numbers. Numbers at the extreme of a range can have a potentially distorting effect on the mean. The "median" is considered by many as a more constant measure of that same set of numbers because it moderates the distorting effect of any extremes or other aberrations, because it is the 50th percentile of the numbers under analysis, or the number in the middle.

Net Operating Income or NOI: The amount of income remaining after operating and maintenance expenses are paid is typically referred to as Net Operating Income (NOI). NOI can be used for mortgage payments, improvements, federal, state and local taxes and after all expenses are paid, profit.

New Law Tenement: A "Class A" multiple dwelling constructed between 1901 and 1929 and subject to the regulations of the Tenement House Law. Distinguished from the old law tenement in terms of reduction of hazardous conditions and improved access to light and air.

New York City Housing Authority (NYCHA): The New York City agency that administers public housing and rental assistance programs.

New York City Rent Guidelines Board: See "Rent Guidelines Board, New York City."

Old Law Tenement: A "Class A" multiple dwelling constructed before 1901 and subject to the regulations of the Tenement House Law.

O&M: Refers to the operating and maintenance expenses in buildings.

Operating Cost Ratio: The "cost-to-income" ratio, or the percentage of income spent on O&M expenses, is traditionally used by the RGB to evaluate estimated profitability of stabilized housing, presuming that buildings are better off by spending a lower percentage of revenue on expenses.

Orders: See "Rent Guideline Orders."

Outer Boroughs: Queens, Brooklyn, the Bronx and Staten Island, or the boroughs of New York City not including Manhattan. These boroughs are often grouped together for purposes of analysis because their economic and demographic attributes are more similar to each other than those found in Manhattan.

PIOC: Price Index of Operating Costs. The major research instrument performed by the RGB staff to determine the annual change in prices for a market basket of goods and services used by owners to operate and maintain rent stabilized buildings.

Points: Up-front service fees charged by lenders.

Post-46 or Post-war: A common classification of residential buildings used by City agencies to describe buildings built after World War II. Buildings with six or more residential units constructed between 1947 and 1973, or after 1974 if the units received a tax abatement such as 421-a or J-51, are considered stabilized.

Preferential Rent: A rent charged by an owner to a tenant that is less than the established legal regulated rent. Owners must base all renewal lease increases on the preferential rent until the tenant vacates the apartment. The next tenant may be charged the higher legal regulated rent previously established plus the most recent applicable guidelines increases and other such increases as are permitted as for example, that for new equipment. Also known as the 'actual rent.'

Pre-47 or Pre-war: A common classification of residential buildings used by City agencies to describe buildings built before the World War II. Specifically, pre-47 buildings are those with six or more units constructed before February 1, 1947, and are considered stabilized when the current tenant moved in on or after July 1, 1971.

Registration: Owners are required to register all rent stabilized apartments with DHCR by filing an Annual Apartment Registration Form which lists rents, tenancy and services in effect on April 1st of each year.

Renewal Lease: The lease of a tenant in occupancy renewing the terms of the first, vacancy lease entered into between the tenant and owner for an additional term. Tenants in rent stabilized apartments have the right to select a lease renewal for a one- or two-year term. The renewal lease must be on the same terms and conditions as the expiring lease unless a change is necessary to comply with a specific law or regulation or is otherwise authorized by the rent regulation. The owner may charge the tenant a Rent Guidelines Board authorized increase based on the length of the renewal lease term selected by the tenant. The law permits the owner to raise the rent during the lease term if the Rent Guidelines rate was not finalized when the tenant signed the lease renewal offer. A renewal lease should go into effect on or after the date that it is signed and returned to the tenant and on the day following expiration of the prior lease. In general, the lease and any rent increase may not begin retroactively. Penalties may be imposed when an owner does not timely offer the tenant a renewal lease or timely return to the tenant an executed copy thereof.

Rent Control: The rent regulation program which generally applies to residential buildings constructed before February, 1947 in municipalities for which an end to the postwar rental housing emergency has not been declared. For an apartment to be under rent control, the tenant must generally have been living there continuously since before July 1, 1971 or for less time as a successor to a rent controlled tenant. When a rent controlled apartment becomes vacant, it either becomes rent stabilized or is removed from regulation, generally becoming stabilized if the building has six or more units and if the community has adopted Emergency Tenant Protection Act. Formerly controlled apartments may have been decontrolled on various other grounds. Rent control limits the rent an owner may charge for an apartment and restricts the right of an owner to evict tenants. It also obligates the owner to provide essential services and equipment. Inside New York City, rent increases are governed by the MBR system.

Rent Guidelines Board (RGB): The New York City agency responsible for setting the yearly rent-rate adjustments for the City's rent stabilized apartments, and also the agency which produced this publication. The Board is appointed by the Mayor and consists of two members who represent tenants, two members who represent the real estate industry and five public members.

RGB Rent Index: An index that measures the overall effect of the Board's annual rent increases on contract rents.

RGB: See "Rent Guidelines Board."

Rent Guideline Orders: Rent guideline orders are issued by the rent guidelines boards annually, usually about July 1. For the most part, they establish the percentage increases that may be given to rent stabilized/ETPA apartments upon lease renewal and for new leases. These increases are based on the review of operating expenses and other cost of living data.

RPIE Forms: Owners of stabilized buildings are required by Local Law 63 to file Real Property Income and Expense (RPIE) forms annually with the New York City Department of Finance. RPIE forms contain detailed financial information regarding the revenues earned and the costs accrued in the operation and maintenance of stabilized buildings. Buildings with fewer than 11 units, an assessed value of \$80,000 or less, or exclusively residential cooperatives or condominiums are exempt from filing. RPIE forms are also known as I&E forms.

Rent Regulation Reform Act of 1997 (RRRA-97):

The law passed by the New York State Legislature in June, 1997 which promulgated several new provisions for rent regulated units. See "Luxury Decontrol", "Special Low Rent Increase", "Vacancy Allowance", "Vacancy Bonus" and "Vacancy Decontrol". Also known as the 'Rent Act'.

Rent Stabilization: In New York City, rent stabilized apartments are generally those apartments in buildings of six or more units built between February 1, 1947 and January 1, 1974. Tenants in buildings built before February 1, 1947, who moved in after June 30, 1971 are also covered by rent stabilization. A third category of rent stabilized apartments covers buildings subject to regulation by virtue of various governmental supervision or tax benefit programs. Generally, these buildings are stabilized only while the tax benefits or governmental suspension continues. In some cases, a building with as few as three units may be stabilized. Similar to rent control, stabilization provides other protections to tenants besides regulation of rental amounts. Tenants are entitled to receive required services, to have their leases renewed, and not to be evicted except on grounds allowed by law. Leases may be entered into and renewed for one or two year terms, at the tenant's choice.

Rent Stabilization Code: The Rent Stabilization Code is the body of regulations used by DHCR to implement the Rent Stabilization Law and Emergency Tenant Protection Act in New York City. These regulations affect nearly 1 million rent stabilized apartments in New York City. Chapter 888 of the Laws of 1985 authorized DHCR to amend the Rent Stabilization Code for New York City. The current Rent Stabilization Code became effective on May 1, 1987.

Rental Vacancy Rate: The percentage of the total rental units in an area that are vacant and available for occupancy. The vacancy rate for New York City is determined every three years by the Housing and Vacancy Survey.

Rooming House: Under rent control, in addition to its customary usage, a building or portion of a building, other than an apartment rented for single-room occupancy, in which housing accommodations are rented, on a short-term basis of daily, weekly or monthly occupancy, to more than two occupants for whom rent is paid, not members of the landlord's immediate family. The term shall include boarding houses, dormitories, trailers not a part of a motor court, residence clubs, tourist homes and all other establishments of a similar nature, except a hotel or a motor court.

Safety Net Assistance (SNA): An income assistance program set up under the New York State Welfare Reform Act of 1997 to replace Home Relief (HR).

Section 8 Vouchers: A federally-funded housing assistance program that pays participating owners on behalf of eligible tenants to provide decent, safe, and sanitary housing for very low income families at rents they can afford. Housing assistance payments are generally the difference between the local payment standard and 30% of the family's adjusted income. The family has to pay at least 10% of gross monthly income for rent. In NYC, the program is administered by NYCHA.

Section 8 Certificates: A federally-funded housing assistance program that provides housing assistance payments to participating owners on behalf of eligible tenants to provide decent, safe and sanitary housing for low income families in private market rental units at rents they can afford. This is primarily a tenant-based rental assistance program through which participants are assisted in rental units of their choice; however, a public housing agency may also attach up to 15% of its certificate funding to rehabilitated or newly constructed units under a project-based component of the program. All assisted units must meet program guidelines. Housing assistance payments are used to make up the difference between the approved rent due to the owner for the dwelling unit and the family's required contribution towards rent. Assisted families must pay the highest of 30% of the monthly adjusted family income, 10% of gross monthly family income, or the portion of welfare assistance designated for the monthly housing cost of the family.

Senior Citizens' Rent Increase Exemption (SCRIE): If a New York City tenant or tenant's spouse is 62 years of age or over (living in a rent regulated apartment) and the combined household income is \$20,000 per year or less and they are paying at least 1/3 of their income toward their rent, the tenant may apply for the SENIOR CITIZEN RENT INCREASE EXEMPTION (SCRIE). In New York City, the Department for the Aging (DFTA) administers the SCRIE program. Outside of New York City, Senior Citizen Rent Increase Exemption is a local option, and communities have different income eligibility limits and regulations. If a New York City tenant qualifies for this program, the tenant is exempt from future rent guidelines increases, Maximum Base Rent increases, fuel cost adjustments, MCI increases, and increases based on the owner's economic hardship. New York City senior citizen tenants may also carry this exemption from one apartment

to another upon moving, upon the proper application being made to DFTA.

Shelter Allowance: A rental grant provided to households receiving public assistance under the Temporary Assistance to Needy Families (TANF) program.

Single-Room Occupancy Housing (SRO): Residential properties in which some or all dwelling units do not contain bathroom or kitchen facilities. Under rent control, the occupancy by one or two persons of a single room, or of two or more rooms which are joined together, separated from all other rooms within an apartment in a multiple dwelling, so that the occupant or occupants thereof reside separately and independently of the other occupant or occupants of the same apartment.

Special Guideline: The percentage increase above the prior rent controlled tenant's Maximum Base Rent (MBR) or Maximum Collectible Rent (MCR). This is determined each year by the New York City Rent Guidelines Board as applicable to the determination of Fair Market Rent Appeals.

Special Low Rent Increase: This provision of the 1997 Rent Regulation Reform Act permits the landlords of units which rent for less than \$300 to charge those vacancy allowances otherwise permitted (including the "vacancy bonus") plus \$100. Moreover, if an apartment rented for between \$300 and \$500, this same provision of the Rent Act provides that "in no event shall the total increase pursuant to this [vacancy allowance provision of the Rent Act] be less than one hundred dollars per month."

Special Vacancy Allowance: See "Vacancy Bonus."

Statutory Vacancy Allowance: See "Vacancy Allowance."

Sublet: The temporary transfer of a tenant's legal interest in an apartment to another person. A tenant who sublets an apartment to another person is the prime tenant. The person to whom the apartment is sublet is the subtenant. In a sublet situation, the prime tenant must abide by the rent stabilization rules that govern the building owner.

Supplemental Adjustment: A rent increase that has been allowed in certain years in addition to a regular Guideline Rent increases for apartments. The supplementary adjustment amount is established for that guideline year by the New York City or County Rent Guidelines Boards based upon the date the lease was signed, the term of the lease and the county. Also known as the "Low Rent Supplement."

Surcharge: An added charge which is paid by the tenant but not included in the legal regulated rent and is not compounded by guidelines adjustments. Examples of surcharges are: the \$5.00 a month charge for an air conditioner that protrudes beyond the window line; the electrical charge for air conditioners in electrical inclusion buildings; and for the installation of window guards.

Temporary Assistance to Needy Families (TANF):

An income assistance program set up under the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 to replace Aid to Families with Dependent Children (AFDC). Under TANF block grant system, each state has the authority to determine who is eligible, the level of assistance, and how long it will last. The New York State's TANF program is called the Family Assistance (FAP) program.

Term: The length of time in which a mortgage is expected to be paid back to the lender; the shorter the term, the faster the principal must be repaid and consequently the higher the debt service and vice versa.

Transient Occupancy: Among the criteria that must be met for hotel rooms, tourist homes, and motor courts to be exempt from rent regulation is that they are used for transient occupancy. Whether occupancy is transient depends on a number of factors, including whether rates are charged by the day, week, or month, and the proportions of occupants who stay for various lengths of time.

Upper Manhattan: The area of Manhattan north of 96th Street on the East Side and 110th Street on the West Side. See also "Core Manhattan."

Vacancy Allowance: A provision in the Rent Regulation Reform Act of 1997 allowing owners of rent stabilized units to raise by a certain percentage the legal rent of a vacant unit. For an incoming tenant who opts for a two-year lease, the vacancy allowance is 20%. For an incoming tenant who opts for a one-year lease, the vacancy allowance is 20% minus the percentage difference between the RGB's then current guidelines for a two-year and a one-year lease. Other factors affect these percentages as well (see also the "Vacancy Bonus" and the "Special Low Rent Increase.") Because the 2000/01 RGB guideline for a two-year lease is 6% and for a one-year lease is 4%, the difference is 2%. Thus, if an incoming tenant opts for a one-year lease, during 2000/01, a landlord would be entitled to raise the legal rent for that incoming tenant's unit by a minimum of 18%.

Vacancy Bonus: An additional rental increase allowed for units that become vacant after a long-term tenant has moved out. If the prior tenant had been in occupancy at least for eight years—and thus the unit had not "received" a vacancy allowance during that time—the Rent Regulation Reform Act of 1997 permits the landlord to charge an additional 0.6% for each year since the unit received its last vacancy allowance. For example, if (1) the incoming tenant opts for a two-year lease, after (2) the prior tenant had been in occupancy for ten years, then the landlord can charge the incoming tenant a 20% vacancy allowance (for a two-year lease) plus another 6% (ten years times 0.6%) for a total increase of 26% over the legal rent which had been paid by the departing tenant.

Vacancy Decontrol: A process by which a rent regulated unit becomes deregulated if (1) at the time it next becomes vacant, (2) the legal rent is \$2,000 or greater. If the in-place tenant is rent regulated, vacancy decontrol cannot occur even if that in-place tenant's monthly rent eventually exceeds \$2,000. Such decontrol can occur only following the next vacancy unless the unit is "luxury decontrolled" (See "Luxury Decontrol"). Further, the \$2,000 level may be reached in a variety of ways, including (1) by already being at or over \$2,000 when the next vacancy occurs, (2) reaching the \$2,000 level as a result of the next "vacancy allowance," or (3) reaching the \$2,000 level as a result of the next "vacancy allowance" coupled with any "1/40th/individual apartment improvement" increase or MCIs.

Vacancy Lease: When a person rents a rent stabilized apartment for the first time, or, when a new name (not the spouse or domestic partner) is added to an existing lease, this is a vacancy lease. This written lease is a contract between the owner and the tenant which includes the terms and conditions of the lease, the length of the lease and the rights and responsibilities of the tenant and the owner. The Rent Stabilization Law gives the new tenant (also called the vacancy tenant) the choice of a one or two-year lease term. The rent the owner can charge may not be more than the last legal regulated rent plus all increases authorized by the Rent Stabilization Code, including increases for improvements to the vacant apartment.

Warranty of Habitability: Real Property Law Section 235-b entitles tenants to a livable, safe and sanitary apartment and building and remedies are specified when these conditions are not met.

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