

Housing NYC: Rents, Markets and Trends 2002

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Chairman's Acknowledgments

It is my pleasure to write this introduction to the 2002 edition of *Housing NYC: Rents, Markets and Trends*, the NYC Rent Guidelines Board's annual compendium of research by the RGB staff. As chairman, I am proud of the research work conducted by our outstanding staff, which provides the analytic basis of the decision the Board makes when we are engaged in discussions regarding rent adjustments each year. The research staff of the Board worked assiduously to prepare the reports presented to you in this book. I feel privileged to have the pleasure of working with such an exceptional group.

Additionally, I want to extend my thanks to each member of the Rent Guidelines Board. They all deserve appreciation for their hard work. I am pleased to serve as chairman of such a dedicated and thoughtful board.

The annual *Housing NYC* book provides a useful resource not only to the Board when making its guidelines determination, but also provides an invaluable resource for members of the public seeking data and information on the NYC housing market, housing income and affordability, the city's economic status and much more. I am confident that those of you who are reading this will concur.

Marvin Markus
Chairman

Executive Director's Acknowledgments

Each year, the New York City Rent Guidelines Board (RGB) releases a compendium of its primary research that is produced by the staff over the guidelines-setting season. This year's edition, *Housing NYC: Rents Markets and Trends 2002*, marks the fourteenth year in which the RGB has published its primary research in compendium form.

The Price Index of Operating Costs (PIOC), which measures annual changes in operating and maintenance costs in rent stabilized buildings, is the RGB's principal research product. This is the eleventh year that Senior Research Associate 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 PIOC Temp Manager Shirley Alexander, serving in her ninth year on the survey team, the PIOC survey process went smoothly and efficiently. Our survey team consisted of Lana Ranger, working on her second PIOC, Charmaine Frank and Denise Blake. I extend my gratitude to all for their conscientious efforts.

All RGB staff members contribute to the PIOC in some respect. Research Associate Susan Hayes collected and analyzed data on water and sewer costs. Brian Hoberman and Susan surveyed fuel vendors monthly for heating oil prices. Andrew assisted in drafting the report, and all researchers reviewed the text and the detailed appendices. Thanks are also due to a long-time associate of the RGB's, Jim Hudson, for his calculation of the real estate tax component, and overview of the PIOC report.

In addition to the PIOC, the RGB research staff produced four other reports this year. Research Associate Brian Hoberman, completing his third season with the Board, is a versatile collector and analyst of information acting as primary researcher on three studies. Brian performed the *2002 Mortgage Survey*, the *2002 Income and Affordability Study* and the *2002 Housing Supply Report*. The fourth report, the *2002 Income and Expense Study*, was completed by the Director this year. Besides supervising the PIOC, Andrew's talents allow him to fulfill many roles at the RGB. He designed and formatted this book, designed graphics and acted as in-house webmaster for the RGB's web site: Housingnyc.com. Brian also assisted in adding a comprehensive Frequently Asked Questions section to 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 dedication and application of their skills—it is a pleasure to work with all of them.

The RGB's Office Manager, Leon Klein, has in 2002 entered his eighteenth year of service to the Board. Leon keeps the office running smoothly ensuring that all supplies are stocked and that the accounts are in order. Leon's reliability and solid service to the Board are a foundation for the Board members and staff alike.

The RGB's public voice for more than eleven years has been Cecille Latty. It is not without regret that the RGB felt the loss of her considerable service when Cecille moved to a new position with New York State this year pursuant to her recently completed legal studies degree. She is very much missed, but we wish her well with her new career.

New to the RGB this year is Charmaine Frank. Charmaine joined originally as a survey worker for the PIOC and after filling in as Public Information Officer, was made a permanent addition to staff in that position mid-year. She has ably risen to the task of learning about rent regulation, dispensing referrals and answering the myriad of housing questions that find their way to the Board's offices each day.

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; Kenneth LeVasseur at the U.S. Bureau of Labor Statistics, who provides NYC labor statistics; Joe Nardone and Justine Gordon at the NYS Department of Labor, who provides payroll information; Fred Badalamenti at the Department of Buildings for city-wide construction data; Percy Corcoran at the Bureau of City Marshals for information on evictions and possessions; Nestar Bunbury and Raj Pathani at the NYS 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; 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 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 2002 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 Harold Shultz, Moon Wha Lee and Sheree West.

Finally, we give special thanks to those who testified at RGB meetings this year: Steven Schleider, Senior Vice President of Koeppl Tener Real Estate Services; Professors Michael Schill and Glynis Daniels of the Center for Real Estate and Urban Policy, New York University School of Law; Special Counsel Harold Shultz of the Department of Housing Preservation and Development; from DHCR, Deputy Commissioner Paul Roldan, Assistant Commissioner Claudia Justy and Deputy Counsel David Cabrera; Carol Lamberg, Executive Director of Settlement Housing Fund; Adam Weinstein, President and CEO of Phipps Houses; and Lydia Tom, Director of Housing and Finance, Enterprise Foundation.

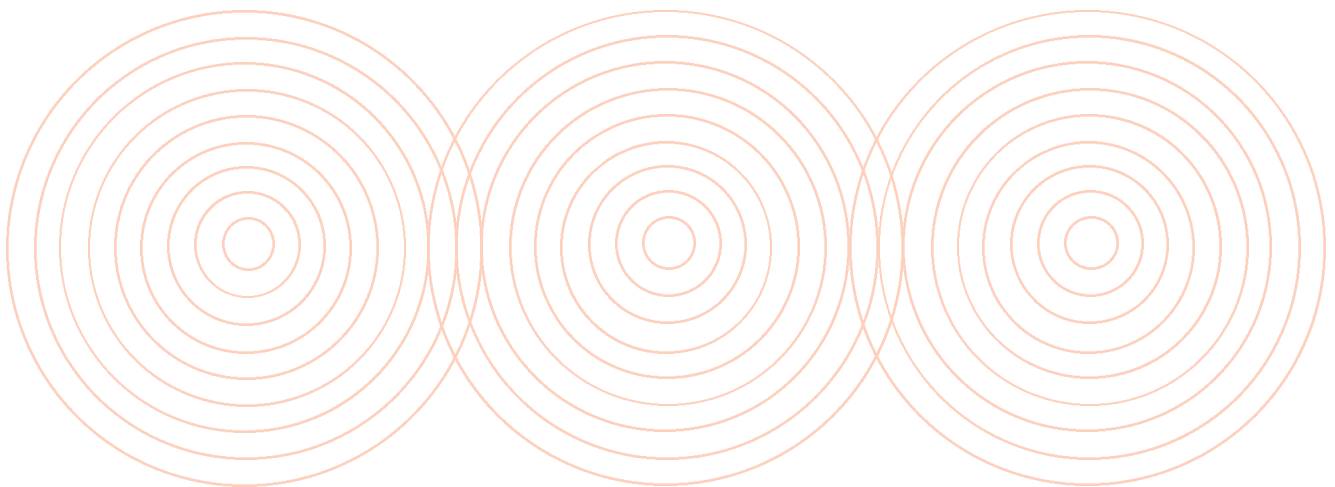
Anita Visser
Executive Director

Income and Expense

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2002 Price Index Of Operating Costs

what's new

- ✓ The Price Index of Operating Costs for Rent Stabilized Apartment Buildings (PIOC) decreased 1.6% this year.
- ✓ Costs in pre-war buildings fell 3.2%.
- ✓ The PIOC was lower than projected mainly because of sharp decrease in fuel prices and natural gas costs.
- ✓ The "core" PIOC, which excludes the erratic changes in fuel oil prices, natural gas, and electricity costs, is useful for analyzing inflationary trends. The core rose by 5.4% this year.
- ✓ Real estate taxes rose 6.6% due mainly to the strong rise in assessments.
- ✓ Labor Costs rose 4.0%, the same increase as last year's growth.
- ✓ The Utilities component decreased by 9.9% due primarily to sharp decreases in natural gas costs.
- ✓ Insurance Costs grew by 16.5%, a significant rise from the 0.7% increase found last year. Rate increases fueled much of the growth in insurance costs.
- ✓ The Price Index of Operating Costs for Rent Stabilized Apartment Buildings is projected to increase 6.4% next year.

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 fell ...



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 2002 Price Index are based upon the 1983 Expenditure Study and revised on the basis of the 1982-2001 measured price changes.

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 and 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 2001-02 price changes in each index component are also presented in this table. The expenditure weights and the 2001-02 price changes are then combined to provide the overall change in the PIOC over the period from 2001-02.

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 (post-46). 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 decreased by 1.6%, more than ten percentage points down from the year before (8.7% in 2001). The PIOC has been performed since 1969—this is the first time that the overall Price Index has been negative in the history of the survey. This year's percent change is a small decrease, largely the result of a major decline in fuel and utility prices in reaction to the extremely high fuel price increases of the past two years (33% and 55%), along with utility prices which are dependent on fuel. In constant dollars, the fuel price is roughly the same as it was in 1998. Among the seven components unaffected by energy prices, changes in prices and costs ranged from the steep rise in insurance costs (16.5%) and in real estate taxes (6.6%) to the slight decline in replacement costs (-0.6%). 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 5.4% this year, outpacing the growth in the Consumer Price Index (CPI) (2.5%), by almost 3 percentage points.¹

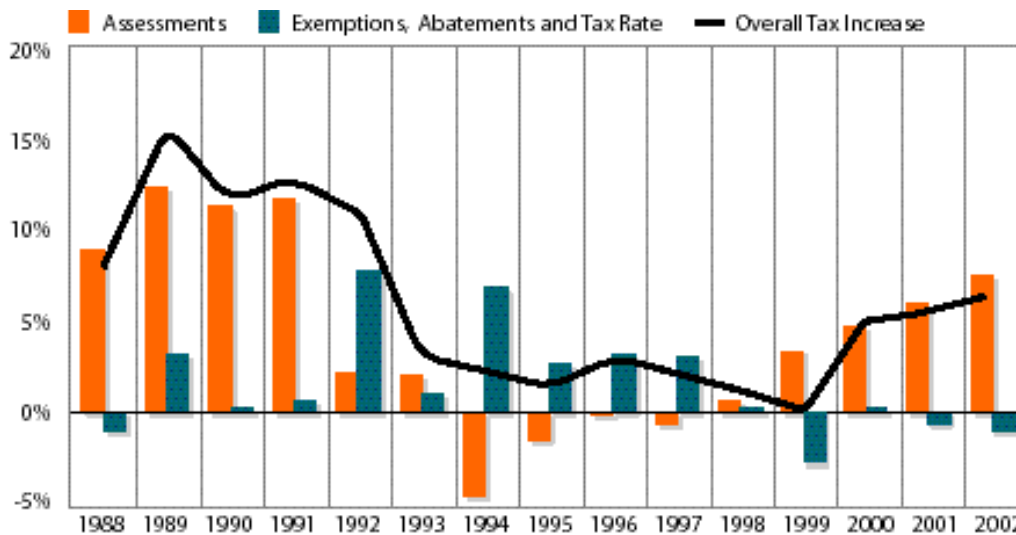
apartments

Change In Costs for Rent Stabilized Apartment Buildings, April 2001 to April 2002

Taxes	6.6%
Labor Costs	4.0%
Fuel	-36.1%
Utilities	-9.9%
Contractor Services	3.9%
Administrative Costs	4.6%
Insurance Costs	16.5%
Parts and Supplies	0.9%
Replacement Costs	-0.6%
All Costs	-1.6%

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

Rising Property Values Increase Billable Assessments for the Fifth Consecutive Year



Source: New York City Department of Finance

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 2001 and FY 2002. The tax data was obtained from the New York City Department of Finance.

Real estate taxes for rent stabilized buildings rose this year by 6.6%. The change in taxes was primarily due to a strong rise in assessments. The tax rate for Class Two properties, the category that contains the vast majority of rent stabilized buildings, declined for the second year in a row. 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 6.2% from FY 2001 to FY 2002, mainly due to rising assessments. The Class Two property levy rose more rapidly than the City as a whole, by 7.6%. 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. From FY 2001 to FY 2002, the levy share for Class Two properties increased by .44 percentage points to 34.9% of the total tax burden. The Class Two levy share rose by a similar amount the year before.

Tax Rate — From FY 2001 to FY 2002, the tax rate for Class Two properties decreased for the fourth time in five years, by 0.5% to 10.792. In FY 1998, the tax rate for Class Two properties decreased by 0.1%, and in FY 1999, the tax rate for Class Two fell more rapidly, by 2.8%. In FY 2000, the tax rate for Class Two increased by 1.0%, and in FY 2001, the tax rate for all Class Two properties was essentially unchanged, dropping by 0.04%.

Assessments — The assessed valuations of rent stabilized buildings rose dramatically from the late 1980s through 1991, increasing 8% or more each year (see graph above). In FY 1992 and FY 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 fifth consecutive year, assessments of rent stabilized buildings increased in FY 2002. Across the City, assessments rose by 7.5%, which is 1.6 percentage points higher than last year's rise of 5.9%. All five boroughs showed increases in assessments, ranging from 4.7% in Staten Island to a rise of 8.6% in Manhattan in FY 2002. Assessments rose in Queens by 5.8%, by 5.5% in Brooklyn and by 7.2% in the Bronx.

Abatements and Exemptions — This year, the number of rent stabilized buildings with abatements declined by almost 6%. The average benefit value of the typical tax abatement also decreased, by 2.4% from FY 2001 to FY 2002. While the number of properties with tax abatements decreased in every borough from FY 2001 to FY 2002, the average value of abatements increased in both Manhattan and Staten Island.

Many of the buildings that were renovated during the 1970s and '80s in New York City benefited from tax abatements. In recent years, many of these abatements have been expiring. The net impact of the decrease in the number of abatements and the minimal change in the average abatement value in FY 2002 is a small increase in the tax liability for rent stabilized buildings as a whole, by approximately 0.3%.

In FY 2002, both the number and value of average tax exemptions increased. Buildings in all boroughs except Queens had an increased number of tax exemptions and the average exemption value increased in every borough except Staten Island. Overall, nearly 1.5% more rent stabilized buildings benefited from tax exemptions than in the year before, and the average value of exemptions increased by 6.4% 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 0.6%. (See Appendices B.5 and B.6)

Labor Costs



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

about two-thirds of the Labor Costs component. The entire Labor Costs component comprises 16% of the overall Price Index

Labor Costs rose 4.0%, the same increase seen in last year's PIOC. Unionized wages as a group increased by 3.4%, offsetting the faster growth in non-union pay (6.4%). This is the ninth consecutive year in which the growth in non-union labor pay outpaced union labor wages. In addition, employers saw an increase in the cost of union benefit contributions of 1.9% that was less than last year's growth of 4.6%. The change in the cost of unemployment insurance was flat.

Fuel



In a reversal of the last two years of rapid growth, the cost of fuel oil decreased by 36% this year. The decreases in cost-weighted prices for #2 fuel oil, #4, and #6 were 32%, 41% and 42% respectively.

The PIOC measures fuel oil prices from May to April and then compares them to the same month from the previous year. Relatively small increases occurred in fuel oil prices in both May and June of 2001 over the same months from the previous year. Then from July to April fuel prices declined each month, the largest decreases

Price of #2 Fuel Oil in Constant 2002 Dollars

Inflation-Adjusted Fuel Prices Have Returned to Level Seen in 1998



Source: 1998 to 2002 Price Index of Operating Costs Vendor Surveys

occurring in December, January and February, the heart of the heating season.

Along with measuring price, the PIOC also takes into account the effect of weather on the demand for fuel oil, especially during the heating season when the large majority of the fuel is burned. The effect of the decrease in demand due to this year's warmer winter lowered the cost of heating with oil by 18.0%. The remainder of the 36% decrease in fuel costs was due an increase in the supply of crude oil and the resulting price decrease.²

The Fuel component is the most volatile component of the PIOC and is subject to drastic spikes and drops in price. In particular the past five years have seen dramatic changes in price. However, taking the average price for #2 oil in this year's PIOC and applying the Fuel component changes back to 1998, the price in 2002 is roughly the same as in 1998, adjusted into constant 2002 dollars. (See graph on the previous page)

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 Utilities 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 decreased by 9.9%. Gas and electricity costs, which account for roughly half of the Utilities component, declined sharply: 26.1% and 12.3% respectively. The double-digit decreases in gas and electricity costs were somewhat offset by a small increase in water and sewer costs (1.6%). Water and sewer costs account for about 50% of the Utilities component. Steam costs that decreased 20.5% and telephone costs that increased 2.2% had little impact on the overall Utilities component.

The large decrease in gas costs was a departure from last year when gas rose sharply (57.4%). The decreases

in gas costs were due to lower wholesale prices charged to Con Edison and Keyspan and weather that was warmer than "normal." An increase in supply of natural gas resulted in lower wholesale gas prices charged to Con Edison and Keyspan that led to consistently low fuel adjustments throughout the heating season. This resulted in low gas rates to owners of multi-family buildings throughout the PIOC year (May 2001-April 2002). Warmer weather during the heating season lowered the cost of heating with gas by 21%. The remainder of the 26.1% decrease in the cost of gas for heating was due to the change in rates.

For the fourth year, the PIOC has measured frontage and metered costs separately. Water and sewer charges for rent stabilized buildings that were billed on a frontage basis in both FY 2001 and FY 2002 increased by 3.0%; the rate set by the New York City Water Board.³ Charges decreased by 2.3% for buildings billed on a metered or mixed-billing basis (buildings with metered bills in calendar years 2000 and 2001 or buildings that switched from frontage to metered billing during the two-year period). This is a change from last year's study, in which buildings with metered or mixed billing increased more than the Water Board's rate.

This year, a larger share of buildings moved from frontage to metered billing (3%), an increase from last year's study when 2.5% of buildings changed over. This group of buildings experienced a 17% decrease in water/sewer costs, twice as large a decrease than in the 2000-2001 time period.

Like in previous 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 2000 and 2001, more than 45% experienced a decrease in their water/sewer costs and 12 percent had increases that were below the Water Board rate of 3%. This indicates a savings for more than half of property owners who are billed on a metered basis.

The combined increase in water and sewer costs for all rent stabilized buildings was 1.6%.

Contractor Services



The Contractor Services component rose 3.9%, slightly higher than last year's increase of 3.6%. The most important items in this component by weight are repainting and plumbing rates, which comprise two-thirds of the Contractor Services component.

For the second consecutive year, plumbing rates increased more than those for repainting. Repainting rates increased by 2.0% compared to last year's growth of 2.8%. Plumbers' rates rose 5.7% outpacing last year's growth of 4.2%. All of the other items had price increases between 0.6% to 7.9%.

Painters cited that the reason for the smaller rate increase was due to a continuing trend of fewer customers than in prior years, resulting in more competition between painting contractors. A majority of painters did not increase their rates from the prior year. Several plumbers reported that an increase in the cost of labor, materials and insurance were the three factors which led to a higher increase in their services this year compared to the previous year.

Every item in the Contractor Services component experienced some rise in prices. Elevator Maintenance showed the highest increase (7.1%) of any item in this component due to a new labor agreement with the elevator unions. Floor maintenance for studios had the smallest increase of 0.6%.

Administrative Costs



The Administrative Costs component rose 4.6%, higher than the increase found last year (4.1%). 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 (5.6%) that 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 (4.5%), indicating that

management companies continue to see increased rents and fewer vacancies in the buildings they manage.

Both attorney and accounting fees saw lower increases than last year. Attorneys' fees were almost flat increasing just 0.5% compared to the prior year's rise of 1.6%. Accountants' fees rose 3.9% in 2002, slower than last year's rate of 5.0%. Accountants claimed that increases in inflation and overall operating expenses led to higher rates.

Insurance Costs



Insurance Costs increased sharply this year by 16.5%, the highest increase in any component of the 2002 PIOC. This was a significant rise compared to the changes seen in the Insurance Costs component ranging from -1.5 to +5.2% over the past fourteen years. The last large spike in insurance costs was in 1987 (33.7%). The Insurance Costs component accounts for 6% of the overall Price Index this year. The 16.5% increase has less impact on the 2002 PIOC than changes in components that are weighted more heavily.

Over 80% of the building owner survey responses indicated an increase in insurance costs. About 9% of the responses reported no change from the previous year while 9% showed a decrease in costs.

The percentage of owners changing insurance carriers from year-to-year continued to increase in 2002. Roughly 21% of the building owner responses reported a change in insurance carriers for the surveyed building in the past year. This percentage is up from 19% in 2001, 17% in 2000, 11% in 1999 and 10% in 1998. However, this year only 17% of owners who switched carriers saw a decrease in the cost of their insurance. Twice as high a percentage (34%) switched carriers and realized a decrease in cost last year. Almost 80% of owners who found new carriers saw an increase in their insurance costs, up from 64% the year before.

A decline in the performance of the stock market over the last 12 months along with the reluctance of insurers to remain in or enter the New York City insurance market after 9/11 for fear of further terrorist attacks have caused insurance costs to rise dramatically. Essentially, there are fewer companies willing to take the financial risk in insuring apartment buildings in New York City.

This year, the RGB staff tried to determine the effect the events of 9/11 had on the rising cost of insurance. The change in cost of insurance was examined up to and after September 2001, by analyzing policies that had renewal dates in the time periods specified below. From the period of April 2001 through September 2001, insurance costs rose 12%. After September of 2001, the change in costs more than doubled with a 30% rise in costs seen from the period of October 2001 to April 2002. The change in insurance costs rose even higher (34%) from January 2002 to April 2002. It is clear that the events of 9/11 had a dramatic impact on the rising cost of insurance for New York City building owners.

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 0.9%, slightly higher than last year's increase of 0.8%. Increases in this component have not exceeded 2.2% since 1992.

Replacement Costs



The Replacement Costs component is even less significant than the Parts and Supplies component, its weight being less than 1/100th of the PIOC. This year there was an overall decrease in Replacement Costs of 0.6%.

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 decreased 1.5% this year, 12 percentage points lower than the year before and is nearly identical to the 1.6% decrease in costs experienced by the apartment Price Index. The primary difference between the increase in the Hotel Index and the apartment Price Index was in the Tax component. The increase in taxes for all types of Hotels was 10.8% overall (versus 6.6% 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 12.9%, by 9.9% in SRO's, and by 7.9% in Rooming Houses. The increase in tax burden found for Hotels this year was

hotels

Change In Costs for Rent Stabilized Hotel Buildings, April 2001 to April 2002

Taxes	10.8%
Labor Costs	5.4%
Fuel	-35.3%
Utilities	-11.6%
Contractor Services	2.7%
Administrative Costs	4.4%
Insurance Costs	16.5%
Parts and Supplies	1.1%
Replacement Costs	1.2%
All Costs	-1.5%

lofts

Change In Costs for Rent Stabilized Loft Buildings, April 2001 to April 2002

Taxes	6.6%
Labor Costs	3.2%
Fuel	-38.3%
Utilities	-8.4%
Contractor Services	3.9%
Administrative Costs,Legal	0.5%
Administrative Costs,Other	5.3%
Insurance Costs	16.5%
Parts and Supplies	0.9%
Replacement Costs	-0.6%
All Costs	1.4%

caused by the gains in assessed value for all classes of rent stabilized Hotels (14.4% for “traditional” hotels, 11.1% for SRO's and 8.5% for Rooming Houses), offset slightly by a decrease in the tax rate. (See Appendix B.5)

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 (5.4%) versus the 4.0% rise in apartments, mainly due to the greater importance of non-union labor in the Hotel Index. Utility costs decreased in Hotels by 11.6%, a larger decrease than the 9.9% decrease for apartments. The difference was due primarily to electricity costs in Hotels, which are weighted more heavily in Hotels than in apartments. Conversely, the rates for Contractor Services did not rise as quickly in Hotels (2.7%) as they did in apartments (3.9%) this year. Because the Contractor Services component is less important in the Hotel Index (accounting for about 9% of the weight) than in the apartment index (about 14% of the weight), the lower increase in maintenance rates did not offset the overall hotel index significantly. Although the Tax and Labor Costs components showed higher increases than in the apartment index, these gains did not offset the decreases in energy-related costs for hotels. These changes caused the Price Index for all stabilized Hotels to decrease at about the same rate as the Price Index for all stabilized buildings.

Among the different categories of Hotels, the index for "traditional" hotels increased 1.3%, the index for Rooming Houses and SRO's decreased by 3.6% and 4.2% respectively. (See Appendices B.4 and B.7)

Rent Stabilized Lofts

The increase in the Loft Index this year was 1.4%, 3 percentage points higher than the decrease for apartments. This difference is explained by the fact that while fuel and utility costs decreased, by 38.3% and 8.4% respectively, these costs are less important for lofts than for apartments and placed less downward pressure on the Loft Index. (See Appendix B.8)

projections

Projected Change In Costs for Rent Stabilized Apartment Buildings, April 2002 to April 2003

Taxes	4.6%
Labor Costs	3.6%
Fuel	17.6%
Utilities	4.6%
Contractor Services	4.0%
Administrative Costs	4.2%
Insurance Costs	16.4%
Parts and Supplies	1.2%
Replacement Costs	0.8%
All Projected Costs	6.4%

PIOC Projections for 2003

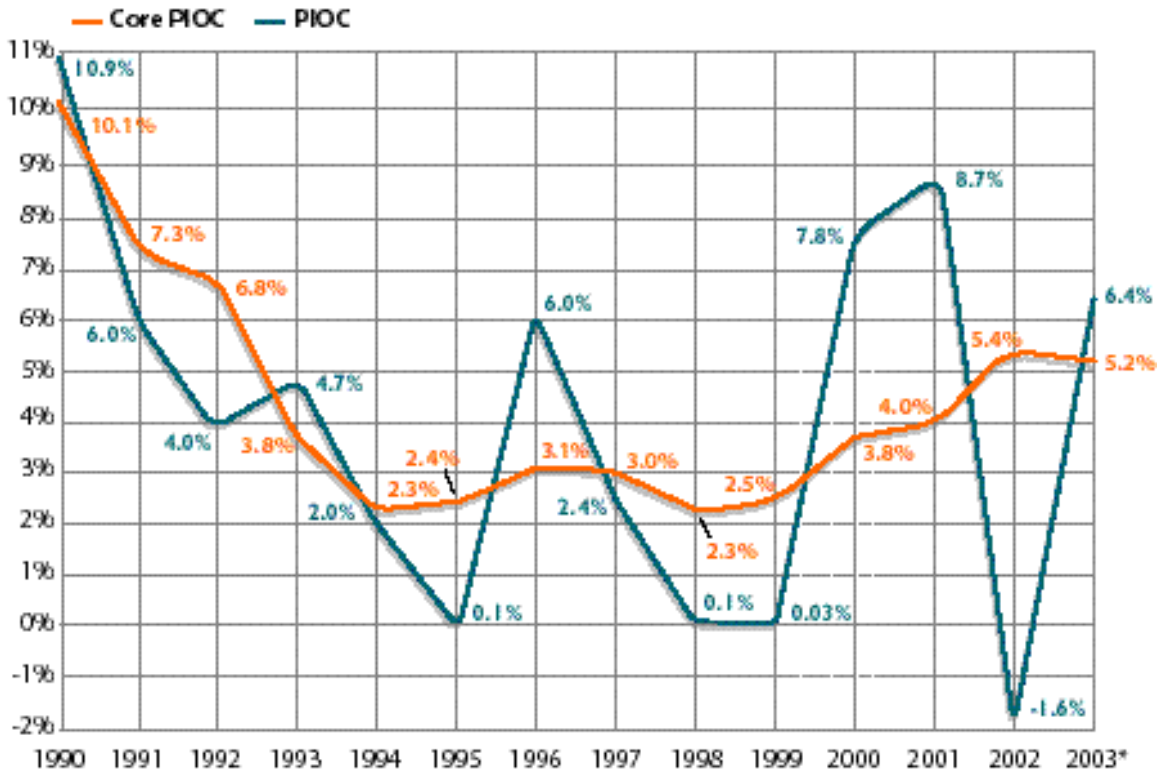
Each year, projections for the components of the PIOC are performed to provide the Rent Guidelines Board with an estimate of how much costs are expected to rise in the year following the current Price Index. Along with the current PIOC, the PIOC Projection provides a basis to assist the Board in setting 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-fifth of the market basket of operating costs measured in the index—have become increasingly volatile. Unpredictable geopolitical 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 decreased by 1.6% versus last year's PIOC projection of an increase of 2.1%. The sharp decline in

Percent Change in the Price Index of Operating Costs and the Core PIOC, 1990-2003

The "Core" PIOC Shows Upward Trend from 1998 to 2002



*Note: The percent change for 2003 was estimated.
Source: Price Indices of Operating Costs, 1990-2002, PIOC projection for 2003

fuel and utilities costs contributed the most to the variance between the 2002 projection and the actual 2002 PIOC. Fuel prices decreased by 36% versus the expected decrease of 14%. PIOC projection methodology assumes a return to "normal" weather based on the most recent five-year average (see Endnote 2) when predicting fuel prices. The fact that the past year was much warmer than the prior year contributed about 18% to the large decrease in fuel prices and 21% to the decline in gas heating costs. The downward spike in energy prices, which was much lower than anticipated, drove the remainder of the fuel cost decrease. Falling energy costs and the warmer weather also contributed to utility costs decreasing by 9.9% instead of the 1.0% increase predicted. Insurance Costs, another volatile and unpredictable component, rose 14 percentage points higher than the 2.5% estimate due to unanticipated increases in coverage and rates seen in the beginning of 2001 and after the 9/11 attacks.

Administrative Costs rose about 1 percentage point more than predicted, while Parts and Supplies rose by about 0.7 percentage points less than expected. Replacement Costs were projected to increase by 1.0%, but declined by 0.6% in 2002. Real Estate Taxes, Contractor Services and Labor Costs components, about 55% of the PIOC taken together, rose within half of one percent of the projected levels.

The core PIOC (see graph on this page), which measures long-term local trends by factoring out shifts in fuel costs, gas, and electricity rates, rose 5.4% versus last year's RGB projection of 4.3%. Insurance Costs, non energy-related Utilities and Replacement Costs showed the most variation between the actual and predicted core increases. All of the remaining changes in the core components in the 2002 projection and the actual 2002 core show agreement within a percentage point. The CPI grew on average for the year ending March 2001 to

the year ending March 2002 (the latest figures available) by 2.5%. It is interesting to note that although the CPI uses a different market basket, the change in non fuel-related costs measured in the core PIOC is nearly three percentage points higher than the CPI this year.

Overall, the PIOC is expected to grow by 6.4% from 2002 to 2003 due to a 4.6% projected increase in taxes and utilities, moderate projected growth in Labor Costs, Contractor Services and Administrative Costs, a 17.6% projected increase in Fuel and a 16.4% estimated rise in Insurance Costs. The core PIOC is projected to rise less rapidly than the overall PIOC, by 5.2% as the energy-related costs that are predicted to rise sharply are eliminated.

Taxes +4.6%

Property taxes comprise roughly a quarter of the PIOC. From the mid-1980s to the early 1990s, 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 7.5% increase in assessments found in FY 2002, indicate that the effects of New York City'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 9.6%, while billables for 4-10 family buildings are expected to increase by 6.6% in FY 2003. 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 5.5% and 2.6% 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 4.6% in the next fiscal year.

Labor Based Components (Labor Costs +3.6%, Contractor Services +4.0% and Administrative Costs +4.2%)

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 2003 so exact projections of the rate change in wages could be calculated. All other projected labor increases are based on a geometric nine-year average.

Wages for members of Local 32B-32J in the Bronx will rise 2.7% while wages for New York City Local 32B-32J are predicted to rise 3.2% for superintendents and 3.3% for handypersons and others. By combining these increases with the remaining items in the Labor Costs component, an increase of 3.6% is projected in labor costs for the coming year.

Increases in Contractor Services and Administrative Costs are projected by averaging the growth rates observed in each component over the past three years. The cost of Contractor Services has been variable in the recent past and based on a three-year average is projected to increase by 4.0% next year. In comparison, gains in Administrative Costs have been fairly constant since 1991 and are estimated to rise by 4.2% in the next year.

Fuel +17.6%

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 increase by 17.6% in the coming year following this year's significant cost decrease.

Assuming that annual temperatures in 2003 return to the most recent five-year average for Central Park, New York City (see Endnote 2), which would be about 13% colder than the weather experienced in 2001-02, the commensurate increase in demand for heating fuels will in turn increase the cost of fuel oil to building owners.

In sum, based on current U.S. Energy Information Administration (EIA) forecasts, rising fuel prices and accelerated fuel consumption brought about by "normal" weather conditions, are estimated to increase fuel oil heating costs to owners of stabilized buildings in New York City by 17.6% in the next year.⁴

Utilities +4.6%

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 50% of the component this year, while electricity and gas comprise another 47% of the utility category (15% and 32% respectively). Steam and telephone rates constitute the remainder of the Utilities component (3%).

Next year, the overall cost of utilities is estimated to rise by 4.6%. The bulk of this growth will come from the estimated increases in water and sewer charges (a 6.5% increase is proposed by the Water Board for the coming fiscal year) and the cost of natural gas (a 4.1% increase according to EIA price estimates and an assumed return to the five-year average weather pattern). The projected increase in water and gas costs is lowered by more moderate estimated gains in the cost of purchased steam (1.7%) and electricity (0.1%).

In total, weighted changes in water and sewer charges, electricity, steam, telephone and natural gas costs, are projected to cause Utilities to rise by 4.6% in 2003.

Insurance Costs +16.4%

Insurance Costs for rent stabilized buildings increased sharply by 16.5% in 2002 up from the growth of 4.9% the year before. This variable component showed an increase of 0.7% in 2000, an increase of 3.5% in 1999

and a decrease of 1.5% in 1998. Based on data gathered in this year's Owner's Survey for increases found in policies renewed after October 1, 2001 and a nine-year geometric average, a 16.4% increase is estimated over the coming year.

Parts and Supplies +1.2%

The Parts and Supplies component has usually played a very small role in the PIOC, comprising slightly more than 2% of the index in 2002. Over the past ten years there has been very modest growth in this component ranging from 0.8% to 2.2%. This trend should extend to 2003 when the cost of Parts and Supplies is estimated to increase by 1.2%.

Replacement Costs +0.8%

This component accounted for about one percent of the entire Price Index in 2002. Over the past year, Replacement Costs decreased by 0.6%. Although the 15-year trend of growth in Replacement Costs reversed in 2002, these costs should rise by an estimated 0.8% over the next year.

Commensurate Rent Adjustment

Throughout its history, the Rent Guidelines Board has used a formula, known as the commensurate rent adjustment, to help determine annual rent guidelines for rent stabilized apartments. In essence, the "commensurate" combines various data concerning operating costs, revenues, and inflation into a single measure indicating how much rents would have to change for net operating income (NOI) in stabilized buildings to remain constant. The different types of "commensurate" adjustments described below are primarily meant to provide a foundation for discussion concerning prospective guidelines.

In its simplest form, the commensurate rent adjustment is the amount of rent change needed to maintain landlords' current dollar NOI at a constant level. A formula which has been in use since the inception of the Rent Guidelines Board (which is called the "traditional" commensurate adjustment) yields 0% for a one-year lease and 0% for a two-year lease⁵, given

commensurate

*"Traditional"
Commensurate Adjustment*

<u>1-Year Lease</u>	<u>2-Year Lease</u>
0%	0%

*"Net Revenue"
Commensurate Adjustment*

<u>1-Year Lease</u>	<u>2-Year Lease</u>
-2.25%	-1.0%

*"Net Revenue"
Commensurate Adjustment
with Vacancy Increase*

<u>1-Year Lease</u>	<u>2-Year Lease</u>
-5.0%	-3.5%

*"CPI-Adjusted NOI"
Commensurate Adjustment*

<u>1-Year Lease</u>	<u>2-Year Lease</u>
0%	0%

*"CPI-Adjusted NOI"
Commensurate Adjustment
with Vacancy Increase*

<u>1-Year Lease</u>	<u>2-Year Lease</u>
-3.5%	-1.75%

the decrease in operating costs of 1.6% found in the 2002 PIOC, and the projection of a 6.4% increase next year.⁶

As a means of compensating for cost changes, this “traditional” commensurate rent adjustment has two major flaws. First, although the formula is supposed to keep landlords' current dollar income constant, the formula does not consider the mix of one- and two-year lease renewals. Since only about three-fifths of leases are renewed in any given year, with a preponderance of leases having a two-year duration, the formula does not necessarily accurately estimate the amount of income needed to compensate landlords for operating and maintenance (O&M) costs changes.

A second flaw of the “traditional” commensurate formula is that it does not consider the erosion of landlords' income by inflation. By maintaining current dollar NOI at a constant level, adherence to the formula may cause profitability to decline over time. However, such degradation is not an inevitable consequence of using the “traditional” commensurate formula.⁷

Two alternatives to the “traditional” commensurate method have been used by the Rent Guidelines Board. The first, called the “Net Revenue” approach, adjusts for the mix of lease terms. While this takes into consideration the types of leases actually signed by tenants, it does NOT adjust landlords' NOI for inflation. The “Net Revenue” formula is presented in two ways, first adjusting for the mix of lease terms and second, adding an assumption for stabilized apartment turnover and the impact of vacancy increases. Under the “Net Revenue” formula, a guideline that would preserve NOI in the face of this year's 1.6% decrease in the PIOC, is -2.25% for a one-year lease and -1.0% for a two-year lease. Guidelines using this formula and adding assumptions for the impact of vacancy increases on revenues when apartments experience turnover are -5.0% for one-year leases and -3.5% for two-year leases.

Another alternative to the “traditional” commensurate considers lease terms while adjusting NOI upward to reflect general inflation, keeping both O&M and NOI constant. This is commonly called the “CPI-Adjusted NOI” formula. A guideline that would preserve NOI in the face of the 2.5% increase in the Consumer Price Index (see Endnote 1) and the 1.6% decrease in the PIOC is 0% for a one-year lease and 0% for a two-year lease (see Endnote 5). Guidelines using this formula and adding the estimated impact of vacancy increases are -3.5 for one-year leases and -1.75 for two-year leases.⁸

All of these methods have their limitations. The “traditional” commensurate formula is artificial and does not consider the impact of lease terms or inflation on landlords' income. The “Net Revenue” formula does not attempt to adjust NOI based on changes in interest rates or deflation of landlord profits. The “CPI-Adjusted NOI” formula inflates the debt service portion of NOI, even though interest rates have been generally falling, rather than rising over recent years. Including a consideration of the amount of income owners receive on vacancy assumes both that vacancy increases are charged and collected, and that turnover rates are constant across the City.

Each of these formulae may be best thought of as a starting point for deliberations. The other Rent Guidelines Board annual research reports (e.g. the *Mortgage Survey* report and the *Income and Expense Study*) and testimony to the Board can be used to modify the various estimates depending on these other considerations.

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.

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.

This year, the questionnaire contained additional questions to indicate whether or not a change of insurance coverage was required by the insurance company. The results indicated that a large majority of coverage change was required by the insurer and very few owners initiated changes on their insurance policies.

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). 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 fourth 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 18% of the questionnaires mailed out were returned to the RGB. A total of 843 returned surveys contained usable information, from which 658 quotes of owners' annual insurance costs, 198 non-union labor quotes and 103 management fees were validated. The number of verified prices in 2001 and 2002 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 the same as 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 2002 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 37,000 buildings in FY 2001 and FY 2002.

The Department of Finance data was used to compute a tax bill for each stabilized building in FY 2001 and FY 2002. The change computed for the PIOC is simply the percentage increase in aggregate tax bills for these buildings from FY 2001 to FY 2002.

Vendor Survey

The Vendor Survey is used to gather price quotes for Contractor Services (e.g. painting), Administrative Costs (e.g. accountant and attorney fees), Parts and 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 725 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 New York City 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 three RGB water/sewer studies. This year, the sample size was increased to 1,700 rent stabilized buildings to ensure a normal sampling distribution, thus reducing statistical error. The random sample of buildings was drawn from the most recent list of stabilized buildings registered with DHCR. The sample included 1,100 buildings (65%) billed on frontage in both years, 451 buildings (27%) billed on metered billing in both years, and 48 buildings (3%) that converted from frontage to metered billing. This last group of properties was a similar share of the sample as in two of the previous studies (3% in 2001, 6% in 2000 and 3% in the 1999 PIOC). 101 records (6%) 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 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 2002 or calendar year 2001) and prior year (either FY 2001 or calendar year 2000) 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). The weights were then assigned to the two items within the Utilities component. Similar to the method used in prior RGB PIOC studies, the Water Board FY 2002 increase of 3.0% 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 3% increase in charges during the time period.

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, telephone 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 prices.

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-year or long-term averages.

Taxes were projected by using data from the Department of Finance's tentative assessment roll for FY 2003 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 a nine-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 (EIA) 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 City Water Board 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 Costs, Parts and Supplies, and Replacement Costs are projected by using three-year or nine-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 2000 to March 2001 (183.8) compared to the average for the year from April 2001 to March 2002 (188.3) rose by 2.5%. 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.
2. The May 2001 to April 2002 year was 13% warmer than the most recent 5-year average "normal" year, and 30% warmer 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 "PIOC" years, May 1997 to April 2002 measured in Central Park by the National Weather Service. This year, the new 30-year normals of Heating Degree Days calculated by the U.S. Department of Commerce, National Oceanic and Atmospheric Administration from 1971-2000 were used.
3. "Public Information Regarding Water and Wastewater Rates", New York City Water Board, April 2002.
4. Source: "Short-Term Energy Outlook," March 2002. U.S. Energy Information Administration, Department of Energy.
5. Under this formula there is no increase in revenue required, since there was a decrease in costs. Thus, the adjustments for both one- and two-year leases are set at 0%.
6. The collectability of legally authorized adjustments is assumed. Calculating the "traditional" commensurate rent adjustment requires an assumption about next year's PIOC. In this case, the 6.4% PIOC projection for 2003 is used.
7. Whether profits will actually decline depends on the level of inflation, the composition of NOI (i.e. how much is debt service and how much is profit), changes in tax laws, and interest rates.
8. The following assumptions were used in the computation of the commensurates: (1) the required change in landlord revenue is 61% of the 2002 PIOC decrease of 1.6%, or -1.0%. The 61% figure is the most recent ratio of average operating costs to average income in stabilized buildings; (2) for the "CPI-Adjusted NOI" commensurate, the increase in revenue due to the impact of inflation on NOI is 39% times the latest 12-month increase in the CPI ending March 2002 (2.5%) or 1.0%; (3) these lease terms are only illustrative. Other combinations of one- and two-year guidelines could produce the adjustment in revenue; (4) assumptions regarding lease renewals and turnover were derived from the 1999 Housing and Vacancy Survey; (5) for the commensurate formulae including a vacancy assumption, the 12.0% median increase in vacancy leases found in the 1998 *Recent Movers Study* was used.

2002 Income and 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 2000, the year for which the most recent data is available, and also the extent by which these conditions changed from 1999.

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.

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.

what's new

For the first time in four years, expenses grew more rapidly than revenues in New York City's rent stabilized buildings in 2000. The rise in costs was propelled primarily by the 48.9% increase in fuel expense, followed by sharp increases in utility costs and real estate taxes. These cost increases caused Net Operating Income (NOI is revenue remaining after operating expenses are paid) to rise by 3.5%, a lower increase than the larger increases experienced over the last three years.

In stabilized buildings, from 1999-2000:

- ✓ Rental income increased by 6.2%.
- ✓ Total income rose by 6.5%.
- ✓ Operating costs increased by 8.4%.
- ✓ Net operating income grew by 3.5%.

Cross-Sectional Study

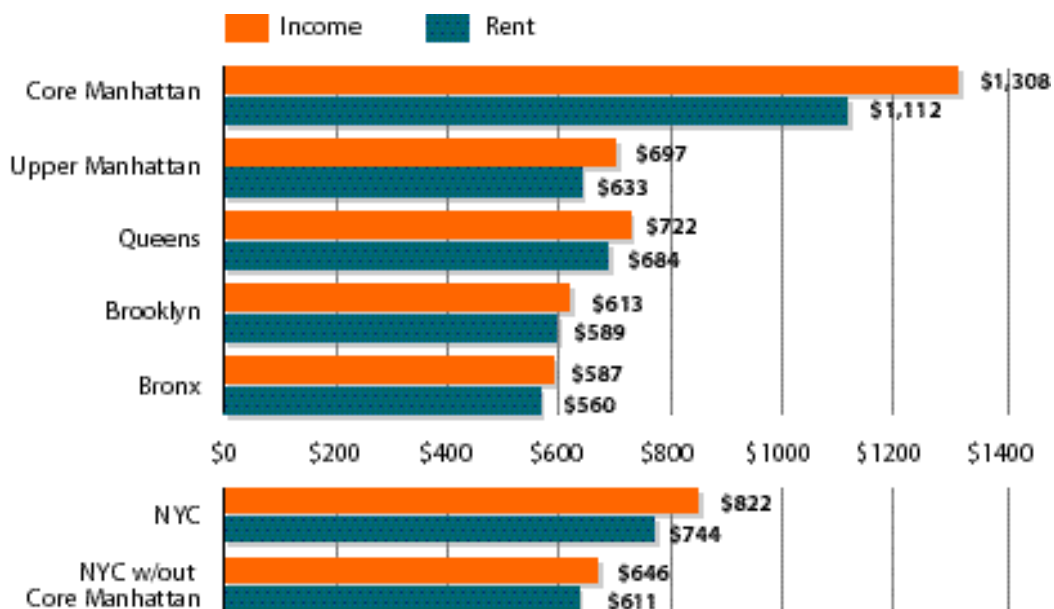
Rents and Income

In 2000, rent stabilized property owners collected monthly rent averaging \$744 per unit. As in prior years, units in pre-war buildings rented for less on average (\$693 per month) than those in post-war buildings¹ (\$885 per month). At the borough level, stabilized monthly rents were \$967 in Manhattan, \$684 in Queens, \$589 in Brooklyn and \$560 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 data sets). In Core Manhattan (the area south of East 96th and West 110th Streets), average monthly rents were \$1,112 per unit while rents in Upper Manhattan were \$633 per unit. Stabilized property owners in all New York City neighborhoods excluding Core Manhattan averaged rent collections of \$611 per unit per month.

Many owners of stabilized buildings augment income from 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 \$822 per rent stabilized unit in 2000, with pre-war buildings earning \$768 per unit and those in post-war properties earning \$972 per unit. Gross income was highest in Core Manhattan at \$1,308 per unit per month and lowest in the Bronx at \$587. Monthly income per unit in the City excluding Core Manhattan was \$646. These gross income 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 2000, about the same as the distributions observed in 1997-99. Core Manhattan owners particularly benefit from commercial income, with 15% of their total revenues coming from commercial units and services.

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

Stabilized Rents and Income Were Highest in Core Manhattan in 2000



* See Endnote 2
Source: NYC Department of Finance, 2000 RPIE Filings

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% of their total income from commercial sources. The respective figures for the other boroughs were 5% in Queens and the Bronx and 4% in Brooklyn. The graph on the previous page shows the average rent and income collected in 2000 by borough, and for the City as a whole. (See Appendix C.3)

Rents Comparisons

Two independent data sources, the triennial NYC Housing and Vacancy Survey (HVS) and the NYS Division of Housing and Community Renewal (DHCR) annual registration data, provide important comparative rent data to the collected rents stated in RPIE filings. Because the latest HVS data is from the year 1999, making a comparison to the 2000 RPIE data is not ideal. This year, a comparison of the collected RPIE rents to stabilized rents registered with DHCR in 2000 is a good

indicator of the overall rental market and reflects 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 DHCR registered rents primarily because of differences in how average rents are computed. RPIE data reflects actual rent collections that account for vacancies or non-payment of rent. DHCR data consists of legal rents registered annually with the agency. Because DHCR rent data does 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 while DHCR data reflects rents registered on April 1, 2000. In sum, despite the anomalies between these two rent indicators, the difference between RPIE rents and DHCR rents is a good estimate of vacancy and collection losses incurred by building owners. The relative change in the gap between RPIE and DHCR rents is one way of estimating the change in such losses from year to year.

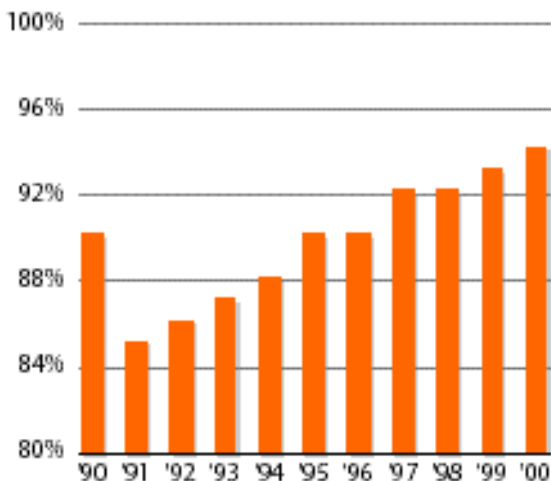
Since 1991, when comparing annual RPIE and DHCR average rents, the gap between the two has contracted steadily. In fact, from 1991-2000, the difference between RPIE and DHCR rents has decreased by more than half from 15% to 6%. In 1991, the average RPIE collected rent was 15% lower than the average DHCR registered legal rent. In 2000, the average RPIE rent (\$744) was only 6% less than DHCR's average rent (\$791). The decreasing gap between collected and legal rent indicates that building owners continue to collect a greater portion of their legal rent rolls due to lower vacancies and fewer "preferential rents"³ or non-paying tenants (see graph on this page) than they did in the early 1990s.

The gap between collected and legal rent varies widely at the borough level. In 2000, Manhattan property owners collected rents that were only 1.6% below DHCR's average legal rent for the borough while owners in the outer boroughs collected rents that were 13% lower than legal rents in Bronx and Brooklyn and 8% 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

Average Monthly Citywide RPIE Rents as a Share of Average Monthly DHCR Legal Registered Rents 1990-2000

Percentage of Legal Rent Collected Has Increased Steadily since 1991



Source: DHCR Annual Rent Registrations; NYC Department of Finance, 1990-2000 RPIE Filings

overall effect of the board's annual rent increases on contract rents each year. As the adjacent table shows, for the past eight years, collected average RPIE rent increases were higher than the renewal lease increases allowed by the RGB's guidelines. From 1999 to 2000, RPIE rent collections increased by 6.2%, more than two percentage points higher than the increase in the RGB rent index (3.9%, 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 1990s, 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 1999-2000. RPIE collected rents increased 57%, the RGB Rent Index increased 46%, and DHCR adjusted legal rents increased 42% in that period (these figures are not adjusted for inflation, see adjacent table).

Operating Costs

Rent stabilized apartment buildings incur considerable expenses in the course of their operation. RPIE filings include data on eight categories of operating and maintenance (O&M) 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 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 \$503 in 2000. Costs were lower in units situated in pre-war buildings (\$482), and substantially higher in the post-war sector (\$563). Geographically, average costs were lowest in Brooklyn, the Bronx and Queens (\$410, \$415 and \$456) and highest in Manhattan (\$629). Looking more closely at Manhattan property owners, costs for units located in Core

RPIE Rent Collections Grew Faster than DHCR Legal Rents and the RGB Rent Index from 1991 to 2000

	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%
99-00	6.2%	4.1%	3.9%
1991 to 2000*	57.2%	42.3%	45.9%

*Not adjusted for inflation.

Source: DHCR Annual Rent Registrations; NYC Department of Finance, 1990-2000 RPIE Filings

Manhattan averaged \$697 a month while the costs in Upper Manhattan were \$481. The average monthly operating costs for stabilized building owners in New York City, excluding Core Manhattan, reduces the city average to \$433. The graph below details average monthly expenses by cost category and building age for 2000. Evidence of the 1999-2000 heating season's spike in heating oil prices can be seen in the average monthly per-unit fuel cost of \$53, up from \$35 the year before. See Appendices C.1 and C.2 for a complete breakdown of costs in pre- and post-war buildings.

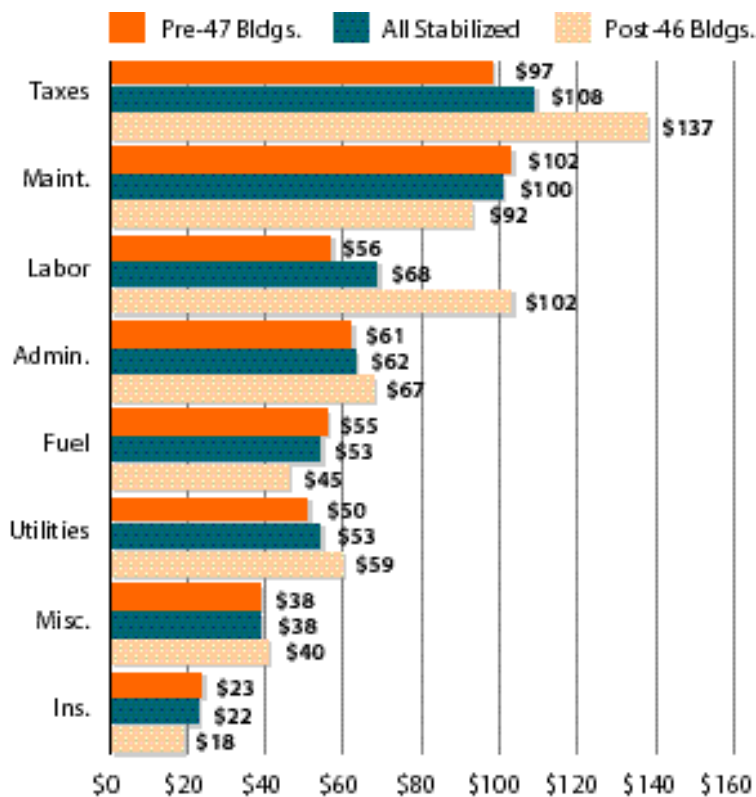
In 1992, Department of Finance and RGB staff tested RPIE expense data for accuracy. Initial examinations found that most "miscellaneous" costs were actually administrative or maintenance costs, while 15% were not valid business expenses. Further audits on the revenues and expenses of forty-six rent stabilized

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 2000 RPIE O&M cost (\$503) by the results of the 1992 audits results in an average monthly O&M cost of \$462 citywide and \$397 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 \$431 per month, \$31 less than the audit-adjusted average (\$462) for all stabilized buildings in 2000. As in previous RGB Income and Expense Studies, most of the difference in costs between the two types of properties stemmed from taxes, administration and labor expenses that were respectively 12%, 9%, and 7% lower on average for buildings without commercial space than for all stabilized properties.

Average Monthly Expense per Dwelling Unit per Month

Taxes Are Largest Expense in 2000



Source:NYC Department of Finance, 2000 RPIE Filings

Components of Operating Costs

In 2000, nearly seventy percent 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)

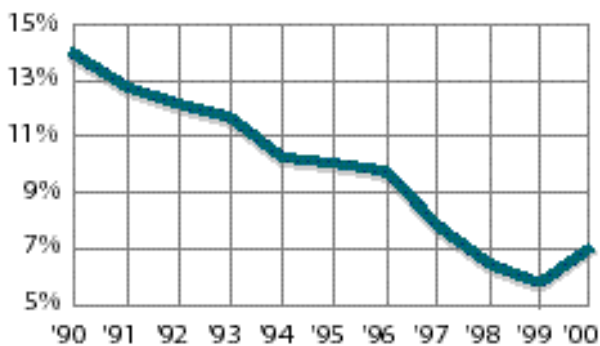
As in previous years, building size affected the distribution of costs in rent stabilized buildings in 2000. As described above, taxes, maintenance, labor and administration costs dominated total operating costs in all buildings. Labor costs continued to be particularly associated with size, comprising 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. For a breakdown of cost components by building size, age and borough, see Appendices C.1 and C.2.

"Distressed" Buildings

Buildings that have operating and maintenance costs greater than gross income are considered distressed. Among the properties that filed 2000 RPIE forms, 930 buildings, or 7% of the cross-sectional sample, had O&M costs in excess of gross income. The proportion of distressed buildings for the first time in eleven years comprised a larger percentage of the cross-sectional sample than it did in the previous year (6%). Only 46 (5%) of these distressed buildings were built after 1946.

Percent of Distressed Properties in Cross-Sectional Samples 1990-2000

Share of Distressed Properties Rises in 2000 After Declining Trend



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

The chart on this page shows how the share of distressed buildings in the cross-sectional sample has changed since 1990.

Buildings with expenses greater than revenues in 2000 suffered from both abnormally high expenses (119% of the 2000 all-building average), and low rents and income (respectively only 63% and 62% of the all-building average, a slightly lower proportion than the figures reported for 1999). Not surprisingly, a larger share of distressed buildings' overall operating expenses went to maintenance costs, as opposed to the share in all stabilized buildings (24% and 20% respectively). Comparing nominal costs, distressed buildings paid 44% more in maintenance expenses than all stabilized buildings, 41% more in insurance costs and 37% higher fuel costs. These buildings also paid less property taxes (69% of the all-building average) than all rent stabilized buildings. Appendix C.6 shows the distribution of distressed buildings by age, size and location.

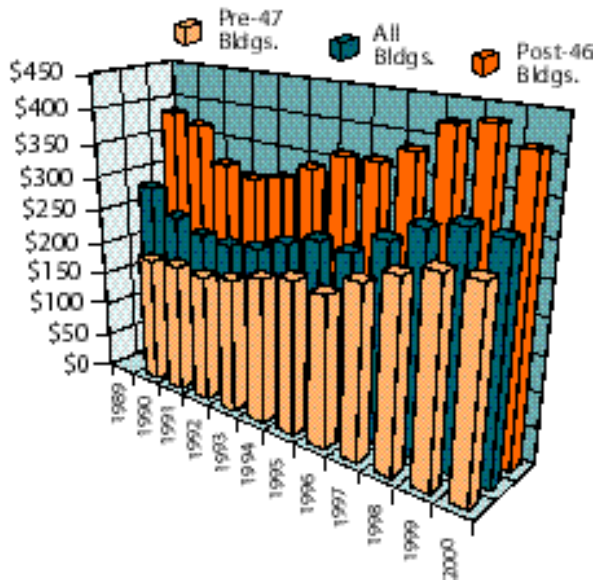
Net Operating Income and Operating Cost Ratios

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 \$319 of net income per month in 2000, with units in pre-war buildings earning less (\$286 per month) than those in post-war buildings (\$409 per month). Average monthly NOI tended to be considerably greater for stabilized properties in Manhattan (\$494) than for those in the outer boroughs: \$172 in the Bronx, \$203 in Brooklyn and \$266 in Queens. There was a large dichotomy when looking at NOI on a sub-borough level in Manhattan. Core

Average Monthly Net Operating Income per Apartment in Constant 2000 Dollars

After Inflation, NOI Declined Slightly from 1999 to 2000



Average Monthly NOI per Apartment (Constant 2000 Dollars)

	All	Post-46	Pre-47
1989	\$275	\$380	\$232
1990	\$240	\$368	\$187
1991	\$223	\$318	\$189
1992	\$220	\$305	\$187
1993	\$227	\$315	\$194
1994	\$246	\$338	\$210
1995	\$261	\$362	\$222
1996	\$256	\$363	\$215
1997	\$284	\$385	\$245
1998	\$311	\$424	\$267
1999	\$324	\$432	\$284
2000	\$319	\$409	\$286

Source:NYC Department of Finance, 1989-2000 RPIE Filings

Manhattan properties gained on average \$611 a month in NOI while properties in Upper Manhattan had an NOI of \$216 which was close to the monthly NOI average calculated citywide, excluding Core Manhattan (\$213). Average monthly NOI in "residential-only" properties citywide was \$268 per unit in 2000, 16% lower than the norm for all stabilized buildings. For a tabulation of NOI by building size, age and location, see Appendix C.4.

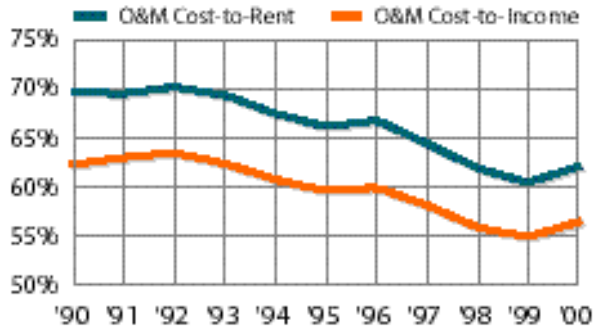
NOI reflects the revenue available after payment of operating costs, that is, the money owners have for financing their buildings, making improvements, and for pre-income tax profits. While NOI should not be the only criteria to determine the ultimate profitability of a particular property, it is a useful exercise to calculate the annual NOI for a hypothetical "average stabilized building." Multiplying the average monthly NOI of \$319 per stabilized unit by the typical size of buildings in this year's cross-sectional sample (50 units) yields an estimated mean annual NOI of about \$190,000 in 2000.

Converting income and expense figures into constant dollars helps understanding the real-term changes in rents, income, expenses and NOI since the RGB began collecting this data. As operating costs have consumed less revenue in recent years, the average monthly NOI figure \$319 in 2000 was nearly 16% more than the inflation-adjusted average found in 1989 (see adjacent table). Over the same period (1989-2000), citywide inflation-adjusted rents and income grew 4.1% and 3.8% respectively while inflation-adjusted costs actually declined by 2.6%. From 1999 to 2000, average monthly NOI decreased by almost \$5 in real terms. There will be more focus on the changes from the previous year in the Longitudinal section of the report.

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 buildings are better off by spending a lower percentage of revenue on expenses. The chart on the following page shows how over the period from 1990-2000, the proportion of total income and rent collection spent on audited operating costs has fluctuated but largely decreased in stabilized buildings citywide. For the first time in four years, however, both ratios increased. The Cost-to-Income ratio in 2000 is 56.2%, an increase of 1.4 percentage points from the year before. It is interesting to note that from a peak of 63.4% in 1992, the Cost-to-Income ratio has fallen every year except for two years in which there were spikes in heating oil costs, 1996 and 2000. Overall, from 1990 to

Ratios of Citywide Average Monthly Audited O&M Costs to Average Monthly Gross Income 1990-2000

Cost-To-Income and Cost-to-Rent Ratios Rise in 2000



Source:NYC Department of Finance, 1990-2000 RPIEFilings

2000, the Cost-to-Income ratio declined by 6.1 percentage points. In other words, owners report that they devoted a little more than 6 cents less from every dollar of revenue towards expenses in 2000 than they did in 1990. Operating costs in 2000 were 62.1% of rent collections, an increase of 1.7 percentage points from the year before. The increases found in the operating cost to

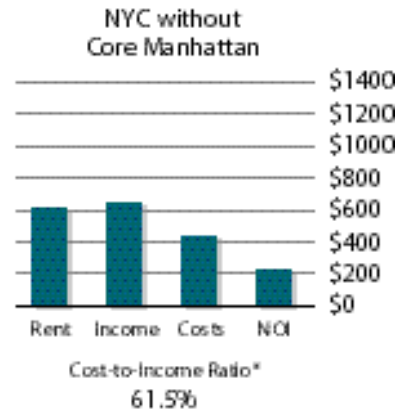
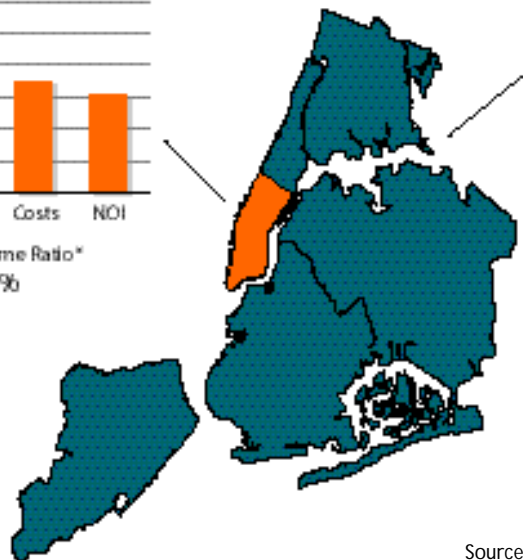
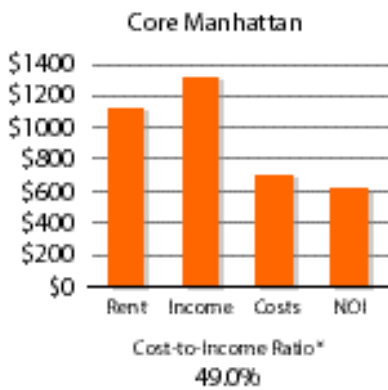
revenue ratios are largely attributable to the increase in fuel costs experienced in 2000.

Rents, income and costs per unit on average were highest in Core Manhattan (see map and graphs below) in 2000. When Core Manhattan is excluded from the analysis, the average revenue and costs figures are generally lower, but the two areas have very different expense to revenue ratios. The Cost-to-Income Ratio for the rest of the city was 61.5%, significantly higher than the Cost-to-Income Ratio for stabilized buildings in Manhattan's Core (49.0%). These figures indicate that on average, owners of stabilized properties outside of Core Manhattan spend 10 cents more of every dollar of revenue on expenses compared to their counterparts in Core Manhattan.

Overall, NOI figures from 1989-2000 suggest that the City's stabilized housing market has emerged from the deep recession of the early 1990s and experienced better financial conditions by the end of the decade. From 1999-2000, however, record-breaking spikes in heating oil prices dampened real NOI growth despite strong increases in revenue collections. In recent years in which oil prices increased rapidly, 1996 and 2000,

Average Monthly Income, Rent, Operating Costs and Net Operating Income per Dwelling Unit and Cost-to-Income ratios, 2000

Cost-to-Income Ratio Lower in Core Manhattan in 2000



*Note:Ratios use audited costs.
Source: NYC Department of Finance, 2000 RPIEFilings

increases in NOI were lower relative to other years in the decade, demonstrating NOI's sensitivity to large increases in fuel or other costs.

During the stagnant economic period of the early 1990s, 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 outpaced costs from 1997-99. In 2000, record growth in rent and income collections was outpaced for the first time since 1996 by a record increase in costs (see Longitudinal Study). The result of these conditions is a decrease in average monthly inflation-adjusted NOI of nearly \$5 per unit per month from the previous year (\$324 to \$319, constant 2000 dollars). For a detailed view of NOI trends, see the table on the page 32 for average monthly NOI by building age from 1989 to 2000 in constant 2000 dollars. After seven years in which NOI did not reach levels seen in 1989, years 1997-2000 show real improvement in NOI from the base year 1989.

Longitudinal Study

Rents and Income

Average rent collections in stabilized buildings rose by 6.2% in 2000, which was 0.7 percentage points higher than the increases observed during 1999 (5.5%) and the highest increase in rent collections seen since the RGB began analyzing RPIE data. The increase experienced in 2000 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 newer (post-46) buildings increased more (6.4%) than those in older (pre-47) properties (6.1%). Rent collections for all stabilized units increased by 7.6%, 5.7%, and 6.4% 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 seven straight years.

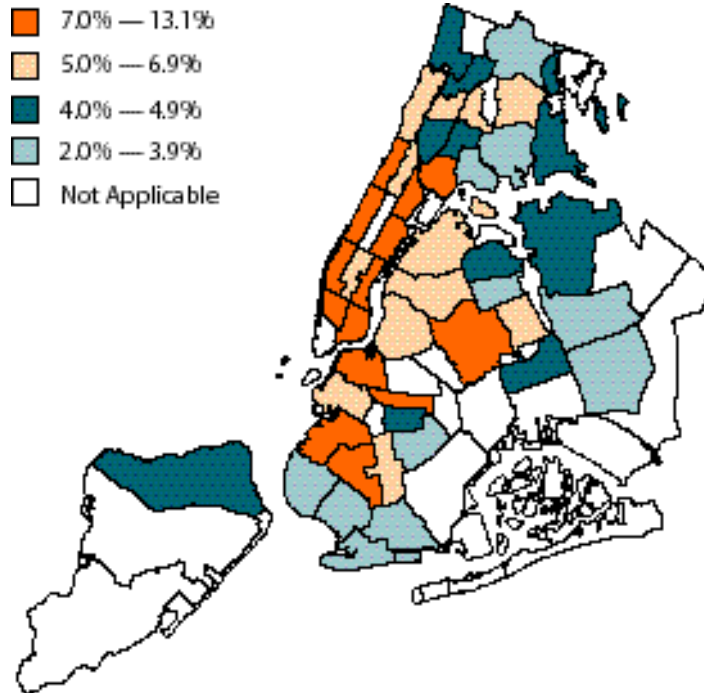
All New York City community districts saw gains in rent collections from 1999-2000. Rent collections in stabilized properties located in the borough of Manhattan rose 7.7% from 1999 to 2000. Several neighborhoods in Manhattan, (led by East Harlem at 11%), and the neighborhoods of Sunset Park, Borough Park and Brooklyn Heights/Fort Greene in Brooklyn experienced average growth in rent collections above 7.7%. Rent collections grew in Core Manhattan by 7.8% while in Upper Manhattan, rent collections grew by 6.7%. In the outer boroughs, rent collections grew by 4.7% in the Bronx, 4.3% in Brooklyn and 4.6% in Queens from 1999 to 2000.

As the rent collection growth map on the following page 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 4.9% was calculated for the remainder of the City. Outside of Manhattan and the Brooklyn areas mentioned above, the community districts experiencing the highest growth in rent collections were Mott Haven and Fordham (the Bronx), North Crown Heights/Prospect Heights and Williamsburg/Greenpoint (Brooklyn), Middle Village/Ridgewood and Sunnyside/Woodside (Queens). The neighborhoods with the lowest growth were Hillcrest/Fresh Meadows (Queens), Hunts Point/Longwood (the Bronx) and East Flatbush and Coney Island (Brooklyn).

The total income collected in rent stabilized buildings, comprising apartment rents, commercial rents and sales of services, increased by 6.5% from 1999 to 2000, one percentage point higher than income collection in the previous year. This increase in income is also the largest recorded since the RGB began collecting RPIE data. Revenues rose at nearly the same rate in pre-war buildings

Change in Collected Rents by Community Districts 1999-2000

Stabilized Rents Rose Highest in Brooklyn and Manhattan in 2000



Note: Twelve 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 RPIEFilings

(6.5%) and in post-war buildings (6.4%). In the boroughs of the Bronx, Brooklyn and Queens, property owner's total income grew at nearly the same rate, 4.9%, 4.9% and 4.8% respectively. The gross income of Core Manhattan properties grew by 8.0%, while Upper Manhattan income grew more slowly than the city average at 6.0%. When Core Manhattan is excluded from the analysis, the rest of the city's average income growth is 4.7%.

Gross income grew in all three size categories of buildings, with small buildings experiencing the largest growth (7.9%). Medium buildings experienced a 5.9% increase in income, while the collected income of large buildings grew by 6.6%. See Appendix C.8 for a complete breakdown.

Operating Costs

Expenses in stabilized buildings grew more rapidly (8.4%) than increases in both rents and total income

from 1999-2000. For the second time in three years, expenses increased at a faster rate than the year before. The 8.4% rise in operating and maintenance expenses is the highest rate seen since the RGB began analyzing RPIE data. Costs rose in newer buildings by 8.8%, in contrast to the increase in costs realized by pre-war buildings from 1999-2000 (8.3%). 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 on the next page shows.

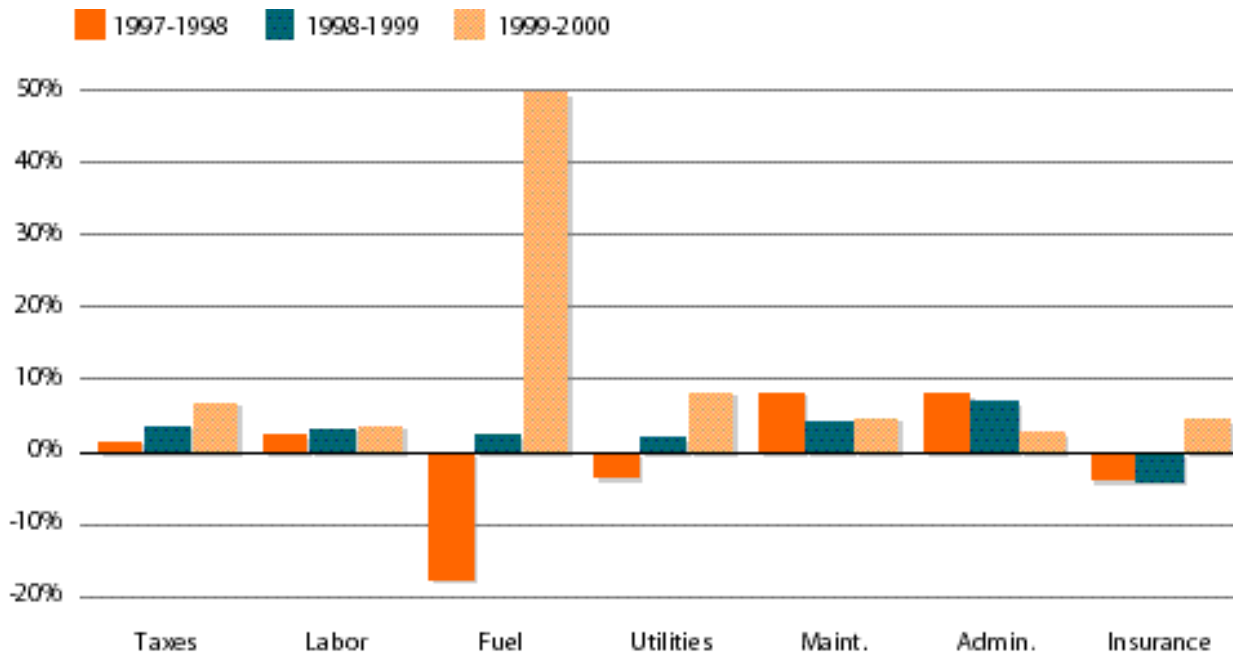
The 8.4% increase in expenses found in rent stabilized buildings from 1999-2000 was almost 5 percentage points higher than the increase observed from 1998-99 (3.5%). From 1999-2000, fuel

expenses increased sharply, driving overall cost growth. All of the major components within total O&M costs increased from 1999-2000 (see graph on next page). Fuel costs increased the most rapidly, by a record 48.9% from 1999-2000. Utilities and tax costs increased by 7.7% and 6.2% respectively reflecting the increase in oil prices and rising property assessments. Maintenance and insurance costs increased by 4.3% and 4.1%, labor costs increased by 3.2% and administrative costs rose by 2.1% over the period.

As in past years, building size influenced the rate of growth; expenses rose by 9.3%, 8.4%, and 8.2% respectively in small, medium, and large buildings. This year, costs rose most rapidly in the borough of Queens (9.0%), and the least in Brooklyn (7.7%). Costs increased by 8.2% in Core Manhattan and by 8.6% in the Bronx. For a detailed breakdown of the changes in rent income and costs by building size age and location, see Appendix C.8.

Change in Cost Components, 1997-2000

Changes in Fuel Costs Show Greatest Volatility Among Operating and Maintenance Expenses from 1997-2000



Source: NYC Department of Finance, 1997-2000 RPIE Filings

RPIE Expenses and the PIOC

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 have grown faster in recovery. The "gap" between the two indices has been largely narrowing since 1993 and this year, the PIOC and the I&E show very similar increases in costs and prices. As the graph on the following page shows, the most recent adjusted PIOC change in prices was 8.0% in while the increase in RPIE expenses was 8.4%, a difference of just 0.4 percentage points between the two indices from 1999-2000. The PIOC and RPIE reported similar increases from 1999-2000 in the categories of fuel, labor, utilities and maintenance costs. Analysis of RPIE data detected larger increases in taxes and insurance costs while the PIOC reported a higher increase in administrative rates compared to the RPIE data over the same period. Changes in insurance costs, a volatile cost component, differed the most between

the data sources—an increase of 4.1% according to RPIE data while the adjusted PIOC had an increase of 1.7%.

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 10,000 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.

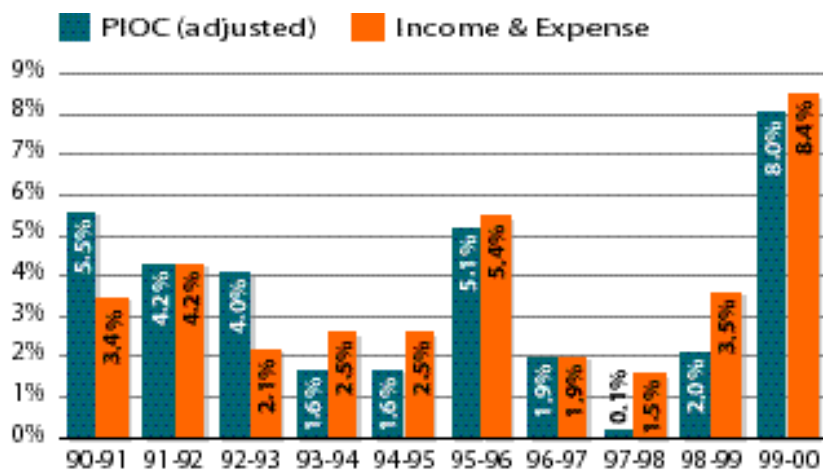
From 1990-91 to 1999-2000, cumulative growth in the two indices seem to confirm the accuracy of one another in measuring expense changes for rent stabilized properties: the PIOC grew 39% in stabilized buildings while a 41% increase was measured from RPIE data. However, cumulative increases in insurance, maintenance, fuel and administration costs vary considerably between the two indices over the last ten years.

Operating Cost Ratios

Between 1999 and 2000, the proportion of gross income spent on audited expenses (the O&M Cost-to-Income ratio) rose by 1.0 percentage point. The proportion of rental income used for audited expenses (the O&M Cost-to-Rent ratio) increased by a similar amount (1.3 percentage points). The O&M Cost-to-Income and O&M Cost-to-Rent ratios increased twice in eight years since 1992-93. Both ratios increased in years where fuel prices rose sharply, 1995-96 and 1999-2000. In other words, property owners spent a larger portion of each dollar in rent or income on operating expenses in the years where heating costs rose. The general trend, however, is a decline in the overall cost to revenue ratios since the early 1990s.

Change in Operating & Maintenance Costs, I&E and the PIOC, 1990-91 to 1999-2000

From 1999-2000, Owner-Reported RPIE Costs Increased at a Similar Rate to those Measured in the PIOC



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

Source: NYCDepartment of Finance, 1990-2000 RPIEFilings; PIOC 1990-2000

Change in Net Operating Income 1999-2000

"Distressed" Buildings

Of the buildings in this year's longitudinal sample, 6.7% (723) had O&M expenses that exceeded revenues, 1.7 percentage points higher than the share in last year's longitudinal study. Only 40 (5.5%) 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 1999 to 2000. Again, distressed properties are burdened by low rents, lack of commercial income, and high operating expenses.

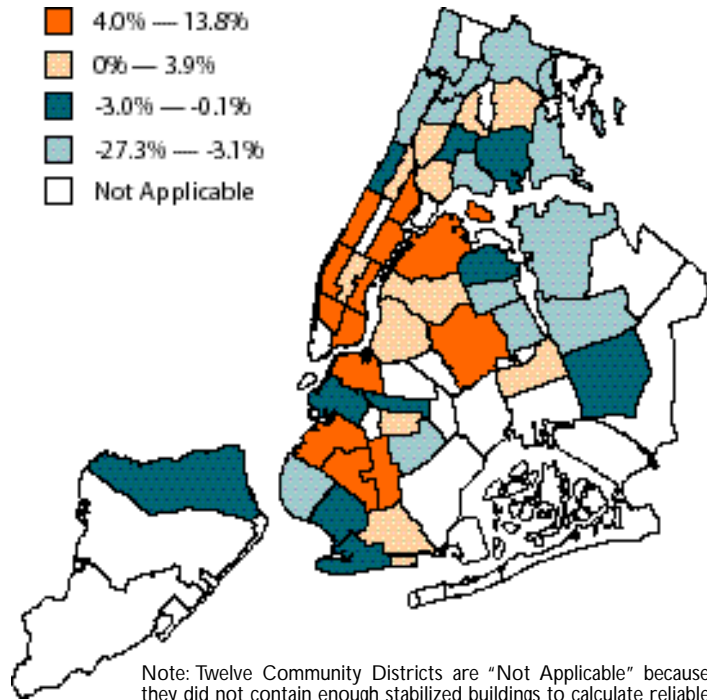
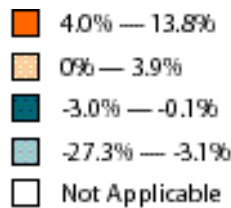
Net Operating Income

Since operating costs grew more rapidly than revenues during 2000, on average, citywide net operating income in rent stabilized buildings increased by 3.5%, a lower rate than those seen in the past three years when revenues outpaced costs (8.7%, 11.8% and 11.4%). The 3.5% increase in average NOI from 1999-2000 was the lowest rate of NOI growth found since 1995-96 when NOI increased by 2.3%. 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 grew at a similar pace in the post-war stock (3.4%) as it did in pre-war stock (3.6%) from 1999-2000. NOI rose the most (5.7%) in small buildings (11-19 units). This year, average NOI growth in medium-sized structures (20-99 units) was 1.8% and grew at a pace of 4.7% in large structures (100 or more units). See Appendix C.9 for a complete breakdown.

NOI growth rates for the 1999-2000 time period varied greatly between the City's areas that define its dual economy. Rent stabilized buildings in Core Manhattan had an average NOI growth rate of 7.8% while NOI in stabilized properties in the rest of the City declined by 2.0%. If not for the strong NOI growth in Core Manhattan, the City would have experienced a decline in overall NOI from 1999-2000 as the Bronx, Brooklyn, and Queens all saw drops in net operating

NOI Decreased in many New York City Neighborhoods from 1999 to 2000



Note: Twelve 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 RPIEFilings

income. The map on this page shows that NOI growth was more variable than in recent years across New York City neighborhoods from 1999-2000. The New York City community districts with the highest NOI growth were East Harlem, Greenwich Village and Chelsea/Clinton (Manhattan), Brooklyn Heights /Fort Greene and Sunset Park (Brooklyn), and Middle Village/Ridgewood and Astoria (Queens). Twenty-three neighborhoods had decreases in NOI from 1999-2000. The neighborhoods with the largest drops in NOI were Hunts Point/Longwood, Baychester/Williamsbridge and Throgs Neck/Co-op City (the Bronx), Hillcrest/Fresh Meadows and Forest Hills/Rego Park (Queens), and East Flatbush (Brooklyn).

Conclusion

The RPIE filings from over 12,800 rent stabilized buildings containing almost 640,000 units in the cross-

sectional sample, support the trend that the overall financial condition of New York City's rent stabilized properties continued to generally improve in nominal terms in 2000, although net growth in income was strongly diminished by large cost increases such as those seen in fuel this year. Revenue collections remained strong, however, expenses rose strongly owing largely to fuel and utility cost increases. This record growth in revenue and expenses from 1999-2000 resulted in an NOI increase of 3.5% citywide, a lower increase than those seen in the previous three years due to the rapid rise in expenses. The table on this page provides the year-to-year changes in rents, income, costs, and NOI since 1989-90. After adjusting for inflation, in 2000, owners of rent stabilized buildings generally had a slightly lower amount of 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 2001 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 2000, was

computerized in late 2001 (the form is not due until September), and made available to RGB research staff in early 2002 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 2000 RPIE forms. This data is used to compute average rents, operating costs, etc. that are typical of the year 2000. Longitudinal data, which provides a direct comparison of identical elements over time, encompasses properties that filed RPIE forms for the years 1999 and 2000. 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 2000, while longitudinal data measures changes in conditions that occurred from 1999 to 2000.

This year, 12,842 rent stabilized apartment buildings were analyzed in the cross-sectional study (see Appendix C.7), and 10,764 stabilized properties were examined in the longitudinal study (see Appendix C.10). The sample of buildings was created by matching

For the First Time in Four Years, Cost Growth Outpaces Revenues from 1999-2000 (Average Monthly Rents, Income, Operating Costs and Net Operating Income per Dwelling Unit, 1999-2000)

	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%
99-00	6.2%	6.5%	8.4%	3.5%

*See Endnote 4
Source: NYC Department of Finance, 1990-2000 RPIE Filings

a list of properties registered with the DHCR against buildings that filed a 2000 RPIE statement (or 1999 and 2000 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 337 buildings (3%) and the longitudinal sample increased by 403 buildings (4%).

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 2000 RPIE form for the cross-sectional study, or a 1999 and a 2000 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 Data 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 to improve data quality. Properties with average rents outside of the borough rent ranges were removed from all samples. This year, 146 buildings were removed from both samples for this reason. Forty-five percent of these buildings (65) had average rents below \$100 per month, and 55 percent (81) 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. Twelve 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 second year, the 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 in 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 apartments in New York City. □

Endnotes

- 1.Pre-war buildings refer to those built before 1947;post-war buildings refer to those built after 1946.
- 2.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.
- 3.Preferential rents refer to actual rent paid which is lower than the "legal rent," or the maximum amount the owner is entitled to charge. Owners often offer preferential rents when the current market cannot bear the legal rent.
- 4.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.

2002 Mortgage Survey

what's new

- ✓ Average interest rate for new multifamily mortgages fell 1.07 percentage points, or 13%, to 7.35%, the lowest ever recorded in this survey.
- ✓ Refinancing interest rates fell to 7.40%, a 7% decline from last year.
- ✓ Average points (fees) for new loans fell 0.20 percentage points, or 21%, to 0.79%.
- ✓ Vacancy and collection losses increased for the first time in three years, entirely due to an increase in vacancy, not collection, losses.
- ✓ Interest rate and lending practice variation between boroughs remained minimal.
- ✓ Average new loan volume increased, while refinanced loan volume remained unchanged.

Introduction

Section 26-510 (b)(iii) of the Rent Stabilization Law requires the Rent Guidelines Board 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 2001 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 results of the 2002 Mortgage Survey indicate that the market for lending to rent stabilized buildings owners remains strong, despite the onset of a recession in the first half of 2001. This is due in large part to a continuing decline in interest rates and the delayed impact of the recession on the real estate industry. Similar to the past couple of years, this year saw a continuation of a stable and accessible lending market. Interest rates for both new and refinanced mortgages declined, and lending terms became slightly more flexible compared to the prior year. New loan volume among banks surveyed increased, though refinancing volume remained steady. 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 between boroughs.

Survey Respondents

Twenty-five financial institutions responded to this year’s survey, out of sixty surveys mailed. Two fewer institutions responded this year compared to last year, in part due to the continuing trend of bank mergers and acquisitions. Each year, the survey sample is updated to include only those institutions offering loans for multiple dwelling, rent stabilized properties. Through research in trade journals, directories, World Wide Web search engines and lists compiled by the Federal Deposit Insurance Corporation (FDIC), new institutions are added each year, and irrelevant ones are removed. The twenty-five respondents include an array of traditional lending institutions, such as savings banks, S & L’s, credit unions and commercial banks, but non-traditional lenders were also surveyed, including a local housing services program and a government-subsidized loan program.

The FDIC provides data about the multifamily real estate holdings of those institutions that report figures to it. There is significant variety in the dollar

value of the holdings of the respondents, ranging from \$2.2 million to over \$3 billion. Six institutions had multifamily holdings worth over one billion dollars, while six had holdings of less than \$100 million. The average multifamily real estate portfolio this year holds \$863 million, up from \$657 million last year.¹

As in prior years, a few large lenders again provided most of the new and refinanced mortgages. Of all respondents, four provided 73% of the total volume of new mortgages, and three provided 77% 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. Conducting a longitudinal analysis of the respondents better enables the staff to distinguish between actual changes in the lending market versus fluctuations caused by different institutions responding to the surveys in consecutive years. Eighteen institutions that responded this year also completed last year's Mortgage Survey. This decreased the size of the longitudinal group by three respondents compared to last year.

The report begins by discussing findings from a cross-sectional study of all respondents to the 2002 Mortgage Survey, followed by an analysis of the longitudinal group.

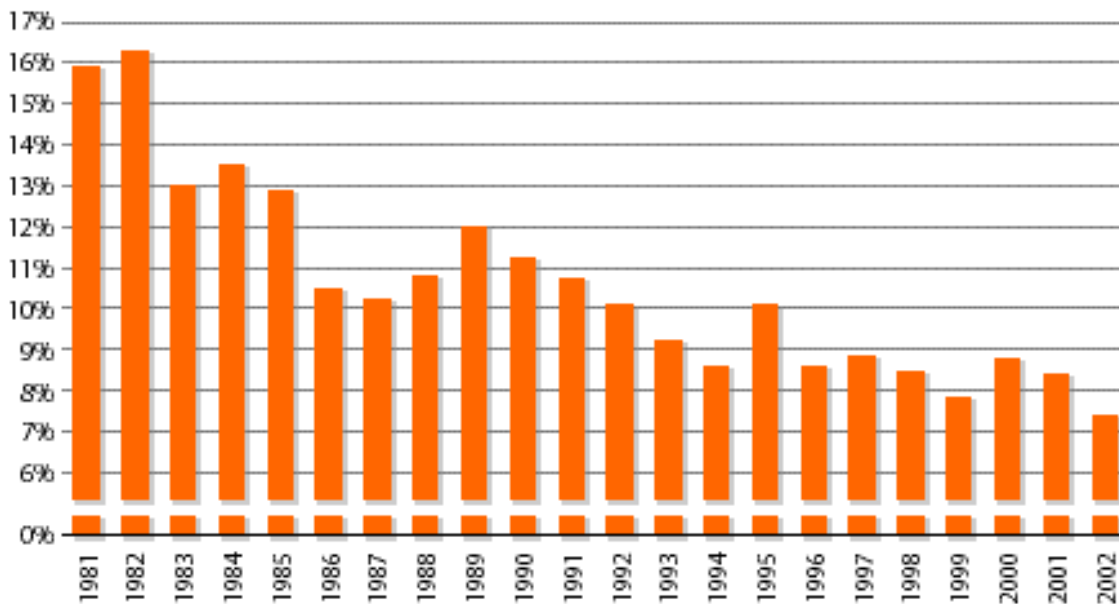
Cross-Sectional Analysis

Financing Availability and Terms

For the fourth time in five years, average interest rates decreased from the prior year. This year's average rate of 7.35% for new multifamily mortgages was a decrease of 1.07 percentage points, or 13%, from the previous year (see graph below). The primary reason for the average interest rate decline is explained by examining the actions of the Federal Reserve Board. After years of economic expansion, the Fed sought to lessen the impact of the recession that emerged over this year on the U.S. economy by lowering interest rates charged to banks. In turn, banks and other institutions were able to lend money at lower rates.

Average Interest Rates for New Loans to Rent Stabilized Buildings, 1981-2002

Multifamily Mortgage Interest Rates Continue Decline



Source: Rent Guidelines Board, annual Mortgage Surveys.

terms and definitions

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

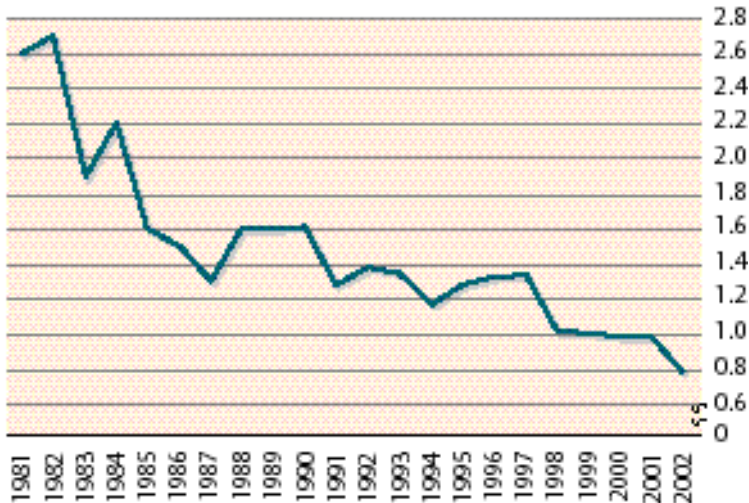
The vast majority of the institutions responding to the survey this year (22 out of 25) also offered refinanced mortgages, and usually on similar terms. All but one institution charged the same rate for refinanced and new originations. The average rate for refinanced loans was 7.40%, a decrease of 0.57 percentage points, or 7.2%, from the previous year.

Federal Reserve Board actions taken in 2001 help to explain the decrease in mortgage rates. Mortgage interest rates are influenced in large part by both anticipation and reaction to measures taken by the Fed. During the year, Fed lowered 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 interest rate at which depository institutions lend balances at the Federal Reserve to other depository institutions—eleven separate times, both falling a total of 4.75 percentage points.²

Average up-front service fees, or points, charged by lenders were 0.79% for new loans this year, a drop of .20 percentage points, or 21%. Average fees reported in the survey have remained low, near 1%, for the past five years (see graph below). Points for new mortgages ranged from 0 to 2%. This year, the average points charged for refinanced loans was 0.83%, a 22% drop from last year.

Lenders remained just as flexible in the loan terms they offered this year, comparable to the results from recent year's Mortgage Surveys. While somewhat difficult to analyze (survey respondents normally provide a wide range of terms rather than a single number), the range of terms offered this remained similar. Mortgage terms reported by respondents fell within a wide 1- to 30-year range, and most lenders offered 5 to 15 years. This continued mortgage term flexibility over recent years is in great contrast to terms found in the surveys of five to seven years

Service Fees for New Loans Decline To Record Low
(Average Points Charged for New Loans, 1981-2002)



Average service fees for new loans fell to their lowest in the history of the survey—0.79%.

Source: Rent Guidelines Board, annual Mortgage Surveys.

ago, which indicated that close to half of respondents offered maximum loan maturities of just five years.

As one might expect from lower interest rates and favorable lending terms, loan volume for both new and refinanced mortgages remained robust. An average of 71 new loans per institution were financed this past year, an increase of 18.2% from last year's 60. In comparison, the *1998 Survey* showed an average of 37 new mortgages per lender, and the *1999 Survey* showed 41. The average number of refinanced loans (58) remained virtually unchanged from last year's survey (59), but like the average number of new loans, has shown a trend of increasing through the late 1990s.³

The stability in refinancing activity seen in this year's survey, despite a sizeable drop in interest rates, may be attributable to a few factors. Because interest rates began to fall significantly in 2000, and because rates have largely been below 9% since the mid-1990s, many building owners have already taken advantage of favorable interest rates prior to the past year. However, almost three-quarters (74%) of the institutions surveyed reported that they refinanced their in-house loans in their portfolios at lower rates. This was a notable increase from the 51% of institutions who reported lower refinancing rates last year.

This year, more lenders (36%) reported a significant increase in the volume of new and refinanced loan applications, compared to the year before (27%). Just one lender saw a decrease in volume this year, compared to four in the prior year, which was attributed to a decreased approval rate. But the majority of lenders (56%) reported little or no change in loan volume this year, about the same as last year (58%).

The Mortgage Survey also asks lenders specific questions about financing for smaller buildings. Institutions reported that more small buildings were refinanced at lower rates this 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 almost half (48%) of existing loans to smaller buildings were refinanced at lower rates. This is an increase from last year, when 35% of refinanced loans were offered to small buildings at lower rates. (For data in this section, see Appendix E.1.)

Underwriting Criteria

Similar to the last few years, this year's survey found little change in the lending practices of institutions. This trend reflects a continuing period of low delinquencies and defaults that resulted from stricter requirements in effect a decade ago. 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.

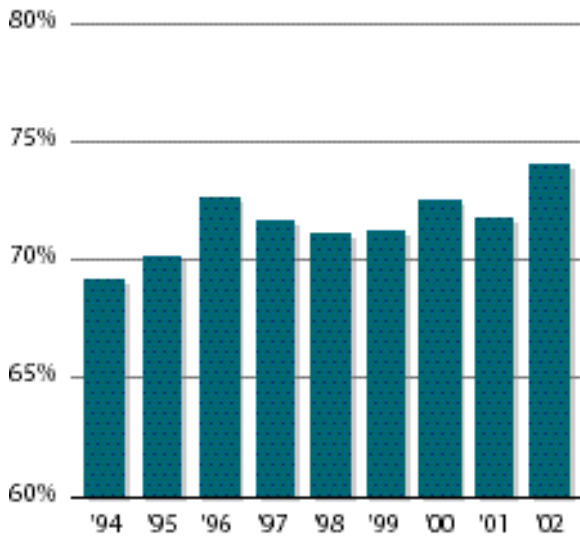
Virtually all lenders maintained the same underwriting practices this year. Criteria for maximum loan-to-value ratios, debt service coverage, and building characteristics, such as age and condition, varied little from last year's survey. The average maximum loan-to-value ratio (LTV), the dollar amount ceiling respondents were willing to lend based on a building's value, ranged from 60% to 90%. The average was 73.8%, an increase from the prior year's 71.6% (see graph on next page).

The debt service ratio—which measures an investment's ability to cover mortgage payments using its net or operating income—is another important lending criterion. The debt service ratio—or net operating income divided by the debt service—remained practically unchanged, with an average debt service requirement of 1.24 (versus 1.25 last year). 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. (See Appendix E.2.)

Additional standards cited by lenders when assessing loan applications remain the same as last year. Sixty-eight percent of lenders stipulate that overall building maintenance is an important standard when assessing loan applications. Thirty-two percent consider the number of units important. Nearly one quarter (24%) of lenders take into consideration whether the borrower was an occupant of the building, with one lender stating that they prefer that the borrower not live in the building. Another 12% consider a building's potential for cooperative or condominium conversion. A final eight

1994-2002 Cross-Sectional Average Loan-to-Value Standards

Increase in Maximum Loan-to-Value Ratios



Source: Rent Guidelines Board, annual Mortgage Surveys.

percent of lenders state that they take into account the age of a building.

Non-Performing Loans and Foreclosures

In response to questions concerning non-performing loans and foreclosure proceedings, lenders reported an increase in both this year. Seventeen percent of lenders report having non-performing loans, up from 12% the prior year, and 9% report having foreclosures over the past twelve months, up from 4%. However, for those institutions reporting either non-performing loans or foreclosures, these non-performing and foreclosed loans represented, on average, less than 1% of these respondents' total loans to rent stabilized buildings. An increase in reported vacancy and collection (V&C) losses, as discussed in the next section, may be contributing to the phenomenon of slightly more loan defaults and delinquencies this year. However, recent surveys still reflect substantial improvement over V&C losses seen five to seven years ago, when up to three-quarters of respondents reported losses of at least 5%.

Just one out of four lenders who reports having non-performing loans took foreclosure actions. That one lender reports having to foreclose on one-half of one percent of their portfolio, and that after taking foreclosure action, the institution in all cases, restructured the debt. This year's continuance of the moderate count of non-performing loans and foreclosures is in great contrast to the high level of foreclosure activity a decade ago.

Characteristics of Rent Stabilized Buildings

There was little change in the characteristics of rent stabilized buildings in their portfolios, according to this year's Survey findings. Similar to last year, the reported average building size in lenders' portfolios this year was evenly spread out between one and ninety-nine units. Six institutions reported an average of 1-10 units, another six reporting 11-19 units, a third six reporting 20-49 units, and four reporting an average building with 50-99 units. In addition, one lender indicated that their average building contains over 100 units. This year, 77% of lenders reported that the majority of buildings that they financed were built between 1901 and 1946, 14% said their average building was constructed between 1947 and 1960 and the remaining 9% of lenders said they were built between 1961 and 1980.

More rent stabilized buildings experienced vacancy losses this year while collection losses remained stable. Average vacancy and collection (V&C) losses increased overall this year to 4.15%, up .55 points, or 15%, from the prior year's figure.⁴ However, since the percentage of losses attributed to collection problems remained virtually unchanged this year, at 2.28%, which indicates that an increase in vacancy losses accounted for the entire increase. In fact, the percentage of lenders facing 5% or more in V&C losses, after dropping last year, increased substantially from 35% to 54% (see graph on next page).

After remaining unchanged the previous three years, the average loan-to-value (LTV) ratio of 69.6% for buildings in lenders' portfolios saw a 4% increase from last year. This is a reflection of the same increase as found in the maximum ceiling LTV required by institutions. This increase in both the average and maximum ceiling LTV ratio indicates that lenders have

become slightly more generous in their lending standards, a sign of a more accessible mortgage market.

Interestingly, lenders reported that average operating and maintenance (O&M) costs declined slightly this year. The average O&M expense per unit per month reported by lenders was \$357, a 5% decrease from the \$374 average found in last year's *Survey*.⁵ The decline in expenses can perhaps be attributed to the decline in the price of heating oil during the past year and the general minimal level of inflation. However, the average rent per unit per month was \$800, an 8% increase from the 2001 *Survey*, when the average rent reported was \$742 (see Appendix E.2).

An examination of the average O&M Cost-to-Rent ratio shows that, after holding steady last year, it continued its decline that began three years ago, when this data was first collected. The O&M Cost-to-Rent ratio is important to examine because it is helpful in evaluating the profitability of New York's stabilized housing. In the 1999 survey, lenders reported a Cost-to-

Rent ratio of 52.1%, which declined to 50.3% in 2000, remained relatively steady at 50.4% last year, but fell again to 44.6% this year, a cumulative three-year drop of 7.5 percentage points, or 14%.

The RGB also examines the average O&M Cost-to-Rent ratio in the Income and Expense (I&E) Study, though the sources and sample sizes are very different. In the most recent I&E Study, the average O&M Cost-to-Rent ratio was 60.4%.⁶

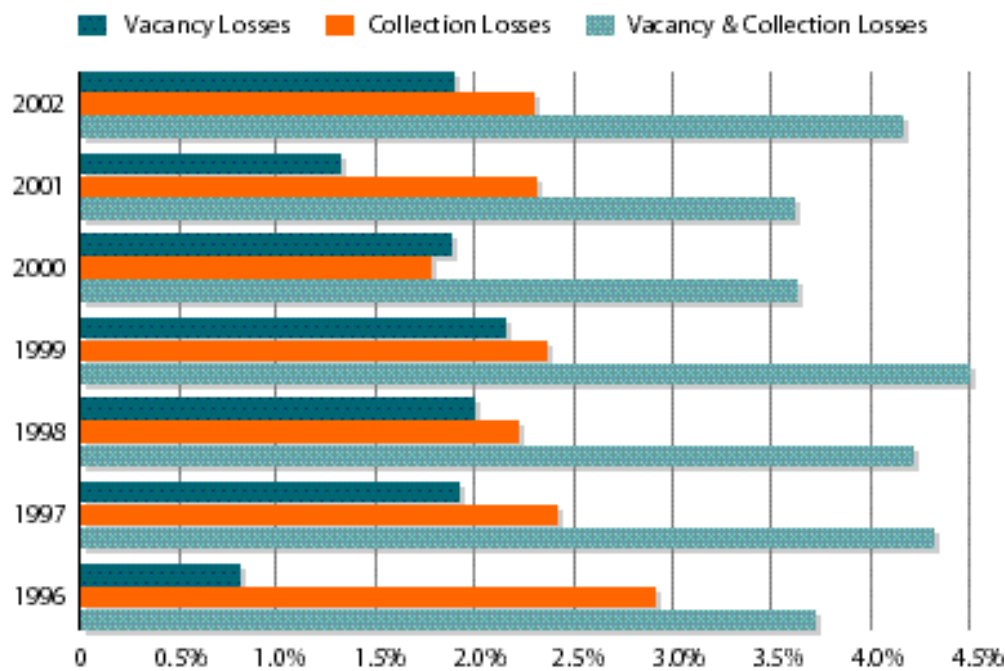
Geographic Distribution

Two years ago, 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.

In contrast to last year's findings, buildings receiving new mortgages this year showed highly

Average Vacancy and Collection Losses, 1996-2002

Vacancy and Collection Losses Increase

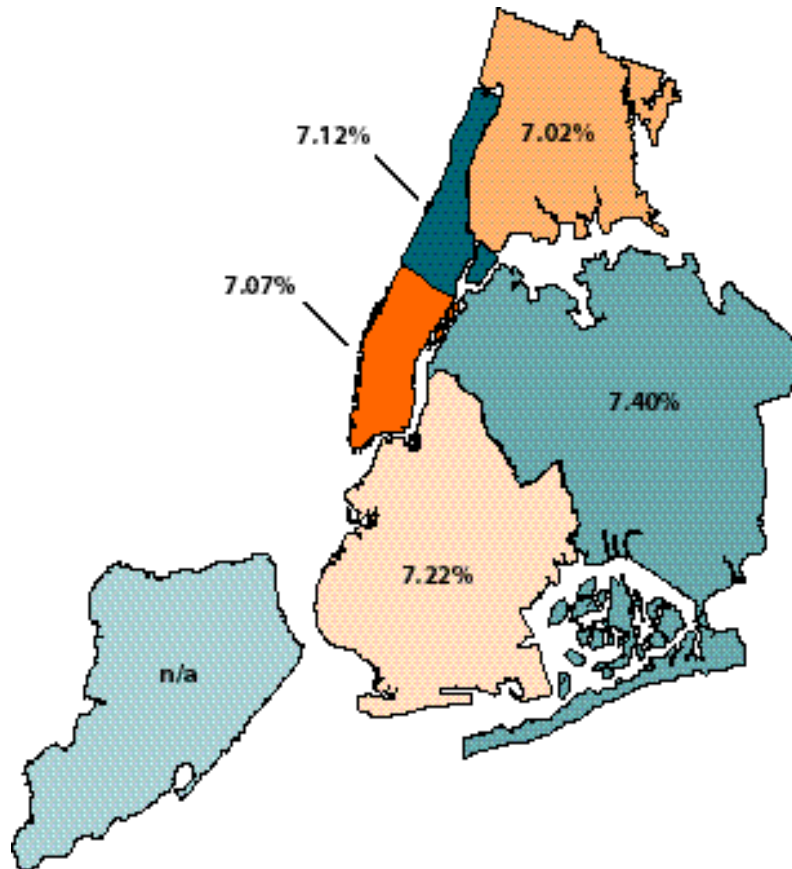


Vacancy losses increase, while collection losses remain unchanged, resulting in an overall increase in V&C losses.

Source: Rent Guidelines Board, annual Mortgage Surveys.

Minimal Variation in Mortgage Interest Rates Between Boroughs

(Average Interest Rates Charged for New Loans, 2002)



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, 2002 Mortgage Survey.

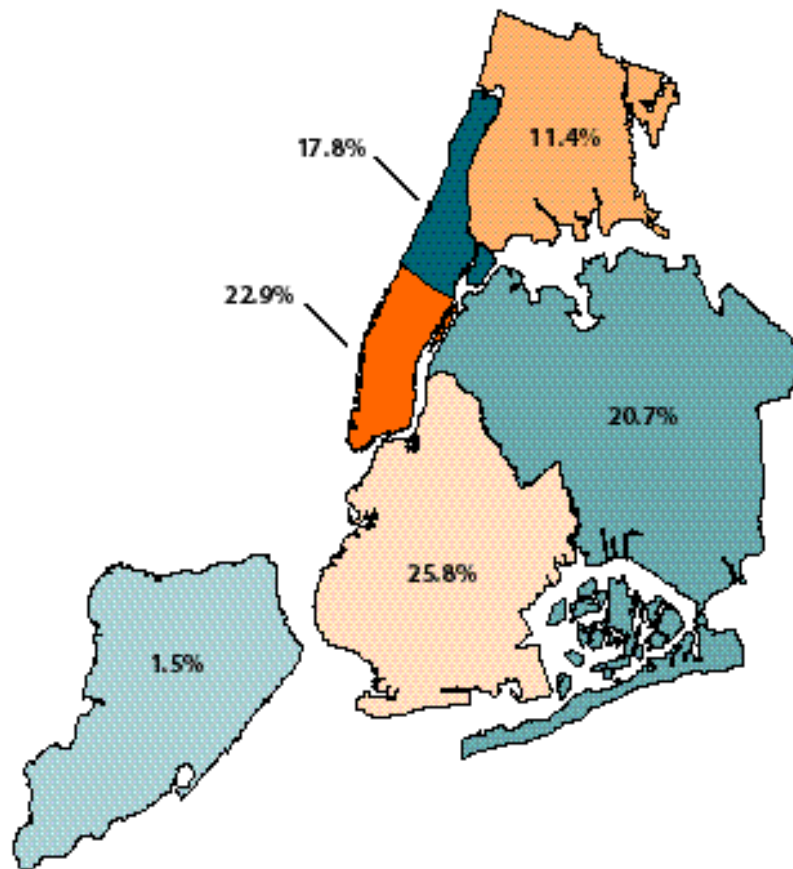
similar rates throughout the five boroughs. Average interest rates of lenders offering at least 25% of their new loans in a borough varied no more than 0.33 absolute points, or 4.5%, from the overall average interest rate of 7.35%. The Bronx was the borough with the lowest interest rate offered by institutions whose portfolio consisted of at least 25% of their loans in a borough, at an average of 7.02%. As found in last year's Survey, the highest was Queens, at 7.40%. Upper and Core Manhattan interest rates were virtually the same, at 7.12% in Upper Manhattan and 7.07% in Core Manhattan. Average interest rates offered by institutions offering a substantial number of loans in Brooklyn offered them at 7.22%. In addition, loans to Staten Island made up no more than 15% of any institutions' portfolios. (See map above)

As the survey has found in each of the last two years, results indicate that most institutions offer mortgages throughout the City, and that few lenders concentrate on only one borough or area. This year's respondents to the survey appear to lend more widely than last year's group. 25.8% of loans in the survey were made in Brooklyn, 22.9% to Core Manhattan buildings, 20.7% in Queens,

map note

New Mortgages Offered Widely Around City (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, 2002 Mortgage Survey.

17.8% in Upper Manhattan, 11.4% in the Bronx, and 1.5% in Staten Island. (See map above)

More institutions offered a substantial number of mortgages throughout NYC this year. Last year, 38% of institutions offered a substantial number of their total number of loans⁷ in only one borough/area of the City. However, this year's survey indicated that only a quarter of lenders confined their lending to primarily one borough/area of the City, while 60% of lenders offered a substantial number of loans in two different boroughs/areas, and 15% offered a large number of loans in three or more different boroughs/areas.

For refinanced lending, the distribution by borough is somewhat similar—25.9% of the refinanced mortgages in the survey were made in Brooklyn, 25.2% in Core Manhattan, 24.4% in Queens, 12.1% in Upper Manhattan, 10.6% in the Bronx and 1.7% in Staten Island.

Lenders were again asked to report on the number of dwelling units contained in the average rent stabilized building in each borough in their portfolios. Lenders

were most likely to lend to buildings with 20-99 units in Upper Manhattan and the Bronx, while the other boroughs and Core Manhattan were more evenly split between smaller, 6-19 unit buildings and larger, 20-99 unit ones. While lenders do certainly lend to large buildings, only one reported that their average building contains over 100 units, and only in Queens.

Longitudinal Analysis

Since a number of respondents reply to the Mortgage Survey in at least two consecutive years, information regarding rent stabilized buildings can be analyzed longitudinally to more accurately measure changes in the lending market. 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 eighteen lenders, three fewer than last year, who replied to surveys both last and this year (longitudinal group) were compared to the data from all twenty-five institutions providing responses in the 2002 survey (cross-sectional group).

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 7.35%, which represents a decrease of 12%, or 1.00 percentage points, from last year's rate of 8.35%. This decrease is slightly smaller than the change reported by the cross-sectional group (7.35% this year and 8.42% last year, a 13%, or 1.07 percentage point, decrease). (See Appendix E.3)

Comparable changes were found in an examination of interest rates for refinanced loans. Both groups' average interest rate decreased from one year to the next, with the rate for the longitudinal group going from 7.90% to 7.36%, a decrease of 6.8%. (See Appendix E.4) The average rate for the cross-sectional group saw a similar decrease by about the same percentage (7.2%).

This analysis also found that average points offered by lenders fell for both new and refinanced loans this year. The longitudinal group reports an average of 0.87

points for new loans, slightly lower than last year's 0.95, and fell more substantially for refinanced loans, from 1.05 last year to 0.88 this year, a 16.7% decline.

The longitudinal group, just like the cross-sectional one, reported that more new loans were approved this year. However, among the longitudinal group, the volume of refinancing also increased. A substantial increase in the average number of new loans opened by participating institutions (44%), was found among the longitudinal group. However, the number of refinanced loans established by the longitudinal group increased more slightly, with 70 refinanced loans this year, versus 65 the year before, revealing a more modest 8% increase. Similar to last year's findings, the longitudinal group's new and refinanced total loan volume was greater than the cross-sectional group.

Unlike last year's findings that indicated that both new originations and the refinancing boom were slowing, a few lenders in the longitudinal group indicated that their volume of new and refinanced loans increased. Those reporting a change in new and refinanced loan volume stated that the average increase was 56% over the prior year. Furthermore, most institutions reported that those buildings in their portfolios refinanced at lower rates, at an average rate of 81%. However, when asked for the percentage of refinancing among buildings with 20 or fewer units, only 44% refinanced at lower rates.

Lending Standards

Little change was found in the average maximum loan-to-value (LTV) ratio, according to the longitudinal analysis. There was a slight increase in the maximum LTV from 72.2% to 73.1% this year. The maximum LTV ratio found in the longitudinal group was slightly lower than the LTV found in the cross-sectional analysis (73.8%) for this year. The findings of both the longitudinal and the cross-sectional groups indicate a slightly greater flexibility in lending criteria. The actual average LTV of the longitudinal group increased slightly to 69.7%, compared to last year's 67.5%. It is also virtually the same as the 69.6% reported in the cross-sectional analysis this year. Furthermore, this year's longitudinal debt service coverage ratio is 1.24, almost the same as last year's 1.25, and exactly the

same as this year's cross-sectional group figure. (See Appendix E.5)

Similar to the cross-sectional findings, the survey found an increase in the vacancy and collection (V&C) losses in the longitudinal group from one year to the next. This year's average vacancy and collection loss was 3.92% compared to 3.65% last year, a 7% increase. In addition, 44% of lenders this year (versus 35% last year) in the longitudinal survey did report V&C losses of at least 5%.

Non-performing and Delinquent Loans

Little change was found among responding institutions when examining non-performing or delinquent loans for the longitudinal group from one year to the next. Delinquencies continue to be insignificant, with only one lender in the longitudinal group reporting notable changes in non-performing loans or foreclosures from the same period last year.

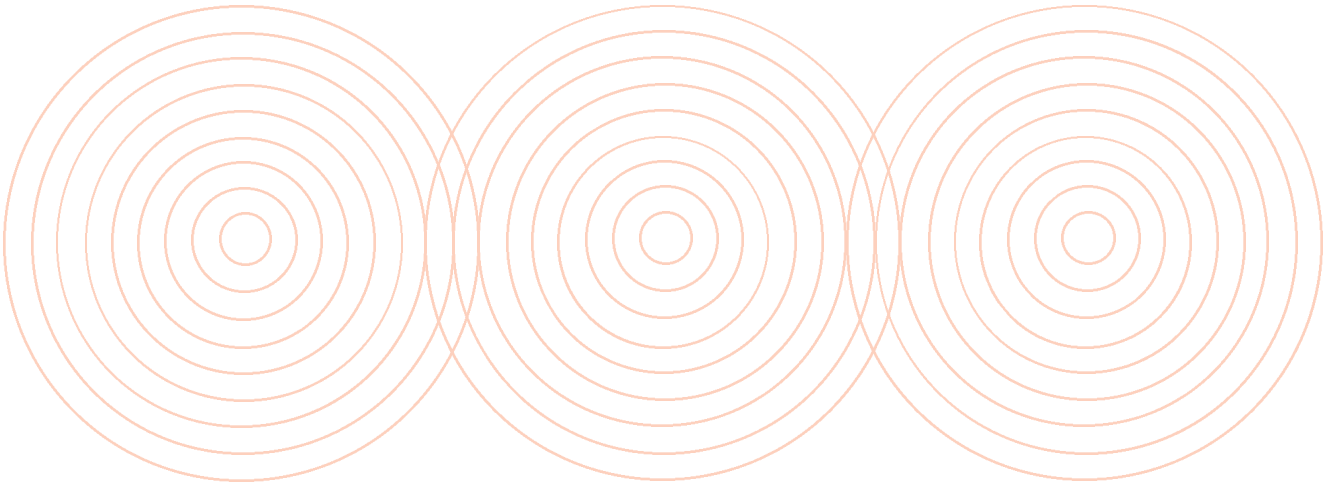
Conclusion

The 2002 Mortgage Survey found a slight expansion of the already-favorable lending market for rent stabilized building owners in the City. As influenced by Fed actions to reduce the impact of the recession, interest rates were lowered and institutions very moderately expanded their lending terms. New loan volume increased slightly, though refinancing held steady. There are signs that the national economy may be quickly recovering from what may turn out to be a mild recession. However, it is not yet known how long the City will deal with the economic impact of the September 11 attacks, let alone the recession.

Endnotes

1. FDIC data derived from the FDIC web site. World WideWeb Page <<http://www.fdic.gov>> (accessed March 12,2002)
2. Discount Rate and Federal Funds Rate data derived from the Federal Reserve Board web site. World WideWeb Page <<http://www.federalreserve.gov>> (accessed March 12,2002)
3. 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.
4. Vacancy and collection loss figures from the 2001 MSR have been amended slightly due to a prior calculation error, but the correct figures are used for comparison purposes in this report.
5. 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.
6. The operating and maintenance Cost-to-Rent ratio from the 2002 *Mortgage Survey* reflects estimates by lenders of expenses and rents for rent stabilized buildings as of approximately January 2002. 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 does not exclude these buildings.
7. A substantial number meaning that at least 25% of an institutions' total number of loans to NYC stabilized buildings were made in one borough/area.

2002 Income and Affordability Study pg. 53



2002 Income and Affordability Study

what's new

- ✓ New York City's economy shrunk by 0.2% in 2001.
- ✓ The City lost 21,000 jobs in 2001, representing a 0.56% decline in the number employed in 2000.
- ✓ The unemployment rate increased to 6.1% last year, up from 5.7% in 2000.
- ✓ Manhattan saw the largest jump of the boroughs in its unemployment rate, increasing from 4.9% to 6.0% last year.
- ✓ Inflation averaged 2.5% in the metro area in 2001, down from 3.1% in the prior year.
- ✓ 2000 saw the largest increase in wages since 1992: Real wages increased 6.0%.
- ✓ The 9/11 attack on NYC may cost New Yorkers \$105 billion over the next two years.
- ✓ The FIRE (Finance, Insurance and Real Estate) sector saw the largest increase in real wages in 2000, rising 16.5%.
- ✓ The average number of single adults in temporary housing increased over the prior year 6.6%, to 7,662.
- ✓ The average number of families temporarily sheltered each night increased 25.6%, to 6,985.
- ✓ As of January 2002, a record 31,000 homeless people, including 13,000 children, were staying in municipal shelters.

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 and 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. This report will also briefly discuss the economic ramifications of the tragedy of 9/11 on the City.

Summary

The year 2001 will be most significantly remembered for the tragedy that occurred on September 11th. Beyond the immediate human toll and consequences, the economic impact on NYC has only begun to be felt in the economic indices that measure the City’s well being. The City’s fiscal health has also been affected by the emergence of a local and nationwide recession early in the year, of whose length and severity are not yet fully known. The annual statistics reported here do not entirely reflect the significant job loss that occurred in the last quarter of the year, but do show a worsening economy. The year 2001 saw an increase in the unemployment rate, from 5.7% to 6.1%. Reflecting this, the number of jobs fell 21,000 in 2001, after significant job increases since the mid-1990s. New York City’s Gross City Product (GCP), which measures the total value of goods and services produced, also declined (by 0.2%) for the first time since 1991. The rate of homelessness also worsened, with a record number of homeless children and adults staying in city-run homeless shelters by the end of 2001.

Economic Condition

The City’s economy has been impacted this year by two major factors: the recession and the tragedy of September 11th. They combined to cause the local economy to contract for the first time in a decade. New York City’s Gross City Product (GCP), which measures the total value of goods and services produced, contracted by 0.2% in 2001, the first time it has fallen since 1991. This follows the 5.2% increase in the GCP in 2000, the highest rate of increase found in

recent years. In contrast, the U.S. Gross Domestic Product increased 1.2% in 2001, compared to a 4.1% increase in the prior year.

The Consumer Price Index (CPI), which measures the change in cost of typical household goods, increased at a lower rate in 2001 (2.5%) than in 2000 (3.1%) in the NYC metropolitan area. Similarly, the U.S. CPI for urban consumers increased at a lower rate this year as well, up 2.8% in 2001 versus 3.4% in 2000. In both years, the NYC CPI increased at a lower rate than the CPI nationally.

As reflected by the unemployment rate, the employment situation has worsened over the last year. The annual NYC unemployment rate increased by 0.4 percentage points, from 5.7% in 2000 to 6.1% in 2001. While the City's unemployment rate increased, it still remains the second lowest rate since 1988. Similarly, the U.S. unemployment rate increased to 4.8% in 2001, up from 4.0% in 2000. While both the City and national unemployment rates increased in 2001, the discrepancy between the NYC and nationwide rates narrowed to the smallest difference since 1990. (See graph below and Appendix F.1)

However, examining more recent job data, the City's unemployment rate continues to worsen, while the national scene show signs of improvement. The jobless rate is up to 7.2% as of February 2002 in NYC, compared to 7.1% in the prior month, while at the same time the national rate fell to 5.5% in February, down from 5.6% in January. This suggests that the City will not be recovering from the recession quite as fast as the nation.¹

While the City as a whole saw an increase in unemployment, the bulk of job losses took place in one borough: Manhattan. That borough saw its jobless rate increase from 4.9% in 2000 to 6.0% in 2001. Queens also saw an increase in unemployment, up from 4.8% to 5.1%. The Bronx maintained the highest unemployment rate of the boroughs and saw a slight increase as well, up from 7.3% to 7.4% in 2001.

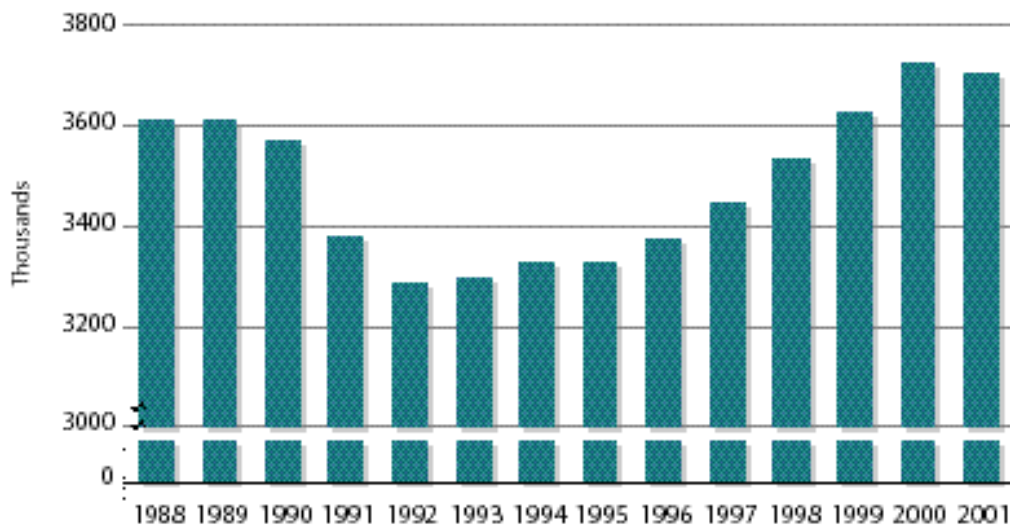
Staten Island's jobless rate, however, remained unchanged in 2001, at 4.8%, the lowest of all the boroughs, and Brooklyn actually saw its unemployment rate decline slightly in 2001, to 6.7%, down 0.1 percentage point, though it continues to maintain the second highest jobless rate among the boroughs.

NYC and U.S. Unemployment Rates, 1988-2001

After Eight Years of Decline, NYC Unemployment Rate Increases in 2001



Source: U.S. Bureau of Labor Statistics.

NYC Employment Levels Decrease For First Time Since Early 1990's

Source: U.S. Bureau of Labor Statistics.

Two additional employment indices also worsened 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, decreased in 2001, to 58.1%, down from 60.0% in 2000. This remained lower than the U.S. rate, which also decreased to 66.9% in 2001, from 67.2% in the prior year. 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, also decreased to 54.6% in 2001, down 1.7 percentage points from 56.3% in 2000. The U.S. employment/population ratio, in contrast, was 63.8% in 2001, down from 64.5% in 2000.²

The worsening employment situation in NYC this past year is further reflected in the decreasing number of jobs, though the annual job figures don't quite tell the whole story. Overall, NYC lost 21,000 jobs in 2001, a 0.56% decrease from the prior year. Job loss did not occur evenly among each job sector. As in prior years, manufacturing lost the highest proportion of jobs, down 5.2%, or 12,700 jobs. Unlike recent years, however, three other sectors also lost jobs in 2001. Trade lost 1.3%, or 7,900 jobs; finance, insurance and real estate

(the so-called FIRE sector) lost 4,400 jobs, or 0.9%; and the transportation and utilities sector lost 1,200 jobs, or 0.6%. However, the year as a whole did show an increase in employment among two sectors, construction and services. Construction gained 2,900 jobs, an increase of 2.4% from 2000, and services gained 8,100 jobs, for a 0.6% increase in employment.

Employment in government also declined in 2001, falling 1.0%, a loss of 5,800 jobs. Included in that loss is a decline of 1,000 jobs (0.4%) in the NYC government. (See graph above and Appendix F.2)

This report also examines wage data, though the analysis is limited by the fact that there is a one-year lag in reporting of the income data. Therefore, looking at the most recent numbers, which cover the 2000 calendar year, still shows the robust economy of that time in NYC. In fact, the year 2000 saw the largest increase in real wages since 1992. Both nominal and real wages again increased from 1999 to 2000, for those employed in NYC (which also includes those who live outside the City). In 2000, the average annual nominal wage was \$59,103, an increase from \$54,083 in 1999. Adjusted for inflation, real wages increased 6.0% from 1999-2000. Average real wages increased in all job sectors.

The FIRE sector saw the largest increase in real wages, rising by 16.5%. (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 2000, the FIRE sector continued to pay the highest wages of all sectors, at an average of \$146,720, a real wage increase of 66% since 1993. By contrast, the lowest paid job sector remained trade, whose average wage was \$34,767 in 2000, and experienced a real wage decrease of 1.7% over the prior year, and a total increase of just 3% since 1993.

However, unlike recent years, both of these sectors, the highest and the lowest paid, saw declines in the number of people employed in each in 2001, as discussed above. Of the sector growing the most, percentage-wise, construction also saw a real wage increase of 4.0% in 2000. The only other sector to see an increase in jobs in 2001, services, also saw a real wage increase in 2000 of 3.4%. (See Appendices F.3 and F.4)

Housing Affordability

As reported in the prior two years, following the release of the 1999 Housing and Vacancy Survey (HVS), housing in NYC is generally less available, 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.

Despite indications that rent and purchase prices of homes were leveling off during 2001, and beginning to decline immediately after 9/11, especially in downtown Manhattan³, recent reports indicate that co-op and condo sales and prices remain strong.⁴ This may be due to low interest rates available on mortgages, and for some, economic incentives (which are further discussed in this report) for those who reside in downtown Manhattan.⁵

However, while real estate prices appear to be holding their own in Manhattan, low- and moderate-income New Yorkers are facing an increasing number of mortgage defaults.⁶ New York area default rates are three times higher than the national average, due to a variety of reasons, including soaring real estate prices in recent years, job losses and changes in lending practices, as well as an increase in fraud.

New Yorkers also face continued high rental costs, based on a recent report.⁷ Based on federal minimum wage and fair market rent data, an individual earning the minimum wage would have to work 131 hours per week to afford an average one-bedroom apartment in NYC. Similarly, an individual would have to earn a wage of \$19.10/hour to afford a typical two-bedroom apartment in New York City.

Welfare Reform

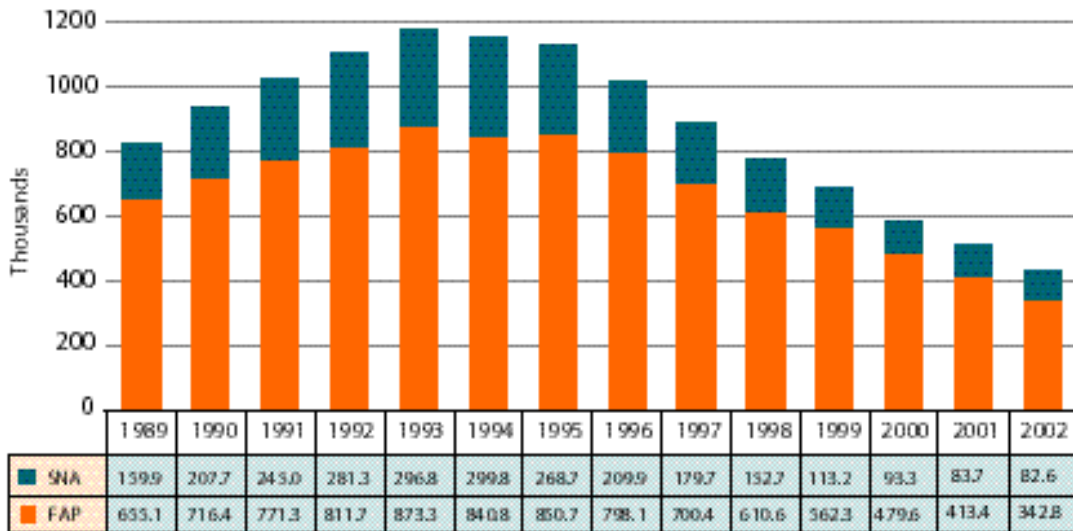
As seen in prior years, public assistance caseloads continued to drop in NYC. The most recent edition of the *Mayor's Management Report* indicates that the number of persons receiving public assistance decreased to 425,400 in FY 2002, 14% less than in the prior fiscal year, and 63% fewer than in March 1995, when the City's welfare reform initiative began and 1,161,000 were on the rolls.⁸ However, during FY 2002, 143,200 public assistance recipients found employment, 5% fewer than in the prior fiscal year.

Public assistance rolls are made up of two main programs: the Family Assistance Program (FAP) and the Safety Net Assistance (SNA) program. FY 2002 saw the City begin shifting a large number of FAP recipients (funded through the federal Temporary Assistance to Needy Families (TANF) program) over to the SNA program after federal benefits expired. During the 2002 fiscal year, 124,600 recipients shifted into the SNA program, while 218,200 remained in the FAP, equaling a net decline from FY 2001 of 70,600 participants, or 17%. The second program, SNA (excluding those FAP-to-SNA transfer recipients mentioned above), also saw a drop in its caseload, to an average of 82,600 in FY 2002, 1.3% less than in the prior fiscal year and 54% less than in FY 1997. However, there was also an increase in the number of new public assistance applications in FY 2002, with 5,600 (3.0%) more received during this period, compared to the prior fiscal year, probably reflecting the worsening economy. (See graph on the next page)

The *Mayor's Management Report* also indicates that during FY 2002, 38.6% of FAP families participate in work activities, down from 43.9% a year earlier. It appears that the recent increase in the unemployment rate may be adversely impacting on the ability of public assistance recipients to obtain employment.

Family Assistance Program (FAP) and Safety Net Assistance (SNA), FY 1989-FY 2002

Further Decline in Public Assistance Caseloads



Note: FY 2002 FAP figure above includes recipients recently transferred into SNA program.
Source: Mayor's Management Reports, FY1989 - FY 2002.

While the number of public assistance beneficiaries has continued to drop in recent years, some families that have continued to receive benefits began 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 began to affect those families receiving welfare.⁹ The state and city, however, have tried to prevent the total loss of benefits by encouraging those losing benefits to apply to the Safety Net Assistance (SNA) program. Since the City and its recipients have only just begun to make the transition, it is too early to know the net effects on benefits for former recipients.

The number of recipients of food stamps again fell this year, following a similar decline seen the year before. There was a 2% drop from FY 2001 to FY 2002 in the number of persons receiving food stamps, dropping to an average number of 819,500 in the 2002 fiscal year. The continued reduction in demand for many areas of emergency assistance is probably due to the tougher standards that have been implemented for receiving assistance.

Housing Policy

Perhaps the most significant federal housing program affecting NYC announced this past year is the \$700 million recovery plan the U.S. Department of Housing and Urban Development (HUD) announced in February 2002. While not just for housing, the grant features subsidies for renters and homeowners located in designated areas of downtown Manhattan, acting as an incentive for those who otherwise would not consider living in an area deemed a disaster zone.¹⁰

Overall, the FY 2003 budget is requested to be \$31.5 billion for programs nationwide, an increase of \$2.1 billion, or 7%, over HUD's initial FY 2002 budget.¹¹ The proposed budget includes funding for almost 34,000 additional incremental housing vouchers nationwide, almost double the amount provided the prior year, and a slight increase in the budget for the Public Housing Operating Fund.

As in the previous year, priority is put on expanding homeownership, especially among minority groups, through such programs as the Home Investment Partnership Program (HOME), of which New York State

is receiving \$20 million more over current funding; Self-Help Homeownership Opportunity Program (SHOP), or so-called “sweat-equity” programs; and the Section 8 Homeownership Program, whereas local housing agencies may provide mortgage assistance or a one-time down payment grant in lieu of a rental subsidy.

Evictions & Homelessness

Homelessness & Emergency Assistance

Perhaps indicative of the declining state of the NYC economy, indicators of homelessness appeared to worsen over the past year. The average number of single adults lodged in temporary housing increased from FY 2001 to FY 2002 by 6.6%, to 7,662.¹² The situation was even worse for families: the average number of families staying in temporary housing each night during the same period increased 25.6%, from 5,563 to 6,985. The average number of days that families spent in temporary housing also increased by 1%, from 312 to 315 days, equal to almost 11 months. In addition, the number of families found ineligible for temporary housing increased significantly from FY 2001 to FY 2002, up 34.3% to 12,059. However, the number of families relocated to permanent housing increased 34.3%, to 3,614 in FY 2002.

Reports indicate that the winter of 2001-02 saw the highest number of people staying in municipal shelters in the City’s history, with 31,000 per night as of January 2002.¹³ Among the 31,000 were 13,000 children, also a record. According to a recent report by the NYC Independent Budget Office (IBO), the total cost to provide services to NYC’s homeless population in 2001 was \$956 million, including \$493 million for emergency shelter and services, \$128 million on homeless prevention programs and \$122 million for permanent housing for the homeless.¹⁴ Of the total spending, a third comes from the city, a third from state funds, and the final third from the federal government.

Housing Court

Another method that is useful to understand the effect of varying economic conditions on New York City’s renters is the analysis of housing court data. In

particular, 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.

The number of non-payment filings in Housing Court increased slightly in 2001, up 0.46%, to 277,440. When the RGB first began to collect this data in the mid-1980s, non-payment filings averaged 323,143 between 1983 and 1989. But since the mid-1990’s, filing rates over the last six years have declined to an average of 276,650.

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 2001, 47.2% of filings were calendared, up from 45.6% in 2000.

Looking at the number and proportion of evictions is another helpful way to measure tenants’ ability to afford rents. Of the 130,897 non-payment proceedings that reached the point of trial in 2001, 21,369 court decisions ruled in favor of landlords and for the tenant’s eviction. As a proportion of cases noticed for trial that resulted in an eviction/possession ruling, this decreased, down from 18.9% in 2000 to 16.3% in 2001. 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. (See Appendix F.7)

Impact of 9/11

While the impact of the tragedy of September 11th has not yet been fully felt, preliminary analysis of its meaning on the NYC economy and its damaging and potentially lingering effects are discussed in brief here.

According to the NYC Comptroller’s office, the disaster may cost New Yorkers \$105 billion over the next two years, including \$34 billion in lost or damaged property; \$11 billion in expected income from those whose lives were lost; \$21 billion in costs for business interruption, training and unemployment; \$14 billion for cleanup, rescue and security; and between \$3 and

\$18 billion in lost rents and wages.¹⁵ The report also estimates 115,000 jobs will have been lost during the current fiscal year, though some jobs have been replaced by activity relating to cleanup and reconstruction.

Various reports also detail projected losses in tax revenue in the current and future years due to the attack.¹⁶ The NYC Independent Budget Office forecasts that city tax revenue will fall short by almost \$600 million this year and as much as \$1.1 billion in 2003. The NYC Department of Finance expects to take in \$200 million less in property taxes this year, with the loss of the World Trade Center accounting for \$70 million. Furthermore, the NYC budget after 9/11 faced a \$1.3 billion budget shortfall versus a projected \$545 million surplus before the attack. These and other revenue shortfalls are expected to have a significant impact on NYC's economic well-being for the near and long-term future, though the precise ramifications are not yet entirely clear due to changing projections and other factors, such as the ability of the City and nation to weather the recession and other influences on the economy.

Attempts to recover from the attack have featured a major commitment from Washington in the form of a promise granting New York \$20 billion towards recovery. Included in that funding was \$700 million for an action plan released by the U.S. Department of Housing and Urban Development to the New York State Empire Development Corporation, in conjunction with NYC's Economic Development Corporation. The plan includes incentives for keeping and attracting both residential and commercial development in downtown Manhattan. Most notably for this report, the Lower Manhattan Development Corporation is developing a residential incentive plan offering both new and prior residents economic incentives for two years for both rental and owner-occupied housing. While the specifics have not yet been fully approved, they are expected to include support of up to \$12,000 per apartment over two years.¹⁷

Conclusion

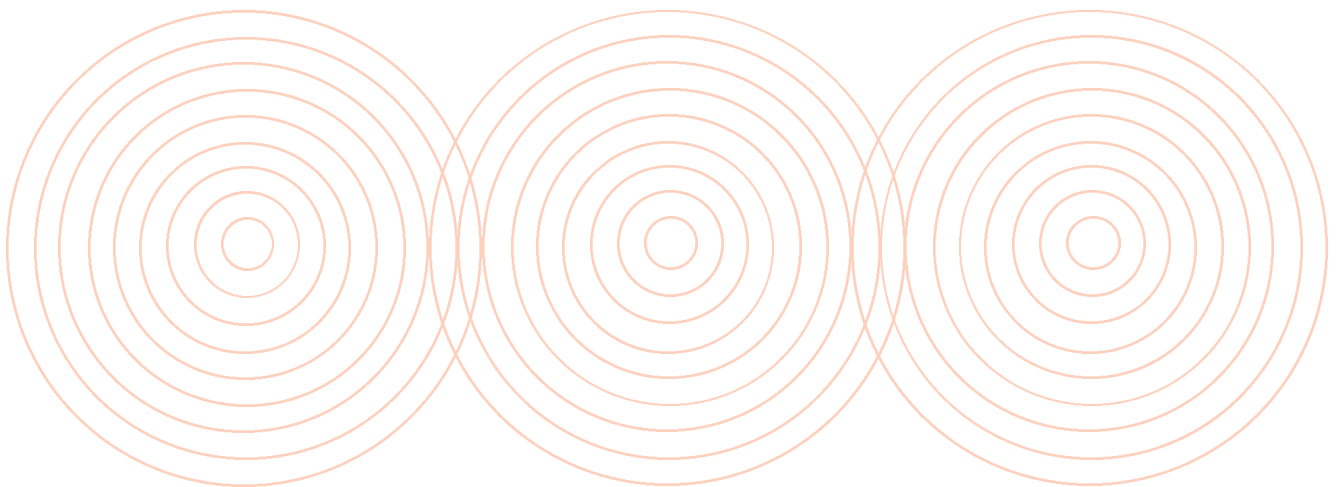
The tragedy of September 11th as well as the onset of a nationwide recession impacted heavily on NYC in 2001. While the data reported here does not entirely reflect the worsening economy, it does show an increasing

unemployment rate, a decline in the City's Gross City Product, and increasing homelessness. On the other hand, the most recent data shows a strong increase in average wages in 2000, and public assistance caseloads continued to decline in 2001. However, it is still unknown how long it will take to recover from the recession and the devastating events of 9/11, nor how severe the final impact of both will be on NYC's economy. □

Endnotes

1. "City Is Losing Jobs Despite Signs of a Rebound on the National Level," by Leslie Eaton, *New York Times* March 22, 2002.
2. The NYC labor force participation rate and employment/population ratio are derived from unpublished data from the U.S. Bureau of Labor Statistics.
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2002 Housing Supply Report

what's new

- ✓ Almost 17,000 permits were issued for new dwelling units in NYC in 2001, the most since 1985 and a 12% increase over the prior year.
- ✓ The number of new housing units completed in 2001 increased 8.2% over the prior year, to 13,231.
- ✓ City-sponsored residential construction decreased 6% during FY 2002, to a total of 11,830 new housing starts.
- ✓ The city-owned *in rem* housing stock continued to decline, falling 21% during FY 2002.
- ✓ The number of housing units newly receiving 421-a exemptions increased 72% in 2001, to 4,870.
- ✓ The Attorney General's office reported a 43% increase in the number of co-op or condo conversion plans approved in 2001, to 172 plans containing 5,032 units.

Introduction

Despite the emergence of a recession and the attack on the World Trade Center, 2001 represented a generally strong year for New York City's residential housing market. The number of permits issued for new dwelling units citywide increased 12%, to almost 17,000 units, the most since 1985. The number of completed housing units grew as well, rising 8.2%. The year 2001 also saw a 43% increase in the number of cooperative and condominium plans approved for conversion or new construction. New York City continued to reduce the share of city-owned vacant and occupied buildings, falling 21% during the 2002 fiscal year through various disposition programs. The City also saw a slight decrease in publicly-sponsored residential construction in FY 2002, falling 6%. In addition, rehabilitation of residential units under the J-51 tax abatement and exemption program during 2001 decreased by 3%. In addition, 2001 saw fewer housing starts under the 421-a Affordable Housing Program, though more units were completed this year.

New York City's Housing Inventory

Unlike the nation as a whole, most residents of New York City do not own the homes in which they live. According to the 1999 Housing and Vacancy Survey (HVS), the most recent year for which data is available, until the 2002 HVS is released, the percent of rental units relative to all dwellings in New York City stood at 66% in 1999, down from 70% in 1996. Notwithstanding the decline, the City still has twice as many rental units as the nation as a whole.¹ New York City remains unique in the types of dwelling units owned as well. While standard 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 proportion of rental units has declined in recent years, New York City's housing remains dominated by the size of its rental housing stock. In addition, unlike most cities, 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

vacancy

Vacant Available Rentals

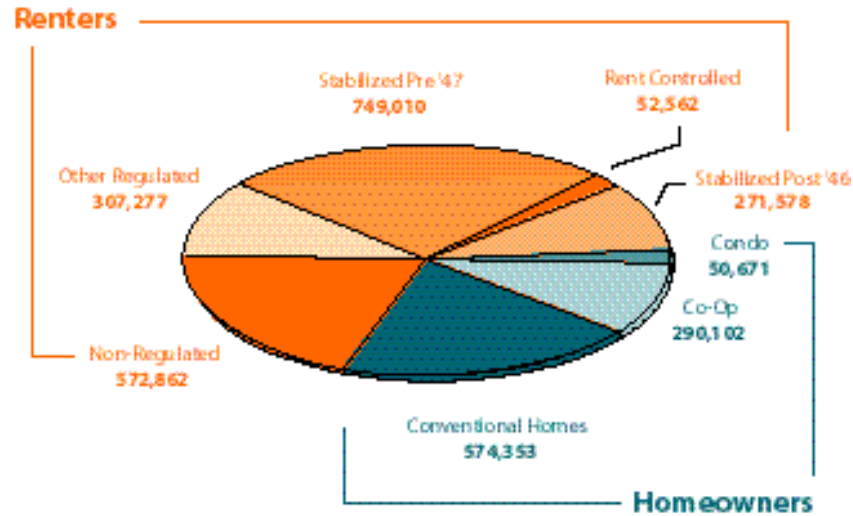
	1996	1999	Change
Total	81,256	64,412	-20.7%
Controlled	NA*	NA*	NA*
Stabilized	37,549	25,790	-31.3%
Pre-1947	29,381	20,069	-31.7%
Post-1946	8,168	5,720	-30.0%
Other Regulated	13,240	8,624	-34.9%
Private, Non-regulated	30,468	29,999	-1.5%

*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.

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 and Vacancy Survey.

NYC 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.

In contrast to the decline in the number of rental units, the number of privately owned homes increased between 1996 and 1999. This is due primarily to 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) were due to the addition of conventional homes.⁵ Moreover, the number of unregulated rental units increased by more than 27,000. On the other hand, 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 a decline in the number of available apartments and an increase in the City's population, as reported in the 2000 Census, the vacancy rate for New York City's rental stock decreased from 4.01% in 1996 to 3.19% in 1999. (See adjoining tables) The release of the 2002 Housing and Vacancy Survey next year should provide an indication of whether the shortage of housing has continued.

Changes in the Housing Inventory

New Additions

The housing supply generally grows through new construction, substantial rehabilitation of deteriorated buildings and building conversions from non-

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.

Continuing an upward trend, the City saw an increase from 2000 to 2001 in the number of permits issued for new privately-owned residential units in single and multi-family buildings. In 2001, permits were issued for 16,856 units of new construction, an increase of 12.0% over the 15,050 units in 2000 (see graph below). While remaining significantly lower than 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 revival since recovering from the recession of the early 1990's, with more permits issued for residential units in 2001 than in any year since 1985, and the second highest since 1973. Substantial increases in permits issued in 2001 occurred in three boroughs. The Bronx increased the most, up 34.6%, to 2,216; Queens increased by 19.9%, to 3,264; and Manhattan increased 19.5%, to 6,109. The number of permits issued in Brooklyn increased slightly in 2001,

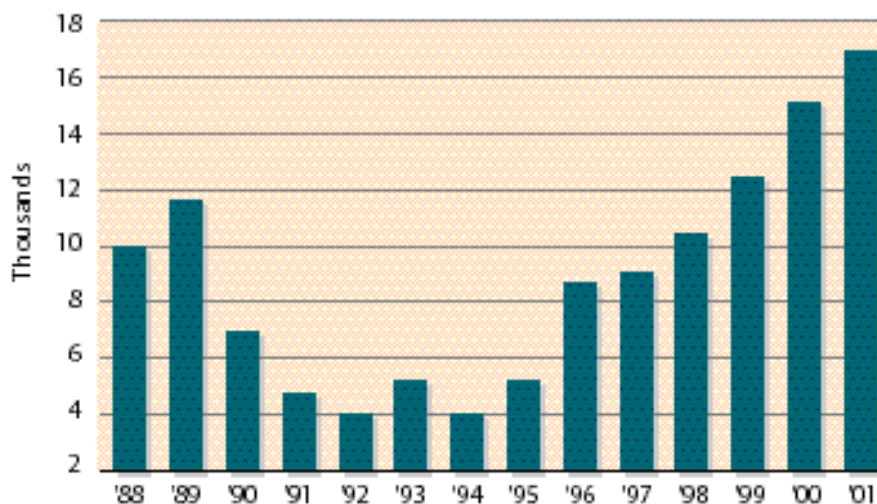
up 2.4% to 2,973, and Staten Island saw a 14.0% decline, to 2,294. (See Appendix G.1 and the map on the following page)

The most recent available building permit data is for the first quarter of 2002, January through March, and it shows a different trend than that found during the 2001 calendar year. Compared to the first quarter of 2001, the number of permits issued in New York City in the first quarter of 2002 has decreased by more than a third, falling from 4,421 in the first three months of 2001 to 2,838 in the same period in 2002. Manhattan had the largest decrease, 78.9%, while Brooklyn fell 27.4%. The remaining boroughs saw increases, with the Bronx continuing its upward trend in the beginning of 2002, up 25.8% over the early part of 2001. Queens also continued its trend of increases, up 13.6%, and Staten Island saw an increase during the first quarter of 2002 versus the same period in 2001, up 12.8%.⁷

While looking at the number of permits issued is a good indicator of upcoming housing, examining the number of completed units in the City shows what truly came onto the market in a given year. In 2001, 13,231 new housing units were completed, an 8.2% increase

Units Issued New Housing Permits 1988-2001, in Thousands

Growth in Number of Permits Issued for New Construction of Residential Units Continues

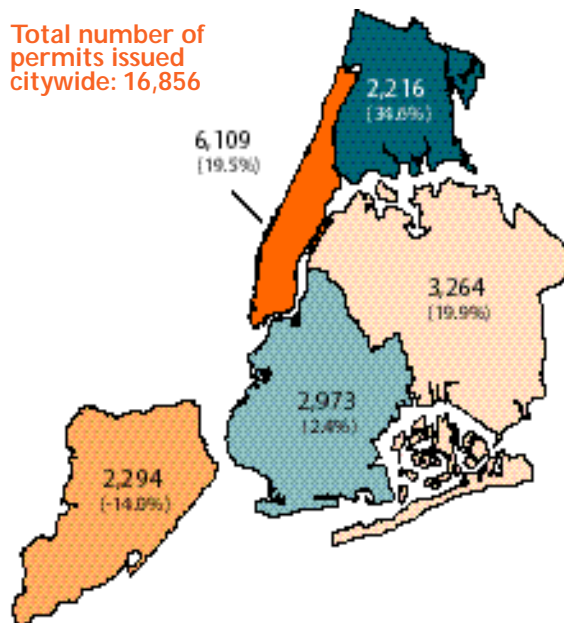


Source: U.S. Bureau of the Census, Manufacturing and Construction Division Building Permits Branch.

Total Number of Permits Issued in 2001 and Percentage Change From 2000 by Borough

2001 Saw 12% Increase in Number of Permits Issued for New Housing Units in New York City

Total number of permits issued citywide: 16,856



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

over 2000. This number of new units is the most since 1989. The growth, however, occurred in only three boroughs, while two saw declines. Brooklyn saw its number of new housing units grow more sharply than any other borough in 2001, up 70.9%, to 2,449. The Bronx saw a more modest increase, 16.8%, to 1,617, Staten Island saw a 14.8% increase, to 2,198 and Manhattan witnessed a 5.5% increase, to 5,693 new units in 2001. Meanwhile, Queens saw a sizeable 39.3% decline, to 1,274.⁸ (See Appendix G.2 for a complete historical breakdown)

The growth in new housing is perhaps most notable in neighborhoods like Williamsburg, Brooklyn, where former residents of Manhattan are flocking to live in apartments that, in comparison to their former residences, have lower rents and more space. At the same time, long-time residents are facing the pressure of not being able to afford the new market-rate apartments being built in their neighborhood.⁹ The pressures of gentrification are being resisted by some tenants and area organizations, which fear that families who have

lived in a neighborhood may be forced out when their rents become unaffordable. However, a recent study reports that the phenomenon of gentrification can benefit many of the same long-term tenants of an area by improving the quality of the housing stock. At the same time, many of these tenants are protected from steep rent increases by rent regulation. However, the same report does predict that over the long run, the gradual shrinking of the pool of low-rent housing may have an adverse impact on the poor, who will be unable to afford the newly vacant apartments of a rapidly gentrifying neighborhood.¹⁰

Another good source of information on new housing development is the annual *Mayor's Management Report*, which reports, among other things, on publicly-sponsored residential construction. The NYC Department of Housing Preservation and Development (HPD), through its Office of Development, sponsors eight programs that develop affordable housing for low- and moderate-income New Yorkers. Programs include the Cornerstone program, which is HPD's multi-family new construction housing initiative, financed principally through private sources; the ANCHOR program, which is a revitalization program that creates both commercial retail and housing on vacant City-owned land; and the New Foundations program, which assists in the development of one-to-four family owner-occupied homes. As a whole, for all these programs, HPD reported 11,830 total housing starts in FY 2002, down 6% from the prior fiscal year. Of the 11,830 total starts¹¹ this year, 7,014 were moderate rehabilitation starts, a decrease of 22% over the prior year, and 1,088 were gut rehabilitation starts (in both city-owned and private housing), up 3% from the prior year. However, new construction starts saw an increase of 48% this year, to 3,728 in FY 2002.¹²

Tax Incentive Programs

Many new multifamily properties containing three or more rental units receive tax exemptions under the 421-a tax incentive program. The program allows for a reduction in the taxable assessed value of eligible properties. In other words, 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.

There are many factors used to establish the level and period of 421-a benefits. These factors include: geographic location; reservation of units for low- and moderate-income families; construction periods and government commitment. In addition, properties are subject to construction guidelines. Rental properties located beyond 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 situated 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.¹³ There were fewer housing starts under this part of the program in 2001 than in 2000. It is estimated that when all the units begun in 2001 are completed, 262 new affordable units will be produced, creating 1,310 certificates to be sold. This is 40% less than in 2000.

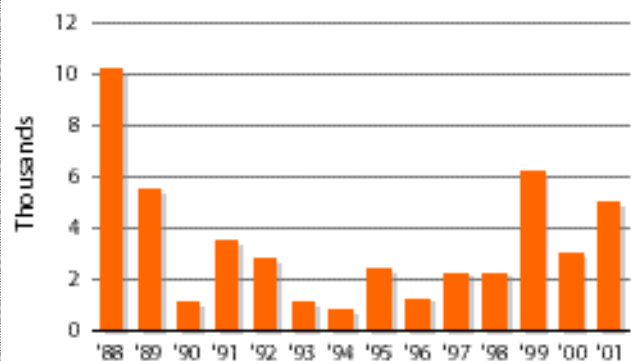
Significantly more affordable units were completed under the Affordable Housing program in 2001 than in the previous year. In 2001, 375 new affordable units were completed, which produced 1,875 certificates for market-rate housing, 42% more than in 2000.

Citywide, both within and outside the Manhattan Exclusionary Zone, the number of housing units newly receiving 421-a exemptions increased sharply in 2001, up 72%, to 4,870 (see graph below). In contrast, the prior year saw the number of apartments receiving new 421-a benefits fall by 54%. The lion's share of units receiving benefits last year were in buildings located in Manhattan, which contained 63% of the total number in the City. The remainder of these units were in Brooklyn (16%), Queens (13%), the Bronx (7%) and Staten Island (2%).¹⁴

Significantly fewer certificates are issued citywide nowadays, compared to the number of units that received exemptions in the late 1980s, when on average, 8,000 new units per year received exemptions. These units, however, do not remain permanent members of the stabilized stock. As exemptions expire, rental

Units Receiving Certificates, in Thousands

Number of Units Newly Issued 421-a Certificates Increased 72% in 2001



Source: NYC Department of Housing Preservation and Development.

apartments are no longer governed by rent regulation rules. (See Appendices G.5 and G.6)

Another subsidy program, the New York State Mitchell-Lama program, is losing residential units as market-rents rise and landlords choose to opt out of the program. The program was created in 1955 as a means of providing affordable rental and cooperative housing to moderate- and middle-income families, granted low-cost mortgages and tax breaks to landlords who developed low- and middle-income housing. After twenty years, landlords may leave the program, and in recent years, some have done so by buying out of the program. While landlords feel that their obligation has ended, housing advocates fear the loss of affordable housing and economic diversity in neighborhoods like the Upper West Side, where a number of Mitchell-Lama buildings are leaving the program.¹⁵ Meanwhile, the largest complex that is part of the program, the 15,372-unit Co-op City in the Bronx, is contemplating leaving the program to help pay for mortgage payments and capital improvements.¹⁶

Conversions and Subdivisions

Another method of supplying new housing units is through subdivisions and conversions, because new development alone has been unable to meet demand. Subdivisions involve the division of existing residential space into a larger number of units. Non-residential spaces, such as offices or other commercial spaces, can also be converted for residential use. There have been an increasing number of conversions in neighborhoods such as DUMBO (Down Under the Manhattan Bridge, in Brooklyn) and Long Island City (Queens). Warehouse and manufacturing space is being transformed into loft apartments in these areas, attracting those individuals who are looking for less conventional residences.

There has also been a rising number of conversions taking place among single room occupancy (SRO) buildings in recent years. SRO owners may convert SRO housing to other uses after obtaining a “Certificate of No Harassment” from HPD. The most recent five-year period has seen many more Certificates issued than over preceding years 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 2001, an average of 114 applications for “Certificates of No Harassment” were filed, with 112 filings in 2001.¹⁷

Illegal conversions are another source of additions to the housing supply. Frequently, illegal conversions involves the alteration 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 the owner has not obtained the necessary permits and variances and violates zoning regulations. In other circumstances, the house itself was not constructed for the current use, and cannot safely accommodate all the people in residence.¹⁸ Conversion has been a divisive issue in some Queens neighborhoods and other parts of the City, 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. During the first four months of FY 2002, the Department of Buildings received 4,489 illegal conversion complaints, compared to 4,939 complaints during the same period of FY 2001, a 9% drop. During the same period, 5,853 fields visits were made, up 6% from the same period in the prior year, and 2,033 violations were issued, down 9% from the same period in FY 2001.¹⁹

Cooperative and Condominium Activity

An additional source of new housing is produced in the City is through the construction of cooperatives (co-ops) and condominiums (condos). While most New Yorkers still rent their homes, the rate of home-ownership has been rising. Most of the newly created units for sale have

been designed for the high-end market, with few units coming on to the market for entry-level and middle-level buyers in the past few years, particularly in Manhattan. After initial fears of a real estate recession after 9/11, co-op and condo sales have rebounded in recent months.²⁰ Looking at 2001 as a whole, the strength of the co-op and condo market in most of Manhattan is demonstrated by the 5.2% increase in the average selling price, to a median of \$505,000.²¹

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 2001, the Attorney General approved 172 plans, a 43% increase over the number approved in 2000. These 172 plans affected 5,032 housing units, 64% more than in 2000. The majority of plans (102) were accepted for buildings located in Brooklyn; while 59 were located in Manhattan; Queens had 9 buildings; Staten Island had 2 and there were none in the Bronx. However, while more buildings were in Brooklyn, the average building in Manhattan is larger, so slightly more units were affected in Manhattan (2,471) than in Brooklyn (2,313).²²

The majority of the plans accepted citywide were for new construction, 145 plans, covering a total of 3,833 units. This is a considerable increase from last year, when new construction accounted for 87 of the 120 accepted plans (1,911 units). Rehabilitation accounted for 13 plans and 124 units, and the remainder, 14 plans and 1,075 units, were conversions. Compared to 2000, while the number of new construction and conversion plans increased, the number of rehabilitation plans accepted decreased. (See Appendices G.3 and G.4)

Although the conversion of rental housing into co-op and condo units increases the housing inventory for sale, it simultaneously reduces the total number of housing units for rent. Conversions represent 21% of the total number of units in plans accepted by the Attorney General's Office in 2001, down from 30% in 2000. At the same time, the proportion of units that are part of newly approved plans resulting from new construction has increased from 62% in 2000 to 76% in 2001. While the share of units becoming co-op or condo that are converted has dropped this year, lingering effects remain because of the time lag in the

impact of conversions on the housing market. Because most conversion plans are non-eviction plans, 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.

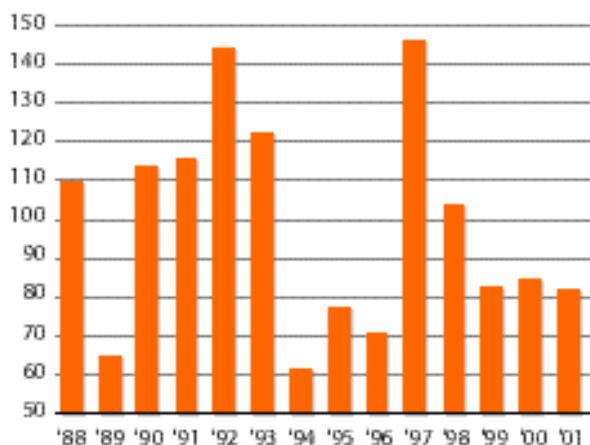
Rehabilitation

Rehabilitation is another method by which units are readmitted to the City's housing stock. As buildings get older, they must undergo renovation and rehabilitation to remain in habitable condition. This is particularly applicable to NYC's housing stock, of which more than 60% of the units are in buildings greater than 50 years old.²³ 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 intended to encourage the periodic renovation of New York City's stock of rental housing. In the late 1980s and early 1990s, the number of units approved for initial J-51 tax abatements and exemptions each year was frequently above 100,000 dwellings. In the mid-1990s, 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 three of the last four years, the number of units newly receiving benefits declined, falling 29% in 1998, 21% in 1999, and 3% in 2001. (In 2000, the number of units increased 2%.) In 2001, 81,321 units in 3,106 buildings newly received J-51 benefits. (See graph on the next page) The location of the units newly receiving benefits in 2001 was quite varied, with 33% located in Queens; 29% in Manhattan; 24% in Brooklyn; 11% in the Bronx; and 3% in Staten Island.²⁴

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

Units Receiving Initial Benefits, in Thousands

Slight Decrease in Number of Units Receiving J-51 Certificates in 2001



Source: NYC Department of Housing Preservation and Development.

completion. Rehabilitation activities that are eligible for tax abatements and exemptions include Major Capital Improvements (MCI's), 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.²⁵

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

Tax-Delinquent Property

In Rem Housing

During the 1970s and 1980s, the City foreclosed on thousands of tax-delinquent residential properties, becoming the owner and manager of these buildings. By

its nadir in 1986, the city then owned and managed occupied buildings containing 40,000 units. Most of these buildings were dilapidated multi-families occupied by a predominantly low-income population. To counteract this trend, HPD has developed multiple disposition programs over time to manage, rehabilitate and sell many of these *in rem* buildings. HPD's Alternate Management Programs began in 1994 with the goal of returning city-owned properties to private owners and stimulating neighborhood development. The 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 has successfully reduced the number of occupied *in rem* units in central management to 5,715 through the end of FY 2002, a 74% decline since FY 1997.²⁶ Units that have passed into private ownership during this period provide over \$8 million annually to the City in tax revenue.

HPD transfers buildings into alternative management programs before returning them to private ownership. During FY 2002, 302 buildings with 2,941 units were sold through these programs. By the end of FY 2003, the total number of HPD-managed units is expected to fall to 6,335.²⁷

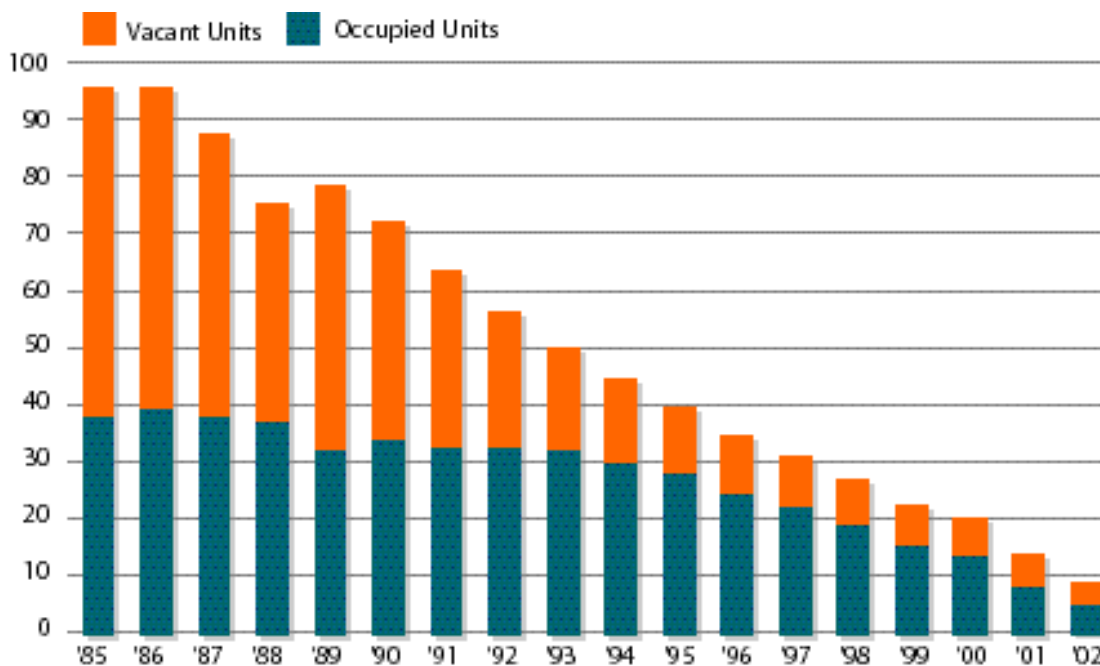
The number of vacant city-owned buildings also fell significantly over the same period, to 3,762 units remaining at the end of FY 2002, a 54% decline since FY 1997. (See graph on next page) During FY 2002, the total number of buildings operated by HPD, including both occupied and vacant, fell 21.4%, and the number of units in these buildings fell 28.6% during the same period. (See Appendix G.7)

Anti-Abandonment Strategies

The City is continuing its effort to prevent abandonment of apartment buildings by identifying buildings at risk and help owners. Key initiatives to prevent abandonment include the Third Party Transfer Program, which targets distressed and other buildings with tax arrears, and a Housing Education Program, which teaches owners and supers basic management, maintenance and finance skills to improve their properties.

Units in HPD Central Management Stock FY 1985-FY 2001, in Thousands

Continued Decline in City In Rem Housing Stock in FY 2002



Source: Mayor's Management Report, Office of Operations, FY 1985-FY 2002.

Since 1994, the City has not vested properties that were tax delinquent (taking title through tax foreclosure). As an alternative, the City has developed a multi-faceted anti-abandonment strategy. First, tax liens for properties that are not distressed are sold in bulk to private investors. After the lien is sold, the lien holder 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 lien holder can file for foreclosure on the property.²⁸

Another aspect of the City's recent 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 Neighborhood Restore, a nonprofit corporation, and upon the judgment of the court, are transferred to a qualified third party.

An additional anti-abandonment strategy involves the identification of buildings that are at risk of abandonment and helping 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.

Demolitions

After more than doubling in 2000, the number of buildings demolished in NYC remained virtually the same in 2001. The NYC Department of Buildings reports that 1,487 buildings were demolished, a one percent decline over the 2000 count of 1,500. This was the second highest total since 1985, when the RGB began collecting this data. Queens accounted for over a

third (35%) of all the buildings demolished in 2001, Brooklyn held 28%, Staten Island 20%, Manhattan had 11% and the Bronx held 6%. While the overall number of buildings demolished citywide remained almost the same between 2000 and 2001, two boroughs saw large increases while the other three saw smaller declines. Manhattan saw a 58% increase in the count of demolitions and the Bronx saw a 50% increase in 2001. Meanwhile, Brooklyn saw a 16% decline, Staten Island has 5% fewer demolitions, and Queens saw a small 2% decline.²⁹ (See Appendix G.8)

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. According to the NYC Department of Buildings, the high number of demolitions over the last few years is primarily due to the increased size of current and future developments.

Prospects for Housing Programs

In addition to the \$700 million recovery plan the U.S. Department of Housing and Urban Development (HUD) announced in February 2002³⁰, the Federal Emergency Management Agency (FEMA) is reconsidering over 7,000 rejected applications for housing assistance that the agency denied after the 9/11 terrorist attacks. The FEMA plan, for those applicants deemed acceptable, will cover up to 18 months of rent or mortgage payments.³¹

Overall, the FY 2003 budget is requested to be \$31.5 billion for programs nationwide, an increase of \$2.1 billion, or 7%, over HUD's initial FY 2002 budget. The proposed budget includes funding for almost 34,000 additional incremental housing vouchers nationwide, almost double the amount provided the prior year, and a slight increase in the budget for the Public Housing Operating Fund.

However, the President's proposed HUD budget also may reduce funding for public housing repairs and community development-related housing programs.³² One aspect of proposed HUD funding eliminates Economic Development Initiative Grants, which are part of the Community Development Block Grant program. The budget, if approved, would also cut \$417 million, or 15% of its budget nationwide, from the Capital Fund, which funds repairs of public housing.

Recipients of Section 8 vouchers have also faced increasingly difficult circumstances in which to use them, since some landlords, sensing the increase in market rents, have been dropping out of the voucher program when their contracts expire.³³ Even after waiting years to first receive them, about 10% of the City's voucher-holders now return them unused because they are unable to find an apartment by the end of the four-month deadline.³⁴

Conclusion

The year 2001, for the most part, represented a strong year for New York City's residential housing market, despite the emergence of a recession and the tragedy of 9/11. Permits were issued for almost 17,000 new units, the most in 16 years. Likewise, the number of housing units completed grew by 8.2%. The City also continued to reduce its share of city-owned vacant and occupied buildings, seeing a 28% decline during the most recent year. However, there were fewer housing starts under the 421-a Affordable Housing Program. But while most indicators were positive in 2001, concerns about the possibility of a lingering recession and growing city, state and federal budget deficits may put a damper on housing prospects in the near future. □

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. U.S.Census Bureau World Wide Web page <<http://www.census.gov/const/www/permitsindex.html>>.
8. NYC Department of City Planning data. Figures for 2000 and prior years were revised this year by the Department.
9. "Williamsburg: More Housing, Higher Prices," by Alan S. Oser, *New York Times*, April 28, 2002.
10. "Gentrification and Displacement," *The Urban Prospect*, January/February 2002, Citizens Housing and Planning Council.
11. Starts refer to the number of units beginning construction or rehabilitation in a given period.
12. *Mayor's Management Report*, Fiscal 2002.
13. 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>>.

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14. NYC Department of Housing Preservation and Development, Tax Incentives Program data.
 15. "Another Mitchell-Lama Building Hits the Market," by Jesse J. Smith, *Chelsea Clinton News*, February 21-27, 2002.
 16. "Scratching Its Head, Co-op City Debates Ways to Erase Its Deep Debt," by Seth Kugel, *New York Times*, February 3, 2002.
 17. West Side SRO Law Project, reporting NYC Department of Housing Preservation and Development data.
 18. "Resolving an Illegal Conversion Violation," NYC Department of Buildings. World Wide Web page <<http://nyc.gov/html/dob/html/illegal-conversion.html>>.
 19. *Mayor's Management Report*, Preliminary Fiscal 2002. Final Fiscal 2002 numbers are not yet available.
 20. "Real Estate In Manhattan Is Rebounding," by Tracie Rozhon, *New York Times*, March 13, 2002.
 21. "Not Even Terror Attack Dims Manhattan Market," by Dennis Hevesi, *New York Times*, February 1, 2002.
 22. NYS Attorney General's Office, Real Estate Financing Bureau data.
 23. 1999 NYC Housing and Vacancy Survey.
 24. NYC Department of Housing Preservation and Development, Tax Incentives Program data.
 25. 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>>.
 26. *Mayor's Management Report*, Fiscal 2002.
 27. *Mayor's Management Report*, Fiscal 2002.
 28. NYC Department of Finance, Common Questions and Answers about New York City's Tax Lien Sale Process.
 29. NYC Department of Buildings data.
 30. "Bush Administration Approves \$700 Million Grant to Help Rebuild Lower Manhattan," by Robert Pear, *New York Times*, February 3, 2002.
 31. "U.S. to Reconsider Applicants Rejected for Aid After Attack," by Diana B. Henriques, *New York Times*, May 2, 2002.
 32. *City Limits Weekly*, February 18, 2002.
 33. "Cracks in a Pillar of Affordable Housing," by Dennis Hevesi, *New York Times*, November 18, 2001.
 34. "Section 8 Is Not Enough," by Erin Drasler, *City Limits*, July/August 2001, reporting NYC Housing Authority data.

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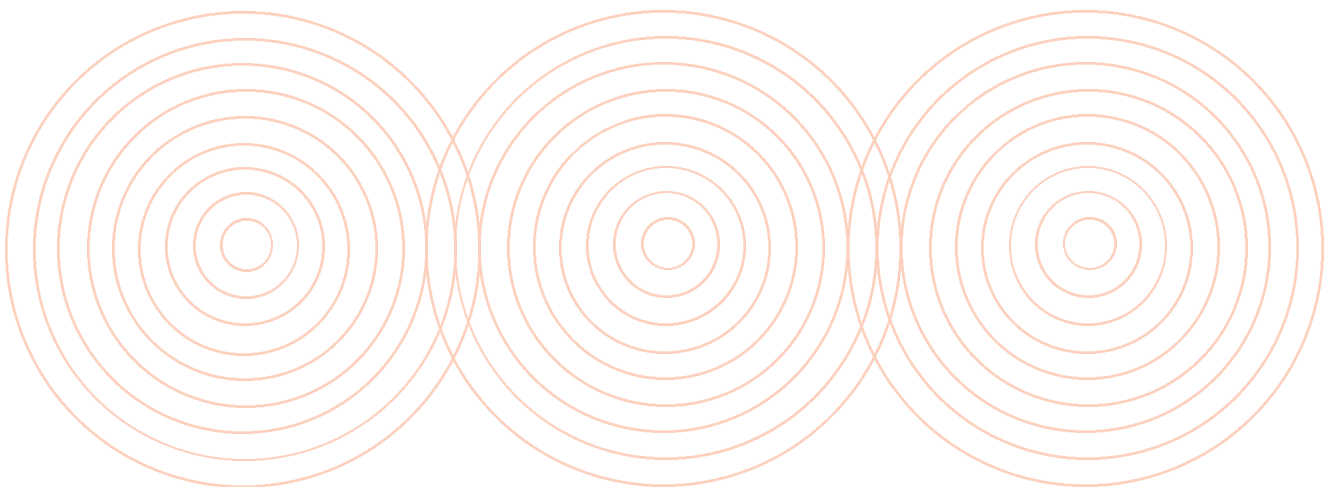
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Appendix A: Guidelines Adopted by the Board

A.1 Apartments & Lofts — Order #34

On June 26, 2002, the Rent Guidelines Board (RGB) set the following maximum rent increases for leases commencing or being renewed on or after October 1, 2002 and on or before September 30, 2003 for rent stabilized apartments:

One-Year Lease	Two-Year Lease
2%	4%

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, 2002 and on or before September 30, 2003:

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

Leases for units subject to rent control on September 30, 2002, 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, 2002, the special guideline shall be the greater of the following:

- (1) 50% 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, 2002.

A.2 Hotel Units — Order #32

On June 26, 2002, the Rent Guidelines Board (RGB) set the following maximum rent increases for leases commencing or being renewed on or after October 1, 2002 and on or before September 30, 2003 for rent stabilized hotels:

Single Room Occupancy Buildings (SRO)	0%
Lodging Houses	0%
Class A Hotels	0%
Class B Hotels	0%
Rooming Houses	0%

Except that the allowable level of rent adjustment over the lawful rent actually charged and paid on September 30, 2002 shall be 0% if:

- 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, constitute fewer than 70% of all units in a building that are used or occupied, or intended, arranged or designed to be used or occupied in whole or in part as the home, residence or sleeping place of one or more human beings.
- Furthermore, the allowable level of rent adjustment over the lawful rent actually charged and paid on September 30, 2002 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, 2001 vs. 2002

Spec	Description	2001	2002	Spec	Description	2001	2002
211	Apartment Value	159	191	701	INSURANCE COSTS	607	658
212	Non-Union Super	99	127				
216	Non-Union Janitor/Porter	63	71	801	Light bulbs	6	9
	LABOR COSTS	321	389	802	Light Switch	7	7
301	Fuel Oil #2	29	29	803	Wet Mop	12	10
302	Fuel Oil #4	8	8	804	Floor Wax	7	6
303	Fuel Oil #6	6	6	805	Paint	15	15
	FUEL	43	43	806	Pushbroom	6	10
501	Repainting	115	128	807	Detergent	5	8
502	Plumbing,Faucet	33	33	808	Bucket	10	14
503	Plumbing,Stoppage	37	32	809	Washers	10	10
504	Elevator #1	11	12	810	Linens	10	10
505	Elevator #2	11	12	811	Pine Disinfectant	7	7
506	Elevator #3	11	11	812	Window/Glass Cleaner	6	6
507	Burner Repair	15	18	813	Switch Plate	11	11
508	Boiler Repair,Tube	10	10	814	Duplex Receptacle	8	11
509	Boiler Repair,Weld	6	6	815	Toilet Seat	15	17
510	Refrigerator Repair	13	13	816	Deck Faucet	10	14
511	Range Repair	14	11		PARTS & SUPPLIES	145	165
512	Roof Repair	22	23	901	Refrigerator #1	9	12
513	Air Conditioner Repair	10	11	902	Refrigerator #2	11	14
514	Floor Maint. #1	8	7	903	Air Conditioner #1	5	6
515	Floor Maint. #2	8	7	904	Air Conditioner #2	5	7
516	Floor Maint. #3	8	7	905	Floor Runner	11	13
518	Linen/Laundry Service	5	5	906	Dishwasher	6	10
	CONTRACTOR SERVICES	337	346	907	Range #1	6	10
601	Management Fees	117	103	908	Range #2	7	10
602	Accountant Fees	30	29	909	Carpet	12	13
603	Attorney Fees	21	21	910	Dresser	8	7
604	Newspaper Ads	19	19	911	Mattress & Box Spring	13	9
605	Agency Fees	5	5		REPLACEMENT COSTS	93	111
606	Lease Forms	12	9				
607	Bill Envelopes	12	12				
608	Ledger Paper	8	8				
	ADMINISTRATIVE COSTS	224	206		All Items	1,770	1,918

B.2 Expenditure Weights, Price Relatives, Percent Changes and Standard Errors, All Apartments, 2002

Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error	Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error
101	TAXES,FEES,& PERMITS	0.2450	1.0663	6.63%	0.0302	601	Management Fees	0.6859	1.0563	5.63%	0.8835
201	Payroll,Bronx,All	0.1181	1.0350	3.50%	0.0000	602	Accountant Fees	0.1446	1.0391	3.91%	1.2273
202	Payroll,Other, Union,Supts.	0.1166	1.0315	3.15%	0.0000	603	Attorney Fees	0.1311	1.0048	0.48%	0.5362
203	Payroll,Other, Union,Other	0.2879	1.0339	3.39%	0.0000	604	Newspaper Ads	0.0044	1.0208	2.08%	3.2062
204	Payroll,Other, Non-Union,All	0.2867	1.0643	6.43%	0.9792	605	Agency Fees	0.0054	1.0540	5.40%	0.5254
205	Social Security Insurance	0.0469	1.0347	3.47%	0.0000	606	Lease Forms	0.0102	1.0376	3.76%	2.3199
206	Unemployment Insurance	0.0072	1.0000	0.00%	0.0000	607	Bill Envelopes	0.0100	1.0178	1.78%	3.1868
207	Private Health & Welfare	0.1366	1.0194	1.94%	0.0000	608	Ledger Paper	0.0084	1.0642	6.42%	4.1967
	LABOR COSTS	0.1604	1.0403	4.03%	0.2808		ADMINISTRATIVE COSTS	0.0817	1.0464	4.64%	0.6377
301	Fuel Oil #2	0.5841	0.6773	-32.27%	0.7133	701	INSURANCE COSTS	0.0599	1.1650	16.50%	1.5304
302	Fuel Oil #4	0.1540	0.5901	-40.99%	0.9883	801	Light Bulbs	0.0380	1.0004	0.04%	0.0647
303	Fuel Oil #6	0.2620	0.5827	-41.73%	1.1399	802	Light Switch	0.0478	1.0110	1.10%	1.1962
	FUEL	0.1163	0.6391	-36.09%	0.5347	803	Wet Mop	0.0430	1.0036	0.36%	0.3777
401	Electricity #1,2,500 KWH	0.0107	0.8863	-11.37%	0.0000	804	Floor Wax	0.0397	1.0000	0.00%	0.0000
402	Electricity #2,15,000 KWH	0.1369	0.8763	-12.37%	0.0000	805	Paint	0.2244	1.0252	2.52%	1.6558
403	Electricity #3,82,000 KWH	0.0000	0.8863	-11.37%	0.0000	806	Pushbroom	0.0359	1.0211	2.11%	2.1421
404	Gas #1,12,000 therms	0.0054	0.7813	-21.87%	0.0000	807	Detergent	0.0332	1.0112	1.12%	1.1930
405	Gas #2,65,000 therms	0.0635	0.6800	-32.00%	0.0000	808	Bucket	0.0397	1.0112	1.12%	1.1106
406	Gas #3,214,000 therms	0.2547	0.7528	-24.72%	0.0000	809	Washers	0.0990	0.9834	-1.66%	1.7003
407	Steam #1,1.2m lbs	0.0167	0.8013	-19.87%	0.0000	811	Pine Disinfectant	0.0474	1.0148	1.48%	1.1816
408	Steam #2,2.6m lbs	0.0065	0.7779	-22.21%	0.0000	812	Window/Glass Cleaner	0.0507	1.0000	0.00%	0.0000
409	Telephone	0.0088	1.0220	2.20%	0.0000	813	Switch Plate	0.0453	1.0234	2.34%	1.8628
410	Water & Sewer - Frontage	0.3615	1.0300	3.00%	0.0000	814	Duplex Receptacle	0.0340	1.0064	0.64%	0.6882
411	Water & Sewer - Metered	0.1352	0.9771	-2.29%	1.1605	815	Toilet Seat	0.1005	1.0109	1.09%	0.6910
	UTILITIES	0.1629	0.9006	-9.94%	0.1569	816	Deck Faucet	0.1214	1.0000	0.00%	0.0000
501	Repainting	0.4106	1.0198	1.98%	0.5978		PARTS AND SUPPLIES	0.0205	1.0094	0.94%	0.4416
502	Plumbing,Faucet	0.1382	1.0567	5.67%	1.4107	901	Refrigerator #1	0.0926	1.0119	1.19%	0.8931
503	Plumbing,Stoppage	0.1246	1.0570	5.70%	1.7516	902	Refrigerator #2	0.4775	0.9687	-3.13%	1.7125
504	Elevator #1,6 fl.,1 e.	0.0549	1.0719	7.19%	1.7535	903	Air Conditioner #1	0.0171	1.0272	2.72%	2.4656
505	Elevator #2,13 fl.,2 e.	0.0359	1.0788	7.88%	2.1746	904	Air Conditioner #2	0.0221	1.0078	0.78%	0.7394
506	Elevator #3,19 fl.,3 e.	0.0208	1.0538	5.38%	1.1993	905	Floor Runner	0.0878	1.0246	2.46%	2.2038
507	Burner Repair	0.0381	1.0268	2.68%	1.1425	906	Dishwasher	0.0473	1.0085	0.85%	0.5820
508	Boiler Repair,Tube	0.0457	1.0428	4.28%	2.4174	907	Range #1	0.0456	1.0192	1.92%	1.2973
509	Boiler Repair,Weld	0.0334	1.0339	3.39%	2.2775	908	Range #2	0.2100	1.0180	1.80%	1.5347
510	Refrigerator Repair	0.0126	1.0178	1.78%	2.4528		REPLACEMENT COSTS	0.0088	0.9940	-0.60%	0.9072
511	Range Repair	0.0134	1.0086	0.86%	0.8805		ALL ITEMS	1.0000	0.9839	-1.61%	0.1494
512	Roof Repair	0.0575	1.0490	4.90%	3.0241						
513	Air Conditioner Repair	0.0088	1.0210	2.10%	2.0621						
514	Floor Maint.#1,Studio	0.0003	1.0055	0.55%	0.5670						
515	Floor Maint.#2,1 Br.	0.0005	1.0087	0.87%	0.8893						
516	Floor Maint.#3,2 Br.	0.0047	1.0179	1.79%	1.8354						
	CONTRACTORSERVICES	0.1446	1.0385	3.85%	0.4620						

B.3 Price Relative by Building Type, Apartments, 2002

Spec #s	Item Description	Pre-1947	Post-1946	Gas Heated	Oil Heated	MASTER METERED BLDGS
101	TAXES,FEES, & PERMITS	1.0663	1.0663	1.0663	1.0663	1.0663
201-207	LABOR COSTS	1.0436	1.0364	1.0423	1.0403	1.0446
301-303	FUEL	0.6459	0.6123	0.6768	0.6378	0.6757
401-411	UTILITIES	0.8861	0.8947	0.8244	0.9691	0.8757
501-516	CONTRACTOR SERVICES	1.0393	1.0363	1.0341	1.0396	1.0405
601-608	ADMINISTRATIVE COSTS	1.0440	1.0494	1.0425	1.0470	1.0425
701	INSURANCE COSTS	1.1650	1.1650	1.1650	1.1650	1.1650
801-816	PARTS AND SUPPLIES	1.0092	1.0097	1.0094	1.0094	1.0089
901-908	REPLACEMENT COSTS	0.9944	0.9931	0.9969	0.9934	0.9992
ALL ITEMS		0.9683	0.9943	0.9870	0.9728	0.9906

B.4 Price Relative by Hotel Type, 2002

Spec #	Item Description	Hotel	RH	SRO
101	TAXES,FEES,& PERMITS	1.1286	1.0791	1.0986
205-206,208-216	LABOR COSTS	1.0541	1.0474	1.0555
301-302	FUEL	0.6511	0.6773	0.6100
401-407,409-411	UTILITIES	0.8961	0.8811	0.8510
501-509,511-516,518	CONTRACTOR SERVICES	1.0227	1.0315	1.0348
601-608	ADMINISTRATIVE COSTS	1.0448	1.0403	1.0412
701	INSURANCE COSTS	1.1650	1.1650	1.1650
801-816	PARTS AND SUPPLIES	1.0118	1.0116	1.0076
901-904,907-911	REPLACEMENT COSTS	1.0151	1.0067	1.0077
ALL ITEMS		1.0125	0.9640	0.9577

B.5 Percentage Change in Real Estate Tax Sample by Borough and Source of Change, Apartments and Hotels, 2002

	% Change Due to Assessments	% Change Due to Exemptions	% Change Due to Abatements	% Change Due to Tax Rates	% Change Due to Interactions	Total % Change
APARTMENTS						
Manhattan	8.56%	-0.55%	-0.04%	-0.52%	-0.04%	7.40%
Bronx	7.20%	-1.36%	0.97%	-0.57%	-0.03%	6.21%
Brooklyn	5.47%	-0.55%	0.58%	-0.54%	-0.03%	4.95%
Queens	5.82%	-0.50%	0.81%	-0.53%	-0.03%	5.58%
Staten Island	4.74%	-0.46%	-0.30%	-0.52%	-0.02%	3.44%
TOTAL	7.47%	-0.61%	0.32%	-0.53%	-0.03%	6.63%
HOTELS						
Hotel	14.42%	-0.92%	0.00%	-0.56%	-0.08%	12.86%
RH	8.46%	-0.04%	0.00%	-0.47%	-0.04%	7.91%
SRO	11.09%	0.12%	-0.74%	-0.55%	-0.06%	9.86%
TOTAL	12.09%	-0.34%	-0.32%	-0.54%	-0.06%	10.82%

Note: Totals may not add due to rounding.

B.6 Tax Change by Borough and Community Board, Apartments, 2002

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		13,017	7.40%	(Bronx Cont.)	6	451	5.92%		17	604	5.30%
	1	34	11.26%		7	914	7.71%		18	70	3.05%
	2	1,223	8.19%		8	349	4.28%	Queens		6,373	5.58%
	3	1,542	6.64%		9	286	8.09%		1	1,816	4.90%
	4	1,029	7.12%		10	171	6.44%		2	844	8.29%
	5	299	7.97%		11	277	8.05%		3	400	6.63%
	6	961	6.48%		12	382	5.21%		4	368	5.24%
	7	2,103	8.18%	Brooklyn		12,412	4.95%		5	1,150	3.58%
	8	2,345	7.31%		1	1,482	0.46%		6	347	4.92%
	9	707	7.15%		2	688	6.95%		7	431	5.04%
	10	756	5.37%		3	733	4.58%		8	186	5.75%
	11	572	0.27%		4	1,250	0.37%		9	204	7.79%
	12	1,426	9.19%		5	296	4.28%		10	63	5.17%
Core Man.		9,035	7.37%		6	994	5.80%		11	133	7.36%
Upper Man.		3,982	7.69%		7	885	4.62%		12	153	4.89%
Bronx		4,866	6.21%		8	937	5.65%		13	52	4.55%
	1	245	7.63%		9	551	5.64%		14	86	4.34%
	2	205	4.25%		10	837	5.32%	Staten Is.		176	3.44%
	3	238	-8.87%		11	753	4.85%		1	119	3.35%
	4	652	6.58%		12	618	4.52%		2	33	3.69%
	5	636	8.03%		13	180	4.63%		3	21	3.60%
					14	904	5.91%				
					15	391	3.79%				
					16	222	2.32%	Total		36,844	6.36%

Note: No Community Board could be assigned to the following number of buildings for each borough: Manhattan (20), Bronx (60), Brooklyn (16), Queens (140), Staten Island (3). The number of buildings in the category "All" for each borough includes these buildings which could not be assigned a Community Board. Core 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, 2002

Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error	Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error
101	TAXES,FEES,& PERMITS	0.2428	1.1082	10.82%	0.326	601	Management Fees	0.6185	1.0563	5.63%	0.8835
205	Social Security Insurance	0.0566	1.0347	3.47%	0.0000	602	Accountant Fees	0.0839	1.0391	3.91%	1.2273
206	Unemployment Insurance	0.0154	1.0000	0.00%	0.0000	603	Attorney Fees	0.1366	1.0048	0.48%	0.5362
208	Hotel Private Health/Welfare	0.0343	1.1622	16.22%	0.0000	604	Newspaper Ads	0.1023	1.0208	2.08%	3.2062
209	Hotel Union Labor	0.3200	1.0450	4.50%	0.0000	605	Agency Fees	0.0240	1.0540	5.40%	0.5254
210	SRO Union Labor	0.0124	1.0480	4.80%	0.0000	606	Lease Forms	0.0115	1.0376	3.76%	2.3199
211	Apartment Value	0.1235	1.0281	2.81%	0.8921	607	Bill Envelopes	0.0135	1.0178	1.78%	3.1868
212	Non-Union Superintendent	0.3104	1.0675	6.75%	1.2371	608	Ledger Paper	0.0096	1.0642	6.42%	4.1967
213	Non-Union Maid	0.0000	0.0000	NA	0.0000		ADMINISTRATIVE COSTS	0.0893	1.0435	4.35%	0.6531
214	Non-Union Desk Clerk	0.0000	0.0000	NA	0.0000	701	INSURANCE COSTS	0.0328	1.1650	16.50%	1.5304
215	Non-Union Maintenance Worker	0.0000	0.0000	NA	0.0000	801	Light Bulbs	0.0157	1.0004	0.04%	0.0647
216	Non-Union Janitor/Porter	0.1273	1.0565	5.65%	1.4349	802	Light Switch	0.0180	1.0110	1.10%	1.1962
	LABOR COSTS	0.1771	1.0542	5.42%	0.4393	803	Wet Mop	0.0508	1.0036	0.36%	0.3777
301	Fuel Oil #2	0.6755	0.6773	-32.27%	0.7133	804	Floor Wax	0.0494	1.0000	0.00%	0.0000
302	Fuel Oil #4	0.0157	0.5901	-40.99%	0.9883	805	Paint	0.1233	1.0252	2.52%	1.6558
303	Fuel Oil #6	0.3088	0.5827	-41.73%	1.1399	806	Pushbroom	0.0408	1.0211	2.11%	2.1421
	FUEL	0.1274	0.6467	-35.33%	0.5969	807	Detergent	0.0444	1.0112	1.12%	1.1930
401	Electricity #1,2,500 KWH	0.0715	0.8863	-11.37%	0.0000	808	Bucket	0.0484	1.0112	1.12%	1.1106
402	Electricity #2,15,000 KWH	0.0777	0.8763	-12.37%	0.0000	809	Washers	0.0495	0.9834	-1.66%	1.7003
403	Electricity #3,82,000 KWH	0.2539	0.8863	-11.37%	0.0000	810	Linens	0.3163	1.0125	1.25%	1.1881
404	Gas #1,12,000 therms	0.0566	0.7813	-21.87%	0.0000	811	Pine Disinfectant	0.0185	1.0148	1.48%	1.1816
405	Gas #2,65,000 therms	0.0465	0.6800	-32.00%	0.0000	812	Window/Glass Cleaner	0.0196	1.0000	0.00%	0.0000
406	Gas #3,214,000 therms	0.1927	0.7528	-24.72%	0.0000	813	Switch Plate	0.0536	1.0234	2.34%	1.8628
407	Steam #1,1.2m lbs	0.0003	0.8013	-19.87%	0.0000	814	Duplex Receptacle	0.0410	1.0064	0.64%	0.6882
409	Telephone	0.1536	1.0220	2.20%	0.0000	815	Toilet Seat	0.0501	1.0109	1.09%	0.6910
410	Water & Sewer - Frontage	0.1072	1.0300	3.00%	0.0000	816	Deck Faucet	0.0606	1.0000	0.00%	0.0000
411	Water & Sewer - Metered	0.0401	0.9771	-2.29%	1.1605		PARTS AND SUPPLIES	0.0536	1.0109	1.09%	0.4654
	UTILITIES	0.1616	0.8841	-11.59%	0.0465	901	Refrigerator #1	0.0196	1.0119	1.19%	0.8931
501	Repainting	0.2156	1.0198	1.98%	0.5978	902	Refrigerator #2	0.1004	0.9687	-3.13%	1.7125
502	Plumbing,Faucet	0.0824	1.0567	5.67%	1.4107	903	Air Conditioner #1	0.0604	1.0272	2.72%	2.4656
503	Plumbing,Stoppage	0.0787	1.0570	5.70%	1.7516	904	Air Conditioner #2	0.0737	1.0078	0.78%	0.7394
504	Elevator #1,6 fl.,1 e.	0.0354	1.0719	7.19%	1.7535	907	Range #1	0.0085	1.0192	1.92%	1.2973
505	Elevator #2,13 fl.,2 e.	0.0319	1.0788	7.88%	2.1746	908	Range #2	0.0401	1.0180	1.80%	1.5347
506	Elevator #3,19 fl.,3 e.	0.0303	1.0538	5.38%	1.1993	909	Carpet	0.3452	1.0183	1.83%	1.0728
507	Burner Repair	0.0263	1.0268	2.68%	1.1425	910	Dresser	0.1842	1.0191	1.91%	1.2827
508	Boiler Repair,Tube	0.0284	1.0428	4.28%	2.4174	911	Mattress & Box Spring	0.1679	1.0143	1.43%	1.4376
509	Boiler Repair,Weld	0.0246	1.0339	3.39%	2.4528		REPLACEMENT COSTS	0.0222	1.0124	1.24%	0.5569
511	Range Repair	0.1479	1.0086	0.86%	0.8805		ALL ITEMS	1.0000	0.9848	-1.52%	0.1605
512	Roof Repair	0.0244	1.0490	4.90%	3.0241						
513	Air Conditioner Repair	0.0426	1.0210	2.10%	2.0621						
514	Floor Maint.#1,Studio	0.0009	1.0055	0.55%	0.5670						
515	Floor Maint.#2,1 Br.	0.0019	1.0087	0.87%	0.8893						
516	Floor Maint.#3,2 Br.	0.0171	1.0179	1.79%	1.8354						
518	Linen/Laundry Service	0.2116	1.0000	0.00%	0.0000						
	CONTRACTORSERVICES	0.0931	1.0266	2.66%	0.3146						

B.8 Expenditure Weights and Price Relatives, Lofts, 2002

Spec #	Item Description	Weights	Price Relative	Spec #	Item Description	Weights	Price Relative
101	TAXES	0.2422	1.0663		ADMINISTRATIVE COSTS,LEGAL	0.1067	1.0048
201	Payroll,Bronx,All	0.0000	1.0350	601	Management Fees	0.7980	1.0563
202	Payroll,Other, Union,Supts.	0.2887	1.0315	602	Accountant Fees	0.1554	1.0391
203	Payroll,Other, Union,Other	0.0000	1.0339	604	Newspaper Ads	0.0053	1.0208
204	Payroll,Other, Non-Union,All	0.5406	1.0643	605	Agency Fees	0.0066	1.0540
205	Social Security Insurance	0.0459	1.0347	606	Lease Forms	0.0111	1.0376
206	Unemployment Insurance	0.0079	1.0000	607	Bill Envelopes	0.0129	1.0178
207	Private Health & Welfare	0.1169	1.0194	608	Ledger Paper	0.0106	1.0642
	LABOR COSTS	0.1102	1.0317		ADMINISTRATIVE COSTS - OTHER	0.1021	1.0528
301	Fuel Oil #2	0.3173	0.6773	701	INSURANCE COSTS	0.1499	1.1650
302	Fuel Oil #4	0.5677	0.5901	801	Light Bulbs	0.0380	1.0004
303	Fuel Oil #6	0.1150	0.5827	802	Light Switch	0.0478	1.0110
	FUEL	0.0848	0.6169	803	Wet Mop	0.0430	1.0036
401	Electricity #1,2,500 KWH	0.0118	0.8863	804	Floor Wax	0.0397	1.0000
402	Electricity #2,15,000 KWH	0.1518	0.8763	805	Paint	0.2244	1.0252
403	Electricity #3,82,000 KWH	0.0000	0.8863	806	Pushbroom	0.0359	1.0211
404	Gas #1,12,000 therms	0.0060	0.7813	807	Detergent	0.0332	1.0112
405	Gas #2,65,000 therms	0.0699	0.6800	808	Bucket	0.0397	1.0112
406	Gas #3,214,000 therms	0.1784	0.7528	809	Washers	0.0990	0.9834
407	Steam #1,1.2m lbs	0.0184	0.8013	811	Pine Disinfectant	0.0473	1.0148
408	Steam #2,2.6m lbs	0.0071	0.7779	812	Window/Glass Cleaner	0.0508	1.0000
409	Telephone	0.0097	1.0220	813	Switch Plate	0.0452	1.0234
410	Water & Sewer - Frontage	0.3981	1.0300	814	Duplex Receptacle	0.0341	1.0064
411	Water & Sewer - Metered	0.1489	0.9771	815	Toilet Seat	0.1005	1.0109
	UTILITIES	0.0842	0.9156	816	Deck Faucet	0.1215	1.0000
501	Repainting	0.4105	1.0198		PARTS AND SUPPLIES	0.0221	1.0094
502	Plumbing,Faucet	0.1382	1.0567	901	Refrigerator #1	0.0927	1.0119
503	Plumbing,Stoppage	0.1246	1.0570	902	Refrigerator #2	0.4775	0.9687
504	Elevator #1,6 fl.,1 e.	0.0548	1.0719	903	Air Conditioner #1	0.0172	1.0272
505	Elevator #2,13 fl.,2 e.	0.0359	1.0788	904	Air Conditioner #2	0.0220	1.0078
506	Elevator #3,19 fl.,3 e.	0.0208	1.0538	905	Floor Runner	0.0878	1.0246
507	Burner Repair	0.0381	1.0268	906	Dishwasher	0.0473	1.0085
508	Boiler Repair,Tube	0.0457	1.0428	907	Range #1	0.0455	1.0192
509	Boiler Repair,Weld	0.0335	1.0339	908	Range #2	0.2101	1.0180
510	Refrigerator Repair	0.0126	1.0178		REPLACEMENT COSTS	0.0176	0.9940
511	Range Repair	0.0134	1.0086				
512	Roof Repair	0.0574	1.0490				
513	Air Conditioner Repair	0.0088	1.0210				
514	Floor Maint.#1,Studio	0.0003	1.0055				
515	Floor Maint.#2,1 Br.	0.0005	1.0087				
516	Floor Maint.#3,2 Br.	0.0047	1.0179				
	CONTRACTORSERVICES	0.0801	1.0385		ALL ITEMS	1.0000	1.0138

B.9 Changes in the Price Index of Operating Costs, Expenditure Weights and Price Relatives, Apartments, 1992-2002

	1992		1993		1994		1995		1996	
	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative
Taxes	0.246	11.0%	0.263	3.1%	0.259	2.3%	0.260	1.4%	0.263	3.0%
Labor Costs	0.158	5.2%	0.160	5.6%	0.161	4.3%	0.165	4.1%	0.171	3.1%
Fuel	0.121	-10.9%	0.103	5.2%	0.104	-0.5%	0.101	-12.7%	0.088	29.6%
Utilities	0.133	6.6%	0.137	12.7%	0.147	2.1%	0.147	-4.0%	0.141	7.8%
Contractor Services	0.156	2.4%	0.154	2.5%	0.150	0.9%	0.149	2.4%	0.152	1.8%
Administrative Costs	0.082	2.8%	0.081	3.8%	0.080	3.7%	0.081	3.8%	0.084	3.5%
Insurance Costs	0.068	2.3%	0.067	-0.5%	0.064	0.8%	0.063	5.2%	0.066	5.0%
Parts and Supplies	0.026	2.5%	0.025	1.0%	0.024	1.0%	0.024	-0.5%	0.024	0.8%
Replacement Costs	0.011	3.8%	0.011	4.2%	0.010	1.6%	0.010	0.2%	0.010	1.0%
All Items		4.0%		4.7%		2.0%		0.1%		6.0%
Pre '47										
Taxes	0.167	11.0%	0.180	3.1%	0.178	2.3%	0.179	1.4%	0.182	3.0%
Labor Costs	0.134	5.1%	0.139	5.3%	0.140	4.3%	0.143	3.8%	0.150	3.3%
Fuel	0.166	-10.4%	0.144	5.1%	0.145	-0.8%	0.141	-12.7%	0.124	28.9%
Utilities	0.137	7.6%	0.138	12.3%	0.149	2.3%	0.149	-4.1%	0.144	7.6%
Contractor Services	0.187	2.1%	0.186	2.5%	0.183	1.0%	0.181	2.5%	0.186	1.9%
Administrative Costs	0.078	2.7%	0.078	3.7%	0.077	3.6%	0.078	3.8%	0.082	3.4%
Insurance Costs	0.089	2.3%	0.089	-0.5%	0.085	0.8%	0.084	5.2%	0.088	5.0%
Parts and Supplies	0.030	2.5%	0.030	1.0%	0.029	1.0%	0.028	-0.5%	0.028	0.8%
Replacement Costs	0.016	3.6%	0.016	4.2%	0.016	1.5%	0.016	0.2%	0.016	0.9%
All Items		2.8%		4.6%		1.8%		-0.4%		6.8%
Post '46										
Taxes	0.324	11.0%	0.343	3.1%	0.337	2.3%	0.337	1.4%	0.340	3.0%
Labor Costs	0.194	5.4%	0.195	6.0%	0.197	4.2%	0.200	4.3%	0.207	3.0%
Fuel	0.089	-12.5%	0.074	5.6%	0.075	0.4%	0.073	-12.6%	0.064	31.9%
Utilities	0.116	4.7%	0.116	13.6%	0.125	1.6%	0.125	-3.8%	0.119	8.2%
Contractor Services	0.108	3.1%	0.106	2.5%	0.104	0.5%	0.102	2.2%	0.104	1.4%
Administrative Costs	0.093	3.0%	0.092	4.0%	0.091	3.8%	0.092	3.7%	0.095	3.5%
Insurance Costs	0.047	2.3%	0.046	-0.5%	0.044	0.8%	0.043	5.2%	0.045	5.0%
Parts and Supplies	0.021	2.5%	0.020	1.1%	0.019	1.0%	0.019	-0.4%	0.019	0.9%
Replacement Costs	0.008	4.2%	0.008	4.1%	0.008	1.6%	0.008	0.2%	0.008	1.0%
All Items		4.8%		4.9%		2.3%		0.6%		5.4%

1997		1998		1999		2000		2001		2002	
Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative
0.255	2.4%	0.255	1.2%	0.258	0.4%	0.259	5.2%	0.253	5.5%	0.245	6.6%
0.167	2.3%	0.166	2.7%	0.171	3.4%	0.176	2.6%	0.168	4.0%	0.160	4.0%
0.108	0.4%	0.106	-15.0%	0.090	-18.4%	0.073	54.8%	0.095	33.3%	0.116	-36.1%
0.143	2.9%	0.144	2.3%	0.147	-0.4%	0.147	5.7%	0.154	15.0%	0.163	-9.9%
0.146	3.4%	0.147	2.7%	0.151	3.5%	0.156	4.6%	0.152	3.6%	0.145	3.9%
0.082	3.9%	0.083	3.3%	0.086	2.9%	0.089	4.0%	0.085	4.1%	0.082	4.6%
0.066	1.9%	0.065	-1.5%	0.064	3.5%	0.067	0.7%	0.062	4.9%	0.060	16.5%
0.023	1.5%	0.023	1.9%	0.023	2.2%	0.023	1.9%	0.022	0.8%	0.021	0.9%
0.010	1.0%	0.010	0.6%	0.010	1.7%	0.010	0.8%	0.010	1.0%	0.009	-0.6%
2.4%		0.1%		0.03%		7.8%		8.7%		-1.6%	
0.175	2.4%	0.175	1.2%	0.178	0.4%	0.180	5.2%	0.174	5.5%	0.166	6.6%
0.145	2.4%	0.145	2.7%	0.150	3.8%	0.156	2.7%	0.147	4.1%	0.139	4.4%
0.149	0.7%	0.147	-14.8%	0.126	-17.9%	0.104	52.9%	0.118	33.1%	0.143	-35.4%
0.145	3.3%	0.146	2.6%	0.151	0.1%	0.152	5.0%	0.174	18.9%	0.188	-11.4%
0.178	3.3%	0.179	2.7%	0.185	3.6%	0.192	4.5%	0.185	3.7%	0.174	3.9%
0.079	3.7%	0.080	3.2%	0.083	1.5%	0.084	2.6%	0.080	2.7%	0.074	4.4%
0.087	1.9%	0.086	-1.5%	0.086	3.5%	0.089	0.7%	0.082	4.9%	0.078	16.5%
0.027	1.5%	0.026	2.0%	0.027	2.2%	0.028	2.0%	0.026	0.8%	0.024	0.9%
0.015	1.0%	0.015	0.7%	0.016	1.5%	0.016	0.8%	0.015	1.0%	0.013	-0.6%
2.5%		-0.5%		-0.4%		8.8%		10.1%		-3.2%	
0.332	2.4%	0.332	1.2%	0.335	0.4%	0.336	5.2%	0.330	5.5%	0.322	6.6%
0.202	2.1%	0.202	2.7%	0.206	2.9%	0.212	2.5%	0.203	3.9%	0.195	3.6%
0.080	-0.5%	0.078	-15.6%	0.065	-20.0%	0.052	60.7%	0.073	34.1%	0.091	-38.8%
0.122	2.2%	0.122	1.8%	0.124	-1.5%	0.122	7.1%	0.127	14.5%	0.135	-10.5%
0.100	3.6%	0.101	2.6%	0.103	3.2%	0.107	4.7%	0.104	3.4%	0.100	3.6%
0.093	4.1%	0.095	3.4%	0.097	2.5%	0.100	3.6%	0.096	3.8%	0.092	4.9%
0.045	1.9%	0.045	-1.5%	0.044	3.5%	0.045	0.7%	0.043	4.9%	0.041	16.5%
0.018	1.4%	0.018	1.9%	0.018	2.2%	0.019	1.9%	0.018	0.8%	0.017	1.0%
0.008	1.0%	0.008	0.6%	0.008	2.0%	0.008	0.7%	0.008	1.0%	0.007	-0.7%
2.3%		0.5%		0.02%		7.2%		7.9%		-0.6%	

Appendix C: Income and Expense Study

C.1 Cross-Sectional Income and Expense Study: Estimated Average Operating & Maintenance Cost (2000) 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	\$97	\$56	\$55	\$30	\$20	\$102	\$61	\$23	\$38	\$482
11-19 units	\$127	\$32	\$65	\$32	\$21	\$117	\$69	\$31	\$50	\$542
20-99 units	\$88	\$52	\$56	\$30	\$18	\$99	\$59	\$23	\$36	\$461
100+ units	\$122	\$108	\$46	\$28	\$34	\$105	\$65	\$17	\$33	\$558
Bronx	\$54	\$43	\$60	\$31	\$16	\$96	\$52	\$24	\$30	\$404
11-19 units	\$64	\$38	\$83	\$34	\$22	\$111	\$61	\$31	\$48	\$491
20-99 units	\$54	\$41	\$59	\$30	\$15	\$95	\$51	\$24	\$29	\$398
100+ units	\$41	\$68	\$53	\$30	\$19	\$86	\$56	\$19	\$18	\$390
Brooklyn	\$73	\$38	\$57	\$29	\$16	\$83	\$46	\$22	\$33	\$397
11-19 units	\$79	\$21	\$70	\$30	\$19	\$99	\$49	\$28	\$47	\$442
20-99 units	\$71	\$37	\$55	\$29	\$16	\$80	\$44	\$21	\$31	\$386
100+ units	\$75	\$65	\$49	\$29	\$16	\$85	\$49	\$18	\$30	\$414
Manhattan	\$136	\$76	\$53	\$29	\$26	\$121	\$77	\$24	\$47	\$590
11-19 units	\$173	\$37	\$58	\$32	\$24	\$133	\$87	\$32	\$55	\$633
20-99 units	\$121	\$71	\$54	\$29	\$22	\$119	\$75	\$24	\$46	\$563
100+ units	\$166	\$139	\$42	\$26	\$47	\$121	\$76	\$15	\$39	\$672
Queens	\$87	\$41	\$54	\$30	\$15	\$82	\$48	\$22	\$29	\$408
11-19 units	\$87	\$19	\$63	\$27	\$13	\$89	\$35	\$25	\$33	\$392
20-99 units	\$87	\$40	\$53	\$30	\$15	\$81	\$49	\$21	\$29	\$405
100+ units	\$88	\$89	\$50	\$32	\$16	\$85	\$51	\$21	\$29	\$463
Staten Island*	-	-	-	-	-	-	-	-	-	-
Core Man	\$176	\$88	\$47	\$29	\$30	\$127	\$85	\$24	\$53	\$658
11-19 units	\$185	\$37	\$56	\$32	\$23	\$133	\$88	\$33	\$57	\$644
20-99 units	\$169	\$80	\$47	\$28	\$24	\$124	\$86	\$24	\$55	\$638
100+ units	\$189	\$152	\$40	\$26	\$53	\$127	\$81	\$14	\$42	\$725
Upper Man	\$59	\$59	\$65	\$31	\$21	\$113	\$61	\$24	\$35	\$468
11-19 units	\$61	\$42	\$80	\$39	\$27	\$133	\$70	\$31	\$40	\$523
20-99 units	\$59	\$60	\$63	\$21	\$20	\$111	\$60	\$24	\$35	\$464
100+ units	\$55	\$74	\$56	\$24	\$19	\$95	\$50	\$19	\$22	\$414
City w/o Core Manhattan	\$65	\$44	\$59	\$30	\$17	\$93	\$51	\$23	\$32	\$414

* 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 Table 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 (2000) 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	\$137	\$102	\$45	\$29	\$31	\$92	\$67	\$18	\$40	\$563
11-19 units	\$191	\$34	\$52	\$33	\$42	\$129	\$114	\$30	\$62	\$686
20-99 units	\$109	\$66	\$46	\$30	\$24	\$84	\$57	\$20	\$35	\$470
100+ units	\$165	\$145	\$44	\$27	\$38	\$100	\$75	\$15	\$45	\$653
Bronx*	\$95	\$69	\$47	\$29	\$30	\$84	\$57	\$21	\$37	\$470
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	\$85	\$54	\$48	\$29	\$24	\$80	\$52	\$23	\$39	\$433
100+ units	\$94	\$108	\$44	\$30	\$38	\$83	\$53	\$16	\$29	\$496
Brooklyn*	\$94	\$71	\$45	\$28	\$24	\$88	\$58	\$19	\$39	\$466
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	\$96	\$63	\$46	\$29	\$23	\$90	\$55	\$19	\$43	\$464
100+ units	\$84	\$97	\$39	\$25	\$24	\$81	\$61	\$18	\$27	\$455
Manhattan*	\$237	\$180	\$41	\$27	\$40	\$113	\$99	\$16	\$55	\$808
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	\$186	\$108	\$41	\$28	\$25	\$107	\$85	\$20	\$42	\$644
100+ units	\$252	\$205	\$41	\$26	\$45	\$114	\$102	\$15	\$59	\$859
Queens	\$111	\$81	\$47	\$30	\$29	\$84	\$55	\$17	\$33	\$489
11-19 units	\$119	\$35	\$60	\$34	\$23	\$92	\$51	\$27	\$38	\$480
20-99 units	\$107	\$62	\$46	\$30	\$24	\$74	\$52	\$19	\$27	\$442
100+ units	\$112	\$106	\$47	\$28	\$35	\$93	\$56	\$15	\$39	\$531
Staten Island*	\$115	\$61	\$46	\$33	\$22	\$104	\$59	\$24	\$33	\$497
20+ units	\$106	\$64	\$45	\$33	\$20	\$101	\$52	\$23	\$30	\$474
Core Man	\$254	\$184	\$40	\$27	\$41	\$115	\$104	\$16	\$57	\$837
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	\$207	\$117	\$36	\$27	\$26	\$107	\$92	\$20	\$46	\$679
100+ units	\$264	\$208	\$41	\$26	\$44	\$115	\$103	\$15	\$58	\$873
Upper Manhattan*	\$78	\$141	\$49	\$33	\$54	\$103	\$82	\$18	\$62	\$620
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	\$81	\$64	\$62	\$34	\$21	\$103	\$52	\$23	\$26	\$467
100+ units	-	-	-	-	-	-	-	-	-	-
City w/o Core Manhattan	\$100	\$79	\$46	\$29	\$28	\$86	\$55	\$19	\$36	\$479

* The number of Post-46 rent stabilized buildings with fewer than 20 units in the Bronx, Brooklyn, Manhattan, Staten Island, Core and Upper Manhattan as well as buildings with 100+ units in 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 Table 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 (2000) per Apartment per Month by Building Size and Location

	Post-46			Pre-47			All		
	Rent	Income	Costs	Rent	Income	Costs	Rent	Income	Costs
Citywide	\$885	\$972	\$563	\$693	\$768	\$482	\$744	\$822	\$503
11-19 units	\$774	\$1,076	\$687	\$701	\$858	\$542	\$707	\$876	\$554
20-99 units	\$697	\$737	\$470	\$664	\$723	\$461	\$671	\$726	\$463
100+ units	\$1,090	\$1,213	\$653	\$888	\$974	\$558	\$1,011	\$1,120	\$616
Bronx	\$672	\$723	\$470	\$538	\$561	\$405	\$560	\$587	\$415
11-19 units	-	-	-	\$538	\$597	\$491	\$532	\$595	\$478
20-99 units	\$622	\$643	\$433	\$535	\$555	\$398	\$546	\$566	\$403
100+ units	\$748	\$801	\$496	\$582	\$598	\$390	\$659	\$692	\$439
Brooklyn	\$641	\$674	\$466	\$577	\$598	\$397	\$589	\$613	\$410
11-19 units	-	-	-	\$586	\$632	\$442	\$595	\$639	\$445
20-99 units	\$635	\$660	\$464	\$566	\$583	\$386	\$583	\$602	\$405
100+ units	\$649	\$687	\$455	\$636	\$653	\$414	\$642	\$668	\$432
Manhattan	\$1,454	\$1,665	\$809	\$862	\$1,006	\$590	\$967	\$1,123	\$629
11-19 units	-	-	-	\$827	\$1,089	\$633	\$834	\$1,114	\$650
20-99 units	\$1,048	\$1,178	\$644	\$819	\$936	\$563	\$834	\$953	\$568
100+ units	\$1,589	\$1,820	\$859	\$1,093	\$1,234	\$672	\$1,358	\$1,548	\$772
Queens	\$723	\$772	\$489	\$626	\$648	\$408	\$684	\$722	\$456
11-19 units	\$631	\$680	\$480	\$553	\$573	\$392	\$571	\$599	\$413
20-99 units	\$675	\$709	\$442	\$631	\$654	\$405	\$654	\$683	\$425
100+ units	\$776	\$827	\$531	\$697	\$714	\$463	\$767	\$815	\$524
Staten Island	\$708	\$758	\$497	-	-	-	\$708	\$758	\$497
Core Manhattan	\$1,506	\$1,746	\$837	\$1,002	\$1,185	\$658	\$1,112	\$1,308	\$697
11-19 units	-	-	-	\$848	\$1,125	\$644	\$857	\$1,159	\$666
20-99 units	\$1,121	\$1,272	\$679	\$980	\$1,141	\$638	\$994	\$1,155	\$642
100+ units	\$1,634	\$1,878	\$873	\$1,197	\$1,359	\$725	\$1,424	\$1,629	\$802
Upper Manhattan	\$893	\$932	\$620	\$609	\$675	\$468	\$633	\$697	\$481
11-19 units	-	-	-	\$617	\$731	\$523	\$617	\$731	\$523
20-99 units	\$687	\$708	\$467	\$608	\$670	\$464	\$610	\$671	\$464
100+ units	-	-	-	\$599	\$640	\$414	\$814	\$856	\$566
City w/o Core Manhattan	\$702	\$747	\$479	\$575	\$606	\$414	\$611	\$646	\$433

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 fewer than 20 units in the Bronx, Brooklyn, Manhattan, Core and Upper Manhattan as well as buildings with 100+ units in Upper Manhattan were too small to calculate reliable statistics, as was the number of Pre-47 buildings in Staten Island. Borough averages without building size figures for Post-46 Staten Island are provided.

Source: NYC Department of Finance, RPIE Filings.

C.4 Cross-Sectional Income and Expense Study, Net Operating Income in 2000 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	\$409	\$286	\$319	Core Manhattan	\$909	\$527	\$611
11-19 units	\$390	\$316	\$322	11-19 units	-	\$481	\$493
20-99 units	\$267	\$262	\$263	20-99 units	\$593	\$503	\$512
100+ units	\$560	\$416	\$504	100+ units	\$1,005	\$633	\$827
Bronx	\$253	\$156	\$172	Upper Manhattan	\$311	\$207	\$216
11-19 units	-	\$106	\$117	11-19 units	-	\$208	\$208
20-99 units	\$211	\$156	\$163	20-99 units	\$241	\$206	\$207
100+ units	\$305	\$208	\$253	100+ units	-	\$225	\$290
Brooklyn	\$208	\$201	\$203	City w/o Core Manhattan	\$268	\$192	\$213
11-19 units	-	\$190	\$195				
20-99 units	\$195	\$198	\$197				
100+ units	\$232	\$239	\$236				
Manhattan	\$856	\$416	\$494				
11-19 units	-	\$465	\$465				
20-99 units	\$535	\$374	\$385				
100+ units	\$961	\$563	\$776				
Queens	\$283	\$240	\$266				
11-19 units	\$200	\$181	\$185				
20-99 units	\$267	\$249	\$259				
100+ units	\$296	\$251	\$291				
Staten Island	\$261	-	\$261				

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 fewer than 20 units in the Bronx, Brooklyn, Manhattan, Core and Upper Manhattan as well as buildings with 100+ units in Upper Manhattan were too small to calculate reliable statistics, as was the number of Pre-47 buildings in Staten Island. Borough averages without building size figures for Post-46 Staten Island are provided.

Source: NYC Department of Finance, RPIE Filings.

C.5 Cross-Sectional Distribution of Operating Costs in 2000, 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	20.1%	21.2%	11.6%	12.6%	10.4%	11.5%	7.8%	4.8%	100.0%
11-19 units	23.4%	21.6%	5.8%	12.7%	9.7%	12.0%	9.2%	5.6%	100.0%
20-99 units	19.1%	21.6%	11.3%	12.7%	10.4%	12.1%	7.9%	5.0%	100.0%
100+ units	21.8%	18.9%	19.4%	11.7%	11.0%	8.2%	5.9%	3.0%	100.0%
Post-46	24.5%	16.4%	18.2%	11.9%	10.6%	8.0%	7.2%	3.2%	100.0%
11-19 units	27.8%	18.8%	5.0%	16.6%	10.9%	7.6%	9.0%	4.4%	100.0%
20-99 units	23.2%	17.8%	14.1%	12.1%	11.4%	9.7%	7.5%	4.2%	100.0%
100+ units	25.2%	15.3%	22.2%	11.5%	10.0%	6.7%	6.8%	2.3%	100.0%
All Bldgs.	21.4%	19.8%	13.6%	12.4%	10.4%	10.5%	7.6%	4.3%	100.0%
11-19 units	23.8%	21.3%	5.7%	13.1%	9.8%	11.5%	9.2%	5.5%	100.0%
20-99 units	19.4%	21.2%	11.5%	12.7%	10.5%	11.9%	7.9%	4.9%	100.0%
100+ units	22.2%	18.6%	19.7%	11.7%	10.9%	8.1%	6.0%	2.9%	100.0%

Source: NYC Department of Finance, RPIE Filings.

C.6 Cross-Sectional Distribution of “Distressed” Buildings, 2000 RPIE Filings

<u>Pre-47</u>	<u>Citywide</u>	<u>Bronx</u>	<u>Brooklyn</u>	<u>Manhattan</u>	<u>Queens</u>	<u>Staten Island</u>	<u>Core Man</u>	<u>Upper Man</u>
11-19 units	264	38	55	134	36	1	108	26
20-99 units	616	207	122	250	35	2	125	125
100+ units	4	2	0	1	1	0	0	1
All	884	247	177	385	72	3	233	152

<u>Post-46</u>	<u>Citywide</u>	<u>Bronx</u>	<u>Brooklyn</u>	<u>Manhattan</u>	<u>Queens</u>	<u>Staten Island</u>	<u>Core Man</u>	<u>Upper Man</u>
11-19 units	11	1	1	4	5	0	3	1
20-99 units	28	9	6	5	6	2	2	3
100+ units	7	1	1	0	5	0	0	0
All	46	11	8	9	16	2	5	4

<u>All Bldgs.</u>	<u>Citywide</u>	<u>Bronx</u>	<u>Brooklyn</u>	<u>Manhattan</u>	<u>Queens</u>	<u>Staten Island</u>	<u>Core Man</u>	<u>Upper Man</u>
11-19 units	275	39	56	138	41	1	111	27
20-99 units	644	216	128	255	41	4	127	128
100+ units	11	3	1	1	6	0	0	1
All	930	258	185	394	88	5	238	156

Source: NYC Department of Finance, RPIE Filings.

C.7 Cross-Sectional Sample, 2000 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	1,548	180,986	11,294	458,958	12,842	639,944
11-19 units	104	1,533	2,672	40,318	2,776	41,851
20-99 units	875	51,469	8,193	343,151	9,068	394,620
100+ units	569	127,984	429	75,489	998	203,473
Bronx	221	17,895	2,214	110,290	2,520	128,185
11-19 units	9	129	175	2,626	184	2,755
20-99 units	177	10,568	2,039	94,386	2,216	104,954
100+ units	35	7,198	85	13,278	120	20,476
Brooklyn	292	30,103	2,420	98,968	2,712	129,071
11-19 units	12	183	481	7,221	493	7,404
20-99 units	194	12,934	1,868	83,051	2,062	95,985
100+ units	86	16,986	71	8,696	157	25,682
Manhattan	471	77,794	5,323	197,662	5,794	275,456
11-19 units	34	510	1,685	25,337	1,719	25,847
20-99 units	188	9,784	3,425	127,359	3,613	137,143
100+ units	249	67,500	213	44,966	462	112,466
Queens	508	52,081	1,238	51,491	1,746	103,572
11-19 units	37	543	326	5,048	363	5,591
20-99 units	283	16,832	854	38,117	1,137	54,949
100+ units	188	34,706	58	8,326	246	43,032
Staten Island	56	3,113	14	547	70	3,660
11-19 units	12	168	5	86	17	254
20-99 units	33	1,351	7	238	40	1,589
100+ units	11	1,594	2	223	13	1,817
Core Man	425	1,753	3,847	132,245	4,272	203,998
11-19 units	32	481	1,535	23,017	1,567	23,498
20-99 units	156	8,152	2,150	72,049	2,306	80,201
100+ units	237	3,120	162	37,179	399	100,299
Upper Man	46	6,041	1,476	65,417	1,522	71,458
11-19 units	2	29	150	2,320	152	2,349
20-99 units	32	1,632	1,275	55,310	1,307	56,942
100+ units	12	4,380	51	7,787	63	12,167

Source: NYC Department of Finance, RPIE Filings.

C.8 Longitudinal Income and Expense Study, Estimated Average Rent and Income Changes (1999-2000) by Building Size and Location

	Post-46			Pre-47			All		
	Rent	Income	Costs	Rent	Income	Costs	Rent	Income	Costs
Citywide	6.4%	6.4%	8.8%	6.1%	6.5%	8.3%	6.2%	6.5%	8.4%
11-19 units	6.3%	6.9%	10.4%	7.7%	8.0%	9.1%	7.6%	7.9%	9.3%
20-99 units	4.5%	4.4%	7.7%	6.0%	6.3%	8.7%	5.7%	5.9%	8.4%
100+ units	6.8%	6.9%	9.5%	5.6%	5.9%	5.7%	6.4%	6.6%	8.2%
Bronx	5.0%	5.1%	8.7%	4.6%	4.8%	8.6%	4.7%	4.9%	8.6%
11-19 units	-	-	-	3.6%	4.9%	4.2%	3.8%	5.1%	5.1%
20-99 units	5.0%	5.0%	9.1%	4.7%	4.8%	9.3%	4.8%	4.8%	9.3%
100+ units	-	-	-	4.1%	4.4%	5.2%	4.4%	4.6%	6.5%
Brooklyn	2.2%	2.3%	6.4%	4.9%	5.7%	8.0%	4.3%	4.9%	7.7%
11-19 units	-	-	-	6.6%	7.2%	10.0%	6.3%	7.0%	9.8%
20-99 units	2.5%	2.5%	8.0%	4.4%	5.3%	7.8%	3.9%	4.5%	7.8%
100+ units	1.3%	1.5%	1.8%	5.6%	5.9%	7.0%	2.5%	2.9%	4.0%
Manhattan	8.6%	8.2%	9.6%	7.3%	7.5%	8.2%	7.7%	7.7%	8.5%
11-19 units	9.0%	9.4%	9.6%	9.2%	9.0%	9.4%	9.2%	9.0%	9.4%
20-99 units	8.4%	5.9%	9.8%	7.4%	7.6%	8.9%	7.5%	7.4%	9.0%
100+ units	8.6%	8.6%	9.6%	5.8%	6.2%	4.7%	7.6%	7.7%	7.6%
Queens	4.4%	4.7%	9.2%	4.9%	4.9%	8.8%	4.6%	4.8%	9.0%
11-19 units	2.9%	2.2%	13.7%	5.4%	5.0%	13.2%	4.8%	4.2%	13.4%
20-99 units	4.1%	4.8%	6.3%	4.9%	4.8%	7.2%	4.5%	4.8%	6.7%
100+ units	4.5%	4.4%	12.1%	4.5%	5.2%	15.0%	4.5%	4.5%	12.4%
Staten Island	4.7%	5.2%	7.0%	-	-	-	4.7%	5.2%	7.0%
Core Manhattan	8.7%	8.3%	9.6%	7.4%	7.8%	7.6%	7.8%	8.0%	8.2%
11-19 units	9.0%	9.4%	9.6%	9.0%	8.9%	9.5%	9.0%	9.0%	9.5%
20-99 units	8.5%	5.8%	9.4%	7.6%	8.0%	8.6%	7.7%	7.7%	8.7%
100+ units	8.7%	8.8%	9.7%	6.0%	6.7%	4.1%	7.6%	8.0%	7.3%
Upper Manhattan	4.8%	3.6%	6.4%	7.0%	6.3%	9.2%	6.7%	6.0%	8.9%
11-19 units	-	-	-	11.0%	10.0%	7.8%	11.0%	10.0%	7.8%
20-99 units	7.0%	6.8%	12.3%	6.6%	6.1%	9.3%	6.7%	6.3%	10.0%
100+ units	-	-	-	4.4%	1.0%	10.7%	4.4%	2.0%	8.1%
All City w/o Core Manhattan	4.0%	3.2%	8.2%	5.3%	5.4%	8.6%	4.9%	4.7%	8.5%

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 fewer than 20 units in the Bronx, Brooklyn, Core and Upper Manhattan as well as buildings with 100+ units in the Bronx and Upper Manhattan were too small to calculate reliable statistics as was the number of Pre-47 buildings in Staten Island. Borough averages without building size figures for Staten Island are provided.

Source: NYC Department of Finance, RPIE Filings.

C.9 Longitudinal Income and Expense Study, Net Operating Income Changes (1999-2000) by Building Size and Location

	Post-46	Pre-47	All		Post-46	Pre-47	All
Citywide	3.4%	3.6%	3.5%	Core Manhattan	7.1%	8.1%	7.8%
11-19 units	1.5%	6.2%	5.7%	11-19 units	-	8.2%	8.3%
20-99 units	-0.8%	2.5%	1.8%	20-99 units	1.9%	7.2%	6.6%
100+ units	4.0%	6.3%	4.7%	100+ units	8.0%	9.8%	8.6%
Bronx	-0.9%	-3.8%	-3.1%	Upper Manhattan	0.3%	0.7%	0.6%
11-19 units	-	8.5%	5.2%	11-19 units	-	15.0%	15.0%
20-99 units	-2.2%	-5.1%	-4.6%	20-99 units	-3.3%	-0.1%	-0.1%
100+ units	-	2.9%	1.3%	100+ units	-	-12.0%	-3.0%
Brooklyn	-5.6%	1.3%	-0.2%	All City w/o Core	-4.5%	-0.6%	-2.0%
11-19 units	-	1.5%	1.3%				
20-99 units	-8.3%	0.9%	-1.5%				
100+ units	0.8%	3.9%	0.8%				
Manhattan	7.0%	6.6%	6.7%				
11-19 units	9.0%	8.5%	8.6%				
20-99 units	1.6%	5.6%	5.2%				
100+ units	7.9%	8.0%	7.9%				
Queens	-2.2%	-1.1%	-1.8%				
11-19 units	-17.6%	-9.7%	-12.0%				
20-99 units	2.3%	1.2%	1.8%				
100+ units	-6.9%	-9.2%	-7.1%				
Staten Island	2.1%	-	2.1%				

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 fewer than 20 units in the Bronx, Brooklyn, Core and Upper Manhattan as well as buildings with 100+ units in the Bronx and Upper Manhattan were too small to calculate reliable statistics as was the number of Pre-47 buildings in Staten Island. Borough averages without building size figures for Staten Island are provided.

Source: NYC Department of Finance, RPIE Filings.

C.10 Longitudinal Sample, 1999 & 2000 RPIE Filings

	Post-46		Pre-47		All	
	<u>Bldgs.</u>	<u>DU's</u>	<u>Bldgs.</u>	<u>DU's</u>	<u>Bldgs.</u>	<u>DU's</u>
Citywide	1,213	135,319	9,551	384,495	10,764	519,814
11-19 units	88	1,276	2,236	60	2,324	1,336
20-99 units	710	41,126	6,988	60	7,698	41,186
100+ units	415	92,917	327	57,582	742	150,499
Bronx	188	14,567	1,958	93,980	2,146	108,547
11-19 units	7	99	139	2,124	146	2,223
20-99 units	155	9,191	1,750	81,802	1,905	90,993
100+ units	26	5,277	69	10,054	95	15,331
Brooklyn	226	23,377	2,039	83,652	2,265	107,029
11-19 units	10	153	378	5,741	388	5,894
20-99 units	150	9,871	1,609	71,865	1,759	81,736
100+ units	66	13,353	52	6,046	118	19,399
Manhattan	383	60,937	4,539	165,367	4,922	226,304
11-19 units	32	476	1,448	21,798	1,480	22,274
20-99 units	162	8,164	2,931	108,389	3,093	116,553
100+ units	189	52,297	160	35,180	349	87,477
Queens	369	33,831	1,002	40,973	1,371	74,804
11-19 units	29	411	266	4,157	295	4,568
20-99 units	214	12,629	692	30,737	906	43,366
100+ units	126	20,791	44	6,079	170	26,870
Staten Island	47	2,607	13	523	60	3,130
11-19 units	10	137	5	86	15	223
20-99 units	29	1,271	6	214	35	1,485
100+ units	8	1,199	2	223	10	1,422
Core Manhattan	346	57,198	3,289	111,057	3,635	168,255
11-19 units	31	464	1,323	19,862	1,354	20,326
20-99 units	133	6,679	1,844	61,366	1,977	68,045
100+ units	182	50,055	122	29,829	304	79,884
Upper Manhattan	37	3,739	1,250	54,310	1,287	58,049
11-19 units	1	12	125	1,936	126	1,948
20-99 units	29	1,485	1,087	47,023	1,116	48,508
100+ units	7	2,242	38	5,351	45	7,593

Source: NYC Department of Finance, RPIE Filings.

Appendix 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
							Asking Rent
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.

Rent Stabilized Units		Rent	Mitchell-	Public	Other	Other	
<u>Pre-1947</u>	<u>Post-1946</u>	<u>Controlled</u>	<u>Lama</u>	<u>Housing</u>	<u>Regulated*</u>	<u>Rentals**</u>	
							Monthly Contract Rent
14,910	4,362	6,576	2,276	66,811	17,337	2,194	\$0-\$199
20,897	2,702	5,814	2,689	33,984	16,086	5,743	\$200-\$299
40,706	4,922	6,924	4,479	23,291	7,652	14,916	\$300-\$399
97,073	20,898	6,834	10,705	26,795	6,203	32,261	\$400-\$499
154,054	38,962	9,430	12,357	8,970	5,085	60,341	\$500-\$599
133,632	53,515	6,093	9,630	7,217	4,407	99,473	\$600-\$699
85,510	44,245	2,265	9,771	1,578	3,477	95,316	\$700-\$799
54,569	29,929	2,458	5,610	336	2,272	75,732	\$800-\$899
35,601	19,086	1,845	2,945	170	2,510	48,130	\$900-\$999
49,270	22,866	2,245	3,085	0	3,568	52,643	\$1000-\$1249
23,072	8,566	567	2,794	187	689	15,171	\$1250-\$1499
18,524	8,046	181	0	0	787	10,641	\$1500-\$1749
14,832	10,193	193	641	0	0	47,520	\$1750+
(6,357)	(3,284)	(1,138)	(166)	0	(721)	(12,782)	(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>	
							Monthly Contract Rent
2.0%	1.6%	12.7%	3.4%	39.4%	24.7%	0.4%	\$0-\$199
2.8%	1.0%	11.3%	4.0%	20.1%	23.0%	1.0%	\$200-\$299
5.5%	1.8%	13.5%	6.7%	13.8%	10.9%	2.7%	\$300-\$399
13.1%	7.8%	13.3%	16.0%	15.8%	8.9%	5.8%	\$400-\$499
20.7%	14.5%	18.3%	18.4%	5.3%	7.3%	10.8%	\$500-\$599
18.0%	19.9%	11.8%	14.4%	4.3%	6.3%	17.8%	\$600-\$699
11.5%	16.5%	4.4%	14.6%	0.9%	5.0%	17.0%	\$700-\$799
7.3%	11.2%	4.8%	8.4%	0.2%	3.2%	13.5%	\$800-\$899
4.8%	7.1%	3.6%	4.4%	0.1%	3.6%	8.6%	\$900-\$999
6.6%	8.5%	4.4%	4.6%	0.0%	5.1%	9.4%	\$1000-\$1249
3.1%	3.2%	1.1%	4.2%	0.1%	1.0%	2.7%	\$1250-\$1499
2.5%	3.0%	0.4%	0.0%	0.0%	1.1%	1.9%	\$1500-\$1749
2.0%	3.8%	0.4%	1.0%	0.0%	0.0%	8.5%	\$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)

	All Households [@]	Owner Households	Renter Households	Stabilized
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				
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§				
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.

Rent Stabilized Units Pre-1947	Rent Stabilized Units Post-1946	Rent Controlled	Mitchell- Lama	Public Housing	Other Regulated*	Other Rentals**	
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)

	All Households [@]	Owner Households	Renter Households	Stabilized
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.

Rent Stabilized Units <u>Pre-1947</u>	Rent Stabilized Units <u>Post-1946</u>	Rent <u>Controlled</u>	Mitchell- <u>Lama</u>	Public <u>Housing</u>	Other <u>Regulated*</u>	Other <u>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% ^o	-	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

^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.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
55-61	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.

Rent Stabilized Units		Rent Controlled	Mitchell- Lama	Public Housing	Other Regulated*	Other Rentals**	
Pre-1947	Post-1946						
							Year Moved Into Current Dwelling
309,335	103,143	0	23,528	41,105	19,827	308,793	1996-1999
131,479	41,398	0	11,347	21,054	11,735	104,002	1993-1995
72,786	22,469	0	7,363	16,750	8,214	47,596	1990-1992
43,176	10,785	0	5,066	16,196	6,683	30,780	1987-1989
32,861	12,553	0	2,477	10,982	5,312	17,544	1984-1986
33,481	11,493	192	2,589	7,727	5,807	14,872	1981-1983
100,462	44,118	3,311	13,281	30,033	9,138	37,235	1971-1980
25,430	25,619	49,058	1,495	25,490	4,076	12,041	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)

	All Households [@]	Owner Households	Renter Households	Stabilized
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%
Household Composition				
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 (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 (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 (Not Reported)	-	-	-	-
(Sex Not Reported)	-	-	-	-
Race of Householder				
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 (Not Reported)	-	-	-	-
Age of Householder				
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 (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.

Rent Stabilized Units		Rent Controlled	Mitchell- Lama	Public Housing	Other Regulated*	Other Rentals**	
Pre-1947	Post-1946						
							<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 Boarded Up Structures	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.

Rent Stabilized Units <i>Pre-1947</i>	Rent Stabilized Units <i>Post-1946</i>	Rent Controlled	Mitchell- Lama	Public Housing	Other Regulated*	Other Rentals**	
							<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 Boarded Up Structures
(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 [@]	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	88.0%	94.8%	84.7%	85.6%
(Not Reported)	-	-	-	-
Heating Breakdowns	13.0%	6.1%	16.3%	18.5%
No Breakdowns	87.0%	93.9%	83.7%	81.5%
(Not Reported)	-	-	-	-
Broken Plaster/Peeling Paint	15.8%	6.2%	20.4%	23.5%
No Broken Plaster/Peeling Paint	84.2%	93.9%	79.6%	76.5%
(Not Reported)	-	-	-	-
Cracked Interior Walls or Ceilings	12.3%	3.6%	16.3%	19.1%
No Cracked Interior Walls or Ceilings	87.7%	96.4%	83.7%	80.9%
(Not Reported)	-	-	-	-
Holes in Floor	6.2%	1.2%	8.5%	10.7%
No Holes in Floor	93.8%	98.8%	91.5%	89.3%
(Not Reported)	-	-	-	-
Rodent Infestation	20.8%	7.4%	27.1%	32.7%
No Infestation	79.2%	92.6%	72.9%	67.3%
(Not Reported)	-	-	-	-
Toilet Breakdown	10.8%	7.1%	12.5%	12.8%
No Toilet Breakdown	89.2%	92.9%	87.5%	87.2%
(Not Reported)	-	-	-	-
Water Leakage Inside Unit	18.7%	12.2%	21.7%	25.8%
No Water Leakage	81.3%	87.8%	78.3%	74.2%
(Not Reported)	-	-	-	-
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	3.2%	0.4%	4.4%	5.0%
(Not Reported)	-	-	-	-
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	4.2%	1.1%	5.7%	6.4%
(Not Reported)	-	-	-	-
Boarded Up Structures in Neighborhood	13.1%	9.6%	14.7%	14.0%
Units Not Close to Boarded Up Structures	86.9%	90.4%	85.3%	86.0%
(Not Reported)	-	-	-	-

[@] All housing units, including owners and renters.

Totals may not add to 100% due to rounding.

Rent Stabilized Units		Rent	Mitchell-	Public	Other	Other	
<u>Pre-1947</u>	<u>Post-1946</u>	<u>Controlled</u>	<u>Lama</u>	<u>Housing</u>	<u>Regulated*</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)
-	-	-	-	-	-	-	Heating Breakdowns
20.0%	14.1%	16.5%	12.9%	21.2%	22.4%	10.6%	No Breakdowns (Not Reported)
80.0%	85.9%	83.5%	87.1%	78.8%	77.6%	89.4%	Broken Plaster/Peeling Paint
-	-	-	-	-	-	-	No Broken Plaster/Peeling Paint (Not Reported)
25.6%	17.5%	29.0%	13.4%	30.9%	17.2%	12.2%	Cracked Interior Walls or Ceilings
74.4%	82.5%	71.0%	86.6%	69.1%	82.8%	87.8%	No Cracked Interior Walls or Ceilings (Not Reported)
-	-	-	-	-	-	-	Holes in Floor
22.3%	10.0%	15.9%	12.1%	23.3%	20.9%	9.3%	No Holes in Floor (Not Reported)
77.7%	90.0%	84.1%	87.9%	76.7%	79.1%	90.7%	Rodent Infestation
-	-	-	-	-	-	-	No Infestation (Not Reported)
13.3%	3.1%	9.3%	2.9%	7.9%	11.3%	5.1%	Toilet Breakdown
86.7%	96.9%	90.7%	97.1%	92.1%	88.7%	94.9%	No Toilet Breakdown (Not Reported)
-	-	-	-	-	-	-	Water Leakage Inside Unit
37.1%	20.1%	22.4%	20.6%	28.2%	41.7%	16.2%	No Water Leakage (Not Reported)
62.9%	79.9%	77.6%	79.4%	71.8%	58.3%	83.8%	Units in Buildings w. No Maintenance Defects
-	-	-	-	-	-	-	Units in Buildings w. 1 Maintenance Defect
14.2%	8.7%	14.0%	14.7%	20.5%	14.8%	9.1%	Units in Buildings w. 2 Maintenance Defects
85.8%	91.3%	86.0%	85.3%	79.5%	85.2%	90.9%	Units in Buildings w. 3 Maintenance Defects
-	-	-	-	-	-	-	Units in Buildings w. 4 Maintenance Defects
28.1%	19.1%	29.0%	18.1%	22.3%	27.1%	13.6%	Units in Buildings w. 5+ Maintenance Defects (Not Reported)
71.9%	80.9%	71.0%	81.9%	77.7%	72.9%	86.4%	Condition of Neighboring Buildings
-	-	-	-	-	-	-	Excellent
35.4%	53.4%	41.5%	48.9%	36.1%	35.7%	59.1%	Good
23.8%	22.5%	24.8%	25.3%	22.3%	24.0%	20.9%	Fair
16.3%	12.3%	13.2%	14.0%	16.7%	14.0%	10.1%	Poor Quality (Not Reported)
11.1%	6.6%	11.8%	5.3%	10.7%	9.4%	4.6%	Boarded Up Structures in Neighborhood
7.5%	3.0%	4.8%	3.1%	5.9%	8.5%	3.3%	Units Not Close to Boarded Up Structures (Not Reported)
5.9%	2.2%	3.9%	3.4%	8.2%	8.3%	2.0%	
-	-	-	-	-	-	-	

* 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.

Appendix E: Mortgage Survey

E.1 Interest Rates and Terms for New and Refinanced Mortgages, 2002

New Mortgages						Refinanced Mortgages				
Instn	Rate (%)	Points	Term (yrs)	Type	Volume	Rate (%)	Points	Term (yrs)	Type	Volume
5	6.95%	1.0	5+10	fixed	120	6.95%	1.0	5+10	fixed	30
7	7.00%	0.5	1-10	fixed	15	NR	NR	NR	NR	2
8	7.25%	1.0	5+5	adj	11	7.25%	1.0	5+5	adj	2
10	7.06%	0.5	5+7	fixed	NR	7.06%	0.5	5+7	fixed	375
14	7.25%	0.5	5+5,7+5	adj	200	7.25%	0.5	5+5,7+5	adj	175
15	7.10%	0.0	5/7/10	fixed	28	7.10%	0.0	5/7/10	fixed	28
17	7.50%	1.0	10/25	fixed	10	7.50%	1.0	10/25	fixed	0
18	7.50%	1.0	10 yr bal	fixed	75	7.50%	1.0	10 yr bal	fixed	60
23	t	0.8	5+7	fixed	20	t	1.0	5+7	fixed	15
31	7.00%	1.0	10/15	adj	37	7.00%	10/15	10/15	adj	3
32	NR	0.9	3+10	fixed	1	NR	0.9	3+10	fixed	1
34	7.00%	1.0	5	fixed	2	7.25%	1.0	5	fixed	10
35	7.75%	1.0	15	fixed	29	7.75%	1.0	15	fixed	NR
36	6.93%	1.0	5,7,10&15 to 30	fixed	NR	NR	NR	NR	NR	NR
37	9.00%	1.0	10	fixed	16	9.00%	1.0	10/5 yrs payout	0	NR
41	8.84%	0.0	10/15/20	fixed	NR	8.84%	0.0	10/15/20	fixed	NR
100	8.50%	1.5	10	fixed	12	8.50%	1.5	10	fixed	NR
106	v	0.0	up to 30 years	fixed	50	v	0.0	0	fixed	30
107	6.50%	1.0	5 fxd/5 adj	both	499	6.50%	1.0	5 fxd/5 adj	both	NR
111	P + 1%	1.0	25 yrs w/ 5 yr bal	adj	3	P + 1%	1.0	25 yrs w/ 5 yr bal	adj	NR
114	7.38%	0.0	30	fixed	NR	NR	NR	NR	NR	NR
117	6.50%	1.0	5	fixed	210	6.50%	1.0	5	fixed	206
205	7.00%	0.0	10	fixed	30	7.00%	0.0	10	fixed	40
208	7.00%	1.0	5+5	0	50	7.00%	1.0	5+5	0	10
210	7.25%	2.0	15-30	fixed	NR	7.25%	2.0	15 yrs	fixed	1
Avg.	7.35%	0.79	†	†	70.9	7.40%	0.83	†	†	58.12

Treasury Bill plus spread.

Amortization.

§ Refinancing not available.

† No average computed.

P Prime Rate

t 250+/- over 5yr t-bills

v Subsidized rate not included in average

fixed = fixed rate mortgage.

adj = adjustable rate mortgage.

bal = balloon

NR = no response to this question.

COF = Cost of Funds

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: 2002 Rent Guidelines Board Mortgage Survey.

E.2 Typical Characteristics of Rent Stabilized Buildings, 2002

<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>
5	75%	75%	1.3	3%	2%	20-49	\$500	\$1,100
7	65	75	1.3	5	2	50-99	\$425	\$800
8	65	75	1.3	5	1	1-10	\$250	\$750
10	DK	75	1.3	0.5	1	50-99	\$350	\$600
14	65	75	1.3	4	2	20-49	\$500	\$900
15	65	70	1.3	5	0	50-99	\$425	\$750
17	75	75	1.3	5	1	11-19	NR	NR
18	75	75	1.3	5	3	11-19	\$225	\$750
23	70	70	1.3	3	2	11-19	DK	\$1,200
31	75	75	1.2	5	3	11-19	\$389	\$765
32	65	75	1.3	3	1	20-49	\$500	\$1,500
34	65	73	1.3	4	1	20-49	\$400	\$850
35	65	65	1.2	3	4	11-19	\$340	\$725
36	75	80	1.3	5	1	100+	NR	NR
37	65	63	1.2	0.5	1	11-19	\$400	\$850
41	65	75	1.2	8	4	1-10	\$293	\$594
100	55	60	1.3	3	5	1-10	\$225	\$750
106	90	90	1.2	6	3	20-49	\$300	\$413
107	65	75	1.2	5	2	NR	NR	\$600
111	70	70	1.2	0.5	1	1-10	DK	DK
114	70	NR	NR	0	0	NR	DK	DK
117	70	75	1.3	4	2	50-99	\$335	\$650
205	65	75	1.2	5	3	1-10	DK	\$800
208	75	75	1.3	5	5	20-49	DK	\$725
210	80	80	1.2	7	5	1-10	\$210	\$725
Avg.	69.6%	73.8%	1.24	4.15%	2.28%	†	\$357	\$800

NR indicates no response to this question.

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

† No average computed.

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: 2002 Rent Guidelines Board Mortgage Survey.

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

Lending Inst.	Interest Rates		Points		Term		Type	
	2002	2001	2002	2001	2002	2001	2002	2001
5	6.95%	7.63%	1.0	1.0	5+10	5 to 10	fixed	Fixed
10	7.06%	7.75%	0.5	0.5	5+7	5 + 7	fixed	Fixed
14	7.25%	7.50%	0.5	0.5	5+5,7+5	5+5	adj	Adj
15	7.10%	7.13%	0.0	0.0	5/7/10	5/7/10	fixed	Fixed
17	7.50%	NR	1.0	0.0	10/25	0	fixed	NR
18	7.50%	7.50%	1.0	1.0	10 yr bal	5,7,10,15	fixed	Fixed
23	t	8.63%	0.8	1.0	5+7	5+5	fixed	Fixed
31	7.00%	7.75%	1.0	1.5	10/15	10/15	adj	adj
32	NR	COF+1.5%	0.9	0.9	3+10	3-10	fixed	Fixed
34	7.00%	NR	1.0	1.0	5	5,10,15	fixed	Fixed
35	7.75%	8.50%	1.0	1.0	15	15	fixed	Fixed
37	9.00%	9.25%	1.0	2.0	10	10	fixed	Fixed
41	8.84%	9.52%	0.0	0.0	10/15/20	10/15/20	fixed	Fixed
107	6.50%	7.13%	1.0	1.0	NR	5+5,up to 30	Fixed	NR
111	WSJ + 1%	10.00%	1.0	0.8	25 yrs w/ 5 yr bal	15-25	adj	Adj
117	6.50%	7.25%	1.0	1.0	5	5+5	fixed	Fixed
208	7.00%	8.75%	1.0	1.0	5+5	5+5	NR	NR
210	7.25%	11.00%	2.0	2.0	15-30	15	fixed	Fixed
Avg.	7.35%	8.35%	0.87	0.95	†	†	†	†

NR indicates no response to this question.

COF =Cost of Funds

† No average computed

t 250+/- over 5yr t-bills

Amortization.

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: 2001 and 2002 Rent Guidelines Board Mortgage Surveys.

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

Lending Inst.	Interest Rates		Points		Term		Type	
	2002	2001	2002	2001	2002	2001	2002	2001
5	6.95%	7.63%	1.0	1.0	5+10	5 to 10	fixed	fixed
10	7.06%	7.75	0.5	0.5	5+7	5+7	fixed	NR
14	7.25%	7.50	0.5	0.5	5+5,7+5	5+5	adj	adj
15	7.10%	7.13%	0.0	0.0	5/7/10	5/7/10	fixed	fixed
17	7.50%	NR	1.0	0.0	10/25	0	fixed	NR
18	7.50%	7.50%	1.0	1.0	10 year bal	5,7,10	fixed	fixed
23	t	8.38%	1.0	1.0	5+7	5+5	fixed	Fixed
31	7.00%	7.75%	10/15	1.5	10/15	10/15	adj	adj
32	NR	COF + 1.5%	0.9	0.9	3+10	3-10	fixed	fixed
34	7.25%	7.88%	1.0	1.0	5	5,10,15	fixed	fixed
35	7.75%	8.50%	1.0	1.0	15	15	fixed	fixed
37	9.00%	9.25%	1.0	2.0	10/5	10/5	NR	fixed
41	8.84%	8.33%	0.0	1.5	10/15/20	3/5/7	fixed	NR
107	6.50%	7.13%	1.0	1.0	5 fxd/5 adj	NR	both	fixed
111	WSJ + 1%	§	1.0	§	25+5	§	adj	§
117	6.50%	7.25%	1.0	1.0	5	5+5,up to 30	fixed	fixed
208	7.00%	8.50%	1.0	1.0	5+5	5 + 5	NR	NR
210	7.25%	8.00%	2.0	2.0	15 yrs	15	fixed	fixed
Avg.	7.36%	7.90%	0.88	1.05	†	†	†	†

NR indicates no response to this question.

t 250+/- over 5yr t-bills

§ Amortization.

COF =Cost of Funds

§ 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: 2001 and 2002 Rent Guidelines Board Mortgage Surveys.

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

Lending Inst.	Max Loan-to-Value		Debt Service Coverage		Collection Losses	
	2002	2001	2002	2001	2002	2001
5	75%	NR	1.25	NR	2%	1%
10	75	75%	1.30	1.30	1	1
14	75	75	1.30	1.30	2	0.5
15	70	70	1.25	1.25	NR	NR
17	75	75	1.25	1.25	0.5	NR
18	75	75	1.25	1.20	3	2
23	70	68	1.25	1.25	2	3
31	75	75	1.20	1.20	3	3
32	75	75	1.30	1.30	1	1
34	73	70	1.25	1.40	1	2
35	65	65	1.15	1.25	4	2
37	63	63	1.20	1.20	0.5	0.5
41	75	70	1.20	1.20	4	4
107	75	75	1.20	1.20	2	2
111	70	70	1.20	1.20	0.5	0.5
117	75	73	1.30	1.30	2	1
208	75	75	1.30	1.35	5	5
210	80	80	1.15	1.15	5	5
Avg.	73.1%	72.2%	1.24	1.25	2.26%	2.21%

NR indicates no response 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: 2001 and 2002 Rent Guidelines Board Mortgage Surveys.

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

Year	Interest Rates for New Mortgages	Permits for New Housing Units in NYC and northern suburbs	Permits for New Housing Units in NYC only
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%	18,077 f	15,050
2001	8.4%	19,347 s	16,856 s
2002	7.4%	•	•

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.

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.

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, 1990-2001

Unemployment Rate	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Bronx	8.2%	10.1%	12.5%	11.9%	10.0%	9.6%	10.6%	11.6%	10.0%	8.1%	7.3%	7.4%
Brooklyn	7.9%	9.5%	12.0%	11.2%	9.7%	9.2%	10.0%	10.7%	9.4%	7.8%	6.8%	6.7%
Manhattan	5.8%	7.3%	9.0%	8.8%	7.6%	7.0%	7.4%	7.8%	6.8%	5.7%	4.9%	6.0%
Queens	6.0%	8.0%	10.5%	9.5%	8.2%	7.6%	8.1%	8.5%	7.0%	5.9%	4.8%	5.1%
Staten Island	6.4%	8.3%	10.4%	9.2%	7.8%	7.4%	7.8%	8.4%	6.9%	5.8%	4.8%	4.8%
NYC	6.9%	8.7%	11.0%	10.4%	8.7%	8.2%	8.8%	9.4%	8.0%	6.7%	5.7%	6.1%
U.S.	5.6%	6.8%	7.5%	6.9%	6.1%	5.6%	5.4%	4.9%	4.5%	4.2%	4.0%	4.8%
Labor Force Participation Rate												
NYC	57.1%	56.4%	56.4%	56.0%	55.5%	55.2%	56.7%	58.5%	58.9%	58.5%	60.0%	58.1%
U.S.	66.5%	66.2%	66.4%	66.3%	66.6%	66.6%	66.8%	67.1%	67.1%	67.1%	67.2%	66.9%
Employment-Population Ratio												
NYC	53.1%	51.5%	50.2%	50.2%	50.7%	50.7%	51.7%	53.0%	54.2%	54.6%	56.3%	54.6%
U.S.	62.8%	61.7%	61.5%	61.7%	62.5%	62.9%	63.2%	63.8%	64.1%	64.3%	64.5%	63.8%
Gross City Product (NYC) (thousands,\$1996)	272.7	267.5	270.3	276.2	276.8	282.2	292.7	304.8	316.2	331.6	348.8	348.1
% Change	1.53%	-1.91%	1.05%	2.18%	0.22%	1.95%	3.72%	4.13%	3.74%	4.87%	5.19%	-0.2%
Gross Domestic Product (U.S.) (thousands,\$1996)	6,707.90	6,676.40	6,880.00	7,062.60	7,347.70	7,543.80	7,813.20	8,159.50	8,508.90	8,856.50	9,224.00	9,333.80
% Change	1.76%	-0.47%	3.05%	2.65%	4.04%	2.67%	3.57%	4.43%	4.28%	4.09%	4.15%	1.19%

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.Department of Commerce; NYS Department of Labor; NYC Comptroller's Office. Unpublished data from the Bureau of labor Statistics.

F.2 Average Payroll Employment by Industry for NYC, 1991-2001 (in thousands)

Industry Employment	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2000-2001 Change
Construction	99.8	87.1	85.8	89.3	90.2	91.4	93.8	102.4	114.1	121.9	124.8	2.38%
Manufacturing	307.8	292.8	288.8	280.4	273.5	266.4	264.8	259.1	250.7	242.8	230.1	-5.23%
Transportation	218.4	204.8	203.4	201.5	202.9	204.9	205.5	206.2	207.9	213.3	212.1	-0.56%
Trade	565.3	545.6	537.9	544.1	555.4	565	577.7	589.8	609.9	627.1	619.2	-1.26%
FIRE	493.6	473.5	471.6	480.3	473.4	468.5	473.4	483.4	486	491.1	486.7	-0.90%
Services	1,096.90	1,093.10	1,115.80	1,148.10	1,183.60	1,226.70	1,274.9	1,325.50	1,384.20	1,457.2	1,465.3	0.56%
Mining	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.00%
Total Private Sector	2,782.10	2,697.30	2,703.60	2,744.00	2,779.30	2,823.70	2,890.40	2,967.70	3,053.10	3,153.60	3,138.40	-0.48%
Government	592.6	584.5	587.6	578.3	560.1	546	551.5	561.5	567.4	569.5	563.7	-1.02%
New York City	-	-	223.8	252.3	237.3	235	237	242.4	246.6	250.8	249.8	-0.40%
Total	3,374.70	3,281.80	3,291.20	3,322.30	3,322.90	3,369.70	3,441.90	3,529.20	3,620.50	3,723.10	3,702.10	-0.56%

Note: Totals may not add up due to rounding. The Bureau of Labor Statistics r 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, 1993-2000 (1989 dollars)

Industry	1993	1994	1995	1996	1997	1998	1999	2000	1999-2000 % Change
Construction	\$34,305	\$34,399	\$34,023	\$34,166	\$33,547	\$34,761	\$35,516	\$36,945	4.02%
Manufacturing	\$31,151	\$31,838	\$32,838	\$34,678	\$35,502	\$39,027	\$38,998	\$41,699	6.93%
Transportation	\$34,945	\$35,311	\$35,733	\$36,626	\$36,534	\$38,136	\$38,234	\$38,607	0.98%
Trade	\$24,234	\$24,303	\$24,031	\$23,851	\$24,359	\$25,019	\$25,315	\$24,880	-1.72%
FIRE	\$63,290	\$59,290	\$65,902	\$74,258	\$81,100	\$87,038	\$90,108	\$104,995	16.52%
Services	\$29,210	\$29,108	\$29,422	\$29,340	\$29,873	\$31,272	\$32,097	\$33,190	3.41%
Private Sector	\$34,981	\$34,306	\$35,533	\$36,839	\$38,333	\$40,481	\$41,244	\$44,051	6.80%
Government	\$29,936	\$30,693	\$31,851	\$32,144	\$32,615	\$31,822	\$32,622	\$32,521	-0.31%
Total Industries	\$34,107	\$33,745	\$34,942	\$36,193	\$37,464	\$39,125	\$39,905	\$42,295	5.99%

Note: The NYS 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, 1993-2000

Industry	1993	1994	1995	1996	1997	1998	1999	2000	1999-2000 % Change
Construction	\$40,583	\$41,669	\$42,255	\$43,663	\$43,873	\$46,207	\$48,134	\$51,627	7.26%
Manufacturing	\$36,851	\$38,567	\$40,784	\$44,317	\$46,430	\$51,876	\$52,853	\$58,270	10.25%
Transportation	\$41,340	\$42,773	\$44,379	\$46,806	\$47,779	\$50,693	\$51,817	\$53,949	4.11%
Trade	\$28,669	\$29,439	\$29,846	\$30,480	\$31,857	\$33,256	\$34,309	\$34,767	1.34%
FIRE	\$74,873	\$71,820	\$81,848	\$94,898	\$106,064	\$115,695	\$122,121	\$146,720	20.14%
Services	\$34,556	\$35,259	\$36,541	\$37,495	\$39,068	\$41,569	\$43,500	\$46,380	6.62%
Private Sector	\$41,383	\$41,556	\$44,130	\$47,078	\$50,132	\$53,810	\$55,898	\$61,556	10.12%
Government	\$35,415	\$37,179	\$39,558	\$41,078	\$42,654	\$42,300	\$44,212	\$45,444	2.79%
Total Industries	\$40,349	\$40,876	\$43,397	\$46,253	\$48,996	\$52,006	\$54,083	\$59,103	9.28%

Note: The NYS 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, 1900-2001

Year	Bronx	Brooklyn	Manhattan	Queens	Staten Island	Citywide	Citywide Change from Prior Decade/Year
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%
2000	1,332,650	2,465,326	1,537,195	2,229,379	443,728	8,008,278	9.4%
2001*	1,337,928	2,465,286	1,541,150	2,224,516	450,153	8,019,033	0.1%

*Note: 2001 figures are estimates.

Source: U.S.Census Bureau, Population Division

F.6 Consumer Price Index for All Urban Consumers, New York-Northeastern New Jersey, 1991-2001

	<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>	<u>2001</u>
March	143.4	149.1	154.1	157.9	160.9	166.5	170.7	173.0	175.5	181.5	186.4
June	144.6	149.5	154.2	157.8	162.2	166.5	170.3	173.1	176.8	182.0	188.3
September	145.8	151.4	155.3	159.0	163.2	168.2	171.7	174.4	178.2	184.4	188.0
December	146.6	151.9	155.6	158.9	163.7	168.5	171.9	174.7	178.6	184.2	187.3
Quarterly Average	145.1	150.5	154.8	158.4	162.5	167.4	171.2	173.8	177.3	183.0	186.5
Yearly Average	144.8	150.0	154.5	158.2	162.2	166.9	170.8	173.6	177.0	182.5	187.1

12-month percentage change in the CPI

	<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>	<u>2001</u>
March	4.98%	3.97%	3.35%	2.47%	1.90%	3.48%	2.52%	1.35%	1.45%	3.42%	2.70%
June	5.47%	3.39%	3.14%	2.33%	2.79%	2.70%	2.28%	1.64%	2.14%	2.94%	3.46%
September	3.55%	3.84%	2.58%	2.38%	2.64%	3.06%	2.08%	1.57%	2.18%	3.48%	1.95%
December	3.53%	3.62%	2.44%	2.12%	3.02%	2.90%	2.02%	1.63%	2.23%	3.14%	1.68%
Quarterly Average	4.37%	3.70%	2.87%	2.33%	2.59%	3.03%	2.22%	1.55%	2.00%	3.24%	1.90%
Yearly Average	4.55%	3.59%	3.00%	2.39%	2.53%	2.90%	2.34%	1.64%	1.96%	3.11%	2.52%

Source: U.S. Bureau of Labor Statistics.

F.7 Housing Court Actions, 1983-2001

<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
2001	277,440	130,897	21,369*

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.

*Note: 2001 Evictions and Possessions data is incomplete as it excludes the work of one city marshal who died in May 2001 and whose statistics are unavailable.

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
<u>Household Income</u>				
<\$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	-
<u>Contract Rent</u>				
<\$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	-
<u>Contract-Rent-to-Income Ratio</u>				
<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, 1960-2002

<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	2,216	2,973	6,109	3,264	2,294	16,856
2002	493 (392)	613 (844)	430 (2,035)	754 (664)	548 (486)	2,838 (4,421)

First three months of 2002. The number of permits issued in the first three months of 2001 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, 1960-2001

<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	1,527	1,573	6,953
1995	1,166	1,647	2,798	1,013	1,268	7,892
1996	1,075	1,583	1,582	1,152	1,726	7,118
1997	1,391	1,369	816	1,578	1,791	6,945
1998	575	1,333	5,175	1,263	1,751	10,097
1999	1,228	1,025	2,341	2,119	2,264	8,977
2000	1,385	1,433	5,394	2,100	1,914	12,226
2001	1,617	2,449	5,693	1,274	2,198	13,231

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 NYS Dormitory Authority. In addition, housing completions in Manhattan are also compiled from the Yale Robins, Inc. Residential Construction in Manhattan newsletter. The NYC Department of City Planning revised several borough figures from 1994 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, 1998-2001

	1998	1999	2000	2001
	<u>Plans (Units)</u>	<u>Plans (Units)</u>	<u>Plans (Units)</u>	<u>Plans (Units)</u>
Private Plans				
New Construction	69 (3,225)	50 (1,123)	87 (1,911)	145 (3,833)
Rehabilitation	45 (812)	30 (1,029)	15 (220)	13 (124)
Conversion (Non-Eviction)	19 (210)	12 (359)	9 (738)	12 (1,053)
Conversion (Eviction)	0	1 (48)	1 (24)	0
Private Total	133 (4,247)	93 (2,559)	112 (2,893)	170 (5,010)
HPD Sponsored Plans				
New Construction	0	0	0	0
Rehabilitation	3 (14)	0	0	0
Conversion (Non-Eviction)	21 (176)	0	0	0
Conversion (Eviction)	0	26 (295)	8 (179)	2 (22)
HPD Total	24 (190)	26 (295)	8 (179)	2 (22)
Grand Total	157 (4,437)	119 (2,854)	120 (3,072)	172 (5,032)

Note: Figures exclude "Homeowner" and "Commercial" plans/units.
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, 1981-2001

Year	New Construction	Conversion Eviction	Conversion Non-Eviction	Total New Construction & Conversion	Units in HPD Sponsored Plans
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
2001	3,833	22	1,053	4,908	22

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.

Note: HPD Plans 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.

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

G.5 Tax Incentive Programs

Buildings Receiving Certificates for 421-a Exemptions, 1999-2001

	1999		2000		2001	
	Certificates	Units	Certificates	Units	Certificates	Units
Bronx	14	322	5	316	7	350
Brooklyn	37	457	30	448	42	779
Manhattan	21	4,591	9	1,106	12	3,053
Queens	37	637	39	958	42	614
Staten Island	2	116	0	0	2	74
Total	111	6,123	83	2,828	105	4,870

Buildings Receiving J-51 Tax Abatements and Exemptions, 1999-2001

	1999			2000			2001		
	Buildings	Units	Certified Cost (\$1,000s)	Buildings	Units	Certified Cost (\$1,000s)	Buildings	Units	Certified Cost (\$1,000s)
Bronx	285	9,344	\$22,444	308	17,215	\$24,258	380	12,659	25,674
Brooklyn	2,968	19,819	\$25,787	320	16,090	\$25,185	877	23,654	35,632
Manhattan	879	23,763	\$45,173	439	25,377	\$42,124	1,438	20,944	45,888
Queens	639	27,129	\$18,729	225	23,510	\$11,779	402	23,175	14,231
Staten Island	24	2,066	\$7,351	15	1,733	\$6,197	9	889	674
Total	4,795	82,121	\$119,484	1,307	83,925	\$109,543	3,106	81,321	\$f122,099

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, 1981-2001

Year	421-a	J-51
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
2001	4,870	81,321

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

G.7 City-Owned Properties, Fiscal Years 1985-2002

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	8,299	1,203	4,979	633	7,973	504	0	0	321
2002	5,715	919	3,762	524	7,756	477	0	0	302

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

Source: NYC Office of Operations, Fiscal 2002 *Mayor's Management Report*; NYC Department of Housing Preservation and Development.

G.8 Building Demolitions in New York City, 1985-2001

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
2001	--	96	--	421	--	160	--	519	--	291	--	1,487

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.

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.

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 and 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 and Vacancy Survey (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 and 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 Program (FAP).

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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