2004 Housing Supply Report

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2004 Housing Supply Report

what's new

- ✔ 21,218 permits were issued for new dwelling units in NYC in 2003, the most since 1973 and a 14.7% increase over the prior year.
- ✔ The number of new housing units completed in 2003 increased 19.3% over the prior year, to 15,143, the most since 1976.
- ✔ The citywide vacancy rate was 2.94% in 2002.
- ✔ City-sponsored residential construction decreased 29.6% during FY 2003, to a total of 8,330 new housing starts.
- ✔ The city-owned *in rem* housing stock continued to decline, falling 32.3% during FY 2003.
- ✔ The number of housing units newly receiving 421-a exemptions decreased significantly (23.6%) in 2003, to 3,782.
- ✔ The number of housing units newly receiving J-51 abatements and exemptions increased (5.5%) in 2003, to 74,005.
- ✔ The Attorney General's office reported a 17.8% increase in the number of co-op or condo conversion plans approved in 2003, to 218 plans containing 5,927 units.
- ✔ Demolitions, as reported by the New York City Department of Buildings, were also up significantly in 2003, increasing by 27% to reach 2,250.

Introduction

Over the past year there was a 14.7% increase in the number of permits issued for new dwelling units, rising to 21,218, the most since 1973. The number of completed housing units grew as well, rising 19.3%. This growth in development has been prompted by the tight housing market, with a citywide rental vacancy rate of 2.94%. Overcrowding remains a problem, with 11.1% of all rental housing considered overcrowded. There was also a 17.8% increase in the number of cooperative and condominium plans approved for conversion or new construction, while the number of city-owned vacant and occupied buildings continued to fall through various disposition programs, declining more than 32% during the 2003 fiscal year. However, 2003 saw housing starts under the 421-a Affordable Housing Program almost cut in half, though the drop in completed units was much less severe. The City also saw a decline in publicly-sponsored residential construction in FY 2003, falling 29.6%. But rehabilitation of residential units under the J-51 tax abatement and exemption program during 2003 increased by 5.5%.

New York City's Housing Inventory

New York City differs from most of the nation in many respects, including the fact that most New Yorkers do not own the homes in which they live. According to results from the 2002 *Housing and Vacancy Survey* (*HVS*),[1] the percent of rental units relative to all dwellings in New York City stood at 65.0% in 2002, twice as many rental units as the nation as a whole.[2] New York City in 2002 had a total of 3,208,587 housing units, the largest housing stock since the first *HVS* was conducted in 1965.[3]

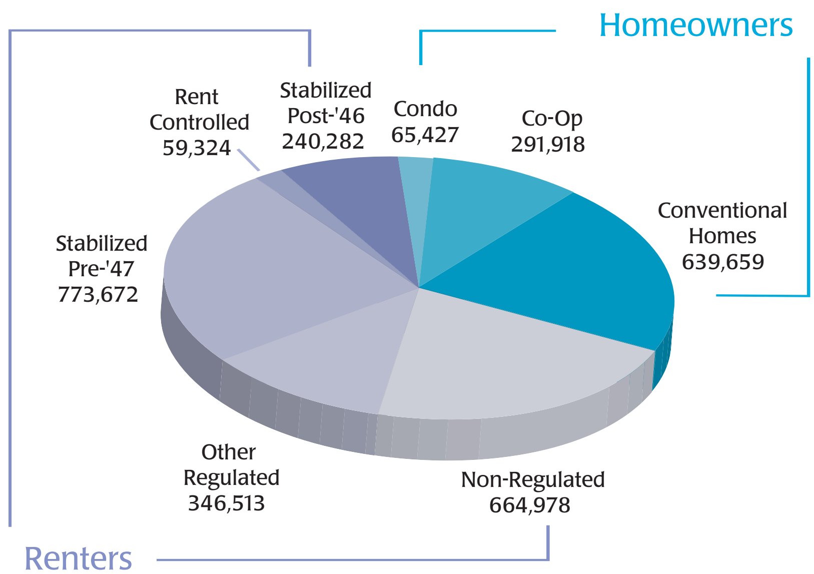
New York City's housing is dominated by the size of its rental housing stock. In addition, unlike most cities, the bulk of rental units in New York City are rent regulated. Of the 2,084,769 occupied and vacant available rental units reported in the most recent HVS, a little less than a third (31.9%) were unregulated, or "free market." The majority are either pre-war (pre-47) rent stabilized (37.1%) or post-war (post-46) rent stabilized (11.5%), and the rest are rent controlled (2.8%) or part of various other[4] types of regulated apartment programs (16.6%). (See graph on next page.)

The *HVS* also indicated that the New York City housing market remains tight, finding a citywide vacancy rate of 2.94% in 2002, well below the 5% threshold required for rent regulation to continue under state law. Queens had the lowest vacancy rate in the city, at 1.78%, while Manhattan, by contrast, had the highest, at 3.86%. Of the other boroughs, Staten Island's rate stood at 2.43%, the Bronx's at 3.29%, and Brooklyn's at 2.73%.[5]

Vacancy rates also vary by rent regulation status. The tightest market was found among post-war stabilized units, with a vacancy rate of just 1.84% in

Number of Renter and Owner Units

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



Source: U.S. Bureau of the Census, 2002 New York City *Housing and Vacancy Survey*.
Note: Above figures exclude vacant units that are not available for sale or rent.

2002. Pre-war stabilized units also maintained a low vacancy rate, at 2.79%, while private, non-regulated units were vacant at a 4.11% rate.

The frequency of crowding also varies by rent regulation status. Overall, 11.1% of all rental housing in NYC is overcrowded (defined as more than one person per room, on average) and 3.9% is severely overcrowded (defined as an average of more than 1.5 persons per room). Pre-war stabilized housing is most crowded, with 14.1% of units overcrowded and 5.5% severely overcrowded, while 10.8% of post-war units are overcrowded, and 4.7% of units are severely overcrowded. Private, non-regulated housing is slightly less overcrowded, at 9.8%, with 3.1% severely overcrowded.

Changes in the Housing Inventory

New Additions

Housing supply grows in a variety of ways: new construction, substantial rehabilitation of deteriorated buildings, and conversions from non-residential buildings into 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, typically within three years, depending on the type of housing structure.

Continuing the strongest multi-year upward trend since the early 1970's, in 2003 the City saw another increase in the number of permits issued for new residential units in single and multi-family buildings. In 2003, permits were issued for 21,218 units of new housing, an increase of 14.7% over the 18,500 units in 2002 (see graph on next page). While still well below the 1960's average of 37,000 new units per year, more permits were issued for residential units in 2003 than in any year since 1973, when 22,417 were issued. The number of permits issued in 2003 increased in all boroughs but Manhattan. Staten Island proportionally increased the most, up 47.9%, to 2,598; Queens increased by 27.0%, to 4,399; Brooklyn increased 15.4%, to 6,054; and the Bronx saw the smallest increase of the boroughs, increasing 11.8% to 2,935. Manhattan was the only borough to decline, falling 3.2% to 5,232 permits. (See Appendix 1 and the map on page four.)

While permits were up significantly during 2003, the number of permits issued in early 2004 has declined by 6.4%. Compared to the first quarter of

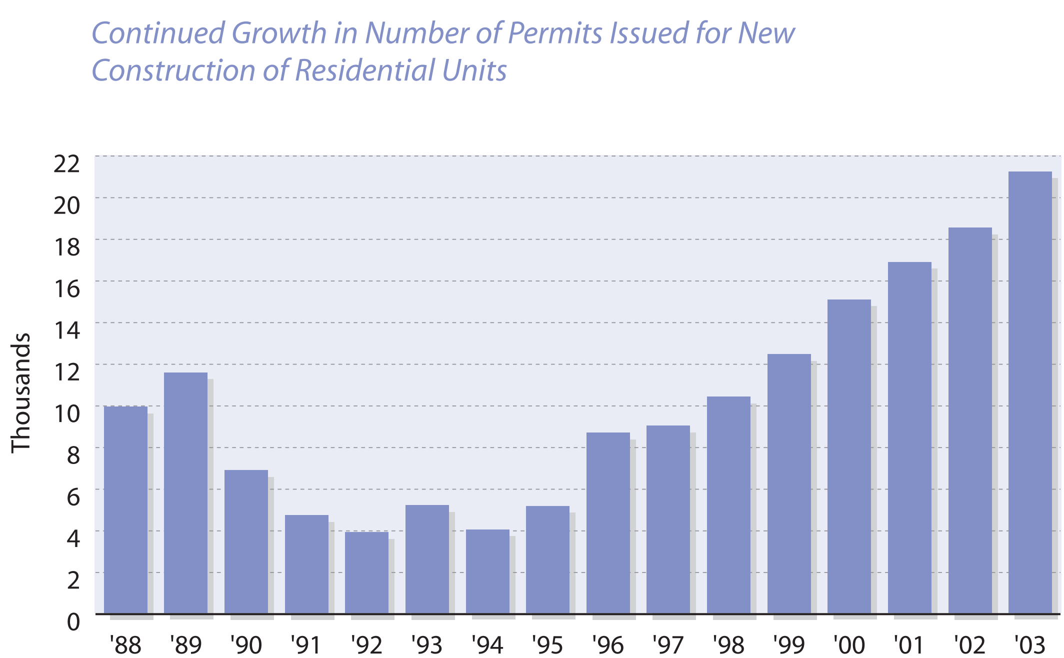
2003, the number of permits issued in New York City dropped from 4,253 to 3,982 during the same period of 2004. The number of permits in Brooklyn and Queens both increased significantly, up 41.2% and 60.4% respectively, while the Bronx dropped by 15.7%, Staten Island by 37.4%, and Manhattan by 68.6%.[6]

This report also examines the number of units completed in the City each year, illustrating what housing actually enters the market in a particular year. In 2003, 15,143 new housing units were completed, a 19.3% increase over 2002. This number of new units is the most since 1976, and occurred in all five boroughs.[7] Queens saw its number of new housing units grow more sharply than any other borough in 2003, up 36.6%, to 2,594. Staten Island saw a 25.8% increase, to 3,085; Brooklyn increased by 23.5% to 2,262, the Bronx increased by 15.2% to 1,596; and the number of new units in Manhattan increased 9.5% in 2003, to 5,606.[8] (See Appendix 2 for historical breakdown.)

Housing is also created through publicly funded sources, including programs sponsored by the NYC Department of Housing Preservation and Development (HPD). HPD's Office of Development operates 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.

Inclusive of all these HPD programs, the agency reported 8,330 total housing starts[9] in FY 2003, down 29.6% from the prior fiscal year, and 33.6% from Fiscal Year 2001, but up 9.3% from Fiscal Year 2000. Of the 8,330 total starts this year, 4,576 were moderate rehabilitation starts, a decrease of 34.8% over the prior year, and 1,025 were gut rehabilitation starts (in both city-owned and private housing), down 5.8% from the prior year. New construction starts also dipped over the past year, down 26.8% to 2,729 in FY 2003.[10]

Units Issued New Housing Permits, 1988-2003, in Thousands

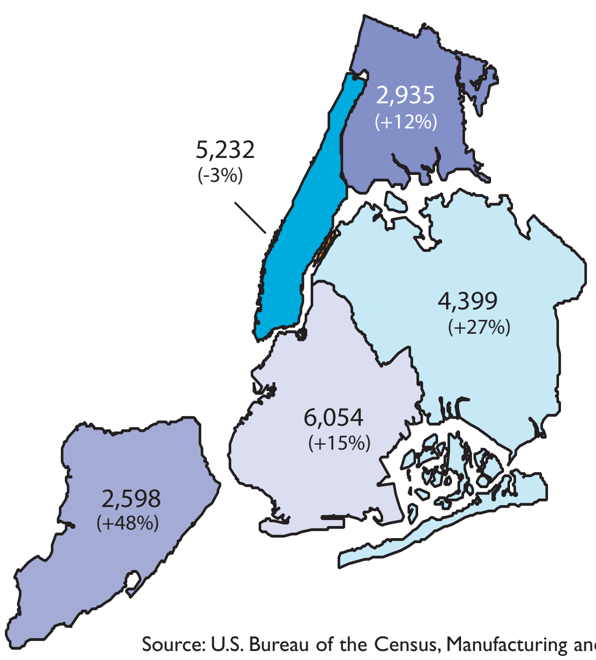


Source: U.S. Bureau of the Census, Manufacturing and Construction Division Building Permits Branch.

In December 2002, Mayor Michael Bloomberg announced a $3 billion, five-year plan for constructing and rehabilitating 65,000 apartments throughout the City.[11] Approximately two-thirds ($2 billion) of the funding is slated to come out of previously planned housing budget expenditures and $555 million will come from City and federal funding redirected towards this plan. The remaining $500 million will come from the NYC Housing Development Corporation (HDC).[12] The HDC in turn will leverage over $2.5 billion of private financing. The total projected spending over the five-year period is double what has been spent on housing development in the City over the previous five years.[13] Since the plan was announced, approximately 10,000 of the 65,000 new units have already entered the project development stage, and more than 3,500 are under construction. Construction will begin on another 6,648[14] by June 2004, with development of another 8,500 expected this summer, and more than 13,000 in the following year. Estimates are that 46% of the new and preserved units will be affordable to low-income households, 38% will be aimed at moderate-income households, and the remaining 16% will be affordable to middle-income households.[15]

Total Number of Permits Issued in 2003 and Percentage Change From 2002 by Borough

Fifteen Percent Increase in Number of Permits Issued for New Housing Units in New York City in 2003



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

Tax Incentive Programs

The City helps promote development of new housing by offering various tax incentive programs. One such program for new renter- and owner-occupied multifamily properties containing three or more rental units is the 421-a tax incentive program. The program allows for a reduction in the taxable assessed value of eligible properties. That is, owners are exempt from paying additional real estate taxes due to the increased value of the property resulting from the improvements made. 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 commences. Rental 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.

A variety of factors are used to establish the level and period of 421-a benefits, including geographic location; reservation of units for low- and moderate-income families; construction periods, and government commitment. Moreover, 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, the number of units reserved for low and moderate income tenants, and whether they are located in a neighborhood preservation area. Longer exemption periods apply in northern Manhattan and boroughs outside Manhattan, and to projects that receive governmental assistance or contain 20% low-income units.

Housing developments located in the Manhattan Exclusionary Zone (located between 14th and 96th Streets) are part of the 421-a Affordable Housing Program, similar to the 421-a program, but tax benefits are more limited. 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. 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.[16] Housing starts under this program dipped significantly this year, falling 80.8% from 2002 levels for a total of 56 units. It is estimated that when all the units begun in 2003 are completed, these 56 new affordable units will create 280 certificates to be sold.

Fewer affordable units were also completed under the Affordable Housing program in 2003 than in the previous year. In 2003, 217 new affordable units, producing 1,085 certificates for market-rate housing were built, a 38.2% drop from last year.

Throughout the City, both inside and outside the Manhattan Exclusionary Zone, the number of housing units receiving 421-a exemptions decreased significantly in 2003, down 23.6%, to 3,782 (see graph on this page). Slightly more than half of all units receiving benefits last year were in buildings located in Manhattan, which contained 54.7% of the total number in the City, compared to 52.8% in the previous year. The remainder of these units were in Queens (18.3%), Brooklyn (15.9%), the Bronx (11.2%) and none were located in Staten Island.[17]

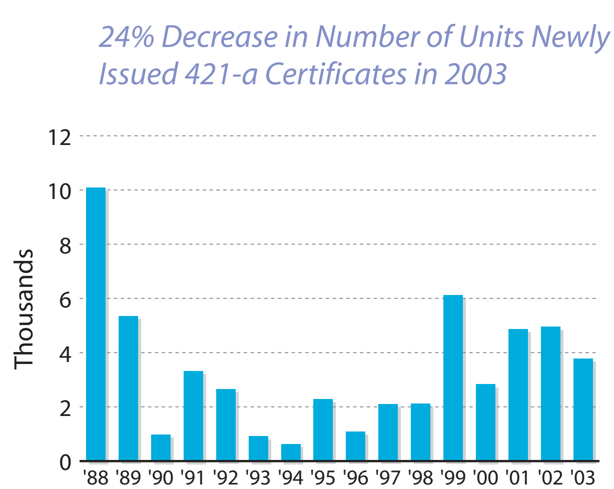
Compared to the number of units that received exemptions in the late 1980s, when on average, 8,000 new units per year received exemptions, significantly fewer certificates are now issued citywide. However, these rental units do not remain permanent members of the stabilized stock. As exemptions expire, rental apartments are no longer governed by rent regulation rules. (See Appendices 5 and 6)

Another program that has offered affordable housing, 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, which 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. There are about 120,000 Mitchell-Lama units in the City today (and about 23,000 elsewhere in the state), and the last Mitchell-Lama project opened in 1978.[18]

After twenty years, landlords may leave the program, and in recent years, some have done so by "buying out" of the program. In late October of 2003, the Mayor's office estimated that there had already been 43 buyouts of Mitchell-Lama buildings, affecting approximately 17,000 units. They also cite another 13 buildings with buyouts pending, encompassing approximately 5,600 units.[19] Another 3,000 tenants in five Manhattan buildings were given notice of a buyout early this year.[20]

While landlords feel that their obligation has ended, housing advocates fear the loss of affordable housing. Tenant advocates and Mayor Bloomberg have been pushing for passage in Albany of a bill that would extend rent stabilization laws to all properties that have been converted from Mitchell-Lama status.[21] It was believed that under current law, Mitchell-Lama buildings constructed prior to 1974 would become rent stabilized after buyouts, leaving approximately 32,000 units vulnerable to market rate rents after a buyout. That bill was introduced in January of this year and is still pending, while in February an appellate court decision permitted a pre-'74 building to proceed with an increase to market rate rents, meaning all Mitchell-Lama

Units Receiving Certificates, 1988-2003, in Thousands



Source: NYC Department of Housing Preservation and Development.

residents could be vulnerable to rent hikes, not just those in newer buildings.[22] While that court decision is appealed, and the legislation in Albany is pending, the City has also been working on a building-by-building basis to preserve the rents of some tenants of Mitchell-Lama buildings that leave the program. Such an agreement was reached in March of this year for 1,300 tenants of Independence Plaza North and in May for the 420-unit West Village Houses, both in Manhattan.[23]

Conversions and Subdivisions

New housing units are also brought onto the market through subdivisions and conversions. 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 Red Hook in Brooklyn and the financial district in lower Manhattan. Conversions were recently completed in former office buildings on Murray and Washington Streets in lower Manhattan, adding approximately 800 units to the housing stock. And plans are even underway to convert parts of the Woolworth and former J.P. Morgan buildings to apartments.[24]

As in recent years, the trend of conversion of single room occupancy (SRO) buildings continued to increase over the past year. SRO owners may convert SRO housing to other uses after obtaining a "Certificate of No Harassment" from HPD. The last several years have seen significantly more Certificates issued than previous 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 were filed, and in 2003, 122 applications were filed, down from a high of 199 the previous year, indicating that SRO owners continue to convert their buildings for non-SRO uses.[25]

Cooperative and Condominium Activity

Construction of cooperatives and condominiums is another source of new housing. Developers wanting to build new co-op or condo buildings, and owners wishing to convert their buildings to co-ops or condos, must file plans with, and receive approval from, the New York State Attorney General's Office. In 2003, the Attorney General approved 218 co-op and condo plans, a 17.8% increase over the number approved in 2002. These 218 plans encompassed 5,927 housing units, 14.9% more than in 2002. The vast majority of plans (146) were accepted for buildings located in Brooklyn; while 55 were located in Manhattan; Queens had 13 buildings; the Bronx had 4; and there were none in Staten Island. However, while more buildings were in Brooklyn, the average building in Manhattan is larger, so more units were located in Manhattan (2,691) than in Brooklyn (2,450).[26]

Almost all of the plans accepted citywide in 2003 were for new construction, consisting of 190 of 218 plans, covering a total of 4,870 of 5,927 units. This is similar to the prior year, when new construction accounted for 136 of the 185 accepted plans. Rehabilitation accounted for 18 plans and 418 units in 2003, and the remainder, 10 plans and 639 units, were conversions. The biggest change from 2002 was in the number of units converted — a drop from 2,234 to just 639 in 2003. (See Appendices 3 and 4.)

While 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 represented 10.8% of the total number of units in plans accepted by the Attorney General's Office in 2003, the third lowest percentage in the history of the *Housing Supply Report*. Conversions held in the 70-90% range for all of he 1980s, before beginning to fall in the 1990s. Last year 43.3% of plans accepted by the Attorney General were conversions, the highest ratio since 1991. At the same time, the proportion of units resulting from new construction has increased to its highest level since the study began, up to 82.2% from 50.0% last year. Because most conversion plans are non-eviction plans (including all in 2003), 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

Another method for adding housing units to the City's housing stock is through rehabilitation of old buildings.

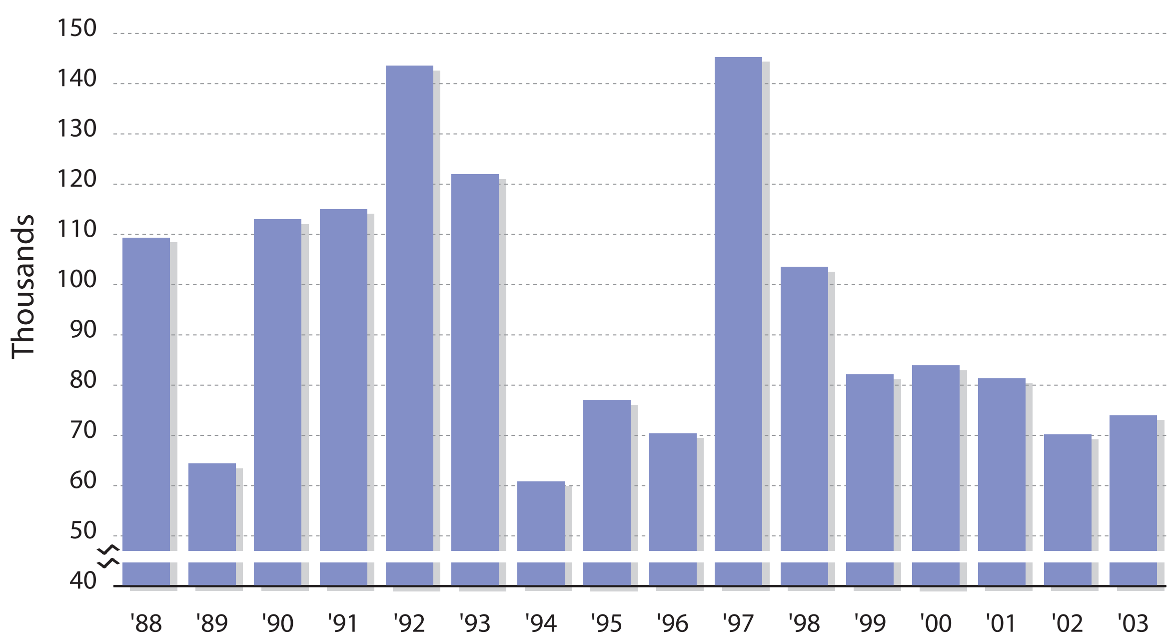
As buildings age, they must undergo renovation and rehabilitation to remain in habitable condition. This is particularly relevant to NYC's housing stock, of which close to 70% of units are in buildings greater than 50 years old.[27] Through tax abatement and exemption subsidy programs offered by the City, units are able to remain in, or be 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 both renter- and owner-occupied 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. Rates have decreased significantly from that high, remaining between 70,000 and 100,000 since then.

In 2003, 74,005 units newly received J-51 benefits, an increase of 5.5% from the previous year. (See graph below.) These units were contained in 2,373 buildings, an increase of 68.3% from 2002 levels. The location of the units newly receiving benefits in 2003 ranged from 34.5% located in Manhattan; to 27.3% in Queens; 24.7% in Brooklyn; 13.2% in the Bronx; and 0.3% in Staten Island. While Queens had only 27% of the J-51 units, 56% of J-51 buildings were located there.[28]

The J-51 tax relief program is similar to the 421-a program in that it 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 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

Units Receiving Initial Benefits, 1988-2003, in Thousands

2003 Saw 5.5% Increase in Number of Units Receiving J-51 Certificates



Source: NYC Department of Housing Preservation and Development.

permanent residential dwellings) and rehabilitation of Class A buildings that are not entirely vacant.[29]

In 2002, the J-51 tax program cost the City $162.4 million for all housing types, inclusive of more than 500,000 rental units.[30] Most 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. On the other hand, 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 5 and 6)

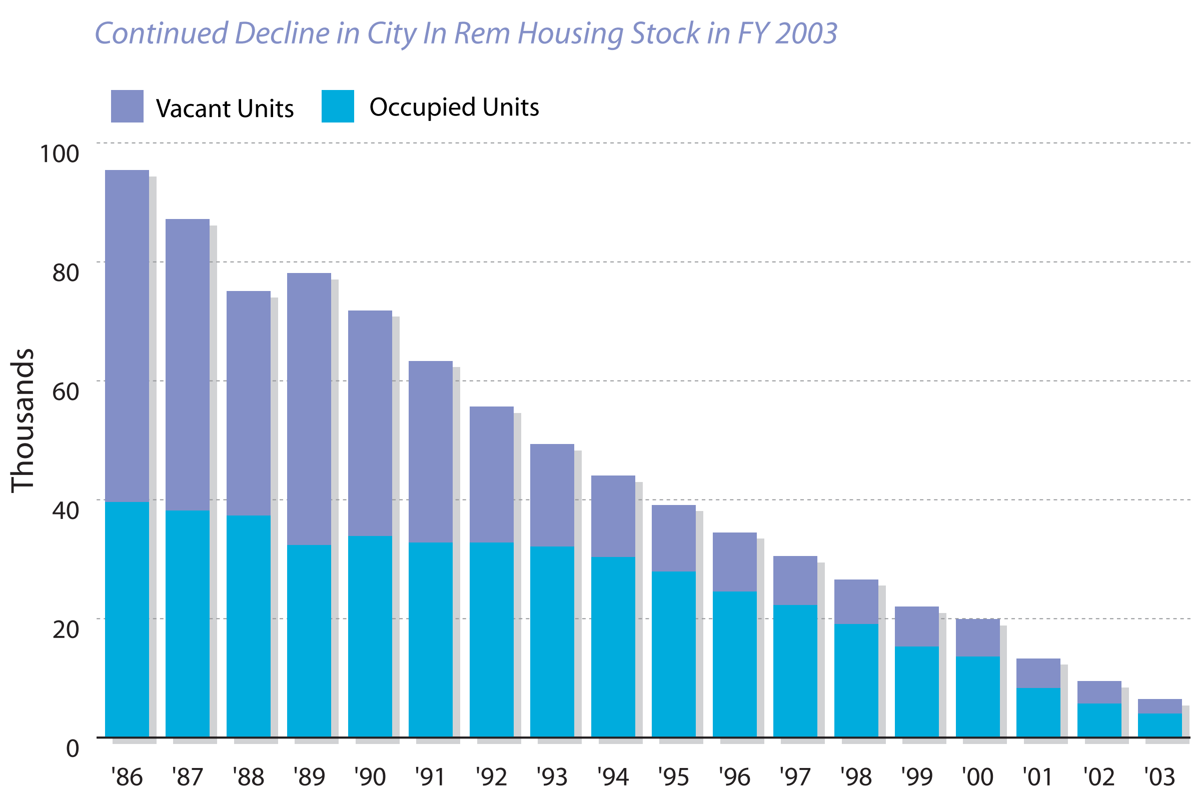
Tax-Delinquent Property

In Rem Housing

For two decades, the City foreclosed on thousands of tax-delinquent residential properties, becoming the owner and manager of these buildings. By its peak in 1986, the city owned and managed 4,000 occupied buildings containing 40,000 units. Most of these buildings were dilapidated multi-families occupied by a predominantly low-income population. To counter this trend, HPD has developed multiple disposition programs over time to manage, rehabilitate and sell many of these so called *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 3,909 through October 2003, an 82% decline since FY 1997.[31] HPD transfers buildings into alternative management programs before returning them to private ownership. During FY 2003, 184 buildings with 2,493 units were sold through these programs.

Units in HPD Central Management Stock, FY 1986-FY 2003, in Thousands



Source: *Mayor's Management Report*, Office of Operations, FY 1986-FY 2003.

The number of vacant city-owned buildings also fell significantly over the same period, to 2,173 units by the end of October 2003, a 73.4% decline since FY 1997. (See graph on previous page.) During FY 2003, the total number of buildings operated by HPD, including both occupied and vacant, fell 32.3%, and the number of units in these buildings also fell 32.3% during the same period. (See Appendix 7.) This trend continued during the first four months of FY 2004.

Anti-Abandonment Strategies

The City has also been able to significantly reduce its share of *in rem* buildings by identifying buildings at risk and helping 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 superintendents basic management, maintenance, and finance skills to improve their properties.[32]

Since the mid-1990's, the City has not taken title (i.e., vesting) of properties that are tax delinquent. Instead, the City has developed a comprehensive 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.[33]

An additional facet 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.[34] Since beginning in 1996, the program had collected millions in back taxes, and 140 buildings have been transferred to responsible for-profit and non-profit owners.[35]

Another 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

While in the early 1990's relatively few residential buildings in New York City were demolished, this began to change in 1996, the same year that the number of building permits issued began to increase significantly. In fact, the number of buildings demolished in 2003 alone was 35% greater than the number demolished in all the years from 1990 to 1995 combined.

A total of 2,250 buildings were demolished in 2003, a 27.0% increase over the prior year, preceded by a 19.1% increase between 2001 and 2002. This was by far the highest total since 1985, when the RGB began collecting this data. Queens accounted for over a third (38.4%) of all the buildings demolished in 2003, Brooklyn held 24.9%, Staten Island had 25.1%, the Bronx had 7.2%. and Manhattan had the fewest, at 4.4%. All boroughs saw an increase in the number of demolitions. Queens saw the largest increase in demolitions, up 44.2%, followed by the Bronx at 27.8%, Staten Island at 23.7% and Brooklyn and Manhattan each with a 12% increase.[36] (See Appendix 8.)

Conclusion

Despite a continuing recession and budget difficulties facing the city, state, and federal governments, more housing permits were issued in 2003 than in any year since 1973 and the number of completed housing units increased by 19.3%. The City also continued to reduce its share of city-owned vacant and occupied buildings, seeing a 32.3% decline during the most recent fiscal year. However, the number of new units receiving 421-a tax benefits decreased a significant 23.6% in 2003, while J-51 tax abatements and exemptions increased 5.5%. Rental housing availability remains tight, with a citywide vacancy rate of just 2.94% in 2002, and overcrowding remains a problem. Mayor Bloomberg's five-year housing initiative has begun development/construction on 10,000 units, helping to reduce the affordable housing shortage.

Endnotes

1. The New York City Housing and Vacancy survey (HVS) is done triennially, sponsored by the NYC Department of Housing Preservation and Development (HPD) and conducted by the U.S. Census Bureau. Because of reclassification, some HVS data was modified since last years *Housing Supply Report*. Final numbers are presented here.

2. The U.S. housing stock was comprised of 32% renter-occupied units, according to the 2001 American Housing Survey, conducted by the U.S. Census Bureau.

3. Data from the 2002 HVS cannot be compared in a reliable manner with data from previous HVS's, principally because the HVS is a sample survey and the samples for the 2002 and previous HVS's were drawn from different sample frames. To make the data from previous HVS's comparable with the data from the 2002 HVS, data from previous HVS's should be reweighed applying the weight that was used for the 2002 HVS. Reweighed data from previous HVS's is not available at this time.

4. Other units include public housing, Mitchell-Lama, *In Rem*, HUD-regulated, Article 4 and Loft Board units.

5. Since the number of vacant units available for rent in Staten Island is small, and the HVS is a sample survey, the sampling error of the vacancy rate is likely to be large, and thus, interpretation of this rate should be done with caution.

6. U.S. Census Bureau web site. World Wide Web page <http://www.census.gov/const/www/permitsindex.html>.

7. In June of 2004, The NYC Department of City Planning revised 2002 Manhattan housing completions sharply downward, from 7,863 reported in the 2003 final report to 5,120.

8. NYC Department of City Planning data. Note that the data is preliminary.

9. Starts refer to the number of units beginning construction or rehabilitation in a given period.

10. *Mayor's Management Report*, Preliminary Fiscal 2004.

11. "The New Housing Marketplace: Creating Housing for the Next Generation," NYC Department of Housing Preservation and Development report, December 10, 2002.

12. "Mayor Bloomberg's Housing Plan: Down Payment on the Future," Molly Wasow Park, NYC Independent Budget Office publication, *Fiscal Brief*, February, 2003.

13. "Mayor Michael R. Bloomberg Gives Progress Report on Administration's New Housing Marketplace Plan," Press Release, May 1, 2003.

14. Most recent numbers obtained from the New York City Department of Housing Preservation and Development on May 26, 2004.

15. "The New Housing Marketplace: Creating Housing for the Next Generation; Progress Report 2003," City of New York and Department of Housing Preservation and Development, January 2004.

16. 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/for-owners/private-owner-tax-inc.html>.

17. NYC Department of Housing Preservation and Development, Tax Incentives Program data. Note that the 421–a program provides tax incentives to newly built renter- and owner-occupied units, which are included in the figures given in this report. HPD is unable to provide a breakdown of the number of 421-a units that are only rentals.

18. "The Cost of Keeping Mitchell-Lama Housing Affordable," by Molly Wasow Park, NYC Independent Budget Office publication, *Inside The Budget*, April 7, 2003.

19. "Mayor Michael R. Bloomberg Proposes State Legislation to Provide Protection to Mitchell-Lama Development Tenants and Tax Relief to Owner." Mayor's Office Press Release #307-03, October 29, 2003.

20. "New Wave of Mitchell-Lama Buyouts," *Tenants and Neighbors Newsletter*, Spring 2004.

21. "Legislating Stability: Rent Laws Could Be Mitchell-Lama's Last Hope," by Matt Pacenza and Priya Khatkhate, *City Limits Monthly*, May 2003. See also Endnote 17.

22. "After Mitchell-Lama." Joe Lamport, Gotham Gazette, March 3, 2004.

23. "Mayor Michael R. Bloomberg Announces Agreement Between Owners and Tenants of West Village Houses." Mayor's Office Press Release #123-04, May 20, 2004.

24. "Apartments Rising in Place of Offices," *New York Daily News*, September 8, 2003.

25. West Side SRO Law Project testimony to RGB, April 30, 2004, reporting NYC Department of Housing Preservation and Development data.

26. NYS Attorney General's Office, Real Estate Financing Bureau data.

27. 2002 NYC *Housing and Vacancy Survey*.

28. NYC Department of Housing Preservation and Development, Tax Incentives Program data. Note that, similar to the 421–a program, J-51 provides tax abatements and incentives to newly built renter- and owner-occupied units, which are included in the figures given in this report. HPD is unable to provide a breakdown of the number of J-51 units that are only rentals.

29. 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/for-owners/private-owner-tax-inc.html>.

30. "J-51 Property Tax Exemptions and Abatements," by Molly Wasow Park, NYC Independent Budget Office publication, June 4, 2003.

31. *Mayor's Management Report*, Preliminary Fiscal 2004.

32. NYC Department of Housing Preservation and Development. World Wide Web page <http://www.nyc.gov/html/hpd/html/for-owners/housing-education-program.html>.

33. NYC Department of Finance, Common Questions and Answers about New York City's Tax Lien Sale Process. World Wide Web page <http://www.nyc.gov/html/dof/html/liensale2.html>.

34. "New York City Case Study: Third Party Transfer Initiative: A Solution To Property Abandonment," by Lisa Mueller, Local Initiative Support Corporation report, January 14, 2003. World Wide Web page <http://www.liscnet.org/resources/2003/01/initiative_1064.shtml?Planning+&+Land+Use>.

35. Most recent figures obtained from Neighborhood Restore, May, 2004.

36. NYC Department of Buildings (DOB) data. Note that demolition statistics include both residential as well as commercial buildings, as the DOB does not specify the type of building in its data.

1. Permits Issued For Housing Units in New York City, 1960-2004

Year	Bronx	Brooklyn	Manhattan	Queens	Staten Island	**Total**
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	2,626	5,247	5,407	3,464	1,756	**18,500**
2003	2,935	6,054	5,232	4,399	2,598	**21,218**
2004 (1st Qtr)Ω	478 (567)	1,545 (1,094)	419 (1,335)	1,235 (770)	305 (487)	**3,982 (4,253)**

Ω First three months of 2004. The number of permits issued in the first three months of 2003 is in parenthesis.

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

2. New Dwelling Units Completed in New York City, 1960-2003

Year	Bronx	Brooklyn	Manhattan	Queens	Staten Island	Total
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	5,641	2,100	1,914	**12,473**
2001	1,617	2,449	5,447	1,275	2,198	**12,986**
2002	1,385	1,832	5,120	1,899	2,453	**12,689**
2003 π	**1,596**	**2,262**	**5,606**	**2,594**	**3,085**	**15,143**

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 June of 2004, The NYC Department of City Planning revised 2002 Manhattan housing completions sharply downward, from 7,863 reported in the 2003 final report to 5,120.

π 2003 data is preliminary.

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

3. Number of Residential Cooperative and Condominium Plans Accepted for Filing By the NYS Attorney General's Office, 1999-2003

	1999	2000	2001	2002	2003
	Plans (Units)	Plans (Units)	Plans (Units)	Plans (Units)	Plans (Units)
Private Plans					
New Construction	50 (1,123)	87 (1,911)	145 (3,833)	136 (2,576)	190 (4,870)
Rehabilitation	30 (1,029)	15 (220)	13 (124)	20 (348)	18 (418)
Conversion (Non-Eviction)	12 (359)	9 (738)	12 (1,053)	14 (1,974)	10 (639)
Conversion (Eviction)	1 (48)	1 (24)	0	0	0
Private Total	**93 (2,559)**	**112 (2,893)**	**170 (5,010)**	**170 (4,898)**	**218 (5,927)**
	Plans (Units)	Plans (Units)	Plans (Units)	Plans (Units)	Plans (Units)
HPD Sponsored Plans					
New Construction	0	0	0	0	0
Rehabilitation	0	0	0	0	0
Conversion (Non-Eviction)	0	0	0	0	0
Conversion (Eviction)	26 (295)	8 (179)	2 (22)	15 (260)	0
HPD Total	**26 (295)**	**8 (179)**	**2 (22)**	**15 (260)**	**0**
Grand Total	**119 (2,854)**	**120 (3,072)**	**172 (5,032)**	**185 (5,158)**	**218 (5,927)**

Note: Figures exclude "Homeowner" and "Commercial" plans/units.
Source: New York State Attorney General's Office, Real Estate Financing Bureau.

4. Number of Units in Cooperative and Condominium Plans Accepted for Filing By the NYS Attorney General's Office, 1981-2003

Year	New Construction	Conversion Eviction	Conversion Non-Eviction	Rehabilitation	Total New Construction Conversion & Rehab	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	807	**1,659**	901
1995	614	426	201	1,258	**2,499**	935
1996	21	0	149	271	**441**	0
1997	1,417	26	131	852	**2,426**	533
1998	3,225	0	386	826	**4,437**	190
1999	1,123	343	359	1,029	**2,854**	295
2000	1,911	203	738	220	**3,072**	179
2001	3,833	22	1,053	124	**5,032**	22
2002	2,576	260	1,974	348	**5,158**	260
2003	4,870	0	639	418	**5,927**	0

Note: Rehabilitated units were tabulated separately beginning in 1994. HPD Plans are a subset of all plans. Numbers were revised from prior years.

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

5. Tax Incentive Programs

Buildings Receiving Certificates for 421-a Exemptions, 2001-03

	2001		2002		2003	
	Certificates	Units	Certificates	Units	Certificates	Units
Bronx	7	350	9	405	14	422
Brooklyn	42	779	54	1,325	30	600
Manhattan	12	3,053	27	2,614	18	2,068
Queens	42	614	46	603	50	692
Staten Island	2	74	1	6	0	0
Total	**105**	**4,870**	**137**	**4,953**	**112**	**3,782**

Buildings Receiving J-51 Tax Abatements and Exemptions, 2001-03

	Buildings	Units	Certified Cost ($1,000s)	Buildings	Units	Certified Cost ($1,000s)	Buildings	Units	Certified Cost ($1,000s)
Bronx	380	12,659	25,674	169	8,228	16,162	184	9,760	30,409
Brooklyn	877	23,654	35,632	345	16,517	28,792	343	18,247	29,589
Manhattan	1,438	20,944	45,888	580	24,855	43,070	509	25,545	45,798
Queens	402	23,175	14,231	311	20,028	11,169	1,330	20,240	16,938
Staten Island	9	889	674	5	517	1,954	7	213	160
Total	**3,106**	**81,321**	**$122,099**	**1,410**	**70,145**	**$101,146**	**2,373**	**74,005**	**122,893**

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

6. Tax Incentive Programs - Units Receiving Initial Benefits, 1981-2003

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
2002	4,953	70,145
2003	**3,782**	**74,005**

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

7. City-Owned Properties, Fiscal Years 1985-2003

	Central Management				Alternative Management		Vestings		Buildings Sold
Fiscal Year	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
2003	**4,049**	**610**	**2,370**	**367**	**7,064**	**441**	**0**	**0**	**184**

Note: HPD could not confirm vestings data prior to FY 1990.
Source: NYC Office of Operations, Fiscal 2003 *Mayor's Management Report*; NYC Department of Housing Preservation and Development.

8. Building Demolitions in New York City, 1985-2003

	Bronx		Brooklyn		Manhattan		Queens		Staten Island		Total	
Year	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**
2002	--	126	--	500	--	89	--	600	--	456	**--**	**1,771**
2003	--	**161**	--	**560**	--	**100**	--	**865**	--	**564**	--	**2,250**

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. Demolition statistics from 1985 though 1995 are solely residential buildings.

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