Housing NYC: Rents, Markets and Trends 2005

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Chairman's Acknowledgments

As chairman, I am pleased to present this year's edition of *Housing NYC: Rents, Markets and Trends*, the NYC Rent Guidelines Board's compilation of research reports prepared by the RGB staff during the year. The reports contained in the annual Housing NYC book provide a vital resource not only to the Board when making its guidelines determination, but also provides a valuable source of information for members of the public seeking data on the NYC housing market, housing income and affordability, New York's economic status and much more.

I take pride in the research work conducted by our staff, which provides the analytical basis of the decisions the Board makes when we are engaged in discussions regarding rent adjustments each year. The research staff of the Board worked tirelessly to prepare the reports presented here. I am fortunate to have the opportunity of working with such a dedicated group.

In addition, I want to extend my sincere thanks to each and every member of the Rent Guidelines Board. They all deserve appreciation for their hard work. I am pleased to serve as chairman of such a dependable and steadfast board.

Marvin Markus
Chairman

Executive Director's Acknowledgments

This edition of *Housing NYC: Rents Markets and Trends* is a compilation of the primary reports produced by the Rent Guidelines Board (RGB) staff in 2005. The Board used these reports in its effort to establish rent adjustments for rent stabilized dwelling units in New York City. Although this compendium of housing research represents the collaborative effort by the RGB staff, it would not be possible without assistance from many others.

The RGB research staff produces six annual reports. Senior Research Associate Brian Hoberman, completing his sixth year with the Board, was the primary researcher for both the *2005 Income and Expense Study* and *Changes to the Rent Stabilized Housing Stock in NYC in 2004*. In addition to the role of researcher, Brian has become the Board's IT guru and contributes content to the Board's website, housingnyc.com. Now in her second year, Research Associate Danielle Burger was the primary researcher on three reports: the *2005 Mortgage Survey*, the *2005 Income and Affordability Study* and the *2005 Housing Supply Report*. Danielle is also the webmaster and caretaker of our website. Our thanks go out to both Brian and Danielle for their exemplary work and their commitment in presenting the Board with relevant and accurate housing data.

The annual Price Index of Operating Costs (PIOC), which measures the change in operating and maintenance costs for rent stabilized buildings, is the most extensive project performed by the RGB. Although a great deal of the PIOC is completed by the RGB staff, this survey would not be possible without the help of our team of temporary survey personnel who collect prices for insurance, non-union labor, contractors, building supplies, and replacement items. The Temporary Survey Manager, Shirley Alexander, returned for her twelfth consecutive year of service to the Board, once again providing us with her PIOC expertise. We look forward to her return each year and we extend our thanks for her hard work and dedication to this project. We would also like to recognize the efforts of our temporary survey team that consisted of PIOC veteran Ann Sheriff and newcomer Jeanette Bisamunyu. We appreciate them not only for their diligent work but also for their kindness, making the RGB a better place to work while they were here. Finally, and perhaps most importantly, we once again thank James Hudson for his invaluable and prompt assistance with numerous situations regarding both the PIOC and income and expense data.

Although *Housing NYC* is a research publication, we would be remiss if we did not recognize the efforts of the RGB administrative staff. Leon Klein, the RGB's Office Manager, ensures that the staff gets paid, invoices are processed, bills are paid on time and supplies are purchased. Leon is a conscientious member of the staff and we thank him for his many loyal years of service. Our Public Information Officer, Charmaine Frank, answers thousands of housing questions directed to our office every year with expertise and thoughtfulness. She continues to organize the public meetings and perform a myriad of other administrative duties. Special thanks must go to Jeanette Bisamunyu who filled the roll of public information officer while Charmaine was on maternity leave. Her ability to quickly grasp the intricacies of NYC rental housing was invaluable.

On a personal note, I would like to extend my gratitude to the Chair of the RGB, Marvin Markus, for his continued support of my staff and myself. I would also like to acknowledge the tireless efforts of the Board members who are charged with a difficult and often thankless task. They perform their duty admirably and it is a pleasure to work with each and every one.

Although RGB reports are produced entirely "in house," our research efforts would not be possible without assistance from many others. For both the information and expertise they provided, our gratitude goes out to: Warren Liebold of the NYC Department of Environmental Protection, for assisting the RGB in obtaining water/sewer rates; Bill Sears 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; Richard Bernard at the Department of Buildings, for city-wide demolition data; Percy Corcoran at the Bureau of City Marshals, for information on evictions and possessions; Alexander Bockstein and Raj Pathani at the NYS Attorney General's Office, for information regarding cooperative and condominium developments; Ernesto Belzaguy at the NYC Civil Court, for data on housing court proceedings; George Sweeting of the Independent Budget Office (IBO), for lending his expertise on real estate taxes; Molly Wasow Park, also from the IBO, for data regarding the types of buildings receiving tax benefits; Lee Chong at the Manhattan Borough President's Office, for providing detailed information about Mitchell-Lama buyouts; Jay Bainbridge at the NYC Dept. of Homeless Services, for providing shelter counts; and Dianne E. Dixon, Executive Director of the NYC Loft Board, for providing data on rent stabilized loft units. From DHCR we would like to thank Deputy Commissioner Paul Roldan, as well as Luke O'Brien, Michael Berrios and Tracey Stock, for their assistance and expertise regarding owner registration data. In addition, our thanks goes out to the following staff members of HPD: Carol Abrams, Office of Communications, for providing updated data on City-sponsored housing construction; Lisa S.J. Yee, Deputy Director, Tax Incentives Program, who provides data on tax benefit programs; Hank Perlin, Deputy Director, Tax Incentives Program, for his assistance on units created under tax incentive programs; Elizabeth Zeldin, Associate Staff Analyst for data on tax benefit programs; and Julie Walpert, Assistant Commissioner, Office of Housing Operations, who provides information regarding Mitchell-Lama units. Also, we would like to thank the staff of NYC Department of Finance, in particular Don Martinson, Senior Director of the Systems Development Area of MIS, and his staff for producing income and expense data; Leonard Linder, Director of Operations Research, Property Division and his staff for providing the data for the real estate tax component of the 2005 PIOC; and Commissioner Martha Stark for her support and assistance in meeting our deadlines.

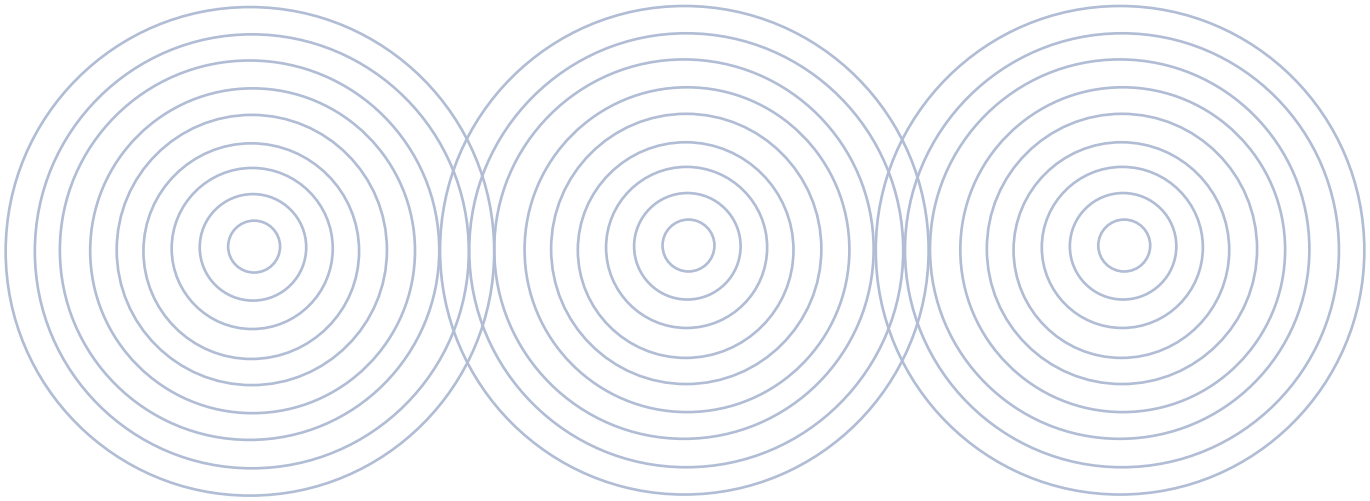
Our appreciation is extended to the numerous agencies that provided useful data throughout the year. At the national level: the U.S. Census Bureau, Residential Construction branch; the Bureau of Labor Statistics; and the Department of Housing and Urban Development, Economic and Market Analysis Division. 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.

From HPD, we would like to thank Commissioner Shaun Donovan, Harold Shultz, Moon Wha Lee, and Sheree West for their continued support and expertise on RGB administrative matters. Their professionalism and kindness did not go unnoticed. We would also like to thank Matt Wambua, our liaison to the Office of the Deputy Mayor for Economic Development and Rebuilding, for his enthusiasm for the rent guideline setting process and his concern for the needs of the RGB. His efforts on our behalf are greatly appreciated.

Finally, we give special thanks to those who testified at RGB meetings this year: Vicki Bean, Director, Furman Center for Real Estate and Urban Policy; from HPD, Harold Shultz, Special Counsel; Mark Levitan, Senior Policy Analyst, Community Service Society; Gregory Kern, Director for Leased Housing, NYC Housing Authority; and from DHCR, Deputy Commissioner for Rent Administration Paul Roldan, David Cabrera, Deputy Commissioner for Housing Operations, and Gerald Garfinkle, Bureau Chief of Overcharge/Luxury Decontrol.

Andrew McLaughlin
Executive Director

Income and Expense



2005 Price Index Of Operating Costs

what's new

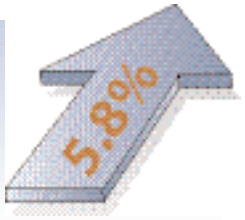
- ✔ The Price Index of Operating Costs for Rent Stabilized Apartment Buildings (PIOC) increased 5.8% this year.
- ✔ Costs in pre-war buildings increased 6.8% and costs in post-war buildings rose 4.7%.
- ✔ The "core" PIOC, which excludes the erratic changes in fuel oil prices, natural gas, and electricity costs, is useful for analyzing inflationary trends. The core rose by 3.7% this year.
- ✔ Fuel oil costs increased 20.0%.
- ✔ Real estate taxes rose 1.2%, due to the rise in assessments and the decrease in the tax rate for Class Two properties.
- ✔ Labor Costs rose 3.5%.
- ✔ The Utilities component increased by 8.4% due primarily to increases in electricity and gas costs.
- ✔ Insurance Costs grew by 8.9%.
- ✔ The Price Index of Operating Costs for Rent Stabilized Apartment Buildings is projected to increase 6.7% 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 PIOC was maintained by the Bureau of Labor Statistics (BLS) from 1970 to 1981. From 1982 to 1990, private consulting firms prepared the PIOC. In 1991, the Rent Guidelines Board (RGB) staff's growing expertise and familiarity made it possible to move the PIOC "in house."

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



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, through information 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 (O&M) 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 *2005 Price Index* are based upon the 1983 Expenditure Study and are revised on the basis of annually measured price changes from 1982-2004.

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 2004-05 price changes in each index component are also presented in this appendix. The expenditure weights and the 2004-05 price changes are then combined to provide the overall change in the PIOC over the period from 2004-05.

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-1946). 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 expenditure patterns for buildings 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 increased by 5.8%, 1.1 percentage points below the PIOC percentage change from the year before (6.9% in 2004). The PIOC was driven upward by increases in fuel costs (20.0%), utility costs (8.4%) and escalating insurance costs (8.9%). These increases were offset by an increase in real estate taxes of 1.2% and more moderate increases in the remaining five cost components that ranged from 2.6% to 4.5%. See the adjacent table and Appendix B.2 for changes in costs and prices for all rent stabilized apartment buildings from 2004-05.

The "core" PIOC, which excludes erratic changes in fuel oil, natural gas and electricity costs, is useful for analyzing long-term inflationary trends. The core PIOC rose by 3.7% this year, which was nearly the same as the growth in the Consumer Price Index (CPI) of 3.8%.[1]

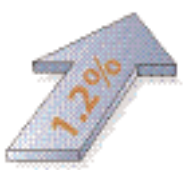
apartments

Change In Costs for Rent Stabilized Apartment Buildings, April 2004 to April 2005

Taxes	1.2%
Labor Costs	3.5%
Fuel	20.0%
Utilities	8.4%
Contractor Services	4.5%
Administrative Costs	4.0%
Insurance Costs	8.9%
Parts and Supplies	2.6%
Replacement Costs	3.1%
All Costs	**5.8%**

Price Index Components

Taxes



The Tax component of the PIOC is based entirely on real estate taxes. The change in tax cost is estimated by comparing aggregate taxes levied on rent stabilized apartment houses in Fiscal Year (FY) 2004 and FY 2005. The tax data was obtained from the New York City Department of Finance.

Real estate taxes rose this year by 1.2%, the smallest rise since 1999. A decline in the tax rate of 3.2% for rent stabilized buildings was outpaced by the growth in assessments (4.6%), resulting in an overall increase in real estate taxes. (See graph below). 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 3.8% from FY 2004 to FY 2005. The Class Two property levy rose less than that of the City as a whole, at a rate of 1.8%. The distribution of the levy among property classes tends to shift from year to year. From FY 2004 to FY 2005, the levy share for Class Two properties decreased, by 0.7 percentage points, from 35.6% to 34.9% of the total tax burden, a return to the same percentage reported in both FY 2003 and FY 2002.

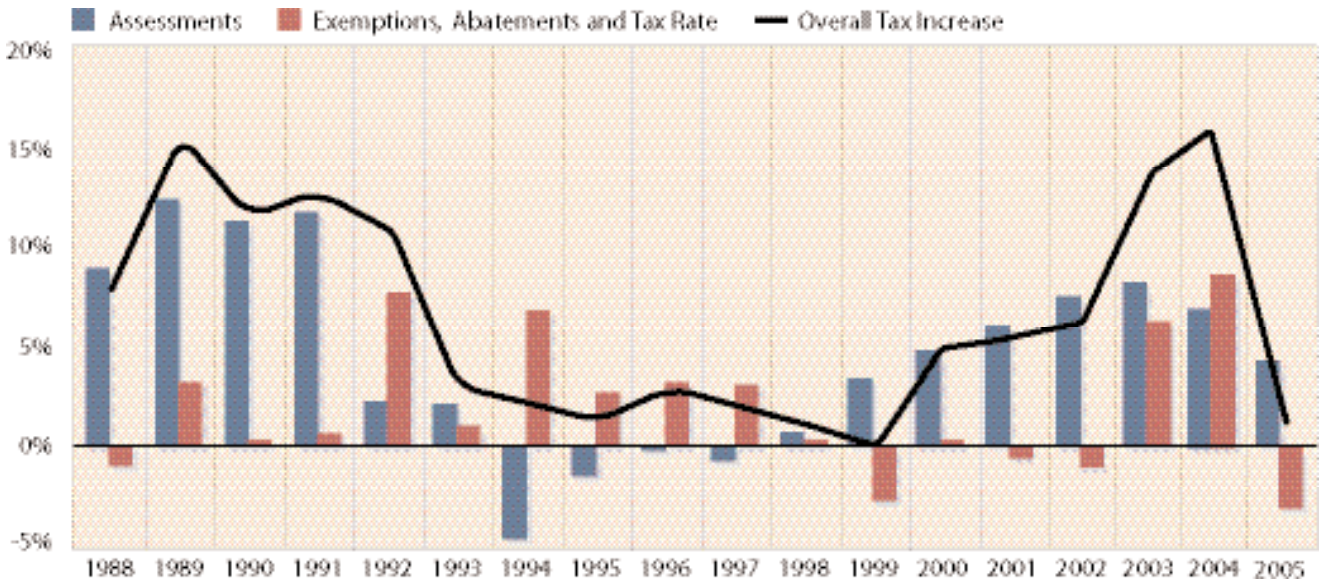
Tax Rate — The FY 2004 Class Two rate of 12.620 decreased by 3.2%, resulting in a new annualized rate of 12.216. This decrease follows a 9.3% rise in the tax rate levied in FY 2004 and an overall increase of 7.3% in FY 2003. Decreases in the tax rate for Class Two properties were last seen in FY 2002 and FY 2001, and were 0.5% and 0.07% respectively.

Assessments — In FY 2005, assessed valuations of rent stabilized properties rose by 4.6% citywide. This rise in assessments was not as great as last year's increase, the second straight year in which the increase in assessed valuation was not as high as the year before. All five boroughs showed increases in assessments. Assessments rose 5.3% in Manhattan, 1.6% in the Bronx, 3.1% in Brooklyn, 5.1% in Queens, and 8.1% in Staten Island.

The change in assessed valuations of rent stabilized buildings in New York City has fluctuated following the cycles in the real estate market. Assessments rose dramatically from the late 1980s through 1991, increasing 8% or more each year (see graph below). 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

Percent Change in Taxes due to Assessments and Exemptions/Abatements/Tax Rate 1988-2005

The Growth in Real Estate Tax Cost is the Lowest Since 1999



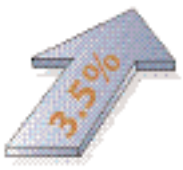
Source: New York City Department of Finance

1994 and 1.3% in FY 1995. Smaller decreases occurred in the next two years. From FY 1998 to 2003, assessments increased each year at a higher rate than the previous year. This trend ended in FY 2004, the first time in seven years the increase in assessed valuations was not as high as the year before.

Abatements and Exemptions — This year, the number of rent stabilized buildings with abatements declined by 2.8%. The average benefit value of the typical tax abatement also decreased, by 1.0%, from FY 2004 to FY 2005. The net impact of the decreases in the number of abatements and in the average abatement value was a slight increase in the tax liability for rent stabilized buildings of 0.1%.

In FY 2005, the number of buildings receiving exemptions increased, but the value of average tax exemptions decreased. Overall, 2.1% more rent stabilized buildings benefited from tax exemptions than in the year before. In contrast, the average value of exemptions decreased by 1.6%. For all stabilized properties, the rising number of exemptions combined with the decline in the value of tax exemptions reduced owners' tax bills by about 0.05%. (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 makes up nearly two-thirds of the Labor Costs component. The entire Labor Costs component comprises roughly 15% of the overall Price Index.

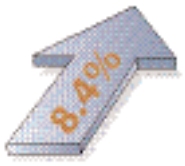
Labor Costs rose 3.5%, one percentage point lower than last year's PIOC (4.5%). Unionized wages as a group increased by 2.5%, offsetting the faster growth in non-union pay (3.9%). This is the twelfth consecutive year in which the growth in non-union labor pay outpaced union labor wages. Primarily due to increases in the cost of health care insurance, employers saw a rise in the cost of union benefit contributions of 6.9%. The cost of unemployment insurance was nearly flat, rising 0.6%, which coincided with a decline in the New York City unemployment rate over this same period. In each of the previous two years, the cost of unemployment insurance rose 14%.

Fuel

The change in cost measured in the fuel component considers both the change in weather and the change in prices for the three types of heating oil used to heat multi-family buildings in New York City. First, the PIOC measures fuel prices from May to April and then compares them to the same months from the previous year. Over the past twelve months, fuel oil prices increased by 26.5%. An increase in prices for #2 fuel oil of 30.6% was offset by lesser increases in prices for #4 and #6 fuel oil of 26.1% and 17.5% respectively.

Second, 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. Since this year was warmer than last year, weather decreased the demand for fuel. The combination of the rise in heating oil prices and the decrease in demand increased the cost owners incurred for heating their buildings with oil by 20.0%.[2]

Utilities

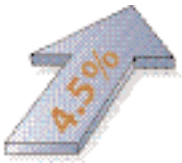


The Utilities component consists primarily of electricity, natural gas, and water and sewer charges. Telephone and steam costs are a small part of the Utilities component. In the case of most Utilities items, changes in costs are measured using the PIOC specifications (i.e. the quantity of electricity, steam, etc. being purchased) and the changes in rate schedules. Water and sewer costs are based on the rate established by the New York City Water Board.

This year Utilities increased 8.4%, which is higher than last year's increase of 0.8%. Gas and electricity costs, which account for roughly 46% of the Utilities component, increased 10.1% and 15.5% respectively. The increases in gas and electricity costs were offset by a lower increase in water and sewer costs of 5.5%. Water and sewer costs account for about half of the Utilities

component. Steam costs that increased 11.0% and telephone costs that increased 0.2% had little impact on the overall Utilities component.

Contractor Services

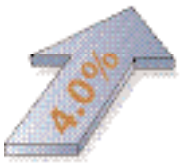


The Contractor Services component rose 4.5%, 0.4 percentage points higher than last year's growth of 4.1%. The most important items in this component by weight are repainting and plumbing rates, which comprise two-thirds of the Contractor Services component.

For the fifth consecutive year, plumbing rates increased more than those for repainting. Plumbers' rates rose by 4.2% while Repainting rates increased by 3.0%. Painters reported that an increase in the cost of labor, materials, and insurance were the factors which led to an increase in their services. Plumbers indicated that the increase in their rate was due to the rises in the cost of labor and materials.

Every item in the Contractor Services component experienced some rise in prices or rates for services. Boiler Repair showed the highest increase (12.8%) of any item in this component due in part to a significant rise in steel prices. The growth in Burner Repair costs had the smallest increase of any item in this component, 1.6%.

Administrative Costs

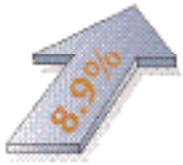


The Administrative Costs component rose 4.0%, the same increase reported the previous year. Fees paid to management companies, accountants, and attorneys make up nearly this entire component.

A large portion of the growth in the Administrative Costs component can be attributed to a rise in management company fees (4.6%) that comprise over 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 similar to last year's (4.0%), indicating that management companies continue to see roughly the same rate of increased rents and fewer vacancies in the buildings they manage.

Accounting fees increased in this year's PIOC by 4.7%, a full percentage point higher than last year's rise of 3.7%. Accountants reported that increases in their cost of labor led to higher rates. In contrast, Attorney fees were nearly flat, increasing 0.2%, 3.5 percentage points lower than the prior year's increase of 3.7%.

Insurance Costs



Insurance Costs increased this year by 8.9%, 5.8 percentage points lower than last year's increase in costs of 14.7%. This is a continuation of escalating insurance costs that have risen cumulatively 104% over the past four years. Changes in this component in the fourteen-year period prior to 2002 fluctuated from a decrease of 1.5% to an increase of 5.2%. In the mid-80s and the post-9/11 years, the Insurance Costs component has been subject to very high double-digit increases and unlike energy-related items, has never shown commensurately large decreases.

Roughly one in six, or 17%, of building owners responding in this year's survey reported a change in insurance carriers for the surveyed building in the past year. This percentage is down from 19% in 2004. Owners who changed carriers experienced a larger rise in costs (9.9%) than owners who remained with the same insurer (8.6%).

Those owners who changed the amount of coverage on their buildings, such as increasing the insured value or adding terrorism coverage, saw a 10.5% rise in costs, compared to a 7.9% increase for owners who had the same coverage from year to year. Of the owners that changed the amount of coverage on their renewal policies, 55% increased the amount for which the building was insured, while 16% of these owners increased their maximum liability insurance coverage.

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 2.6%, 1.4 percentage points higher

than last year's increase of 1.2% and the highest increase since 1991.

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 increase in Replacement Costs of 3.1%, the highest rise in this component since 1993.

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 front desk, 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 (SROs) — 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 increased 5.7% this year, half of a percentage point lower than the 6.2% increase found the year before. The Price Index for Hotels was just 0.1 percentage point lower overall than the increase in costs measured in the Apartment Price Index. The primary differences between the increase in the Hotel Index and the Apartment Index was in the Tax and Utilities components. The increase in taxes for all types of Hotels was 0.6% overall versus 1.2% in apartment buildings. This disparity in taxes placed downward pressure on the Hotel Index. However, it was offset by utility costs that increased in Hotels by 10.6%, compared to the 8.4% increase for apartments, resulting in two indices that are nearly identical.

Prices in all other components in the Hotel Index had similar changes in rates to the same components in the Apartment Index. Labor Costs increased more rapidly in Hotels (4.1%) versus the 3.5% rise in apartments. Hotels tend to employ more non-union labor than apartment buildings, and non-union labor costs increased at a higher rate than unionized labor costs did this year. Conversely, the rates for Contractor Services did not rise as quickly in Hotels (3.5%) as they did in apartments (4.5%) this year. Because the Contractor Services component is less important in the Hotel Index (accounting for about 8% of the weight) than in the Apartment Index (about 13% of the weight), the lower increase in maintenance rates did not offset the overall Hotel Index significantly. Fuel and Insurance costs increased at the same rates in both indices. See the table on the facing page for changes in costs and prices for all rent stabilized hotels from 2004-05.

Among the different categories of Hotels, the index for "traditional" hotels increased 2.8%, the index for Rooming Houses increased 9.0%, and SROs increased by 6.5%. The differences between these indices are primarily due to the increased weight placed on the Tax component for "traditional" hotels and the increased weight for certain fuel, electricity, and gas items for the smaller rooming houses and SROs. (See Appendices B.4 and B.7)

There was diversity among hotel subgroups in tax expense this year, as real estate taxes decreased in "traditional" stabilized hotels by 4.1%, but increased 2.6% in SROs, and by 3.4% in Rooming Houses. The decrease in tax burden found for "traditional" hotels this year was caused by the decline in assessments for Hotels of 3.1%, compared to increases of 6.6% for both SROs and Rooming Houses. (See Appendix B.5) A decrease in tax costs for traditional Hotels along with high fuel costs, which have more importance in Rooming Houses and SROs, resulted in significant disparities among the different hotel indices.

Rent Stabilized Lofts

The increase in the Loft Index this year was 5.2%, 0.6 percentage points lower than the increase for apartments. This difference is explained by the fact that Labor Costs for lofts increased by 2.2%, compared to 3.5% for apartments, and that Attorney fees, which rose 0.2%, are much more important for lofts than for apartments. These two disparities placed more downward pressure on the Loft Index. See the table on the facing page and Appendix B.8 for changes in costs and prices for all rent stabilized lofts from 2004-05.

The Core PIOC

The Core PIOC (see graph on the following page), which measures long-term local trends by factoring out shifts in fuel costs, gas, and electricity rates, rose 3.7% in 2005. The 3.7% rise in the 2005 Core was 2.1 percentage points lower than last year's Core PIOC projection of 5.8%. Insurance Costs showed the most variation between the actual (8.9%) and predicted (23.4%) core increases. All of the remaining changes in the core components in the 2005 projected core and the 2005 actual core show agreement within 2.0 percentage points.

PIOC Projections for 2006

Section 26-510 of the Rent Stabilization Law requires the Board to consider the prevailing and projected operating and maintenance costs. 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. The PIOC Projection is used in correlation with the old 'traditional' commensurate rent adjustment formula only. Before the new commensurate formulas were devised, the projection was used to assist the Board in setting guidelines for tenants choosing two- or three-year leases.

It is important to note that changes in costs and prices after April 2005, the last month covered by this study, will be measured in next year's Price Index. The PIOC Projection is not used in the calculation of the 'Net Revenue' and 'CPI-Adjusted NOI' commensurate formulas (see the "Commensurate Rent Adjustment" section on the next page), which calculate one- and two-year guidelines that will compensate owners for the most recent change in costs measured by the Price Index. The PIOC Projection should not be considered in combination with these newer formulas in establishing guidelines.

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 geo-political events and changing weather patterns are some of the forces behind large changes in fuel-related costs (heating fuel, electricity, gas and steam) that have in turn hindered the accuracy of the PIOC projections in recent studies. Insurance prices have also become increasingly volatile in the past several years, making it harder to accurately project these costs.

This year, operating costs in rent stabilized apartment buildings increased by 5.8% versus last year's projected PIOC increase of 3.6%. The projected increases in all components of the PIOC except for Fuel, Insurance Costs, and Utilities were within 2.2 percentage points of the actual measured changes.

The three components that showed the most variance between actual changes in costs versus projected changes, Fuel, Insurance Costs, and Utilities, are historically among the most volatile components of the PIOC, making it difficult to predict future changes in costs. Fuel increased by 20.0% in 2005 versus the expected decrease of 8.1%, a difference of 28 percentage points. The major reason for the disparity in the fuel costs projection versus the actual 2005 costs can be

hotels

Change In Costs for Rent Stabilized Hotel Buildings, April 2004 to April 2005

Taxes	0.6%
Labor Costs	4.1%
Fuel	20.0%
Utilities	10.6%
Contractor Services	3.5%
Administrative Costs	3.6%
Insurance Costs	8.9%
Parts and Supplies	1.8%
Replacement Costs	1.6%
All Costs	**5.7%**

lofts

Change In Costs for Rent Stabilized Loft Buildings, April 2004 to April 2005

Taxes	1.2%
Labor Costs	2.2%
Fuel	20.1%
Utilities	8.3%
Contractor Services	4.5%
Administrative Costs, Legal	0.2%
Administrative Costs, Other	4.5%
Insurance Costs	8.9%
Parts and Supplies	2.6%
Replacement Costs	3.1%
All Costs	**5.2%**

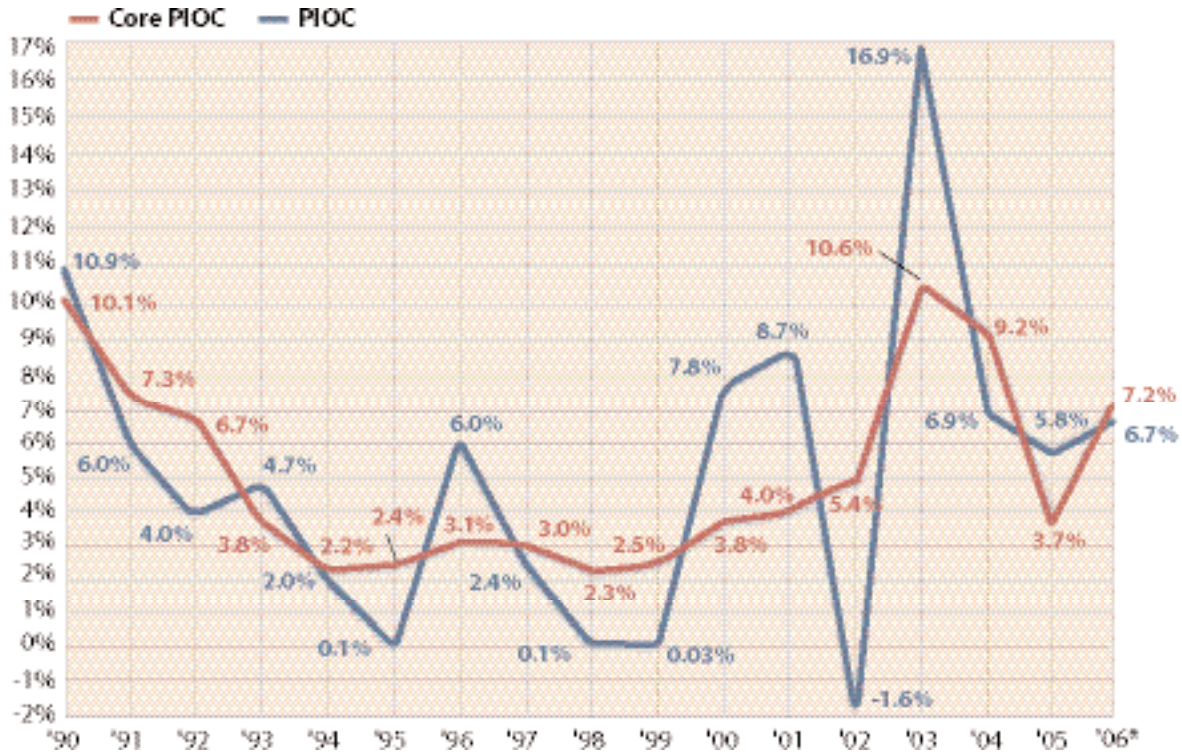
projections

Projected Change In Costs for Rent Stabilized Apartment Buildings, April 2005 to April 2006

Taxes	12.7%
Labor Costs	3.3%
Fuel	6.7%
Utilities	2.0%
Contractor Services	4.5%
Administrative Costs	4.4%
Insurance Costs	7.9%
Parts and Supplies	1.2%
Replacement Costs	1.1%
All Projected Costs	**6.7%**

Percent Change in the Price Index of Operating Costs and the Core PIOC, 1990-2006

The Increase in the "Core" PIOC was Lower than the Apartment PIOC in 2005



*Note: The percent change for 2006 was estimated.
Source: Price Indices of Operating Costs, 1990-2005, PIOC projection for 2006

attributed to the prediction that fuel prices would decrease when in fact they witnessed high increases.[3] Insurance Costs, another increasingly unpredictable component, rose 8.9%, compared to the projected increase of 23.4%. The actual increase in Utilities (8.4%) was 7.2 percentage points higher than the anticipated increase of 1.2%.

Overall, the PIOC is expected to grow by 6.7% from 2005 to 2006, with projected increases in every PIOC component. The three most volatile components, Fuel, Insurance Costs, and Utilities, are projected to rise 6.7%, 7.9%, and 2.0% respectively. Taxes are projected to increase 12.7% due to an increase in the tax rate and billable assessments for Class Two properties. Contractor Services (4.5%) and Administrative Costs (4.4%) are expected to rise at nearly the same rate while Labor Costs are projected to increase by 3.3%. The table on previous page shows predicted changes in PIOC components for 2006. The core PIOC is projected to rise more rapidly than the overall PIOC, by 7.2%.

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. In other words, the formula provides a set of one- and two-year renewal rent increases or guidelines that will compensate owners for the change in prices measured by the PIOC and keep net operating income "whole".

The first commensurate method is called the "Net Revenue" approach. While this formula 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 revenue from vacancy increases. Under the "Net Revenue" formula, a guideline that would preserve NOI in the face of this year's 5.8% increase in the PIOC is 4.25% for a one-year lease and 8.0% 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 2.5% for one-year leases and 4.5% for two-year leases.

The second commensurate method considers the mix of 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 3.8% increase in the Consumer Price Index (see Endnote 1) and the 5.8% increase in the PIOC is 6.5% for a one-year lease and 10.5% for a two-year lease. Guidelines using this formula and adding the estimated impact of vacancy increases are 4.0% for one-year leases and 7.0% for two-year leases.[4]

The original formula that has been in use since the inception of the Rent Guidelines Board is called the "traditional" commensurate adjustment. The "traditional" commensurate yields 3.6% for a one-year lease and 5.9% for a two-year lease, given the increase in operating costs of 5.8% found in the 2005 PIOC and the projection of a 6.7% increase next year.[5]

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) cost 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.[6]

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.

Finally, it is important to note that only the "traditional" commensurate formula uses the PIOC projection and that this projection is not used in conjunction with or as part of the "Net Revenue" and "CPI-Adjusted NOI" formulas. As stated previously, all three formulas attempt to compensate owners for the adjustment in their operating and maintenance costs measured each year in the PIOC. The "Net Revenue" and the "CPI-Adjusted NOI" formulas attempt to compensate owners for the adjustment in O&M costs by using only the known PIOC change in costs (5.8%). The traditional method differs from the other formulas in that it uses both the PIOC's actual change in costs as well as the projected change in costs (6.7%). If the change in projected costs, which may not be an accurate estimate of owner's costs, is added to the "Net Revenue" and "CPI-Adjusted NOI" formulas, the resulting

commensurates

"Net Revenue" Commensurate Adjustment

1-Year Lease	2-Year Lease
4.25%	8.0%

"Net Revenue" Commensurate Adjustment with Vacancy Increase

1-Year Lease	2-Year Lease
2.5%	4.5%

"CPI-Adjusted NOI" Commensurate Adjustment

1-Year Lease	2-Year Lease
6.5%	10.5%

"CPI-Adjusted NOI" Commensurate Adjustment with Vacancy Increase

1-Year Lease	2-Year Lease
4.0%	7.0%

"Traditional" Commensurate Adjustment

1-Year Lease	2-Year Lease
3.6%	5.9%

guidelines will likely over- or under-compensate for the change in costs.

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.

The sample frame for the Owner Survey included more than 42,000 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 seventh 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.

Nearly 17% of the questionnaires mailed out were returned to the RGB, similar to last year's return rate. A total of 772 returned surveys contained usable information, from which quotes of owners' annual insurance costs (674), non-union labor quotes (170) and management fees (103) were validated. The number of verified prices in 2004 and 2005 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 were the same as last year and are 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 2005 tax price relative was drawn by providing a list of rent stabilized properties registered with DHCR to the Department of Finance. Finance "matched" this list against its records to provide data on assessed value, tax exemptions, and tax abatements for more than 36,000 buildings in FY 2004 and FY 2005.

The Department of Finance data was used to compute a tax bill for each stabilized building in FY 2004 and FY 2005. The change computed for the PIOC is simply the percentage increase in aggregate tax bills for these buildings from FY 2004 to FY 2005.

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 by deleting those who no longer carry the products or perform the services outlined in the Vendor Survey item specifications. 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 756 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.

Other Items

In addition to the items previously discussed, a number of other pieces of information are needed to complete the PIOC, including labor union contract and benefit information, Social Security rates, unemployment insurance rates, Heating Degree Days, and 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. Finally, to measure the change in water and sewer costs for rent stabilized buildings, staff used the Water Board FY 2005 increase of 5.5%.[7]

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 2006 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 properties. Labor costs are projected by analyzing labor contract terms supplied by apartment workers union Local 32-BJ and a ten-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.[8]

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

Acknowledgments

The Rent Guidelines Board would like to acknowledge the following individuals for their assistance in preparing the Price Index of Operating Costs this year: Dr. James F. Hudson for technical assistance and methodology and report review; former RGB Executive

Director Anita Visser for technical assistance; Shirley Alexander for supervising the data collectors for the owner and vendor surveys and Ann Sheriff, Jeanette Bisamunyu and Charmaine Frank for collecting owner and vendor information. ❒

Endnotes

1. The average CPI-U for All Urban Consumers, New York-Northeastern New Jersey for the year from March 2003 to February 2004 (198.8) compared to the average for the year from March 2004 to February 2005 (206.3) rose by 3.8%. This is the latest available CPI data and is roughly analogous to the 'PIOC year', which for the majority of components compare 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 2004 to April 2005 year was 2.5% warmer than the most recent 5-year average "normal" year, and 5.3% 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 2000 to April 2005, measured in Central Park by the National Weather Service.

3. Projected fuel prices used in the Fuel projection for 2005 were taken from "Short-Term Energy Outlook," April 2004, U.S. Energy Information Administration, Department of Energy.

4. In the initial release of this report on April 22, 2005, the incorrect O&M to rent ratio of 63.7% was used to calculate the commensurate rent increases. However, since the change was minor, only the "traditional" commensurate rent adjustments were affected [see Endnote 5]. Adjustments for the "Net Revenue" and "CPI-Adjusted NOI" commensurates did not change from the initial report. The following assumptions were used in the computation of the commensurates: (1) the required change in landlord revenue is 62.5% of the 2005 PIOC increase of 5.8%, or 3.6%. The 62.5% 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 37.5% times the latest 12-month increase in the CPI ending February 2005 (3.81%) or 1.4%; (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 2002 Housing and Vacancy Survey; and (5) for the commensurate formulae, including a vacancy assumption, the 18.0% median increase in vacancy leases found in the rent stabilized apartments that reported a vacancy lease in the 2001 Apartment registration file from the Division of Housing and Community Renewal was used.

5. The "traditional" commensurate adjustments have been revised since the initial release of this report on April 22, 2005. In the initial report, the incorrect ratio of average operating costs to average income of 63.7% was used in calculating the commensurate adjustment. The correct ratio is 62.5% and it was used to calculate the "traditional" commensurate in this report. This resulted in lowering the "traditional" commensurates from 3.7% for one-year lease renewals and 6.0% for two-year lease renewals to 3.6% and 5.9%. 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 6.7% PIOC projection for 2006 is used.

6. 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 law and interest rates.

7. "Public Information Regarding Water and Wastewater Rates," New York City Water Board, April 2005.

8. Source: "Short-Term Energy Outlook," April 2005. U.S. Energy Information Administration, Department of Energy.

2005 Income and Expense Study

what's new

From 2002-03, increases in operating costs outpaced increases in rental income and total income. Since operating cost growth was greater than the increase in income, net operating income (revenue remaining after operating expenses are paid) fell.

In stabilized buildings, from 2002-2003:

- ✔ Rental income increased by **3.6**%.
- ✔ Total income rose by **4.5**%.
- ✔ Operating costs increased by **12.5**%.
- ✔ Net operating income (NOI) declined by **8.7**%.

Important Notes

Beginning with the 2003 RPIE (Real Property Income and Expense statements), the NYC Dept. of Finance (DOF) made significant changes to various aspects of the process used to collect and analyze the RPIE data. Significant changes were made to the RPIE form itself; to methods of data entry; and to the computer program used to record and analyze the data obtained from the RPIE filings. All these changes had an adverse impact on the RGB's ability to properly utilize the data for this year's *Income and Expense Study*. In particular, RPIE forms no longer request data on real estate tax expenses, necessitating the use of an alternate method for determining tax costs for this study. Furthermore, significant anomalies were found among reported aggregate income in a few subsectors of the City, though these have been corrected.

Also, it is important to note that the reporting of expense data must be qualified for this year's *I&E Study*. Tax expenses were determined in two different ways, depending on whether RPIE forms were submitted. Since owners were no longer required to report real estate tax expense on the 2003 RPIE, DOF estimated real estate taxes paid.[1] If an RPIE filing was not utilized, either because the owner did not submit it or total income or expenses was not reported, the TCIE (Tax Commission Income and Expense form)-reported real estate tax expense was used. Also, DOF used redesigned forms in collecting RPIE information that recategorized a few expense categories, making comparison to prior years imprecise. Finally, for data used in this study, the DOF did not audit and reject forms in situations where individual expense components did not sum to the total expense amount provided by the owner. For these reasons, individual expense components are not reported in this 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.

These findings examine the conditions that existed in New York's rent stabilized housing market in 2003, the year for which the most recent data is available, and also the extent by which these conditions changed from 2002.

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 $40,000)[2], the mandate produces detailed financial records on thousands of rent stabilized buildings. Although information on individual properties is strictly confidential, the 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 (data for 1988 and 1989) were limited to 500 buildings, because RPIE files were not automated. Upon computerization of I&E filings in 1992 (for cross-sectional data from 1990 and longitudinal data from 1989-90), the size of the samples used in RGB I&E studies has grown to more than 12,000 properties containing nearly 545,000 units.

Cross-Sectional Study

Rents and Income[3]

In 2003, rent stabilized property owners collected monthly rent averaging $816 per unit. As in prior years, units in pre-war buildings rented for less on average ($763 per month) than those in post-war buildings ($985 per month).[4] At the borough level, monthly rents in stabilized buildings were $1,071 in Manhattan, $734 in Queens, $668 in Brooklyn and $636 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).

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 $912 per rent stabilized unit in 2003, with pre-war buildings earning $858 per unit and those in post-war properties earning $1,084 per unit. Gross income was highest in Core Manhattan at $1,503 per unit per month, and lowest in the Bronx at $663. Monthly income per unit in the City, excluding Core Manhattan, was $713. 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 10.5% share of the total income earned by building owners in 2003, slightly more than the distributions observed in the previous six I&E studies. By borough, the highest share of income earned from the sale of services was 16% in Manhattan (17% in Core Manhattan and 10% in Upper Manhattan), 6% in Queens and 4% in Brooklyn and the Bronx. The graph on the facing page shows the average rent and income collected in 2003 by borough, and for the City as a whole. (See Appendix C.1)

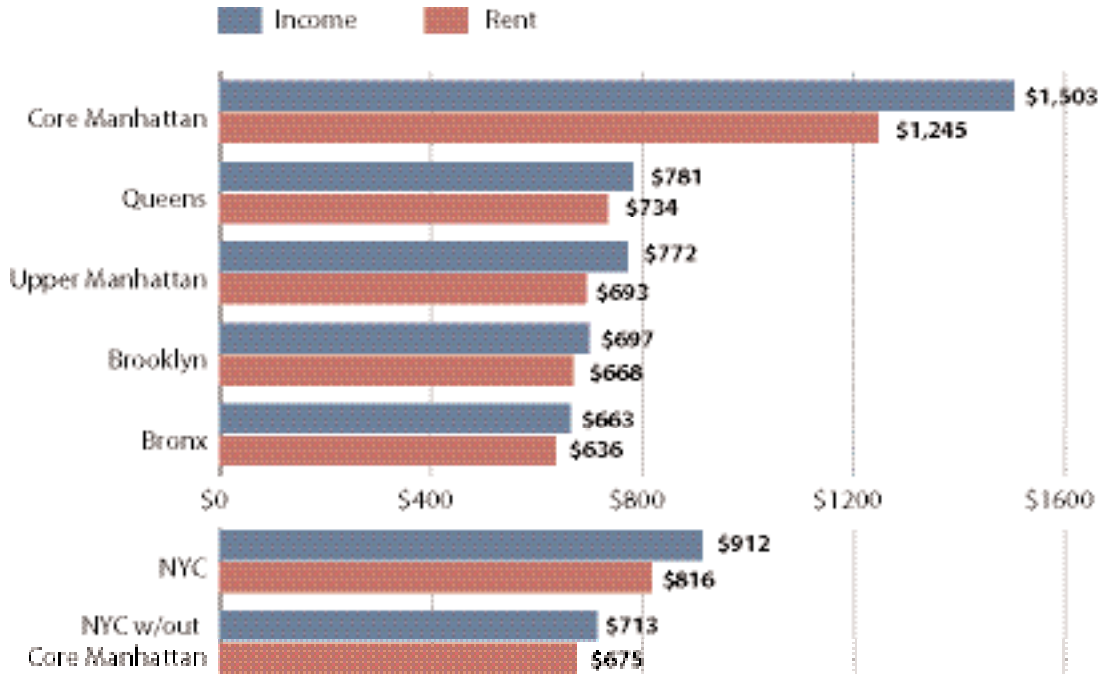
Comparing Rent Measurements

Another data source, the NYS Division of Housing and Community Renewal (DHCR) annual registration data, provides important comparative rent data to the collected rents stated in RPIE filings. A comparison of the collected RPIE rents to the DHCR rents 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 are different than DHCR figures 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. By contrast, DHCR data consists of

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

Stabilized Rent and Income Were Highest in Core Manhattan in 2003



* See Endnote 3
Source: NYC Department of Finance, 2003 RPIE Filings

legal rents registered annually with the agency. Since DHCR rent data does not include vacancy and collection losses, in most years these rents are generally higher than RPIE rent collections data. Furthermore, RPIE information includes unregulated apartments in buildings containing rent stabilized units. Also, the RPIE information reflects rents collected over a 12-month period while DHCR data reflects rents registered on April 1, 2003. In sum, despite the anomalies between the two rent indicators, the difference between RPIE rents and DHCR rents is a good estimate of vacancy and collection losses incurred by building owners, and the relative change in the gap is one way of estimating the change in such losses from year to year.

In comparing annual RPIE and DHCR average rents, the gap between the two contracted steadily from 1991 to 2001. In 1991, the average RPIE collected rent was 15% lower, while in 2001, the average RPIE collected rent was just 5.6% lower, a decline of almost two-thirds over the ten year period. Since then, RPIE returns indicate that the gap between RPIE rent and DHCR's mean stabilized rent is growing again, up to a gap of 10.0% in 2003. This is the largest gap since 1995. (See graph on next page.) At the borough level, the gap between collected and legal rent varies widely. In 2003 Manhattan RPIE-stated, rent ($1,071) was 5.5% below DHCR's average legal rent ($1,133), while owners in the other boroughs collected average rents that were 14.7% lower than legal rents in Queens, 14.8% lower in the Bronx and 14.9% lower in Brooklyn. At least part of this differential in the other boroughs is due to preferential rents, usually offered when the legal stabilized rent exceeds the market rate for the area.

A final benchmark that can help place RPIE rent data in context is the RGB Rent Index, which measures the overall effect of the board's annual rent increases on contract rents each year. Until two years ago, average RPIE rent collection increases were growing faster than

rent comparisons

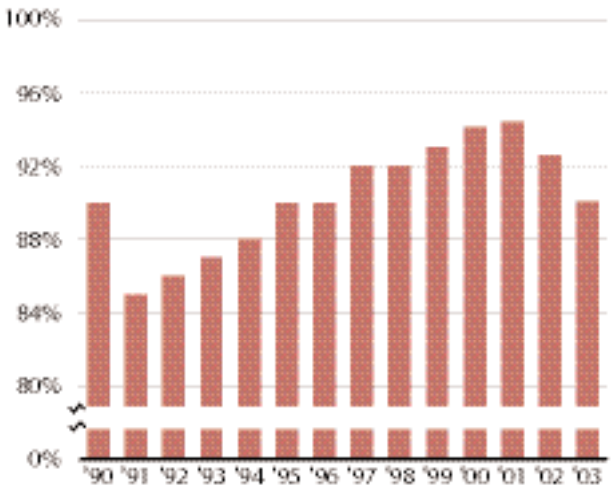
RPIE Rent Collections Grew Less Than DHCR Legal Rents and the RGB Rent Index for the Second Consecutive Year

	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%	4.2%	4.2%
98-99	5.5%	3.1%	3.7%
99-00	6.2%	4.1%	3.9%
00-01	4.9%	4.8%§	4.8%
01-02	4.0%	5.1%§	4.8%
02-03	3.6%	4.5%	3.9%
1990 to 2003*	77.6%	63.8%	66.5%

*Not adjusted for inflation.
§Revised from prior study due to DHCR update.
Source: DHCR Annual Rent Registrations; NYC Department of Finance, 1990-2003 RPIE Filings

Average Monthly Citywide Collected Rents as a Share of Average Monthly DHCR Legal Registered Rents 1990-2003

Percentage of Legal Rent Collected Decreased in 2003



Source: DHCR Annual Rent Registrations; NYC Department of Finance, 1990-2003 RPIE Filings

the renewal lease increases allowed by the RGB's guidelines. However, in 2002 and 2003, rent collections increased by 4.0% and 3.6%, respectively, increasing less than the growth in the RGB rent index (4.8% in 2002 and 3.9% in 2003, adjusted for the July-to-June fiscal year). This shift over the last two years may be due to owners' inability to increase collectible renewal rents by the maximum guideline permitted or increases in vacancy and collection losses. (See table on this page.)

Operating Costs

Rent stabilized apartment buildings incur several types of expenses in order to operate efficiently. RPIE filings include data on eight categories of operating and maintenance (O&M) costs: taxes; labor; utilities; fuel; insurance; maintenance; administrative and miscellaneous 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. 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 $618 in 2003. Costs were lower in units in pre-war buildings ($590), and substantially higher among post-war structures ($706). Geographically, average costs were lowest in the Bronx, Brooklyn and Queens ($499, $504 and $538, respectively) and highest in Manhattan ($808). Looking more closely at Manhattan properties, costs for units located in Core Manhattan averaged $909 a month while the costs in Upper Manhattan were $578. The average monthly operating costs for stabilized building owners in New York City, excluding Core Manhattan, reduces the City average to $517. (See Appendix C.1 for a breakdown of costs by borough and building age.)

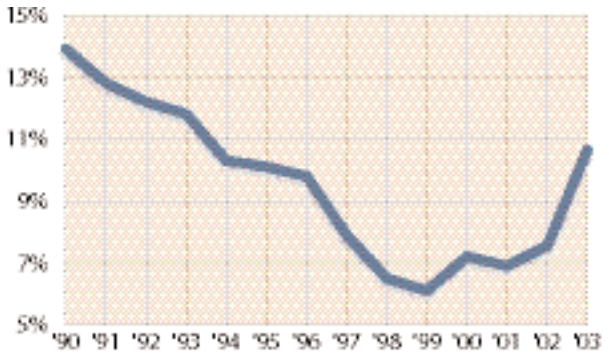
In 1992, Department of Finance and RGB staff tested RPIE expense data for accuracy. Initial examinations found that most "miscellaneous" costs were actually administrative or maintenance costs, while 15% were not valid business expenses. Further audits on the revenues and expenses of 46 rent stabilized 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 2003 RPIE O&M cost ($618) by the results of the 1992 audits results in an average monthly O&M cost of $567 citywide.

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, unaudited average O&M costs for "residential-only" buildings were $569 per month, while average audited O&M costs for units in "residential-only" buildings were $522 per month.

Percent of Distressed Properties in Cross-Sectional Samples 1990-2003

Share of Distressed Properties Increased in 2003



Source: NYC Department of Finance, 1990-2003 RPIE Filings

"Distressed" Buildings

Buildings that have operating and maintenance costs greater than gross income are considered distressed. Among the properties that filed 2003 RPIE forms, 1,294 buildings, or 10.8% of the cross-sectional sample, had O&M costs in excess of gross income, up from 7.5% found the prior year. In 2003, only 67 (5.2%) of these distressed buildings were built after 1946. Since 1990, when 13.9% of the sample of stabilized properties were considered distressed, the proportion of distressed buildings declined each year, reaching a low of 6.1% in 1999. Since then, the proportion has increased in three of the last four years, to 10.8% in 2003 (See graph on this page). Most distressed stabilized properties are mid-sized (20 to 99 units), pre-war and are located in the Bronx, Manhattan and Brooklyn.

Net Operating Income

In most stabilized buildings, revenues exceed operating costs, yielding funds that can be used for mortgage payments, improvements and/or 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 $295 of net income per month in 2003, with units in post-war buildings earning more ($377 per month) than those in pre-war buildings ($269 per month). Average monthly NOI in "residential-only" properties citywide was $255 per unit in 2003, 14% lower than the norm for all stabilized buildings. Average monthly NOI tended to be considerably greater for stabilized properties in Manhattan ($472) than for those in the other boroughs: $164 in the Bronx, $192 in Brooklyn and $243 in Queens. There was a large dichotomy when looking at NOI on a sub-borough level in Manhattan. Core Manhattan properties earned on average $594 a month in NOI, while properties in Upper Manhattan had an NOI of $193, closer to the monthly NOI average calculated citywide, excluding Core Manhattan ($196). Looking at the NOI using audited expense figures, the citywide NOI in 2003 was $345.

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" with 11 units or more. Multiplying the average unaudited monthly NOI of $295 per stabilized unit by the typical size of buildings in this year's cross-sectional sample (45 units) yields an estimated mean annual NOI of about $160,000 in 2003. Notably, the RPIE data cannot provide estimates for NOI in rent stabilized buildings with 10 or fewer apartments.

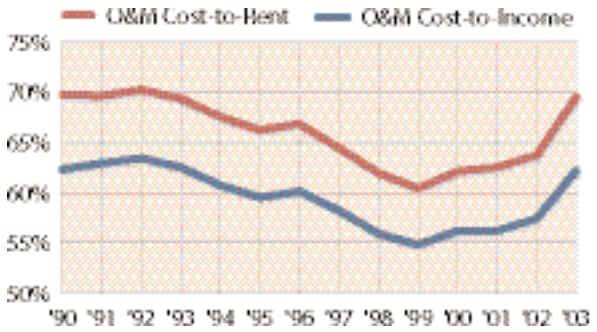
Operating Cost Ratios

Another way to evaluate the profitability of New York City's rent stabilized housing is by measuring the ratio of expenses to revenues. Traditionally, the RGB has used O&M Cost-to-Income and O&M Cost-to-Rent ratios to assess the overall health of the stabilized housing stock, presuming that buildings are better off by spending a lower percentage of revenue on expenses. The chart on this page shows how over the period from 1990-2003, the proportion of total income and rent collections spent on audited operating costs has fluctuated, but largely decreased in stabilized buildings citywide. The Cost-to-Income ratio in 2003 is 62.2%, an increase of almost five percentage points over the prior year's 57.4%. This means that on average, owners of rent stabilized properties spent about 62 cents out of every dollar of revenue on operating and maintenance costs in 2003. Looking at unaudited expenses , the cost-to-income ratio in 2003 was 67.7%.

Since the highest ratio of 63.4% measured in 1992, the Cost-to-Income ratio has fallen every year except for three years in which there were spikes in heating oil costs — 1996, 2000 and 2003; and in 2002 and 2003, when insurance and taxes saw large increases. Overall, from 1990 to 2003, the Cost-to-Income ratio remained virtually unchanged, showing a 0.1 percentage point decline. Looking at the ratio of costs to rent collections, operating costs in 2003 were 69.5% of revenues from rent, an increase of 5.8 percentage points from the prior year, and since 1990, virtually unchanged, with a 0.2 percentage point decline. Using unaudited expenses, the cost-to-rent ratio in 2003 was 75.6%.

Ratios of Citywide Average Monthly Audited O&M Costs to Average Monthly Gross Income and Rent 1990-2003

Both Cost-to-Income and Cost-to-Rent Ratios Rise in 2003



Source: NYC Department of Finance, 1990-2003 RPIE Filings

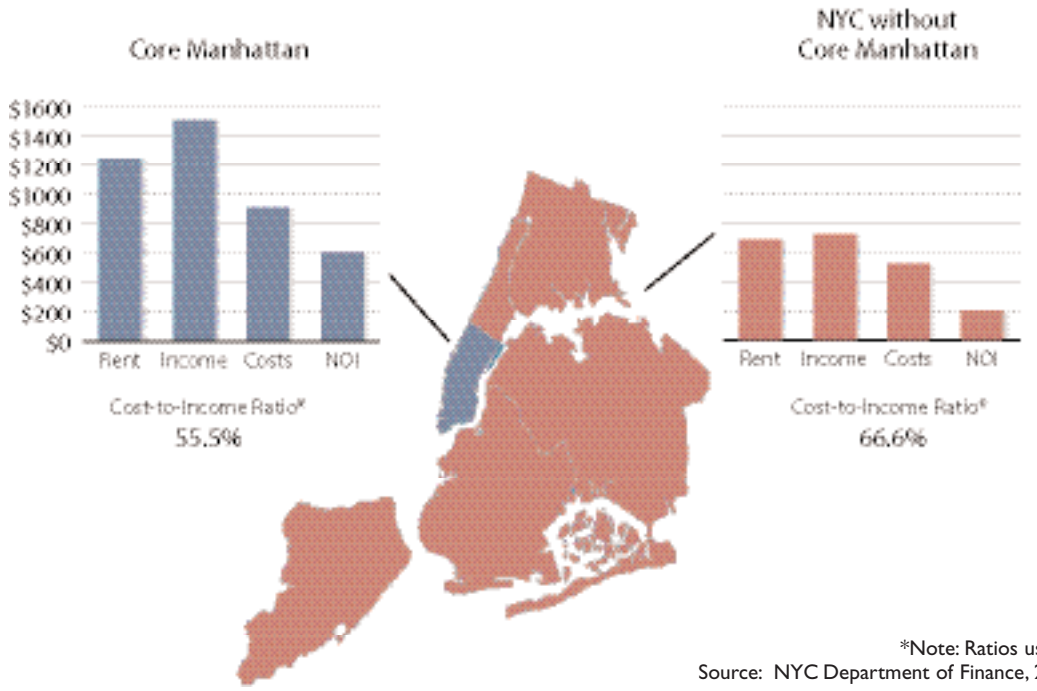
Rents, income and costs per unit were on average highest in Core Manhattan in 2003 (see map and graphs on facing page). When Core Manhattan is excluded from the analysis, the average revenue and costs figures are generally lower, but the two areas also have very different expense to revenue ratios. The Cost-to-Income Ratio for the rest of the City was 66.6%, significantly higher than the Cost-to-Income Ratio for stabilized buildings in Manhattan's Core (55.5%). These figures indicate that on average, owners of stabilized properties outside of Core Manhattan spend 11 cents more of every dollar of revenue on expenses compared to their counterparts in Core Manhattan.

Net Operating Income After Inflation

The amount of net income is a function of the level of expense and the level of revenue in a given year (revenues minus operating expenses equals net operating income). Adjusting NOI as well as rent, income and costs figures for inflation (in constant 2003 dollars) and comparing different base years to the latest data available is a useful way to assess the health of the stabilized housing stock and how well revenues have been meeting or exceeding expenses without erosion by inflation.

Average Monthly Rent, Income, Operating Costs and Net Operating Income per Dwelling Unit and Cost-to-Income ratios, Core Manhattan and the Rest of the City, 2003

Cost-to-Income Ratio Lower in Core Manhattan in 2003



*Note: Ratios use audited costs.
Source: NYC Department of Finance, 2003 RPIE Filings

Converting income and expense figures into constant 2003 dollars helps to analyze how much NOI has grown in real terms since the RGB began collecting RPIE data. Point-to-point comparisons of average monthly figures show that from 1989 to 2003 (a 15-year period), after adjusting for inflation, NOI (the surrogate measure for profit) has declined 1.3% (see graph on following page). This indicates that expenses have outpaced revenues to the extent that average monthly NOI was worth 1.3% less in 2003 than it was in 1989, after adjusting for inflation.[5]

Another way to look at how rent, income, costs and NOI have changed absent the effect of inflation is to graph inflation-adjusted monthly figures for each of the four components measured in the I&E studies. During the 1989 to 2003 period, inflation-adjusted rent increased a cumulative 5.3%, income by 6.2%, costs by 10.2% and NOI declined by 1.3%. Tracking costs, from 1993 to 1999, costs fluctuated only slightly and then began increasing each year (except 2001) by about 5%.

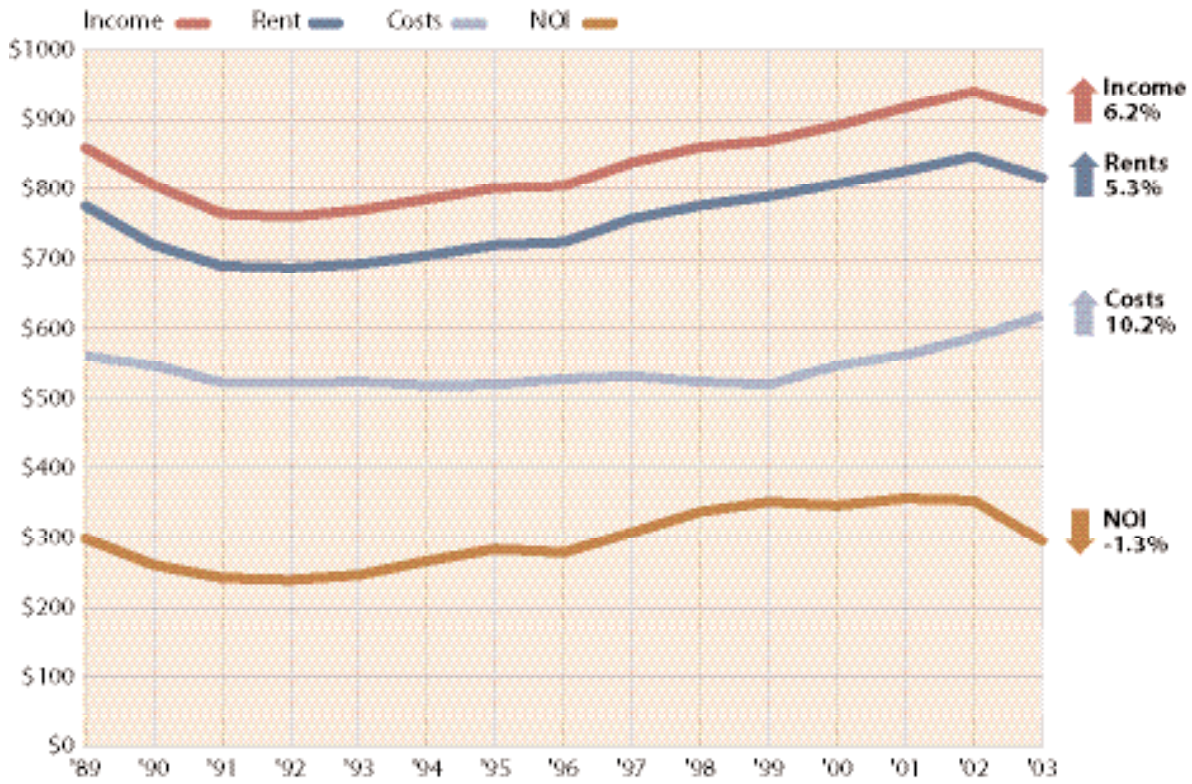
After seven years in which NOI did not reach levels seen in 1989, the years 1997-2001 showed real improvement in NOI from the base year 1989, except for a slight decline in 2000. From 1989-96 the ratio of NOI/income was about 33%; while from 1997-2001, NOI's share of income was about 39%. Average monthly NOI was worth 18% more after inflation in 2002 than in 1989, but declined in 2003, to a point where NOI was 1.3% lower than in 1989.

While the citywide chart of inflation-adjusted revenue, expense and NOI figures is useful for demonstrating the overall stabilized rental housing market, disaggregating the same figures by borough shows how the market can differ from area to area (see graphs on Page 33). At least two interesting points emerge from the borough charts. First, the four borough graphs are each shown on the same scale, revealing that

NOI After Inflation

After Inflation, NOI Are Below Levels Seen in 1989

(Average Monthly Income, Rent, Operating Costs and Net Operating Income per Dwelling Unit in Constant 2003 Dollars)



Note: Percent changes are point-to-point measurements and should not be considered cumulatively.
Source: RGB Income and Expense Studies, 1991-2005. NYC Department of Finance, 1990-2003 RPIE Filings

most of the inflation-adjusted numbers for rent, cost and NOI would fall between $200 and $800 over the years of study if not for the data from Manhattan. Manhattan's relatively high revenues, expenses and NOI figures put significant upward pressure on the citywide numbers. The Manhattan rent, income, cost and NOI figures bring the citywide averages for these categories up well beyond the $200-$800 range seen in the inflation-adjusted, other-borough charts. Secondly, it is notable that from 2002-03, costs outpaced revenues causing net income to fall in all the boroughs, following increases in most years and boroughs from 1991-2002. Looking at each of the boroughs individually, from 1989 to 2003, most boroughs saw increases in their net income, with Queens seeing the largest increase, 24%, followed by Brooklyn at 8% and Manhattan at 1%. Conversely, in the Bronx, inflation-adjusted NOI fell 29% over the same 1989-2003 period.

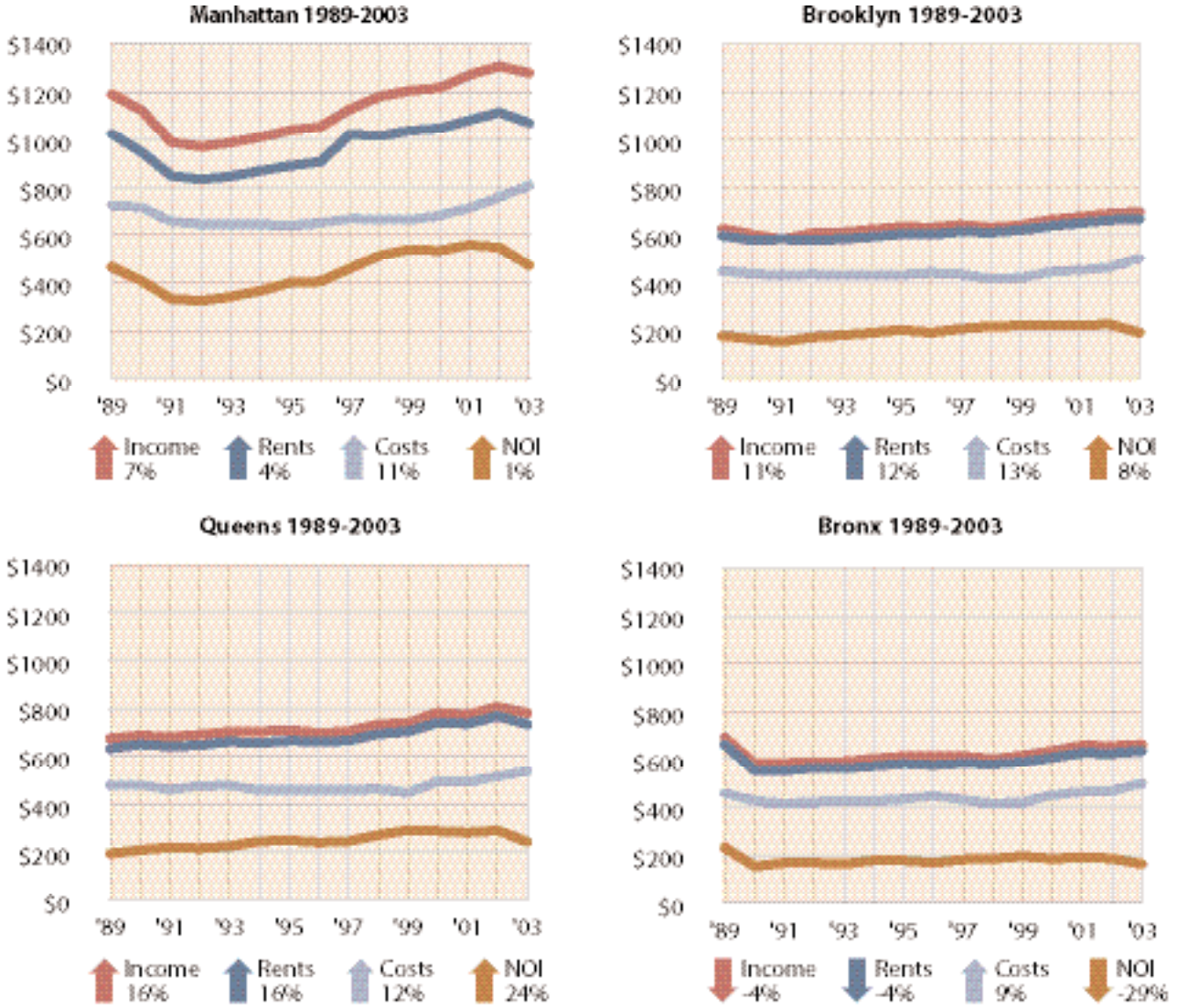
Longitudinal Study

Rents and Income

Average rent collections in stabilized buildings rose by 3.6% in 2003, which was 0.4 percentage points lower than the increases observed during 2002 (4.0%). Increases in rent collections occur for many reasons, including increases allowed under RGB renewal guidelines, vacancy allowances of 17-20% allowed under the Rent Regulation Reform Act of 1997 and investments in individual apartment and building-wide improvements.

NOI After Inflation per Borough, 1989-2003

Since 1989, Inflation-Adjusted NOI Rises In All Boroughs Except the Bronx



Source: RGB Income and Expense Studies, 1991-2005

The total income collected in rent stabilized buildings, comprising apartment rents, commercial rents and sales of services, increased by 4.5% from 2002 to 2003, 0.4 percentage points higher than income collection in the previous year. Revenues rose in pre-war buildings by 4.9% and in post-war buildings by 3.5%. In the Bronx, Brooklyn and Queens, property owners' total income grew by 4.6%, 3.9% and 3.4%, respectively. The gross income of Core Manhattan properties grew by 4.8%, while Upper Manhattan income grew 4.0%, less rapidly than the City average (4.5%).

Operating Costs

Expenses in stabilized buildings grew 12.5%, a higher rate than increases in both rents and total income from 2002-03. Costs rose slightly less in newer buildings, up 12.4%, in contrast to the increase in costs realized by

pre-war buildings (12.5%). While 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. The 12.5% increase in expenses was driven upward primarily by large increases in fuel, taxes and insurance. This year, costs rose most rapidly in Manhattan (13.6%), and the least in the Bronx (11.0%). For a detailed breakdown of the changes in rent income and costs by building size age and location, see Appendix C.5.

RPIE Expenses and the PIOC

Data from 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.

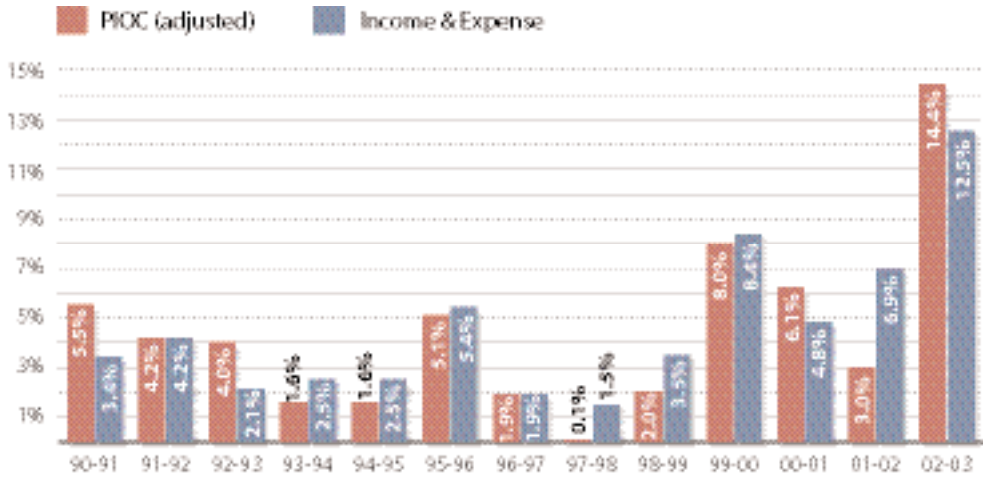
From 1989-90 to 2002-03, cumulative growth in the two indices seem to confirm the accuracy of one another in measuring expense changes for rent stabilized properties. Overall, nominal costs measured in the PIOC and in the I&E studies grew at the same rate, increasing, according to both the I&E and PIOC by 91% in stabilized buildings over this period. In addition, the PIOC rose 14.4% from 2002 to 2003, the same period as the 12.5% increase in I&E costs, a 1.9 percentage point difference.

Operating Cost Ratios

Between 2002 and 2003, the proportion of gross income spent on audited expenses (the O&M Cost-to-Income ratio) increased by 4.4 percentage points. The proportion of rental income used for audited expenses

Change in Operating & Maintenance Costs, I&E and the PIOC, 1990-91 to 2002-03

From 2002-2003, the PIOC Increased at a Higher Rate than Owner-Reported RPIE Costs



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

Source: NYC Department of Finance, 1990-2003 RPIE Filings; PIOC 1990-2003

Expense Increases Outpace Growth in Revenue from 2002-2003

(Changes in Average Monthly Rents, Income, Operating Costs and Net Operating Income per Dwelling Unit, 1989-2003)

	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%
00-01	4.9%	5.2%	4.8%	5.9%
01-02	4.0%	4.1%	6.9%	-0.1%
02-03	**3.6%**	**4.5%**	**12.5%**	**-8.7%**

Source: NYC Department of Finance, 1990-2003 RPIE Filings

(the O&M Cost-to-Rent ratio) also increased, up by 5.5 percentage points. This is the fourth increase in O&M Cost-to-Income and O&M Cost-to-Rent ratios since 1992. These ratios increased due to sharp increases in tax, fuel and insurance costs.

"Distressed" Buildings

Of the buildings in this year's longitudinal sample, 9.4% (916) had O&M expenses that exceeded revenues, 2.4 percentage points higher than the share in last year's longitudinal study. Only 51 (5.6%) distressed properties were built after 1946. As stated earlier, distressed properties are burdened by low rents, lack of commercial income, and high operating expenses.

Net Operating Income

Since average operating costs grew more rapidly than revenues during 2003, citywide net operating income in rent stabilized buildings decreased, by 8.7%. The 8.7% decline was the second decline in NOI since this study began to use computerized records in the *1994 Income and Expense Study*. (In 2002, NOI declined 0.1%.) As mentioned earlier, 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.

Decline in NOI from 2002-03 varied among the boroughs. Queens saw the largest decline, falling 11.8%, followed by Brooklyn (down 11.5%), the Bronx (down 10.5%) and Manhattan (down 7.3%). Specifically, Core Manhattan saw a 6.4% decline in NOI, while Upper Manhattan's NOI decreased by 12.0%. The City excluding Core Manhattan experienced a decline in NOI of 11.4%.

Conclusion

The RPIE filings from over 12,000 rent stabilized buildings containing nearly 545,000 units in the cross-sectional sample suggest that increased expenses,

combined with slower increases in both rent and income, reduced net operating income for owners in 2003.

Revenue collections increased 4.5%, but it was exceeded by the 12.5% increase in costs. The greater increase in expenses from 2002-03 resulted in an NOI decrease of 8.7% citywide, the second consecutive year of decrease.

Methodology

The information in this report was generated from summaries of raw data from RPIE forms filed with the NYC Department of Finance in 2004 by owners of apartment buildings with primarily eleven or more dwelling units. The data in these forms, which reflects financial conditions in stabilized buildings for the year 2003, was made available to RGB research staff in June, 2005 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 2003 RPIE forms. Where no RPIE forms were filed, TCIE forms were used instead. In 2003, 2,143 TCIEs were used when RPIEs were not available. Further, for those filing RPIEs but where no rental income was entered, the TCIE form was used instead. This occurred in 4,026 cases. Data from the RPIEs (or TCIEs) was used to compute average rents, operating costs, etc. that were typical of the year 2003. Longitudinal data, which provides a direct comparison of identical elements over time, encompasses properties that filed RPIE forms for the years 2002 and 2003. 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 2003, while longitudinal data measures changes in conditions that occurred from 2002 to 2003.

This year, 12,017 rent stabilized apartment buildings were analyzed in the cross-sectional study and 9,759 stabilized properties were examined in the longitudinal study. The sample of buildings was created by matching a list of properties registered with the DHCR against buildings data found in 2003 RPIE or TCIE statements (or 2002 and 2003 statements for the longitudinal sample). A building is considered rent stabilized if it contains at least one rent stabilized unit. For the second year in a row, the number of buildings in both the cross-sectional and the longitudinal sample decreased from the previous year. The cross-sectional sample decreased by 329 buildings (3%) and the longitudinal sample decreased by 1,296 buildings (12%).

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

- Buildings containing 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 2003 RPIE form for the cross-sectional study, or a 2002 and a 2003 RPIE form for the longitudinal study;
- No unit count could be found in RPIE records; and
- 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, the Department of Finance used the total number of units from their Real Property Assessment Data (RPAD) files 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, 184 buildings were removed from both samples for this reason. Seventy-seven percent of these buildings (142) had average rents below $100 per month, and the remaining

twenty-three percent (42) 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; and

- Buildings in which operating costs exceeded income by more than 300% were excluded from both samples. Twenty-one properties were excluded for this reason.

As in prior studies, after compiling both samples, the Department of Finance categorized sample data reflecting particular types of buildings throughout the five boroughs (e.g. structures with 20-99 units).

Endnotes

1. Actual billed real estate taxes from FY 2004 were used to calculate the tax expenses for 2003 RPIE filings.

2. Beginning with the 2003 RPIE, the Department of Finance lowered the minimum assessed value requirement from $80,000 to $40,000.

3. 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.

4. Pre-war buildings refer to those built before 1947; post-war buildings refer to those built after 1946.

5. The year 1989 is used as a base year because that is the first year the RGB received data for a large sample of buildings. Comparisons are made to 2003 data because that is the latest data available.

2005 Mortgage Survey

what's new

- ✔ Average interest rates for new multifamily mortgages fell .24 percentage points, or 4.1%, to 5.51%, the lowest ever recorded in this survey.
- ✔ Refinancing interest rates fell to 5.48%, a 3.4% and .19 percentage point decline from last year.
- ✔ Average points (fees) for new loans decreased to a record survey-low of .56 points, a 17.2% drop.
- ✔ Vacancy and collection losses increased slightly to 3.62%.
- ✔ Average new origination loan volume decreased 23.5% and refinanced loan volume decreased by 15.7%.
- ✔ More than 86% of lenders provide rent stabilized buildings with the same new financing rates, refinancing rates, maximum LTV ratios, and debt service coverage requirements as other multifamily properties.
- ✔ Approximately 70% of lenders report that their rent stabilized portfolio meets or exceeds their expectations of income, expenses, and debt service coverage at the time of initial loan origination.

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 lending institutions that underwrite mortgages for multifamily rent stabilized properties in New York City. (See Appendix E.7 for a reproduction of the survey) The survey provides details about New York City's multifamily lending during the 2004 calendar year. The survey is organized into three sections: financing availability and terms for rent stabilized buildings, underwriting criteria, and additional mortgage questions, including vacancy and collection losses, operating and maintenance expenses, and portfolio performance.

Summary

Despite five separate quarter point increases in the Federal Reserve Board's federal funds and discount rate during 2004,[1] respondents to the *2005 Mortgage Survey* reinforced the image of the borrower's market of the past few years, sustained by Federal Reserve rates at relative lows and high competitiveness between lending institutions despite the continuing trend of mergers and acquisitions. The 12-month average and current interest rates offered to rent stabilized buildings declined slightly from the 2004 Survey, while the average number of loans per lender decreased by approximately 20%. Lenders responding to the survey report that competition is still very high, and rates are very low. Interest rates for both new and refinanced mortgages declined for the fifth year in a row, lending terms remained flexible, and the number of non-performing loans and foreclosures remained virtually nonexistent. This report begins by describing general characteristics of the 25 survey respondents, and then moves on to discuss findings from a cross-sectional study of all respondents to the *2005 Mortgage Survey*, followed by an analysis of a group of 21 respondents who participated in each of the past two years.

Survey Respondents

Twenty-five financial institutions responded to this year's survey, one less than last year's response. The survey sample is updated each year to include only those institutions offering loans to multiple-dwelling, rent stabilized properties in New York City. Surveyed institutions are both added and deleted each year, primarily through research in trade journals, directories, internet search engines, and lists compiled by the Federal Deposit Insurance Corporation (FDIC). The 25 respondents include a variety of traditional lending institutions, such as savings and commercial banks, as well as non-traditional

lenders, including a government agency and a non-profit housing services program.[2] Twenty-one of the 25 respondents also responded to last year's survey.

Institutions holding deposits insured by the FDIC report details about their holdings on a quarterly basis, including their multifamily real estate holdings, which vary considerably among this year's respondents. Twenty-one of the 25 survey respondents report their multifamily real estate holdings to the FDIC, with values ranging from a low of $15 million to a high of more than $9 billion.[3] Down one from last year, seven of this year's institutions had multifamily holdings worth over one billion dollars, and the number with holdings of less than $100 million decreased from five to three. The average multifamily real estate portfolio increased sharply to $1.44 billion, a 32.9% increase from last year's $1.08 billion. Of note, one particular lender increased their holdings from $5 billion to more than $9 billion over the year,[4] and another had holdings increase by more than 800%.[5]

As in previous years, a small number of large lenders provided most of the total volume of new and refinanced mortgages. Of all respondents, three provided 66.4% of the total volume of new mortgages (at an average rate of 5.08%), while four lenders provided 77.3% of the total volume of refinanced loans (at an average rate of 5.11%). For both new and refinanced loans, while a few lenders still dominated the total volume of loans, their share was significantly lower than in the previous year, signaling loans are spread more diversely among the financing marketplace.

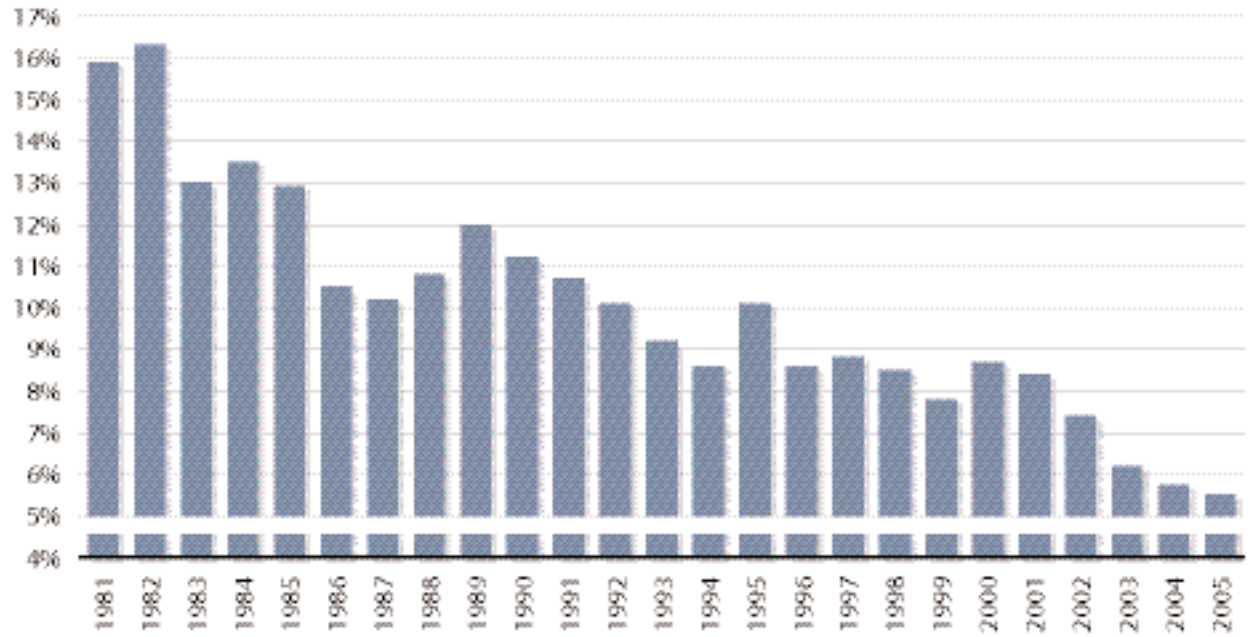
Cross-Sectional Analysis

Financing Availability and Terms

For the seventh time in eight years, average interest rates declined from the prior year. This year's average January interest rate of 5.51% for new multifamily mortgages was a decrease of .24 percentage points, or 4.1%, from the previous January (see graph below and Appendix E.1). And at 5.46%, average rates reported for all of 2004 were just slightly lower than current reported rates, and fell .35 percentage points and 6% from the prior year.

Average Interest Rates for New Loans to Rent Stabilized Buildings, 1981-2005

Multifamily Mortgage Interest Rates Continue to Decline



Source: Rent Guidelines Board, annual Mortgage Surveys.

Average interest rates dropped among the institutions surveyed despite five separate quarter point increases in the federal funds and discount rates by the Federal Reserve Board during 2004. The Fed raised both the Discount Rate — the interest rate at which depository institutions borrow from the Federal Reserve Bank of New York — and the Federal Funds Rate — the interest rate at which depository institutions lend balances at the Federal Reserve to other depository institutions — five times between June 30 and December 14, each time raising it a quarter of a percentage point.

After holding steady at 1% between June 2003 and June 2004, the federal funds rate inched up to 2.25% by the end of 2004, still far lower the 6.5% it was in January 2001, just preceding 13 consecutive decreases. The Federal Reserve opted to raise the rates another quarter point at its first meeting of 2005, and analysts expect similar small moves at any of the remaining seven scheduled 2005 meetings.[6]

Institutions were also surveyed about their rates on refinanced mortgages, with all of the institutions offering identical or similar terms to those for new originations. The average current rate charged for refinanced mortgages, 5.48%, was just .03 percentage points lower than the average current rate charged on new originations and was .19 percentage points (and 3.4%) lower than last January. (See Appendix E.1) At 5.42%, average 2004 refinancing rates were only .06 percentage points lower than current rates, reflecting a drop of .32 percentage points and 5.5% from the prior year.

Points, or up-front service fees, charged for new and refinanced loans ranged from 0 to 2 percent, with all but two lenders falling at or below one point. The average service fee charged on new loans by lenders was .56 points, a significant

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

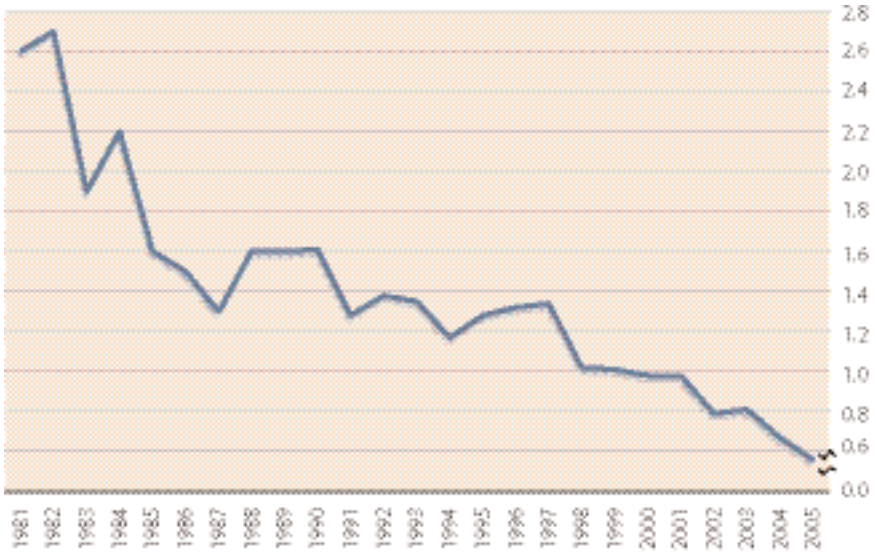
Maximum LTV - the loan-to-value ratio set by the lenders as part of their underwriting criteria

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

Service Fees for New Loans to Rent Stabilized Buildings, 1981-2005

Historically Low Service Fees Fall to All-Time Low



Source: Rent Guidelines Board, annual Mortgage Surveys.

17.2% decrease from last year's average rate of .67. Average fees reported in the survey have remained around or below one point for the past eight years (see graph on previous page), but are now at their lowest rate since the RGB began the Mortgage Survey in 1981. Points for refinanced mortgages were the same as those of new originations, an 8.1% decrease from last year's rate of .60.

Lenders remained flexible this year in the loan terms they offered, comparable to the results from recent mortgage surveys. While somewhat complicated to analyze (survey respondents normally provide a wide range of terms rather than a single number), the range of terms offered by institutions remained similar to those offered in the prior year. Mortgage terms reported by respondents fell within a wide 3- to 30-year range, with most lenders offering between five and 15 years. This continued mortgage term flexibility over recent years is in great contrast to terms found in the surveys of the early- to mid-1990s, when close to half of respondents offered maximum loan maturities of just five years.

While interest rates remained low, and lending terms remained flexible, loan volume decreased for the first time since the 2001 Survey. An average of 122 new loans per institution were financed this past year, a decrease of 23.5% from last year's 160. While lower than the prior year, the average number of new loans per lender in the survey is still up significantly from recent years. For instance, the *1998 Mortgage Survey* showed an average of just 37 new mortgages per lender, and just three years ago the average was only 71. The average number of refinanced loans also decreased during the past year, down 15.7% to 146 in this year's survey, from a record high of 173 last year. Fewer lenders than last year noted that the number of loan applications they have received this past year had increased, with 24% of lenders reporting an increase in applications versus 42.3% in the prior year.

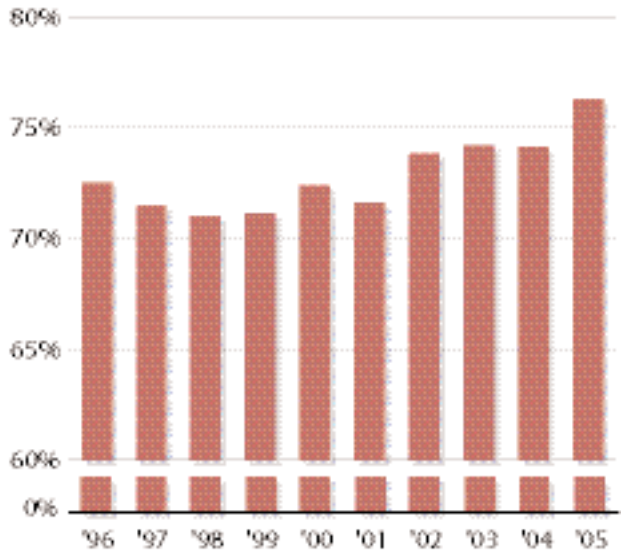
For the first time, this year's report asked lenders whether their lending standards differ for rent stabilized buildings as opposed to non-stabilized multifamily properties. Respondents were asked whether their new financing rates, refinancing rates, loan-to-value ratios, and debt service coverage requirements for rent stabilized properties were higher, lower, or the same as for other properties. Nineteen of the 22 institutions who answered the question (86.4%) responded that all criteria were exactly the same for rent stabilized versus non-stabilized properties. One lender noted that both their new and refinanced rates were higher for stabilized properties, two lenders reported that LTV ratios were lower for stabilized buildings, two required higher debt service ratios, and one allowed lower debt service ratios. Two respondents did not answer the question, while one respondent lends solely to rent stabilized buildings, making the question non-applicable.

Underwriting Criteria

As seen in past years, there was little change in the lending practices of institutions this year. This trend reflects a sustained period of low delinquencies and defaults that could at first be attributed to stricter requirements that went into effect during the early 1990s, and can now be credited to the endurance of a strong real estate market. As recent surveys have reiterated, this

1996-2005 Cross-Sectional Average Loan-to-Value Standards

Maximum Loan-to-Value Ratios Increase



Source: Rent Guidelines Board, annual Mortgage Surveys.

year's findings provide additional evidence that while lenders are always cautious, they are willing to provide ample loan availability and continue the less stringent underwriting policies of the last several years.

All but one lender maintained the same underwriting standards this year, while criteria for maximum loan-to-value ratios (LTV), debt service coverage, and building characteristics (such as age and condition), varied little from last year's survey. The average maximum LTV ratio — the maximum dollar amount respondents were willing to lend based on a building's value — ranged from 60% to 80%.[7] The average was 76.3%, 2.2 percentage points higher than the prior year's 74.1% (see graph on facing page).

The debt service ratio — an investment's ability to cover mortgage payments using its net operating income — is another important lending criterion. The higher the debt service coverage requirements, the less money a lender is willing to loan given constant net income. The debt service ratio (or net operating income divided by the debt service) remained virtually unchanged this year, with an average debt service requirement of 1.24 among all lenders versus 1.25 in the previous two years. Because the average debt service ratio remained constant from last year, 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)

Other standards cited by lenders when assessing loan applications remain similar to last year. Sixty percent of lenders stipulate that overall building maintenance is an important standard when assessing loan applications, a six percentage point increase from last year's rate of 53.8%. Twenty-eight percent of lenders cited the number of units in the building as an important underwriting criterion, the second most important lending standard. Other criteria were considered less important by institutions, including building age, owner-occupancy, and co-op conversion potential. Only one lender noted that their underwriting practices had changed during 2004, with approvals criteria becoming less stringent from the previous year.

Non-Performing Loans and Foreclosures

The vast majority of lenders again reported that they had no non-performing loans or foreclosure proceedings this year. Four lenders (16%) reported having non-performing loans over the past year (an increase from 15% last year), but all four institutions reported that no more than 2% of their loans were non-performing. There was also a slight increase in the number of lenders with loans in foreclosure, to 16% from 11.5% last year, but as with non-performing loans, lenders reported that at most 1% of their loans were in foreclosure. Two of the four lenders with failing loans are focused solely on financing affordable housing, a riskier investment on average than the typical lender's portfolio.

Characteristics of Rent Stabilized Buildings

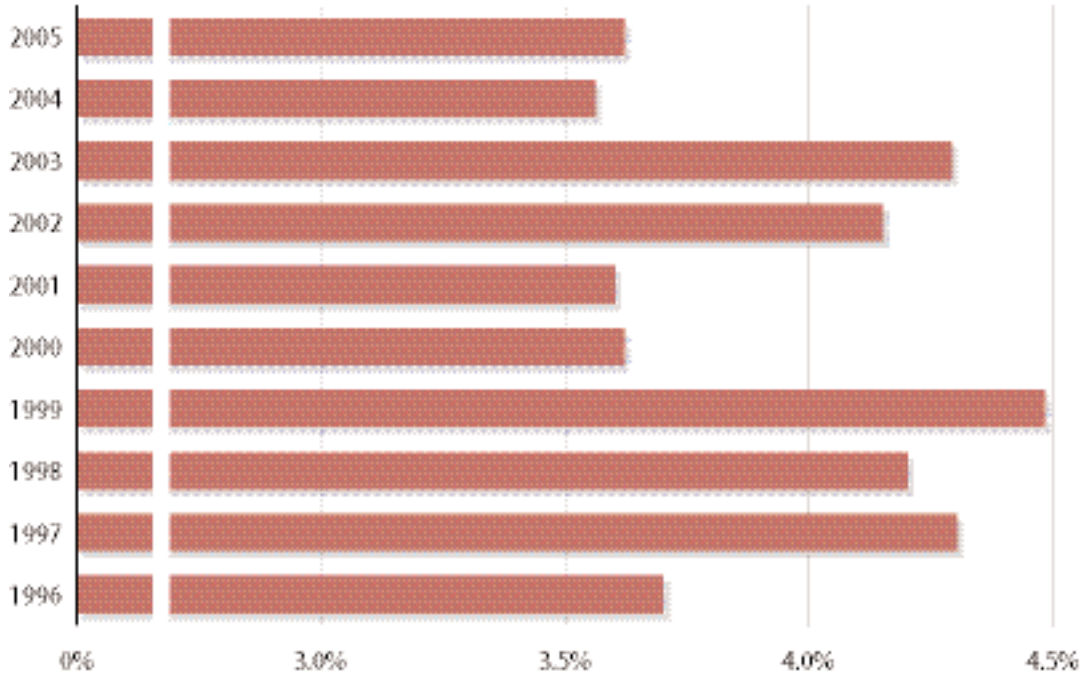
The average size of rent stabilized buildings in surveyed lenders' portfolios remained similar to results from last year, with six lenders reporting average building sizes of 50 or more units and 16 reporting average sizes between 11 and 49 units. The most common building size reported this year was 20-49 units, with 34.6% of lenders reporting this size building as their average rent stabilized building, a decrease from 42.9% in 2004. Another 26.9% of lenders reported that their average building contained 11-19 units. Just 15.4% reported that their average building contains 1-10 units, and 23.1% report it contains 50-99 units. For the second consecutive year, no lenders had rent stabilized buildings that averaged 100 units or more.

Vacancy and collection (V&C) losses edged up this year to 3.62%, up slightly from 3.56% last year, an increase of almost 2%. This increase follows a sharp decline of 17.1% in the prior year, as shown in the graph on the following page. Fifty-six percent of lenders reported V&C losses of 3% or less, while 40% reported V&C losses of 5% or more. In last year's survey, only 23.1% of lenders reported V&C losses of 5% or more, but surveys from the mid-1990s showed that up to three-quarters of respondents had reported losses of that magnitude.

Unlike last year's double digit increases in both operating and maintenance (O&M) costs and average rent, both statistics dropped this year, by 3.6% and 3.1% respectively. After hovering in the mid-$300s in the beginning of the decade, O&M costs per unit, per month

Average Vacancy and Collection Losses, 1996-2005

Vacancy and Collection Losses Increase from Prior Year



Source: Rent Guidelines Board, annual Mortgage Surveys.

rose 28.5% last year to reach $461, and have now fallen to $445 this year.[8] And after rising more than 12.2% to an average of $989 per unit per month last year, average rent fell to $958 this year. (See Appendix E.2) The average O&M cost-to-rent ratio, which is the ratio of average monthly operating and maintenance costs to average monthly rents, remained virtually the same at 46.4%, a modest 0.3 percentage point decrease, following an increase of six percentage points last year. The RGB first started tracking the average O&M cost-to-rent ratio in 1998, since which time the rate has fluctuated between 2003's low of 40.7% and 1999's high of 52.1%.

The RGB also examines the average O&M cost-to-rent ratio in the Income and Expense (I&E) Study, though it cannot be compared to the cost-to-rent ratio reported in the Mortgage Survey, because data in the I&E Study is over one year old, and the sources and sample sizes are very different. In the *2004 I&E Study*, which reported on data from the year 2002, the average O&M cost-to-rent ratio was 63.7%.[9]

In order to better gauge the lending market, the survey also asked lenders whether they retain their mortgages or sell them to secondary markets. According to the survey, most respondents (70.8%) retain all their mortgages, 8.3% sell all their mortgages, and 20.8% sell some of their mortgages to secondary markets. These results are fairly consistent with those found since this question was first asked of lenders two years ago. Of those institutions selling their mortgages, the most common purchaser is either Freddie Mac or Fannie Mae.

To understand sources of income other than that from residential tenants, lenders were also asked whether the rent stabilized buildings they mortgage contain commercial space. Eighty-eight percent of institutions surveyed this year indicated that they initiated loans to buildings containing commercial space, an increase of three percentage points from last year. Among these lenders, buildings containing commercial space are an average of approximately one quarter (27.7%) of their lending portfolio.

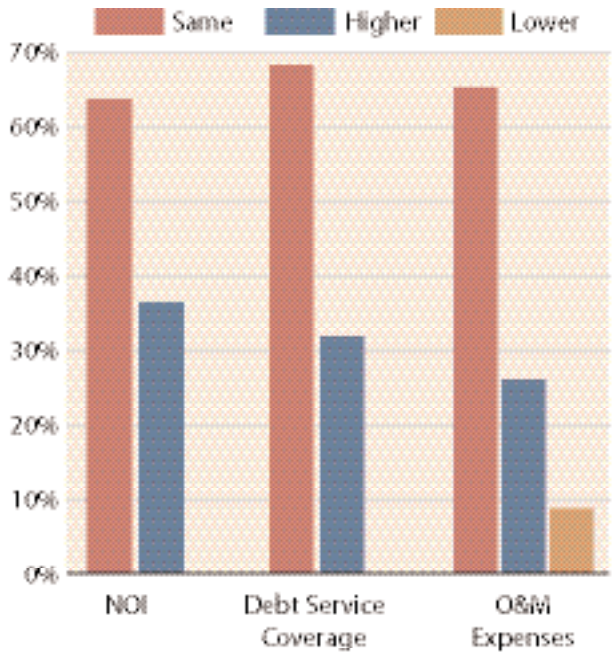
Loan Expectations

A new question in this year's survey asked respondents how their portfolio of rent stabilized buildings performed as compared with expectations at the time of initial loan origination with regard to net operating income, debt service coverage, and operating and maintenance expenses. A majority (approximately 70%) of lenders felt that expectations in all three areas had been met or exceeded for their rent stabilized portfolio. Just over half of lenders responded that loans had performed the same as expectations in all three areas, and just three lenders responded that expectations had been exceeded in all three areas (see graph on this page).

More specifically, 14 of the 22 (63.6%) lenders who responded to the NOI question felt that the income of their rent stabilized portfolio performed to expectations at the time of initial loan origination, while eight felt it outperformed expectations, and none felt it fell short of expectations. Three lenders did not answer the question. Responses for debt service coverage were similar, with 15 lenders replying that expectations had been met, and seven responding that debt service coverage was higher than expected, and none believing that it was lower than expectations. Finally, O&M expenses had the most variation — 15 respondents felt they met with original expectations, while six responded expenses were higher than expectations, and two found expenses to be lower than what was originally anticipated.

2005 Performance of Rent Stabilized Loans as Compared to Expectations

Most Respondents Report that Loans Perform as Expected



Source: Rent Guidelines Board, annual Mortgage Surveys.

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 simply the presence of a different pool of lenders from year to year. In this section, responses from the 21 lenders who replied to surveys both last and this year (the longitudinal group) were compared to highlight changes between 2004 and 2005.

Financing Availability and Terms

Because 84% of respondents to this year's survey also participated last year, the longitudinal analysis provided data that is very similar to the findings of the cross-sectional group. This year's average interest rate for new financing reported by the longitudinal group was 5.67%, virtually equal to last year's longitudinal group, which had an average interest rate of 5.69%. (See Appendix E.3) The same results were found in interest rates for refinanced loans, where the interest rate remained stable at 5.67% between 2004 and 2005. (See Appendix E.4)

Average points offered by lenders fell slightly for both new and refinanced loans this year among the longitudinal group. This sample reports an average of 0.51 points for new loans, slightly lower than last year's 0.54, while refinanced loans fell by roughly the same amount, from 0.53 last year to 0.51 this year, a 3.6% decline.

As with the cross-sectional group of lenders, the longitudinal group saw loan volume decrease

Selected 2005 Cross-Sectional Data Compared to 2005 Longitudinal Data

(Average Interest Rates, Loan Volume, Points, Loan-to-Value Ratios, Debt Service Coverage, and Vacancy & Collection Losses)

(Averages)	NF Interest Rate	RF Interest Rate	NF Loan Volume	RF Loan Volume	NF Points	RF Points	Max LTV Ratio	Debt Service	V&C Losses
2005 Cross-Sectional Data	5.51%	5.48%	122	146	.56	.56	76.3%	1.24%	3.6%
2005 Longitudinal Data	5.67%	5.67%	143	175	.51	.51	75.5%	1.24%	3.5%

NF= New Financing
RF= Refinancing
Source: Rent Guidelines Board, Annual Mortgage Surveys

substantially over last year for both new and refinanced mortgages, at a much higher rate for new originations than for refinanced loans. The average number of new loans opened by participating institutions fell by 26.8% among the longitudinal sample between this year and last, declining from 195 to 143. The number of refinanced loans established by the longitudinal group saw a smaller but still significant decrease, with an average of 175 refinanced loans this year compared to 202 the year before, a 13.5% decrease.

While 65% of lenders in last year's longitudinal group reported that their loan volume had increased over the past year, only 28.6% of this year's reported the same, with almost all lenders attributing the growth to an increase in applications, as opposed to approvals. Only one lender in this year's longitudinal group attributed their volume change to an increase in approvals, while one lender attributed their volume decrease to a decrease in approvals. All other lenders attributed the change directly to the volume of loan applications.

Lending Standards

The average maximum loan-to-value (LTV) ratio increased by 1.6 percentage points between 2004 and 2005 for the longitudinal group, rising from 73.9% to 75.5%. Rates for debt service coverage remained virtually unchanged, falling .01 percentage points to 1.24 from 1.25 last year. (See Appendix E.5)

As in the cross-sectional group, vacancy and collection (V&C) losses in the longitudinal group rose this year, increasing from 3.36% to 3.45%, a 2.8% increase. In addition, while last year only 19% of institutions reported V&C losses of 5% or higher, this year 33.3% have losses of that magnitude.

Non-performing and Delinquent Loans

Examining non-performing or delinquent loans among the longitudinal group over the last two years, little difference was found among responding institutions. Delinquencies continue to be insignificant, with no lenders in the longitudinal group reporting any significant share of non-performing loans or foreclosures during this past year.

Conclusion

The *2005 Mortgage Survey* results reiterate once again that the market for multifamily loans is a borrower's market, but is slowing down as many borrowers have already taken advantage of low interest rates and flexible financing terms. The Federal Reserve Board's policy of historically low interest rates has kept mortgage rates low and competitiveness between lenders high. As in recent years, the lending market remained stable and accessible. Interest rates for both new and refinanced mortgages declined, and lending terms remained similarly flexible. V&C losses increased, but still remain low, and non-performing and/or foreclosure loans remain virtually non-existent. Time will tell when and by how much the Fed raises interest rates (which were raised a quarter point at the first Federal Reserve meeting of the year), and what impact it will have on the market

for multifamily loans. Many economists believe rates will increase gradually through the entire year, reaching 4% by early next year.[10] ❒

Endnotes

1. Federal Reserve Board website: http://www.federalreserve.gov/fomc/fundsrate.htm.

2. To determine the frequency of which non-primary lenders finance rent stabilized buildings, a random sample of 229 separate rent stabilized buildings was researched using the NYC Department of Finance's Automated City Register Information System. Among the sample, no instances of lending by non-primary lenders were found, suggesting that rent stabilized buildings owners mainly rely on primary lending institutions when financing or refinancing their buildings.

3. FDIC data derived from the FDIC website. World Wide Web Page <http://www.fdic.gov> (accessed March 2, 2005). Report date of September 30, 2004.

4. Approximately $1.5 billion of the increase can be attributed to a merger with another bank that was completed on October 31, 2003.

5. Almost all of the 800% increase in multifamily real estate holdings between September 30, 2003 and September 30, 2004 can be attributed to a merger with another bank that was completed on September 1, 2004.

6. "Survey: Economists forecast steady growth in 2005," by Sue Kirchhoff and Barbara Hansen, *USA Today*, February 1, 2005.

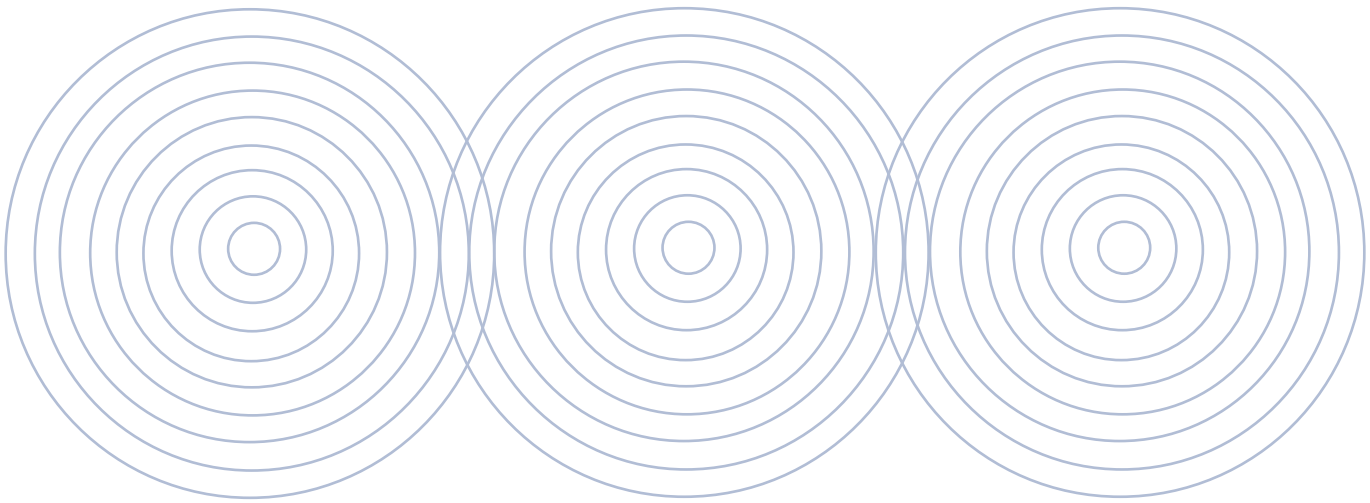
7. One lender did report a maximum LTV ratio of 100%. That lender is a government agency that primarily makes loans for rehabilitation of affordable housing properties, and therefore had different lending standards than the typical lender in the survey.

8. 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.

9. The operating and maintenance cost-to-rent ratio from the *2005 Mortgage Survey* reflects estimates by lenders of expenses and rents for rent stabilized buildings as of approximately January 2005. The average ratio is calculated from just 25 responses. The latest available O&M cost-to-rent ratio from the Income and Expense Study (I&E), in which average rent was $821 and average audited cost was $523, reflects rents and expenses reported by owners for calendar year 2002. 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 eleven or more units, while the Mortgage Survey Report does not exclude these buildings.

10. See Endnote 6.

Income and Affordability



2005 Income and Affordability Study

what's new

- ✔ New York City's economy grew by 2.4% in 2004, compared to a 2.4% drop in 2003.
- ✔ The City gained 10,000 jobs in 2004, a 0.3% increase from 2003 in total employment levels.
- ✔ The unemployment rate decreased to 7.1% in 2004, down from 8.3% in 2003.
- ✔ The Bronx, Brooklyn, and Manhattan all saw their unemployment rates drop by 1.3 percentage points between 2003 and 2004, while Queens and Staten Island both dropped by one percentage point.
- ✔ Inflation averaged 3.5% in the metro area in 2004, up from 3.1% in the prior year.
- ✔ Inflation-adjusted wages decreased 1.5% in 2003, compared to a 5.0% decrease in 2002.
- ✔ In fiscal year 2004, 38,136 homeless people were staying in municipal shelters, up 1.9% from 2003.
- ✔ The average number of families temporarily sheltered each night increased 1.6%, to 9,109 in fiscal year 2004, compared to a year earlier.
- ✔ The number of non-payment filings in Housing Court decreased 17.9% in 2004, to 261,085.

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.

Summary

For the first year since 2000, New York City's economy rose from recession, with declining unemployment rates and housing court filings, rising employment levels, and Gross City Product growing in every quarter of the year. Unemployment rates decreased for the first time in four years, declining 1.2 percentage points, to 7.1%. Total employment levels in the City increased 0.3%, and the City's Gross City Product increased by 2.4% in 2004, the fifth consecutive quarterly increase. Non-payment filings in Housing Court also decreased for the second consecutive year, falling 17.9%.

But while the City technically moved from recession, a number of other economic indicators showed an opposite trend. Real wages declined by 1.5%, in addition to a 5.0% drop the previous year. The number of persons receiving public assistance increased during Fiscal Year (FY) 2004, as well as during the first four months of FY 2005. In addition, the number of homeless in City shelters remained at record numbers, especially among single adults. Housing and Vacancy Survey (HVS) data published two years ago also confirms that the vacancy rate remains below the 5% threshold, at 2.94% citywide.

Economic Conditions

The City's economy in 2004 rose from recession for the first time since 2000. New York City's Gross City Product (GCP), which measures the total value of goods and services produced, increased by 2.4% in 2004, after falling 2.4% in 2003, 3.8% in 2002, and 1.4% in 2001.[1] For comparison, GCP increased at an annualized rate of 6.0% from 1994 through 2000. Prior to the recent recession, the last time yearly GCP declined was in 1991. Quarterly GCP increased in each

of the past five quarters, including a high of 4.5% growth in the fourth quarter of 2004.[2] The analogous national number, United States Gross Domestic Product (GDP), has increased annually since 1991, including a 4.4% increase in 2004, and a 3.0% increase in the prior year.

The Consumer Price Index (CPI), which measures the change in the cost of typical household goods, increased at a higher rate in 2004 (3.5%) than in 2003 (3.1%) in the NYC metropolitan area, signifying a more rapid rate of inflation. The U.S. CPI for urban consumers also increased at a higher rate this year, up 2.7% in 2004 versus an increase of 2.3% in 2003. This is the third year in a row, and only the third time since 1992, that inflation in the New York area grew more rapidly than in the United States as a whole.[3]

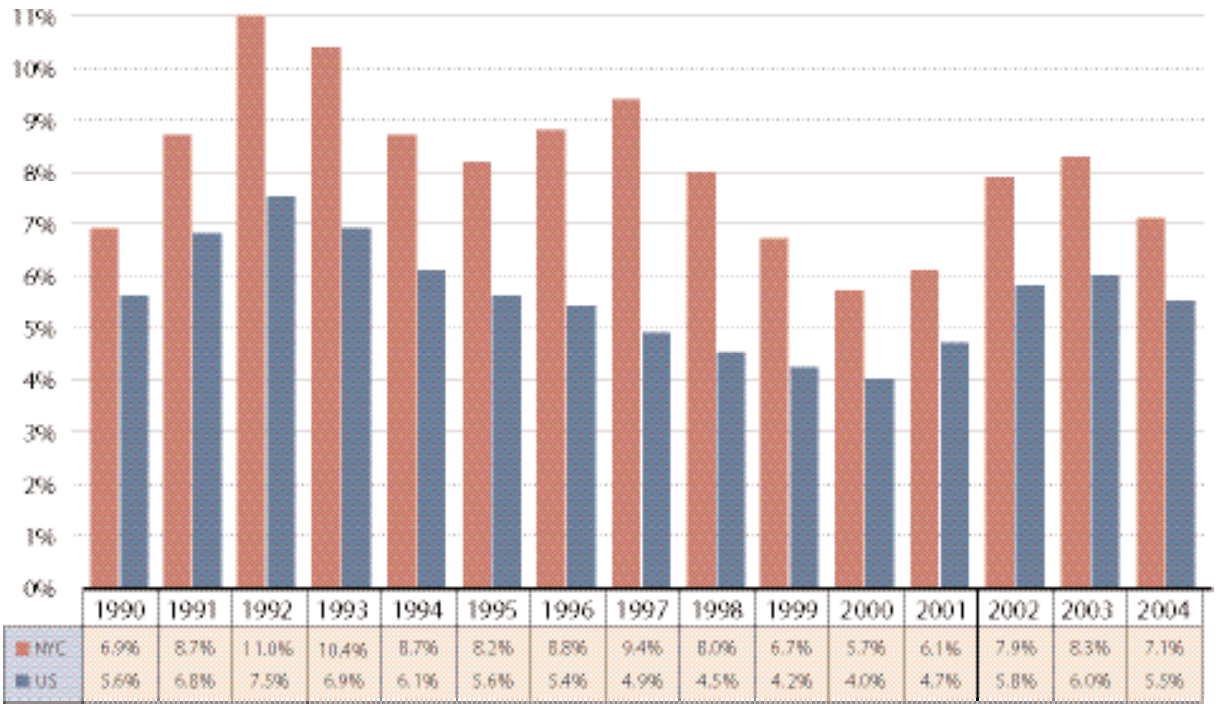
For the first time since 2000, NYC's unemployment rate decreased, falling by 1.2 percentage points (14.5%), from 8.3% in 2003 to 7.1% in 2004. The U.S. unemployment rate also decreased over the past year, but at a slower rate, down 0.5 percentage points to 5.5% in 2004. The gap between the NYC and nationwide rates is now at its smallest level since 2001 and is one of the smallest of the past 15 years. (See graph below and Appendix F.1)

During the early months of 2005, unemployment rates in NYC continued to decrease over average 2004 levels. The City jobless rate stood at 6.2% in January 2005 and 6.5% in February, both lower than the City's 2004 average rate of 7.1%. In contrast, the national unemployment rate was 5.7% in January of this year and 5.8% in February, slightly higher than the U.S. 2004 average of 5.5%.

At the local level, unemployment rates dropped at least one percentage point in each of the five boroughs over the past year. Manhattan, Staten Island, and Queens all had virtually identical unemployment rates in 2004, at 6.2%, 6.3%, and 6.4% respectively. Brooklyn had the second-highest unemployment rate, at 7.7%, while the Bronx once again had the highest rate of

NYC and U.S. Unemployment Rates, 1990-2004

NYC and U.S. Unemployment Rates Fall in 2004



	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
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%	7.9%	8.3%	7.1%
US	5.6%	6.8%	7.5%	6.9%	6.1%	5.6%	5.4%	4.9%	4.5%	4.2%	4.0%	4.7%	5.8%	6.0%	5.5%

Source: U.S. Bureau of Labor Statistics.

the boroughs, 9.1%. The NYS Dept. of Labor recently modified unemployment numbers at the borough level between 2000 and 2003, revealing that unemployment rates dropped by 1.3 percentage points in the Bronx, Brooklyn, and Queens between 2003 and 2004, and dropped one percentage point in both Queens and Staten Island during that period. Despite these drops, unemployment rates are still higher than rates in 2001, ranging from a low of 0.5 percentage points higher in Manhattan to 1.7 percentage points higher in the Bronx.

Two other employment indices increased slightly in 2004. The NYC labor force participation rate — which measures the proportion of all non-institutionalized people, aged 16 and over, who are employed or actively looking for work — increased slightly in 2004, to 59.0%, up from 58.9% in 2003.[4] This remained lower than the U.S. rate, which decreased slightly over the past year, to 66.0% in 2004, from 66.2% in the prior year, the fourth consecutive decrease.

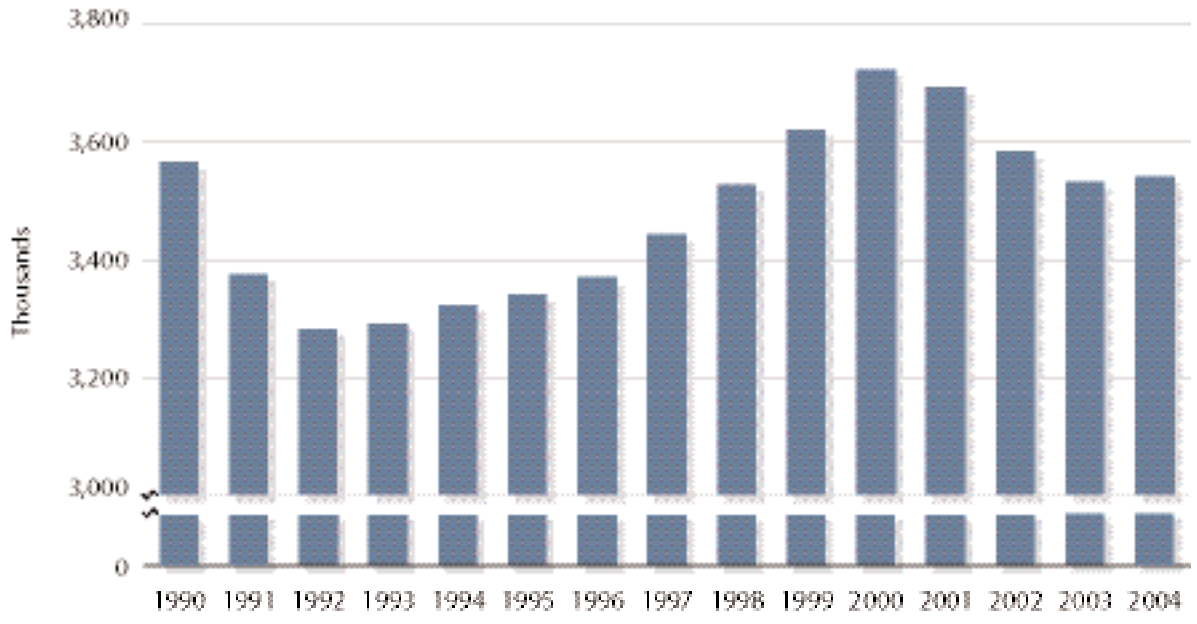
In addition, the NYC employment/population ratio, which measures the proportion of those who are actually employed as a ratio of all non-institutionalized people age 16 or over, also increased marginally, to 54.8% in 2004, up 0.8 percentage points from 2003. The U.S. employment/population ratio remained stable at 62.3% in both 2003 and 2004. The increase in both the City's labor force participation rate as well as the City's employment/population ratio, simultaneous to the decrease in the unemployment rate, suggests those people searching for work are having an easier time finding it than in the past few years.

The decreasing rate of unemployment is also reflected in the increasing number of those employed in New York City (see graph below), the first such increase since 2000. Overall, among both city residents as well as those commuting into the city, NYC gained 10,000 jobs in 2004, a modest 0.3% increase from 2003. These job gains follow job losses totaling almost 200,000 between 2001 and 2003.

Overall, many industries tracked in the I&A Study saw small increases in employment, while a few saw more significant 3-5% decreases.[5] The manufacturing sector lost the highest proportion of jobs in 2004, down 5.3%, or 6,700 jobs (the seventh consecutive annual

Average Annual Payroll Employment, NYC, 1990-2004

NYC Employment Levels Rise Slightly, First Time Since 2000



Source: U.S. Bureau of Labor Statistics.

decrease in that sector), and management of companies dropped 4.9% or 2,900 jobs, the first decrease in that sector since 2000. Federal government jobs also saw a significant 2,000-person job loss, a decline of 3.4% over 2003 levels, although local and state employment levels remained stable.

Among the industries tracked, two had increases of more than 1% between 2003 and 2004. Leisure and hospitality increased by the greatest amount, a 3.2% rise to reach a record-high 268,600 persons, while educational and health services rose 1.3%, to 666,600. Other industries saw very modest increases of less than 1%, including trade, transport, and utilities; financial activities; and professional and business services. (See Appendix F.2)

This report also examines wage data of employees working in New York City (regardless of where they live), though the analysis is limited by the fact that there is a one-year lag in the reporting of income data. The most recent numbers, which cover the 2003 calendar year, reveal a small decrease in real wages, and a small increase in nominal wages. Real wages fell the prior year by 5.0%, the first decline since 1994. This year real wages fell again, by a more modest 1.5%, from $61,289 (in 2003 dollars) to $60,365. Nominal wages (wages in current dollars) increased by 1.5% over the past year, rising from $59,461 in 2002 to $60,365 in 2003. Excepting last year's 2.6% decrease in nominal wages, this was the smallest nominal increase since 1994.

Of the sectors tracked in this report, four had increases in real wages during 2003 — information, manufacturing, services, and government. Of the four, two rose with significance. The information sector saw the largest increase in real wages, rising 4.5% from 2002 to 2003 to reach more than $84,000. The other significant increase was in manufacturing, which increased 2.6% from 2002 to 2003, to reach $42,725. The construction, trade, services, and government sectors saw little to no change in real wages, each either falling or rising by no more than 0.5%. The largest decrease among tracked sectors was management of companies, which decreased in real terms by 13.8% over the year, and is now more than $20,000 below real 2000 wages. Other significant decreases in real wages were in the FIRE (finance, insurance and real estate) sector, where real wages decreased by 3.1%, and transportation, which declined by 2.3%.

Poverty remains a problem in a City recovering from recession. After declining from 26.4% in the mid-nineties to 19.8% in 1999-2000, the poverty rate has begun to rise, up 0.2 percentage points in 2002-2003 (the most recent available data) from the previous year's rate, to 20.7%.[6]

Affordability of Rental Housing

Despite ongoing efforts by a number of government agencies and non-profit groups, housing affordability remains an issue in a city ranked 11th highest in a nationwide survey of monthly rental costs ($816), but 37th highest in median household income ($39,937).[7]

A similar survey, the 2002 Housing and Vacancy Survey (HVS),[8] found a citywide vacancy rate of 2.94%, well below the 5% threshold required for rent regulation to continue under State law. It also found a median gross rent-to-income ratio of 28.4%,[9] meaning that half of all households residing in rental housing pay more than 28.4% of their income in gross rent, and half pay less. In addition, more than a quarter (25.7%) of rental households pay more than 50% of their household income in gross rent. Generally, housing is considered affordable when a household pays no more than 30% of their income in rent.[10] More detailed 2002 HVS data can be found in the two previous *Income & Affordability Studies*, or in Appendix D of the *Housing NYC* book, starting on Page 100 of this book.

A number of studies have chronicled the difficulty New Yorkers face in finding affordable housing, including an annual study by the National Low Income Housing Coalition that found NYC housing to be unaffordable to the poorest working New Yorkers. In order to afford a two-bedroom apartment at the City's Fair Market Rent (FMR), as determined by the U.S. Department of Housing and Urban Development (HUD), a full-time worker must earn $19.58 per hour, or $40,720 a year. Alternately, those who earn minimum wage would have to work the equivalent of 131 hours a week (or two people residing together would each have to work 65.5 hours a week) to be able to afford a two-bedroom unit priced at FMR.[11]

A May 2003 report studied housing affordability nationwide for people with disabilities who receive federal Supplemental Security Income (SSI) benefits. The report examined income from SSI benefits as compared to HUD Fair Market Rents in metropolitan areas nationwide. The report found that 132 metropolitan areas had one-bedroom fair market rents that were higher than monthly SSI payments. Of these 132 areas, New York City ranked 23rd highest, with rents for one-bedroom apartments exceeding SSI payments by more than 43%. Rents for studio apartments ran 29% higher than monthly SSI payments.[12]

Another report, published by the Women's Center for Education and Career Advancement, focused on the income needs of families living in New York City. Relying on fair market rents and estimates of other non-housing needs, the report calculates a "self-sufficiency wage" for each of the five boroughs for single adults and families, defined as the minimum amount of money needed to realistically survive in NYC.[13] The report found that for single adults, the self-sufficiency wage between 2000 and 2004 increased anywhere between a low of 14% in North Manhattan[14] to a high of 42% in South Manhattan, where the self-sufficiency wage was highest, at $40,048. Other selected results include an increase of 6% in North Manhattan for a one adult/one child household (reaching $36,481), 20% in Queens for a single adult/two child household (to reach $54,961), and an increase of 19% in Brooklyn for a two adult/two child household (reaching $57,234). Housing costs are estimated to have risen 17% over the four year period for all of New York City.

In "An Update on Urban Hardship," the Nelson A. Rockefeller Institute of Government compares whether urban areas have increased or decreased their hardship levels between 1970 and 2000 using six criteria — unemployment rates, dependency rates (i.e. percentage or population under the age of 18 or over 64), education levels, per capita income, prevalence of crowded housing (defined as more than one person per room), and poverty levels. The study found that in 2000, New York City ranked 10th worst in the list of 86 cities studied, a rise from 28th in 1970. This was one of the largest downward moves of cities in the study.[15]

Due to affect New Yorkers now and for at least the next few years are plans by the Bush administration to reduce federal funding to the Section 8 program. The program allows recipients to rent apartments in the private marketplace, generally paying 30% of their income towards rent while the program makes up the difference. The New York City Housing Authority recently estimated that they will get $50 million less than their 2005 budget request, reducing the number of vouchers by approximately 6,000,[16] while an independent think tank estimated that by 2010 the number of vouchers available citywide would be reduced by 20,000.[17]

Public Assistance Programs

After falling significantly for many years, public assistance caseloads rose this year for the first time since 1993, after dropping slightly in 2003. Public assistance rolls are made up of two main programs: the Family Assistance Program (FAP) and the Safety Net Assistance (SNA) program.[18] The Mayor's Management Report discloses that during Fiscal Year (FY) 2004, 437,400 persons were receiving public assistance through these two programs, an increase of 3.8% (15,900 persons) from a year earlier (see graph on following page).[19]

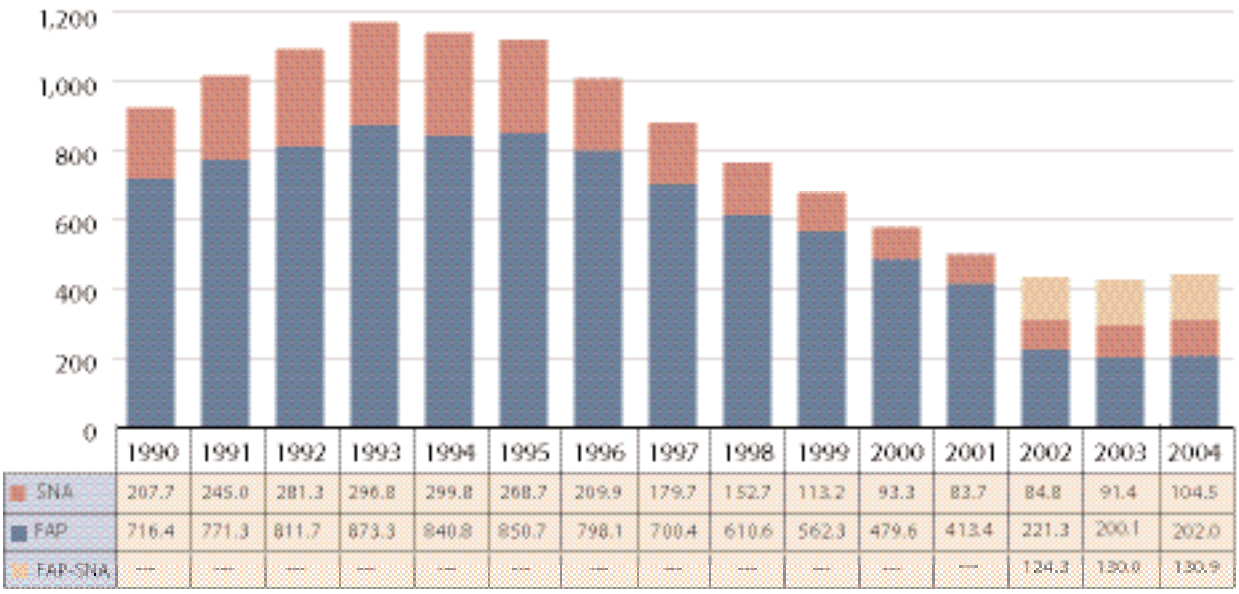
In addition to the increase in public assistance recipients during FY 2004, applications for public assistance also rose over FY 2003 levels, increasing by 5.9%. Despite this year's increase in caseloads and applications, over the last nine years the number of public assistance recipients has dropped significantly, falling 62.3% since March 1995, when the City's welfare reform initiative began and 1,161,000 recipients were on the rolls.

During the first four months of FY 2005, the most recent period for which data is available, public assistance caseloads are up 1.1%, or 4,900 cases from the same period the previous year, for a total of 437,700 persons, just 300 more cases than July 2004 levels. Overall, there was a 2.0% decrease in the number of new public assistance applications during the first four months of FY 2005, following increases in each of the previous two years.

The Mayor's Management Report also tracks the number of recipients of FAP that participate in work activities. In FY 2004, 37.0% of FAP families worked, a decrease of 1.2 percentage points from the previous year. During the first four months of FY 2005, 36.3% of FAP

Family Assistance Program (FAP) and Safety Net Assistance (SNA), FY 1990-FY 2004

Public Assistance Caseloads Increase Slightly



	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
SNA	207.7	245.0	281.3	296.8	299.8	268.7	209.9	179.7	152.7	113.2	93.3	83.7	84.8	91.4	104.5
FAP	716.4	771.3	811.7	873.3	840.8	850.7	798.1	700.4	610.6	562.3	479.6	413.4	221.3	200.1	202.0
FAP-SNA	---	---	---	---	---	---	---	---	---	---	---	---	124.3	130.0	130.9

Note: FAP-SNA refers to welfare recipients who were converted from the Family Assistance Program to the Safety Net Assistance Program

Source: *Mayor's Management Reports*, FY's 1990 - FY 2004

families participated in work activities, up just slightly from 36.1% last year, but down from 49.3% in FY 2002. The number of reported job placements among public assistance recipients (excluding placements through the Workforce Investment Act) also dipped, down 7.2% during FY 2004, to 78,486. Between July and October, placements are up almost 19% from the same period the prior year.

And after declining for three consecutive years, the number of food stamps recipients began increasing again in FY 2003 and FY 2004. Levels are now their highest in five years — 991,800 persons, up 13.8% from last year and 20.9% from FY 2002. That number increased again during the beginning third of FY 2005, rising 13.5% from the same period the previous year and 5.1% over final FY 2004 rates to reach 1.04 million.

Housing Policy

New York City receives funding for a variety of housing programs from the U.S. Department of Housing and Urban Development (HUD). In the 2004 calendar year, NYC received $913 million from federally funded programs. These programs included $262.5 million in a Community Development Block Grant (CDBG), which funds housing and community development programs; $128.6 million for the HOME Investment Partnership Program, which helps preserve existing housing stock; $8.1 million for the Emergency Shelter Grant (ESG) program, which is used for homeless programs; and $60.4 million for Housing Opportunities for Persons with AIDS (HOPWA). In 2005, the City expects to receive $877.7 million for federally funded programs, which represents a 3.9% nominal decrease over 2004 levels, and a 7.5% decrease in inflation-adjusted dollars.[20]

With the City facing significant budget problems, it has received permission from the federal government to use more of its CDBG dollars (approximately $19 million) for a variety of public services in FY 2003, 2004, and 2005 that normally would not be funded in this way, thus reducing the amount of money actually allocated for housing. The Department of City Planning expects the City to receive similar permission for reallocation in FY 2006.

Evictions & Homelessness

Homelessness & Emergency Assistance

Homelessness in the City, based on visits to City shelters, remained at record levels during fiscal year 2004. During FY 2004, an average of 38,136 persons stayed in City shelters, up 711 persons, or 1.9%, from a year earlier, and 23.3% from FY 2002. The increase in the number of single adults staying in City shelters was even greater, with an average of 8,445 staying in shelters in FY 2004, 6.1% higher than during FY 2003, and 10.2% higher than in FY 2002. The number of families in shelters also increased, up 1.6% over the year and 30.4% over the past two years to reach 9,109. There was a slight increase of 0.4% in the number of children staying in City shelters during FY 2004, reaching 16,404, 25.4% higher than FY 2002 levels.[21]

During the first third of FY 2005, homelessness began decreasing, falling 4.2% among all individuals as compared to the same period the previous year and 4.0% over total FY 2004 averages, an average of 36,660 persons. Homeless children levels fell by an even greater amount, decreasing by 8.8% over the year to 15,396. Families in shelters also fell during the start of FY 2005, declining by 4.3% to an average of 8,828. However, the number of single adults utilizing shelters did rise during the first third of FY 2005, increasing by 4.5% as compared to the same period the previous year, but at 8,843 persons was virtually identical to total FY 2004 averages.

The number of families relocated to permanent housing increased in FY 2004, to a total of 7,006, 32.5% higher than during FY 2003. However the average number of days in temporary housing rose over the same period, increasing by almost 5 ½ weeks (12.5%) to reach an average of close to 49 weeks. The number of families found ineligible for temporary housing also increased, rising 26.9% to 11,952.

During the beginning four months of FY 2005, both the number of families relocated to permanent housing as well as the average days in temporary housing remained virtually unchanged from the same period a year earlier. An average of just two additional families were relocated to permanent housing between July and October 2004 as compared to the same period in FY 2004, a total of 2,321 families. Similarly, the average time spent in temporary housing decreased from 334 days to 333 days during this same time frame. In addition, after almost doubling last year, the number of families found ineligible for temporary housing fell 7.8% during the first four months of FY 2005, decreasing to 4,664 families.

In December of 2004, the Department of Homeless Services implemented a new program aimed at moving the homeless population off of dwindling Section 8 vouchers and to a new rent subsidy called "Housing Stability Plus (HSP)." The Bloomberg Administration hopes that up to 6,500 homeless families a year can find permanent housing with these vouchers, which drop in value by 20% every year for five years until expiring completely. HSP vouchers, which are generally worth less than Section 8 vouchers, can be combined with public assistance shelter allowances to help bridge the gap between income and rent.[22]

Through this initiative and a number of others, including expanded drop-in centers and housing court initiatives, the administration hopes to cut the number of homeless people in shelters by 25,000 persons by 2009.[23] Critics counter that the new plan may increase homelessness rather that decrease it because homeless families will no longer have priority for Section 8 or public housing vacancies, they will have difficulty supplementing their income to compensate for the annual decreases in the value of the vouchers, and because landlords may be reluctant to rent apartments to participants in the program.[24]

Housing Court

Another useful way to assess the impact of economic conditions on New York City's renters is to examine housing court data. Specifically, Housing Court actions are reviewed to determine the proportion of tenants who are unable to meet their rental payments. To measure the number of households experiencing the most severe affordability problems, evictions are also tracked.

After increases in 2002 (19.4%), the number of non-payment filings in Housing Court decreased by 4.0% in 2003, and another 17.9% in 2004 to reach 261,085.[25] While court filings decreased in 2004, the proportion of cases resulting in an actual court

appointment ("calendared") increased almost five percentage points, up to 46.7% from 41.8% last year, the second highest proportion the RGB has ever recorded. During the mid-to-late 1980s, an average of 27.1% of non-payment filings were calendared. That figure has climbed steadily since then, reaching a high of 47.2% in 2001. Of the 261,085 non-payment filings during 2004, 67,563 were filed against tenants of New York City Housing Authority buildings, with 18,644 of these filings resulting in a court appearance.[26]

The proportion of non-payment proceedings Citywide that resulted in an eviction/possession ruling in 2003 (the most recent year that data is currently available for), remained virtually the same as the prior year, down from 17.9% in 2002 to 17.5% in 2003. This translates to 23,236 court decisions ruled for the tenant's eviction from a total of 133,074 non-payment proceedings.[27] This proportion remains 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)

Conclusion

For the first time since 2000, New York City's economy rallied from an almost three-year-long recession, as reflected in increasing Gross City Product, falling unemployment rates and eviction proceedings, and increasing employment levels. The City pulled out of a recession during the fourth quarter of 2003, and during 2004 Gross City Product increased 2.4%. Unemployment rates dropped significantly, falling 1.2 percentage points Citywide, from 8.3% to 7.1%. And total employment levels rose slightly, up 10,000 jobs, the first increase since 2000. Filings in housing court also dropped in 2004, falling 17.9%, the second consecutive decrease in filings after large gains in 2002.

But indicators of the economic health of NYC were mixed, with real wages falling, homelessness levels high, food stamp recipients increasing, and public assistance levels rising for the first time since FY 1993. Although nominal wages increased by 1.5% in 2003, real wages fell 1.5%, following a drop of 5.0% the prior year. One of the most highly paid sectors, management of companies, saw a drop in real wages of almost 14%, in addition to job losses of 5%. Homelessness has remained at record levels, increasing by 1.9% during FY 2004, but falling during the beginning months of FY 2005, while food stamp recipients increased during both time periods. The number of public assistance recipients rose 3.8% during FY 2004, and again in the first four months of FY 2005, the first increase since welfare reform initiatives of the mid-1990s. ❐

Endnotes

1. GCP figures are adjusted annually by the New York City Comptroller's Office. The figures in this report are the latest available estimate from that office, based on inflation adjusted 2000 chained dollars.

2. "NYC's Economy Grew in 4Q04," Economic Notes, NYC Comptroller's Office, March 2005.

3. While 2002 was the first time in 10 years that the NYC metro area CPI increase exceeded that of the U.S. rate for urban consumers, there were three years in which NYC and the U.S. had equal increases in the CPI.

4. The NYC labor force participation rate and employment/population ratio are derived from unpublished data from the U.S. Bureau of Labor Statistics. Note that prior years' data were recently revised, and differ from figures reported in prior years' *Income and Affordability Studies*.

5. The NYS Dept. of Labor and U.S. Bureau of Labor Statistics recently updated their employment classification system. The new system, called NAICS (North American Industry Classification System), is designed to more accurately reflect the nation's services-centered economy. NAICS replaces the prior system, called SIC (Standard Industrial Classification), which was developed in the 1930s, when the U.S. economy was manufacturing-dominated. Two new NAIC categories, which are discussed in this report, include "information" and "management of companies." Further information on the transition is available on the NYS Dept. of Labor website at http://www.labor.state.ny.us/labor_market/lmi_business/employ/naicsfaqs.htm.

6. "Poverty in New York City, 2003: Where is the Recovery? Where was the Recession?" Community Service Society (CSS) of New York, September, 2004. Based on study of U.S. Census Bureau data. Study averaged two consecutive years of census data in calculating poverty rates.

7. 2003 American Community Survey, U.S. Census Bureau. http://www.census.gov/acs/www/index.html

8. The New York City Housing and Vacancy survey (HVS) is sponsored by the NYC Department of Housing Preservation and Development (HPD) and conducted by the U.S. Census Bureau.

9. This ratio, as reported in published tables of the 2002 Housing and Vacancy Survey by the U.S. Census Bureau, includes all households, including those with a gross rent-to-income ratio exceeding 100%. The ratio excluding those households with gross rent-to-income ratios exceeding 100% would be 26.7%. This statistic came directly from the U.S. Census Bureau at the request of the Rent Guidelines Board and cannot be duplicated in publicly available microdata because of "topcoding" issues. In addition, the gross rent-to-income ratio of 28.4% presented in this report differs slightly from rates presented in the past two reports, which were based on preliminary numbers. The statistic for the ratio of 25.7% of households with gross rent-to-income ratios greater than 50% was similarly changed.

10. The HUD benchmark for housing affordability is a 30% rent-to-income ratio. Source: Basic Laws on Housing and Community Development, Subcommittee on Housing and Community Development of the Committee on Banking Finance and Urban Affairs, revised through December 31, 1994, Section 3.(a)(2).

11. National Low Income Housing Coalition report, "Out of Reach 2004," December, 2004.

12. "Priced Out in 2002," Technical Assistance Collaborative, Inc.and Consortium for Citizens with Disabilities Housing Task Force. May, 2003.

13. "The Self-Sufficiency Standard for the City of New York 2004," Women's Center for Education and Career Advancement. December, 2004. The self-sufficiency wage includes "housing, child care, food, transportation, health care, miscellaneous expenses (clothing, shoes, household items, telephone, etc.) and federal, state and local taxes."

14. "North Manhattan" is defined in the report as Manhattan north of 110th Street on the West Side and north of 96th Street on the East Side. "South Manhattan" would be the balance of Manhattan.

15. "An Update on Urban Hardship," The Nelson A. Rockefeller Institute of Government. August, 2004.

16. "HUD Aid Short by $50 Million, City Reports," *New York Times*, David W. Chen. January 27, 2005.

17. Estimates from the Center on Budget and Policy Priorities. Revised March 8, 2005.

18. In FY 2002, the City began shifting a large number of FAP recipients (federally funded by the Temporary Assistance to Needy Families (TANF) program) over to the SNA program after their federal benefits expired.

19. *Mayor's Management Reports*, Fiscal Year 1995 - Preliminary Fiscal Year 2005.

20. *Consolidated Plan 2004* and *Consolidated Plan 2005*, NYC Dept. of City Planning.

21. Source: NYC Dept. of Homeless Services, shelter census reports.

22. "Evaluating the Fiscal Impact of the Housing Stability Plus Program," New York City Independent Budget Office. March, 2005.

23. "Bloomberg Sets Detailed Plan to Cut Number of Homeless," *The New York Times*, Leslie Kaufman. September 23, 2004.

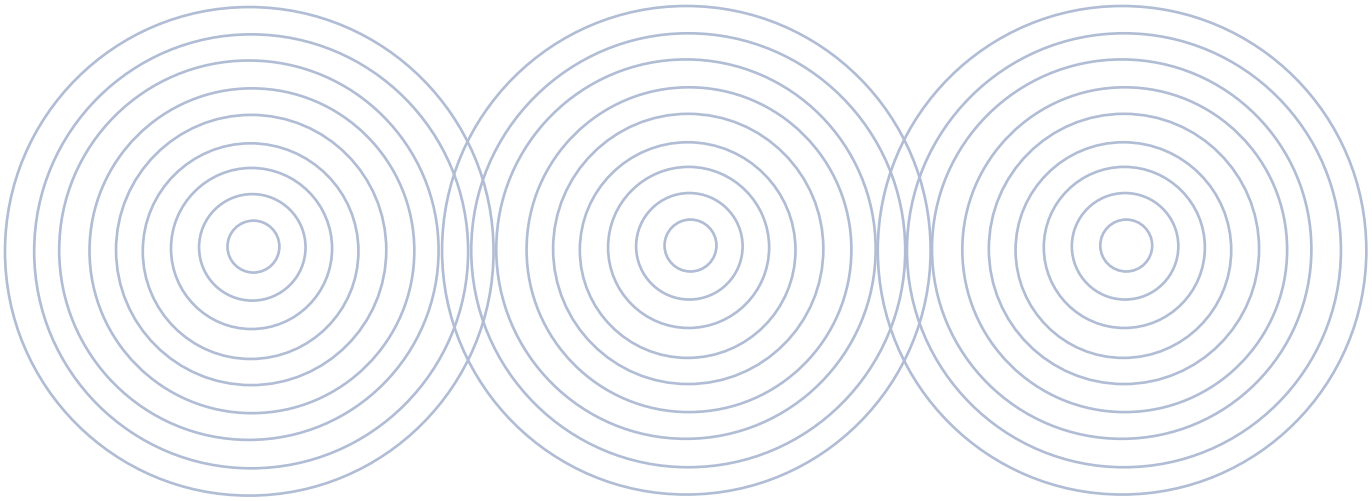
24. "The Bloomberg Administration's Flawed Homeless Rental Assistance Plan: A Misguided Plan with Opportunities for Effective Change," Policy Brief, Coalition for the Homeless. November, 2004.

25. Civil Court of the City of New York data.

26. The New York City Housing Authority is required by law to begin non-payment proceedings 14 days after the rent due date.

27. NYC Department of Investigation, Bureau of Auditors data.

Housing Supply



what's new

- ✔ Permits for 25,208 new dwelling units were issued in NYC in 2004, the most since 1972 and an 18.8% increase over the prior year.
- ✔ The number of new housing units completed in 2004 increased 33.2% over the prior year, to 17,028, the most since 1976.
- ✔ The citywide vacancy rate was 2.94% in 2002.
- ✔ City-sponsored residential construction spurred 10,201 new housing starts, approximately half new construction and half rehabilitations.
- ✔ The city-owned *in rem* housing stock continued to decline, falling 41.2% during FY 2004.
- ✔ The number of housing units newly receiving 421-a exemptions increased 78.2% in 2004, to 6,738.
- ✔ The number of housing units newly receiving J-51 abatements and exemptions increased 58.8% in 2004, to 117,503.
- ✔ The Attorney General's office reported a 41.3% increase in the number of co-op or condo plans accepted in 2004, to 308 plans containing 8,014 units.
- ✔ Demolitions, as reported by the New York City Department of Buildings, were also up in 2004, increasing by 22.0% to reach 2,745 buildings.

Introduction

Over the past year there was an 18.8% increase in the number of permits issued for new dwelling units, rising to 25,208, the most since 1972. The number of completed housing units grew as well, rising 33.2% after falling more than 20% last year. 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 41.3% increase in the number of cooperative and condominium plans accepted 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 33% during the 2004 fiscal year. During 2004, housing starts under the 421-a Affordable Housing Program increased more than 800%, although completions under the program fell just over 50%. The City also saw an increase in demolitions during 2004, rising 22.0%. And rehabilitation of residential units under the J-51 tax abatement and exemption program during 2004 increased for the second year in a row, rising 58.8%.

New York City's Housing Inventory

In contrast to the rest of the country, 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 was 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]

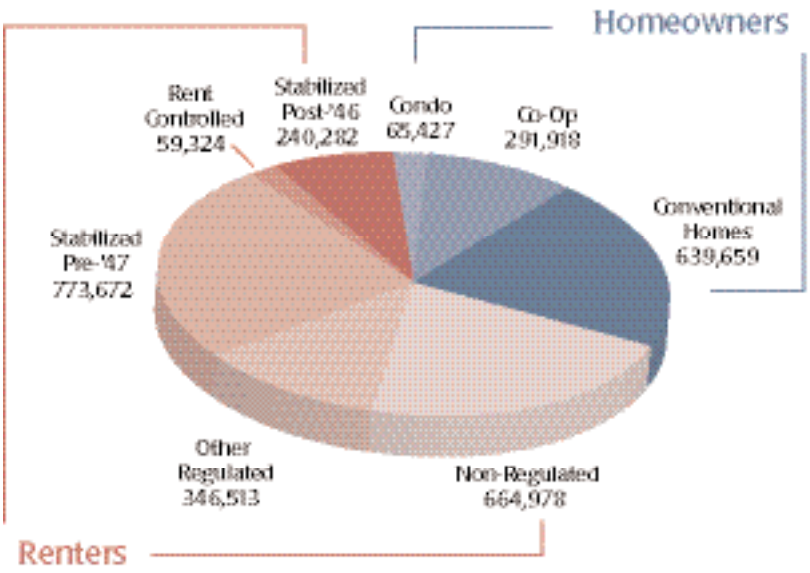
New York City's housing is dominated by the size of its rental housing stock and unlike most cities, the bulk of rental units are rent regulated. Of the 2,084,769 occupied and vacant rental units reported in the most recent HVS, a little less than a third (31.9%) were unregulated, or "free market." The 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 pie chart on following page)

The HVS also indicated that New York City's housing market remains tight, finding a citywide vacancy rate of 2.94% in 2002, 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 had the highest, 3.86%. Of the other boroughs, Staten Island's rate was 2.43%, the Bronx's was 3.29%, and Brooklyn's was 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 1.84% in 2002.

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.

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 2004 the City saw another increase in the number of permits issued for new residential units in single- and multi-family buildings. In 2004, permits were issued for 25,208 units of new housing, an increase of 18.8% over the 21,218 units in 2003 (see graph on facing page). While still below the 1960's average of 37,000 new units per year, more permits were issued for residential units in 2004 than in any year since 1972, when 36,061 were issued. Permits issued Citywide in 2004 increased, despite decreases in permits issued in both Manhattan and Staten Island. Proportionally, the Bronx increased the most, up 67.8%, to 4,924; Queens increased by 55.8%, to 6,853; and Brooklyn increased 12.7%, to 6,825. Staten Island permits fell by the greatest proportion, down 21.1%, to 2,051, and Manhattan permits also decreased, down to 4,555, a 12.9% decrease. (See Appendix G.1 and the map on page 66)

While permits issued increased between 2003 and 2004, the number of permits issued in early 2005 has

increased at an even greater pace. The number of permits issued in New York City increased from 3,982 in the first quarter of 2004 to 6,053 during the same period of 2005, a 52.0% increase. The number of permits in the Bronx, Brooklyn and Manhattan all increased significantly, up 54.6%, 43.3%, and 326.3% respectively, while permits issued in Queens dropped by 11.9% and Staten Island fell by 25.9%.[6]

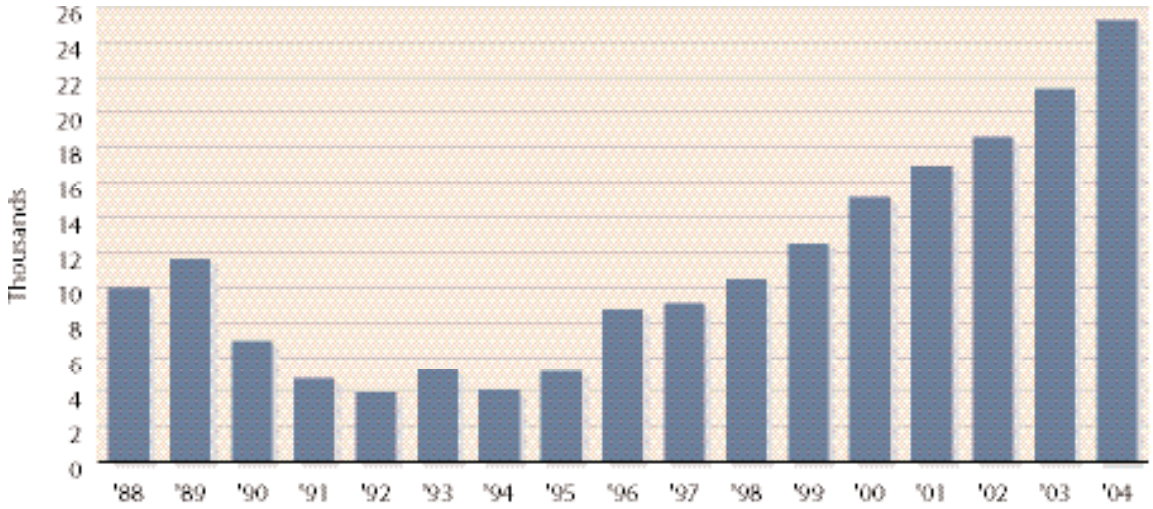
Permit data can also be analyzed by the reported size of the buildings applying for permits. In 2004, a total of 5,604 buildings applied for permits (containing a total of 25,208 housing units). Citywide, 18.1% of these buildings were single-family, 45.9% were two-family, 27.3% were three- or four-family structures, and 8.7% were five-family or greater buildings. The average five-family or greater building contained 29 units of housing for the City as a whole, and 63 units in Manhattan. As the chart on the following page illustrates, almost all building permits in Manhattan were for the largest buildings, while in Staten Island virtually all permits were for either one- or two-family structures. Building size was more evenly distributed in the Bronx, Brooklyn, and Queens. (See Appendix G.2)

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.[7] In 2004, 17,028 new housing units were completed, a 33.2% increase over 2003.[8] This number of new units is the most since 1976, with increases occurring in every borough but Brooklyn. Manhattan saw its number of new housing units grow more sharply than any other borough in 2004, up 94.2%, to 7,376. Staten Island saw a 29.0% increase, to 3,340; the Bronx increased by 20.2% to 1,771; Queens increased by 15.2% to 2,701; and the number of new units in Brooklyn decreased 28.5% in 2004, to 1,840. (See Appendix G.3 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 a number of 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

Units Issued New Housing Permits, 1988-2004, in Thousands

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



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

Residential Building Permits, 2004

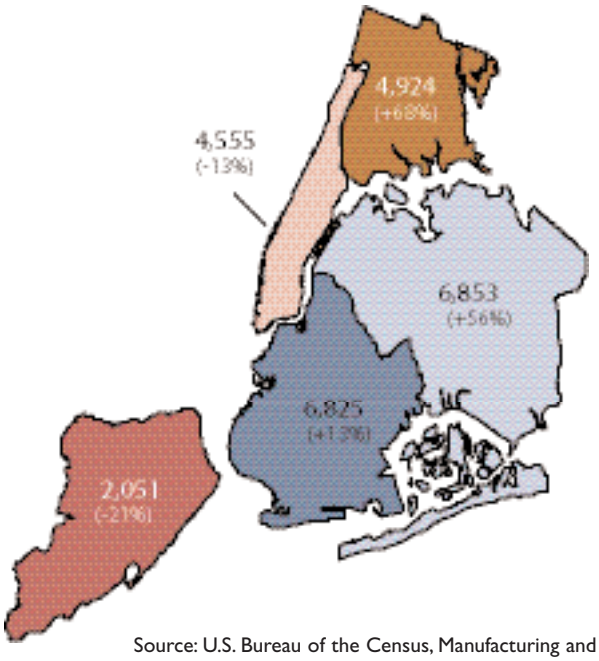
Permits by Building Size:

Most New Buildings in Manhattan are Five Family or More, in Staten Island One and Two Family Homes Predominate

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

Total Number of Permits Issued in 2004 and Percentage Change From 2003 by Borough:

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



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

vacant City-owned land; and the New Housing Opportunities Program, which issues taxable bonds to provide long-term fixed-rate permanent financing for middle-income rental projects.

Inclusive of all HPD-sponsored programs, the agency reported 10,201 total housing starts[9] in Fiscal Year (FY) 2004. Beginning in FY 2004, HPD began including starts by the Housing Development Corporation (HDC) in its total number of starts. Because this was not done prior to FY 2004, this year's figures cannot be compared to any other year. Of the 10,201 total starts this year, 5,033 were rehabilitation starts by either HPD or HDC, 3,112 were new construction starts by HPD, and 2,056 were new construction starts by HDC.[10] HPD and HDC collectively expect to start an additional 15,711 units of new construction and rehabilitation in FY 2005, and 12,977 in FY 2006. During the first four months of FY 2005 there were 3,206 starts by HPD and HDC, a 162.6% rise over the corresponding period of the previous year. Most of this increase was in rehabilitations, which rose by more than 1,800 units over the time period.

In December 2002, Mayor Michael Bloomberg announced a $3 billion, five-year plan for constructing and rehabilitating 65,000 apartments throughout the City.[11] Since the plan was announced, approximately 26,000 of the 65,000 new units have already entered the project development stage, and more than 18,000 are under construction. Construction will begin on another 7,418 by June 2005, with development of another 13,000 in the following year.[12] Estimates are that 55% of the new and preserved units will be affordable to low-income households, 22% will be aimed at moderate-income households, and the remaining 23% will be affordable to middle-income households.[13]

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; preservation of units for low- and moderate-income families; construction periods; and government commitment. Properties are also subject to construction guidelines. Rental properties 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.

Tax-incentive housing is also developed through the 421-a Affordable Housing Program, aimed at providing new housing for low- and moderate-income families. Units can be located anywhere in the City, and receive up to a 25-year tax exemption. In addition to receiving tax benefits, for each low-income rental unit produced through the Affordable Housing Program, approximately five 421-a tax exemption certificates are produced, each allowing construction of one market-rate unit within the "Exclusion Zone" of Manhattan (located between 14th and 96th Streets). Therefore, the City has ensured that development of tax-exempt, market-rate housing within core Manhattan creates at least one affordable housing unit for each five market-rate units within the Zone. Developers have the option of locating the affordable units on-site, by setting aside twenty percent of the units in the building for low-income tenants, or building off-site. If developers within the Exclusion Zone choose not to build affordable housing themselves, they have the option of buying these certificates from affordable housing developers in other parts of the City for an estimated cost of $10,000 to $15,000 each, thereby helping finance additional affordable housing.

Housing starts under the 421-a Affordable Housing Program rose significantly this year, increasing 812.5% from 2003 levels, for a total of 511 units. It is estimated that when all the units begun in 2004 are completed, these 511 new affordable units will create 2,559 certificates eligible to be sold for market-rate housing within the Exclusion Zone.[14]

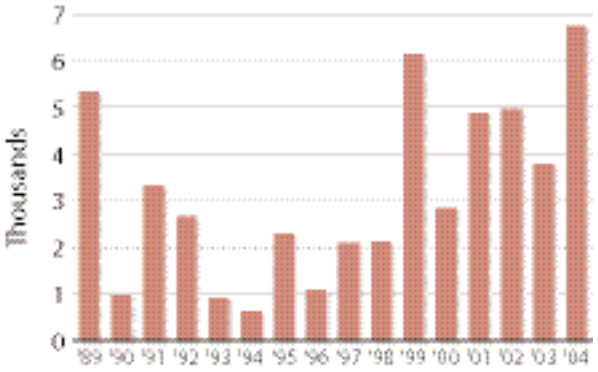
While construction starts under the 421-a Affordable Housing Program were up by more than 800%, fewer affordable units were completed under the Affordable Housing program in 2004 than in the previous year. In 2004, 107 new affordable units, producing 550 certificates for market-rate housing, were completed, a 50.7% drop from last year.

Through the market-rate 421-a program, the number of housing units receiving 421-a exemptions increased in 2004, up 78.2%, to 6,738 (see graph on this page), including increases in every borough but the Bronx. Slightly more than half of all units receiving benefits in 2004 were in buildings located in Manhattan, which contained 50.5% of the total units in the City, compared to 54.7% in the previous year. The remainder of these units were in Brooklyn (24.2%), Queens (19.4%), the Bronx (6.0%) and none were located in Staten Island.[15] (See Appendices G.6 and G.7)

Another program that has offered affordable housing, the New York State Mitchell-Lama program, is

Units Receiving Certificates, 1989-2004, in Thousands

78% Increase in Number of Units Newly Issued 421-a Certificates in 2004



Source: NYC Department of Housing Preservation and Development.

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 110,000 Mitchell-Lama units in the City today (and about 21,000 elsewhere in the state), and the last Mitchell-Lama project opened in 1978.[16]

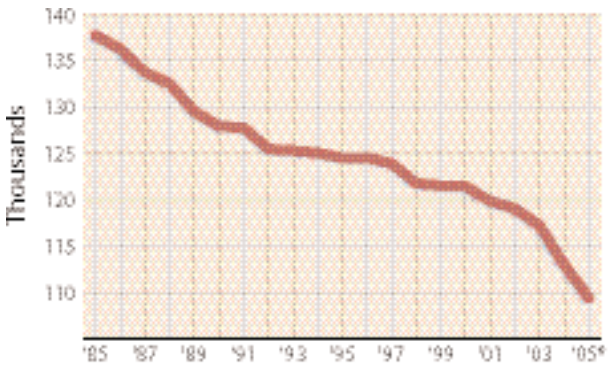
After twenty years, landlords may leave the program, and in recent years, some have done so by "buying out" of the program. In New York City more than 28,000 units in Mitchell-Lama buildings have been lost due to buyouts since 1985 (see graph below). The pace has accelerated in the past couple of years, with 9,649 units bought out between January 2003 and April 2005. In the first four months of 2005 alone, almost 3,600 units, all located in Manhattan, have lost their Mitchell-Lama status.[17]

While landlords feel that their obligation has ended, housing advocates fear the loss of affordable housing. Some residents of buildings leaving the program have benefited from "sticky" vouchers, a Section 8 rent subsidy which broaches the divide between the rents previously paid and the rents set after buyouts. Such an agreement was reached in March of 2004 for 1,300 tenants of Independence Plaza North and in May of 2004 for the 420-unit West Village Houses, both in Manhattan.[18] However, this unique benefit may be in jeopardy because of a federal proposal, "The State and Local Housing Flexibility Act of 2005," which would radically alter the way Section 8 vouchers are funded and administered.[19]

At the local level, the City Council unanimously passed a bill in February of this year that would extend property tax benefits for up to an additional 50 years for any developers who wish to stay in the Mitchell-Lama program. Benefits currently expire when the building's mortgage is satisfied.[20] Another initiative, through the Housing Development Corporation and announced in June of 2004, provides refinancing and loans for capital improvements to Mitchell-Lama buildings. Properties which choose to refinance through the program, targeted at 27,000 rental and co-op units, will guarantee the City they will stay in the Mitchell-Lama program for at least another 15 years.[21] At the state level, housing advocates are anxiously waiting the ruling of a court case that involves an appeal to a 2004 court decision ruling that pre-1974 Mitchell-Lama buildings, subject to rent stabilization after a buyout, can first set rents at market rate, generally an amount significantly higher than what the tenant was paying under Mitchell-Lama.[22]

Units in the Mitchell-Lama Program, 1985-2005*, in Thousands

21% Decrease in Number of NYC Mitchell-Lama Units Since 1985



*NOTE: Figures for 2005 are through April of this year.
Source: Manhattan Borough President's Office

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. With a tight housing market and high demand for luxury apartments, there has been an increasing number of conversions in neighborhoods citywide, especially lower Manhattan. Conversions were recently completed in former office buildings on Wall and Broad Streets in lower Manhattan, adding approximately 476 rental units and 326 condo units to the housing stock. Conversions of buildings on Wall Street and Maiden Lane will add another 728 units of rental housing to the downtown market in 2006.[23]

A trend of converting hotels to luxury apartments has also been growing over the past year. The 805-room Plaza Hotel recently reached an agreement to convert

part of its space to 200 condominiums, leaving just 150 hotel rooms intact. Buyers of the hotel paid $675 million for the property, the equivalent of $835,000 per room.[24] The InterContinental Hotel on Central Park South is also converting, replacing its 200 hotel rooms with 65 co-op units.[25] Plans for more than 10 other hotel conversions are currently in the works. In response to the growing conversion trend, the NYC Council introduced a bill in March of this year that would prevent hoteliers from converting more than 20 percent of a property to permanent residential use.[26]

Conversion of single room occupancy (SRO) buildings also 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 in 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 2004 258 applications were filed, up from both 122 the previous year and 199 in 2002, indicating that SRO owners are increasingly converting their buildings for non-SRO uses.[27]

Cooperative and Condominium Activity

Developers planning to build new co-op or condo buildings, and owners wishing to convert their rental buildings to co-ops or condos, must file plans with, and receive acceptance from, the New York State Attorney General's Office. In 2004, the Attorney General accepted 308 co-op and condo plans, a 41.3% increase over the number accepted in 2003. These 308 plans encompassed 8,014 housing units, 35.2% more than in 2003. The vast majority of plans (191) were accepted for buildings located in Brooklyn; 98 were located in Manhattan; 16 plans were accepted for Queens; the Bronx had 3 plans; 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 (4,849) than in Brooklyn (2,321).[28] (See Appendices G.4 and G.5)

Almost all of the plans accepted citywide in 2004 were for new construction, comprising 268 of 308 plans, and a total of 6,018 of 8,014 units. This is similar to the prior year, when new construction accounted for 190 of the 218 accepted plans. In 2004, rehabilitation accounted for 18 plans and 334 units, and the remainder, 22 plans and 1,662 units, were conversions. The number of units converted in 2004 rose significantly over 2003, when only 639 units were conversions.

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 20.7% of the total number of units in 2004 co-op and condo plans. Conversions held in the 70-90% range for all of the 1980s, before beginning to fall in the 1990s. Last year 10.8% of plans accepted by the Attorney General were conversions, one of the lowest ratios reported in the Housing Supply Report. Because most conversion plans are non-eviction plans (including all in 2004), 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 more than 75% of units are in buildings greater than 45 years old.[29] Through tax abatement and exemption subsidy programs offered by the City for rehabilitation, 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. 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, mostly remaining less than 100,000 units since then.

In 2004, 117,503 units newly received J-51 benefits, an increase of 58.8% from the previous year (see graph below). These units were contained in 2,168 buildings, a decrease of 8.6% from 2003 levels. The location of the units newly receiving benefits in 2004 ranged from 30.0% located in the Bronx; to 29.9% in Queens; 23.0% in Manhattan; 15.5% in Brooklyn; and 1.5% in Staten Island. Buildings were similarly distributed.[30]

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 permanent residential dwellings) and rehabilitation of Class A buildings that are not entirely vacant.[31]

In Fiscal Year 2004, the J-51 tax program cost the City $189.1 million for all housing types, including more than 500,000 rental units.[32] 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. However, 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.6 and G.7)

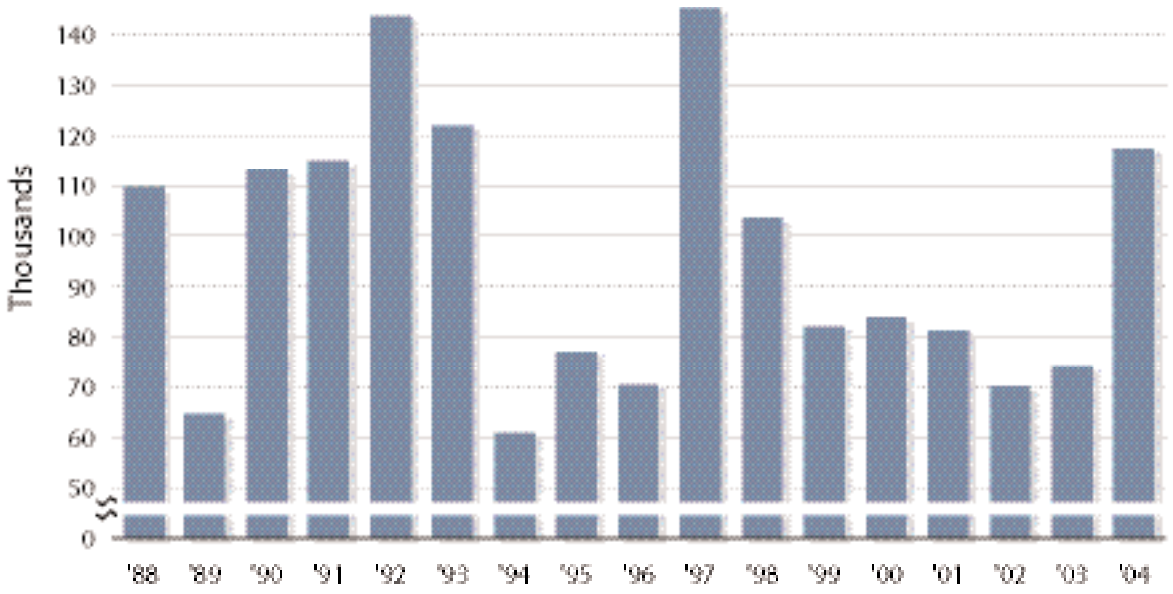
Tax-Delinquent Property

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 of housing (see graph

Units Receiving Initial J-51 Benefits, 1988-2004, in Thousands

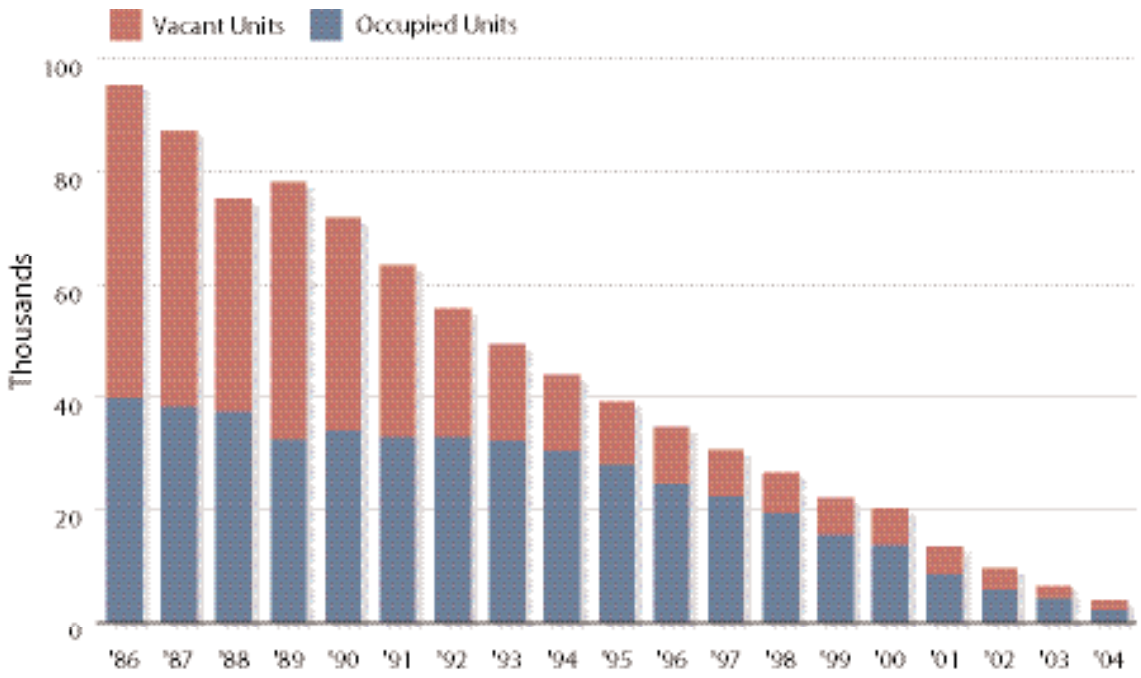
2004 Saw 58.8% Increase in Number of Units Receiving J-51 Certificates



Source: NYC Department of Housing Preservation and Development.

Units in HPD Central Management Stock, FY 1986-FY 2004, in Thousands

Continued Decline in City In Rem Housing Stock in Fiscal Year 2004



Source: *Mayor's Management Report*, Office of Operations, FY 1986-FY 2004.

above). 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 Alternative 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 1,648 through October 2004, a 94.6% decline since FY 1994.[33] HPD transfers buildings into alternative management programs before returning them to private ownership. During FY 2004, 217 buildings with 1,843 units were sold through these programs.

The number of vacant city-owned buildings also fell significantly over the same period, to 1,790 units by the end of October 2004, an 86.9% decline since FY 1994. During FY 2004, the total number of buildings operated by HPD, including both occupied and vacant, fell 33.7%, and the number of units in these buildings fell 41.2%, as compared to FY 2003. (See Appendix G.8) This trend continued during the first four months of FY 2005.

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.[34]

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.[35]

An additional facet of the City's 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, authorized 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.[36] Since beginning in 1996, the program has collected more than $180 million in back taxes, and 295 buildings have been transferred to responsible for-profit and non-profit owners.[37]

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 2004 alone was more than double the number demolished in all the years from 1990 to 1995 combined.

A total of 2,745 buildings were demolished in 2004, a 22.0% increase over the prior year, preceded by a 27.0% increase between 2002 and 2003. This was by far the highest total since 1985, when the RGB began collecting this data. Queens accounted for 41.1% of all the buildings demolished in 2004, Brooklyn had 25.2%, Staten Island had 19.9%, the Bronx had 8.7%, and Manhattan had the lowest proportion, 5.1%. All boroughs but Staten Island saw an increase in demolitions between 2003 and 2004. The Bronx saw the largest increase in demolitions, up 47.8%, followed by Manhattan at 41.0%, Queens at 30.4%, and Brooklyn at 23.4%. Staten Island was the only borough to see a decrease in the number of demolitions, falling 3.0% from 2003 to 2004.[38] (See Appendix G.9)

Conclusion

More housing permits were issued in 2004 than in any year since 1972 and the number of completed housing units increased by 33.2%. The City also continued to reduce its share of city-owned vacant and occupied housing units, seeing a 41.2% decline during the most recent fiscal year. The number of new units receiving 421-a tax benefits increased 78.2% in 2004, while J-51 tax abatements and exemptions increased 58.8%. 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 26,000 units, helping to reduce the affordable housing shortage. Plans were also recently announced for a rezoning of Brooklyn's waterfront, estimated to create an additional 10,800 units of housing, 3,500 of which will be affordable.[39]

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. NYC Dept. of City Planning data. Note that the data is continually updated and is subject to change, including data from prior years.

8. In May of 2005, the RGB received updated housing completion data from the Dept. of City Planning for the years 2000 through 2004. Data was in some cases changed significantly. For instance, last year's Housing Supply Report reported an increase of 19.3% in housing completions between 2002 and 2003, but with revised data completions actually decreased 21.3%, making this year's 33.2% increase in completions much larger than it would have been had 2003 completions remained at levels reported in the *2004 Housing Supply Report*. This data also does not include Temporary Certificates of Occupancy, which could potentially add hundreds (if not thousands) of units to the housing completions. The RGB is currently reviewing methodology and available data sources and may include Temporary Certificates in next year's report.

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

10. *Mayor's Management Report*, Preliminary Fiscal 2005.

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

12 Most recent numbers obtained from the New York City Department of Housing Preservation and Development on May 4, 2005.

13. "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.

14. Data obtained from the NYC Dept. of Housing Preservation and Development, Tax Incentives Program.

15. 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.

16. "2004 Annual Report: Mitchell-Lama Housing Companies in NYS." NYS Division of Housing and Community Renewal. March 15, 2005.

17. Data obtained from the Manhattan Borough President's Office, Land Use, Housing and Development Unit. May 5, 2005.

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

19. National Low Income Housing Coalition. Issues and Alerts. "NLIHC Summary of HUD's housing bill." http://www.nlihc.org/news/042805.html.

20. "Council OKs Tax Breaks for Housing," *New York Post*. Feb. 3, 2005.

21. "Mayor Michael R. Bloomberg Announces Housing Preservation Initiative to Protect Over 27,000 Mitchell-Lama Apartments." Mayor's Office Press Release #167-04, June 28, 2004.

22. "Mitchell-Lama Lawsuit Goes to Appeals Court," Sue Susman, *Tenants & Neighbors* newsletter. Spring 2005

23. Project Updates from LowerManhattan.info website: http://www.lowermanhattan.info/construction/

24. "Accord Is Set To Save Rooms At the Plaza." *New York Times*, Charles V. Bagli. April 15, 2005.

25. "More Luxury Apartments from Hotels as Money and Demand Flow Freely." *New York Times*, John Holusha. December 22, 2004.

26. "New York Council Fights Hotel-Condos." *Hotel Interactive*, Allan Richter. March 25, 2005.

27. West Side SRO Law Project testimony to RGB, May 2, 2005, reporting NYC Department of Housing Preservation and Development data.

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

29. *2002 NYC Housing and Vacancy Survey*.

30. 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.

31. 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>.

32. "Annual Report on Tax Expenditures," NYC Dept. of Finance publication, September, 2004.

33. *Mayor's Management Reports*, Fiscal Year 1994-Preliminary Fiscal 2005.

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

35. NYC Department of Finance, General Information on the City's Tax Lien Sale Process. World Wide Web page http://www.nyc.gov/html/dof/html/property/property_bill_taxlien.shtml#general>.

36. "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>.

37. Most recent figures obtained from Neighborhood Restore, May 11, 2005.

38. 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.

39. "City Council Approves Brooklyn Waterfront Redevelopment," *New York Newsday*, May 12, 2005.

Changes to the Rent Stabilized Housing Stock in New York City in 2004

What's New

- ✔ The study finds a net estimated loss of 4,709 rent stabilized units in 2004.
- ✔ In 2004, the largest source of additions to the rent stabilized stock were newly constructed rental units receiving 421-a tax exemption benefits.
- ✔ High rent/vacancy decontrol makes up the largest category of subtractions from the stabilized stock in 2004.

Introduction

Rent regulation has been a fixture in New York City's housing market for the last 60 years. The rent laws that govern rent regulated housing have been substantially changed and/or modified over time. In addition to legislative changes, the existing laws allow for dynamic changes in the regulatory status of a significant portion of the rent regulated housing stock in any given year. Units enter the regulatory system, leave the system, or change status within the system.

The figures in this study represent additions and subtractions of dwelling units to and from the rent regulation system in 2004. These statistics are gathered from various city and state agencies.

This report is an update of previous studies from 2002 and 2003, which analyzed the changes in New York City's rent stabilized housing stock from 1994 to 2003. The total number of additions and subtractions to the rent stabilized housing stock since 1994 are contained in the appendices of this book. These totals do not represent every unit that has been added or subtracted from the rent stabilized stock since 1994, but rather those that have been recorded or registered by various city and state agencies. They represent a 'floor', or minimum count, of the actual number of newly regulated and deregulated units in these years.

Additions to the Rent Regulated Housing Stock

Since newly constructed or substantially rehabilitated units are exempt from rent regulation, increases to the regulated housing stock are often a result of owners "voluntarily" placing these new units under rent stabilization in exchange for tax benefits. These owners choose to place units under rent stabilization because of cost/benefit analyses concluding that short-term regulation with tax benefits, is more profitable than free market rents without tax benefits. Events that lead to the addition of stabilized units are the following:

A. Section 421-a Program
B. J-51 Program
C. Mitchell-Lama buyouts
D. Lofts converted to rent stabilized units
E. Other Additions
F. Rent controlled apartments converting to rent stabilization

Section 421-a and J-51

The New York City Department of Housing Preservation and Development (HPD) administers programs to increase the supply of rental housing. Two of

these programs have a significant impact on the inventory of stabilized housing: the Section 421-a Program and the J-51 Program. Under Section 421-a of the Real Property Tax Law, newly constructed dwellings in New York City can elect to receive real estate tax exemptions. For the duration of the benefits, at least, the newly built apartments are subject to rent stabilization. In 2004, an estimated total of 4,941 units were added to the rent stabilized stock through the 421-a program, more than double the number of additions seen in 2003 (1,929).

The J-51 Program provides real estate tax exemptions and abatements to existing residential buildings which are renovated or rehabilitated. This program also provides these benefits to residential buildings converted from commercial structures. In consideration of receiving these benefits, owners of these buildings agree to place under rent stabilization those apartments which otherwise would not be subject to regulation. The apartments remain stabilized, at least, until the benefits expire. The J-51 program added 142 units to the rent stabilized stock in 2004, 17% fewer units than were added in 2003. (See Appendix H.1) These new J-51 additions to the stabilized stock are located in two boroughs: Brooklyn (104 units) and Manhattan (38 units).

Mitchell-Lama Buyouts

Where rents in a building are regulated directly by the Federal, State or City government, these apartments are exempt from rent stabilization and control laws. However, when these government-aided developments are no longer directly administered by a governmental entity, they may become subject to the rent stabilization laws. These federally regulated projects include Section 236 financed buildings and project-based Section 8 buildings.

Mitchell-Lama developments are constructed under the provisions of Article 2 of the Private Housing Finance Law (PHFL). This program is primarily designed to increase the supply of housing affordable to middle-income households. Approximately 75,000 rental apartments and 50,000 cooperative units were constructed under the program from the 1950's through the 1970's. For these units to be affordable, the State or City provided low interest mortgages and real estate tax abatements, and the owners agreed to limit their return on equity.

While the State and City mortgages are generally for a term of 40 or 50 years, the PHFL allows owners to "buy-out" of the program after 20 years. If an owner of a rental development buys-out of the program and the development was occupied prior to January 1,1974, the apartments may become subject to rent stabilization.

A total of one Mitchell-Lama rental development containing 229 apartments filed initial registrations with the DHCR in 2004. (See Appendix H.1) Since 1994, 3,491 rental units have left the Mitchell-Lama system and became a part of the rent stabilized housing stock.

Loft Units

The New York City Loft Board, under Article 7-C of the Multiple Dwelling Law, regulates rents in buildings originally intended as commercial loft space that have been converted to residential housing. When the units are brought up to code standard, they become stabilized. A total of 129 loft units entered the rent stabilization system in 2004, a substantial increase from the 20 loft units added in 2003. (See Appendix H.1)

Other Additions to the Stabilized Housing Stock

Additionally, several other events can increase the rent stabilized housing stock: tax incentive programs such as 421-g and 420-c, "deconversion," returned losses, and the sub-division of large units into two or more smaller units. The 421-g tax incentive program is designed for conversion of units in Lower Manhattan from non-residential to residential use. The 421-g program added 188 rent stabilized units to the housing stock in 2004, up from 41 additions in 2003. An additional 216 units were converted to residential rental use during the year, however their initial rent levels exceeded $2,000 per month and these units were subject to High Rent/Vacancy decontrol upon occupancy.[1]

The 420-c program, a tax exemption program for low income housing projects that are developed in

conjunction with the Low Income Housing Tax Credit program, also adds units to the rent stabilized stock. An estimated 1,973 units were added to the rent stabilized stock in 2004 through the 420-c program, an 11% increase over the number added in 2003. Of the total 420-c units that were added, 750 were located in the Bronx, 542 in Brooklyn and 681 in Manhattan. There were no projects built in Queens or Staten Island.[2]

Deconversion occurs when a building converted to cooperative status reverts to rental status because of financial difficulties. Returned losses include abandoned buildings that are returned to habitable status without being substantially rehabilitated, or City-owned *in-rem* buildings being returned to private ownership. These latter events do not generally add a significant number of units to the rent stabilized stock and were not quantified in this study.

An estimated total of 2,161 units were added to the rent stabilized stock through the 421-g and 420-c tax incentive programs in 2004. (See Appendix H.1)

Changes in Regulatory Status

Chapter 371 of the Laws of 1971 provided for the decontrol of rent controlled units that were voluntarily vacated on or after July 1, 1971. Since the enactment of vacancy decontrol, the number of rent controlled units has fallen from over one million to under 60,000. When a rent controlled unit becomes vacated it either becomes rent stabilized or leaves the regulatory system. If the vacated unit is in a rental building with six or more units and the incoming tenant pays less than $2,000 per month, the apartment becomes stabilized. This process results in a diminution of the controlled stock and an increase in the stabilized stock.

According to rent registration filings with the NYS Division of Housing and Community Renewal (DHCR), in 2004, 706 units were decontrolled and became rent stabilized, 23% less than the number added in 2003.

Subtractions from the Rent Regulated Housing Stock

Deregulation of rent controlled and stabilized units occur because of statutory requirements or because of physical changes to the residential dwellings. Events that lead to the removal of stabilized units are the following:

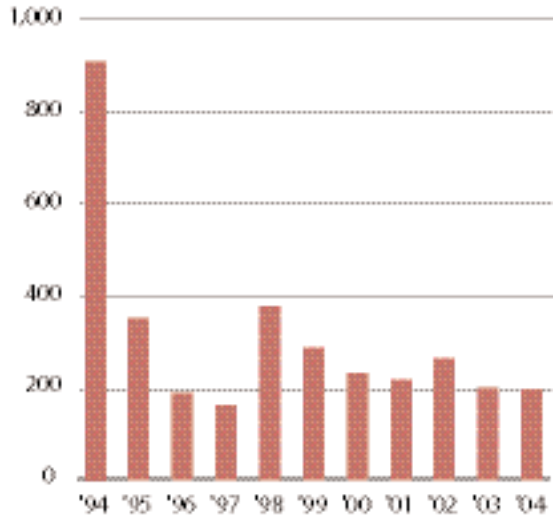
A. High Rent/High Income Decontrol
B. High Rent/Vacancy Decontrol
C. Cooperative/Condominium Conversions
D. Expiration of 421-a Benefits
E. Expiration of J-51 Benefits
F. Substantial Rehabilitation
G. Conversion to Commercial or Professional Status
H. Other Losses to the Housing Stock – Demolitions, Condemnations, Mergers, etc.

High Rent/High Income Decontrol

The Rent Regulation Reform Act (RRRA) of 1993 permitted the deregulation of occupied apartments renting for $2,000 or more in which the tenants in occupancy had a combined household income in excess of $250,000 in each of the immediately two preceding years. The 1997 RRRA reduced the income threshold to $175,000. Deregulation would occur upon application by the owner and upon the expiration

Subtractions to the Stabilized Housing Stock due to High Rent/High Income Decontrol, 1994-2004

Number of Units Deregulated due to High Rent/Income are Lowest Since 1997



Source: NYS Division of Housing and Community Renewal annual registration data.

of the rent stabilized lease. This income-based decontrol process, which is administered by the DHCR, relies upon data furnished to the NYS Department of Taxation and Finance as part of the verification process. Please note that both the rent level and household income criteria have to be met for decontrol to take place. If households earning at least $175,000 paid less than $2,000 per month, rent regulation would remain in effect. Also note that the owner must apply to DHCR in order to decontrol the unit. If the owner did not submit a decontrol application, the occupying tenant would remain regulated regardless of rent level and household income. Because DHCR has to approve the orders of deregulation, an exact accounting exists of units leaving regulation as a result of High Rent/High Income decontrol.

Based on DHCR processing records, High Rent/High Income decontrol affected a total of 194 apartments in 2004, nearly the same number of units deregulated in 2003.[3] Since 1994, 3,348 units have been deregulated due to High Rent/High Income decontrol, in which all but 72 units are located in Manhattan. (See graph on previous page and Appendix H.2)

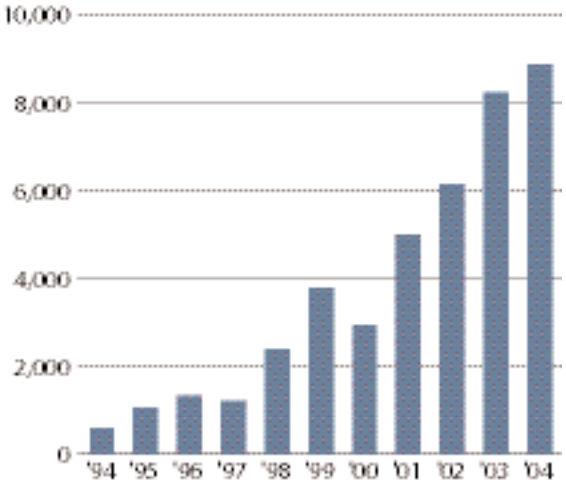
High Rent/Vacancy Decontrol

In the 1993 RRRA, the New York State legislature reinstituted High Rent/Vacancy decontrol.[4] This initial statute has since been changed several times. First, the 1993 RRRA decontrolled vacant apartments and occupied regulated apartments that subsequently were vacated, that rented for $2,000 or more per month between July 7 and October 1, 1993. Second, the New York City Council allowed for the deregulation of apartments on vacancy on or after April 1, 1994 if these units rented for $2,000 or more. Thus, the original dates in the RRRA of 1993 establishing the parameters for decontrol were no longer applicable. DHCR interpreted the $2,000 rent threshold as follows: if upon vacancy, the owner undertook individual apartment improvements that increased the legal regulated rent to $2,000 or more, and the incoming tenant agreed to pay $2,000 or more, the unit would be deregulated.

In a third stage, in early 1997, the City Council amended the Rent Stabilization Law to only allow for vacancy deregulation of the apartment if the vacating tenant's legal regulated rent was $2,000 or more. Finally, in June of 1997, with the passage of the RRRA, the state overrode the new City regulation. The determining factor was no longer the outgoing tenant's legal regulated rent but the incoming tenant's calculated legal regulated rent. Owners, upon a vacancy, could now apply a combination of allowable increases to reach the $2,000 deregulation level: standard vacancy increases, special vacancy increases and individual apartment improvement increases. This calculated rent for a hypothetical incoming tenant was the determining factor, not the rent the incoming tenant actually paid. In fact, after a stabilized unit is deregulated by this calculation, the actual deregulated rent the new tenant pays can be less than $2,000 per month.

Subtractions to the Stabilized Housing Stock due to High Rent/Vacancy Decontrol, 1994-2004

Number of Units Deregulated due to High Rent/Vacancy Continues to Increase



Note: Registration of deregulated units with DHCR was voluntary and not required from 1994-2000. These totals represent a 'floor' or minimum count of the actual number of deregulated units in these years. The NYC City Council required proof of registration with DHCR of the unit as exempt to be sent to the tenant beginning in March 2000 (see Endnote 5).

Source: NYS Division of Housing and Community Renewal annual registration data.

According to DHCR rent registration records, 8,856 units were deregulated in 2004 under the High Rent/Vacancy decontrol provisions of the RRRA, up from 8,204 in 2003. From the period of 1994-2004, a total of 41,430 units were registered with the DHCR as being deregulated due to High Rent/Vacancy decontrol, 88% of which are located in Manhattan. (See graph on previous page and Appendix H.3)

Cooperative & Condominium Conversions

When rent regulated housing is converted to ownership status, there is a small immediate decrease in the rental stock, but over time there is a significantly larger decrease. Tenants that choose to purchase their apartments after a cooperative or condominium plan is approved by the New York State Attorney General's Office are immediately removed from rent regulation. These units are no longer rentals. In eviction conversion plans, non-purchasing tenants may continue in residence until the expiration of their lease. In non-eviction plans (which are the overwhelming majority of approved plans) the regulated tenants have the right to remain in occupancy until they voluntarily leave their apartments. When a tenant leaves a regulated unit, the apartment in many cases becomes deregulated, regardless if the incoming tenant purchases or rents.[6]

In 2004, 1,564 units located in co-ops or condos left the stabilized housing stock, 6% more than left the system in 2003. A total of 35,698 co-op or condo units have left the stabilized stock since 1994. (See Appendix H.4)

Expiration of Section 421-a and J-51 Benefits

As stated in the "Additions" section, buildings receiving Section 421-a and J-51 benefits remain stabilized, at least until the benefits expire. Therefore, these units enter the stabilized system for a prescribed time period and then exit the system. The number of units leaving the stabilization system is directly dependent upon those units previously entering the system.

Expiration of 421-a and J-51 benefits has resulted in a total of 493 and 609 units removed from the rent regulatory system respectively in 2004. There were fewer expirations in 421-a and J-51 benefits in 2004 compared to expirations in 2003. Since 1994, 16,432 421-a units have left the rent stabilization system while 12,651 J-51 units are no longer rent regulated. (See Appendix H.4)

Substantial Rehabilitation

The Emergency Tenant Protection Act (ETPA) of 1974 exempts apartments from rent regulation in buildings that have been substantially rehabilitated on or after January 1, 1974. DHCR processes applications by owners seeking exemption from rent regulation based on the substantial rehabilitation of their properties. Owners must replace at least 75% of building-wide and apartment systems (i.e., plumbing, heating, electrical wiring, windows, floors, kitchens, bathrooms, etc.). In general, buildings that are substantially rehabilitated have been vacated and tended to have been stabilized properties. Therefore, when these buildings are substantially rehabilitated, the apartments are no longer subject to regulation and are considered new construction. This counts as a subtraction from the regulated stock. Notably, these properties do not receive J-51 tax incentives for rehabilitation.

During 2004, 268 units were removed from stabilization through substantial rehabilitation, down from 340 units lost in 2003. Nearly 5,100 units have been removed from the rent stabilization system through substantial rehabilitation since 1994. (See Appendix H.4)

Conversion to Commercial or Professional Status

Space converted from residential to nonresidential use is no longer subject to rent regulation. In 2004, 79 units were converted to nonresidential use, 20 more than in 2003. For the period 1994-2004, 1,666 residential units have been converted to nonresidential use. (See Appendix H.4)

Other Losses to the Housing Stock

Owners may register units as permanently exempt when smaller units are merged into larger ones, or when the building is condemned, demolished or boarded-up/burnt-out. DHCR annual registration data shows

that 954 units were removed from the stabilized housing stock in 2004 due to these reasons, 4.6% more than in 2003. (See Appendix H.4)

Summary

In 2004, approximately 13,017 housing units left rent stabilization, while approximately 8,308 units initially entered the stabilization system. The built-in fluidity of the system resulted in a net loss of an estimated 4,709 regulated stabilized units to the rent stabilized housing stock.[7] (See Summary Table on facing page)

The largest source of additions to the stabilized stock in 2004 were new rental units built with 421-a real estate tax exemptions, equaling about 59%. Meanwhile, high rent/vacancy decontrol was the largest source of subtractions from the rent stabilized housing stock in 2004, accounting for 68% of the total number of subtractions. ❒

Endnotes

1. The 421-g tax incentive program provides 14-year tax exemption and abatement benefits for the conversion of commercial buildings to multiple dwellings in Downtown Manhattan. All rental units in the project become subject to rent stabilization for the duration of the benefits. These units are subject to High Rent/Vacancy decontrol if the initial rent level is $2,000 or more. Also, an additional 4 vacant rental units and 4 condo units were created under this tax incentive program in 2004.

2. The 420-c tax incentive program provides a complete exemption from real estate taxes for the term of the regulatory agreement (up to 30 years). Eligible projects are owned or controlled by a not-for-profit Housing Development Fund Company, subject to an HPD regulatory agreement which requires use as low-income housing and are financed in part with a loan from the City or State in conjunction with federal low-income housing tax credits.

3. The final count for petitions for High Rent/High Income decontrol may be slightly reduced as they are subject to appeal or in some cases, to review by a court of competent jurisdiction.

4. Decontrol of certain high rent apartments was instituted in New York City twice before, in 1964 and in 1968.

5. In March 2000, the City Council passed Local Law Intro No. 669-A, which amended the administrative code of the City of New York, in relation to extending the rent stabilization laws with certain amendments to such laws and the rent control law.

6. A recent court decision affecting units in Brooklyn and Queens ruled that apartments in buildings that have converted to co-op/condo status may remain rent stabilized for a new rental tenant even after a stabilized tenant vacates the apartment.

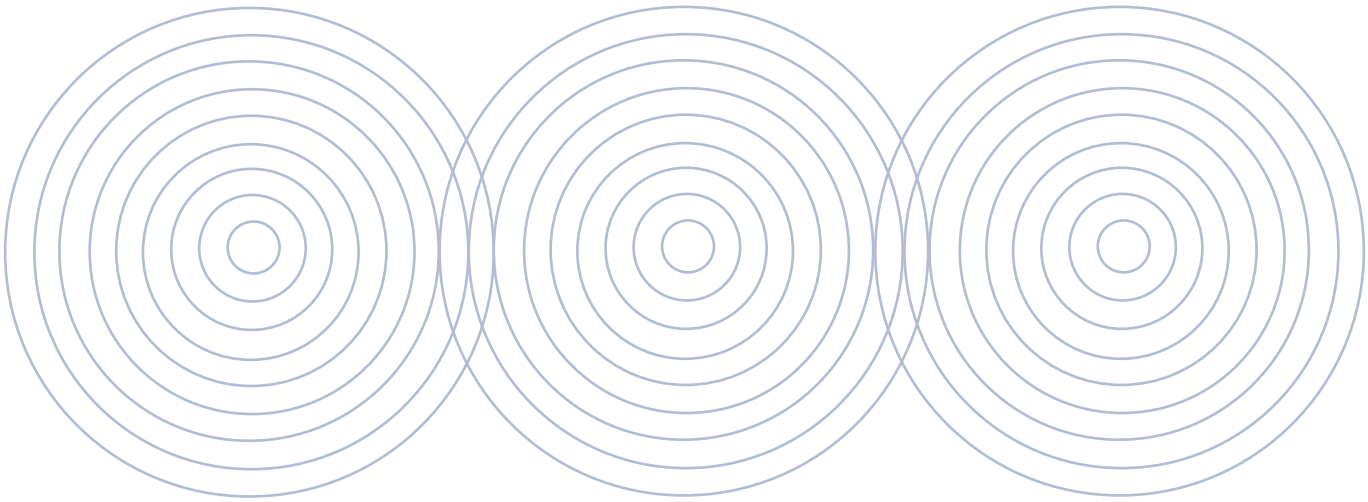
7. Almost the entire number of the estimated net loss of 4,709 units to the rent stabilized housing stock will remain as housing units in New York City. These units would convert from rent stabilization to either forms of ownership or to non-regulated rental units unless they are demolished.

Summary Table on Additions and Subtractions to the Rent Stabilized Housing Stock in 2004

Program	*Number of Units*
ADDITIONS	
421-a	+ 4,941
J-51 conversions	+ 142
Mitchell-Lama buyouts	+ 229
Loft conversions	+ 129
Other Additions	+ 2,161
CHANGES	
Rent control to rent stabilization	+ 706
Subtotal Additions & Changes	**+ 8,308**
SUBTRACTIONS	
Co-op and Condo subtractions	- 1,564
High Rent/Vacancy Decontrol	- 8,856
High Rent/High Income Decontrol	- 194
421-a Expiration	- 493
J-51 Expiration	- 609
Substantial Rehabilitation	- 268
Commercial/Professional conversion	- 79
Other Subtractions	- 954
Subtotal Subtractions	**- 13,017**
NET TOTAL	
Net Estimated Loss	**- 4,709**

Sources: Department of Housing Preservation and Development, Office of Development, Division of Housing Finance, Tax Incentive Programs; NYS Division of Housing and Community Renewal annual registration data; NYC Loft Board; and Department of Housing Preservation and Development, Office of Housing Operations, Division of Housing Supervision, Mitchell-Lama.

Appendices



A.1 Apartments & Lofts — Order #37

On June 21, 2005, the Rent Guidelines Board (RGB) set the following maximum rent increases for leases commencing or being renewed on or after October 1, 2005 and on or before September 30, 2006 for rent stabilized apartments:

- Where heat is provided or required to be provided to a dwelling unit by an owner from a central or individual system at no charge to the tenant, the adjustments are as follows:

One-Year Lease	Two-Year Lease
2¾%	5½%

- Where heat is neither provided nor required to be provided to a dwelling unit by an owner from a central or individual system, the adjustments are as follows:

One-Year Lease	Two-Year Lease
2¼%	4½%

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, 2005 and on or before September 30, 2006:

One-Year Increase Period	Two-Year Increase Period
2¼%	4½%

Leases for units subject to rent control on September 30, 2005, 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, 2005, the special guideline shall be the greater of the following:

(1) 50% above the maximum base rent 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, 2005.

A.2 Hotel Units — Order #35

On June 21, 2005, the Rent Guidelines Board (RGB) set the following maximum rent increases for leases commencing or being renewed on or after October 1, 2005 and on or before September 30, 2006 for rent stabilized hotels:

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

Appendix B: Price Index of Operating Costs

B.1 PIOC Sample, Number of Price Quotes per Item, 2004 vs. 2005

Spec	Description	2004	2005
211	Apartment Value	198	187
212	Non-Union Super	119	112
216	Non-Union Janitor/Porter	79	58
	LABOR COSTS	**396**	**357**
301	Fuel Oil #2	28	28
302	Fuel Oil #4	6	6
303	Fuel Oil #6	6	6
	FUEL	**40**	**40**
501	Repainting	127	142
502	Plumbing, Faucet	34	32
503	Plumbing, Stoppage	34	30
504	Elevator #1	14	17
505	Elevator #2	14	17
506	Elevator #3	14	17
507	Burner Repair	14	10
508	Boiler Repair, Tube	10	10
509	Boiler Repair, Weld	5	5
510	Refrigerator Repair	11	9
511	Range Repair	10	10
512	Roof Repair	22	22
513	Air Conditioner Repair	10	9
514	Floor Maint. #1	9	8
515	Floor Maint. #2	9	8
516	Floor Maint. #3	9	8
518	Linen/Laundry Service	5	5
	CONTRACTOR SERVICES	**351**	**359**
601	Management Fees	108	103
602	Accountant Fees	27	29
603	Attorney Fees	24	21
604	Newspaper Ads	19	18
605	Agency Fees	5	5
606	Lease Forms	9	10
607	Bill Envelopes	10	11
608	Ledger Paper	9	6
	ADMINISTRATIVE COSTS	**211**	**203**

Spec	Description	2004	2005
701	INSURANCE COSTS	**731**	**674**
801	Light bulbs	11	9
802	Light Switch	11	7
803	Wet Mop	13	11
804	Floor Wax	12	12
805	Paint	16	16
806	Pushbroom	12	13
807	Detergent	8	8
808	Bucket	17	19
809	Washers	15	17
810	Linens	10	10
811	Pine Disinfectant	12	12
812	Window/Glass Cleaner	12	11
813	Switch Plate	11	11
814	Duplex Receptacle	14	12
815	Toilet Seat	21	21
816	Deck Faucet	18	20
	PARTS & SUPPLIES	**213**	**209**
901	Refrigerator #1	11	9
902	Refrigerator #2	12	10
903	Air Conditioner #1	6	6
904	Air Conditioner #2	5	5
905	Floor Runner	10	9
906	Dishwasher	8	7
907	Range #1	11	9
908	Range #2	11	9
909	Carpet	11	11
910	Dresser	5	5
911	Mattress & Box Spring	9	8
	REPLACEMENT COSTS	**99**	**88**
	All Items	**2,041**	**1,930**

B.2 Expenditure Weights, Price Relatives, Percent Changes and Standard Errors, All Apartments, 2005

Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error
101	TAXES, FEES, & PERMITS	**0.2834**	**1.0124**	**1.24%**	**0.0477**
201	Payroll, Bronx, All	0.1151	1.0143	1.43%	0.0000
202	Payroll, Other, Union, Supts.	0.1133	1.0263	2.63%	0.0000
203	Payroll, Other, Union, Other	0.2807	1.0280	2.80%	0.0000
204	Payroll, Other, Non-Union, All	0.3002	1.0392	3.92%	0.6446
205	Social Security Insurance	0.0467	1.0300	3.00%	0.0000
206	Unemployment Insurance	0.0083	1.0059	0.59%	0.0000
207	Private Health & Welfare	0.1357	1.0686	6.86%	0.0000
	LABOR COSTS	**0.1468**	**1.0350**	**3.50%**	**0.1935**
301	Fuel Oil #2	0.5898	1.2382	23.82%	1.1511
302	Fuel Oil #4	0.1489	1.1972	19.72%	2.1351
303	Fuel Oil #6	0.2613	1.1156	11.56%	0.8508
	FUEL	**0.0981**	**1.2001**	**20.01%**	**0.7819**
401	Electricity #1, 2,500 KWH	0.0097	1.1488	14.88%	0.0000
402	Electricity #2, 15,000 KWH	0.1269	1.1556	15.56%	0.0000
403	Electricity #3, 82,000 KWH	0.0000	1.1500	15.00%	0.0000
404	Gas #1, 12,000 therms	0.0045	1.3011	30.11%	0.0000
405	Gas #2, 65,000 therms	0.0579	1.0999	9.99%	0.0000
406	Gas #3, 214,000 therms	0.2578	1.0977	9.77%	0.0000
407	Steam #1, 1.2m lbs	0.0153	1.1170	11.70%	0.0000
408	Steam #2, 2.6m lbs	0.0060	1.0906	9.06%	0.0000
409	Telephone	0.0089	1.0016	0.16%	0.0000
410	Water & Sewer	0.5132	1.0550	5.50%	0.0000
	UTILITIES	**0.1464**	**1.0841**	**8.41%**	**0.0000**
501	Repainting	0.3938	1.0297	2.97%	0.8286
502	Plumbing, Faucet	0.1434	1.0419	4.19%	0.8986
503	Plumbing, Stoppage	0.1287	1.0428	4.28%	1.4084
504	Elevator #1, 6 fl., 1 e.	0.0562	1.0482	4.82%	1.3061
505	Elevator #2, 13 fl., 2 e.	0.0374	1.0391	3.91%	0.9963
506	Elevator #3, 19 fl., 3 e.	0.0212	1.0363	3.63%	0.9205
507	Burner Repair	0.0395	1.0158	1.58%	1.3523
508	Boiler Repair, Tube	0.0489	1.1280	12.80%	3.8759
509	Boiler Repair, Weld	0.0340	1.1269	12.69%	4.1293
510	Refrigerator Repair	0.0116	1.0572	5.72%	2.4570
511	Range Repair	0.0121	1.0272	2.72%	1.4965
512	Roof Repair	0.0594	1.0631	6.31%	2.0652
513	Air Conditioner Repair	0.0086	1.0579	5.79%	1.9097
514	Floor Maint. #1, Studio	0.0003	1.0519	5.19%	8.4182
515	Floor Maint. #2, 1 Br.	0.0005	1.0454	4.54%	8.9240
516	Floor Maint. #3, 2 Br.	0.0045	1.0461	4.61%	8.8080
	CONTRACTOR SERVICES	**0.1332**	**1.0448**	**4.48%**	**0.4894**
601	Management Fees	0.6996	1.0456	4.56%	1.0477
602	Accountant Fees	0.1397	1.0468	4.68%	1.5819
603	Attorney Fees	0.1229	1.0017	0.17%	0.1753
604	Newspaper Ads	0.0043	1.0161	1.61%	1.1340
605	Agency Fees	0.0059	1.0084	0.84%	0.4827
606	Lease Forms	0.0098	1.0439	4.39%	2.1399
607	Bill Envelopes	0.0094	1.0210	2.10%	1.3008
608	Ledger Paper	0.0084	1.0300	3.00%	2.9348
	ADMINISTRATIVE COSTS	**0.0762**	**1.0397**	**3.97%**	**0.7667**
701	INSURANCE COSTS	**0.0914**	**1.0889**	**8.89%**	**0.9980**
801	Light Bulbs	0.0378	1.0198	1.98%	2.0131
802	Light Switch	0.0475	1.0000	0.00%	0.0000
803	Wet Mop	0.0428	1.0004	0.04%	1.4712
804	Floor Wax	0.0400	1.0307	3.07%	1.7229
805	Paint	0.2251	1.0312	3.12%	1.0897
806	Pushbroom	0.0367	1.0055	0.55%	0.5155
807	Detergent	0.0337	1.0790	7.90%	3.3877
808	Bucket	0.0402	1.0175	1.75%	1.0413
809	Washers	0.0965	1.0126	1.26%	0.8311
811	Pine Disinfectant	0.0477	1.0326	3.26%	1.3620
812	Window/Glass Cleaner	0.0519	1.0619	6.19%	2.6351
813	Switch Plate	0.0464	1.0281	2.81%	2.2255
814	Duplex Receptacle	0.0334	1.0104	1.04%	0.8236
815	Toilet Seat	0.1000	1.0210	2.10%	0.8476
816	Deck Faucet	0.1204	1.0269	2.69%	1.0701
	PARTS AND SUPPLIES	**0.0171**	**1.0256**	**2.56%**	**0.3929**
901	Refrigerator #1	0.0957	1.0277	2.77%	1.3946
902	Refrigerator #2	0.4627	1.0344	3.44%	1.2402
903	Air Conditioner #1	0.0178	1.0090	0.90%	1.0256
904	Air Conditioner #2	0.0219	1.0150	1.50%	1.3565
905	Floor Runner	0.0957	1.0149	1.49%	1.2452
906	Dishwasher	0.0472	1.0414	4.14%	1.5430
907	Range #1	0.0464	1.0330	3.30%	1.1571
908	Range #2	0.2126	1.0323	3.23%	1.0255
	REPLACEMENT COSTS	**0.0073**	**1.0309**	**3.09%**	**0.6467**
	ALL ITEMS	**1.0000**	**1.0584**	**5.84%**	**0.1515**

B.3 Price Relative by Building Type, Apartments, 2005

Spec #	Item Description	Pre-1947	Post-1946	Gas Heated	Oil Heated	MASTER METERED BLDGS
101	TAXES, FEES, & PERMITS	1.0132	1.0113	1.0124	1.0124	1.0124
201-207	LABOR COSTS	1.0347	1.0354	1.0364	1.0348	1.0360
301-303	FUEL	1.2093	1.1632	1.2380	1.1988	1.2375
401-410	UTILITIES	1.0835	1.0891	1.0903	1.0776	1.1012
501-516	CONTRACTOR SERVICES	1.0453	1.0434	1.0396	1.0463	1.0443
601-608	ADMINISTRATIVE COSTS	1.0381	1.0417	1.0358	1.0403	1.0395
701	INSURANCE COSTS	1.0889	1.0889	1.0889	1.0889	1.0889
801-816	PARTS AND SUPPLIES	1.0255	1.0258	1.0258	1.0256	1.0263
904-908	REPLACEMENT COSTS	1.0313	1.0299	1.0322	1.0305	1.0280
	ALL ITEMS	**1.0683**	**1.0471**	**1.0522**	**1.0652**	**1.0582**

B.4 Price Relative by Hotel Type, 2005

Spec #	Item Description	Hotel	Rooming House	SRO
101	TAXES, FEES, & PERMITS	0.9590	1.0336	1.0256
205-206, 208-216	LABOR COSTS	1.0384	1.0481	1.0424
301-303	FUEL	1.2046	1.2382	1.1575
401-407, 409-410	UTILITIES	1.0919	1.1698	1.1062
501-509, 511-516, 518	CONTRACTOR SERVICES	1.0282	1.0391	1.0505
601-608	ADMINISTRATIVE COSTS	1.0365	1.0340	1.0342
701	INSURANCE COSTS	1.0889	1.0889	1.0889
801-816	PARTS AND SUPPLIES	1.0143	1.0244	1.0224
901-904, 907-911	REPLACEMENT COSTS	1.0135	1.0202	1.0208
	ALL ITEMS	**1.0279**	**1.0899**	**1.0653**

B.5 Percentage Change in Real Estate Tax Sample by Borough and Source of Change, Apartments and Hotels, 2005

	% 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	5.35%	0.19%	-0.08%	-3.45%	-0.18%	1.83%
Bronx	1.63%	-0.33%	-0.17%	-1.76%	-0.04%	-0.66%
Brooklyn	3.15%	-0.29%	0.15%	-3.31%	-0.09%	-0.40%
Queens	5.08%	-0.34%	0.08%	-3.28%	-0.15%	1.39%
SI	8.12%	-1.75%	-0.13%	-3.34%	-0.20%	2.69%
All apts	**4.58%**	**-0.05%**	**0.10%**	**-3.25%**	**-0.15%**	**1.24%**
Hotel	-3.13%	-0.62%	0.02%	-0.22%	-0.15%	-4.10%
RH	6.63%	-0.12%	0.02%	-2.98%	-0.19%	3.36%
SRO	6.62%	-3.03%	1.03%	-2.07%	0.01%	2.56%
All hotels	**3.52%**	**-1.79%**	**0.55%**	**-1.63%**	**-0.08%**	**0.57%**

Note: Totals may not add due to rounding.

B.6 Tax Change by Borough and Community Board, Apartments, 2005

Borough	Community Board	Number of Buildings	Tax Relative
Manhattan		**12,590**	**1.83%**
	1	45	8.55%
	2	1171	2.41%
	3	1567	3.46%
	4	1008	-0.45%
	5	293	0.80%
	6	886	0.62%
	7	1994	1.54%
	8	2187	2.57%
	9	706	4.23%
	10	777	2.72%
	11	563	4.42%
	12	1382	3.05%
Lower		**8,629**	**1.64%**
Upper		**3,961**	**3.40%**
Bronx		**4,940**	**-0.66%**
	1	276	0.44%
	2	200	1.30%
	3	268	-4.72%
	4	690	0.85%
	5	644	2.08%
Bronx (cont.)	6	455	3.28%
	7	888	-1.39%
	8	333	-0.77%
	9	270	0.81%
	10	181	-2.65%
	11	297	-3.75%
	12	382	-1.49%
Brooklyn		**12,123**	**-0.40%**
	1	1426	2.23%
	2	633	-0.41%
	3	797	4.73%
	4	1188	4.20%
	5	362	-3.02%
	6	931	-0.93%
	7	843	2.17%
	8	900	0.04%
	9	552	-0.46%
	10	784	-0.77%
	11	717	0.33%
	12	606	-1.98%
	13	170	-0.34%
	14	876	-0.51%
	15	369	-1.49%
	16	280	0.39%
	17	606	-0.47%
	18	72	-0.86%
Queens		**6,190**	**1.39%**
	1	1742	1.44%
	2	823	0.26%
	3	381	2.69%
	4	364	0.64%
	5	1186	3.21%
	6	335	0.07%
	7	380	3.25%
	8	192	1.26%
	9	197	-1.04%
	10	56	1.46%
	11	114	6.19%
	12	156	0.07%
	13	49	1.48%
	14	94	4.83%
Staten Island		**172**	**2.69%**
	1	118	2.97%
	2	27	2.44%
	3	24	2.10%
Total		**36,015**	**1.24%**

Note: No Community Board could be assigned to the following number of buildings for each borough: Manhattan (11), Bronx (56), Brooklyn (9), Queens (123), 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, 2005

Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error
101	TAXES, FEES, & PERMITS	**0.2968**	**1.0057**	**0.57%**	**1.1913**
205	Social Security Insurance	0.0548	1.0300	3.00%	0.0000
206	Unemployment Insurance	0.0173	1.0059	0.59%	0.0000
208	Hotel Private Health/Welfare	0.0406	1.0357	3.57%	0.0000
209	Hotel Union Labor	0.3118	1.0400	4.00%	0.0000
210	SRO Union Labor	0.0121	1.0400	4.00%	0.0000
211	Apartment Value	0.1193	1.0627	6.27%	0.5873
212	Non-Union Superintendent	0.3154	1.0407	4.07%	0.7361
213	Non-Union Maid	0.0000	0.0000	NA	0.0000
214	Non-Union Desk Clerk	0.0000	0.0000	NA	0.0000
215	Non-Union Maintenance Worker	0.0000	0.0000	NA	0.0000
216	Non-Union Janitor/Porter	0.1287	1.0359	3.59%	1.3059
	LABOR COSTS	**0.1694**	**1.0411**	**4.11%**	**0.2951**
301	Fuel Oil #2	0.6785	1.2382	23.82%	1.1511
302	Fuel Oil #4	0.0151	1.1972	19.72%	2.1351
303	Fuel Oil #6	0.3064	1.1156	11.56%	0.8508
	FUEL	**0.1094**	**1.2000**	**20.00%**	**0.8240**
401	Electricity #1, 2,500 KWH	0.0678	1.1488	14.88%	0.0000
402	Electricity #2, 15,000 KWH	0.0752	1.1556	15.56%	0.0000
403	Electricity #3, 82,000 KWH	0.2396	1.1500	15.00%	0.0000
404	Gas #1, 12,000 therms	0.0486	1.3011	30.11%	0.0000
405	Gas #2, 65,000 therms	0.0443	1.0999	9.99%	0.0000
406	Gas #3, 214,000 therms	0.2037	1.0977	9.77%	0.0000
407	Steam #1, 1.2m lbs	0.0002	1.1170	11.70%	0.0000
409	Telephone	0.1615	1.0016	0.16%	0.0000
410	Water & Sewer	0.1589	1.0550	5.50%	0.0000
	UTILITIES	**0.1408**	**1.1057**	**10.57%**	**0.0000**
501	Repainting	0.2146	1.0297	2.97%	0.8286
502	Plumbing, Faucet	0.0888	1.0419	4.19%	0.8986
503	Plumbing, Stoppage	0.0843	1.0428	4.28%	1.4084
504	Elevator #1, 6 fl., 1 e.	0.0376	1.0482	4.82%	1.3061
505	Elevator #2, 13 fl., 2 e.	0.0345	1.0391	3.91%	0.9963
506	Elevator #3, 19 fl., 3 e.	0.0320	1.0363	3.63%	0.9205
507	Burner Repair	0.0283	1.0158	1.58%	1.3523
508	Boiler Repair, Tube	0.0315	1.1280	12.80%	3.8759
509	Boiler Repair, Weld	0.0259	1.1269	12.69%	2.4570
511	Range Repair	0.1393	1.0272	2.72%	1.4965
512	Roof Repair	0.0262	1.0631	6.31%	2.0652
513	Air Conditioner Repair	0.0435	1.0579	5.79%	1.9097
514	Floor Maint. #1, Studio	0.0009	1.0519	5.19%	8.4182
515	Floor Maint. #2, 1 Br.	0.0019	1.0454	4.54%	8.9240
516	Floor Maint. #3, 2 Br.	0.0169	1.0461	4.61%	8.8080
518	Linen/Laundry Service	0.1938	1.0000	0.00%	0.0000
	CONTRACTOR SERVICES	**0.0838**	**1.0347**	**3.47%**	**0.4002**

Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error
601	Management Fees	0.6311	1.0456	4.56%	1.0477
602	Accountant Fees	0.0811	1.0468	4.68%	1.5819
603	Attorney Fees	0.1282	1.0017	0.17%	0.1753
604	Newspaper Ads	0.1003	1.0161	1.61%	1.1340
605	Agency Fees	0.0260	1.0084	0.84%	0.4827
606	Lease Forms	0.0110	1.0439	4.39%	2.1399
607	Bill Envelopes	0.0128	1.0210	2.10%	1.3008
608	Ledger Paper	0.0096	1.0300	3.00%	2.9348
	ADMINISTRATIVE COSTS	**0.0844**	**1.0357**	**3.57%**	**0.6847**
701	INSURANCE COSTS	**0.0508**	**1.0889**	**8.89%**	**0.9980**
801	Light Bulbs	0.0155	1.0198	1.98%	2.0131
802	Light Switch	0.0178	1.0000	0.00%	0.0000
803	Wet Mop	0.0503	1.0004	0.04%	1.4712
804	Floor Wax	0.0495	1.0307	3.07%	1.7229
805	Paint	0.1230	1.0312	3.12%	1.0897
806	Pushbroom	0.0415	1.0055	0.55%	0.5155
807	Detergent	0.0448	1.0790	7.90%	3.3877
808	Bucket	0.0488	1.0175	1.75%	1.0413
809	Washers	0.0480	1.0126	1.26%	0.8311
810	Linens	0.3182	1.0007	0.07%	0.0498
811	Pine Disinfectant	0.0186	1.0326	3.26%	1.3620
812	Window/Glass Cleaner	0.0199	1.0619	6.19%	2.6351
813	Switch Plate	0.0547	1.0281	2.81%	2.2255
814	Duplex Receptacle	0.0400	1.0104	1.04%	0.8236
815	Toilet Seat	0.0496	1.0210	2.10%	0.8476
816	Deck Faucet	0.0598	1.0269	2.69%	1.0701
	PARTS AND SUPPLIES	**0.0455**	**1.0176**	**1.76%**	**0.2912**
901	Refrigerator #1	0.0199	1.0277	2.77%	1.3946
902	Refrigerator #2	0.0953	1.0344	3.44%	1.2402
903	Air Conditioner #1	0.0614	1.0090	0.90%	1.0256
904	Air Conditioner #2	0.0718	1.0150	1.50%	1.3565
907	Range #1	0.0085	1.0330	3.30%	1.1571
908	Range #2	0.0398	1.0323	3.23%	1.0255
909	Carpet	0.3410	1.0156	1.56%	1.0844
910	Dresser	0.1940	1.0134	1.34%	1.2689
911	Mattress & Box Spring	0.1685	1.0057	0.57%	0.5063
	REPLACEMENT COSTS	**0.0191**	**1.0159**	**1.59%**	**0.4842**
	ALL ITEMS	**1.0000**	**1.0570**	**5.70%**	**0.3781**

B.8 Expenditure Weights and Price Relatives, Lofts, 2005

Spec #	Item Description	Weights	Price Relative
101	TAXES	**0.2663**	**1.0124**
201	Payroll, Bronx, All	0.0000	1.0143
202	Payroll, Other, Union, Supts.	0.2757	1.0263
203	Payroll, Other, Union, Other	0.0000	1.0280
204	Payroll, Other, Non-Union, All	0.5563	1.0392
205	Social Security Insurance	0.0449	1.0300
206	Unemployment Insurance	0.0090	1.0059
207	Private Health & Welfare	0.1141	1.0686
	LABOR COSTS	**0.0957**	**1.0222**
301	Fuel Oil #2	0.3256	1.2382
302	Fuel Oil #4	0.5579	1.1972
303	Fuel Oil #6	0.1166	1.1156
	FUEL	**0.0669**	**1.2010**
401	Electricity #1, 2,500 KWH	0.0107	1.1488
402	Electricity #2, 15,000 KWH	0.1409	1.1556
403	Electricity #3, 82,000 KWH	0.0000	1.1500
404	Gas #1, 12,000 therms	0.0049	1.3011
405	Gas #2, 65,000 therms	0.0638	1.0999
406	Gas #3, 214,000 therms	0.1808	1.0977
407	Steam #1, 1.2m lbs	0.0168	1.1170
408	Steam #2, 2.6m lbs	0.0065	1.0906
409	Telephone	0.0098	1.0016
410	Water & Sewer - Frontage	0.5659	1.0550
	UTILITIES	**0.0718**	**1.0827**
501	Repainting	0.3937	1.0297
502	Plumbing, Faucet	0.1435	1.0419
503	Plumbing, Stoppage	0.1287	1.0428
504	Elevator #1, 6 fl., 1 e.	0.0562	1.0482
505	Elevator #2, 13 fl., 2 e.	0.0375	1.0391
506	Elevator #3, 19 fl., 3 e.	0.0212	1.0363
507	Burner Repair	0.0395	1.0158
508	Boiler Repair, Tube	0.0488	1.1280
509	Boiler Repair, Weld	0.0340	1.1269
510	Refrigerator Repair	0.0116	1.0572
511	Range Repair	0.0121	1.0272
512	Roof Repair	0.0593	1.0631
513	Air Conditioner Repair	0.0086	1.0579
514	Floor Maint. #1, Studio	0.0003	1.0519
515	Floor Maint. #2, 1 Br.	0.0005	1.0454
516	Floor Maint. #3, 2 Br.	0.0045	1.0461
	CONTRACTOR SERVICES	**0.0702**	**1.0448**

Spec #	Item Description	Weights	Price Relative
603	ADMINISTRATIVE COSTS, LEGAL	**0.0887**	**1.0017**
601	Management Fees	0.8060	1.0456
602	Accountant Fees	0.1486	1.0468
604	Newspaper Ads	0.0052	1.0161
605	Agency Fees	0.0071	1.0084
606	Lease Forms	0.0106	1.0439
607	Bill Envelopes	0.0120	1.0210
608	Ledger Paper	0.0105	1.0300
	ADMINISTRATIVE COSTS, OTHER	**0.0914**	**1.0449**
701	INSURANCE COSTS	**0.2176**	**1.0889**
801	Light Bulbs	0.0378	1.0198
802	Light Switch	0.0474	1.0000
803	Wet Mop	0.0428	1.0004
804	Floor Wax	0.0400	1.0307
805	Paint	0.2250	1.0312
806	Pushbroom	0.0367	1.0055
807	Detergent	0.0337	1.0790
808	Bucket	0.0402	1.0175
809	Washers	0.0965	1.0126
811	Pine Disinfectant	0.0476	1.0326
812	Window/Glass Cleaner	0.0520	1.0619
813	Switch Plate	0.0464	1.0281
814	Duplex Receptacle	0.0334	1.0104
815	Toilet Seat	0.1000	1.0210
816	Deck Faucet	0.1205	1.0269
	PARTS AND SUPPLIES	**0.0175**	**1.0256**
901	Refrigerator #1	0.0957	1.0277
902	Refrigerator #2	0.4627	1.0344
903	Air Conditioner #1	0.0178	1.0090
904	Air Conditioner #2	0.0218	1.0150
905	Floor Runner	0.0957	1.0149
906	Dishwasher	0.0473	1.0414
907	Range #1	0.0463	1.0330
908	Range #2	0.2127	1.0323
	REPLACEMENT COSTS	**0.0139**	**1.0309**
	ALL ITEMS	**1.0000**	**1.0524**

B.9 Changes in the Price Index of Operating Costs, Expenditure Weights and Price Relatives, Apartments, 1995-2005

	1995		1996		1997		1998		1999	
	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative
Taxes	0.260	1.4%	0.263	3.0%	0.255	2.4%	0.255	1.2%	0.258	0.4%
Labor Costs	0.165	4.1%	0.171	3.1%	0.167	2.3%	0.166	2.7%	0.171	3.4%
Fuel	0.101	-12.7%	0.088	29.6%	0.108	0.4%	0.106	-15.0%	0.090	-18.4%
Utilities	0.147	-4.0%	0.141	7.8%	0.143	2.9%	0.144	2.3%	0.147	-0.4%
Contractor Services	0.149	2.4%	0.152	1.8%	0.146	3.4%	0.147	2.7%	0.151	3.5%
Administrative Costs	0.081	3.8%	.0.084	3.5%	0.082	3.9%	0.083	3.3%	0.086	2.9%
Insurance Costs	0.063	5.2%	0.066	5.0%	0.066	1.9%	0.065	-1.5%	0.064	3.5%
Parts and Supplies	0.024	-0.5%	0.024	0.8%	0.023	1.5%	0.023	1.9%	0.023	2.2%
Replacement Costs	0.010	0.2%	0.010	1.0%	0.010	1.0%	0.010	0.6%	0.010	1.7%
All Items		**0.1%**		**6.0%**		**2.4%**		**0.1%**		**0.03%**
Pre '47										
Taxes	0.179	1.4%	0.182	3.0%	0.175	2.4%	0.175	1.2%	0.178	0.4%
Labor Costs	0.143	3.8%	0.150	3.3%	0.145	2.4%	0.145	2.7%	0.150	3.8%
Fuel	0.141	-12.7%	0.124	28.9%	0.149	0.7%	0.147	-14.8%	0.126	-17.9%
Utilities	0.149	-4.1%	0.144	7.6%	0.145	3.3%	0.146	2.6%	0.151	0.1%
Contractor Services	0.181	2.5%	0.186	1.9%	0.178	3.3%	0.179	2.7%	0.185	3.6%
Administrative Costs	0.078	3.8%	0.082	3.4%	0.079	3.7%	0.080	3.2%	0.083	1.5%
Insurance Costs	0.084	5.2%	0.088	5.0%	0.087	1.9%	0.086	-1.5%	0.086	3.5%
Parts and Supplies	0.028	-0.5%	0.028	0.8%	0.027	1.5%	0.026	2.0%	0.027	2.2%
Replacement Costs	0.016	0.2%	0.016	0.9%	0.015	1.0%	0.015	0.7%	0.016	1.5%
All Items		**-0.4%**		**6.8%**		**2.5%**		**-0.5%**		**-0.4%**
Post '46										
Taxes	0.337	1.4%	0.340	3.0%	0.332	2.4%	0.332	1.2%	0.335	0.4%
Labor Costs	0.200	4.3%	0.207	3.0%	0.202	2.1%	0.202	2.7%	0.206	2.9%
Fuel	0.073	-12.6%	0.064	31.9%	0.080	-0.5%	0.078	-15.6%	0.065	-20.0%
Utilities	0.125	-3.8%	0.119	8.2%	0.122	2.2%	0.122	1.8%	0.124	-1.5%
Contractor Services	0.102	2.2%	0.104	1.4%	0.122	2.2%	0.101	2.6%	0.103	3.2%
Administrative Costs	0.092	3.7%	0.095	3.5%	0.093	4.1%	0.095	3.4%	0.097	2.5%
Insurance Costs	0.043	5.2%	0.045	5.0%	0.045	1.9%	0.045	-1.5%	0.044	3.5%
Parts and Supplies	0.019	-0.4%	0.019	0.9%	0.018	1.4%	0.018	1.9%	0.018	2.2%
Replacement Costs	0.008	0.2%	0.008	1.0%	0.008	1.0%	0.008	0.6%	0.008	2.0%
All Items		**0.6%**		**5.4%**		**2.3%**		**0.5%**		**0.02%**

2000		2001		2002		2003		2004		2005	
Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative
0.259	5.2%	0.253	5.5%	0.245	6.6%	0.266	14.8%	0.261	16.2%	0.283	1.2%
0.176	2.6%	0.168	4.0%	0.160	4.0%	0.170	3.5%	0.150	4.5%	0.147	3.5%
0.073	54.8%	0.095	33.3%	0.116	-36.1%	0.076	66.9%	0.108	-2.8%	0.098	20.0%
0.147	5.7%	0.154	15.0%	0.163	-9.9%	0.149	21.7%	0.155	0.8%	0.146	8.4%
0.156	4.6%	0.152	3.6%	0.145	3.9%	0.153	4.8%	0.137	4.1%	0.133	4.5%
0.089	4.0%	0.085	4.1%	0.082	4.6%	0.087	5.4%	0.078	4.0%	0.076	4.0%
0.067	0.7%	0.062	4.9%	0.060	16.5%	0.071	40.5%	0.085	14.7%	0.091	8.9%
0.023	1.9%	0.022	0.8%	0.021	0.9%	0.021	0.4%	0.018	1.2%	0.017	2.6%
0.010	0.8%	0.010	1.0%	0.009	-0.6%	0.009	1.4%	0.008	1.0%	0.007	3.1%
	7.8%		**8.7%**		**-1.6%**		**16.9%**		**6.9%**		**5.8%**
0.180	5.2%	0.174	5.5%	0.166	6.6%	0.183	14.8%	0.178	16.8%	0.195	1.3%
0.156	2.7%	0.147	4.1%	0.139	4.4%	0.150	3.6%	0.131	4.7%	0.129	3.5%
0.104	52.9%	0.118	33.1%	0.143	-35.4%	0.095	64.3%	0.132	-2.3%	0.122	20.9%
0.152	5.0%	0.174	18.9%	0.188	-11.4%	0.172	22.2%	0.177	2.4%	0.171	8.4%
0.192	4.5%	0.185	3.7%	0.174	3.9%	0.187	4.9%	0.166	4.1%	0.162	4.5%
0.084	2.6%	0.080	2.7%	0.074	4.4%	0.080	5.2%	0.071	3.9%	0.070	3.8%
0.089	0.7%	0.082	4.9%	0.078	16.5%	0.094	40.5%	0.112	14.7%	0.121	8.9%
0.028	2.0%	0.026	0.8%	0.024	0.9%	0.025	0.4%	0.021	1.2%	0.020	2.6%
0.016	0.8%	0.015	1.0%	0.013	-0.6%	0.014	1.4%	0.012	1.0%	0.011	3.1%
	8.8%		**10.1%**		**-3.2%**		**18.4%**		**6.4%**		**6.8%**
0.336	5.2%	0.330	5.5%	0.322	6.6%	0.345	14.8%	0.341	15.2%	0.368	1.1%
0.212	2.5%	0.203	3.9%	0.195	3.6%	0.203	3.3%	0.181	4.3%	0.177	3.5%
0.052	60.7%	0.073	34.1%	0.091	-38.8%	0.056	77.7%	0.085	-5.0%	0.076	16.3%
0.122	7.1%	0.127	14.5%	0.135	-10.5%	0.121	24.9%	0.131	-1.7%	0.120	8.9%
0.107	4.7%	0.104	3.4%	0.100	3.6%	0.104	4.7%	0.094	3.9%	0.091	4.3%
0.100	3.6%	0.096	3.8%	0.092	4.9%	0.098	5.7%	0.089	4.0%	0.087	4.2%
0.045	0.7%	0.043	4.9%	0.041	16.5%	0.048	40.5%	0.059	14.7%	0.063	8.9%
0.019	1.9%	0.018	0.8%	0.017	1.0%	0.017	0.4%	0.015	1.2%	0.014	2.6%
0.008	0.7%	0.008	1.0%	0.007	-0.7%	0.007	1.4%	0.006	1.0%	0.006	3.0%
	7.2%		**7.9%**		**-0.6%**		**16.2%**		**6.9%**		**4.7%**

Appendix C: Income and Expense Study

C.1 Cross-Sectional Income and Expense Study, Estimated Average Rent and Income (2003) per Apartment per Month by Building Size and Location

	Post-46			Pre-47			All		
	Rent	Income	Costs	Rent	Income	Costs	Rent	Income	Costs
Citywide	**$985**	**$1,084**	**$706**	**$763**	**$858**	**$590**	**$816**	**$912**	**$618**
11-19 units	$836	$974	$641	$779	$977	$669	$782	$977	$667
20-99 units	$780	$827	$573	$732	$800	$555	$741	$805	$558
100+ units	$1,213	$1,365	$854	$1,042	$1,160	$759	$1,155	$1,296	$821
Bronx	$743	$774	$555	$613	$639	$487	$636	$663	$499
11-19 units	-	-	-	$619	$669	$552	$619	$668	$550
20-99 units	$685	$709	$526	$612	$636	$483	$622	$647	$489
100+ units	-	-	-	$625	$643	$463	$755	$786	$545
Brooklyn	$741	$777	$558	$648	$675	$490	$668	$697	$504
11-19 units	-	-	-	$662	$712	$530	$664	$719	$533
20-99 units	$726	$756	$549	$642	$662	$477	$663	$685	$495
100+ units	$769	$810	$571	$686	$711	$506	$743	$778	$551
Manhattan	$1,665	$1,916	$1,116	$953	$1,153	$746	$1,071	$1,279	$808
11-19 units	$1,133	$1,404	$892	$904	$1,251	$806	$907	$1,253	$808
20-99 units	$1,178	$1,309	$811	$903	$1,054	$688	$926	$1,075	$698
100+ units	$1,869	$2,168	$1,243	$1,344	$1,542	$973	$1,649	$1,906	$1,130
Queens	$777	$845	$585	$699	$727	$499	$734	$781	$538
11-19 units	$712	$780	$530	$653	$678	$490	$667	$702	$500
20-99 units	$729	$774	$525	$698	$726	$491	$709	$744	$504
100+ units	$823	$909	$646	-	-	-	$814	$891	$632
St. Island	$732	$766	$570	-	-	-	$732	$766	$570
Core Man	$1,780	$2,056	$1,177	$1,097	$1,351	$835	$1,245	$1,503	$909
11-19 units	-	-	-	$935	$1,317	$836	$937	$1,318	$836
20-99 units	$1,272	$1,424	$857	$1,090	$1,298	$790	$1,106	$1,309	$796
100+ units	$1,942	$2,257	$1,279	$1,432	$1,647	$1,032	$1,726	$1,998	$1,174
Upper Man	$808	$860	$663	$675	$758	$565	$693	$772	$578
11-19 units	-	-	-	$691	$795	$604	$686	$792	$623
20-99 units	-	-	-	$672	$752	$561	$681	$759	$565
100+ units	-	-	-	$707	$788	$548	$779	$844	$651
City w/o Core Manhattan	$758	$806	$569	$645	$679	$498	$675	$713	$517

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, Staten Island, Core and Upper Manhattan as well as buildings with 20-99 and 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.2 Cross-Sectional Income and Expense Study, Net Operating Income in 2003 per Apartment per Month by Building Size and Location

	Post-46	Pre-47	All
Citywide	**$377**	**$269**	**$295**
11-19 units	$332	$309	$310
20-99 units	$254	$245	$247
100+ units	$512	$402	$474
Bronx	$219	$152	$164
11-19 units	-	$117	$118
20-99 units	$182	$153	$157
100+ units	-	$181	$241
Brooklyn	$219	$185	$192
11-19 units	-	$182	$187
20-99 units	$207	$185	$190
100+ units	$239	$204	$228
Manhattan	$800	$406	$472
11-19 units	$511	$444	$445
20-99 units	$498	$366	$377
100+ units	$925	$569	$776
Queens	$260	$229	$243
11-19 units	$250	$187	$202
20-99 units	$249	$235	$240
100+ units	$263	-	$259
St. Island	$195	-	$195

	Post-46	Pre-47	All
Core Man	$880	$516	$594
11-19 units	-	$481	$482
20-99 units	$567	$508	$513
100+ units	$977	$615	$824
Upper Man	$197	$193	$193
11-19 units	-	$191	$169
20-99 units	-	$191	$193
100+ units	-	$241	$193
City w/o Core Manhattan	$237	$181	$196

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, Staten Island and Upper Manhattan as well as buildings with 20-99 and 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.3. Cross-Sectional Distribution of "Distressed" Buildings, 2003 RPIE Filings

	Citywide	Bronx	Brooklyn	Manhattan	Queens	St. Island	Core Man	Upper Man
Pre-47								
11-19 units	438	63	91	242	41	1	202	40
20-99 units	777	206	180	340	51	0	157	183
100+ units	12	3	1	5	3	0	2	3
All	1227	272	272	587	95	1	361	226
Post-46								
11-19 units	13	2	1	5	5	0	3	2
20-99 units	45	12	11	8	14	0	5	3
100+ units	9	0	1	5	2	1	4	1
All	67	14	13	18	21	1	12	6
All Bldgs.								
11-19 units	451	65	92	247	46	1	205	42
20-99 units	822	218	191	348	65	0	162	186
100+ units	21	3	2	10	5	1	6	4
All	**1294**	**286**	**285**	**605**	**116**	**2**	**373**	**232**

Source: NYC Department of Finance, RPIE Filings.

C.4 Cross-Sectional Sample, 2003 RPIE Filings

	Post-46		Pre-47		All	
	Bldgs.	DU's	Bldgs.	DU's	Bldgs.	DU's
Citywide	**1,261**	**132,410**	**10,756**	**411,910**	**12,017**	**544,320**
11-19 units	116	1,708	2,759	41,670	2,875	43,378
20-99 units	744	42,989	7,682	314,669	8,426	357,658
100+ units	401	87,713	315	55,571	716	143,284
Bronx	198	14,408	2,113	97,454	2,368	111,862
11-19 units	12	167	225	3,392	237	3,559
20-99 units	158	9,470	1,888	86,780	2,046	96,250
100+ units	28	4,771	57	7,282	85	12,053
Brooklyn	243	21,715	2,397	92,136	2,640	113,851
11-19 units	14	206	583	8,712	597	8,918
20-99 units	164	10,711	1,755	76,301	1,919	87,012
100+ units	65	10,798	59	7,123	124	17,921
Manhattan	410	63,197	5,137	182,349	5,547	245,546
11-19 units	36	541	1,669	25,190	1,705	25,731
20-99 units	176	9,229	3,305	120,731	3,481	129,960
100+ units	198	53,427	163	36,428	361	89,855
Queens	360	30,115	1,042	39,547	1,402	69,662
11-19 units	43	640	279	4,329	322	4,969
20-99 units	216	12,338	729	30,702	945	43,040
100+ units	101	17,137	34	4,516	135	21,653
St. Island	50	2,975	10	424	60	3,399
11-19 units	11	154	3	47	14	201
20-99 units	30	1,241	5	155	35	1,396
100+ units	9	1,580	2	222	11	1,802
Core Man	362	57,877	3,629	120,663	3,991	178,540
11-19 units	33	495	1,464	22,008	1,497	22,503
20-99 units	143	7,397	2,037	66,654	2,180	74,051
100+ units	186	49,985	128	32,001	314	81,986
Upper Man	48	5,320	1,508	61,686	1,556	67,006
11-19 units	3	46	205	3,182	208	3,228
20-99 units	33	1,832	1,268	54,077	1,301	55,909
100+ units	12	3,442	35	4,427	47	7,869

Source: NYC Department of Finance, RPIE Filings.

C.5 Longitudinal Income and Expense Study, Estimated Average Rent and Income Changes (2002-2003) by Building Size and Location

	Post-46			Pre-47			All		
	Rent	Income	Costs	Rent	Income	Costs	Rent	Income	Costs
Citywide	**3.0%**	**3.5%**	**12.4%**	**3.8%**	**4.9%**	**12.5%**	**3.6%**	**4.5%**	**12.5%**
11-19 units	4.9%	5.2%	11.7%	4.3%	5.9%	14.1%	4.4%	5.9%	13.9%
20-99 units	2.9%	3.4%	10.5%	3.6%	4.5%	11.8%	3.5%	4.3%	11.6%
100+ units	2.2%	2.7%	13.8%	4.3%	5.5%	14.4%	2.8%	3.5%	14.0%
Bronx	3.5%	3.6%	12.2%	5.0%	4.9%	10.6%	4.7%	4.6%	11.0%
11-19 units	-	-	-	5.9%	6.8%	10.5%	6.2%	6.8%	10.4%
20-99 units	3.9%	4.2%	11.9%	4.7%	4.5%	10.6%	4.6%	4.5%	10.8%
100+ units	-	-	-	8.7%	8.2%	11.0%	4.8%	4.7%	12.1%
Brooklyn	3.6%	3.4%	8.2%	3.7%	4.0%	12.5%	3.7%	3.9%	11.5%
11-19 units	-	-	-	4.0%	4.3%	10.0%	3.8%	4.2%	10.5%
20-99 units	3.9%	3.6%	7.1%	3.4%	3.7%	13.1%	3.5%	3.7%	11.4%
100+ units	2.8%	2.9%	10.3%	7.1%	7.1%	15.7%	3.2%	3.4%	12.1%
Manhattan	2.7%	2.4%	14.5%	3.5%	5.6%	13.3%	3.3%	4.8%	13.6%
11-19 units	-	-	-	4.4%	6.6%	16.2%	4.4%	6.6%	16.1%
20-99 units	3.6%	3.9%	15.4%	3.3%	5.3%	11.8%	3.3%	5.1%	12.2%
100+ units	2.5%	2.0%	14.3%	3.5%	5.2%	15.0%	2.8%	3.1%	14.6%
Queens	0.9%	3.7%	12.4%	2.8%	3.2%	12.4%	1.9%	3.4%	12.4%
11-19 units	2.7%	4.0%	12.3%	3.2%	4.2%	13.8%	3.1%	4.1%	13.4%
20-99 units	0.8%	2.5%	10.2%	2.8%	3.0%	12.1%	2.0%	2.8%	11.4%
100+ units	0.6%	4.6%	14.6%	-	-	-	1.0%	4.4%	14.2%
Staten Island	4.5%	4.5%	15.8%	-	-	-	4.5%	4.5%	15.8%
Core Manhattan‡	2.6%	2.3%	14.9%	3.4%	6.0%	13.7%	3.2%	4.8%	14.0%
11-19 units	-	-	-	3.3%	5.4%	16.5%	3.4%	5.5%	16.4%
20-99 units	3.1%	3.5%	15.9%	3.2%	6.3%	12.1%	3.2%	6.0%	12.4%
100+ units	2.5%	2.1%	14.7%	4.0%	5.7%	15.1%	3.0%	3.3%	14.8%
Upper Manhattan‡	4.4%	4.2%	9.3%	3.8%	3.9%	11.5%	3.9%	4.0%	11.2%
11-19 units	-	-	-	9.0%	9.4%	12.9%	9.2%	15.1%	15.7%
20-99 units	-	-	-	3.4%	3.4%	11.1%	3.7%	3.6%	11.2%
100+ units	-	-	-	-	-	-	-0.5%	0.2%	7.6%
All City w/o Core Manhattan	2.5%	3.6%	11.2%	4.0%	4.1%	11.7%	3.6%	4.0%	11.5%

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 20-99 units and 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 Staten Island are provided.

‡ The data for Core and Upper Manhattan on this chart combine two calculations of costs in all their respective categories to take into account inconsistencies between the all-Manhattan values and the combination of the Core and Upper Manhattan figures.

Source: NYC Department of Finance, RPIE Filings.

C.6 Longitudinal Income and Expense Study, Net Operating Income Changes (2002-2003) by Building Size and Location

	Post-46	Pre-47	All
Citywide	**-9.6%**	**-8.3%**	**-8.7%**
11-19 units	-5.7%	-8.0%	-7.9%
20-99 units	-9.6%	-8.5%	-8.7%
100+ units	-11.1%	-7.7%	-10.1%
Bronx	-13.0%	-9.7%	-10.5%
11-19 units	-	-9.4%	-8.8%
20-99 units	-13.1%	-10.6%	-11.0%
100+ units	-	2.3%	-8.2%
Brooklyn	-7.0%	-12.8%	-11.5%
11-19 units	-	-8.3%	-9.0%
20-99 units	-4.8%	-14.5%	-12.0%
100+ units	-10.6%	-9.0%	-13.0%
Manhattan	-10.4%	-6.0%	-7.3%
11-19 units	-	-7.2%	-7.1%
20-99 units	-10.3%	-4.9%	-5.6%
100+ units	-10.4%	-8.0%	-9.7%
Queens	-11.3%	-12.3%	-11.8%
11-19 units	-10.7%	-15.9%	-14.4%
20-99 units	-10.7%	-11.6%	-11.3%
100+ units	-12.6%	-	-12.8%
St. Island	-18.4%	-	-18.4%

	Post-46	Pre-47	All
Core Manhattan	-10.4%	-4.4%	-6.4%
11-19 units	-	-8.8%	-8.7%
20-99 units	-11.0%	-1.7%	-2.7%
100+ units	-10.4%	-7.1%	-9.4%
Upper Manhattan	-6.9%	-12.8%	-12.0%
11-19 units	-	0.0%	-9.5%
20-99 units	-	-13.7%	-12.9%
100+ units	-	-	-17.3%
All City w/o Core Manhattan	-10.6%	-11.8%	-11.4%

Notes: City and borough totals are weighted, while figures for building size categories are unweighted. Cost figures in this table are NOT adjusted for the results of the 1992 Department of Finance audit on I&E reported operating costs. The number of post-46 rent stabilized buildings with fewer than 20 units in the Bronx, Brooklyn, Core and Upper Manhattan as well as buildings with 20-99 units and 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 Staten Island are provided.

Source: NYC Department of Finance, RPIE Filings.

C.7 Longitudinal Sample, 2002 and 2003 RPIE Filings

	Post-46		Pre-47		All	
	Bldgs.	DU's	Bldgs.	DU's	Bldgs.	DU's
Citywide	**1,065**	**111,172**	**8,694**	**347,377**	**9,759**	**458,549**
11-19 units	99	1,480	1,983	30,168	2,082	31,648
20-99 units	633	36,378	6,453	269,739	7,086	306,117
100+ units	333	73,314	258	47,470	591	120,784
Bronx	175	12,346	1,744	81,332	1,919	93,678
11-19 units	11	155	132	2,022	143	2,177
20-99 units	141	8,561	1,567	73,554	1,708	82,115
100+ units	23	3,630	45	5,756	68	9,386
Brooklyn	218	19,044	1,899	77,575	2,117	96,619
11-19 units	9	138	365	5,491	374	5,629
20-99 units	151	9,876	1,486	66,427	1,637	76,303
100+ units	58	9,030	48	5,657	106	14,687
Manhattan	341	52,560	4,166	154,134	4,507	206,694
11-19 units	34	518	1,264	19,219	1,298	19,737
20-99 units	149	7,751	2,766	102,512	2,915	110,263
100+ units	158	44,291	136	32,403	294	76,694
Queens	292	24,887	876	33,924	1,168	58,811
11-19 units	36	540	220	3,401	256	3,941
20-99 units	169	9,316	629	27,091	798	36,407
100+ units	87	15,031	27	3,432	114	18,463
St. Island	39	2,335	9	412	48	2,747
11-19 units	9	129	2	35	11	164
20-99 units	23	874	5	155	28	1,029
100+ units	7	1,332	2	222	9	1,554
Core Manhattan	302	49,054	2,954	101,900	3,256	150,954
11-19 units	31	472	1,144	17,355	1,175	17,827
20-99 units	122	6,236	1,705	56,138	1,827	62,374
100+ units	149	42,346	105	28,407	254	70,753
Upper Manhattan	39	3,506	1,212	52,234	1,251	55,740
11-19 units	3	46	120	1,864	123	1,910
20-99 units	27	1,515	1,061	46,374	1,088	47,889
100+ units	9	1,945	31	3,996	40	5,941

Source: NYC Department of Finance, RPIE Filings.

Appendix D: 2002 Housing and Vacancy Survey, Summary Tables

D.1 Occupancy Status

	ALL UNITS	Owner Units	Renter Units	Stabilized
Total Number of Units (occupied, vacant available, and vacant not available)	3,208,588@			
Number of Units (occupied and vacant, available)	3,081,772	997,003	2,084,769	1,013,954
Occupied Units	3,005,318	981,814	2,023,504	988,393
Bronx	462,878	103,993	358,885	204,839
Brooklyn	879,557	252,021	627,536	265,208
Manhattan	720,072	162,580	557,492	328,574
Queens	783,734	360,529	423,205	181,068
Staten Island	159,078	102,692	56,386	8,705
Vacant Units	203,270			
Vacant, for rent or sale	76,454	15,189	61,265	25,561
Bronx	14,201	2,001	12,200	6,725
Brooklyn	21,642	4,030	17,612	6,818
Manhattan	26,864	4,475	22,389	9,256
Queens	11,151	3,493	7,658	2,578
Staten Island	2,597	1,190	1,407	184
Asking Rent				
<$300	-	-	983	0
$300-$399	-	-	2,295	753
$400-$499	-	-	2,965	746
$500-$599	-	-	2,371	1,597
$600-$699	-	-	4,902	2,972
$700-$799	-	-	7,102	4,237
$800-$899	-	-	7,985	3,298
$900-$999	-	-	5,716	3,133
$1000-$1249	-	-	8,975	3,481
$1250+	-	-	17,968	5,345
Vacant, not for rent or sale	126,816	-	-	-
Bronx	13,928	-	-	-
Brooklyn	28,887	-	-	-
Manhattan	51,925	-	-	-
Queens	25,819	-	-	-
Staten Island	6,258	-	-	-
Dilapidated	5,481	-	-	-
Rented-Not Yet Occupied	6,016	-	-	-
Sold-Not Yet Occupied	7,889	-	-	-
Undergoing Renovation	21,951	-	-	-
Awaiting Renovation	17,958	-	-	-
Non-Residential Use	598	-	-	-
Legal Dispute	10,631	-	-	-
Awaiting Conversion	377	-	-	-
Held for Occasional Use	42,902	-	-	-
Unable to Rent or Sell	7,240	-	-	-
Held Pending Sale of Building	1,430	-	-	-
Held for Planned Demolition	200	-	-	-
Held for Other Reasons	3,279	-	-	-
(Not Reported)	863	-	-	-

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

Rent Stabilized Units *Pre-1947*	Rent Stabilized Units *Post-1946*	Rent Controlled	Mitchell-Lama	Public Housing	Other Regulated*	Other Rentals**	
							Total Number of Units
773,673	240,282	59,324	65,189	178,074	103,249	664,977	Number of Units (occupied and vacant, available)
752,130	236,263	59,324	63,818	174,490	99,111	638,368	Occupied Units
168,423	36,416	5,496	18,866	42,657	14,669	72,358	Bronx
208,442	56,766	15,949	21,053	57,894	22,564	244,868	Brooklyn
274,059	54,515	27,537	14,418	54,850	42,326	89,787	Manhattan
99,025	82,042	10,342	7,986	16,018	16,190	191,602	Queens
2,182	6,523	0	1,494	3,071	3,362	39,754	Staten Island
							Vacant Units
21,543	4,019	0	1,371	3,584	4,138	26,609	Vacant, for rent or sale
5,876	849	0	362	936	633	3,544	Bronx
5,661	1,158	0	830	1,328	898	7,736	Brooklyn
8,256	1,000	0	179	841	2,102	10,010	Manhattan
1,750	828	0	0	206	180	4,694	Queens
0	184	0	0	273	325	625	Staten Island
							Asking Rent
0	0	-	0	965	18	0	<$300
753	0	-	0	455	285	802	$300-$399
746	0	-	0	1,768	237	214	$400-$499
1,170	426	-	407	0	209	159	$500-$599
2,132	839	-	407	223	211	1,090	$600-$699
4,090	147	-	378	0	458	2,029	$700-$799
2,619	679	-	0	0	571	4,116	$800-$899
2,491	642	-	0	174	0	2,409	$900-$999
3,227	254	-	179	0	455	4,860	$1000-$1249
4,313	1,032	-	0	0	1,693	10,930	$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.1 Occupancy Status (Continued)

	ALL UNITS	Owner Units	Renter Units	Stabilized
Total Number of Units (occupied, vacant available, and vacant not available)	3,208,588@			
Number of Units (occupied and vacant, available)	3,081,772	32.4%	67.6%	32.9%
Occupied Units	3,005,318	32.7%	67.3%	32.9%
Bronx	15.4%	10.6%	17.7%	20.7%
Brooklyn	29.3%	25.7%	31.0%	26.8%
Manhattan	24.0%	16.6%	27.6%	33.2%
Queens	26.1%	36.7%	20.9%	18.3%
Staten Island	5.3%	10.5%	2.8%	0.9%
Vacant Units	203,270			
Vacant, for rent or sale	76,454	19.9%	80.1%	33.4%
Bronx	18.6%	13.2%	19.9%	26.3%
Brooklyn	28.3%	26.5%	28.7%	26.7%
Manhattan	35.1%	29.5%	36.5%	36.2%
Queens	14.6%	23.0%	12.5%	10.1%
Staten Island	3.4%	7.8%	2.3%	0.7%
Asking Rent				
<$300	-	-	1.6%	0.0%
$300-$399	-	-	3.7%	2.9%
$400-$499	-	-	4.8%	2.9%
$500-$599	-	-	3.9%	6.2%
$600-$699	-	-	8.0%	11.6%
$700-$799	-	-	11.6%	16.6%
$800-$899	-	-	13.0%	12.9%
$900-$999	-	-	9.3%	12.3%
$1000-$1249	-	-	14.6%	13.6%
$1250+	-	-	29.3%	20.9%
Vacant, not for rent or sale	126,816			
Bronx	11.0%	-	-	-
Brooklyn	22.8%	-	-	-
Manhattan	40.9%	-	-	-
Queens	20.4%	-	-	-
Staten Island	4.9%	-	-	-
Dilapidated	4.3%	-	-	-
Rented-Not Yet Occupied	4.7%	-	-	-
Sold-Not Yet Occupied	6.2%	-	-	-
Undergoing Renovation	17.3%	-	-	-
Awaiting Renovation	14.2%	-	-	-
Non-Residential Use	0.5%	-	-	-
Legal Dispute	8.4%	-	-	-
Awaiting Conversion	0.3%	-	-	-
Held for Occasional Use	33.8%	-	-	-
Unable to Rent or Sell	5.7%	-	-	-
Held Pending Sale of Building	1.1%	-	-	-
Held for Planned Demolition	0.2%	-	-	-
Held for Other Reasons	2.6%	-	-	-
(Not Reported)	0.7%	-	-	-

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

Rent Stabilized Units *Pre-1947*	Rent Stabilized Units *Post-1946*	Rent Controlled	Mitchell-Lama	Public Housing	Other Regulated*	Other Rentals**	
							Total Number of Units
76.3%	23.7%	1.9%	2.1%	5.8%	3.4%	21.6%	Number of Units (occupied and vacant, available)
76.1%	23.9%	2.0%	2.1%	5.8%	3.3%	21.2%	Occupied Units
22.4%	15.4%	9.3%	29.6%	24.4%	14.8%	11.3%	Bronx
27.7%	24.0%	26.9%	33.0%	33.2%	22.8%	38.4%	Brooklyn
36.4%	23.1%	46.4%	22.6%	31.4%	42.7%	14.1%	Manhattan
13.2%	34.7%	17.4%	12.5%	9.2%	16.3%	30.0%	Queens
0.3%	2.8%	0.0%	2.3%	1.8%	3.4%	6.2%	Staten Island
							Vacant Units
28.2%	5.3%	0.0%	1.8%	4.7%	5.4%	34.8%	Vacant, for rent or sale
27.3%	21.1%	0.0%	26.4%	26.1%	15.3%	13.3%	Bronx
26.3%	28.8%	0.0%	60.5%	37.1%	21.7%	29.1%	Brooklyn
38.3%	24.9%	0.0%	13.1%	23.5%	50.8%	37.6%	Manhattan
8.1%	20.6%	0.0%	0.0%	5.7%	4.3%	17.6%	Queens
0.0%	4.6%	0.0%	0.0%	7.6%	7.9%	2.3%	Staten Island
							Asking Rent
0.0%	0.0%	0.0%	0.0%	26.9%	0.4%	0.0%	<$300
3.5%	0.0%	0.0%	0.0%	12.7%	6.9%	3.0%	$300-$399
3.5%	0.0%	0.0%	0.0%	49.3%	5.7%	0.8%	$400-$499
5.4%	10.6%	0.0%	29.7%	0.0%	5.1%	0.6%	$500-$599
9.9%	20.9%	0.0%	29.7%	6.2%	5.1%	4.1%	$600-$699
19.0%	3.7%	0.0%	27.6%	0.0%	11.1%	7.6%	$700-$799
12.2%	16.9%	0.0%	0.0%	0.0%	13.8%	15.5%	$800-$899
11.6%	16.0%	0.0%	0.0%	4.9%	0.0%	9.1%	$900-$999
15.0%	6.3%	0.0%	13.1%	0.0%	11.0%	18.3%	$1000-$1249
20.0%	25.7%	0.0%	0.0%	0.0%	40.9%	41.1%	$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

	All Households@	Owner Households	Renter Households	Stabilized
Monthly Contract Rent				
$0-$199	-	-	99,102	17,078
$200-$299	-	-	75,588	19,921
$300-$399	-	-	81,855	29,516
$400-$499	-	-	141,552	72,267
$500-$599	-	-	225,024	144,249
$600-$699	-	-	280,697	170,874
$700-$799	-	-	265,526	151,395
$800-$899	-	-	214,879	106,687
$900-$999	-	-	145,813	69,461
$1000-$1249	-	-	199,773	88,748
$1250-$1499	-	-	75,456	40,722
$1500-$1749	-	-	58,259	32,254
$1750+	-	-	115,000	27,865
(No Cash Rent)	-	-	(44,985)	(17,357)
Mean	-	-	$832	$795
Mean/Room	-	-	$276	$300
Median	-	-	$706	$700
Median/Room	-	-	$208	$226
Monthly Cost of Electricity				
Mean	$70	$91	$56	$53
Median	$57	$75	$50	$47
Monthly Cost of Utility Gas				
Mean	$75	$127	$36	$27
Median	$35	$100	$25	$20
Monthly Cost of Water/Sewer				
Mean	$36	$36	$34	-
Median	$33	$33	$33	-
Monthly Cost of Other Fuels				
Mean	$125	$127	$86	-
Median	$100	$100	$37	-
Monthly Mortgage Payments				
Mean	-	$1,363	-	-
Median	-	$1,208	-	-
Monthly Insurance Payments				
Mean	-	$74	-	-
Median	-	$63	-	-
Monthly Property Taxes				
Mean	-	$159	-	-
Median	-	$142	-	-

@ 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**	
							Monthly Contract Rent
12,964	4,114	4,593	3,107	58,514	13,951	1,859	$0-$199
16,276	3,645	5,941	4,878	30,471	8,289	6,088	$200-$299
25,105	4,410	7,958	2,225	23,056	8,478	10,622	$300-$399
62,553	9,714	7,523	6,868	30,793	3,976	20,125	$400-$499
116,085	28,164	8,735	8,551	16,871	7,592	39,026	$500-$599
131,000	39,874	5,061	12,349	10,614	6,570	75,229	$600-$699
112,997	38,398	4,625	10,424	2,316	7,922	88,844	$700-$799
75,265	31,422	3,494	4,928	354	9,405	90,011	$800-$899
46,688	22,773	1,366	3,626	336	6,964	64,060	$900-$999
65,190	23,557	2,575	4,388	147	10,015	93,900	$1000-$1249
30,450	10,272	1,121	1,406	348	3,994	27,865	$1250-$1499
25,716	6,538	1,836	550	0	2,574	21,045	$1500-$1749
19,439	8,427	1,995	174	669	8,521	75,776	$1750+
(12,403)	(4,954)	(2,503)	(345)	(0)	(862)	(23,918)	(No Cash Rent)
$780	$843	$612	$649	$337	$805	$1,038	Mean
$295	$317	$181	$203	$88	$305	$302	Mean/Room
$700	$750	$500	$635	$290	$700	$850	Median
$219	$250	$146	$183	$76	$200	$216	Median/Room
							Monthly Cost of Electricity
$52	$55	$50	$59	$55	$54	$62	Mean
$46	$50	$40	$50	$50	$45	$50	Median
							Monthly Cost of Utility Gas
$27	$31	$28	$34	$35	$31	$48	Mean
$20	$23	$20	$20	$24	$23	$30	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)

	All Households@	Owner Households	Renter Households	Stabilized
Monthly Contract Rent				
$0-$199	-	-	5.0%	1.8%
$200-$299	-	-	3.8%	2.1%
$300-$399	-	-	4.1%	3.0%
$400-$499	-	-	7.2%	7.4%
$500-$599	-	-	11.4%	14.9%
$600-$699	-	-	14.2%	17.6%
$700-$799	-	-	13.4%	15.6%
$800-$899	-	-	10.9%	11.0%
$900-$999	-	-	7.4%	7.2%
$1000-$1249	-	-	10.1%	9.1%
$1250-$1499	-	-	3.8%	4.2%
$1500-$1749	-	-	2.9%	3.3%
$1750+	-	-	5.8%	2.9%
(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.

Rent Stabilized Units *Pre-1947*	Rent Stabilized Units *Post-1946*	Rent Controlled	Mitchell-Lama	Public Housing	Other Regulated*	Other Rentals**	
							Monthly Contract Rent
1.8%	1.8%	8.1%	4.9%	33.5%	14.2%	0.3%	$0-$199
2.2%	1.6%	10.5%	7.7%	17.5%	8.4%	1.0%	$200-$299
3.4%	1.9%	14.0%	3.5%	13.2%	8.6%	1.7%	$300-$399
8.5%	4.2%	13.2%	10.8%	17.6%	4.0%	3.3%	$400-$499
15.7%	12.2%	15.4%	13.5%	9.7%	7.7%	6.4%	$500-$599
17.7%	17.2%	8.9%	19.5%	6.1%	6.7%	12.2%	$600-$699
15.3%	16.6%	8.1%	16.4%	1.3%	8.1%	14.5%	$700-$799
10.2%	13.6%	6.1%	7.8%	0.2%	9.6%	14.6%	$800-$899
6.3%	9.8%	2.4%	5.7%	0.2%	7.1%	10.4%	$900-$999
8.8%	10.2%	4.5%	6.9%	0.1%	10.2%	15.3%	$1000-$1249
4.1%	4.4%	2.0%	2.2%	0.2%	4.1%	4.5%	$1250-$1499
3.5%	2.8%	3.2%	0.9%	0.0%	2.6%	3.4%	$1500-$1749
2.6%	3.6%	3.5%	0.3%	0.4%	8.7%	12.3%	$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
2001 Total Household Income				
Loss, no income or <$5000	173,194	32,965	140,230	67,300
$5000-$9999	268,014	33,060	234,954	97,566
$10,000-$19,999	411,519	89,831	321,687	159,627
$20,000-$29,999	338,684	81,638	257,045	127,669
$30,000-$39,999	328,312	79,836	248,476	123,178
$40,000-$49,999	275,506	84,735	190,771	96,910
$50,000-$59,999	225,280	79,369	145,911	72,176
$60,000-$69,999	194,951	83,068	111,883	58,873
$70,000-$79,999	158,938	65,337	93,601	51,325
$80,000-$89,999	119,938	59,117	60,821	32,650
$90,000-$99,999	83,576	43,674	39,902	19,470
$100,000+	427,40	249,183	178,223	81,647
(Not Reported)	-	-	-	-
Mean	$57,858	$83,156	$45,583	$46,439
Median	$38,880	$60,000	$31,000	$32,000
Contract Rent to Income Ratio				
<10%	-	-	162,234	80,260
10%-19%	-	-	501,891	258,654
20%-29%	-	-	438,243	199,594
30%-39%	-	-	231,276	110,110
40%-49%	-	-	142,056	67,087
50%-59%	-	-	91,201	42,190
60%-69%	-	-	71,710	35,925
70%+	-	-	272,252	142,117
(Not Computed)	-	-	(112,639)	(52,456)
Mean	-	-	33.9%	34.3%
Median	-	-	26.4%	25.7%
Households in Poverty				
Households Below 100% of Poverty Level	525,420	70,865	454,555	204,386
Households at or Above 100% of Poverty Level	2,479,898	910,950	1,568,948	784,007
(Not Reported)	-	-	-	-
Households Below 125% of Poverty Level	675,142	100,425	574,717	262,316
Households at or Above 125% of Poverty Level	2,330,176	881,390	1,448,786	726,077
(Not Reported)	-	-	-	-
Households Receiving Public Assistance¥	353,410	40,950	312,460	145,280
Households Not Receiving Public Assistance	2,258,983	801,063	1,457,920	721,755
(Do Not Know)	(12,200)	(2,564)	(9,636)	(4,660)
(Not Reported)	(380,724)	(137,237)	(243,487)	(116,698)
Households Receiving TANF§	56,535	2,245	54,290	29,342
Households Receiving Safety Net	16,887	918	15,969	9,941
Households Receiving SSI	166,582	21,869	144,713	61,688
Households Receiving Other Public Assistance	149,961	18,328	131,633	61,778
Households Receiving Rent Subsidy				
Households Receiving Section 8 Certif./Voucher	-	-	119,135	67,128
Households Receiving Shelter Allowance	-	-	73,419	37,300
Households Receiving SCRIE∞	-	-	29,439	20,726
Households Receiving Another Federal Housing Subsidy	-	-	21,739	5,600
Households Receiving Another State/City Housing Subsidy	-	-	32,632	12,463

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

Rent Stabilized Units		Rent	Mitchell-	Public	Other	Other	
Pre-1947	*Post-1946*	Controlled	Lama	Housing	Regulated*	Rentals**	
							2001 Total Household Income
55,492	11,809	5,143	5,956	22,322	*39,508°*		Loss, no income or <$5000
75,941	21,625	10,464	9,803	55,088	*62,033°*		$5000-$9999
119,403	40,224	13,811	10,715	41,773	*95,761°*		$10,000-$19,999
102,193	25,476	6,532	9,502	22,797	*90,547°*		$20,000-$29,999
96,693	26,486	4,572	9,323	13,728	*97,676°*		$30,000-$39,999
75,854	21,056	5,711	7,240	7,249	*73,661°*		$40,000-$49,999
52,306	19,870	3,129	2,601	4,545	*63,460°*		$50,000-$59,999
41,449	17,424	2,134	2,811	1,769	*46,296°*		$60,000-$69,999
37,224	14,101	2,281	1,980	1,999	*36,015°*		$70,000-$79,999
22,772	9,878	1,190	1,265	0	*25,715°*		$80,000-$89,999
13,651	5,818	1,118	220	1,336	*17,758°*		$90,000-$99,999
59,152	22,495	3,240	2,401	1,885	*89,049°*		$100,000+
-	-	-	-	-	-		(Not Reported)
$46,099	$47,521	$36,003	$31,358	$19,009	*$52,726°*		Mean
$31,000	$35,650	$20,120	$25,600	$11,988	*$37,000°*		Median
							Contract Rent to Income Ratio
61,433	18,827	8,431	5,033	17,292	*51,218°*		<10%
192,396	66,257	11,973	13,501	34,763	*183,001°*		10%-19%
153,086	46,509	9,544	13,103	51,483	*164,517°*		20%-29%
87,001	23,109	5,057	9,069	25,988	*81,053°*		30%-39%
48,824	18,263	5,059	3,531	12,473	*53,907°*		40%-49%
31,945	10,245	4,683	2,093	6,842	*35,393°*		50%-59%
27,830	8,095	1,293	2,771	3,418	*28,303°*		60%-69%
109,295	32,822	8,807	11,786	15,138	*94,405°*		70%+
(40,321)	(12,135)	(4,476)	(2,932)	(7,093)	*(45,682)°*		(Not Computed)
34.5%	33.9%	33.8%	37.7%	30.8%	*33.8%°*		Mean
26.0%	24.8%	27.3%	29.0%	27.6%	*26.3%°*		Median
							Households in Poverty
167,548	36,838	14,584	16,844	87,010	33,405	98,326	Households Below 100% of Poverty Level
584,583	199,425	44,739	46,974	87,480	65,706	540,042	Households at or Above 100% of Poverty Level
-	-	-	-	-	-	-	(Not Reported)
213,876	48,440	17,927	21,931	101,550	41,357	129,636	Households Below 125% of Poverty Level
538,255	187,823	41,396	41,887	72,940	57,754	508,732	Households at or Above 125% of Poverty Level
-	-	-	-	-	-	-	(Not Reported)
115,317	29,962	5,651	12,009	63,015	*86,506°*		Households Receiving Public Assistance¥
544,056	177,700	44,087	42,044	96,688	*553,346°*		Households Not Receiving Public Assistance
(3,878)	(782)	(549)	(371)	(1,382)	*(2,674)°*		(Do Not Know)
(88,879)	(27,819)	(9,036)	(9,394)	(13,405)	*(94,953)°*		(Not Reported)
25,131	4,211	582	1,834	13,040	2,315	7,177	Households Receiving TANF§
9,302	639	0	1,310	1,454	1,148	2,116	Households Receiving Safety Net
46,096	15,592	2,372	7,224	34,860	13,116	25,453	Households Receiving SSI
49,331	12,447	2,899	3,094	21,353	9,175	33,334	Households Receiving Other Public Assistance
							Households Receiving Rent Subsidy
58,318	8,810	125	7,166	5,808	17,875	21,033	Households Receiving Section 8 Certif./Voucher
34,070	3,229	551	2,352	15,376	4,569	13,271	Households Receiving Shelter Allowance
11,942	8,784	2,651	775	754	3,355	1,178	Households Receiving SCRIE∞
5,026	574	204	3,604	4,806	4,594	2,931	Households Receiving Another Federal Housing Subsidy
7,988	4,475	535	3,238	12,443	2,159	1,794	Households Receiving Another State/City Housing Subsidy

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

¥ 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
2001 Total Household Income				
Loss, no income or <$5000	5.8%	3.4%	6.9%	6.8%
$5000-$9999	8.9%	3.4%	11.6%	9.9%
$10,000-$19,999	13.7%	9.1%	15.9%	16.2%
$20,000-$29,999	11.3%	8.3%	12.7%	12.9%
$30,000-$39,999	10.9%	8.1%	12.3%	12.5%
$40,000-$49,999	9.2%	8.6%	9.4%	9.8%
$50,000-$59,999	7.5%	8.1%	7.2%	7.3%
$60,000-$69,999	6.5%	8.5%	5.5%	6.0%
$70,000-$79,999	5.3%	6.7%	4.6%	5.2%
$80,000-$89,999	4.0%	6.0%	3.0%	3.3%
$90,000-$99,999	2.8%	4.4%	2.0%	2.0%
$100,000+	14.2%	25.4%	8.8%	8.3%
(Not Reported)	-	-	-	-
Mean	-	-	-	-
Median	-	-	-	-
Contract Rent to Income Ratio				
<10%	-	-	8.5%	8.6%
10%-19%	-	-	26.3%	27.6%
20%-29%	-	-	22.9%	21.3%
30%-39%	-	-	12.1%	11.8%
40%-49%	-	-	7.4%	7.2%
50%-59%	-	-	4.8%	4.5%
60%-69%	-	-	3.8%	3.8%
70%+	-	-	14.2%	15.2%
(Not Computed)	-	-	-	-
Mean	-	-	-	-
Median	-	-	-	-
Households in Poverty				
Households Below 100% of Poverty Level	17.5%	7.2%	22.5%	20.7%
Households at or Above 100% of Poverty Level	82.5%	92.8%	77.5%	79.3%
(Not Reported)	-	-	-	-
Households Below 125% of Poverty Level	22.5%	10.2%	28.4%	26.5%
Households at or Above 125% of Poverty Level	77.5%	89.8%	71.6%	73.5%
(Not Reported)	-	-	-	-
Households Receiving Public Assistance¥	13.5%	4.9%	17.6%	16.8%
(Not Reported)	-	-	-	-
Households Receiving TANF§	2.2%	0.3%	3.1%	3.4%
Households Receiving Safety Net	0.7%	0.1%	0.9%	1.2%
Households Receiving SSI	6.4%	2.6%	8.2%	7.2%
Households Receiving Other Public Assistance	5.8%	2.2%	7.6%	7.2%
Households Receiving Rent Subsidy				
Households Receiving Section 8 Certif./Voucher	-	-	7.1%	8.1%
Households Receiving Shelter Allowance	-	-	4.4%	4.5%
Households Receiving SCRIE∞	-	-	7.8%	12.3%
Households Receiving Another Federal Housing Subsidy	-	-	1.3%	0.7%
Households Receiving Another State/City Housing Subsidy	-	-	2.0%	1.5%

§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**	
							2001 Total Household Income
7.4%	5.0%	8.7%	9.3%	12.8%	*5.4%°*		Loss, no income or<$5000
10.1%	9.2%	17.6%	15.4%	31.6%	*8.4%°*		$5000-$9999
15.9%	17.0%	23.3%	16.8%	23.9%	*13.0%°*		$10,000-$19,999
13.6%	10.8%	11.0%	14.9%	13.1%	*12.3%°*		$20,000-$29,999
12.9%	11.2%	7.7%	14.6%	7.9%	*13.2%°*		$30,000-$39,999
10.1%	8.9%	9.6%	11.3%	4.2%	*10.0%°*		$40,000-$49,999
7.0%	8.4%	5.3%	4.1%	2.6%	*8.6%°*		$50,000-$59,999
5.5%	7.4%	3.6%	4.4%	1.0%	*6.3%°*		$60,000-$69,999
4.9%	6.0%	3.8%	3.1%	1.1%	*4.9%°*		$70,000-$79,999
3.0%	4.2%	2.0%	2.0%	0.0%	*3.5%°*		$80,000-$89,999
1.8%	2.5%	1.9%	0.3%	0.8%	*2.4%°*		$90,000-$99,999
7.9%	9.5%	5.5%	3.8%	1.1%	*12.1%°*		$100,000+
-	-	-	-	-	-		(Not Reported)
-	-	-	-	-	-		Mean
-	-	-	-	-	-		Median
							Contract Rent to Income Ratio
8.6%	8.4%	15.4%	8.3%	10.3%	*7.4%°*		<10%
27.0%	29.6%	21.8%	22.2%	20.8%	*26.5%°*		10%-19%
21.5%	20.8%	17.4%	21.5%	30.8%	*23.8%°*		20%-29%
12.2%	10.3%	9.2%	14.9%	15.5%	*11.7%°*		30%-39%
6.9%	8.1%	9.2%	5.8%	7.5%	*7.8%°*		40%-49%
4.5%	4.6%	8.5%	3.4%	4.1%	*5.1%°*		50%-59%
3.9%	3.6%	2.4%	4.6%	2.0%	*4.1%°*		60%-69%
15.4%	14.6%	16.1%	19.4%	9.0%	*13.6%°*		70%+
-	-	-	-	-	-		(Not Computed)
-	-	-	-	-	-		Mean
-	-	-	-	-	-		Median
							Households in Poverty
22.3%	15.6%	24.6%	26.4%	49.9%	33.7%	15.4%	Households Below 100% of Poverty Level
77.7%	84.4%	75.4%	73.6%	50.1%	66.3%	84.6%	Households at or Above 100% of Poverty Level
-	-	-	-	-	-	-	(Not Reported)
28.4%	20.5%	30.2%	34.4%	58.2%	41.7%	20.3%	Households Below 125% of Poverty Level
71.6%	79.5%	69.8%	65.6%	41.8%	58.3%	79.7%	Households at or Above 125% of Poverty Level
-	-	-	-	-	-	-	(Not Reported)
17.5%	14.4%	11.4%	22.2%	39.5%	*13.5%°*		Households Receiving Public Assistance¥
-	-	-	-	-	-		(Not Reported)
3.8%	2.0%	1.2%	3.4%	8.2%	2.7%	1.3%	Households Receiving TANF§
1.4%	0.3%	0.0%	2.4%	0.9%	1.3%	0.4%	Households Receiving Safety Net
7.0%	7.5%	4.8%	13.4%	21.9%	15.3%	4.6%	Households Receiving SSI
7.6%	6.1%	6.0%	5.8%	13.7%	10.8%	6.1%	Households Receiving Other Public Assistance
							Households Receiving Rent Subsidy
9.2%	4.5%	0.3%	14.0%	3.8%	21.5%	4.1%	Households Receiving Section 8 Certif./Voucher
5.4%	1.6%	1.1%	4.6%	10.0%	5.4%	2.6%	Households Receiving Shelter Allowance
11.3%	14.2%	7.6%	4.5%	1.5%	10.2%	1.6%	Households Receiving SCRIE∞
0.8%	0.3%	0.4%	7.1%	3.2%	5.5%	0.6%	Households Receiving Another Federal Housing Subsidy
1.3%	2.3%	1.1%	6.5%	8.2%	2.6%	0.4%	Households Receiving Another State/City Housing Subsidy

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

¥ 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

	All Households@	Owner Households	Renter Households	Stabilized
Year Moved Into Current Dwelling				
1999-2002	888,822	172,499	716,323	323,475
1996-1998	507,151	139,544	367,607	177,973
1993-1995	319,815	94,210	225,605	124,205
1990-1992	253,173	90,145	163,028	89,155
1987-1989	155,940	69,203	86,737	41,488
1984-1986	121,278	56,947	64,331	34,167
1981-1983	116,060	45,258	70,802	43,064
1971-1980	357,504	151,764	205,740	122,253
Prior to 1971	285,576	162,245	123,331	32,613
Household Composition				
Married Couples	1,167,823	535,148	632,675	290,379
Children <18 Years of Age	408,187	159,129	249,058	113,575
w/o Children <18 Years of Age	187,123	105,083	82,040	33,992
Other Household Members	146,573	74,114	72,459	32,447
w/o Other Household Members	425,940	196,822	229,118	110,365
(Not Reported)	-	-	-	-
Female Householder	1,184,201	291,895	892,306	439,085
Children <18 Years of Age	192,206	22,512	169,694	77,066
w/o Children <18 Years of Age	261,699	75,328	186,371	89,927
Other Household Members	145,214	28,861	116,353	56,559
w/o Other Household Members	585,082	165,194	419,888	215,533
(Not Reported)	-	-	-	-
Male Householder	653,297	154,773	498,524	258,928
Children <18 Years of Age	17,403	4,279	13,124	5,708
w/o Children <18 Years of Age	189,587	41,715	147,872	72,571
Other Household Members	40,412	10,143	30,269	15,474
w/o Other Household Members	405,895	98,636	307,259	165,175
(Not Reported)	-	-	-	-
(Sex Not Reported)	-	-	-	-
Race of Householder				
White, non-Hispanic	1,334,138	568,164	765,974	382,152
Black, non-Hispanic	717,575	209,524	508,051	214,228
Puerto Rican	266,213	40,528	225,685	104,011
Other Spanish/Hispanic	398,620	60,314	338,306	206,037
Asian/Pacific Islander	266,922	96,045	170,877	74,061
American/Aleut/Eskimo	5,587	2,353	3,234	1,174
Two or more races	16,262	4,888	11,374	6,730
(Not Reported)	-	-	-	-
Age of Householder				
Under 25 years	106,159	8,701	97,458	49,430
25-34	583,047	87,347	495,700	252,676
35-44	729,652	212,424	517,228	252,636
45-54	596,395	231,631	364,764	189,711
55-61	305,769	134,393	171,376	83,307
62-64	97,172	41,721	55,451	25,559
65-74	316,907	143,251	173,656	79,472
75-84	198,356	91,398	106,958	43,517
85 or more years	71,860	30,947	40,913	12,083
(Not Reported)	-	-	-	-
Mean	48	54	46	45
Median	45	52	42	42

@ All households, including owners and renters.

Rent Stabilized Units		Rent	Mitchell-	Public	Other	Other	
Pre-1947	*Post-1946*	Controlled	Lama	Housing	Regulated*	Rentals**	
							Year Moved Into Current Dwelling
249,218	74,256	2,925	16,466	29,098	26,227	318,133	1999-2002
141,367	36,606	1,526	9,247	25,919	15,999	136,943	1996-1998
99,950	24,255	915	6,403	16,786	10,024	67,272	1993-1995
70,338	18,817	961	8,442	14,175	11,089	39,206	1990-1992
33,571	7,918	1,282	3,264	16,470	6,496	17,736	1987-1989
25,067	9,100	599	3,336	7,775	5,607	12,847	1984-1986
34,453	8,611	535	3,662	8,396	5,791	9,354	1981-1983
84,658	37,595	5,291	11,083	30,236	10,713	26,164	1971-1980
13,509	19,104	45,290	1,915	25,635	7,166	10,712	Prior to 1971
							Household Composition
211,429	78,950	10,868	18,974	27,588	25,935	258,931	Married Couples
88,349	25,226	1,215	5,928	9,968	7,596	110,776	Children <18 Years of Age
25,515	8,477	1,746	4,404	4,861	2,646	34,391	w/o Children <18 Years of Age
24,252	8,195	550	2,124	3,337	2,101	31,900	Other Household Members
73,313	37,052	7,357	6,518	9,422	13,592	81,864	w/o Other Household Members
-	-	-	-	-	-	-	(Not Reported)
335,137	103,947	33,593	33,649	119,870	52,356	213,754	Female Householder
62,648	14,418	1,628	4,564	35,362	8,303	42,771	Children <18 Years of Age
69,893	20,035	4,954	5,673	21,610	9,340	54,866	w/o Children <18 Years of Age
46,576	9,982	824	4,370	19,602	5,477	29,522	Other Household Members
156,020	59,512	26,187	19,042	43,296	29,236	86,595	w/o Other Household Members
-	-	-	-	-	-	-	(Not Reported)
205,563	53,365	14,863	11,195	27,033	20,821	165,684	Male Householder
4,735	973	342	694	2,525	542	3,313	Children <18 Years of Age
60,292	12,279	4,284	2,189	3,642	3,480	61,706	w/o Children <18 Years of Age
12,377	3,096	207	544	2,364	1,000	10,681	Other Household Members
128,159	37,017	10,030	7,768	18,502	15,799	89,984	w/o Other Household Members
-	-	-	-	-	-	-	(Not Reported)
-	-	-	-	-	-	-	(Sex Not Reported)
							Race of Householder
271,449	110,703	40,013	18,659	13,450	34,281	277,419	White, non-Hispanic
162,330	51,898	8,683	27,746	85,990	27,109	144,295	Black, non-Hispanic
86,904	17,107	3,834	7,144	50,106	16,472	44,118	Puerto Rican
169,129	36,909	5,256	5,218	19,364	14,441	87,989	Other Hispanic
56,688	17,372	1,537	4,365	4,630	6,319	79,966	Asian/Pacific Islander
587	587	0	342	248	33	1,437	American/Aleut/Eskimo
-	-	-	-	-	-	-	(Not Reported)
							Age of Householder
40,716	8,715	380	1,674	3,822	1,534	40,617	Under 25 years
202,580	50,096	2,517	8,372	23,209	15,036	193,890	25-34
203,059	49,577	5,214	15,150	41,473	21,744	181,011	35-44
147,637	42,074	4,697	13,247	31,419	15,931	109,759	45-54
58,785	24,522	7,859	6,885	21,324	9,874	42,127	55-61
17,095	8,464	3,351	1,337	8,512	3,247	13,445	62-64
52,616	26,857	13,201	9,205	24,722	15,433	31,622	65-74
24,372	19,145	12,671	5,955	15,007	10,930	18,878	75-84
5,270	6,813	9,432	1,992	5,003	5,383	7,020	85 or more years
-	-	-	-	-	-	-	(Not Reported)
43	49	66	52	52	54	42	Mean
40	47	68	49	51	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				
1999-2002	29.6%	17.6%	35.4%	32.7%
1996-1998	16.9%	14.2%	18.2%	18.0%
1993-1995	10.6%	9.6%	11.1%	12.6%
1990-1992	8.4%	9.2%	8.1%	9.0%
1987-1989	5.2%	7.0%	4.3%	4.2%
1984-1986	4.0%	5.8%	3.2%	3.5%
1981-1983	3.9%	4.6%	3.5%	4.4%
1971-1980	11.9%	15.5%	10.2%	12.4%
Prior to 1971	9.5%	16.5%	6.1%	3.3%
Household Composition				
Married Couples	38.9%	54.4%	31.3%	29.4%
Children <18 Years of Age	13.6%	16.2%	12.3%	11.5%
w/o Children <18 Years of Age	6.2%	10.7%	4.1%	3.4%
Other Household Members	4.9%	7.5%	3.6%	3.3%
w/o Other Household Members	14.2%	20.0%	11.3%	11.2%
(Not Reported)	-	-	-	-
Female Householder	39.4%	29.7%	44.1%	44.4%
Children <18 Years of Age	6.4%	2.3%	8.4%	7.8%
w/o Children <18 Years of Age	8.7%	7.7%	9.2%	9.1%
Other Household Members	4.8%	2.9%	5.8%	5.7%
w/o Other Household Members	19.5%	16.8%	20.8%	21.8%
(Not Reported)	-	-	-	-
Male Householder	21.7%	15.6%	24.6%	26.2%
Children <18 Years of Age	0.6%	0.4%	0.6%	0.6%
w/o Children <18 Years of Age	6.3%	4.2%	7.3%	7.3%
Other Household Members	1.3%	1.0%	1.5%	1.6%
w/o Other Household Members	13.5%	10.0%	15.2%	16.7%
(Not Reported)	-	-	-	-
(Sex Not Reported)	-	-	-	-
Race of Householder				
White, non-Hispanic	44.4%	57.9%	37.9%	38.7%
Black, non-Hispanic	23.9%	21.3%	25.1%	21.7%
Puerto Rican	8.9%	4.1%	11.2%	10.5%
Other Hispanic	13.3%	6.1%	16.7%	20.8%
Asian/Pacific Islander	8.9%	9.8%	8.4%	7.5%
American/Aleut/Eskimo	0.2%	0.2%	0.2%	0.1%
2 or more races	0.5%	0.5%	0.6%	0.7%
(Not Reported)	-	-	-	-
Age of Householder				
Under 25 years	3.5%	0.9%	4.8%	5.0%
25-34	19.4%	8.9%	24.5%	25.6%
35-44	24.3%	21.6%	25.6%	25.6%
45-54	19.8%	23.6%	18.0%	19.2%
55-61	10.2%	13.7%	8.5%	8.4%
62-64	3.2%	4.2%	2.7%	2.6%
65-74	10.5%	14.6%	8.6%	8.0%
75-84	6.6%	9.3%	5.3%	4.4%
85 or more years	2.4%	3.2%	2.0%	1.2%
(Not Reported)	-	-	-	-
Mean	-	-	-	-
Median	-	-	-	-

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

Totals may not add to 100% due to rounding.

Rent Stabilized Units *Pre-1947*	Rent Stabilized Units *Post-1946*	Rent Controlled	Mitchell-Lama	Public Housing	Other Regulated*	Other Rentals**	
							Year Moved Into Current Dwelling
33.1%	31.4%	4.9%	25.8%	16.7%	26.5%	49.8%	1999-2002
18.8%	15.5%	2.6%	14.5%	14.9%	16.1%	21.5%	1996-1998
13.3%	10.3%	1.5%	10.0%	9.6%	10.1%	10.5%	1993-1995
9.4%	8.0%	1.6%	13.2%	8.1%	11.2%	6.1%	1990-1992
4.5%	3.4%	2.2%	5.1%	9.4%	6.6%	2.8%	1987-1989
3.3%	3.9%	1.0%	5.2%	4.5%	5.7%	2.0%	1984-1986
4.6%	3.6%	0.9%	5.7%	4.8%	5.8%	1.5%	1981-1983
11.3%	15.9%	8.9%	17.4%	17.3%	10.8%	4.1%	1971-1980
1.8%	8.1%	76.3%	3.0%	14.7%	7.2%	1.7%	Prior to 1971
							Household Composition
28.0%	33.5%	18.2%	29.7%	15.8%	26.2%	40.6%	Married Couples
11.7%	10.7%	2.0%	9.3%	5.7%	7.7%	17.4%	Children <18 Years of Age
3.4%	3.6%	2.9%	6.9%	2.8%	2.7%	5.4%	w/o Children <18 Years of Age
3.2%	3.5%	0.9%	3.3%	1.9%	2.1%	5.0%	Other Household Members
9.7%	15.7%	12.4%	10.2%	5.4%	13.7%	12.8%	w/o Other Household Members
-	-	-	-	-	-	-	(Not Reported)
44.5%	44.0%	56.6%	52.7%	68.7%	52.8%	33.5%	Female Householder
8.3%	6.1%	2.7%	7.2%	20.3%	8.4%	6.7%	Children <18 Years of Age
9.3%	8.5%	8.4%	8.9%	12.4%	9.4%	8.6%	w/o Children <18 Years of Age
6.2%	4.2%	1.4%	6.8%	11.2%	5.5%	4.6%	Other Household Members
20.7%	25.2%	44.1%	29.8%	24.8%	29.5%	13.6%	w/o Other Household Members
-	-	-	-	-	-	-	(Not Reported)
27.2%	22.6%	25.0%	17.6%	15.5%	20.9%	26.0%	Male Householder
0.6%	0.4%	0.6%	1.1%	1.4%	0.5%	0.5%	Children <18 Years of Age
8.0%	5.2%	7.2%	3.4%	2.1%	3.5%	9.7%	w/o Children <18 Years of Age
1.6%	1.3%	0.3%	0.9%	1.4%	1.0%	1.7%	Other Household Members
17.0%	15.7%	16.9%	12.2%	10.6%	15.9%	14.1%	w/o Other Household Members
-	-	-	-	-	-	-	(Not Reported)
-	-	-	-	-	-	-	(Sex Not Reported)
							Race of Householder
36.1%	46.9%	67.4%	29.2%	7.7%	34.6%	43.5%	White, non-Hispanic
21.6%	22.0%	14.6%	43.5%	49.3%	27.4%	22.6%	Black, non-Hispanic
11.6%	7.2%	6.5%	11.2%	28.7%	16.6%	6.9%	Puerto Rican
22.5%	15.6%	8.9%	8.2%	11.1%	14.6%	13.8%	Other Hispanic
7.5%	7.4%	2.6%	6.8%	2.7%	6.4%	12.5%	Asian/Pacific Islander
0.1%	0.2%	0.0%	0.5%	0.1%	0.0%	0.2%	American/Aleut/Eskimo
0.7%	0.7%	0.0%	0.5%	0.4%	0.5%	0.5%	2 or more races
-	-	-	-	-	-	-	(Not Reported)
							Age of Householder
5.4%	3.7%	0.6%	2.6%	2.2%	1.5%	6.4%	Under 25 years
26.9%	21.2%	4.2%	13.1%	13.3%	15.2%	30.4%	25-34
27.0%	21.0%	8.8%	23.7%	23.8%	21.9%	28.4%	35-44
19.6%	17.8%	7.9%	20.8%	18.0%	16.1%	17.2%	45-54
7.8%	10.4%	13.2%	10.8%	12.2%	10.0%	6.6%	55-61
2.3%	3.6%	5.6%	2.1%	4.9%	3.3%	2.1%	62-64
7.0%	11.4%	22.3%	14.4%	14.2%	15.6%	5.0%	65-74
3.2%	8.1%	21.4%	9.3%	8.6%	11.0%	3.0%	75-84
0.7%	2.9%	15.9%	3.1%	2.9%	5.4%	1.1%	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.

D.4 Housing / Neighborhood Quality Characteristics

	All Units@	Owner Units	Renter Units	Stabilized
Maintenance Quality				
(Units Experiencing:)				
Additional Heating Required	307,789	44,390	263,399	139,147
Additional Heating Not Required	2,320,061	802,140	1,517,921	732,248
(Not Reported)	(377,468)	(135,285)	(242,183)	(116,997)
Heating Breakdowns	310,635	44,433	266,202	157,439
No Breakdowns	2,300,316	799,428	1,500,888	706,574
(Not Reported)	(394,367)	(137,954)	(256,413)	(124,381)
Broken Plaster/Peeling Paint	389,348	50,387	338,961	199,462
No Broken Plaster/Peeling Paint	2,223,324	790,720	1,432,604	665,813
(Not Reported)	(392,645)	(140,707)	(251,938)	(123,118)
Cracked Interior Walls or Ceilings	313,025	31,224	281,801	174,679
No Cracked Interior Walls or Ceilings	2,321,735	816,418	1,505,317	699,472
(Not Reported)	(370,559)	(134,172)	(236,387)	(114,243)
Holes in Floor	147,137	9,802	137,335	92,282
No Holes in Floor	2,413,403	811,860	1,601,543	756,186
(Not Reported)	(444,778)	(160,153)	(284,625)	(139,924)
Rodent Infestation	594,503	82,102	512,401	309,550
No Infestation	2,038,178	765,971	1,272,207	562,544
(Not Reported)	(372,638)	(133,742)	(238,896)	(116,299)
Toilet Breakdown	237,539	56,803	180,736	93,278
No Toilet Breakdown/No Facilities	2,371,737	786,037	1,585,700	771,136
(Not Reported)	(396,045)	(138,975)	(257,070)	(123,980)
Water Leakage Inside Unit	456,304	77,427	378,877	237,436
No Water Leakage	2,172,108	769,970	1,402,138	633,272
(Not Reported)	(376,907)	(134,418)	(242,489)	(117,685)
Units in Buildings w. No Maintenance Defects	1,331,360	562,750	768,610	312,994
Units in Buildings w. 1 Maintenance Defect	544,883	161,195	383,688	190,493
Units in Buildings w. 2 Maintenance Defects	277,414	54,848	222,566	125,556
Units in Buildings w. 3 Maintenance Defects	149,541	14,364	135,177	81,496
Units in Buildings w. 4 Maintenance Defects	88,268	3,839	84,429	56,228
Units in Buildings w. 5+ Maintenance Defects	69,277	2,093	67,184	42,308
(Not Reported)	(544,575)	(182,725)	(361,850)	(179,318)
Condition of Neighboring Buildings				
Excellent	552,834	290,566	262,268	109,877
Good	1,431,942	465,086	966,856	455,543
Fair	539,705	82,389	457,316	254,020
Poor Quality	100,884	7,398	93,486	50,906
(Not Reported)	(379,955)	(136,375)	(243,580)	(118,048)
Boarded Up Structures in Neighborhood	340,173	87,661	252,512	125,214
Units Not Close to " "	2,310,467	764,736	1,545,731	753,600
(Not Reported)	(354,678)	(129,417)	(225,261)	(109,578)

@ All housing units, including owners and renters.

Rent Stabilized Units		Rent	Mitchell-	Public	Other	Other	
Pre-1947	*Post-1946*	Controlled	Lama	Housing	Regulated*	Rentals**	
							Maintenance Quality (Units Experiencing:)
113,833	25,314	7,095	7,090	35,302	12,728	62,037	Additional Heating Required
548,068	184,180	44,333	47,320	125,408	75,429	493,183	Additional Heating Not Required
(90,229)	(26,769)	(7,895)	(9,408)	(13,780)	(10,954)	(83,148)	(Not Reported)
131,648	25,791	7,303	5,306	29,742	14,962	51,450	Heating Breakdowns
525,683	180,891	43,715	48,033	129,388	72,512	500,666	No Breakdowns
(94,799)	(29,581)	(8,305)	(10,479)	(15,360)	(11,637)	(86,252)	(Not Reported)
165,205	34,257	14,555	4,676	40,235	16,277	63,756	Broken Plaster/Peeling Paint
492,421	173,392	36,632	49,151	119,415	70,786	490,807	No Broken Plaster/Peeling Paint
(94,504)	(28,614)	(8,136)	(9,991)	(14,839)	(12,049)	(83,805)	(Not Reported)
151,487	23,192	11,238	3,541	26,830	16,143	49,370	Cracked Interior Walls or Ceilings
512,933	186,538	40,401	50,650	134,755	72,057	507,983	No Cracked Interior Walls or Ceilings
(87,710)	(26,533)	(7,685)	(9,627)	(12,905)	(10,911)	(81,016)	(Not Reported)
86,316	5,967	4,638	998	9,922	6,726	22,768	Holes in Floor
560,530	195,656	46,270	51,770	146,357	80,065	520,895	No Holes in Floor
(105,284)	(34,640)	(8,415)	(11,050)	(18,211)	(12,320)	(94,705)	(Not Reported)
260,675	48,875	12,301	10,687	43,341	30,809	105,713	Rodent Infestation
402,560	159,984	39,185	43,724	117,595	57,359	451,800	No Infestation
(88,895)	(27,404)	(7,837)	(9,408)	(13,554)	(10,943)	(80,855)	(Not Reported)
77,189	16,088	7,202	6,966	21,118	9,144	43,029	Toilet Breakdown
579,953	191,184	43,780	47,221	138,331	78,025	507,206	No Toilet Breakdown/No Facilities
(94,988)	(28,992)	(8,341)	(9,631)	(15,041)	(11,943)	(88,134)	(Not Reported)
195,577	41,859	12,000	8,246	32,334	18,992	69,869	Water Leakage Inside Unit
465,787	167,485	39,376	45,744	128,964	69,176	485,606	No Water Leakage
(90,766)	(26,920)	(7,947)	(9,828)	(13,192)	(10,943)	(82,893)	(Not Reported)
217,965	95,029	19,656	28,167	59,741	36,110	311,942	Units in Buildings w. No Maintenance Defects
140,559	49,934	12,150	11,117	36,705	18,081	115,142	Units in Buildings w. 1 Maintenance Defect
101,376	24,179	7,663	5,615	22,592	13,895	47,246	Units in Buildings w. 2 Maintenance Defects
69,730	11,766	3,858	3,821	13,414	7,221	25,367	Units in Buildings w. 3 Maintenance Defects
48,795	7,434	3,756	192	9,024	3,771	11,457	Units in Buildings w. 4 Maintenance Defects
37,830	4,478	1,695	771	6,894	4,120	11,396	Units in Buildings w. 5+ Maintenance Defects
(135,875)	(43,443)	(10,545)	(14,135)	(26,120)	(15,914)	(115,818)	(Not Reported)
							Condition of Neighboring Buildings
73,906	35,970	10,042	5,152	8,597	12,173	116,428	Excellent
335,035	120,508	29,409	33,565	73,278	48,069	326,992	Good
208,092	45,928	9,886	12,354	61,551	21,145	98,360	Fair
44,241	6,665	1,613	3,133	16,923	6,126	14,785	Poor Quality
(90,856)	(27,192)	(8,374)	(9,615)	(14,141)	(11,599)	(81,803)	(Not Reported)
106,942	18,272	4,284	6,401	22,257	15,739	78,617	Boarded Up Structures in Neighborhood
561,990	191,610	47,759	48,263	139,583	73,291	483,235	Units Not Close to " "
(83,198)	(26,380)	(7,281)	(9,154)	(12,650)	(10,082)	(76,516)	(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
Maintenance Quality				
(Units Experiencing:)				
Additional Heating Required	11.7%	5.2%	14.8%	16.0%
Additional Heating Not Required	88.3%	94.8%	85.2%	84.0%
(Not Reported)	-	-	-	-
Heating Breakdowns	11.9%	5.3%	15.1%	18.2%
No Breakdowns	88.1%	94.7%	84.9%	81.8%
(Not Reported)	-	-	-	-
Broken Plaster/Peeling Paint	14.9%	6.0%	19.1%	23.1%
No Broken Plaster/Peeling Paint	85.1%	94.0%	80.9%	76.9%
(Not Reported)	-	-	-	-
Cracked Interior Walls or Ceilings	11.9%	3.7%	15.8%	20.0%
No Cracked Interior Walls or Ceilings	88.1%	96.3%	84.2%	80.0%
(Not Reported)	-	-	-	-
Holes in Floor	5.7%	1.2%	7.9%	10.9%
No Holes in Floor	94.3%	98.8%	92.1%	89.1%
(Not Reported)	-	-	-	-
Rodent Infestation	22.6%	9.7%	28.7%	35.5%
No Infestation	77.4%	90.3%	71.3%	64.5%
(Not Reported)	-	-	-	-
Toilet Breakdown	9.1%	6.7%	10.2%	10.8%
No Toilet Breakdown	90.9%	93.3%	89.8%	89.2%
(Not Reported)	-	-	-	-
Water Leakage Inside Unit	17.4%	9.1%	21.3%	27.3%
No Water Leakage	82.6%	90.9%	78.7%	72.7%
(Not Reported)	-	-	-	-
Units in Buildings w. No Maintenance Defects	54.1%	70.4%	46.3%	38.7%
Units in Buildings w. 1 Maintenance Defect	22.1%	20.2%	23.1%	23.5%
Units in Buildings w. 2 Maintenance Defects	11.3%	6.9%	13.4%	15.5%
Units in Buildings w. 3 Maintenance Defects	6.1%	1.8%	8.1%	10.1%
Units in Buildings w. 4 Maintenance Defects	3.6%	0.5%	5.1%	6.9%
Units in Buildings w. 5+ Maintenance Defects	2.8%	0.3%	4.0%	5.2%
(Not Reported)	-	-	-	-
Condition of Neighboring Buildings				
Excellent	21.1%	34.4%	14.7%	12.6%
Good	54.5%	55.0%	54.3%	52.3%
Fair	20.6%	9.7%	25.7%	29.2%
Poor Quality	3.8%	0.9%	5.3%	5.8%
(Not Reported)	-	-	-	-
Boarded Up Structures in Neighborhood	12.8%	10.3%	14.0%	14.2%
Units Not Close to " "	87.2%	89.7%	86.0%	85.8%
(Not Reported)	-	-	-	-

@ All housing units, including owners and renters.

Totals may not add to 100% due to rounding.

Rent Stabilized Units *Pre-1947*	Rent Stabilized Units *Post-1946*	Rent Controlled	Mitchell-Lama	Public Housing	Other Regulated*	Other Rentals**	
							Maintenance Quality (Units Experiencing:)
17.2%	12.1%	13.8%	13.0%	22.0%	14.4%	11.2%	Additional Heating Required
82.8%	87.9%	86.2%	87.0%	78.0%	85.6%	88.8%	Additional Heating Not Required
-	-	-	-	-	-	-	(Not Reported)
20.0%	12.5%	14.3%	9.9%	18.7%	17.1%	9.3%	Heating Breakdowns
80.0%	87.5%	85.7%	90.1%	81.3%	82.9%	90.7%	No Breakdowns
-	-	-	-	-	-	-	(Not Reported)
25.1%	16.5%	28.4%	8.7%	25.2%	18.7%	11.5%	Broken Plaster/Peeling Paint
74.9%	83.5%	71.6%	91.3%	74.8%	81.3%	88.5%	No Broken Plaster/Peeling Paint
-	-	-	-	-	-	-	(Not Reported)
22.8%	11.1%	21.8%	6.5%	16.6%	18.3%	8.9%	Cracked Interior Walls or Ceilings
77.2%	88.9%	78.2%	93.5%	83.4%	81.7%	91.1%	No Cracked Interior Walls or Ceilings
-	-	-	-	-	-	-	(Not Reported)
13.3%	3.0%	9.1%	1.9%	6.3%	7.7%	4.2%	Holes in Floor
86.7%	97.0%	90.9%	98.1%	93.7%	92.3%	95.8%	No Holes in Floor
-	-	-	-	-	-	-	(Not Reported)
39.3%	23.4%	23.9%	19.6%	26.9%	34.9%	19.0%	Rodent Infestation
60.7%	76.6%	76.1%	80.4%	73.1%	65.1%	81.0%	No Infestation
-	-	-	-	-	-	-	(Not Reported)
11.8%	7.8%	14.1%	12.9%	13.2%	10.5%	7.8%	Toilet Breakdown
88.2%	92.2%	85.9%	87.1%	86.8%	89.5%	92.2%	No Toilet Breakdown
-	-	-	-	-	-	-	(Not Reported)
29.6%	20.0%	23.4%	15.3%	20.0%	21.5%	12.6%	Water Leakage Inside Unit
70.4%	80.0%	76.6%	84.7%	80.0%	78.5%	87.4%	No Water Leakage
-	-	-	-	-	-	-	(Not Reported)
35.4%	49.3%	40.3%	56.7%	40.3%	43.4%	59.7%	Units in Buildings w. No Maintenance Defects
22.8%	25.9%	24.9%	22.4%	24.7%	21.7%	22.0%	Units in Buildings w. 1 Maintenance Defect
16.5%	12.5%	15.7%	11.3%	15.2%	16.7%	9.0%	Units in Buildings w. 2 Maintenance Defects
11.3%	6.1%	7.9%	7.7%	9.0%	8.7%	4.9%	Units in Buildings w. 3 Maintenance Defects
7.9%	3.9%	7.7%	0.4%	6.1%	4.5%	2.2%	Units in Buildings w. 4 Maintenance Defects
6.1%	2.3%	3.5%	1.6%	4.6%	5.0%	2.2%	Units in Buildings w. 5+ Maintenance Defects
-	-	-	-	-	-	-	(Not Reported)
							Condition of Neighboring Buildings
11.2%	17.2%	19.7%	9.5%	5.4%	13.9%	20.9%	Excellent
50.7%	57.6%	57.7%	61.9%	45.7%	54.9%	58.8%	Good
31.5%	22.0%	19.4%	22.8%	38.4%	24.2%	17.7%	Fair
6.7%	3.2%	3.2%	5.8%	10.6%	7.0%	2.7%	Poor Quality
-	-	-	-	-	-	-	(Not Reported)
16.0%	8.7%	8.2%	11.7%	13.8%	17.7%	14.0%	Boarded Up Structures in Neighborhood
84.0%	91.3%	91.8%	88.3%	86.2%	82.3%	86.0%	Units Not Close to " "
-	-	-	-	-	-	-	(Not Reported)

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

** 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, 2005

	New Mortgages					Refinanced Mortgages				
Instn	Rate (%)	Points	Term (yrs)	Type	Volume	Rate (%)	Points	Term (yrs)	Type	Volume
5	5.50%	1.00	up to 10	Fxd	186	5.50%	1.00	up to 10	Fxd	65
7	6.00%	0.50	10/30 π	Both	9	6.00%	0.50	10/30 π	Both	11
8	5.50%	0.50	5/7Adj, 10 Fxd	Both	70	5.50%	0.50	5/7Adj, 10 Fxd	Both	45
10	5.00%	0.00	5	Fxd	1,341	5.00%	0.00	5	Fxd	430
11	5.75%	0.00	30	Adj	NR	5.75%	0.00	30	Adj	NR
14	5.00%	0.00	5+5	Adj	200	5.00%	0.00	5+5	Adj	400
15	NR	0.50	5/7/10/15/20/25/30	Both	NR	NR	0.50	5/7/10/15/20/25/30	Both	NR
16	5.19%	0.50	5+5/7+5 (25 π)	Adj	90	5.19%	0.50	5+5/7+5 (25 π)	Adj	810
17	6.00%	1.00	10/15	Fxd	4	6.00%	1.00	10/15	Fxd	4
18	5.50%	0.00	10	Both	100	5.50%	0.00	10	Both	75
23	5.75%	1.00	NR	Fxd	15	5.75%	1.00	5/25	Fxd	20
28	5.25%	0.75	10/30	Both	15	5.25%	0.75	10/30	Both	15
30	6.15%	1.00	up to 30	Both	60	6.15%	1.00	up to 30	Both	36
31	5.00%	0.50	5-10	Fxd	60	5.00%	0.50	5-10	Fxd	90
32	5.50%	0.38	3-10	Fxd	1	5.50%	0.38	3-10	Fxd	0
33	6.00%	0.50	15/25 or 3 or 5	Adj	26	6.00%	0.50	15/25 or 3 or 5	Adj	20
35	6.25%	0.50	15	Fxd	41	6.25%	0.50	15	Fxd	39
36	5.14%	1.00	10/30	Fxd	5	5.14%	1.00	10/30	Fxd	5
37	7.45%	1.50	10/15	Fxd	15	7.45%	1.50	10/15	Fxd	0
41	6.38%	0.00	10-30	Both	NR	6.38%	0.00	10-30	Both	NR
45	5.94%	2.00	15 or 10/25/balloon	Fxd	5	6.25%	2.00	15 or 10/25/balloon	Fxd	11
106	2.00%	0.00	25-30	Fxd	90	1.00%	0.00	30	Fxd	25
107	5.25%	0.00	5/5	Fxd	245	5.25%	0.00	5/5	Fxd	845
117	5.00%	0.25	5.0	Fxd	100	5.00%	0.25	5	Fxd	250
209	5.75%	0.50	5+5	Adj	11	5.75%	0.50	5+5	Adj	17
AVERAGE	**5.51%**	**0.56**	†	†	**122**	**5.48%**	**0.56**	†	†	**146**

π Amortization
† No average computed
NR = no response to this question

Fxd = fixed rate mortgage
Adj = adjustable rate mortgage

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

Source: 2005 Rent Guidelines Board Mortgage Survey

E.2 Typical Characteristics of Rent Stabilized Buildings, 2005

Lending Institution	Maximum Loan-to-Value Standard	Debt Service Coverage	Vacancy & Collection Losses	Typical Building Size	Average Monthly O&M Cost/Unit	Average Monthly Rent/Unit
5	80.0%	1.25%	3.0%	20-49	$550	$1,500
7	75.0%	1.25%	5.0%	50-99	$650	$1,500
8	75.0%	1.25%	2.0%	20-49	$300	$725
10	80.0%	1.25%	3.0%	20-49	$350	$750
11	75.0%	1.25%	1.0%	1-10	NR	NR
14	75.0%	1.25%	3.0%	20-49	$400	$1,100
15	80.0%	1.25%	5.0%	20-49	$500	$1,100
16	80.0%	1.30%	3.0%	20-49	$400	$840
17	80.0%	1.15%	5.0%	11-19	$458	$900
18	75.0%	1.25%	5.0%	20-49	$400	$800
23	75.0%	1.25%	3.0%	1-10	$398	$1,031
28	80.0%	1.25%	3.0%	20-100	$450	$875
30	80.0%	1.25%	3.0%	11-19	$325	$800
31	75.0%	1.30%	3.0%	20-49	$400	$850
32	75.0%	1.25%	3.0%	50-99	$500	$1,500
33	75.0%	1.25%	3.0%	11-19	$267	$600
35	65.0%	1.15%	4.0%	11-19	$400	$800
36	80.0%	1.25%	5.0%	50-99	$550	$1,600
37	60.0%	1.20%	<1%	11-19	$475	$875
41	75.0%	1.25%	5.0%	1-10	$600	$900
45	67.5%	1.20%	5.0%	1-10	$315	$800
106	100.0%	1.15%	5.0%	11-19	$433	$550
107	75.0%	1.20%	5.0%	50-99	$400	$650
117	75.0%	1.30%	3.0%	50-99	$350	$750
209	75.0%	1.25%	5.0%	11-19	$800	$1,200
AVERAGE	**76.3%**	**1.24%**	**3.6%**	†	**$445**	**$958**

NR indicates no response 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: 2005 Rent Guidelines Board Mortgage Survey

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

	Interest Rates		Points		Term		Type	
Lending Inst.	2005	2004	2005	2004	2005	2004	2005	2004
5	5.50%	5.50%	1.00	0.50	up to 10	5-10	Fxd	Fxd
7	6.00%	6.00%	0.50	0.50	10/30 π	10 years/30 π	Both	Both
8	5.50%	5.00%	0.50	0.50	5/7Adj, 10 Fxd	5+5	Both	Fxd
10	5.00%	5.25%	0.00	NR	5	5/7	Fxd	Fxd
11	5.75%	6.00%	0.00	0.00	30	25/30 Adj/15 Fxd	Adj	Both
14	5.00%	4.75%	0.00	0.00	5+5	5+5	Adj	Adj
15	NR	NR	0.50	0.00	5/7/10/15/20/25/30	5/7/10	Both	Fxd
16	5.19%	5.38%	0.50	0.75	5+5/7+5 (25 π)	5+5/7+5/10+5	Adj	Fxd
17	6.00%	6.00%	1.00	1.00	10/15	15 (5/5/5)	Fxd	Adj
18	5.50%	5.25%	0.00	1.00	10	5	Both	Fxd
23	5.75%	5.50%	1.00	0.75	NR	5	Fxd	Fxd
30	6.15%	6.75%	1.00	1.00	up to 30	up to 30	Both	Fxd
31	5.00%	4.88%	0.50	0.50	5-10	5-10	Fxd	Fxd
32	5.50%	5.50%	0.38	0.75	3-10	3-10	Fxd	Fxd
33	6.00%	6.13%	0.50	0.00	15/25 or 3 or 5	15/25 & 5	Adj	Adj
35	6.25%	6.25%	0.50	0.50	15	15	Fxd	Fxd
36	5.14%	5.40%	1.00	1.00	10/30	10/9.5/30	Fxd	Fxd
37	7.45%	7.65%	1.50	1.50	10/15	10	Fxd	Fxd
41	6.38%	6.94%	0.00	0.00	10-30	10-25	Both	Both
107	5.25%	4.75%	0.00	0.00	5/5	5	Fxd	Fxd
117	5.00%	5.00%	0.25	0.50	5.0	5	Fxd	Fxd
Avg.	**5.67%**	**5.69%**	**0.51**	**0.54**	†	†	†	†

NR indicates no response to this question. † No average computed π 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: 2004 and 2005 Rent Guidelines Board Mortgage Surveys

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

	Interest Rates		Points		Term		Type	
Lending Inst.	2005	2004	2005	2004	2005	2004	2005	2004
5	5.50%	5.50%	1.00	0.25	up to 10	5-10	Fxd	Fxd
7	6.00%	6.00%	0.50	0.50	10/30 π	10 years/30 π	Both	Both
8	5.50%	5.00%	0.50	0.50	5/7Adj, 10 Fxd	5+5	Both	Fxd
10	5.00%	5.25%	0.00	NR	5	5/7	Fxd	Fxd
11	5.75%	6.00%	0.00	0.00	30	25/30 Adj/15 Fxd	Adj	Both
14	5.00%	4.75%	0.00	0.00	5+5	5+5	Adj	Adj
15	NR	NR	0.50	0.00	5/7/10/15/20/25/30	5/7/10	Both	Fxd
16	5.19%	5.38%	0.50	0.75	5+5/7+5 (25 π)	5+5/7+5/10+5	Adj	Fxd
17	6.00%	6.00%	1.00	1.00	10/15	15 (5/5/5)	Fxd	Adj
18	5.50%	5.25%	0.00	1.00	10	5	Both	Fxd
23	5.75%	5.50%	1.00	0.75	5/25	5	Fxd	Fxd
30	6.15%	6.75%	1.00	1.00	up to 30	up to 30	Both	Fxd
31	5.00%	4.88%	0.50	0.50	5-10	5-10	Fxd	Fxd
32	5.50%	5.50%	0.38	0.75	3-10	3-10	Fxd	Fxd
33	6.00%	5.75%	0.50	0.00	15/25 or 3 or 5	15/25 & 5	Adj	Adj
35	6.25%	6.25%	0.50	0.50	15	15	Fxd	Fxd
36	5.14%	5.40%	1.00	1.00	10/30	10/9.5/30	Fxd	Fxd
37	7.45%	7.65%	1.50	1.50	10/15	7/10 or 10	Fxd	Fxd
41	6.38%	6.94%	0.00	0.00	10-30	10-25	Both	Both
107	5.25%	4.75%	0.00	0.00	5/5	5	Fxd	Fxd
117	5.00%	5.00%	0.25	0.50	5.0	5	Fxd	Fxd
Avg.	**5.67%**	**5.67%**	**0.51**	**0.53**	†	†	†	†

NR indicates no response to this question. † No average computed π Amortization

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: 2004 and 2005 Rent Guidelines Board Mortgage Surveys

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

	Max Loan-to-Value		Debt Service Coverage		V&C Losses	
Lending Inst.	2005	2004	2005	2004	2005	2004
5	80.0%	75.0%	1.25%	1.25%	3.0%	3.0%
7	75.0%	75.0%	1.25%	1.25%	5.0%	5.0%
8	75.0%	75.0%	1.25%	1.25%	2.0%	3.0%
10	80.0%	0.0%	1.25%	1.25%	3.0%	3.0%
11	75.0%	75.0%	1.25%	1.25%	1.0%	NR
14	75.0%	75.0%	1.25%	1.25%	3.0%	3.0%
15	80.0%	70.0%	1.25%	1.25%	5.0%	5.0%
16	80.0%	75.0%	1.30%	1.30%	3.0%	3.0%
17	80.0%	75.0%	1.15%	1.20%	5.0%	5.0%
18	75.0%	75.0%	1.25%	1.25%	5.0%	3.0%
23	75.0%	75.0%	1.25%	1.25%	3.0%	2.0%
30	80.0%	80.0%	1.25%	1.25%	3.0%	3.5%
31	75.0%	75.0%	1.30%	1.25%	3.0%	3.0%
32	75.0%	75.0%	1.25%	1.30%	3.0%	3.0%
33	75.0%	75.0%	1.25%	1.25%	3.0%	4.0%
35	65.0%	65.0%	1.15%	1.15%	4.0%	3.0%
36	80.0%	80.0%	1.25%	1.25%	5.0%	3.0%
37	60.0%	57.5%	1.20%	1.20%	<1%	0.5%
41	75.0%	75.0%	1.25%	1.20%	5.0%	4.0%
107	75.0%	75.0%	1.20%	1.30%	5.0%	3.0%
117	75.0%	75.0%	1.30%	1.30%	3.0%	5.0%
Avg.	**75.5%**	**73.9%**	**1.24%**	**1.25%**	**3.5%**	**3.4%**

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: 2004 and 2005 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	5,135
1996	8.6%	11,457	8,652
1997	8.8%	11,619	8,987
1998	8.5%	13,532	10,387
1999	7.8%	15,326	12,421
2000	8.7%	18,077	15,050
2001	8.4%	19,636	16,856
2002	7.4%	21,423	18,500
2003	6.7%	23,778	21,218
2004	5.8%	27,695	25,208
2005	5.5%	•	•

b Prior to 1984, Bergen Co., NJ permit figures are included.
Notes: Interest rate data was collected in January and represents a 12-month average of the preceding 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.

E.7 2005 Survey of Mortgage Financing for Multifamily Properties

I. Financing Availability and Terms for Multifamily Buildings

1a. Do you currently offer **new permanent financing** (i.e., loans secured by a property not previously mortgaged by your institution) for *rent stabilized building s*?

- ☐ **Yes.** (*Indicate typical terms and conditions at right.*)
- ☐ **No.** (*Please inform our office that you do not offer primary financing at this time.*)

Interest rate: _____% (current) _____% (12 mo. average for 2004)
Points: _____
Terms: _____
Type: Fixed / Adjustable (*circle one*)
Special conditions: _____

1b. How many loans were made by your institution in 2004 for new permanent financing of *rent stabilized building s*?

Number of loans: _____

2a. Do you currently offer **refinancing** of mortgages on *rent stabilized building s*?

- ☐ **Yes.** (*Indicate typical terms and conditions at right.*)
- ☐ **No.** (*Skip to question 4 a if you do not offer refinancing.*)

Interest rate: _____% (current) _____% (12 mo. average for 2004)
Points: _____
Terms: _____
Type: Fixed / Adjustable (*circle one*)
Special conditions: _____ (if any)

2b. How many loans did your institution refinance in 2004 for *rent stabilized building s*?

Number of loans: _____

3a. In the past year, has the total **volume of new and refinanced loans** underwritten by your institution changed significantly (by at least 5%)?

- ☐ Yes, we have experienced a significant _____ (increase / decrease) of about _____%.
- ☐ No, it is about the same. (*Please skip Question 3b.*)

3b. If loan volume has changed significantly, is the change attributable to:

(*Please check and fill in all applicable choices.*)

- ☐ A significant _____ (increase / decrease) in the volume of loan **applications** of about _____%.
- ☐ A significant _____ (increase / decrease) in the rate of application **approvals** of about _____%.

Are there any trends related to financing availability and terms on which you wish to comment?

_____

_____

_____

_____

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II. Underwriting Criteria for Rent Stabilized Buildings

4a. What **standards** does your institution employ when assessing loan applications for *rent stabilized building s*?

(*Provide the **maximum** criteria.*)

	N.A.
Loan-to-Value Ratio: _____	☐
Debt Service Coverage: _____	☐
Appraised Value of Building: _____	☐

4b. Please provide any **other standards** your institution employs when assessing loan applications. If you do not employ the standard given, place an "X" in the "N.A." column.

(*Indicate an **average, minimum, or maximum** criteria.*)

	N.A.
Number of Units in Building: _____	☐
Building Age: _____	☐
Borrower Lies in Building: _____	☐
Overall Building Maintenance: _____	☐
Co-op / Condo Conversion Potential: _____	☐
Other (*Please Specify*): _____	☐

5. Did your institution change its **underwriting practices** for financing or refinancing *rent stabilized building s* over the past year?

- ☐ Yes.
- ☐ No. (*If no, please skip to Question 7.*)

6. Yes, we changed our underwriting practices for *rent stabilized building s* to:

(*Please check and fill in all applicable choices.*)

- ☐ Use _____ (more / less) stringent approvals.
- ☐ Require _____ (higher / lower) fees (i.e., points or fees).
- ☐ _____ (Increase / Decrease) loan-to-value ratio.
- ☐ _____ (Increase / Decrease) monitoring requirements.
- ☐ _____ (Discontinue / Reduce / Expand) lending to rent stabilized buildings.
- ☐ Other: _____

III. Additional Mortgage Questions

7. How many **dwelling units** are contained in the average *rent stabilized building* financed by your institution? (*Please check only one.*)

- ☐ 1 - 10
- ☐ 11 - 19
- ☐ 20 - 49
- ☐ 50 - 99
- ☐ 100 or more

8. Which of the following best describes the average **vacancy and collection loss** for *rent stabilized buildings* during the past year? (*Please check only one.*)

- ☐ < 1%
- ☐ 1%
- ☐ 2%
- ☐ 3%
- ☐ 4%
- ☐ 5%
- ☐ 6%
- ☐ 7%
- ☐ > 7%

9. Approximately what percentage of your loans to *rent stabilized building s* are currently **non-performing**?

- ☐ None
- ☐ Approximately _____%

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10. Approximately what percentage of your loans to *rent stabilized building s* are currently in **foreclosure**?

- ☐ None
- ☐ Approximately _____%

11a. Does your institution retain the mortgages you offer or do you sell any to secondary markets?

- ☐ We retain all the mortgages sold. (*If so, please skip to question 12.*)
- ☐ We sell all our mortgages to secondary markets.
- ☐ We sell _____% of our mortgages to secondary markets.

11b. To whom do you sell your mortgages?

(*Please check and fill in all applicable choices.*)

- ☐ Fannie Mae
- ☐ Freddie Mac
- ☐ Other: _____

12. In your sector, who are your major competitors in multi-family lending?

_____

_____

13. Do the mortgages offered to *rent stabilized building s* include any commercial space?

- ☐ No
- ☐ Yes. Approximately what percentage of buildings in your portfolio have commercial space? _____%

14. What is your best estimate of average **operating and maintenance costs** per unit per month in the *rent stabilized building s* financed by your institution?

$ _____ ***per unit per month***

(*Include the following operating and maintenance costs in your estimate: Real Estate & Other Taxes, Labor, Fuel, Utilities, Contractor Services, Administration — including Legal, Management and other costs — Insurance, Parts & Supplies, and Replacement Costs.*)

15. What is your best estimate of average **rent** per unit per month in the *rent stabilized building s* financed by your institution?

$ _____ ***per unit per month***

16. Do any of your lending or underwriting standards differ for *rent stabilized building s* as opposed to non-stabilized multifamily properties? (*Please check all that apply.*)

New Financing Rates:	☐ Higher	☐ Lower	☐ Same
Refinancing Rates:	☐ Higher	☐ Lower	☐ Same
Loan-to-Value Ratio:	☐ Higher	☐ Lower	☐ Same
Debt Service Coverage:	☐ Higher	☐ Lower	☐ Same

17. On average, how does your portfolio of *rent stabilized building s* perform as compared with expectations at the time of the initial loan originations? (*Please check all that apply.*)

Net Operating Income:	☐ Higher	☐ Lower	☐ Same
Debt Service Coverage:	☐ Higher	☐ Lower	☐ Same
O&M Expenses:	☐ Higher	☐ Lower	☐ Same

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Are there any additional trends relating to underwriting criteria, non-performing loans & foreclosure, or the mortgage market in general on which you wish to comment?

_____

_____

_____

_____

Thank you for taking the time to complete the survey.

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F.1 Average Annual Employment Statistics by Area, 1993-2004

Unemployment Rate	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Bronx	11.9%	10.0%	9.6%	10.6%	11.6%	10.0%	8.1%	7.2%	7.4%	9.7%	10.4%	9.1%
Brooklyn	11.2%	9.7%	9.2%	10.0%	10.7%	9.4%	7.8%	6.4%	6.5%	8.7%	9.0%	7.7%
Manhattan	8.8%	7.6%	7.0%	7.4%	7.8%	6.8%	5.7%	5.1%	5.7%	7.7%	7.5%	6.2%
Queens	9.5%	8.2%	7.6%	8.1%	8.5%	7.0%	5.9%	5.3%	5.4%	7.2%	7.4%	6.4%
Staten Island	9.2%	7.8%	7.4%	7.8%	8.4%	6.9%	5.8%	5.1%	5.1%	6.9%	7.3%	6.3%
NYC	**10.4%**	**8.7%**	**8.2%**	**8.8%**	**9.4%**	**7.9%**	**6.9%**	**5.8%**	**6.0%**	**8.0%**	**8.3%**	**7.1%**
U.S.	**6.9%**	**6.1%**	**5.6%**	**5.4%**	**4.9%**	**4.5%**	**4.2%**	**4.0%**	**4.7%**	**5.8%**	**6.0%**	**5.5%**
Labor Force Participation Rate												
NYC Δ	55.9%	55.5%	55.5%	56.7%	58.6%	58.7%	59.0%	59.0%	58.6%	59.3%	58.9%	59.0%
U.S.	66.3%	66.6%	66.6%	66.8%	67.1%	67.1%	67.1%	67.1%	66.8%	66.6%	66.2%	66.0%
Employment-Population Ratio												
NYC Δ	50.1%	50.6%	50.9%	51.7%	53.1%	54.0%	54.9%	55.6%	55.0%	54.5%	54.0%	54.8%
U.S.	61.7%	62.5%	62.9%	63.2%	63.8%	64.1%	64.3%	64.4%	63.7%	62.7%	62.3%	62.3%
Gross City Product (NYC)												
(billions, in 2000 $)	314.6	322.1	334.5	351.5	370.3	394.7	415.3	437.8	431.8	415.4	405.3	415.1
% Change	1.32%	2.38%	3.85%	5.08%	5.35%	6.59%	5.22%	5.42%	-1.37%	-3.80%	-2.43%	2.42%
Gross Domestic Product (U.S.)												
(billions, in 2000 $)	7,532.7	7,835.5	8,031.7	8,328.9	8,703.5	9,066.9	9,470.3	9,817.0	9,890.7	10,074.8	10,381.3	10,837.2
% Change	2.67%	4.02%	2.50%	3.70%	4.50%	4.17%	4.45%	3.66%	0.75%	1.86%	3.04%	4.39%

Notes: 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.

Δ Unpublished data from the Bureau of Labor Statistics. These figures are revised periodically.

F.2 Average Payroll Employment by Industry for NYC, 1995-2004 (in thousands)

Industry Employment	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2003-2004 Change
Manufacturing	207.8	200.5	201.2	195.9	186.8	176.8	155.5	139.4	126.6	119.9	-5.3%
Construction, Natural Resources & Mining Δ	89.8	90.9	93.5	101.3	112.5	120.5	122.1	115.8	112.7	111.1	-1.42%
Trade, Transport & Utilities	532.5	533.0	538.3	542.0	556.3	569.6	557.3	536.5	533.6	538.0	0.8%
Leisure & Hospitality	208.5	216.6	227.9	235.8	243.7	256.7	260.1	255.3	260.3	268.6	3.2%
Financial Activities	467.2	464.2	467.7	477.3	481.0	488.8	473.6	445.1	433.6	434.6	0.2%
Information	154.4	158.9	162.6	166.5	172.8	187.3	200.4	176.9	163.9	161.8	-1.3%
Management of Companies	53.7	56.4	56.2	58.5	57.3	52.6	54.7	58.4	58.9	56.0	-4.9%
Professional & Business Svcs.	444.8	468.4	493.7	525.2	552.9	586.5	581.9	550.4	536.6	537.4	0.1%
Educational & Health Svcs.	551.6	565.5	576.2	588.7	605.7	620.1	627.1	646.0	658.2	666.6	1.3%
Other Services	122.6	125.2	129.3	133.9	141.5	147.4	148.7	149.7	149.1	149.9	0.5%
Total Private Sector	2,779.2	2,823.2	2,890.4	2,966.5	3,053.2	3,153.6	3,126.7	3,015.0	2,974.5	2,987.9	0.5%
Government α	560.1	546.0	551.5	561.5	567.5	569.5	565.4	568.6	557.2	553.8	-0.6%
City of New York	439.0	429.9	438.4	448.1	453.3	451.8	450.8	456.2	448.3	446.8	-0.3%
Total	**3,339.3**	**3,369.2**	**3,441.9**	**3,528.0**	**3,620.7**	**3,723.1**	**3,692.1**	**3,583.5**	**3,531.7**	**3,541.7**	**0.3%**

Notes: Totals may not add up due to rounding. Categories and figures have been revised from prior years due to new classification system used by the US Bureau of Labor Statistics and the NYS Department of Labor. Total excludes farm employment but includes unclassified jobs.

Δ Beginning in 2005, Construction and Natural Resources & Mining are no longer two separate employment sectors. Prior year figures reflect that change.

α Government includes federal, state, and local (City of New York) jobs located in New York City. Local government figures have been revised from prior years to include those employed by the City of New York as well as city-based public corporations such as the HHC (Health and Hospitals Corporation) and the MTA.

Source: NYS Department of Labor

F.3 Average Real Wage Rates by Industry for NYC, 1997-2003 (2003 dollars)

	SIC CLASSIFICATION SYSTEM					NAICS CLASSIFICATION SYSTEM				
Industry	1997	1998	1999	2000	2001	2000	2001	2002	2003	2002-03 % Change
Construction	$50,808	$52,648	$53,791	$55,955	$58,001	$56,533	$58,525	$57,809	$57,594	-0.4%
Manufacturing	$53,770	$59,108	$59,064	$63,155	$64,990	$38,708	$40,344	$41,634	$42,725	2.6%
Transportation	$55,332	$57,759	$57,907	$58,472	$59,129	$41,917	$43,111	$43,318	$42,332	-2.3%
Trade	$36,893	$37,892	$38,340	$37,681	$37,465	$41,874	$42,064	$41,896	$41,680	-0.5%
FIRE	$122,831	$131,823	$136,472	$159,020	$161,388	$154,756	$157,170	$139,560	$135,275	-3.1%
Services	$45,244	$47,364	$48,612	$50,268	$50,000	$46,501	$46,239	$45,367	$45,549	0.4%
Information	Ω	Ω	Ω	Ω	Ω	$81,475	$83,158	$80,709	$84,317	4.5%
Management of Co.'s	Ω	Ω	Ω	Ω	Ω	$161,140	$156,164	$162,208	$139,837	-13.8%
Private Sector	$58,056	$61,311	$62,467	$66,717	$67,306	$66,717	$67,306	$63,624	$62,485	-1.8%
Government	$49,397	$48,197	$49,407	$49,254	$49,240	$49,254	$49,240	$49,044	$49,186	0.3%
Total Industries	**$56,741**	**$59,256**	**$60,439**	**$64,058**	**$64,536**	**$64,058**	**$64,536**	**$61,289**	**$60,365**	**-1.5%**

Note: The New York State Department of Labor revises the statistics annually. Real wages reflect 2003 dollars and differ from those found in this table in prior years.

Ω Statistic not available. These categories were created when the NYS Dept. of Labor began tracking wages with the NAICS Classification System in 2000.

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

F.4 Average Nominal Wage Rates by Industry for NYC, 1997-2003

	SIC CLASSIFICATION SYSTEM					NAICS CLASSIFICATION SYSTEM				
Industry	1997	1998	1999	2000	2000	2000	2001	2002	2003	2002-03 % Change
Construction	$43,873	$46,207	$48,134	$51,627	$54,863	$52,160	$55,359	$56,085	$57,594	2.7%
Manufacturing	$46,430	$51,876	$52,853	$58,270	$61,474	$35,714	$38,162	$40,392	$42,725	5.8%
Transportation	$47,779	$50,693	$51,817	$53,949	$55,930	$38,675	$40,779	$42,026	$42,332	0.7%
Trade	$31,857	$33,256	$34,309	$34,767	$35,438	$38,635	$39,789	$40,646	$41,680	2.5%
FIRE	$106,064	$115,695	$122,121	$146,720	$152,658	$142,785	$148,668	$135,397	$135,275	-0.1%
Services	$39,068	$41,569	$43,500	$46,380	$47,295	$42,904	$43,738	$44,014	$45,549	3.5%
Information	Ω	Ω	Ω	Ω	Ω	$75,173	$78,660	$78,302	$84,317	7.7%
Management of Co.'s	Ω	Ω	Ω	Ω	Ω	$148,676	$147,716	$157,370	$139,837	-11.1%
Private Sector	$50,132	$53,810	$55,898	$61,556	$63,665	$61,556	$63,665	$61,726	$62,485	1.2%
Government	$42,654	$42,300	$44,212	$45,444	$46,576	$45,444	$46,576	$47,581	$49,186	3.4%
Total Industries	**$48,996**	**$52,006**	**$54,083**	**$59,103**	**$61,046**	**$59,103**	**$61,045**	**$59,461**	**$60,365**	**1.5%**

Note: The New York State Department of Labor revises the statistics annually.

Ω Statistic not available. These categories were created when the NYS Dept. of Labor began tracking wages with the NAICS Classification System in 2000.

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

F.5 New York City Population Statistics, 1900-2003

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%
2003	**1,363,198**	**2,472,523**	**1,564,798**	**2,225,486**	**459,737**	**8,085,742**	**0.2%Δ**

Note: 1900-2000 figures as of April 1 of each year. 2003 figures is of July 1 of that year. Percent population change between 1990 and 2000 has not been adjusted to take into account the increased number of households surveyed for the 2000 Census.

Δ Percentage change is from 2002-2003. *Source: U.S. Census Bureau, Population Division*

F.6 Consumer Price Index for All Urban Consumers, NY-Northeastern NJ, 1994-2004

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
March	157.9	160.9	166.5	170.7	173.0	175.5	181.5	186.4	191.1	197.1	203.4
June	157.8	162.2	166.5	170.3	173.1	176.8	182.0	188.3	191.5	196.9	206.0
September	159.0	163.2	168.2	171.7	174.4	178.2	184.4	188.0	193.3	199.6	205.9
December	158.9	163.7	168.5	171.9	174.7	178.6	184.2	187.3	193.1	199.3	206.8
Quarterly Average	158.4	162.5	167.4	171.2	173.8	177.3	183.0	187.5	192.3	198.2	205.5
Yearly Average	**158.2**	**162.2**	**166.9**	**170.8**	**173.6**	**177.0**	**182.5**	**187.1**	**191.9**	**197.8**	**204.8**

12-month percentage change in the CPI

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
March	2.47%	1.90%	3.48%	2.52%	1.35%	1.45%	3.42%	2.70%	2.52%	3.14%	3.20%
June	2.33%	2.79%	2.70%	2.28%	1.64%	2.14%	2.94%	3.46%	1.70%	2.82%	4.62%
September	2.38%	2.64%	3.06%	2.08%	1.57%	2.18%	3.48%	1.95%	2.82%	3.26%	3.16%
December	2.12%	3.02%	2.90%	2.02%	1.63%	2.23%	3.14%	1.68%	3.10%	3.21%	3.76%
Quarterly Average	2.33%	2.59%	3.03%	2.22%	1.55%	2.00%	3.24%	2.45%	2.53%	3.11%	3.68%
Yearly Average	**2.39%**	**2.53%**	**2.90%**	**2.34%**	**1.64%**	**1.96%**	**3.11%**	**2.52%**	**2.57%**	**3.07%**	**3.54%**

Source: U.S. Bureau of Labor Statistics; Base Period: 1982-1984=100

F.7 Housing Court Actions, 1985-2004

Year	Filings	Calendared	Evictions & Possessions	Year	Filings	Calendared	Evictions & Possessions
1985	335,000	82,000	20,283	1995	266,000	112,000	22,806
1986	312,000	81,000	23,318	1996	278,000	113,000	24,370
1987	301,000	77,000	25,761	1997	274,000	111,000	24,995
1988	299,000	92,000	24,230	1998	278,156	127,851	23,454
1989	299,000	99,000	25,188	1999	276,142	123,399	22,676
1990	297,000	101,000	23,578	2000	276,159	125,787	23,830
1991	302,000	114,000	20,432	2001	277,440	130,897	21,369*
1992	289,000	122,000	22,098	2002	331,309	132,148	23,697
1993	295,000	124,000	21,937	2003	318,077	133,074	23,236
1994	294,000	123,000	23,970	**2004**	**261,085**	**121,999**	**Ω**

Note: "Filings" reflect non-payment proceedings initiated by rental property owners, while "Calendared" reflect those non-payment proceedings resulting in a court appearance. "Filings" and "Calendared" figures prior to 1998 were rounded to the nearest thousand. *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.

Ω Statistic not yet available

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

F.8 Housing and Vacancy Survey Data, Rent Stabilized Apartments, 1999 and 2002

	1999[1]		2002[2]	
	Number	Percent	Number	Percent
Household Income				
<$5,000/Loss/No Income	87,972	8.6%	67,300	6.8%
$5,000 to $9,999	119,961	11.8%	97,566	9.9%
$10,000 to $14,999	96,096	9.4%	85,967	8.7%
$15,000 to $19,999	83,572	8.2%	73,660	7.5%
$20,000 to $24,999	83,382	8.2%	66,351	6.7%
$25,000 to $29,999	71,311	7.0%	61,318	6.2%
$30,000 to $34,999	62,402	6.1%	73,339	7.4%
$35,000 to $39,999	59,447	5.8%	49,839	5.0%
$40,000 to $49,999	95,306	9.3%	96,910	9.8%
$50,000 to $59,999	70,391	6.9%	72,176	7.3%
$60,000 to $69,999	51,800	5.1%	58,873	6.0%
$70,000 to $79,999	37,205	3.6%	51,325	5.2%
$80,000 to $89,999	25,748	2.5%	32,650	3.3%
$90,000 to $99,999	17,045	1.7%	19,470	2.0%
$100,000 to $124,999	28,932	2.8%	34,549	3.5%
$125,000 or More	30,017	2.9%	47,098	4.8%
Median	$27,000	-	$32,000	-
Mean	$36,968	-	$46,439	-
Contract Rent				
<$100	1,693	0.2%	616	0.1%
$100 to $199	17,578	1.7%	16,462	1.7%
$200 to $299	23,600	2.3%	19,921	2.1%
$300 to $399	45,629	4.5%	29,516	3.0%
$400 to $499	117,972	11.7%	72,267	7.4%
$500 to $599	193,016	19.1%	144,249	14.9%
$600 to $699	187,148	18.5%	170,874	17.6%
$700 to $799	129,755	12.8%	151,395	15.6%
$800 to $899	84,499	8.4%	106,687	11.0%
$900 to $999	54,687	5.4%	69,461	7.2%
$1,000 to $1,249	72,136	7.1%	88,748	9.1%
$1,250 to $1,499	31,638	3.1%	40,722	4.2%
$1,500 to $1,749	26,570	2.6%	32,254	3.3%
$1,750 or More	25,025	2.5%	27,865	2.9%
No Cash Rent	9,642	-	17,357	-
Median	$650	-	$700	-
Mean	$731	-	$795	-
Contract-Rent-to-Income Ratio				
<10%	73,845	7.6%	80,260	8.6%
10% to 14%	122,515	12.6%	130,654	14.0%
15% to 19%	123,446	12.7%	128,000	13.7%
20% to 24%	117,829	12.1%	113,914	12.2%
25% to 29%	81,645	8.4%	85,680	9.2%
30% to 34%	71,259	7.3%	65,009	6.9%
35% to 39%	49,937	5.1%	45,101	4.8%
40% to 49%	72,447	7.4%	67,087	7.2%
50% to 59%	47,285	4.9%	42,190	4.5%
60% to 69%	38,718	4.0%	35,925	3.8%
70% to 79%	31,010	3.2%	24,776	2.6%
80% or More	142,613	14.7%	117,341	12.5%
Not Computed	48,039	-	52,456	-
Median	27.4%	-	25.7%	-
Mean	37.0%	-	34.3%	-

1. 1999 HVS reflects 1998 incomes.
2. 2002 HVS reflects 2001 incomes.

Note: 1999 and 2002 data values are imputed.

Source: 1999 and 2002 New York City Housing and Vacancy Survey, U.S. Bureau of the Census.

G.1 Permits Issued For Housing Units in New York City, 1960-2005

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	4,924	6,825	4,555	6,853	2,051	**25,208**
2005 (1st Qtr)Ω	739 (478)	2,214 (1,545)	1,786 (419)	1,088 (1,235)	226 (305)	**6,053 (3,982)**

Ω First three months of 2005. The number of permits issued in the first three months of 2004 is in parenthesis.

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

G.2 Permits Issued by Building Size & Borough (In Percentages), 1996-2004

Year/Borough	1-Family	2-Family	3/4 Family	5 or More-Family	Total Buildings
1996					
Bronx	2.0%	69.2%	26.5%	2.4%	253
Brooklyn	24.1%	42.1%	30.3%	3.6%	390
Manhattan	0.0%	5.0%	5.0%	90.0%	20
Queens	23.3%	64.8%	9.7%	2.2%	361
Staten Island	61.2%	38.3%	0.5%	0.0%	1,548
Citywide	*44.0%*	*45.4%*	*8.9%*	*1.8%*	*2,572*
1997					
Bronx	10.2%	49.8%	34.0%	6.0%	235
Brooklyn	43.9%	25.6%	24.1%	6.4%	328
Manhattan	0.0%	0.0%	9.1%	90.9%	22
Queens	14.1%	62.4%	19.9%	3.7%	433
Staten Island	74.8%	25.1%	0.0%	0.1%	1,421
Citywide	*53.0%*	*33.9%*	*10.1%*	*3.0%*	*2,439*
1998					
Bronx	8.4%	58.5%	30.4%	2.7%	335
Brooklyn	24.4%	40.3%	27.0%	8.3%	459
Manhattan	2.7%	5.4%	0.0%	91.9%	37
Queens	18.3%	56.4%	19.1%	6.2%	486
Staten Island	57.0%	41.5%	1.4%	0.1%	1,334
Citywide	*37.4%*	*45.6%*	*12.7%*	*4.2%*	*2,651*
1999					
Bronx	6.4%	44.5%	48.1%	1.0%	393
Brooklyn	31.7%	37.0%	21.2%	10.1%	783
Manhattan	0.0%	4.4%	4.4%	91.1%	45
Queens	13.4%	62.4%	19.1%	5.1%	681
Staten Island	63.4%	36.4%	0.0%	0.2%	1,738
Citywide	*40.3%*	*41.9%*	*13.4%*	*4.5%*	*3,640*
2000					
Bronx	7.7%	67.8%	22.5%	1.9%	466
Brooklyn	15.9%	50.7%	23.5%	9.9%	837
Manhattan	0.0%	13.8%	43.1%	43.1%	109
Queens	10.9%	58.4%	25.0%	5.7%	801
Staten Island	71.8%	27.9%	0.0%	0.3%	1,895
Citywide	*39.4%*	*42.6%*	*13.4%*	*4.6%*	*4,108*
2001					
Bronx	3.7%	59.7%	31.9%	4.8%	543
Brooklyn	22.3%	44.6%	24.1%	9.0%	1,028
Manhattan	2.8%	3.5%	56.3%	37.3%	142
Queens	14.1%	58.8%	23.5%	3.6%	1,007
Staten Island	72.6%	27.3%	0.1%	0.0%	1,799
Citywide	*37.6%*	*41.4%*	*16.4%*	*4.6%*	*4,519*
2002					
Bronx	2.7%	57.4%	35.4%	4.6%	676
Brooklyn	15.8%	41.9%	27.5%	14.8%	1,197
Manhattan	4.1%	4.1%	24.3%	67.6%	74
Queens	17.7%	53.8%	23.8%	4.7%	1,210
Staten Island	69.3%	29.4%	1.1%	0.2%	1,317
Citywide	29.9%	43.2%	19.9%	7.1%	4,474
2003					
Bronx	9.2%	50.3%	30.5%	9.9%	596
Brooklyn	8.2%	46.1%	31.5%	14.2%	1,446
Manhattan	1.3%	8.8%	2.5%	87.5%	80
Queens	12.1%	54.2%	28.6%	5.2%	1,335
Staten Island	64.8%	34.6%	0.5%	0.1%	1,887
Citywide	*29.1%*	*44.0%*	*19.3%*	*7.6%*	*5,344*
2004					
Bronx	4.1%	40.2%	46.9%	8.9%	813
Brooklyn	8.0%	31.3%	43.6%	17.1%	1,407
Manhattan	1.1%	3.3%	16.7%	78.9%	90
Queens	13.3%	55.5%	25.9%	5.2%	1,986
Staten Island	46.2%	53.3%	0.2%	0.3%	1,308
Citywide	*18.1%*	*45.9%*	*27.3%*	*8.7%*	*5,604*

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

G.3 New Dwelling Units Completed in New York City, 1960-2004

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 π	1,385	1,353	6,064	2,096	1,896	**12,794**
2001 π	1,617	2,404	6,036	1,225	2,198	**13,480**
2002 π	1,220	2,248	8,326	1,981	2,453	**16,228**
2003 π	1,473	2,575	3,798	2,344	2,589	**12,779**
2004 π	**1,771**	**1,840**	**7,376**	**2,701**	**3,340**	**17,028**

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. .

π Data from 2000 to 2004 was revised in May of 2005 by the Dept. of City Planning. This data includes on Final Certificates of Occupancy (as with all other years) and could be revised upwards if Temporary Certificates of Occupancy were also included. Data will be updated every year to reflect the most current estimates.

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

G.4 Number of Residential Cooperative and Condominium Plans Accepted for Filing By the NYS Attorney General's Office, 1999-2004

	1999	2000	2001	2002	2003	2004
	Plans (Units)	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)	268 (6,018)
Rehabilitation	30 (1,029)	15 (220)	13 (124)	20 (348)	18 (418)	18 (334)
Conversion (Non-Eviction)	12 (359)	9 (738)	12 (1,053)	14 (1,974)	10 (639)	16 (1,550)
Conversion (Eviction)	1 (48)	1 (24)	0	0	0	0
Private Total	**93 (2,559)**	**112 (2,893)**	**170 (5,010)**	**170 (4,898)**	**218 (5,927)**	**302 (7,902)**
	Plans (Units)	Plans (Units)	Plans (Units)	Plans (Units)	Plans (Units)	Plans (Units)
HPD Sponsored Plans						
New Construction	0	0	0	0	0	0
Rehabilitation	0	0	0	0	0	0
Conversion (Non-Eviction)	0	0	0	0	0	6 (112)
Conversion (Eviction)	26 (295)	8 (179)	2 (22)	15 (260)	0	0
HPD Total	**26 (295)**	**8 (179)**	**2 (22)**	**15 (260)**	**0**	**6 (112)**
Grand Total	**119 (2,854)**	**120 (3,072)**	**172 (5,032)**	**185 (5,158)**	**218 (5,927)**	**308 (8,014)**

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

G.5 Number of Units in Cooperative and Condominium Plans Accepted for Filing By the NYS Attorney General's Office, 1981-2004

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
2004	6,018	0	1,662	334	**8,014**	112

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.

G.6 Tax Incentive Programs

Buildings Receiving Certificates for 421-a Exemptions, 2002-04

	2002		2003		2004	
	Certificates	Units	Certificates	Units	Certificates	Units
Bronx	9	405	14	422	13	401
Brooklyn	54	1,325	30	600	76	1,628
Manhattan	27	2,614	18	2,068	30	3,401
Queens	46	603	50	692	92	1,308
Staten Island	1	6	0	0	0	0
TOTAL	**137**	**4,953**	**112**	**3,782**	**211**	**6,738**

Buildings Receiving J-51 Tax Abatements and Exemptions, 2002-04

	Buildings	Units	Certified Cost ($1,000s)	Buildings	Units	Certified Cost ($1,000s)	Buildings	Units	Certified Cost ($1,000s)
Bronx	169	8,228	16,162	184	9,760	30,409	609	35,295	123,566
Brooklyn	345	16,517	28,792	343	18,247	29,589	367	18,271	28,832
Manhattan	580	24,855	43,070	509	25,545	45,798	541	27,058	56,134
Queens	311	20,028	11,169	1,330	20,240	16,938	552	35,157	24,815
Staten Island	5	517	1,954	7	213	160	99	1,722	739
TOTAL	**1,410**	**70,145**	**101,146**	**2,373**	**74,005**	**122,893**	**2,168**	**117,503**	**234,087**

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

G.7 Tax Incentive Programs - Units Receiving Initial Benefits, 1981-2004

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
2004	**6,738**	**117,503**

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

G.8 City-Owned Properties, Fiscal Years 1985-2004

	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
2004	**1,970**	**373**	**1,806**	**275**	**7,348**	**466**	**0**	**0**	**217**

Note: HPD could not confirm vestings data prior to FY 1990.
Source: NYC Office of Operations, Fiscal 2004 *Mayor's Management Report*; NYC Department of Housing Preservation and Development.

G.9 Building Demolitions in New York City, 1985-2004

	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**
2004	**-**	**238**	**-**	**691**	**-**	**141**	**-**	**1128**	**-**	**547**	**-**	**2,745**

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.

Appendix H: Changes to the Rent Stabilized Housing Stock

H.1 Additions to the Stabilized Housing Stock, 1994-2004

Year	421-a	J-51	Mitchell-Lama Buyouts State	Mitchell-Lama Buyouts City	Lofts	421-g	420-c	Total
1994	-	114	0	0	-	-	-	114
1995	-	88	306	0	-	-	-	394
1996	-	8	0	0	-	-	-	8
1997	-	38	323	0	-	-	-	361
1998	-	135	574	1,263	64	-	-	2,036
1999	-	33	286	0	71	-	-	390
2000	-	224	0	0	96	-	-	320
2001	-	494	0	0	56	-	-	550
2002	-	260	0	232	16	-	-	508
1994-2002	**20,240**	**1,394**	**1,489**	**1,495**	**303**	**865**	**5,500**	**31,286**
2003	1,929	171	0	278	20	41	1,781	4,220
2004	**4,941**	**142**	**0**	**229**	**129**	**188**	**1,973**	**7,602**

421-a Notes: Between 1994-2002, a count of 26,987 421-a units includes co-op and condo units that were created under the 421-a program. Analysis of the RPAD database shows that on average from 1994 to 2002, 25% of 421-a units were owner units and 75% were rental units. Therefore an estimated 20,240 units were added to the rent stabilized stock. In 2003, 51% of 421-a units were rental units, therefore, of the 3,782 units created under the 421-a program in 2003, 1,929 were rentals that are rent stabilized. In 2004, 72% of 421-a units were rental units, therefore, of the 6,862 units created under the 421-a program in 2004, 4,941 were rentals that are rent stabilized.

J-51 Notes: The numbers represent units that were not rent stabilized prior to entering the J-51 Program. Most units participating in the J-51 Program were rent stabilized prior to their J-51 status and therefore are not considered additions to the rent stabilized stock.

Loft Notes: Loft conversion counts are not available from 1994 to 1997.

421-g and 420-c Notes: Counts for each year between 1994 and 2002 are not available; only an aggregate is available.

Sources: Department of Housing Preservation and Development, Office of Development, Division of Housing Finance, Tax Incentive Programs; NYS Division of Housing and Community Renewal annual registration data; NYC Loft Board; and Department of Housing Preservation and Development, Office of Housing Operations, Division of Housing Supervision, Mitchell-Lama.

H.2 Subtractions to the Stabilized Housing Stock due to High Rent/High Income Decontrol by Borough, 1994-2004

Year	Bronx	Brooklyn	Manhattan	Queens	S.I.	Total
1994	0	0	904	0	0	904
1995	0	0	346	0	0	346
1996	1	0	180	4	0	185
1997	1	0	157	2	0	160
1998	3	0	366	3	0	372
1999	2	1	279	1	0	283
2000	2	1	227	0	0	230
2001	3	0	209	2	0	214
2002	1	1	258	2	0	262
2003	2	13	177	6	0	198
2004	**0**	**13**	**173**	**8**	**0**	**194**
Total	**15**	**29**	**3,276**	**28**	**0**	**3,348**

Source: NYS Division of Housing and Community Renewal annual registration data, grants by year of filing petition cycle.

H.3 Subtractions to the Stabilized Housing Stock due to High Rent/Vacancy Decontrol by Borough, 1994-2004

Year	Bronx	Brooklyn	Manhattan	Queens	S.I.	Total
1994	3	9	544	9	0	565
1995	1	111	927	8	0	1,047
1996	10	106	1,203	6	0	1,325
1997	6	77	1,121	0	0	1,204
1998	7	116	2,247	14	0	2,384
1999	11	151	3,586	37	0	3,785
2000	7	279	2,586	62	0	2,934
2001	53	294	4,490	145	0	4,982
2002	64	391	5,431	251	7	6,144
2003	83	640	7,048	416	17	8,204
2004	**101**	**758**	**7271**	**697**	**29**	**8,856**
Total	**346**	**2,932**	**36,454**	**1,645**	**53**	**41,430**

Note: Registration of deregulated units with DHCR was voluntary and not required from 1994-2000. These totals represent a 'floor' or minimum count of the actual number of deregulated units in these years. The NYC City Council required proof of registration with DHCR of the unit as exempt to be sent to the tenant beginning in March 2000 (see Endnote 5).

Source: NYS Division of Housing and Community Renewal annual registration data.

H.4 Subtractions from the Stabilized Housing Stock, 1994-2004

Year	High Rent/ High Income Decontrol	High Rent/ Vacancy Decontrol	Co-op/Condo Conversion	421-a Expiration	J-51 Expiration	Commercial/ Substantial Rehab	Professional Conversion	Other	Total
1994	904	565	5,584	2,005	1,345	332	139	1,904	12,778
1995	346	1,047	4,784	990	1,440	334	113	1,670	10,724
1996	185	1,325	4,733	693	1,393	601	117	1,341	10,388
1997	160	1,204	3,723	1,483	1,340	368	109	1,365	9,752
1998	372	2,384	3,940	2,150	1,412	713	78	1,916	12,965
1999	283	3,785	2,822	3,514	1,227	760	110	1,335	13,836
2000	230	2,934	3,147	3,030	884	476	729	1,372	12,802
2001	214	4,982	2,153	770	1,066	399	88	1,083	10,755
2002	262	6,144	1,774	653	1,081	508	45	954	11,421
2003	198	8,204	1,474	651	854	340	59	912	12,692
2004	**194**	**8,856**	**1,564**	**493**	**609**	**268**	**79**	**954**	**13,017**
Total	**3,348**	**41,430**	**35,698**	**16,432**	**12,651**	**5,099**	**1,666**	**14,806**	**131,130**

Co-op/Condo Note: Subtractions from the stabilized stock in co-ops and condos are due to two factors: (1) stabilized tenants vacating rental units in previously converted buildings and (2) new conversions of stabilized rental units to ownership.

High Rent/Vacancy Decontrol Note: See Appendix 3 note above.

Source: NYS Division of Housing and Community Renewal annual registration data.

1/40th Increase: See "Individual Apartment Improvements"

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. (Also see DHCR)

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 (FMR): 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, 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 2002 to the same data in 2003.

Low Rent Supplement: See "Supplemental Adjustment."

Luxury Decontrol (High-Rent/High-Income 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 (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."

Nominal Dollars: Dollars not adjusted to take inflation into account. See also "Real Dollars."

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 generally stabilized.

Preferential Rent: A rent charged by an owner to a tenant that is less than the established legal regulated rent. Owners are no longer required to base renewal lease increases on the preferential rent. Upon renewal, the current (or new) 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, such as 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 generally stabilized when the current tenant moved in on or after July 1, 1971.

Real Dollars: Dollars adjusted to take inflation into account. Real dollar figures offer a comparison between years that are pegged to the value of a dollar in a given year. See also "Nominal Dollars."

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 $40,000 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 regulation, 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 $24,000 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 regulation, 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 New York City Rent Guidelines Board is obligated to promulgate special guidelines to aid the State Division of Housing and Community Renewal in its determination of initial legal regulated rents for housing accommodations previously subject to rent control. This is determined each year by the RGB 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.

Tax Commission Income and Expense Form (TCIE): An application by building owners to appeal their tax assessments.

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 tent who opts for a one-year lease, the vacancy allowance is 20% minus the percentage difference between the RGB's 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 2005/06 RGB guideline for a two-year lease is 5.5% and for a one-year lease is 2.75%, the difference is 2.75%. Thus, if an incoming tenant opts for a one-year lease, during 2005/06, a landlord would be entitled to raise the legal rent for that incoming tenant's unit by a minimum of 17.25%.

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 (High-Rent 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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