The Rent Guidelines Board

2001 Income & Expense Study

April 10, 2001

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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 (DOF). These Income and Expense (I&E) statements, filed annually by property owners, provide detailed information on the revenues and costs of "income producing" properties. The addition of I&E statements has greatly expanded the information base used in the rent setting process. I&E statements not only describe conditions in rent stabilized housing in a given year, but also depict changes in conditions over a two-year period. Most importantly, I&E data encompasses both revenues and expenses, allowing the Board to more accurately gauge the overall economic condition of New York City's rent stabilized housing stock.

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

What's New

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

In stabilized buildings, from 1998-99:

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

Local Law 63

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

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

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

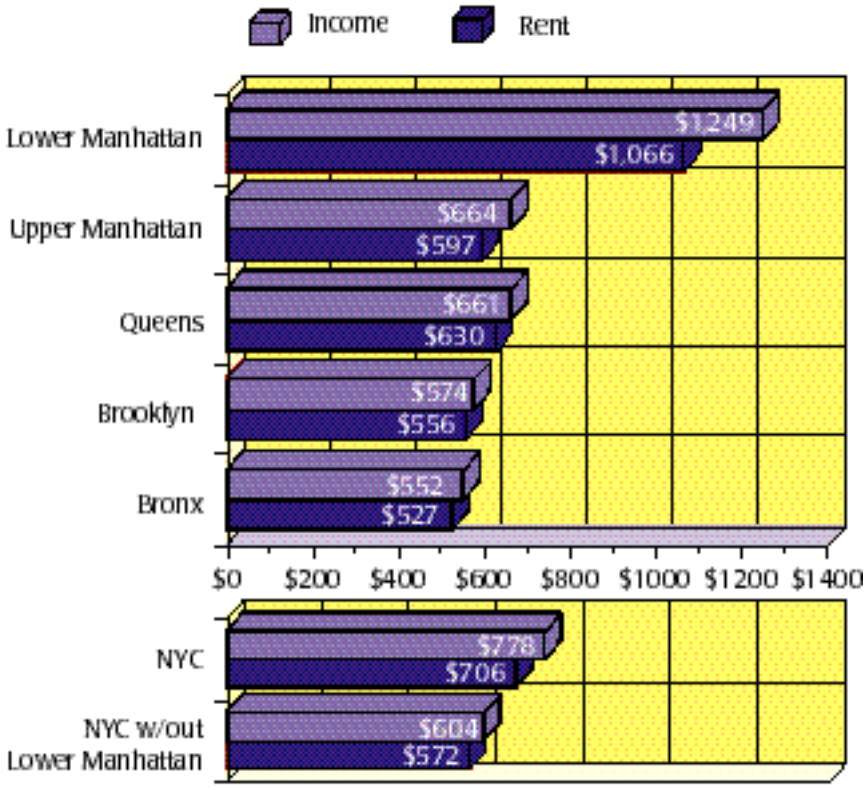
Cross-Sectional Study

Rents and Income

In 1999, rent stabilized property owners collected monthly rent averaging $706 per unit. As in prior years, units in pre-war buildings rented for less on average ($652 per month) than those in post-war buildings ($854 per month). Stabilized monthly rents at the borough level were $929 in Manhattan, $630 in Queens, $556 in Brooklyn and $527 in the Bronx (as noted in the Methodology, figures for Staten Island were not included throughout the analysis due to the small number of buildings in the datasets). In Lower Manhattan (the area south of East 96th and West 110th Streets), average monthly rents were $1,066 per unit while rents in Upper Manhattan were $597

Stabilized Rents and Income Were Highest in Lower Manhattan in 1999

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



* See Endnote 1

Source:NYC Department of Finance, 2000 RPIE Filings

Changes in the Stabilized Universe Affect Reported Average Rents

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

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

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

per unit. Stabilized property owners in all New York City neighborhoods excluding Lower Manhattan averaged rent collections of $572 per unit per month.

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

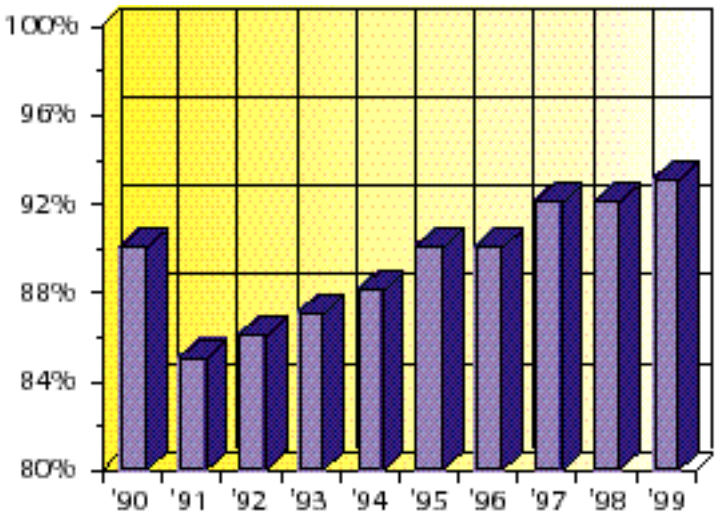
Rents included in RPIE filings tend to be lower than figures obtained from the HVS and DHCR primarily because of differences in how average rents are computed. RPIE data reflects actual rent collections which account for vacancies or non-payment of rent. HVS data consists of contract rents (the amounts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

The HVS mean contract rent of $720 for all rent-regulated apartments exceeds the average rent computed with RPIE data by 2.0%.[2] This is the smallest 'gap' compared to other HVS years during the 1990s (a 9% gap in 1996, 6% in 1993 and 4% in 1991). Rent by building age also varies in the HVS. The mean HVS contract rent in older pre-war apartments was $690, which was 6% higher than the RPIE average rent of $652 (see Endnote 2). Conversely, the HVS average rent for units built after 1946 ($809) was 5% lower than the 1999 RPIE average rent of $854 (see page 2 sidebar). If even a portion of this differential between HVS and RPIE rents can be attributed to vacancy and collection losses, then it seems that older stabilized buildings continued to face much greater hardships than modern properties in the actual collection of their annual income in 1999.

Since 1991, when comparing annual RPIE and DHCR average rents, the gap between the two has contracted steadily. In fact, over the nine years, the difference between RPIE and DHCR rents has decreased by half. In 1991, the average RPIE collected rent was 15% lower than the average DHCR registered legal rent. In 1999, the average RPIE rent ($706) was only 7.2% less than DHCR's average rent ($761). This gap between collected and legal rent is smaller than in the recessionary period of the early 1990s, indicating

Percentage of Legal Rent Collected Has Increased Steadily since 1991

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



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

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

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

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

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

RPIE Rent Collections Grew Fasterthan DHCR Legal Rents andthe RGB Rent Index from 1990-91 to 1998-99

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

*This is an estimated number which will be revised when the actual figures are available.
+Not adjusted for inflation.

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

with nearly 15% of their total revenues coming from commercial units and services, about the same share as in the two previous years.

In the outer boroughs, property owners did not receive as large a portion of their total income from commercial sources. When Lower Manhattan is excluded from the calculation, building owners in the rest of the city received just 5.2% of their total income from commercial sources. The respective figures for the other boroughs were 4.6% in Queens, 4.5% in the Bronx and 3.1% in Brooklyn. The proportion of commercial and service income for properties in Queens was less than found last year, while properties in Bronx and Brooklyn experienced about the same proportion. The graph on page 2 shows the average rent and income collected in 1999 by borough, and for the City as a whole see Appendix 3.

Operating Costs

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

The average monthly operating cost for stabilized units was $464 in 1999. Costs were lower in units situated in pre-war buildings ($445), and substantially higher in the post-war sector ($518). Geographically, costs were lowest in Brooklyn and the Bronx ($376 and $377) and highest in Queens and Manhattan ($400 and $595). Looking more closely at Manhattan property owners, costs for units located in Lower Manhattan averaged $665 a month while the costs in Upper Manhattan were $430. The average monthly operating costs for stabilized building owners in New York City, excluding Lower Manhattan, reduces the city average to $389. The graph on top of page 6 details average monthly expenses by cost category and building age for 1999. See Appendices 1 and 2 for a complete breakdown of costs in pre- and post-war buildings.

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

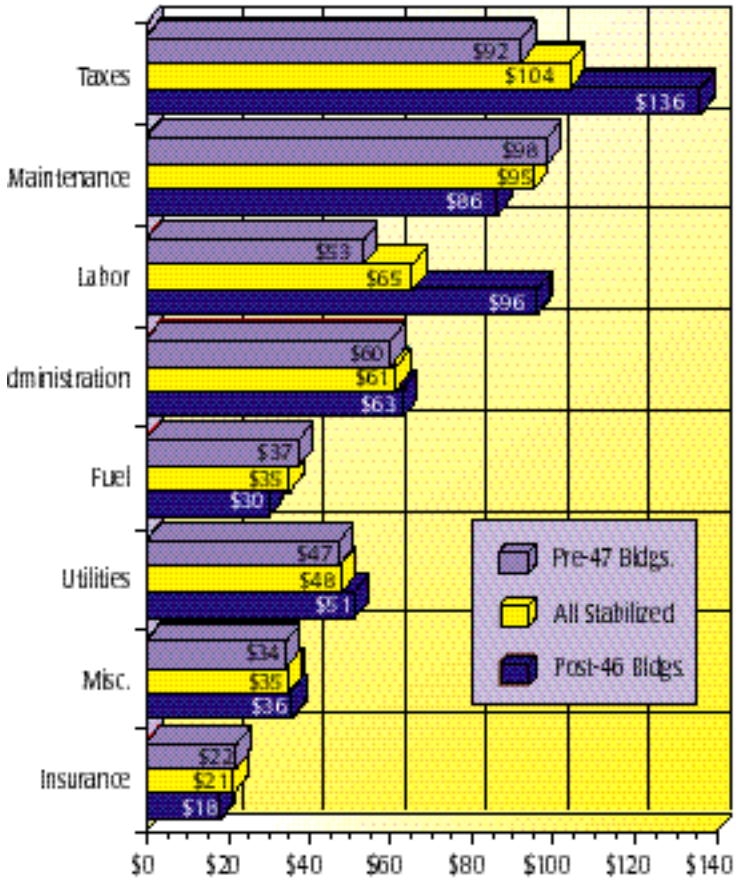
Just as buildings without commercial space typically generate less revenue than stabilized properties with commercial space, operating expenses in these buildings tend to be lower on average than in buildings with a mixture of uses. This year, average audited O&M costs for units in "residential-only"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

Components of Operating Costs

In 1999, nearly three-fourths of total expenses in stabilized buildings were comprised of taxes, maintenance, labor and administration costs. Older buildings on average spent proportionately more on maintenance, fuel and insurance costs,

Taxes Are Largest Expense in 1999

(Average Monthly Expense per Dwelling Unit per Month)*



* See Endnote 4

Source:NYC Department of Finance, 2000 RPIE Filings

consequently spending less on taxes and labor. Conversely, newer buildings spent relatively more money on taxes and labor and less on maintenance, administration, fuel and insurance. The least amount of variation between expenses in buildings of different ages occurred in the cost components of utilities and miscellaneous costs. These spending patterns have not varied much in recent years (see Appendix 5).

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

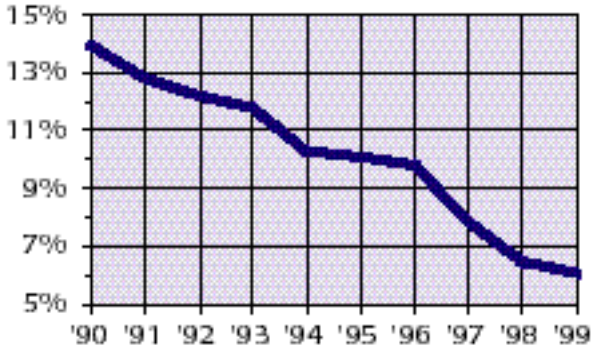
"Distressed" Buildings

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

Buildings with expenses greater than revenues in 1999 suffered from both abnormally high expenses (122% of the 1999 all-building average), and low rents and income (respectively only 65% and 63% of the all-building average, a slightly higher proportion than the figures reported in 1998). Not surprisingly, a larger share of distressed buildings' overall operating expenses went to maintenance costs, as opposed to the share in all stabilized buildings (25% and 20% respectively).

Share of Distressed Properties Declines During the 1990s

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



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

These buildings also paid less property taxes (84% of the all-building average) than all rent stabilized buildings. Appendix 6 shows the distribution of distressed buildings by age, size and location.

Net Operating Income and Operating Cost Ratios

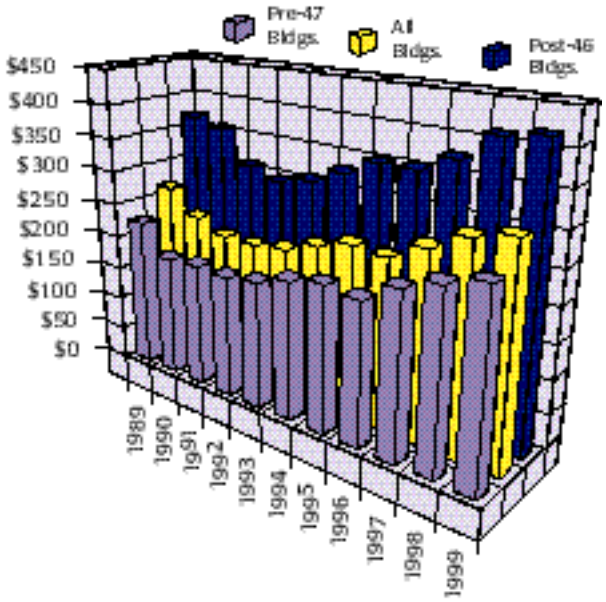
In most stabilized buildings, revenues exceed operating costs, yielding funds that can be used for mortgage payments, improvements and pre-tax profit. The amount of income remaining after all operating and maintenance (O&M) expenses are paid is typically referred to as "Net Operating Income" (NOI). While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

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

NOI reflects the revenue available after payment of operating costs, that is the money owners have for financing their buildings, making improvements, and for pre-income tax profits. While NOI should not be the only criteria to determine the ultimate profitability of a particular property, it is a useful exercise to calculate the annual NOI for a hypothetical

After Inflation, NOI Surpasses Levels Last Seen in the Late 1980s

(Average Monthly Net Operating Income per Apartment in Constant 1999 Dollars)



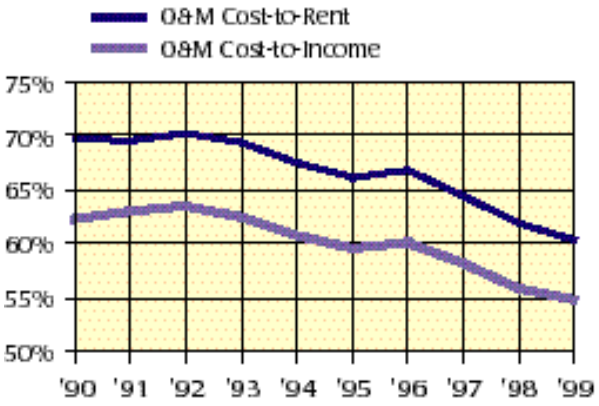
AVERAGE MONTHLY NOI PER APARTMENT (CONSTANT 1999 DOLLARS)

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

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

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

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



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

"average stabilized building". Multiplying the average monthly NOI of $314 per stabilized unit by the typical size of buildings in this year's cross-sectional sample (47 units) yields an estimated mean annual NOI of about $177,000 in 1999.

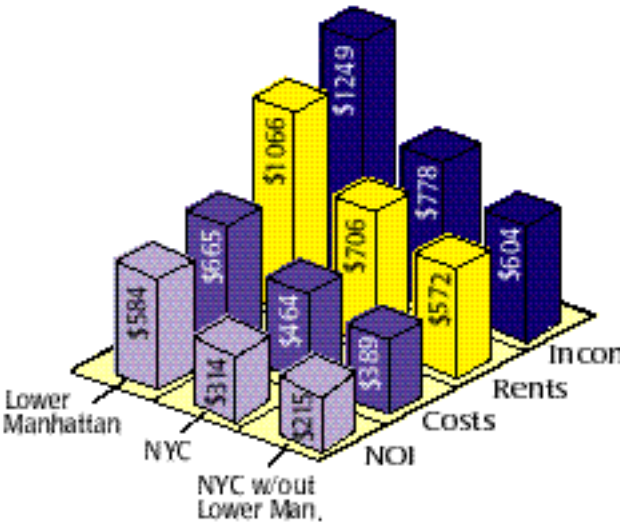
Traditionally, the RGB has used O&M Cost-to-Income and O&M Cost-to-Rent ratios to evaluate the profitability of New York's stabilized housing, presuming that buildings are better off by spending a lower percentage of revenue on expenses. The graph above shows how over the last ten years, the proportion of total income and rent collection spent on audited operating costs has fluctuated but largely decreased in stabilized buildings citywide. From a peak of 63.4% in 1992, the Cost-to-Income ratio has fallen every year except for 1996. The Cost-to-Income ratio was 54.8% in 1999, the lowest average ratio in twelve years. From 1992 to 1999, the Cost-to-Income ratio declined by 8 percentage points. In other words, owners report that they devoted 8 cents less from every dollar of revenue towards expenses in 1999 than they did in 1992. Operating costs were 60.4% of rent collections, the lowest average ratio in ten years. As operating costs have consumed less revenue in recent years, inflation-adjusted NOI in 1999 was nearly 18% more than the average found in 1989 (see graph on page 7). During the same period (1989-99), citywide inflation-adjusted rents and income grew 1.7% and 1.2% respectively and inflation-adjusted costs declined by 7.4%.

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

Overall, these NOI figures suggest that the City's stabilized housing market has emerged from the deep recession of the early 1990s and in 1999 experienced better financial conditions. During the stagnant economic period of the early 1990s, unemployment and collection losses rose in the City, limiting owners' ability to offset rising operating costs by raising rents. This trend started reversing around 1993, when the City's economy improved to the point where rents (and revenues) increased faster than costs, which remained stable until 1996. The 1996 RPIE data showed that rent stabilized properties experienced leaps in several cost categories, reversing the three-year trend of stable and moderate cost growth. Rent and income

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

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



Source: NYC Department of Finance, 2000 RPIE Filings

collections strongly outpaced costs in 1997 and 1998. However, this trend abated somewhat in 1999 (see Longitudinal Analysis). The result of these conditions is an increase in average monthly inflation-adjusted NOI of $13 per unit per month from the previous year ($301 to $314). For a detailed view of NOI trends, see page 7 for average monthly NOI by building age from 1989 to 1999 in constant 1999 dollars. After seven years in which NOI did not reach levels seen in 1989, years 1997-99 show real improvement in NOI.

Longitudinal Study

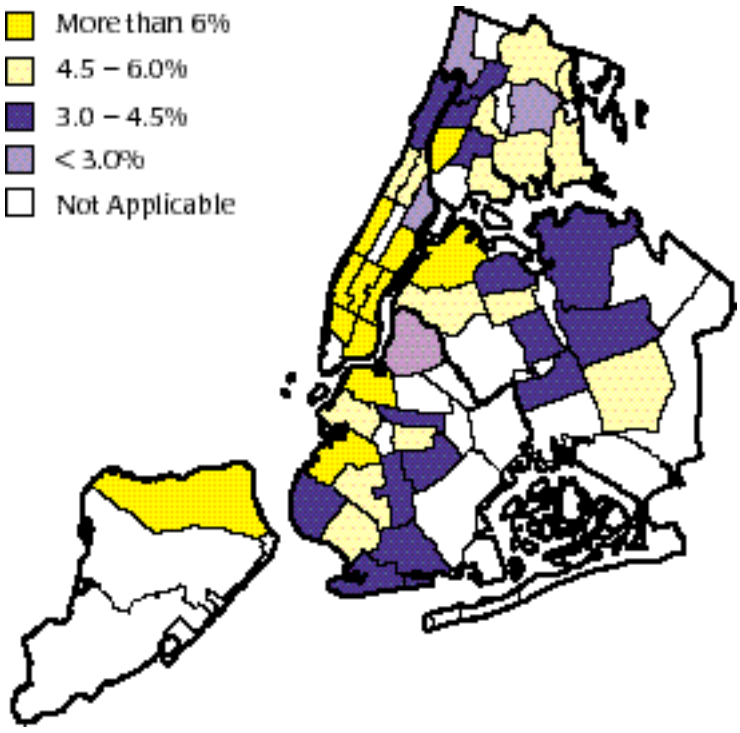
Rents and Income

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

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

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

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



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

Source: NYCDepartment of Finance, 2000 RPIEFilings

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

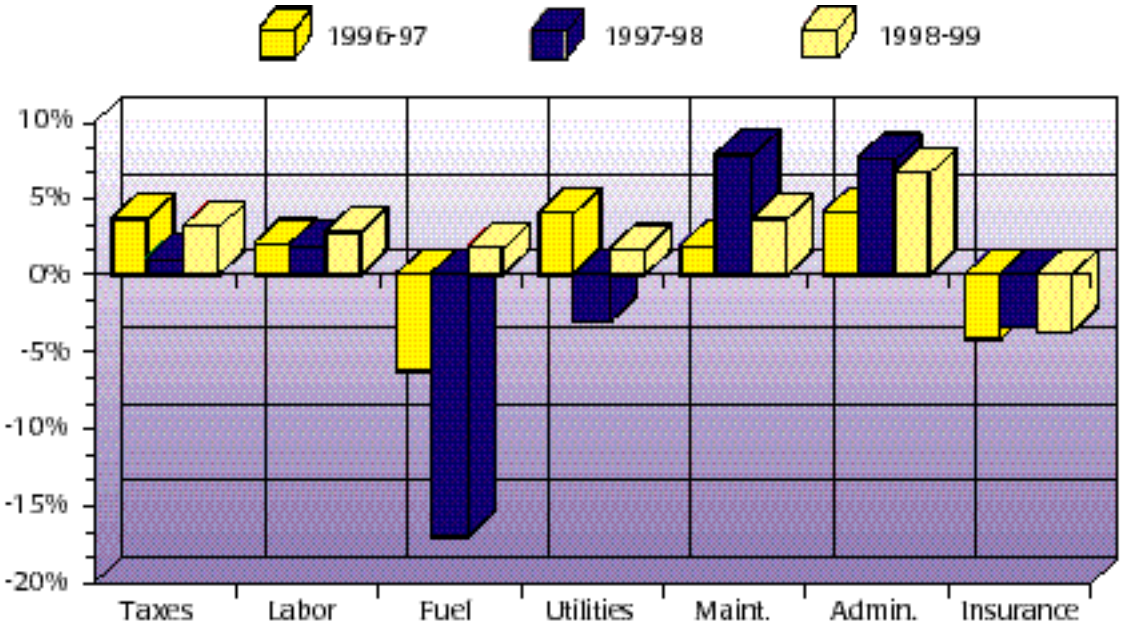
The total income collected in rent stabilized buildings, comprising apartment rents, commercial rents and sales of services, increased by 5.5% from 1998 to 1999. This increase in income is the largest since 1990-91. Revenues rose faster in pre-war buildings (5.8%) and slower in post-war buildings (4.8%). Compared to the other boroughs, Queens property owner's total income grew the least (3.3%). The gross income of Lower Manhattan properties grew by 6.8%, while Upper Manhattan income grew faster than the city average as well (6.0%). When Lower Manhattan is excluded from the analysis, the rest of the city's average income growth is 4.1%.

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

Operating Costs

Expenses in stabilized buildings grew less rapidly (3.5%) than increases in both rents and total income from 1998-99. For the first time in three years, expenses increased at a faster rate than the year before. Costs rose in newer buildings by just 0.4% in contrast to the increase in costs realized by pre-war buildings from 1998-99 (4.8%). While the I&E studies have found that rent and income

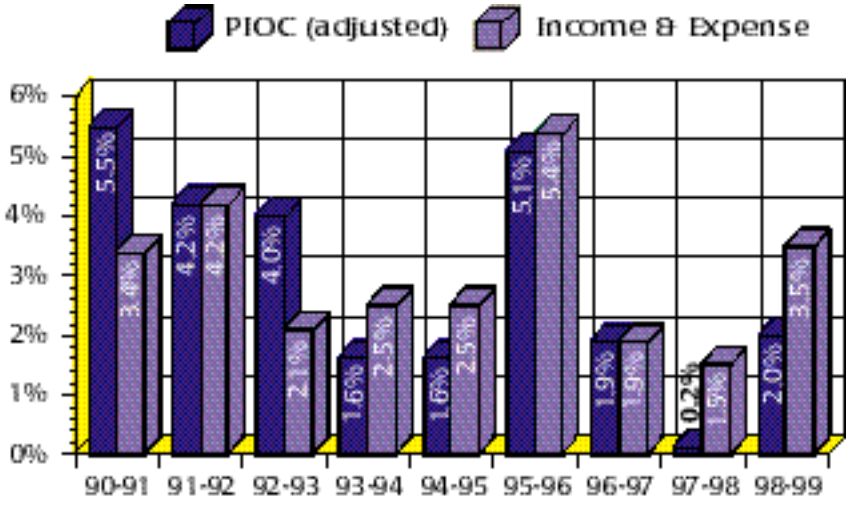
Administration Costs Continue to Rise from 1996-1999, while Insurance Costs Continue to Fall
(Change in Operating Cost Components, 1996-1999)



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

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

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



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

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

revenues tend to rise at similar rates to one another, operating cost increases are much more variable, often the result of volatile changes in the cost of fuel, maintenance, insurance or utilities, as the graph on page 10 shows.

The 3.5% increase in expenses in rent stabilized buildings from 1998-99 was a larger increase than observed from 1997-98. From 1997-98, fuel dropped sharply, dampening overall cost growth. From 1998-99, almost all of the major components within total O&M costs increased (see graph on page 10). Administration, maintenance, taxes, and labor costs increased by 6.8%, 3.7%, 3.1% and 2.9% respectively. Fuel and utility costs increased at a more modest pace (1.8% and 1.7%). Insurance fell by 3.6%, continuing a three-year trend of declines.

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

The RPIE and the RGB's long-running survey, the Price Index of Operating Costs (PIOC), each provide a form of independent verification for the expense findings in the other. However, comparison of I&E and PIOC data is somewhat distorted due to differences in the way each instrument defines costs and time periods. For example, there is a difference between when expenses are incurred and actually paid by owners as reported in the RPIE, versus the price quotes obtained from

vendors for specific periods as surveyed in the PIOC. In addition, the PIOC primarily measures prices on an April-to-April basis, while most RPIE statements filed by landlords are based on the calendar year. To compare the two, weighted averages of each must be calculated, which may cause a slight loss in accuracy. Thirdly, the PIOC measures a hybrid of costs, cost-weighted prices and pure prices, whereas the RPIE provides unaudited owner-reported costs.

Over the past several years, growth in PIOC-measured costs has consistently differed from expense increases reported in RPIE data. Since the beginning of the decade, the PIOC has grown faster in periods of economic downturn, and RPIE overall expenses has grown faster in recovery. While the "gap" between the two indices has been steadily narrowing since 1993, this year there was a difference of 1.5 percentage points between the two indices. This is the largest difference since 1992-93, up slightly from last year's gap of 1.4%. From 1998-99, as the graph on 11 shows, the adjusted PIOC change in prices was 2.0% in while the increase in RPIE expenses was 3.5%. While the gap is similar in size to that found from 1997-98, the changes among the components within the two indices differ. The PIOC and RPIE reported similar increases from 1998-99 in the categories of labor, utilities and maintenance costs, while analysis of RPIE data detected larger increases in taxes, fuel and administrative costs. Changes in insurance costs, a volatile cost component, differed the most between the data sources – a decrease of 3.6% according to RPIE data while the PIOC had an increase of 2.8%.

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

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

Operating Cost Ratios

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

"Distressed" Buildings

5% of the buildings in this year's longitudinal sample (552) had O&M expenses that exceeded

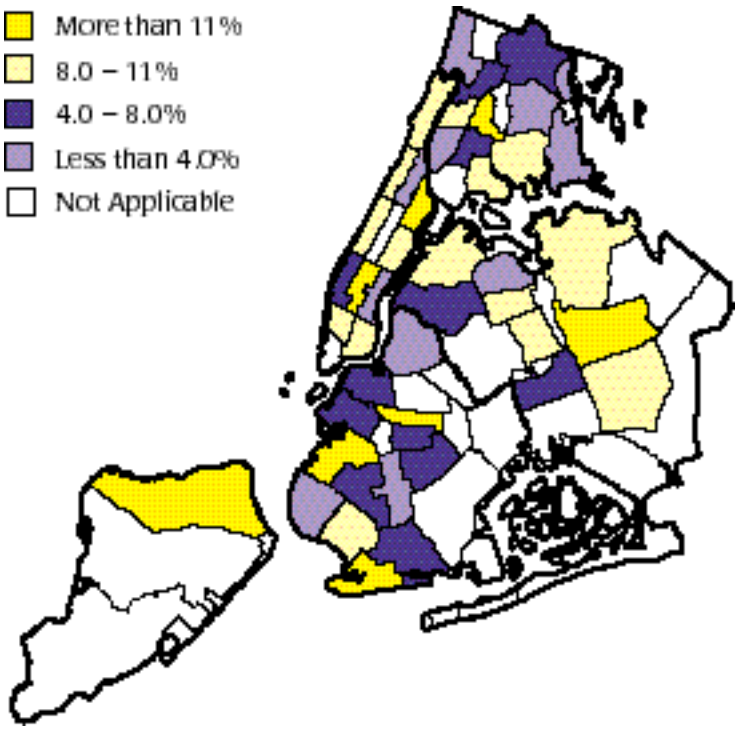
revenues, slightly higher than the share in last year's longitudinal study. Only 27 (5%) of distressed properties were built after 1946. The fundamental conditions of these buildings did not change. While rent collections and gross income increased, operating expenses grew at a faster pace from 1998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

Net Operating Income

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

NOI Growth Varied Across New York City Neighborhoods During 1999

(Change in Net Operating Income 1998-99)



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

Source:NYC Department of Finance, 2000 RPIE Filings

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

NOI growth rates for the 1998-99 time period varied greatly across the City. Rent stabilized buildings in Queens had an average NOI growth rate of 9.8%. Stabilized buildings located in Brooklyn experienced an average increase in NOI of 5.7% and those in the Bronx experienced a 5.4% increase. Average NOI grew faster in the sub-borough of Upper Manhattan on average (12%) as compared to Lower Manhattan (8.4%) and New York City neighborhoods excluding Lower Manhattan (7.4%). The map above shows that NOI growth was mixed but generally strong across New York City neighborhoods from 1998-99. The New York City community districts with the highest NOI growth were Coney Island and Sunset Park (Brooklyn), Hillcrest/Fresh Meadows (Queens), East Harlem and Midtown (Manhattan) and E. Tremont (Bronx). The neighborhoods with the slowest growth in NOI were in Pelham Parkway and Riverdale/Kingsbridge (Bronx); Flatbush (Brooklyn); and Central Harlem in Upper Manhattan.

Conclusions

The RPIE filings from over 12,500 rent stabilized buildings support the trend that the overall financial condition of New York City's rent stabilized properties continued to improve in 1999, as it has for the past number of years. Revenue collections remain strong, although expenses edged up this year after two years of relatively small growth in costs. The growth in revenue and expenses from 1998-99 resulted in a strong NOI increase of 8.7% citywide, although the rise in expenses somewhat dampened the NOI increase from the record-high growth of the two previous years. The table below provides the year-to-year changes in rents, income, costs, and NOI since 1990-91. In 1999, owners of rent stabilized buildings generally had a larger amount of inflation-adjusted income after operating and maintenance expenses were paid than the year before.

Methodology

The information in this report was generated from summaries of raw data from RPIE forms filed with the NYC Department of Finance in 2000 by owners of apartment buildings with eleven or more dwellings. The data in these forms, which reflects financial conditions in stabilized buildings for the year 1999, was computerized in late 2000 (the form is not due until September), and made available to RGB research staff in early 2001 for analysis.

As in past studies, two types of summarized data, cross-sectional and longitudinal, were obtained for stabilized buildings. Cross-sectional data, which provides a "snapshot" or "moment in time" view, comes from properties that filed 1999 RPIE forms. This data is used to compute average rents, operating costs, etc. that are typical of the year 1999. Longitudinal data, which provides a direct comparison of identical elements over time, encompasses properties that filed RPIE forms for the

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

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

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

*See Endnote 5 **See Endnote 6

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

years 1999 and 1998. The longitudinal data describes changing conditions in average rents, operating costs, etc. by comparing forms from the same buildings over two years. Analysis of filing dates shows that RPIE forms reflect conditions around July of the previous calendar year. Thus, cross-sectional data in this report measures conditions in effect throughout 1999, while longitudinal data measures changes in conditions that occurred from 1998 to 1999.

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

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

- Buildings contained fewer than 11 units. Owners of buildings with fewer than 11 apartments (without commercial units) are not required to file RPIE forms;
- Owners did not file a 1999 RPIE form for the cross-sectional study, or a 1998 and a 1999 RPIE form for the longitudinal study;
- No unit count could be found in RPIE records;
- No apartment rent figures were recorded on the RPIE forms. In these cases, forms were improperly completed or the building was vacant

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

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

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

For the first time, DOF provided research staff with data summarized at the sub-borough level in Manhattan this year. Manhattan properties were grouped into two categories, "Lower Manhattan" – properties south of East 96th Street or West 110th Streets or "Upper Manhattan" – the remaining areas. Where possible, researchers provided figures for Upper and Lower Manhattan and for the "Rest of the City" – New York City excluding Lower Manhattan. The extremely tight real estate market

in Lower Manhattan often results in income and expense data that is different from other areas of New York City. Thus, this added bifurcation allows separate examination of what are often two very different economic conditions, Lower Manhattan and the rest of the city. All data in both the cross-sectional and longitudinal analysis is weighted using 1999 HVS allocations, the best estimate available of the real distribution of stabilized buildings in New York City. ❒

Endnotes

(1) RPIE rent figures include money collected for apartments, owner-occupied or related space and government subsidies. Income encompasses all revenue from rents, sales of services, such as laundry, valet and vending, and all other operating income.

(2) Mean contract rents for 1999 were computed using the 1999 New York City Housing and Vacancy Survey (HVS). RPIE data includes information on some rent controlled units. In order to arrive at a rent figure comparable to the I&E data, controlled and stabilized units from the 1999 HVS were combined to compute an average rent for all regulated units.

(3) Preferential rents refer to actual rent paid which is lower than the "legal rent," or the amount the owner is entitled to charge. Owners often offer preferential rents when the current market cannot bear the legal rent.

(4) Last year's *I&E Study* utilized 1996 HVS information on the distribution of rent-stabilized buildings in NYC to adjust the RPIE data. Since the 1999 HVS data became available in time for this year's study, the more recent distribution of buildings was used to weight the RPIE data. The 99 HVS included less post-46 units than in 1996 (see sidebar on page 2). As a result, pre-47 buildings received more weight in this year's analysis. Since pre-47 buildings tend to have lower expenses, the additional weight of these buildings helps explain why the 1999 RPIE figures reported in this study are in many cases similar or lower than in last year's study. Also keep in mind that the cross-sectional cost figures included in the 2001 and 2000 I&E studies are not derived from the same sample of buildings.

(5) Even though percent changes were calculated for 1989-1990, these figures should not be compared to later years because only 382 buildings were included in the longitudinal sample. Comparisons are best made between 1990-1991 and later years when the sample increased to approximately 10,000 buildings due to computerization of RPIE data.

(6) The correct figure for the growth in average Net Operating Income citywide from 1994-95 is 8.0%. Prior RGB reports incorrectly reported a figure of 9.0%.

Appendix

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

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

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

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

Source: NYC Department of Finance, RPIE Filings.

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

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

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

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

Source:NYC Department of Finance, RPIE Filings.

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

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

Notes: City and borough totals are weighted,while figures for building size categories are unweighted. Cost figures in this table are NOT adjusted for the results of the 1992 Department of Finance audit on I&E reported operating costs. The number of Post-1946 rent stabilized buildings with 11-19 units in the Bronx,Brooklyn,and Upper Manhattan,and buildings with 100+ units in the Bronx and Upper Manhattan, were too small to calculate reliable statistics as was the number of Pre-47 bldgs in Staten Island.

Source: NYC Department of Finance, RPIE Filings.

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

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

Notes: City and borough totals are weighted,while figures for building size categories are unweighted. Cost figures in this table are NOT adjusted for the results of the 1992 Department of Finance audit on I&E reported operating costs.The number of Post-1946 rent stabilized buildings with 11-19 units in the Bronx,Brooklyn,and Upper Manhattan,and buildings with 100+ units in the Bronx and Upper Manhattan, were too small to calculate reliable statistics as was the number of Pre-47 bldgs in Staten Island.

Source: NYC Department of Finance, RPIE Filings.

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

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

Source:NYC Department of Finance, RPIE Filings.

6. Cross-Sectional Distribution of "Distressed" Buildings, 1999 RPIE Filings

Pre-47	Citywide	Bronx	Brooklyn	Manhattan	Queens	St. Island	Lower Man.	Upper Man.
11-19 units	258	39	57	142	19	1	120	22
20-99 units	458	134	102	203	18	1	103	100
100+ units	15	4	2	4	5	-	3	1
All	731	177	161	349	42	2	226	123

Post-46	Citywide	Bronx	Brooklyn	Manhattan	Queens	St. Island	Lower Man.	Upper Man.
11-19 units	9	-	1	4	3	1	3	1
20-99 units	25	5	6	5	7	2	3	2
100+ units	4	-	1	2	1	-	2	-
All	38	5	8	11	11	3	8	3

All Bldgs.	Citywide	Bronx	Brooklyn	Manhattan	Queens	St. Island	Lower Man.	Upper Man.
11-19 units	267	39	58	146	22	2	123	23
20-99 units	483	139	108	208	25	3	106	102
100+ units	19	4	3	6	6	-	5	1
All	769	182	169	360	53	5	234	126

Source: NYC Department of Finance, RPIE Filings.

7. Cross-Sectional Sample, 1999 RPIE Filings

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

Source: NYC Department of Finance, RPIE Filings.

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

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

Notes: City and borough totals are weighted,while figures for building size categories are unweighted. Cost figures in this table are NOT adjusted for the results of the 1992 Department of Finance audit on I&E reported operating costs. The number of Post-1946 rent stabilized buildings with 11-19 units in the Bronx,Brooklyn,and Upper Manhattan,and buildings with 100+ units in the Bronx and Upper Manhattan, were too small to calculate reliable statistics as was the number of Pre-47 bldgs in Staten Island.

Source: NYC Department of Finance, RPIE Filings.

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

	Post-46	Pre-47	All
Citywide	10.8%	7.5%	8.7%
11-19 units	12.8%	12.2%	12.3%
20-99 units	10.9%	8.1%	8.7%
100+ units	9.2%	1.6%	6.8%
Bronx	8.1%	4.6%	5.4%
11-19 units	-	10.8%	16.1%
20-99 units	6.3%	4.9%	5.1%
100+ units	-	-0.9%	4.5%
Brooklyn	11.7%	4.0%	5.7%
11-19 units	-	4.7%	5.6%
20-99 units	8.4%	4.2%	5.3%
100+ units	20.9%	2.4%	14.0%
Manhattan	8.4%	9.4%	9.0%
11-19 units	15.6%	14.3%	14.3%
20-99 units	11.2%	10.9%	11.0%
100+ units	8.0%	1.6%	5.9%
Queens	12.3%	6.0%	9.8%
11-19 units	17.1%	8.9%	11.0%
20-99 units	13.9%	6.0%	10.1%
100+ units	10.6%	3.3%	9.9%
St.Island	14.7%	-	14.7%

	Post-46	Pre-47	All
Lower Manhattan	8.7%	8.3%	8.4%
11-19 units	16.7%	13.4%	13.6%
20-99 units	12.0%	10.3%	10.5%
100+ units	8.0%	1.1%	5.6%
Upper Manhattan	5.3%	13.3%	12.0%
11-19 units	-	26.8%	26.8%
20-99 units	2.5%	11.6%	11.4%
100+ units	-	11.3%	7.1%
City w/out Lower Manhattan	8.6%	6.7%	7.4%

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-1946 rent stabilized buildings with 11-19 units in the Bronx,Brooklyn,and Upper Manhattan,and buildings with 100+ units in the Bronx and Upper Manhattan, were too small to calculate reliable statistics as was the number of Pre-47 bldgs in Staten Island.

Source: NYC Department of Finance, RPIE Filings.

10. Longitudinal Sample, 1998 & 1999 RPIE Filings

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

Source:NYC Department of Finance, RPIE Filings.