

The Rent Guidelines Board  
**2002 Income & Expense Study**

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April 16, 2002

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

This *I&E Study* examines the conditions that existed in New York's rent stabilized housing market in 2000, the year for which the most recent data is available, and also the extent by which these conditions changed from 1999.

## Local Law 63

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

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

## WHAT'S NEW

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

In stabilized buildings, from 1999-2000:

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

## Cross-Sectional Study

### Rents and Income

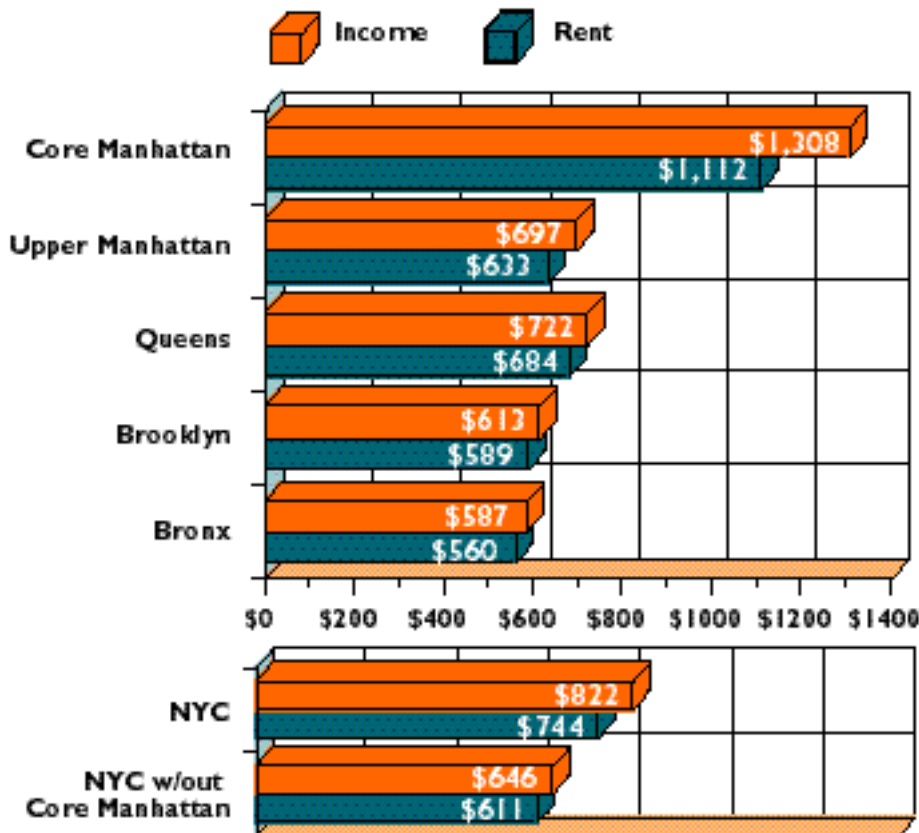
In 2000, rent stabilized property owners collected monthly rent averaging \$744 per unit. As in prior years, units in pre-war buildings rented for less on average (\$693 per month) than those in post-war buildings<sup>1</sup> (\$885 per month). At the borough level, stabilized monthly rents were \$967 in Manhattan, \$684 in Queens, \$589 in Brooklyn and \$560 in the Bronx (as noted in the Methodology, figures for Staten Island were not included throughout the analysis due to the small number of buildings in the data sets). In Core Manhattan (the area south of East 96th and West 110th Streets), average monthly rents were \$1,112 per unit while rents in Upper Manhattan were \$633 per unit. Stabilized property

owners in all New York City neighborhoods excluding Core Manhattan averaged rent collections of \$611 per unit per month.

Many owners of stabilized buildings augment income from their apartment rents by selling services to their tenants as well as by renting commercial space. Current RPIE filings show an average monthly gross income of \$822 per rent stabilized unit in 2000, with pre-war buildings earning \$768 per unit and those in post-war properties earning \$972 per unit. Gross income was highest in Core Manhattan at \$1,308 per unit per month and lowest in the Bronx at \$587. Monthly income per unit in the City excluding Core Manhattan was \$646. These gross income figures encompass rent from stabilized apartments as well as the sale of services (e.g. laundry, vending, parking) and commercial income. Such proceeds accounted for a 9% share of the total income earned

### Stabilized Rents and Income Were Highest in Core Manhattan in 2000

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



\* See Endnote 2

Source: NYC Department of Finance, 2000 RPIE Filings

by building owners in 2000, about the same as the distributions observed in 1997-99. Core Manhattan owners particularly benefit from commercial income, with 15% of their total revenues coming from commercial units and services.

In the outer boroughs, property owners did not receive as large a portion of their total income from commercial sources. When Core Manhattan is excluded from the calculation, building owners in the rest of the city received just 5% of their total income from commercial sources. The respective figures for the other boroughs were 5% in Queens and the Bronx and 4% in Brooklyn. The graph on the previous page shows the average rent and income collected in 2000 by borough, and for the City as a whole. See Appendix 3.

### Rents Comparisons

Two independent data sources, the triennial NYC Housing and Vacancy Survey (HVS) and the NYS Division of Housing and Community Renewal (DHCR) annual registration data, provide important comparative rent data to the collected rents stated in RPIE filings. Because the latest HVS data is from the year 1999, making a comparison to the 2000 RPIE data is not ideal. This year, a comparison of the collected RPIE rents to stabilized rents registered with DHCR in 2000 is a good indicator of the overall rental market and reflects both how well owners are able to collect the rent roll and the prevalence of vacancies.

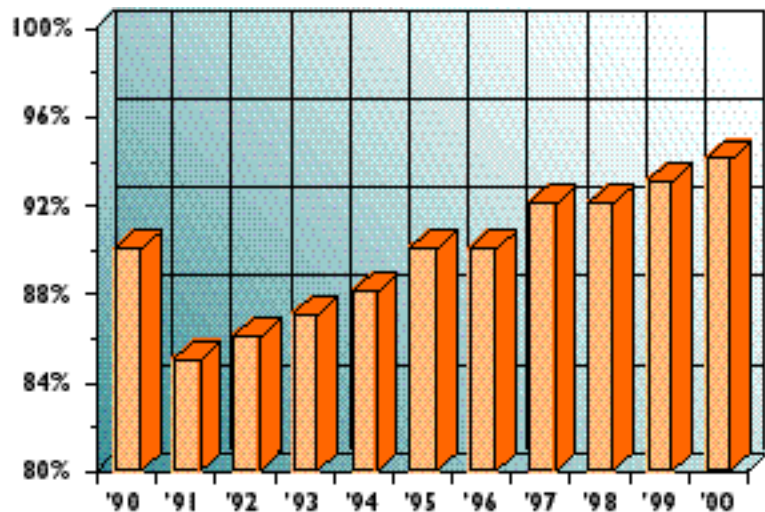
Rents included in RPIE filings tend to be lower than figures obtained from the DHCR registered rents primarily because of differences in how average rents are computed. RPIE data reflects actual rent collections that account for vacancies or non-payment of rent. DHCR data consists of legal rents registered annually with the agency. Because DHCR rent data does not include vacancy and collection losses, these rents are generally higher than RPIE

rent collections data. Furthermore, RPIE information reflects rents collected over a 12-month period while DHCR data reflects rents registered on April 1, 2000. In sum, despite the anomalies between these two rent indicators, the difference between RPIE rents and DHCR rents is a good estimate of vacancy and collection losses incurred by building owners. The relative change in the gap between RPIE and DHCR rents is one way of estimating the change in such losses from year to year.

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

### 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 1990-2000)



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

The gap between collected and legal rent varies widely at the borough level. In 2000, Manhattan property owners collected rents that were only 1.6% below DHCR’s average legal rent for the borough while owners in the outer boroughs collected rents that were 13% lower than legal rents in Bronx and Brooklyn and 8% lower in Queens. At least part of this differential in the outer boroughs is due to preferential rents, offered most often when the legal stabilized rent exceeds the market rate for the area.

A final benchmark that can help place RPIE rent data in context is the RGB Rent Index, which measures the overall effect of the board’s annual rent increases on contract rents each year. As the adjacent table shows, for the past eight years, collected average RPIE rent increases were higher than the renewal lease increases allowed by the RGB’s guidelines. From 1999 to 2000, RPIE rent collections increased by 6.2%, more than two percentage points higher than the increase in the RGB rent index (3.9%, adjusted for the July-June fiscal year). This suggests that stabilized building owners continue to derive additional revenues from sources other than guideline increases. These sources may include rent increases from individual apartment and building-wide improvements, which are not accounted for in the RGB Rent Index.

The comparison between the growth in collected rents and the increase in rent allowed by RGB guidelines has changed over time. During the recession years of the early 1990s, collected RPIE rents did not grow as quickly as DHCR legal rents or the RGB rent guidelines. This indicates that owners during this period either offered more preferential rents or were simply unable to collect the full amount allowed by the guidelines during that period. As the City’s real estate market and the general economy began to recover in 1993, rent collections grew more quickly than the guidelines or legal rents, indicating a drop in vacancy and collection losses, fewer preferential rents, and more rent increases due to renovations. It is interesting to note that a longer view of the three indices shows overall that collected rents have grown more quickly than the impact of rent guidelines or legal rents from 1990-91 to 1999-2000. RPIE collected rents increased 57%, the RGB Rent Index increased 46%, and DHCR adjusted legal rents increased 42% in that period (these figures are not adjusted for inflation, see adjacent table).

RPIE RENT COLLECTIONS GREW FASTER THAN DHCR LEGAL RENTS AND THE RGB RENT INDEX FROM 1991 TO 2000

	RPIE Rent Growth	DHCR Rent Growth (Adjusted)	RGB Rent Index (Adjusted)
90-91	3.4%	4.8%	4.7%
91-92	3.5%	3.5%	4.0%
92-93	3.8%	2.9%	3.3%
93-94	4.5%	2.8%	3.0%
94-95	4.3%	2.5%	2.8%
95-96	4.1%	3.6%	3.8%
96-97	5.4%	4.4%	5.3%
97-98	5.5%	4.6%	4.2%
98-99	5.5%	3.3%	3.7%
99-00	6.2%	4.1%	3.9%
<hr/>			
1991 to 2000*	57.2%	42.3%	45.9%

\* Not adjusted for inflation.

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

### 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 \$503 in 2000. Costs were lower in units situated in pre-war buildings (\$482), and substantially higher in the post-war sector (\$563). Geographically, average costs were lowest in Brooklyn, the Bronx and Queens (\$410, \$415 and \$456) and highest in Manhattan (\$629). Looking more closely at Manhattan property owners, costs for units located in Core Manhattan averaged \$697 a month while the costs in Upper Manhattan were \$481. The average monthly operating costs for stabilized building owners in New York City, excluding Core Manhattan, reduces the city average to \$433. The graph below details average monthly expenses by cost category and building age for 2000. Evidence of the 1999-2000 heating season's spike in heating oil prices can be seen in the average monthly per-unit fuel cost of \$53, up from \$35 the year

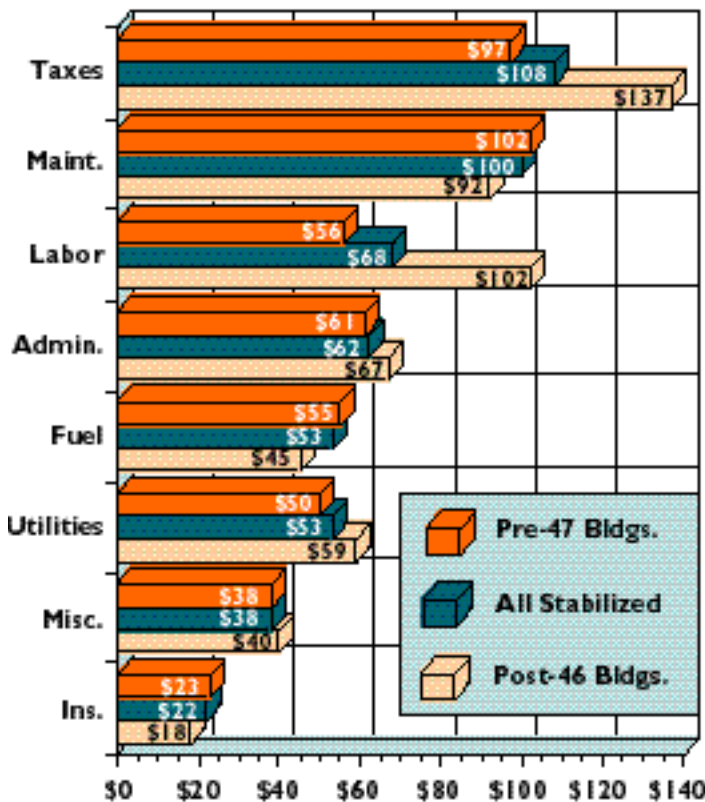
before. See Appendices 1 and 2 for a complete breakdown of costs in pre- and post-war buildings.

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 2000 RPIE O&M cost (\$503) by the results of the 1992 audits results in an average monthly O&M cost of \$462 citywide and \$397 on average in NYC neighborhoods outside of Core Manhattan.

Just as buildings without commercial space typically generate less revenue than stabilized properties with commercial space, operating expenses in these buildings tend to be lower on average than in buildings with a mixture of uses. This year, average audited O&M costs for units in "residential-only" buildings were \$431 per month, \$31 less than the audit-adjusted average (\$462) for all stabilized buildings in 2000. As in previous RGB *Income & Expense Studies*, most of the difference in costs between the two types of properties stemmed from taxes, administration and labor expenses that were respectively 12%, 9%, and 7% lower on average for buildings without commercial space than for all stabilized properties.

### Taxes Are Largest Expense in 2000

(Average Monthly Expense per Dwelling Unit per Month)\*



Source: NYC Department of Finance, 2000 RPIE Filings

### Components of Operating Costs

In 2000, nearly seventy percent of total expenses in stabilized buildings were comprised of taxes, maintenance, labor and administration costs. Older buildings on average spent proportionately more on maintenance, fuel and insurance costs, consequently spending less on taxes and labor. Conversely, newer buildings spent relatively more money on taxes and labor and less on maintenance, administration, fuel

and insurance. The least amount of variation between expenses in buildings of different ages occurred in the cost components of utilities and miscellaneous costs. These spending patterns have not varied much in recent years. (See Appendix 5)

As in previous years, building size affected the distribution of costs in rent stabilized buildings in 2000. As described above, taxes, maintenance, labor and administration costs dominated total operating costs in all buildings. Labor costs continued to be particularly associated with size, comprising much larger shares of total operating costs in larger buildings, probably due to the concentration of large, post-war stabilized buildings in Manhattan, which tend to employ doormen. In contrast, fuel, insurance and miscellaneous costs consumed less of each operating and maintenance dollar in larger buildings, probably due to efficiencies of scale realized by larger properties, particularly those with 100 or more units. Maintenance costs also tend to decrease with greater building size. For a breakdown of cost components by building size, age and borough, see Appendices 1 and 2.

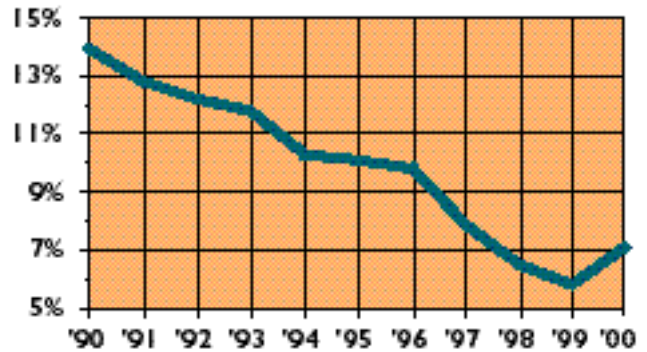
### "Distressed" Buildings

Buildings that have operating and maintenance costs greater than gross income are considered distressed. Among the properties that filed 2000 RPIE forms, 930 buildings, or 7% of the cross-sectional sample, had O&M costs in excess of gross income. The proportion of distressed buildings for the first time in eleven years comprised a larger percentage of the cross-sectional sample than it did in the previous year (6%). Only 46 (5%) of these distressed buildings were built after 1946. The chart on this page shows how the share of distressed buildings in the cross-sectional sample has changed since 1990.

Buildings with expenses greater than revenues in 2000 suffered from both abnormally high expenses (119% of the 2000 all-building average), and low rents and income (respectively only 63% and 62% of the all-building average, a slightly lower proportion than the figures reported for 1999). Not surprisingly, a larger share of distressed buildings' overall operating expenses went to maintenance costs, as opposed to the share in all stabilized buildings (24% and 20%

### Share of Distressed Properties Rises in 2000 After Declining Trend

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



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

respectively). Comparing nominal costs, distressed buildings paid 44% more in maintenance expenses than all stabilized buildings, 41% more in insurance costs and 37% higher fuel costs. These buildings also paid less property taxes (69% of the all-building average) than all rent stabilized buildings. Appendix 6 shows the distribution of distressed buildings by age, size and location.

### Net Operating Income and Operating Cost Ratios

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

On average, apartments in rent stabilized buildings generated \$319 of net income per month in 2000, with units in pre-war buildings earning less (\$286 per month) than those in post-war buildings (\$409 per month). Average monthly NOI tended to be

considerably greater for stabilized properties in Manhattan (\$494) than for those in the outer boroughs: \$172 in the Bronx, \$203 in Brooklyn and \$266 in Queens. There was a large dichotomy when looking at NOI on a sub-borough level in Manhattan. Core Manhattan properties gained on average \$611 a month in NOI while properties in Upper Manhattan had an NOI of \$216 which was close to the monthly NOI average calculated citywide, excluding Core Manhattan (\$213). Average monthly NOI in "residential-only" properties citywide was \$268 per unit in 2000, 16% lower than the norm for all stabilized buildings. For a tabulation of NOI by building size, age and location, see Appendix 4.

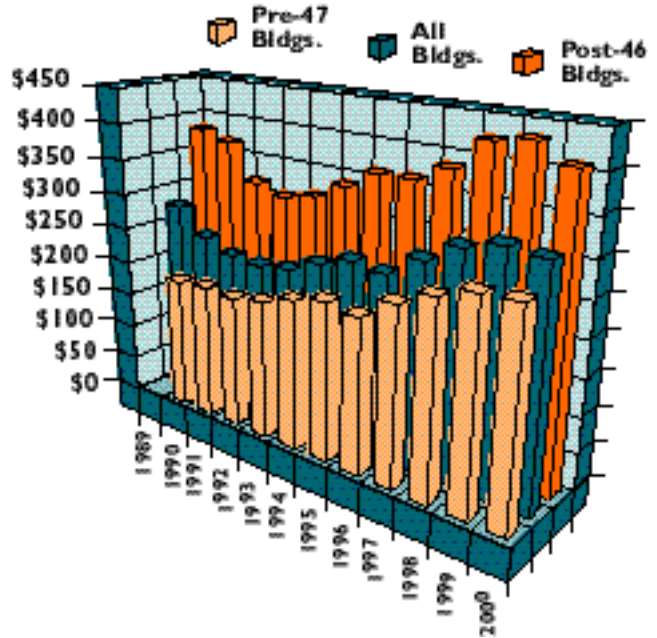
NOI reflects the revenue available after payment of operating costs, that is, the money owners have for financing their buildings, making improvements, and for pre-income tax profits. While NOI should not be the only criteria to determine the ultimate profitability of a particular property, it is a useful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

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

Traditionally, the RGB has used O&M Cost-to-Income and O&M Cost-to-Rent ratios to evaluate the profitability of New York's stabilized housing, presuming that buildings are better off by spending a lower percentage of revenue on expenses. The chart on

**After Inflation, NOI Declined Slightly from 1999 to 2000**

(Average Monthly Net Operating Income per Apartment in Constant 2000 Dollars)



AVERAGE MONTHLY NOI PER APARTMENT (CONSTANT 2000 DOLLARS)

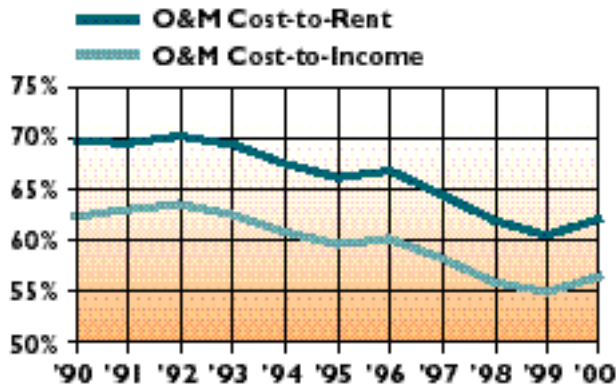
	All	Post-46	Pre-47
1989	\$275	\$380	\$232
1990	\$240	\$368	\$187
1991	\$223	\$318	\$189
1992	\$220	\$305	\$187
1993	\$227	\$315	\$194
1994	\$246	\$338	\$210
1995	\$261	\$362	\$222
1996	\$256	\$363	\$215
1997	\$284	\$385	\$245
1998	\$311	\$424	\$267
1999	\$324	\$432	\$284
2000	\$319	\$409	\$286

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



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

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



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

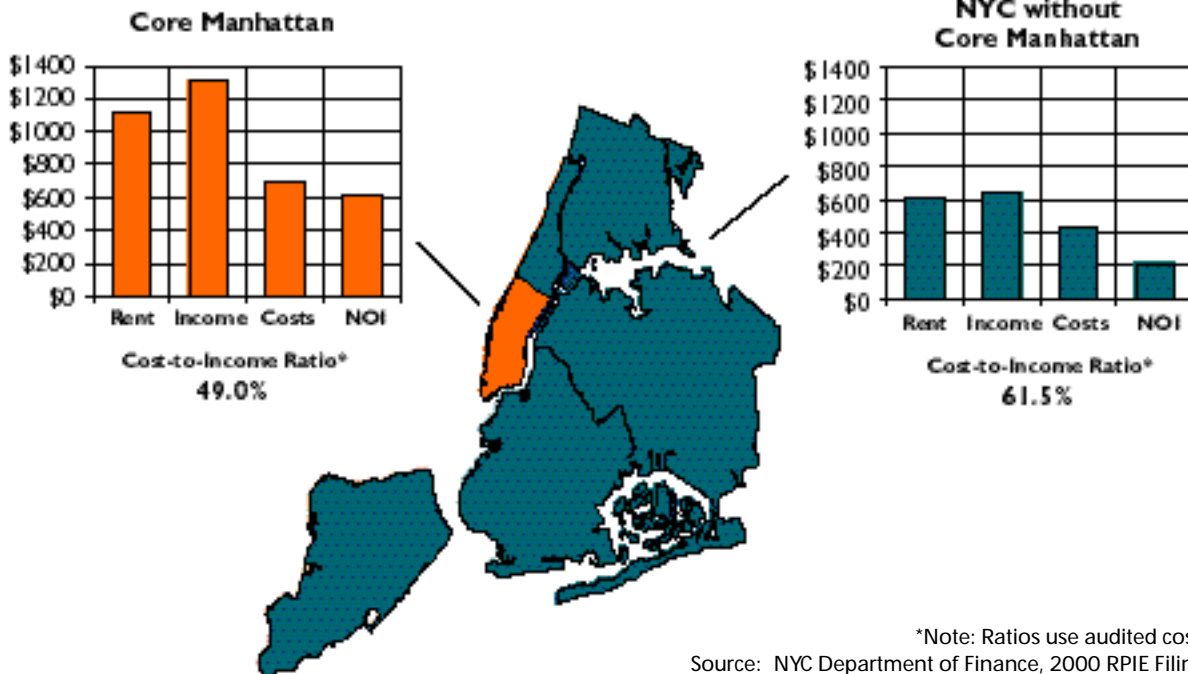
the following page shows how over the period from 1990-2000, the proportion of total income and rent collection spent on audited operating costs has fluctuated but largely decreased in stabilized buildings citywide. For the first time in four years, however, both ratios increased. The Cost-to-Income ratio in 2000 is 56.2%, an increase of 1.4 percentage points from the year before. It is interesting to note

that from a peak of 63.4% in 1992, the Cost-to-Income ratio has fallen every year except for two years in which there were spikes in heating oil costs, 1996 and 2000. Overall, from 1990 to 2000, the Cost-to-Income ratio declined by 6.1 percentage points. In other words, owners report that they devoted a little more than 6 cents less from every dollar of revenue towards expenses in 2000 than they did in 1990. Operating costs in 2000 were 62.1% of rent collections, an increase of 1.7 percentage points from the year before. The increases found in the operating cost to revenue ratios are largely attributable to the increase in fuel costs experienced in 2000.

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

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

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



\*Note: Ratios use audited costs.

Source: NYC Department of Finance, 2000 RPIE Filings

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

During the stagnant economic period of the early 1990s, unemployment and collection losses rose in the City, limiting owners' ability to offset rising operating costs by raising rents. This trend started reversing around 1993, when the City's economy improved to the point where rents (and revenues) increased faster than costs, which remained stable until 1996. The 1996 RPIE data showed that rent stabilized properties experienced leaps in several cost categories, reversing the three-year trend of stable and moderate cost growth. Rent and income collections outpaced costs from 1997-99. In 2000, record growth in rent and income collections were outpaced for the first time since 1996 by a record increase in costs (see Longitudinal Study). The result of these conditions is a decrease in average monthly inflation-adjusted NOI of nearly \$5 per unit per month from the previous year (\$324 to \$319, constant 2000 dollars). For a detailed view of NOI trends, see the table on the page 7 for average monthly NOI by building age from 1989 to 2000 in constant 2000 dollars. After seven years in which NOI did not reach levels seen in 1989, years 1997-2000 show real improvement in NOI from the base year 1989.

## Longitudinal Study

### Rents and Income

Average rent collections in stabilized buildings rose by 6.2% in 2000, which was 0.7 percentage points higher than the increases observed during 1999 (5.5%) and the highest increase in rent collections seen since the RGB began analyzing RPIE data. The increase experienced in 2000 was most likely propelled by fewer vacancies and strong rent collections as demand for rental housing

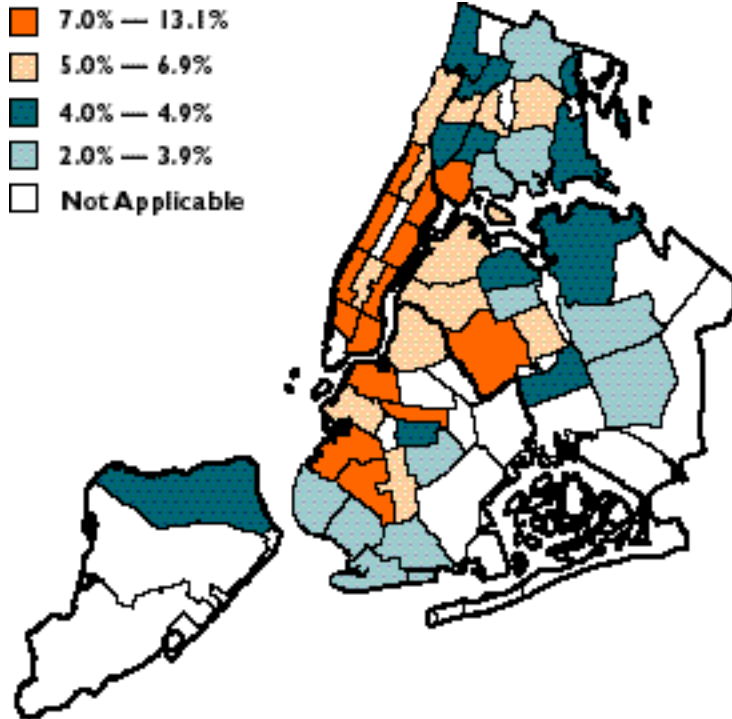
continued to outstrip supply. Rising investment in property improvements and maintenance may also be boosting rent collections since the costs of renovating building-wide systems and individual apartments can be added to stabilized rents. The vacancy increase implemented by New York State in June of 1997 (18%-20%), under the Rent Regulation Reform Act of 1997, may also have contributed to the strong increases seen in stabilized rent collections since 1997.

In a departure from last year, rent collections in newer (post-46) buildings increased more (6.4%) than those in older (pre-47) properties (6.1%). Rent collections for all stabilized units increased by 7.6%, 5.7%, and 6.4% for small (11-19 unit), medium (20-99 unit), and large (100+ unit) buildings respectively. Once again, small buildings appear to have the highest gains in rent collections, gaining the highest rent growth of all the size categories for seven straight years.

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

As the rent collection growth map on the following page shows, the rapid rent growth concentrated in Core Manhattan propelled the citywide average, while areas in the outer boroughs experienced more moderate and varied rent collection growth. When rent collections in Core Manhattan buildings are excluded an average rent growth of 4.9% was calculated for the remainder of the City. Outside of Manhattan and the Brooklyn areas mentioned above, the community districts experiencing the highest growth in rent collections were Mott Haven and Fordham (the Bronx), North Crown Heights/Prospect Heights and Williamsburg/Greenpoint (Brooklyn), Middle Village/Ridgewood and Sunnyside/Woodside (Queens). The neighborhoods with the lowest growth were Hillcrest/Fresh Meadows

**Stabilized Rents Rose Highest in Brooklyn and Manhattan in 2000**  
 (Change in Collected Rents by Community Districts 1999-2000)



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

Source: NYC Department of Finance, 2000 RPIE Filings

(Queens), Hunts Point/Longwood (the Bronx) and East Flatbush and Coney Island (Brooklyn).

The total income collected in rent stabilized buildings, comprising apartment rents, commercial rents and sales of services, increased by 6.5% from 1999 to 2000, one percentage point higher than income collection in the previous year. This increase in income is also the largest recorded since the RGB began collecting RPIE data. Revenues rose at nearly the same rate in pre-war buildings (6.5%) and in post-war buildings (6.4%). In the boroughs of the Bronx, Brooklyn and Queens, property owner's total income grew at nearly the same rate, 4.9%, 4.9% and 4.8% respectively. The gross income of Core Manhattan properties grew by 8.0%, while Upper Manhattan

income grew more slowly than the city average at 6.0%. When Core Manhattan is excluded from the analysis, the rest of the city's average income growth is 4.7%.

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

**Operating Costs**

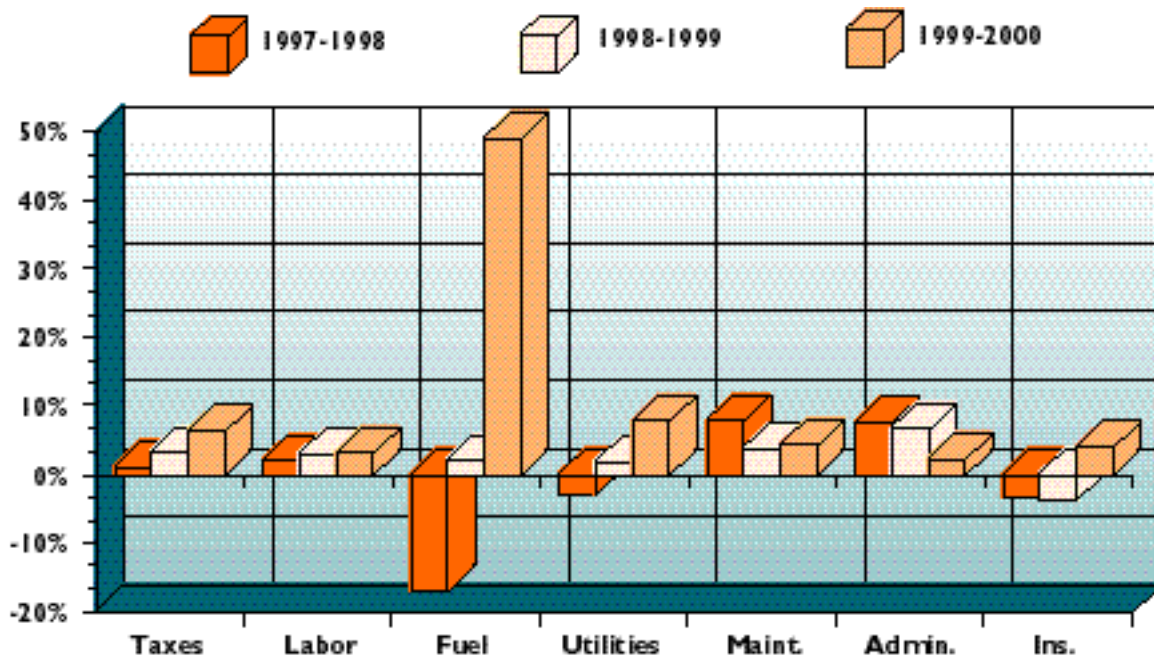
Expenses in stabilized buildings grew more rapidly (8.4%) than increases in both rents and total income from 1999-2000. For the second time in three years, expenses increased at a faster rate than the year before. The 8.4% rise in operating and maintenance expenses is the highest rate seen since the RGB began analyzing RPIE data. Costs rose in newer buildings by 8.8%, in contrast to the increase in costs realized by pre-war buildings from 1999-2000 (8.3%). While the I&E studies have found that rent and

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

The 8.4% increase in expenses found in rent stabilized buildings from 1999-2000 was almost 5 percentage points higher than the increase observed from 1998-99 (3.5%). From 1999-2000, fuel expenses increased sharply, driving overall cost growth. All of the major components within total O&M costs increased from 1999-2000 (see graph on next page). Fuel costs increased the most rapidly, by a record 48.9% from 1999-2000. Utilities and tax costs increased by 7.7% and 6.2% respectively reflecting

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

(Change in Cost Components, 1997-2000)



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

the increase in oil prices and rising property assessments. Maintenance and insurance costs increased by 4.3% and 4.1%, labor costs increased by 3.2% and administrative costs rose by 2.1% over the period.

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

### RPIE Expenses and the PIOC

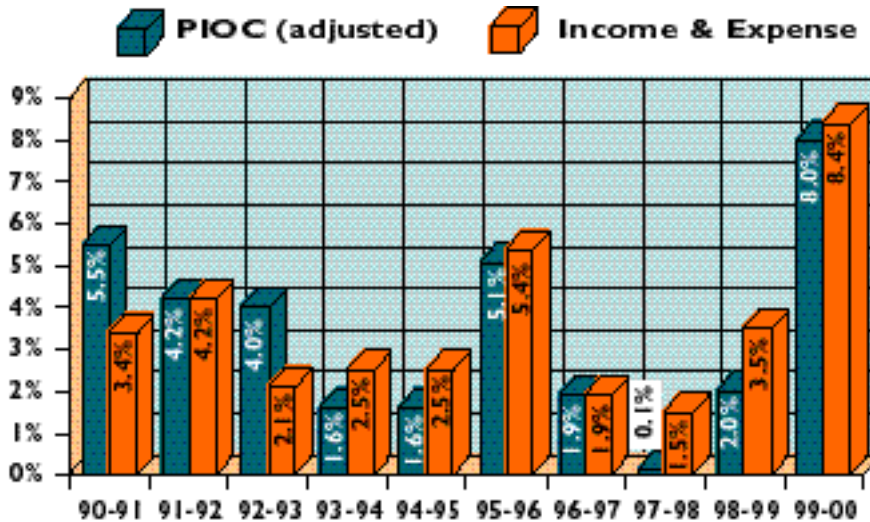
The RPIE and the RGB's long-running survey, the Price Index of Operating Costs (PIOC), each provide a form of independent verification for the expense findings in the other. However, comparison of I&E and PIOC data is somewhat distorted due to

differences in the way each instrument defines costs and time periods. For example, there is a difference between when expenses are incurred and actually paid by owners as reported in the RPIE, versus the price quotes obtained from vendors for specific periods as surveyed in the PIOC. In addition, the PIOC primarily measures prices on an April to April basis, while most RPIE statements filed by landlords are based on the calendar year. To compare the two, weighted averages of each must be calculated, which may cause a slight loss in accuracy. Finally, the PIOC measures a hybrid of costs, cost-weighted prices and pure prices, whereas the RPIE provides unaudited owner-reported costs.

Over the past several years, growth in PIOC-measured costs has consistently differed from expense increases reported in RPIE data. Since the beginning of the decade, the PIOC has grown faster in periods of economic downturn, and RPIE overall expenses have grown faster in recovery. The "gap" between the two indices has been largely narrowing since 1993 and this year, the PIOC and the I&E show

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

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



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

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

very similar increases in costs and prices. As the graph above shows, the most recent adjusted PIOC change in prices was 8.0% in while the increase in RPIE expenses was 8.4%, a difference of just 0.4 percentage points between the two indices from 1999-2000. The PIOC and RPIE reported similar increases from 1999-2000 in the categories of fuel, labor, utilities and maintenance costs. Analysis of RPIE data detected larger increases in taxes and insurance costs while the PIOC reported a higher increase in administrative rates compared to the RPIE data over the same period. Changes in insurance costs, a volatile cost component, differed the most between the data sources—an increase of 4.1% according to RPIE data while the adjusted PIOC had an increase of 1.7%.

The PIOC, vital to the RGB as an indicator of current price and cost changes, may be most robust when measuring cost increase trends as New York City's rent stabilized housing market emerges from recession. This is because the PIOC is strong at tracking costs during economic upswings, when all types of costs and prices are generally increasing, and when accelerating revenue growth induces fewer owners to cut back on maintenance services and other elective costs. In periods of economic downturn, owners may substitute goods, making the PIOC's 'market basket' of goods less representative. Longitudinal RPIE data, on the other hand, is a highly reliable measure of cost trends over both the short- and long-term because its source is actual empirical data for over 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 1999-2000, cumulative growth in the two indices seem to confirm the accuracy of one another in measuring expense changes for rent stabilized properties: the PIOC grew 39% in stabilized buildings while a 41% increase was measured from RPIE data. However, cumulative increases in insurance, maintenance, fuel and administration costs vary considerably between the two indices over the last ten years.

### Operating Cost Ratios

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

### "Distressed" Buildings

Of the buildings in this year's longitudinal sample, 6.7% (723) had O&M expenses that exceeded revenues, 1.7 percentage points higher than the share in last year's longitudinal study. Only 40 (5.5%) of distressed properties were built after 1946. The fundamental conditions of these buildings did not change. While rent collections and gross income increased, operating expenses grew at a faster pace from 1999 to 2000. Again, distressed

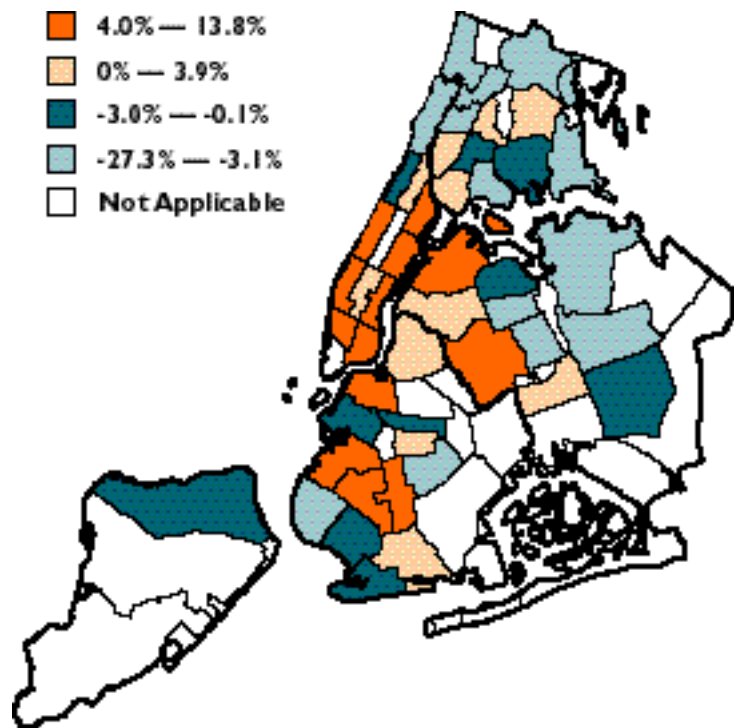
properties are burdened by low rents, lack of commercial income, and high operating expenses.

### Net Operating Income

Since operating costs grew more rapidly revenues during 2000, on average, citywide net operating income in rent stabilized buildings increased by 3.5%, a lower rate than those seen in the past three years when revenues outpaced costs (8.7%, 11.8% and 11.4%). The 3.5% increase in average NOI from 1999-2000 was the lowest rate of NOI growth found since 1995-96 when NOI increased by 2.3%. Again, NOI refers to the earnings that remain after operating and maintenance

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

(Change in Net Operating Income 1999-2000)



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

Source: NYC Department of Finance, 2000 RPIE Filings

(O&M) expenses are taken care of, but before payments in income tax and debt service.

NOI grew at a similar pace in the post-war stock (3.4%) as it did in pre-war stock (3.6%) from 1999-2000. NOI rose the most (5.7%) in small buildings (11-19 units). This year, average NOI growth in medium-sized structures (20-99 units) was 1.8% and grew at a pace of 4.7% in large structures (100 or more units). See Appendix 9 for a complete breakdown.

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

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

### Conclusion

The RPIE filings from over 12,800 rent stabilized buildings containing almost 640,000 units in the cross-sectional sample, support the trend that the overall financial condition of New York City's rent

## For the First Time in Four Years, Cost Growth Outpaces Revenues from 1999-2000

(Average Monthly Rents, Income, Operating Costs and Net Operating Income per Dwelling Unit, 1999-2000)

	Avg. Rent Growth	Avg. Income Growth	Avg. Cost Growth	Avg. NOI Growth
89-90*	3.3%	3.7%	7.1%	-1.8%
90-91	3.4%	3.2%	3.4%	2.8%
91-92	3.5%	3.1%	4.2%	1.2%
92-93	3.8%	3.4%	2.1%	6.3%
93-94	4.5%	4.7%	2.5%	9.3%
94-95	4.3%	4.4%	2.5%	8.0%
95-96	4.1%	4.3%	5.4%	2.3%
96-97	5.4%	5.2%	1.9%	11.4%
97-98	5.5%	5.3%	1.5%	11.8%
98-99	5.5%	5.5%	3.5%	8.7%
99-00	6.2%	6.5%	8.4%	3.5%

\*See Endnote 4

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

stabilized properties continued to generally improve in nominal terms in 2000, although net income was strongly affected by large cost increases such as those seen in fuel this year. Revenue collections remained strong, however, expenses rose strongly owing largely to fuel and utility cost increases. This record growth in revenue and expenses from 1999-2000 resulted in an NOI increase of 3.5% citywide, a decline from the higher increases seen in the previous three years due to the rapid rise in expenses. The table on the previous page provides the year-to-year changes in rents, income, costs, and NOI since 1989-90. After adjusting for inflation, in 2000, owners of rent stabilized buildings generally had a slightly lower amount of income after operating and maintenance expenses were paid than the year before.

## Methodology

The information in this report was generated from summaries of raw data from RPIE forms filed with the NYC Department of Finance in 2001 by owners of apartment buildings with eleven or more dwellings. The data in these forms, which reflects financial conditions in stabilized buildings for the year 2000, was computerized in late 2001 (the form is not due until September), and made available to RGB research staff in early 2002 for analysis.

As in past studies, two types of summarized data, cross-sectional and longitudinal, were obtained for stabilized buildings. Cross-sectional data, which provides a "snapshot" or "moment in time" view, comes from properties that filed 2000 RPIE forms. This data is used to compute average rents, operating costs, etc. that are typical of the year 2000. Longitudinal data, which provides a direct comparison of identical elements over time, encompasses properties that filed RPIE forms for the years 1999 and 2000. The longitudinal data describes changing conditions in average rents, operating costs, etc. by comparing forms from the same buildings over two years. Analysis of filing dates shows that RPIE forms reflect conditions around July of the previous calendar year. Thus, cross-sectional data in this report measures conditions in effect

throughout 2000, while longitudinal data measures changes in conditions that occurred from 1999 to 2000.

This year, 12,842 rent stabilized apartment buildings were analyzed in the cross-sectional study (see Appendix 7), and 10,764 stabilized properties were examined in the longitudinal study (see Appendix 10). The sample of buildings was created by matching a list of properties registered with the DHCR against buildings that filed a 2000 RPIE statement (or 1999 and 2000 statements for the longitudinal sample). Like last year's study, the number of buildings in both the cross sectional and the longitudinal sample increased from the previous year. The cross-sectional sample increased by 337 buildings (3%) and the longitudinal sample increased by 403 buildings (4%).

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

- Buildings contained fewer than 11 units. Owners of buildings with fewer than 11 apartments (without commercial units) are not required to file RPIE forms;
- Owners did not file a 2000 RPIE form for the cross-sectional study, or a 1999 and a 2000 RPIE form for the longitudinal study;
- No unit count could be found in RPIE records;
- No apartment rent figures were recorded on the RPIE forms. In these cases, forms were improperly completed or the building was vacant

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

- In early I&E studies, Department of Finance used the total number of units from their Real Property Assessment Data files (RPAD) to classify buildings by size and location. RGB researchers found that sometimes the unit counts on RPIE forms were different than those on the RPAD file, and consequently deemed the residential counts from the RPIE form more reliable.



- Average monthly rents for each building were compared to rent intervals for each borough to improve data quality. Properties with average rents outside of the borough rent ranges were removed from all samples. This year, 146 buildings were removed from both samples for this reason. Forty-five percent of these buildings (65) had average rents below \$100 per month, and 55 percent (81) had average rents in excess of the upper limits. Such screening for outliers is critical since such deviations may reflect data entry errors and thus could skew the analysis.
- Buildings in which operating costs exceeded income by more than 300% were excluded from both samples. Twelve properties were excluded for this reason.

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

For the second year, the Department of Finance provided research staff with data summarized at the sub-borough level in Manhattan this year. Manhattan properties were grouped into two categories, "Core Manhattan"—properties south of East 96th Street or West 110th Streets, or "Upper Manhattan"—the remaining areas. Where possible, researchers provided figures for Upper and Core Manhattan and for the "rest of the city" (New York City excluding Core Manhattan). The extremely tight real estate market in Core Manhattan often results in income and expense data that is different from other areas of New York City. Thus, this added bifurcation allows separate examination of what are often two very different economic conditions in Core Manhattan and the rest of the city. All data in both the cross-sectional and longitudinal analysis is weighted using 1999 HVS allocations, the best estimate available of the real distribution of stabilized apartments in New York City. □

## Endnotes

- (1) Pre-war buildings refer to those built before 1947; post-war buildings refer to those built after 1946.
- (2) RPIE rent figures include money collected for apartments, owner-occupied or related space and government subsidies. Income encompasses all revenue from rents, sales of services, such as laundry, valet and vending, and all other operating income.
- (3) Preferential rents refer to actual rent paid which is lower than the "legal rent," or the maximum amount the owner is entitled to charge. Owners often offer preferential rents when the current market cannot bear the legal rent.
- (4) Even though percent changes were calculated for 1989-90, these figures are not directly comparable to later years because only 382 buildings were included in the longitudinal sample. Comparisons are best made between 1990-91 and later years when the sample increased to approximately 10,000 buildings due to computerization of RPIE data.

## Appendix

### 1. CROSS-SECTIONAL INCOME AND EXPENSE STUDY: ESTIMATED AVERAGE OPERATING & MAINTENANCE COST (2000) PER APARTMENT PER MONTH BY BUILDING SIZE AND LOCATION, STRUCTURES BUILT BEFORE 1947

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

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

Notes: The sum of the lines may not equal the total due to rounding. Totals in this table may not match those in Table 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 (2000) PER APARTMENT PER MONTH BY BUILDING SIZE AND LOCATION, STRUCTURES BUILT AFTER 1946

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

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

Notes: The sum of the lines may not equal the total due to rounding. Totals in this table may not match those in Table 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 (2000) PER APARTMENT PER MONTH BY BUILDING SIZE AND LOCATION

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

Notes: City and borough totals are weighted, while figures for building size categories are unweighted. Cost figures in this table are NOT adjusted for the results of the 1992 Department of Finance audit on I&E reported operating costs. The number of post-46 rent stabilized buildings with fewer than 20 units in the Bronx, Brooklyn, Manhattan, Core and Upper Manhattan as well as buildings with 100+ units in Upper Manhattan were too small to calculate reliable statistics as was the number of Pre-47 bldgs. in Staten Island. Borough averages without building size figures for Staten Island are provided.

Source: NYC Department of Finance, RPIE Filings.

#### 4. CROSS-SECTIONAL INCOME AND EXPENSE STUDY, NET OPERATING INCOME IN 2000 BY BUILDING SIZE AND LOCATION

	<u>Post-46</u>	<u>Pre-47</u>	<u>All</u>		<u>Post-46</u>	<u>Pre-47</u>	<u>All</u>
Citywide	\$409	\$286	\$319	Core Manhattan	\$909	\$527	\$611
11-19 units	\$390	\$316	\$322	11-19 units	-	\$481	\$493
20-99 units	\$267	\$262	\$263	20-99 units	\$593	\$503	\$512
100+ units	\$560	\$416	\$504	100+ units	\$1,005	\$633	\$827
Bronx	\$253	\$156	\$172	Upper Manhattan	\$311	\$207	\$216
11-19 units	-	\$106	\$117	11-19 units	--	\$208	\$208
20-99 units	\$211	\$156	\$163	20-99 units	\$241	\$206	\$207
100+ units	\$305	\$208	\$253	100+ units	-	\$225	\$290
Brooklyn	\$208	\$201	\$203	City w/o Core Manhattan	\$268	\$192	\$213
11-19 units	-	\$190	\$195				
20-99 units	\$195	\$198	\$197				
100+ units	\$232	\$239	\$236				
Manhattan	\$856	\$416	\$494				
11-19 units	-	\$465	\$465				
20-99 units	\$535	\$374	\$385				
100+ units	\$961	\$563	\$776				
Queens	\$283	\$240	\$266				
11-19 units	\$200	\$181	\$185				
20-99 units	\$267	\$249	\$259				
100+ units	\$296	\$251	\$291				
St.Island	\$261	-	\$261				

Notes: City and borough totals are weighted, while figures for building size categories are unweighted. Cost figures in this table are NOT adjusted for the results of the 1992 Department of Finance audit on I&E reported operating costs. The number of post-46 rent stabilized buildings with fewer than 20 units in the Bronx, Brooklyn, Manhattan, Core and Upper Manhattan as well as buildings with 100+ units in Upper Manhattan were too small to calculate reliable statistics as was the number of Pre-47 bldgs. in Staten Island. Borough averages without building size figures for Staten Island are provided.

Source: NYC Department of Finance, RPIE Filings.

#### 5. CROSS-SECTIONAL DISTRIBUTION OF OPERATING COSTS IN 2000, BY BUILDING SIZE AND AGE

	<u>Taxes</u>	<u>Maint.</u>	<u>Labor</u>	<u>Admin.</u>	<u>Utilities</u>	<u>Fuel</u>	<u>Misc.</u>	<u>Insurance</u>	<u>Total</u>
Pre-47	20.1%	21.2%	11.6%	12.6%	10.4%	11.5%	7.8%	4.8%	100.0%
11-19 units	23.4%	21.6%	5.8%	12.7%	9.7%	12.0%	9.2%	5.6%	100.0%
20-99 units	19.1%	21.6%	11.3%	12.7%	10.4%	12.1%	7.9%	5.0%	100.0%
100+ units	21.8%	18.9%	19.4%	11.7%	11.0%	8.2%	5.9%	3.0%	100.0%
Post-46	24.5%	16.4%	18.2%	11.9%	10.6%	8.0%	7.2%	3.2%	100.0%
11-19 units	27.8%	18.8%	5.0%	16.6%	10.9%	7.6%	9.0%	4.4%	100.0%
20-99 units	23.2%	17.8%	14.1%	12.1%	11.4%	9.7%	7.5%	4.2%	100.0%
100+ units	25.2%	15.3%	22.2%	11.5%	10.0%	6.7%	6.8%	2.3%	100.0%
All Bldgs..	21.4%	19.8%	13.6%	12.4%	10.4%	10.5%	7.6%	4.3%	100.0%
11-19 units	23.8%	21.3%	5.7%	13.1%	9.8%	11.5%	9.2%	5.5%	100.0%
20-99 units	19.4%	21.2%	11.5%	12.7%	10.5%	11.9%	7.9%	4.9%	100.0%
100+ units	22.2%	18.6%	19.7%	11.7%	10.9%	8.1%	6.0%	2.9%	100.0%

Source: NYC Department of Finance, RPIE Filings.

## 6. CROSS-SECTIONAL DISTRIBUTION OF "DISTRESSED" BUILDINGS, 2000 RPIE FILINGS

<u>Pre-47</u>	<u>Citywide</u>	<u>Bronx</u>	<u>Brooklyn</u>	<u>Manhattan</u>	<u>Queens</u>	<u>St. Island</u>	<u>Core Man</u>	<u>Upper Man</u>
11-19 units	264	38	55	134	36	1	108	26
20-99 units	616	207	122	250	35	2	125	125
100+ units	4	2	0	1	1	0	0	1
All	884	247	177	385	72	3	233	152
<u>Post-46</u>	<u>Citywide</u>	<u>Bronx</u>	<u>Brooklyn</u>	<u>Manhattan</u>	<u>Queens</u>	<u>St. Island</u>	<u>Core Man</u>	<u>Upper Man</u>
11-19 units	11	1	1	4	5	0	3	1
20-99 units	28	9	6	5	6	2	2	3
100+ units	7	1	1	0	5	0	0	0
All	46	11	8	9	16	2	5	4
<u>All Bldgs..</u>	<u>Citywide</u>	<u>Bronx</u>	<u>Brooklyn</u>	<u>Manhattan</u>	<u>Queens</u>	<u>St. Island</u>	<u>Core Man</u>	<u>Upper Man</u>
11-19 units	275	39	56	138	41	1	111	27
20-99 units	644	216	128	255	41	4	127	128
100+ units	11	3	1	1	6	0	0	1
All	930	258	185	394	88	5	238	156

Source: NYC Department of Finance, RPIE Filings.

## 7. CROSS-SECTIONAL SAMPLE, 2000 RPIE FILINGS

	<u>Post-46</u>		<u>Pre-47</u>		<u>All</u>	
	<u>Bldgs.</u>	<u>DU's</u>	<u>Bldgs.</u>	<u>DU's</u>	<u>Bldgs.</u>	<u>DU's</u>
Citywide	1,548	180,986	11,294	458,958	12,842	639,944
11-19 units	104	1,533	2,672	40,318	2,776	41,851
20-99 units	875	51,469	8,193	343,151	9,068	394,620
100+ units	569	127,984	429	75,489	998	203,473
Bronx	221	17,895	2,214	110,290	2,520	128,185
11-19 units	9	129	175	2,626	184	2,755
20-99 units	177	10,568	2,039	94,386	2,216	104,954
100+ units	35	7,198	85	13,278	120	20,476
Brooklyn	292	30,103	2,420	98,968	2,712	129,071
11-19 units	12	183	481	7,221	493	7,404
20-99 units	194	12,934	1,868	83,051	2,062	95,985
100+ units	86	16,986	71	8,696	157	25,682
Manhattan	471	77,794	5,323	197,662	5,794	275,456
11-19 units	34	510	1,685	25,337	1,719	25,847
20-99 units	188	9,784	3,425	127,359	3,613	137,143
100+ units	249	67,500	213	44,966	462	112,466
Queens	508	52,081	1,238	51,491	1,746	103,572
11-19 units	37	543	326	5,048	363	5,591
20-99 units	283	16,832	854	38,117	1,137	54,949
100+ units	188	34,706	58	8,326	246	43,032
St. Island	56	3,113	14	547	70	3,660
11-19 units	12	168	5	86	17	254
20-99 units	33	1,351	7	238	40	1,589
100+ units	11	1,594	2	223	13	1,817
Core Man	425	1,753	3,847	132,245	4,272	203,998
11-19 units	32	481	1,535	23,017	1,567	23,498
20-99 units	156	8,152	2,150	72,049	2,306	80,201
100+ units	237	3,120	162	37,179	399	100,299
Upper Man	46	6,041	1,476	65,417	1,522	71,458
11-19 units	2	29	150	2,320	152	2,349
20-99 units	32	1,632	1,275	55,310	1,307	56,942
100+ units	12	4,380	51	7,787	63	12,167

Source: NYC Department of Finance, RPIE Filings.

## 8. LONGITUDINAL INCOME AND EXPENSE STUDY, ESTIMATED AVERAGE RENT AND INCOME CHANGES (1999-2000) BY BUILDING SIZE AND LOCATION

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

Notes: City and borough totals are weighted, while figures for building size categories are unweighted. Cost figures in this table are NOT adjusted for the results of the 1992 Department of Finance audit on I&E reported operating costs. The number of post-46 rent stabilized buildings with fewer than 20 units in the Bronx, Brooklyn, Manhattan, Core and Upper Manhattan as well as buildings with 100+ units in Upper Manhattan were too small to calculate reliable statistics as was the number of Pre-47 bldgs. in Staten Island. Borough averages without building size figures for Staten Island are provided.

Source: NYC Department of Finance, RPIE Filings.

## 9. LONGITUDINAL INCOME AND EXPENSE STUDY, NET OPERATING INCOME CHANGES (1999-2000) BY BUILDING SIZE AND LOCATION

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

Notes: City and borough totals are weighted, while figures for building size categories are unweighted. Cost figures in this table are NOT adjusted for the results of the 1992 Department of Finance audit on I&E reported operating costs. The number of post-46 rent stabilized buildings with fewer than 20 units in the Bronx, Brooklyn, Manhattan, Core and Upper Manhattan as well as buildings with 100+ units in Upper Manhattan were too small to calculate reliable statistics as was the number of Pre-47 bldgs. in Staten Island. Borough averages without building size figures for Staten Island are provided.

Source: NYC Department of Finance, RPIE Filings.



## 10. LONGITUDINAL SAMPLE, 1999 &amp; 2000 RPIE FILINGS

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

Source: NYC Department of Finance, RPIE Filings.