

## 2007 Income and Expense Study

April 24, 2007

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## 2007 Income and Expense Study

### what's new

From 2004-05, increases in operating costs outpaced increases in rental income and total income. Despite operating cost growth that was greater than the increase in income, net operating income (revenue remaining after operating expenses are paid) increased.

In stabilized buildings, from 2004-2005:

- ✓ Rental income increased by **4.6%**.
- ✓ Total income rose by **4.7%**.
- ✓ Operating costs increased by **6.0%**.
- ✓ Net operating income (NOI) grew by **1.6%**.

### Introduction

As required by the Rent Stabilization Law, the Rent Guidelines Board (RGB) has analyzed the cost of operating and maintaining rental housing in New York City since 1969, as part of the process of establishing rent adjustments for stabilized apartments. Historically, the Board's primary instrument for measuring changes in prices and costs has been the Price Index of Operating Costs (PIOC), a survey of prices and costs for various goods and services required to operate and maintain rent stabilized apartment buildings.

In 1990, the RGB acquired a new data source that enabled researchers to compare PIOC-measured prices and costs with those reported by owners: Real Property Income and Expense (RPIE) statements from rent stabilized buildings collected by the NYC Department of Finance. These Income and Expense (I&E) statements, filed annually by property owners, provide detailed information on the revenues and costs of "income producing" properties. The addition of I&E statements has greatly expanded the information base used in the rent setting process. I&E statements not only describe conditions in rent stabilized housing in a given year, but also depict changes in conditions over a two-year period. Most importantly, I&E data encompasses both revenues and expenses, allowing the Board to more accurately gauge the overall economic condition of New York City's rent stabilized housing stock.

These findings examine the conditions that existed in New York's rent stabilized housing market in 2005, the year for which the most recent data is available, and also the extent by which these conditions changed from 2004.

### Local Law 63

The income and expense data for stabilized properties originates from Local Law 63, enacted by the New York City Council in 1986. This statute requires owners of apartment buildings and other properties to file RPIE statements with the Department of Finance annually. While certain types of properties are exempt from filing RPIE forms (cooperatives, condominiums, buildings with fewer than 11 units or with an assessed value under \$40,000), the mandate produces detailed financial records on thousands of rent stabilized buildings. Although information on individual properties is strictly confidential, the Department of Finance is allowed to release summary statistics of the data to the RGB.

Since 1990, the RGB has received data on samples of rent stabilized properties that file RPIE forms. Samples in the first two studies (data for 1988 and 1989) were limited to 500 buildings, because RPIE files were not automated. Upon computerization of I&E filings in 1992 (for cross-sectional data from 1990 and longitudinal data from 1989-90), the size of the samples used in RGB I&E studies has grown to more than 11,500 properties containing over 560,000 units.

## Cross-Sectional Study

### Rents and Income<sup>1</sup>

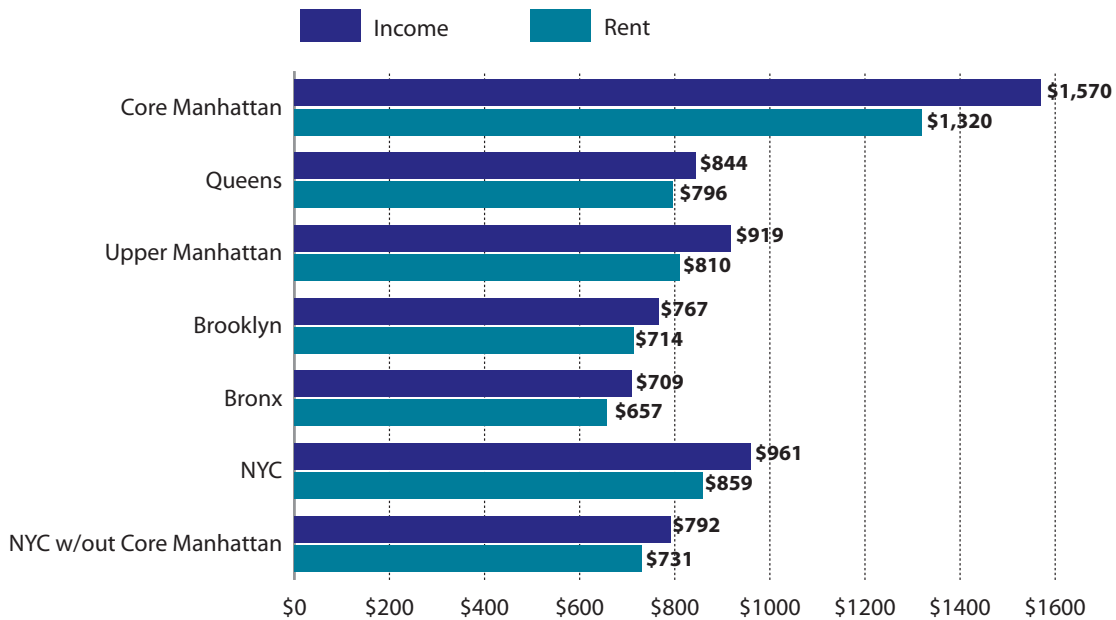
In 2005, rent stabilized property owners collected monthly rent averaging \$859 per unit. As in prior years, units in pre-war buildings rented for less on average (\$815 per month) than those in post-war buildings (\$960 per month).<sup>2</sup> At the borough level, monthly rents in stabilized buildings were \$1,131 in Manhattan, \$796 in Queens, \$714 in Brooklyn and \$657 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). Newly available this year are median figures, which reveal that the median rent citywide was \$747. At the borough level, median monthly rent was \$962 in Manhattan, \$784 in Queens, \$678 in Brooklyn and \$643 in the Bronx.

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 \$961 per rent stabilized unit in 2005, with pre-war buildings earning \$916 per unit and those in post-war properties earning \$1,062 per unit. Gross income was highest in Core Manhattan at \$1,570 per unit per month, and lowest in the Bronx at \$709. Monthly income per unit in the City, excluding Core Manhattan, was \$792. These gross income figures encompass rent from stabilized apartments as well as the sale of services (e.g. laundry, vending, parking) and commercial income. Such proceeds accounted for a 10.6% share of the total income earned by building owners in 2005. By borough, the highest share of income earned from the sale of services was 14.9% in Manhattan (15.9% in Core Manhattan and 11.8% in Upper Manhattan), 5.6% in Queens, 6.9% in Brooklyn and 7.4% in the Bronx. The graph on this page shows the average rent and income collected in 2005 by borough, and for the City as a

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

*Stabilized Rent and Income Were Highest in Core Manhattan in 2005*



\* See Endnote 1

Note: Core Manhattan represents the area south of W 110th and E 96th Streets.

Upper Manhattan is the remainder of the borough.

Source: NYC Department of Finance, 2005 RPIE Filings

whole. Median citywide income in 2005 was \$801. In the boroughs, Manhattan had the highest median income, at \$1120, followed by Queens at \$805, Brooklyn at \$710 and the Bronx at \$684. (For rent and income averages by borough and building age and size, see Appendix 3.)

## Comparing Rent Measurements

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. A comparison of the collected RPIE rents to the HVS and DHCR rents is a good indicator of the overall rental market and reflects both how well owners are able to collect the rent roll and the prevalence of vacancies.

Rents included in RPIE filings are different than HVS and DHCR figures primarily because of differences in how average rents are computed. RPIE data reflects actual rent collections that account for vacancies or non-payment of rent. HVS data consists of contract rent (the amounts stated on leases, which includes both legal and preferential rents) while DHCR data consists of legal rents registered annually with the agency. Because HVS and DHCR rent data do not include vacancy and collection losses, in most years these rents are generally higher than RPIE rent collections data. Furthermore, RPIE information reflects rents collected over a 12-month period, DHCR data reflects rents registered on April 1, 2005, and 2005 HVS figures are contract rents in effect during the first four months of 2005. Because 2005 was the 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.

Three years ago, for the first time in the history of this survey, the RPIE mean collected rent exceeded the average contract rent computed by the HVS. Now, the latest RPIE and HVS data (2005) shows the RPIE mean collected rent of \$859 for all rent regulated apartments is exceeded by the average contract rent of \$909 computed with HVS data, by 5.9%.<sup>3</sup> In prior years, the HVS figure always exceeded the RPIE mean. For instance, in 1999, the HVS mean for all regulated apartments was 2% greater than the RPIE mean, in 1996, it was 9% greater, 6% in 1993 and 4% in 1991.

Rent by building age also varies between the HVS and RPIE. The HVS mean contract rent in older, pre-war apartments was \$884, which was 8.5% higher than the RPIE average collected rent of \$815 (see endnote 2). Furthermore, the HVS average rent for units built after 1946 (\$972) was 1.3% higher than the 2005 RPIE average rent of \$960 [see sidebar].

In comparing annual RPIE and DHCR average rents, the gap between the two has contracted steadily since 1991, when the average RPIE collected rent was 15% lower than the average DHCR registered legal rent. In fact, from 1991-2001, the difference between RPIE and DHCR rents has decreased by almost two-thirds, to 5.6%. Current

## DIFFERENCES BETWEEN MEASUREMENT SOURCES 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 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 average monthly rent (\$859) was lower than the HVS average monthly rent (\$909) this year may be due to a few factors.

Both the RPIE and the HVS rents are mean figures which can be affected by outliers in each sample. The HVS mean rent may be higher than expected because non-paying tenants are not reflected in the data.

The fact that the RPIE average rent falls below the HVS average indicates possible shortcomings with both data sets. The \$859 RPIE figure may be lower, 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 vacancy and rent collection losses, does not offer a clear portrait of the economic health of buildings with a mix of regulated and deregulated units.

## rent comparisons

### RGB Rent Index Grew Faster than both RPIE and DHCR Rent Growth

	RPIE Rent Growth	DHCR Rent Growth (Adjusted)	RGB Rent Index (Adjusted)
90-91	3.4%	4.8%	4.7%
91-92	3.5%	3.5%	4.0%
92-93	3.8%	2.9%	3.3%
93-94	4.5%	2.8%	3.0%
94-95	4.3%	2.5%	2.8%
95-96	4.1%	3.6%	3.8%
96-97	5.4%	4.4%	5.3%
97-98	5.5%	4.2%	4.2%
98-99	5.5%	3.1%	3.7%
99-00	6.2%	4.1%	3.9%
00-01	4.9%	4.8%	4.8%
01-02	4.0%	5.1%	4.8%
02-03	3.6%	5.0% <sup>§</sup>	3.9%
03-04 <sup>‡</sup>	-	5.7%	5.2%
04-05	4.6%	1.1%	5.0%
1990 to 2005*	85.7%	75.9%	83.9%

\* Not adjusted for inflation.

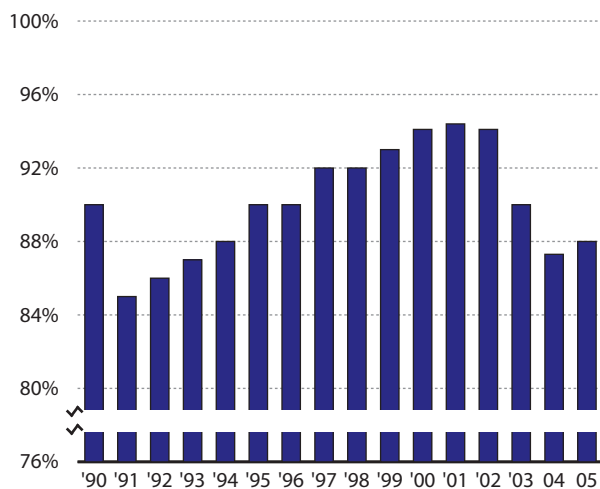
‡ See endnote 5.

§ Revised from prior study due to DHCR update.

Source: DHCR Annual Rent Registrations; NYC Department of Finance, 1990-2005 RPIE Filings

### Average Monthly Citywide Collected Rents as a Share of Average Monthly DHCR Legal Registered Rents 1990-2005

#### Percentage of Legal Rent Collected Increases in 2005



Source: DHCR Annual Rent Registrations; NYC Department of Finance, 1990-2005 RPIE Filings

RPIE returns indicate that the gap between I&E rent (\$859) and DHCR's mean stabilized rent (\$976) was 12.0% in 2005, smaller than the 12.7% gap observed in last year's *Income and Expense Study*. This gap between collected and legal rent indicates that building owners collect a smaller portion of their legal rent rolls due to "preferential rents" or non-paying tenants.<sup>4</sup> (see graph on this page).

At the borough level, the gap between collected and legal rent varies widely. In 2005, Manhattan property owners collected an average rent (\$1,131) that was 4.9% below DHCR's average legal rent for the borough (\$1,189) while owners in the other boroughs collected average rents that were 15.3% lower than legal rents in Queens, 17.5% lower in Brooklyn and 20.3% lower in the Bronx. At least part of this differential in the boroughs is due to preferential rents, usually offered when the legal stabilized rent exceeds the market rate for the area.

A final benchmark that can help place RPIE rent data in context is the RGB Rent Index, which measures the overall effect of the board's annual rent increases on contract rents each year. As the table on this page shows, up until a few years ago, average rent collection increases were higher than the renewal lease increases allowed by the RGB's guidelines. However, from 2004 to 2005, RPIE rent collections increased by 4.6%, less than the increase in the RGB rent index (5.0%, adjusted for the July-June fiscal year), the third year in a row for which there is data, that the index increase exceeded RPIE rent increases.<sup>5</sup> There are various factors which may contribute to the RGB index being greater than the RPIE rent growth: 1) owners' inability to increase renewal rents by the maximum guideline permitted and 2) increase in vacancy and collection losses.

During the recessionary period 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. A longer view of the three indices shows that overall, collected rents have grown more quickly than the impact of rent guidelines or legal rents from 1990 to 2005. During that period, RPIE collected rents increased 85.7%, the RGB Rent Index increased 83.9%, and DHCR adjusted legal rents increased 75.9% (these figures are not adjusted for inflation).<sup>6</sup>

## Operating Costs

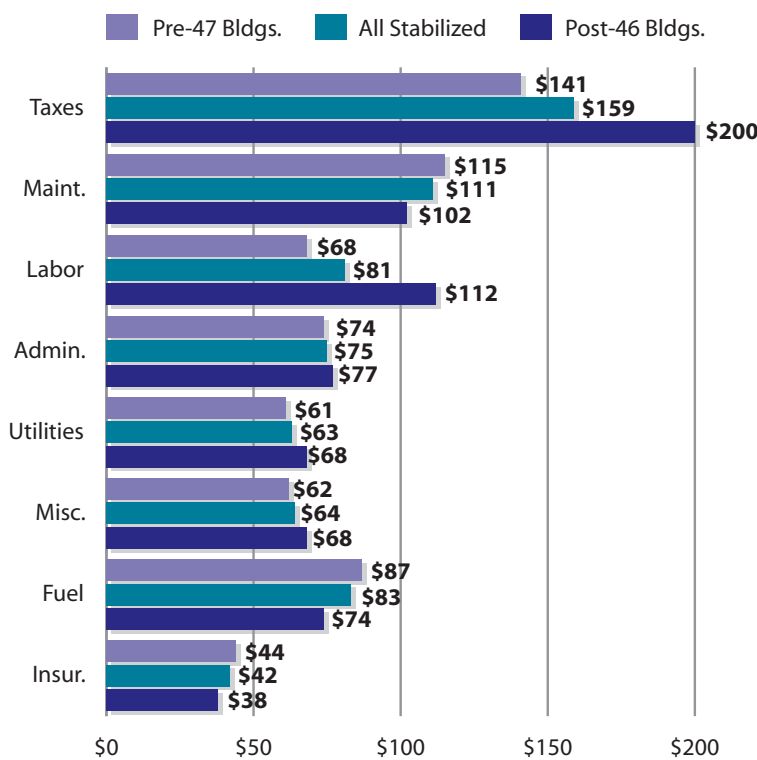
Rent stabilized apartment buildings incur several types of expenses in order to operate efficiently. RPIE filings include data on eight categories of operating and maintenance (O&M) costs: taxes; labor; utilities; fuel; insurance; maintenance; administrative and

miscellaneous costs. In contrast to revenues, however, this data does not distinguish between expenses for commercial space and those for apartments, making the calculation of "pure" residential operating and maintenance costs impossible, except in a smaller sample of residential buildings. Thus, the operating costs reported are comparatively high because they include maintenance costs for commercial space.

The average monthly operating cost for stabilized units was \$679 in 2005. Costs were lower in units in pre-war buildings (\$653), and substantially higher among post-war structures (\$738). Geographically, average costs were lowest in the Bronx, Brooklyn and Queens (\$558, \$572 and \$595, respectively) and highest in Manhattan (\$881). Looking more closely at Manhattan properties, costs for units located in Core Manhattan averaged \$996 a month while the costs in Upper Manhattan were \$687. The average monthly operating costs for stabilized building owners in New York City, excluding Core Manhattan, reduces the City average to \$592. Median citywide expenses in 2005 was \$589. In the boroughs, Manhattan had the highest median costs, at \$716, followed by Queens at \$561, the Bronx at \$532 and Brooklyn at \$519. The graph on this page details average monthly expenses by cost category and building age for 2005. As the graph shows, taxes make up the largest share of expenses. (See Appendices 1, 2 and 3 for a breakdown of average costs by borough and building age.)

### Average Monthly Expense per Dwelling Unit per Month

#### Taxes Are the Largest Expense in 2005



Source: NYC Department of Finance, 2005 RPIE Filings

In 1992, Department of Finance and RGB staff tested RPIE expense data for accuracy. Initial examinations found that most "miscellaneous" costs were actually administrative or maintenance costs, while 15% were not valid business expenses. Further audits on the revenues and expenses of 46 rent stabilized properties discovered that O&M costs stated in RPIE filings were generally exaggerated by 8%. Costs



tended to be less accurate in small (11-19 units) properties and most precise for large (100+ units) buildings. However, these results are somewhat inconclusive since several owners of large stabilized properties refused to cooperate with the Department of Finance's assessors. Adjustment of the 2005 RPIE O&M cost (\$679) by the results of the 1992 audits results in an average monthly O&M cost of \$624 citywide.

Just as buildings without commercial space typically generate less revenue than stabilized properties with commercial space, operating expenses in these buildings tend to be lower on average than in buildings with a mixture of uses. This year, unaudited average O&M costs for "residential-only" buildings were \$635 per month, while average audited O&M costs for units in "residential-only" buildings were \$583 per month.

### "Distressed" Buildings

Buildings that have operating and maintenance costs greater than gross income are considered distressed. Among the properties that filed 2005 RPIE forms, 1,268 buildings, or 11.0% of the cross-sectional sample, had O&M costs in excess of gross income, down from 11.6% found the prior year. In 2005, only 96 (7.6%) of these distressed buildings were built after 1946. Since 1990, when 13.9% of the sample of stabilized properties were considered distressed, the proportion of distressed

buildings declined each year, reaching a low of 6.1% in 1999. Since then, the proportion has increased in four of the last six years, but declined this year (See graph on this page). Most distressed stabilized properties are mid-sized (20 to 99 units), pre-war and are located in the Bronx, Manhattan and Brooklyn.

### Net Operating Income

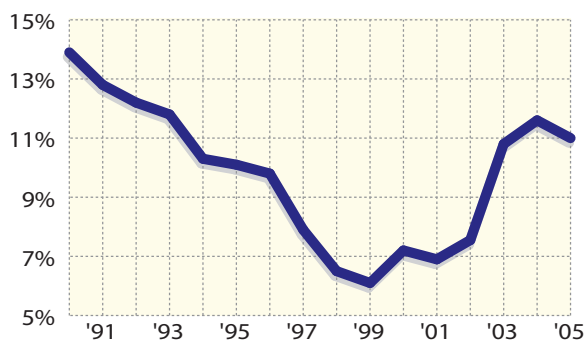
In most stabilized buildings, revenues exceed operating costs, yielding funds that can be used for mortgage payments, improvements and/or pre-tax profit. The amount of income remaining after all operating and maintenance (O&M) expenses are paid is typically referred to as "Net Operating Income" (NOI).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

On average, apartments in rent stabilized buildings generated \$281 of net income per month in 2005, with units in post-war buildings earning more (\$324 per month) than those in pre-war buildings (\$263 per month). Average monthly NOI in "residential-only" properties citywide was \$255 per unit in 2005, 9% lower than the norm for all stabilized buildings. Average monthly NOI tended to be considerably greater for stabilized properties in Manhattan (\$447) than for those in the other boroughs: \$151 in the Bronx, \$195 in Brooklyn and \$248 in Queens. There was a large dichotomy when looking at NOI on a sub-borough level in Manhattan. Core Manhattan properties earned on average \$574 a month in NOI, while properties in Upper Manhattan had an NOI of \$232, closer to the monthly NOI average calculated citywide, excluding Core Manhattan (\$200). Looking at the NOI using audited expense figures, the citywide NOI in 2005 was \$337.

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

**Percent of Distressed Properties in Cross-Sectional Samples 1990-2005**

*Share of Distressed Properties Decreased in 2005*

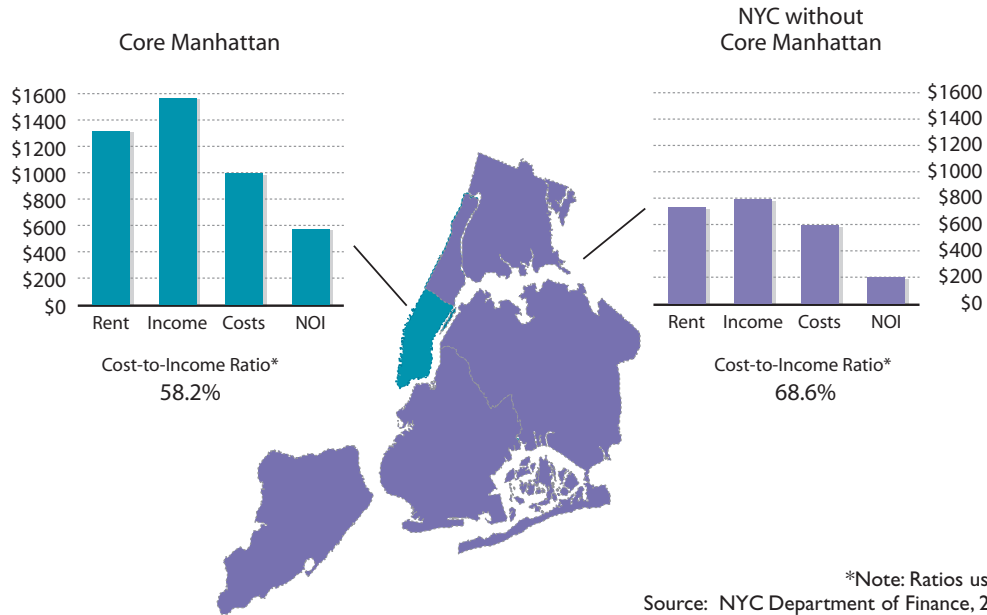


Source: NYC Department of Finance, 1990-2005 RPIE Filings



**Average Monthly Rent, Income, Operating Costs and Net Operating Income per Dwelling Unit and Cost-to-Income ratios, Core Manhattan and the Rest of the City, 2005**

*Cost-to-Income Ratio Lower in Core Manhattan in 2005*



particular property, it is a useful exercise to calculate the annual NOI for a hypothetical "average stabilized building" with 11 units or more. Multiplying the average unaudited monthly NOI of \$281 per stabilized unit by the typical size of buildings in this year's cross-sectional sample (49 units) yields an estimated mean annual NOI of about \$165,000 in 2005. Notably, the RPIE data cannot provide estimates for NOI in rent stabilized buildings with 10 or fewer apartments.

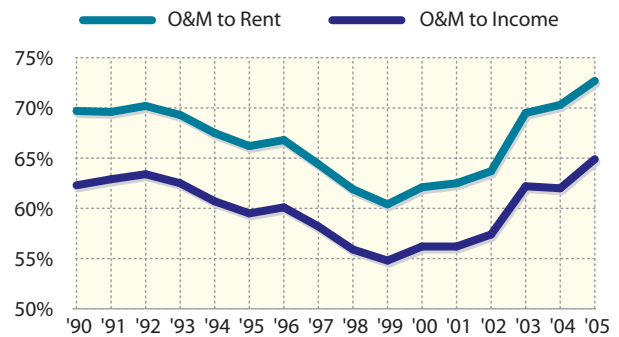
**Operating Cost Ratios**

Another way to evaluate the profitability of New York City's rent stabilized housing is by measuring the ratio of expenses to revenues. Traditionally, the RGB has used O&M Cost-to-Income and O&M Cost-to-Rent ratios to assess the overall health of the stabilized housing stock, presuming that buildings are better off by spending a lower percentage of revenue on expenses. The graph on this page shows how over the period from 1990-2005, the proportion of total income and rent collections spent on audited operating costs has fluctuated. The Cost-to-Income ratio in 2005 is 64.9%, an increase of

almost three percentage points over the prior year's 62.0%. This means that on average, owners of rent stabilized properties spent about 65 cents out of every dollar of revenue on operating and maintenance costs in

**Ratios of Citywide Average Monthly Audited O&M Costs to Average Monthly Gross Income and Rent 1990-2005**

*Cost-to-Income and Cost-to-Rent Ratios in 2005 are Highest Since Study Began*



2005. Looking at unaudited expenses, the cost-to-income ratio in 2005 was 70.7%.

Looking at the ratio of costs to rent collections, audited operating costs in 2005 were 72.7% of revenues from rent, an increase of 2.4 percentage points from the prior year. Using unaudited expenses, the cost-to-rent ratio in 2005 was 79.1%.

Rents, income and costs per unit were on average highest in Core Manhattan in 2005 (see map and graphs on previous page). When Core Manhattan is excluded from the analysis, the average revenue and costs figures are generally lower, but the two areas also have very different expense to revenue ratios. The Cost-to-Income Ratio for the rest of the City was 68.6%, significantly higher than the Cost-to-Income Ratio for stabilized buildings in Manhattan's Core (58.2%). These figures indicate that on average, owners of stabilized properties outside of Core Manhattan spend about 10½ cents more of every dollar of revenue on expenses compared to their counterparts in Core Manhattan.

## Net Operating Income After Inflation

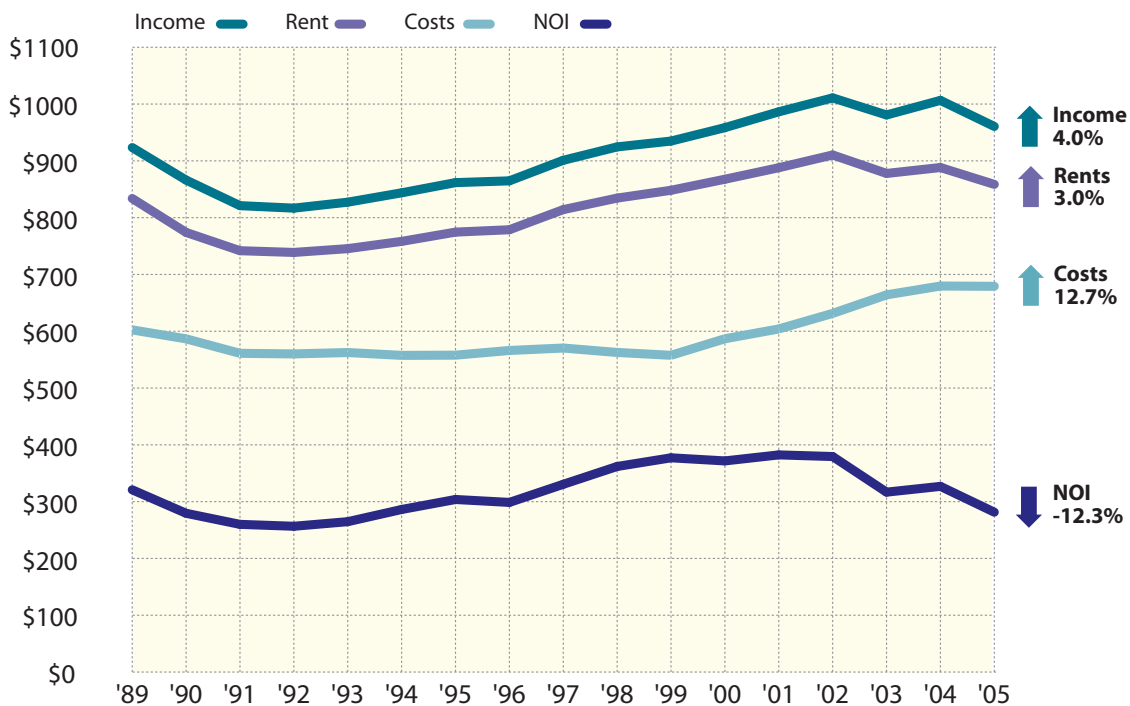
The amount of net income is a function of the level of expense and the level of revenue in a given year (revenues minus operating expenses equals net operating income). Adjusting NOI as well as rent, income and costs figures for inflation (in constant 2005 dollars) and comparing different base years to the latest data available is a useful way to assess the health of the stabilized housing stock and how well revenues have been meeting or exceeding expenses without erosion by inflation.

Converting income and expense figures into constant 2005 dollars helps to analyze how much NOI has grown in real terms since the RGB began collecting RPIE data. Point-to-point comparisons of average monthly figures show that from 1989 to 2005 (a 17-year period), after adjusting for inflation, NOI (the surrogate measure for profit) has declined 12.3% (see graph on this page). This indicates that expenses have outpaced

### NOI After Inflation

#### After Inflation, NOI Are Below Levels Seen in 1989

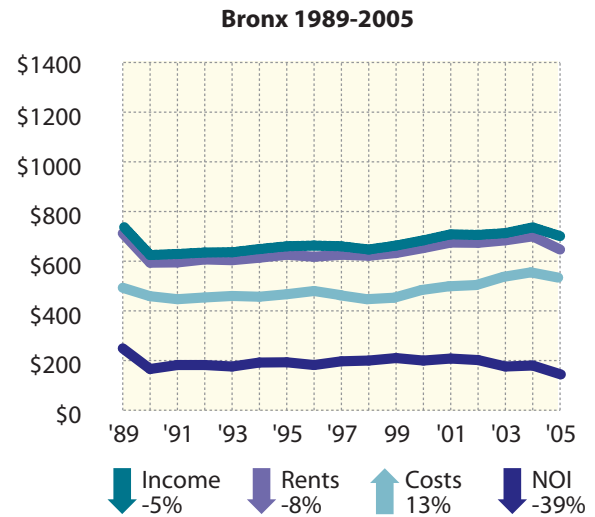
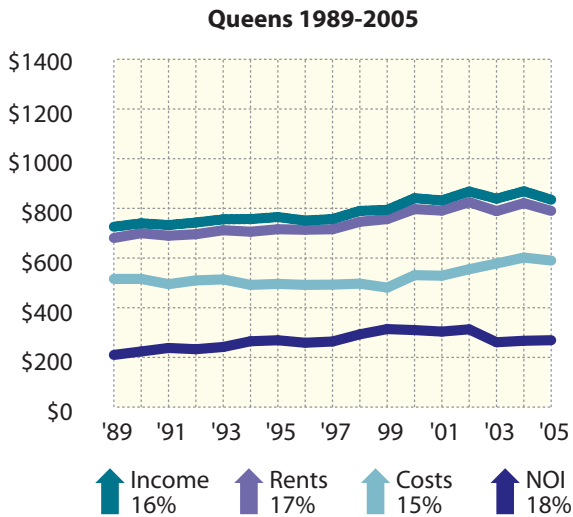
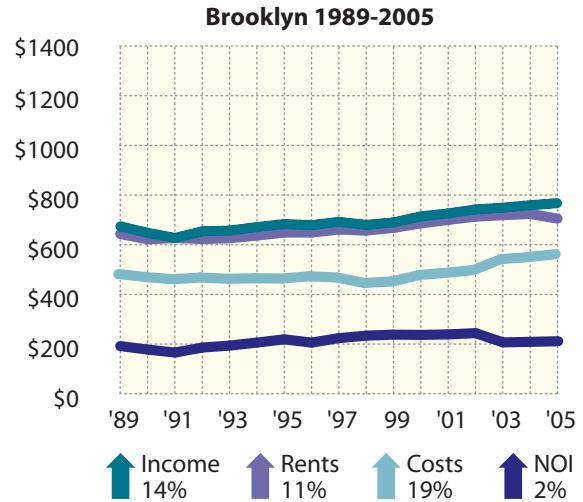
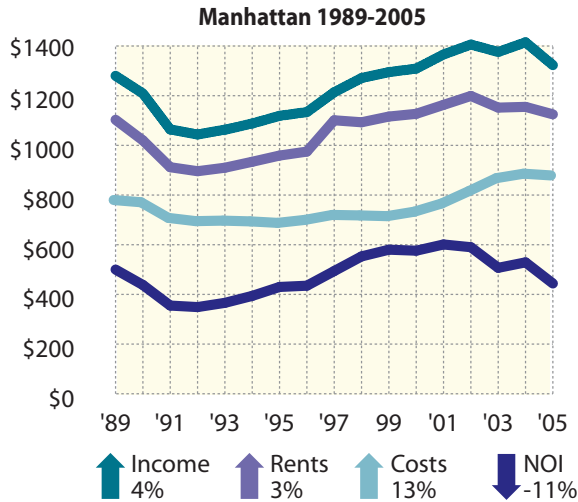
(Average Monthly Income, Rent, Operating Costs and Net Operating Income per Dwelling Unit in Constant 2005 Dollars)



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

## NOI After Inflation per Borough, 1989-2005

*Since 1989, Inflation-Adjusted NOI Rises In Queens and Brooklyn;  
Falls In Manhattan and the Bronx*



Source: RGB Income and Expense Studies, 1991-2005

revenues to the extent that average monthly NOI was worth 12.3% less in 2005 than it was in 1989, after adjusting for inflation.<sup>7</sup>

Another way to look at how rent, income, costs and NOI have changed absent the effect of inflation is to graph inflation-adjusted monthly figures for each of the four components measured in the I&E studies. During the 1989 to 2005 period, inflation-adjusted rent increased a cumulative 3.0%, income by 4.0%, costs by 12.7% and NOI declined by 12.3%. Tracking costs, from 1993 to 1999, inflation-adjusted costs fluctuated only

slightly and then began increasing each year (except 2001) by about 5%. The last two years show minor changes in costs, with an inflation-adjusted cost decline of less than 1% in 2005.

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

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2002 than in 1989, but declined in 2005, to a point where NOI was 12.3% lower than in 1989.

While the citywide graph of inflation-adjusted revenue, expense and NOI figures is useful for demonstrating the overall stabilized rental housing market, disaggregating the same figures by borough shows how the market can differ from area to area (see graphs on previous page). At least two interesting points emerge from the borough charts. First, the four borough graphs are each shown on the same scale, revealing that most of the inflation-adjusted numbers for rent, cost and NOI would fall between \$200 and \$800 over the years of study if not for the data from Manhattan. Manhattan's relatively high revenues, expenses and NOI figures put significant upward pressure on the citywide numbers. The Manhattan rent, income, cost and NOI figures bring the citywide averages for these categories up well beyond the \$200-\$800 range seen in the inflation-adjusted, other-borough charts. Secondly, it is notable that since 2002-03, costs outpaced revenues causing net income to fall in all the boroughs in two of the last three years, following increases in most years and boroughs from 1991-2002. Looking at each of the boroughs individually, from 1989 to 2005, Queens and Brooklyn saw increases in their net income, with Queens seeing the largest increase, 18%, and Brooklyn up 2%, while Manhattan and the Bronx saw declines, with Manhattan falling 11% and the Bronx declining 39%.

## Longitudinal Study

### Rents and Income

Average rent collections in stabilized buildings rose by 4.6% in 2005. Increases in rent collections occur for many reasons, including increases allowed under RGB renewal guidelines, vacancy allowances of 17-20% allowed under the Rent Regulation Reform Act of 1997 and investments in individual apartment and building-wide improvements.

The total income collected in rent stabilized buildings, comprising apartment rents, commercial rents and sales of services, increased by 4.7% from 2004 to 2005. Revenues rose in pre-war buildings by 4.7% and in post-war buildings by 4.6%. Income in Manhattan rose 6.2%. In the Bronx, Brooklyn and Queens, property owners' total income grew less, by 2.6%, 3.7% and 3.7%,

respectively. The gross income of Core Manhattan properties grew by 6.2%, while Upper Manhattan income grew 6.3%, both more than the City average (4.7%). The median growth in income citywide was 4.8%.

### Operating Costs

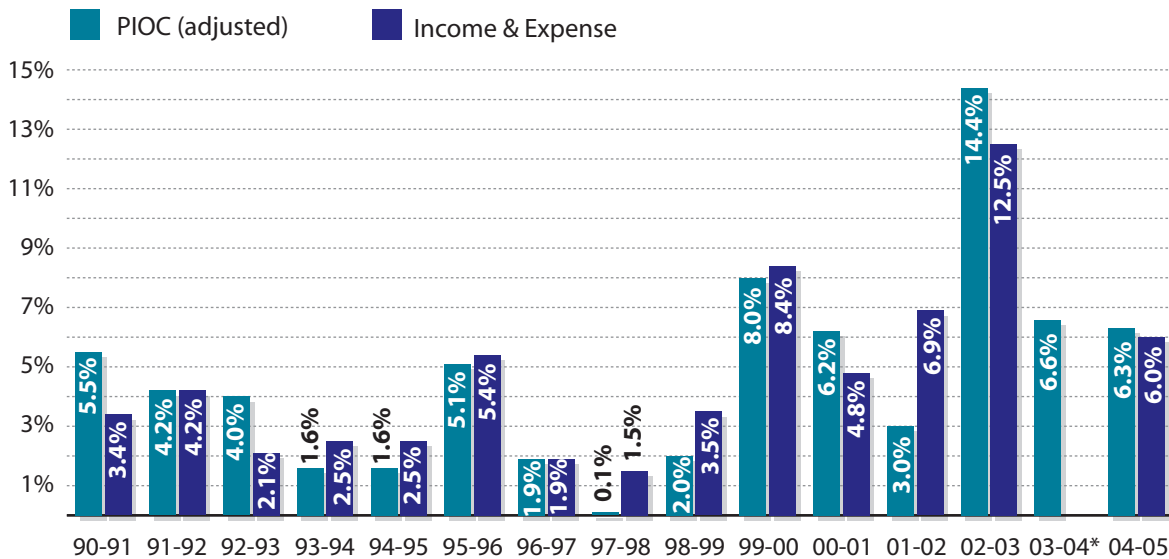
Expenses in stabilized buildings grew 6.0%, a higher rate than increases in both rents and total income from 2004-05. Costs rose slightly less in newer buildings, up 5.9%, in contrast to the increase in costs realized by pre-war buildings (6.1%). While I&E studies have found that rent and income revenues tend to rise at rates similar 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. This year costs rose most rapidly in Brooklyn and Manhattan (both 6.6%), and the least in the Bronx (4.9%). The median citywide increase in expenses was 6.7%. 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

Data from the RPIE and the RGB's long-running survey, the Price Index of Operating Costs (PIOC), each provide a form of independent verification for the expense findings in the other. However, comparison of I&E and PIOC data is somewhat distorted due to differences in the way each instrument defines costs and time periods. For example, there is a difference between when expenses are incurred and actually paid by owners as reported in the RPIE, versus the price quotes obtained from vendors for specific periods as surveyed in the PIOC. In addition, the PIOC primarily measures prices on an April-to-April basis, while most RPIE statements filed by landlords are based on the calendar year. To compare the two, weighted averages of each must be calculated, which may cause a slight loss in accuracy. Finally, the PIOC measures a hybrid of costs, cost-weighted prices and pure prices, whereas the RPIE provides unaudited owner-reported costs. The PIOC rose 6.3% from 2004 to 2005, the same period as the 6.0% increase in I&E costs, a 0.3 percentage point difference. (See graph on next page.)

## Change in Operating & Maintenance Costs, I&E and the PIOC, 1990-91 to 2004-05

From 2004-2005, the PIOC Increased Nearly the Same Rate as Owner-Reported RPIE Costs



Longitudinal income and expense data for 2003-04 is unavailable (see endnote 5).  
 Note: The PIOC increase is adjusted from the April-to-April to the July-to-June fiscal year.  
 Source: NYC Department of Finance, 1990-2005 RPIE Filings; PIOC 1990-2005

### Operating Cost Ratios

Between 2004 and 2005, the proportion of gross income spent on audited expenses (the O&M Cost-to-Income ratio) increased by 0.8 percentage points. The proportion of rental income used for audited expenses (the O&M Cost-to-Rent ratio) also increased, up by 1.0 percentage points. This is the fifth increase in O&M Cost-to-Income and O&M Cost-to-Rent ratios since 1992.

### Net Operating Income

Despite average operating costs that grew more rapidly than revenues during 2005, citywide net operating income in rent stabilized buildings increased by 1.6%. As mentioned earlier, NOI refers to the earnings that remain after operating and maintenance (O&M) expenses are taken care of, but before payments in income tax and debt service.

The change in NOI from 2004-05 varied among the boroughs. Only Manhattan saw an increase in NOI, rising 5.5%. However, the other boroughs saw declines in NOI, with the Bronx falling the greatest, down 4.7%,

with Brooklyn falling 3.8% and Queens was virtually unchanged, down 0.1%. Looking specifically at Manhattan, Core Manhattan saw the larger increase, up 7.1% while Upper Manhattan decreased by 0.4%.

### Conclusion

The RPIE filings from over 11,500 rent stabilized buildings containing more than 560,000 units in the cross-sectional sample suggest differing trends. Increased expenses outpaced smaller increases in both rent and income in 2005. Citywide, revenue collections increased 4.7%, while costs increased by 6.0%. Despite the greater increase in expenses from 2004-05, NOI citywide increased by 1.6%. However, only Manhattan saw an increase in NOI, while Brooklyn, the Bronx and Queens saw declines. The number of distressed properties fell from 2004-05, down 0.6 percentage points.

### Methodology

The information in this report was generated by analyzing data derived from RPIE forms filed with the NYC Department of Finance in 2006 by owners of

## NOI Increases Despite Expense Growth Exceeding Income Growth from 2004-2005

(Changes in Average Monthly Rents, Income, Operating Costs and Net Operating Income per Dwelling Unit, 1989-2005)

	Avg. Rent Growth	Avg. Income Growth	Avg. Cost Growth	Avg. NOI Growth
89-90	3.3%	3.7%	7.1%	-1.8%
90-91	3.4%	3.2%	3.4%	2.8%
91-92	3.5%	3.1%	4.2%	1.2%
92-93	3.8%	3.4%	2.1%	6.3%
93-94	4.5%	4.7%	2.5%	9.3%
94-95	4.3%	4.4%	2.5%	8.0%
95-96	4.1%	4.3%	5.4%	2.3%
96-97	5.4%	5.2%	1.9%	11.4%
97-98	5.5%	5.3%	1.5%	11.8%
98-99	5.5%	5.5%	3.5%	8.7%
99-00	6.2%	6.5%	8.4%	3.5%
00-01	4.9%	5.2%	4.8%	5.9%
01-02	4.0%	4.1%	6.9%	-0.1%
02-03	3.6%	4.5%	12.5%	-8.7%
03-04	-	-	-	-
<b>04-05</b>	<b>4.6%</b>	<b>4.7%</b>	<b>6.0%</b>	<b>1.6%</b>

Source: NYC Department of Finance, 1990-2005 RPIE Filings  
 Note: Longitudinal data from 2003-04 is unavailable. See endnote 5.

apartment buildings with primarily eleven or more dwelling units. The data in these forms, which reflects financial conditions in stabilized buildings for the year 2005, was made available to RGB research staff in April, 2007 for analysis. Unlike in past years, this year unit averages contained in this analysis were computed by the Department of Finance. The averages were then weighted by the RGB using data from the 2005 NYC Housing and Vacancy Survey to calculate means that are representative of the population of residential buildings in New York City. In addition, for the first time, medians were calculated and included in this report. The medians are derived from the sample, were produced by the Department of Finance and are unweighted.

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 2005 RPIE or alternatively,

TCIE (Tax Commission Income & Expense) forms. Data from the forms was used to compute average and median rents, operating costs, etc. that were typical of the year 2005. Longitudinal data, which provides a direct comparison of identical elements over time, encompasses properties that filed RPIE/TCIE forms for the years 2004 and 2005. The longitudinal data describes changing conditions in average rents, operating costs, etc. by comparing forms from the same buildings over two years. Thus, cross-sectional data in this report measures conditions in effect throughout 2005, while longitudinal data measures changes in conditions that occurred from 2004 to 2005.

This year, 11,503 rent stabilized apartment buildings were analyzed in the cross-sectional study and 9,244 stabilized properties were examined in the longitudinal study. The sample of buildings was created by matching a list of properties registered with the DHCR against buildings data found in 2005 RPIE or TCIE statements



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(or 2004 and 2005 statements for the longitudinal sample). A building is considered rent stabilized if it contains at least one rent stabilized unit.

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

- Buildings containing fewer than 11 units. Owners of buildings with fewer than 11 apartments (without commercial units) are not required to file RPIE forms;
- Owners did not file a 2005 RPIE or TCIE form for the cross-sectional study, or a 2004 and a 2005 RPIE or TCIE form for the longitudinal study;
- No unit count could be found in RPIE/TCIE records; and
- No apartment rent or income figures were recorded on the RPIE or TCIE forms. In these cases, forms were improperly completed or the building was vacant.

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

- In early I&E studies, the Department of Finance used the total number of units from their Real Property Assessment Data (RPAD) files to classify buildings by size and location. RGB researchers found that sometimes the unit counts on RPIE forms were different than those on the RPAD file, and consequently deemed the residential counts from the RPIE form more reliable;
- Average monthly rents for each building were compared to rent intervals for each borough to improve data quality. Properties with average rents outside of the borough rent ranges were removed from all samples. Such screening for outliers is critical since such deviations may reflect data entry errors and thus could skew the analysis; and
- Buildings in which operating costs exceeded income by more than 300% were excluded from both samples.

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

## Endnotes

1. 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. Pre-war buildings refer to those built before 1947; post-war buildings refer to those built after 1946.
3. Mean rent stabilized contract rents for 2005 were computed using the 2005 NYC Housing and Vacancy Survey (HVS).
4. 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.
5. Data from 2003-04 is excluded because no longitudinal sample was available for 2003-04.
6. The growth in RPIE collected rents is understated because 2003-04 longitudinal data was unavailable.
7. In 1989, there were 500 buildings in the cross-sectional sample. In 1990, there were over fourteen thousand buildings. When looking at the change in NOI from 1990 through 2005 (the latest year for which data is available), NOI actually increased 0.7%, after adjusting for inflation.



## Appendices

### 1. Cross-Sectional Income and Expense Study: Estimated Average Operating & Maintenance Cost (2005) 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
<b>Citywide</b>	<b>\$141</b>	<b>\$68</b>	<b>\$87</b>	<b>\$36</b>	<b>\$25</b>	<b>\$115</b>	<b>\$74</b>	<b>\$44</b>	<b>\$62</b>	<b>\$653</b>
11-19 units	\$156	\$63	\$100	\$38	\$28	\$125	\$83	\$47	\$79	\$719
20-99 units	\$126	\$57	\$87	\$36	\$23	\$112	\$70	\$44	\$57	\$612
100+ units	\$238	\$168	\$63	\$30	\$40	\$123	\$92	\$38	\$76	\$867
<b>Bronx</b>	<b>\$78</b>	<b>\$54</b>	<b>\$90</b>	<b>\$38</b>	<b>\$23</b>	<b>\$108</b>	<b>\$60</b>	<b>\$48</b>	<b>\$51</b>	<b>\$551</b>
11-19 units	\$71	\$77	\$110	\$37	\$29	\$121	\$61	\$51	\$83	\$640
20-99 units	\$79	\$52	\$89	\$38	\$22	\$107	\$59	\$48	\$50	\$545
100+ units	\$89	\$70	\$75	\$38	\$25	\$110	\$61	\$43	\$32	\$543
<b>Brooklyn</b>	<b>\$107</b>	<b>\$47</b>	<b>\$94</b>	<b>\$36</b>	<b>\$20</b>	<b>\$97</b>	<b>\$59</b>	<b>\$42</b>	<b>\$49</b>	<b>\$551</b>
11-19 units	\$103	\$51	\$102	\$37	\$21	\$110	\$69	\$42	\$65	\$600
20-99 units	\$108	\$43	\$93	\$36	\$20	\$92	\$56	\$42	\$45	\$535
100+ units	\$122	\$68	\$82	\$32	\$19	\$98	\$54	\$38	\$36	\$549
<b>Manhattan</b>	<b>\$209</b>	<b>\$95</b>	<b>\$82</b>	<b>\$34</b>	<b>\$33</b>	<b>\$135</b>	<b>\$99</b>	<b>\$45</b>	<b>\$82</b>	<b>\$814</b>
11-19 units	\$224	\$69	\$97	\$39	\$36	\$141	\$109	\$52	\$96	\$863
20-99 units	\$181	\$74	\$84	\$35	\$27	\$133	\$92	\$44	\$74	\$744
100+ units	\$316	\$228	\$53	\$27	\$52	\$136	\$116	\$36	\$101	\$1,065
<b>Queens</b>	<b>\$128</b>	<b>\$56</b>	<b>\$81</b>	<b>\$33</b>	<b>\$20</b>	<b>\$104</b>	<b>\$60</b>	<b>\$37</b>	<b>\$48</b>	<b>\$568</b>
11-19 units	\$115	\$62	\$92	\$31	\$18	\$108	\$49	\$35	\$52	\$562
20-99 units	\$128	\$51	\$79	\$34	\$20	\$104	\$63	\$38	\$47	\$563
100+ units	\$162	\$106	\$78	\$32	\$21	\$104	\$54	\$40	\$48	\$643
<b>Core Manh</b>	<b>\$276</b>	<b>\$110</b>	<b>\$75</b>	<b>\$31</b>	<b>\$34</b>	<b>\$135</b>	<b>\$111</b>	<b>\$43</b>	<b>\$91</b>	<b>\$906</b>
11-19 units	\$273	\$70	\$91	\$38	\$31	\$143	\$113	\$52	\$99	\$909
20-99 units	\$254	\$78	\$76	\$30	\$27	\$130	\$105	\$42	\$82	\$823
100+ units	\$331	\$238	\$52	\$27	\$54	\$138	\$120	\$36	\$105	\$1,101
<b>Upper Manh</b>	<b>\$110</b>	<b>\$72</b>	<b>\$94</b>	<b>\$39</b>	<b>\$31</b>	<b>\$135</b>	<b>\$82</b>	<b>\$48</b>	<b>\$70</b>	<b>\$680</b>
11-19 units	\$95	\$66	\$113	\$44	\$48	\$137	\$96	\$54	\$87	\$739
20-99 units	\$112	\$71	\$91	\$39	\$28	\$136	\$80	\$47	\$67	\$671
100+ units	\$151	\$119	\$65	\$32	\$30	\$116	\$78	\$35	\$62	\$688
<b>City w/o Core Manh</b>	<b>\$102</b>	<b>\$56</b>	<b>\$91</b>	<b>\$37</b>	<b>\$23</b>	<b>\$110</b>	<b>\$64</b>	<b>\$44</b>	<b>\$54</b>	<b>\$580</b>
11-19 units	\$98	\$60	\$104	\$37	\$27	\$116	\$69	\$45	\$70	\$624
20-99 units	\$101	\$54	\$89	\$37	\$22	\$109	\$63	\$45	\$52	\$572
100+ units	\$124	\$82	\$77	\$34	\$22	\$105	\$59	\$39	\$40	\$583

Notes: The sum of the lines may not equal the total due to rounding. Totals in this table may not match those in Appendix 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 Study is the sum of "Water & Sewer" and "Light & Power." The number of Pre-47 rent stabilized buildings in Staten Island were too small to calculate reliable statistics. Due to changes in the RPIE form, owners are no longer required to report tax expenses; therefore, tax figures used in this report were calculated by the Dept. of Finance.

Source: NYC Department of Finance, RPIE Filings.

## 2. Cross-Sectional Income and Expense Study: Estimated Average Operating & Maintenance Cost (2005) 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
<b>Citywide</b>	<b>\$200</b>	<b>\$112</b>	<b>\$74</b>	<b>\$33</b>	<b>\$35</b>	<b>\$102</b>	<b>\$77</b>	<b>\$38</b>	<b>\$68</b>	<b>\$738</b>
11-19 units	\$157	\$62	\$78	\$34	\$32	\$111	\$72	\$43	\$63	\$651
20-99 units	\$150	\$71	\$76	\$34	\$30	\$97	\$67	\$40	\$56	\$622
100+ units	\$258	\$162	\$70	\$31	\$40	\$105	\$90	\$35	\$80	\$871
<b>Bronx</b>	<b>\$124</b>	<b>\$72</b>	<b>\$74</b>	<b>\$35</b>	<b>\$32</b>	<b>\$89</b>	<b>\$60</b>	<b>\$41</b>	<b>\$51</b>	<b>\$579</b>
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	\$120	\$59	\$77	\$36	\$27	\$91	\$61	\$44	\$54	\$570
100+ units	\$135	\$98	\$67	\$33	\$42	\$83	\$59	\$34	\$48	\$598
<b>Brooklyn</b>	<b>\$135</b>	<b>\$82</b>	<b>\$78</b>	<b>\$33</b>	<b>\$30</b>	<b>\$90</b>	<b>\$71</b>	<b>\$40</b>	<b>\$62</b>	<b>\$621</b>
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	\$133	\$70	\$80	\$33	\$31	\$88	\$70	\$41	\$65	\$611
100+ units	\$139	\$108	\$74	\$32	\$29	\$91	\$74	\$39	\$54	\$640
<b>Manhattan</b>	<b>\$373</b>	<b>\$196</b>	<b>\$72</b>	<b>\$30</b>	<b>\$44</b>	<b>\$126</b>	<b>\$117</b>	<b>\$38</b>	<b>\$105</b>	<b>\$1,102</b>
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	\$249	\$86	\$71	\$33	\$33	\$125	\$93	\$40	\$60	\$790
100+ units	\$420	\$242	\$72	\$28	\$48	\$125	\$125	\$37	\$123	\$1,219
<b>Queens</b>	<b>\$151</b>	<b>\$88</b>	<b>\$72</b>	<b>\$34</b>	<b>\$33</b>	<b>\$97</b>	<b>\$61</b>	<b>\$34</b>	<b>\$51</b>	<b>\$620</b>
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	\$146	\$75	\$74	\$33	\$31	\$96	\$57	\$35	\$51	\$599
100+ units	\$160	\$111	\$67	\$34	\$35	\$99	\$65	\$31	\$48	\$652
<b>St. Island</b>	<b>\$118</b>	<b>\$88</b>	<b>\$75</b>	<b>\$26</b>	<b>\$20</b>	<b>\$100</b>	<b>\$54</b>	<b>\$37</b>	<b>\$44</b>	<b>\$562</b>
<b>Core Man</b>	<b>\$450</b>	<b>\$223</b>	<b>\$73</b>	<b>\$29</b>	<b>\$47</b>	<b>\$132</b>	<b>\$129</b>	<b>\$38</b>	<b>\$109</b>	<b>\$1,230</b>
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	\$333	\$104	\$66	\$28	\$33	\$133	\$101	\$35	\$75	\$908
100+ units	\$482	\$259	\$75	\$29	\$51	\$130	\$135	\$38	\$119	\$1,318
<b>Upper Man</b>	<b>\$144</b>	<b>\$118</b>	<b>\$68</b>	<b>\$32</b>	<b>\$35</b>	<b>\$108</b>	<b>\$81</b>	<b>\$40</b>	<b>\$95</b>	<b>\$721</b>
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	\$137	\$61	\$79	\$40	\$33	\$115	\$84	\$47	\$40	\$636
100+ units	-	-	-	-	-	-	-	-	-	-
<b>City w/o Core</b>	<b>\$139</b>	<b>\$85</b>	<b>\$74</b>	<b>\$33</b>	<b>\$32</b>	<b>\$94</b>	<b>\$65</b>	<b>\$38</b>	<b>\$57</b>	<b>\$617</b>
11-19 units	\$128	\$61	\$76	\$34	\$31	\$102	\$63	\$41	\$59	\$593
20-99 units	\$134	\$68	\$77	\$34	\$30	\$94	\$64	\$40	\$55	\$597
100+ units	\$147	\$114	\$68	\$32	\$35	\$93	\$67	\$34	\$61	\$651

Notes: The sum of the lines may not equal the total due to rounding. Totals in this table may not match those in Appendix 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 Study is the sum of "Water & Sewer" and "Light & Power." The number of Post-46 rent stabilized buildings with fewer than 20 units in the Bronx, Brooklyn, Staten Island, Queens, Core and Upper Manhattan as well as 20-99 buildings on Staten Island and 100+ unit buildings on Staten Island and in Upper Manhattan were too small to calculate reliable statistics. Due to changes in the RPIE form, owners are no longer required to report tax expenses; therefore, tax figures used in this report were calculated by the Dept. of Finance.

Source: NYC Department of Finance, RPIE Filings.

### 3. Cross-Sectional Income and Expense Study, Estimated Average Rent and Income (2005) per Apartment per Month by Building Size and Location

	Post-46			Pre-47			All		
	Rent	Income	Costs	Rent	Income	Costs	Rent	Income	Costs
<b>Citywide</b>	<b>\$960</b>	<b>\$1,062</b>	<b>\$738</b>	<b>\$815</b>	<b>\$916</b>	<b>\$653</b>	<b>\$859</b>	<b>\$961</b>	<b>\$679</b>
11-19 units	\$842	\$973	\$651	\$835	\$1,009	\$719	\$835	\$1,006	\$712
20-99 units	\$804	\$859	\$622	\$771	\$848	\$612	\$778	\$851	\$614
100+ units	\$1,137	\$1,288	\$871	\$1,132	\$1,300	\$867	\$1,136	\$1,292	\$870
<b>Bronx</b>	<b>\$723</b>	<b>\$764</b>	<b>\$579</b>	<b>\$636</b>	<b>\$692</b>	<b>\$551</b>	<b>\$657</b>	<b>\$709</b>	<b>\$558</b>
11-19 units	-	-	-	\$647	\$753	\$640	\$643	\$749	\$634
20-99 units	\$715	\$745	\$570	\$634	\$686	\$545	\$649	\$697	\$550
100+ units	\$745	\$805	\$598	\$670	\$724	\$543	\$723	\$781	\$582
<b>Brooklyn</b>	<b>\$760</b>	<b>\$820</b>	<b>\$621</b>	<b>\$694</b>	<b>\$744</b>	<b>\$551</b>	<b>\$714</b>	<b>\$767</b>	<b>\$572</b>
11-19 units	-	-	-	\$714	\$801	\$600	\$721	\$804	\$600
20-99 units	\$752	\$802	\$611	\$682	\$721	\$535	\$701	\$743	\$555
100+ units	\$769	\$848	\$640	\$746	\$790	\$549	\$761	\$829	\$610
<b>Manhattan</b>	<b>\$1,473</b>	<b>\$1,709</b>	<b>\$1,102</b>	<b>\$1,027</b>	<b>\$1,213</b>	<b>\$814</b>	<b>\$1,131</b>	<b>\$1,328</b>	<b>\$881</b>
11-19 units	-	-	-	\$996	\$1,283	\$863	\$1,005	\$1,296	\$869
20-99 units	\$1,072	\$1,198	\$790	\$957	\$1,098	\$744	\$969	\$1,109	\$749
100+ units	\$1,627	\$1,900	\$1,219	\$1,392	\$1,638	\$1,065	\$1,533	\$1,795	\$1,157
<b>Queens</b>	<b>\$824</b>	<b>\$881</b>	<b>\$620</b>	<b>\$766</b>	<b>\$804</b>	<b>\$568</b>	<b>\$796</b>	<b>\$844</b>	<b>\$595</b>
11-19 units	-	-	-	\$717	\$758	\$562	\$744	\$809	\$576
20-99 units	\$803	\$851	\$599	\$770	\$806	\$563	\$784	\$825	\$578
100+ units	\$859	\$917	\$652	\$824	\$876	\$643	\$854	\$911	\$651
<b>St. Island</b>	<b>\$705</b>	<b>\$794</b>	<b>\$562</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$705</b>	<b>\$791</b>	<b>\$559</b>
<b>Core Man</b>	<b>\$1,648</b>	<b>\$1,931</b>	<b>\$1,230</b>	<b>\$1,195</b>	<b>\$1,432</b>	<b>\$906</b>	<b>\$1,320</b>	<b>\$1,570</b>	<b>\$996</b>
11-19 units	-	-	-	\$1,080	\$1,419	\$909	\$1,090	\$1,434	\$916
20-99 units	\$1,288	\$1,445	\$908	\$1,144	\$1,326	\$823	\$1,162	\$1,341	\$834
100+ units	\$1,751	\$2,060	\$1,318	\$1,443	\$1,701	\$1,101	\$1,619	\$1,906	\$1,225
<b>Upper Man</b>	<b>\$952</b>	<b>\$1,052</b>	<b>\$721</b>	<b>\$783</b>	<b>\$894</b>	<b>\$680</b>	<b>\$810</b>	<b>\$919</b>	<b>\$687</b>
11-19 units	-	-	-	\$769	\$915	\$739	\$768	\$913	\$737
20-99 units	\$787	\$873	\$636	\$783	\$887	\$671	\$783	\$886	\$668
100+ units	-	-	-	\$857	\$987	\$688	\$1,039	\$1,158	\$770
<b>City w/o Core</b>	<b>\$790</b>	<b>\$849</b>	<b>\$617</b>	<b>\$704</b>	<b>\$766</b>	<b>\$580</b>	<b>\$731</b>	<b>\$792</b>	<b>\$592</b>
11-19 units	\$775	\$862	\$593	\$713	\$806	\$624	\$721	\$813	\$621
20-99 units	\$762	\$808	\$597	\$699	\$756	\$572	\$714	\$769	\$578
100+ units	\$834	\$907	\$651	\$754	\$813	\$583	\$816	\$885	\$635

Notes: City, borough totals and building size categories are weighted. Cost figures in this table are NOT adjusted for the results of the 1992 Department of Finance audit on I&E reported operating costs. The number of Post-46 rent stabilized buildings with fewer than 20 units in the Bronx, Brooklyn, Staten Island, Queens, Core and Upper Manhattan as well as 20-99 buildings on Staten Island and 100+ unit buildings on Staten Island and in Upper Manhattan were too small to calculate reliable statistics, as was the number of Pre-47 buildings in Staten Island. Borough averages without building size figures for Post-46 Staten Island are provided.

Source: NYC Department of Finance, RPIE Filings.

#### 4. Cross-Sectional Income and Expense Study, Net Operating Income in 2005 per Apartment per Month by Building Size and Location

	Post-46	Pre-47	All		Post-46	Pre-47	All
<b>Citywide</b>	<b>\$324</b>	<b>\$263</b>	<b>\$281</b>	Core Man	\$701	\$526	\$574
11-19 units	\$322	\$290	\$293	11-19 units	-	\$510	\$518
20-99 units	\$238	\$236	\$236	20-99 units	\$537	\$503	\$507
100+ units	\$417	\$433	\$422	100+ units	\$742	\$600	\$681
<b>Bronx</b>	<b>\$185</b>	<b>\$141</b>	<b>\$151</b>	Upper Man	\$331	\$213	\$232
11-19 units	-	\$113	\$115	11-19 units	-	\$176	\$176
20-99 units	\$175	\$141	\$147	20-99 units	\$237	\$216	\$218
100+ units	\$207	\$181	\$199	100+ units	-	\$299	\$387
<b>Brooklyn</b>	<b>\$199</b>	<b>\$193</b>	<b>\$195</b>	City w/o Core	\$231	\$186	\$200
11-19 units	-	\$201	\$204	11-19 units	\$269	\$181	\$192
20-99 units	\$191	\$186	\$187	20-99 units	\$212	\$184	\$191
100+ units	\$208	\$241	\$219	100+ units	\$256	\$229	\$250
<b>Manhattan</b>	<b>\$608</b>	<b>\$399</b>	<b>\$447</b>				
11-19 units	-	\$420	\$428				
20-99 units	\$407	\$354	\$360				
100+ units	\$680	\$574	\$637				
<b>Queens</b>	<b>\$261</b>	<b>\$235</b>	<b>\$248</b>				
11-19 units	-	\$196	\$233				
20-99 units	\$252	\$243	\$247				
100+ units	\$265	\$233	\$260				
<b>St. Island</b>	<b>\$233</b>	<b>-</b>	<b>\$232</b>				

Notes: City, borough totals and building size categories are weighted. Cost figures in this table are NOT adjusted for the results of the 1992 Department of Finance audit on I&E reported operating costs. The number of Post-46 rent stabilized buildings with fewer than 20 units in the Bronx, Brooklyn, Staten Island, Queens, Core and Upper Manhattan as well as 20-99 unit buildings on Staten Island and 100+ unit buildings on Staten Island and in Upper Manhattan were too small to calculate reliable statistics, as was the number of Pre-47 buildings in Staten Island. Borough averages without building size figures for Post-46 Staten Island are provided.

Source: NYC Department of Finance, RPIE Filings.

#### 5. Cross-Sectional Distribution of Operating Costs in 2005, by Building Size and Age

	Taxes	Maint.	Labor	Admin.	Utilities	Fuel	Misc.	Insurance	Total
<b>Pre-47</b>	21.6%	17.7%	10.4%	11.4%	9.3%	13.3%	9.5%	6.7%	100.0%
11-19 units	21.6%	17.4%	8.8%	11.6%	9.2%	13.9%	11.0%	6.5%	100.0%
20-99 units	20.6%	18.3%	9.4%	11.5%	9.6%	14.2%	9.3%	7.2%	100.0%
100+ units	27.4%	14.2%	19.3%	10.6%	8.0%	7.3%	8.8%	4.4%	100.0%
<b>Post-46</b>	27.1%	13.8%	15.2%	10.5%	9.1%	10.0%	9.1%	5.1%	100.0%
11-19 units	24.1%	17.1%	9.5%	11.0%	10.1%	11.9%	9.7%	6.6%	100.0%
20-99 units	24.2%	15.7%	11.4%	10.7%	10.3%	12.3%	9.1%	6.4%	100.0%
100+ units	29.6%	12.1%	18.6%	10.3%	8.1%	8.0%	9.2%	4.1%	100.0%
<b>All Bldgs.</b>	23.4%	16.4%	12.0%	11.1%	9.3%	12.2%	9.4%	6.2%	100.0%
11-19 units	21.9%	17.4%	8.8%	11.6%	9.2%	13.7%	10.9%	6.5%	100.0%
20-99 units	21.4%	17.7%	9.8%	11.3%	9.8%	13.8%	9.2%	7.0%	100.0%
100+ units	28.9%	12.7%	18.8%	10.4%	8.1%	7.8%	9.0%	4.2%	100.0%

Source: NYC Department of Finance, RPIE Filings.

## 6. Cross-Sectional Distribution of "Distressed" Buildings, 2005 RPIE Filings

	Citywide	Bronx	Brooklyn	Manhattan	Queens	St. Island	Core Man	Upper Man
<b>Pre-47</b>								
11-19 units	374	57	92	196	29	-	130	66
20-99 units	776	265	163	292	55	1	103	189
100+ units	22	4	2	11	5	-	7	4
<b>All</b>	<b>1,172</b>	<b>326</b>	<b>257</b>	<b>499</b>	<b>89</b>	<b>1</b>	<b>240</b>	<b>259</b>
<b>Post-46</b>								
11-19 units	9	3	1	-	2	3	-	-
20-99 units	59	18	12	14	13	2	8	6
100+ units	28	2	9	10	6	1	9	1
<b>All</b>	<b>96</b>	<b>23</b>	<b>22</b>	<b>24</b>	<b>21</b>	<b>6</b>	<b>17</b>	<b>7</b>
<b>All Bldgs.</b>								
11-19 units	383	60	93	196	31	3	130	66
20-99 units	835	283	175	306	68	3	111	195
100+ units	50	6	11	21	11	1	16	5
<b>All</b>	<b>1,268</b>	<b>349</b>	<b>279</b>	<b>523</b>	<b>110</b>	<b>7</b>	<b>257</b>	<b>266</b>

Source: NYC Department of Finance, RPIE Filings.

## 7. Cross-Sectional Sample, 2005 RPIE Filings

	Post-46		Pre-47		All	
	Bldgs.	DU's	Bldgs.	DU's	Bldgs.	DU's
<b>Citywide</b>	<b>1,473</b>	<b>161,125</b>	<b>10,029</b>	<b>399,120</b>	<b>11,503</b>	<b>560,268</b>
11-19 units	101	1,479	2,444	37,026	2,545	38,505
20-99 units	837	49,274	7,241	299,505	8,079	348,802
100+ units	535	110,372	344	62,589	879	172,961
<b>Bronx</b>	<b>219</b>	<b>17,415</b>	<b>2,094</b>	<b>95,839</b>	<b>2,313</b>	<b>113,254</b>
11-19 units	11	167	198	2,982	209	3,149
20-99 units	164	9,891	1,832	83,706	1,996	93,597
100+ units	44	7,357	64	9,151	108	16,508
<b>Brooklyn</b>	<b>288</b>	<b>28,341</b>	<b>2,181</b>	<b>85,125</b>	<b>2,470</b>	<b>113,489</b>
11-19 units	17	238	521	7,876	538	8,114
20-99 units	184	11,836	1,608	70,959	1,793	82,818
100+ units	87	16,267	52	6,290	139	22,557
<b>Manhattan</b>	<b>385</b>	<b>57,460</b>	<b>4,642</b>	<b>170,107</b>	<b>5,027</b>	<b>227,567</b>
11-19 units	28	424	1,470	22,180	1,498	22,604
20-99 units	163	8,436	3,009	110,253	3,172	118,689
100+ units	194	48,600	163	37,674	357	86,274
<b>Queens</b>	<b>530</b>	<b>54,079</b>	<b>1,097</b>	<b>47,369</b>	<b>1,627</b>	<b>101,448</b>
11-19 units	32	464	251	3,921	283	4,385
20-99 units	302	18,168	783	34,184	1,085	52,352
100+ units	196	35,447	63	9,264	259	44,711
<b>St. Island</b>	<b>51</b>	<b>3,830</b>	<b>15</b>	<b>680</b>	<b>66</b>	<b>4,510</b>
11-19 units	13	186	4	67	17	253
20-99 units	24	943	9	403	33	1,346
100+ units	14	2,701	2	210	16	2,911
<b>Core Manh</b>	<b>328</b>	<b>51,203</b>	<b>3,020</b>	<b>105,214</b>	<b>3,348</b>	<b>156,417</b>
11-19 units	25	378	1,206	18,119	1,231	18,497
20-99 units	127	6,540	1,691	55,245	1,818	61,785
100+ units	176	44,285	123	31,850	299	76,135
<b>Upper Manh</b>	<b>57</b>	<b>6,257</b>	<b>1,622</b>	<b>64,893</b>	<b>1,679</b>	<b>71,150</b>
11-19 units	3	46	264	4,061	267	4,107
20-99 units	36	1,896	1,318	55,008	1,354	56,904
100+ units	18	4,315	40	5,824	58	10,139

Source: NYC Department of Finance, RPIE Filings.

Note: The age of one building with 23 units in Brooklyn is unknown.

## 8. Longitudinal Income and Expense Study, Estimated Average Rent and Income Changes (2004-2005) by Building Size and Location

	Post-46			Pre-47			All		
	Rent	Income	Costs	Rent	Income	Costs	Rent	Income	Costs
<b>Citywide</b>	<b>4.7%</b>	<b>4.6%</b>	<b>5.9%</b>	<b>4.5%</b>	<b>4.7%</b>	<b>6.1%</b>	<b>4.6%</b>	<b>4.7%</b>	<b>6.0%</b>
11-19 units	-1.1%	-1.3%	3.6%	5.0%	4.8%	6.2%	4.4%	4.2%	6.0%
20-99 units	4.0%	3.7%	5.4%	4.3%	4.5%	6.0%	4.2%	4.3%	5.9%
100+ units	5.6%	5.6%	6.4%	5.3%	5.4%	6.6%	5.5%	5.5%	6.5%
<b>Bronx</b>	<b>3.4%</b>	<b>3.1%</b>	<b>4.7%</b>	<b>1.9%</b>	<b>2.4%</b>	<b>4.9%</b>	<b>2.3%</b>	<b>2.6%</b>	<b>4.9%</b>
11-19 units	1.6%	3.2%	9.0%	-0.3%	-1.5%	3.7%	-0.2%	-1.2%	4.0%
20-99 units	3.2%	2.7%	4.8%	2.2%	2.8%	5.0%	2.4%	2.8%	5.0%
100+ units	3.9%	3.8%	4.5%	-1.5%	0.4%	5.5%	2.5%	2.9%	4.8%
<b>Brooklyn</b>	<b>3.2%</b>	<b>2.5%</b>	<b>6.9%</b>	<b>3.4%</b>	<b>4.3%</b>	<b>6.5%</b>	<b>3.3%</b>	<b>3.7%</b>	<b>6.6%</b>
11-19 units	-8.0%	-6.8%	0.2%	3.8%	5.7%	8.9%	2.8%	4.7%	8.3%
20-99 units	4.5%	3.3%	6.7%	3.0%	3.7%	6.1%	3.4%	3.6%	6.3%
100+ units	2.4%	2.4%	7.8%	5.2%	5.3%	2.0%	3.3%	3.3%	6.1%
<b>Manhattan</b>	<b>6.8%</b>	<b>6.8%</b>	<b>6.9%</b>	<b>6.4%</b>	<b>5.9%</b>	<b>6.5%</b>	<b>6.5%</b>	<b>6.2%</b>	<b>6.6%</b>
11-19 units	6.2%	3.7%	4.5%	7.0%	5.7%	5.4%	7.0%	5.6%	5.4%
20-99 units	5.9%	6.7%	4.9%	6.2%	5.9%	6.5%	6.2%	6.0%	6.3%
100+ units	7.0%	6.9%	7.4%	6.4%	6.3%	7.6%	6.7%	6.7%	7.5%
<b>Queens</b>	<b>3.7%</b>	<b>3.5%</b>	<b>4.6%</b>	<b>3.6%</b>	<b>3.9%</b>	<b>6.5%</b>	<b>3.7%</b>	<b>3.7%</b>	<b>5.4%</b>
11-19 units	-1.1%	-1.7%	4.2%	2.8%	3.3%	6.2%	1.3%	1.4%	5.4%
20-99 units	3.1%	3.1%	4.9%	4.0%	4.4%	6.7%	3.6%	3.8%	5.9%
100+ units	5.2%	5.0%	4.2%	1.5%	0.7%	5.5%	4.7%	4.3%	4.4%
<b>Staten Island</b>	<b>-0.9%</b>	<b>0.2%</b>	<b>3.0%</b>	<b>-4.8%</b>	<b>-3.2%</b>	<b>3.6%</b>	<b>-1.5%</b>	<b>-0.3%</b>	<b>3.1%</b>
<b>Core Manhattan</b>	<b>6.4%</b>	<b>6.5%</b>	<b>5.7%</b>	<b>6.6%</b>	<b>6.0%</b>	<b>5.6%</b>	<b>6.5%</b>	<b>6.2%</b>	<b>5.6%</b>
11-19 units	5.6%	3.9%	3.9%	7.3%	5.4%	4.6%	7.3%	5.4%	4.6%
20-99 units	7.4%	7.2%	4.8%	6.4%	6.1%	5.0%	6.5%	6.3%	5.0%
100+ units	6.2%	6.4%	6.0%	6.4%	6.3%	7.6%	6.3%	6.4%	6.6%
<b>Upper Manhattan</b>	<b>8.6%</b>	<b>8.7%</b>	<b>13.4%</b>	<b>5.9%</b>	<b>5.8%</b>	<b>8.2%</b>	<b>6.4%</b>	<b>6.3%</b>	<b>9.0%</b>
11-19 units	17.0%	-0.4%	15.5%	5.8%	6.6%	8.5%	5.9%	6.6%	8.6%
20-99 units	2.9%	5.5%	5.1%	5.9%	5.7%	8.2%	5.7%	5.7%	7.9%
100+ units	12.3%	10.8%	19.2%	6.0%	6.6%	7.1%	11.0%	9.9%	16.5%
<b>All City w/o Core</b>	<b>3.8%</b>	<b>3.6%</b>	<b>6.0%</b>	<b>3.5%</b>	<b>4.0%</b>	<b>6.4%</b>	<b>3.6%</b>	<b>3.8%</b>	<b>6.2%</b>
11-19 units	-2.6%	-2.7%	3.6%	3.3%	4.3%	7.5%	2.4%	3.3%	7.0%
20-99 units	3.5%	3.2%	5.5%	3.6%	4.0%	6.3%	3.6%	3.8%	6.1%
100+ units	5.0%	4.7%	6.9%	2.8%	3.2%	4.3%	4.5%	4.4%	6.4%

Notes: City, borough totals and building size categories are weighted. 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 Manhattan, the Bronx, Brooklyn, Queens, Staten Island, and Core and Upper Manhattan as well as buildings with 100+ units in the Bronx and buildings with 20-99 units and 100+ units in Upper Manhattan and Staten Island were too small to calculate reliable statistics as was the number of Pre-47 buildings in Staten Island. Borough averages without building size figures for Staten Island are provided.

Source: NYC Department of Finance, RPIE Filings.

## 9. Longitudinal Income and Expense Study, Net Operating Income Changes (2004-2005) by Building Size and Location

	Post-46	Pre-47	All		Post-46	Pre-47	All
<b>Citywide</b>	<b>1.8%</b>	<b>1.4%</b>	<b>1.6%</b>	Core Manhattan	7.8%	6.7%	7.1%
11-19 units	-10.8%	1.5%	0.2%	11-19 units	3.9%	6.9%	6.8%
20-99 units	0.1%	1.0%	0.8%	20-99 units	11.3%	7.9%	8.4%
100+ units	3.9%	3.2%	3.7%	100+ units	7.3%	4.1%	6.0%
Bronx	-1.2%	-6.2%	-4.7%	Upper Manhattan	-0.3%	-0.4%	-0.4%
11-19 units	-16.1%	-22.8%	-22.3%	11-19 units	-34.3%	1.0%	0.5%
20-99 units	-3.0%	-4.6%	-4.2%	20-99 units	6.5%	-0.8%	-0.1%
100+ units	2.0%	-12.1%	-1.7%	100+ units	-3.8%	5.5%	-2.0%
Brooklyn	-8.8%	-1.3%	-3.8%	All City w/o Core	-2.2%	-2.5%	-2.4%
11-19 units	-20.4%	-2.9%	-4.5%	11-19 units	-15.1%	-4.9%	-6.7%
20-99 units	-5.3%	-2.6%	-3.4%	20-99 units	-2.1%	-2.3%	-2.2%
100+ units	-13.5%	13.0%	-4.2%	100+ units	-0.6%	0.6%	-0.3%
Manhattan	6.7%	5.0%	5.5%				
11-19 units	2.3%	6.1%	5.9%				
20-99 units	10.0%	4.9%	5.5%				
100+ units	6.0%	4.1%	5.3%				
Queens	1.1%	-1.6%	-0.1%				
11-19 units	-12.7%	-4.0%	-7.8%				
20-99 units	-0.7%	-0.4%	-0.5%				
100+ units	6.8%	-9.8%	4.3%				
St. Island	-6.2%	-17.6%	-7.9%				

Notes: City, borough totals and building size categories are weighted. 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 Manhattan, the Bronx, Brooklyn, Queens, Staten Island, and Core and Upper Manhattan as well as buildings with 100+ units in the Bronx and buildings with 20-99 units and 100+ units in Upper Manhattan and Staten Island were too small to calculate reliable statistics as was the number of Pre-47 buildings in Staten Island. Borough averages without building size figures for Staten Island are provided.

Source: NYC Department of Finance, RPIE Filings.



## 10. Longitudinal Sample, 2004 & 2005 RPIE Filings

	Post-46		Pre-47		All	
	Bldgs.	DU's	Bldgs.	DU's	Bldgs.	DU's
<b>Citywide</b>	<b>1,097</b>	<b>116,141</b>	<b>8,146</b>	<b>328,841</b>	<b>9,244</b>	<b>445,005</b>
11-19 units	84	1,217	1,925	29,223	2,009	30,440
20-99 units	635	36,802	5,938	246,976	6,574	283,801
100+ units	378	78,122	283	52,642	661	130,764
<b>Bronx</b>	<b>172</b>	<b>13,731</b>	<b>1,623</b>	<b>74,036</b>	<b>1,795</b>	<b>87,767</b>
11-19 units	9	133	141	2,148	150	2,281
20-99 units	130	7,717	1,437	66,103	1,567	73,820
100+ units	33	5,881	45	5,785	78	11,666
<b>Brooklyn</b>	<b>181</b>	<b>15,675</b>	<b>1,804</b>	<b>71,280</b>	<b>1,986</b>	<b>86,978</b>
11-19 units	13	178	399	6,018	412	6,196
20-99 units	128	8,332	1,361	59,932	1,490	68,287
100+ units	40	7,165	44	5,330	84	12,495
<b>Manhattan</b>	<b>321</b>	<b>46,623</b>	<b>3,771</b>	<b>142,064</b>	<b>4,092</b>	<b>188,687</b>
11-19 units	26	393	1,172	17,716	1,198	18,109
20-99 units	139	7,147	2,461	90,940	2,600	98,087
100+ units	156	39,083	138	33,408	294	72,491
<b>Queens</b>	<b>379</b>	<b>37,749</b>	<b>934</b>	<b>40,797</b>	<b>1,313</b>	<b>78,546</b>
11-19 units	25	359	210	3,290	235	3,649
20-99 units	214	12,663	670	29,598	884	42,261
100+ units	140	24,727	54	7,909	194	32,636
<b>St. Island</b>	<b>44</b>	<b>2,363</b>	<b>14</b>	<b>664</b>	<b>58</b>	<b>3,027</b>
11-19 units	11	154	3	51	14	205
20-99 units	24	943	9	403	33	1,346
100+ units	9	1,266	2	210	11	1,476
<b>Core Manhattan</b>	<b>270</b>	<b>40,932</b>	<b>2,537</b>	<b>91,589</b>	<b>2,807</b>	<b>132,521</b>
11-19 units	23	347	979	14,741	1,002	15,088
20-99 units	107	5,461	1,452	47,898	1,559	53,359
100+ units	140	35,124	106	28,950	246	64,074
<b>Upper Manhattan</b>	<b>51</b>	<b>5,691</b>	<b>1,234</b>	<b>50,475</b>	<b>1,285</b>	<b>56,166</b>
11-19 units	3	46	193	2,975	196	3,021
20-99 units	32	1,686	1,009	43,042	1,041	44,728
100+ units	16	3,959	32	4,458	48	8,417

Source: NYC Department of Finance, RPIE Filings.

Note: The age of one building with 23 units in Brooklyn is unknown.