HOUSING NYC

Rents, Markets and Trends '95

A Compilation of Rent Guidelines Board Research

NYC Rent Guidelines Board
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New York, NY 10007

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LETTER FROM THE CHAIRMAN

INTRODUCTION

The 1994 "Letter From The Chair" painted a sobering picture of the state of New York City's privately-owned residential rental stock. Sadly, for 1995, the Rent Guidelines Board (the "RGB" or "Board") must detail perhaps an even grimmer report.

In addition to its usual duties, the RGB attempted to do its share to address these alarming problems by taking an aggressive interpretation of its statutory duties. To that end, the Board held dedicated hearings on the following matters:

- apartments with problems posed by lead paint;
- the unsettling trend of so-called "distressed" housing; and
- the policy guidelines by which the RGB should set a "vacancy" allowance for newly-available apartments.

Because a number of the Board's initial proposals were so bold and innovative, they are detailed below even though the final guidelines adopted by the RGB differed significantly in approach.

THE LEAD PAINT TIME BOMB

The first major hearing the RGB conducted in 1995 concerned the burgeoning problem of lead paint. Although lead-based paint was outlawed nationally in 1978, New York City foresaw this problem and outlawed such paint in 1960. Thus, buildings constructed in the city after 1960 are free of lead paint concerns. Unfortunately, older buildings are catastrophically afflicted with such problems.

Many landlords complained that as a result of a huge surge in lead paint-related litigation and the staggeringly high damage awards that often result, they are unable to afford the skyrocketing insurance premiums for lead paint coverage - assuming that such coverage is even available, at all. The RGB sought information regarding the general problems of lead paint, the degree to which city dwellings are afflicted with lead paint problems, and the various intricacies of lead paint abatement and litigation. The RGB thus greatly appreciated hearing from the following experts:

Dr. John Forster, New York City Department of Health;
Harold Shultz, Deputy Commissioner of Housing Preservation & Development ("HPD");
Lucy Billings, Director of the Bronx Legal Services who filed a class action suit to compel the city to abate lead paint problems in city-owned housing units;
John McCarthy, Executive Director, Community Preservation Corporation;
Dan Margulies, Executive Director, Community Housing Improvement Program;
John Fitzgerald, Esq., a pre-eminent attorney representing victims of lead paint poisoning; and
Nancy F. Sachs, Esq, former general counsel to several large insurance firms and a pre-eminent defendant's attorney in lead paint litigation.

The testimony was comprehensive, compelling and generally discouraging. Dr. Forster detailed the devastating medical effects that lead paint poisoning can have, especially on younger children, and the huge

costs involved in detection and abatement. Commissioner Shultz followed by noting that 1,000,000 to 2,000,000 residential units in this city may have lead paint problems.

Lucy Billings noted the disproportionate impact of lead paint on older buildings and poorer tenants. (The two often went hand-in-hand.) John McCarthy noted that even good faith landlords who wished to aggressively combat this problem were handicapped by a lack of (i) uniformly accepted abatement standards; and (ii) companies that were certified to offer abatement services.

Testimony suggested that abating even a small apartment might cost thousands upon thousands of dollars, and certainly more than many small landlords could afford. Dan Margulies noted that many such landlords prefer simply to go without any insurance, figuring that even one law suit will bankrupt their building in any event.

John Fitzgerald detailed many horror stories of his lead-damaged clients and why lead paint suits were sure to increase. Subsequent to this testimony, the *New York Times* reported that the financially-pressed city already has paid hundreds of millions to settle such claims, but that only the tip of the iceberg has been seen.

Nancy Sachs detailed a prudent, comprehensive course that both public and private landlords should take to prospectively abate lead paint, while insuring that they are adequately prepared in case of litigation. She noted that since the Center for Disease Control had changed its definition of "lead poisoning" to include a much lower level of lead in a child's blood, the number of lead paint suits was almost sure to explode.

Following this informative, but dismal, testimony, the RGB came to several realizations. The first is that no increase that the RGB reasonably could grant could reimburse landlords for the skyrocketing cost of lead paint insurance. To state it differently, given that the crisis in lead paint insurance costs had reached such staggering proportions (one large landlord's insurance costs went from $250,000 to $900,000 in just two years), the RGB was reduced to near-helplessness in addressing this issue and thus almost had to consider lead paint insurance costs to be a non-factor in its deliberations.

The second realization, following fast on the heels of the first, was that (i) if there were to be any relief granted to any parties regarding lead paint, it would have to be granted by other agencies of government, and (ii) no such relief - either to protect or compensate tenants or provide abatement assistance to landlords - seemed likely to be forthcoming in the near future.

Distressed Housing Crisis

As during the last two years, and far more so than in previous years, the RGB took to heart its general obligation to take measures that would best serve the long-term interests of the overall housing stock. To that end, the RGB devoted special attention to the plight of so-called "distressed" housing.

One again I must use the word "crisis" to describe a threat to the very survival of large segments of this city's housing stock. Many of the factors leading to "distressed" housing conditions were addressed in last year's "Letter From The Chair."

The "distressed" housing crisis dramatically was brought home to the public when the Mayor and HPD Commissioner Deborah C. Wright announced a moratorium on city *in rem* proceedings. Simply stated, the city simply no longer could continue to assume the possession and maintenance of any more "distressed" housing given:

- the staggering number of housing units that already have come into the city's inventory as a result of abandonment;
- the ongoing volume of additional housing that still was being abandoned and/or falling into tax arrears; and
- the budgetary cuts being made to HPD's already scant and overtaxed resources.

To its enormous credit, the RGB research staff prepared a penetrating study comparing how twenty-six other cities addressed their "distressed" housing stock. Other than Washington, DC and Jersey City, only New York City actually took control of such housing. Only New York and Washington tried to maintain and operate it for prolonged periods, as opposed, for instance, to many cities which simply foreclosed and then quickly auctioned off such properties. The RGB's study not only is playing a critical part in New York City's review of its *in rem* housing policies, but has been warmly received by those other cities that participated in this study.

In attempting to do its part to combat the issue of "distressed" housing, the RGB confronted three irreconcilable factors:

- huge numbers of landlords of low-rental units, which disproportionately are located in the city's economically distressed areas, simply lack the resources to maintain their buildings;
- huge numbers of tenants in those same low-rental units, many of whom were elderly, on fixed incomes and/or otherwise relatively poor, simply lack the resources to pay substantially higher rents;
- relief from any level of government - federal, state or local - regarding matters ranging from tax relief, water & sewer surcharges and/or increased public assistance payments to poor tenants - simply was not forthcoming, and probably will not be so in the foreseeable future.

As one might imagine, these factors are a recipe for disaster.

It would be too cumbersome to detail the many factors and options that the RGB debated, but at the May meeting to enact the proposed guidelines, RGB member Barbara Gordon-Espejo made a proposal that caught the imagination of a majority of the board. Ms. Espejo suggested a "bifurcated" guideline, whereby units that seemingly were economically viable would receive increases more in keeping with the RGB's Price Index of Operating Expenses ("PIOC"), while potentially distressed units would receive a greater increase. For reasons stated below, the cut-off point was pegged at those apartments which rent for $400.

Opponents of this bifurcated approach generally argued that:

(a) it would set a bad precedent to bifurcate any guideline;
(b) it was unfair and illogical to enact a higher guideline for those who generally were least able to afford any increase;
(c) given the PIOC's numbers, little, if any, increase was justified to any segment of the housing stock;
(d) there was no reason to believe any extra increases would be used by landlords to improve and/or avert having to abandon their buildings;
(e) the RGB should not be fixated upon individual apartments, but rather if a building is profitable, despite having a number of "low rent" units; and
(f) ultimately, it was the responsibility of other sectors of government to address the problem of "distressed" housing.

In contrast, proponents generally argued that:

(a) according to testimony, including that by HPD Commissioner Wright, $400 roughly was the economical "break even" point for many private units. That is, if a landlord received $400 or so for a unit, he/she would be able to maintain that unit and not have to abandon it;
(b) it made sense to focus on individual apartments, rather than overall buildings, because (i) if all units are profitable, the entire building perforce must be so, and (ii) in any event, it was unfair for "high rent" units to subsidize "low rent" units, especially when those units were comparable in size and location;
(c) the proposed increase of 4% (for a one year lease) hardly was onerous since (i) many of these lower

rent units were in buildings that also contained rent "controlled" (as opposed to rent "stabilized") units, and (ii) by law rent "controlled" units received annual increases of 7.5%;

(d) bifurcation was a flexible, creative way for the RGB to target specific relief to specific sectors of the housing market; and

(e) most importantly, the proposed guideline was designed to infuse monies into those apartments and buildings that, according to the RGB profile, were most likely to become "distressed" and ultimately abandoned by their owners.[1]

Given the novelty of this approach, both landlords and tenants reacted strongly, and the proposal was given near-unprecedented media scrutiny. Because of the guideline's novelty, the RGB obtained a number of legal opinions as to whether the RGB could bifurcate its increases. Corporation Counsel, HPD's staff attorneys, attorneys at the New York State Division of Housing & Community Renewal ("DHCR"), the RGB's current staff counsel, the RGB's former staff counsel, Timothy Collins, and the chair (who is an attorney) all independently concluded that there was no proscription preventing the RGB from enacting such a guideline.

As the vote on the final guidelines neared, RGB members continued debating the merits of the proposed guidelines while considering alternatives. One provocative alternative, also suggested by Ms. Espejo, would have directed the larger of the bifurcated guidelines not at $400 apartments, but rather at buildings of thirty units or less, regardless of the rents on those apartments. In an effort to assuage those who insisted that the RGB concern itself with profitable buildings, rather than individual units, Ms. Espejo sought to target the additional increase at those buildings which fit the RGB profile of likely "distressed" or "abandoned" buildings.

As the vote on the final guidelines approached, Commissioner Wright, with the Mayor's endorsement, wrote to the RGB members strongly supporting this bifurcated approach.

For various reasons, the RGB ultimately approved a unitary guideline, including a $20 "low rent supplement" for all apartments renting under $400. Nevertheless, future boards no doubt may wish to consider such bifurcated guidelines if such an approach would provide the RGB with flexibility in enacting what it believes to be fair and justifiable guidelines for varying segments of the housing market.

The Vacancy Allowance

While it does not mandate that the RGB do so, the statute governing the RGB authorizes the Board to provide for an additional increase to landlords when an apartment becomes vacant. Traditionally, tenants have argued that:

(a) as (i) a landlord already is receiving a fair market rent, and (ii) the PIOC-related increases should be sufficient to cover the landlord's vacancy costs, permitting an additional allowance would provide the landlord with a windfall;

(b) given that a housing shortage still exists, such vacancy allowances only will serve to reduce the number of available "affordable" units;[2] and

1 In another excellent study regarding the special problems of smaller buildings, the RGB researchers reported that smaller buildings are more vulnerable than larger buildings in every category of measurement, including age, income levels of their tenants, owner ability to amortize costs and/or obtain financing, etc. The RGB staff further reported that buildings with twenty or fewer units were more likely than larger ones to become distressed, and that the average sized building in the city's possession as a result of *in rem* proceedings contained nine to fifteen units. This slight discrepancy results from the city's ability to resell to private parties the larger buildings, while being unable to return to the private sector the far less profitable smaller buildings. The study underscores, though, that most buildings - "large" or "small" - are afflicted to a degree by such common problems as tax and sewer rate increases, an inability to accumulate capital reserves, etc., but that smaller buildings are that much more vulnerable to these mounting pressures.

2 "Affordable" has become an undefined, politically-charged euphemism. At one hearing, when a witness repeatedly referred to "affordable" housing, the chair asked the witness to define that term. The witness admitted he could not. The U.S. Department of Housing and Urban Development occasionally has defined "affordable" as housing that costs no more than 30% of a tenant's income. Given the obvious disparities nationwide in tenant incomes and the cost of housing, it is questionable how useful this HUD standard is.

(c) if too great a vacancy allowance is granted, unscrupulous landlords will have an incentive to force more helpless tenants from their units so as to reap a financial windfall upon the re-renting of the unit.

In response, landlords traditionally have contended that:

(a) since the statute purposefully provides for such allowances, it is obvious that the Legislature intended them to be granted;
(b) such vacancy allowances are necessary to provide landlords with a fair return given the artificial restraints on their ability to raise rents in accordance with market demand;
(c) absent these allowances, landlords would have little incentive to upgrade their units for the incoming tenants;[3]
(d) any such increase affects only the incoming tenant and in no way affects the rights of sitting tenants; and
(e) since the Legislature always stated that (i) rent controls are only necessary to ameliorate what it determined to be a "temporary" housing emergency, and (ii) its ultimate aim, therefore, is to move New York City's strictly controlled housing market towards a free market, the vacancy allowance is a relatively painless way to begin this process.

Often, RGB-approved vacancy allowances differed so radically from year-to-year that there seemingly was no rhyme or reason. As one example, one year the vacancy allowance was 15%; the next year, it was 0%. Thus, pure chance determined whether incoming tenants and their landlords would be impacted by a vacancy allowance. It thus was one of the chair's priorities to have the Board examine the entire issue of the vacancy allowance, and determine whether a more consistent and equitable approach could be developed.

The options debated ranged from a "zero" increase (i.e. accepting in principle the tenants' position) to a "decontrol/recontrol" approach (i.e. accepting in principle the landlords' position).[4]

As with the yearly guidelines, the majority of the Board opted for a radically innovative proposal by RGB member Paul Atanasio. That proposal was a trifurcated approach intended to permit a landlord of a vacant apartment the option of:

(1) a base rent of $400; or
(2) a fifteen (15%) percent increase above the current rent; or
(3) a new rent equal to the "highest comparable" unit in that building up to $1,000.

All parts of this proposal generated strong feelings, but none more so than the "highest comparable" option.

In brief, the Board's majority believed that:

- the housing stock, especially in the middle and at the lower end, badly needed an infusion of capital to enable landlords to maintain and improve their properties;

3 Tenants dismiss this argument, noting that landlords already may receive increases to the base rent by undertaking individual apartment improvements.

4 In response to RGB's inquiries, Corporation Counsel informed the RGB previously and again in 1995, that if the Board wished to approve a vacancy allowance, it had to set a specific rate. Only the Legislature, and not the RGB, could "decontrol" empty units. Corporation Counsel further opined that for those same reasons, the RGB could not allow a unit to be "decontrolled," even if subjected to "recontrol" once the landlord and new tenant agreed upon a rent. Tenant and landlord positions regarding "decontrol/recontrol" should be easy to surmise. The hard-pressed DHCR, though, suggested that such an approach would provide enormous administrative relief because 30% or so of the inquiries it received were by tenants asking their legal base rent. Under a "decontrol/recontrol" approach, these inquiries ultimately would be obviated for all new tenants because the legal base rent would be whatever the landlord and incoming tenant agreed upon.

- vacancy allowances hurt no tenant then in place;
- given that anti-harassment laws existed, the risk of encouraging unscrupulous landlords was minimal; and
- the proposed trifurcated system provided the great flexibility to enable the landlord to choose the option that would provide him/her with the optimal increase.

The logic behind permitting a flat, $400 option was to enable landlords of vacant low-rent apartments to lift rents to a level which, as detailed above, was deemed to be the economically viable break-even point. An estimated 200,000 rent stabilized units then rented for $400 or less, including 100,000 units that rented for $300 or less. Often, units in those buildings had similarly low rents, so neither a 15% increase nor a "highest comparable" would bring that vacant unit to the economically viable $400 level.

The flat 15% option was intended, for instance, to enable landlords with vacant higher rent apartments to achieve an optimal raise. For instance, if the highest rent in a similar unit were $600, and an apartment renting for $550 became vacant, a 15% allowance would result in a rent for the incoming tenant of $632.50.

Regarding the "highest comparable" option, the RGB did not raise this concept de novo, but instead sought to model its approach after the "highest comparable" option already in force in Westchester County. It also was critical to the Board's deliberations to know whether the DHCR believed it could administer a "highest comparable" option for New York City. As detailed below, DHCR officials stated categorically that they could do so.

Critics of the "highest comparable" option claimed that among the concept's alleged drawbacks is that Westchester's housing stock and variations are relatively simplistic compared to the nightmarishly large, diverse and complicated New York City stock. Critics thus argued that regardless whether "highest comparable" was or was not feasible in Westchester, it would be all but impossible to fairly apply to this city's housing stock.

Among other problems, the "highest comparable" option was the most difficult to define. For instance, if units were identical in interior size, but one had a balcony, parking space or garden, would they be "comparable?" If one two-bedroom unit had 1,100 square feet, but a similar two-bedroom across the hall had 1,180 square feet, were they "comparable?"[5] If one unit were noisier than a similar one, or had a better aesthetic view, would that affect "comparability?"

One interesting issue raised by tenant advocates concerned the right of a tenant who was paying a "highest comparable" rent to a rent reduction if the unit on which his/her "highest comparable" rent was based received a rent reduction because of an illegal overcharge.

"Highest comparable" opponents also noted alleged distortions that potentially might result from existing "highest rents" that included a 1/40th increase to the base rent as a result of improvements made to that apartment.[6] Opponents argued that a landlord should be required to make same individual apartment improvements to the second vacant apartment that the landlord had made to the first vacant apartment if the landlord intended to raise the second apartment's rent to the same level as the first apartment whose base rent included the "1/40th" increase. Otherwise, opponents argued, a landlord need improve only one apartment, and thereafter all otherwise comparable apartments that became vacant would have their rents raised to the highest level even though those subsequently vacant apartments didn't benefit from any comparable improvements.

On determining these and other complex issues of "comparability" three senior DHCR officials testified that because of their agency's experience in administering the Westchester model, they were confident that the

5 At no time did anyone suggest that "comparable" had to mean "identical." Still, defining "comparable" was not an easy chore.
6 By law, a landlord making improvements to an apartment, is entitled to add 1/40th of the improvements' cost to the unit's new base rent. Thus if an apartment renting for $700 became vacant, and the landlord made $10,000 in improvements, the landlord could increase the base rent by $250 - i.e 1/40th of $10,000 - in addition to any other permissible increases. At the minimum, the new base rent for that unit thus would be $950.

DHCR could administer any "highest comparable" guidelines that the New York City Rent Guidelines Board might enact.[7]

The "highest comparable" proposal also placed a limit of $1,000, which specifically was designed to (i) prevent untoward increases; and (ii) deflect charges that this proposal was "de facto rent decontrol." Thus, for example, while a vacant $500 apartment might have its rent raised to a maximum of $999 (assuming that there were such a "highest comparable" unit in the building), a vacant $800 apartment could only be raised to a maximum $999, even if there were comparable units renting for $1,300.

When the Board voted on the final guidelines, it chose to enact a much simpler vacancy allowance of a straight, across-the-board, 8.5%. The Board particularly was swayed by the written comments of Commissioner Wright, again endorsed by the Mayor, which expressed concerns about the ambitious nature of the proposed trifurcated approach. The Mayor and Commissioner strongly urged an 8.5% vacancy, and a majority of the Board found their arguments persuasive.

Other Matters

The RGB considered many other important matters, but space limitations prevent all but a brief listing.

Yet again, the Board heard vociferous complaints - by both landlords and tenants - about the gross shortcomings of the New York City Housing Court. These complaints largely echoed the widespread dissatisfaction voiced in prior years.

Although not within its purview, the Board also debated to some degree the merits of the so-called "deposit into court" proposal, whereby in cases of rent disputes, tenants would have to deposit all otherwise due rents into a Housing Court escrow account before they could press their claims or counterclaims. While individual RGB members had strong opinions on this proposal, the Board, as an entity, did not take a position.

As part of its mandate, the Board considered increases for lofts. Only one person, a tenant, testified on this issue, so it would be misleading to suggest there was a wealth of evidence and testimony from which the RGB could discern any patterns in that housing market.

As always, SROs presented a painful picture of a much-neglected and ill-regulated housing sector. Organized SRO tenant advocates presented strong evidence to support their contentions, but unfortunately no SRO landlord advocates appeared. It frankly is difficult to determine whether this was because, as SRO tenants suggest, such landlords largely are indifferent (for numerous alleged reasons) to the RGB's dictates or because SRO landlords simply are not organized. In any event, authorities with investigative resources and even subpoena power (neither of which the RGB possesses) hopefully will examine the tragic conditions that afflict much SRO housing.

Final Notes

Foremost, I thank all Board members for their extraordinary patience, dedication and professionalism. The RGB's tasks often are grueling, time-consuming, disputatious and intellectually agonizing.

The Board's gratitude and best wishes go to Hilda Blanco, a public member whose RGB term expired last year. Hilda's calming temperament, penetrating questions and advice was missed by all.

As Hilda's successor, the Board is fortunate to have Paul Atanasio, whose experience in banking, specialized finance and practical politics make him a welcomed addition. Perhaps because he has not yet been jaundiced by many years on the Board, Paul was refreshingly inquisitive and blunt during his participation in Board debates.

7 This testimony was criticized by the RGB's tenant representatives who complained that (i) the DHCR already was struggling with a huge backlog of complaints, and (ii) adding this complex guideline almost assuredly would mean that tenants complaining of overcharges would not receive relief for many years, if at all.

The chair's special thanks go to Augie Rivera, the Board's vice-chairman and senior public member. His sage counsel and support especially was continuous and always welcomed.

The RGB research staff completed yet another year of solid accomplishment. With the staff having completed its equipment, hiring and current training updates, the results shone through. Without exception, RGB members, public officials, and tenant and landlords representatives effusively praised the staff's work product. I personally wish to thank the staff for making my job easier (sometimes, at least), and especially RGB Research Director, Doug Hillstrom, whose efforts on short notice, including week-ends, enabled the Board to finalize its positions during those hectic days preceding the vote on the final guidelines.

I also wish to welcome aboard Mark Ahasic, who now serves in the dual capacity as the RGB's Administrative Director and Legal Counsel, and Sharon Kuhn, who joined the RGB's research staff in December.

Finally, on behalf of the Board, I'd like again to congratulate Leon Klein, the RGB's trusted office manager, who completed his first, but probably not last, decade of service with the Board. ❒

Edward S. Hochman, Esq.
Chairman
New York City Rent Guidelines Board

15 September 1995

NEW IN '95

This is the seventh annual compilation of research from the Rent Guidelines Board. Although a fair amount of the material in *Rent Stabilized Housing in New York City* remains the same from year to year (e.g. the Price Index of Operating Costs for Rent Stabilized Apartments), much of the research is new or somehow improved each season. We think it is useful to point out a few of this year's highlights, as well as material in the appendices which might be useful for your own studies.

Last year, our report *Tax Arrears in Rent Stabilized Buildings, 1994* found little evidence of a recovery in the troubled low rent housing sector. The report discovered that tax arrears continued to worsen in rent stabilized housing. Both the number of buildings in arrears and the amount of arrears owed increased substantially. Most troubling of all, the study found a sharp reduction in the willingness of landlords to redeem their properties from the City.

This year's report, ***Tax Arrears in Rent Stabilized Buildings, 1995*** (p. 49) presents a a somewhat less grim picture. On the positive side, the number of buildings in arrears has stabilized, if not declined. Unfortunately, while a substantial number of larger buildings have managed to repay their back taxes, many small buildings continue to accumulate arrears. It appears that buildings with newly accumulated arrears are in worse financial condition than comparable buildings in prior years.

Steadily increasing tax arrears has presented the City with a vexing problem. Failure to "vest" these buildings may lead to their physical deterioration or outright abandonment. However, taking title to hundreds of additional apartment buildings would be extremely costly, and the City can hardly afford the expense.

The search for solutions to this problem led the staff of the RGB to devise a survey of other cities' residential tax foreclosure policies. Our report, the ***Residential Tax Foreclosure Survey,*** (p.52) found that few cities own or manage residential properties taken through tax foreclosure proceedings. Most cities attempt to maximize the amount of taxes recovered from properties in arrears through foreclosure/auction of the properties or sale of tax liens. New York City's policies (i.e. foreclosure and city management of thirty thousand apartment units) are fundamentally different. No other city we surveyed owned or managed more than a few hundred dwelling units.

The study examines the tax foreclosure policies of Grand Rapids, Michigan and Jersey City in detail. Both have particularly comprehensive strategies for dealing with tax delinquent properties. Jersey City is the only city that combines sales of tax liens for delinquent buildings with foreclosure of buildings whose liens remain unsold. The city's policy resembles a triage process in which the most marketable delinquent buildings are initially transferred to private investors, forcing the city to foreclose on only the worst buildings with tax arrears. Grand Rapids encourages homesteading and also utilizes tax lien sales.

The problem of the "distressed" housing stock has preoccupied members of the Rent Guidelines Board for some time. Last year, for the first time in its history, the Board voted a special guideline for small buildings in an attempt to boost their bottom line. While it was too early to evaluate the impact of the Board's actions, staff did wish to dig deeper into an important question: Do small buildings deserve fundamentally different treatment than large buildings?

The ***Overview of Small Rent Stabilized Buildings*** (p. 59) found that small buildings tend to be worse off than larger buildings in nearly every respect. Small buildings have lower income but higher expenses. Small buildings are typically older and managed by owners with relatively little capital and managerial expertise. Finally, tenants in small buildings tend to be less affluent than tenants in larger buildings. Thus, while small buildings may not be vastly different from their larger counterparts, the cumulative impact of these myriad deficiencies must have an impact. It is certainly not a coincidence that the typical size of an *in rem* building is only 10 units. ❒

ACKNOWLEDGMENTS

This volume includes all the major research reports produced by the staff of the Rent Guidelines Board during the 1995 guideline "season." Of all these projects, the 1995 Price Index of Operating Costs for Rent Stabilized Apartment Houses (PIOC) is certainly the most resource intensive. The price index requires hundreds of hours of staff time to complete; by the time the PIOC is wrapped up, the endurance of its participants is usually stretched to the limit.

Andrew McLaughlin was in charge of the vendor and owner surveys, which are critical components of the PIOC. As usual, Andrew did an exceptional job organizing materials for the survey and supervising our temporary survey workers. The quality of the data gathered was better than ever and the productivity of the temporary survey staff reached another all time high.

Everyone on the RGB research staff contributed to the PIOC in some way. Sharon Kuhn gathered data on labor costs. Andrew McLaughlin assembled the utilities and fuel cost information. Ted Fields was primarily responsible for our PIOC projection for 1996.

Speedwell Inc. worked with RGB staff to compute the tax and water/sewer components of the price index. Finally, no acknowledgments would be complete without mentioning our PIOC temporary survey workers. Many thanks for diligent efforts to: Shirley Alexander, Louise Bordley, Christian Floyd, Mia-Simone Graham and Darryl Johnson.

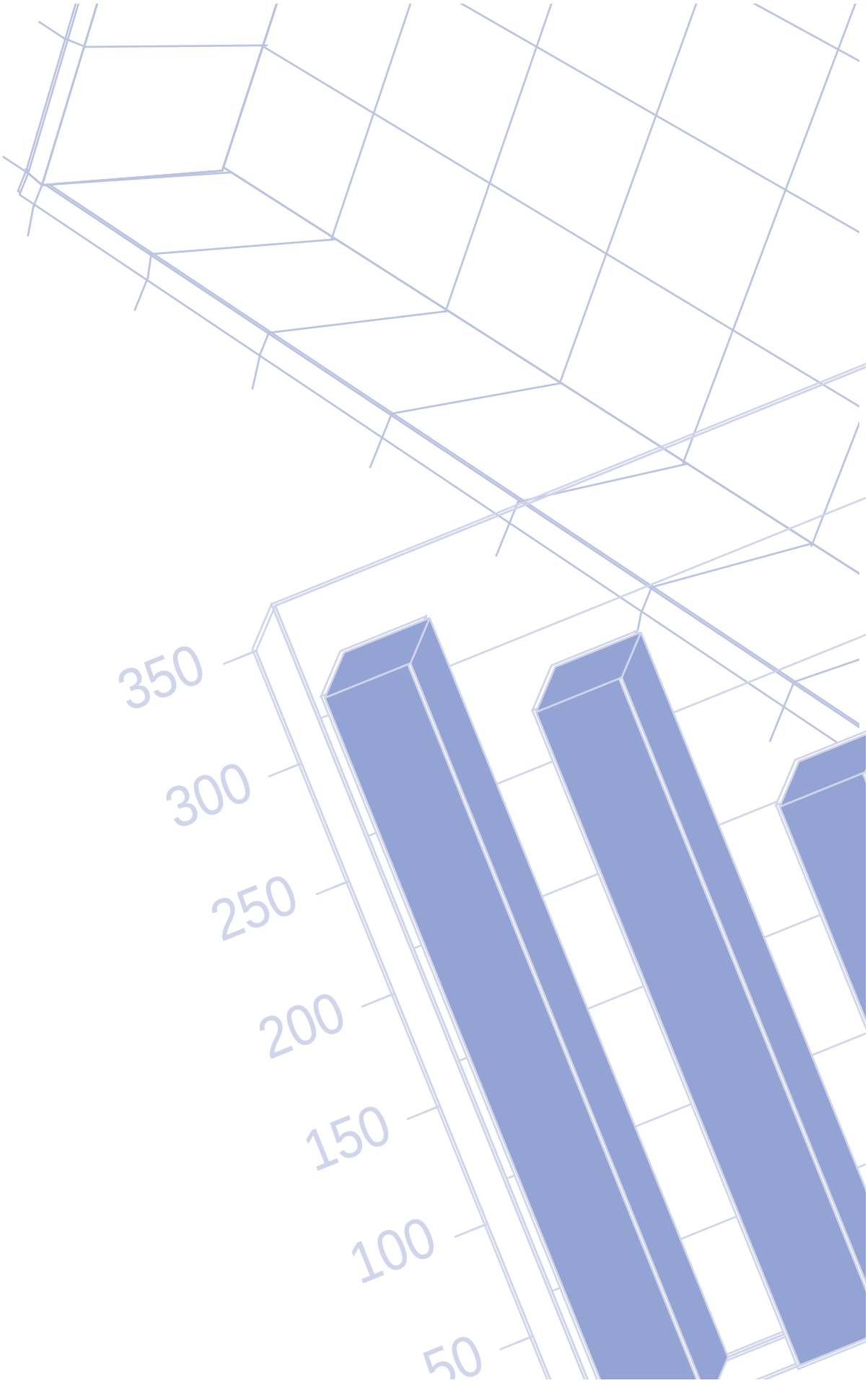
Apart from their work on the PIOC, the RGB staff should be commended for several other fine efforts. As a new staff member, Sharon Kuhn faced a very challenging assignment in the Small Buildings Study. She acquitted herself admirably. Ted Fields helped design the Residential Tax Foreclosure Study. His determined pursuit of a high response rate and excellent synthesis of the survey results resulted in a concise but powerful study.

The RGB benefited greatly from the assistance of several city and state agencies. The Department of Finance (DOF) prepared files used in computing changes in real estate taxes for the PIOC. For the sixth year, DOF also supplied the RGB with crucial data from owner income and expense (I&E) filings. Alisa Avruch produced much of this information, often under tight time constraints. We would like to thank Julie Walpert for acting as liaison with the DOF on these and other matters and Doug Layne for help with other Finance Department issues.

Commissioner Wright and the Department of Housing Preservation and Development (HPD) assisted with several projects, including provision of data on tax abatements and *in rem* housing. A number of other agencies also supported this year's research agenda. The Department of City Planning supplied the RGB with important data on real estate tax arrears. Co-op conversion data was obtained from the New York State Attorney General's Office. The New York State Public Service Commission, the New York City Water Board and the Department of Environmental Protection also provided information and relevant data for a number of this year's research projects.

Two disclaimers must be made regarding this report. First, this volume includes only RGB staff research. The Board was also provided with a wide variety of additional sources of information, including written submissions and oral testimony from building owners, tenants, housing scholars, public officials and other interested parties. In addition, although this report does include a summary of the Board's guidelines for 1995-96, it is not intended as an explanation of these guidelines. Those who are interested in this issue should consult the Board's explanatory statements which are issued in conjunction with this year 's rent orders. ❒

Douglas Hillstrom
Director of Research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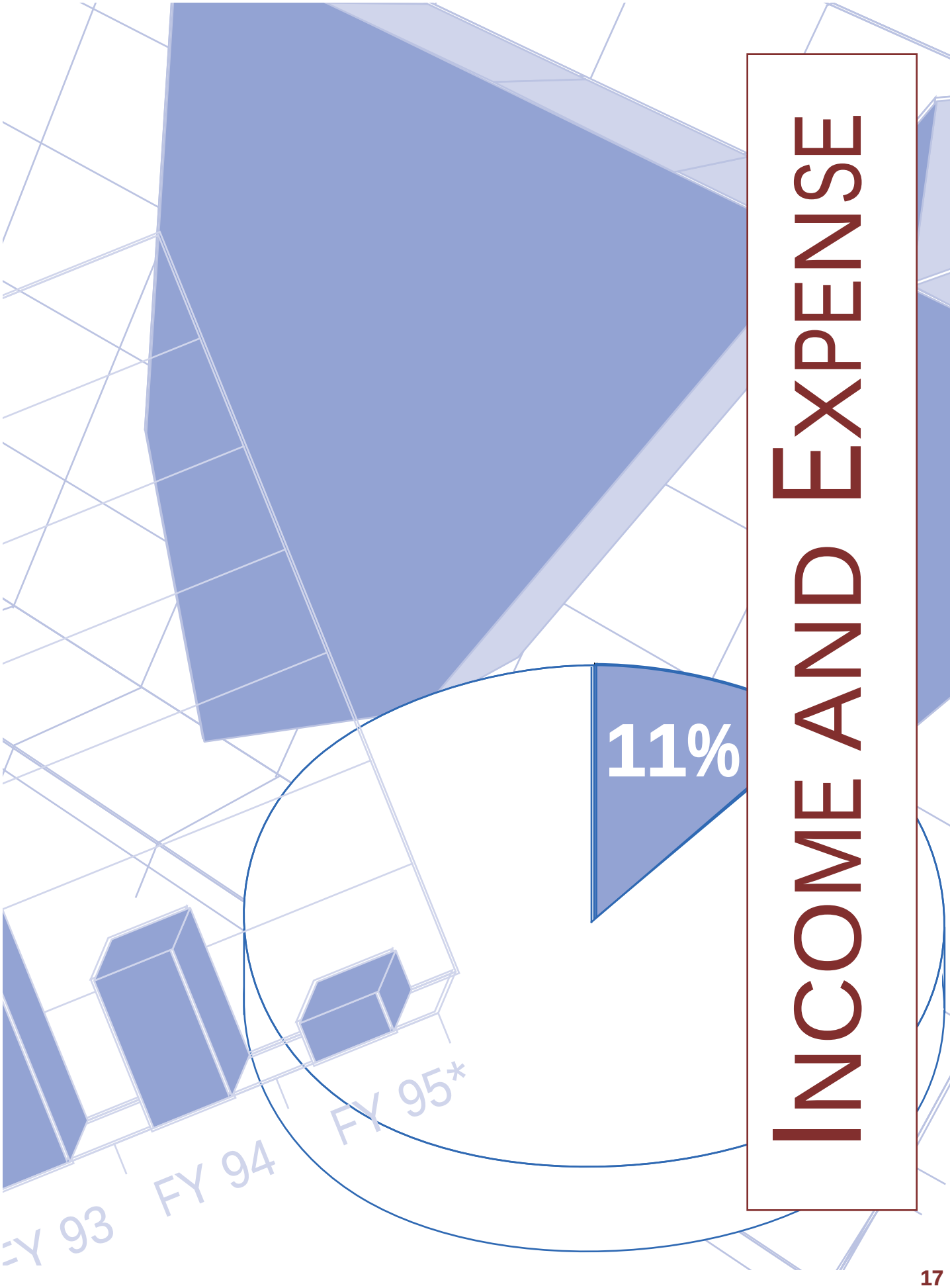


Price Index of Operating Costs, 1995

Introduction

Much like the Consumer Price Index (CPI), the Price Index of Operating Costs for Rent Stabilized Apartment Houses (PIOC) measures the price change in a market basket of goods and services. But while the CPI examines changes in consumers' "cost of living", the PIOC gauges changes in the operating and maintenance costs of stabilized buildings. By measuring and aggregating many types of cost changes - real estate taxes, attorney fees, toilet seats, and dozens of other items - the PIOC shows how landlords' "cost of living" has been affected over the previous year.

The original PIOC expenditure weights and market basket were devised by the U.S. Bureau of Labor Statistics (BLS) which was retained by the RGB as the PIOC contractor from 1970 to 1981. From 1982 to 1990, the PIOC was prepared by private consulting firms. In 1991, the RGB staff's growing expertise and familiarity made it possible to move the PIOC "in house." This is the fifth year that the RGB staff has produced the price index.

Over the past several years many changes have been made to facilitate the data collection process and to insure the quality and reliability of PIOC price data. Staff reorganized and computerized the PIOC vendor database, updated the mailing list for the owner survey, and completely redesigned the owner survey mailing materials. In addition, price quotes for fuel oil were gathered on a monthly basis rather than once a year.

In addition to improving data quality, the process of gathering the PIOC data was also made more efficient. Fewer data collectors have been hired each year since the PIOC was brought "in house". In 1991 twelve temps were hired for a ten-week period; this year half as many data collectors worked six weeks to complete the survey.

Although staff has worked to improve the accuracy of the PIOC, a comparison of the PIOC with Income and Expense data over the past four years indicates that the PIOC may overstate increases in landlords' costs. In the *1995 Income and Expense Study* (page 25) RGB staff found that

> *Between 1989 and 1993 the price index indicated a 25% increase in total O&M costs, while actual expenditures reported to Finance rose by 18% for all stabilized buildings and 16% for modern ones in Manhattan....Accurate assessment of the effectiveness of the PIOC and its various components is not possible in four years....future years will allow the RGB to trace the source of the discrepancies between these two data sources, and to maximize the performance of the PIOC in measuring operating cost changes.*

Although it is certainly too soon to conclude that the PIOC overstates increases in operating costs, staff will begin to investigate this issue in more detail during the coming year.

Summary

There was no increase in the Price Index of Operating Costs for Rent Stabilized Apartment Houses in New York City (PIOC) between April 1994 and April 1995. A statistically insignificant increase of 0.1% was the lowest since the inception of the PIOC in 1968. The lack of price inflation this year was largely due to a sharp decline in energy costs coupled with modest increases in the important real estate tax and water/sewer components.

The cost of fuel oil fell nearly 13% this year. The substantial decrease in fuel oil costs was primarily due to a very mild winter (one of the warmest on record); a small drop in oil prices also played a part. A steep decline in natural gas prices had a notable impact on the price index too, pushing down overall utilities costs about 4%.

Increases in real estate taxes and water/sewer costs, which propelled the price indices of the late 80's and early 90's upward, were a negligible factor this year. Taxes rose only 1.4%. While tax assessments actually fell by 1.3%, this decrease was more than offset by increased tax rates and the

Change in Costs for Rent Stabilized Apartments, April, 1994 to April, 1995

Taxes	1.4%
Labor Costs	4.1%
Utilities Costs	-4.0%
Fuel Costs	-12.7%
Contractor Services	2.4%
Administrative Costs	3.8%
Insurance Costs	5.2%
Parts & Supplies	-0.5%
Replacement Costs	0.2%
Overall	**0.1%**

impact of expiring tax exemptions. Water and sewer costs were unchanged from last year.

Among the labor-based components, Labor Costs rose only 4.1% this year, the smallest increase since 1976 and the second lowest increase on record. The increase in Contractor Services was also quite modest, rising 2.4%. Administrative Costs rose somewhat more (3.8%), but matched the increase of the two preceding years. Taken as a whole, the labor-based components are now exerting less inflationary pressure on prices than at any time since the sixties.

Owner Survey

The owner survey gathers information on management fees, insurance, and non-union labor from building managers and owners. Survey forms, accompanied by a letter describing the purpose of the PIOC, were mailed to the owners or managing agents of stabilized buildings. If the survey form was returned, the owner/manager was contacted by an interviewer to verify the information and to obtain additional information if necessary. All of the price quotes of the owner/managing agents were confirmed by calling the insurance and management companies and non-union employees.

The sample frame for the owner survey included nearly 40,000 stabilized buildings registered with DHCR. A stratified sampling scheme was used to choose more than 6000 addresses from this pool for the owner mailing - about the same as in 1994. The number of buildings chosen in each borough was proportional to the concentration of stabilized buildings in that borough. Nearly 12% of the surveys mailed out were returned to the RGB. A total of 479 of these contained information which was used. The number of verified price quotes in 1994 and 1995 for the owner survey is shown in Appendix B.1.

Fuel Oil Vendor Survey

Fuel price information has been gathered on a monthly or bi-monthly basis for the past two years. A monthly survey makes it possible to keep in touch with fuel vendors and to gather the data on a consistent basis (i.e. on the same day of the month for each vendor). Calling vendors each month minimizes the likelihood of misreporting and also reduces the reporting burden for the companies which don't care to look up a year's worth of prices. Finally, the monthly survey shifts some staff work out of the very busy Spring period. Only a few vendors declined to participate on a monthly basis. Several of these did agree to provide two year's worth of data in April 1995. The number of fuel quotes gathered this year was comparable to last year and is contained in Appendix B.1.

Tax Computations

The list of buildings used to compute the change in taxes included all properties which registered at least once with DHCR between 1984 and 1989. As was the case last year, a list of *in rem* buildings was obtained from the Department of Housing Preservation and Development. These buildings had been vested by the City and were not, in effect, privately managed rental buildings. They were excluded from the tax analysis.

Information on assessed value, tax exemptions, and tax abatements was obtained from the Department of Finance for approximately 31,000 stabilized buildings. This data was used to compute a tax bill for each stabilized building in FY '94 and FY '95. Each building's tax bill was "weighted" based on the number of stabilized units in the building. The change computed for the PIOC is simply the percentage increase in aggregate taxes levied from FY '94 to FY '95.

As in prior years, the Open Balance Register (OBR) was used to "check" the tax computations. The OBR consists of actual bills and payments by landlords. There was no significant difference between the traditional method of computing the tax increase and the OBR method.

Vendor Survey

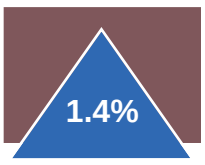
The Vendor Survey is used to gather price quotes for Contractor Services (e.g. painting), Administrative Costs (e.g. management and attorney fees), Parts & Supplies, (e.g. mops, toilet seats) and Replacement Costs (e.g. refrigerators). As in prior years, an effort was made to update the vendor database by adding new vendors and deleting those who no longer carry the products in question. This year all vendor quotes were obtained over the telephone. The telephone procedures used for gathering price quotes were unchanged from prior years. The number of price quotes was about the same as in 1994. For a detailed description of the items priced and the number of price quotations obtained for each item, refer to Appendix B.1.

Other Items

In addition to the items previously discussed, a number of other pieces of information are needed to complete the PIOC. They are: Union contract and benefit information, Social Security rates, unemployment insurance rates, heating degree days, and utility rate schedules. These items are used in computing some of the labor components, changes in utility costs for electricity, gas, steam, and telephone, and the cost-weighted change in fuel prices.

Elements of the Price Index

Taxes



The tax component is based entirely on real estate taxes. The change in taxes is estimated by comparing aggregate taxes levied on rent stabilized apartment houses in FY 1994 and FY 1995 (For additional detail on how the tax computation compares to last year, see the earlier section on "Elements of the PIOC"). The tax data was obtained from the Department of Finance.

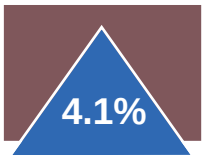
Taxes levied on rent stabilized properties increased by 1.4%, the lowest rate of increase since 1984 (1.0%). Although assessments FELL by 1.3%, an increase in the tax rate coupled with the net expiration of exemptions resulted in the increase in taxes.

While the pattern of changes was similar to last year (i.e. increasing tax rate and declining assessments), the magnitude of the changes was much smaller. Last year assessments dropped 5.8% while this year the decrease was only 1.3%. Similarly, while the tax rate increased by more than 6% last year, the rate rose only 1.8% this year. The chart on the next page disaggregates tax changes by year for the last several years (see also Appendix B.4).

In last year's PIOC we showed that while taxes fell in the more affluent areas of the city (i.e. lower Manhattan, Queens, Staten Island), there were sharp increases in the poorer boroughs. The disparity between affluent and poor neighborhoods moderated this year. Taxes rose the most in the Bronx (3.4%) and least in the Manhattan "core" (0.5%), but the increase for Queens (2.4%) was above average too.

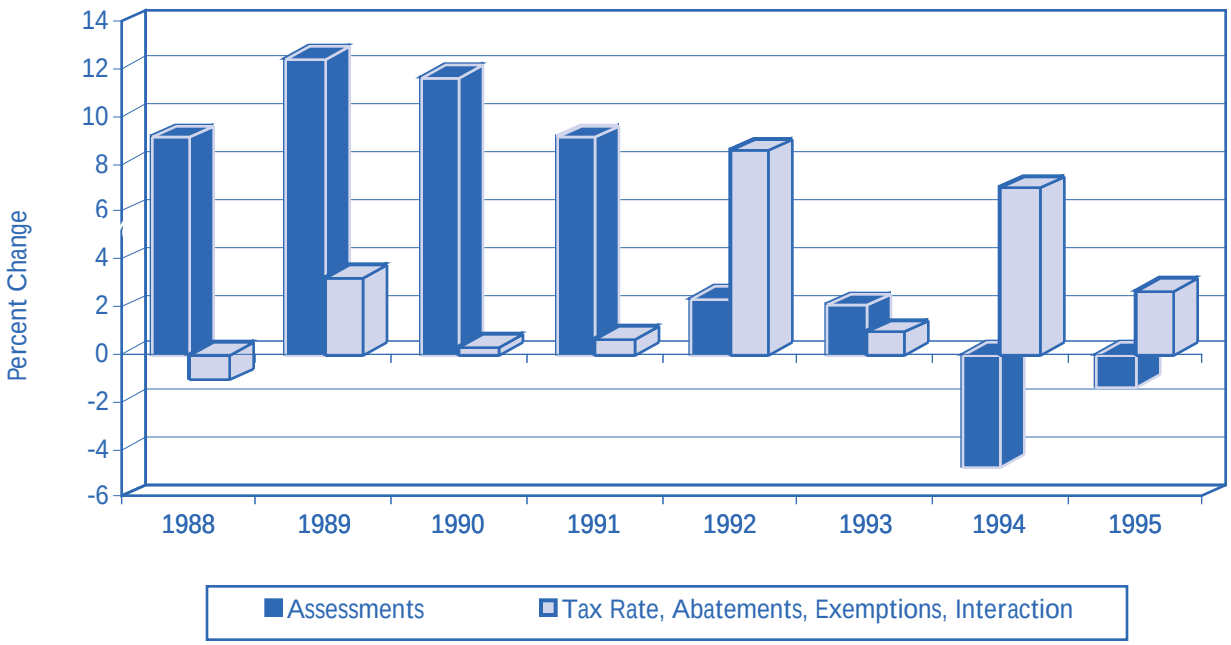
Even so, many very poor neighborhoods had sharp increases in real estate taxes - Mott Haven/Hunts Point, Morrisania/Belmont, Highbridge/S. Concourse in the South Bronx (8-10%) and Bushwick, Crown Heights, and Brownsville in Brooklyn (7-10%) fared poorly. Overall, tax bills rose faster in neighborhoods with high tax arrears (2.7%) than in neighborhoods with low arrears (1.2%). In terms of size, buildings with fewer than 30 units had an average increase of 1.6% while taxes increased 0.8% for buildings of 30 or more units.

Labor



This component is based on several measures of labor costs, including union contracts (wages and benefits), non-union wage increases measured by the RGB owner survey, and changes in social security and unemployment insurance. Unionized labor comprises two-thirds of the labor component and more than 10% of the entire price index.

Components of Tax Change, 1988-1995



Source: Price Index of Operating Costs, 1988-1995

After reaching a high for the eighties of 9.2% (in 1984), the overall increase in labor costs has been steadily declining, falling to 4.1% this year. This is the lowest increase since 1976 and the second lowest in the history of the price index. The 32B-32J contract signed last April, which expires in 1997, may signal even lower overall labor increases in the future.

Though the increases for the labor component have been fairly consistent over the last several years, ranging from 4 to 6%, there are variations in the subcomponents which comprise labor costs. Specifically, while the benefits segment has been increasing nearly 15% per year, wage increases have only ranged from 2% to 5%. There is some evidence that the growth in benefits may be slowing, which will mean even lower labor increases in the coming years.

UTILITIES

The utilities component consists primarily of electricity, natural gas, and water & sewer charges. Telephone and steam costs are a small part of the utilities index. In the case of most utility components, changes in price are measured using the PIOC specifications (i.e. the quantity of electricity, steam etc. being purchased) and the changes in rate schedules. Water/Sewer costs are based on actual billings from the Department of Finance.

After a year in which utilities increased moderately (2.1%) there was a DECREASE this year of 4.0%. All expenses, except for electricity, were constant or showed price decreases. Having the greatest effect on the component were double-digit decreases in gas costs.

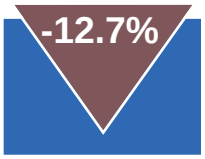
Due to the Water Board's continued freeze of water and sewage rates for 1995 there was no increase this year. As a result, water and sewer rates had no impact on the overall utilities component.

Electricity costs showed an increase this year, up about 5%. Electricity costs have traditionally been measured on an April-to-April basis rather than a cost-weighted basis (as in the case of fuel oil and gas).

Last year gas costs increased considerably, rising about 15%, contributing to the increase in the utilities component. With costs falling roughly 20% this year, gas prices played a major role in the decrease of overall utility costs. Gas, like fuel oil, is measured largely on a “cost-weighted” basis which takes both

price and heating degree days into consideration. The decrease in gas costs can be attributed to rate decreases and changes in the fuel adjustment factor as well as last winter's very warm weather.

Fuel



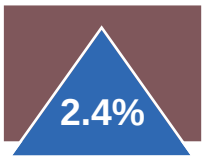
The fuel oil component measures changes in the price of three types of fuel oil - #2, #4, and #6. The PIOC includes a different weight for each of the fuel grades which reflects the percentage of rent stabilized units using the particular type of fuel oil. In the current year's PIOC, #6 oil accounts for half of the fuel oil component while the other two grades make up roughly 25% each.

To calculate changes in fuel oil costs staff gathers monthly price data from fuel oil vendors and weights the data using a degree day formula. The number of degree days is a measure of heating requirements.

In 1994-5 weather conditions were much milder than the previous year, especially during the winter season. In both December and January the total number of degree days was well below normal (see chart below). Although price increases were seen in February, a month that was slightly colder than the norm, they were moderate. The warm weather, coupled with slightly cheaper oil prices than the year before, meant considerably lower fuel costs for landlords - the overall fuel component was down 12.7%.

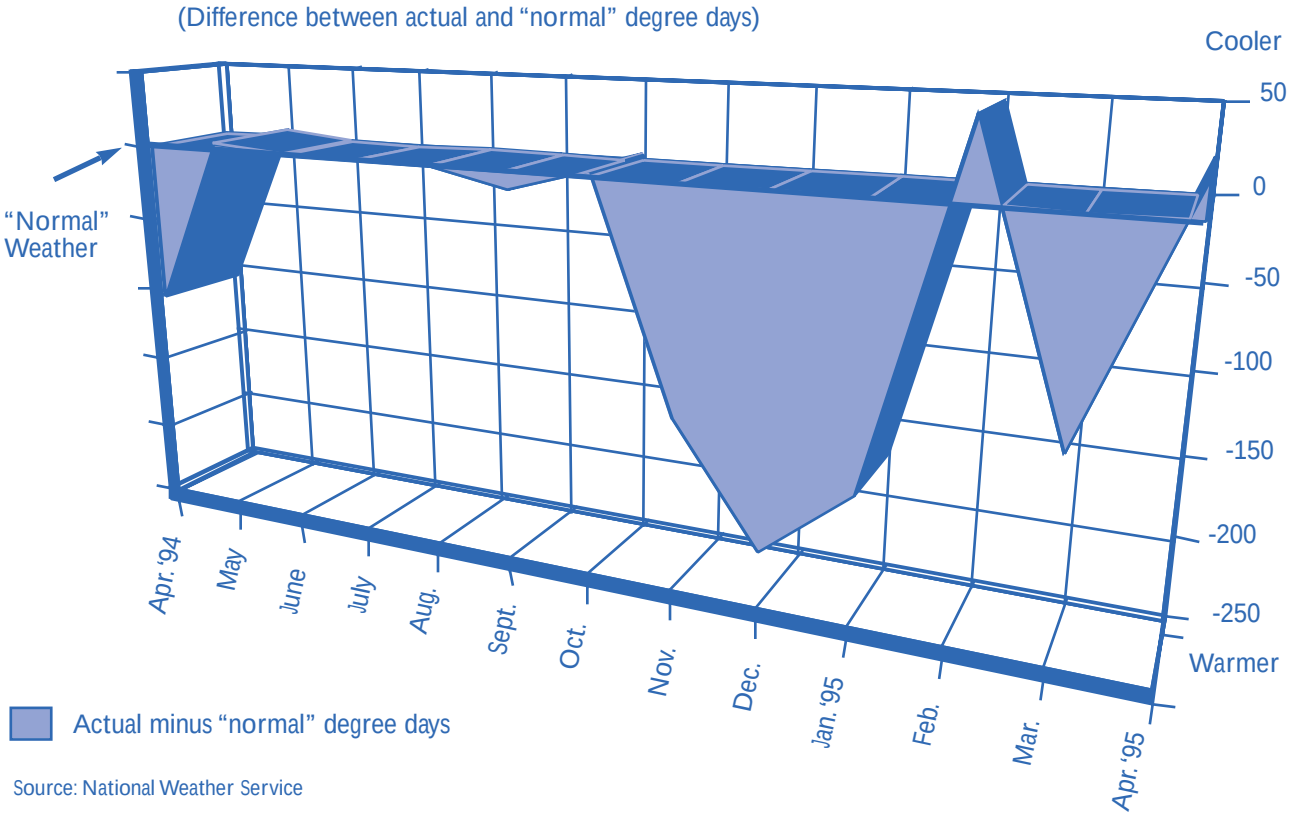
This decrease in price was experienced by users of #2, #4 and #6 fuel oil. Among the various grades of fuel oil, the changes in price were: #6, -12.2%, #4, -13.6%, and #2, -12.5%.

Contractor Services



The Contractor Services component is composed of sixteen items, the most important of which are repainting and plumbing repairs. The rate of increase in the Contractor

Both December and January Were Much Warmer Than Normal



Source: National Weather Service

Services component was 2.4% this year, somewhat above the average for the previous three years (1.9%).

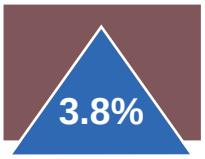
During the 80's increases in Contractor Services costs routinely outpaced overall growth in the price index. In fact, while the PIOC as a whole rose 86% during the eighties, Contractor Services increased much more - 151%. However, in the early nineties prices charged by contractors began to moderate and by early 1992 (near the peak of the city's long-running recession) many contractors were actually reducing their charges to attract business. As a result of the recession, the Contractor Services component has risen only half as fast as the overall PIOC for the last four years.

In last year's PIOC we reported that

> *Continuing pressure on contractors to keep their customers has forced them to maintain or reduce their prices. In this year's survey about four-fifths of the painters reported that their prices either remained the same or even decreased, mainly due to lack of business. As a result, the increase in repainting costs was less than one percent...*

The price dampening pressures of the recession were less apparent this year. About two-thirds of the painters raised their prices, but most of the increases were moderate. The increase in the repainting "spec" was 2.9%, somewhat higher than the rate of inflation for the year. Increases in the other Contractor Services specs were moderate, ranging from no change (Boiler Repair, Weld and Floor Refinishing) to a high of 3.6% (Plumbing Repair, Faucet).

Administrative Costs

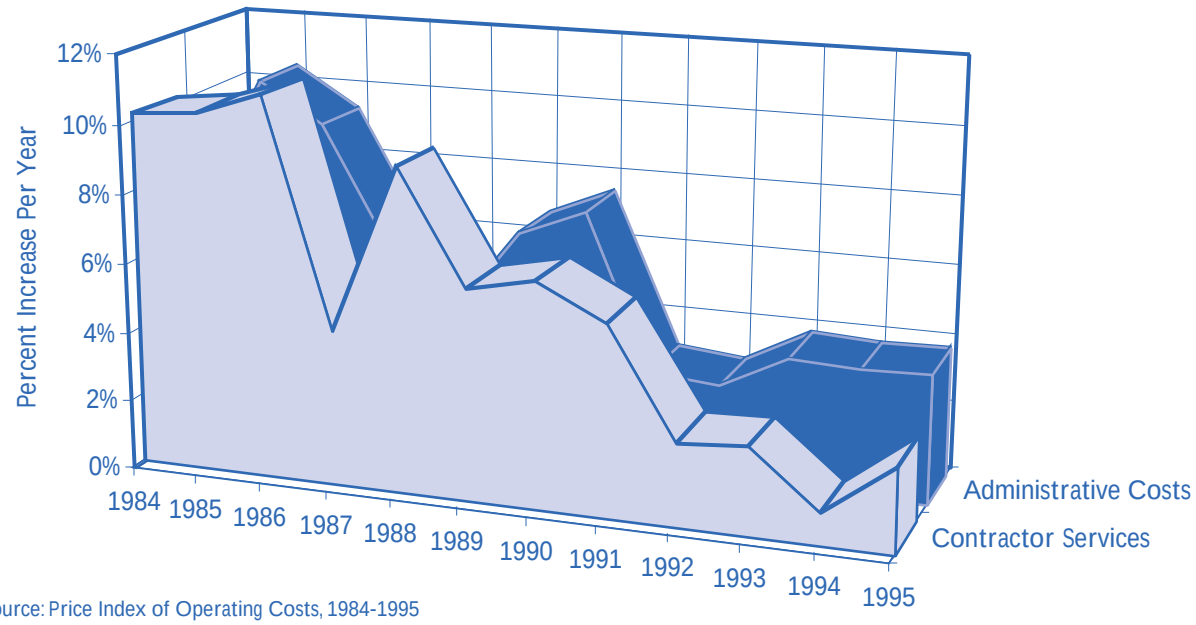


Administrative Costs, much like Contractor Services, largely reflect changes in the cost of labor. The difference, of course, is that while contractors are painters, plumbers, and other skilled tradesmen, the Administrative Costs component consists mainly of the services of attorneys, accountants, and management companies.

Over the past four years administrators have consistently fared better than contractors - the increase in Administrative Costs has been about the same as the overall PIOC, while contractor prices have risen only half as much. This year was no exception. Administrative Costs rose 3.8% compared to an increase of 2.4% in Contractor Services.

Among the various professionals who provide administrative services, attorneys prospered most.

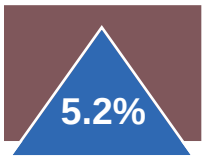
Contractor Price Increases Have Lagged Administrators' Since 1992



Source: Price Index of Operating Costs, 1984-1995

The cost of filing a disposess notice by an attorney rose 4.5%. Management company fees rose 3.7% over the period and accountant fees were up by 2.7%.

Insurance



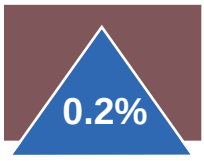
Insurance Costs rose 5.2% this year, the largest increase since 1987. The increase in costs was broad-based. Of the 451 buildings reporting insurance costs, only 44 (10%) had decreased costs while 284 (63%) reported increases in costs.

A great deal of the increased cost was due to higher insurance rates. Nearly half of respondents reported an increase in rates while a mere 5% reported rate decreases.

Parts and Supplies

Increases in this component have been fairly consistent and generally very low since the early '80's. This year prices actually declined by one-half percent. Given the low weight of the Parts and Supplies component in the PIOC (less than 3%) and the small price change of this component, Parts and Supplies had no significant impact on the overall PIOC this year.

Replacement Costs



The Replacement Costs index is even less significant than the Parts and Supplies Component, accounting for slightly more than 1% of the PIOC. This year's increase was only .2%. This slight rise had no measurable impact on the overall change in the PIOC.

Rent Stabilized Hotels

The hotel price index methodology was first developed by the consulting firm USR&E based on its findings in the *Report on the Analysis for Expenditure Data for the 1985 Price Index for Hotels.* It includes separate indices for each of the three categories of hotels (due to their dissimilar operating cost profiles) and an index for all hotels.

The price index for hotels was UNCHANGED from the prior year, showing a statistically insignificant drop of 0.1% (see table next page). There was no significant difference between the three types of hotels (i.e. Hotels, SROs, Rooming Houses). None showed any meaningful increase in overall costs. (See Appendix B.8.)

Taxes rose 2.3% this year. Increases were greatest for Rooming Houses (3.9%) and Hotels (3.1%) and minimal for SROs (0.8%). While assessments were up 3-4% for Rooming Houses and Hotels, they declined slightly in the SRO sector.

The increase in Labor Costs (3.4%) was somewhat less than in the apartment sector, mainly due to low contract settlements for hotel union labor. Utilities Costs did not fall quite as much for hotels (-3.7%) as for apartments (-4.0%), largely because of the substantially different weights of items in the hotel sector. Changes in Fuel, Administrative Costs, and Insurance were not significantly different for hotels and apartments.

Rent Stabilized Lofts

The overall increase in the loft price index was 1.5% (see table next page). Two factors lifted the loft price index higher than the apartment index. First, while attorney fees have a weight of about 1% in the apartment PIOC, they comprise 11% of loft costs. This substantially higher weight, coupled with a strong increase in attorney fees (4.5%) had a significant impact on the loft index. Insurance Costs are also a greater proportion of loft costs and increased substantially (5.2%).

1995-96 PIOC Projection

Summary

Price changes proved hard to accurately project between April 1994 and April 1995, as shown in the chart on page 27 Abnormally warm weather during this past winter drastically reduced the cost of fuel oil and natural gas, which dramatically dampened overall growth in this year's price index. Taxes, Utilities, Parts and Supplies, and Replacement Costs also did not increase as projected last year, while administrative

Change in Costs for Rent Stabilized Hotels, April, 1994 to April, 1995

Taxes	2.3%
Labor Costs	3.4%
Utilities Costs	-3.7%
Fuel Costs	-12.3%
Contractor Services	1.5%
Administrative Costs	3.8%
Insurance Costs	5.2%
Parts & Supplies	0.1%
Replacement Costs	2.0%
Overall	**-0.1%**

Change in Costs for Rent Stabilized Lofts, April, 1994 to April, 1995

Taxes	1.4%
Labor Costs	4.7%
Utilities Costs	-4.0%
Fuel Costs	-12.9%
Contractor Services	2.4%
Administrative Costs, legal	4.5%
Administrative Costs, other	3.7%
Insurance Costs	5.2%
Parts & Supplies	-0.5%
Replacement Costs	0.2%
Overall	**1.5%**

and contractors' costs, and insurance rose faster than predicted, probably due to the general improvement observed in New York's economy.

Overall, the PIOC is expected to grow by 3.2% between 1995 and 1996. Projected changes in the index's separate components are shown alongside actual increases observed from 1994 to 1995 in the chart on the next page.

Taxes +1.7%

Real estate taxes have been the largest single component in the PIOC for a number of years, comprising more than a quarter of the cost index. While growth in taxes tended to exceed the overall increase in the PIOC during the latter half of the 1980's and early 1990's, declining tax assessments and fairly stable tax rates have reversed this trend in the last few years.

In most years, changes occur in the distribution of the tax burden among various types of property in the city. In particular, the share of the levy to be derived from Class Two properties (which encompasses rent stabilized buildings) is expected to expansion between 1995 and 1996. In turn, this increase should cause the tax rate for Class Two buildings to grow roughly 4% next year [1].

Class Two property includes co-ops and condominiums as well as apartments. Within the Class Two category, rent stabilized dwellings are classified as either "rental buildings" or "4-10 family buildings". Based on the preliminary tax roll, the Finance Department forecasts billable assessments for rental buildings to increase by 0.6%, while billables for 4-10 family buildings are expected to increase by 1.9%. Overall, billable assessments for stabilized buildings, which are predominantly classified as "rental" buildings, would increase by 0.8% from 1995 to 1996.

In the past, the Finance Department's preliminary tax roll, which is an estimate, has tended to be higher than the final tax roll, upon which taxes are actually calculated. Accurate tax projections must adjust for this "gap", which amounted to 2% for stabilized properties in 1995. Assuming that the discrepancy between the preliminary and final tax roll is also 2% in FY '96, billables should decline by 1.2%. This decline in billables, combined with the projected 4% tax rate increase, adjusted for the average error between actual

1. As this report was written, the New York City Office of Management and Budget projects that the share of the Fiscal Year 1996 levy derived from taxes on Class Two (residential) properties will grow. An increase similar to last year's 2.6% rise should yield a 4% increase in the Class Two tax rate if assessments ultimately decline by 1.2% as projected in this study.

tax increases and PIOC tax projections over the past three years, should result in a 1.7% increase in tax bills for rent stabilized buildings [2].

Labor Based Components
(Labor Costs +3.9%, Administrative Costs +3.8% and Contractor Services +1.9%)

"Labor Costs" is the largest of the three components listed above and primarily concerns the wages and benefits of building maintenance workers (e.g. superintendents, porters, etc). "Contractor Services" is mainly the work of plumbers and painters while "Administrative Costs" largely consists of management, legal and accounting fees.

Among the three components listed above, "Labor Costs" should increase the most (by 3.9%) over the coming year. As in last year's report, this projection is based on the most recent multi-year contract agreements negotiated between building owners and unions representing building workers. In the case of non-union employees, growth in wages and benefits was projected from average increases observed over the past three years.

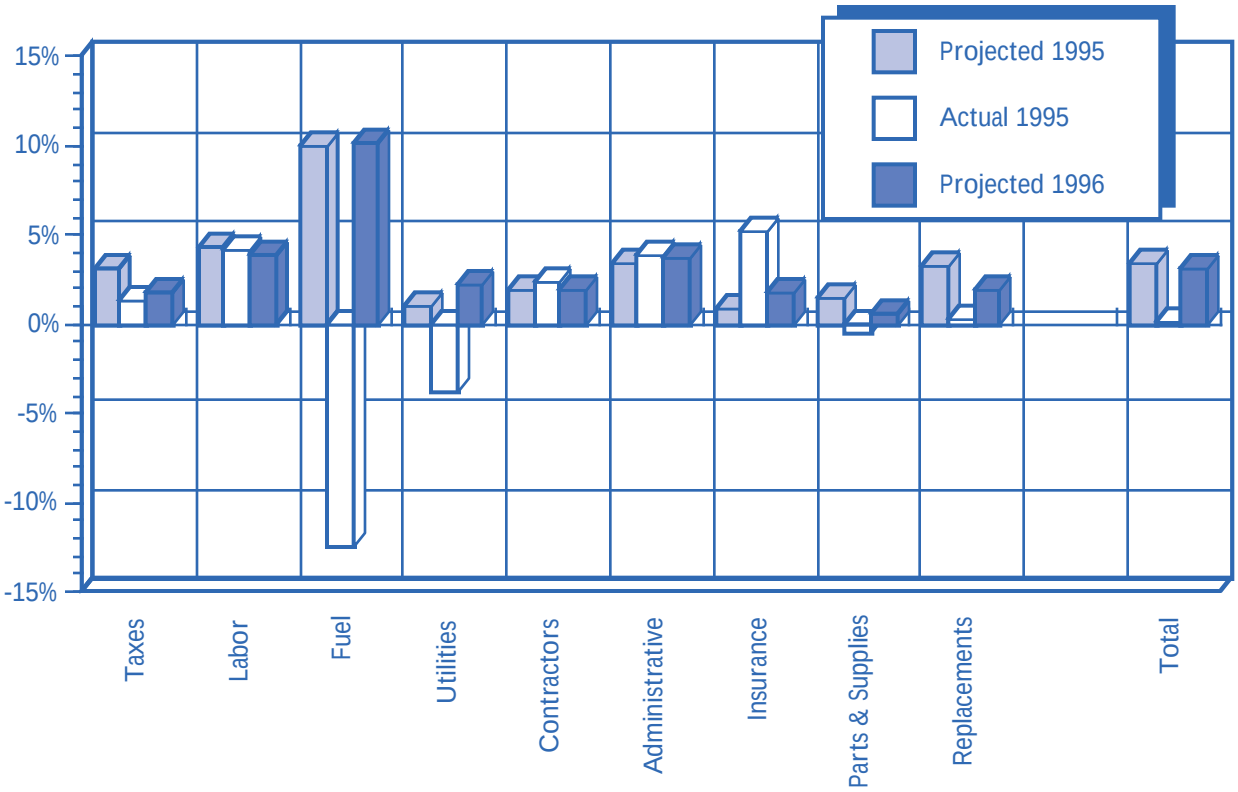
In a similar vein, projected increases in "Administrative Costs" (3.8%) and the price of "Contractor Services" (1.9%) were derived from average growth rates witnessed in both components during the past three years.

Fuel + 10%

The cost of fuel oil depends heavily on volatile weather patterns as well as political and economic variables that cannot be reliably predicted. Given these drawbacks (and barring unforeseen wars or natural disasters) fuel oil prices in New York City should rise between 1995 and 1996 in response to fairly stable global production, a normal winter and growth in the national economy.

2. In both 1993 and 1995, actual tax increases were 1.7% lower than projected. In 1994, final tax growth was 0.8% higher than the increase projected by the PIOC for that year.

Abnormally Warm Weather Made Fuel Particularly Hard to Predict in 1995



Source: 1995 Rent Guidelines Board Price Index of Operating Costs

The Energy Information Administration (EIA) currently projects that world oil prices will increase from $16.50 per barrel to $18.00 per barrel between the fourth quarter of 1994 and the fourth quarter of 1995. Two major assumptions drive this estimate. The first holds that worldwide demand for oil will rise by nearly one million barrels per day between 1995 and 1996, as developed economies in Western Europe, the Pacific Rim and North America, along with developing economies in Asia, Eastern Europe and South America continue to expand. The second assumption holds that global oil production will grow at a slightly slower rate, spurring some growth in crude oil prices.

The EIA projects that domestic demand for fuel oil will stabilize during 1995, as rising interest rates slow the rate of economic growth. Given that the winter of '93-'94 was somewhat cold, while last winter was unusually warm, predicting the weather for the upcoming year is no easy task. However, the EIA estimates that next winter's weather patterns will be cooler than this year. If this holds true, fuel oil prices should increase during the latter part of the year. Overall, EIA forecasts that global and domestic shifts in supply and demand, along with fairly "normal" weather conditions, will increase the price of fuel oil grades two, four and six by respectively 8%, 10% and 11%, for a weighted average increase of 10% between 1995 and 1996.

Insurance Costs + 1.8%

Insurance Costs for rent stabilized buildings have been fairly stable since 1988. In 1995, the increase in Insurance Costs of 5.2% was well above last year's projected growth rate. Based on the latest three-year average, Insurance Costs should rise by 1.8% over the coming year.

Utility Costs + 2.1%

Utility Costs consist of charges for electricity, natural gas, water and sewer service, purchased steam, and telephone service. The first three items account for over 95% of the utility index.

The utility index should increase by 2.1% over the coming year. Most of this growth may come from the first rise in water and sewer rates since 1993, combined with increases in the costs of natural gas and electricity.

Con Edison estimates that its electricity rates will remain stable through April of 1996, although change in total costs for electricity should increase slightly due to a rise in the fuel adjustment charge. Thus, the cost of electricity may change despite the fact that rates will stay the same over the coming year.

In contrast to electricity, rates for natural gas and steam should rise over the coming year, as Con Ed and Brooklyn Union Gas plan to petition the state for increases for gas and steam service. Although final increases will be determined by the Public Service Commission in June 1995, the probability of a colder winter between 1995 and 1996 along with growth in demand for natural gas among industrial users and utility companies should boost the price of natural gas by roughly 2% over the next year.

In 1993, after several substantial increases in water and sewer charges, Mayor Dinkins and the New York City Water Board froze water and sewer rates for Fiscal Years 1994 and 1995. Currently, the Water Board has yet to make a decision about rate increases for Fiscal Year 1996. However, rates will probably be allowed to increase by roughly 3%, contributing to most of the growth in the utility component of the PIOC for the coming year.[3]

Thus, a 3% increase in water and sewer charges, combined with lower growth among the other three components, will produce an increase of 2.1% in Utility Costs in 1995.

Parts & Supplies + .5%

Traditionally, Parts and Supplies has been a very small part of the PIOC, with a weight of less than 3% in the 1995 index. Over the last three years, growth in this component has considerably slackened, culminating in a decline of .5% this year. Based on the latest three year average, the cost of Parts and Supplies should increase by .5%.

Replacement Costs + 2%

This component accounted for roughly 1% of the entire price index in 1995. Last year, Replacement Costs increased slowly for the second year in a row. According to the current three year price trend, Replacement Costs should rise by 2% between 1995 and 1996. ❐

3. Editors Note: The Water Board subsequently voted to increase rates by 5%. As a result, the projection probably underestimates the likely increase in utility costs

1995 Income and Expense Study

Since the enactment of New York's Rent Stabilization Law in 1969, the Rent Guidelines Board (RGB) has analyzed changes in the costs associated with operating rental apartment buildings in the City. For many years staff focused their efforts on the Price Index of Operating Costs (PIOC), using survey data for accurate tracking of changes in operating and maintenance (O&M) costs. In turn, the Board relied heavily on the PIOC and other indices in its determination of annual rent increases.

Despite on-going complaints from both tenant and landlord groups, little reliable information existed for gauging the accuracy of the PIOC until 1990. In that year, RGB staff gained access to a new source of data which permitted independent verification of the PIOC's accuracy: Income and Expense (I&E) statements, collected annually by the Department of Finance from owners of "income producing" properties. These I&E statements contain detailed information on income and costs in rent stabilized buildings, and are particularly useful because they comprise both cross-sectional data, reflecting the condition of various types of rent stabilized buildings in a given year, and longitudinal data, which reflect changes in the condition of buildings which have filed I&E forms in at least two successive years.

Summary

Cross Sectional Study

Income

- Average monthly rent collected by owners was $541 per unit. Collections in the older pre-war stock were $483, while the average rent for Post '46 units was $693.

- Average gross income, which includes rent collected from commercial units, was $601. Sources of income other than apartment rent constitute about 11% of income for landlords as a group.

- The average rent collected in buildings without commercial units was $520 per unit in 1993, while average gross income was $533.

O&M Costs

- The average monthly operating and maintenance cost for all units was $409. Costs were substantially higher for Post '46 units ($502) and lower for the pre-war stock ($373).

- Assuming that an audit of the income and expense data would yield similar findings as in the 1992 audit, one would expect O&M costs for stabilized buildings to be $376 rather than $409.

- The unadjusted O&M cost for buildings without commercial units averaged $376, or about $33 less than the average for all buildings. Adjusted by the findings of Finance's 1992 audit of 1990 RPIES (Real Property Income and Expense Statements), O&M costs would average $346, $30 less than the all-buildings average.

O&M Ratios

- The audit-adjusted cost-to-rent ratio for all stabilized units was 69.3%, while the cost-to-gross income ratio was substantially lower at 62.5%.

- The adjusted O&M cost-to-rent ratio for buildings without commercial units was 66.4%.

Longitudinal Study

Changes in Income

- Average rent collected rose by 3.8% between 1992 and 1993, slightly faster than the 3.5% rise

recorded from 1991 to 1992. Rents in the Post '46 sector grew 4.0% while those in Pre '47 buildings rose 3.7%.

- Rents rose fastest in Manhattan (3.9%) and slowest in the Bronx (3.6%). Brooklyn and Queens both registered 3.8% growth between 1992 and 1993.

- Total income (i.e. apartment rent, sales of services, and commercial rent) collected by building owners increased by 3.4% from 1992-1993.

Changes in Costs

- Total operating and maintenance (O&M) costs increased 2.1% from 1992-1993, significantly lower than the growth rate of gross income over the year.

- Growth in PIOC-measured costs (4.0%) during 1993 was nearly double the increase observed in I&E figures (2.1%). During 1989-1990, RPIE costs grew by 7.1% while the PIOC showed a 9.6% increase. This situation was repeated between 1990 and 1991, with the PIOC rising by 5.5% as costs reported in I&E findings grew by 3.4%. From 1991 to 1992, costs in both the PIOC and I&E data rose by 4.2%. Overall, from 1989-1993, costs in RPIE filings rose by 18% while those measured by the PIOC grew by 25%.

Changes in O&M Ratios

- The proportion of building income devoted to operating costs decreased between 1992 and 1993 by eight tenths of one percent from the rate observed during 1991-1992. The rent-to-income ratio also decreased from 1992 to 1993 by roughly the same amount.

Local Law 63

Local Law 63, enacted in 1986, requires owners of income producing properties in New York City to annually file Real Property Income and Expense Statements (RPIES) with the Department of Finance. While certain properties are exempt, including cooperatives, condominiums, buildings with 10 or fewer units and those with an assessed value below $40,000, the financial characteristics of thousands of rent stabilized apartment buildings throughout New York are annually catalogued in RPIE returns. Although data on individual properties is strictly confidential, Local Law 63 does allow the Finance Department to release summary statistics of annual RPIE data.

Over the last six years Finance has provided the RGB with summary data for a random sample of rent stabilized properties. Samples in the first two studies were limited to 500 buildings, because RPIE files were not automated. Three years ago, following the computerization of all I&E filings, the sample size was increased to over 10,000 properties.

Methodology

This is the sixth year that RGB staff has been able to use cross-sectional data and the fourth year that longitudinal figures have been used to monitor current conditions as well as trends in New York's rent stabilized housing. Because it traces actual income levels and costs (as reported by building owners) for the same properties over a number of years, longitudinal data is particularly useful for analyzing the recent performance of the PIOC in measuring changes in operating costs within the rent stabilized housing market.

The data used in this report was primarily summarized from 1994 RPIE forms returned to the Department of Finance by building owners. Longitudinal data encompasses properties which filed RPIE forms in both 1993 and 1994. However, analysis of filing dates indicates that RPIE averages reflect conditions occurring around July of the previous calendar year in question, so that this year's longitudinal study measures changes in costs and income from July 1992 to July 1993.

This year 13,363 and 11,425 buildings were respectively analyzed for the cross-sectional and longitudinal I&E studies. Figures were produced by

matching a list of 39,000 rent stabilized properties registered with the New York State Division of Housing and Community Renewal (DHCR) with a list of buildings which had filed a 1994 RPIE statement (or both a 1993 and 1994 statement in the longitudinal sample). Buildings on the RGB list were excluded from both samples for the following reasons:

- They contained fewer than 11 units. Owners of buildings with fewer than 11 apartments (without commercial units) are not required to file I&E forms;

- Owners did not file a 1994 RPIE form for the cross-sectional study, or a 1993 or 1994 RPIE form for the longitudinal study;

- No unit count could be found on completed RPIE filings;

- No "apartment rent" was recorded on the RPIE forms. In these cases forms were improperly filled out or the building was vacant;

- RPIE data was not entered in the database. Some owners submit income and expense statements to the City's Tax Commission, in which case they do not have to submit RPIE forms to Finance's Property Division. The 1994 RPIE forms submitted to the Tax Commission are not yet computerized.

Three major steps were also taken to weed out inaccurate building information which could have distorted the final results:

- In earlier I&E studies, Finance used the total number of units from the RPAD (assessed value) file to categorize buildings by size and location. In many instances, it was discovered that the unit counts on RPIE forms were different than those on the RPAD file. Following a review of both sources, RGB staff ultimately decided that residential counts from the RPIE form were more reliable.

- Average monthly rent for each building was tested to control data quality. Using average rents from the 1993 HVS, RGB staff provided Finance with rent intervals for each borough. If a building's average rent fell outside the range, the building was removed from the sample; 313 buildings were expelled from both samples for this reason. Nearly 71 of the structures reported average monthly rents exceeding $2000 per unit, while 227 claimed average monthly rents below $100 per unit.

- Buildings in which operating costs exceeded income by more than 300% were excluded from both the cross-sectional and longitudinal studies. Twenty-six properties were excluded from each sample for this reason. Among these buildings, operating costs were 23 times higher on average than income in 1993. Half of these buildings spent more than eleven times their income on O&M expenses during the year.

After compiling both samples, Finance categorized sample data into "cells" reflecting particular types of rent stabilized buildings throughout the five boroughs (such as post-1946 rent stabilized buildings in Queens with 20-99 units) as they have done in the past.

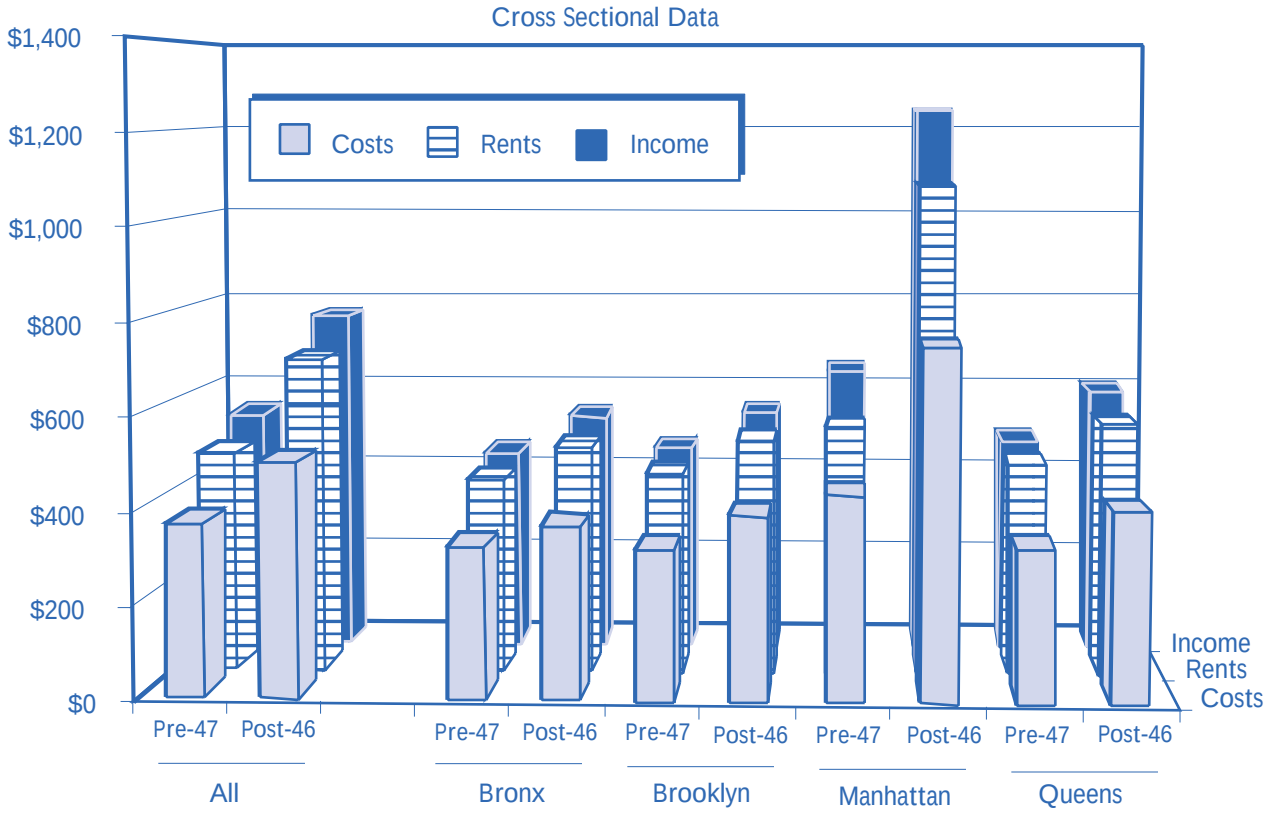
Cross Sectional Study

Rents

The 1993 average monthly rent collected by owners of rent stabilized apartment buildings was $541 per unit. Rents for Post '46 units were substantially higher ($693) than those for pre-war units ($483). Once again, rent in Manhattan ($661) was the highest in New York, followed by Queens ($517), Brooklyn ($455) and the Bronx ($439).

Traditionally, average rents culled from RPIE filings tend to be lower than data on mean contract rents found in the triennial New York City Housing and Vacancy Survey (HVS). This disparity mainly stems from the fact that the I&E data accounts for vacancy and collection losses, in addition to reflecting

Buildings in Manhattan Had Above Average Income and Costs in 1993



Source: NYC Department of Finance, 1994 RPIE Filings

rents collected over a 12-month period (the HVS is usually conducted in the first three months of any given year).

Using data from the 1993 HVS, the mean contract rent for all rent regulated apartments in 1993 ($574) exceeded the average rent from the 1994 RPIE data by roughly 6.1%[1] The mean contract rent in older pre-war apartments ($535) stood about 11% higher than 1994 RPIE average, while the 1993 mean contract rent for units built after 1946 ($695) was virtually the same as the 1994 RPIE average for such dwellings.

Similar gaps between HVS and RPIE data were observed in last year's I&E study, particularly for the pre-war sector, where mean contract rents exceeded average rent collections by 10%. If even a portion of these observed "gaps" between HVS and RPIE data reflect vacancy and collection losses, then it seems that older rent stabilized buildings continue to face much greater hardships than modern properties in the actual collection of their annual income.

It is also interesting to note the relationship between rent levels registered with the New York State Division of Housing and Community Renewal (DHCR) and rent collections reported by landlords in the I&E study. The gap between legal rents and rents actually collected may reflect a number of factors, including preferential rents, rents in controlled units, collection losses, and vacancy losses. Between 1988-1991, staff estimated that collected rents dropped from about 90% to 85% of registered rents. This gap closed slightly in recent years, as collections increased to 86% of registered rents between 1991-1992 and continued to grow to 87% from 1992-1993.

1. Mean contract rents for 1993 were computed from the 1993 New York City Housing and Vacancy Survey (HVS). RPIE data includes information on some rent controlled units. In order to arrive at a rent figure comparable to the I&E data, controlled and stabilized units from the 1993 HVS data were combined to compute an average rent for all regulated units.

The disparity between collections and registered rents varied widely among the boroughs in 1993. Properties in Manhattan collected only 85% of the registered average, while buildings in Queens collected 90%. Collection rates in both Brooklyn and the Bronx stood at 88%.

Use of a sample exceeding 500,000 units allows reliable statistics to be calculated for rent in most of the building types encountered throughout New York's boroughs. The chart on the previous page shows average rent for each of the building types.

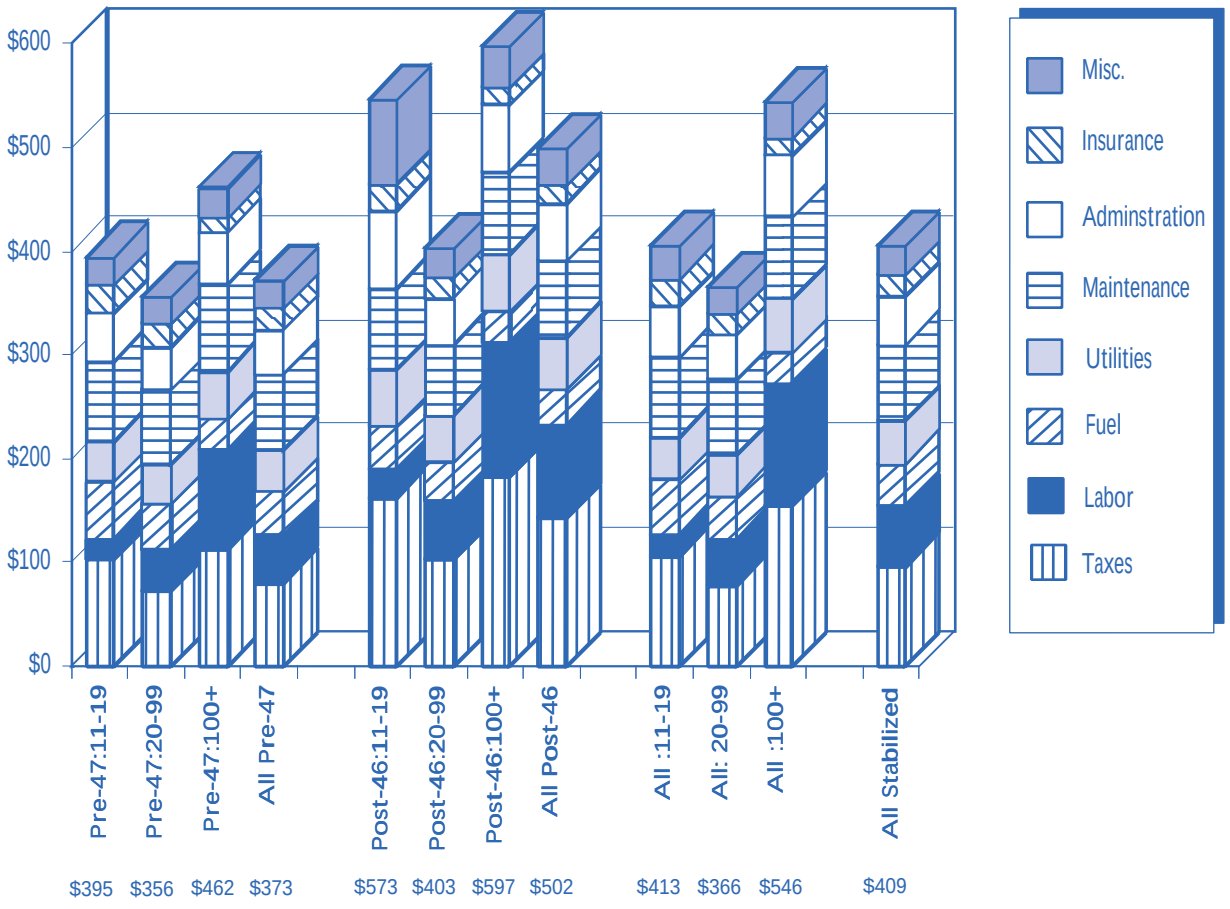
Many owners of rent stabilized apartment buildings augment their income by selling services to their tenants as well as by renting ground floor commercial space. 1994 RPIE filings show an average gross income of $601 per rent stabilized unit, including the sales of services (e.g. laundry, garages/parking), as well as rent from commercial units. Such proceeds constituted roughly 11% of the total income earned by building owners in 1993. Manhattan owners especially benefit from commercial income, with 17% of their income coming from commercial units and services. The respective figures for the other boroughs are 6% in Queens and 5% in both Brooklyn and the Bronx.

Operating Costs

Besides reporting O&M costs attributable to apartments, RPIE expense categories include costs for

Large and Modern Rent Stabilized Buildings Had Higher Operating Costs in 1993

(Monthly O&M expense per dwelling unit, 1993)



Source: NYC Department of Finance, 1994 RPIE Filings

commercial units. Unfortunately, expenses for commercial space and apartments are not distinguished on the RPIE form, making the calculation of "pure" residential operating and maintenance costs impossible. Thus, the residential O&M costs reported below are rather high because they include maintenance costs for commercial space.

The average monthly operating and maintenance cost for all rent stabilized units was $409 in 1993. Costs were substantially higher for Post '46 units ($502) and much lower for the pre-war stock ($373). In the boroughs costs parallel rents - lowest in the Bronx ($334) and highest in Manhattan ($506). The chart on the previous page shows costs according to building size and age.

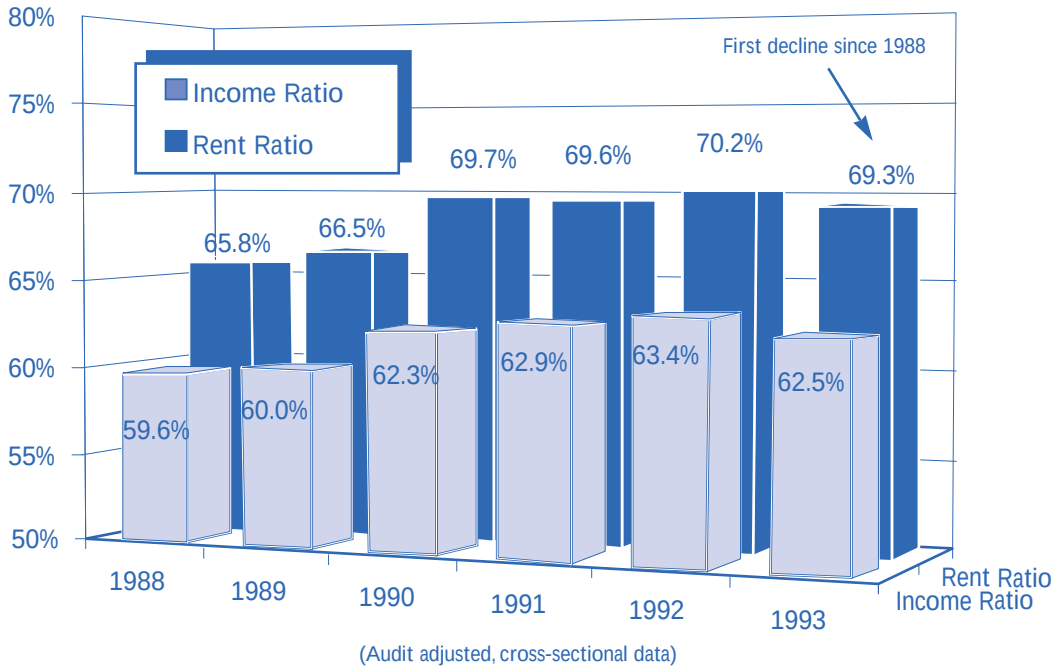
Over the past six years, the Department of Finance and RGB staff have extensively scrutinized RPIE expense data for accuracy. Assessments of early samples indicated that more than half (55%) of "miscellaneous" costs were actually administrative or maintenance costs, while another 15% were not valid business expenses. Finance explored these findings further in 1992 by conducting thorough audits on the income and costs of forty six rent stabilized properties.

The auditors ultimately found that owners overstated O&M costs in RPIE filings by about 8%. Costs tended to be less accurately recorded in small (11-19 units) and medium (20-99 units) sized buildings (overstated by 13% and 9% respectively). Expenses in large (100+ units) buildings appeared to be more accurate (overstated on average by only 2%), but remain somewhat inconclusive since several owners of large stabilized properties refused to cooperate with Finance's assessors.

Expense reductions were concentrated in three categories: maintenance, administration, and miscellaneous costs. Maintenance had to be lowered by an average of 11% for all buildings, while administration and miscellaneous costs were respectively trimmed by approximately one-quarter (25%) and one-third (37%). Adjustment of 1994 RPIE data by the results of the 1992 audits reduces average O&M costs for stabilized buildings from $408 to $376.

Audit-adjusted monthly O&M costs for buildings without commercial units were about $30 lower

The O&M-to-Rent Ratio Fell for the First Time Since 1988



(Audit adjusted, cross-sectional data)

Source: NYC Department of Finance, 1994 RPIE Filings

($346) than the average for all buildings. In 1993, RGB staff found that taxes accounted for 40% of the difference between "all-residential" buildings and all-stabilized buildings, with one-quarter of the remaining variance attributed to maintenance and labor expenses. This year taxes accounted for less than half (47%) of the difference while labor, maintenance and administrative costs accounted for nearly two-fifths (39%) of the total variation. Taxes, administrative and labor costs were respectively 15%, 10% and 7% lower on average for buildings without commercial space than for all stabilized properties.

Operating Cost Ratios

The crux of the chart on the previous page is the decline in the proportion of gross income spent by stabilized building owners on audited operating costs during 1993. Since 1988, this ratio steadily increased from an average of 59.6% in 1988 to 63.4% in 1992, as operating costs rose faster than both rent and income collections in the wake of a deep national recession and rising unemployment in the metropolitan area. The drop of the cost-to-income ratio to 62.5% in 1993 seems to have been caused mainly by faster rent and income growth (respectively 3.8% and 3.4% on average) relative to the increase in costs (2.1%) reported for that year. Whether this indicates that New York's rent stabilized housing market is following the nation's economy towards a gradual recovery from its financial doldrums cannot be determined.

Building-wide Variation in Rents, Income and Costs

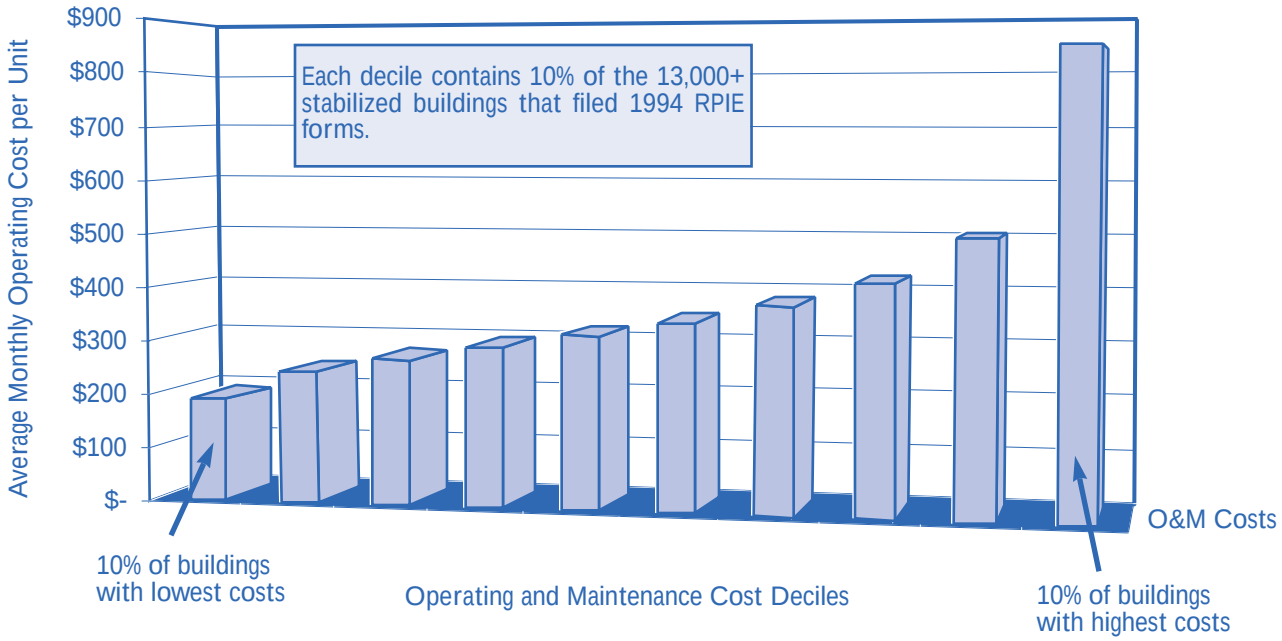
This is the first year that Finance has provided data on the distribution of mean average rents, incomes and operating costs for rent stabilized buildings. Whereas previous I&E studies have traditionally used broad, unit based averages to analyze market conditions in New York's stabilized housing stock, division of the buildings in this year's cross sectional sample into ten equally sized groups (deciles), according to the average unit rents, income and expenses in each building, sheds some light on differences between individual stabilized properties. Since building owners typically make decisions on the performance of their buildings rather than individual units, the new data provides a viable, and so far overlooked, alternative viewpoint of the data traditionally provided.

In the past, I&E statistics have been computed by dividing the aggregate rent, income or costs reported in RPIE forms by the total number of apartments in responding properties. The decile distributions available this year are fundamentally different. Buildings in this year's cross-sectional sample were ranked three times, according to their average per-unit rents, incomes and costs. Once ranked, buildings were divided into ten sections of roughly 1300 buildings each. According to the way in which the buildings were ranked, the first decile represents buildings with the lowest average unit rents, incomes or costs, while buildings in the tenth decile have the highest average unit rents, incomes or costs.

Analysis of decile distributions produced interesting findings when compared with the unit-based averages for rents, income and costs reported earlier. Several commentators in the past have worried that the presence of a relatively small number of high rent apartments might distort unit-based averages upward. According to the rent, income and cost decile distributions computed this year, this seems to have happened across the board in 1993. Monthly rent in over 70% of stabilized buildings was less than the mean unit average of $541, while over 80% of the buildings in the cross sectional sample earned less monthly income per unit than the $601 mean unit average. Monthly expenses for units in more than 70% of buildings were less than the mean unit average cost of $409 reported earlier, as shown in the chart on the next page.

How did variation in these three variables affect the ratio of costs to income in stabilized buildings during 1993? Buildings in the first (lowest) rent decile spent an average of 125.7% of rent and 95.1% of income on operating costs, while buildings in the tenth (highest) rent decile spent an average of 69.6% of rent and 59.8% of income on expenses. Properties in the fifth rent decile used an average of 78.2% of rent and 71.8% of income for operating costs. More than 60% of these buildings spent greater proportions

Monthly Costs in Most Stabilized Buildings Averaged Below $400 per Unit in 1993



Source: NYC Department of Finance, 1994 RPIE Filings, unadjusted data

of their rent and income for expenses than the marketwide O&M-to-rent ratio of 75.6% and O&M-to-income ratio 68.1% (for unaudited costs).

Not surprisingly, buildings in the lower rent deciles tended to be smaller than those in the higher deciles. Similar trends were observed with the income and expense deciles. Buildings in the lowest income deciles spent greater proportions of both rent and income on operating costs than those in higher income deciles, while properties in the lowest expense deciles spent lower percentages of income and rent for costs than ones in higher expense deciles. While larger buildings dominated the higher income deciles, they also dominated the upper expense deciles, proving that building size alone is not a reliable predictor of profitability.

Last year, the Rent Guidelines Board heard considerable testimony concerning the need for a "minimum rent" ($400 per month was often mentioned), particularly for older buildings facing relatively high operating costs. Study of this year's cost deciles indicate that more than 70% of the stabilized buildings filing 1994 RPIE forms (roughly 9500 properties) had average unit operating costs below $400 per month, as the chart above illustrates. Moreover, only buildings in the eighth rent decile and above had average monthly operating costs equal or greater than $400 per unit.

Components of Operating Costs

Discussion of average costs does not account for variations in the actual O&M budgets of owners of different types of stabilized buildings. On average, in 1993, two-thirds of total expenses in stabilized buildings were comprised of property taxes, maintenance, labor, and utility costs. Older (pre-47) buildings spent more than average on maintenance, insurance and fuel costs, and spent less on taxes and labor costs. Newer (post-46) buildings, on the other hand, spent relatively more money on taxes and labor costs and less on maintenance, insurance and fuel costs. Much less variation was observed within the other four expense categories (utilities, administrative, insurance and miscellaneous costs) among buildings of different age. (See Appendix C.4.)

Building size also affects the distribution of costs. Taxes, utilities, fuel and maintenance costs again

dominated overall expenses in buildings of various sizes in 1993. Labor costs continued to be particularly associated with size, comprising much larger shares of total O&M costs in larger buildings. This may be due to the concentration of large modern (post-46) stabilized buildings in Manhattan, which tend to employ doormen. In contrast fuel and insurance decreased with size in 1993, probably due to efficiencies of scale realized by larger properties, particularly those with more than 100 units.

"Distressed" Buildings

During 1993, 1575 properties, roughly one-eighth (12%) of the cross sectional sample, had O&M costs which exceeded gross income. Only 63 of these buildings were constructed after 1946. Over the previous two years, such "distressed" buildings had respectively comprised 14 and 12 percent of the cross sectional sample.

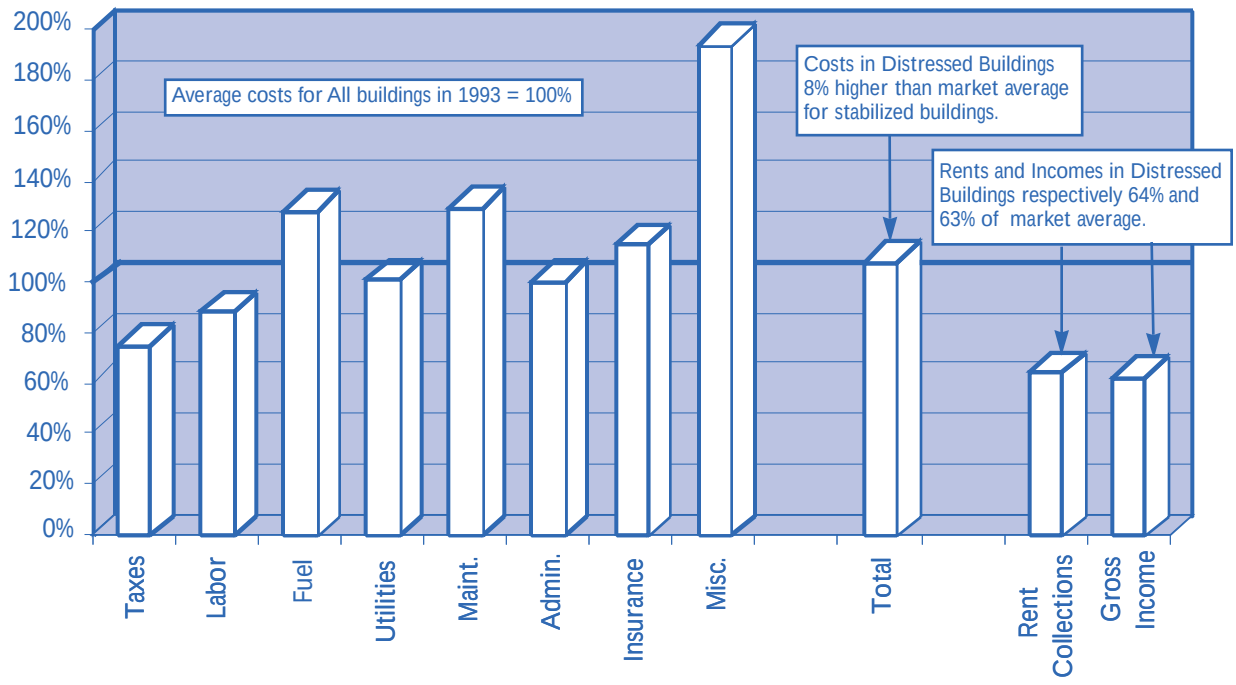
In buildings where expenses exceed income, unprofitability is both a function of abnormally high expenses (108% of the all-building average in 1993) and abnormally low rents (only 64% of the all-building average) and income (63% of the all building average in 1993), as the chart below shows. Most of the variance in unadjusted costs between these and other stabilized buildings was found in the insurance, fuel, maintenance and "miscellaneous" categories, which in these "distressed" buildings were respectively 115%, 129%, 130% and 195% of the stabilized average. Not surprisingly, these buildings also paid less property taxes (75% of the all-building average) than other stabilized structures in 1993. Taxes paid by "distressed" buildings in last year's cross sectional sample averaged 85% of the sector-wide mean. Unfortunately, available data cannot illuminate the cause of this gap.

Longitudinal Study

Rents

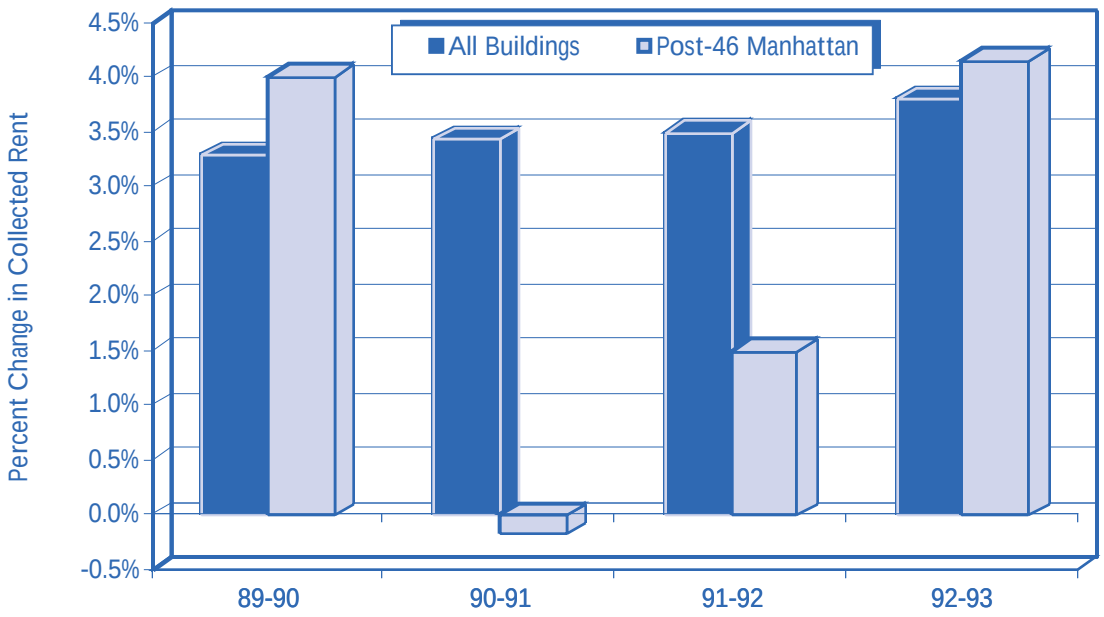
Analysis of the roughly 11,000 stabilized properties that filed RPIE forms in both 1993 and 1994 is designed to measure fluctuations in costs and

"Distressed" Buildings Suffered from Both Low Incomes and High Costs in 1993



Source: NYC Department of Finance, 1994 RPIE Filings

Rents in Modern Manhattan Buildings Rebounded During 1993



Source: NYC Department of Finance, 1994 RPIE Filings, Longitudinal Data.

rents, and provides a basis for evaluating the price index. However, although the I&E filings analyzed in this study were collected by Finance in 1993 and 1994, the data contained in them largely reflects conditions for calendar years 1992 and 1993.

Average rent increased by 3.8% from 1992 to 1993, slightly higher than the rise observed between 1991 and 1992 (3.5%). Rents in the post-46 sector went up 4% while charges in pre-47 buildings rose 3.8%. Large (100+ unit) buildings witnessed the fastest rent growth (3.9%) while rents in small (11-19 unit) buildings rose least (3.6%). Mid-sized (20-99 unit) properties experienced rent growth of 3.8% during 1993. In terms of both age and size, rents in small, post-war buildings actually decreased (by 4.8%) while those in small pre-war properties grew the most (4.8%).

1993 appears to be the first year that rent increases in Manhattan exceeded the marketwide average since New York City's economy slid into recession earlier in the decade (See chart above). In the recent past, above average rents and the City's weak economy prevented many owners of post-war properties in Manhattan from collecting all of the rent increases authorized by the RGB (the actual vacancy rate for modern buildings in the borough remained stable between 1991 and 1993). The "drought" that affected such buildings in 1991, during which rent collections actually declined, seems to have reversed somewhat during 1992 when rents in Manhattan's post-war stock grew by 1.5%, still far below the marketwide average. This recovery appears to have accelerated strongly in 1993, signalling renewed health in the higher end of New York's stabilized housing stock.

During the 1980's, rent collections accelerated faster than the RGB's expectations. This occurred again in 1993, as rent growth of 3.8% exceeded both the RGB's rent index (3.3%) and the increase observed in DHCR registered rents (2.9%) between 1992 and 1993.

Gross income (i.e. apartment rent, sales of services, and commercial rent) collected by owners between 1992 and 1993 increased by 3.4%, slightly less than growth in apartment rents. In contrast to previous years, income in post-46 units rose faster (3.6%) than in the pre-47 stock (3.4%). In terms of size, income grew fastest in large buildings (3.7%) and slowest in small ones (3.0%).

Operating Costs

Overall operating and maintenance costs rose 2.1% during 1993, which, for the first year since 1988, was lower than the corresponding rise in rents or income. Costs rose less in buildings erected after 1946 (1.7%) and faster in those built before 1947 (2.3%). Size also influenced cost growth, as expenses in mid-sized buildings rose faster (2.2%) than those in either small or large buildings (respectively 1.2% and 2.1%).

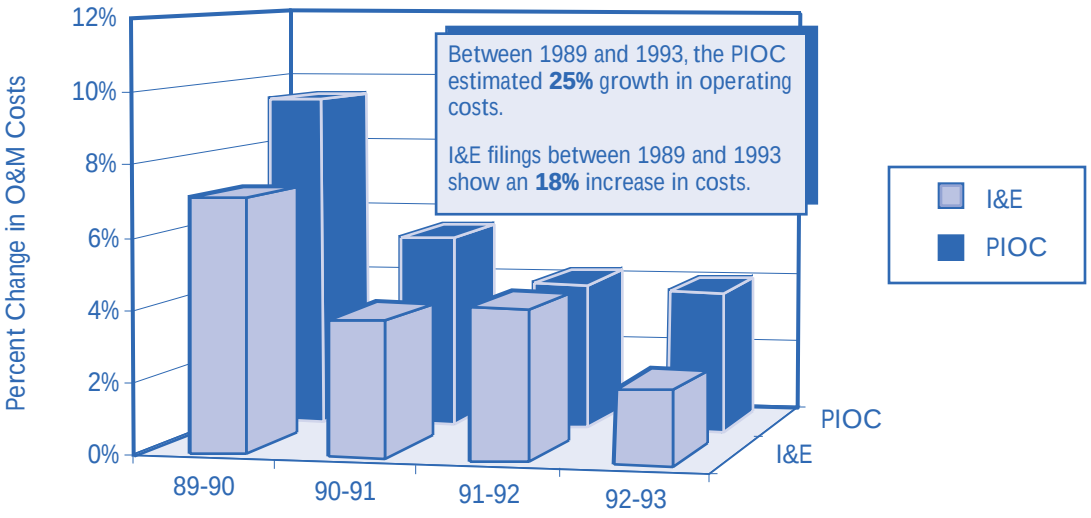
Among the various costs faced by building owners labor, administrative and utilities costs grew fastest (by respectively 5.1%, 3.1% and 2.3%) between 1992 and 1993. In contrast, insurance costs remained stable with only 0.4% growth, while fuel costs declined slightly (-0.4%). Growth in both taxes and maintenance expenses slackened to 1.6% each over the year, after surging by 7.7% and 4.2% respectively in 1992. Whether these trends reflect stagnating investment in rent stabilized properties, shifts away from undertaking in favor of routine maintenance, or merely inflation cannot be determined with certainty.

How do the changes in the I&E figures compare with the cost increases measured by the PIOC? Over the past few years, growth in PIOC-measured costs has consistently outpaced expense increases reported by building owners in RPIE data, as shown in the chart below. During 1990, costs in the PIOC increased 9.6% while those reported to Finance grew by 7.1%. The following year, the PIOC rose 5.5% as RPIE costs went up 3.4%. This persistent gap closed in 1992, with costs in both the PIOC and RPIE filings growing by 4.2%. In 1993, the gap opened again, as costs in RPIE filings grew by 2.1% as opposed to 4% growth in expenses measured by the PIOC.

Comparison of I&E and PIOC data involves some distortion. Differences in the measurement of O&M components introduce error into comparisons between the two data sources. Additionally, many of the components examined in the PIOC are measured on an April-to-April basis, while most expense statements (88%) filed by landlords are based on the calendar year. Reconciling this difference requires use of a weighted average of two PIOC years to render figures resembling I&E data.

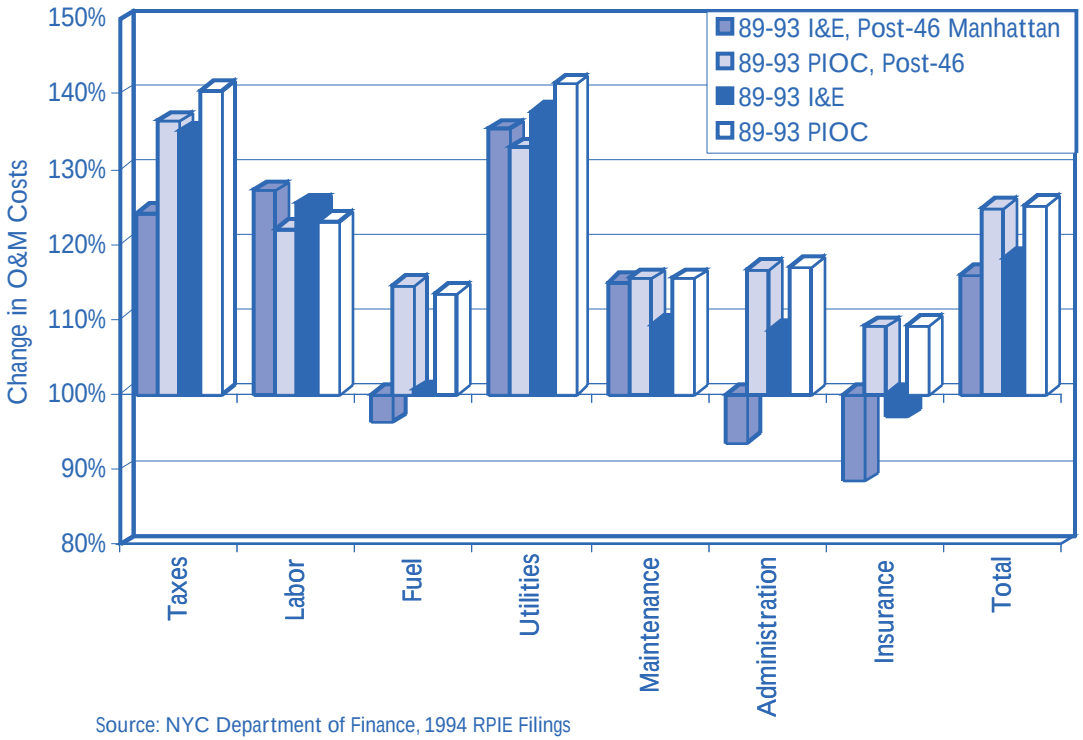
Analysis of PIOC and I&E data is further muddied by the fact that the two indices measure different things. Income and expense statements reflect actual expenditures incurred by landlords, while the PIOC heavily relies upon proxies to estimate actual shifts in O&M costs. Furthermore, the PIOC monitors the costs associated with maintaining properties to a constant standard of quality, while

Cost Growth in the PIOC Outpaced the I&E Increase during 1993



Source: NYC Department of Finance, 1994 RPIE Filings, Longitudinal Data.

PIOC Increases exceed I&E Data in Every Category Except Labor Costs



Source: NYC Department of Finance, 1994 RPIE Filings

RPIE filings may reflect the investment or disinvestment patterns of building owners. Thus, rising O&M costs reported by RPIE filings may reflect price inflation, in which landlords are forced to spend more to maintain a given level of housing quality, or shifts in investment, where building owners change the quality of their buildings by spending more or less money to maintain them.

Despite those drawbacks, it is useful to make this comparison as one way of evaluating how well the PIOC methodology predicts changes in costs.

The chart above illustrates the different growth rates reported by RPIE filings (for units in modern Manhattan buildings as well as all stabilized properties) and the PIOC for various costs between 1989 and 1993. Inclusion of modern Manhattan buildings allows quality to be rudimentally controlled, since such buildings have probably been the least likely to allow conditions to deteriorate due to competition for tenants. Between 1989 and 1993 the price index indicated a 25% increase in total O&M costs, while actual expenditures reported to Finance rose by 18% for all stabilized buildings and 16% for modern ones in Manhattan.

Reducing overall O&M expenses into component costs reveals exactly where the PIOC and RPIE data diverge. As the chart shows, the PIOC was most inaccurate in tracking both cyclical costs (fuel) and fairly stable ones (insurance, administration). In each of these cost categories, PIOC estimates were even more inaccurate for modern buildings than for the stabilized sector as a whole. Generally, the PIOC was most accurate in gauging increases for the most stable type of costs: taxes, utilities and labor. However, the gap between the price index and I&E cost data was larger for post-46 buildings than for all stabilized buildings. Overall, the PIOC for modern buildings registered 25% growth in costs between 1989 and 1993, as compared to 16% growth from I&E filings for such properties over the same period

In the case of insurance, the difference between PIOC and RPIE figures may reflect a decrease in the level of insurance used by building owners, although the PIOC does attempt to compensate for changes in coverage. The discrepancy in fuel costs may stem from the “degree-day” formula used to compute PIOC fuel costs, which may overemphasize changes in the weather. In addition, the I&E data does not account

for lags between the consumption of fuel by building owners and the time they are billed by fuel providers.

Accurate assessment of the effectiveness of the PIOC and its various components is not possible in four years. However, data from modern Manhattan buildings shows that declining quality standards are probably not the cause of the disparity between the PIOC and I&E filings. Hopefully, future years will allow the RGB to trace the source of discrepancies between these two data sources and to maximize the performance of the PIOC in measuring operating cost changes.

Another price index commonly compared to the PIOC is the Consumer Price Index (CPI). The CPI, computed monthly by the Federal Bureau of Labor Statistics (BLS), tracks the price of a "market basket" of common goods thought to be purchased by the "typical" consumer. In existence since 1919, the CPI has recently been assailed as outdated and inaccurate. Critics claim that the CPI currently overstates price inflation by failing to account for two recent trends: 1) higher quality standards, particularly for electronics and computer related goods and 2) changing consumer spending patterns, which are intermittently surveyed by the BLS every five years [2]. According to its detractors, these drawbacks have led the CPI to overstate the nation's inflation rate by at least one-sixth, and perhaps by as much as one-half [3].

Although the PIOC and the CPI are similar methods of tracking prices, the two differ widely in what they measure. The CPI analyzes the prices of consumer goods, which are more volatile than the prices of the goods and services used for maintaining apartment buildings, which are analyzed by the PIOC. This stems from the fact that a large portion of consumer spending is "discretionary", involving the purchase of goods which are not strictly necessary, and which is directed by highly variable personal preferences. Most building owners indulge in much less "discretionary" spending when purchasing goods and services for the upkeep of their properties.

Additionally, technological changes have not increased the quality of goods tracked by the PIOC as they have affected consumer goods. The PIOC thus measures the prices of goods and services which have more stable quality standards than consumer goods, and which are purchased by building owners guided by more predictable spending habits than the average household.

One characteristic shared by the PIOC and the CPI might account for the variation witnessed between cost growth reported by the PIOC and I&E filings. While the "market baskets" of goods and services tracked by the PIOC and CPI are different, both are only intermittently updated. The Bureau of Labor Statistics reorganizes the CPI basket every five years, while that charted by the PIOC hasn't been changed since 1982[4]. Although building owners exhibit less volatile spending habits than average consumers, it is possible that many of them are now spending their income on costs that did not exist when the PIOC was revamped in 1982. Such costs might include testing and abatement of lead paint (particularly in buildings built before 1960), recycling expenses, compliance with new municipal pollution and environmental laws and the effects of computerization on the performance of administrative duties. In light of these issues, staff is considering updating the PIOC market basket within the next year.

Operating Cost Ratios

Overall, the proportion of gross income spent on unaudited expenses declined by eight-tenths of one percent between 1992 and 1993. The proportion of income spent on audited expenses also fell by eight-tenths of a percentage point. Change was also observed in the proportion of rents used to pay audited costs, which dropped by 1.2 percentage points.

The percentage of buildings with an O&M to income ratio in excess of 100% declined from 11% to 10% of the roughly 11,000 buildings that filed RPIE forms in 1993 and 1994. Though there are slightly fewer buildings operating with an income ratio over 100%, the basic characteristics of these buildings did not differ from year to year. As reported in the cross-sectional study, these buildings have low average rents and high operating expenses. ❐

2. Mandel, Michael, "The Real Truth About the Economy", Business Week, November 7, 1994.

3. Gilpin, Kenneth, "Changing an Inflation Gauge is Tougher Than it Sounds", New York Times, February 22, 1994.

4. Staff of the Rent Guidelines Board does review the process used to generate PIOC data every year. In light of the continuing divergence between PIOC estimates of cost growth and costs reported in RPIE filings, it may be necessary to re-orient the PIOC's market basket.

1995 Mortgage Survey

Section 26-510(b)(iii) of the Rent Stabilization Law requires the Rent Guidelines Board to consider the "costs and availability of financing (including effective rates of interest)" in its deliberations. To assist the Board in meeting this obligation, RGB staff conduct an annual survey of financial institutions which underwrite mortgages to multi-family properties in New York City. The findings of the 1995 Mortgage Survey follow.

Summary

During the Savings and Loan Crisis of the early 1990s, financial institutions tightened their lending criteria for multi-family mortgages or ceased financing rent stabilized buildings. The multi-family loan market began to loosen in 1992 and continued to improve throughout 1993. Loan volumes soared and financial institutions increased their levels of loan approvals. Additionally, landlords took advantage of the lowest interest rates in over a decade by refinancing their mortgages.

This Mortgage Survey revealed additional changes in the multi-family lending market during 1994. Most notably, interest rates rebounded by 1.5% over the previous year, to reach a three-year high of 10.1%. This marks the first time in six years that interest rates increased from year to year, which partially explains why refinancing activity dropped sharply in 1994.

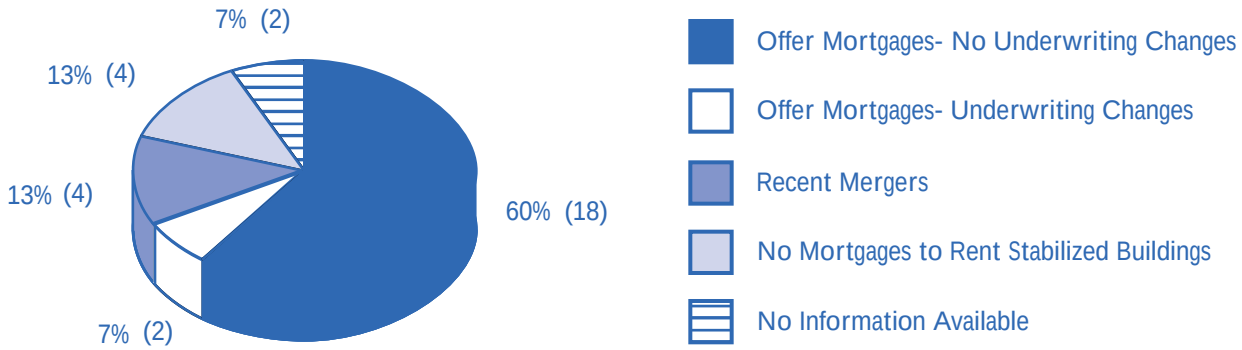
Although interest rates increased, the mortgage financing market improved in other respects. For example, lenders slightly increased the volume of loans they underwrote during 1994. Further, lenders did not tighten their underwriting standards as they have in previous years, perhaps in response to the steady decline in delinquent and defaulted loans since 1993.

Survey Respondents

Thirty of the fifty-one financial institutions surveyed responded to the 1995 Mortgage Survey. However, ten lenders were not able to complete the survey for one of several reasons. Four lenders merged with other institutions, four left the multi-family lending market or are currently not lending to rent stabilized buildings, and two did not have information available to respond to the survey. Thus, 39% of those surveyed returned completed questionnaires. Twelve of this year's respondents also

Few Respondents Reported Changes in Underwriting

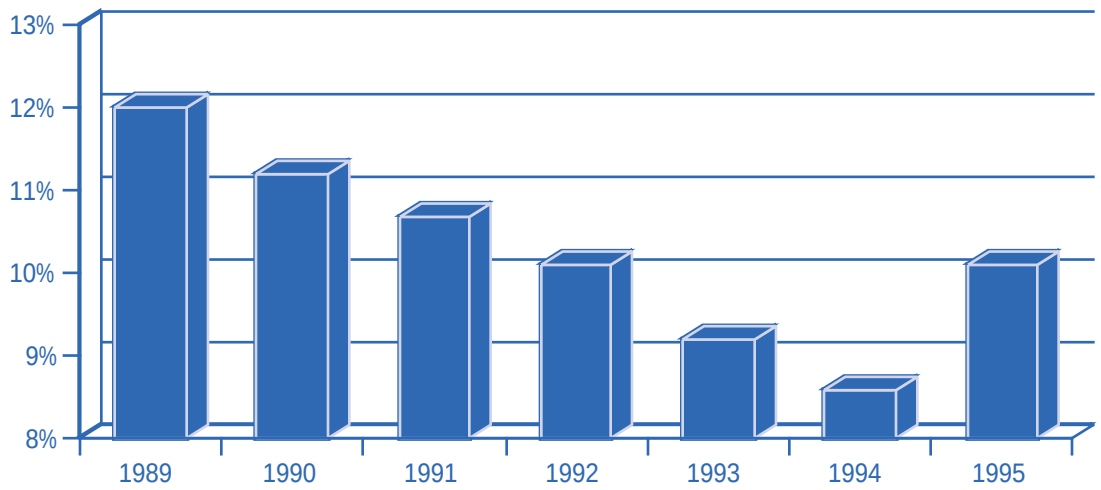
(Number of Respondents to the 1995 Mortgage Survey)



Source: 1995 Rent Guidelines Board Mortgage Survey

Interest Rates Rise for the First Time in Six Years

(Average Interest Rate for New and Refinanced Loans)



Source: Rent Guidelines Board, Annual Mortgage Surveys

completed last year's Mortgage Survey, allowing us to make valuable comparisons for these institutions from last year to this year.

Financing Availability and Terms

For the first time since 1989, interest rates increased for multi-family mortgages. This is partly due to the Federal Reserve Board's strong anti-inflationary policy throughout 1994. The Federal Reserve raised interest rates six times beginning in February, by a total of 2.5 percentage points, in its effort to slow the rapidly expanding economy[1]. The average interest rates reported in the 1995 Mortgage Survey are 10.1% for both new and refinanced permanent mortgages. This represents an increase of 150 basis points from last year's average of 8.6%, which was the lowest interest rate since the early 1980s.

Points, terms, and types of mortgages are roughly the same for new and refinanced mortgages and remain relatively unchanged since a year ago. Points range from 1 to 3 and average roughly 1.25 for both new and refinanced mortgages. The terms range from 2 to 30 years, with the most common being 5 years. Slightly more than half of respondents offer fixed mortgages, with the remainder offering adjustable or ballon mortgages.

Lenders reported very little refinancing activity during 1994, probably due to the 1.5% increase in interest rates. Although most respondents did not know how many properties they refinanced last year, only 11% of respondents (two of eighteen) refinanced a portion of their fixed- or adjustable-rate mortgage portfolios. This level of refinancing represents a sharp change from a year ago when 42% of respondents (ten of twenty-four) indicated a significant portion of their fixed- or adjustable-rate mortgages were refinanced to lower rates.

The volume of loans underwritten by financial institutions increased during the previous year, despite the large increase in interest rates. About half of the institutions responding to the loan volume questions experienced no change in loan volume. However, the average percent increase in loan volume (among those reporting a change) was slightly higher than the percent decrease; thus, the results represent an overall

1. Robert D. Hershey Jr., " Greenspan Gives Strong Impression Rates Will Climb." New York Times, January 26, 1995.

improvement in the mortgage lending market for borrowers. The institutions with significant changes in loan volume reported that they were responding to a shift in the number of applications, not to the increase in interest rates.

Underwriting Criteria

Since 1993 the number of lenders tightening their underwriting standards has steadily declined. Past Mortgage Surveys revealed that most lenders had developed increasingly cautious lending criteria in response to higher delinquencies and default rates by landlords and to general economic conditions. In 1992, 50% of respondents had implemented tighter lending practices. The proportion was also about half in 1993 but dropped remarkably to 15% and 10%, respectively, for 1994 and 1995. This could be the result of fewer delinquencies and defaults in recent years stemming from tightened standards that lenders implemented previously.

Through 1994, lenders had reduced loan-to-value ratios for three straight years. This year, lenders reported their average loan-to-value (LTV) standard increased from 69% to 70% of building value. This modest increase in LTV is another favorable indication that the standards for mortgage financing may be loosening.

Non-Performing Loans and Foreclosures

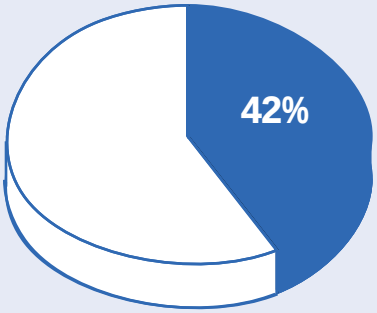
Rent Guidelines Board Mortgage Surveys show that the large number of delinquent or defaulted loans that occurred during the recession are declining. In 1992 and 1993, 25% of respondents indicated an increase in non-performing loans. Only 4 percent of lenders reported an increase in 1994. In 1995, for the first time, some lenders reported a decline in delinquencies, while the remainder reported no change. Three lenders cited a decrease in non-performing loans that averaged 60%. This improvement may be due, in part, to the large amount of refinancing activity in 1993.

Six of the institutions provided responses to 1994 and 1995 survey questions regarding non-performance. All six institutions reported similar or lower non-performance rates.

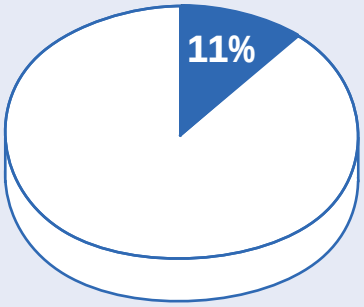
Refinancing Activity

In 1993 mortgage refinancing boomed ....

(Percent of Lenders with Refinancing Activity)



but refinancing declined sharply in 1994.



Source: 1994 and 1995 Rent Guidelines Board Mortgage Surveys

Note: The chart represents the percent of respondents who refinanced all or a portion of their fixed- or adjustable-rate mortgages at a lower interest rate.

While nearly all financial institutions reported no change in the number of foreclosure proceedings in 1993 and 1994, this year's survey results are more encouraging. A third of the respondents reported a decrease in foreclosure activity. Of these, two indicated that this category decreased 100%, and another indicated on both the 1994 and 1995 surveys that its foreclosure proceedings decreased a significant amount.

Similar to last year, the most common reasons cited for non-performing loans were changes in debt obligations, operating costs, and rent collections. There were not enough responses to the comparable question on foreclosure proceedings to analyze the results.

Respondents were also asked how they resolved the foreclosure actions they initiated against rent stabilized buildings with delinquent loans. Several lenders indicated that their course of action depended upon the particular circumstances. In most cases, lenders seized the property. Widely cited alternatives were resumption of regular debt service, restructuring the debt, arranging financing with another financial institution, or assigning the non-performing buildings to a third party. These results are similar to responses provided by lenders last year.

Characteristics of Rent Stabilized Buildings

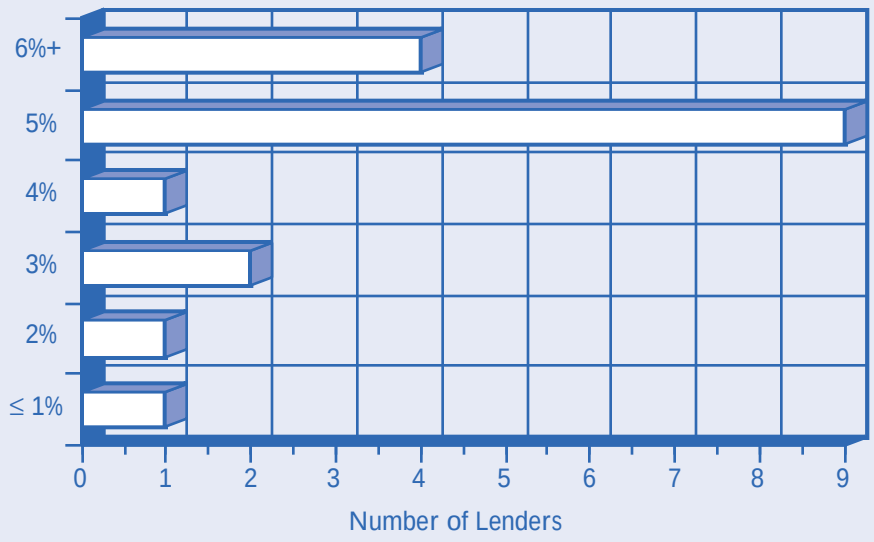
The maximum loan-to-value (LTV) standards for new mortgages increased moderately to an average of 70% of building value. This is the first increase in LTV in several years. However, lenders often do not lend up to this maximum. The most common and the average LTV for new mortgages over the past year were 65% of the building's value. Slightly more than half of the lenders also required the net income of newly mortgaged buildings to be at least 125% of annual debt service payments - the same as last year.

Typical vacancy losses remained relatively high, averaging 4.6%. Three-quarters of respondents reported that their vacancy rates are 5% or higher. This may be another indication that lenders are loosening their underwriting standards.

This is the second year the Mortgage Survey included questions regarding the importance of other factors such as building size, location, and age in determining loan approvals. Similar to last year, the 1995 Mortgage Survey revealed that most lenders consider building maintenance when assessing loan applications. Eighty-five percent of respondents consider maintenance, while 30% consider building size, which is typically 50-99 units. Ten percent of respondents consider building age, location, and the potential of co-operative or condominium conversion. Only 5% consider whether the borrower lives in the building. ❐

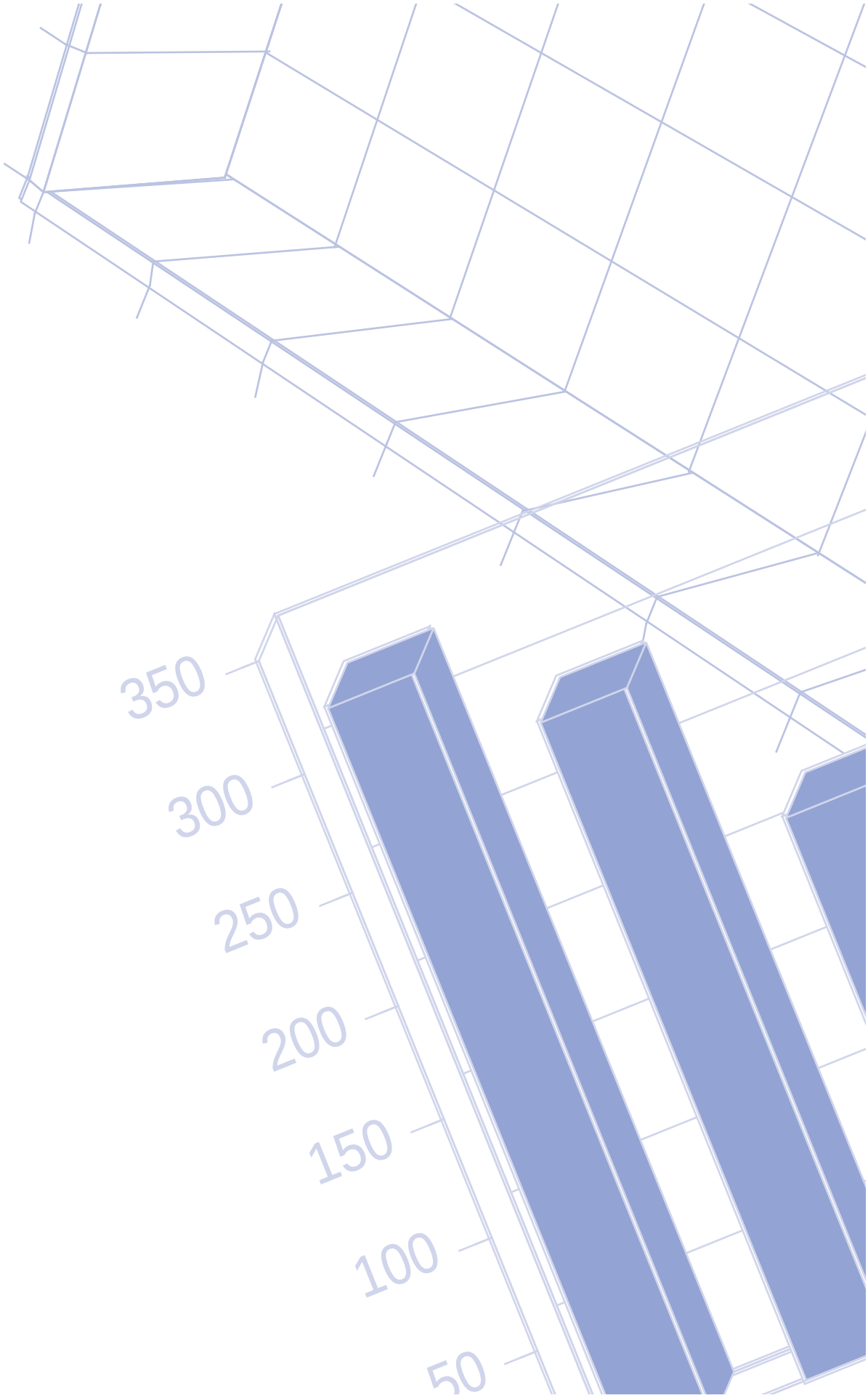
Typical Vacancy Losses Remain 5% or Higher

(Vacancy and Collection Losses of Buildings Financed by Mortgage Institutions)



Note: Respondents were asked which best described the typical vacancy and collection loss of buildings financed by their institutions during the past year.

Source: 1995 Rent Guidelines Board Mortgage Survey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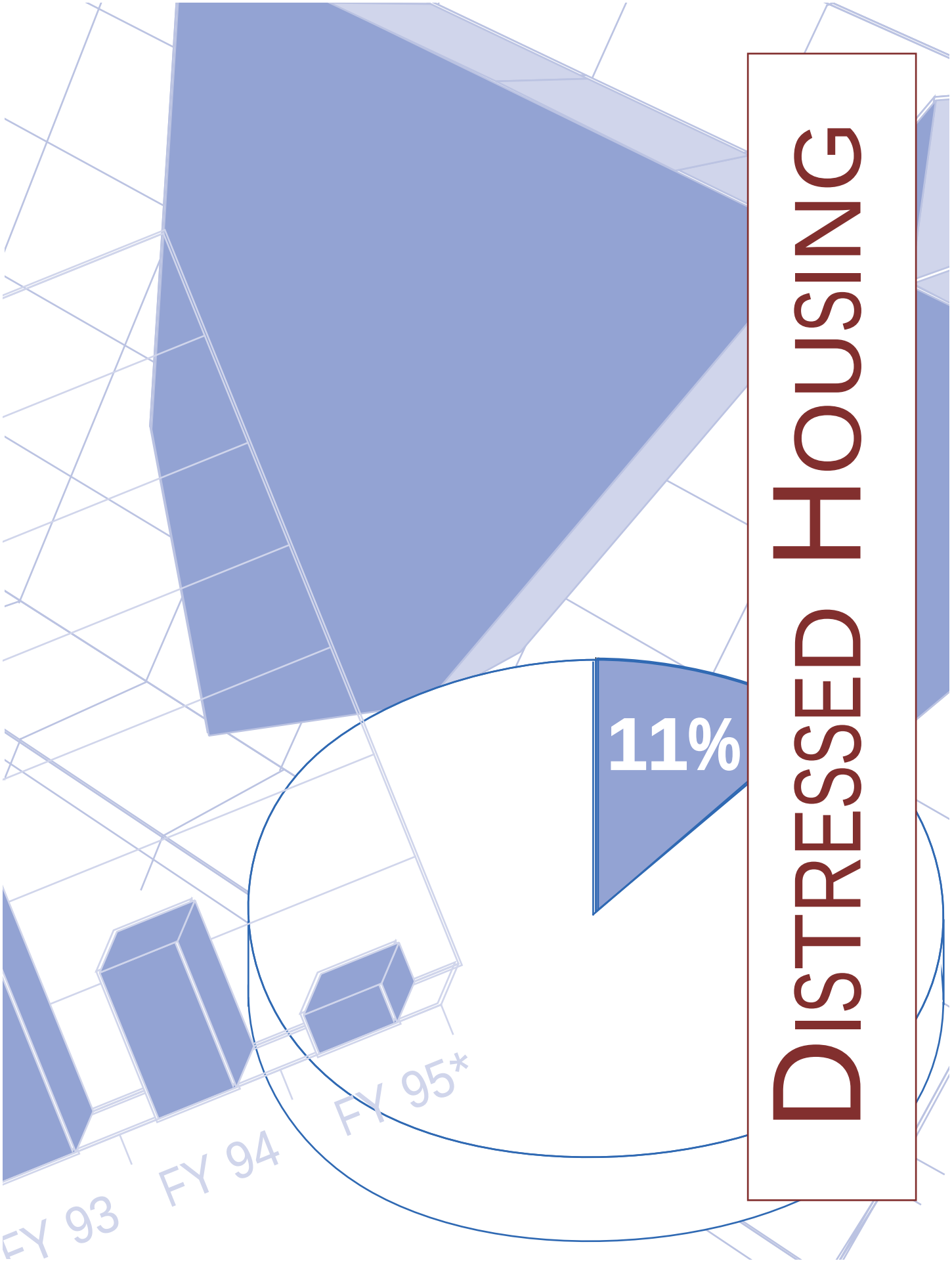
Distressed Housing



Tax Arrears in Rent Stabilized Buildings, 1995

Summary

The number of rent stabilized buildings in arrears levelled off in 1994 after five years of steady growth. However, while the number of buildings at least three quarters in tax arrears remained virtually constant over the past year, the average level of arrears per apartment grew by 19.3%. Most of this growth came from buildings reaching three or more quarters of arrears for the first time in 1994, indicating that a core of buildings continues to fall into arrears despite improvement in the City's economy.

1994 was also the first year in which the size of buildings in tax arrears declined. From 1989 to 1993, the average size of a building in arrears rose from 13.4 units to 17.6 units. In 1994 this average dropped to 16.2 units for buildings three or more quarters in arrears.

Overall, current tax arrears data indicates that falling interest rates, decreasing unemployment and general improvement in New York's economy during 1994 allowed many larger, less distraught buildings to lift themselves out of substantial arrearage. However, a substantial number of smaller, more marginalized properties continue to fall deeper into debt to the City.

The following "bullets" briefly summarize the findings of this report:

Buildings in Arrears

- Approximately 500 buildings fell into arrears for the first time in 1994.
- The overall number of buildings three quarters or more in arrears remained constant, implying that the same number of buildings paid back arrears as fell into arrears.
- The average size of buildings in arrears declined from 17.6 to 16.2 units in 1994.
- The average size of buildings first reaching three quarters in arrears declined from 26 units in 1993 to 18 units in 1994.

Level of Arrears

- Buildings three or more quarters in arrears owe an average of $1821 per dwelling unit, up 19.3% from last year.
- In 1993, the average arrearage per apartment was $680 for buildings three or more quarters in arrears for the first time. In 1994, the average was $998, an increase of nearly 50%.

Foreclosure Actions

- The City vested fewer buildings in 1994 and has temporarily halted any further vesting actions.
- The redemption rate climbed to 52% in 1993 from 29% in 1992.

Methodology

This study is primarily based on data from the tax arrears file maintained by the Department of City Planning. This database includes information from several sources, including the Department of Finance (e.g. tax arrears) and the Department of General Services (e.g. vestings). The information cited in this report reflects conditions as of January, 1995.

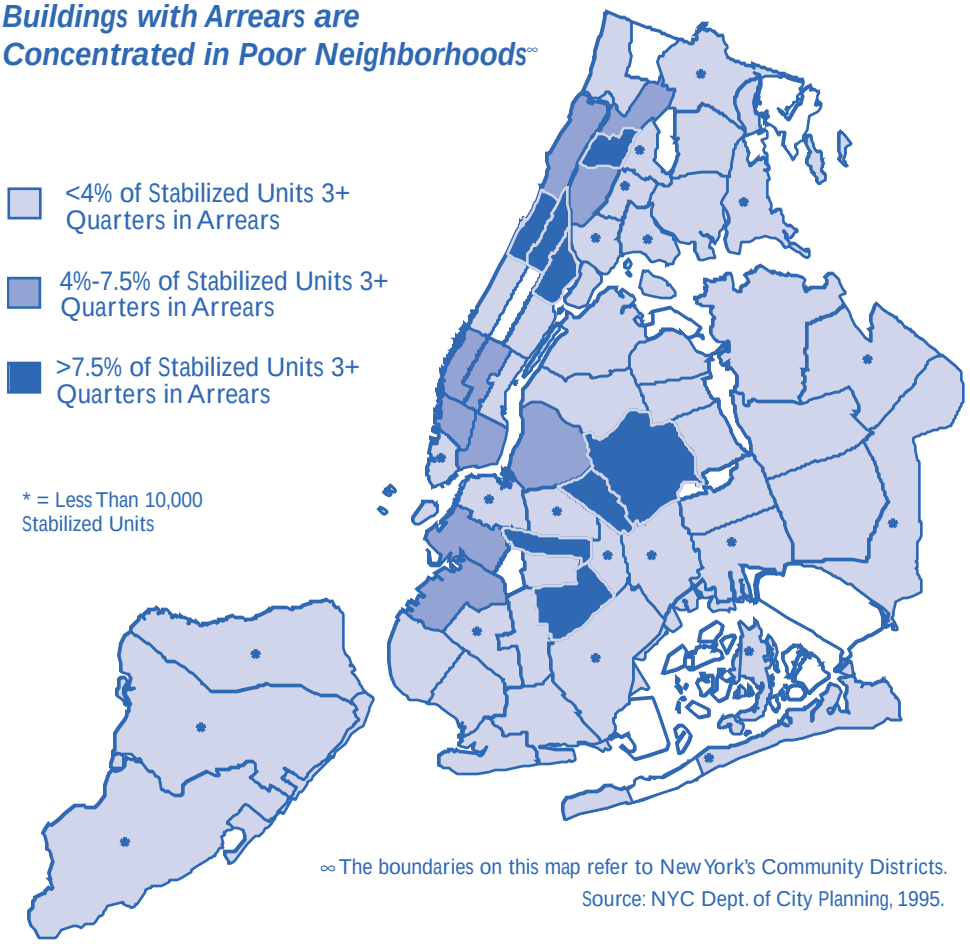
The City Planning arrears file was matched with the RGB's list of rent-stabilized properties, to yield a database of stabilized buildings with tax arrears in one or more years from 1988 to 1994. All of these buildings were registered with the State Division of Housing and Community Renewal. In this study, "arrears" refers to buildings three or more quarters in arrears, since the amount owed by buildings less than three quarters in arrears is generally insignificant.

Change in Arrears, 1988-94

Number of Buildings

In a reversal of recent trends, 1994 witnessed no significant growth in the number of buildings burdened by arrears. Roughly 11% (4293) of the 38,000 rent stabilized buildings registered with DHCR were three or more quarters in arrears during 1994, as opposed to 4291 properties in 1993. By contrast, between 1988 and 1994, the number of stabilized buildings in arrears grew 53% (see p. 51).

Buildings with Arrears are Concentrated in Poor Neighborhoods∞



∞ The boundaries on this map refer to New York's Community Districts.
Source: NYC Dept. of City Planning, 1995.

Level of Arrears

While the number of buildings in arrears remained stable in 1994, the level of arrearage continued to increase. The latest figures show that buildings three or more quarters in arrears owe $1821 per dwelling on average, an increase of 19.3% over last year. Such growth far outpaced the 8% rise witnessed between 1992 and 1993. Since 1988, the average level of arrears per apartment has increased 127%.

The fact that the average level of arrearage accelerated in 1994 while the number of buildings with arrears remained constant highlights a recurring problem - small buildings continue to fall into substantial arrears despite the city's revived economy. More than three-fourths of the buildings in arrears in 1994 faced substantial arrears in both 1993 and 1994. Arrearage in these properties averaged $2072 per apartment in 1994, somewhat higher than the overall average($1821). However, the average level of arrears in these buildings has risen only by 3% since last year.

At the same time, about 500 buildings fell three or more quarters into arrears for the first time in 1994, with a mean arrearage of $998 per apartment. In 1993, arrears averaged $680 among comparable buildings. Thus, growth in average arrears seems to be driven by the influx of smaller buildings that fell into arrears for the first time in 1994 in relatively worse condition than their predecessors.

Number of Units

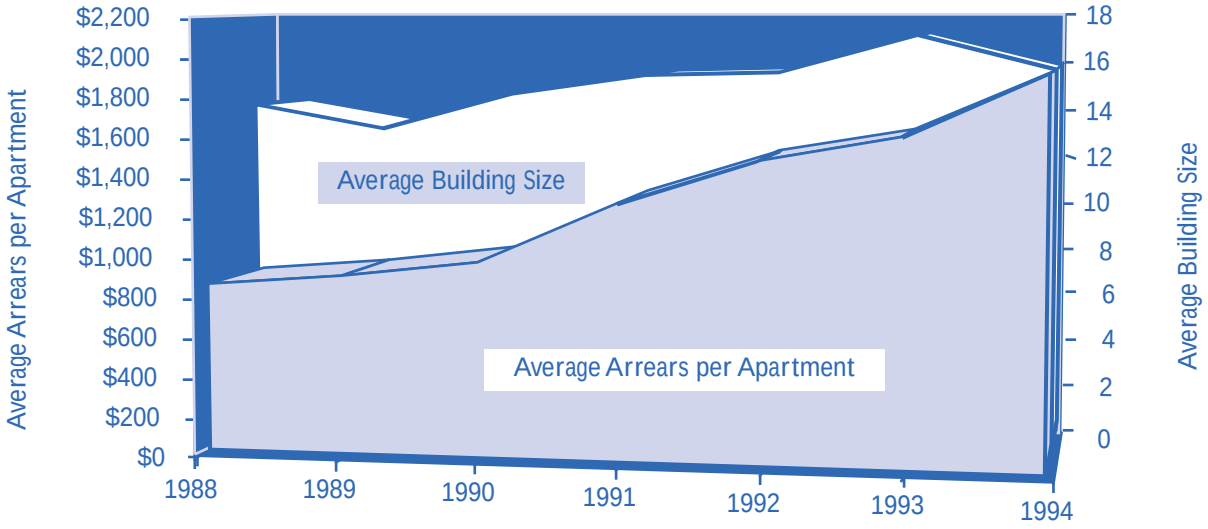
While the number of buildings at least three quarters in arrears was the same in 1993 and 1994, the number of dwellings in such buildings dropped for the first time since 1988, from 76,000 to 70,000. Between 1989 and 1993, the average size of buildings at least three quarters in arrears gradually increased from 13.4 units to 17.6 units. In 1994, this average dropped to 16.2 units. New additions to the arrears group in 1994 were also smaller than their counterparts in 1993, averaging 18 apartments in size as opposed to 26 dwellings. Likewise, buildings that "dropped out" of substantial arrearage between 1993 and 1994 averaged 21 dwellings in size. It seems that improved economic conditions have allowed larger, less distraught buildings to lift themselves out of arrears, leaving behind a "core" of smaller, more marginalized buildings which are falling deeper into arrearage.

Foreclosure Actions

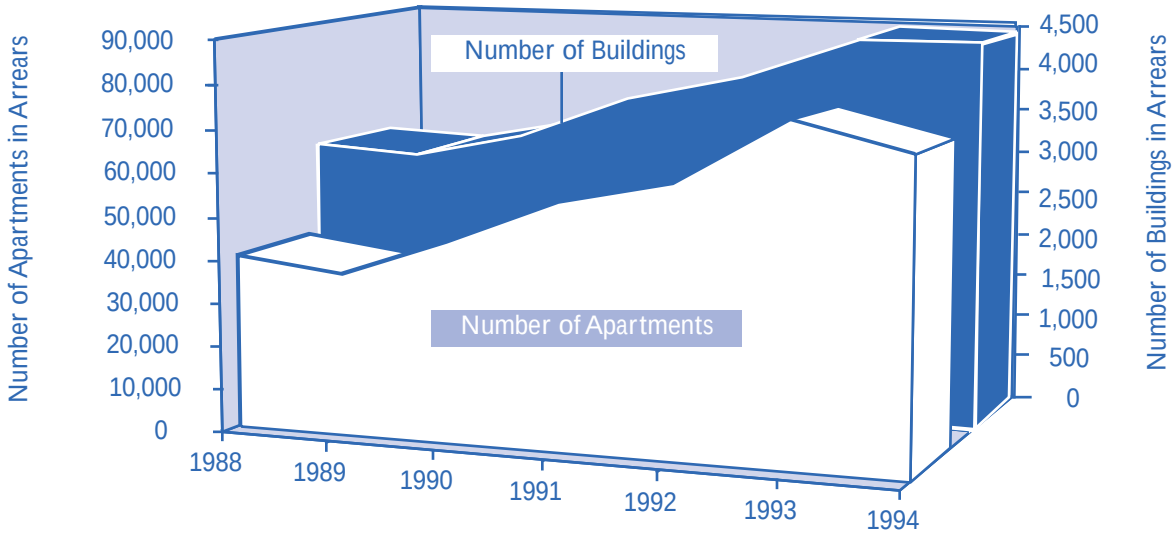
Traditionally, New York City has seized (vested) buildings that failed to pay taxes for a number of years. Property owners could prevent seizure by paying back taxes to the city ("redemption"). Last year, the pace of vestings declined even as tax delinquency among stabilized buildings worsened. Current figures imply that

vestings continued to remain low throughout 1994, while the redemption rate appears to have rebounded from an all time low of 29% in 1992 to 52% in 1993, although this is still far less than the rates observed in the late 1980's. The fate of delinquent buildings is uncertain since the announcement of a temporary moratorium of vestings by the city's Department of Housing Preservation and Development (HPD) early in 1995 ❒

In 1994, the Average Level of Arrears Continued to Rise...



At the Same Time, the Number of Apartments in Arrears Dropped for the First Time Since 1989



Source: NYC Department of City Planning, Tax Arrears File, January, 1995

RESIDENTIAL TAX FORECLOSURE SURVEY

INTRODUCTION

New York's poor neighborhoods have been plagued by tax delinquency and abandonment since the 1960's. As economic conditions have changed over the past thirty years, hundreds of thousands of dwellings have been removed from New York's housing stock.

The City has tried to counteract these trends by first amending its *In Rem* Foreclosure Law in 1977 to allow foreclosure on tax delinquent properties after one year, and subsequently vesting, rehabilitating, and reselling thousands of tax delinquent buildings over the past fifteen years. Through such aggressive action, the City hoped to break the cycle of abandonment by taking possession of marginal buildings with tax arrears before they became uninhabitable.

As New York pursued this strategy during the late 1970's and 1980's, the City accumulated thousands of dilapidated vacant and occupied buildings. City stewardship, originally meant to be a temporary palliative, eventually became a long term legal and fiscal responsibility.

Rehabilitation programs implemented during the mid-1980's halved New York's *in rem* stock to just over 5,000 buildings by 1994. Unfortunately, these expensive programs have become increasingly burdensome given the City's fragile finances, which have been battered by rising unemployment and falling revenues over the past five years. In the face of an estimated three billion dollar deficit, the City is evaluating less costly ways of dealing with tax delinquent residential properties.

Recently, the Rent Guidelines Board has expressed concern about the plight of buildings in tax arrears, and the possibility that the current *in rem* program cannot accommodate an influx of new buildings. This survey analyzes the residential tax foreclosure policies of 25 large- and medium-sized cities across the nation, outlining various methods used by municipalities to retrieve back taxes from tax delinquent properties.

SUMMARY

- All but one of the respondents to the Residential Tax Foreclosure Survey manage well under 100 dwellings in tax delinquent buildings (Jersey City manages hundreds of units). In contrast, New York's current *in rem* stock exceeds 30,000 occupied units.

- New York's vesting, management, and rehabilitation policies attempt to protect the City's housing stock, whereas policies pursued by other cities seek to maximize tax revenues from residential properties.

- Most respondents take legal action against buildings in arrears within one to three years of delinquency. Several cities noted significant changes in local tax collection statutes, marking a recent trend towards more aggressive action against delinquent properties. In contrast, as of March, 1995, New York announced that it had temporarily stopped vesting buildings in arrears.

- Most cities foreclose on and auction buildings in arrears, while several cities sell their tax liens on delinquent properties to private investors, resorting to vesting only for properties whose liens remain unsold. Such policies allow cities to quickly recover a portion of back taxes while insulating them from the costs and liabilities associated with long term management of delinquent buildings.

- Grand Rapids, Michigan and Jersey City, New Jersey have particularly comprehensive policies for dealing with tax delinquent properties. Jersey City's strategy resembles a triage process, requiring the city to vest only the "worst" buildings, while Grand Rapids actively encourages "homesteading" of delinquent properties whose liens are not purchased by private buyers.

METHODOLOGY

Municipalities throughout the United States were surveyed for this study. Since high levels of abandonment have occurred in cities with and without rent regulation, such controls were not considered in the choice of forty cities from across the nation. These cities were culled from a 1984 report by the Department of Housing and Urban Development (HUD), which examined homelessness in small (less than 250,000 population), medium (population between 250,000 and 500,000) and large (population greater than 500,000) central cities[1]. To provide some basis of comparison with communities in the New York metro area and with communities with rent controls, twenty cities in the sample were chosen from municipalities outside of the City that have some form of rent regulation, yielding a total sample size of 60 cities.

After initial contact was made with cities in the study sample, three page questionnaires were faxed to tax collectors and housing administrators in city or county agencies that deal with tax delinquent buildings. Questions in the survey focused on actions taken against properties in tax arrears, the processes through which such actions were implemented, and the ultimate fate of buildings with arrears. Respondents were also asked about municipal programs for preventing tax delinquencies and the characteristics of buildings held by municipalities because of tax arrears. Basic queries about residential tax rates and assessment practices were also included in the survey. Follow-up questions were addressed to respondents by phone after completed surveys were faxed to RGB offices.

IN REM HOUSING IN NEW YORK

Unlike most cities responding to the Residential Tax Foreclosure Survey, which sell tax liens or auction tax foreclosed residential properties, New York City's main strategy is to retain title and manage the buildings in the *in rem* program. New York once auctioned these buildings, but it found that many reverted to city ownership, because the buildings frequently did not have sufficient rent rolls to support rehabilitation and operating costs. Thus, to preserve these buildings, which house predominantly low-income people, the City found itself managing the costly properties itself.

The *in rem* process begins when New York City issues a notice of foreclosure to a building when it is 12 months behind in its property taxes. The City can take title to (vest) the property at this point. Thereafter, owners have up to two years (redemption period) to halt the procedure by paying the taxes owed or by establishing an installment agreement with the Department of Finance.[2]

Though New York City demolishes about 300 units each year, almost all buildings for which the City takes title remain a part of the i*n rem* program. According to the Mayor's Management Report issued in March, 1995, the City now manages 3,062 occupied buildings containing more than 30,000 units.[3] This represents more than 1% of the entire New York City housing stock.[4] Non-profit, for-profit, and tenant organizations manage the 437 buildings that are in the Alternative Management program which account for approximately 7,000 occupied apartments. Roughly three-quarters of the properties that the City manages are concentrated in 10 Community Boards located in Central Brooklyn, the South Bronx, and Harlem.

New York City has undertaken the responsibility of managing and rehabilitating these foreclosed properties in an effort to preserve the housing stock in poor neighborhoods. However, as the costs of City management are mounting (an estimated $220 million this year excluding lost taxes and the cost of rehabilitating each unit which averages $50,000), the City, once again, is focusing on returning foreclosed properties to other entities to reduce its management, if not rehabilitation costs.

1. U.S. Department of Housing and Urban Development. A Report to the Secretary on the Homeless and Emergency Shelters. U.S. Government Printing Office, 1984.

2. After a foreclosure action is initiated by the City, a landlord may recover the property for up to 24 months by filing an Application for the Release of the City's Interest in the Property and by paying the taxes owed and related penalties. The first four months of the redemption period are a mandatory waiting period when the owner can recover the property; the following 20 months constitute a discretionary period during which the City decides on a case-by-case basis whether the landlord may recover the property.

3. This represents the number of occupied buildings/units in HPD's Central Management program. There are an additional 1,687 vacant buildings with 12,341 units in Central Management and 437 buildings with 8,537 vacant and occupied units in Alternative Management programs.

4. There are almost 2.8 million occupied dwelling units in New York City according to the 1993 Housing and Vacancy Survey.

The City has recently devised a block- or cluster-based strategy, known as Building Blocks!, to rehabilitate and sell occupied and vacant City-owned housing to private owners. The City's stated objective for implementing Building Blocks! is not substantially different from its reasoning behind managing all occupied foreclosed housing - maintaining affordable housing for low-income New Yorkers and preventing displacement of legal tenants - though the approach is more comprehensive. Through the Building Blocks! program the City additionally aims to "strengthen and diversify communities" by rehabilitating all City-owned buildings within the "cluster", offering low-cost loans to private owners, targeting code inspections, and intensifying patrols by the New York City Police Department and HPD's Narcotics Control Unit. This is obviously a hands-on, and potentially costly, approach to return city housing to private ownership.

Tax Delinquent Housing In Other Cities

Twenty-Six cities (43% of the study sample) responded to the 1995 Residential Tax Foreclosure Survey. Unfortunately, several of the largest cities, such as Chicago, Los Angeles and Philadelphia were unable to respond before the submission deadline.

In dealing with tax delinquent housing, nearly all of the twenty-six respondent cities are driven by fundamentally different motivations than those behind the creation of New York's *in rem* program. Whereas New York's vesting and management practices seek to prevent housing from becoming abandoned, policies in respondent cities are largely focused on recouping revenue lost through tax arrearage. In essence, New York's policy seeks to protect the City's housing, while the policies pursued by the other respondents protect tax revenues derived from housing. Officials in many respondent cities felt that such a focus actually benefitted tax delinquent housing by keeping it largely in private hands, without excessive government management.

Given these differing philosophies, it is not surprising that New York is the only city in the survey that manages, let alone renovates, thousands of tax delinquent buildings. Several respondents, mainly located in the South or West, claimed that abandonment was not a significant problem, and that residential property was rarely seized for tax arrears. Only one city, St. Louis, mentioned rising levels of abandonment and urban decay.

In contrast to New York's *in rem* program, which manages (and attempts to rehabilitate) 30,000 occupied dwellings, a minority of the responding cities reported some form of management program for tax delinquent residential buildings which cannot be sold to private buyers. Several cities located in the South and West claimed that residential foreclosures were very rare, while nearly all of the cities that actually managed *in rem* properties managed fewer than 100 dwelling units. Jersey City was exceptional in this regard, with hundreds of residential properties under rent receivership awaiting eventual sale or demolition[5]. However, officials in Jersey City estimate that the city will dispose of these buildings within two years.

Policy Responses in Other Cities

Two distinct types of policies are used by the twenty-five cities that responded to the Residential Tax Survey. **Traditional** programs involve municipal foreclosure of tax delinquent buildings, which are then sold, at public auction, usually for at least the value of taxes and costs owed by the former owner. This type of policy was used by New York prior to the creation of the current *in rem* program in 1977. As the chart on the next page shows, four-fifths of the respondents rely on such policies to regain back taxes from buildings in arrears.

Alternative methods, used by Birmingham, Bridgeport, Denver, Grand Rapids, Hartford, Jersey City, New Orleans, and Yonkers attempt to insulate municipalities from the liabilities of foreclosure and ownership by selling or securitizing tax liens on buildings with arrears. In this way, cities quickly recover at least part of their back taxes without having to incur extra foreclosure and selling costs and without having to take legal and financial responsibility for dilapidated and potentially dangerous structures.

Several cities stood out from those which responded to the Residential Tax Foreclosure Survey due to particularly comprehensive policies for retrieving revenue from and for re-using properties in

5. Jersey City currently has 800 properties under rent receivership, which were not sold at the city's most recent tax lien sale. Municipal officials could not provide an exact figure for the number of residential buildings in this portfolio.

tax arrears. Jersey City, New Jersey and Yonkers, New York are the only municipalities that combine sales of tax liens for delinquent buildings with foreclosure of buildings whose liens remain unsold. Such a program results in a triage type process in which the most marketable delinquent buildings are initially transferred to private investors, forcing the city to foreclose on only the "worst" (ie. deteriorated or vacant) buildings with tax arrears.

The mechanics of Jersey City's strategy are quite simple. Liens are either sold individually at a city-sponsored auction, or "bulked" (amalgamated) by the city and sold to investment banks for 70% of their value. Properties that do not sell during the lien sale phase are vested by the city after six months and placed under rent receivership, during which time private contractors manage the properties and pass along rents, which are used to pay back taxes. Once

Cities Responding to the Residential Tax Foreclosure Survey

	Foreclosure Auction	Tax Lien Sale	Typical Period Until Vesting*	Own *Occupied* Residential BldgsΔ	Demolish Unsold Buildings
Atlanta, GA	Yes	No	1 yr	No	Yes
∞ Bayonne, NJ	Yes	No	1 yr	No	No
Birmingham, AL	No	Yes	8 mos	No	No
Boston, MA	Yes	No	1 yr	Yes	Yes
∞ Bridgeport, CT	No	Yes	Varies	No	Yes
∞ Buffalo, NY	Yes	No	2 yrs	No	Yes
Cleveland, OH	Yes	No	3-6 yrs	No	Yes, if unsafe
Dallas, TX	Yes	No	2 yrs	No	---
Denver, CO	No	Yes	5 mos	No	No
Detroit, MI	Yes	No	3 yrs	No	No
Grand Rapids, MI	No	Yes	3 yrs	No	Yes
∞ Hartford, CT	No	Yes	1-2 yrs	No	No
∞ Jersey City, NJ	Yes	Yes	6 mos	Yes	Yes
Louisville, KY	Yes	No	2 yrs	No	Yes
Milwaukee, WI	Yes	No	1.5 yrs	No	Yes
New Orleans, LA	No	Yes	1 yr	No	Yes
∞ New Rochelle, NY	Yes	No	2 yrs	No	No
∞ **New York, NY**	**No†**	**No†**	**2 yrs§**	**Yes**	**Yes†**
Pittsburgh, PA	Yes	No	Varies	No	Yes
Portland, OR	Yes	No	4 yrs	No	Yes
Raleigh, NC	Yes	No	1-12 mos	No	Yes
Rochester, NY	Yes	No	3 mos	No	Yes
Saint Louis, MO	Yes	No	3 yrs	No	No
∞ San Francisco, CA	Yes	No	5 yrs	No	Yes
Seattle, WA	Yes	No	3 yrs	No	No
∞ Washington, D.C.	Yes	No	1 yr	Yes	No
∞ Yonkers, NY	Yes	Yes	1 yr	No	Yes

∞ Cities that have some form of rent regulation, the type of which varies markedly.

* or take other legal action, such as initiate tax lien sales.

Δ Applicable only to cities currently owning more than 100 dwelling units in tax delinquent buildings.

† New York City is considering a program to sell tax liens of delinquent properties at auction; there have been no lien sales to date, and there is no indication if and when this program will be implemented. New York's Department of Housing Preservation and Development reported that it demolishes approximately 300 dwelling units per year. HPD auctioned approximately 600 multi-family buildings per year during the 1980s. Prior to 1980, the Department of General Services was responsible for auctioning residential properties.

§ In recent years, New York City took roughly two years to vest buildings with tax arrears. Currently, no vestings are being undertaken by the Department of Finance.

Source: 1995 RGB Residential Tax Foreclosure Survey

per year, Jersey City auctions properties in receivership to the highest bidder. Owners can redeem their properties either by paying arrears in full or by negotiating to repay in installments. Properties that are auctioned cannot be recovered by their former owners. Jersey City typically holds buildings in receivership for two years, after which most are either sold or demolished for not meeting the local building codes.

Grand Rapids, Michigan and Pittsburgh, Pennsylvania are the only respondents to devote part of the receipts from tax lien sales for the acquisition and management of municipal property, including housing. Grand Rapids is unique in that it offers delinquent properties that have not been sold at the county tax lien sale to "homesteaders" for one dollar, in return for an agreement to occupy and adequately maintain the structures. Low interest loans as well as counseling are also provided to homesteaders who attempt to renovate their new homes. Local brokers are enlisted by the city to find investors willing to purchase larger buildings at substantial discounts. This type of policy protects both the city's revenue stream and its housing stock through rapid recovery of arrears and incentives for investors to occupy, and if necessary rehabilitate, tax delinquent buildings.

Adoption of lien-sale based policies seems to mark a trend towards more aggressive collection of tax arrears by the nation's municipalities. Nearly one-third of the cities reported significant changes in their local tax collection statutes over the last five years, all of which served to boost the speed and effectiveness of programs for collecting back taxes. Two cities, Hartford and Bridgeport, Connecticut made legal changes to permit the transition to alternative collection approaches.

Little substantial difference was noted between cities with traditional and alternative approaches with respect to the length of time between tax delinquency and initiation of legal action. As detailed in the chart on the previous page, most cities in the survey wait between one and three years before taking title or initiating lien sales against buildings with tax arrears. All of the responding cities have provisions for owners to pay back taxes and related fines and costs before their property, or liens on it, were put up for sale. Some cities allowed installment plans to be negotiated prior to sale, whereas Hartford, Louisville and Raleigh require payment in-full.

Unfortunately, while most cities responding to this year's survey permitted owners of delinquent buildings some flexibility in paying off arrears, only two have programs in place to warn of, let alone forestall, a building's descent into tax arrears. Hartford has an early warning system based upon tenant complaints and building code violations, while Cleveland provides counseling for owners suffering tax delinquency for the first time.

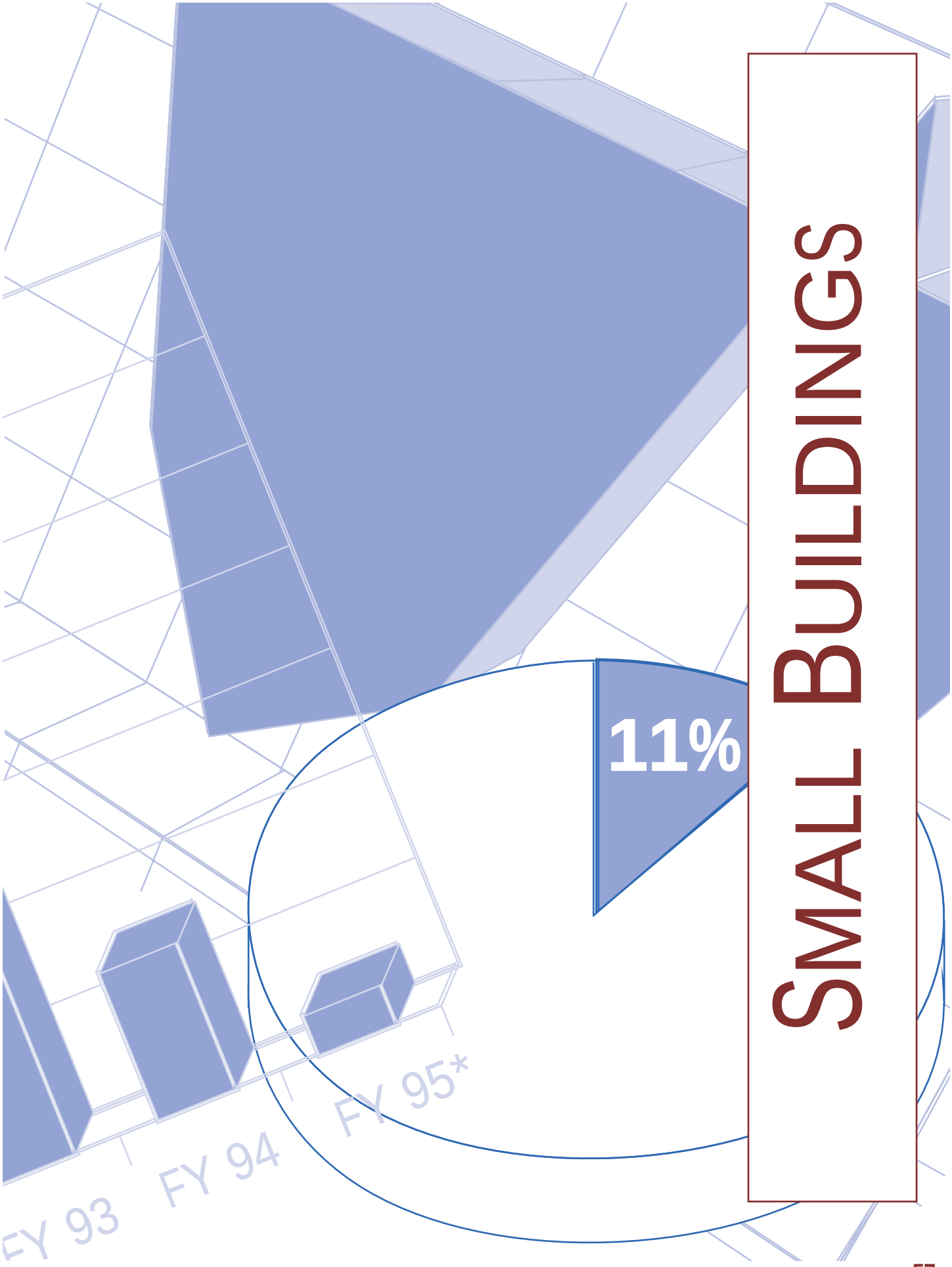
Respondent cities also fell into two groups regarding the distribution of proceeds of foreclosure auctions or lien sales. More than one-third of the cities keep all surplus monies above the amount of taxes, costs and fines owed, while four others (Buffalo, Raleigh, St. Louis and Seattle) remit surplus receipts back to delinquent owners or their creditors. Six other respondents did not indicate how they disbursed funds gained from sales of buildings or liens. All of the cities that remit surplus receipts to property owners pursue traditional foreclosure and auction-based policies.

Different strategies were also observed for disposing of delinquent properties whose title, or liens, could not be sold. As the chart indicates, three-fifths of the respondents claimed to demolish buildings with arrears which could not be transferred to other public agencies or to the private sector, in most cases because such buildings were vacant and/or uninhabitable. Cleveland made the distinction of destroying only structures that were deemed hazardous. Buffalo, Grand Rapids, Pittsburgh and St. Louis on the other hand specifically mentioned policies whereby unsold properties were recycled for new uses. Buffalo, Grand Rapids and Pittsburgh demolish vacant or uninhabitable buildings on unsold delinquent parcels and attempt to sell the vacant lots. St. Louis transfers unsold properties to a public entity, the Land Realization Authority, for similar treatment.

Conclusion

The 1995 Tax Foreclosure Survey clearly shows that few local governments manage tax delinquent properties they foreclose upon. Nearly all respondents attempt to retrieve as much revenue as possible from buildings in arrears through auctions, lien sales or, if necessary, demolition and subsequent sale of vacant lots. While these policies do not specifically aim to protect housing from abandonment, officials who administer them believe such policies, by quickly resolving tax arrears and minimizing government involvement, may actually benefit local housing markets. ❐

Small Buildings



Overview of Small Rent Stabilized Buildings, 1995

Introduction

The Rent Guidelines Board has heard considerable testimony from both landlords and tenants, as well as from housing industry experts, regarding the condition of small buildings. Many argue that small buildings are fundamentally different from large buildings in important respects. For example, small buildings are more vulnerable to unusual circumstances such as large amounts of unrecovered rent, breakdown of major building systems, and economic recession. Conversely, larger buildings can take advantage of economies of scale by spreading their fixed costs, as well as any unusual expenses, across more apartments. Large buildings may also have a greater pool of reserves to cover property or economic hardships.

Others claim that it is not so much the buildings that differ, but the owners of the buildings. The argument is that owners of large buildings have more housing experience and are frequently "professional" property managers or investors. Owners of large buildings also have more access to financing for improvements or enjoy better financing terms. Some have argued that the residents of small buildings are much more distressed than the general population living in rent regulated housing in New York City.

The analysis that follows draws heavily on the research that the RGB Staff has conducted in the past. Although prior reports have found that small and large buildings differ, this is the first attempt by RGB Research Staff to use two important data sources - the triennial Housing and Vacancy Survey (HVS) and the annual Real Property Income and Expense (RPIE) statements filed with the Department of Finance - to specifically evaluate the circumstances of small buildings.

Summary

Last year, the Rent Guidelines Board (RGB) established separate guidelines for small buildings[1]. Specifically, the RGB granted a $15 low-rent supplement on top of the lease renewal for apartments that rent for less than $400 per month in buildings with 30 or fewer units. The Board also established a separate vacancy allowance for low-rent (<$400 per month) apartments in small buildings - owners are allowed to increase their rents by 10% upon vacancy, as opposed to 5% for other apartments. This year we decided to undertake a study of small buildings to help the RGB decide if it should continue to establish separate guidelines for apartments in small buildings.

While this report is a preliminary overview of small buildings[2], the numerical data we present does not fully explain the unusual financial problems many small buildings encounter. Although small buildings are not vastly different from larger buildings in most respects, small buildings are slightly worse off than large buildings according to every variable we reviewed. Perhaps the cumulative effect of these myriad factors, rather than one or two significant ones, are causing small buildings to operate closer to the margin. Or, perhaps the buildings in tax arrears are a subset of all buildings and have lower net operating incomes due to reasons we cannot pinpoint using HVS and I&E data.

The following is a summary of notable differences we found while conducting this study.

Income and Expenses

- Small buildings have lower average gross income and slightly higher average expenses which result in a moderately higher O&M-to-income ratio.

1. Buildings with 30 or fewer dwelling units.

2. For this report, we defined a small building as having fewer than 20 units, mainly because these buildings are the majority of the buildings in tax arrears. There are over 220,000 occupied apartments in small and 758,000 apartments in large rent stabilized buildings in New York City.

- Almost half of the small buildings in our I&E sample have commercial space.
- Small buildings pay slightly higher real estate taxes relative to their total income.
- Small buildings have higher vacancy and collection losses.

Building Characteristics

- Small buildings tend to be older than larger buildings.
- Approximately three-quarters of the buildings that are in tax arrears have fewer than 20 units.

Owner Characteristics

- Small-building owners frequently live in the buildings they own, while large-building owners rarely live in their buildings.

Resident Characteristics

- Tenants in small buildings have somewhat lower household income.
- The household composition for small and large buildings is very similar in terms of number of persons per room, number of persons per household, and head of household age.
- Residents of small and large buildings receive similar amounts of public assistance and rent subsidies.
- Tenants in small buildings tend to move more frequently.

Rent and Income

In examining the finances of small and large buildings, we first compared their average income. According to the Income and Expense (I&E) data, small buildings earn an average of $585 per unit each month, or only $18 less than the average income for large buildings. The Housing and Vacancy Survey (HVS) data from 1993 shows that there is a larger discrepancy in rents for small and large buildings. The average stabilized contract rents are $541 and $606 for units in small and larger buildings, respectively or a 12% difference. Further, over one-fourth of apartments in small buildings rent for $400 or less, while more than one-fifth of units in large buildings rent for this amount.

Rents are lower in small buildings, in part, because they are somewhat older than large buildings. Almost 9 out of 10 of the apartments in small buildings were built before 1947, while this figure is 2 out of 3 for units in large buildings. A second reason apartment rents in small buildings are lower is that they are mainly located in Brooklyn. More than 40% of units in small buildings are in Brooklyn, while almost the same percent of apartments in large buildings are located in Manhattan where apartment rents are substantially higher.[3]

We thought that apartments in larger buildings may have more bedrooms, but this is not the case. The median number of bedrooms is 3 and 2 for dwellings in small and large buildings respectively. So, apartments in large buildings have higher rents even though these apartments tend to be smaller.

Small rent stabilized buildings also contain a larger proportion of rent-controlled dwellings, which tend to have much lower rents. Thus, small buildings are taking in less income from both types of rent regulated apartments. Again this could be a function of small buildings being slightly older than large buildings. More than 15% of all regulated apartments in small, pre-war buildings are rent-controlled, compared with approximately 11% of the regulated units in large, pre-war buildings. Controlled rents in smaller buildings are also lower - averaging $335, or roughly $85 less than the average for large buildings. An apartment rent of $335 may not be sufficient to cover the costs of operating the dwelling unit.[4]

The income that small buildings earn is further reduced by their unusually high vacancy and collection losses. The HVS data shows that the vacancy rate for small buildings (4.8%) is substantially higher than for large buildings (2.9%). To estimate the total vacancy and collection losses, we calculated the difference between the average contract rent from the 1993 HVS and the average rent from the I&E statements - much of

3. The average contract rent for apartments are $482 and $636 for Brooklyn and Manhattan, respectively.

4. The average monthly O&M cost according to the I&E is $413 for a rent stabilized building with 11-19 units. We do not expect that rent controlled units have significantly different operating costs.

Comparison of Units in Small and Large Buildings

	< 20 Units	≥ 20 Units
Number of Rent Stabilized Units	220,585	758,440
Mean Contract Rent	$541	$606
Vacancy Rate	4.8%	2.9%
Vacancy and Collection Loss	17%	10%
Percent of Buildings with Commercial Units	44%	27%

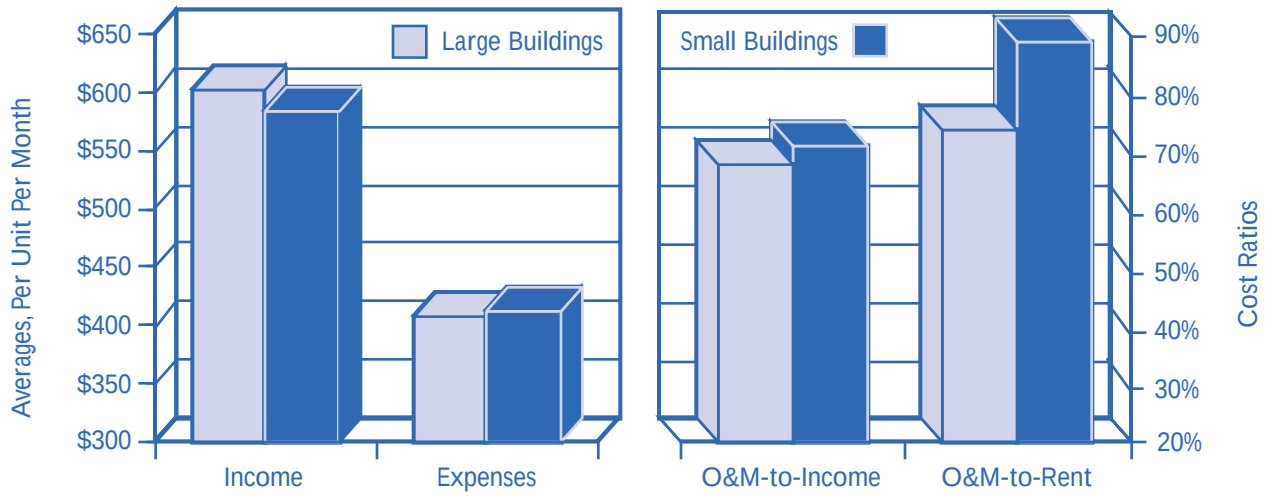
Sources: NYC Department of Finance, 1994 RPIE Filings; 1993 NYC Housing and Vacancy Survey

this difference reflects vacancy and collection losses. For small buildings vacancy and collection losses average 17%, which is almost twice as high as for larger buildings. It can be argued that rental losses adversely affect the finances of small buildings to a greater degree, because they operate on slimmer margins (see O&M-to-income ratios in the chart below).

We thought perhaps the high vacancy rate in small buildings is because the asking prices of vacant units are too high to attract potential renters given the services and amenities offered in these buildings. For example, few small buildings employ the doormen or concierges commonly employed in large buildings. According to the 1993 HVS, the mean asking rent of vacant, for-rent units is $654 for units in small buildings and $687 for large-buildings units. Because both figures seemed high, we reviewed the duration of vacancy to see if the asking price for vacant units may be too high. Though the duration of vacancy was slightly longer in small buildings[5], neither experienced unusually long vacancy periods which suggests that tenants are willing to pay the asking rents. Nor would the difference in duration of vacancy explain the entire discrepancy in the vacancy rate between small and large buildings.

5 The average duration of vacancy for small buildings is 3.7 months versus 2.9 months for large buildings.

I&E Data Shows Some Differences Between Small and Large Rent Stabilized Buildings



Source: NYC Department of Finance, 1994 RPIE Filings

Income and Expenses of Rent Stabilized Buildings

	11-19 Units	20+ Units	All Units
Average Rent Collected	$462	$551	$541
Average Gross Income	$585	$603	$601
Average Operating Expenses	$413	$408	$409
O&M-to-Rent Ratio	89%	74%	76%
O&M-to-Income Ratio	71%	68%	68%
% of Income From Commercial Space	21%	9%	10%
Ratio of Real Estate Taxes to Gross Income	18%	16%	16%

Source: NYC Department of Finance, 1994 RPIE Filings

EXPENSES

While rents in small buildings are below average, expenses are slightly higher than average. Income and Expense data provided by the Department of Finance shows that small buildings have average operating and maintenance costs of $413, while the O&M costs average $408 in large buildings.[6]

Based on the above average income and cost data, it is apparent that the income generated in most buildings is adequate to cover their O&M costs, but it is difficult to determine if the income is also sufficient to cover the mortgage and capital costs the building incurs. Because a third of apartments in small buildings rent for $400 or less, many small buildings have negative operating incomes. Nearly 16% (511) of the small buildings in the I&E sample had O&M costs which exceeded gross income. Only 10% of large buildings in the sample have O&M-to-cost ratios over 100%, because they have higher rental income.

Regardless, it seems curious that small buildings have higher average costs given that small-building owners typically perform many of the necessary repairs themselves and maintain their own accounting and expense records. One likely reason small buildings have higher per-unit costs is because they are older and require more maintenance.[7] As reported above, almost 90% of apartments in small buildings are pre-war compared with less than 70% for larger buildings.

A second explanation for higher O&M costs is that a larger percent of small buildings have commercial space. Almost half of all small-building owners augment their rental income by leasing commercial units[8], whereas only a quarter of large buildings have such space. Small buildings that have income producing commercial space appear to be in better financial condition (O&M-to-income ratio of 69% compared with the average O&M-to-income ratio of 71% for all small buildings), but these buildings would not produce a profit if the commercial space were vacant.

A discussion of costs is not complete without mentioning the plan by the City of New York to fully implement water and sewer metering by the end of the decade. According to the findings of the water and sewer study conducted by Speedwell, Inc.[9], the

6. There are potential problems with using the I&E data for a study of small buildings. First, it does not include expenses such as mortgage and capital costs which may differ considerably for small and large buildings; second, it only includes buildings with fewer than 11 units if the building has commercial space; and third, the 1992 audit of expenses found that expenses are overstated by approximately 8% in all buildings and 13% for small buildings filing RPIE statements. We use unadjusted cost figures in this study because we cannot compute the statistical reliability of the audit figures.

7. Although the I&E Study showed that buildings with 11-19 units spend about the same per unit for maintenance as buildings in the 20-99 and 100+ categories, again, small building owners probably perform much of their own maintenance, which partially explains why their labor costs are considerably lower.

8. As mentioned in footnote number 6, buildings that have fewer than 11 units are included in the I&E data set only if they have commercial space. Therefore, the I&E likely overstates the percent of small buildings that have commercial units.

9. "The Impact of Metered Billing for Water and Sewer on Multifamily Housing in New York", September, 1994.

costs of metering will disproportionately fall on smaller buildings. The study concludes that the cost impacts of metering are inversely related to rent levels. Since apartments in small buildings typically have lower rents, they will experience higher cost increases. The study further stated that "[a]mong buildings with average rents of less than $400 per month, approximately 60 percent will have increases in their water and sewer bills of some amount as a result of metering, and over 21 percent will have increases of $200 or more."[10] Thus, we can expect that converting from flat-rate billing to water metering will negatively affect small buildings more so than large buildings.

Tax Arrears

Since small buildings generate lower income and have slightly higher expenses, they have less net operating income ($172 and $195 for small and large buildings, respectively) and are, therefore, potentially more vulnerable to downturns in the economy. During the recession of the early 1990s, the number of small buildings in tax arrears, as well as the level of arrears, soared. Almost three-quarters of all buildings in tax arrears have fewer than 20 units.

10. Ibid, page 36.

The typical building in tax arrears is a pre-war building with 12-15 units and has less commercial income than average. Almost half of small buildings have commercial space, the income from which is more than one-fifth of their total income. Buildings in tax arrears earn only 7% of their income from commercial enterprises. Thus, we can conjecture that the small buildings that have fallen into tax arrears are a subset of the population of all small, rent stabilized buildings and may have very different characteristics such as lower apartment rent, less commercial space, as well as a higher commercial vacancy rate. The table below shows some additional differences.

Changes in Income and Costs

We reviewed changes in income and expenses to determine if small buildings have experienced a higher increase in costs and/or a lower increase in income than bigger buildings in recent years. The percent change in expenses was about the same as the percent change in gross income for both small and all rent stabilized buildings from 1990 to 1993. The average increase in gross income and expenses were 9% and 8% respectively for small buildings, while all rent stabilized buildings experienced a 6% increase in both expenses and gross income.

We then examined the current tax burdens and changes in real estate taxes for both building sizes,

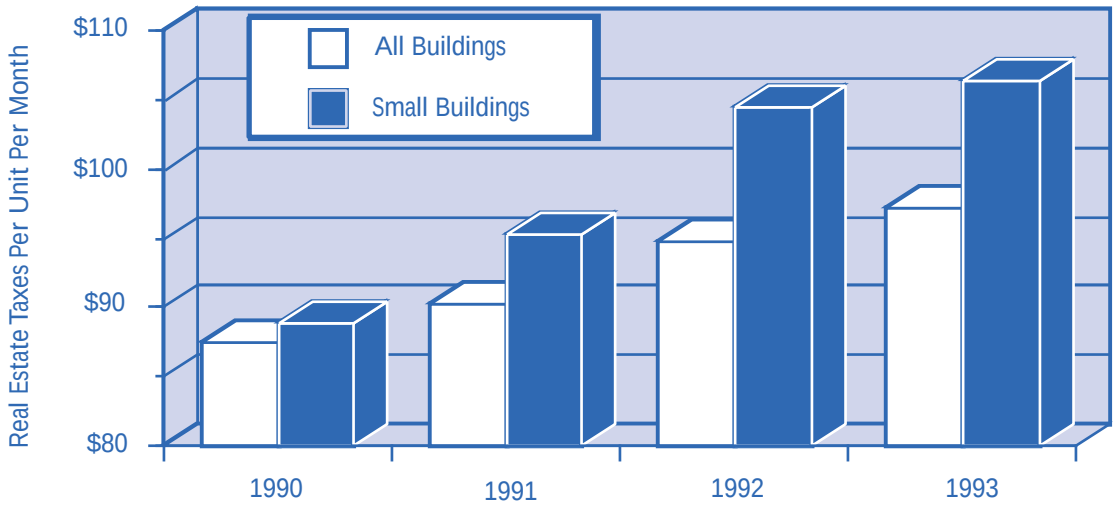
Comparison of Small Buildings and Buildings in Tax Arrears

	Buildings with Tax Arrears	Small Buildings
O&M Cost	$388 *	$413
Apartment Rent	$425 *	$462
O&M-to-Rent Ratio	91%	89%
% with Commercial Space	28%	44%
% of Income from Commercial Units	7%	21%
Commercial Vacancy Rate	22%	NA
Buildings with Mortgages	70%	NA

**1991 I&E data adjusted for inflation.*

Sources: NYC Department of Finance, 1994 RPIE Filings; RGB 1994 Owners Survey

Small Buildings Have Taken on More of the Tax Burden Since 1990



Source: NYC Department of Finance, RPIE Filings

because many have argued that small buildings are "overtaxed". Our analysis indicates that small buildings do pay slightly higher real estate taxes per month relative to their income than larger buildings. The ratio of real estate tax to monthly income is 18% for small buildings and 16% for large buildings. Specifically, small buildings pay an average of $106 per apartment each month, while the average for all buildings is $97, though small buildings earn approximately $18 less per unit on average. Even though these differences do not appear extreme, we cannot determine if certain small buildings are bearing a greater tax burden than these averages suggest.

When looking at the changes in real estate taxes from 1990 to 1993, it is apparent that taxes increased by roughly twice as much as income in both small and all buildings. Taxes increased by a factor of 2.2 more than income on average in small buildings and by 1.8 on average in bigger buildings. We can, therefore, conclude that small buildings have taken on a somewhat greater share of the tax burden between 1990 and 1993. (See graph above)

Owners of Buildings

The RGB has heard considerable testimony that small building owners are fundamentally different from owners of large buildings. It is argued that small owners typically have less capital to reinvest in their buildings, partly because their buildings generate lower profits, and they have less "professional" housing experience.

Although there is insufficient "hard" data available for the RGB to confirm or deny these claims, it seems valid that larger buildings have more resources to reinvest in their buildings and to use as collateral for improvement loans. Additionally, small buildings may be inhibited from undertaking renovations because of delays in Major Capital Improvement (MCI) approvals. These approvals typically take a year or more, during which time owners are not able to recoup the cost of the improvements from their tenants. Larger buildings would seem to have more reserves which they could use to cover the renovation costs until they can implement the MCI increases.

In addition, small-building owners tend to have different motivations for purchasing a building. For example, many small-building owners purchase a building to live in one apartment and to rent out the others to cover the cost of the mortgage. Rarely do owners of large buildings live in the buildings they own. Also, because the cost of purchasing a large apartment building can be enormous, frequently

corporations, rather than sole proprietors, are the owners of buildings with 20 or more units.

TENANTS

We also studied how residents of small and large buildings differ. Perhaps the most noteworthy finding is that residents of small buildings have slightly lower household income, but are quite similar to tenants in large buildings in terms of their household composition and length of occupancy.

Residents of apartments in smaller buildings have average incomes of about $27,000, while residents of larger buildings earn just under $31,000.[11] In addition, nearly half of apartments in small buildings are in Brooklyn where average household income is less than $23,000, while almost half of large-building apartments are in Manhattan where the mean income is nearly $35,000. Roughly one-fifth of households in both building sizes receive some form of public assistance which averages just over $5,500 per year. It is worth mentioning that a moderately higher percentage of households in small buildings receive public assistance though their benefit levels are nearly identical to residents of larger buildings.[12] In addition, less than one-tenth of households in both building sizes receive rent subsidies.

Regarding household attributes, residents of small and large buildings are very similar. The median number of persons per household (2) and median number of persons per room (.7) are the same for residents of small and large buildings; the only notable difference is that residents of small buildings are typically younger. (See chart below)

Since contract rents are, to a large extent, associated with length of occupancy of sitting tenants, it is important to understand whether occupancy patterns vary according to building size. Almost a quarter of residents of small buildings moved into their present rent stabilized apartments within the previous two years, while less than one-fifth of residents of larger buildings moved in within this time period. The trend continues for longer occupancy patterns as well. Only 8% of households in small buildings have not moved in 20 years, while 12% of households in large buildings remained in the same apartment for 20 years or more. Occupancy patterns also vary by borough. For example, residents of the Bronx consistently moved less recently and residents of Brooklyn uniformly moved more recently in small buildings. This may account for some of the difference in rents between small and large buildings and among boroughs. ❒

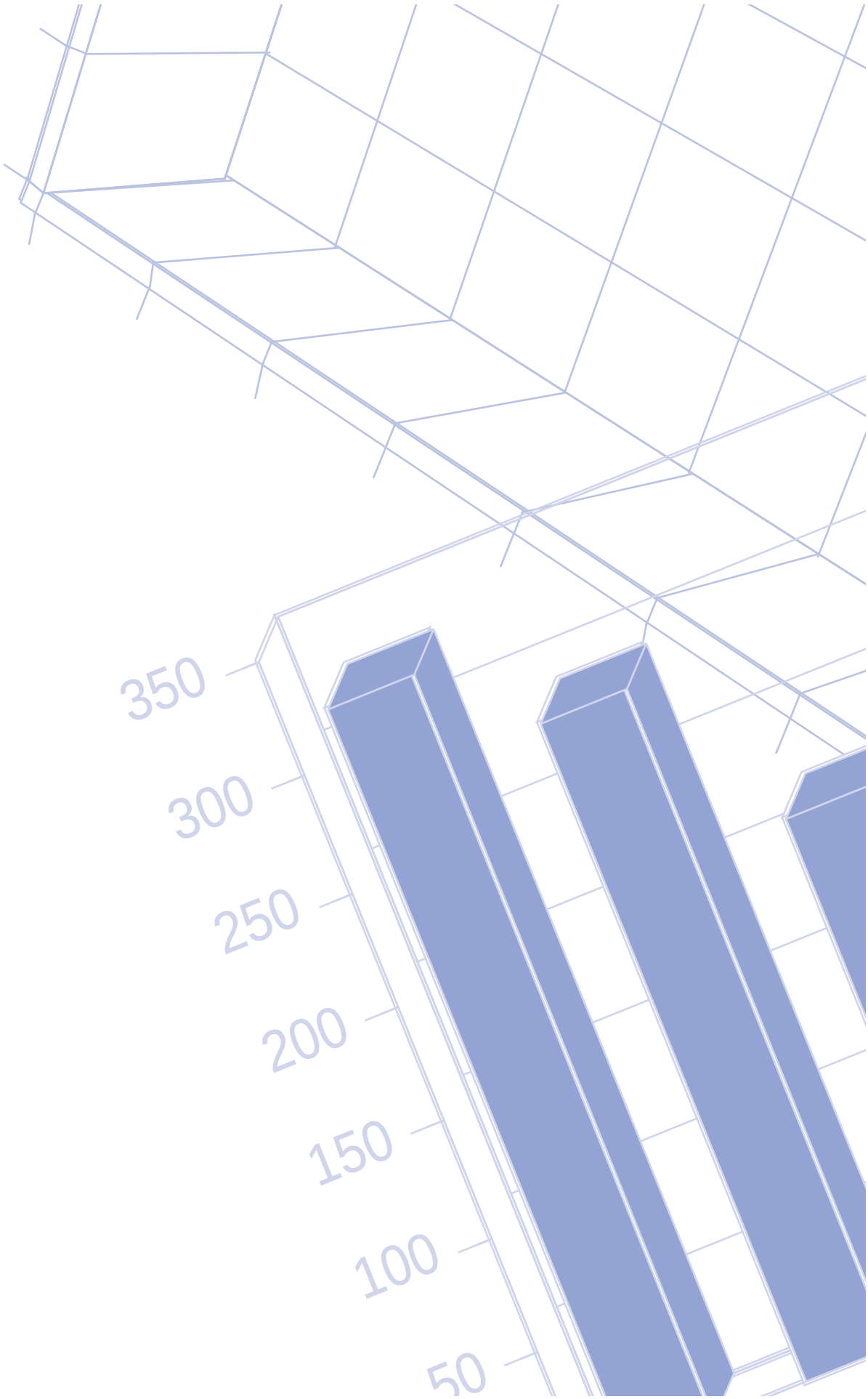
11. The share of income that residents pay for rent is 24% in small buildings and 23% in large buildings.

12. The HVS data shows that 25% of households in small buildings receive public assistance or welfare compared with 22% of households in large buildings.

Characteristics of Residents

	< 20 Units	≥ 20 Units
Mean Household Income	$27,000	$31,000
Median Number of Residents per Apartment	2.0	2.0
Median Age of Householder	39	41
Households Moving within 2 Years	23%	19%
Households Moving within 10 Years	64%	59%
Households Moving within 20 Years	92%	88%
Percent of Households Receiving Public Assistance	24.6%	21.6%
Percent of Households Receiving Rent Subsidies	8.7%	9.8%

Source: 1993 NYC Housing and Vacancy Survey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INCOME & AFFORDABILITY

1995 Tenant Income and Affordability Study

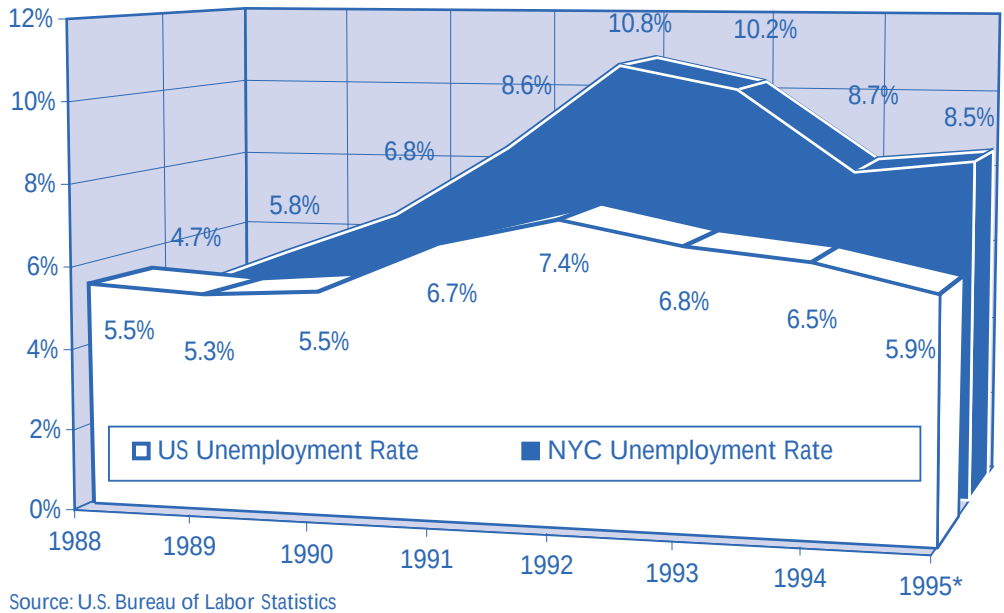
Employment

In the late 1980's and early 1990's, employment in New York City plummeted as both large and small firms reduced payrolls to remain solvent in the wake of a deep national recession. Last year witnessed a break in this trend, as surges in output and job creation (as well as shrinkage in the City's labor force) lowered national unemployment to a four year low of 6.5%, and unemployment in the City to 8.2%, as shown in the chart below. Despite recent fluctuations in interest rates, joblessness continued to decline across the nation during the first quarter of 1995, falling to 5.9% in March. In contrast, unemployment in New York has grown to 8.5% since January, even as the size of City's labor force continued to decline, from 55.4% to 54.4% of the work-aged population.

Although much of last year's drop in unemployment can be ascribed to falling participation in the City's labor force, new jobs were created in New York during 1994. As the chart on the next page details, employment in the City's trade, financial and service sectors grew by 7,000, 10,000 and 30,000 positions respectively in 1994, with overall job growth totalling 30,000 positions. In contrast, employment in New York's blue collar industries and public sector continued to contract. Manufacturing, transportation and construction firms as a group shed a total of 6,000 workers, while 11,000 government jobs in the City were eliminated. Overall, 30,000 jobs were created in the City in 1994.

Preliminary employment figures for the first quarter of 1995 supports the notion that New York is slowly emerging from its long recession. Since January, job growth in the service, financial, wholesale and construction sectors has outpaced the loss of 30,000 "blue collar" and public sector positions, to produce a net gain of 28,000 new jobs in New York.

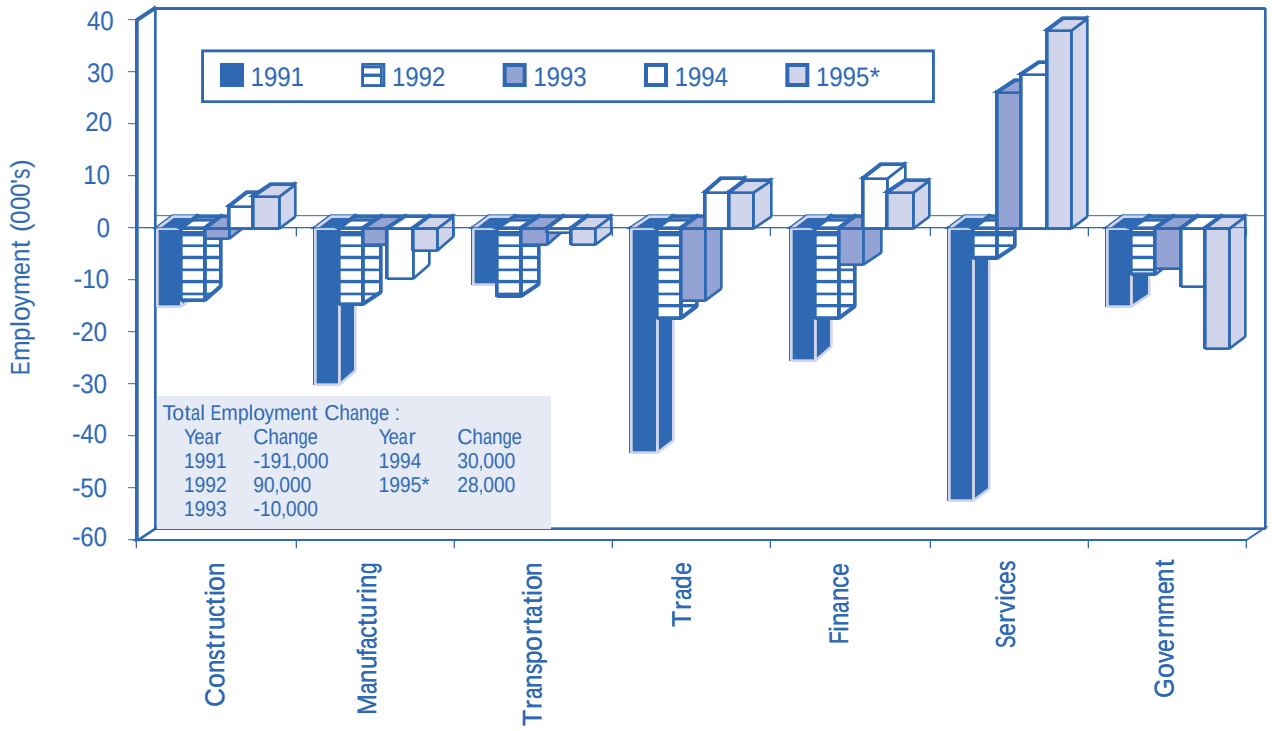
Unemployment in New York Continued to Exceed the National Average in 1994-95



Source: U.S. Bureau of Labor Statistics

* 1995 figure only applies to first quarter data

Employment in NYC Rose During the First Quarter of 1995



*1995 data for the first quarter only. "Total Employment Change" is the increase/decrease from previous year's average employment, or in the case of 1995, previous 1st quarter employment.

Source: U.S. Bureau of Labor Statistics

INCOME

Without the availability of up-to-date information from New York's Housing and Vacancy Survey (HVS), staff was forced to use less targeted data this year to gauge shifting income patterns among rent stabilized tenants. Specifically, income data collected by the Bureau of Labor Statistics (BLS) on workers employed in New York City was compared with the findings of the 1991 and 1993 HVS. Because the BLS data covers many people who commute from suburbs to work in the City, and only measures wage income, as opposed to total income as reported in the HVS, comparisons between the two data sources must be treated with some caution.

According to BLS figures, the average income for all workers holding jobs in New York rose slightly between 1992 and 1993, from $39,787 to $40,348. In terms of "real" inflation-adjusted dollars, this represented a decrease of 1.6%, with wages in the private sector falling by an average of 1.9% while those of public employees rose by 0.3%. Inflation hit workers in New York's manufacturing, transportation and wholesale industries particularly hard - "real" wages in each of these sectors declined by 3% between 1992 and 1993. (See chart on next page)

The relevance of the data cited above to New York's rent stabilized tenants can be gauged by comparing real income growth in the HVS with that measured by the BLS numbers. Since the HVS is usually produced tri-annually, the most recent time period suitable for comparison is from 1990 to 1992. During this time, the HVS measured a 6% erosion of "real" income (from $32,999 to $31,111 in inflation-adjusted dollars) for all residents of New York City. On the other hand, the average "real" wage income for workers with jobs in New York tracked by the BLS grew by nearly 7% (from $32,408 to $34,631) over the same period. The fact that a large proportion of the

upper echelons of New York's white collar workforce live in the suburbs probably accounts for most of the "gap" observed between the two data sources. This is particularly true of employment in New York's financial sector, where average "real" wages rose by nearly 25% between 1991 and 1992 and fell by only 1% (as opposed to 1.5% for all City's workers) between 1992 and 1993. If rent stabilized tenants are more likely to be employed in "blue collar" jobs or mid-level "white collar" positions, where real income declines have been larger than average, then it is probable that their inflation-adjusted incomes fell by more than the average 1.5% decline measured by the BLS between 1992 and 1993.

Even as the average "real" household income of rent stabilized households declined in recent years, rents have continued to rise. According to Income & Expense forms filed by property owners in 1994, rent collected from stabilized apartments rose an average of 0.8% more than inflation from 1992 to 1993. From 1991 to 1993, the mean average inflation adjusted contract rent for stabilized units analyzed in the HVS increased by 0.3%. Thus, it seems the decline of "real" incomes among both workers in New York as well as stabilized tenants in the face of stable "real" contract rents have made stabilized housing more expensive. As last year's study described in detail, lower income stabilized households bore the brunt of increased housing costs in New York from 1991 to 1993.

Declining incomes and increasing rents have forced the median contract rent-to-income ratio for stabilized units to grow significantly, from 26% in 1991 to 28% in 1993.

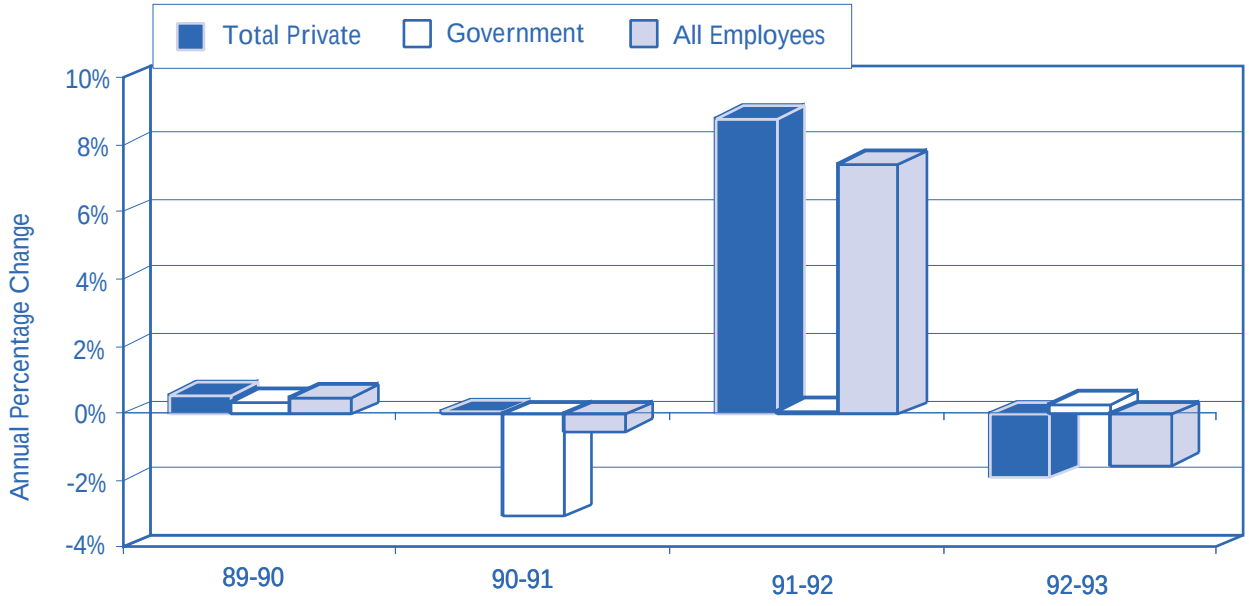
Low Income Renters

The decline of New York's industrial base has reduced the number of unskilled jobs which have traditionally provided the City's low income households a route out of poverty. Because most of these jobs are being replaced by lower paying service positions or skilled jobs in the financial sector, it seems logical to assume that New York's low-income households are being disproportionately affected by declines in employment and income.

In late 1993, public assistance recipients in New York numbered 1,089,000. One year later, the number of people receiving public assistance grew by 5.4%.

The Real Income of Workers Employed in NYC Dropped Between 1992 and 1993

(Constant 1989 Dollars)



Source: U.S. Bureau of Labor Statistics, 1995

Estimates for the first four months of 1995 indicate no substantial change from last year's total. While part of this stability can be traced to a decline in the number of individuals with tuberculosis and AIDS-related illnesses, most of it probably stems from improved economic conditions.

Since 1993, the number of families housed in temporary shelters has remained fairly stable. About 5700 families were housed in temporary City facilities at the end of 1993. In 1994, this figure fell to 5599 families, but has rebounded slightly to 5620 families during the first quarter of 1995.

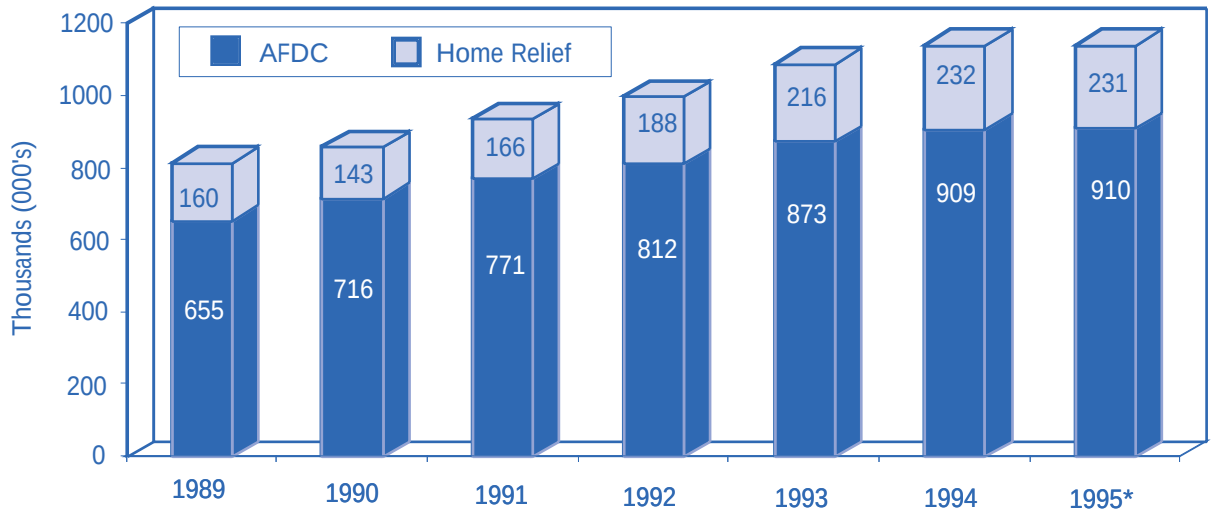
During its first year in office, the Giuliani administration sought to adopt a more proactive approach towards alleviating homelessness. Judging from the 3,406 families placed in permenant homes through Emergency Assistance Rehousing Program during the 1994 Fiscal Year (a 53% increase over the number helped during the previous year), it seems the Human Resources Administration (HRA) successfully implemented this policy. Unfortunately, budget constraints probably will not allow this level of effort to continue into the future. According to the latest Mayor's Management Report, relocation is expected to fall to 2700 families in both Fiscal 1995 and Fiscal 1996.

Housing Court Actions and Evictions

Economic doldrums have traditionally boosted the caseload of the New York City Housing Court as well as the number of residential evictions undertaken in the City. During the last recession, the number of non-payment and eviction cases filed and heard before municipal courts remained stable, while the number of evictions carried out by City marshals declined in the late 80's, only to rebound in recent years.

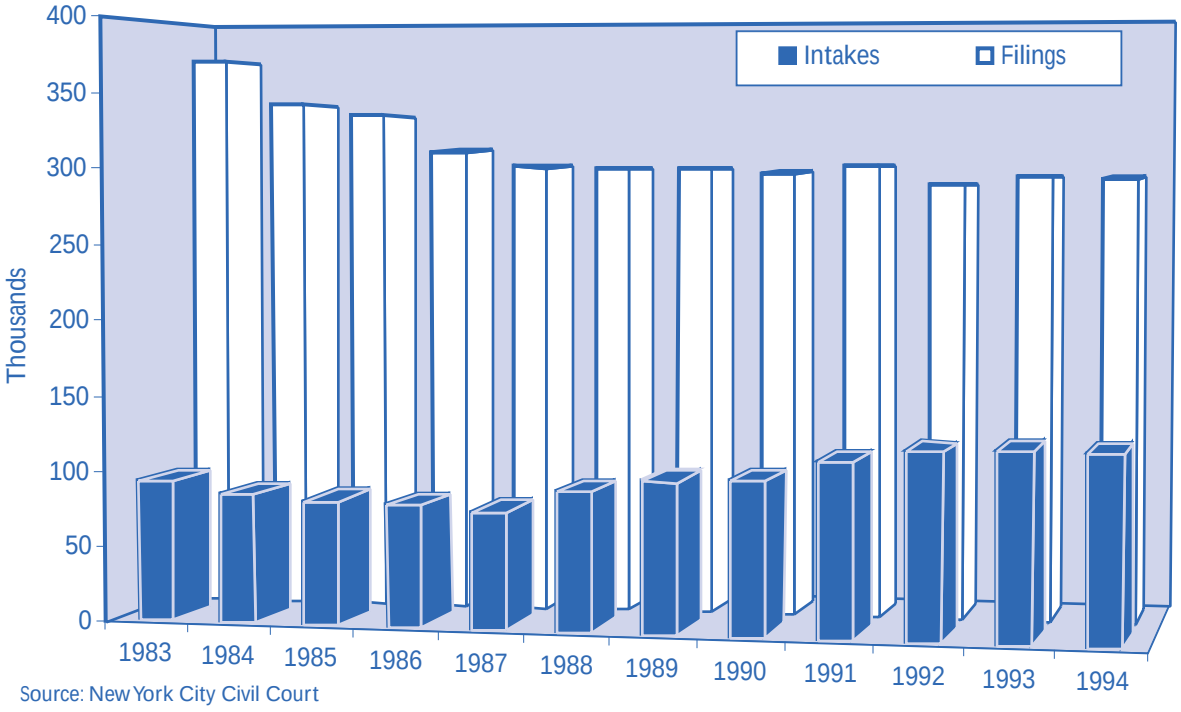
As shown in the chart on the top of the next page, non-payment filings have remained flat in recent years, falling slightly to 294,000 in 1994 from 295,000 in 1993. On the other hand, case intakes, (reflecting non-payment actions noticed for trial less restorations), had risen for the past six years, from a low of 77,000 in 1987 to 124,000 in 1993. Over the last year, this number declined slightly to 122,500, perhaps indicating that improved economic conditions have made it slightly easier for tenants to resolve non-payment actions prior to court appearances. Despite this trend, as shown in the chart on the bottom of the next page, the number of evictions rose to 24,000 in 1993, a significant (9.6%) increase from the 21,900 carried out in 1993. ❐

The Number of Public Assistance Recipients Stabilized During the First Quarter of 1995



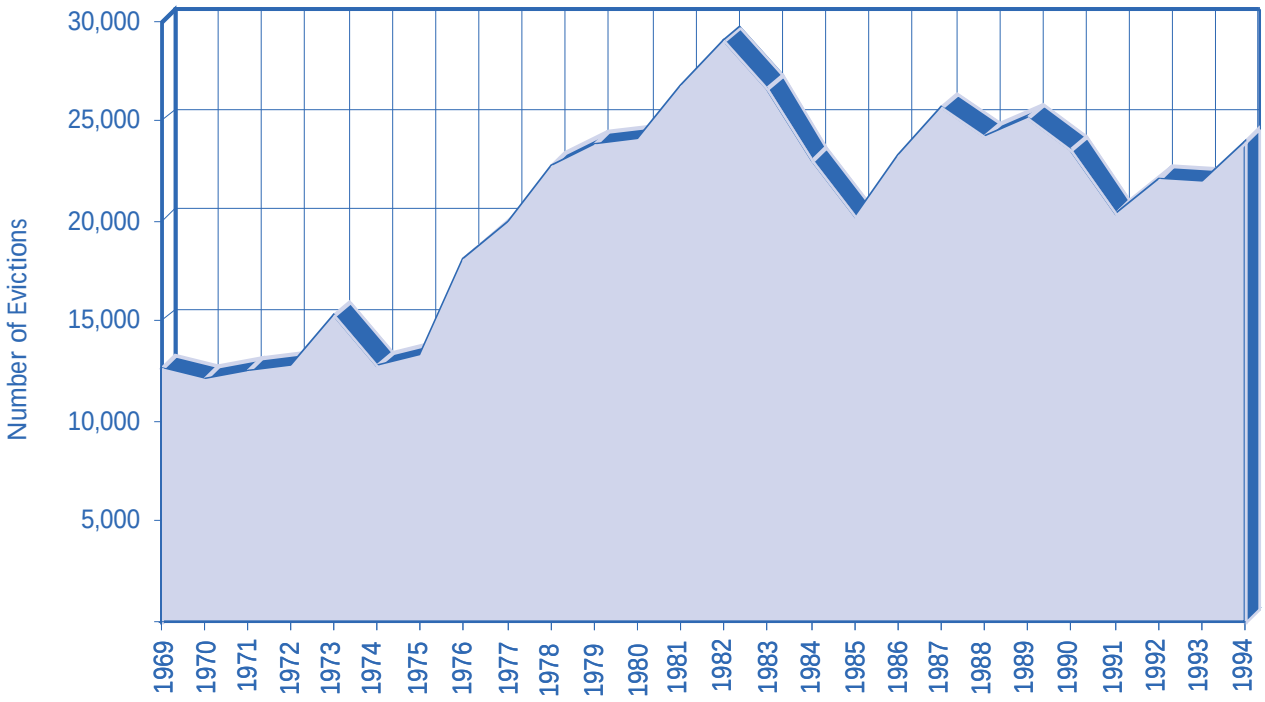
Note: The AFDC category includes Pre-Determination Grants (PG-ADC) recipients.
* 1995 data for the first quarter only
Source: Mayor's Management Reports

Both Filings and Intakes into NYC Housing Courts Remained Stable in 1994 ...

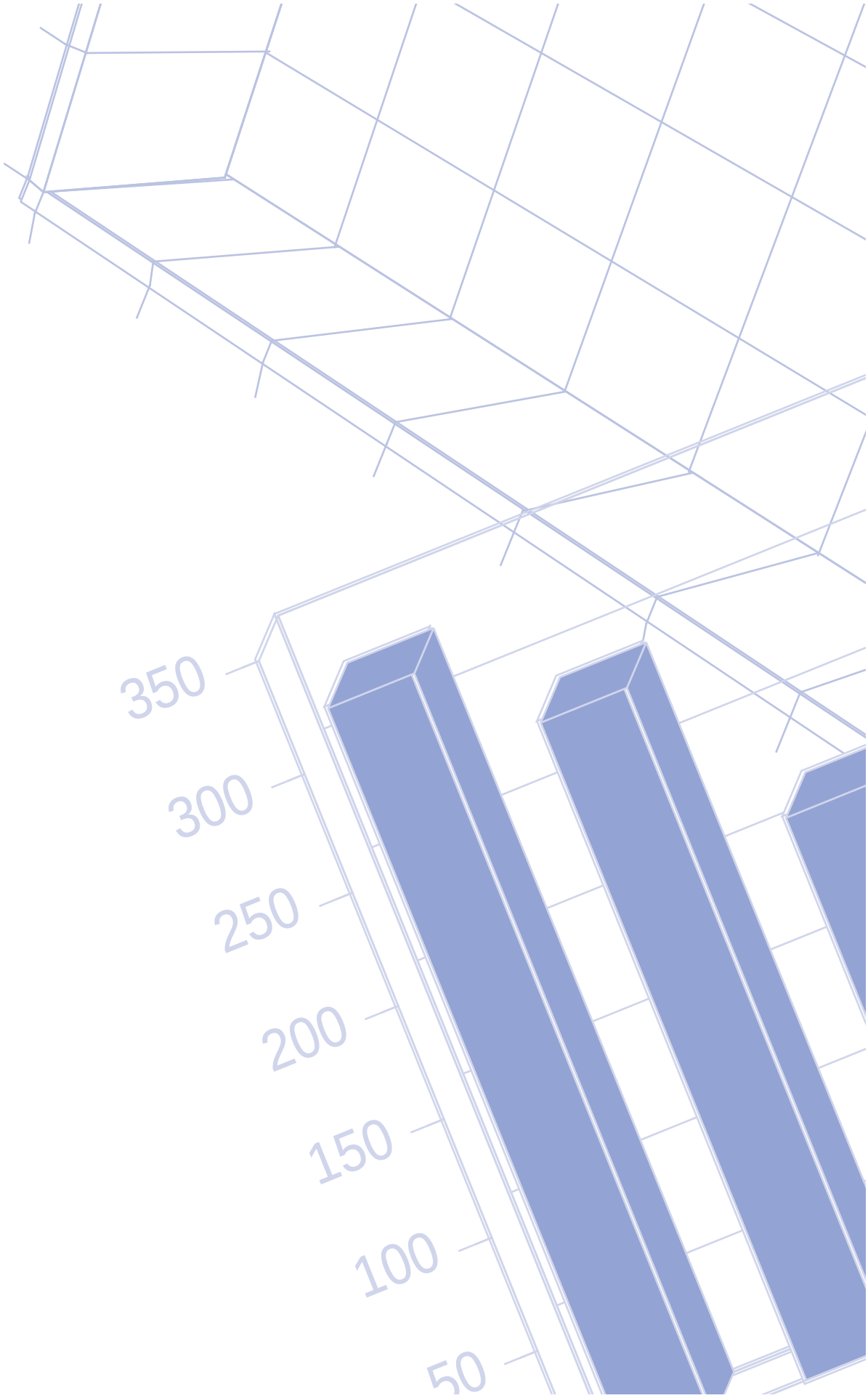


Source: New York City Civil Court

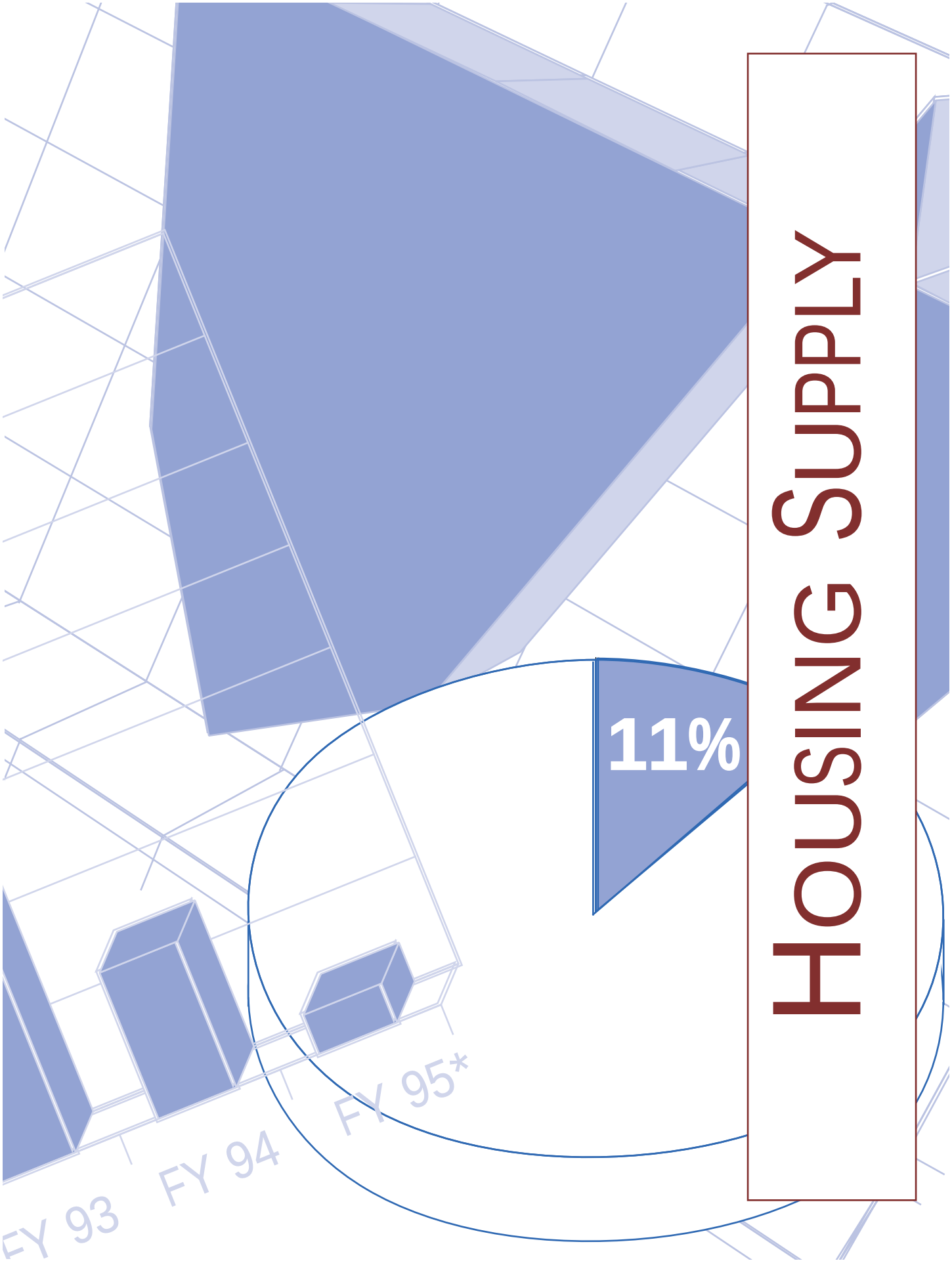
But the Number of Possessions and Evictions Carried Out Rose in 1994



Source: NYC Department of Investigation, Bureau of City Marshals


350
300
250
200
150
100
50

Housing Supply



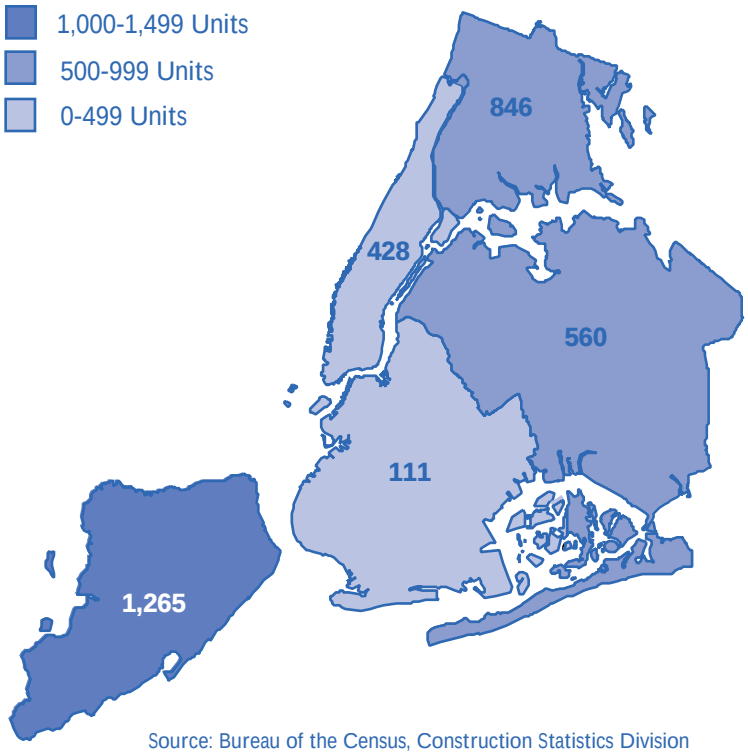
HOUSING SUPPLY, 1995

VACANCY RATES

The Rent Stabilization Law calls upon the Rent Guidelines Board to consider the current vacancy rate in New York City in its deliberations. According to the 1993 Housing and Vacancy Survey (the latest year for which vacancy data is available), the vacancy rate for stabilized housing is identical to the vacancy rate of the overall New York City housing stock (3.4%). Since there has been little movement in the housing market in terms of new housing units available and no large influx of new residents searching for housing, the vacancy rate most likely has not changed much since 1993.

Housing Permits Reach a New Post-War Low

(Number of New Units Authorized by Building Permits, 1994)



Source: Bureau of the Census, Construction Statistics Division

NEW CONSTRUCTION AND TAX ABATEMENTS

HOUSING PERMITS

The number of new units authorized for construction by building permits declined by 38% to reach 3210 in 1994. This year's figure represents a new post-war low which was previously attained in 1992 with the issuance of 3880 permits.

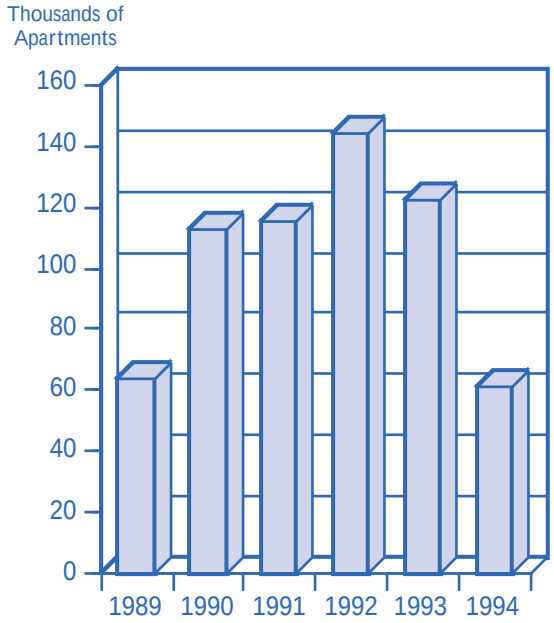
The largest decrease in construction activity came in Brooklyn, where the number of new units authorized was 111 compared with 1015 units the previous year, a decrease of 89%. There was also a large drop in construction activity in Manhattan where building permits declined from 1148 to 428. New units in the Bronx decreased approximately 35% to 846 from 1293. The number of units authorized in Queens and Staten Island remained virtually unchanged in 1994, 560 and 1265, respectively.

Last year we reported that approximately 30% of the units authorized in 1993 were in structures containing five or more units. Unfortunately, we are not able to determine the proportion for this year, because the U.S. Census Bureau will not have this information available until June.

J-51

Figures on the J-51 tax abatement and exemption program are a measure of the level of rehabilitation activities in existing buildings. Tax abatements are issued for major capital improvements, moderate rehabilitation requiring the replacement of at least one building system, and gut rehabilitation. In 1994, there were decreases in both the number of buildings receiving new J-51 tax abatement benefits and the dollar amount of certified reasonable costs.

Number of Apartments Qualifying for New J-51 Tax Abatements Drops 50%



Source: NYC Department of Housing Preservation and Development, Office of Development

The number of units receiving new J-51 tax abatement benefits decreased 50% in 1994 from 122,000 to 61,000 units. The dollar amount of certified reasonable cost for these J-51 units decreased 26% from $169 million to $125 million. It should be noted that certified reasonable costs approved by HPD's Office of Development are approximations of the actual rehabilitation costs. In most cases, the tax abatement received is based on 90 percent of the total certified cost.

This decrease in benefits is probably related to the economic slowdown in the early 1990s. Because buildings cannot apply for J-51 benefits until construction and rehabilitation is complete, the amount of J-51 abatements usually lags several years behind the actual housing improvement activity.

The number of units in each borough receiving J-51 tax abatements was evenly distributed, with the exception of Staten Island (1%). Even though only one-quarter of the units receiving J-51 tax abatements were located in the Bronx, the dollar amount of tax abatements from this borough constituted nearly half of the total. Manhattan had the next highest dollar amount with almost $40 million. Brooklyn and Queens accounted for $24 million and $9 million, respectively.

Not surprisingly, the Bronx and Manhattan had the highest average tax abatement benefits (about $3900 and $2400 per unit, respectively), while the lowest was in Queens averaging under $700 per unit. The averages were $1400 and $1000, respectively, for Brooklyn and Staten Island.

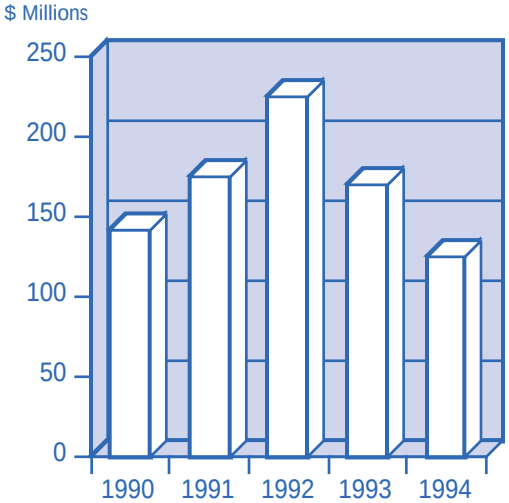
Assuming there is a direct relationship between the amount of tax abatement benefits received and the level of rehabilitation activity, units in the Bronx and Manhattan saw greater improvements than units in the other boroughs.

421-A

One indicator of new multi-family units entering the housing market is the number of preliminary 421-a certificates issued by HPD's Office of Development. The graph on the next page shows that the number of units receiving 421-a certificates in 1994 fell 31% from 910 to 630 units, the lowest number in recent years.

Similar to J-51 tax abatements, the number of units receiving 421-a certificates in the four boroughs (again excluding Staten Island which had less than 1%) were relatively evenly distributed. The number of units in the Bronx constituted 37% of the City total while Manhattan had the lowest proportion with roughly 18% of all units receiving 421-a certificates. Brooklyn and Queens had 22% and 21%, respectively. This is in marked contrast to 1992

Certified Reasonable Cost for New J-51 Tax Abatements Declines 25%



Source: NYC Department of Housing Preservation and Development, Office of Development

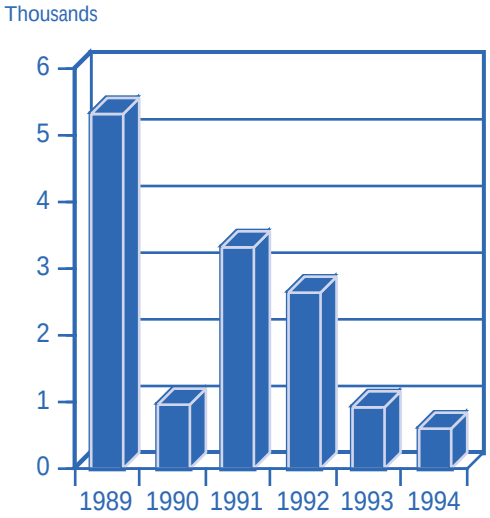
when Manhattan constituted more than 50% of the city total.

In Rem Housing and Tax Foreclosure

In Rem Housing

The number of buildings in the City's Central Management *in rem* stock remained virtually unchanged in fiscal year 1995, falling from 4760 to 4750.[1] Vacant buildings decreased roughly 4% during this period, while occupied buildings increased slightly more than 2%, leading to a decrease of 10 buildings in the overall *in rem* stock. According to the Mayor's Management Report (March 1995), the City continues to reduce its *in rem* stock largely through sales or rehabilitations of vacant buildings. Vacant buildings declined to 1687 in FY 95. Though the number of occupied buildings in the *in rem* stock has remained relatively stable in the 1990s, this is the first year that the number of occupied buildings increased. There are currently 2992 occupied buildings in the City's *in rem* stock.

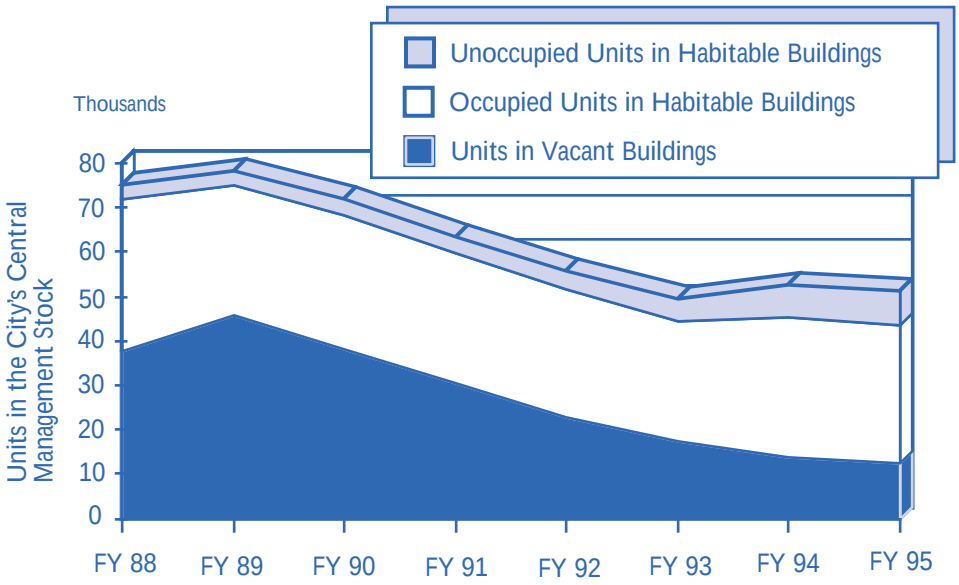
Fewer Units are Receiving Certificates for 421-a Tax Abatements



Source: NYC Department of Housing Preservation and Development, Office of Development

Though the number of buildings in the City's stock is unchanged, the total number of *in rem* units decreased by nearly 2.5% in fiscal 1995. Again most of the decrease in units was due to the reduction in vacant buildings. The number of units in habitable buildings declined by only one-third as much as the decline in units in vacant buildings, thus underscoring the focus placed on rehabilitating vacant buildings in the *in rem* stock.

The Number of Units in Vacant City-Owned Buildings Declines for the Sixth Straight Year



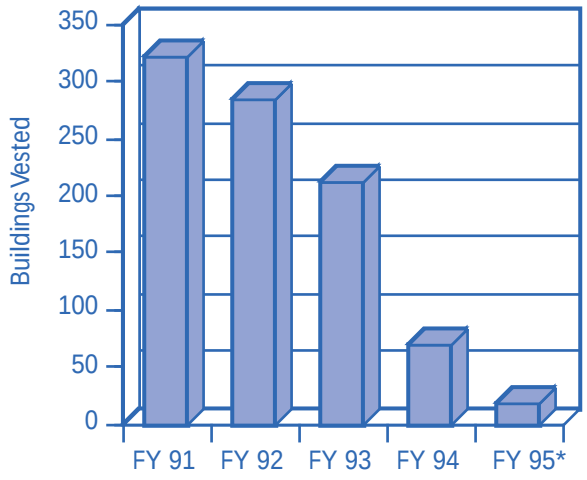
Source: Mayor's Management Reports, 1988-95

Tax Foreclosure

The City chartered an *In Rem* Tax Foreclosure

1 HPD's Alternative Management program held an additional 440 buildings in FY95. This, too, is unchanged from last year. All FY 95 figures are from the first four months of the fiscal year as reported in the Mayor's Management Report.

HPD Vestings of Multiple Dwellings Continued to Decline in FY 1995



Source: Department of Housing Preservation and Development, Office of Property Management

*Preliminary figure, subject to change.

Release Board in 1991 to approve redemption applications, a task formerly performed by the Board of Estimate. After a multi-family building is in tax arrears for at least one year, the City is entitled to initiate foreclosure proceedings. While the city may be legally entitled to a judgment of foreclosure three months after the commencement of the proceedings, such judgments are typically sought about one year after proceedings are initiated. The judgment entitles the City to obtain title to the property. The owner may redeem the property as of right, by paying what is owed to the City within four months of the City obtaining title. However, if the property owner wishes to redeem the property during the following 20 months, the owner has to apply for discretionary redemption with the new *In Rem* Foreclosure Release Board. The vesting statistics shown in the chart are the actual number of buildings vested by the City.

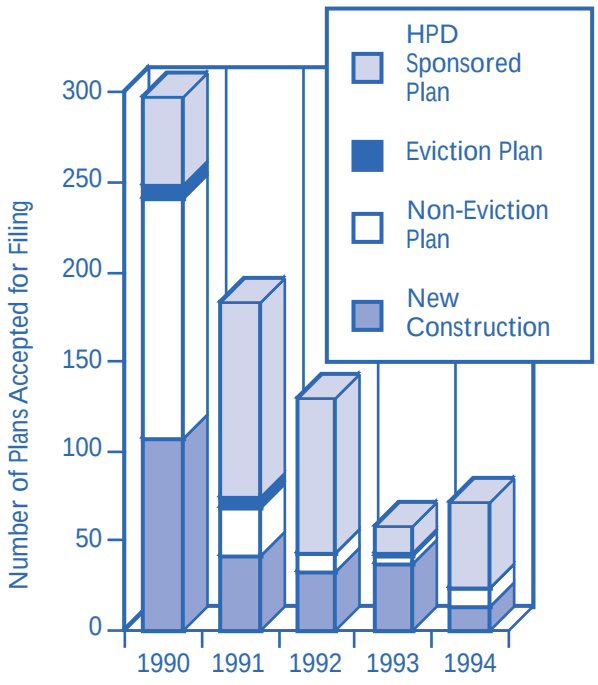
Fewer buildings were vested in fiscal year 1994 (69) than in any recent year. So far this fiscal year, even fewer buildings have been vested - only 17 buildings, 14 of which were in Manhattan. The sharp decline in the number of vestings is due to HPD's recent moratorium on foreclosure activities. HPD states that it can no longer afford to manage the thousands of occupied buildings the City currently owns.

Residential Co-op and Condominium Activity

The overall level of co-op and condo construction and conversion activities increased in 1994 to 72 plans after falling for five straight years to a low of 58 plans accepted for filing in 1993. Most of the increase was due to a surge in the number of HPD sponsored plans from 15 in 1993 to 48 in 1994.

Of the 72 plans, only 18% (13 plans) were for new construction and amounted to 383 units. Similar to last year, the majority of the new construction plans (8 out of 13) were in Brooklyn. As mentioned above, two-thirds (48) of the accepted plans were HPD sponsored conversions. Approximately 14% of all plans were private co-op and condominium conversions under a non-eviction plan and only one plan was for a private conversion with evictions. With the exception of one non-eviction plan which was in Brooklyn, all eviction and non-eviction plans were in Manhattan. ❒

Co-op and Condo Plans Increased Slightly Last Year



Source: NYS Attorney General's Office

APPENDIX A: GUIDELINES ADOPTED BY THE BOARD

A1. APARTMENTS & LOFTS

On June 26, 1995, the Rent Guidelines Board (RGB) set the following maximum rent increases for leases commencing or being renewed on or after October 1, 1995 and on or before September 30, 1996 for rent stabilized apartments:

One-Year Lease	Two-Year Lease
2%	4%

A supplemental adjustment of $20 per month may be added for apartments renting for $400 or less as of September 30, 1995. For tenants entering new leases the increases are the same as renewal leases, except an 8.5% vacancy allowance may also be charged. Under Order 27, owners will be permitted to collect the vacancy allowance if vacancies occur during consecutive guideline periods; that is, even if a vacancy allowance was collected for the same unit under the previous order. No vacancy allowance can be taken under Order 27, however, if the apartment first enters rent stabilization within the guidelines period (from October 1, 1995 to September 30, 1996).

Any increase for a renewal lease as well as any for the vacancy allowance may be collected no more than once during the guideline period.

For Loft units that have met the legalization requirements under Article 7-C of the Multiple Dwelling Law, the Board established the following maximum rent increases for leases commencing or being renewed on or after October 1, 1995 and on or before September 30, 1996 for rent stabilized apartments:

One-Year Lease	Two-Year Lease
2%	4%

Leases for units subject to rent control on September 30, 1995 which subsequently become vacant and then enter the stabilization system are not subject to the above adjustments. The rents for these newly stabilized units are subject to review by the New York State Division of Housing and Community Renewal (DHCR). In order to aid DHCR in this review the RGB has set a special guideline of 45% above the Maximum Collectible Rent paid by the prior tenant or 35% above the Maximum Base Rent, whichever is greater.

A.2 HOTEL UNITS

On June 26, 1995, the RGB set a maximum allowable increase of 0% over the lawful rent actually charged and paid on September 30, 1995 for residential lodging houses, rooming houses, Class B hotels, single room occupancy and Class A residential hotels. The guidelines will apply to leases commencing or being renewed on or after October 1, 1995 and on or before September 30, 1996. The guidelines do not limit rental levels for commercial space, non-rent stabilized residential units, or transient units in hotel stabilized buildings. ❒

Appendix B: Price Indices of Operating Costs, 1995

B.1 PIOC Sample, Price Quotes per Spec, 1994 vs. 1995

Spec	Description	1994	1995
211	Apartment Value	125	136
212	Non-Union Super	82	61
216	Non-Union Janitor/Porter	45	42
	LABOR COST	252	239
301	Fuel Oil #2	38	35
302	Fuel Oil #4	12	10
303	Fuel Oil #6	9	8
	FUEL COSTS	59	53
501	Repainting	126	132
502	Plumbing, Faucet	33	38
503	Plumbing, Stoppage	30	37
504	Elevator #1	10	11
505	Elevator #2	11	10
506	Elevator #3	14	10
507	Burner Repair	11	10
508	Boiler Repair, Tube	10	10
509	Boiler Repair, Weld	7	5
510	Refrigerator Repair	5	6
511	Range Repair	12	10
512	Roof Repair	26	22
513	Air Conditioner Repair	5	6
514	Floor Maint. #1	7	7
515	Floor Maint. #2	7	7
516	Floor Maint. #3	7	7
518	Linen/Laundry Service	5	5
	CONTRACTOR SERVICES	326	333
601	Management Fees	45	52
602	Accountant Fees	29	38
603	Attorney Fees	26	22
604	Newspaper Ads	18	16
605	Agency Fees	5	5
606	Lease Forms	7	7
607	Bill Envelopes	10	10
608	Ledger Paper	5	6
	ADMINISTRATIVE COSTS	145	156
701	INSURANCE COSTS	523	448
801	Light bulbs	5	6
802	Light Switch	5	7
803	Wet Mop	6	7
804	Floor Wax	5	8
805	Paint	11	10
806	Pushbroom	8	7
807	Detergent	5	5
808	Bucket	12	11
809	Washers	12	11
810	Linens	10	10
811	Pine Disinfectant	7	5
812	Window/Glass Cleaner	6	5
813	Switch Plate	7	7
814	Duplex Receptacle	6	5
815	Toilet Seat	12	11
816	Deck Faucet	10	14
	PARTS & SUPPLIES	127	129
901	Refrigerator #1	6	8
902	Refrigerator #2	10	12
903	Air Conditioner #1	5	7
904	Air Conditioner #2	5	5
905	Floor Runner	12	9
906	Dishwasher	5	5
907	Range #1	7	8
908	Range #2	6	6
909	Carpet	11	11
910	Dresser	6	7
911	Mattress & Box Spring	7	7
	REPLACEMENT COSTS	80	85
	All Items	**1512**	**1443**

B.2 Expenditure Weights, Price Relatives, Percent Changes and Standard Errors, All Apartments, 1995

Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error
101	TAXES, FEES, & PERMITS	0.2596	1.0137	1.37%	0.1323
201	Payroll, Bronx, All	0.1236	1.0333	3.33%	0.0000
202	Payroll, Other, Union, Supts	0.1216	1.0212	2.12%	0.0000
203	Payroll, Other, Union, Other	0.2999	1.0195	1.95%	0.0000
204	Payroll, Other, Non-Union, All	0.2628	1.0542	5.42%	1.0225
205	Social Security Insurance	0.0489	1.0240	2.40%	0.0000
206	Unemployment Insurance	0.0105	0.9946	-0.54%	0.0000
207	Private Health & Welfare	0.1327	1.0984	9.84%	0.0000
	LABOR COSTS	0.1646	1.0410	4.10%	0.2687
301	Fuel Oil #2	0.2651	0.8784	-12.16%	0.3556
302	Fuel Oil #4	0.2183	0.8638	-13.62%	1.5074
303	Fuel Oil #6	0.5167	0.8749	-12.51%	1.0522
	FUEL	0.1012	0.8734	-12.66%	0.6424
401	Electricity #1, 2,500 KWH	0.0140	1.0369	3.69%	0.0000
402	Electricity #2, 15,000 KWH	0.1686	1.0474	4.74%	0.0000
403	Electricity #3, 82,000 KWH	0.0000	1.0464	4.64%	0.0000
404	Gas #1, 12,000 therms	0.0062	0.8748	-12.52%	0.000
405	Gas #2, 65,000 therms	0.0669	0.8032	-19.68%	0.0000
406	Gas #3, 214,000 therms	0.1681	0.8001	-19.99%	0.0000
407	Steam #1, 1.2m lbs	0.0159	0.9437	-5.63%	0.0000
408	Steam #2, 2.6m lbs	0.0059	0.9397	-6.03%	0.0000
409	Telephone	0.0128	0.9996	-0.04%	0.0000
410	Water & Sewer	0.5416	1.0005	0.05%	0.2270
	UTILITIES	0.1470	0.9600	-4.00%	0.1230
501	Repainting	0.4172	1.0286	2.86%	0.5755
502	Plumbing, Faucet	0.1330	1.0358	3.58%	1.3007
503	Plumbing, Stoppage	0.1255	1.0191	1.91%	0.8035
504	Elevator #1, 6 fl., 1 e.	0.0500	1.0121	1.21%	0.9183
505	Elevator #2, 13 fl., 2 e.	0.0352	1.0049	0.49%	0.5016
506	Elevator #3, 19 fl., 3 e.	0.0200	1.0050	0.50%	0.5112
507	Burner Repair	0.0397	1.0266	2.66%	2.6425
508	Boiler Repair, Tube	0.0453	1.0183	1.83%	1.2093
509	Boiler Repair, Weld	0.0350	1.0000	0.00%	0.0000
510	Refrigerator Repair	0.0138	1.0079	0.79%	0.8387
511	Range Repair	0.0147	1.0101	1.01%	0.7506
512	Roof Repair	0.0541	1.0294	2.94%	1.2446
513	Air Conditioner Repair	0.0100	1.0126	1.26%	0.0000
514	Floor Maint. #1, Studio	0.0003	1.0000	0.00%	0.0000
515	Floor Maint. #2, 1 Br.	0.0006	1.0000	0.00%	0.0000
516	Floor Maint. #3, 2 Br.	0.0054	1.0000	0.00%	0.0000
	CONTRACTOR SERVICES	0.1487	1.0238	2.38%	0.3451
601	Management Fees	0.6738	1.0371	3.71%	1.0387
602	Accountant Fees	0.1460	1.0265	2.65%	0.9439
603	Attorney Fees	0.1410	1.0451	4.51%	1.9858
604	Newspaper Ads	0.0041	1.0263	2.63%	0.9384
605	Agency Fees	0.0047	1.0471	4.71%	0.4969
606	Lease Forms	0.0106	1.0570	5.70%	4.0931
607	Bill Envelopes	0.0103	1.0843	8.43%	4.8488
608	Ledger Paper	0.0097	1.0917	9.17%	4.9487
	ADMINISTRATIVE COSTS	0.0813	1.0379	3.79%	0.7705
701	INSURANCE COSTS	0.0631	1.0518	5.18%	0.0547
801	Light Bulbs	0.0418	0.9514	-4.86%	4.7695
802	Light Switch	0.0484	1.0000	0.00%	0.0000
803	Wet Mop	0.0428	1.0000	0.00%	0.0000
804	Floor Wax	0.0398	1.0184	1.84%	1.7416
805	Paint	0.2137	0.9949	-0.51%	3.2828
806	Pushbroom	0.0404	1.0000	0.00%	0.0000
807	Detergent	0.0343	1.0000	0.00%	0.0000
808	Bucket	0.0424	1.0029	0.29%	0.2762
809	Washers	0.1034	1.0000	0.00%	0.0000
811	Pine Disinfectant	0.0496	1.0092	0.92%	0.9657
812	Window/Glass Cleaner	0.0535	1.0000	0.00%	0.0000
813	Switch Plate	0.0404	1.0071	0.71%	0.8794
814	Duplex Receptacle	0.0366	1.0000	0.00%	0.0000
815	Toilet Seat	0.1051	0.9539	-4.61%	4.5057
816	Deck Faucet	0.1080	1.0169	1.69%	1.2139
	PARTS AND SUPPLIES	0.0240	0.9955	-0.45%	0.8841
901	Refrigerator #1	0.0895	0.9962	-0.38%	1.7238
902	Refrigerator #2	0.4768	1.0038	0.38%	0.6538
903	Air Conditioner #1	0.0175	1.0020	0.20%	0.1655
904	Air Conditioner #2	0.0212	1.0346	3.46%	1.9200
905	Floor Runner	0.0897	0.9666	-3.34%	2.2674
906	Dishwasher	0.0455	1.0000	0.00%	0.0000
907	Range #1	0.0426	1.0109	1.09%	0.5832
908	Range #2	0.2172	1.0110	1.10%	0.2813
	REPLACEMENT COSTS	0.0104	1.00212	0.21%	0.4104
	ALL ITEMS	**1.0000**	**1.00141**	**0.14%**	**0.1214**

B.3 Price Relatives by Building Type, Apartments, 1995

Spec #	Item Description	Pre-1947	Post-1947	Gas Heated	OIL Heated	MASTER METERED BLDGS
101	TAXES, FEES, & PERMITS	1.0137	1.0137	1.0137	1.0137	1.0137
201	Payroll,Bronx,All	0.1762	0.0728	0.0021	0.1548	0.0000
202	Payroll,Other,Union,Supts.	0.1269	0.1212	0.1519	0.1126	0.0959
203	Payroll,Other,Union,Other	0.1844	0.4428	0.3566	0.2892	0.3877
204	Payroll,Other,Non-Union,All	0.3753	0.1661	0.3398	0.2777	0.4014
205	Social Security Insurance	0.0460	0.0548	0.0539	0.0491	0.0470
206	Unemployment Insurance	0.0101	0.0108	0.0112	0.0107	0.0140
207	Private Health & Welfare	0.1244	0.1698	0.1245	0.1473	0.0935
	LABOR COSTS	1.0433	1.0383	1.0399	1.0414	1.0395
301	Fuel Oil #2	0.2815	0.0844	0.0058	0.2321	0.3482
302	Fuel Oil #4	0.2249	0.0774	0.1364	0.1855	0.1391
303	Fuel Oil #6	0.3668	0.7124	0.7310	0.4559	0.3873
	FUEL	0.8731	0.8743	0.8732	0.8735	0.8745
401	Electricity #1, 2,500 KWH	0.0214	0.0010	0.0228	0.0116	0.0000
402	Electricity #2, 15,000 KWH	0.1427	0.2426	0.0747	0.2260	0.0000
403	Electricity #3, 82,000 KWH	0.0000	0.0000	0.0000	0.0000	0.5470
404	Gas #1, 12,000 therms	0.0076	0.0010	0.0043	0.0061	0.0002
405	Gas #2, 65,000 therms	0.0668	0.0283	0.1227	0.0307	0.0147
406	Gas #3, 214,000 therms	0.1237	0.1554	0.3635	0.0342	0.0475
407	Steam #1, 1.2m lbs	0.0001	0.0439	0.0011	0.0001	0.0000
408	Steam #2, 2.6m lbs	0.0001	0.0163	0.0003	0.0001	0.0000
409	Telephone	0.0142	0.0102	0.0077	0.0156	0.0167
410	Water & Sewer	0.5825	0.4630	0.2858	0.6698	0.3828
	UTILITIES	0.9591	0.9617	0.8827	0.9940	1.0089
501	Repainting	0.4101	0.4806	0.5613	0.3963	0.3738
502	Plumbing, Faucet	0.1593	0.0793	0.1323	0.1351	0.1506
503	Plumbing, Stoppage	0.1475	0.0747	0.1248	0.1274	0.1420
504	Elevator #1, 6 fl., 1 e.	0.0632	0.0166	0.0205	0.0567	0.0008
505	Elevator #2, 13 fl., 2 e.	0.0179	0.0830	0.0050	0.0447	0.0974
506	Elevator #3, 19 fl., 3 e.	0.0068	0.0561	0.0412	0.0164	0.0343
507	Burner Repair	0.0413	0.0394	0.0205	0.0478	0.0362
508	Boiler Repair,Tube	0.0467	0.0445	0.0232	0.0540	0.041
509	Boiler Repair,Weld	0.0355	0.0338	0.0176	0.0409	0.0311
510	Refrigerator Repair	0.0135	0.0148	0.0132	0.0140	0.0075
511	Range Repair	0.0145	0.0158	0.0142	0.0151	0.0080
512	Roof Repair	0.0604	0.0432	0.0390	0.0613	0.0448
513	Air Conditioner Repair	0.0028	0.0302	0.0042	0.0070	0.0355
514	Floor Maint. #1, Studio	0.0002	0.0005	0.0004	0.0004	0.0006
515	Floor Maint. #2, 1 Br.	0.0005	0.0009	0.0008	0.0006	0.0095
516	Floor Maint. #3, 2 Br.	0.0043	0.0087	0.0074	0.0056	0.0092
	CONTRACTOR SERVICES	1.0245	1.0221	1.0254	1.0234	1.0225
601	Management Fees	0.6211	0.7962	0.6480	0.7043	0.4683
602	Accountant Fees	0.1760	0.1170	0.1060	0.1599	0.3591
603	Attorney Fees	0.1835	0.1021	0.2467	0.1306	0.1485
604	Newspaper Ads	0.0051	0.0030	0.0071	0.0038	0.0042
605	Agency Fees	0.0060	0.0035	0.0082	0.0044	0.0049
606	Lease Forms	0.0158	0.0053	0.0077	0.0118	0.0175
607	Bill Envelopes	0.0158	0.0052	0.0077	0.0118	0.0174
608	Ledger Paper	0.0151	0.0050	0.0074	0.0112	0.0166
	ADMINISTRATIVE COSTS	1.0384	1.0373	1.0388	1.0378	1.0365
701	INSURANCE COSTS	1.0518	1.0518	1.0518	1.0518	1.0518
801	Light Bulbs	0.0389	0.0416	0.0407	0.0395	0.0762
802	Light Switch	0.0474	0.0506	0.0495	0.0481	0.0928
803	Wet Mop	0.0404	0.0482	0.0343	0.0470	0.0551
804	Floor Wax	0.0382	0.0457	0.0325	0.0445	0.0522
805	Paint	0.2147	0.2078	0.2409	0.2045	0.1095
806	Pushbroom	0.0402	0.0408	0.0289	0.0397	0.0465
807	Detergent	0.0323	0.0387	0.0275	0.0376	0.0441
808	Bucket	0.0401	0.0479	0.0340	0.0465	0.0546
809	Washers	0.1084	0.0920	0.1116	0.0992	0.0552
811	Pine Disinfectant	0.0490	0.0524	0.0513	0.0497	0.0961
812	Window/Glass Cleaner	0.0524	0.0560	0.0547	0.0531	0.1026
813	Switch Plate	0.0383	0.0458	0.0326	0.0445	0.0522
814	Duplex Receptacle	0.0346	0.0413	0.0293	0.0402	0.0471
815	Toilet Seat	0.1051	0.0892	0.1082	0.0962	0.0535
816	Deck Faucet	0.1151	0.0978	0.1186	0.1054	0.0586
	PARTS AND SUPPLIES	0.9953	0.9959	0.9948	0.9957	0.9963
901	Refrigerator #1	0.0860	0.0965	0.0726	0.0967	0.0780
902	Refrigerator #2	0.4721	0.4940	0.3982	0.4953	0.3995
903	Air Conditioner #1	0.0092	0.0370	0.0238	0.0155	0.0110
904	Air Conditioner #2	0.0116	0.0459	0.0295	0.0193	0.0137
905	Floor Runner	0.0820	0.0977	0.0460	0.0980	0.2322
906	Dishwasher	0.0391	0.0602	0.1435	0.0219	0.0133
907	Range #1	0.0490	0.0292	0.0470	0.0438	0.0428
908	Range #2	0.2533	0.1412	0.2431	0.2110	0.2060
	REPLACEMENT COSTS	1.0023	1.0016	1.0038	1.0016	0.9964
	ALL ITEMS	0.9963	1.0061	0.9877	1.0020	1.0071

B.4 Percentage Change in Real Estate Tax Sample by Borough and Source of Change, Apartments and Hotels, 1995

	% Change Due to Assessments	% Change Due to Exemptions	% Change Due to Abatements	% Change Due to Tax Rate	% Change Due to Interactions	Total % Change
APARTMENTS						
Manhattan (Below 96th St)	-2.47%	1.15%	0.01%	1.83%	-0.03%	0.50%
Manhattan (Above 96th St)	-0.64%	0.54%	-0.10%	1.83%	0.00%	1.62%
All Manhattan	-2.29%	1.10%	0.00%	1.83%	-0.02%	0.62%
Bronx	-0.30%	1.99%	-0.18%	1.83%	0.03%	3.37%
Brooklyn	-0.45%	0.92%	-0.15%	1.83%	0.01%	2.16%
Queens	0.36%	0.20%	-0.03%	1.83%	0.01%	2.37%
Staten Island	1.09%	0.44%	0.00%	1.83%	0.03%	3.39%
Total	**-1.32%**	**0.90%**	**-0.03%**	**1.83%**	**-0.01%**	**1.37%**
HOTELS						
Hotels	2.96%	-0.12%	0.00%	0.31%	-0.02%	3.13%
Rooming Houses	3.66%	-0.08%	0.00%	0.31%	0.02%	3.90%
SROs	-0.47%	0.81%	0.15%	0.31%	0.02%	0.82%
Total	**1.87%**	**0.04%**	**0.05%**	**0.31%**	**0.00%**	**2.26%**

Note: Totals may not add due to rounding.

B.5 Tax Change by Borough and Community Board, Apartments, 1995

Borough	Community Board	Number of Buildings	Tax Relative
Manhattan	**All**	**11,301**	**0.6**
	1	15	-8.0
	2	1,044	2.9
	3	1,299	3.5
	4	942	2.5
	5	282	0.2
	6	857	-1.4
	7	2,047	1.7
	8	2,219	0.1
	9	570	0.3
	10	336	-0.2
	11	376	2.2
	12	1,305	2.1
	77	1	-9.8
	NA	8	-2.9
Bronx	**All**	**3753**	**3.4**
	1	160	9.9
	2	116	7.6
	3	100	8.1
	4	449	3.4
	5	487	5.3
	6	302	6.5
	7	814	5.1
	8	325	0.7
	9	276	4.2
	10	112	2.1
	11	269	2.6
	12	337	4.5
	NA	6	14.8
Brooklyn	**All**	**9942**	**2.2**
	1	1,192	4.7
	2	550	-5.7
	3	388	6.7
	4	1,031	9.4
	5	201	3.8
	6	816	4.5
	7	678	4.4
	8	636	7.2
	9	447	4.6
	10	760	2.3
	11	710	3.0
	12	568	1.5
	13	157	2.9
	14	761	2.2
	15	346	1.3
	16	120	10.3
	17	514	2.1
	18	61	1.7
	NA	6	3.5
Queens	**All**	**5,751**	**2.4**
	1	1,674	3.4
	2	768	3.9
	3	373	2.9
	4	308	1.7
	5	1,068	6.1
	6	324	1.4
	7	394	3.4
	8	165	0.4
	9	190	1.5
	10	79	3.0
	11	111	0.9
	12	143	5.3
	13	43	-1.6
	14	67	5.8
	NA	43	5.2
Staten Island	**All**	**145**	**3.4**
	1	94	5.1
	2	35	-1.2
	3	16	-0.2
Citywide	**All**	**30,892**	**1.4**

B.6 Expenditure Weights and Price Relatives, Lofts, 1995

Spec #	Item Description	Price Weights	Relative
101	TAXES	0.2496	1.0137
201	Payroll, Bronx, All	0.0000	1.0333
202	Payroll, Other, Union, Supts	0.3106	1.0212
203	Payroll, Other, Union, Other	0.0000	1.0195
204	Payroll, Other, Non-Union, All	0.5110	1.0542
205	Social Security Insurance	0.0494	1.0240
206	Unemployment Insurance	0.0119	0.9946
207	Private Health & Welfare	0.1171	1.0984
	LABOR COSTS	0.1084	1.0469
301	Fuel Oil #2	0.3372	0.8792
302	Fuel Oil #4	0.5533	0.8645
303	Fuel Oil #6	0.1094	0.8757
	FUEL	0.0658	0.8707
401	Electricity #1, 2,500 KWH	0.0140	1.0369
402	Electricity #2, 15,000 KWH	0.1698	1.0474
403	Electricity #3, 82,000 KWH	0.0000	1.0464
404	Gas #1, 12,000 therms	0.0062	0.8748
405	Gas #2, 65,000 therms	0.0669	0.8032
406	Gas #3, 214,000 therms	0.1679	0.8001
407	Steam #1, 1.2m lbs	0.0159	0.9437
408	Steam #2, 2.6m lbs	0.0059	0.9397
409	Telephone	0.0128	0.9996
410	Water & Sewer	0.5408	1.0005
	UTILITIES	0.0823	0.9601
501	Repainting	0.4171	1.0286
502	Plumbing, Faucet	0.1330	1.0358
503	Plumbing, Stoppage	0.1256	1.0191
504	Elevator #1, 6 fl., 1 e.	0.0500	1.0121
505	Elevator #2, 13 fl., 2 e.	0.0353	1.0049
506	Elevator #3, 19 fl., 3 e.	0.0200	1.0050
507	Burner Repair	0.0397	1.0266
508	Boiler Repair, Tube	0.0453	1.0183
509	Boiler Repair, Weld"	0.0351	1.0000
510	Refrigerator Repair	0.0138	1.0079
511	Range Repair	0.0147	1.0101
512	Roof Repair	0.0541	1.0294
513	Air Conditioner Repair	0.0100	1.0126
514	Floor Maint. #1, Studio	0.0003	1.0000
515	Floor Maint. #2, 1 Br.	0.0006	1.0000
516	Floor Maint. #3, 2 Br.	0.0054	1.0000
	CONTRACTOR SERVICES	0.0811	1.0238
	ADMINISTRATIVE COSTS, LEGAL	0.1123	1.0451
601	Management Fees	0.7930	1.0371
602	Accountant Fees	0.1586	1.0265
604	Newspaper Ads	0.0051	1.0263
605	Agency Fees	0.0058	1.0471
606	Lease Forms	0.0117	1.0570
607	Bill Envelopes	0.0134	1.0843
608	Ledger Paper	0.0124	1.0917
	ADMINISTRATIVE COSTS - OTHER	0.0988	1.0370
701	INSURANCE COSTS	0.1555	1.0518
801	Light Bulbs	0.0418	0.9514
802	Light Switch	0.0484	1.0000
803	Wet Mop	0.0428	1.0000
804	Floor Wax	0.0398	1.0184
805	Paint	0.2137	0.9949
806	Pushbroom	0.0404	1.0000
807	Detergent	0.0343	1.0000
808	Bucket	0.0424	1.0029
809	Washers	0.1034	1.0000
811	Pine Disinfectant	0.0495	1.0092
812	Window/Glass Cleaner	0.0536	1.0000
813	Switch Plate	0.0403	1.0071
814	Duplex Receptacle	0.0366	1.0000
815	Toilet Seat	0.1050	0.9539
816	Deck Faucet	0.1081	1.0169
	PARTS AND SUPPLIES	0.0254	0.9955
901	Refrigerator #1	0.0895	0.9962
902	Refrigerator #2	0.4768	1.0038
903	Air Conditioner #1	0.0176	1.0020
904	Air Conditioner #2	0.0211	1.0346
905	Floor Runner	0.0897	0.9666
906	Dishwasher	0.0455	1.0000
907	Range #1	0.0425	1.0109
908	Range #2	0.2172	1.0110
	REPLACEMENT COSTS	0.0208	1.0021
	ALL ITEMS	1.0000	1.0153

B.7 Expenditure Weights, Price Relatives, Percent Changes and Standard Errors, All Hotels, 1995

Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error
101	TAXES, FEES, & PERMITS	0.2248	1.0226	0.0226	0.5397
205	Social Security Insurance	0.0592	1.0327	0.0327	0.0000
206	Unemployment Insurance	0.0234	0.9946	-0.0054	0.0000
208	Hotel Private Health/Welfare	0.0364	1.0325	0.0325	0.0000
209	Hotel Union Labor	0.3384	1.0146	0.0146	0.0000
210	SRO Union Labor	0.0135	1.0000	0.0000	0.0000
211	Apartment Value	0.1143	1.0279	0.0279	0.3952
212	Non-Union Superintendent	0.2919	1.0560	0.0560	1.3159
213	Non-Union Maid	0.0000	0.0000	NA	0.0000
214	Non-Union Desk Clerk	0.0000	0.0000	NA	0.0000
215	Non-Union Maintenance Worker	0.0000	0.0000	NA	0.0000
216	Non-Union Janitor/Porter	0.1229	1.0506	0.0506	1.5819
	LABOR COSTS	0.1779	1.0337	0.0337	0.4330
301	Fuel Oil #2	0.6989	0.8784	-0.1216	0.3556
302	Fuel Oil #4	0.0149	0.8638	-0.1362	1.5074
303	Fuel Oil #6	0.2862	0.8749	-0.1251	1.0522
	FUEL	0.1049	0.8772	-0.1228	0.3911
401	Electricity #1, 2,500 KWH	0.0784	1.0369	0.0369	0.0000
402	Electricity #2, 15,000 KWH	0.0801	1.0474	0.0474	0.0000
403	Electricity #3, 82,000 KWH	0.2523	1.0464	0.0464	0.0000
404	Gas #1, 12,000 therms	0.0535	0.8748	-0.1252	0.0000
405	Gas #2, 65,000 therms	0.0410	0.8032	-0.1968	0.0000
406	Gas #3, 214,000 therms	0.1672	0.8001	-0.1999	0.0000
407	Steam #1, 1.2m lbs	0.0002	0.9437	-0.0563	0.0000
409	Telephone	0.1871	0.9996	-0.0004	0.0000
410	Water & Sewer	0.1402	0.9467	-0.0533	3.4191
	UTILITIES	0.1770	0.9626	-0.0374	0.4795
501	Repainting	0.2052	1.0286	0.0286	0.5755
502	Plumbing, Faucet	0.0743	1.0358	0.0358	1.3007
503	Plumbing, Stoppage	0.0742	1.0191	0.0191	0.8035
504	Elevator #1, 6 fl., 1 e.	0.0302	1.0121	0.0121	0.9183
505	Elevator #2, 13 fl., 2 e.	0.0294	1.0049	0.0049	0.5016
506	Elevator #3, 19 fl., 3 e.	0.0273	1.0050	0.0050	0.5112
507	Burner Repair	0.0257	1.0266	0.0266	2.6425
508	Boiler Repair, Tube	0.0263	1.0183	0.0183	1.2093
509	Boiler Repair, Weld	0.0241	1.0000	0.0000	0.8387
511	Range Repair	0.1527	1.0101	0.0101	0.7506
512	Roof Repair	0.0216	1.0294	0.0294	1.2446
513	Air Conditioner Repair	0.0456	1.0126	0.0126	0.0000
514	Floor Maint. #1, Studio	0.0009	1.0000	0.0000	0.0000
515	Floor Maint. #2, 1 Br.	0.0020	1.0000	0.0000	0.0000
516	Floor Maint. #3, 2 Br.	0.0183	1.0000	0.0000	0.0000
518	Linen/Laundry Service	0.2422	1.0000	0.0000	0.0000
	CONTRACTOR SERVICES	0.1016	1.0145	0.0145	0.2179
601	Management Fees	0.6112	1.0371	0.0371	1.0387
602	Accountant Fees	0.0852	1.0265	0.0265	0.9439
603	Attorney Fees	0.1479	1.0451	0.0451	1.9858
604	Newspaper Ads	0.0978	1.0263	0.0263	0.9384
605	Agency Fees	0.0209	1.0471	0.0471	0.4969
606	Lease Forms	0.0120	1.0570	0.0570	4.0931
607	Bill Envelopes	0.0139	1.0843	0.0843	4.8488
608	Ledger Paper	0.0112	1.0917	0.0917	4.9487
	ADMINISTRATIVE COSTS	0.0897	1.0380	0.0380	0.7171
701	INSURANCE COSTS	0.0351	1.0518	0.0518	0.0773
801	Light Bulbs	0.0173	0.9514	-0.0486	4.7695
802	Light Switch	0.0183	1.0000	0.0000	0.0000
803	Wet Mop	0.0506	1.0000	0.0000	0.0000
804	Floor Wax	0.0496	1.0184	0.0184	1.7416
805	Paint	0.1176	0.9949	-0.0051	3.2828
806	Pushbroom	0.0460	1.0000	0.0000	0.0000
807	Detergent	0.0459	1.0000	0.0000	0.0000
808	Bucket	0.0518	1.0029	0.0029	0.2762
809	Washers	0.0517	1.0000	0.0000	0.0000
810	Linens	0.3125	1.0077	0.0077	0.4540
811	Pine Disinfectant	0.0194	1.0092	0.0092	0.9657
812	Window/Glass Cleaner	0.0207	1.0000	0.0000	0.0000
813	Switch Plate	0.0479	1.0071	0.0071	0.8794
814	Duplex Receptacle	0.0441	1.0000	0.0000	0.0000
815	Toilet Seat	0.0525	0.9539	-0.0461	4.5057
816	Deck Faucet	0.0541	1.0169	0.0169	1.2139
	PARTS AND SUPPLIES	0.0636	1.0010	0.0010	0.4960
901	Refrigerator #1	0.0201	0.9962	-0.0038	1.7238
902	Refrigerator #2	0.1063	1.0038	0.0038	0.6538
903	Air Conditioner #1	0.0656	1.0020	0.0020	0.1655
904	Air Conditioner #2	0.0750	1.0346	0.0346	1.9200
907	Range #1	0.0084	1.0109	0.0109	0.5832
908	Range #2	0.0439	1.0110	0.0110	0.2813
909	Carpet	0.3270	1.0370	0.0370	1.7944
910	Dresser	0.1816	1.0185	0.0185	1.0423
911	Mattress & Box Spring	0.1721	1.0049	0.0049	0.5022
	REPLACEMENT COSTS	0.0254	1.0199	0.0199	0.6438
	ALL ITEMS	1.0000	0.9989	-0.0011	0.1882

B.8 Price Relative by Hotel Type, 1995

Spec #	Item Description	Hotel	RH	SRO
101	TAXES, FEES, & PERMITS	1.0313	1.0390	1.0082
205	Social Security Insurance	0.0769	0.0586	0.0363
206	Unemployment Insurance	0.0211	0.0178	0.0332
208	Hotel Private Health/Welfare	0.0552	0.0000	0.0053
209	Hotel Union Labor	0.5183	0.0000	0.0000
210	SRO Union Labor	0.0000	0.0000	0.0667
211	Apartment Value	0.0326	0.4190	0.1759
212	Non-Union Superintendent	0.1031	0.4289	0.5551
213	Non-Union Maid	0.0000	0.0000	0.0000
214	Non-Union Desk Clerk	0.0000	0.0000	0.0000
215	Non-Union Maintenance Worker	0.0000	0.0000	0.0000
216	Non-Union Janitor/Porter	0.2213	0.1172	0.1710
	LABOR COSTS	1.0285	1.0415	1.0436
301	Fuel Oil #2	0.6541	0.8784	0.2698
302	Fuel Oil #4	0.0000	0.0000	0.0665
303	Fuel Oil #6	0.2234	0.0000	0.5389
	FUEL	0.8775	0.8784	0.8751
401	Electricity #1, 2,500 KWH	0.0036	0.4441	0.0688
402	"Electricity #2, 15,000 KWH	0.0842	0.0000	0.1423
403	Electricity #3, 82,000 KWH	0.3393	0.0000	0.2078
404	Gas #1, 12,000 therms	0.0035	0.2895	0.0110
405	Gas #2, 65,000 therms	0.0268	0.0000	0.0762
406	Gas #3, 214,000 therms	0.1391	0.0000	0.2113
407	Steam #1, 1.2m lbs	0.0000	0.0017	0.0000
409	Telephone	0.2544	0.0287	0.0811
410	Water & Sewer	0.1193	0.1991	0.1387
	UTILITIES	0.9703	0.9631	0.9372
501	Repainting	0.2156	0.2473	0.1691
502	Plumbing, Faucet	0.0307	0.1790	0.1517
503	Plumbing, Stoppage	0.0302	0.1760	0.1491
504	Elevator #1, 6 fl., 1 e.	0.0424	0.0000	0.0146
505	Elevator #2, 13 fl., 2 e.	0.0409	0.0000	0.0141
506	Elevator #3, 19 fl., 3 e.	0.0380	0.0000	0.0131
507	Burner Repair	0.0087	0.0278	0.0831
508	Boiler Repair, Tube	0.0089	0.0283	0.0846
509	Boiler Repair, Weld	0.0080	0.0254	0.0758
511	Range Repair	0.1803	0.0601	0.1398
512	Roof Repair	0.0337	0.0017	0.0000
513	Air Conditioner Repair	0.0386	0.0780	0.0469
514	Floor Maint. #1, Studio	0.0003	0.0021	0.0020
515	Floor Maint. #2, 1 Br.	0.0007	0.0043	0.0043
516	Floor Maint. #3, 2 Br.	0.0066	0.0404	0.0400
518	Linen/Laundry Service	0.3284	0.1489	0.0305
	CONTRACTOR SERVICES	1.0122	1.0192	1.0187
601	Management Fees	0.6832	0.4883	0.5781
602	Accountant Fees	0.0576	0.1866	0.1128
603	Attorney Fees	0.1203	0.2173	0.2217
604	Newspaper Ads	0.1234	0.0494	0.0620
605	Agency Fees	0.0188	0.0344	0.0227
606	Lease Forms	0.0109	0.0200	0.0132
607	Bill Envelopes	0.0130	0.0238	0.0157
608	Ledger Paper	0.0105	0.0192	0.0126
	ADMINISTRATIVE COSTS	1.0376	1.0390	1.0388
701	INSURANCE COSTS	1.0518	1.0518	1.0518
801	Light Bulbs	0.0055	0.0390	0.0324
802	Light Switch	0.0061	0.0433	0.0359
803	Wet Mop	0.0660	0.0237	0.0244
804	Floor Wax	0.0660	0.0237	0.0243
805	Paint	0.0531	0.3082	0.1647
806	Pushbroom	0.0600	0.0215	0.0221
807	Detergent	0.0599	0.0215	0.0221
808	Bucket	0.0678	0.0243	0.0250
809	Washers	0.0145	0.0855	0.1385
810	Linens	0.4417	0.0922	0.1010
811	Pine Disinfectant	0.0066	0.0465	0.0385
812	Window/Glass Cleaner	0.0069	0.0491	0.0407
813	Switch Plate	0.0629	0.0226	0.0232
814	Duplex Receptacle	0.0576	0.0207	0.0212
815	Toilet Seat	0.0141	0.0828	0.1341
816	Deck Faucet	0.0154	0.0909	0.1472
	PARTS AND SUPPLIES	1.0043	0.9957	0.9953
901	Refrigerator #1	0.0086	0.0439	0.0397
902	Refrigerator #2	0.0463	0.2338	0.2115
903	Air Conditioner #1	0.0977	0.0119	0.0000
904	Air Conditioner #2	0.1154	0.0141	0.0000
907	Range #1	0.0014	0.0166	0.0261
908	Range #2	0.0070	0.0873	0.1368
909	Carpet	0.3239	0.3749	0.3618
910	Dresser	0.2173	0.1219	0.1252
911	Mattress & Box Spring	0.2032	0.1140	0.1171
	REPLACEMENT COSTS	1.0208	1.0185	1.0182
	ALL ITEMS	1.0049	0.9968	0.9935

B.9 Changes in the Price Index of Operating Costs, Expenditure Weights and Price Relatives, 1985-1995

	1985		1986		1987		1988		1989	
	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative
Taxes	0.183	5.5%	0.183	6.8%	0.184	8.7%	0.196	8.1%	0.211	15.8%
Labor	0.166	7.1%	0.169	6.4%	0.169	5.7%	0.175	5.3%	0.169	5.1%
Fuel	0.214	-0.8%	0.201	-8.4%	0.174	-22.3%	0.132	12.6%	0.126	-5.2%
Utilities	0.136	3.1%	0.133	-0.6%	0.124	-1.2%	0.120	1.3%	0.122	12.4%
Contractor Services	0.141	10.4%	0.148	11.0%	0.155	4.5%	0.158	9.3%	0.164	6.1%
Administrative Costs	0.080	10.5%	0.083	9.4%	0.086	5.9%	0.089	4.1%	0.087	6.7%
Insurance	0.035	14.8%	0.038	89.0%	0.067	33.7%	0.087	1.6%	0.080	-0.6%
Parts & Supplies	0.031	4.7%	0.030	2.3%	0.030	3.3%	0.029	2.4%	0.028	3.6%
Replacement Costs	0.015	1.4%	0.014	-0.4%	0.014	0.2%	0.013	1.7%	0.012	2.4%
All Items		**5.4%**		**6.4%**		**2.1%**		**6.4%**		**6.7%**

Pre '47

Taxes	0.132	5.5%	0.132	6.8%	0.132	8.7%	0.139	8.1%	0.141	15.8%
Labor	0.142	7.2%	0.144	6.7%	0.144	5.8%	0.146	5.2%	0.144	5.1%
Fuel	0.257	-0.8%	0.242	-7.7%	0.209	-22.1%	0.161	12.8%	0.170	-4.6%
Utilities	0.134	4.4%	0.133	0.1%	0.124	-0.5%	0.122	2.3%	0.117	12.8%
Contractor Services	0.170	10.5%	0.178	10.8%	0.184	4.6%	0.189	9.3%	0.194	6.2%
Administrative Costs	0.071	10.2%	0.075	9.7%	0.077	5.6%	0.083	4.6%	0.082	6.7%
Insurance	0.043	14.8%	0.046	89.0%	0.082	33.7%	0.108	1.6%	0.102	-0.6%
Parts & Supplies	0.034	4.8%	0.034	2.3%	0.033	3.3%	0.033	3.0%	0.032	3.6%
Replacement Costs	0.017	1.4%	0.017	-0.3%	0.016	0.1%	0.020	1.2%	0.019	2.3%
All Items		**5.5%**		**6.9%**		**1.4%**		**6.6%**		**5.5%**

Post '46

Taxes	0.258	5.5%	0.259	6.8%	0.262	8.7%	0.278	8.1%	0.281	15.8%
Labor	0.201	7.0%	0.204	6.1%	0.205	5.7%	0.210	5.9%	0.210	5.0%
Fuel	0.150	-0.9%	0.142	-10.2%	0.120	-22.9%	0.090	12.3%	0.095	-7.3%
Utilities	0.139	1.4%	0.134	-1.6%	0.124	-2.2%	0.118	-0.3	0.111	11.7%
Contractor Services	0.100	10.2%	0.105	11.2%	0.111	4.4%	0.112	8.8%	0.115	6.0%
Administrative Costs	0.092	10.8%	0.096	8.9%	0.099	6.2%	0.102	3.5%	0.100	6.8%
Insurance	0.023	14.8%	0.025	89.0%	0.045	33.7%	0.058	1.6%	0.056	-0.6%
Parts & Supplies	0.025	4.6%	0.025	2.2%	0.024	3.2%	0.024	2.5%	0.023	3.7%
Replacement Costs	0.012	1.6%	0.011	-0.6%	0.011	0.3%	0.010	2.0%	0.010	2.6%
All Items		**5.4%**		**5.7%**		**3.1%**		**6.1%**		**7.5%**

1990		1991		1992		1993		1994		1995	
Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative
0.229	12.0%	0.232	12.8%	0.246	11.0%	0.263	3.1%	0.259	2.3%	0.260	1.4%
0.167	5.7%	0.159	5.2%	0.158	5.2%	0.160	5.6%	0.161	4.3%	0.165	4.1%
0.112	20.9%	0.122	4.6%	0.121	-10.9%	0.103	5.2%	0.104	-0.5%	0.101	-12.7%
0.128	20.8%	0.140	1.2%	0.133	6.6%	0.137	12.7%	0.147	2.1%	0.147	-4.0%
0.163	6.5%	0.157	5.5%	0.156	2.4%	0.154	2.5%	0.150	0.9%	0.149	2.4%
0.087	7.5%	0.084	3.0%	0.082	2.8%	0.081	3.8%	0.080	3.7%	0.081	3.8%
0.074	3.6%	0.069	4.4%	0.068	2.3%	0.067	-0.5%	0.064	0.8%	0.063	5.2%
0.027	6.1%	0.026	3.6%	0.026	2.5%	0.025	1.0%	0.024	1.0%	0.024	-0.5%
0.012	2.7%	0.011	1.3%	0.011	3.8%	0.011	4.2%	0.010	1.6%	0.010	0.2%
	10.9%		**6.0%**		**4.0%**		**4.7%**		**2.0%**		**0.1%**
0.155	12.0%	0.156	12.8%	0.167	11.0%	0.180	3.1%	0.178	2.3%	0.179	1.4%
0.143	5.5%	0.136	5.2%	0.134	5.1%	0.139	5.3%	0.140	4.3%	0.143	3.8%
0.154	20.0%	0.167	4.8%	0.166	-10.4%	0.144	5.1%	0.145	-0.8%	0.141	-12.7%
0.125	22.2%	0.137	1.5%	0.137	7.6%	0.138	12.3%	0.149	2.3%	0.149	-4.1%
0.195	6.5%	0.188	5.4%	0.187	2.1%	0.186	2.5%	0.183	1.0%	0.181	2.5%
0.082	7.0%	0.079	3.2%	0.078	2.7%	0.078	3.7%	0.077	3.6%	0.078	3.8%
0.097	3.6%	0.090	4.4%	0.089	2.3%	0.089	-0.5%	0.085	0.8%	0.084	5.2%
0.032	6.2%	0.030	3.5%	0.030	2.5%	0.030	1.0%	0.029	1.0%	0.028	-0.5%
0.018	2.7%	0.017	1.3%	0.016	3.6%	0.016	4.2%	0.016	1.5%	0.016	0.2%
	10.9%		**5.5%**		**2.8%**		**4.6%**		**1.8%**		**-0.4%**
0.303	12.0%	0.306	12.8%	0.324	11.0%	0.343	3.1%	0.337	2.3%	0.337	1.4%
0.205	6.0%	0.196	5.1%	0.194	5.4%	0.195	6.0%	0.197	4.2%	0.200	4.3%
0.082	23.4%	0.091	3.8%	0.089	-12.5%	0.074	5.6%	0.075	0.4%	0.073	-12.6%
0.115	18.2%	0.123	0.6%	0.116	4.7%	0.116	13.6%	0.125	1.6%	0.125	-3.8%
0.113	6.6%	0.109	5.8%	0.108	3.1%	0.106	2.5%	0.104	0.5%	0.102	2.2%
0.099	8.2%	0.097	2.7%	0.093	3.0%	0.092	4.0%	0.091	3.8%	0.092	3.7%
0.052	3.6%	0.048	4.4%	0.047	2.3%	0.046	-0.5%	0.044	0.8%	0.043	5.2%
0.022	6.0%	0.021	3.6%	0.021	2.5%	0.020	1.1%	0.019	1.0%	0.019	-0.4%
0.010	2.8%	0.009	1.3%	0.008	4.2%	0.008	4.1%	0.008	1.6%	0.008	0.2%
	10.8%		**6.5%**		**4.8%**		**4.9%**		**2.3%**		**0.6%**

APPENDIX C: 1995 INCOME AND EXPENSE STUDY

C.1 CROSS SECTIONAL INCOME AND EXPENSE STUDY: ESTIMATED AVERAGE OPERATING & MAINTENANCE COSTS (1993) BY BUILDING SIZE AND LOCATION, STRUCTURES BUILT BEFORE 1947

	Taxes	Labor	Fuel	Water & Sewer	Light & Power	Maint.	Admin.	Insurance	Misc.	Total
Citywide	$81	$45	$43	$24	$15	$74	$43	$22	$26	$373
11 - 19	$102	$21	$54	$24	$16	$78	$45	$28	$28	$395
20 - 99	$72	$41	$44	$24	$14	$73	$41	$22	$25	$356
100+	$112	$97	$31	$23	$23	$83	$48	$17	$28	$462
Bronx	$47	$37	$46	$23	$13	$75	$39	$22	$26	$327
11 - 19	$45	$24	$66	$22	$14	$82	$42	$28	$30	$353
20 - 99	$42	$32	$46	$23	$12	$73	$38	$22	$25	$313
100+	$36	$50	$34	$22	$10	$70	$40	$20	$26	$308
Brooklyn	$63	$34	$45	$23	$13	$66	$35	$20	$22	$321
11 - 19	$60	$15	$60	$22	$13	$70	$31	$24	$26	$320
20 - 99	$55	$26	$45	$23	$11	$63	$34	$20	$20	$298
100+	$59	$51	$38	$22	$13	$81	$36	$17	$22	$339
Manhattan	$111	$59	$41	$25	$18	$82	$51	$24	$29	$439
11 - 19	$144	$23	$49	$25	$19	$84	$57	$32	$31	$465
20 - 99	$103	$58	$42	$25	$16	$81	$50	$24	$29	$429
100+	$151	$124	$29	$23	$29	$91	$56	$16	$30	$549
Queens	$74	$33	$43	$23	$12	$63	$34	$20	$23	$326
11 - 19	$71	$19	$55	$22	$8	$62	$25	$21	$15	$299
20 - 99	$70	$28	$42	$23	$12	$61	$34	$20	$23	$315
100+	$65	$68	$31	$25	$12	$66	$31	$20	$29	$347
St Island *										
20+	-	-	-	-	-	-	-	-	-	-

* The number of pre - 47 buildings in Staten Island was too small to calculate reliable statistics. Totals in this table may be slightly different from those in Table C3 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

C.2 Cross Sectional Income and Expense Study: Estimated Average Operating & Maintenance Costs (1993) by Building Size and Location, Structures Built After 1946.

	Taxes	Labor	Fuel	Water & Sewer	Light & Power	Maint.	Admin.	Insurance	Misc.	Total
Citywide	$142	$91	$34	$25	$25	$73	$55	$19	$34	$501
11 - 19	$163	$27	$42	$21	$32	$79	$75	$24	$82	$546
20 - 99	$103	$57	$38	$25	$20	$68	$45	$20	$27	$403
100+	$182	$129	$31	$25	$30	$79	$65	$17	$39	$597
Bronx*	$88	$53	$36	$25	$18	$61	$37	$19	$30	$367
11 - 19	-	-	-	-	-	-	-	-	-	-
20 - 99	$76	$36	$38	$24	$14	$63	$36	$20	$28	$335
100+	$101	$87	$33	$26	$25	$54	$35	$17	$27	$406
Brooklyn*	$87	$60	$35	$26	$21	$71	$47	$20	$27	$394
11 - 19	-	-	-	-	-	-	-	-	-	-
20 - 99	$86	$51	$36	$26	$19	$71	$46	$20	$24	$380
100+	$81	$90	$33	$24	$28	$68	$45	$19	$29	$416
Manhattan*	$256	$161	$32	$26	$34	$90	$82	$19	$53	$752
11 - 19	-	-	-	-	-	-	-	-	-	-
20 - 99	$202	$114	$35	$26	$24	$79	$70	$20	$51	$620
100+	$269	$173	$31	$26	$36	$92	$85	$18	$54	$783
Queens	$102	$65	$36	$24	$23	$68	$46	$18	$25	$405
11 - 19	$116	$21	$38	$21	$19	$62	$56	$23	$42	$398
20 - 99	$98	$53	$40	$25	$22	$66	$41	$20	$23	$385
100+	$100	$87	$29	$23	$23	$69	$50	$15	$21	$419
St Island *	$119	$51	$38	$23	$20	$59	$50	$20	$38	$418
20+	$105	$59	$37	$23	$17	$52	$41	$18	$24	$374

* The number of rent stabilized units located in buildings with fewer than 20 units in Brooklyn, the Bronx, Manhattan and Staten Island was too small to calculate reliable statistics. Totals in this table may be slightly different from those in Table C3 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.

Source: NYC Department of Finance, RPIE Filings

C.3 Cross Sectional Income and Expense Study: Estimated Average Rents and Income (1993) by Building Size and Location.

	Post '46			Pre '47			All Stabilized		
	Rent	Income	Expenses	Rent	Income	Expenses	Rent	Income	Expenses
Citywide	$693	$769	$502	$483	$537	$373	$541	$601	$409
11 - 19	$517	$856	$546	$456	$555	$395	$462	$585	$411
20 - 99	$554	$587	$403	$467	$510	$356	$486	$526	$366
100+	$852	$952	$597	$620	$692	$462	$764	$853	$546
Bronx	$503	$534	$367	$426	$448	$327	$439	$462	$334
11 - 19	-	-	-	$408	$450	$353	$416	$459	$352
20 - 99	$483	$497	$335	$410	$426	$313	$420	$436	$316
100+	$538	$565	$406	$420	$437	$306	$478	$500	$355
Brooklyn	$517	$545	$394	$439	$459	$321	$455	$477	$336
11 - 19	-	-	-	$392	$418	$320	$403	$429	$324
20 - 99	$507	$526	$380	$418	$429	$298	$441	$454	$319
100+	$547	$564	$416	$459	$470	$339	$495	$508	$370
Manhattan	$1,080	$1,246	$752	$547	$643	$439	$661	$772	$506
11 - 19	-	-	-	$508	$675	$465	$510	$700	$478
20 - 99	$810	$943	$620	$537	$624	$429	$557	$647	$445
100+	$1,145	$1,318	$783	$725	$834	$549	$972	$1119	$687
Queens	$555	$597	$405	$464	$483	$326	$517	$549	$373
11 - 19	$478	$514	$398	$416	$435	$299	$436	$460	$331
20 - 99	$544	$568	$385	$454	$467	$315	$505	$524	$355
100+	$576	$610	$419	$511	$522	$348	$568	$599	$410
St Island *	$524	$621	$418	--	--	--	$524	$621	$418

*City and borough totals are weighted, while figures for building size categories are unweighted. ALL EXPENSE DATA IS UNAUDITED. The number of Post-1946 buildings in the Bronx, Brooklyn and Manhattan were too small to calculate reliable statistics. The number of stabilized buildings in Staten Island was small enough to permit only the preparation of summary statistics.

Source: NYC Department of Finance, RPIE Filings.

C.4 Distributions of Operating Costs in 1993 by Building Size and Age

Building Size	Taxes	Maint.	Labor	Admin.	Utilities	Fuel	Misc.	Insurance	Sum
Pre-47	**21.7%**	**19.8%**	**12.2%**	**11.4%**	**10.4%**	**11.6%**	**7.0%**	**5.9%**	**100%**
11-19 units	25.8%	19.7%	5.3%	11.4%	9.9%	13.7%	7.0%	7.2%	100%
20-99 units	20.3%	20.4%	11.5%	11.6%	10.5%	12.3%	7.1%	6.2%	100%
100+ units	24.2%	18.0%	21.0%	10.4%	9.8%	6.7%	6.2%	3.7%	100%
Post-46	**28.5%**	**14.7%**	**18.2%**	**11.1%**	**10.0%**	**6.9%**	**6.8%**	**3.7%**	**100%**
11-19 units	29.8%	14.5%	5.0%	13.8%	9.7%	7.7%	15.0%	4.5%	100%
20-99 units	25.5%	17.0%	14.1%	11.1%	11.2%	9.3%	6.8%	4.9%	100%
100+ units	30.5%	13.2%	21.6%	10.9%	9.2%	5.2%	6.5%	2.9%	100%
All Units	**23.9%**	**18.1%**	**14.2%**	**11.3%**	**10.2%**	**10.0%**	**6.9%**	**5.2%**	**100%**
11-19 units	26.4%	19.0%	5.2%	11.7%	9.9%	12.9%	8.1%	6.8%	100%
20-99 units	20.9%	20.1%	11.8%	11.6%	10.6%	11.9%	7.1%	6.0%	100%
100+ units	25.0%	17.4%	21.1%	10.5%	9.7%	6.5%	6.2%	3.6%	100%

Note: Totals may not add to 100% due to rounding. "Maint." refers to maintenance costs, "Admin." refers to administrative costs and "Misc." refers to miscellaneous costs.

Source: NYC Department of Finance, RPIE Filings

C.5 Cross Sectional Sample, 1994 RPIE Filings

	Post-'46		Pre-'47		All	
	Buildings	Units	Buildings	Units	Buildings	Units
Citywide	1,342	144,917	12,021	464,424	13,363	609,341
11 - 19	89	1,294	3,129	47,102	3,218	48,396
20 - 99	796	47,162	8,477	344,068	9,273	391,230
100+	457	96,461	415	73,254	872	169,715
Bronx	219	15,462	2,245	102,763	2,464	118,225
11 - 19	12	176	229	3,408	241	3,584
20 - 99	179	10,217	1,943	88,315	2,122	98,532
100+	28	5,069	73	11,040	101	16,109
Brooklyn	289	29,567	2,623	99,277	2,912	128,844
11 - 19	19	284	648	9,744	667	10,028
20 - 99	188	12,466	1,907	80,897	2,095	93,363
100+	82	16,817	68	8,636	150	25,453
Manhattan	306	52,931	5,761	207,675	6,067	260,606
11 - 19	12	170	1,848	27,722	1,860	27,892
20 - 99	117	6,794	3,700	135,493	3,817	142,287
100+	177	45,967	213	44,460	390	90,427
Queens	480	44,491	1,369	53,808	1,849	98,299
11 - 19	34	494	393	6,050	427	6,544
20 - 99	283	16,553	918	38,963	1,201	55,516
100+	163	27,444	58	8,795	221	36,239
St Island	48	2,466	23	901	71	3,367
11 - 19	12	170	11	178	23	348
20 - 99	29	1,132	9	400	38	1,532
100+	7	1164	3	323	10	1,487

Source: NYC Department of Finance, RPIE Filings.

D: 1993 Housing and Vacancy Survey, Summary Tables

D.1: Occupancy Status

	ALL UNITS@	Owner Units	Renter Units	Stabilized :
Number of Units	2,985,527	827,001	2,047,016	1,013,097
Occupied Units	2,783,150	806,479	1,976,671	979,026
Bronx	412,329	84,564	327,765	177,338
Brooklyn	816,602	219,879	596,723	254,743
Manhattan	708,215	126,974	581,241	355,310
Queens	709,537	289,360	420,176	182,180
Staten Island	136,469	85,703	50,766	9,455
Vacant Units	202,377	20,522	70,345	34,071
Vacant, available for rent or sale	90,867	20,522	70,345	34,071
Bronx	17,043	3,423	13,620	7,045
Brooklyn	25,284	5,269	20,015	9,004
Manhattan	26,881	5,668	21,213	12,807
Queens	19,105	5,801	13,304	4,871
Staten Island	2,554	361	2,193	344
Asking Rent				
<$300	-	-	1,851	524
$300-$399	-	-	2,063	1,384
$400-$499	-	-	5,403	3,806
$500-$599	-	-	12,981	8,328
$600-$699	-	-	9,579	4,729
$700-$799	-	-	8,633	3,343
$800-$899	-	-	5,717	1,738
$900-$999	-	-	3,268	1,606
$1000-$1249	-	-	4,527	2,117
$1250 +	-	-	3,249	1,624
(Not Reported)	(13,073)	-	(13,073)	(4,871)
Vacant, unavailable for rent or sale	111,510	-	-	-
Bronx	11,860	-	-	-
Brooklyn	26,254	-	-	-
Manhattan	48,170	-	-	-
Queens	21,658	-	-	-
Staten Island	3,568	-	-	-
Dilapidated	5,136	-	-	-
Rented - Not Yet Occupied	9,788	-	-	-
Sold - Not Yet Occupied	4,401	-	-	-
Undergoing Renovation	11,427	-	-	-
Awaiting Renovation	11,167	-	-	-
Non-Residential Use	1,220	-	-	-
Legal Dispute	7,915	-	-	-
Awaiting Conversion	626	-	-	-
Held for Occasional Use	39,603	-	-	-
Unable to Rent or Sell	4,211	-	-	-
Held Pending Sale of Building	2,534	-	-	-
Held for Planned Demolition	0	-	-	-
Held for Other Reasons	12,246	-	-	-
(Not Reported)	(1,235)	-	-	-

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

Rent Stabilized Units *Pre-1947*	Rent Stabilized Units *Post-1946*	Rent Controlled	Mitchell-Lama	Public Housing	Other Regulated*	Other Rentals**	
735,412	277,685	101,798	81,677	175,362	93,491	580,891	Number of Units
707,878	271,148	101,798	79,138	173,561	91,022	552,126	Occupied Units
147,090	30,248	10,284	23,123	37,565	22,751	56,703	Bronx
203,140	51,603	26,666	17,068	59,673	24,014	214,560	Brooklyn
279,154	76,155	47,309	26,077	54,164	37,396	60,985	Manhattan
76,008	106,172	16,501	12,870	16,839	5,241	186,545	Queens
2,486	6,970	1,037	0	5321	1619	33,333	Staten Island
27,534	6,537	0	2539	1801	2469	29,465	Vacant Units
27,534	6,537	0	2539	1801	2469	29,465	Vacant, for rent or sale
6,706	339	-	323	508	1,002	4742	Bronx
7,910	1,094	-	1,234	344	347	9086	Brooklyn
11,200	1,607	-	561	949	1,121	5775	Manhattan
1,719	3,152	-	421	0	0	8013	Queens
0	344	-	0	0	0	1849	Staten Island
							Asking Rent
524	0	-	179	349	799	0	<$300
1,384	0	-	0	0	317	362	$300-$399
3,015	791	-	0	0	168	1,429	$400-$499
7,093	1,234	-	884	188	84	3,498	$500-$599
3,846	883	-	401	0	69	4,380	$600-$699
2,965	378	-	175	0	0	5,115	$700-$799
1,595	142	-	380	0	0	3,599	$800-$899
421	1,185	-	0	0	0	1,662	$900-$999
1,975	143	-	0	0	0	2,409	$1000-$1249
911	713	-	0	0	0	1,625	$1250 +
(3,803)	(1,068)	-	(520)	(1,264)	(1,032)	(5,386)	(Not Reported)
-	-	-	-	-	-	-	Vacant, not for rent or sale
-	-	-	-	-	-	-	Bronx
-	-	-	-	-	-	-	Brooklyn
-	-	-	-	-	-	-	Manhattan
-	-	-	-	-	-	-	Queens
-	-	-	-	-	-	-	Staten Island
-	-	-	-	-	-	-	Dilapidated
-	-	-	-	-	-	-	Rented - Not Yet Occupied
-	-	-	-	-	-	-	Sold - Not Yet Occupied
-	-	-	-	-	-	-	Undergoing Renovation
-	-	-	-	-	-	-	Awaiting Renovation
-	-	-	-	-	-	-	Non-Residential Use
-	-	-	-	-	-	-	Legal Dispute
-	-	-	-	-	-	-	Awaiting Conversion
-	-	-	-	-	-	-	Held for Occasional Use
-	-	-	-	-	-	-	Unable to Rent or Sell
-	-	-	-	-	-	-	Held Pending Sale of Building
-	-	-	-	-	-	-	Held for Planned Demolition
-	-	-	-	-	-	-	Held for Other Reasons
-	-	-	-	-	-	-	(Not Reported)

* Other Regulated Rentals encompass *In Rem* units, as well as those regulated by HUD, Article 4 and the New York City Loft Board.
** Other Rentals encompass dwellings which have never been regulated, units which have been deregulated (including those in buildings with fewer than 6 apartments) and unregulated rentals in cooperatives or condominiums.

D.2: Economic Characteristics

	All Households@	Owner Households	Renter Households	Stabilized:
Monthly Contract Rent				
$0-$199	-	-	170,346	36,881
$200-$299	-	-	145,079	54,920
$300-$399	-	-	204,643	120,221
$400-$49	-	-	317,052	184,335
$500-$59	-	-	305,329	183,487
$600-$99	-	-	234,223	125,490
$700-799	-	-	159,664	73,423
$800-$899	-	-	101,759	39,879
$900-$999	-	-	49,448	22,735
$1000-$1249	-	-	70,892	39,209
$1250-$1499	-	-	28,079	16,601
$1500+	-	-	41,289	25,013
(Not Reported / No Cash Rent)	-	-	(148,870)	(56,831)
Mean	-	-	$564	$593
Mean/Room	-	-	$174	$203
Median	-	-	$501	$525
Median/Room	-	-	$140	$156
Monthly Cost of Electricity				
Mean	$54	$74	$44	$41
Median	$45	$64	$40	$35
Monthly Cost of Utility Gas				
Mean	$62	$121	$29	$22
Median	$25	$100	$20	$18
Monthly Cost of Water / Sewer				
Mean	$34	$34	-	-
Median	$33	$33	-	-
Monthly Mortgage Payments				
Mean	-	$978	-	-
Median	-	$800	-	-
Monthly Insurance Payments				
Mean	-	$54	-	-
Median	-	$46	-	-
Monthly Property Taxes				
Mean	-	$136	-	-
Median	-	$117	-	-

@All households, including owners and renters.

Rent Stabilized Units		Rent	Mitchell-	Public	Other	Other	
Pre-1947	*Post-1946*	Controlled	Lama	Housing	Regulated*	Rentals**	
							Monthly Contract Rent
30,659	6,222	15,742	6322	80,361	26,476	4563	$0-$199
45,069	9,851	18,248	5708	29,320	23,653	13,230	$200-$299
104,220	16,001	14,575	8500	15,720	14,430	31,197	$300-$399
140,602	43,734	20,503	16,918	24,178	7224	63,895	$400-$499
132,601	50,886	9,248	14,763	10,374	6236	81,220	$500-$599
86,000	39,490	3,729	9492	5482	2822	87,208	$600-$699
46,974	26,448	4,288	5483	208	1423	74,841	$700-$799
26,508	13,370	1,276	2598	160	594	57,253	$800-$899
14,321	8,414	1,777	1304	0	640	22,992	$900-$999
25,788	13,420	1,367	1968	0	164	28,184	$1000-$1249
7,975	8,626	181	819	0	0	10,478	$1250-$1499
12,120	12,893	338	909	0	370	15,244	$1500+
(35,039)	(21,791)	(10,528)	(4,938)	(7,759)	(6,991)	(61,823)	(Not Reported)
$555	$695	$392	$517	$266	$306	$688	Mean
$193	$231	$112	$160	$67	$92	$202	Mean/Room
$500	$590	$366	$498	$203	$253	$640	Median
$150	$175	$93	$138	$51	$76	$162	Median/Room
							Monthly Cost of Electricity
$41	$42	$40	$46	$47	$44	$49	Mean
$35	$35	$35	$40	$40	$37	$40	Median
							Monthly Cost of Utility Gas
$22	$22	$25	$27	$23	$27	$39	Mean
$18	$15	$15	$20	$20	$25	$20	Median
							Monthly Cost of Water / Sewer
							Mean
-	-	-	-	-	-	-	Median
							Monthly Mortgage Payments
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Monthly Insurance Payments
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Monthly Property Taxes
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median

* Other Regulated Rentals encompass *In Rem* units, as well as those regulated by HUD, Article 4 and the New York City Loft Board.
** Other Rentals encompass dwellings which have never been regulated, units which have been deregulated (including those in buildings with fewer than 6 apartments) and unregulated rentals in cooperatives or condominiums.

Totals may not add to 100% due to rounding.

D.2: Economic Characteristics (Continued)

	All Households@	Owner Households	Renter Households	Stabilized :
1992 Total Household Income				
Loss, no income or < $5000	168,808	20,225	148,583	63,010
$5000-$9999	340,509	40,331	300,178	140,130
$10,000-$19,999	355,836	73,311	282,526	138,823
$20,000-$29,999	284,847	60,632	224,214	119,295
$30,000-$39,999	221,019	61,849	159,169	87,129
$40,000-$49,999	161,069	57,373	103,697	51,625
$50,000-$59,999	122,184	49,203	72,981	38,930
$60,000-$69,999	85,255	39,527	45,728	23,711
$70,000-$79,999	55,488	28,587	26,901	12,769
$80,000-$89,999	41,865	23,311	18,554	9,743
$90,000-$99,999	23,893	16,095	7,798	3,867
$100,000 +	102,815	61,088	41,727	26,036
(Not Reported)	(819,562)	(274,947)	(544,615)	(263,958)
Mean	$35,732	$57,569	$27,627	$29,042
Median	$23,000	$40,500	$19,005	$20,160
Contract Rent to Income Ratio				
<10%	-	-	80,582	44,301
10%-19%	-	-	316,462	168,235
20%-29%	-	-	326,364	146,089
30%-39%	-	-	179,136	83,964
40%-49%	-	-	111,965	53,951
50%-59%	-	-	79,521	40,912
60%-69%	-	-	56,766	30,628
70% +	-	-	200,441	112,762
(Not Computed / Reported)	-	-	(625,435)	(298,183)
Mean	-	-	45.3%	47.8%
Median	-	-	28.2%	28.2%
Households in Poverty				
Households Below 100% of Poverty Level479,298	51,134	428,164	194,846	
Households Above 100% of Poverty Level1,484,290	480,397	1,003,893	520,222	
(Not Reported)	(819,562)	(274,947)	(544,615)	(263,958)
Households Below 125% of Poverty Level594,233	70,647	523,585	239,815	
Households Above 125% of Poverty Level1,369,355	460,884	908,471	475,253	
(Not Reported)	(819,562)	(274,947)	(544,615)	(263,958)
Households Receiving Public Assistance422,328	20,618	401,710	189,195	
" " Not Receiving Public Assistance)1,993,991	666,311	1,327,680	659,037	
(Not Reported)	(366,831)	(119,550)	(247,281)	(130,794)
Households Receiving Rent Subsidy	-	-	179,564	78,440
" " Not Receiving Rent Subsidy	-	-	1,488,653	742,656
Did Not Know	-	-	41,332	18,839
(Not Reported)	-	-	(267,122)	(139,091)

@All households, including owners and renters.

Rent Stabilized Units *Pre-1947*	Rent Stabilized Units *Post-1946*	Rent Controlled	Mitchell-Lama	Public Housing	Other Regulated*	Other Rentals**	
							1992 Total Household Income
50,820	12,189	4,073	4996	32,496	-	-	< $5000
117,115	23,015	19,447	12,511	50,735	-	-	$5000-$9999
101,912	36,911	18,276	9,262	31,200	-	-	$10,000-$19,999
89,683	29,612	7,919	9,441	16,712	-	-	$20,000-$29,999
63,752	23,378	4,758	5,698	6,569	-	-	$30,000-$39,999
35,998	15,627	4,069	5,051	2,574	-	-	$40,000-$49,999
26,085	12,845	2,772	2,399	706	-	-	$50,000-$59,999
16,590	7,121	1,096	1,606	718	-	-	$60,000-$69,999
7,576	5,193	1,207	648	172	-	-	$70,000-$79,999
5,885	3,858	1,746	369	0	-	-	$80,000-$89,999
2,652	1,216	189	176	187	-	-	$90,000-$99,999
14,462	11,574	870	1408	204	-	-	$100,000 +
(175,348)	(88,610)	(35,377)	(25,572)	(31,289)	-	-	(Not Reported)
$26,562	$36,278	$23,252	$25,866	$12,385	-	-	Mean
$19,288	$24,700	$14,400	$19,068	$7800	-	-	Median
							Contract Rent / Household Income
31,482	12,819	9,242	344	2,144	-	-	<10%
122,230	46,005	15,625	5,978	78,217	-	-	10%-19%
109,047	37,042	9,522	5,708	29,320	-	-	20%-29%
60,953	23,011	8,380	8,500	15,720	-	-	30%-39%
39,155	14,796	6,393	16,918	24,178	-	-	40%-49%
30,834	10,077	4,295	14,763	10,374	-	-	50%-59%
24,427	6,202	3,047	9,492	5,482	-	-	60%-69%
91,028	21,734	5,585	12,497	367	-	-	70% +
(198,722)	(99,462)	(39,709)	(4,938)	(7,759)	-	-	(Not Reported)
46.6%	51.6%	32.9%	43.3%	37.1%	-	-	Mean
28.8%	27.1%	25.8%	27.9%	28.2%	-	-	Median
							Households in Poverty
165,614	29,232	14,740	14,296	83,457	41,701	79,124	Households < 100% of Poverty Level
366,916	153,306	51,682	39,270	58,816	29,215	304,683	Households > 100% of Poverty Level
(175,348)	(88,610)	(35,377)	(25,572)	(31,289)	(20,106)	(168,319)	(Not Reported)
200,803	39,012	21,825	17,689	94,500	48,679	101,078	Households < 125% of Poverty Level
331,727	143,526	44,596	35,877	47,773	22,237	282,729	Households > 125% of Poverty Level
(175,348)	(88,610)	(35,377)	(25,572)	(31,289)	(20,106)	(168,319)	(Not Reported)
165,571	23,625	11,316	9,730	80,605	40,883	69,981	HH's Receiving Public Assistance
453,387	205,650	76,232	56,386	78,268	41,880	415,877	" " Not Receiving P.Assistance
(88,920)	(41,874)	(14,249)	(13,022)	(14,689)	(8,259)	(66,268)	(Not Reported)
64,202	14,238	5,086	14,626	29,513	29,952	21,948	Households Receiving Rent Subsidy
535,059	207,597	79,629	47,423	117,687	47,520	453,737	" " Not Receiving Rent Subsidy
14,541	4,297	2,010	2,642	7,908	3,925	6,009	Do Not Know
(94,076)	(45,015)	(15,072)	(14,447)	(18,454)	(9,625)	(70,433)	(Not Reported)

* Other Regulated Rentals encompass *In Rem* units, as well as those regulated by HUD, Article 4 and the New York City Loft Board.
** Other Rentals encompass dwellings which have never been regulated, units which have been deregulated (including those in buildings with fewer than 6 apartments) and unregulated rentals in cooperatives or condominiums.

D.2: Economic Characteristics (Continued)

	All Households@	Owner Households	Renter Households	Stabilized :
Monthly Contract Rent				
$0-$199	-	-	9.3%	4.0%
$200-$299	-	-	7.9%	6.0%
$300-$399	-	-	11.2%	13.0%
$400-$499	-	-	17.4%	20.0%
$500-$599	-	-	16.7%	19.9%
$600-$699	-	-	12.8%	13.6%
$700-$799	-	-	8.7%	8.0%
$800-$899	-	-	5.6%	4.3%
$900-$999	-	-	2.7%	2.5%
$1000-$1249	-	-	3.9%	4.3%
$1250-$1499	-	-	1.5%	1.8%
$1500+	-	-	2.3%	2.7%
(Not Reported / No Cash Rent)	-		-	-
Mean	-	-	-	-
Mean/Room	-	-	-	-
Median	-	-	-	-
Median/Room	-	-	-	-
Monthly Cost of Utilities				
Mean	-	-	-	-
Median	-	-	-	-
Monthly Cost of Water/Sewer				
Mean	-	-	-	-
Median	-	-	-	-
Monthly Cost of Fuel				
Mean	-	-	-	-
Median	-	-	-	-
Monthly Mortgage Payments				
Mean	-	-	-	-
Median	-	-	-	-
Monthly Insurance Payments				
Mean	-	-	-	-
Median	-	-	-	-
Monthly Property Taxes				
Mean	-	-	-	-
Median	-	-	-	-

@All households, including owners and renters.

Totals may not add to 100% due to rounding.

Rent Stabilized Units *Pre-1947*	Rent Stabilized Units *Post-1946*	Rent Controlled	Mitchell-Lama	Public Housing	Other Regulated*	Other Rentals**	
							Monthly Contract Rent
4.4%	2.5%	17.3%	8.6%	48.5%	31.5%	0.9%	$0-$199
6.7%	4.0%	20.0%	7.7%	17.7%	28.1%	2.7%	$200-$299
15.5%	6.4%	16.0%	11.5%	9.5%	17.2%	6.4%	$300-$399
20.9%	17.5%	22.5%	22.8%	14.6%	8.6%	13.0%	$400-$499
19.7%	20.4%	10.1%	19.9%	6.3%	7.4%	16.6%	$500-$599
12.8%	15.8%	4.1%	12.8%	3.3%	3.4%	17.8%	$600-$699
7.0%	10.6%	4.7%	7.4%	0.1%	1.7%	15.3%	$700-$799
3.9%	5.4%	1.4%	3.5%	0.1%	0.7%	11.7%	$800-$899
2.1%	3.4%	2.0%	1.8%	0	0.8%	4.7%	$900-$999
3.8%	5.4%	1.5%	2.7%	0	0.2%	5.7%	$1000-$1249
1.2%	3.5%	0.2%	1.1%	0	0	2.1%	$1250-$1499
1.8%	5.2%	0.4%	0.4%	0	0.4%	3.1%	$1500+
-	-	-	-	-	-	-	(Not Reported)
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Mean/Room
-	-	-	-	-	-	-	Median
-	-	-	-	-	-	-	Median/Room
							Monthly Cost of Utilities
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Monthly Cost of Water/Sewer
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Monthly Cost of Fuel
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Monthly Mortgage Payments
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Monthly Insurance Payments
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Monthly Property Taxes
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median

* Other Regulated Rentals encompass *In Rem* units, as well as those regulated by HUD, Article 4 and the New York City Loft Board.
** Other Rentals encompass dwellings which have never been regulated, units which have been deregulated (including those in buildings with fewer than 6 apartments) and unregulated rentals in cooperatives or condominiums.

Totals may not add to 100% due to rounding

D.2: Economic Characteristics (Continued)

	All Households @	Owner Households	Renter Households	Stabilized :
1992 Total Household Income				
< $5000	8.6%	3.8%	10.4%	8.8%
$5000-$9999	17.3%	7.6%	21.0%	19.6%
$10,000-$19,999	18.1%	13.8%	19.7%	19.4%
$20,000-$29,999	14.5%	11.4%	15.7%	16.7%
$30,000-$39,999	11.3%	11.6%	11.1%	12.2%
$40,000-$49,999	8.2%	10.8%	7.2%	7.2%
$50,000-$59,999	6.2%	9.3%	5.1%	5.4%
$60,000-$69,999	4.3%	7.4%	3.2%	3.3%
$70,000-$79,999	2.8%	5.4%	1.9%	1.8%
$80,000-$89,999	2.1%	4.4%	1.3%	1.4%
$90,000-$99,999	1.2%	3.0%	0.5%	0.5%
$100,000 +	5.2%	11.5%	2.9%	3.6%
Mean	-	-	-	-
Median	-	-	-	-
Contract Rent / Household Income				
<10%	-	-	6.0%	6.5%
10%-19%	-	-	23.4%	24.7%
20%-29%	-	-	24.2%	21.5%
30%-39%	-	-	13.3%	12.3%
40%-49%	-	-	8.3%	7.9%
50%-59%	-	-	5.9%	6.0%
60%-69%	-	-	4.2%	4.5%
70% +	-	-	14.8%	16.6%
(Not Reported)	-	-	-	-
Mean	-	-	-	-
Median	-	-	-	-
Households in Poverty				
Households Below 100% of Poverty Level24.4%	9.6%	29.9%	27.2%	
Households Above 100% of Poverty Level75.6%	90.4%	70.1%	72.8%	
(Not Reported)	-	-	-	-
Households Below 125% of Poverty Level30.3%	13.3%	36.6%	33.5%	
Households Above 125% of Poverty Level69.7%	86.7%	63.4%	66.5%	
(Not Reported)	-	-	-	-
Households Receiving Public Assistance 17.5%	3.0%	23.2%	22.3%	
(Not Reported)	-	-	-	-
Households Receiving Rent Subsidy	-	-	10.5%	-
(Not Reported)	-	-	-	-

@All households, including owners and renters.

Totals may not add to 100% due to rounding.

Rent Stabilized Units *Pre-1947*	Rent Stabilized Units *Post-1946*	Rent Controlled	Mitchell-Lama	Public Housing	Other Regulated*	Other Rentals**	
							1992 Total Household Income
9.5%	6.7%	6.1%	9.3%	22.8%	-	-	< $5000
22.0%	12.6%	29.3%	23.4%	35.7%	-	-	$5000-$9999
19.1%	20.3%	27.5%	17.7%	22.1%	-	-	$10,000-$19,999
16.9%	16.3%	12.0%	17.3%	11.5%	-	-	$20,000-$29,999
12.0%	12.8%	7.2%	10.6%	4.4%	-	-	$30,000-$39,999
6.8%	8.6%	6.1%	9.4%	2.0%	-	-	$40,000-$49,999
4.9%	7.0%	4.2%	4.5%	0.5%	-	-	$50,000-$59,999
3.1%	3.9%	1.6%	3.0%	0.5%	-	-	$60,000-$69,999
1.4%	2.8%	1.8%	1.2%	0.1%	-	-	$70,000-$79,999
1.1%	2.1%	2.6%	0.7%	-	-	-	$80,000-$89,999
0.5%	0.7%	0.3%	0.3%	0.1%	-	-	$90,000-$99,999
2.7%	6.3%	1.3%	2.6%	0.1%	-	-	$100,000 +
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Contract Rent / Household Income
6.2%	7.5%	14.9%	5.0%	4.1%	-	-	<10%
24.0%	26.8%	25.2%	23.9%	13.9%	-	-	10%-19%
21.4%	21.6%	15.4%	25.5%	40.6%	-	-	20%-29%
12.0%	13.4%	13.5%	16.2%	18.0%	-	-	30%-39%
7.7%	8.6%	10.3%	8.4%	7.8%	-	-	40%-49%
6.1%	5.9%	6.9%	4.4%	5.1%	-	-	50%-59%
4.8%	3.6%	4.9%	3.4%	2.9%	-	-	60%-69%
17.9%	12.7%	9.0%	13.2%	7.6%	-	-	70% +
-	-	-	-	-	-	-	(Not Reported)
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Households in Poverty
31.1%	16.0%	22.2%	26.7%	58.7%	58.8%	20.6%	Households < 100% of Poverty Level
68.9%	84.0%	77.8%	73.3%	41.3%	41.2%	79.4%	Households > 100% of Poverty Level
-	-	-	-	-	-	-	(Not Reported)
37.7%	21.4%	32.9%	33.0%	66.4%	68.6%	26.3%	Households < 125% of Poverty Level
62.3%	78.6%	67.1%	67.0%	33.6%	31.4%	73.7%	Households > 125% of Poverty Level
-	-	-	-	-	-	-	(Not Reported)
26.7%	10.3%	12.9%	14.7%	50.7%	49.4%	14.4%	Households Receiving Welfare
-	-	-	-	-	-	-	(Not Reported)
10.5%	6.3%	5.9%	22.6%	19.0%	38.7%	4.6%	Households Receiving Rent Subsidy
-	-	-	-	-	-	-	(Not Reported)

* Other Regulated Rentals encompass *In Rem* units, as well as those regulated by HUD, Article 4 and the New York City Loft Board.
** Other Rentals encompass dwellings which have never been regulated, units which have been deregulated (including those in buildings with fewer than 6 apartments) and unregulated rentals in cooperatives or condominiums.

Totals may not add to 100% due to rounding.

D.3: Demographic Characteristics

	All Households@	Owner Households	Renter Households	Stabilized :
Year Moved Into Current Dwelling				
1990-93	815,107	107,726	707,381	360,663
1987-89	413,501	116,330	297,171	146,624
1984-86	241,852	78,994	162,858	80,545
1981-83	217,265	62,719	154,546	86,807
1971-80	640,532	216,530	424,002	233,047
Prior to 1971	454,893	224,180	230,714	71,340
Household Composition				
Married Couples	1,070,878	459,064	611,814	293,801
w. Children < 18 Years of Age	362,842	128,355	234,487	112,602
w/o. Children < 18 Years of Age	155,431	88,324	67,107	30,962
w. Other Household Members	131,272	60,612	70,661	33,033
w/o. Other Household Members	404,927	173,899	231,028	113,203
(Not Reported)	(16,406)	(7,874)	(8,532)	(4,001)
Female Householder	1,138,646	233,497	905,149	430,673
w. Children < 18 Years of Age	213,303	13,215	200,088	89,088
w/o. Children < 18 Years of Age	223,564	61,686	161,878	79,333
w. Other Household Members	127,358	18,869	108,489	46,979
w/o. Other Household Members	564,171	136,848	427,323	212,314
(Not Reported)	(10,252)	(2,880)	(7,372)	(2959)
Male Householder	558,384	110,576	447,808	248,113
w. Children < 18 Years of Age	13,677	3,028	10,649	5,111
w/o. Children < 18 Years of Age	151,400	30,901	120,498	65,226
w. Other Household Members	30,849	8,866	21,983	10,247
w/o. Other Household Members	357,838	67,072	290,766	165,951
(Not Reported)	(4,618)	(708)	(3,911)	(1577)
(Sex Not Reported)	(15,241)	(3,342)	(11,899)	(6,439)
Race of Householder				
White, non-Hispanic	1,323,551	522,135	801,416	420,083
Black, non-Hispanic	640,206	142,732	497,474	190,214
Puerto Rican	279,695	33,596	246,099	114,063
Other Hispanic	285,846	34,285	251,561	157,218
Asian / Pacific Islander	160,500	49,569	110,931	58,400
Other	42,359	9,166	33,193	18,190
(Not Reported)	(50,992)	(14,995)	(35,997)	(20,857)
Age of Householder				
Under 25 years	110,933	5,440	105,493	56,924
25-34	563,209	83,838	479,371	245,144
35-44	646,414	164,714	481,700	259,167
45-54	467,503	163,675	303,828	160,829
55-61	250,900	101,758	149,142	68,752
62-64	108,116	46,600	61,516	27,879
65-74	317,395	129,428	187,967	78,834
75-84	186,973	69,852	117,121	43,543
85 or more years	57,362	16,037	41,325	14,112
(Not Reported)	(74,343)	(25,135)	(49,208)	(23,842)
Mean	49.5	55.1	47.3	45.7
Median	46.0	53.0	42.0	41.0

@All households, including owners and renters.

Rent Stabilized Units		Rent	Mitchell-	Public	Other	Other	
Pre-1947	*Post-1946*	Controlled	Lama	Housing	Regulated*	Rentals**	
							Year Moved Into Current Dwelling
272,726	87,938	0	17,773	27,127	23,757	278,062	1990-93
113,358	33,265	0	14,324	25,668	13,180	97,376	1987-89
59,857	20,688	0	7,590	18,874	14,601	41,247	1984-86
64,903	21,903	2,498	5,971	14,023	12,433	32,815	1981-83
165,619	67,428	13,355	29,143	50,164	20,713	77,580	1971-80
31,416	39,925	85,945	4,337	37,706	6,339	25,046	Prior to 1971
							Household Composition
200,694	93,107	25,611	25,019	29,117	13,032	225,232	Married Couples
82,915	29,687	2,340	8,292	9,137	4,379	97,736	w. Children < 18 Years of Age
22,246	8,716	3,689	3,175	5,439	1,333	22,509	w. No Children < 18 Years of Age
24,200	8,833	1,441	1,577	5,177	1,619	27,813	w. Other Household Members
68,209	44,995	17,829	11,416	8,208	5,379	74,993	w/o Other Household Members
(3,125)	(877)	(313)	(558)	(1,156)	(322)	(2,182)	(Not Reported)
318,311	112,361	52,848	39,962	123,479	61,192	196,997	Female Householder
74,373	14,716	1,339	7,876	39,374	18,876	43,536	w. Children < 18 Years of Age
60,060	19,273	8,143	4,301	18,570	9,582	41,949	w. No Children < 18 Years of Age
42,193	4,786	1,970	3,450	21,668	8,385	26,037	w. Other Household Members
139,300	73,013	41,214	24,178	42,052	24,209	83,356	w/o Other Household Members
(2,386)	(573)	(182)	(157)	(1,815)	(140)	(2,119)	(Not Reported)
184,388	63,724	23,162	13,824	20,434	16,222	126,053	Male Householder
3,851	1,260	780	607	1,467	850	1,835	w. Children < 18 Years of Age
51,792	13,434	3,696	3,539	4,149	2,730	41,156	w. No Children < 18 Years of Age
8,918	1,328	710	536	663	1,275	8,553	w. Other Household Members
118,425	47,526	17,976	8,740	13,821	11,367	72,910	w/o Other Household Members
(1,401)	(176)	(0)	(402)	(333)	(0)	(1599)	(Not Reported)
(4,485)	(1,955)	(177)	(333)	(531)	(575)	(3,844)	(Sex Not Reported)
							Race of Householder
267,524	152,559	72,743	26,915	14,712	16,436	250,526	White, non-Hispanic
136,092	54,122	10,063	33,664	91,714	42,418	129,401	Black, non-Hispanic
102,261	11,802	7,391	7,273	48,454	18,741	50,176	Puerto Rican
132,127	25,090	7,754	5,065	12,241	9,783	59,500	Other Latino
43,035	15,365	1,586	2,793	2,878	1,378	43,896	Asian / Pacific Islander
13,059	5,131	320	1,175	1,797	1,335	10,376	Other
(13,779)	(7,078)	(1,940)	(2,252)	(1765)	(932)	(8,250)	(Not Reported)
							Age of Householder
46,605	10,318	1,487	2,695	7,218	3,507	33,663	Under 25 years
191,968	53,176	2,313	10,879	28,381	18,046	174,608	25-34
194,839	64,329	6,142	15,233	33,843	19,157	148,158	35-44
114,732	46,097	11,722	14,630	30,067	12,932	73,648	45-54
48,112	20,639	12,220	8,018	19,533	6,910	33,709	55-61
20,249	7,630	5,477	4,007	7,113	2,738	14,302	62-64
46,765	32,069	26,166	9,364	25,526	13,165	34,911	65-74
22,152	21,391	22,303	7,767	14,375	9,531	19,602	75-84
6,792	7,319	11,383	3,149	2,923	3,609	6,149	85 or more years
(15,663)	(8,178)	(2,584)	(3,397)	(4,582)	(1,428)	(13,376)	(Not Reported)
43.9	50.3	66.9	54.2	52.0	51.0	43.0	Mean
40.0	46.0	70.0	52.0	50.0	47.0	39.0	Median

* Other Regulated Rentals encompass *In Rem* units, as well as those regulated by HUD, Article 4 and the New York City Loft Board.
** Other Rentals encompass dwellings which have never been regulated, units which have been deregulated (including those in buildings with fewer than 6 apartments) and unregulated rentals in cooperatives or condominiums.

D.3: Demographic Characteristics (Continued)

	All Households@	Owner Households	Renter Households	Stabilized :
Year Moved Into Current Dwelling				
1990-93	29.3%	13.4%	35.8%	36.8%
1987-89	14.9%	14.4%	15.0%	15.0%
1984-86	8.7%	9.8%	8.2%	8.2%
1981-83	7.8%	7.8%	7.8%	8.9%
1971-80	23.0%	26.8%	21.5%	23.8%
Prior to 1971	16.3%	27.8%	11.7%	7.3%
Household Composition				
Married Couples	38.5%	57.0%	31.0%	30.1%
w. Children < 18 Years of Age	13.3%	16.2%	11.9%	11.7%
w/o. Children < 18 Years of Age	5.7%	11.2%	3.5%	3.2%
w. Other Household Members	4.8%	7.7%	3.6%	3.4%
w/o. Other Household Members	14.8%	22.0%	12.1%	11.7%
(Not Reported)	-	-	-	-
Female Householder	41.3%	29.0%	46.2%	44.4%
w. Children < 18 Years of Age	7.8%	1.7%	10.3%	9.2%
w/o. Children < 18 Years of Age	8.2%	7.8%	8.3%	8.2%
w. Other Household Members	4.7%	2.4%	5.6%	4.9%
w/o Other Household Members	20.6%	17.3%	22.0%	22.0%
(Not Reported)	-	-	-	-
Male Householder	20.2%	13.9%	22.8%	25.6%
w. Children < 18 Years of Age	0.5%	0.4%	0.6%	0.5%
w/o. Children < 18 Years of Age	5.5%	3.9%	6.2%	6.8%
w. Other Household Members	1.1%	1.1%	1.1%	1.1%
w/o Other Household Members	13.1%	8.5%	15.0%	17.2%
(Not Reported)	-	-	-	-
(Sex Not Reported)	-	-	-	-
Race of Householders				
White, non-Latino	48.4%	66.0%	41.3%	43.8%
Black, non-Latino	23.4%	18.0%	25.6%	19.9%
Puerto Rican	10.2%	4.2%	12.7%	11.9%
Other Latino	10.5%	4.3%	13.0%	16.4%
Asian / Pacific Islander	5.9%	6.3%	5.7%	6.1%
Other	1.6%	1.2%	1.7%	1.9%
(Not Reported)	-	-	-	-
Age of Householders				
Under 25 years	4.1%	0.7%	5.5%	6.0%
25-34	20.8%	10.7%	24.9%	25.7%
35-44	23.9%	21.1%	25.0%	27.1%
45-54	17.3%	20.9%	15.8%	16.8%
55-61	9.3%	13.0%	7.7%	7.2%
62-64	4.0%	6.0%	3.2%	2.9%
65-74	11.7%	16.6%	9.8%	8.3%
75-84	6.9%	8.9%	6.1%	4.6%
85 or more years	2.1%	2.1%	2.1%	1.5%
Mean	-	-	-	-
Median	-	-	-	-

@All households, including owners and renters.

Totals may not add to 100% due to rounding.

Rent Stabilized Units Pre-1947	Rent Stabilized Units Post-1946	Rent Controlled	Mitchell-Lama	Public Housing	Other Regulated*	Other Rentals**	
							Year Moved Into Current Dwelling
38.5%	32.4%	0.0%	22.5%	15.6%	26.1%	50.4%	1990-93
16.0%	12.3%	0.0%	18.1%	14.8%	14.5%	17.6%	1987-89
8.5%	7.6%	0.0%	9.6%	10.9%	16.0%	7.5%	1984-86
9.2%	8.1%	2.5%	7.6%	8.1%	13.7%	5.9%	1981-83
23.4%	24.9%	13.1%	36.8%	28.9%	22.8%	14.1%	1971-80
4.4%	14.7%	84.4%	5.5%	21.7%	7.0%	4.5%	Prior to 1971
							Household Composition
28.4%	34.5%	25.0%	31.5%	16.5%	14.2%	41.0%	Married Couples
11.9%	11.1%	2.3%	10.7%	5.4%	4.9%	18.0%	w. Children < 18 Years of Age
3.2%	3.3%	3.7%	4.1%	3.2%	1.5%	4.1%	w/o Children < 18 Years of Age
3.5%	3.3%	1.4%	2.0%	3.1%	1.8%	5.1%	w. Other Household Members
9.8%	16.8%	17.6%	14.7%	4.8%	6.0%	13.8%	w/o Other Household Members
-	-	-	-	-	-	-	(Not Reported)
45.4%	41.8%	51.9%	51.2%	71.7%	67.8%	36.0%	Female Householder
10.7%	5.5%	1.3%	10.1%	23.2%	21.0%	8.0%	w. Children < 18 Years of Age
8.6%	7.2%	8.1%	5.5%	10.9%	10.6%	7.7%	w/o Children < 18 Years of Age
6.1%	1.8%	2.0%	4.4%	12.8%	9.3%	4.8%	w. Other Household Members
20.0%	27.3%	40.5%	31.1%	24.8%	26.9%	15.5%	w/o Other Household Members
-	-	-	-	-	-	-	(Not Reported)
26.3%	23.8%	22.9%	17.3%	11.8%	17.9%	22.9%	Male Householder
0.6%	0.5%	0.8%	0.8%	0.9%	0.9%	0.3%	w. Children < 18 Years of Age
7.4%	5.0%	3.7%	4.6%	2.4%	3.0%	7.6%	w/o Children < 18 Years of Age
1.3%	0.5%	0.7%	0.7%	0.4%	1.4%	1.6%	w. Other Household Members
17.0%	17.8%	17.8%	11.3%	8.1%	12.6%	13.4%	w/o Other Household Members
-	-	-	-	-	-	-	(Not Reported)
-	-	-	-	-	-	-	(Sex Not Reported)
							Race of Householders
38.5%	57.8%	72.8%	35.0%	8.6%	18.2%	46.1%	White, non-Latino
19.6%	20.5%	10.1%	43.8%	53.4%%	47.1%	23.8%	Black, non-Latino
14.7%	4.5%	7.4%	9.5%	28.2%	20.8%	9.2%	Puerto Rican
19.0%	9.5%	7.8%	6.6%	7.1%	10.9%	10.9%	Other Latino
6.2%	5.8%	1.6%	4.3%	2.2%	1.5%	8.1%	Asian / Pacific Islander
1.9%	1.9%	0.3%	0.8%	0.5%	1.5%	1.9%	Other
-	-	-	-	-	-	-	(Not Reported)
							Age of Householders
6.7%	3.9%	1.5%	3.6%	4.3%	3.9%	6.2%	Under 25 years
27.7%	20.2%	2.3%	14.4%	16.8%	20.1%	32.4%	25-34
28.1%	24.5%	6.2%	20.1%	20.0%	21.4%	27.5%	35-44
16.6%	17.5%	11.8%	19.3%	17.8%	14.4%	13.7%	45-54
7.0%	7.8%	12.3%	10.6%	11.6%	7.7%	6.3%	55-61
2.9%	2.9%	5.5%	5.3%	4.2%	3.1%	2.7%	62-64
6.8%	12.2%	26.4%	12.4%	15.1%	14.7%	6.4%	65-74
3.2%	8.1%	22.5%	10.3%	8.5%	10.6%	3.6%	75-84
1.0%	2.8%	11.5%	4.2%	1.7%	4.0%	1.1%	85 or more years
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median

* Other Regulated Rentals encompass *In Rem* units, as well as those regulated by HUD, Article 4 and the New York City Loft Board.
** Other Rentals encompass dwellings which have never been regulated, units which have been deregulated (including those in buildings with fewer than 6 apartments) and unregulated rentals in cooperatives or condominiums.

Totals may not add to 100% due to rounding.

D.4: Housing / Neighborhood Quality Characteristics

	All Units@	Owner Units	Renter Units	Stabilized :
Maintenance Quality				
(Units experiencing:)				
Additional Heating Required	369,743	47,458	322,285	160,634
" " Not Required	2,112,447	659,261	1,453,186	711,890
(Not Reported)	(300,960)	(99,760)	(201,200)	(106,502)
Heating Breakdowns	416,905	60,698	356,207	204,024
No Breakdowns	2,056,309	644,408	1,411,901	662,612
(Not Reported)	(309,936)	(101,372)	(208,564)	(112,390)
Broken Plaster/Peeling Paint	464,523	57,157	407,366	239,078
No Broken Plaster/Peeling Paint	1,994,160	645,978	1,348,182	620,457
(Not Reported)	(324,467)	(103,344)	(221,123)	(119,491)
Cracked Interior Walls or Ceilings	362,518	25,896	336,621	200,100
No Cracked Walls or Ceilings	2,120,120	682,170	1,437,951	671,990
(Not Reported)	(300,512)	(98,413)	(202,099)	(106,935)
Holes in Floor	181,642	7908	173,734	109,880
No Holes in Floor	2,251,073	680,954	1,570,120	747,121
(Not Reported)	(350,435)	(117,618)	(232,818)	(122,025)
Rodent Infestation	615,041	59,466	555,575	324,811
No Infestation	1,870,356	647,297	1,223,059	549,899
(Not Reported)	(297,753)	(99,716)	(198,038)	(104,316)
Toilet Breakdown	259,310	51,687	207,623	111,005
No Toilet Breakdown	2,399,225	698,881	1,700,344	834,666
(Not Reported)	(124,614)	(55,911)	(68,704)	(30,355)
Water Leakage Inside Unit	526,084	99,205	426,879	251,625
No Water Leakage	1,952,352	607,053	1,345,299	619,443
(Not Reported)	(304,715)	(100,221)	(204,494)	(107,958)
Units in Buildings w. No Maintenance Defects	1,124,639	436,184	688,455	288,779
Units in Buildings w. 1 Maintenance Defect541,271	154,988	386,283	194,096	
Units in Buildings w. 2 Maintenance Defects	294,316	50,140	244,177	126,405
Units in Buildings w. 3 Maintenance Defects	180,796	17,861	162,935	89,846
Units in Buildings w. 4 Maintenance Defects	103,206	4491	98,715	60,451
Units in Buildings w. 5+ Maintenance Defects	102,296	3,323	98,973	63,583
(Not Reported)	(436,626)	(139,493)	(297,134)	(155,865)
Condition of Neighboring Buildings				
Excellent	372,933	173,441	199,492	87,764
Good	1,315,754	418,314	897,440	439,870
Fair	633,005	103,487	529,518	268,831
Poor Quality	158,115	10,121	174,994	74,862
(Not Reported)	(303,344)	(101,116)	(202,228)	(107,698)
Units Close to " Boarded-Up " Buildings432,546	87,158	345,388	162,927	
Units Not Close to " "	2,081,949	627,241	1,454,708	718,635
(Not Reported)	(268,655)	(92,080)	(176,575)	(97,464)

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

Rent Stabilized Units *Pre-1947*	Rent Stabilized Units *Post-1946*	Rent Controlled	Mitchell-Lama	Public Housing	Other Regulated*	Other Rentals**	
							Maintenance Quality (Units experiencing:)
129,667	30,967	15,414	10,523	44,462	25,438	65,815	Additional Heating Required
504,517	207,373	75,353	56,876	118,144	59,083	431,841	" " Not Required
(73,694)	(32,808)	(11,031)	(11,739)	(10,956)	(6502)	(54,470)	(Not Reported)
167,154	36,870	17,814	8,124	37,206	24,084	64,955	Heating Breakdowns
463,680	198,933	73,000	59,071	124,537	60,277	432,403	No Heating Breakdown
(77,044)	(35,345)	(10,984)	(11,943)	(11,818)	(6.661)	(54,768)	(Not Reported)
200,960	38,119	25,557	8,618	44,399	21,355	68,361	Broken Plaster/Peeling Paint
423,550	196,907	63,398	58,699	115,225	62,376	428,027	No Broken Plaster/ Paint
(88,368)	(36,122)	(12,843)	(11,821)	(13,938)	(7,292)	(55,768)	(Not Reported)
174,766	25,335	17,846	5,997	35,552	26,099	51,027	Cracked Walls or Ceilings
459,652	212,338	72,301	61,558	126,134	58,032	447,936	No Cracked Walls or Ceilings
(73,460)	(33,475)	(11,651)	(11,538)	(11,876)	(6,891)	(53,163)	(Not Reported)
103,013	6,867	9,708	1931	11,144	15,607	25,464	Holes in Floor
521,069	226,051	79,556	63,777	147,343	67,092	465,231	No Holes in Floor
(83,795)	38,230	(12,534)	(13,430)	(15,074)	8,324	61,432	(Not Reported)
274,302	50,509	25,106	12,941	55,926	46,643	90,148	Rodent Infestation
361,762	188,137	65,308	54,711	105,675	37,889	409,517	No Infestation
(71,814)	(32,502)	(11,384)	(11,426)	(11,960)	(6,491)	(52,461)	(Not Reported)
86,036	24,968	9,339	6,505	21,871	14,157	44,747	Toilet Breakdown
596,055	238,612	88,138	69,098	147,849	74,784	485,809	No Toilet Breakdown
(25,787)	(7,568)	(4321)	(3,535)	(3,841)	(2,083)	(21,569)	(Not Reported)
205,089	46,537	24,231	10,641	41,358	29,472	69,551	Water Leakage Inside Unit
428,160	191,283	66,106	57,004	120,104	54,689	427,952	No Water Leakage
(74,629)	(33,328)	(11,460)	(11,493)	(12,098)	(6,861)	(54,623)	(Not Reported)
176,435	112,344	33,662	32,207	47,216	19,957	266,634	Units in Buildings w. No Defects
138,958	55,138	85,784	16,283	36,880	16,345	103,592	Units in Buildings w. 1 Defect
99,506	26,899	33,662	8,459	27,880	12,079	55,036	Units in Buildings w. 2 Defects
74,853	14,993	19,087	5,402	20,968	11,309	26,164	Units in Buildings w. 3 Defects
52,585	7,867	14,379	331	11,099	9,502	12,716	Units in Buildings w. 4 Defects
58,315	5,268	4,795	1,035	8,463	10,757	10,340	Units in Buildings w. 5+ Defects
(107,226)	(48,639)	(16,014)	(15,421)	(21,117)	(11,055)	(77,662)	(Not Reported)
							Condition of Neighboring Buildings
54,040	33,724	12,273	7,194	5,686	4,119	82,456	Excellent
296,383	143,488	47,988	34,939	54,596	29,675	290,371	Good
219,982	48,849	24,865	23,602	69,951	36,068	106,201	Fair
64,161	10,702	5,494	1,831	31,384	14,469	19,954	Poor Quality
(73,313)	(34,386)	(11,177)	(11,572)	(11,945)	(6,691)	(53,144)	(Not Reported)
133,881	29,046	12,661	11,114	49,929	33,499	75,258	Units Close to " Boarded-Up " Buildings
508,530	210,105	80,164	57,844	112,722	52,570	432,024	Units Not Close to " "
(65,467)	(31,997)	(8,973)	(10,150)	(10,910)	(4,953)	(44,844)	(Not Reported)

* Other Regulated Rentals encompass *In Rem* units, as well as those regulated by HUD, Article 4 and the New York City Loft Board.
** Other Rentals encompass dwellings which have never been regulated, units which have been deregulated (including those in buildings with fewer than 6 apartments) and unregulated rentals in cooperatives or condominiums.

Totals may not add to 100% due to rounding.

D.4: Housing / Neighborhood Quality Characteristics (Continued)

	All Dwellings@	Owner Units	Rental Units	Stabilized :
Maintenance Quality				
(Units experiencing:)				
Additional Heating Required	14.9%	6.7%	18.2%	18.4%
" " Not Required	85.1%	93.3%	81.8%	81.6%
(Not Reported)	-	-	-	-
Heating Breakdowns	16.9%	8.6%	20.2%	23.5%
No Breakdowns	83.1%	91.4%	79.9%	76.5%
(Not Reported)	-	-	-	-
Broken Plaster/Peeling Paint	18.9%	8.1%	23.2%	27.8%
No Broken Plaster/Peeling Paint	81.1%	91.9%	76.8%	72.2%
(Not Reported)	-	-	-	-
Cracked Interior Walls or Ceilings	14.6%	3.7%	19.0%	22.9%
No Cracked Walls or Ceilings	85.4%	96.3%	81.0%	77.1%
(Not Reported)	-	-	-	-
Holes in Floors	7.5%	1.1%	10.0%	12.8%
No Holes in Floors	92.5%	98.9%	90.0%	87.2%
(Not Reported)	-	-	-	-
Rodent Infestation	24.9%	8.5%	31.3%	37.2%
No Infestation	75.1%	91.5%	68.7%	62.8%
(Not Reported)	-	-	-	-
Toilet Breakdown	9.8%	6.9%	10.9%	11.7%
No Toilet Breakdowns	90.2%	92.1%	89.1%	88.3%
(Not Reported)	-	-	-	-
Water Leakage Inside Unit	21.2%	14.1%	24.1%	28.9%
No Water Leakage	78.8%	85.9%	75.9%	71.1%
(Not Reported)	-	-	-	-
Units in Buildings w. No Maintenance Defects	47.9%	65.4%	41.0%	35.1%
Units in Buildings w. 1 Maintenance Defect23.1%	23.2%	23.0%	23.6%	
Units in Buildings w. 2 Maintenance Defects	12.5%	7.5%	14.5%	15.4%
Units in Buildings w. 3 Maintenance Defects	7.7%	2.7%	9.7%	10.9%
Units in Buildings w. 4 Maintenance Defects	4.4%	0.7%	5.9%	7.3%
Units in Buildings w. 5+ Maintenance Defects	4.4%	0.5%	5.9%	7.8%
(Not Reported)	-	-	-	-
Condition of Neighboring Buildings				
Excellent	15.0%	24.6%	11.2%	10.1%
Good	53.1%	59.3%	50.6%	50.5%
Fair	25.5%	14.7%	29.8%	30.9%
Poor Quality	6.4%	1.4%	8.3%	8.6%
(Not Reported)	-	-	-	-
Units Close to " Boarded-Up " Buildings17.2%	12.2%	19.2%	18.5%	
Units Not " "	82.8%	87.8%	80.8%	81.5%
(Not Reported)	-	-	-	-

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

Totals may not add to 100% due to rounding.

Rent Stabilized Units *Pre-1947*	Rent Stabilized Units *Post-1946*	Rent Controlled	Mitchell-Lama	Public Housing	Other Regulated*	Other Rentals**	
							Maintenance Quality
							(Units experiencing:)
20.5%	13.0%	17.0%	15.6%	27.3%	30.1%	13.2%	Additional Heating Required
79.5%	87.0%	83.0%	84.4%	72.7%	69.9%	86.8%	" " Not Required
-	-	-	-	-	-	-	(Not Reported)
26.5%	15.6%	19.6%	12.1%	23.0%	28.5%	13.1%	Heating Breakdowns
73.5%	84.4%	80.4%	87.9%	77.0%	71.5%	86.9%	No Heating Breakdowns
-	-	-	-	-	-	-	(Not Reported)
32.2%	16.3%	28.7%	12.9%	27.9%	25.5%	13.8%	Broken Plaster/Peeling Paint
67.8%	83.7%	71.3%	87.1%	72.1%	74.5%	86.2%	No Broken Plaster/ Peeling Paint
-	-	-	-	-	-	-	(Not Reported)
27.5%	10.7%	19.8%	8.9%	22.0%	31.0%	10.2%	Cracked Walls or Ceilings
72.5%	89.3%	80.2%	91.1%	78.0%	69.0%	89.8%	No Cracked Walls or Ceilings
							(Not Reported)
16.5%	2.9%	10.9%	2.9%	7.0%	18.9%	4.8%	Holes in Floors
83.5%	97.1%	89.1%	97.1%	93.0%	81.1%	95.2%	No Holes in Floors
-	-	-	-	-	-	-	(Not Reported)
43.2%	21.2%	28.0%	19.0%	34.7%		18.0%	Rodent Infestation
56.8%	68.8%	72.0%	81.0%	65.3%		82.0%	No Infestation
-	-	-	-	-	-	-	(Not Reported)
12.6%	9.5%	9.6%	8.6%	12.9%	15.9%	8.4%	Toilet Breakdown
87.4%	90.5%	90.4%	91.4%	87.1%	84.1%	91.6%	No Toilet Breakdown
-	-	-	-	-	-	-	(Not Reported)
32.4%	19.6%	26.8%	15.7%	25.6%	35.0%		Water Leakage Inside Unit
67.6%	80.4%	73.2%	84.3%	74.4%	65.0%		No Water Leakage
-	-	-	-	-	-	-	(Not Reported)
29.4%	50.5%	39.2%	50.6%	31.0%	25.0%	56.2%	Units in Buildings w. No Defects
23.1%	24.8%	22.3%	25.6%	24.2%	20.4%	21.8%	Units in Buildings w. 1 Defect
16.6%	12.1%	16.8%	13.3%	18.3%	15.1%	11.6%	Units in Buildings w. 2 Defects
12.5%	6.7%	10.8%	8.5%	13.8%	14.1%	5.5%	Units in Buildings w. 3 Defects
8.8%	3.5%	5.4%	0.5%	7.3%	11.9%	2.7%	Units in Buildings w. 4 Defects
9.7%	2.4%	5.6%	1.6%	5.6%	13.5%	2.2%	Units in Buildings w. 5+ Defects
-	-	-	-	-	-	-	(Not Reported)
							Condition of Neighboring Buildings
8.5%	14.2%	13.5%	10.7%	3.5%	4.9%	16.5%	Excellent
46.7%	60.6%	53.0%	51.7%	33.8%	35.2%	58.2%	Good
34.7%	20.6%	27.4%	34.9%	43.3%	42.8%	21.3%	Fair
10.1%	4.5%	6.1%	2.7%	19.4%	17.2%	4.0%	Poor Quality
-	-	-	-	-	-	-	(Not Reported)
20.8%	12.2%	13.6%	16.1%	30.6%	38.9%	14.8%	Units Close to " Boarded-Up " Buildings
79.2%	87.8%	86.4%	83.9%	69.4%	61.1%	85.2%	Units Not " "
-	-	-	-	-	--	-	(Not Reported)

* Other Regulated Rentals encompass *In Rem* units, as well as those regulated by HUD, Article 4 and the New York City Loft Board.
** Other Rentals encompass dwellings which have never been regulated, units which have been deregulated (including those in buildings with fewer than 6 apartments) and unregulated rentals in cooperatives or condominiums.

Totals may not add to 100% due to rounding.

APPENDIX E: 1995 RGB MORTGAGE SURVEY

E.1 INTEREST RATES AND TERMS FOR NEW AND REFINANCED MORTGAGES, 1995

New Mortgages

Instn.	Rate	Points	Term (yrs)	Type
A-01	11.00%	2.5	5-15	adj
A-02	10.25%	1.0	5	fxd
A-03	10.50%	0-1.5	10-20	adj
A-04	10.25%	0	Δ	fxd
A-05	10.05%	1-3	5-25	fxd
A-06	9.50%	1.0	5	no response
B-05	9.50%	1.0	5	fxd
B-27	9.50%	1.0	10	adj after 5 yrs
B-29	10.50%	1.0	5	fxd
B-62	9.50%	1.5	5+5	adj after 5 yrs
B-66	variable	1-2	5-10	adj
B-68	9.75%	2-3	§	fxd/adj/bal
B-70	9.25%	1.0	5	fxd
B-71	10.28%	1.0	5	fxd
C-02	10.00%	1.0	30	fxd
C-05	11.25%	1-1.5	5	fxd
C-09	10.13%	1-2	7-25	fxd
SL-02	10.25%	2.0	2-5	adj
SL-07	10.05%	0-1	5-20	adj
SL-15	10.25%	1.5	15	adj
Avg	**10.1%**	**1.28**	**9.8**	

Refinanced Mortgages

Instn.	Rate	Points	Term (yrs)	Type
A-01	11.00%	2.5	5-15	adj
A-02	10.25%	1.0	5	fxd
A-03	10.50%	0-1.5	10-20	adj
A-04	10.25%	0	Δ	fxd
A-05	10.05%	1-3	5-25	fxd
A-06	9.50%	1.0	5	no response
B-05	9.50%	1.0	5	fxd
B-27	9.50%	1.0	10	adj after 5 yrs
B-29	10.50%	1.0	5	fxd
B-62	9.50%	1.5	5+5	adj
B-66	varies	1-2	5-10	adj
B-68	9.75%	2-3	§	fxd/adj/bal
B-70	9.25%	1.0	5	fxd
B-71	10.28%	0	5	fxd
C-02	lender uses SONYMA's† guidelines, not specified			
C-05	11.25%	1-1.5	5	fxd
C-09	10.13%	1-2	7-25	fxd
SL-02	10.25%	2.0	2-5	adj
SL-07	10.05%	0-1	5-20	adj
SL-15	10.25%	1.5	15	adj
Avg	**10.1%**	**1.24**	**8.6**	

A, B = Savings Banks, C = Commercial Banks, SL = Savings & Loans
fxd = fixed, adj = adjustable, bal = balloon
Δ 10 year balloon payment based on a 20 year payout

§ 10-15 year for fixed and 25 year for balloon payments
† State of New York Mortgage Association

Source: 1995 Rent Guidelines Board Mortgage Survey

E.2 INTEREST RATES AND TERMS FOR NEW FINANCING AND REFINANCING FOR LENDING INSTITUTIONS RESPONDING IN 1994 AND 1995

Lending Institution	Interest Rates		Points		Term		Type	
	1995	1994	1995	1994	1995	1994	1995	1994
A-02	10.3%	8.6%	1.0	1.0	5	5	fxd	fxd
B-05	9.5%	7.5%	1.0	1.0	5	5	fxd	fxd
B-27	9.5%	8.1%	1.0	1.0	10	10	fxd	adj
B-62	9.5%	8.5%	1.5	1.5	5+5	5+5	fxd/adj	fxd/adj
B-66	variable	8.5%	1.5	1.8	5-10	10	adj	adj
B-68	9.8%+	9.0%	2.5	2.0	10-15	10-15	fxd/adj/bal	fxd/adj
B-70	9.0%	8.0%	1.0	1.0	5	5	fxd	fxd
B-71	10.0%	7.8%	1.0	1.0	5	5	fxd	fxd
C-02	10.0%	8.0%	1.0	1.0	30	30	fxd	fxd
C-05	11.25%	8.75%	75	1.0	5	5+5	fxd	fxd / adj
C-09	10.1%	8.1%	1.5	1.5	7-25	7-25	fxd	fxd
SL-15	10.3%	8.0%	1.5	1.5	15	15	adj	adj
Avg	**9.9%**	**8.2%**	**1.3**	**1.3**	**10.1**	**10.3**		

Note: The difference between new interest rate and refinancing interest rate is negligible.
Source: 1994 and 1995 Rent Guidelines Board Mortgage Surveys.

E.3 Typical Characteristics of Rent Stabilized Buildings in Lenders' Portfolios, 1995

Lending Institution	Loan-to-Value Ratio	Vacancy Loss	Typical Building Size	Monthly O&M Cost per Unit
A-01	65%	4%	11-19	$360
A-02	70%	5%	20-49	$338
A-03	65%	5%	50-99	$300
A-04	60%	≥6%	11-19	50-55% of Gross Income
A-05	70%	5%	50-99	$292
A-06	65%	≥6%	20-49	Not Available
B-05	65%	2%	50-99	Did not Specify
B-27	60%	5%	50-99	48-52% of Gross Income
B-29	60%	3%	1-10	Not Available
B-62	70%	5%	50-99	$325
B-66	65%	No Response	20-49	Did Not Specify
B-68	60%	5%	1-10	$235
B-70	65%	≤1%	50-99	$550
B-71	65%	5%	50-99	$315 excl RE Taxes
C-02	75%	3%	50-99	$300
C-05	65%	5%	20-49	$300
C-09	65%	≥6%	50-99	$480
SL-02	65%	5%	20-49	Not Available
SL-07	65%	5%	20-49	Not Available
SL-15	60%	No Response	No Response	Not Available
Avg:	**65%**	**4.6%**	**mode 50-99**	*

* No monthly average could be computed due to large variations in responses.
Source: 1995 Rent Guidelines Board Mortgage Survey

E.4 Lenders Unable to Complete the 1995 Mortgage Survey

Institution	Reason for not Completing Survey
B-13	no new commercial lending
B-60	data regarding rent stabilized buildings not available
B-64	merged
B-77	merged
C-06	data regarding rent stabilized buildings not available
C-30	no new commercial lending
C-32	no new commercial lending
SI-26	no new lending to rent stabilized buildings
SL-47	merged
SL-81	merged

Source: 1995 Rent Guidelines Board Mortgage Survey

Appendix F: Tax Arrears in Rent Stabilized Buildings

F.1 Tax Arrearages, Buildings Three or More Quarters in Arrears, 1988-94.

	1988	1989	1990	1991	1992	1993	1994
Number of Buildings	2797	2758	3037	3520	3816	4291	4293
Number of Units	40,196	36,879	45,622	55,966	60,900	75,532	69,545
Arrears Per Unit	$801	$848	$931	$1,217	$1,413	$1,527	$1,821
Arrears per Building	$11,514	$11,339	$13,982	$19,345	$22,556	$26,923	$29,506

Note: Table includes only rent stabilized buildings which have registered with DHCR.
Source: NYC Department of City Planning.

APPENDIX G: OVERVIEW OF SMALL RENT STABILIZED BUILDINGS, 1995

G.1: CHARACTERISTICS OF SMALL AND LARGE RENT STABILIZED BUILDINGS

	< 20 Units		≥ 20 Units	
	# of Units	% of Total	# of Units	% of Total
Occupied Units				
Bronx	18,604	8.4%	158,734	20.9%
Brooklyn	89,997	40.8%	164,746	21.7%
Manhattan	63,440	28.8%	291,869	38.5%
Queens	44,211	20.0%	137,969	18.2%
Staten Island	4,333	2.0%	5,122	.7%
Vacant Units				
Bronx	475	4.2%	6,570	28.7%
Brooklyn	4,564	40.7%	4,441	19.4%
Manhattan	3,182	28.4%	9,625	42.1%
Queens	2,850	25.4%	2,020	8.8%
Staten Island	142	1.3%	202	.9%
Total Units (Occupied and Vacant)	231,798		781,298	
Total Occupied Units	220,585	95.2%	758,440	97.1%
Total Vacant Units	11,213	4.8%	22,858	2.9%
Economic Characteristics				
Monthly Contract Rent				
$0-$199	7,508	3.6%	29,373	4.1%
$200-$299	17,262	8.3%	37,658	5.3%
$300-$399	33,476	16.0%	86,745	12.2%
$400-$499	43,732	20.9%	140,439	19.7%
$500-$599	35,058	16.8%	148,430	20.8%
$600-$699	30,066	14.4%	95,425	13.4%
$700-$799	17,068	8.2%	56,355	7.9%
$800-$899	9,438	4.5%	30,441	4.3%
$900-$999	4,127	2.0%	18,608	2.5%
$1000-$1249	7,296	3.5%	31,913	4.5%
$1250-$1499	1,909	1.0%	14,693	2.1%
$1500+	2,156	1.0%	23,022	3.2%
Not Reported / No Cash Payment	11,489		45,338	
Mean	$541		$606	
Median	$500		$531	
Total Household Income				
< $5000	11,097	6.8%	51,912	9.4%
$5,000-$9,999	35,925	22.0%	104,205	18.9%
$10,000-$19,999	32,338	19.8%	106,650	19.3%
$20,000-$29,999	27,215	16.7%	92,802	16.8%
$30,000-$39,999	22,501	13.8%	63,812	11.6%
$40,000-$49,999	13,185	8.1%	38,781	7.0%
$50,000-$59,999	7,882	4.8%	31,091	5.6%
$60,000-$69,999	4,104	2.5%	19,210	3.5%
$70,000-$79,999	3,160	1.9%	9,731	1.8%
$80,000-$89,999	1,506	.9%	8,233	1.5%
$90,000-$99,999	762	.5%	3,106	.6%
$100,000+	3,268	2.0%	22,592	4.1%
Not Reported	57,642		206,315	
Mean	26,739		30,593	
Median	20,000		21,000	
Contract Rent ÷ Household Income				
<20%	53,208	35.0%	186,216	36.0%
20%-29%	34,352	22.6%	109,032	21.1%
30%-39%	18,995	12.5%	63,529	12.3%
40%-49%	10,874	7.2%	41,666	8.1%
50%-59%	8,779	5.8%	31,578	6.1%
60%-69%	339	0.2%	349	0.1%
70% +	25,505	16.8%	84,470	16.3%
Not Reported	68,533		241,600	
Median	27.2%		27.1%	

Note: Totals may not add to 100% due to rounding.

	< 20 Units		≥ 20 Units	
	# of Units	% of Total	# of Units	% of Total
Economic Characteristics (Cont.)				
Households in Poverty				
Households Below 100% of Poverty Level	46,721	28.7%	148,125	26.8%
Households Between 100% and 124% of Poverty Level	10,267	6.3%	34,702	6.3%
Households Equal to or Above 125% of Poverty Level	105,956	65.0%	369,297	66.9%
Not Reported	57,641		206,316	
Households Receiving Public Assistance				
Yes	47,194	24.6%	142,001	21.6%
No	144,577	75.4%	514,459	78.4%
Not Reported	28,814		101,980	
Households Receiving Rent Subsidy				
Yes	16,265	8.7%	65,175	9.8%
No	171,456	91.3%	571,201	90.2%
Don't Know / Not Reported	32,865		125,065	
Households Receiving SCRIE				
Yes	3,619	13.9%	23,459	19.4%
No	22,388	86.1%	97,486	80.6%
Don't Know / Not Reported	7,017		30,523	
Not Eligible	187,562		606,973	
Demographic Characteristics				
Year Moved Into Current Dwelling				
Within 2 Years		23.4%		18.9%
Within 5 Years		46.8%		42.2%
Within 10 Years		64.3%		58.8%
Within 20 Years		92.1%		88.0%
Moved In More Than 20 Years Ago		7.9%		12.0%
Household Composition				
Number of Residents per Apartment				
Mean	2.4		2.2	
Median	2.0		2.0	
Number of Residents per Room				
Mean	.79		.79	
Median	.66		.66	
Age of Householder				
Under 25 Years	15,335	7.1%	41,589	5.6%
25-44	122,387	56.7%	381,924	51.7%
45-61	49,129	22.8%	180,451	24.4%
62-74	21,912	10.2%	84,802	11.5%
75 +	6,998	3.2%	50,657	6.9%
Not Reported	4,824		19,017	
Mean	42		45	
Median	39		41	
Building / Neighborhood Characteristics				
Pre-47	193,451	87.7%	514,427	67.8%
Post-46	27,134	12.3%	244,013	32.2%
Units in Buildings with No Maintenance Defects	60,326	32.5%	228,453	35.8%
Units in Buildings with 1-3 Maintenance Defects	93,509	50.3%	316,837	49.7%
Units in Buildings with 4-5 Maintenance Defects	24,783	13.3%	71,795	11.3%
Units in Buildings with More Than 5 Maintenance Defects	7,240	3.9%	20,227	3.2%
Not Reported	34,727		121,138	

⌘ Senior Citizen Rent Increase Exemption.
Source: 1993 New York City Housing and Vacancy Survey

G.2: Characteristics of Small and Large Rent Stabilized Buildings, Income and Expense Statements

	All Buildings		Residential Only Buildings	
	11-19 Units	20 + Units	11-19 Units	20 + Units
Number of Buildings in I&E Sample	3,240	10,152	1,816	7,438
Average Gross Income	$585	$603	$520	$534
Average Rent Collected	$462	$551	$483	$525
Average O&M Costs	$413	$408	$319	$383
Net Operating Income	$172	$195	$201	$151
O&M-to-Rent Ratio	89%	74%	66%	73%
O&M-to-Income Ratio	71%	68%	61%	72%
Real Estate Taxes ÷ Gross Income	18%	16%	16%	15%

Note: O&M Costs are not adjusted by the audit figures.
Source: Department of Finance, 1994 RPIE Filings.

Appendix H: 1995 RGB Income and Affordability Study

H.1 Average Annual Unemployment Rates by Borough, 1988-94

	1988	1989	1990	1991	1992	1993	1994	1995**
Bronx	5.5%	7.0%	8.2%	10.1%	12.5%	11.9%	10.0%	9.5%
Brooklyn	5.5%	6.7%	7.9%	9.5%	12.0%	11.2%	9.7%	9.2%
Manhattan	4.3%	5.0%	5.8%	7.3%	9.0%	8.8%	7.6%	7.0%
Queens	4.0%	5.0%	6.0%	8.0%	10.5%	9.5%	8.2%	7.7%
Staten Island	4.0%	4.8%	6.4%	8.3%	10.4%	9.2%	7.8%	7.6%
NYC	4.7%	5.8%	6.8%	8.6%	10.8%	10.2%	8.7%	8.5%
Growth in Real GCP*	**3.6%**	**-0.4%**	**-0.2%**	**-4.4%**	**4.1%**	**--**	**--**	**--**

* Gross City Product
** As of July, 1995
Source: New York State Department of Labor

H.2 Composition of the Rent Regulated Housing Stock in New York City, Housing & Vacancy Survey - 1981, 1987, 1991, and 1993

	1981	1987	1991	1993
Total Units	1,241,565	1,116,103	1,134,995	1,114,895
Total Occupied	1,214,088	1,090,734	1,095,486	1,080,824
Controlled	285,733	155,361	124,411	101,798
Stabilized	928,355	935,373	971,075	979,026
Pre 1947	615,497	662,742	706,794	707,878
Post 1947	312,858	272,631	264,281	271,148
Total Vacant for rent	27,477	25,369	39,509	34,071
Stabilized	27,477	25,369	39,509	34,071
Pre 1947	19,693	18,202	33,420	27,534
Post 1947	7,784	7,167	6,089	6,537

Source: 1981, 1987, 1991 & 1993 New York City Housing & Vacancy Surveys.

H.3 Consumer Price Index for All Urban Consumers, New York-Northern New Jersey, 1988-95

	1988	1989	1990	1991	1992	1993	1994	1995
March	121.5	128.9	136.6	143.4	149.1	154.1	157.9	160.9
June	123.1	130.5	137.1	144.6	149.5	154.2	157.8	162.2
September	126.0	132.2	140.8	145.8	151.4	155.3	159.0	--
December	126.0	133.3	141.6	146.6	151.9	155.6	159.9	--
Quarterly Average	124.2	131.2	139.0	145.1	150.5	154.8	158.7	161.6
Yearly Average	123.7	130.6	138.5	144.8	150.0	154.5	158.2	--

12-month percentage change in the CPI

	1988	1989	1990	1991	1992	1993	1994	1995
March	4.9%	6.1%	6.0%	5.0%	4.0%	3.4%	2.5%	1.9%
June	4.5%	6.0%	5.1%	5.5%	3.4%	3.1%	2.3%	2.8%
September	5.2%	4.9%	6.5%	3.6%	3.8%	2.6%	2.4%	--
December	4.5%	5.8%	6.2%	3.5%	3.6%	2.4%	2.8%	--
Quarterly Average	4.8%	5.7%	5.9%	4.4%	3.7%	2.9%	2.5%	--
Yearly Average	4.8%	5.6%	6.0%	4.5%	3.6%	3.0%	2.4%	--

Source: U.S. Bureau of Labor Statistics.

H.4 Yearly Average Payroll Employment by Industry for NYC, (Thousands), 1988-95

	1988	1989	1990	1991	1992	1993	1994	1995*
Construction	120.1	120.8	114.9	99.8	86.2	84.4	88.8	84.6
Manufacturing	370.1	359.5	337.5	307.8	293.1	290.0	280.6	273.3
Transportation	219.5	218.1	229.1	218.4	205.3	202.4	201.5	197.1
Trade	634.3	630.2	608.3	565.3	547.9	534.0	541.1	533.3
Finance	542.4	530.6	519.6	494.4	477.2	470.4	480.2	476.1
Services	1,123.1	1,147.2	1,149.0	1,096.9	1,091.1	1117.1	1146.6	1158.5
Mining	0.5	0.3	0.3	0.3	0.4	0.3	0.3	0.3
Total Private	3,010.0	3,006.7	2,958.7	2,782.9	2,701.2	2698.6	2739.1	2723.2
Government	595.7	601.5	607.6	592.6	584	576.4	565.4	548.5
Total Employment	**3,605.7**	**3,608.2**	**3,566.3**	**3,375.5**	**3,285.2**	**3275.0**	**3304.5**	**3271.7**

* Data for first four months of 1995.
Note: Totals may not add due to rounding. The Bureau of Labor Statistics revises the statistics periodically. The employment figures reported here may not be the same as those reported in prior years.
Source: U.S. Bureau of Labor Statistics.

APPENDIX I: 1995 HOUSING SUPPLY

I.1 PERMITS ISSUED FOR NEW HOUSING UNITS IN NEW YORK CITY, 1988-94

	1988	1989	1990	1991	1992	1993	1994
Bronx	967	1,643	1,182	1,093	1,257	1,293	846
Brooklyn	1,629	1,775	1,634	1,024	646	1,015	111
Manhattan	2,460	2,986	2,398	756	373	1,150	428
Queens	2,506	2,339	704	602	351	530	560
Staten Island	2,335	2,803	940	1,224	1,255	1,185	1,265
Total	**9,897**	**11,546**	**6,858**	**4,699**	**3,882**	**5,173**	**3,210**

Source: Bureau of the Census, Construction Statistics Division, Building Permit Branch.

I.2 UNITS IN BUILDINGS RECEIVING PRELIMINARY CERTIFICATES FOR 421-A TAX ABATEMENTS, 1989-94

	1989	1990	1991	1992	1993	1994
Bronx	756	48	454	233	329	235
Brooklyn	1,327	36	821	767	406	139
Manhattan	1,224	652	1,384	1,404	28	114
Queens	1,813	228	557	241	151	131
Staten Island	222	16	107	5	0	8
All	**5,342**	**980**	**3,323**	**2,650**	**914**	**627**

Source: NYC Department of Housing Preservation and Development, Office of Development, Tax Incentives Programs.

I.3 HPD VESTINGS OF OCCUPIED MULTIPLE DWELLINGS, FY'85-FY'95

Year	Buildings
FY 85	704
FY 86	972
FY 87	165
FY 88	214
FY 89	407
FY 90	399
FY 91	321
FY 92	287
FY 93	211
FY 94	69
FY95	17
Total	**3,766**

Source: NYC Department of Housing Preservation and Development, Office of Property Management.

Note: FY '95 figures are as of March, 1995 and are subject to change. FY'93 and FY'94 figures were adjusted downward from last years report.

I.4 Number of New York City Residential Co-op and Condominium Plans Accepted for Filing By the Attorney General's Office, 1988-94

	1988	1989	1990	1991	1992	1993	1994	Total
	Plans (Units)	Plans (Units)	Plans (Units)	Plans (Units)	Plans (Units)	Plans (Units)	Plans (Units)	Plans (Units)
New Construction	296 (9,899)	211 (6,153)	107 (4,203)	42 (1,111)	32 (793)	37(775)	13 (383)	738 (23,317)
Non-Eviction Plan	484 (32,283)	362 (25,459)	134 (14,640)	27 (1,757)	11 (566)	4(134)	10 (176)	1,032 (75,015)
Eviction Plan	16 (1,006)	6 (137)	7 (364)	5 (173)	0 (0)	2(41)	1 (88)	37 (1,809)
HPD Sponsored Plan	51 (1,159)	52 (945)	50 (1,175)	109 (2,459)	87 (1,674)	15(455)	48 (901)	412 (8,768)
Total	**847 (44,347)**	**631 (32,694)**	**298 (20,382)**	**183 (5,500)**	**130 (3,033)**	**58 (1,405)**	**72 (1,548)**	**2,219 (108,909)**

Source: New York State Attorney General's Office.

Note: Eviction plans sponsored by HPD are in the "HPD Sponsored Plan" category.

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