HOUSING NYC

Rents, Markets and Trends '96

A Compilation of Rent Guidelines Board Research

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Introduction

Any summary of the Rent Guidelines Board's yearly findings and actions ideally would be optimistic, but the sobering fact is that in 1995/96, New York City's residential housing market continued to suffer from several disturbing trends. Thus, while owners of luxury buildings and the financially well-to-do tenants who live therein generally were not much affected by the matters detailed below, there is great cause for concern for persons wishing to develop and/or preserve middle- and low-income housing, and for middle- and low-income tenants who often are hard pressed to find such accommodations.

In order to avoid repetition about a number of patterns, the "Chairman's Letter" in the RGB's 1993/94 and 1994/95 annual reports are incorporated by reference. While specific figures for each year may have changed, by and large the ominous long-term trends described in those early summaries continue.

Also adversely impacting upon any systematic attempt to address these worrisome issues is that the state's rent regulatory laws will expire in June, 1997 unless extended by the Legislature. Inevitably, landlords, tenants and politicians become preoccupied with the hard-fought debate over whether these laws should be reauthorized. Thus, one reasonably can predict that at least through the 1997 Legislative session, officials at all levels of government will lack the time and energy to adequately address the unfortunate long-term realities discussed here.

Mortgage Lending

In March, the RGB held hearings about mortgage rates and availability in New York City. In addition to the research staff's excellent 1996 Mortgage Survey Report, the RGB heard compelling testimony from Jack Green, senior vice-president of the Community Preservation Corporation; Urmas Naeris, Director of Underwriting with the NYC Department of Housing Preservation & Development; and Dan Houlihan, senior appraiser with the firm of Houlihan and O'Malley.

Mortgage rates perforce critically impact upon the overall New York City housing market and the RGB's deliberations. With respect to new housing starts, developers must be concerned with mortgage rates, especially given this city's already high labor and site acquisition costs. As a result, New York City — with a population of more than 7,000,000 and a housing market gasping with a vacancy rate of 3.4% — had just 5,135 new apartments permitted during the last yearly reporting period. This figure does not begin to compensate for apartments lost to old age, fires, and other causes of abandonment.

Regarding existing units, mortgage rates impact upon an owner's ability to borrow to upgrade a building and/or retire a high-interest mortgage by refinancing. An owner's ability to so refinance benefits not only himself, but his tenants as well. When factored into the RGB's formulas and other considerations, lower mortgage rates help lead to lower landlord costs which in turn help lead to lower rent increases.

Thus, at least as regards housing costs, any action leading to stable or lower mortgage rates, especially actions by the Federal Reserve Board, should be welcomed by tenants and owners alike.

Unfortunately, the testimony that the RGB heard from the above-named experts was dismal, especially as regards the ability of owners of buildings in poorer areas to secure mortgages. Dan Houlihan pulled no punches in detailing how owners of buildings in "marginal" (often meaning Black or Latino) areas had far more difficulty in securing mortgages than did owners in affluent areas. While these experts noted the "vicious cycle" effect on units in marginal areas, they also acknowledged the economic imperatives that impel financial institutions to opt to lend their capital to "better risk" borrowers.

While the panel discussed the laws intended to proscribe "redlining" and the government programs designed to provide financing to owners who otherwise could not borrow from private sector sources, the cold fact presented to the Board was that owners of buildings in areas perceived by lending institutions to present greater risks simply had a much more difficult, if not a nearly impossible, task of obtaining conventional financing.

Addressing an area of no small controversy, the experts noted that financing even in more affluent areas was affected by rent regulation. Dan Houlihan detailed how a lender's willingness to extend credit was based largely upon a building's rent roll. Thus, even in buildings with affluent tenants who could be relied upon to pay their full rent in a timely manner, banks would not extend more credit than the present rent roll reasonably could support, regardless of any building's potential "free market" value or rental stream.

The importance of rent regulation upon real estate values and borrowing capacities became further evident when the Mayor announced a proposal to establish a separate financing agency to enable the city to incur debt beyond the amount currently permitted. Current law restricts the city's borrowing capacity to ten (10%) percent of its assessed real estate value. Landlords argue that if rent rolls are permitted to rise, the assessed value of the buildings also will rise. Landlords thus suggest that the city will enjoy greater revenues from increased tax collections on the higher rent rolls, and its ability to borrow also will increase due to the higher assessment on buildings that have seen their rent rolls increase.

Tenants argue that such higher rents would drive financially-strapped tenants onto the streets or into shelters. If this is to be avoided, they contend, not only should rent hikes be minimized, but government subsidies to needy tenants should be increased. In any of these events, they argue, the added costs of social programs may well offset most of the "gains" the city might realize through increased rent rolls.

(One notes that both tenants and landlords generally favor more generous government subsidies to needy tenants because such increases would (i) relieve tenant anxieties about losing their housing and perhaps enable poorer tenants to secure more desirable accommodations, and (ii) provide landlords with greater and more reliable income for their units, thus enabling some owners of distressed property to avoid abandonment and foreclosure.)

Overall, mortgage rates in New York City reflected national trends and were slightly lower than in the previous reporting cycle. The RGB's worries, though, focused upon insuring that owners in poorer neighborhoods had adequate access to reasonably priced mortgages. If such owners continue to be denied funding, including through cutbacks in government programs aimed at filling gaps left by private lenders, the likelihood is that these often older buildings increasingly will want for repair, thereafter become less desirable and/or inhabitable, and in too many cases be abandoned by their owners.

Lofts

Historically, most loft apartments originally were manufacturing or storage spaces that lost their original purpose due to changes in the city's economy. For instance, in the 1950s New York City boasted more than one million manufacturing jobs, many of them in Manhattan. Today fewer than 300,000 manufacturing jobs exist citywide.

Enterprising tenants converted these long-vacant spaces into much needed housing units, often in violation of zoning laws that no longer had pertinence. Because these spaces had been designed for commercial use, loft tenants often had to spend their own time and resources making these units habitable for residential purposes. This often required tenants to install plumbing, heating, kitchen and other fixtures and facilities.

Loft tenancies created great opportunities but also fostered conflicts. By moving into once commercially-thriving, but now somewhat depressed areas, loft tenants often helped regenerate entire neighborhoods, made productive use of what otherwise would have been abandoned space, fueled the rise of collateral neighborhood services such as supermarkets, restaurants and dry cleaners, improved property values, and otherwise had a positive impact.

Conversely, the conflicts have fallen into two categories. The first involved clashes with other competing uses, such as discos, restaurants and art galleries that moved into what once were largely commercial areas (e.g.

the West 20s, Soho and Tribeca). Proprietors of these often noisy, heavily-trafficked activities have had no shortage of confrontation with loft tenants who prefer that these rejuvenated neighborhoods reflect a quieter, more residential tone.

More importantly, conflicts occurred between loft tenants, who have invested so much money and "sweat equity" in their units, and the buildings' owners. While some owners objected to tenants illegally converting commercial into residential space, others sought to capitalize upon improvements that the tenants had made to the underutilized property. Because of this unusual genre of conflict, New York now has an extensive regulatory scheme regulating loft housing, including a separate "New York City Loft Board" to help adjudicate an entire panoply of issues and disputes.

One notes that after a bitter battle, the Legislature voted in July to extend the loft laws. No doubt, these battles will become a fixture in Albany every time the loft laws are presented for renewal.

With the exception of twenty-six or so buildings (virtually all of which are in a concentrated area in Brooklyn), all loft units are in Manhattan. Most are between Canal Street and West 34th Street.

This year the RGB heard testimony from the Loft Board's Executive Director, Stanley Shor, and its Counsel, Jeanette Koster. By law, the RGB must enact rent adjustments for loft units, as well as the traditional rent-stabilized and SRO units. Lofts, though, present different considerations. For instance, before tenants vacate their lofts, they are entitled by law to negotiate with their landlords for reimbursement for the fixtures they had installed.[1]

Because of these and other factors, the RGB approved a lower guideline for lofts — 4% for a one-year lease and 6% for a two-year lease — than it did for other rent regulated apartments.

Still, given the pressing need for housing and the availability throughout this city of now-deserted warehouses and factories, no doubt there will be further pressure to allow these facilities to be converted into loft units, and possibly into SRO housing, as well.

Water and Sewer Rates

Water has the potential to be in the 1990s what oil was in the 1970s: an indispensable commodity hostage to such shocking rises in cost that it sends shudders through the entire housing industry and causes the ruin of many marginally capitalized owners.

Although the final details have not been resolved as of this writing, Governor Pataki, his legal counsel Michael Finnegan, and a host of New York City officials, representatives of upstate interests and environmentalists reached an historic accommodation to protect the city's upstate watersheds while simultaneously avoiding any undue infringement upon the private property rights of upstate residents. This agreement may well enable the city to avoid having to build a multi-billion dollar filtration system in order to satisfy federal clean water requirements.

Needless to say, the impact of amortizing a multi-billion dollar filtration system partially over an already stressed housing market would have resulted in either shocking rent increases for tenants, a cascade of bankruptcy by owners or probably a combination of the two.

While this watershed accord prevented what might have been immediate, catastrophic water and sewer rate increases, it hasn't reduced the stiff increases that have afflicted many buildings. Currently, New York City is moving from a "frontage" system to a "metering" system, whereby buildings are assessed according to overall water usage. While controversial and perhaps highly beneficial, New York City does not currently have water meters for individual rent regulated units.

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1 This complicated issue has been the subject of numerous suits and proposed laws. The issue largely concerns valuating those fixtures: Are they to be valued at their original cost? At their current "depreciated" value? Or at "replacement" cost? This highly disputatious subject makes demands upon a good deal of the Loft Board's patience, expertise and energy. During the past months, courts have ruled that landlords are required to pay only the depreciated costs to fully compensate tenants vacating loft units. Thereafter, the fixtures belong to the landlord.

This year, the NYC Water Board increased water rates by 6.5%. That Board is obligated to insure that water rates are sufficient to pay any indebtedness underlying the bonds that help finance the water system. Thus, any pressure in any aspect of the water storage and delivery scheme will place concomitant pressure on the rates set by the RGB. Water and sewer charges are a significant cost to owners, and the RGB must take into consideration these charges when undertaking its duty to determine a fair rate of return for landlords.

From evidence presented during the past three years to the RGB, few greater crises face the New York City housing stock than the potential costs posed by water and sewer rate increases.[2]

The RGB was fortunate to receive expert testimony on these water-related issues from Steven Ostrega, Deputy Commissioner of the Department of Environmental Protection's Bureau of Water and Energy Conservation.

Testimony of Non-Profit Housing Groups

This year the RGB heard testimony from Executive Directors Carol Lamberg of Settlement House Fund, Mark Alexander of Hope Community, and Steve Coe of Community Access. Such testimony was especially insightful given the special role non-profit housing groups ("Non-Profits") play in providing housing to low-income persons, and the fact that they do so without any eye towards generating private sector-type returns on their investments. Thus they presumably can be more candid and objective about the reality of operating residential housing than are many landlord and tenant groups.

To say the least, the testimony of the Non-Profits was striking. Several points in particular stood out.

The first is that Non-Profits — not surprisingly — are subject to the same laws of economics as private landlords. Even though the Non-Profits largely are relieved of the need to pay certain taxes or generate investor profits, they still must generate sufficient rents from tenants to pay their water, sewerage, heating, maintenance, security and other bills. If Non-Profits cannot generate sufficient monies to do so, they, like private, for-profit landlords, often have little choice but to abandon their buildings.

A related point is that for several years, the NYC Department of Housing Preservation & Development has stated that it costs the city an "average" of $470 per month to maintain a city-administered apartment.[3] Private sector landlords with units renting below $470 have used this figure to argue that they should be permitted to raise rents in every unit to at least $470, thereby insuring that each and every apartment is economically viable.[4]

It thus was with great interest that the Board heard the Non-Profit representatives accept the $470 as being roughly their cost to maintain an average apartment. In candor, one cannot help but note that this Non-Profit testimony, having confirmed the figures presented by HPD, significantly bolstered the arguments of owners that they should be entitled to a minimum rent of $470 for all well-maintained apartments.

Assuming public officials accept this contention, the question still would remain whether this "minimum, economically viable rent" should be achieved through greater rent increases to be borne by the tenant, or greater public subsidies to needy tenants (such as through a "Low Income Rent Increase Exemption" modeled after the senior citizen "SCRIE" program), or by other means (e.g. reducing the cost to landlords, such as reducing tax and water rate burdens, thereby lowering the $470 triggering point), or by a combination of factors.

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2 Several years ago, the RGB surveyed landlords with tax arrears and posed the question: While you may have many complaints, if you could improve one — and only one — factor that adversely affects you as a landlord, what would you change? 30% of the respondents listed the inadequacies of housing court as their foremost concern (a concern shared by large percentages of tenants as well), 25% listed rent regulatory laws, while 5% had scattered responses. Strikingly, 40% of respondents listed property taxes and water and sewer charges as their foremost concern.

3 One can debate whether any such "average" apartment exists given that maintenance costs depend upon such diverse factors such as the unit's age, size and location, the building's general condition and maintenance history, etc. Nevertheless, the RGB generally has found no reason to question HPD's "$470 average" figure.

In any event, certain truths remain. The first is that the tension between a landlord's need for adequate income and many tenants' inability to pay such amounts is becoming increasingly exacerbated. The second is that any solution to this quagmire lies with other agencies of government, including the Legislature and City Council. Regrettably, at least as of this writing, those other agencies have failed to take sufficient steps in any direction.

The third significant point raised by the Non-Profits was their exasperation with many problems that frustrate for-profit landlords, especially Housing Court. (Tenants, of course, regularly complain about Housing Court, as well.) Several of the Non-Profit representatives stated that their groups operate on tight budgets. Thus, if even a small number of tenants are chronic non-payers of rent, the fiscal viability of Non-Profit housing can be jeopardized. Several of the Non-Profit representatives cited examples — commonly cited by for-profit owners — of tenants who don't pay rent for a good number of months and/or cause damage to units, and the inability of the Non-Profits to obtain Warrants of Eviction from Housing Court.

The Non-Profits also complained about such matters as illegal subletting and their inability to reclaim a unit from a tenant's non-needy relative or former live-in companion who claimed a right of succession to the apartment in question.

Since no tenants of Non-Profit units testified, it was uncertain whether such tenants had the same types of complaints as did tenants who resided in privately-owned units.

The final striking point mentioned by the Non-Profits was that there existed certain housing that even they had no interest in attempting to rehabilitate and/or operate. These buildings generally fit the RGB's profile of units likely to become distressed, if not abandoned. Not surprisingly, they tended to be older, smaller and located in poorer areas outside Manhattan.

Given this testimony and the realities long-described by private owners and HPD, it appears that there is an "underclass" of buildings that either will have to be maintained and operated by the city — almost invariably at a financial loss — or else become abandoned.[5]

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4 Several competing considerations warrant mention. First, even assuming this $470 "economic viability" number is a dependable figure, many tenants would be hard-pressed to pay such rents. Since tenant income is a major component of the RGB's mandated "balancing of equities," it is unlikely that the RGB ever would enact a flat, "floor rate" of $470 for all apartments.

Second, the RGB has tried to remedy the disparity between this $470 "economic viability" figure and the fact that approximately 200,000 rent-regulated units now rent for less than $400. The RGB thus regularly has approved a "low rent supplement," which this year was $20 for all units renting for $400 or less. While owners argue that the $400 triggering point should be raised to $470, thus bringing it in line with HPD's figure, tenants condemn the supplement as being a "poor tax."

Third, tenants and landlords have argued over the justice of having higher rent units essentially subsidize (as alleged by landlords) lower rent units. Thus in a hypothetical ten unit building, tenants argue that if eight tenants are paying $800 each and two are paying $200, the owner has no grounds for complaint because the building — as a single entirety — is "profitable."

Landlords conversely argue that it is unfair for the other units to essentially have to carry the two low-rent units, and that each apartment should be profitable. Landlords further argue that if each unit were profitable, higher end rents might be relaxed because there would be less of a need for those higher end units to cover any shortfalls on the lower end.

A politically volatile side issue concerns "means testing." In our hypothetical building, as in virtually all rent-stabilized units, there currently is no way to determine if the tenants in the $800 unit necessarily are prosperous or if the tenants in the $200 units are necessarily indigent. It may be that an elderly, retired person on a fixed income may be struggling to pay her $800 rent, while a young, well-resourced person may be able to pay many times more the legally regulated rent for his $200 unit.

Landlords tend to argue that most tenants have the means to pay higher rents, while tenants tend to argue conversely that most tenants are hard-pressed. This issue, though, will remain academic absent (i) more detailed studies on tenant incomes, which somehow would have to factor in the "cash economy" which is prevalent in many parts of the city, and (ii) the political will to act upon any findings that such studies might present.

Of course, the principle point of contention between tenants and owners concerns the philosophy of government underlying this situation. Tenants argue that if an owner's building is "profitable" under the general rent regulatory scheme, he has no grounds to complain merely because individual units may not be providing the same rate of return as adjacent units. Owners conversely contend that it is illogical and unfair to have such disparities of rents in similar units in the same building. They further argue that if a particular tenant cannot afford the rent at which a unit is "economically viable," the burden to make up any discrepancy between the amount a tenant can afford and the actual cost to maintain that unit should fall on the general public through government programs, rather than being imposed upon private landlords.

5 Some such units may become illegally occupied by squatters, but that presents another set of concerns too complex to address here. Generally, while some squatters manage to convert otherwise decrepit housing into some semblance of habitable quarters, more often others create hazards to themselves and their neighbors by failing to upgrade the buildings in accordance with housing codes. Thus, for instance, illegally wired buildings often present fire hazards to the structure itself, as well as adjoining units.

In summary the Non-Profits seemingly experienced the same trials and tribulations as did private sector landlords. After receiving this testimony, the RGB was not surprised when the Non-Profits asked the Board to approve substantial increases in the rent rates.

1995/96 Price Index of Operating Costs

This Chair regularly has solicited comments from landlord and tenant groups as to whether they (i) believe that the PIOC is a fair measure by which to gauge landlord costs; (ii) consider the PIOC a useful barometer for the RGB's consideration; and (iii) have any suggestions to improve the PIOC's accuracy and "sensitivity."

Not once has any tenant or landlord group responded to the Chair's repeated solicitations. Thus, one should take with a grain of salt any landlord or tenant misgiving about the PIOC. As a rule, when the PIOC supports one side's position, that side proclaims the PIOC's categorical value, while the other side bemoans the PIOC's "flawed" methodology. It also is the rule that if next year's PIOC tacks in the opposite direction, so will the parties' arguments.

Critically, the PIOC measures the current year's costs against those of the immediately preceding year. Thus, the PIOC is somewhat vulnerable to dramatic fluctuations in costs. For instance, in the last three years, fuel and utility costs have roller coastered because of aberrational winters. In 1993/94, New York city endured a bitterly cold winter. In 1994/95, the city enjoyed the most mild winter in its history. In 1995/96, the winter was the snowiest and one of the coldest on record.

Given the weight that fuel and utility costs are given in the PIOC, the final results showed great fluctuations during those years even though the other costs gauged by the PIOC rose only moderately. The 1994/95 PIOC showed virtually no increase because the mild fuel costs, when compared to the stiff ones of the year before, dragged down the entire index. Conversely, the 1995/96 PIOC showed a sharp increase. Because of the harsh winter, fuel and utility costs were nearly 30% over the fuel and utility costs of the record mild winter of the preceding year.

This year, tenants argued that the RGB should not "reward" landlords with large increases that would become part of the permanent base rents just because of this aberrational "spike" in fuel costs. Since there may have been merit to this contention, the Chair wished to discuss this matter at length at the June 24th meeting. Unfortunately, for the reasons set forth in the following section, such a discussion could not be had.

Similarly, landlords of older buildings have complained that the PIOC is not sensitive to their true costs. For instance, landlords claim that while the PIOC arguably may accurately reflect that there has been little increase in fees they must pay to plumbers, lawyers, etc., the fact that they have older buildings means they have to use these services more often. Landlords argue that just as a 90 year old person requires more medical care than a 30 year old, so too does a 90 year old building require more maintenance than a 30 year old structure.

Therefore, even if a physician charges the same price from one year to the next for an office visit, the 90 year old is far more likely to use the physician's services than is the 30 year old. Landlords reason that even if a plumber's or electrician's fees remained constant, owners of older structures must use those services more, a factor, they argue, not reflected in the PIOC.

Several revisions possibly may remedy this alleged deficiency. Hopefully, the RGB can debate them during next year's session.

The June 24th Meeting

Normally, the details of meetings at which the RGB votes on proposals would not merit summary. What transpired, though, at the meeting at which the Board voted on its final guidelines was so disgraceful that it warrants mention. The Chair feels obligated to detail those transgressions, less because of their lack of impact on the Board's ultimate decisions, but more as a warning that (i) members of this Board will continue to do their duty regardless of attempts at intimidation by provocateurs, and (ii) henceforth the Board will take any measures necessary to prevent similar disruptions.

Because of the above-detailed aberrational "spike" in fuel and utility costs, the PIOC indicated a 6% increase in landlord costs. As such, the RGB considered essentially three proposals to "translate" the PIOC figures into guidelines which the Board may then modify based upon a host of other factors.[6]

The RGB employs three "commensurate" formulas as guides. The first deals in "nominal dollars." That is, if, for instance, a landlord earned a hypothetical $20 per month when he first rented the unit to the current tenant in 1980, this formula would insure that the landlord also earned $20 on that unit in 1996 regardless of any diminution in the buying power of those $20 over those sixteen years. This formula is the most favorable to tenants.

The second formula uses actual lease terms[7] and other data to arrive at a more realistic estimate of required rent increases. The third formula seeks to adjust the hypothetical $20 figure for inflation, so that if it cost $28 dollars in 1996 to purchase what cost $20 in 1980, the landlord would receive $28.[8]

For various reasons, this Board opted to use as its model the second formula. After the Board factored in other considerations, the approved preliminary guidelines were: a proposed 5% increase for a one-year lease and a 7% increase for a two-year lease.

Although this preliminary vote was well justified by staff reports, testimony elicited and other factors brought to the Board's attention, the guidelines came under the usual, well-anticipated criticism by tenants, who claimed they were "unconscionably high" and landlords, who claimed they were "ridiculously low."

On June 20th, the RGB held its public comment period for the proposed increases for rent-stabilized apartments.[9] At that time, 179 tenants, landlords and public officials spoke. All 179 speakers attacked the proposed increases as being either "too much" or "too little." Frankly, the displeasure unanimously expressed by these diametrically opposed parties tended to assure many Board members that they had acted fairly and appropriately.

On June 24th, the RGB met to debate its final guidelines. While both landlord and tenants were demonstrative, the Chair must state candidly that this misbehavior was not equally divided between the camps. From what the Chair could discern, tenant leaders, by means of well-coordinated demonstrations by protesters well-versed in that trade, attempted to reduce the meeting to mob rule.

From the outset, tenants refused to permit RGB owner representatives, Joseph Forstadt and Harold Lubell, to speak. Tenants drown out these speakers not only during their preliminary statements, but virtually each and every time they sought to speak on any issue

Various RGB members were physically threatened. Elissa Fitzig, new to the Board, especially was targeted, and threats even were made against her family. Joseph Forstadt was so threatened by tenants that police officers had to stand by. Several persons attempted to physically assault the Chair, who was threatened by several tenants who vowed to "get him" and "kill him" when he left the building. This followed a week of harassing calls to the Chair's home.

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6 It is important to avoid misimpressions on how the Board arrives at its final rent adjustments. Some persons erroneously assume that the Board is obligated to adhere to the figures set forth in the PIOC or else does so as a matter of tradition.

While critically important, the PIOC is but one of a half-dozen or more reports that the Board considers. For the reasons below, never has the Board simply adopted the PIOC numbers as the final guidelines. Thus, while the PIOC is a crucial barometer, it still remains only one of many that the Board considers.

Some suggest replacing the RGB with a fixed formula, thus removing any "human error," "emotion," "politics" etc. from the rate-adjusting process. Periodically, this proposal has been presented to the Legislature which, for whatever reasons, has rejected it.

Thus, the duty of the RGB members remains as it always has been: to consider a host of factors — many mandated by law — and thereafter to use their judgment to determine the final guidelines. This includes exercising their collective good faith discretion to approve rate adjustments above or below the PIOC.

7 Currently, rent-regulated tenants may opt to renew their leases for one- or two-year terms. Of the 100% of such tenants, 30% usually renew for one year, while 70% renew for two years. Thus, on the average, all 30% of the one-year leases, but only half of the two-year leases — or another 35% of the total amount — are renewed in any one year.

8 Since our hypothetical landlord presumably has received periodic rent increases since 1980 as a result of lease renewals, any increase to compensate for inflation would pertain only to inflation that occurred during the immediately preceding guideline period. Landlords complain that since many past RGBs used the first commensurate formula as a guide, over the years owners have fallen behind inflation. Tenants conversely argue that if one compounds all rent increases approved by the RGB since its creation and compares those increases against the inflation rate during that period, rent increases have exceeded the rate of inflation. As might be imagined, landlords dispute this claim and have presented their own countervailing set of statistics.

9 The public comment hearing for SROs had been held on June 17th.

While the Board attempted to deliberate, tenants used "clickers" to disrupt the meeting and tried to prevent the Board from voting. Members couldn't use the public lavatories due to threats. The Chair considered having the police present clear the room but was advised by police supervisors that such a move might trigger full scale violence which the officers then present might not be able to control.

The Chair asked the RGB tenant representatives to ask the tenants to control themselves. These representatives demurred, claiming they held no sway over the demonstrators.

Because of this mob behavior, there was no reasonable way that the Board could conduct anything resembling an informed and free-flowing discourse. Although several members wished to debate matters ranging from the general merits of the preliminary guidelines to specific issues such as how the Board might better address aberrational "spikes" in the PIOC, the lack of decorum made this impossible.

Given the concern about this issue, one might have thought that tenant activists would have wished the Board to debate these matters. Judging from tenant behavior, though, these issues proved to be less a legitimate concern and more a pretext for hooliganism.

The Board eventually managed to vote on the guidelines for rent stabilized units. After two hours and on the sixth or so ballot, by a 5-4 vote (with all public members voting "aye"), the Board approved guidelines of 5% and 7%, a $20 low-rent supplemental and a vacancy allowance of 9%. It struck the Chair that several members may have voted "aye" simply because they had been drained of patience and energy, and because despite their wishes to the contrary, it was unlikely they would be able to engage in a more productive hearing.

While this was not the most desirable approach to conducting such important business, it was highly understandable under the circumstances.

Upon the vote being announced, and possibly upon a prearranged signal, scores of tenants rushed the stage. A good number of them threatened violence, and a number of items were thrown by the mob. (Among other items, the Chair was hit by several marbles and thumb tacks). Only the presence of a police officer phalanx seemingly prevented the crowd from climbing onto the stage.

During this chaos, one RGB tenant representative polled the other members and suggested that the Board might wish to reopen and vote anew upon the guidelines. One can only trust that the timing of these solicitations was coincidental with the demonstrations, rather than part of a pre-designed plan to intimidate the Board into approving guidelines that it otherwise deemed inappropriate.

Often playing to the television cameras, the demonstrators kept up their disruptions for approximately one and one-half hours, during which time the Board had to suspend its deliberations. During this forced hiatus, the Chair regularly consulted with police supervisors to determine if the room should be cleared. On advice of those supervisors that the best choice might be to let the demonstration "burn itself out," the Board members retired to a private area. Unfortunately, the demonstrations continued.

When the Board members returned to the stage, the abuse, threats and attempted mob rule continued. Eventually, the Chair gathered all members in a tight circle (even then members barely could hear each other) and the Board quickly approved virtually all other preliminary guidelines even though during the month following the May hearings, several members expressed a wish to debate those proposals. In particular, members had expressed a desire to debate the proposed guidelines for loft and SRO units. The actions of the mob, though, made any discussion impossible.

Perhaps the principal lesson that RGB members absorbed from the disgraceful actions that night was the need to be vigilant against extremists who would violate due process of law and public order at any level of government. The actions of those rowdies and thugs were not designed to persuade the RGB members of the merits of their cause — in fact, these protesters had sufficient opportunities to do so throughout the RGB's months of deliberations. Rather, they were bald attempts to cow the Board into taking a course of action that the majority of members felt was not warranted.

One can rest assured that next year, similar behavior — by either landlords or tenants — will receive swift and sure response.

Acknowledgments

The Board wishes again to express its best wishes to Housing Preservation & Development Commissioner Deborah Wright, who resigned on April 1st to become the President and CEO of the Upper Manhattan Development Corporation. The UMDC is one of the six urban "economic enterprise zones" that the President and Congress hope can serve as models to revitalize economically distressed inner cities.

Debbie assumed her commissionership during a financial crisis when city agencies were being asked to "do more with less." Few agencies were hit harder by this fiscal imperative than HPD.

Debbie proved to be a consummate manager of resources. More so, she was a leader unafraid to challenge policies that remained in force because of inertia rather than merit. As just one example of her farsightedness, Debbie, with the full support of the Mayor, pioneered the most dramatic overhaul in the city's history of its *in rem* policies.[10] This policy alone has the potential to keep thousands of housing units on the market and in private hands, all while saving the city billions of dollars in administrative costs.

Debbie also strongly supported the RGB and its efforts, and the RGB was proud to have had the opportunity to work so closely with HPD during Commissioner Wright's tenure.

Replacing Debbie is Liliam Barrios-Paoli, whose history is well-known and respected by those in the social services area. Though only on board at HPD for a few months (as of this writing), Liliam already has proven herself to be an astute, hands on commissioner. She, too, must preside in an era where her agency must shoulder more burdens with increasingly fewer resources, so her well-honed management skills no doubt will prove to be of immense value to this city.

The RGB looks forward to working with Commissioner Paoli and her staff in the years to come.

The Board was most grateful for the cooperation, testimony and support of no small number of public officials, only a few of whom were mentioned above. The RGB particularly is grateful for the testimony of Deputy Commissioner Paul Roldan of the NYS Division of Housing and Community Renewal. Paul and his staff regularly testify before the RGB, and despite what often becomes a "no holds barred" grilling, maintain their good humor while providing the RGB with an immense of amount of much-needed data.

This year, due to the changeover in commissionerships at HPD, Deputy Commissioner Harold Schultz appeared on behalf of that agency. Harold is no stranger to the RGB members and staff, and suffice to say, it's our categorical opinion that he is a consummate professional, an outstanding expert in the area of housing policy and public administration, and a treasured public servant.

The Chair personally thanks the members of the RGB's research and administrative staffs for their efforts in producing such excellent work product. Their reports are regularly praised by tenants, landlords and city officials alike — one of the few instances where there is agreement on any aspect of this inherently disputatious process. While the Chair often has been quite demanding, the staff can take solace in knowing that it has developed into arguably the finest housing research and policy bureau on any state or local level.

On the RGB's staff itself, we wish to thank our intern, Miriam Greenwald, for her excellent efforts and cheerful personality. We wish her well as she begins graduate studies in urban affairs this fall at Harvard University.

This year, the RGB's membership underwent several changes. Jane Stanicki and Barbara Gordon-Espejo departed the Board. Each served with diligence, dignity and dedication. Their actions as public members amply demonstrated their tremendous knowledge of housing issues, and exemplified the highest traditions of public service. Their candor, insights and humor were always welcomed and are missed.

In Jane's and Barbara's stead, the RGB welcomed two excellent replacements. Elissa Fitzig, an investment banker specializing in municipal finance, who previously served as a member of the NYC Water Board. As such, her two areas of expertise were of great assistance.

10 One notes with pride that this was a change stimulated in part by a highly-acclaimed RGB study.

The Board also was fortunate to have Earl Andrews, who also was serving as the president of the NYC Tax Commission. As with Elissa, his expertise helped provide the RGB with critically needed insights regarding the plight of owners, particularly smaller ones, whose circumstances were compelling them to abandon their property.

Following the conclusion of the RGB's rate-setting duties, Mayor Giuliani appointed Earl to serve as the Commissioner for the Department of Business Services, thus obligating Earl to relinquish his posts on the Tax Commission and RGB. Thus, although Earl's tenure with the Board was brief, it was most appreciated, and all other members and staff wish him the best in his new position.

As noted above, this year's deliberations at Police Plaza were particularly raucous. Moreover, the hearings during the preceding months perhaps were more demanding than in prior years, and the studies the members had to consider were far more detailed and technical. The Chair thus extends his gratitude to every other member, each of whom graced the RGB with his or her enthusiasm, knowledge and professionalism. The Chair especially thanks Paul Atanasio who ably served as acting Chair during a particularly draining session, and to Augie Rivera, the Board's vice-chairman whose insights garnered through three different mayoral administrations proved invaluable.

Leslie D'Cora Holmes

It is with sadness that we note the passing of our energetic and effervescent colleague, Leslie Holmes. On July 5th, Leslie, then but 39 years old, was fatally stricken with a aneurysm. At the time of this tragedy, Leslie was spending the summer as a visiting professor at Bennington College. She had planned to take a leave in the fall from her duties as a supervising attorney at the Legal Aid Society to assume full-time teaching duties at Columbia University.

Words do not adequately describe Leslie's accomplishments. An honors graduate from SUNY Purchase, she was a Root-Tilden scholar at New York University Law School. Although Leslie well could have secured a position with many prestigious law firms, she opted instead to devote her life to public service. She chose to live in Bedford Stuyvesant (where she was quite active in her church and community) and to commute to her Legal Aid office in Harlem.

Leslie had a facile mind and was a penetrating questioner. Her service on the RGB was indelibly marked by her concern for the plight of needy tenants who often were but a hairsbreadth away from perhaps being unable to afford decent housing and thus being forced onto the street. Articulate and well-prepared, her passionate pleas on behalf of tenants were well-taken and usually riveting. Even her most determined philosophical opponents could not help but respect her.

For all the times Leslie inspired us, exasperated us, persuaded us, exhausted us, enlightened us, frustrated us and generally forced us to think anew our personal beliefs and our responsibilities to our fellow citizens in our capacity as public officers and as neighbors, we pay tribute to her and will surely miss her. ❒

Edward S. Hochman, Esq.
Chairman

ACKNOWLEDGMENTS

Housing New York City: Rents, Markets and Trends '96 compiles all major research reports produced by the Rent Guidelines Board staff during the 1996 "guideline" season. While each of these reports represents a collaboration among RGB staff members, our research efforts would not be possible without assistance from many others.

The Price Index of Operating Costs for Rent Stabilized Apartment Houses (PIOC) is the most intensive project requiring hundreds of staff hours throughout the year to complete. For the fifth straight year, Andrew McLaughlin was in charge of two crucial aspects of the PIOC, the vendor and owner surveys. Andrew managed to improve both the quality of the data gathered and the productivity of the temporary survey workers again this year.

1996 is the first year that the RGB undertook the price index without the assistance of Speedwell, Inc. In previous years, Speedwell prepared the tax and water/sewer components of the PIOC. With the staff's growing computer expertise and assistance from the New York City Department of Finance (DOF) and the New York City Department of Environmental Protection (DEP), we were able to take on these last two elements of the price index. We would like to thank Charles Niessner (DOF), Deputy Commissioner Steven Ostrega, and Warren Liebold, Director of Water Conservation (DEP) in particular for their efforts.

Many staff members contributed to various components of the PIOC. Miriam Greenwald gathered data on labor and fuel costs, Andrew McLaughlin assembled the utilities and fuel cost information, and Ted Fields computed the PIOC price projection for 1997. Finally, our many thanks to the PIOC temporary workers. Shirley Alexander, PIOC Supervisor, has contributed to the survey for three years now; she was aided this year by Lori-Ann Georges and Camille McLeon. Our own Leon Klein also pitched in to gather price information this year.

Aside from the PIOC, the RGB staff enhanced the scope of this year's research, producing some of our finest reports ever. Sharon Kuhn added two new sections to the Mortgage Survey Report supplying important insights into the changing climate of multifamily lending. Sharon also uncovered compelling data on housing costs borne by renters across the nation. Ted Fields amassed new income and expense data and also examined buildings continuously in arrears, adding one more aspect to the RGB's profile of delinquent properties.

The RGB benefitted greatly from the assistance of several city, state, and federal agencies. For the seventh year, the Department of Finance supplied the RGB with essential data from owner income and expense (I&E) filings. We would like to thank DOF employees Alisa Avruch, Doug Layne, Eliot Metz, Anita Mullin, and George Sweeting for help with these and other matters.

Staff from the Department of Housing Preservation and Development (HPD) assisted with several projects, including provision of data on tax abatements and exemptions and *in rem* housing. Wendy Smith at the Department of City Planning supplied the RGB with necessary data on real estate tax arrears. City Planning also provided us with housing construction data. Cooperative and condominium data was obtained from the New York State Attorney General's Office.

We would like to thank several additional agencies for their contributions. At the national level, we received assistance from the Bureau of Labor Statistics, the Department of Commerce, the Department of Housing and Urban Development, and the Federal Home Loan Mortgage Corporation. State departments supplying valuable information include the Department of Labor, the New York State Public Service Commission, and the State of New York Mortgage Agency. Lastly, contributions were also made by the New York City Water Board and the New York City Comptroller's Office.

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 1996-97 in the appendices, it is not intended as an explanation of these guidelines. Those who are interested in such an explanation should consult the Board's explanatory statements which are issued in conjunction with this year's orders.

Douglas Hillstrom
Executive Director

STATE OF THE RENTAL MARKET, 1996

The economics of the rental housing industry have improved greatly during the last two years. Owners' vacancy and collection losses are down sharply due to an improved economy. A very low "core rate" of operating and maintenance (O&M) cost inflation continues to benefit landlords. Mortgage interest rates remain low and the availability of financing has improved. In sum, these factors have led to the highest level of profitability in apartment buildings since 1989.

While predictions are always dangerous, the near term future appears quite positive for owners of rent stabilized housing. Assuming that property tax and water/sewer costs do not accelerate, the "core" rate of inflation will remain relatively low. With further reductions in vacancy and collection losses and the higher increases recently passed by the Rent Guidelines Board, it is likely that profitability will improve further in the near term.

On the tenant side of the equation the picture is somewhat murkier. Inflation-adjusted wages seem to be steady or increasing. Employment is up substantially from a year ago and job gains appear to be accelerating. Without data from the 1996 New York City Housing and Vacancy Survey we cannot say for certain whether housing is more or less affordable than two years ago. However, an educated guess is that tenants as a whole are no worse off and may be slightly better off.

Landlords' Operating and Maintenance Expenses

In recent years there has been a remarkable drop in the "core" rate of inflation.[1] In 1991 landlords' core operating and maintenance (O&M) costs were rising by nearly 6% per year. A scant three years later the core rate of inflation had plummeted to 1.9%. Although costs have crept up slightly since 1994, inflation continues to be quite moderate (see chart next page).

The subsidence of inflation in the early 1990's was due in large part to a sharp drop in the rate of increase in real estate taxes. Rising property values and stable or increased tax rates boosted landlords' tax bills throughout the late 1980's and early 1990's, but the severe recession eventually dampened increases in property tax assessments. This falloff in assessments, combined with a new found determination by City government to hold overall property tax rates stable, has accounted for more than half of the decrease in the core inflation rate.

Declining cost pressures in the labor market have also dampened O&M inflation. The relatively severe recession in New York made it very difficult for contractors (e.g. painters, plumbers) and laborers to raise their prices or wage rates. The RGB's Price Index of Operating Costs (PIOC) found that during the recession many contractors were forced to reduce prices in order to attract business. Similarly, the wage demands of labor unions weakened during the recession and have remained very moderate since then, reflecting in part a lower level of general price inflation.

Smaller increases in water/sewer rates also benefitted landlords. Beginning in FY 1994 the Water Board imposed a two year rate moratorium. The Board also extended the voluntary transition program (enabling landlords to remain on frontage billing) and put a cap on maximum bills. The effect of these actions was not as significant as the declining rate of increase in real estate taxes and labor costs, but did shave about one-half percent off the core rate of inflation.

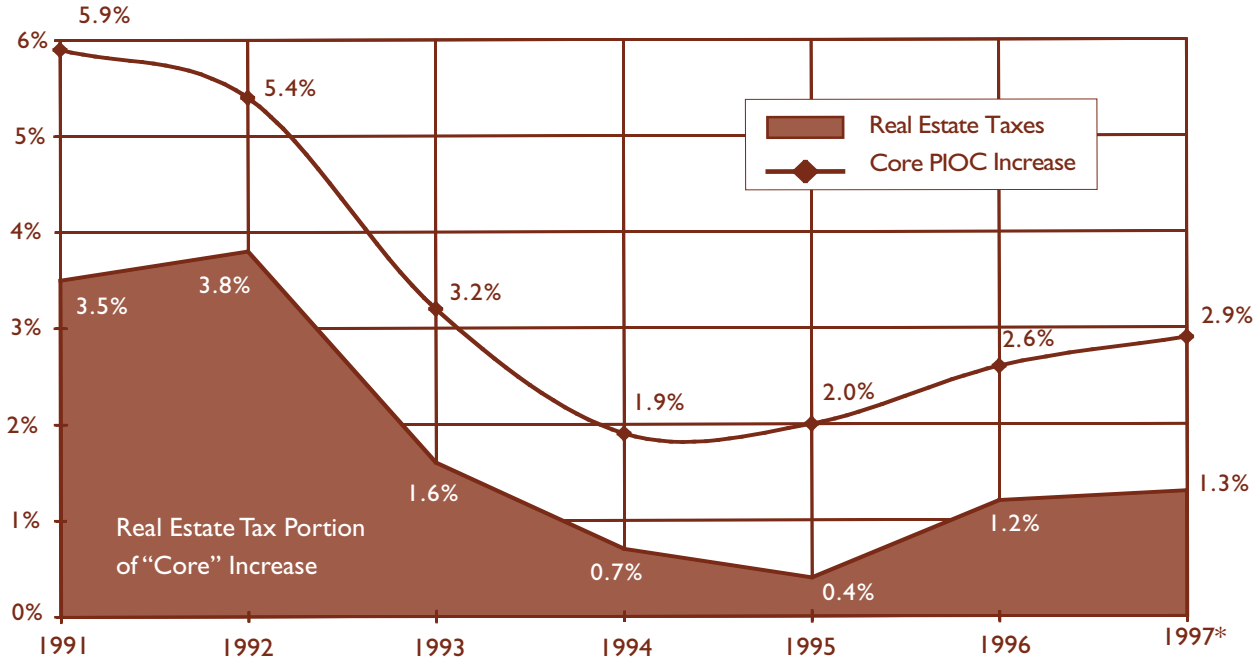
This year the PIOC rose 6%, the greatest increase since 1991 (see page 25). Although most of the increase was due to a spike in fuel costs during the winter of '95 - '96, rather than to a change in the core inflation rate, it is clear that the core rate reached a low point of 1.9% in 1994 and has been inching upwards since then. The natural question: Is inflation on the rebound?

Most labor-based costs, which comprise nearly half of landlords' expenses, appear to be well under control. Labor unions have agreed to multi-year contracts with small wage and benefit increases.

1. The "core rate" is defined as the increase in owners' operating costs, assuming that utilities costs (i.e., fuel oil, natural gas, and electricity) remain constant.

The "Core" Rate of Inflation Dropped Sharply in the Early 90's - Lower Real Estate Taxes were the Key

(Change in the "Core" Rate of the Price Index of Operating Costs for Rent Stabilized Apartment Buildings)



* Note: The percent change for 1997 was estimated.
Source: Price Indices of Operating Costs, 1991-1996, PIOC projection for 1997.

Competition among contractors also continues to be strong, resulting in sub-par price increases. Although administrative costs are rising faster than contractor costs, there is no evidence of mounting inflationary pressure. In short, labor-based costs are NOT responsible for the uptick in the core rate.

Just as the dramatic decrease in the core rate was due to a decline in real estate taxes, the recent moderate increase in the core rate can be attributed largely to the same cause.[2] Although increases in taxes continue to be modest - 3% in FY '96 and a projected 3% in FY '97, they are higher than in the previous two years.

Has the core inflation rate stabilized at a somewhat higher level or will it continue to climb? In the short term (i.e. one to two years) there appears to be little reason to expect much increase in the core rate. While moderate increases in water/sewer bills and strengthening property valuations make it unlikely that the core rate will FALL, market pressures are yet too weak to put much upward pressure on costs.

A view of the intermediate term is less sanguine. In the mid- and late-eighties the administration and City Council were quite content to fill City coffers with additional real estate tax revenue created by a surge in property values. In recent years the Council has held the line on tax rates. However, strengthening property values and expiring abatements and exemptions will add to owners' tax bills absent a firm resolve by the City Council to limit the amount of revenue from property taxes.

Rents

Rent growth in the nineties has been surprisingly strong given the severe local recession and some of the lowest guidelines in the history of rent stabilization.

2. Since 1992 the non-real estate contribution to the core rate has been remarkably constant, ranging from 1.2% to 1.6% (as the core fluctuated between 1.9% and 5.4%). Thus, most of the *variation* in the core rate has been due to changes in the rate of increase in real estate taxes.

Although the recession did slow rent increases from 1990-1992, rents accelerated significantly from 1992 to 1994, fueled by the recovery of the local economy and the dearth of new housing construction. We believe the pace of rent growth will continue to accelerate in the next year or two, pushed by higher rent guidelines, a falling rental housing vacancy rate, lower rent collection losses, and greater opportunities for vacant apartment improvements and Major Capital Improvements.

The chart on this page contrasts increases in rents registered with the New York State Division of Housing and Community Renewal (DHCR) with the amount of rent actually collected by landlords. Looking at the beginning of the decade (1990 - 1991), we see that registered rents rose 5.2% while rent revenue actually collected by landlords was up only 3.4%. The difference clearly reflects the impact of the recession.

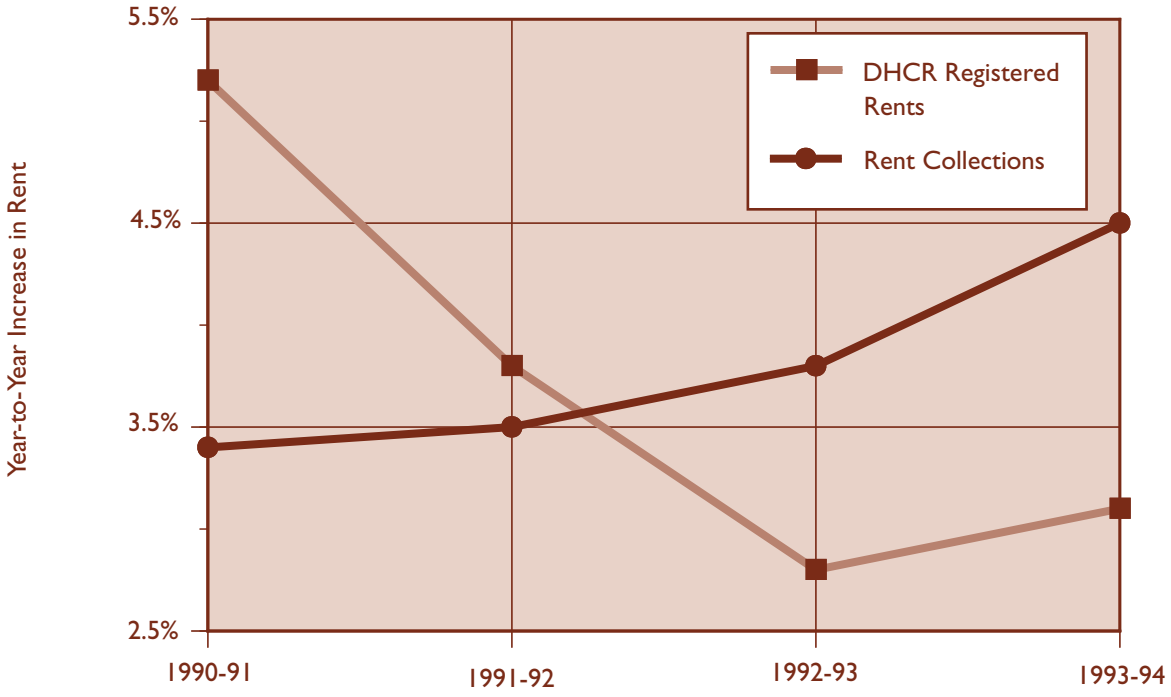
In 1991 the City lost nearly 200,000 jobs. Many landlords found it impossible to raise rents given the sudden deterioration in tenant employment and income. In more desirable buildings and neighborhoods landlords offered "preferential" rents to avoid vacancies. In poorer neighborhoods vacancy and collection losses soared and an increasing number of landlords fell into real estate tax arrears.

Rent increases in 1992 and 1993 were surprisingly strong, given that the City lost 100,000 additional jobs and the unemployment rate leaped to more than 10%. While rents collected by landlords lagged registered rents slightly in 1992, collected rents surged in 1993, rising a full percentage point more than DHCR levels. At the time it appeared that the real estate market was mired in a deep recession. Looking at this data in retrospect, 1993 marked the first stirrings of a recovery.

The relative strength of New York's rental market even during times of deep recession is not easy to explain. The resilience of rent levels may be due in part to the relative affordability of the housing stock. In this year's *Income and Affordability Study* (page 62) we show that New York's housing stock is somewhat more affordable than other cities'. To the extent that rent regulation depresses rents below "market" levels and

Rent Collections are Now Rising Much Faster than Registered Rents

(Annual Percent Increase in Rent)



Source: NYC Department of Finance, 1995 RPIE Filings and NY State Division of Housing and Community Renewal

maintains affordability, it may be easier for landlords to raise rents during a recession.

A near collapse of new housing supply is undoubtedly another important factor contributing to the tighter rental market. The Savings and Loan crisis of the early 90's and the recession squashed new housing construction. During the eighties permits for new construction averaged 11,500 units per year. Our *Housing Supply Study* (page 74) shows that in the nineties permits for new housing slowed to 5,000 units per year. Over a six year period (1990 - 1995) this difference in new housing construction amounts to nearly 40,000 units. Even in a market as large as New York's such a deficit will put pressure on rent levels.

In the near future there is little reason to doubt that rent increases will continue to accelerate. This year's *Income and Expense Study* (page 39) found that collected rent rose 4.5% in 1994, spurred primarily by decreased collection losses, rather than increases in contract rents. One expects that collection losses fell even further as the employment market continued to improve in 1995 and 1996. Our 1996 *Mortgage Survey* offers partial confirmation - bankers reported a sharp decrease in vacancy and collection losses between 1995 and 1996 (see page 49).

Lower collection losses have been a boon to owners of older pre-war buildings. Since collection losses in these buildings typically run much higher than in the post-war stock, it isn't surprising to learn that collected rents in the pre-war stock grew 5.1% in 1994, vs. 4.5% in the market as a whole. Lower collection losses have also helped many older buildings shed their real estate tax arrears. In this year's *Tax Arrears Study* (page 58) we found that nearly 500 buildings repaid their arrears in 1995. Clearly, conditions are improving even in the distressed portion of the housing stock.

Although landlords' gains from lower vacancy and collection losses will eventually begin to moderate, two other factors will certainly boost rents 5 - 6% per year in the near future - increases allowed by the Rent Guidelines Board and accelerating Major Capital Improvement (MCI) and vacant apartment improvements.

This year the RGB passed a guideline allowing a 5% increase for a one year lease, a 7% increase for a two year lease and a vacancy allowance of 9%. RGB staff estimates the net effect of the guideline will be to raise rents by 5.7%, the greatest increase allowed since 1989. Most of this increase will be reflected in landlords' 1996 and 1997 budgets.

Another factor which will undoubtedly have an impact on rents is the growing level of MCI applications. After bottoming out in 1994, MCIs began to creep up in 1995 and are currently running nearly a third ahead of their low point.

O&M to Income Ratios

The Rent Guidelines Board has never been able to directly measure the profitability of rental housing. The data requirements for such a project would be immense, and inevitably there would be much argument about how to define "profit." Even so, the RGB has obtained data from income and expense statements filed with the Department of Finance for several years, and this data is a reasonably good surrogate for changes in profitability.

The chart on the next page shows levels of the Operating and Maintenance Cost-to-Income ratio since 1989. Higher ratios indicate less Net Operating Income (i.e. funds available for mortgage payments and profit) and declining profitability.

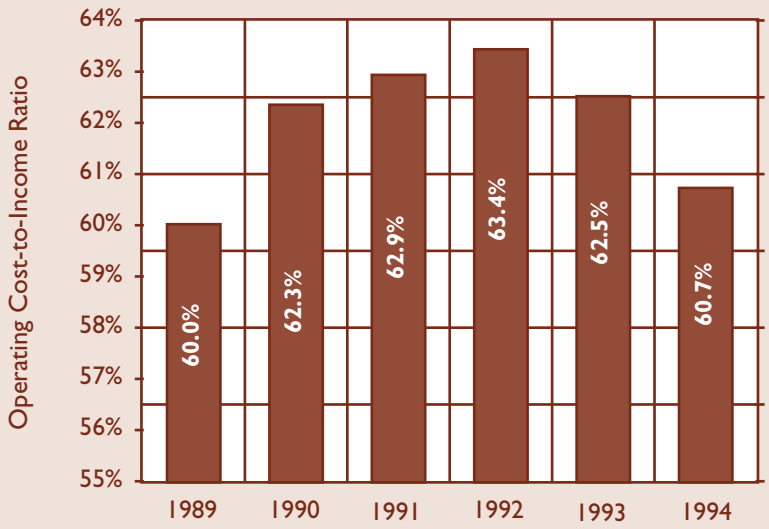
The O&M-to-income ratio increased sharply after 1988. The greatest rise in the ratio actually preceded the full brunt of the recession. Sharp increases in real estate taxes, water and sewer fees, and fuel costs pushed the O&M-to-income ratio from 60% in 1989 to 62.3% in 1991. From 1990 to 1992 the profitability of rent stabilized housing declined further, primarily due to the impact of the recession and declining rent collections.

In 1993 lower increases in expenses coupled with accelerating rent collections resulted in an improvement in the O&M to income ratio. In 1994 the improvement was even greater, as the ratio fell to its lowest level since 1989. Given recent trends in rents and expenses, it appears likely that profitability will further improve throughout 1995 and 1996.

Tenant Income and Housing Affordability

Income levels of rent stabilized households deteriorated rapidly from 1990 to 1992. The loss of hundreds of thousands of jobs boosted the

Landlord's Cost-to-Income Ratio is now the Lowest since 1989



Source: NYC Department of Finance, 1995 RPIE Filings

unemployment rate from 6.8% in 1990 to 10.8% in 1992. The median real income of renter households fell 12%.

The recovery from the recession has been slow. From 1992 to 1995 New York City added approximately 40,000 jobs, a small fraction of the employment lost in previous years. The unemployment rate crept down from 10.8% at its peak to 8.2% in 1995.

Without data from the forthcoming 1996 New York City Housing and Vacancy Survey it is impossible to gauge changes in tenant income and housing affordability with any great precision. Even so, the available evidence does indicate an improvement in household income since 1992. Wages and salaries have been increasing at about the rate of inflation and unemployment has decreased; thus, a comparison of household income in 1992 and 1995 will almost certainly show that tenants are somewhat better off. This improvement in tenants' welfare is consistent with recent Income and Expense studies showing increases in rent collections.

More current data seem to point to accelerating economic growth in the local economy. In this year's *Income and Affordability Study* (page 62) we found that payroll (which accounts for both employment and wage levels) increased by 14% between the first quarter of 1994 and the first quarter of 1995. Comparing the second quarter of these two years shows a smaller (but still robust) 5% increase in compensation.[3]

Employment levels also point to an improvement in economic conditions. The City had 31,000 more jobs in June of 1996 than in June, 1995. The increase in private sector employment was impressive given continued cutbacks of public sector jobs.

How have changes in economic conditions affected housing affordability? One suspects that the 1996 Housing and Vacancy Survey will show no rise in tenants' rent-to-income ratio, given that rents AND wages have been rising about 3% per year since 1992, and that employment has increased. With an unchanged rent-to-income ratio and somewhat higher incomes, tenants are probably slightly better off than in 1993. Unfortunately, for the minority of tenants on the bottom rung of the economic ladder conditions are probably worse. Rising rents and declining assistance to the poor (see the *Income and Affordability Study*, page 69) will mean growing affordability problems. ❐

3. Data received after completion of the Income and Affordability Study confirm accelerating economic growth. The change in total annual payroll in 1995 was 6.2%

Income & Expense

Price Index of Operating Costs

Income and Expense Study

Mortgage Survey Report

Tax Arrears Study

1996 PRICE INDEX OF OPERATING COSTS

Introduction

Much like the Consumer Price Index (CPI), the Price Index of Operating Costs for Rent Stabilized Apartment Buildings (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 sixth year that the RGB staff has produced the price index and the first year that the index has been

Summary

The Price Index of Operating Costs for Rent Stabilized Apartment Buildings (PIOC) rose 6%, the largest increase since 1991. The single most important factor this year was the substantial increase in fuel and utility costs. Fuel oil costs skyrocketed 30% while utility costs rose nearly 8%. Together, these two components were responsible for more than half of the overall increase in the PIOC.

Despite the substantial increase in fuel and utility costs, largely due to aberrant weather conditions, inflation in many other sectors is well under control. The increase in Labor Costs (3.1%) was the lowest since 1976. The rise in the Contractor Services component (1.8%) was the second lowest in eleven years. Administrative Costs rose slowly (3.5%) and show no upward trend. In short, inflation among the labor-based components of the Price Index is very modest. This is important since these components constitute a large part (about 40%) of the PIOC.

In addition to computing the regular Price Index this year, staff also calculated a "core" PIOC which excludes the erratic changes in fuel oil, natural gas, and electricity costs (see page 34). The core PIOC, like the core Consumer Price Index, is useful for analyzing inflationary trends.

After reaching a low of 1.9% in 1994, the "core" rate has been creeping upward the last two years and will probably rise further (to 2.9%) in 1997. The increase in the core rate of inflation is almost entirely due to increases in real estate taxes and water/sewer fees. In the near future it appears government, not private businesses, will have the greatest impact on landlords' costs.

The Price Index for Apartments is projected to increase 2.7% next year. Fuel costs will probably decline, the labor-based components (i.e. "Labor", "Contractor Services" and "Administrative Costs") will rise modestly, and government mandated costs (e.g. "Real Estate Taxes", "Water/Sewer Fees") will rise substantially.

Traditionally, RGB staff has computed a "commensurate rent increase" based on the PIOC. The commensurate is the rent increase needed to compensate landlords for increases in O&M costs while maintaining net operating income at a constant level in nominal dollars. Based on this year's increase in the PIOC and next year's PIOC projection, the commensurate is 4% for a one year lease and 5% for a two year lease (see page 37 for details and alternate versions of the commensurate).

Change In Costs for Rent Stabilized Apartment Buildings, April 1995 to April, 1996

Taxes	3.0%
Labor Costs	3.1%
Utilities Costs	7.8%
Fuel Costs	29.6%
Contractor Services	1.8%
Administrative Costs	3.5%
Insurance Costs	5.0%
Parts & Supplies	0.8%
Replacement Costs	1.0%
Overall	6.0%

undertaken without the assistance of Speedwell Inc. In previous years Speedwell has prepared the tax and water/sewer components of the PIOC. RGB staff's growing computer expertise made it possible to take on these last two elements of the price index.

The PIOC consists of several surveys, each designed to measure changes in one or more types of operating cost. These are described in the following sections of the report.

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 in 1994. A stratified sampling scheme was used to choose 6800 addresses from this pool for the owner mailing. The number of buildings chosen in each borough was proportional to the concentration of stabilized buildings in that borough. Roughly 13.5% of the surveys mailed out were returned to the RGB. A total of 435 of these contained information which was used. The number of verified price quotes in 1995 and 1996 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 several 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. Some of these did agree to provide a year's worth of data in April 1996. The number of fuel quotes gathered this year was comparable to last year and is contained in Appendix B.1.

Real Estate Tax Computations

The procedures used by RGB staff to compute the real estate tax component were in most respects identical to those used in the past by Speedwell Inc. A list of rent stabilized properties was provided to the Department of Finance, which "matched" this list against its records to provide data on assessed value, tax exemptions and tax abatements for approximately 32,000 buildings in FY 1995 and FY 1996. This data was used to compute a tax bill for each stabilized building in FY '95 and FY '96. The change computed for the PIOC is simply the percentage increase in aggregate tax bills from FY '95 to FY '96.

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,

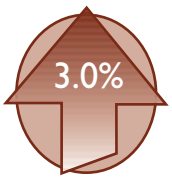
(e.g. mops, toilet seats) and Replacement Costs (e.g. refrigerators). As in prior years, an effort was made to update the vendor database by adding new vendors and deleting those who no longer carry the products in question. This year all vendor quotes were obtained over the telephone. The telephone procedures used for gathering price quotes were unchanged from prior years. The number of price quotes was about the same as in 1995. 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, including 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.

Price Index Components

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 1995 and FY 1996 (For additional detail on how the tax computation compares to last year, see the earlier section "Real Estate Tax Computations"). The tax data was obtained from the Department of Finance.

Real estate taxes were up modestly this year, rising 3.0%. The change in taxes was largely due to a 2.5% increase in the tax rate. Expiring tax abatements and exemptions also played a role, accounting for the remaining half percent increase.

• Tax Rate – Although the overall property tax levy has not increased for several years (it actually fell in FY 1995), the distribution of the levy among property classes has shifted from year to year. In recent years, more of the tax burden has fallen on Class Two, which contains the vast majority of rent stabilized properties.

The increase in the tax rate for Class Two properties is a result of a State law which requires the tax levy to be distributed on the basis of class shares. More specifically, a large decline in the value of commercial properties compared to residential properties has shifted some of the tax burden from Class Four to other property classes, including Class Two.

Intervention by the Mayor and the City Council has softened the blow to rent stabilized properties somewhat. In FY 1995 the tax levy for Class Two properties was scheduled to increase 4.8% but action by the City Council limited the increase to 2.6%. In the current fiscal year the tax rate would have risen 5.6% had the City Council not intervened and limited the increase for Class Two properties to 2.4%.[1]

• Assessments – The assessed valuations of rent stabilized buildings rose dramatically in the late '80's and through 1991, increasing 8% or more each year (see chart next page). In 1992 and 1993 the increase in valuations slowed to 2% per year. The impact of the recession was finally reflected in tax bills the following two years - valuations dropped 4.7% in FY94 and 1.3% in 1995.

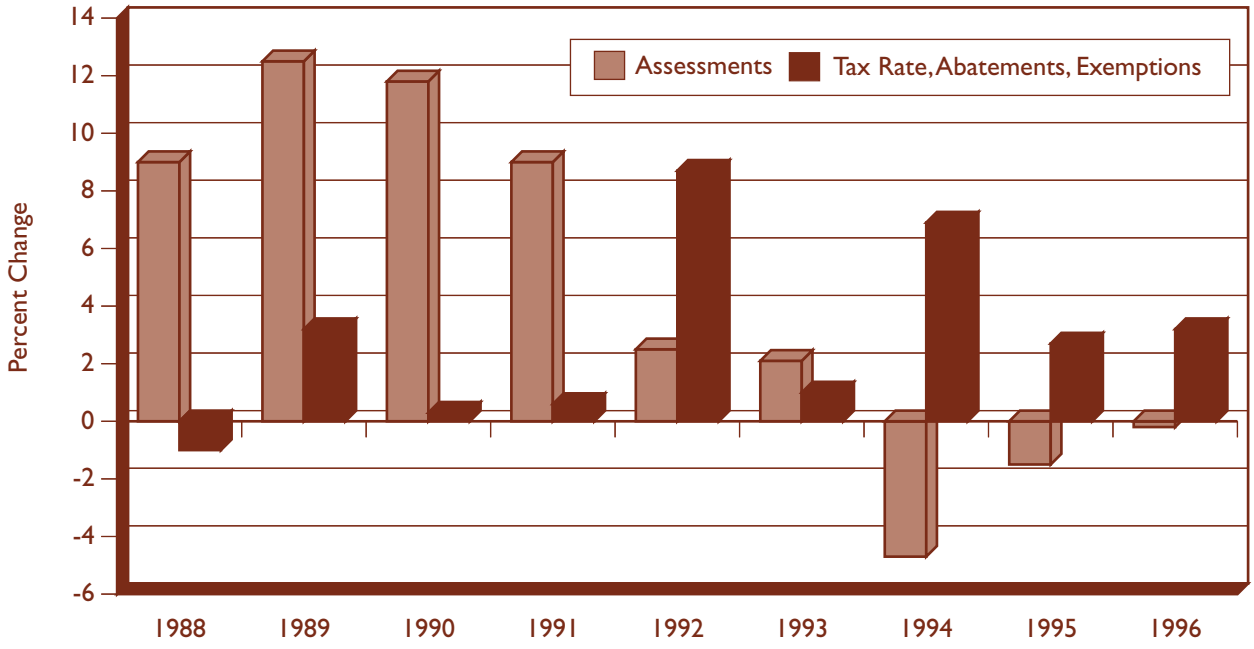
Billable assessments were fairly stable this year, falling a mere two-tenths of a percent. While valuations continued to decline in the outer boroughs (ranging from a decrease of .8% in the Bronx and Queens to 4.1% in Staten Island), the Manhattan "core" market showed some improvement, as assessments nudged ahead .6%.

The overall decline in billable assessments in the outer boroughs masks a substantial disparity between small and large buildings. While valuations for the smallest buildings (less than 10 units) rose 3.2%, billable assessments for the largest buildings (100 units or more) declined by 2.6%. In Brooklyn, the borough with the largest number of small rent stabilized buildings, assessments rose 3.8% for the smallest buildings and fell 6.0% for the largest buildings.

1. Note that the increase in the tax rate for rent stabilized properties (2.5%) was somewhat higher because not all rent stabilized buildings are in Class Two.

Billable Assessments were Flat this Year

(Change in Tax Bills due to Assessments vs. other Tax Factors)



Source: Department of Finance

The increase in assessments for small buildings is due in part to the lack of a "phase-in" of real estate taxes. While increased assessments for buildings with eleven or more units are subject to a five year phase-in, such is not the case for smaller buildings. Thus, if income and property values increase among small buildings, property tax increases can be immediate.

The 1995 Income and Expense Study showed that rents rose 3.6% in small buildings while expenses increased only 1.2%, thereby resulting in NOI growth of roughly 7%. Thus, assessment increases in small buildings appear to be based in part on real improvements inprofitability.

• Abatements and Exemptions – The number of buildings with new tax abatements fell dramatically this year (see chart next page). The decline in new abatements, coupled with the expiration of existing abatements, resulted in an increase in the tax burden for landlords of .2%.

Expiring tax exemptions had an even larger effect. In Manhattan below 96th Street expiring exemptions added .6% to the overall tax increase. While the impact was less in the outer boroughs, the citywide increase in taxes due to net expiration of exemptions was .5%. Given the lack of new investment in rental housing in recent years we expect expiring exemptions to continue to add to landlords' tax burden in the near future.

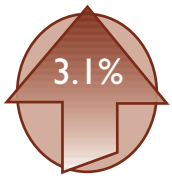
• New York City Tax Commission – This year the Rent Guidelines Board was able to obtain data from the New York City Tax Commission. A list of properties which filed tax protests was matched with the PIOC tax sample. As a result, we were able to break out data for properties which filed with the Tax Commission and those which did not.

Of the 32,000+ rent stabilized buildings used in our tax calculations, approximately one-third (11,000) appealed their tax assessments by filing a Tax Commission Income and Expense form (TCIE). While nearly half of the stabilized properties in Manhattan filed, only one-fourth of Brooklyn owners did so.

Building size was an important consideration. Only one-fourth of small buildings (less than 19 units) filed while two-thirds of large buildings (100+ units) protested their preliminary tax levy. Within each building size category, filers tended to have substantially higher tax bills than those which did not file. For instance, in the "small building" category, the average tax bill was $7000 for buildings which did not file and $21,000 for buildings which did file. The difference reflects both location and the presence of commercial income.

Did filing with the Tax Commission make a difference? The evidence is unclear on this point. While small buildings which filed had smaller increases in taxes on average than those which did not (2.4% vs. 4.1% respectively), the opposite was true for large buildings (4.0% vs. 1.2%). For medium sized buildings, which contain the majority of stabilized units, there was no difference in the increase for filers and non-filers.

Labor

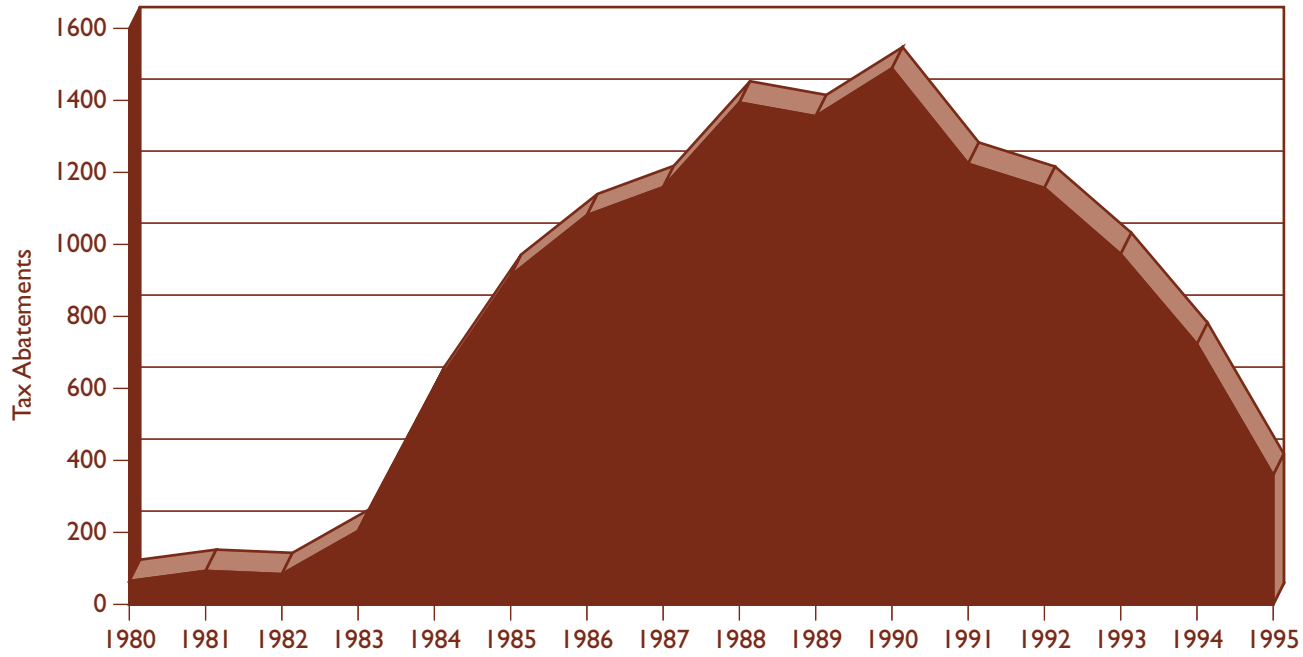


As predicted in last year's PIOC projection, increases in labor costs have continued to moderate, making this year's overall change of 3.1% the lowest since 1976. The RGB measures increases in the cost of labor by evaluating union and non-union salaries and benefits in addition to changes in social security and unemployment insurance. The cost of unionized labor comprises two-thirds of the Labor component and 10% of the entire price index.

The rate of increase in the labor component started declining in the mid-eighties and this year's growth rate is half that measured ten years ago. This notably low increase reflects a slowdown in benefit growth after a period of striking increases in the early 90's. The slowdown in benefit increases and a more stable, albeit moderate, growth rate for wages reflects union contract

New Tax Abatements Fell Sharply this Year

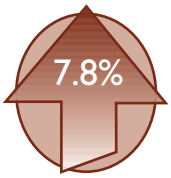
(Number of Initial Real Estate Tax Abatements by Year)



Source: Department of Finance

agreements signed in 1994 that run through April 1997 for Local 32B-32J and March 1998 for Local 32E. Future wage and benefit increases written into these contracts suggest that the 1997 labor component of the price index will also be quite low.

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 City's Department of Finance and Department of Environmental Protection (DEP).

This year, utilities increased 7.8% - a dramatic change from last year's decrease of 4.0%. All expenses rose, except for telephone costs, making this year's increase the highest since 1993.

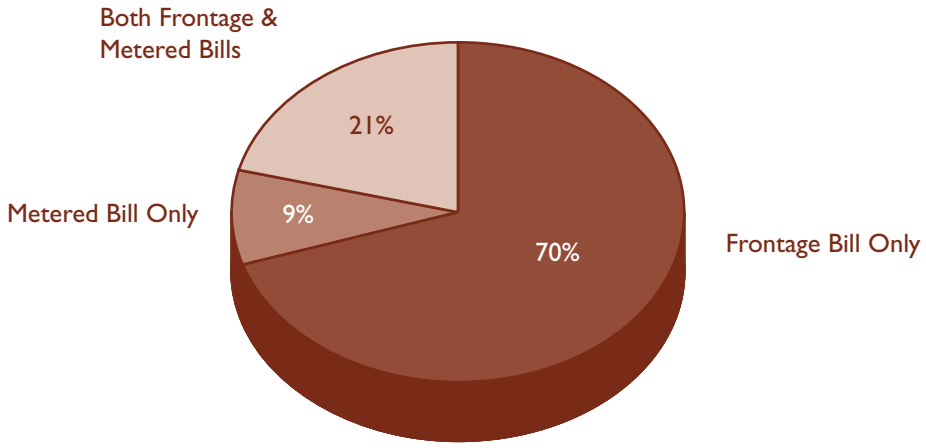
In previous years Speedwell Inc. obtained water/sewer billing information on 30,000+ properties from the Department of Finance's Open Balance Register. Although the water system was operated by DEP, Finance was responsible for billing customers. Last year this responsibility was assumed by DEP, rendering instantly obsolete all of Speedwell's PIOC computer programs for calculating the change in water/sewer costs.

In a sense, the decision by the RGB to bring the water/sewer component "in house" this year was propitious, since all of the computer programs had to be redesigned in any case. RGB staff worked with DEP over a six month period to define an "extract" from the DEP billing records. By late March data on frontage and metered bills had been obtained for roughly 32,000 rent stabilized properties.

Since we were able to "download" the water/sewer data to a personal computer, it was relatively easy to examine individual records and to "clean" the data. While the frontage bills appeared to be quite accurate (although some were "lost" in the transfer of data from Finance to DEP), many of the metered bills varied enormously from year to year. To offer an example,

Few Rent Stabilized Properties Are Billed Entirely By the Meter

(Type of Water/Sewer Bill received by Rent Stabilized Properties, 1995)



Source: NYC Department of Environmental Protection, Water/Sewer Billing Data

one property supposedly had daily consumption of 31,000 cubic feet of water in 1995 and only 200 in 1996!

An effort was made to eliminate suspect metered bills or to correct those bills where adequate information was available. Unfortunately, after working extensively with the data RGB staff concluded that the information from the DEP files for properties with metered bills was unreliable, and that no amount of remedial work would make it acceptable.

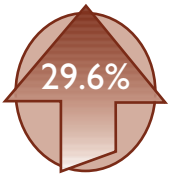
The increase in water/sewer costs from 1995 to 1996 in this price index is thus based ENTIRELY on frontage bills for 22,000 rent stabilized properties. While it is unfortunate that we could not use data for metered properties, it should be noted that 1) 70% of rent stabilized properties have "frontage only" bills, and therefore the "typical" rent stabilized property has no metered bill; 2) It is better to use reliable data than unreliable data in computing the increase in costs, even if some properties are excluded, and 3) The RGB staff will work with DEP to obtain more reliable data for the 1997 PIOC.

The increase in water/sewer costs this year was 4.7%, roughly in line with the 5% rate increase. About 86% of the properties had increases of 5%. Approximately 10% had less than 5% increases in their bills while 4% had increases of more than 5%.

Natural gas costs rose sharply this year. The PIOC measures gas, like fuel oil, largely on a "cost-weighted" basis which takes both the price and heating degree days into consideration. Due to fluctuating rates and the unusually snowy and cold winter as well as changes in the fuel adjustment factor, gas costs rose 20%. This double-digit rise contributed greatly to the overall increase in the utilities component.

Unlike the large increase in gas, electricity had a modest rise of about 3.7%. This small increase is partly due to the traditional method of measuring the electricity index from April-to-April rather than on a cost-weighted basis. The increase would have been much higher if the electricity index was measured February-to-February (9.5%). Since electricity is generated not only by fuel oil but by nuclear and hydro power, electric rates were not as affected by this year's volatile fuel oil market.

Fuel



Greater demand in the winter months coupled with refiners' search for oil in the early Spring led to skyrocketing prices resulting in this year's 29.6% increase in the fuel oil component. The fuel oil component measures changes in the price of three types of fuel oil - #2, #4, and #6.

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

Oil prices reached a five year high during the month of March due to a combination of market forces. Cold weather from November through February increased demand for oil both here and in Western Europe. The large increase in heating requirements (especially during the months of December, January, and March) compared to last year helped drive prices up.

During these months of cold weather, refiners chose to maintain low reserves in anticipation of the reopening of the Iraqi oil market. Iraqi crude would have added 700,000 barrels a day to the Spring supply. Fearing oversupply during the Spring months, refiners waited for the results of the UN talks with Iraq. When negotiations stalled in the third week of March refiners were forced to scramble for oil thus driving up the price for consumers in the month of April.[2]

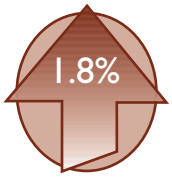
Of the three grades of fuel oil, #2 saw the least change (23%) while #4 went up 30%, and #6 increased 33%. The PIOC includes a different weight for each of the fuel grades which reflects the percentage of rent stabilized units using the particular type of fuel oil. In the current year's PIOC, #6 oil accounts for half of the fuel oil component while #4 oil accounts for 27% and #2 oil 22%.

Why did prices for #6 oil increase so much more than prices for #2 fuel oil? Competition to service the many small apartment owners who use #2 fuel oil apparently forced suppliers to absorb a portion of their

2. The New York Times, Thursday, March 21, 1996, "Run-up in Oil Price Halts; April Contract Falls $1.28"

increase in costs in order to hold onto customers. However, only a few firms sell the #4 and #6 grades. This lack of competition allowed suppliers to pass on the full cost to large building owners who primarily use these less refined types of fuel.

Contractor Services

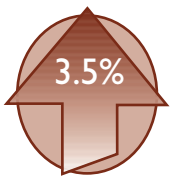


Contractor Services increased 1.8% in 1996, the second lowest rate of growth in eleven years. Sixteen items comprise this component of which repainting and plumbing costs are by far the most important.

In 1994, we suggested that the record low increase of .9% was primarily due to painters slashing prices in an effort to hold onto customers. Last year more painters raised prices but the Contractor Services growth rate was still only 2.4%. This year's small increase in costs was affected considerably by a .2% decrease in painter's fees and, to a much lesser extent, decreases in floor maintenance costs. While many painters surveyed this year noted that the price of paint and labor had increased, most maintained or lowered their prices in order to stay competitive.

Boiler and roof repair went up considerably this year - 4.0% and 4.6% respectively. This winter's heavy snowfall put pressure on both heating systems and roofs driving up demand for the services of plumbers and roofers, and consequently prices. The moderate increases in the remaining items in Contractor Services (elevator, range and air conditioning repair) helped dampen the effects of boiler, roof and plumbing repair in the final calculation of the Contractor Services component of the index.

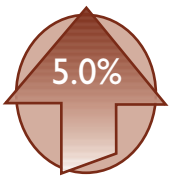
Administrative Costs



Administrative Costs rose 3.5%, which is slightly higher than the average of the past five years. Fees paid to management companies, accountants, and attorneys comprise the bulk of this component. Accountants had the highest increase (3.9%). Management companies, which tend to base their fees on rental occupancy, had an increase of 3.6%. Attorney fees rose only 0.9% - much less than last year's figure of 4.5%.

During the last five years, administrators have had higher increases than their counterparts, skilled contractors. The trend continues this year - Contractor Services increased only 1.8%. Part of the difference between the two components is undoubtedly due to the relatively strong rental market and the resulting increase in Management Fees, which is about half of the Administrative Costs component. Demand for Contractor Services, on the other hand, is linked to a greater degree to overall economic conditions which remain relatively anemic.

Insurance



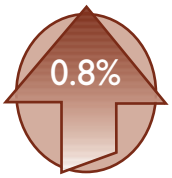
Insurance Costs rose 5.0% this year, down slightly from last year's increase of 5.2%. The increase in costs was due in large part to higher insurance rates. Of the 430 owners who responded to our survey 152 (35%) reported an increase in rates while only one fourth as many (9%) reported a decrease.

Changes in insurance coverage also contributed to the substantial rise in insurance costs. Over a quarter of the respondents indicated some sort of change in their insurance policy. Increased insured value was the main form of coverage affected. In 95% of the policies where the insured value of the building was increased the cost of insurance went up.

In recent years, the lead paint issue has come to the forefront of building owner concerns. Not only are owners removing lead paint from their buildings at an increased rate but insurance companies are rethinking their commitment to insure for lead paint liability. Many companies have removed lead paint coverage altogether making it more difficult and more costly for owners to obtain this type of coverage.

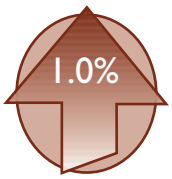
The Owner Survey found that 26 respondents no longer were covered for lead paint liability while only 3 added lead paint coverage. Of those who dropped their lead paint coverage only half benefitted from lower insurance costs. The very small group of owners who added lead paint coverage saw their insurance costs rise an average of 26%.

Parts and Supplies



The overall increase in the Parts and Supplies component was less than 1%. Increases in this component have been fairly consistent and generally very low since the early '80's. This year is no exception. Price increases ranged from a high of 4.8% (new electrical switch plate) to a decrease of .4% (bucket).

Replacement Costs



The Replacement Costs item is even less significant than the Parts and Supplies Component, its weight being only 1/100th of the PIOC. This year's increase in the Replacement Costs component was only 1%.

Rent Stabilized Hotels

The hotel price index methodology was first developed by the consulting firm USR&E based on its 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 all hotels rose 5.2% this year, somewhat less than the increase in the apartment price index. The primary differences between the hotel index and the apartment index were in the taxes and utilities components. Taxes rose only 1.6% overall (vs. 3.0% in apartments) due to a slight decrease in taxes for large hotels. Utilities were up only 6.1% (vs. 7.8% in the apartment sector) because hotels spend less of their budget on gas and more on electricity. Electricity costs were only up 2 to 4%.

Among the different categories of hotels, the increases were: Hotels 3.9%, Rooming Houses 6.5%, and SROs 6.5%. The smaller rate of increase for the "Hotels" category was largely due to a slight decrease in taxes for these buildings (vs. increases of 5.5% and 1.9% for Rooming Houses and SROs respectively). In addition, labor (which rose modestly) is a large portion of the cost of running large Hotels.

Rent Stabilized Lofts

The increase in the Loft Index this year was 4.8%, somewhat below the increase for apartments. The lesser rate of increase was primarily due to the significance of

Change In Costs for Rent Stabilized Hotel Buildings, April 1995 to April, 1996

Taxes	1.6%
Labor Costs	3.7%
Utilities Costs	6.1%
Fuel Costs	25.7%
Contractor Services	1.1%
Administrative Costs	4.2%
Insurance Costs	5.0%
Parts & Supplies	0.3%
Replacement Costs	2.8%
Overall	5.2%

Change In Costs for Rent Stabilized Loft Buildings, April 1995 to April, 1996

Taxes	3.0%
Labor Costs	3.3%
Utilities Costs	7.8%
Fuel Costs	27.6%
Contractor Services	1.8%
Administrative Costs, Legal	0.9%
Administrative Costs, Other	3.9%
Insurance Costs	5.0%
Parts & Supplies	0.8%
Replacement Costs	1.0%
Overall	4.8%

legal costs for lofts (12% of the index) and the low rate of increase for these costs (.9%). In all other respects, increases in the Loft Index were quite similar to increases in the Apartment Index.

1996-97 PIOC Projections

Summary

Fluctuations in the price of various operating costs were easier to project for 1996 than the previous year, despite an unusually severe winter which caused fuel oil prices to skyrocket. This predictability stemmed from relatively stable growth in Labor Costs, Contractor Services, Administrative Costs, Parts & Supplies and Replacement Costs. The price of heating fuels rose much faster (30%) than predicted (10%). Property taxes, utility and insurance prices were also somewhat higher than projected. In contrast, the cost of labor, administration, contractor services and replacements did not increase as fast as estimated last year.

The volatility of fuel oil prices, and their destabilizing effects on electricity and gas costs, has hampered the accuracy of PIOC projections over the past several years. Fuel-related costs (heating fuel, electricity and gas) compose roughly one-sixth of the market basket of operating costs measured by the PIOC. Large changes in fuel prices can mask smaller changes in non-fuel-related costs resulting from local trends, such as declining unemployment or growth in the gross city product. While property owners and tenants are affected by forces operating within and outside of New York, the drastic and somewhat cyclical nature of fuel price changes in recent years seems to obscure the deeper long term movement of the PIOC.

To gauge long term movements in prices, RGB staff has estimated changes in both the regular PIOC and a "core" PIOC for 1997. Calculation of the "core" PIOC holds fuel-related cost components constant while estimating growth in non-fuel related operating costs. Overall, the PIOC is expected to grow by 2.7% between 1996 and 1997, while the "core" PIOC is expected to increase by 2.9% over the same period. Projected changes in the index's separate components are shown alongside actual increases observed from 1995 to 1996 in the chart on page 36.

Taxes +3.7%

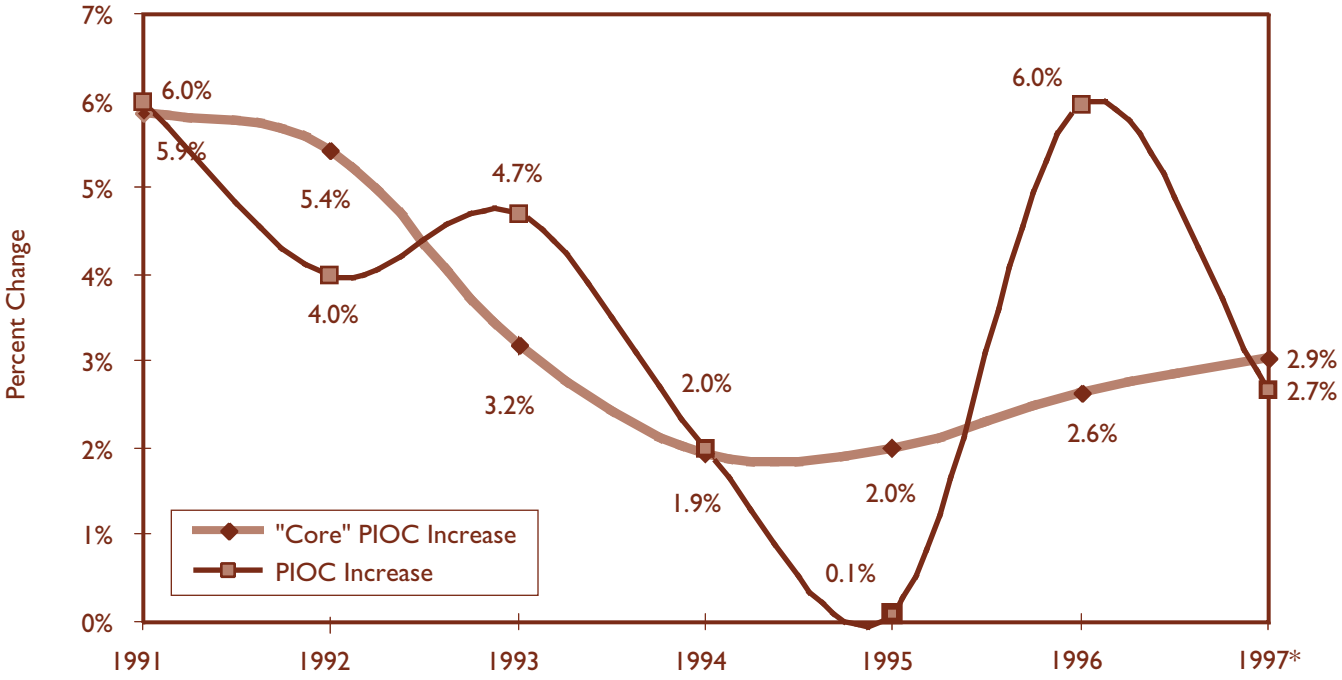
Property taxes comprise roughly a quarter of the PIOC. Tax increases tended to exceed overall growth in the PIOC from the mid-1980's until the early 1990's, when the City's moribund economy depressed tax assessments to the point where tax growth lagged behind the overall price index. This trend is beginning to reverse, as assessed values stabilize.

The distribution of New York City's tax burden among various types of property in the city usually changes from year to year. Since 1990, Class Two properties (which include rent stabilized buildings) have assumed a greater share of the city's tax levy, mainly because of sharp drops in the value of office and retail properties. Although commercial real estate is regaining value, particularly in Manhattan, Class Two properties are expected to shoulder a greater share of the city's tax levy in the near future. Barring action from the Mayor and City Council, this should result in an increase in the tax rate for Class Two buildings next year.[3]

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 only 0.1%, while billables for 4-10 family buildings are expected to increase by 2.1%. Overall, billable assessments for stabilized buildings, which are predominantly classified as "rental" buildings, would increase by 0.4% from 1996 to 1997.

3.Editor's Note: The New York City Council voted in June, 1996 to adopt a 2.3% increase in the tax rate for multi-family dwellings for Fiscal Year 1996-97.

The "Core" PIOC Shows Inflationary Trends More Accurately than the Actual PIOC



* Note: The percent change for 1997 was estimated.
Source: Price Indices of Operating Costs, 1991-1996, PIOC projection for 1997.

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 .5% for stabilized properties in 1996. Assuming that the discrepancy between the preliminary and final tax roll is also .5% in FY '96, billables should decline by .1%. This slight decline in billables, combined with a projected 3.7% tax rate increase should result in a 3.7% increase in tax bills for rent stabilized buildings.

Labor Based Components (Labor Costs +4%, Administrative Costs +3.7% and Contractor Services +1.7%)

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

Growth in wages and benefits this past year was the lowest observed since 1985. Next year, growth in non-union wages and benefits should drive "Labor Costs" up by 4%. This projection relies on the most recent multi-year contract agreements negotiated between building owners and unions representing building workers and, in the case of non-union employees, average increases in wages and benefits observed over the past three years.

Similarly, projected increases in "Administrative Costs" (3.7%) and the price of "Contractor Services" (1.7%) were derived from average growth

rates witnessed in both components during the past three years.

Fuel -6.1%

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 drift downward somewhat in 1996 and 1997, falling by 6.1% in response to increased production from non-OPEC producers, "normal" winter weather and slackening growth in the national economy.

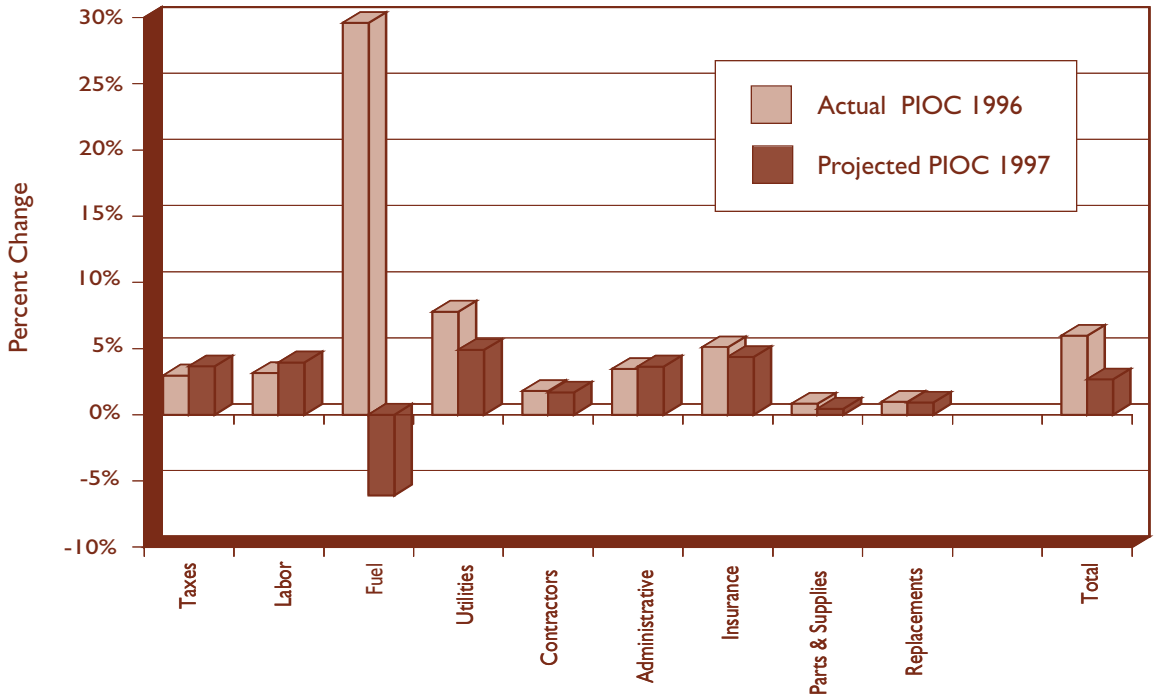
The Energy Information Administration (EIA) currently projects that world oil prices will hover around $16 per barrel between the fourth quarter of 1995 and the fourth quarter of 1996. The first assumption behind this forecast is that non-OPEC producers will continue to increase their efficiency, and that OPEC countries will cut prices to retain market share. The second major assumption holds that national demand for oil will not increase rapidly, as rising interest rates and inflation dampen economic growth in the upcoming year. As usual, winter weather for the mid-Atlantic region is assumed to be "normal".

Overall, using EIA forecasts of increasing global production and stable national demand (and assuming fairly "normal" weather conditions), fuel oil prices in the New York area should decline by 6.1% in 1997.

Insurance Costs +4.4%

Insurance Costs for rent stabilized buildings have risen faster than 5% since 1995. This year's increase of 5.0% was well above the rate predicted last year. Based on the latest three-year weighted average, Insurance Costs should rise by 4.4% over the coming year.

Costs are Projected to Increase Moderately from 1996 to 1997



Source: Price Index of Operating Costs, 1996; PIOC projection for 1997

Utility Costs +4.7%

Utility Costs encompass the price of electricity, natural gas, water and sewer service, purchased steam, and telephone service. Water and sewer costs alone account for nearly 60% of the utility index, while electricity and gas comprise another 35% of the category.

Next year the overall price of utilities should increase by 4.7%. The bulk of this growth will come from rising water and sewer rates (6.5%), combined with more moderate increases in the costs of natural gas (5.5%) and electricity (0.1%).

The New York State Public Service Commission (PSC) estimates that electricity rates, which dropped slightly in April, will remain stable through 1997. Additionally, the PSC predicts that stagnant oil prices should keep fuel adjustment charges from increasing sharply over the year. Thus, the price of electricity should remain stable over the coming year if climate patterns follow normal trends and the price of fuel behaves as predicted.

In contrast to electricity, rates for natural gas should rise over the coming year. Both Con Ed and Brooklyn Union Gas plan to petition the Public Service Commission for increases in gas rates in October, as record demand for natural gas across the nation propels the price upwards. Overall, rising nationwide gas demand and Con Ed's request should boost overall gas rates in New York City by roughly 5.5% over the next year.

During the past ten years, water and sewer rates have grown the fastest of all the components of the Utility Cost category. After consecutive double digit increases, water and sewer rates were frozen by Mayor Dinkins from 1993 to 1995. This year, rates were unfrozen, and rose by 4.7%. Assuming the current proposals for rate increases are approved by the Water Board, water/sewer rates will probably increase by about 6.5% in 1997.

In total, a 6.5% increase in water and sewer charges, combined with 5.5% growth in natural gas prices and relatively stable electricity rates, should cause Utility Costs to rise by 4.7% in 1997.[4]

4.Editor's Note: In May, 1996, the New York City Water Board voted to increase water rates by 6.5% for FY 1997

Parts & Supplies +.5%

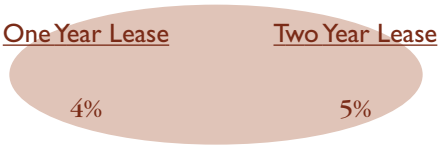
Traditionally, Parts and Supplies has been a very small part of the PIOC, comprising less than 3% of the 1996 index. Over the last three years, growth in this component has been stagnant. Based on the latest three year average, the cost of Parts and Supplies should increase by .5%.

Replacement Costs +.9%

This component accounted for roughly 1% of the entire price index in 1996. This past year, growth in Replacement Costs continued to decelerate. According to the current three year price trend, Replacement Costs should rise by .9% over the next year.

Commensurate Rent Increase

The commensurate rent increase is a formula which the RGB has used throughout its history. The commensurate rent increase has been explained as the percentage rent increase needed to maintain landlords' current dollar net operating income (NOI) at a constant level. The commensurate rent increase for this year is[5]:



As a means of compensating landlords for cost increases, the commensurate rent increase formula has two major drawbacks. First, although the formula is supposed to keep landlords' current dollar income at a fixed level, the formula doesn't consider the mix of one and two year lease renewals. Since only two-thirds of leases are renewed in any given year, and a preponderance of leases are for two years, the formula does not necessarily accurately estimate the amount of income needed to compensate landlords for past O&M increases.

5.The accuracy of the PIOC is assumed as is the collectibility of legally authorized increases. Calculating the "traditional" Commensurate Rent Increase requires an assumption about next year's PIOC. In this case we use 2.7%, staff's PIOC projection for 1997.

A second possible flaw of the commensurate formula is that it does not consider the erosion of landlords' income by inflation. By maintaining current dollar net operating income at a constant level, adherence to the formula may cause profitability to decline over time, although this is not an inevitable consequence of using the commensurate.[6]

An alternative to the commensurate rent increase adjusts for the mix of lease terms and sources of landlord revenue allowed by the RGB other than lease renewals (e.g. vacancy renewals). This is called the "Net Revenue" rent increase, and takes into consideration the mix of leases actually signed by tenants but does NOT adjust NOI for inflation. Two guidelines which would preserve "Net Revenue" in the face of this year's 6.0% increase in PIOC measured costs are[7]:

Computation of "Net Revenue" Increases

	1 Year Lease	2 Year Lease	Vacancy Allowance	Low Rent Supplement
Option One (Lease renewals only)	5%	7%	-	-
Option Two (Lease renewals, vacancy allowance and low-rent supplement)	3%	4%	8.5%	$20

An alternative to this "Net Revenue" formula would be to consider lease terms and to adjust NOI upward to reflect inflation so that BOTH O&M and NOI remain constant. We will call this the "Net Revenue with Adjusted NOI" increase. Assuming that revenue from an across-the-board vacancy allowance and a $20 surcharge (for units renting below $400) is included in these calculations, a variety of guidelines would preserve "Net Revenue" in the face of 3.5% growth in the Consumer Price Index alongside a 6.0% rise in the PIOC[8]:

Computation of "NOI Adjusted Net Revenue" Increases

	1 Year Lease	2 Year Lease	Vacancy Allowance	Low Rent Supplement
Option One (Lease renewals only)	7%	8%	-	-
Option Two (Lease renewals, vacancy allowance and low-rent supplement)	4.5%	6%	8.5%	$20

All of these methods have their limitations. The traditional commensurate increase is artificial and doesn't consider the impact of lease terms or inflation on landlords' income. The "Net Revenue" formula does not attempt to adjust NOI based on changes in interest rates or deflation of landlord profits. The "Adjusted NOI" formula inflates the debt service portion of NOI, even though interest rates have been falling, rather than rising over recent years.

Each of these formulas may be best thought of as a starting point for deliberations. The staff's other research and testimony to the Board can be used to modify the various estimates depending on these other considerations.[9] ❒

6. Whether profits will actually decline depends on the level of inflation, the composition of net operating income (i.e. how much is debt service and how much is profit), changes in tax laws, and interest rates.

7. The following assumptions were used in the computations: (1) The required increase in landlord revenue is 4%, or 67.6% of the 1996 PIOC increase of 5.95%. (2) These lease terms are only illustrative. Other combinations of one and two year lease increases could also result in a 4% revenue increase. (3) Lease terms were derived from the 1993 NYC Housing and Vacancy Survey. According to the HVS, 29% of all tenants have a one-year lease and 72% have two-year leases half of which renew in a given year. As a result, 65% of tenants renew their leases in a given year. The increase in landlords' revenue reflects this lease distribution. (4) The 1993 HVS showed a turnover rate of 12.3%. As a result of turnover, landlords can expect an increase in revenue of about one percent, given the 8.5% vacancy allowance. This assumes that the vacancy allowance is charged and is collectible in all cases.

8 Note: The NOI was adjusted upward by the most recent yearly increase in the Consumer Price Index, March 1995 to March 1996, which amounted to 3.5%.

9. Editors Note: The Rent Guidelines Board (RGB) by Order No. 28 set the following maximum rent increases for leases subject to renewal on or after October 1, 1996 and on or before September 30, 1997 for apartments under its jurisdiction: 5% for a one year and 7% for a two year lease renewals, a 9% vacancy allowance plus a supplemental adjustment of $20 per month for apartments renting for $400 or less.

1996 INCOME AND EXPENSE STUDY

The Rent Guidelines Board (RGB) has analyzed changes in the costs of operating rental apartment buildings in New York City since the enactment of the Rent Stabilization Law in 1969. For many years the RGB's effort was focused on the Price Index of Operating Costs (PIOC), which uses survey data to track changes in operating and maintenance (O&M) costs. In turn, the Board relied heavily on the PIOC and other indices in determining annual rent increases for stabilized apartment buildings.

Despite on-going complaints from both tenant and landlord groups, the accuracy of the PIOC could not be reliably gauged until 1990. In that year, the RGB acquired new data that permitted independent verification of the PIOC's accuracy: income and expense (I&E) statements, filed annually by owners of "income producing" properties with the Department of Finance. These I&E statements contain detailed information on revenues and costs in rent stabilized buildings. They are particularly useful because they comprise both cross-sectional data, reflecting the condition of the rent stabilized housing stock 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.

Local Law 63

The existence of income and expense data for rent stabilized properties stems from Local Law 63, enacted in 1986. This statute requires owners of income producing properties in New York City to annually file Real Property Income and Expense (RPIE) statements with the Department of Finance. Although the law exempts certain properties, including cooperatives, condominiums, buildings with an assessed value below $40,000 and those with fewer than 11 units, from filing, the financial characteristics of thousands of rent

Summary

The 1996 Income and Expense Study indicates greater financial health in New York's rent stabilized housing stock. This improvement was fueled by growth in rents (4.5%) and incomes (4.7%) which outpaced increases in expenses (2.5%) over the year. Increased collections of residential and commercial rents, rather than increases in contract rents, primarily spurred this surge in revenues. As rent and income growth accelerated over the year, operating expenses remained fairly stable, rising at a similar pace to that observed in 1993. Overall, these trends propelled net operating incomes nearly to levels experienced in 1989, before New York's economy and real estate markets were beset by recession.

This year's longitudinal data also indicate that, in contrast to previous years, operating costs measured by I&E data rose faster (2.5%) than PIOC-measured costs in 1994 (1.6%). Between 1989 and 1994, costs reported in I&E filings rose by 21% while those measured by the PIOC grew by 27%. This may mean that the PIOC provides more accurate findings under better economic conditions, although additional years of study are required before this can be definitively proven.

Average rent per unit: $564
Average rent, pre-war buildings: $511
Average rent, post-war buildings: $703
Average gross income: $628

Average rent, residential only buildings: $540
Average income, residential only buildings: $555

Average expenses per unit: $415
Average audit-adjusted expenses: $381
Average expenses, pre-war buildings: $386
Average expenses, post-war buildings: $490

Average expenses, residential only buildings: $381
Avg. audit-adjusted expenses, residential only bldgs: $350

stabilized buildings throughout New York are annually catalogued in RPIE returns. While 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 seven years Finance has provided the RGB with summary data for a sample of rent stabilized properties. Samples in the first two studies were limited to 500 buildings, because RPIE files were not automated. Four years ago, following the computerization of all I&E filings, the sample size was increased to over 10,000 properties.

Methodology

1996 marks the seventh year that RGB staff has used RPIE income and expense data to monitor conditions and trends in New York's rent stabilized apartment buildings. Longitudinal data is particularly useful in this regard, because it traces actual revenues and costs (as reported by building owners) for the same properties over a number of years. This in turn provides an accurate gauge of the PIOC's recent performance in measuring changes in operating costs in the stabilized housing market.

The 1996 Income and Expense Study extends this process of data verification by examining the veracity of RPIE information itself. This is accomplished by comparing RPIE information with data from Tax Commission Income and Expense (TCIE) forms submitted to the New York City Tax Commission by owners of stabilized properties who protested their tax assessments in 1995.

The data used in this report was primarily summarized from 1995 RPIE forms returned to the Department of Finance by building owners. Longitudinal data encompasses properties which filed RPIE forms in both 1994 and 1995. However, analysis of filing dates indicates that RPIE averages reflect conditions occurring around July of the calendar year in question, so that this year's longitudinal study measures changes in costs and income from July 1993 to July 1994.

This year 12,834 and 11,446 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 1995 RPIE statement (or 1994 and 1995 statements for 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 1995 RPIE form for the cross-sectional study, or a 1994 and a 1995 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 completed or the building was vacant;

Three additional methods were used to weed out inaccurate building information which could have distorted the final results:

- In prior 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 rents for each building were tested to control data quality. Using averages from the 1993 HVS, RGB staff provided Finance with rent intervals for each borough. Buildings with average rents outside of the ranges were removed from both samples. This year, 454 buildings were expelled from both samples for this reason. Most (286) of these buildings were expelled for having average rents below $100 per month, although 126 buildings with average rents in excess of $2000 per month were also removed.

- Buildings in which operating costs exceeded income by more than 300% were excluded from both the cross-sectional and longitudinal samples. Eighteen properties were excluded from each sample for this reason. Among these buildings, operating costs were eight times higher on average than income in 1994. In half of these properties, costs were eleven times higher than income.

As in prior studies, after compiling both samples, Finance categorized sample data into "cells" reflecting particular types of rent stabilized buildings throughout the five boroughs (such as structures with 20-99 units built in Brooklyn before 1947).

The Department of Finance keeps computerized information on all properties which filed Tax Commission Income and Expense (TCIE) forms with the Tax Commission in order to appeal their property taxes in a public hearing. Since TCIE forms do not have to be filed by owners of residential buildings with fewer than eight units in order to protest their assessments, the mass of stabilized buildings which file TCIE forms in a given year is similar to those traditionally analyzed in the Income and Expense Study. In 1995, roughly 9,000 rent stabilized buildings filed TCIE forms with the Tax Commission. As with RPIE filings, this data reflects conditions in effect during 1994.

Cross Sectional Study

Rents

The 1994 average monthly rent collected by owners of rent stabilized apartment buildings was $564 per unit. Rents for Post '46 units were substantially higher ($703) than those for pre-war units ($511). As in prior years, average rents were highest in Manhattan ($695), followed by Queens ($525), Brooklyn ($474) and the Bronx ($457).

The sheer size of both the cross-sectional and longitudinal samples (each over 500,000 dwellings) allows reliable statistics to be calculated for rent, income and costs in most of the building types

Stabilized Apartments in Manhattan had Higher Rents and Incomes in 1994

Source: NYC Department of Finance, 1995 RPIE Filings

encountered throughout New York's boroughs. The chart on the previous page summarizes average rents and incomes for each of the building categories examined in the I&E study.

Average rents in RPIE filings tend to be lower than measures of mean contract rent obtained from both the triennial New York City Housing and Vacancy Survey (HVS) and the New York State Division of Housing and Community Renewal (DHCR). The crux of the difference between the two measures is that RPIE data accounts for vacancy and collection losses. Average rents from the HVS and DHCR registration data merely reflect contract rents, which may not be collected in full due to vacancies or non-payment of rent. Additionally, RPIE information reflects rents collected over a 12-month period, while HVS figures pertain only to contract rent sometime in the first three months of any given year.

Last year, mean contract rents from the 1993 HVS were roughly 6.1% higher than average rents from 1993 RPIE filings. Unfortunately, a similar comparison for 1994 data cannot be undertaken until the completion of the 1996 HVS. However, the 1994 average rent from I&E filings ($564) was 12% lower than the mean contract rent for stabilized apartments registered with DHCR in 1994 ($642). This represents a decline of one percentage point from the 13% "gap" observed between the two indices in 1993.

The shrinkage of the gap between average rent collections and mean contract rents may herald lower vacancy and collection losses in the stabilized housing market. Smaller "gaps" between I&E and DHCR average rents may indicate that owners are collecting more of the stabilized rents they are legally entitled to charge due to lower vacancies, fewer "preferential rents" or fewer non-paying tenants. Part of the observed decrease in the "gap" may also reflect a drop in the number of rent-controlled apartments.

Historically, the disparity between the two measures has been falling steadily since 1991, when average I&E rents were 15% lower than the DHCR mean contract rent. The decline in the "gap" stems from the fact that rent collections consistently grew faster than registered rents after 1992, as documented in the table above. Ironically, growth in rent collections exceeded the rise in the RGB's own rent index for 1994 (2.9%), which tracks maximum allowable rent increases that result from Rent Guidelines Board orders for a given year. This further strengthens the theory that property owners are reaping greater revenues partly as a result of reduced vacancy and collection losses rather than outright rent increases.

Rent Collections Continued to Outpace Contract Rents in 1994

	DHCR Rents	RPIE Rents	RGB "Rent Index"
1990-91	5.2%	3.4%	4.2%
1991-92	3.8%	3.5%	3.9%
1992-93	2.8%	3.8%	3.1%
1993-94	3.1%	4.5%	2.9%

Source: NYC Dept. of Finance and NYS Division of Housing and Community Renewal

Many owners of rent stabilized apartment buildings augment their revenues by selling services to their tenants as well as by renting commercial space. 1995 RPIE filings show an average gross income of $628 per rent stabilized unit in 1994. This figure encompasses rent from stabilized apartments as well as the sale of services (e.g. laundry, garages/parking) and commercial income. Such proceeds constituted roughly 11% of the total income earned by building owners in 1994. Manhattan owners especially benefit from commercial income, with 16% of their revenues coming from commercial units and services. The respective figures for the other boroughs are 7% in Queens, 6% in the Bronx and 5% in Brooklyn.

Operating Costs

In addition to revenues, RPIE filings include data on eight types of operating costs. In contrast to revenues, however, this data does not distinguish between costs for commercial space and those for apartments, 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 $415 in 1994. Costs were substantially higher for Post '46 units ($490) and much lower for the pre-war stock ($386). In the

boroughs, costs parallel rents - lowest in the Bronx ($340) and highest in Manhattan ($516). The chart below shows costs according to building 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 one-quarter (25%) and approximately one-third (37%). Adjustment of 1994 RPIE data by the results of the 1992 audits reduces the monthly average O&M costs for stabilized units from $415 to $381.

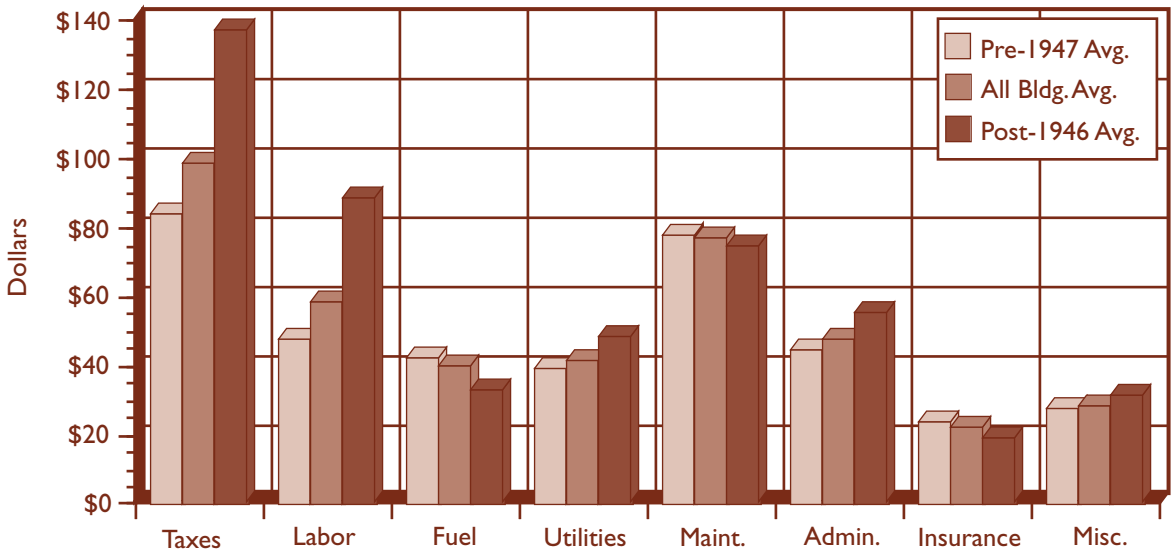
Audit-adjusted monthly O&M costs for buildings without commercial units were about $31 lower ($350) than the average for all buildings. In 1993, RGB staff found that taxes accounted for almost half (47%) of the difference between "all-residential" buildings and all stabilized buildings. Labor, maintenance and administrative costs accounted for most (39%) of the remaining variation between the two groups. This year taxes accounted for just under half (49%) of the difference while labor, maintenance and administrative costs accounted for roughly 30% of the total variation. Taxes, miscellaneous and administrative expenses were respectively 19%, 11% and 9% lower on average for buildings without commercial space than for all stabilized properties.

Components of Operating Costs

In 1994, two-thirds of total expenses in stabilized buildings were comprised of property taxes,

Modern Buildings Paid Higher Taxes, Labor, and Administrative Costs in 1994

Note: All amounts shown reflect monthly averages per apartment



Source: NYC Department of Finance, 1995 RPIE Filings

maintenance, labor, and utility costs. Older (pre-47) buildings spent more than average on maintenance, insurance and fuel costs, while consequently spending 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, administrative, insurance and fuel costs. Much less variation was observed within the other two expense categories (utilities, and miscellaneous costs) among buildings of different age.

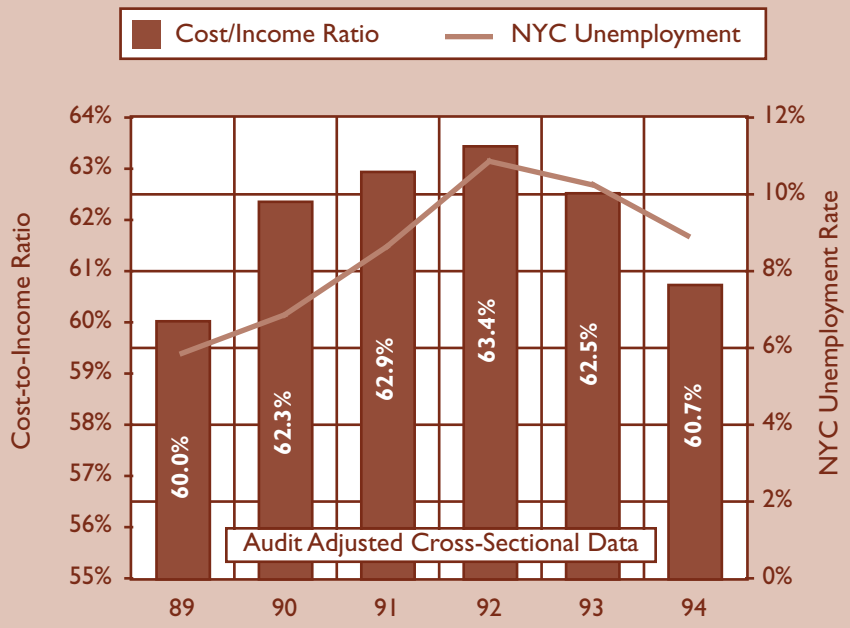
Building size also affected the distribution of costs in rent stabilized buildings. As in 1993, taxes, utilities, fuel and maintenance costs again dominated total operating costs in buildings of various sizes in 1994. Labor costs continued to be particularly associated with size, comprising much larger shares of total O&M costs in larger buildings, probably 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 1994, probably due to efficiencies of scale realized by larger properties, particularly those with 100 or more units.

Operating Cost Ratios

The proportion of gross income spent by stabilized building owners on audited operating costs dramatically declined to 60.7% during 1994, as shown in the chart below. As New York fell into the throes of a deep national recession and rising local unemployment, building owners steadily paid an increasing share of their revenue for operating costs. This trend started to reverse around 1993, when the city's economy began to improve and help building owners, as average growth in rents and income outpaced costs to push the average cost-to-income ratio down to 62.5%.The trend continued more aggressively in 1994, as rents and incomes continued to grow faster (respectively 4.5% and 4.7%) than expenses (2.5%).

Various factors explain the observed relationship between the recent recession and rent collections. Housing costs typically comprise the largest single expense facing households, particularly those with children. In the face of rising rents, as well as inflation, household incomes must also increase in order for housing to remain affordable. In turn, wages and income tend to grow faster during economic upswings, as employers face increased competition for workers, and are willing to pay higher costs in order to secure additional labor required for expansion. In contrast, depressionary cycles cause profits to shrink, forcing some businesses to shed workers and others to delay additional expansionary investment. As unemployment rises, workers become more abundant, depressing growth in wages and incomes. In such times, it becomes more difficult for households, faced with stable or slowly increasing rents and declining incomes, to meet rent payments and other housing related costs. This "squeeze" between dropping wages and stable rents forces some renters,

Cost-to-Income Ratios Rose and Fell with the City's Economy During the 1990's



Source: NYC Department of Finance, 1995 RPIE Filings and US Bureau of Labor Statistics

particularly those with lower incomes, to delay their rent payments, or to skip them altogether.

This cycle was evident as New York was beset by recession in the late 1980's and early 1990's. 1989 was a notably bad year for owners, with costs rising by 7% while income increased only by 3%. The loss of 109,000 jobs that year, and 320,000 more by 1992, depressed tenant income so much that a rebound was delayed until 1993. Between 1990 and 1992 average "real" incomes for rent stabilized tenants declined by 10.3%[1]. Households with low and middle incomes, who ironically faced the highest rent increases observed during this period, suffered disproportionally from this decline. As rents continued to increase, stabilized housing became less affordable, with average rents comprising 28% of the income of tenants in 1992 as opposed to 26% in 1990. In such conditions, some tenants, especially those with lower incomes, evidently could not make timely rent payments. These factors explain the growth of the "gap" between average rent collections and mean contract rents from 10% to 14% between 1989 and 1992. These factors also illuminate the particularly acute rise in collection losses in pre-war buildings, which tend to have poorer residents[2]

In 1993, New York started to pull out of its economic tailspin, as unemployment dropped slightly and the Gross City Product began to rise. Collection and vacancy losses probably dropped, particularly in post-war properties, and revenues in stabilized buildings began to grow faster than expenses. As employment growth accelerated in 1994 these trends intensified.

"Distressed" Buildings

Among the properties that filed 1995 RPIE forms, 1317 buildings, slightly more than one-tenth of the cross sectional sample, had O&M costs in excess of gross income. Only 60 of these buildings were built after 1946. In the previous two years such "distressed" buildings comprised twelve percent of the cross sectional sample.

Buildings with expenses greater than revenues in 1994 suffered from both abnormally high expenses (108% of the 1994 all-building average) and low rents and income (respectively only 61% and 59% of the all-building average). 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 118%, 130%, 139% and 177% of the stabilized average. Not surprisingly, these buildings also paid less property taxes (70% of the all-building average) than other stabilized structures. In 1993, taxes in such "distressed" buildings averaged 75% of the all building mean. Whether this trend reflects falling values or different assessment practices is uncertain.

Longitudinal Study

Rents

Roughly 11,400 stabilized properties filed RPIE forms in both 1994 and 1995. "Longitudinal" analysis of these buildings permits accurate measurement of changes in costs and rents, and provides a basis for evaluating the RGB's price index. As in the cross-sectional sample, longitudinal I&E data reflects conditions for calendar years 1993 and 1994.

Rents Rose Faster Than Costs During 1994

	I&E Rents	I&E Costs	O&M Ratio
1988-89	NA	NA	60.0%
1989-90	3.3%	7.1%	62.3%
1990-91	3.4%	3.4%	62.9%
1991-92	3.5%	4.2%	63.4%
1992-93	3.8%	2.1%	62.5%
1993-94	4.5%	2.5%	60.7%

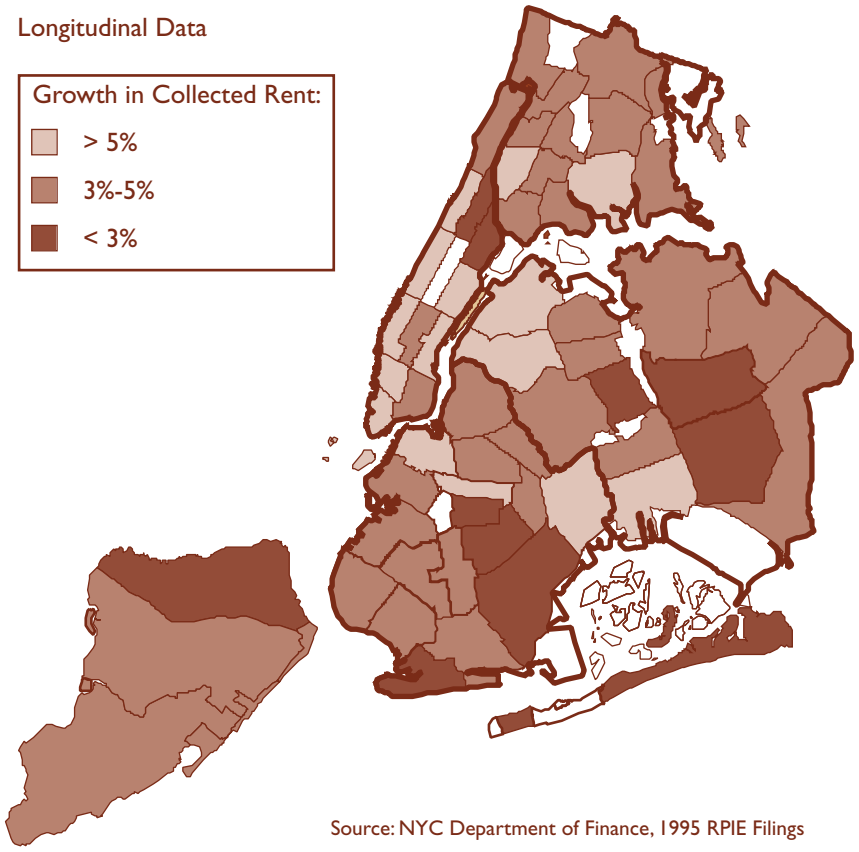
Note: O&M Ratio refers to the proportion of gross income consumed by audit-adjusted operating costs

1 According to the 1991 and 1993 Housing and Vacancy Surveys, real incomes for households living in rent stabilized apartments fell from $29,896 to $26,819.

2 Using the 1991 and 1993 Housing and Vacancy Survey and RPIE data, the difference between average rent collections and the HVS mean contract rent was respectively 12%, 10% and 11% in 1991, 1992 and 1993 for pre-war stabilized buildings. In post-war properties, average collections were 1% higher than mean contract rents in 1991, 1% lower in 1992 and virtually the same in 1993.

Rent Growth in New York City, 1993-1994

Longitudinal Data



Source: NYC Department of Finance, 1995 RPIE Filings

Between 1993 and 1994, average rent increased by 4.5%, significantly higher than the rise observed between 1992 and 1993 (3.8%). In contrast to last year, rents in older (pre-47) buildings grew faster (5.1%) than those in more modern (post-46) properties (3.5%). This was likely due to relatively fast rent growth among small (11-19 unit) and medium-sized (20-99 unit) buildings, averaging respectively 5.5% and 4.5%, and relatively slow rent growth in large (100+ unit) stabilized buildings (3.8%). In terms of both age and size, rents grew least in mid-sized, post-war buildings (by 2.5%) and most in small post-war properties (5.8%), which form only a small portion of the stabilized stock.

While rents generally increased throughout New York's rent stabilized housing stock in 1994, some areas experienced stronger gains than others. For the first time, RGB staff was able to plot changes in average rents across the city's 59 Community Districts, summarized in the map above.

As shown, rents increased more than 5% throughout most of the "Manhattan Core" below East 96th and West 110th Streets. This trend partially explains why average rents in Manhattan rose faster (4.8%) than the stabilized market average for the second consecutive year. However, rent collections also rose beyond the stabilized average in several less affluent areas, notably Morrisania in the Bronx along with Crown Heights and East New York in Brooklyn and Astoria in Queens. The reasons for this are not clear, although stabilized housing in these neighborhoods is considerably older than the citywide norm. As noted earlier, buildings constructed before 1947 exhibited higher average rent growth (5.1%) than their modern counterparts (3.5%).

Although New York's resurgent economy lifted stabilized rents throughout the city in 1994, properties in some areas of the city experienced below average growth in rent collections. These included less affluent neighborhoods such as Central and East Harlem, Coney Island and Jamaica, along with more prosperous areas such as Flatbush, Canarsie and Forest Hills. No single factor can be identified for this trend, except that stabilized housing in each of these areas is fairly modern, with at least 25% of stabilized buildings constructed after 1946 (23% of all stabilized apartments in New York are located in post-46 buildings).

During the 1980's, rent collections accelerated faster than the RGB's expectations. This began to occur again in 1993, as rent growth of 3.8% exceeded both the RGB's rent index (3.1%) and the increase observed in DHCR registered rents (2.8%) between 1992 and 1993. This trend was more strongly evident in 1994, as average rent collections increased by 4.5% while the Rent Index grew by 2.9% and DHCR rents rose 3.1%.

Gross income (i.e. apartment rent, sales of services, and commercial rent) collected by owners between 1993 and 1994 increased by 4.7%, slightly more than growth in apartment rents. Unlike last year, income in modern (post-46) apartments rose slower (3.6%) than in the pre-47 stock (5.3%). Also, in complete contrast to last year's findings, income grew fastest in small buildings (6.2%) and slowest in large ones (3.8%).

Operating Costs

Overall operating and maintenance costs rose 2.5% during 1994, making it the second consecutive year that expenses grew slower than revenues. Costs rose much less in modern properties built after 1946 (0.7%) than in those built before 1947 (3.4%). This disparity stemmed from decreases in the average amount of property taxes (-5%), fuel (-2%) and miscellaneous costs (-6%) incurred by post-war buildings. Size, as found in last year's I&E study, also influenced cost growth, with expenses in mid-sized buildings increasing faster (3.1%) than those in both small and large buildings (respectively 2.4% and 1.1%).

Of the various expenses monitored in the Income and Expense study, insurance, maintenance and labor costs grew fastest (by respectively 5.4%, 4.7% and 3.9%) between 1993 and 1994. On the other hand, utility costs (charges for electrical service and water/sewer use) declined very slightly by 0.1%, while fuel costs declined (-1.3%) for the second consecutive year. Most importantly, property taxes, the largest single cost confronting most stabilized building owners, remained fairly stable in 1994, increasing only 2%.

Over the past few years, as the box above indicates, growth in PIOC-measured costs has consistently outpaced expense increases reported by building owners in RPIE data. In 1994, this trend reversed. Average expenses rose by 2.5% according to RPIE filings while PIOC-measured costs for the same period rose 1.6%. Most of this difference stemmed from insurance, maintenance and fuel expenses. From 1989 to 1993, the PIOC regularly reported higher increases in these sectors than were actually recorded in RPIE filings.

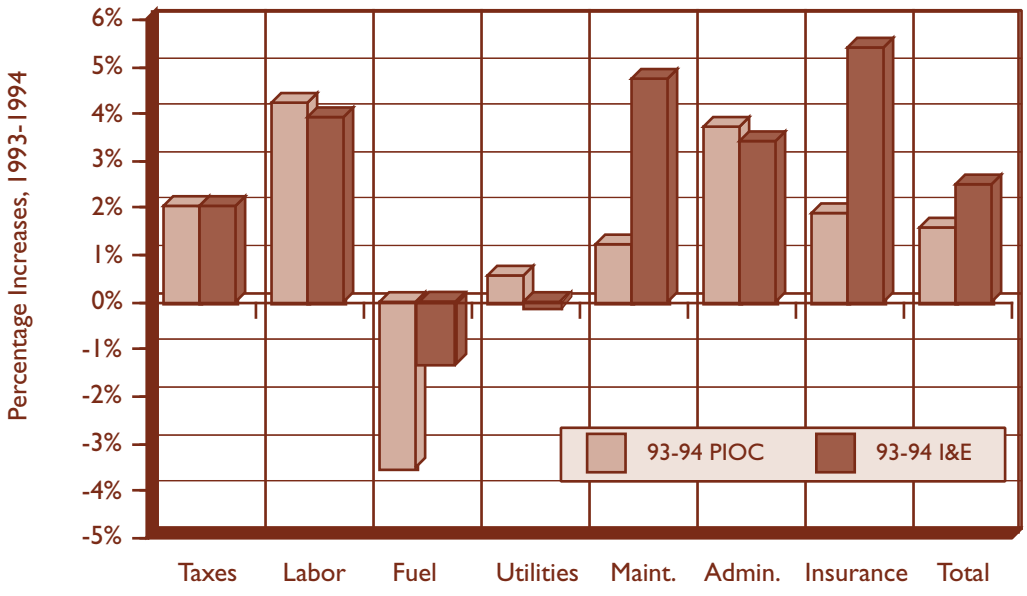
Comparison of I&E and PIOC data is somewhat distorted due to differences in the ways cost

I&E Costs Rose Faster Than PIOC Costs for the First Time in Recent Years

	PIOC Costs	I&E Costs
1989-90	9.5%	7.1%
1990-91	5.5%	3.4%
1991-92	4.2%	4.2%
1992-93	4%	2.1%
1993-94	1.6%	2.5%

Note: PIOC figures adjusted for comparison to I&E data

From 1993 - 1994, Owners Reported Greater Changes in Insurance Maintenance and Fuel Costs than Reported in the PIOC



Source: NYC Department of Finance, 1995 RPIE Filings

components are measured and the way information is gathered. Components examined in the PIOC are mainly measured on an April-to-April basis, while most expense statements (88%) filed by landlords are based on the calendar year, requiring the use of weighted averages to achieve comparable figures. Despite these drawbacks, it seems that the PIOC may have become more "accurate", in terms of the disparity between I&E and PIOC measured expenses, as New York's rent stabilized housing market emerges from the recession of the early 1990's. This may indicate that the PIOC is better at tracking costs during economic upswings, when all types of costs are generally increasing, and when accelerating revenue growth induces fewer owners to cut back on maintenance services.

Operating Cost Ratios

Overall, the proportion of gross income spent on unaudited expenses declined by nearly one-and-one third (1.3) percentage points between 1993 and 1994. The proportion of income spent on audited expenses also fell by a similar margin. Change was also observed in the proportion of rents used to pay audited costs, which dropped by 1.3 percentage points.

The percentage of buildings with costs in excess of revenues declined from 11% to 9% of the roughly 11,000 buildings that filed RPIE forms in 1994 and 1995. Though fewer buildings faced income ratios over 100% in 1994, the basic characteristics of these buildings did not change. As reported in the cross-sectional study, these buildings are burdened by low average rents and high operating expenses. Unfortunately, the summary statistics available to staff are not adequate for more thorough insights. For example, we were unable to analyze the difference between the buildings with income ratios above 100% and those buildings that, in prior years, had negative net operating income.

Tax Commission Data

This year, for the first time, RGB staff was able to access income and expense data for over 11,000 rent stabilized buildings that filed Tax Commission Income and Expense (TCIE) forms in 1995. This data, as with information obtained from regular RPIE forms, reflects conditions in effect during 1994. Buildings with eight or more dwellings must file TCIE forms in order to appeal their property tax bills in a public hearing before the New York City Tax Commission.

Due to time constraints in obtaining this year's Tax Commission data, staff was unable to weight 1994 TCIE data by the results of the 1993 Housing and Vacancy Survey (HVS). Because of this, averages derived from the 1994 TCIE data are not directly comparable to those reported earlier in this study, which are weighted by the HVS. Weighting allows for control of age differences that exist between the annual samples of rent stabilized buildings drawn for the I&E study and the city's entire stabilized housing stock, as described by the HVS. Lack of weighting required staff to compare average figures derived from unweighted RPIE and TCIE information.

As a whole, the buildings in this year's TCIE sample earned more revenue, and incurred higher expenses, than buildings in the cross-sectional RPIE sample. Mean rents and income in TCIE properties were respectively 104% and 110% of the average for RPIE buildings, while expenses were 108% of the RPIE average. This variance was primarily due to the fact that 28% of the apartments in the TCIE sample were located in modern (post-46) properties, as opposed to 22% of dwellings in the RPIE cross-sectional sample. Overall, the average cost-to-income ratio in TCIE buildings was slightly lower (59.6%) than in RPIE properties during 1994, despite their higher costs.

These characteristics indicate that income and expense data from TCIE filings is not significantly different from that obtained from RPIE filings. While the source of the observed difference cannot presently be determined, its existence does not diminish our confidence in RPIE data currently used by the Board. Indeed, staff expected variation between the two samples to be higher than observed. Although weighting of the two samples by the 1993 HVS will definitively determine the accuracy of the RPIE filings, the preliminary findings noted above uphold the general veracity of the data used in this study and those in previous years.

The apparent lack of significant variation between TCIE and RPIE filings presents interesting implications for future research. Because TCIE data is public information, whereas RPIE filings are not, income and expense information for individual buildings can be obtained from the Tax Commission for use in detailed statistical analyses. This capability will allow staff to better examine subtle trends affecting New York's stabilized housing, which is difficult given the confidentiality restraints of RPIE filings. ❒

1996 MORTGAGE SURVEY REPORT

Introduction

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

During the past year, RGB staff made several improvements to the Mortgage Survey. Last year's survey sample was updated to include only those institutions that still offer loans for multi-unit buildings in New York City. In addition, since so many of the lenders surveyed in the past have merged or discontinued offering mortgages for multifamily properties, staff combed newspapers, trade magazines, the yellow pages and other sources for lenders to include in the sample. We more than made up for institutions lost last year by adding ten new lenders to the sample, reaching a total sample size of fifty-six institutions.

In response to requests from RGB Members, staff made a few additions to the Mortgage Survey questionnaire. New or enhanced questions include whether the change in the Major Capital Improvement program (MCI) has affected the level of non-performing loans; the percent of refinanced mortgages accounted for by small buildings; and a distinction between vacancy and collection losses. Finally, staff added two new sections to the Mortgage Survey Report. One is a longitudinal perspective of those institutions completing the 1994-1996 surveys, the other is a retrospective of the multifamily lending market in New York City during the past decade which combines data from RGB Mortgage Surveys and other sources.

Survey Respondents

Twenty-one of the fifty-six financial institutions surveyed completed the 1996 Mortgage Survey, furnishing the RGB with details of the multifamily mortgage lending market as of January, 1996. Unlike past years when we found several lenders had stopped

Summary

The 1996 Mortgage Survey provides evidence that the effects of the Savings and Loan crisis on New York City's multifamily lending market in the early 1990s have fully played themselves out. The years immediately following the recession ushered in vast changes in lending, including tightening lending standards, careful scrutiny by Federal regulatory agencies, institutional mergers, lenders exiting the lending market, and mounting delinquent and defaulted loans. Towards the end of 1993, the lending market for multifamily mortgages showed signs of improvement. Borrowers were no longer defaulting in large numbers, lending standards and loan volumes stabilized, and interest rates declined, reaching a 15-year low of 8.6% in 1994.

While 1995 Survey results were mixed - interest rates rose by 1.5%, though lenders increased the volume of loans underwritten - this year's Mortgage Survey shows continued growth in multifamily lending. Interest rates fell back to 8.6%, a drop of 150 basis points, and additional lenders entered the mortgage market. Likewise, the Federal Home Loan Mortgage Corporation, or Freddie Mac, infused $113 million into the New York City secondary market in only its second full year of operation following a temporary shutdown that began in 1990. Lending institutions are responding to almost non-existent loan delinquencies and to anticipation of continued low inflation rates by allowing lower interest rates, longer loan terms, more fixed-rate mortgages, and higher loan-to-value ratios.

underwriting mortgages for multifamily buildings, two institutions recently created separate multifamily mortgage divisions and are currently developing lending standards. And contrary to previous years' spate of mergers, not one lender in our sample merged with another this year, though three institutions responded that they have too few outstanding loans for rent stabilized buildings to respond to our questionnaire.

Thirteen of this year's respondents also completed last year's Mortgage Survey and eleven completed the previous three surveys. Given this strong response in multiple years, we added a separate longitudinal section to this year's Report allowing us to distinguish between differences due to changes in the lending market and those due to changes in institutions responding to RGB surveys.

Cross Sectional Study

Financing Availability and Terms

Interest rates for multifamily mortgages dropped this year, averaging 8.6% for new and refinanced loans. (See graph below.) This decrease of 150 basis points from last year's survey - when the average mortgage interest rate was 10.1% - marks only the second time in recent years that mortgage rates averaged below 9%.

Because lending institutions take their cue from the Federal Reserve, it is not surprising that mortgage rates declined last year. The Federal Reserve followed a strong anti-inflationary stance throughout 1994 and early 1995 when it raised short term interest rates seven consecutive times. The Fed reversed this trend in mid-1995 reducing the Federal funds rate three times between July and January by a total of .75% to reach 5.25%. Such rate cuts by the Federal Reserve spur large banks to decrease their prime lending rates, leading to similar reductions for mortgages, home equity loans, small business loans, and credit card balances.[1] The Federal funds rate has remained at 5.25% since January, while the discount rate is currently at 5%.

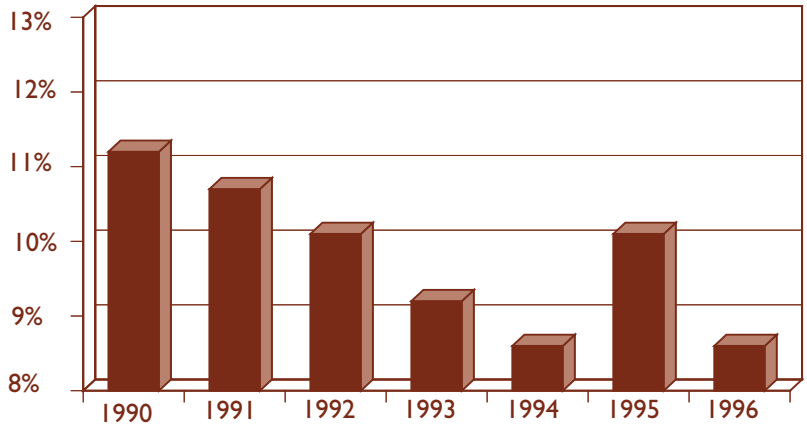
Points, terms and types of loans for both new and refinanced mortgages have remained relatively constant in recent years. Points, or service fees, currently charged by lenders range from 0 to 3, the same as last year, but the average service fee for new loans is now 1.32% versus 1.25% one year ago making the initial outlay for these loans somewhat more expensive. Average points charged for refinanced loans are once again lower than for new loans, averaging 1.21%, about the same as last year.

Since survey respondents normally provide a wide range of term lengths rather than a single number, it is difficult to know where within the range banks choose to lend. With this caveat, it appears that mortgage terms increased since a year ago for new and refinanced mortgages. Though the length varies between 5 and 30 years for the last two years, more lenders providing single numbers indicated 15-year mortgages this year, while respondents have indicated 5 or 10 years in the past. This longer term may signal increased competition among lenders and an improved economic outlook.

Lenders are also offering more flexible terms. For example, a higher proportion of banks are now offering loans with fixed rates during the beginning of the term and adjustable rates thereafter, as well as mortgages with longer amortization schedules than the loan's term.

Last year, approximately one-half of lenders offered fixed rates and the other half supplied

The Average Mortgage Interest Rate Fell to 8.6%.



Source: Rent Guidelines Board, Annual Mortgage Surveys

1 Christopher Drew, "Federal Reserve Trims Key Rates To Spur Economy" New York Times, February 1, 1996.

adjustable or balloon mortgages, perhaps anticipating that low mortgage rates would not persist in the long run. This year, two-thirds of lenders offer fixed mortgages while the remainder offer adjustable or balloon type mortgages. Many respondents report they provide all three, and one lender lets the customer decide. An adjustable-rate mortgage is usually rescheduled after 3 years for shorter term loans and after 5 years for loans with longer terms.

Along with the relatively large reduction in interest rates from 1995 to 1996, came a corresponding increase in refinancing activity, reaching levels similar to 1994. This year nine lenders (43% of those responding to this question) indicated a portion of their mortgage portfolio was refinanced at lower rates; six of these institutions refinanced more than 10% of their outstanding loans.

A new question on this year's Mortgage Survey reveals that 55% of the mortgages refinanced at lower rates are in buildings that have 20 or fewer units. This is partly because about half of the lenders reporting high levels of refinancing activity typically lend to small buildings. Thus, this survey shows that small buildings are also benefitting from lower debt service payments resulting from refinanced mortgages.

The volume of loans underwritten by financial institutions declined slightly throughout 1995 despite decreases in interest rates. Nearly 30% of respondents reported a one-third reduction in the number of loan applications received, and two other institutions report decreases in the rate of application approvals. This was offset somewhat by 15% of institutions underwriting more loans due to both increasing applications and approvals. Qualitative reasons for decreasing loan applications provided by respondents suggest heightened competition among lenders, which may indicate why banks are reducing their standards - perhaps they are attempting to attract more business, as well as reacting to a better market outlook.

Underwriting Criteria

As mentioned in previous Mortgage Survey Reports, mortgage institutions developed increasingly cautious lending criteria in the early 1990s, responding to rising loan delinquencies and defaults and to pressure by Federal oversight agencies. The Federal Deposit Insurance Corporation (FDIC) closed several financial institutions and took control of others, while the Resolution Trust Corporation (RTC), established by Congress in 1989, restructured the thrift industry and worked to minimize the effects of the costly S&L scandal. The proportion of lenders claiming they implemented stricter standards dropped remarkably after 1993 to 15% and 10% respectively in 1994 and 1995, and fell to nearly zero this year. Only one lender in 21 mentioned tightening its standards by using more stringent approvals and monitoring requirements. This lender was reacting to increased delinquencies by landlords in the past and an increase in opportunities to sell loans on the secondary market. Those banks reporting more stringent standards last year mentioned these same two factors. The continued decline in the number of banks tightening their standards is likely due to enhanced requirements implemented in the early 1990s, and since maintained, which has lead to low delinquency and default rates, as well as to better economic conditions.

A second set of questions relating to lending standards requests institutions to furnish additional requirements such as loan-to-value ratios, debt service coverage, and building characteristics. The mean dollar amount respondents are willing to lend based on a building's value (the loan-to-value ratio, or LTV) increased in 1996 by 1% to reach 71%. Standards for LTVs range from 50% to 80%. This is the second year the average standard LTV ratio increased one percent, indicating a slight loosening in mortgage financing standards.

The debt service ratio (net operating income divided by the debt service) measures an investment's ability to cover mortgage payments using its gross income net of its operating expenses. Currently, lenders' standards for debt service ratios vary from 1.15% to 1.4%. The mean debt service coverage is 1.24%, slightly less than the average 1.25% reported last year. The 1.15% standard falls somewhat close to the "risky" level where available net operating income is only 15% higher than the debt service. Some lenders reported the same requirement for debt service coverage last year, though, and have not indicated the presence of defaulted or non-performing loans.

Requirements regarding mortgage levels and physical characteristics of buildings have not changed

much since a year ago. Three respondents have minimum loan values ranging from $500,000 to $1.25 million and one bank offers loans of no more than $36,000. These figures are in line with last year's responses. This year's survey also yielded similar results in terms of number of units, building age, location and level of maintenance. Almost all lenders require buildings to be in at least good condition, four lenders have building-size requirements (minimum of 5 to 10 units), two specify location, and three consider whether a building has the potential to convert to a cooperative or condominium. Unlike the 1995 survey, no respondents in 1996 consider building age or whether the owner lives in the building in their lending criteria. Two institutions mentioned additional requirements not listed on the survey; one looks at the environmental aspect of the building, and the other reviews buildings' management.

Non-Performing Loans and Foreclosures

Responses to the non-performing loan section of the 1996 Mortgage Survey are even more encouraging than last year's results which showed that the recession of the early 1990s had finally stopped reverberating through lenders' outstanding loan portfolios. Last year, three lenders reported decreases in non-performing loans and four claimed their level of foreclosure proceedings declined substantially. No lenders reported increases in non-performing loans or defaults. Once again this year, not one survey respondent experienced an increase in non-performing or defaulted loans. One institution reduced its non-performing loans and foreclosure proceedings by 100% and attributed these results to the improved rental market.

At the end of 1994, the New York State Court of Appeals capped Major Capital Improvement (MCI) increases at 6% and allowed them to become part of the base rent. Formerly, temporary increases up to 12% were allowed but were not added to the base rent. The new ruling caused concern among owners that the reduced return would inhibit building repairs and therefore would cause buildings to deteriorate over time. Since no institutions responding to the 1996 Mortgage Survey experienced an increase in non-performing loans, none responded to the question pertaining to the change in the Major Capital Improvement (MCI) program. This leads us to believe that the effects of changing this program have not been overwhelming or that the effects will manifest in the long term and are not yet visible in owners' balance sheets.

RGB Mortgage Surveys also ask lending institutions how they resolve foreclosure actions against rent stabilized buildings with delinquencies. Again, many respondents did not answer the question since they currently have no non-performing loans, though some institutions did provide answers (more than one response was allowed). Of those who responded, most institutions (six out of seven) seize the building or restructure the outstanding debt. Some reported resuming regular debt service and arranging financing with another financial institution, while one lender reported working out any problems with the building owners. These results do not differ from last year.

Characteristics of Rent Stabilized Buildings

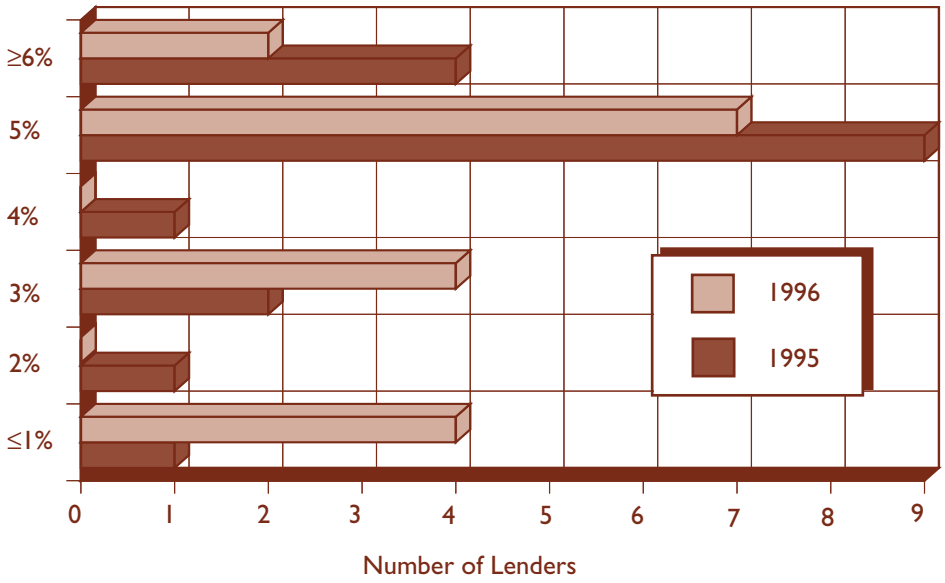
A number of questions on the Mortgage Survey ask about characteristics of buildings currently in lenders' portfolios including building size, vacancy and collection losses, loan-to-value ratios, and operating and maintenance costs. Similar to last year, over half (57%) of lenders in our sample typically provide loans for buildings with more than 20 units, the most frequently cited size being 50 to 99 units. The next most common building sizes are 11-19 and 20-49 units respectively. Two lenders typically lend to buildings with fewer than ten units and one mainly lends to buildings with 100 or more units. Again this data does not vary from responses in previous years.

A change in the Mortgage Survey instrument allows us to distinguish between relinquished rental income due to vacant apartments versus lost income caused by delinquent rental payments. The combined vacancy and collection losses reported by respondents declined considerably since last year when the mean was 4.6%. This year's average is 3.7%, similar to 1990 when the average was 3.5%.

Last year, nearly three-quarters of respondents had vacancy and collection losses of 5% or more. This year, one-half of respondents reported losses this high and one-quarter (4 of the 17 institutions responding to this

More Lenders Report Vacancy and Collection Losses Below 5%.

(Vacancy and Collection Losses of Buildings Financed By Lending Institutions)



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

Source: Rent Guidelines Board, Annual Mortgage Surveys

question) claim combined losses of 1% or less. This change is likely due to the overall improvement in New York City's economy.

It is unlikely that this substantial decline in vacancy and collection losses stems from the change in the survey instrument, since the question regarding combined vacancy and collection losses is the same on both surveys and precedes the question requesting respondents to separate the two types of losses. This breakdown shows that, on average, 2.9% of this year's total losses are attributable to collection problems, while just under 1% is due to vacancies. Given an overall vacancy rate of 3.4% in New York City's housing stock, this figure appears low. However, such low vacancy and collection losses are not unprecedented - RGB Mortgage Surveys from 1988 to 1990 found combined losses of around 3%.

Though the RGB did not request lenders to separate vacancy and collection losses in the past, in 1994 RGB staff conducted a survey in which owners of buildings in tax arrears provided vacancy information. The survey found that "almost 20% of the average building's potential rent roll remains uncollected due to [vacancy and collection] losses. A 6% loss derives from vacancies and an additional 13.5% from an inability to collect rent from tenants."[2] These results show a similar proportion of losses due to vacancies (approximately 30%) and those due to unpaid rent (roughly 70%), though, not surprisingly, buildings with tax arrears relinquish far greater amounts of their rent roll than most buildings in lenders' portfolios.

The loan-to-value ratio (LTV) on mortgages currently held by respondents averages 65%, or the same as last year. Though the average has not changed, one-third of lenders (7 out of 20) reported typical LTVs of 70 or higher, twice as many as last year. Apparently, some lenders are beginning to lend up to their maximum LTV standard, an action they have refrained from in recent years. LTV standards have also increased in each of the

2 "Tax Arrears in Rent Stabilized Buildings, 1994", *Rent Stabilized Housing in New York City, 1994*, page 57.

last two years by 1% and now average 71% as mentioned earlier in this Report.

The Mortgage Survey questionnaire requests typical operating and maintenance (O&M) expenses of buildings with outstanding loans. Because lenders' answers are extremely varied, we have not presented average or modal values in the past. Lenders' responses are more a reflection of the type of building, whether luxury or basic and the buildings' conditions, for which the lender underwrites mortgages rather than a guideline of costs involved in operating New York's rental housing. Nonetheless, such responses are valuable in determining what type of buildings currently hold outstanding mortgages. For example, a response of $3,000 in monthly operating and maintenance expenses indicates the institution lends to highly-staffed and well-maintained buildings with large units. More than half of 1996 responses range from $240 to $550 per unit per month, while two respondents indicate O&M costs of $3,000 or more. Further, reported O&M costs range from 30% to 60% of gross income according to this year's survey respondents, similar to previous years.

The differences between an institution's current lending standards and the characteristics of its overall portfolio point to changes in that institution's formal or informal practices and possible exceptions to its standards when choosing to underwrite individual loans. The loan-to-value ratio data confirms that a subset of lenders are sufficiently comfortable with the economy to ease their lending practices even if they have not officially changed their underwriting standards, as none report doing during the past year.

Longitudinal Study

With so many of the same institutions responding to the 1994, 1995 and 1996 Mortgage Surveys, we decided to add a longitudinal perspective to the Report. In this section, RGB staff compare responses from lenders who replied to surveys in all three years (longitudinal group) with the data from all institutions providing responses in these years (cross sectional group). This comparison helps to determine whether the changes we have noted in the last two years reflect changes in the lending market or differing Mortgage Survey respondents.

Financing Availability and Terms

The terms offered by institutions consistently responding to our Mortgage Surveys (longitudinal group) differ slightly from those of all respondents (cross-sectional group). For example, interest rates for new mortgages were 8.2%, 9.7%, and 8.3% respectively in 1994 through 1996, which is slightly less than the 8.6%, 10.1%, and 8.6% we reported for all lenders in these years. Though interest rates were lower, service fees are higher for respondents in all three years averaging more than 1.4 in the longitudinal group as opposed to roughly 1.25 for the cross-sectional group. Loan lengths and types in the longitudinal group are more consistent with the cross-sectional group. Overall, financing terms are not very different for the two groups.

Similarly, refinancing activity was fairly consistent for lenders who responded in all three years compared with our cross-sectional analyses, except that in 1994 a larger proportion of cross-sectional lenders reported an increase in refinancing activity. Thus, the percent increase in banks refinancing a sizable portion of their portfolios in 1994, 42% of all lenders, may have been overstated. The same is true for the proportion of lenders experiencing increases in loan volumes. This does not change the trend for these years since such changes were evident in the cross-sectional group as well; rather, it calls into question the year in which the refinancing activity and loan volume changes occurred.

Lending Standards

Some of the changes in lending practices we have reported since 1994 may have been overstated or have occurred in different years from those reported because of differing respondents to the Mortgage Surveys. We noted in previous Reports that acceptable loan-to-value ratios have been increasing over the years (by a total of 2% since 1994), a finding that the the longitudinal data confirms, though the increase for longitudinal respondents was about 1% and occurred between 1994 and 1995.

Further, the longitudinal debt service coverage data, as well as the longitudinal data for the LTV ratio of

outstanding loans, supports our finding of relaxing standards. Likewise, the reduction in vacancy and collection losses reported in the cross-sectional data also is evident in the longitudinal data. The average losses reported in 1996 are 3.4%, or nearly 1% less than in 1995. Four lenders out of six who responded to this question on all three questionnaires report fewer losses due to delinquent rental payments and vacant apartments. Though caution must be exercised whenever using so few questionnaire responses, the longitudinal data largely corroborates the findings of previous Mortgage Survey Reports.

Non-Performing and Delinquent Loans

Another optimistic finding is that almost all institutions responding to RGB surveys in multiple years (longitudinal group) report decreases in non-performing loans and foreclosure actions. Those lenders not indicating declines had no delinquent loans to report. This backs up the findings in our cross-sectional studies that delinquencies have, in fact, declined or were minimal for several years.

Respondents

Savings banks tend to make up the vast majority of respondents to annual RGB Mortgage Surveys with commercial lenders and savings and loan institutions providing the rest. However, the proportion of each type of lending institution deviated from the norm in 1995. In that year, nearly three-quarters of all respondents were from savings banks. This year, slightly more than half of returned surveys were from savings banks, with commercial lenders picking up the slack and savings and loans remaining constant. There are distinct differences among these types of lenders. Specifically, saving banks' average interest rates are usually lower than those charged by savings and loans and commercial lenders. Because most of the lenders in the longitudinal group are savings banks, this explains why longitudinal interest rates average less than the cross-sectional data, with neither group - longitudinal or cross-sectional - necessarily reflecting the "true" mortgage interest rate.

Conclusion

Though the small number of institutions responding to a question in all three years renders the data unreliable on its own, the longitudinal data is useful if presented in conjunction with the more abundant cross-sectional data. With noted exceptions, the longitudinal perspective confirms that the multifamily lending market has improved considerably since the recession in the early 1990s and has continued to loosen in the past three years. Interest rates and rental losses are down, lending standards have relaxed, and outstanding loans are remaining current. With lower costs of borrowing and greater mortgage availability, perhaps demand for lending services will pick up in the coming years.

Retrospective of the Mortgage Lending Market

Though RGB staff provide two- or three-year perspectives on multifamily lending practices in annual Mortgage Survey Reports, the vast changes in this market in the last decade or more call for further review of the mortgage lending market. We draw data from RGB Mortgage Surveys, from nationally collected statistics regarding housing construction and from participants in the secondary lending market.

Secondary Lending Market

Mortgage Survey respondents report altering their lending practices in recent years to conform with required standards of the secondary mortgage and mortgage insurance markets, particularly programs of the Federal Home Loan Mortgage Corporation and State of New York Mortgage Agency. Though it is difficult to assess the impact of these two groups in fueling the local single and multifamily lending markets, it is important not to overlook their contributions.

Since 1978, the State of New York Mortgage Agency (SONYMA) has provided mortgage insurance for construction and rehabilitation of single family and multifamily housing as well as for community development projects. As of December, 1995, the Agency provided additional credit to build nearly 32,000 dwellings in New York City, 85% of which are in

buildings with five or more units, worth approximately $500 million. SONYMA issued commitments for an additional 10,000 apartments in New York that have not yet been constructed.

The Federal Home Loan Mortgage Corporation (Freddie Mac) has traditionally been a strong force in the New York area where much of the multifamily secondary market is located. The corporation, established by Congress in 1970 to provide a continuous flow of funds to mortgage institutions, purchases mortgages from lenders and packages them into securities to sell to investors. These purchases lead to more available funds for the lenders to make additional loans.

Freddie Mac shut down its multifamily loan program in October, 1990 to minimize its losses when a large part of its assets were distressed due, in part, to the bottoming out of the real estate market. By 1994 Freddie Mac had fully re-entered the secondary lending market after spending 1990-1993 refinancing some of its portfolio and restructuring its lending and organizational procedures. Since then, Freddie Mac has purchased a total of $135 million in mortgages, $22 million in 1994 and $113 million last year, from multifamily lenders in New York City. Though these figures are below the average amounts purchased prior to the 1990 shutdown, the corporation expects a higher volume in 1996. Other signs of Freddie Mac's growth are its recent decisions to create new programs including an affordable housing pilot, a loan program for mortgage-backed securities, and a 5+5 program where interest rates are fixed the first 5 years and adjustable thereafter.

Since most lenders tightened their lending practices during New York's real estate crisis, most do not have to further tighten their standards to participate in the secondary mortgage market. Given recent trends toward greater participation in the secondary market and the creation of additional Freddie Mac programs, more opportunities are expected for lenders to join in secondary lending thereby creating additional mortgage resources.

Lending Market Trends Since 1980

The most striking change in the lending market over the years has been the steady decline in interest rates for both new and refinanced loans on multifamily properties. Likewise, while rates for both types of loans are down considerably, refinanced loans are no longer at interest rates that are almost twice the rate of new loans, as experienced in the early 1980s. In other words, owners who had balloon mortgages in this period were forced to refinance their mortgages a few years after origination at much higher rates inflating their debt service payments. By the late 1980s, refinanced loans were in line with those for new loans and in the past several years have been nearly indistinguishable.

Since lending terms are comprised of points, terms, and types in addition to interest rates, it is important to review how all of these components change when assessing the stringency of lending standards in any one year. In the 1989 Mortgage Survey Report, the RGB stated "it appears that the long-term fixed-rate mortgage has largely disappeared. Only two banks responding to the survey offer fixed-rate loans of 15 years or more." This year, in contrast, the RGB found that institutions lowered interest rates and offer longer loan terms and more fixed-rate mortgages. This change provides additional evidence of considerably looser lending practices resulting perhaps from major changes in the outlook for multifamily financing.

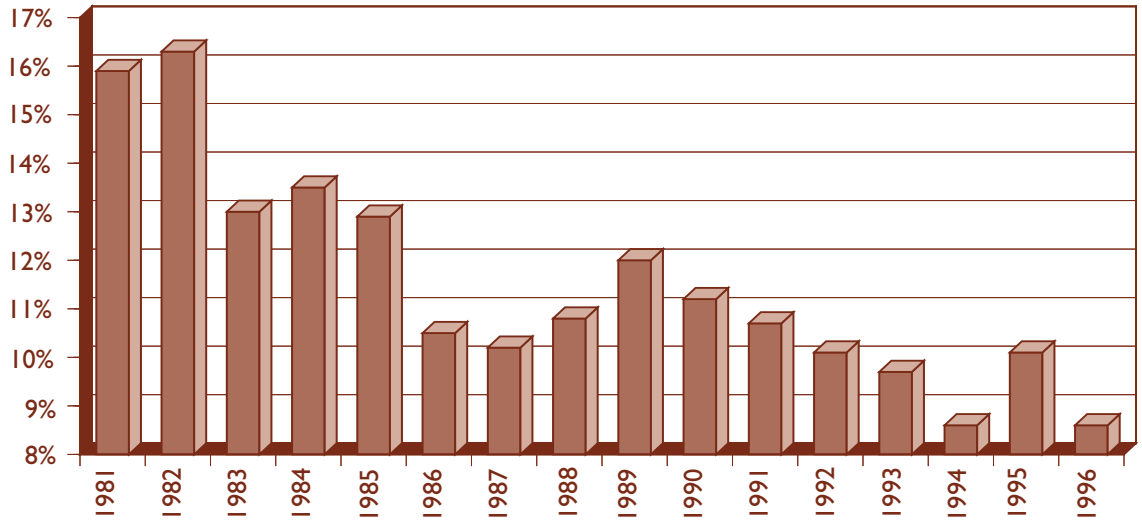
Surprisingly, the continued decline in mortgage interest rates since the mid 1980s has not sparked more multifamily housing development in the Metropolitan area. While permits for multifamily housing have rebounded in other areas of the country, especially in the South and Midwest, permits issued for residential buildings throughout the Northeast remain low by historical standards.

Similar to the trend in multifamily housing, conventional mortgages rates are at their lowest point in several years but are not spurring single family development or purchases in the area. Data from the U.S. Bureau of the Census shows that despite uncharacteristically low conventional mortgage rates, single family housing construction in the Northeast reached the lowest number of starts in two years but could cite no specific reason for the decline. That housing construction in both the single and multifamily sectors has not rebounded supports the notion that construction activity is more a reflection of the region's economic performance rather than a response to national monetary policy or to local housing practices.

The relationship between interest rates and housing construction in New York City is relatively strong, but other factors have probably overridden the decline in mortgage rates to thwart new housing construction in recent years. These may include rising construction costs, threats of reductions in government housing and welfare subsidies, and uncertainty over economic conditions. With continued pessimism about the City's economic performance and employment opportunities, a reduction in mortgage lending costs and enhanced loan availability may not be sufficient to pull New York's housing construction out of its slump. ❒

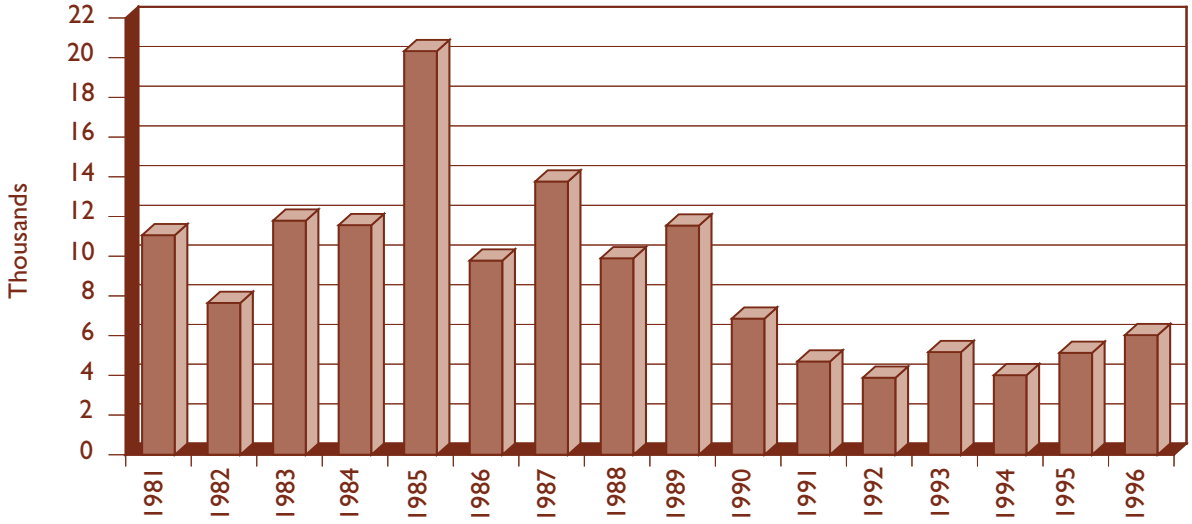
Mortgage Rates for Multifamily Properties Have Declined Since the Early 1980s...

(Average Mortgage Interest Rate for Multifamily Properties)



But Falling Rates Have Not Sparked New Construction in Recent Years.

(Number of New Units Authorized by Building Permits)



Note: 1996 permits data is annualized from the first three months of the year based on the first 3 months of 1995.
Sources: Rent Guidelines Board, Annual Mortgage Surveys; U.S. Bureau of the Census, Manufacturing and Construction Division.

1996 TAX ARREARS STUDY

Introduction

This study is concerned with buildings in "serious" tax arrears, defined as three or more quarters of tax delinquency. Taxes owed by buildings less than three quarters in arrears are generally insignificant. The findings are primarily based on data gathered by the Department of City Planning from several sources, including the Department of Finance (e.g. tax arrears) and the Department of General Services (e.g. vestings). The latest information cited in this report reflects conditions up to January, 1996.

This year, information from the Department of City Planning arrears file was matched with an updated list of 38,000 rent-stabilized properties, obtained from the city's Department of Finance, to yield a database of stabilized buildings with tax arrears in one or more years from 1991 to 1995. All of these buildings were registered with the State Division of Housing and Community Renewal. Because we used a new list this year, results from this year's Tax Arrears Study are not directly comparable to those in prior reports.

Buildings in Arrears

The number of rent stabilized buildings facing serious tax delinquency declined by 15.5% in 1995, with 2563 properties in three or more quarters of tax arrears, versus 3033 in the previous year. Overall, roughly 7% of the rent stabilized housing stock was beset by serious tax delinquency in 1995, as opposed to 8% in 1994. The drop in buildings was the first witnessed since 1989.

Summary

Tax delinquency among rent stabilized buildings in New York City dropped in 1995 for the first time in six years. Declines were observed in both the average amount of taxes owed to the City and in the number of buildings with three or more quarters of tax arrears. Overall, nearly eleven hundred rent stabilized buildings rose out of "serious" tax delinquency (i.e., three or more quarters of arrears) in 1995. Concurrently, over 600 properties sank into serious arrearage during the year, nearly 400 of them for the first time ever. Finally, a "core" of 800 buildings continuously in arrears since 1991 sank deeper into delinquency in 1995, accounting for nearly half of all the back taxes owed by delinquent properties in 1995.

In contrast to 1994, the average size of buildings in tax arrears rose slightly, primarily because buildings that became seriously delinquent for the first time in 1995 averaged nearly 40 dwellings in size, while those falling out of serious arrearage in 1995 typically had 26 dwellings.

Buildings in Arrears

- Nearly 500 fewer stabilized properties faced serious tax arrears in 1995, as the total number of such buildings fell from 3033 to 2563 between 1994 and 1995.
- The number of apartments in stabilized properties with three or more quarters of arrears dropped from 69,500 to 59,700 between 1994 and 1995.
- Nearly 1100 buildings fell out of serious tax arrears from 1994 to 1995, while over 600 additional properties became seriously delinquent over the same period.

Level of Arrears

- The average amount of taxes owed by stabilized properties with three or more quarters of arrears declined 1% , from $1506 to $1492 per apartment, between 1994 and 1995.
- Buildings falling into serious tax arrears for the first time in 1995 owed an average of $359 per unit. In 1994, such properties owed an average of $792 per unit.
- Properties with serious tax arrears in both 1994 and 1995 owed an average of $2008 per unit in 1995, an increase of 14% over the previous year.

Note: The findings in this report are not directly comparable to those in last year's Tax Arrears Study

As the number of buildings in serious arrears fell between 1994 and 1995, the number of dwellings in such buildings also dropped at a slightly lower rate of 14%, falling from 69,500 to 59,700 units. The average size of buildings at least three quarters in arrears increased from 23 to 23.3 units over the past year. Historically, this figure rose from 20.1 units to 24.6 units from 1988 to 1993, until dropping to 23 units in 1994.

This year's decline in the number of properties with serious arrears was due to a large outflow of 1100 buildings that paid their back taxes, and a smaller inflow of 600 properties becoming seriously delinquent. Close to 2000 properties had serious arrears in both 1994 and 1995, while 800 buildings have been in serious arrears since 1991.

Overall, the average size of stabilized properties three or more quarters delinquent increased slightly in 1995. This growth was primarily driven by an influx of 400 relatively large buildings suffering serious arrears for the first time in 1995. Such buildings averaged 40 units in size, with half containing less than 18 units and three-quarters containing fewer than 47 units. In contrast, properties that fell into arrears for the first time in 1994 averaged 25 units per building, with half containing less than 15 units and three-quarters containing fewer than 27 units. Most significantly, large buildings (50+ units) comprised roughly one-fifth of the 1995 group, as opposed to only one-tenth of the 1994 group.

The descent of large buildings into serious tax arrearage cannot be easily explained. However, as data in the next section makes clear, these buildings owe much less taxes than their counterparts in 1994, which, combined with their relatively large size, will permit them to climb out of delinquency much faster than smaller, more marginal buildings. On the other hand, such small, distressed buildings are continuing to fall deeper into delinquency even as their larger counterparts start to repay their debt to the City.

Level of Arrears

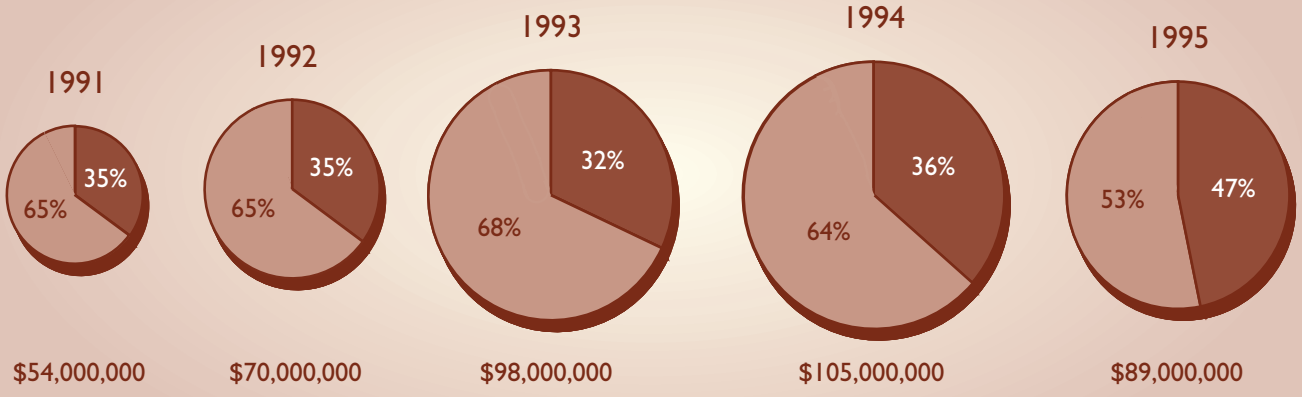
Although the number of tax delinquent buildings dropped sharply in 1995, the amount of arrears faced by the remaining properties with serious delinquencies stayed fairly stable. In 1995, buildings three or more quarters in arrears owed an average of $1492 per apartment, a 1% decrease from the average level in 1994.

Declines in both the number of seriously tax-delinquent properties and the average amount of arrears imply that New York's recent economic recovery is starting to "uplift"some financially distressed housing. This is especially true for buildings that fell into serious tax delinquency for the first time in 1995, which owed less than half of the average amount of back taxes ($359 per unit) their counterparts faced in 1994 ($792 per unit).

While a record number of properties rose out of serious tax delinquency in 1995, arrears worsened for

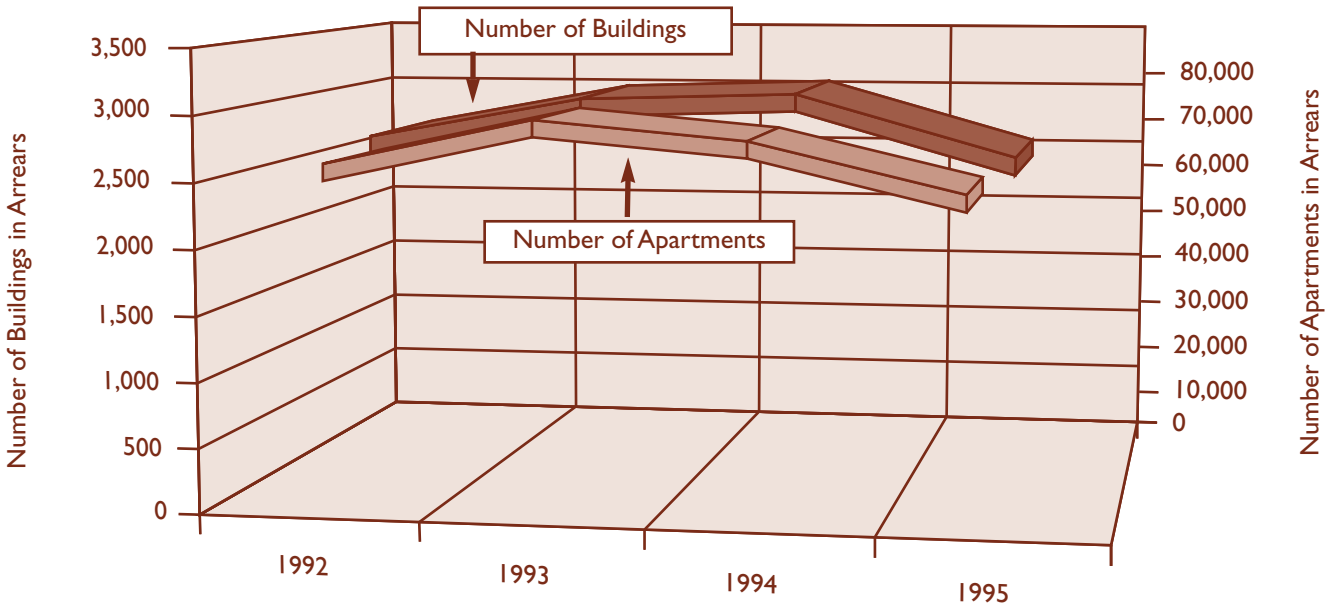
Properties in Arrears Continuously Since 1991 Comprise a Growing Share of the Total Amount Owed

(The size of each "pie" represents the amount of taxes owed by buildings in serious arrears)



Source: NYC Department of City Planning, Tax Arrears File, January, 1996.

The Number of Buildings and Apartments in Arrears Declined in 1995



Source: NYC Department of City Planning, Tax Arrears File, January, 1996

the 2000 rent-stabilized buildings that had three or more quarters of arrears in both 1994 and 1995. These buildings owed an average of $2008 per apartment in 1995, a 14% increase from the year before.

Previous analyses of tax arrears have mentioned a "core" of marginal buildings that sink deeper into tax delinquency every year. This "core" can be discretely identified as 800 buildings with serious arrears in every year since 1991. Between 1992 and 1994, the average arrears owed by these properties rose 70%, nearly double the rate observed for all seriously delinquent buildings. The financial condition of this "core" group continued to deteriorate in 1995, with average arrears rising nearly 10% to $2500 per apartment. Taxes owed by these buildings comprise nearly half (47%) of all the arrears owed by delinquent rent stabilized buildings in 1995, as shown in the chart on the previous page. This increase indicates the worsening financial condition of these buildings, particularly compared to buildings just falling into serious arrears in 1995.

Given their high level of arrearage, it is no surprise that buildings in the "core" group suffer from greater financial distress than other delinquent properties. This ultimately stems from low cash-flow, as indicated by average revenues 4% below the norm observed for all building in arrears ($468/unit versus $488/unit). With revenues that barely cover expenses, it seems that owners of properties in arrears try to earn a return by not paying property taxes.

Why were some properties able to pay off back taxes in 1995 while others remained mired in arrears? Success was primarily due to relatively good financial health, which was related to building size. Arrears in buildings that escaped serious delinquency in 1995 averaged $1152 per unit in the previous year, 24% lower than the average ($1506) for all buildings with three or more quarters of arrears in 1994. As mentioned before, such buildings were slightly larger than average (26 units), especially when compared to properties seriously delinquent since 1991 (21 units).

Foreclosures

Traditionally, New York City 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"). In 1994, however, the City stopped vesting while the Department of Housing Preservation and Development (HPD) devised a new strategy for dealing with tax delinquent properties. This new system will seek to minimize the number of vestings by selling tax liens as well as by the direct sale of tax delinquent buildings to private buyers. As this policy is currently being implemented, its effectiveness cannot be gauged. ❐

Income and Affordability

Income and Affordability Study

1996 INCOME AND AFFORDABILITY STUDY

Introduction

Each year, the Rent Guidelines Board research staff report on housing costs and tenant income in an effort to gauge housing affordability in New York City's rental market. This study, known as the Income and Affordability Study (I&A), tracks annual changes in wages and employment levels by industry, estimates incomes of rent stabilized tenants, and reports the number of public assistance recipients. Additionally, the RGB tracks housing court actions to measure whether tenants are having difficulties paying their rents. Responding to requests by members of the Rent Guidelines Board, staff expanded the scope of this 1996 study to include comparisons of housing costs across cities and to outline changes in housing and welfare policies by the federal and local governments.

Household Income

Households derive income from several sources: wages, salaries, and tips; self-employment; interest and dividends; pensions; and other transfer and in-kind payments. Estimating trends in household income since 1993 (when the most recent Housing and Vacancy Survey for New York City was completed) is difficult but can be attempted by looking at changes in wages and in-kind benefits (which comprise the bulk of household incomes) and levels of employment. Wages and salaries are examined first; changes in employment, public assistance, and housing subsidies are outlined later in this report.

The New York State Labor Department calculates average wages and salaries for all payroll employees who work in New York City[1] as well as for employees in

Summary

Conditions in New York City's employment market have moderately improved since a year ago. Nominal annual wages in New York City, comprising the bulk of household income, rose to $40,876 in 1994, an increase of 1.3%. Payroll, which accounts for both employment levels and compensation, increased nearly 5% between the second quarters of 1994 and 1995. Other signs of expansion include a 0.5% reduction in New York's unemployment rate, an increase in the number of jobs available in the five boroughs, and fewer housing court actions. Clouding these statistics, average weekly unemployment claims rose by 7% and strict eligibility and work requirements have been imposed on welfare recipients along with reduced benefit levels.

Rents registered with the Division of Housing and Community Renewal increased about 3% from 1993 to 1994. With similar increases in rents from 1994 to 1995 and improved employment conditions, it is likely that most tenants experienced little change in housing affordability in 1995.

It is more difficult to say how low-income renters have fared, though. As the relatively high-wage, low-skill manufacturing sector continues to downsize, these positions are replaced by low-wage, low-skill service jobs. Worse, there are few positions available to service sector workers who are ready to climb to the next employment rung. At the same time, public assistance benefits are being scaled back, further reducing household income, when rental households with total median incomes of less than $20,000 already pay half of their earnings toward rent. Overall, recent changes will likely lead to a slight increase in rent-to-income ratios for New York City's poor renters.

A comparison of housing cost burdens of urban areas across the country, however, reveals that tenants in other central cities pay a higher proportion of their incomes toward housing costs than do New York's tenants. Three-quarters of cities with large renter populations have median rent-to-income ratios above New York's median of 28%, and half have median ratios of 31% or more.

specified industries from a sample of firms. Overall, average nominal wages [2] increased 1.3% from $40,349 in 1993 to $40,876 in 1994. When accounting for inflation (nominal wages and salaries divided by inflation factor), wages increased in four of the seven sectors (construction, manufacturing, transportation, and government) though real wages decreased about 1% for all employees. Real wages in the FIRE sector (finance, insurance, and real estate) are nearly twice as high as other industries but declined 7%, while those in the service and trade sectors, traditionally low paying jobs, remained virtually unchanged. Such inflation-adjusted figures should be treated with caution, though, because increases in the Consumer Price Index, upon which nominal wages are adjusted, may be overstated causing real wages to be underestimated.

Average wages and salaries presented above may not accurately reflect wages of New York City residents, because those who work in the City but reside in the suburbs are thought to earn higher wages and salaries than residents of the five boroughs. Comparing wages for all City residents and wages for employees working in New York City, shows there is a small gap between these two groups. Wages according to the 1993 HVS, which enumerates annual wages in 1992 for households living in the City's limits, average $35,732, while all New York City workers' wages averaged slightly more at $39,787 in 1992, a $4,000 difference.

The difference between wages for all workers in New York City and those of New York City's renters, however, is much greater. The discrepancy is caused by renters earning only about half as much household income as owners, while their real incomes eroded substantially more than owners' did between 1990 and 1992. It may be that their incomes did not recover as quickly as owners' in recent years.

The Labor Department also collects payroll data, which is the aggregate compensation paid to employees in New York City covered by unemployment insurance. This data, based on the universe of insured employees rather than a sample, accounts for changes in both wages/salaries and employment levels, though it excludes self-employed people and some non-profit employees. Comparing total payroll for the second quarter of 1995 to that of 1994, aggregate compensation is up 5%, moderately higher (a difference of almost 3%) than inflation.

Payroll in the first quarter of these two years increased substantially, about 14% in nominal terms. The first quarter is when first-of-the-year increases are awarded to unionized labor as well as when bonuses are paid for the previous calendar year. Still, it is difficult to know why such increases in the first quarter of 1995 far outpaced those in 1994. While employees in the securities industry saw a 40% jump in payroll resulting from a banner year, all industries experienced a sizable increase. Again, these figures are for all New York City workers, rather than for New York City dwellers who may have fared slightly differently.

The New York City Office of Management and Budget (OMB) forecasts wage rates and employment levels for the next five years in devising its operating and capital budgets. Overall, annual wages in New York City are expected to increase nearly 7% from 1994 to 1995 with employees in the FIRE sector earning 12% more. Earnings in industries outside of FIRE are anticipated to increase 5% in 1995. These estimates are in line with the payroll data for the first two quarters of 1995 presented

1 Approximating current household income for New York City's rent stabilized tenants is very difficult given the absence of up-to-date HVS data. The primary source of income data, other than the New York City HVS, is average wages and salaries reported by the New York State Department of Labor (DOL) for all payroll employees in New York City. However wage and salary data is, of course, quite different from household income.

The second difference between HVS and DOL data is that not everyone who works in New York City resides in the five boroughs. Many commute from suburban New York, New Jersey, and Connecticut. The third and final deviation mentioned here is that households who rent their apartments earn far less income than owners of conventional homes and cooperative and condominium apartments.

2 Three important issues must be addressed regarding household income data. First, the distribution is "skewed" to the right meaning that there are proportionally fewer households earning much higher incomes that pull the average to the right. The median is not affected by such skewing. Because median values are not available for all variables, mean averages are used in this report and caution is advised.

Second, in surveys requesting household income, including the 1993 HVS, as many as one-third of households sampled do not report their income. This is a problem only if those who do not report their income differ substantially from those who do.

Third, underreporting of income likely exists especially at lower income levels. Neither non-reporting nor under-reporting of incomes by HVS respondents, however, are likely to have a substantial effect on central values.

above. Annual earnings in the longer range forecast are predicted to grow 4.1% between 1996 and 2000 and are expected to rise faster than inflation.

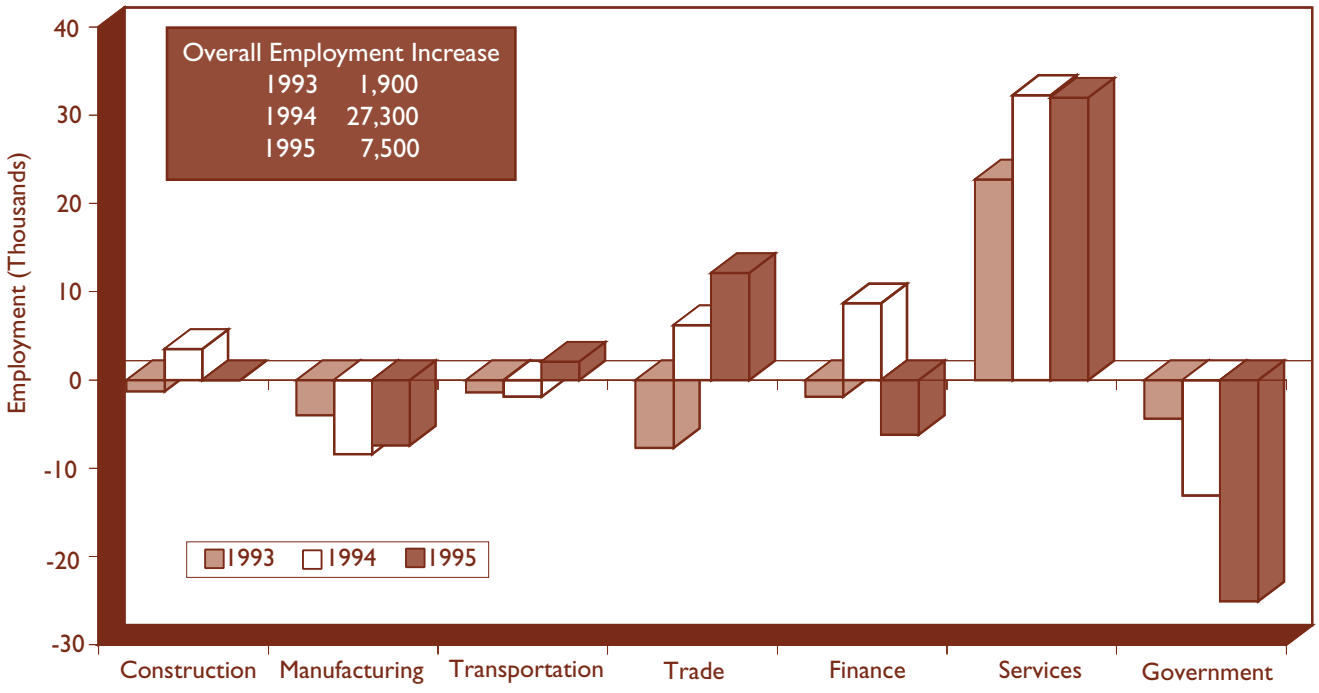
Level of Employment

Because household income depends not only on wage and salary levels, but more fundamentally on the likelihood of being employed, we review changes in employment levels, rates of unemployment and labor force participation, and unemployment claims. Despite shaky reports on the health of the local and national economies, overall employment has risen in New York City during the past three years. Following New York City's strong employment recovery of 27,300 jobs between 1993 and 1994, the highest annual increase since nearly 50,000 jobs were added in expansionary 1987, growth in 1995 slowed substantially. About 7,500 additional jobs were added to New York City's employment sector. Data for the first two months of 1996 shows that overall employment levels are still on the rise, .3% higher (roughly 10,000 positions) than the first two months of 1995, though such monthly data is preliminary.

Private sector employment has led the way in New York City's employment recovery that began in 1993. The New York City OMB's economic outlook for 1996-2000 indicates that by 1995 the City's private sector had recovered nearly one-third of the jobs lost during New York's prolonged recession - 30,000 to 40,000 jobs were added to this sector in two consecutive years.

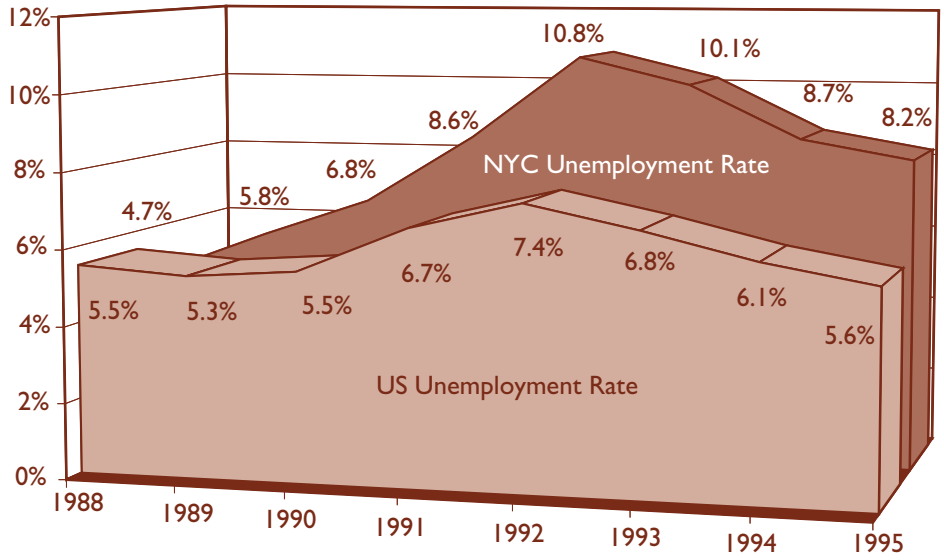
The performance of individual industries within the private sector in recent years has been mixed. Service sector employment has soared in the previous three years, gaining back more jobs than were lost during the economic downturn. This is partly because the service industry was not hit hard during the recession. The FIRE industry lost proportionally more jobs, as did the trade and construction sectors. The struggling manufacturing industry has lost 100,000 jobs in the last ten years and now employs half as many people as it did in the late 1970s.

Employment in the Service Sector Has Increased Substantially, While Government Employment Has Fallen Sharply



Source: U.S. Bureau of Labor Statistics

Unemployment Dropped for the Third Straight Year



Source: U.S. Bureau of Labor Statistics

The government sector was hard hit, as well, during the most recent recession. Nearly 70,000 government jobs have been eliminated since 1991, 25,000 of which were cut in 1995 alone, as governments continue to downsize. City of New York workers, comprising more than one-third of all government employees in New York City, have not escaped such cuts in the last three years. From 1993 to 1995, the Giuliani Administration reduced City employment by almost 17,500 employees, a reduction of more than 8%. An additional reduction of 12,000 positions is called for in the Fiscal Year 1997 budget which begins July 1st. Such reductions are accomplished through attrition, retirement packages, and hiring freezes. (See graph on previous page and Appendix G.3 for more details of employment by industry.)

employment levels will grow by 19,000 jobs in each of the next five years with increases in private employment outpacing further expected losses in the public sector.

Unemployment

Unemployment figures in a labor market depend on two factors, the number of positions available (supply of jobs) and the number of people in the work force (demand for jobs). Technically, the labor work force is made of those people who are working and those of working ages who are unemployed but actively looking for employment, i.e., have looked for work within the last six months. Thus, unemployment rate statistics undercount the number of people who are out of work by ignoring those who continue their search for employment after six months. Also excluded are part time workers who would prefer to work full time or those who are otherwise underemployed.

Noting these definition problems, New York City's unemployment rate fell one-half of one percent to 8.2% in 1995 after reaching a high of 10.8% in 1992. The falling unemployment rate, evidence of New York's economic recovery which has lagged behind that of the nation, means the supply of jobs outpaced the demand for employment. However, the gap that opened in 1990 between New York City's unemployment rate versus U.S. levels remains sizable, though it has narrowed somewhat since 1992. (See graph above.)

Although the number of payroll positions has risen and the unemployment rate has fallen, the labor force participation rate which shows the proportion of employment-age people (ages 16 and older) who are working fell three straight years to 55.1% in 1995. The

U.S. participation rate (66.6%), by contrast, is much higher than New York's and has not declined in recent years. Along with falling participation rates, the weekly average of initial unemployment claims grew by 5,000 in 1995, a 7% increase which reverses the trend of falling claims that began in 1991 when, on average, more than 10,000 initial claims were filed per week. Such mixed employment results seem to indicate a stalled economy that could either continue its mild expansion or begin to decline depending on national economic trends.

Rents

The median contract rent for all rental units in New York City was $501 according to the 1993 HVS. With the next HVS due out at the end of 1996, more recent contract rent data is not available. However, the Division of Housing and Community Renewal (DHCR) calculates the percent change in rents registered with the Division which can be used as a proxy for overall changes in rent levels in the five boroughs since 1993. Such registered rents increased 3.1% from 1993 to 1994. With similar housing market conditions persisting through 1995, we can assume that the increases in rents were about the same for the 1994 to 1995 period. This leads to a median nominal contract rent of approximately $533 in 1995.

Rent-to-Income Ratios

New York City

For a measure of housing cost burdens on New York City's renters, we again look to the 1993 HVS which allows us to calculate the proportion of income renters spend on housing. The median contract rent-to-income ratio for all rental households as well as for stabilized tenants was 28.2% in 1993, an increase of nearly 2% for both categories since the 1991 HVS. Those earning less than $20,000 pay about half of their income towards housing costs. Without more recent HVS data, we cannot specify with certainty the rent-to-income ratio for 1995; however, it is probably little changed since 1993 given moderate increases in both nominal rents and incomes and higher employment levels in recent years.

Other Cities

RGB Board members requested that New York's rent-to-income ratio be compared with rental burdens experienced by tenants in major cities across the nation. Specifically, it was requested that we compare New York City with other urban areas, including ones with regulated housing, and to determine if the trend of increasing-rent-to-income ratios in New York City is also found elsewhere. For this analysis, we obtained cross-sectional data from the U.S. Census Bureau's American Housing Survey (AHS). The AHS includes data on quality and costs of housing for the entire U.S. as well as for individual cities. More than forty metropolitan areas are surveyed, about twelve of which are completed each year. Budget cuts, however, prevent the Bureau from maintaining this schedule on a consistent basis. Because longitudinal data requires obtaining AHS tables back as many as ten years, during which time the Census Bureau changed its methodology for the AHS, longitudinal data appears to be of questionable reliability. Although we could not determine if rent burdens in other cities are increasing, the cross-sectional data presented below adequately demonstrates that New York City's rental burdens are not unique.

The RGB staff selected individual central cities for which the Census Bureau completed a survey no earlier than 1991 (except Los Angeles which has not been surveyed since 1989) and that have at least 50,000 occupied rental units in their inventories. We narrowed the comparison to *central* cities to avoid comparability problems that arise when including suburbs with core urban areas. This selection criteria yielded twenty-one cities aside from New York City. Because of differences in how the Census Bureau defines variables in the New York City HVS versus the AHS, we use data from the AHS for all of New York City's variables. (Please see Appendix G.7 for a full treatment of cities and variables included in this analysis.)

Comparing median gross rents for apartments in central cities throughout the U.S. yields similar results to New York City's $551 median housing cost. [3] The median gross rent for all occupied rental dwellings in the U.S. is $483 and $502 for those in our sample of twenty-two cities. The range of housing costs in our sample is a low of $353 in Cleveland and a high of

New York City's Rent Burdens Are Lower Than Most Cities'

Note: Cities with the same median rent-to-income ratios are listed alphabetically.
Source: U.S. Census Bureau, American Housing Survey

$810 in San Jose, CA. Six cities have higher gross rents than New York, most of which are in affluent areas of California. The six cities are San Jose ($810), San Francisco ($709), San Diego ($672), and Los Angeles ($647) in California, as well as Boston ($607) and Seattle ($564).

Though New York is home to many poor residents and probably has the most low-income people in sheer numbers, its residents are far from the poorest. Sixteen cities have lower median incomes than New York City, which has a relatively high median income. Renters in Detroit have the lowest income of the twenty-two cities in this comparison, with a median income of $11,905 in 1993 dollars. San Jose has the wealthiest renters earning a median of $31,689 per year.

To compare housing cost burdens among central cities, median gross rent-to-income ratios calculated in the AHS are used. While New Yorkers pay approximately 28% of their income toward housing costs each month, three-quarters of cities in our study house renters who face proportionally higher housing cost burdens. Residents of Detroit and Newark/Jersey City pay 36% of their income for housing compared with a low of 25% in two midwestern cities, Columbus, Ohio and Oklahoma City and one southern city, Houston. Most cities' median gross rent-to-income ratios range from 29% to 31%, and average 30% in the American Housing Survey sample. This provides evidence that most urban dwellers have similar housing cost burdens to those of New York City's renters. (See the graph above.)

Several cities we reviewed have a substantial portion of their rental housing covered by some form of rent regulation, namely northern New Jersey, Washington,

3 In 1993 dollars, New York City's median gross rent was $551 according to the AHS, somewhat higher than the median contract rent of $501 calculated in the 1993 HVS. This discrepancy is due to the inclusion of utilities, fuels, garbage collection, etc. in the AHS if the tenant pays for these items. The HVS does not include these costs in the contract rent. Rather, they are included in the gross monthly rent which is almost identical ($550) to the median rent in the AHS. The median rent-to-income ratio in New York City is 28% in both the HVS and the AHS.

D.C., three cities in California (excluding San Diego), and until recently Boston. All of these cities have higher rent-to-income ratios than New York City and four of these six have higher ratios than the U.S. median of 31%. Because the AHS does not distinguish rent and income levels by type of rental units, it is impossible to separate rent regulated dwellings from all rentals in other cities as is done for New York in the HVS.[4] Nor can we separate rent-to-income ratios for subsidized rental units, though the percent of the rental housing stock that is subsidized does not appear to be correlated with housing cost ratios. (See Appendix G.7 on page 122.)

Housing Court

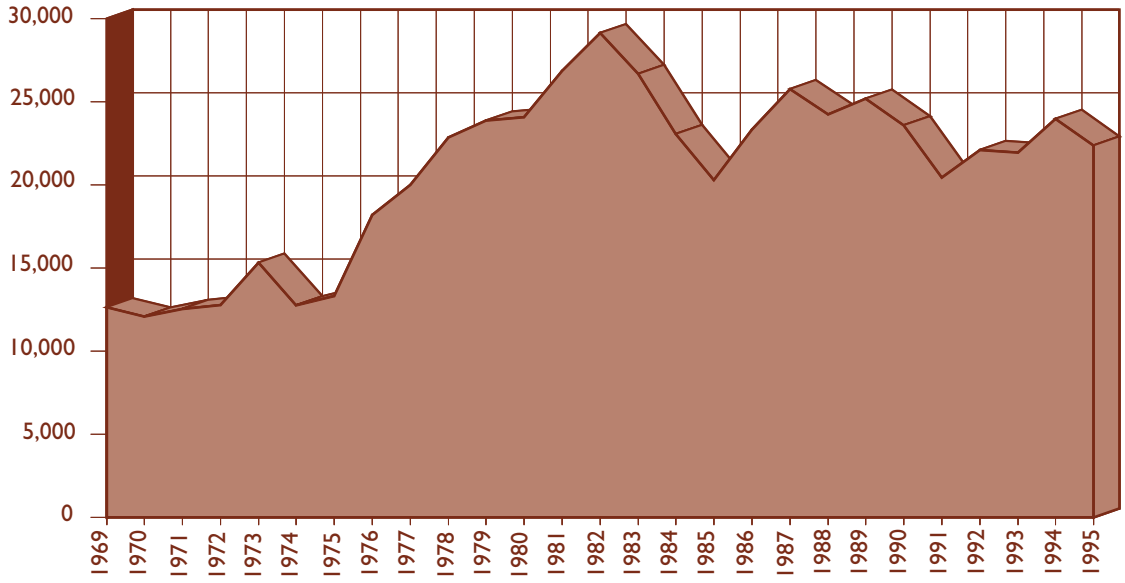
In addition to income and rents, the RGB gathers housing court data to assess the impact of changing economic conditions on New York City's tenants. Specifically, housing court actions are reviewed to determine the proportion of tenants having difficulties covering their rental payments, and evictions are tracked to measure the number of households experiencing the most severe affordability problems.

Owners are eligible to file non-payment petitions with the New York City Civil Court when a tenant is a day or more behind in paying rent, though the actual lag between when the payment is due and when non-payment petitions are filed varies considerably. Such filings did not change much between 1987 and 1994 before declining from 294,000 in 1994 to 266,000 in 1995, a decrease of about 10%.

The constant level of filings throughout the recessionary period seemingly contradicts the notion that tenants have more difficulty paying rent when the economy is sluggish. Perhaps the number of petitions filed, rather than a measure of delinquency, is a reflection of owners' willingness to resolve problems with current residents during soft real estate markets. Landlords may prefer not to embark on costly eviction proceedings only to have difficulty re-renting their apartments for the same or even lower rents.

4 A study conducted by a private consulting firm for the City of Los Angeles equivalent of the Rent Guidelines Board reports that the median rent-to-income ratio was 1% higher for all renters than for stabilized tenants in 1990. This study also reports that rent burdens increased 6% between 1977 and 1990 from a gross rent-to-income ratio of 24% to 30% for all renters and 24% to 29% for all eligible stabilized renters. Both groups had ratios of 27% as of the 1980 Census.

Evictions and Possessions Declined Somewhat in 1995



Source: City of New York, Department of Investigations, Bureau of City Marshals.

Unlike petition filings which did not fluctuate during the recession, the number of case intakes (reflecting the non-payment summary proceedings noticed for trial less restorations) increased steadily between 1987 and 1993, but declined slightly since. Case intakes continued their descent in 1995, falling 9%. This pattern mirrors the strengthening employment market with tenants better able to afford rents or resolve payment problems when they arise.

It seems odd that petition filings and case intakes have not moved in tandem, but they may measure two very different phenomena. Perhaps landlords file petitions as a means of encouraging payment, while case intakes show situations where owners are willing to go to court, a more involved process. In recent years, 30% to 40% of petitions filed have made it to court.

Compared with more than 100,000 total case intakes in 1995, there were one-fifth as many evictions and possessions performed by city marshals. Presumably, some delinquent tenants leave voluntarily before served with a notice of possession by a city marshal, while other evictions arise from problems other than non-payment of rent. The number of evictions steadily increased from 1991 to 1994, reaching almost 24,000. The Bureau of City Marshals conducted 22,359 residential evictions and possessions in 1995, a decline of almost 7% from the previous year. (See graph on the previous page.)

Public Benefits

The number of New York City residents receiving public assistance benefits depends on several factors such as the level of payments, eligibility requirements, and the performance of the economy. The total number of recipients in the Home Relief and AFDC programs declined 1.9% between 1994 and 1995. While AFDC recipients increased slightly, the number of people receiving Home Relief declined 10%, due to reduced unemployment and to welfare reform initiatives. Data from the third quarter of FY 1996 shows there are fewer AFDC recipients and that the number of new Home Relief cases accepted dropped in half compared with the same quarter of FY 1995, no doubt caused by a rigorous screening process and by stringent workfare requirements targeted toward able-bodied recipients.

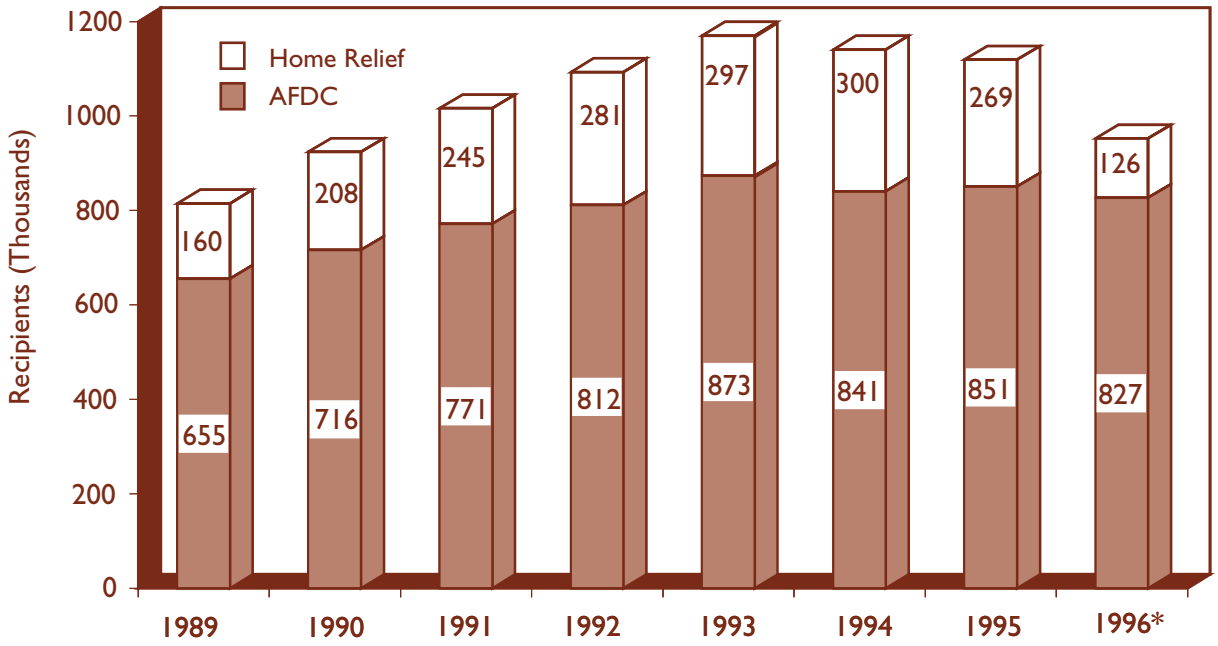
At the same time the number of public assistance recipients is declining, benefits are increasingly coming under fire. The political climate that was ushered in with the 1994 elections has lead to proposals that would vastly reduce programs and subsidies for the poor. It is unclear, however, which policies will be enacted in the coming years. Many proposed cutbacks of federal and state programs have been successfully defeated, while others have already been implemented, if only temporarily. Information regarding specific proposals and enacted changes at the federal and state levels comes from an unpublished paper by Avis Vidal and Alex Schwartz presented at a housing conference at New York University in March. (See table, page 71.)

Though federal housing programs are under severe scrutiny and many cutbacks have been suggested, including the elimination of the Department of Housing and Urban Development, few changes have been implemented on a permanent basis. A Continuing Resolution that has allowed the Department to maintain its operations reduced the Department's funding by 20%, from $26 billion in FY 95 to $20.5 this Fiscal Year. The Continuing Resolution also contains several programmatic changes in public housing, tenant-based section 8, and Fair Market Rents. Specific changes are presented in the summary box on page 71.

Briefly, the Resolution suspends the one-for-one replacement of public housing that is demolished and imposes minimum rents of $25 to $50 for residents of public and section 8 housing, but allows a maximum rent for public and section 8 tenants to encourage working families to remain in their dwellings as their incomes rise.

The Resolution's new rules concerning tenant-based Section 8 certificates or vouchers, subsidies relied on by many rent stabilized tenants, impose a three-month delay in the reissuance of Section 8 and contain no additional funding for certificates or vouchers. Further, HUD is now requesting that authorities use standard HUD forms when enrolling families on Section 8, forms that stipulate an expiration five years from issuance. HUD has previously renewed all certificates and vouchers. It is uncertain if the Department will continue to do so. Lastly, the Resolution reduces the Fair Market Rent from the 45th to the 40th percentile of median family income, decreasing the amount the federal government pays

Public Assistance Has Declined Due to Application Screening and Workfare Requirements



* First Quarter
Note: Because of a change in the reporting method in the 1995 MMR, 68,000 recipients were erroneously classified under the AFDC program rather than Home Relief in 1994. The error was corrected in this year's report.
Source: Mayor's Management Report, Mayor's Office of Operations

owners of federally assisted housing who rent to low income tenants. It remains unclear how many of the alterations included in the Continuing Resolution will become permanent Department policies. There are additional proposals coming out of Congress that would affect federal housing programs. These are also listed in the box on page 71.

In addition to changes in federal housing, proposals at the state level bode ill for low income households. (See Editor's Note, p. 71) Housing changes stemming from the state budget proposed by Governor Pataki are geared toward public assistance and mental health services which directly and indirectly impede tenants' ability to pay for housing. These proposals have not been addressed by either house of the state legislature, however.

Specific proposals include limiting Home Relief for single individuals and childless couples to 60 days; imposing a 5 year lifetime limit on Aid to Families with Dependent Children (AFDC); reducing the average welfare grant by about 25%, decreasing the typical welfare grant to a family of three to $424 from $577; and establishing a single welfare grant instead of separate grants for food, shelter, heating fuels, and special needs. On the other hand, the Governor has proposed allowing public assistance recipients to maintain their welfare benefits when their income from wages or other sources rise to $153 per month. Likewise, doubled-up families would no longer be treated as one household eligible for one set of welfare benefits. Each family would receive reduced benefits, though.

Along with reductions in welfare payments, the future of the supplemental shelter allowance, known as "Jiggets", is in question. The allowance is provided to households eligible for AFDC who are at risk of eviction, and has assisted about 22,000 households.

The proposed state budget for next Fiscal Year calls for a reduction in the state Office of Mental Health by 25%. This would undoubtedly reduce services for the homeless since many transitional and permanent housing programs for this population are funded through this office. These changes are also outlined in the summary box.

The most severe impact on New York's tenants stemming from the above proposals would come from reductions in tenant-based Section 8 certificates and vouchers and in public assistance benefit levels. Of the 87,000 New York City residents holding tenant-based certificates and vouchers, most could not afford apartments with the lowest rents even if there were enough to house them. Reducing the number and level of subsidies also jeopardizes rental payments to landlords - revenue used to maintain buildings in habitable conditions.

Not only would the proposals force low income tenants to pay more of their housing costs from their own pockets, their incomes would decline as AFDC benefits are slated for cuts by the state. This comes as the dollar values of AFDC welfare grants have eroded over the last two decades, because benefits are not automatically adjusted with inflation. These changes, combined with the chronic decline in New York City's industrial base which is being replaced by lower paying service sector jobs, may place additional housing affordability hardships on New York's poor. ❑

Welfare and Housing Policies: Federal and State Proposals

Federal Housing

HUD's Continuing Resolution:

- Suspends one-for-one replacement rule for Public Housing.
- Eliminates funding for additional tenant-based Section 8 subsidies.
- Reduces Fair Market Rents from 45th to 40th percentile.

Congressional Proposals:

- Eliminate Low Income Housing Tax Credits (LIHTC).
- Weaken Community Reinvestment Act (CRA) requirements.
- Grant public housing authorities more discretion.
- Eliminate funding for additional tenant-based Section 8 certificates and vouchers.

New York State Public Assistance

Executive Proposals:

- Limit Home Relief for single adults and childless couples to 60 days.
- Impose a 5 year lifetime limit on AFDC.
- Reduce average welfare grant by about 25%.
- Consolidate separate grants for food, shelter, heating fuels, and special needs into one reduced grant.
- Allow recipients to maintain benefits when their income rises to $153 per month.
- Issue welfare benefits to each family that is doubled-up, but at lower benefit levels than if they did not share a unit.
- Reduce the budget of the Office of Mental Health by 25%.
- End supplemental rent payments known as "Jiggets".

Source: Alex Schwartz and Avis Vidal, Community Development Research Center, The New School for Social Research, unpublished paper presented at New York University, March 28, 1996.

Editor's Note: The following is an update of housing and welfare policy changes since this report was issued in April, 1996.

Federal

Provisions of HUD's Continuing Resolution expire at the end of Federal Fiscal Year 1996. An appropriation bill was passed for the Department late in the FY which set HUD's FY 96 funding at $19.5 billion. The Department's FY 97 funding is expected to be about the same as FY 96, whether through a Continuing Resolution or an Appropriation Bill.

Proposed changes in housing policies are contained in two bills: HR 2406, known as the Lazio Bill, and S1260 sponsored by Senator Connie Mack. It is uncertain whether either of these bills will pass through both houses of Congress this year. The welfare law expected to be signed by President Clinton, however, abolishes Aid to Families With Dependent Children and gives states discretion to establish their own programs using Federal block grants. Other major provisions of the welfare law limit lifetime welfare payments to five years and require most adult recipients to work within two years.

State

The State budget agreement reached in mid-July contain none of the Pataki Administration's welfare proposals, including proposed cuts in AFDC and time limits on benefits. Budget cuts in the Office of Mental Health were also restored. With wide latitude provided states through the Federal welfare law, though, it is likely that many of these proposals will be raised again.

Housing Supply

Housing Supply Report

1996 HOUSING SUPPLY REPORT

INTRODUCTION

The real estate boom of the late 1980s saw higher levels of new construction, especially of luxury buildings in Manhattan, and a flurry of cooperative and condominium conversions resulting from escalating property values despite mortgage interest rates consistently above 12%.

Coinciding with the bullish private market, the City of New York, along with the state and federal governments, committed unprecedented capital improvement funds to revamp New York City's housing inventory. In the 1991 Fiscal Year, the most generous year of capital spending, nearly $700 million in total was allocated for rehabilitating and managing the housing stock accumulated through *in rem* tax foreclosure policies. Capital funds were also used for moderate rehabilitation of private buildings at risk of abandonment and foreclosure. In all, billions of public dollars were infused into New York City's housing in the last ten years.

New York's rental market conditions in the early 1990s were in many ways a result of events that took place in the private housing market in the previous decade. Many properties, including newly converted cooperatives and condominiums in addition to rental buildings, were burdened with heavy mortgage debts that could not be supported by stagnant and occasionally sagging rent rolls. Some owners were forced into mortgage or tax foreclosure. This, in turn, led to the collapse of the savings and loan industry and the subsequent tightening of lending standards that persisted

Summary

In last year's Housing Supply Report, RGB staff concluded that almost every measure of residential construction and rehabilitation declined. This year, all indicators from 1995 point to a moderate improvement in such activity. Specifically, new dwellings ready for occupancy increased 7% to 7,428 units, housing units authorized by new building permits climbed more than one-quarter (28%) to 5,135 dwellings, new units receiving 421-a tax exemptions jumped nearly fourfold to 2,284 units, and the number of rehabilitated units approved for J-51 tax benefits rose by over one-quarter. Also, cooperative and condominium dwellings planned for new construction and rehabilitation grew by 50% over 1994 levels.

Though 1995 data is encouraging, viewing this data in a historical context shows that housing construction activity in New York City remains sluggish. Approximately half as many units have been completed in recent years as in the late 1980s. The annual number of housing units authorized by new building permits in the last five years resembles levels reported in 1975 and 1976 when the City was in the midst of its fiscal crisis and interest and inflation rates were in double digits. Likewise, cooperative and condominium construction and conversion remains well below pre-recessionary levels .

To be sure, the events in New York's real estate market in the late 1980s were unprecedented. This real estate boom brought somewhat more new construction than in the previous decade and a flurry of cooperative and condominium conversions arising from anticipation of greater profits.

It was during these expansionary years that the City commenced a major capital program to revamp its housing inventory. Capital spending peaked in FY 1991 with nearly $700 million spent on rehabilitating and selling the housing stock the City accumulated through tax foreclosure. Capital commitments planned for Fiscal Years 1997-2000, by contrast, range from $250 to $375 million. With waning public funding and the threat of rising interest rates, it is questionable whether the mild growth sparked in 1995 will flourish into a true recovery.

through 1993. Given the recession, tougher lending practices, higher default rates, and lenders merging or exiting the market altogether (conditions documented by RGB's annual Mortgage Surveys), housing construction bottomed out between 1991 and 1994.

In 1995, amidst cutbacks in public sector funding, residential construction activity picked up pace, showing that private developers have re-entered the housing market.

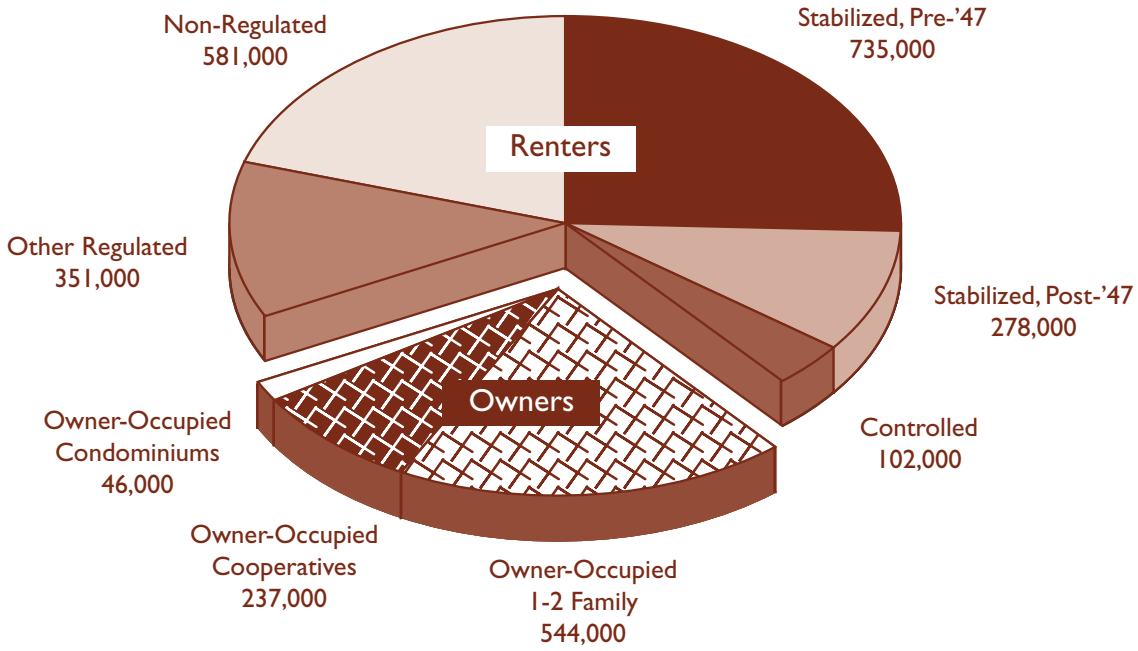
New York City's Housing Inventory

New York City's rate of home ownership falls well below that of the nation and other metropolitan areas. While nearly two-thirds (64%) of housing nationwide is occupied by owners according to the Census Bureau's Current Housing Report, the 1993 Housing and Vacancy Survey (HVS) found that just over one-quarter (29%) of all New York City dwellings are owner-occupied. Though most of of New York's owner-occupied buildings are 1-2 family homes, nearly 10% of all New York City households occupy cooperatives or condominiums that they own. The former is the more common style of shared multi-unit housing, totaling almost 237,000 units compared with 46,000 condominium apartments.

The remaining three-quarters (71%) of households in New York City reside in rental housing of many varieties. More than one million rental dwellings fall under the state's rent regulation laws and are either rent stabilized or controlled. About 350,000 rentals in New York City are operated by the New York City Housing Authority or are regulated by other local or federal housing agencies, (i.e., HUD, Mitchell Lama, *in rem*, and loft units). The remaining half million rentals are unregulated, composed of dwellings that were never regulated, were deregulated, or are in cooperatives or condominiums. (See pie chart below for a breakdown of rental and owner-occupied housing.)

With almost three-quarters of all households renting their homes, any report on New York City's housing stock must focus on its rental inventory. The number of renter-occupied dwellings in New York City shrank steadily from the early 1970s to the late 1980s.

New York City's Housing Stock is Predominantly Renter-Occupied



Note: Figures include vacant dwelling units.
Source: U.S. Census Bureau, New York City Housing and Vacancy Survey, 1993.

After peaking at 2.2 million rental units in 1970, the next twenty years brought reductions of more than 250,000 rental units that were demolished, converted, or rendered uninhabitable. Since the late 1980s, about half as many rentals have returned to New York City's housing inventory through new construction, rehabilitation, conversions from non-residential properties, and subdivisions. The 1993 HVS reported that there were 2,047,000 total renter-occupied units.

Though newly constructed housing is exempt from rent regulations, the rent stabilized inventory grew by 57,000 units between 1981 and 1993. This influx of stabilized housing stems primarily from rent controlled units that fall under rent stabilization rules upon vacancy. Rehabilitated and newly constructed units collecting tax exemptions and abatements also fall under stabilization.

The existence of rent regulations is tied to the proportion of the rental stock that is vacant and available for rent. Available rental units fell far below "emergency" levels in the late 1960s (1.2% of the housing stock in 1968) causing the state legislature to place post-war housing under rent regulation in New York City, while pre-war buildings remained under rent control. New York City's rental vacancy rate has remained well below the standard of 5% for decades but finally climbed above 3% in 1991 for the first time in nearly 30 years. Currently, the rental vacancy rate is 3.4% (1993 HVS).

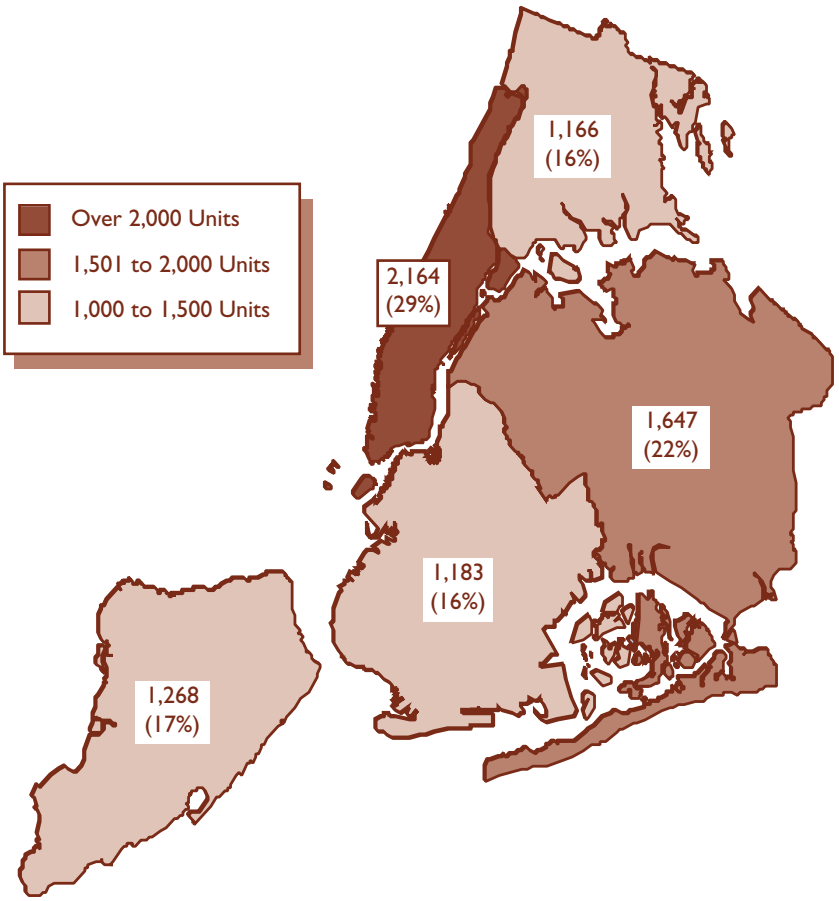
It is difficult to attribute the small increase in rental vacancies between 1991 and 1993 to any one factor, though it is probably related to the larger increase in rents compared with incomes during this period, a trend which causes families to "double-up" in order to cover rising rental costs. The slight increase in crowding rates since the early 1980s corroborates this theory.

New York City's Rental Housing - Additions and Renovations

Units are traditionally added to a housing inventory through new construction. Data on the annual number of newly constructed housing units issued certificates of occupancy is readily available from the Department of City Planning, while the number of dwellings issued permits for new construction to be completed in the next year or so is compiled by the U.S. Census Bureau.

New Dwellings Topped 7,000 Units in 1995

(Number of New Units Issued Certificates of Occupancy in 1995)



Note: Number in parentheses represents the percent of total units issued permits in each borough in 1995.
Source: New York City Department of City Planning.

Certificates of Occupancy

Fewer housing units were issued certificates of occupancy in 1993 (5,510) than in any year since 1945. New housing has rebounded somewhat since the low point reached in 1993, jumping 26% in 1994 and inching up an additional 7% last year to 7,428 dwellings.

Though Queens saw the most new units in 1994, Manhattan won out in 1995 comprising 29% of all new housing units constructed citywide. Queens had the second highest construction level in 1995 with 22%, while new construction in the Bronx, Brooklyn, and Staten Island each comprised 16%-17% of the total. (See map on the previous page.)

Permits

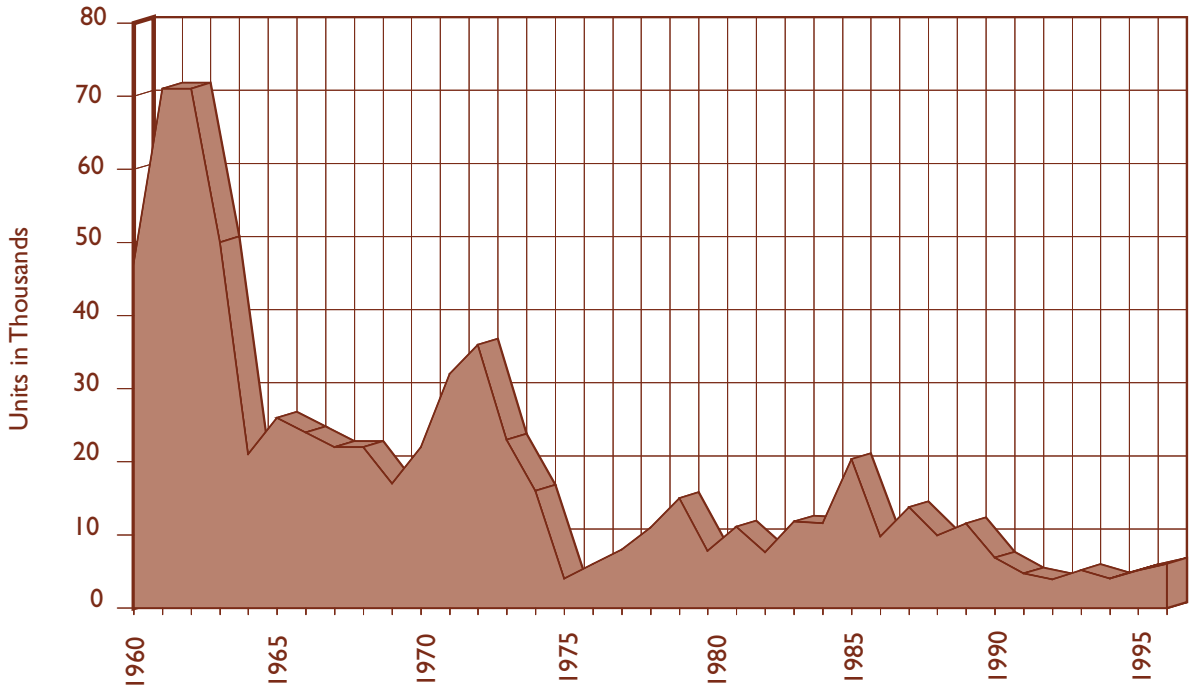
The number of permits authorized for new construction in any one year forecasts how many new dwellings will be completed and ready for occupancy one to three years in the future, depending on the type of housing structure and weather conditions. Fewer units were permitted in 1992 (3,882) than any year since 1975. Though permits have risen slightly in the last three years, new units remain low by historical standards. In 1995, 5,135 units were authorized, 1,125 more than in 1994.

About 1,800 of the units authorized with permits in 1995 were in buildings with 5 or more dwellings. Though most of the 1,800 dwellings will be available to renters, at least one-third will be owner-occupied cooperatives and condominiums (plans for 614 new cooperative and condominium units were filed in 1995, see graph on page 81 of this report).

Manhattan had the highest increase in permits for new dwellings in 1995, more than doubling from 428 apartments in 1994 to 1,129 this year. Judging from cooperative and condominium data for 1995, about half of the 1,129 units are in multifamily rental buildings. Queens (738) and Staten Island (1,472) also saw increases in new

Permits for New Construction Rose in 1995... but Remain Far Below Historical Levels

(Units in Buildings Authorized by New Permits)



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

units permitted, 32% and 16% respectively, while the Bronx and Brooklyn remained virtually unchanged at respectively 853 and 943 units.

The number of units issued new permits in the first three months of 1996 was 17% higher than the comparable period in 1995. About one-fifth of these are in buildings with 5 or more units. Sustaining this pace throughout 1996 would lead to more than 6,000 new units permitted this year, the highest number since 1990.

While the increase in permits in 1995 and early 1996 is encouraging, putting these figures into historical context shows that comparatively little new construction has taken place in recent years, especially in multifamily buildings. Throughout the 1980's, roughly 10,000 units were permitted each year and more than 20,000 were authorized in 1985 alone, a surge attributed to pending legislation which restricted much of Manhattan from 421-a eligibility. Further, permits issued in the 1980s pale in comparison with the number issued between 1960 and 1974 when as many as 70,000 units were authorized for construction in a single year (1961 and 1962). The Department of City Planning finds that the 1961-1962 surge was caused by builders and developers rushing to file plans for new construction before changes in zoning regulations took effect. [1] (A graph depicting permits issued each year appears on the previous page.)

The percent of units issued permits in buildings with five or more units has steadily declined since the late 1980s when one-half of units issued permits were in multifamily (five or more units) buildings. In the last five years, the proportion has ranged from one-quarter to one-third of permitted units. New construction in Manhattan remains almost exclusively large buildings, typically containing 100 or more units, while new buildings in the outer boroughs mostly contain 1-4 dwellings. Throughout the last decade, about one-quarter to one-third of all new units issued permits have been in Staten Island where few permits are for buildings with more than four dwellings.

1 *New Housing in New York City 1992*, Department of City Planning.

421-a Tax Exemptions

Much new housing built in New York City (except in Manhattan below 96th Street and loosely ending at 14th Street on the East side and Houston Street on the West side) receives tax exemptions under the City's 421-a tax incentive program designed to promote new housing construction. Owners are exempt from paying additional property taxes on the increased value of the property due to the housing structure. Newly constructed multifamily buildings (3 or more units) are eligible for the 421-a program, while 421-b exemptions are available to conventional homes, those with 1-2 dwellings.

The level and duration of 421-a benefits depend on geographic location, reservation of units for low- and moderate-income occupants, construction periods, and government involvement. Properties are eligible for exemptions during the construction phase, up to three years, and continue to receive benefits for 10 to 25 years. While receiving tax benefits, owners must abide by all rent regulations.

Since fewer new units are being built, it is not surprising that the number of units receiving 421-a benefits have been declining somewhat steadily since the late 1980s when 8,000 to 10,000 apartments were issued preliminary certificates annually. In 1995, 2,284 apartments were issued preliminary certificates for 421-a benefits, the highest annual number issued since 1992 when 2,650 units first entered the program.

By 1994, more than 17,000 total apartments were benefiting from 421-a exemptions, providing an estimate of newly constructed units that temporarily fall under the stabilization system.

Conversions and Subdivisions

While thousands of rental properties have been built in New York City since World War II - even in the lean 1990s, new apartment buildings have sprung up throughout the City - the rapid influx of people into the City has outstripped the new supply, making New York's one of the tightest housing markets in the country. Since new construction has not kept pace

with the growing number of households, alternate sources of housing have been tapped, such as subdividing single-family homes into several apartments. This type of conversion is particularly evident in brownstone buildings lining the streets of Manhattan and Brooklyn which now contain as many as 8 to 12 apartments in what were, earlier in this century, one- or two-family homes. A second form of conversion involves constructing residential space from former commercial properties. Witness the ongoing metamorphosis of downtown Manhattan's warehouses and office buildings to spacious residential lofts.

All new residential units, including converted or subdivided properties, relieve the housing shortage and resulting upward pressure on rents by supplying additional dwellings for households to move into. While new construction data is readily available, conversion activity is more difficult to measure. The Department of Buildings requires owners to submit applications before commencing such work; however, much conversion activity is done illegally without permits from the City. Even when owners obtain permits, this data is difficult to compile and is not classified into distinct categories such as rehabilitation, subdivisions, or the like. Rather, the type of construction activity must be inferred from the inspection records maintained by the Department. The RGB staff intends to work with the Buildings Department this year to assemble this data for use in future reports.

Until then, the RGB continues to rely on certificates of occupancy and the number of vacant *in rem* buildings as indicators of newly constructed and returned dwellings, as well as J-51 tax benefits to measure rehabilitation activity when assessing New York City's housing performance in a given year.

Returned Losses

As the housing stock ages, properties are prone to deteriorate beyond the point of habitability. Buildings that have already been abandoned by tenants, and in some cases by their owners as well, can be brought back to the housing market through substantial or gut rehabilitation. Such units are completely rebuilt and are essentially new dwellings.

The City of New York has been responsible for returning hundreds of uninhabitable buildings to the housing inventory in the last decade by rehabilitating vacant *in rem* housing and turning over the management responsibilities and ownership, to private, non-profit entities.

Through 1990, the City owned more vacant than occupied dwellings in its Centrally Managed system. The total number of vacant units the City had accumulated peaked at over 56,000 units in the mid-1980s, but fell to just over 10,000 in recent years. Because these figures represent City-owned units in the Centrally Managed stock, they mask thousands of additional dwellings that the City rehabilitated through its DAMP (Division of Alternative Management) programs and through various preservation programs aimed at privately owned properties.

Rehabilitation

While the median age of New York City's rental housing is about 50 years, much of the existing stock was built prior to 1930. As housing ages, it requires periodic renovation in addition to regular maintenance to remain habitable. Owners wishing to undertake building alterations must apply for permits with the Department of Buildings. Since this data is not compiled, the RGB relies on J-51 data as an indicator of rehabilitation activity in recent years.

Similar to the 421-a program, apartments in rental properties receiving J-51 tax abatements and exemptions are subject to rent regulation during the benefit period. Eligible rehabilitation activities include Major Capital Improvements (MCIs), substantial rehabilitation, conversions from non-residential to residential properties, and moderate rehabilitation. Renovations qualifying as MCIs receive a tax exemption on the increase in assessed value due to renovation or rehabilitation for 14 years (10 years of full exemption followed by a 4-year phase-out period designed for a less abrupt transition to full taxation) and abatements on existing taxes up to 90% of the reasonable cost of rehabilitation at 8-1/3% per year up to 20 years.

Moderate rehabilitation projects, which require a significant improvement to at least one major building-wide system, receive a 34-year tax exemption and abatements for up to 20 years to a ceiling of 100% of the reasonable cost. Government assisted housing receives "enriched" benefits including tax exemption for 34 years on the increase in assessed value and an abatement of 12.5% annually up to the actual claimed cost for as many as 20 years. Enriched exemption and abatement benefits are also available for conversions of Class A multiple dwellings and rehabilitation of Class A buildings that are not entirely vacant.

In the late 1980s and early 1990s, the number of units approved for initial J-51 tax abatements and exemptions each year was typically above 100,000 units, but has declined since. The largest number of units approved for benefits in recent years was in 1992 when 143,593 units received benefits, while only half as many dwellings (77,072) received J-51 tax benefits in 1995.

By Fiscal Year 1994, total J-51 benefits were imparted to nearly half a million rental apartments (417,140). Those apartments that were not stabilized prior to receiving tax benefits will no longer be subject to rent regulations once their tax benefits expire. Unfortunately, the data does not indicate what proportion of J-51 apartments are in regulated properties.

Other Changes in New York City's Housing Inventory

Demolitions

The number of housing units demolished in New York City each year is miniscule considering the size of its housing stock, and has been declining over the last ten years. Only 220 dwellings were demolished in 1995, 22 of which were in buildings with 5 or more units. This marks a steady decline since 1985 when 2,325 total dwelling units were destroyed, three-quarters of which were in buildings with 5 or more units. This rapid decline in demolitions reflects the City's preservation and anti-abandonment policies.

Cooperative and Condominium Activity

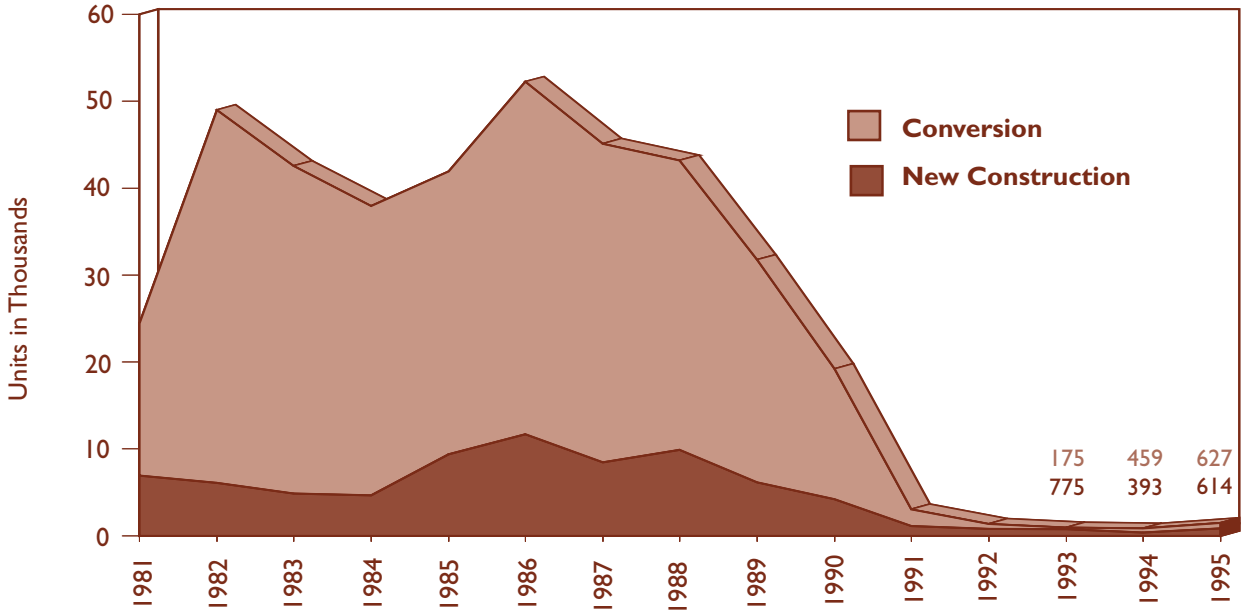
The overall housing stock is enlarged by newly constructed cooperatives and condominiums which help relieve the pressure on the rental market, assuming purchasers of these shared multifamily dwellings formerly resided in rental apartments or would otherwise choose to rent apartments in New York City. Also, some apartments in these buildings will be offered for rent by their owners. Plans for more than 76,000 newly constructed cooperative and condominium units have been filed with the New York State Attorney General's Office in the last fifteen years. Most of them were filed in the 1980s, while fewer than 1,800 units were contained in plans in the last three years. About 50% more cooperative and condominium dwellings were slated for new construction in 1995 (614 units) compared with the previous year (393 units).

Conversions of rental properties to cooperatives and condominiums, on the other hand, do not lead to a net increase in housing units. Rather, eviction method conversions reduce the number of apartments available to renters. Not all households are evicted from their homes in eviction conversions, though; some residents choose to purchase their units or otherwise are allowed to remain in their homes. In addition, not all apartments in buildings that are converted to cooperatives and condominiums (through either eviction or non-eviction conversions) become owner-occupied. Many revert to rental apartments when they are purchased and are offered for rent by their owners. Nonetheless, about 250,000 dwelling units have been converted to cooperatives and condominiums through non-eviction plans and 70,000 dwellings have been converted through eviction plans since the early 1980s.

Eviction conversion plans increased in 1995 (426) to nearly twice the level in 1994 (283), while non-eviction conversions inched up from 176 units last year to 201 in 1995. (See the graph on the next page which shows newly constructed and converted cooperative and condominium dwellings since 1981.)

Units in Newly Constructed and Converted Co-ops & Condos Increased in 1995

(Number of Units in Plans Accepted for Filing by the Attorney General's Office)



Source: New York State Attorney General's Office, Real Estate Financing Division.

Last year was the first time the RGB collected data on rehabilitated cooperative and condominium units. Such rehabilitations increased by more than 50% from 1994 to 1995, while most were sponsored by the City's Department of Housing Preservation and Development (HPD) in both years.

Proponents of ownership claim, with much merit, that owner-occupants have more incentive to care for their properties and surrounding communities. However, purchasing a housing unit requires substantial up-front capital (conventional mortgages frequently require 20% of the purchase price as a down payment), a sizable income flow to support mortgage payments, and a relatively long-term commitment to the dwelling. Further, purchasing a cooperative apartment usually requires approval of a board which can lead to income, racial, and other forms of discrimination. These obstacles preclude many New Yorkers from owning their apartments, forcing them to be "captured" by the rental market.

Tax-Delinquent Properties

Through 1993, the City of New York took possession of hundreds of tax delinquent buildings through its *in rem* tax foreclosure program. The City accumulated tens of thousands of occupied dwellings, at the same time that vacant units in its Centrally Managed inventory swelled to more than 50,000 apartments in nearly 6,000 buildings. It is these vacant units that the City has successfully returned to the housing inventory throughout the last decade. The City's commitment has prevented a more severe housing shortage than already exists caused by lack of new construction. The occupied *in rem* inventory, on the other hand, has not yet declined to 50% of its mid-1980s peak.

After investing a vast sum in its *in rem* properties, the City finally halted its foreclosure policy in late 1993 after sixteen years of taking title to properties in tax arrears, and subsequently rehabilitating, managing, and selling thousands of buildings. In a reversal of policy,

HPD aims to quickly reduce its occupied inventory and to enlist private parties to take over ownership, revamp, and manage City-owned buildings. Since 1993, fewer than 100 properties have been vested, while several hundred buildings have been sold. The City's housing agency now has only one disposition program (Tenant Interim Lease, or TIL) that directly involves HPD in the lengthy rehabilitation of *in rem* properties prior to sale.

In an attempt to more aggressively recoup back taxes as well as to preserve the housing inventory, the City devised a new plan that includes an early-warning system and sales of tax liens on delinquent buildings. The City expects to raise $150 million by selling select residential[2] and commercial properties with liens worth twice this amount to approved bidders. Bidders purchase the claim for unpaid taxes from the City and collect taxes from delinquent property owners. The City receives an immediate payment (though less than the value of the lien) and the purchaser receives the difference between the outstanding tax plus interest and the amount paid to the City.

This new strategy is being implemented along with the City's broader plan to prevent the need for selling tax liens or vesting properties by first employing an early-warning system and allowing HPD to transfer title to third parties without taking title to delinquent properties. HPD will continue to vest those properties that require the resources of the City, ones that have little economic value, to ensure they remain habitable. While this policy will certainly reduce direct costs the City incurs in maintaining its housing stock, it is uncertain how it will impact marginal properties in the City's poorest neighborhoods.

Future Additions to New York City's Housing Stock

All data in this year's Housing Supply Report suggest that New York City's housing market is in recovery, but this upswing appears fragile. New housing permits, which reflect future owner-occupied units as well as rentals and cooperatives and condominiums, rose in 1995 by one-quarter over 1994. Rehabilitation efforts and conversions from non-residential properties are also on the rise.

In addition, a recent announcement by Fannie Mae bodes well for New York's housing stock. Fannie Mae unveiled its *House New York* program in which it will invest $8 billion in the five boroughs and the four New York State counties that surround the City. One billion dollars of these funds are earmarked for multifamily housing initiatives including acquisition, new construction, and rehabilitation. The plan focuses on multifamily housing in Manhattan and smaller properties in the outer boroughs. The remaining $7 billion will be used to promote homeownership in traditional single family homes, as well as in cooperatives, condominiums, and 2-4 family properties.

On the down side, Congress is proposing a sunset of Low Income Housing Tax Credits, a program designed to encourage construction and rehabilitation of residential properties by private developers begun in 1987. The sunset would apply to future allocations rather than to existing projects which would continue to receive tax benefits. States would be required to allocate all unused credits by the end of 1998. Further, proposed cuts in Section 8 certificates and vouchers could jeopardize plans for future low- and moderate-income housing, since many such developments rely on market rents to cover operating and capital costs. These economic rents are otherwise unaffordable to target families.

Reviewing patterns of new housing construction over the past few decades reveals that developers respond to government incentive and subsidy programs and changes in zoning regulations, as well as to the local economy, when building all types of housing. Less government assistance would surely result in fewer new housing units being built. ❑

2 The first lien sale excludes Class 1 properties, buildings that are cooperatives and condominiums, and rental properties that are considered at risk.

APPENDICES

Appendix A: Guidelines Adopted by the Board

A.1 Apartments & Lofts

On June 24, 1996, the Rent Guidelines Board (RGB) set the following maximum rent increases for leases commencing or being renewed on or after October 1, 1996 and on or before September 30, 1997 for rent stabilized apartments:

One-Year Lease	Two-Year Lease
5%	7%

A supplemental adjustment of $20 per month may be added for apartments renting for $400 or less as of September 30, 1996. For tenants entering new leases the increases are the same as renewal leases, except a 9% vacancy allowance may also be charged. Under Order 28, 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 28, however, if the apartment first enters rent stabilization within the guideline period (from October 1, 1996 to September 30, 1997).

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, 1996 and on or before September 30, 1997:

One-Year Lease	Two-Year Lease
4%	6%

Leases for units subject to rent control on September 30, 1996 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 50% above the Maximum Collectible Rent paid by the prior tenant or 40% above the Maximum Base Rent, whichever is greater.

A.2 Hotel Units

On June 24, 1996, the RGB set a maximum allowable increase of 0% over the lawful rent actually charged and paid on September 30, 1996 for residential lodging houses, rooming houses, Class B hotels, single room occupancy and Class A residential hotels. The guidelines apply to leases commencing or being renewed on or after October 1, 1996 and on or before September 30, 1997. 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 1996

B.1 Number of Price Quotes Gathered for Each Item in the PIOC, 1995 vs. 1996

Spec	Description	1995	1996
211	Apartment Value	136	101
212	Non-Union Super	61	66
216	Non-Union Janitor/Porter	42	42
	LABOR COST	239	209
301	Fuel Oil #2	35	33
302	Fuel Oil #4	10	9
303	Fuel Oil #6	8	7
	FUEL COSTS	53	49
501	Repainting	132	126
502	Plumbing, Faucet	38	38
503	Plumbing, Stoppage	37	41
504	Elevator #1	11	11
505	Elevator #2	10	11
506	Elevator #3	10	10
507	Burner Repair	10	15
508	Boiler Repair, Tube	10	11
509	Boiler Repair, Weld	5	7
510	Refrigerator Repair	6	11
511	Range Repair	10	10
512	Roof Repair	22	23
513	Air Conditioner Repair	6	9
514	Floor Maint. #1	7	10
515	Floor Maint. #2	7	10
516	Floor Maint. #3	7	10
518	Linen/Laundry Service	5	5
	CONTRACTOR SERVICES	333	358
601	Management Fees	52	57
602	Accountant Fees	38	33
603	Attorney Fees	22	23
604	Newspaper Ads	16	19
605	Agency Fees	5	5
606	Lease Forms	7	7
607	Bill Envelopes	10	10
608	Ledger Paper	6	5
	ADMINISTRATIVE COSTS	156	159
701	INSURANCE COSTS	448	430
801	Light bulbs	6	5
802	Light Switch	7	6
803	Wet Mop	7	5
804	Floor Wax	8	8
805	Paint	10	12
806	Pushbroom	7	6
807	Detergent	5	9
808	Bucket	11	12
809	Washers	11	11
810	Linens	10	10
811	Pine Disinfectant	5	9
812	Window/Glass Cleaner	5	9
813	Switch Plate	7	8
814	Duplex Receptacle	5	6
815	Toilet Seat	11	17
816	Deck Faucet	14	15
	PARTS & SUPPLIES	129	148
901	Refrigerator #1	8	11
902	Refrigerator #2	12	11
903	Air Conditioner #1	7	6
904	Air Conditioner #2	5	6
905	Floor Runner	9	8
906	Dishwasher	5	7
907	Range #1	8	7
908	Range #2	6	6
909	Carpet	11	10
910	Dresser	7	12
911	Mattress & Box Spring	7	11
	REPLACEMENT COSTS	85	95
	All Items	1443	1448

B.2 Expenditure Weights, Price Relatives, Percent Changes and Standard Errors, All Apartments, 1996

Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error
101	REAL ESTATE TAXES	0.2628	1.0296	2.96%	0.1026
201	Payroll, Bronx, All	0.1227	1.0342	3.42%	0.0000
202	Payroll, Other, Union, Supts.	0.1193	1.0192	1.92%	0.0000
203	Payroll, Other, Union, Other	0.2937	1.0192	1.92%	0.0000
204	Payroll, Other, Non-Union, All	0.2661	1.0368	3.68%	3.4295
205	Social Security Insurance	0.0481	1.0178	1.78%	0.0000
206	Unemployment Insurance	0.0100	0.9783	-2.17%	0.0000
207	Private Health & Welfare	0.1400	1.0640	6.40%	0.0000
	LABOR COSTS	0.1711	1.0315	3.15%	0.9126
301	Fuel Oil #2	0.2666	1.2261	22.61%	0.8564
302	Fuel Oil #4	0.2158	1.2955	29.55%	1.2225
303	Fuel Oil #6	0.5176	1.3321	33.21%	0.4613
	FUEL	0.0883	1.2960	29.60%	0.4228
401	Electricity #1, 2,500 KWH	0.0151	1.0247	2.47%	0.0000
402	Electricity #2, 15,000 KWH	0.1840	1.0379	3.79%	0.0000
403	Electricity #3, 82,000 KWH	0.0000	1.0246	2.46%	0.0000
404	Gas #1, 12,000 therms	0.0056	1.1244	12.44%	0.0000
405	Gas #2, 65,000 therms	0.0560	1.1962	19.62%	0.0000
406	Gas #3, 214,000 therms	0.1401	1.2020	20.20%	0.0000
407	Steam #1, 1.2m lbs	0.0156	1.1718	17.18%	0.0000
408	Steam #2, 2.6m lbs	0.0058	1.1962	19.62%	0.0000
409	Telephone	0.0134	0.9963	-0.37%	0.0000
410	Water & Sewer	0.5645	1.0474	4.74%	0.1280
	UTILITIES	0.1410	1.0779	7.79%	0.0723
501	Repainting	0.4192	0.9998	-0.02%	1.1370
502	Plumbing, Faucet	0.1346	1.0486	4.86%	1.3436
503	Plumbing, Stoppage	0.1250	1.0222	2.22%	1.0405
504	Elevator #1, 6 fl., 1 e.	0.0494	1.0235	2.35%	0.8201
505	Elevator #2, 13 fl., 2 e.	0.0346	1.0224	2.24%	0.7430
506	Elevator #3, 19 fl., 3 e.	0.0196	1.0210	2.10%	0.7649
507	Burner Repair	0.0398	1.0088	0.88%	0.4172
508	Boiler Repair, Tube	0.0450	1.0235	2.35%	1.4183
509	Boiler Repair, Weld	0.0342	1.0630	6.30%	4.3299
510	Refrigerator Repair	0.0136	1.0180	1.80%	1.8426
511	Range Repair	0.0145	1.0064	0.64%	2.2804
512	Roof Repair	0.0544	1.0459	4.59%	2.2419
513	Air Conditioner Repair	0.0099	1.0116	1.16%	0.0000
514	Floor Maint. #1, Studio	0.0003	1.0041	0.41%	3.7968
515	Floor Maint. #2, 1 Br.	0.0006	0.9837	-1.63%	3.1372
516	Floor Maint. #3, 2 Br.	0.0053	0.9634	-3.66%	3.5862
	CONTRACTOR SERVICES	0.1520	1.0179	1.79%	0.5679

Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error
601	Management Fees	0.6732	1.0364	3.64%	0.6042
602	Accountant Fees	0.1444	1.0393	3.93%	1.1334
603	Attorney Fees	0.1419	1.0094	0.94%	0.6303
604	Newspaper Ads	0.0041	1.0793	7.93%	2.6421
605	Agency Fees	0.0047	1.2396	23.96%	10.7839
606	Lease Forms	0.0108	1.0213	2.13%	1.6123
607	Bill Envelopes	0.0107	1.1019	10.19%	5.6722
608	Ledger Paper	0.0102	1.0269	2.69%	2.7277
	ADMINISTRATIVE COSTS	0.0843	1.0346	3.46%	0.4558
701	INSURANCE COSTS	0.0663	1.0501	5.01%	0.3295
801	Light Bulbs	0.0400	1.0000	0.00%	0.0000
802	Light Switch	0.0486	1.0210	2.10%	2.0628
803	Wet Mop	0.0430	1.0000	0.00%	1.2537
804	Floor Wax	0.0407	1.0068	0.68%	0.4775
805	Paint	0.2135	1.0137	1.37%	1.3953
806	Pushbroom	0.0406	1.0000	0.00%	0.0000
807	Detergent	0.0344	1.0126	1.26%	0.8732
808	Bucket	0.0427	0.9964	-0.36%	0.3720
809	Washers	0.1038	1.0000	0.00%	0.0000
811	Pine Disinfectant	0.0503	1.0075	0.75%	0.4870
812	Window/Glass Cleaner	0.0538	1.0044	0.44%	0.4569
813	Switch Plate	0.0408	1.0476	4.76%	4.9416
814	Duplex Receptacle	0.0368	1.0000	0.00%	0.0000
815	Toilet Seat	0.1007	1.0002	0.02%	2.0352
816	Deck Faucet	0.1103	1.0123	1.23%	1.3304
	PARTS AND SUPPLIES	0.0239	1.0084	0.84%	0.4569
901	Refrigerator #1	0.0889	1.0217	2.17%	0.6935
902	Refrigerator #2	0.4776	1.0105	1.05%	0.8321
903	Air Conditioner #1	0.0175	1.0179	1.79%	1.8161
904	Air Conditioner #2	0.0218	1.0214	2.14%	2.1017
905	Floor Runner	0.0866	1.0000	0.00%	0.1763
906	Dishwasher	0.0454	1.0047	0.47%	0.4940
907	Range #1	0.0430	1.0062	0.62%	0.6233
908	Range #2	0.2191	1.0065	0.65%	0.6489
	REPLACEMENT COST	0.0104	1.0097	0.97%	0.4319
	ALL ITEMS	1.0000	1.0595	5.95%	0.1901

B.3 Price Relatives by Building Type, Apartments, 1996

Spec #	Item Description	Pre-1947	Post-1947	Gas Heated	Oil Heated	MASTER METERED BLDGS
101	REAL ESTATE TAXES	1.0296	1.0296	1.0296	1.0296	1.0296
201	Payroll,Bronx,All	0.1746	0.0725	0.0021	0.1537	0.0000
202	Payroll,Other,Union,Supts.	0.1239	0.1189	0.1488	0.1102	0.0940
203	Payroll,Other,Union,Other	0.1801	0.4346	0.3495	0.2830	0.3802
204	Payroll,Other,Non-Union,All	0.3729	0.1658	0.3388	0.2765	0.4003
205	Social Security Insurance	0.0449	0.0537	0.0527	0.0480	0.0460
206	Unemployment Insurance	0.0095	0.0102	0.0105	0.0101	0.0131
207	Private Health & Welfare	0.1269	0.1740	0.1274	0.1505	0.0957
	LABOR COSTS	1.0329	1.0299	1.0298	1.0319	1.0294
301	Fuel Oil #2	0.3952	0.1184	0.0081	0.3258	0.4882
302	Fuel Oil #4	0.3337	0.1147	0.2024	0.2751	0.2060
303	Fuel Oil #6	0.5596	1.0855	1.1152	0.6953	0.5899
	FUEL	1.2885	1.3186	1.3257	1.2962	1.2841
401	Electricity #1, 2,500 KWH	0.0229	0.0011	0.0264	0.0120	0.0000
402	Electricity #2, 15,000 KWH	0.1545	0.2619	0.0878	0.2360	0.0000
403	Electricity #3, 82,000 KWH	0.0000	0.0000	0.0000	0.0000	0.5556
404	Gas #1, 12,000 therms	0.0089	0.0012	0.0055	0.0069	0.0002
405	Gas #2, 65,000 therms	0.0833	0.0352	0.1662	0.0369	0.0174
406	Gas #3, 214,000 therms	0.1550	0.1942	0.4949	0.0413	0.0566
407	Steam #1, 1.2m lbs	0.0001	0.0535	0.0014	0.0001	0.0000
408	Steam #2, 2.6m lbs	0.0001	0.0203	0.0004	0.0001	0.0000
409	Telephone	0.0148	0.0105	0.0087	0.0156	0.0165
410	Water & Sewer	0.6361	0.5043	0.3391	0.7058	0.3974
	UTILITIES	1.0757	1.0821	1.1305	1.0546	1.0437
501	Repainting	0.4002	0.4702	0.5473	0.3872	0.3655
502	Plumbing, Faucet	0.1631	0.0813	0.1353	0.1385	0.1545
503	Plumbing, Stoppage	0.1472	0.0747	0.1244	0.1273	0.1420
504	Elevator #1, 6 fl., 1 e.	0.0631	0.0166	0.0204	0.0567	0.0008
505	Elevator #2, 13 fl., 2 e.	0.0179	0.0831	0.0050	0.0446	0.0974
506	Elevator #3, 19 fl., 3 e.	0.0068	0.0560	0.0410	0.0163	0.0343
507	Burner Repair	0.0407	0.0389	0.0202	0.0471	0.0357
508	Boiler Repair,Tube	0.0466	0.0446	0.0231	0.0540	0.0410
509	Boiler Repair,Weld	0.0368	0.0352	0.0183	0.0425	0.0323
510	Refrigerator Repair	0.0134	0.0147	0.0131	0.0140	0.0075
511	Range Repair	0.0143	0.0156	0.0139	0.0149	0.0079
512	Roof Repair	0.0616	0.0442	0.0398	0.0627	0.0458
513	Air Conditioner Repair	0.0027	0.0298	0.0042	0.0069	0.0351
514	Floor Maint. #1, Studio	0.0002	0.0005	0.0004	0.0004	0.0006
515	Floor Maint. #2, 1 Br.	0.0005	0.0008	0.0007	0.0005	0.0091
516	Floor Maint. #3, 2 Br.	0.0040	0.0082	0.0070	0.0053	0.0087
	CONTRACTOR SERVICES	1.0192	1.0144	1.0139	1.0189	1.0183

Spec #	Item Description	Pre-1947	Post-1947	Gas Heated	Oil Heated	MASTER METERED BLDGS
601	Management Fees	0.6199	0.7955	0.6465	0.7034	0.4683
602	Accountant Fees	0.1761	0.1172	0.1060	0.1601	0.3601
603	Attorney Fees	0.1784	0.0993	0.2398	0.1270	0.1446
604	Newspaper Ads	0.0053	0.0032	0.0073	0.0040	0.0044
605	Agency Fees	0.0071	0.0042	0.0097	0.0053	0.0058
606	Lease Forms	0.0155	0.0052	0.0076	0.0116	0.0172
607	Bill Envelopes	0.0168	0.0055	0.0082	0.0125	0.0185
608	Ledger Paper	0.0149	0.0049	0.0073	0.0111	0.0165
	ADMINISTRATIVE COSTS	1.0341	1.0351	1.0325	1.0349	1.0354
701	INSURANCE COSTS	1.0501	1.0501	1.0501	1.0501	1.0501
801	Light Bulbs	0.0391	0.0418	0.0409	0.0397	0.0765
802	Light Switch	0.0486	0.0519	0.0509	0.0493	0.0951
803	Wet Mop	0.0406	0.0484	0.0345	0.0472	0.0553
804	Floor Wax	0.0387	0.0462	0.0329	0.0450	0.0527
805	Paint	0.2187	0.2115	0.2454	0.2082	0.1114
806	Pushbroom	0.0404	0.0410	0.0291	0.0399	0.0466
807	Detergent	0.0329	0.0393	0.0280	0.0382	0.0448
808	Bucket	0.0402	0.0480	0.0341	0.0466	0.0546
809	Washers	0.1089	0.0924	0.1122	0.0996	0.0554
811	Pine Disinfectant	0.0496	0.0530	0.0519	0.0503	0.0971
812	Window/Glass Cleaner	0.0529	0.0565	0.0553	0.0535	0.1034
813	Switch Plate	0.0403	0.0482	0.0343	0.0468	0.0549
814	Duplex Receptacle	0.0347	0.0414	0.0295	0.0404	0.0473
815	Toilet Seat	0.1056	0.0896	0.1088	0.0967	0.0538
816	Deck Faucet	0.1171	0.0995	0.1207	0.1072	0.0596
	PARTS AND SUPPLIES	1.0084	1.0086	1.0085	1.0085	1.0086
901	Refrigerator #1	0.0877	0.0984	0.0739	0.0987	0.0800
902	Refrigerator #2	0.4759	0.4984	0.4009	0.4997	0.4052
903	Air Conditioner #1	0.0094	0.0376	0.0241	0.0158	0.0112
904	Air Conditioner #2	0.0118	0.0468	0.0300	0.0197	0.0140
905	Floor Runner	0.0818	0.0975	0.0459	0.0979	0.2330
906	Dishwasher	0.0392	0.0603	0.1437	0.0220	0.0134
907	Range #1	0.0492	0.0294	0.0472	0.0440	0.0432
908	Range #2	0.2543	0.1419	0.2438	0.2120	0.2081
	REPLACEMENT COSTS	1.0094	1.0103	1.0094	1.0098	1.0081
	ALL ITEMS	1.0681	1.0537	1.0545	1.0651	1.0538

B.4 Percentage Change in Real Estate Tax Sample by Borough and Source of Change, Apartments and Hotels, 1996

	% 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)	0.58%	0.56%	0.22%	2.33%	0.03%	3.72%
Manhattan (Above 96th St)	-1.13%	0.22%	0.26%	2.65%	-0.02%	1.98%
All Manhattan	0.44%	0.53%	0.23%	2.36%	0.02%	3.58%
Bronx	-0.81%	0.30%	0.17%	2.71%	0.01%	2.38%
Brooklyn	-1.82%	0.44%	0.18%	2.63%	-0.03%	1.40%
Queens	-0.82%	0.32%	0.29%	2.60%	-0.01%	2.38%
Staten Island	-4.10%	0.45%	0.74%	2.52%	-0.08%	-0.50%
Total	**-0.21%**	**0.46%**	**0.23%**	**2.47%**	**0.01%**	**2.96%**
HOTELS						
Hotels	0.53%	0.28%	0.00%	-1.41%	0.00%	-0.60%
Rooming Houses	3.81%	0.00%	0.01%	1.69%	-0.02%	5.50%
SROs	0.87%	0.03%	-0.08%	1.06%	0.01%	1.89%
Total	**1.29%**	**0.13%**	**-0.03%**	**0.18%**	**0.00%**	**1.57%**

Note: Totals may not add due to rounding.

B.5 Tax Change by Borough and Community Board, Apartments, 1996

Borough	Community Board	Number of Buildings	Tax Relative
Manhattan	**All**	**12,071**	**3.6**
	1	17	4.4
	2	1,093	2.3
	3	1,323	2.5
	4	1,017	4.0
	5	347	5.8
	6	890	3.7
	7	2,243	4.4
	8	2,306	3.3
	9	619	3.4
	10	458	4.1
	11	423	3.9
	12	1,324	1.0
	NA	11	NA
Bronx	**All**	**3729**	**2.4**
	1	164	3.6
	2	120	2.2
	3	102	7.7
	4	445	1.7
	5	482	1.8
	6	302	2.6
	7	803	3.6
	8	324	1.5
	9	269	0.8
	10	113	2.9
	11	268	2.8
	12	337	4.0
Brooklyn	**All**	**10,341**	**1.4**
	1	1,236	6.2
	2	621	-4.5
	3	458	-3.8
	4	1,047	6.9
	5	202	NA
	6	869	4.3
	7	707	2.5
	8	673	5.5
	9	453	3.9
	10	782	2.8
	11	715	3.0
	12	573	2.0
	13	182	2.0
	14	766	1.3
	15	349	2.4
	16	122	7.1
	17	518	3.0
	18	61	2.4
	NA	7	NA
Queens	**All**	**5,807**	**2.4**
	1	1,672	1.2
	2	772	3.0
	3	377	2.4
	4	311	1.7
	5	1,086	2.4
	6	326	2.8
	7	400	2.9
	8	179	2.3
	9	191	4.2
	10	80	2.8
	11	112	0.4
	12	143	4.9
	13	42	-3.0
	14	69	0.9
	NA	47	NA
Staten Island	**All**	**157**	**-0.5**
	1	100	-1.3
	2	36	1.2
	NA	21	2.7
Citywide	**All**	**32,105**	**3.0**

B.6 Expenditure Weights, Price Relatives, Percent Changes and Standard Errors, All Hotels, 1996

Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error
	REAL ESTATE TAXES	0.2301	1.0157	1.57%	2.8059
205	Social Security Insurance	0.0591	1.0383	3.83%	0.0000
206	Unemployment Insurance	0.0225	0.9783	-2.17%	0.0000
208	Hotel Private Health/Welfare	0.0364	1.0422	4.22%	0.0000
209	Hotel Union Labor	0.3321	1.0401	4.01%	0.0000
210	SRO Union Labor	0.0130	1.0400	4.00%	0.0000
211	Apartment Value	0.1137	1.0325	3.25%	0.4265
212	Non-Union Superintendent	0.2983	1.0410	4.10%	1.2134
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	0.1249	1.0296	2.96%	0.8200
	LABOR COSTS	0.1841	1.0368	3.68%	0.3792
301	Fuel Oil #2	0.6998	1.2261	22.61%	0.8564
302	Fuel Oil #4	0.0147	1.2955	29.55%	1.2225
303	Fuel Oil #6	0.2855	1.3321	33.21%	0.4613
	FUEL	0.0921	1.2574	25.74%	0.6139
401	Electricity #1, 2,500 KWH	0.0844	1.0247	2.47%	0.0000
402	Electricity #2, 15,000 KWH	0.0871	1.0379	3.79%	0.0000
403	Electricity #3, 82,000 KWH	0.2743	1.0246	2.46%	0.0000
404	Gas #1, 12,000 therms	0.0487	1.1244	12.44%	0.0000
405	Gas #2, 65,000 therms	0.0342	1.1962	19.62%	0.0000
406	Gas #3, 214,000 therms	0.1390	1.2020	20.20%	0.0000
407	Steam #1, 1.2m lbs	0.0002	1.1718	17.18%	0.0000
409	Telephone	0.1942	0.9963	-0.37%	0.0000
410	Water & Sewer	0.1379	1.0608	6.08%	2.7000
	UTILITIES	0.1706	1.0607	6.07%	0.3724
501	Repainting	0.2081	0.9998	-0.02%	1.1370
502	Plumbing, Faucet	0.0758	1.0486	4.86%	1.3436
503	Plumbing, Stoppage	0.0746	1.0222	2.22%	1.0405
504	Elevator #1, 6 fl., 1 e.	0.0302	1.0235	2.35%	0.8201
505	Elevator #2, 13 fl., 2 e.	0.0291	1.0224	2.24%	0.7430
506	Elevator #3, 19 fl., 3 e.	0.0270	1.0210	2.10%	0.7649
507	Burner Repair	0.0260	1.0088	0.88%	0.4172
508	Boiler Repair, Tube	0.0264	1.0235	2.35%	1.4183
509	Boiler Repair, Weld	0.0237	1.0630	6.30%	1.8426
511	Range Repair	0.1521	1.0064	0.64%	2.2804
512	Roof Repair	0.0219	1.0459	4.59%	2.2419
513	Air Conditioner Repair	0.0455	1.0116	1.16%	0.0000
514	Floor Maint. #1, Studio	0.0009	1.0041	0.41%	3.7968
515	Floor Maint. #2, 1 Br.	0.0020	0.9837	-1.63%	3.1372
516	Floor Maint. #3, 2 Br.	0.0181	0.9634	-3.66%	3.5862
518	Linen/Laundry Service	0.2388	1.0000	0.00%	0.0000
	CONTRACTOR SERVICES	0.1032	1.0114	1.14%	0.4614
601	Management Fees	0.6107	1.0364	3.64%	0.6042
602	Accountant Fees	0.0842	1.0393	3.93%	1.1334
603	Attorney Fees	0.1489	1.0094	0.94%	0.6303
604	Newspaper Ads	0.0967	1.0793	7.93%	2.6421
605	Agency Fees	0.0210	1.2396	23.96%	10.7839
606	Lease Forms	0.0122	1.0213	2.13%	1.6123
607	Bill Envelopes	0.0146	1.1019	10.19%	5.6722
608	Ledger Paper	0.0117	1.0269	2.69%	2.7277
	ADMINISTRATIVE COSTS	0.0933	1.0417	4.17%	0.5282
701	INSURANCE COSTS	0.0370	1.0501	5.01%	0.4660
801	Light Bulbs	0.0164	1.0000	0.00%	0.0000
802	Light Switch	0.0182	1.0210	2.10%	2.0628
803	Wet Mop	0.0505	1.0000	0.00%	1.2537
804	Floor Wax	0.0505	1.0068	0.68%	0.4775
805	Paint	0.1169	1.0137	1.37%	1.3953
806	Pushbroom	0.0459	1.0000	0.00%	0.0000
807	Detergent	0.0459	1.0126	1.26%	0.8732
808	Bucket	0.0519	0.9964	-0.36%	0.3720
809	Washers	0.0517	1.0000	0.00%	0.0000
810	Linens	0.3146	0.9914	-0.86%	1.9056
811	Pine Disinfectant	0.0196	1.0075	0.75%	0.4870
812	Window/Glass Cleaner	0.0207	1.0044	0.44%	0.4569
813	Switch Plate	0.0482	1.0476	4.76%	4.9416
814	Duplex Receptacle	0.0441	1.0000	0.00%	0.0000
815	Toilet Seat	0.0500	1.0002	0.02%	2.0352
816	Deck Faucet	0.0549	1.0123	1.23%	1.3304
	PARTS AND SUPPLIES	0.0637	1.0032	0.32%	0.6830
901	Refrigerator #1	0.0196	1.0217	2.17%	0.6935
902	Refrigerator #2	0.1046	1.0105	1.05%	0.8321
903	Air Conditioner #1	0.0644	1.0179	1.79%	1.8161
904	Air Conditioner #2	0.0761	1.0214	2.14%	2.1017
907	Range #1	0.0083	1.0062	0.62%	0.6233
908	Range #2	0.0436	1.0065	0.65%	0.6489
909	Carpet	0.3324	1.0678	6.78%	4.7536
910	Dresser	0.1813	1.0000	0.00%	1.1985
911	Mattress & Box Spring	0.1696	1.0046	0.46%	0.4527
	REPLACEMENT COSTS	0.0260	1.0280	2.80%	1.6118
	ALL ITEMS	1.0000	1.0523	5.23%	0.6615

B.7 Price Relative by Hotel Type, 1996

Spec #	Item Description	Hotel	RH	SRO
101	REAL ESTATE TAXES	0.9937	1.0550	1.0189
205	Social Security Insurance	0.0777	0.0584	0.0361
206	Unemployment Insurance	0.0201	0.0167	0.0312
208	Hotel Private Health/Welfare	0.0559	0.0000	0.0053
209	Hotel Union Labor	0.5242	0.0000	0.0000
210	SRO Union Labor	0.0000	0.0000	0.0665
211	Apartment Value	0.0327	0.4153	0.1741
212	Non-Union Superintendent	0.1043	0.4287	0.5537
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	0.2215	0.1159	0.1687
	LABOR COSTS	1.0364	1.0350	1.0355
301	Fuel Oil #2	0.9139	1.2261	0.3742
302	Fuel Oil #4	0.0000	0.0000	0.1105
303	Fuel Oil #6	0.3392	0.0000	0.8120
	FUEL	1.2531	1.2261	1.2967
401	Electricity #1, 2,500 KWH	0.0038	0.4725	0.0752
402	Electricity #2, 15,000 KWH	0.0901	0.0000	0.1576
403	Electricity #3, 82,000 KWH	0.3583	0.0000	0.2272
404	Gas #1, 12,000 therms	0.0040	0.3380	0.0132
405	Gas #2, 65,000 therms	0.0331	0.0000	0.0973
406	Gas #3, 214,000 therms	0.1724	0.0000	0.2710
407	Steam #1, 1.2m lbs	0.0000	0.0021	0.0000
409	Telephone	0.2612	0.0297	0.0862
410	Water & Sewer	0.1304	0.2193	0.1570
	UTILITIES	1.0534	1.0615	1.0847
501	Repainting	0.2130	0.2426	0.1666
502	Plumbing, Faucet	0.0318	0.1842	0.1529
503	Plumbing, Stoppage	0.0305	0.1765	0.1502
504	Elevator #1, 6 fl., 1 e.	0.0429	0.0000	0.0147
505	Elevator #2, 13 fl., 2 e.	0.0413	0.0000	0.0142
506	Elevator #3, 19 fl., 3 e.	0.0384	0.0000	0.0131
507	Burner Repair	0.0087	0.0275	0.0826
508	Boiler Repair, Tube	0.0090	0.0284	0.0853
509	Boiler Repair, Weld	0.0084	0.0265	0.0794
511	Range Repair	0.1792	0.0593	0.1386
512	Roof Repair	0.0348	0.0017	0.0000
513	Air Conditioner Repair	0.0386	0.0774	0.0467
514	Floor Maint. #1, Studio	0.0003	0.0020	0.0020
515	Floor Maint. #2, 1 Br.	0.0007	0.0042	0.0042
516	Floor Maint. #3, 2 Br.	0.0063	0.0382	0.0380
518	Linen/Laundry Service	0.3244	0.1461	0.0301
	CONTRACTOR SERVICES	1.0084	1.0146	1.0185

Spec #	Item Description	Hotel	RH	SRO
601	Management Fees	0.6824	0.4871	0.5768
602	Accountant Fees	0.0577	0.1867	0.1128
603	Attorney Fees	0.1171	0.2111	0.2154
604	Newspaper Ads	0.1283	0.0513	0.0644
605	Agency Fees	0.0224	0.0411	0.0270
606	Lease Forms	0.0107	0.0197	0.0130
607	Bill Envelopes	0.0138	0.0253	0.0166
608	Ledger Paper	0.0104	0.0190	0.0125
	ADMINISTRATIVE COSTS	1.0428	1.0411	1.0386
701	INSURANCE COSTS	1.0501	1.0501	1.0501
801	Light Bulbs	0.0055	0.0392	0.0325
802	Light Switch	0.0062	0.0444	0.0368
803	Wet Mop	0.0658	0.0238	0.0245
804	Floor Wax	0.0661	0.0239	0.0246
805	Paint	0.0536	0.3138	0.1678
806	Pushbroom	0.0597	0.0216	0.0222
807	Detergent	0.0604	0.0219	0.0225
808	Bucket	0.0673	0.0244	0.0250
809	Washers	0.0145	0.0859	0.1392
810	Linens	0.4360	0.0918	0.1006
811	Pine Disinfectant	0.0066	0.0470	0.0390
812	Window/Glass Cleaner	0.0069	0.0495	0.0411
813	Switch Plate	0.0656	0.0238	0.0244
814	Duplex Receptacle	0.0574	0.0208	0.0213
815	Toilet Seat	0.0140	0.0832	0.1347
816	Deck Faucet	0.0156	0.0924	0.1497
	PARTS AND SUPPLIES	1.0013	1.0075	1.0059
901	Refrigerator #1	0.0087	0.0440	0.0398
902	Refrigerator #2	0.0459	0.2320	0.2099
903	Air Conditioner #1	0.0974	0.0119	0.0000
904	Air Conditioner #2	0.1155	0.0141	0.0000
907	Range #1	0.0013	0.0164	0.0258
908	Range #2	0.0069	0.0863	0.1352
909	Carpet	0.3388	0.3931	0.3795
910	Dresser	0.2129	0.1197	0.1230
911	Mattress & Box Spring	0.2000	0.1125	0.1155
	REPLACEMENT COSTS	1.0273	1.0300	1.0287
	ALL ITEMS	1.0390	1.0652	1.0650

Note: "RH" denotes Rooming Houses and "SRO" denotes Single Room Occupancy

B.8 Expenditure Weights and Price Relatives, Lofts, 1996

Spec #	Item Description	Price Weights	Relative
101	REAL ESTATE TAXES	0.2492	1.0296
201	Payroll, Bronx, All	0.0000	1.0342
202	Payroll, Other, Union, Supts.	0.3029	1.0192
203	Payroll, Other, Union, Other	0.0000	1.0192
204	Payroll, Other, Non-Union, All	0.5145	1.0368
205	Social Security Insurance	0.0483	1.0178
206	Unemployment Insurance	0.0113	0.9783
207	Private Health & Welfare	0.1229	1.0640
	LABOR COSTS	0.1118	1.0332
301	Fuel Oil #2	0.3405	1.2261
302	Fuel Oil #4	0.5494	1.2955
303	Fuel Oil #6	0.1101	1.3321
	FUEL	0.0564	1.2759
401	Electricity #1, 2,500 KWH	0.0151	1.0247
402	Electricity #2, 15,000 KWH	0.1852	1.0379
403	Electricity #3, 82,000 KWH	0.0000	1.0246
404	Gas #1, 12,000 therms	0.0056	1.1244
405	Gas #2, 65,000 therms	0.0559	1.1962
406	Gas #3, 214,000 therms	0.1399	1.2020
407	Steam #1, 1.2m lbs	0.0156	1.1718
408	Steam #2, 2.6m lbs	0.0057	1.1962
409	Telephone	0.0133	0.9963
410	Water & Sewer	0.5636	1.0474
	UTILITIES	0.0779	1.0778
501	Repainting	0.4190	0.9998
502	Plumbing, Faucet	0.1346	1.0486
503	Plumbing, Stoppage	0.1250	1.0222
504	Elevator #1, 6 fl., 1 e.	0.0494	1.0235
505	Elevator #2, 13 fl., 2 e.	0.0347	1.0224
506	Elevator #3, 19 fl., 3 e.	0.0196	1.0210
507	Burner Repair	0.0398	1.0088
508	Boiler Repair, Tube	0.0450	1.0235
509	Boiler Repair, Weld	0.0343	1.0630
510	Refrigerator Repair	0.0136	1.0180
511	Range Repair	0.0145	1.0064
512	Roof Repair	0.0544	1.0459
513	Air Conditioner Repair	0.0099	1.0116
514	Floor Maint. #1, Studio	0.0003	1.0041
515	Floor Maint. #2, 1 Br.	0.0006	0.9837
516	Floor Maint. #3, 2 Br.	0.0053	0.9634
	CONTRACTOR SERVICES	0.0817	1.0179
603	ADMINISTRATIVE COSTS, LEGAL	0.1156	1.0094
601	Management Fees	0.7931	1.0364
602	Accountant Fees	0.1570	1.0393
604	Newspaper Ads	0.0051	1.0793
605	Agency Fees	0.0059	1.2396
606	Lease Forms	0.0119	1.0213
607	Bill Envelopes	0.0140	1.1019
608	Ledger Paper	0.0130	1.0269
	ADMINISTRATIVE COSTS - OTHER	0.1009	1.0389
701	INSURANCE COSTS	0.1611	1.0501
801	Light Bulbs	0.0399	1.0000
802	Light Switch	0.0486	1.0210
803	Wet Mop	0.0430	1.0000
804	Floor Wax	0.0407	1.0068
805	Paint	0.2135	1.0137
806	Pushbroom	0.0406	1.0000
807	Detergent	0.0344	1.0126
808	Bucket	0.0427	0.9964
809	Washers	0.1039	1.0000
811	Pine Disinfectant	0.0502	1.0075
812	Window/Glass Cleaner	0.0538	1.0044
813	Switch Plate	0.0408	1.0476
814	Duplex Receptacle	0.0368	1.0000
815	Toilet Seat	0.1006	1.0002
816	Deck Faucet	0.1104	1.0123
	PARTS AND SUPPLIES	0.0249	1.0084
901	Refrigerator #1	0.0890	1.0217
902	Refrigerator #2	0.4776	1.0105
903	Air Conditioner #1	0.0176	1.0179
904	Air Conditioner #2	0.0218	1.0214
905	Floor Runner	0.0865	1.0000
906	Dishwasher	0.0454	1.0047
907	Range #1	0.0429	1.0062
908	Range #2	0.2192	1.0065
	REPLACEMENT COSTS	0.0205	1.0097
	ALL ITEMS	1.0000	1.0477

B.9 Changes in the Price Index of Operating Costs, Expenditure Weights and Price Relatives, Apartments, 1986-1996

	1986		1987		1988		1989		1990	
	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative
Taxes	.0.183	6.8%	0.184	8.7%	0.196	8.1%	0.211	15.8%	0.229	12.0%
Labor	0.169	6.4%	0.169	5.7%	0.175	5.3%	0.169	5.1%	0.167	5.7%
Fuel	0.201	-8.4%	0.174	-22.3%	0.132	12.6%	0.126	-5.2%	0.112	20.9%
Utilities	0.133	-0.6%	0.124	-1.2%	0.120	1.3%	0.122	12.4%	0.128	20.8%
Contractor Services	0.148	11.0%	0.155	4.5%	0.158	9.3%	0.164	6.1%	0.163	6.5%
Administrative Costs	0.083	9.4%	0.086	5.9%	0.089	4.1%	0.087	6.7%	0.087	7.5%
Insurance	0.038	89.0%	0.067	33.7%	0.087	1.6%	0.080	-0.6%	0.074	3.6%
Parts & Supplies	0.030	2.3%	0.030	3.3%	0.029	2.4%	0.028	3.6%	0.027	6.1%
Replacement Costs	0.014	-0.4%	0.014	0.2%	0.013	1.7%	0.012	2.4%	0.012	2.7%
All Items		**6.4%**		**2.1%**		**6.4%**		**6.7%**		**10.9%**
Pre '47										
Taxes	0.132	6.8%	0.132	8.7%	0.139	8.1%	0.141	15.8%	0.155	12.0%
Labor	0.144	6.7%	0.144	5.8%	0.146	5.2%	0.144	5.1%	0.143	5.5%
Fuel	0.242	-7.7%	0.209	-22.1%	0.161	12.8%	0.170	-4.6%	0.154	20.0%
Utilities	0.133	0.1%	0.124	-0.5%	0.122	2.3%	0.117	12.8%	0.125	22.2%
Contractor Services	0.178	10.8%	0.184	4.6%	0.189	9.3%	0.194	6.2%	0.195	6.5%
Administrative Costs	0.075	9.7%	0.077	5.6%	0.083	4.6%	0.082	6.7%	0.082	7.0%
Insurance	0.046	89.0%	0.082	33.7%	0.108	1.6%	0.102	-0.6%	0.097	3.6%
Parts & Supplies	0.034	2.3%	0.033	3.3%	0.033	3.0%	0.032	3.6%	0.032	6.2%
Replacement Costs	0.017	-0.3%	0.016	0.1%	0.020	1.2%	0.019	2.3%	0.018	2.7%
All Items		**6.9%**		**1.4%**		**6.6%**		**5.5%**		**10.9%**
Post '46										
Taxes	0.259	6.8%	0.262	8.7%	0.278	8.1%	0.281	15.8%	0.303	12.0%
Labor	0.204	6.1%	0.205	5.7%	0.210	5.9%	0.210	5.0%	0.205	6.0%
Fuel	0.142	-10.2%	0.120	-22.9%	0.090	12.3%	0.095	-7.3%	0.082	23.4%
Utilities	0.134	-1.6%	0.124	-2.2%	0.118	-0.3	0.111	11.7%	0.115	18.2%
Contractor Services	0.105	11.2%	0.111	4.4%	0.112	8.8%	0.115	6.0%	0.113	6.6%
Administrative Costs	0.096	8.9%	0.099	6.2%	0.102	3.5%	0.100	6.8%	0.099	8.2%
Insurance	0.025	89.0%	0.045	33.7%	0.058	1.6%	0.056	-0.6%	0.052	3.6%
Parts & Supplies	0.025	2.2%	0.024	3.2%	0.024	2.5%	0.023	3.7%	0.022	6.0%
Replacement Costs	0.011	-0.6%	0.011	0.3%	0.010	2.0%	0.010	2.6%	0.010	2.8%
All Items		**5.7%**		**3.1%**		**6.1%**		**7.5%**		**10.8%**

1991		1992		1993		1994		1995		1996	
Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative
0.232	12.8%	0.246	11.0%	0.263	3.1%	0.259	2.3%	0.260	1.4%	0.263	3.0%
0.159	5.2%	0.158	5.2%	0.160	5.6%	0.161	4.3%	0.165	4.1%	0.171	3.1%
0.122	4.6%	0.121	-10.9%	0.103	5.2%	0.104	-0.5%	0.101	-12.7%	0.088	29.6%
0.140	1.2%	0.133	6.6%	0.137	12.7%	0.147	2.1%	0.147	-4.0%	0.141	7.8%
0.157	5.5%	0.156	2.4%	0.154	2.5%	0.150	0.9%	0.149	2.4%	0.152	1.8%
0.084	3.0%	0.082	2.8%	0.081	3.8%	0.080	3.7%	0.081	3.8%	.0.084	3.5%
0.069	4.4%	0.068	2.3%	0.067	-0.5%	0.064	0.8%	0.063	5.2%	0.066	5.0%
0.026	3.6%	0.026	2.5%	0.025	1.0%	0.024	1.0%	0.024	-0.5%	0.024	0.8%
0.011	1.3%	0.011	3.8%	0.011	4.2%	0.010	1.6%	0.010	0.2%	0.010	1.0%
	6.0%		**4.0%**		**4.7%**		**2.0%**		**0.1%**		**6.0%**
0.156	12.8%	0.167	11.0%	0.180	3.1%	0.178	2.3%	0.179	1.4%	.182	3.0
0.136	5.2%	0.134	5.1%	0.139	5.3%	0.140	4.3%	0.143	3.8%	.150	3.3
0.167	4.8%	0.166	-10.4%	0.144	5.1%	0.145	-0.8%	0.141	-12.7%	.124	28.9
0.137	1.5%	0.137	7.6%	0.138	12.3%	0.149	2.3%	0.149	-4.1%	.144	7.6
0.188	5.4%	0.187	2.1%	0.186	2.5%	0.183	1.0%	0.181	2.5%	.186	1.9
0.079	3.2%	0.078	2.7%	0.078	3.7%	0.077	3.6%	0.078	3.8%	.082	3.4
0.090	4.4%	0.089	2.3%	0.089	-0.5%	0.085	0.8%	0.084	5.2%	.088	5.0
0.030	3.5%	0.030	2.5%	0.030	1.0%	0.029	1.0%	0.028	-0.5%	.028	0.8
0.017	1.3%	0.016	3.6%	0.016	4.2%	0.016	1.5%	0.016	0.2%	.016	0.9
	5.5%		**2.8%**		**4.6%**		**1.8%**		**-0.4%**		**6.8%**
0.306	12.8%	0.324	11.0%	0.343	3.1%	0.337	2.3%	0.337	1.4%	.340	3.0
0.196	5.1%	0.194	5.4%	0.195	6.0%	0.197	4.2%	0.200	4.3%	.207	3.0
0.091	3.8%	0.089	-12.5%	0.074	5.6%	0.075	0.4%	0.073	-12.6%	.064	31.9
0.123	0.6%	0.116	4.7%	0.116	13.6%	0.125	1.6%	0.125	-3.8%	.119	8.2
0.109	5.8%	0.108	3.1%	0.106	2.5%	0.104	0.5%	0.102	2.2%	.104	1.4
0.097	2.7%	0.093	3.0%	0.092	4.0%	0.091	3.8%	0.092	3.7%	.095	3.5
0.048	4.4%	0.047	2.3%	0.046	-0.5%	0.044	0.8%	0.043	5.2%	.045	5.0
0.021	3.6%	0.021	2.5%	0.020	1.1%	0.019	1.0%	0.019	-0.4%	.019	0.9
0.009	1.3%	0.008	4.2%	0.008	4.1%	0.008	1.6%	0.008	0.2%	.008	1.0
	6.5%		**4.8%**		**4.9%**		**2.3%**		**0.6%**		**5.4%**

Appendix C: 1996 Income and Expense Study

C.1 Cross-Sectional Income and Expense Study: Estimated Average Operating & Maintenance Cost (1994) per Apartment per Month by Building Size and Location, Structures Built Before 1947

	Taxes	Labor	Fuel	Water/Sewer	Light & Power	Maint.	Admin.	Insurance	Misc.	Total
Citywide	$84	$47	$42	$24	$16	$77	$44	$23	$27	$386
11-19 units	$108	$22	$54	$24	$17	$83	$46	$29	$29	$410
20-99 units	$75	$43	$43	$24	$14	$76	$43	$23	$27	$368
100+ units	$117	$98	$30	$23	$25	$88	$52	$17	$27	$476
Bronx	$51	$38	$44	$23	$14	$76	$39	$24	$27	$336
11-19 units	$50	$21	$62	$22	$17	$89	$40	$30	$31	$362
20-99 units	$45	$34	$44	$23	$13	$74	$38	$24	$26	$322
100+ units	$45	$54	$35	$22	$11	$69	$43	$19	$19	$316
Brooklyn	$66	$35	$45	$23	$14	$71	$37	$21	$23	$334
11-19 units	$60	$16	$59	$22	$12	$76	$31	$25	$28	$329
20-99 units	$58	$28	$45	$23	$12	$67	$36	$21	$21	$312
100+ units	$63	$45	$36	$22	$13	$69	$40	$18	$20	$325
Manhattan	$115	$62	$40	$25	$18	$87	$53	$25	$31	$456
11-19 units	$153	$26	$48	$25	$21	$88	$59	$32	$32	$486
20-99 units	$106	$61	$41	$25	$16	$86	$53	$25	$32	$445
100+ units	$150	$119	$27	$23	$32	$99	$59	$17	$31	$556
Queens	$76	$34	$43	$23	$13	$64	$36	$20	$22	$332
11-19 units	$74	$18	$54	$22	$10	$66	$25	$21	$18	$308
20-99 units	$71	$30	$42	$23	$12	$61	$36	$20	$22	$318
100+ units	$68	$71	$31	$25	$11	$66	$32	$19	$21	$344
St Island *										
20+	-	-	-	-	-	-	-	-	-	-

* The number of pre - 47 buildings in Staten Island was too small to calculate reliable statistics.
Totals in this table may not match 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 Cost (1994) per Apartment per Month by Building Size and Location, Structures Built After 1946

	Taxes	Labor	Fuel	Water/Sewer	Light & Power	Maint.	Admin.	Insurance	Misc.	Total
Citywide	$137	$89	$33	$25	$23	$74	$55	$19	$31	$490
11-19 units	$174	$43	$46	$21	$37	$94	$101	$27	$46	$590
20-99 units	$99	$54	$35	$25	$18	$68	$43	$20	$25	$386
100+ units	$175	$128	$31	$25	$28	$80	$66	$18	$36	$586
Bronx	$85	$50	$35	$25	$15	$61	$38	$20	$28	$357
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	$79	$36	$37	$24	$14	$61	$36	$21	$26	$333
100+ units	$86	$78	$29	$26	$15	$58	$36	$17	$30	$375
Brooklyn	$87	$60	$34	$26	$20	$72	$50	$19	$25	$393
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	$85	$52	$34	$26	$17	$71	$46	$19	$24	$375
100+ units	$80	$87	$34	$24	$24	$71	$56	$20	$28	$423
Manhattan	$245	$158	$31	$26	$31	$94	$81	$19	$50	$734
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	$187	$93	$30	$26	$22	$87	$62	$22	$42	$569
100+ units	$258	$173	$32	$26	$34	$96	$85	$19	$51	$773
Queens	$98	$63	$33	$24	$22	$65	$45	$18	$21	$390
11-19 units	$111	$20	$42	$21	$29	$72	$47	$24	$33	$400
20-99 units	$92	$51	$35	$25	$19	$64	$38	$19	$21	$365
100+ units	$99	$84	$29	$23	$24	$64	$48	$17	$17	$405
St. Island	$112	$59	$44	$23	$22	$70	$63	$21	$29	$442
20+ units	$92	$64	$43	$24	$16	$62	$50	$19	$24	$392

* The number of rent stabilized units located in buildings with fewer than 20 units in Brooklyn, the Bronx, Manhattan and Staten Island were too small to calculate reliable statistics.
Totals in this table may not match 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 Rent and Income (1994) per Apartment per Month by Building Size and Location

	Post-46			Pre-47			All		
	Rent	Income	Costs	Rent	Income	Costs	Rent	Income	Costs
Citywide	$703	$783	$490	$511	$568	$386	$564	$628	$415
11-19 units	$563	$964	$590	$481	$595	$411	$490	$632	$429
20-99 units	$545	$579	$386	$489	$535	$368	$501	$544	$372
100+ units	$879	$976	$586	$680	$755	$476	$803	$892	$544
Bronx	$505	$541	$357	$447	$471	$336	$457	$483	$340
11-19 units	-	-	-	$426	$469	$362	$431	$478	$368
20-99 units	$483	$502	$333	$428	$446	$322	$435	$454	$323
100+ units	$540	$567	$375	$462	$470	$316	$500	$518	$345
Brooklyn	$525	$553	$393	$462	$485	$334	$474	$499	$346
11-19 units	-	-	-	$410	$440	$329	$426	$457	$336
20-99 units	$513	$530	$375	$435	$449	$312	$455	$470	$328
100+ units	$557	$571	$423	$466	$476	$325	$503	$514	$365
Manhattan	$1,112	$1,270	$734	$581	$683	$456	$695	$809	$516
11-19 units	-	-	-	$541	$733	$486	$542	$758	$498
20-99 units	$795	$913	$569	$565	$655	$445	$582	$674	$454
100+ units	$1,187	$1,353	$773	$784	$895	$556	$1,021	$1,164	$683
Queens	$552	$601	$390	$488	$510	$332	$525	$563	$366
11-19 units	$515	$554	$400	$435	$457	$308	$461	$488	$338
20-99 units	$522	$553	$365	$475	$490	$318	$502	$526	$345
100+ units	$592	$629	$405	$529	$537	$344	$584	$618	$398
St. Island	$538	$649	$442	-	-	-	$538	$649	$442

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 as was the number of .Pre-47 bldgs in Staten Island.

Source: NYC Department of Finance, RPIE Filings.

C.4 Composition of Operating Costs in 1994, by Building Size and Age

	Taxes	Maint.	Labor	Admin.	Utilities	Fuel	Misc.	Insurance	Total
Pre-47	21.8%	20.1%	12.3%	11.5%	10.2%	11.0%	7.0%	6.0%	100.0%
11-19 units	26.3%	20.1%	5.3%	11.2%	9.9%	13.0%	7.2%	7.0%	100.0%
20-99 units	20.3%	20.7%	11.7%	11.7%	10.3%	11.6%	7.3%	6.3%	100.0%
100+ units	24.7%	18.4%	20.5%	10.8%	10.0%	6.2%	5.7%	3.6%	100.0%
Post-46	28.2%	15.3%	18.2%	11.4%	9.9%	6.8%	6.4%	3.9%	100.0%
11-19 units	29.6%	15.9%	7.2%	17.2%	10.0%	7.8%	7.8%	4.5%	100.0%
20-99 units	25.5%	17.7%	13.9%	11.1%	11.3%	9.0%	6.5%	5.1%	100.0%
100+ units	29.9%	13.6%	21.7%	11.2%	9.0%	5.3%	6.2%	3.1%	100.0%
All Bldgs.	23.8%	18.6%	14.2%	11.5%	10.1%	9.6%	6.8%	5.4%	100.0%
11-19 units	26.7%	19.6%	5.6%	12.0%	9.9%	12.3%	7.2%	6.7%	100.0%
20-99 units	20.9%	20.4%	11.9%	11.6%	10.4%	11.3%	7.2%	6.2%	100.0%
100+ units	25.3%	17.8%	20.7%	10.9%	9.9%	6.1%	5.7%	3.6%	100.0%

Source: NYC Department of Finance, RPIE Filings.

C.5 Cross-Sectional Sample, 1995 RPIE Filings

	Post-46		Pre-47		All	
	Bldgs	DU's	Bldgs	DU's	Bldgs	DU's
Citywide	1,232	131,695	11,602	451,427	12,834	583,122
11-19 units	82	1,182	3,003	45,307	3,085	46,489
20-99 units	753	44,432	8,204	331,189	8,957	375,621
100+ units	397	86,081	395	74,931	792	161,012
Bronx	187	12,914	2,064	97,656	2,318	110,570
11-19 units	11	164	206	3,043	217	3,207
20-99 units	156	8,951	1,858	84,448	2,014	93,399
100+ units	20	3,799	67	10,165	87	13,964
Brooklyn	266	26,814	2,539	95,082	2,805	121,896
11-19 units	17	254	621	9,358	638	9,612
20-99 units	173	11,535	1,861	78,924	2,034	90,459
100+ units	76	15,025	57	6,800	133	21,825
Manhattan	292	51,789	5,556	205,022	5,848	256,811
11-19 units	13	179	1,778	26,780	1,791	26,959
20-99 units	114	6,539	3,569	129,525	3,683	136,064
100+ units	165	45,071	209	48,717	374	93,788
Queens	436	37,390	1,355	52,916	1,791	90,306
11-19 units	32	460	387	5,952	419	6,412
20-99 units	275	15,959	908	37,935	1,183	53,894
100+ units	129	20,971	60	9,029	189	30,000
St. Island	51	2,788	21	751	72	3,539
11-19 units	9	125	11	174	20	299
20-99 units	35	1,448	8	357	43	1,805
100+ units	7	1,215	2	220	9	1,435

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-$499	-	-	317,052	184,335
$500-$599	-	-	305,329	183,487
$600-$699	-	-	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 *Pre-1947*	Rent Stabilized Units *Post-1946*	Rent Controlled	Mitchell-Lama	Public Housing	Other Regulated*	Other 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.

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 Level	479,298	51,134	428,164	194,846
Households Above 100% of Poverty Level	1,484,290	480,397	1,003,893	520,222
(Not Reported)	(819,562)	(274,947)	(544,615)	(263,958)
Households Below 125% of Poverty Level	594,233	70,647	523,585	239,815
Households Above 125% of Poverty Level	1,369,355	460,884	908,471	475,253
(Not Reported)	(819,562)	(274,947)	(544,615)	(263,958)
Households Receiving Public Assistance	422,328	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		Rent	Mitchell-	Public	Other	Other	
Pre-1947	*Post-1946*	Controlled	Lama	Housing	Regulated*	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

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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 Level	24.4%	9.6%	29.9%	27.2%
Households Above 100% of Poverty Level	75.6%	90.4%	70.1%	72.8%
(Not Reported)	-	-	-	-
Households Below 125% of Poverty Level	30.3%	13.3%	36.6%	33.5%
Households Above 125% of Poverty Level	69.7%	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)

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** 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 *Pre-1947*	Rent Stabilized Units *Post-1946*	Rent Controlled	Mitchell-Lama	Public Housing	Other Regulated*	Other 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		Rent	Mitchell-	Public	Other	Other	
Pre-1947	*Post-1946*	Controlled	Lama	Housing	Regulated*	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 Defect	541,271	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 " Buildings	432,546	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 Defect	23.1%	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 " Buildings	17.2%	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: 1996 Mortgage Survey Report

E.1 Typical Characteristics of Rent Stabilized Buildings in Lenders' Portfolios, 1996

Lending Institution	Loan-to-Value Ratio	Vacancy & Collection Losses	Collection Losses Only	Typical Building Size	Monthly O&M Cost per Unit
A-03	65%	5%	5%	20-49	$350
A-04	65%	NR	4%	11-19	30% of expenses
A-06	60%	NR	NR	11-19	NR
B-27	60%	≤1%	2%	50-99	50-55% of Gross Income
B-29	55%	≤1%	≤1%	1-10	30-60% of Effective Gross Income
B-62	70%	≥6%	≥6%	50-99	$300-350
B-63	70%	5%	5%	50-99	$2,900
B-66	65%	≥6%	5%	20-49	$225 exc re taxes and Water
B-68	60%	5%	3%	1-10	$240
B-70	65%	≤1%	≤1%	50-99	$550
B-76	70%	5%	4%	50-99	$320 exc re taxes
B-83	60%	5%	5%	11-19	$200-250
C-02	75%	3%	≤1%	50-99	$80
C-05	60%	3%	2%	11-19	50-60% of Gross Rents
C-06	75%	3%	≤1%	100+	varies with age and bldg condition
C-09	60%	5%	3%	50-99	$3,800
C-30	75%	NR	NR	NR	NR
C-34	65%	3%	2%	20-49	NR
SL-15	60%	≤1%	≤1%	NR	NR
SL-25	65-70%	5%	2%	11-19	$240
SL-26	NR	NR	NR	NR	NR
Avg	**65%**	**3.7%**	**2.9%**	**mode 50-99**	†

A, B = Savings Banks, C = Commercial Banks, SL = Savings & Loans
NR indicates no response to this question.
† No monthly average could be computed due to large variations in responses.

Source: 1996 Rent Guidelines Board Mortgage Survey

E.2 Interest Rates and Terms for New and Refinanced Mortgages, 1996

	New Mortgages				Refinanced Mortgages				
Instn.	Rate	Points	Term (yrs)	Type	Instn.	Rate	Points	Term (yrs)	Type
A-03	7.99%	0-1	25	adj	A-03	7.99%	0-1	25	adj
A-04	9.50%	1.0	15	fxd	A-04	9.50%	1.0	15	fxd
A-06	7.50%	1.0	10	adj	A-06	7.50%	1.0	10	adj
B-27	7.94%	1.0	Δ	Δ	B-27	7.94%	1.0	Δ	Δ
B-29	10.00%	2.0	5-25	∫	B-29	10.00%	2.0	5-25	∫
B-62	8.38%	1-2	5+5	adj	B-62	8.38%	1-2	5+5	adj
B-63	8.00%	1.0	5+5	fxd	B-63	8.00%	1.0	5+5	fxd
B-66	9.00%	1-2	Balloon	adj	B-66	9.00%	1-2	Balloon	adj
B-68	7.25+%	2.5+	10-25	fxd, adj, bal	B-68	7.25+%	2.5+	10-25	fxd, adj, bal
B-70	7.25%	1.0	5	fxd	B-70	7.25%	1.0	5	fxd
B-76	8.10%	1.0	5	fxd	B-76	8.10%	0.0	5	fxd
B-83	10.00%	2.0	5+5	fxd	B-83	9.25%	0-2	5	fxd
C-02	8.25%	1.0	up to 30	fxd	C-02	8.25%	1.0	up to 30	fxd
C-05	§	1-2	5+5	customer option	C-05	§	1.0	5	customer option
C-06	8.25%	0.5-1.0	5-7Ω	fxd	C-06	7.25%	0.5-1.0	5-7Ω	fxd
C-09	8.13%	1-2	7-25	fxd	C-09	NR	8.13%	1-2	2-25 fxd
C-30	8.50%	1.0	5-7Ω	fxd	C-30	NR	Treasury or Prime	NR	Case by case
C-34	9.00%	1.0	5	fxd	C-34	9.00%	1.0	5	fxd
SL-15	9.50%	1.5	15	adj	SL-15	9.50%	1.5	15	adj
SL-25	9.00%	1-2	5+5	fxd	SL-25	9.00%	1-2	5+5	fxd
SL-26	10.25%	2.0	15	fxd	SL-26	10.00%	2.0	10 Balloon	fxd
Avg	**8.6%**	**1.32**	**11.08**	†	**Avg**	**8.5%**	**1.21**	**10.94**	†

A, B = Savings Banks, C = Commercial Banks, SL = Savings & Loans
fxd = fixed, adj = adjustable, bal = balloon
Δ 5 yr fixed @ 10 yr amortization or 5 yr adjustable @ 25 yr amortization
NR indicates no response to this question.
Source: 1996 Rent Guidelines Board Mortgage Survey

∫ up to 5 yr is adj; longer terms offered @ higher fixed rates
Ω 20-25 year amortization table
§ Follows the Treasury Bill rates with 250-350 basis point spread
† No average could be computed due to large variations in responses

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

	Interest Rates			Points			Term			Type		
Lending Institution	1996	1995	1994	1996	1995	1994	1996	1995	1994	1996	1995	1994
A-03	7.99%	10.50%	-	0-1	0.8	-	25	10-20	-	adj	adj	-
A-04	9.50%	10.25%	-	1.0	0.0	-	15	10	-	fxd	fxd	-
B-27	7.94%	9.50%	8.13%	1.0	1.0	1.0	5	10	10	f, a	fxd	adj
B-29	10.00%	10.50%	-	2.0	1.0	-	5-25	5	-	f @ longer terms	fxd	-
B-62	8.38%	9.50%	8.50%	1-2	1.5	1.5	5+5	5+5	5+5	adj	adj	adj
B-63	8.00%	-	8.50%	1.0	-	1.0	5+5	-	5+5	fxd	-	fxd
B-66	9.00%	variable	8.50%	1-2	1.5	1.8	Balloon	5-10	10	adj	adj	adj
B-68	7.25+%	9.75%+	9.00%	2.5+	2.5	2.0	10-25	10-15	10-15	f, a, b	f, a, b	f, a
B-70	7.25%	9.00%	8.00%	1.0	1.0	1.0	5	5	5	fxd	fxd	fxd
C-02	8.25%	10.00%	8.00%	1.0	1.0	1.0	≥30	≤30	≤30	fxd	fxd	fxd
C-05	NR	11.25%	NR	1-2	0.8	NR	5+5	5	NR	customer opt.	fxd	f, a
C-09	8.13%	10.13%	8.06%	1-2	1.5	1.5	7-25	7-25	7-25	fxd	fxd	fxd
C-30	8.50%	-	NR	1.0	-	1-3	5-7	-	5-10	fxd	-	adj
C-34	9.00%	-	9.00%	1.0	-	1.0	5	-	5	fxd	-	fxd
SL-15	9.50%	10.25%	8.00%	1.5	1.5	1.5	15	15	15	adj	adj	adj
Avg	**8.2%**	**9.7%**	**8.3%**	**1.4**	**1.4**	**1.4**	**13.4**	**12.6**	**12.9**	†	†	†

Note: The difference between new interest rate and refinancing interest rate is negligible.
A, B = Savings Banks, C = Commercial Banks, SL = Savings & Loans
NR indicates no response to this question and a "-" means that the lender did not respond to the Mortgage Survey in this year.
† No average could be computed due to large variations in responses.
Source: 1994, 1995 and 1996 Rent Guidelines Board Mortgage Surveys.

E.4 Lending Standards and Relinquished Rental Income, Longitudinal Study

Lending Institution	Loan-to-Value			Debt Service Coverage			Rental Losses		
	1996	1995	1994	1996	1995	1994ß	1996	1995	1994
A-03	75%	75%	-	1.2%	1.2% min	-	5%	5%	-
A-04	65%	65%	-	none	1.25%	-	NR	≥6%	-
B-27	70%	70%	70%	1.2%	1.2% min	-	≤1%	5%	2%
B-29	50-60%	60%	-	1.25%	1.25%	-	≤1%	3%	-
B-62	75%	75%	75%	1.15% min	1.15% min	-	≥6%	5%	5%
B-63	75%	-	75%	1.2%	-	-	5%	-	5%
B-66	70%	NR	70%	1.3%	NR	-	≥6%	NR	≥6%
B-68	70%	70%	70%	1.2% min	1.2% min	-	5%	5%	≥6%
B-70	NR	NR	NR	1.0%	NR	-	≤1%	≤1%	≤1%
C-02	80%	80%	NR	1.15%	1.15% min	-	3%	3%	3%
C-05	70-75%	75%	75%	1.25%	1.25% min	-	3%	5%	5%
C-09	75%	75%	-	1.25% min	1.35% min	-	5%	≥6%	≥6%
C-30	75%	-	75%	1.25% min	-	1.2% min	NR	-	5%
C-34	75%	-	75%	1.25%	-	1.25% min	3%	-	3%
SL-15	70%	70%	NR	1.25% min	1.25% min	1.2% min	≤1%	NR	NR
Avg	**72.5%**	**73.3%**	**72.0%**	**1.21%**	**1.22%**	†	**3.43%**	**4.29%**	**4.00%**

Note: The difference between new interest rate and refinancing interest rate is negligible.

A, B = Savings Banks, C = Commercial Banks, SL = Savings & Loans
NR indicates no response to this question and a "-" means that the lender did not respond to the Mortgage Survey in this year.
ß The 1994 Mortgage Survey questionnaire did not ask for lenders' debt coverage ratio standards, though some respondents did supply them.
† No average could be computed because of too few responses.

Source: 1994, 1995 and 1996 Rent Guidelines Board Mortgage Surveys.

E.5 Retrospective of New York City's Housing Market

Year	Mortgage Interest Rates	Permits for New Housing Units
1981	15.9%	11,060
1982	16.3%	7,649
1983	13.0%	11,795
1984	13.5%	11,566
1985	12.9%	20,332
1986	10.5%	9,782
1987	10.2%	13,764
1988	10.8%	9,897
1989	12.0%	11,546
1990	11.2%	6,858
1991	10.7%	4,699
1992	10.1%	3,882
1993	9.2%	5,173
1994	8.6%	4,010
1995	10.1%	5,135
1996	8.6%	6,027 §

§ Data is annualized from the first three months of the year, based on permits issued in the first three months of 1995.

Sources: Rent Guidelines Board, Annual RGB Mortgage Surveys; U.S. Bureau of the Census

Appendix F: Tax Arrears in Rent Stabilized Buildings, 1995

F.1 Tax Arrearages, Buildings Three or More Quarters in Arrears, 1989-95.

	1989	1990	1991	1992	1993	1994	1995
Number of Buildings	1,866	2,016	2,434	2,665	2,978	3,033	2,563
Number of Units	34,446	43,949	55,495	64,227	73,259	69,456	59,718
Arrears Per Unit	$730	$731	$974	$1,086	$1,338	$1,506	$1,492
Arrears per Building	$13,481	$15,946	$22,206	$26,169	$32,904	$34,481	$34,773

Note: Table includes only rent stabilized buildings which have registered with DHCR.

Source: NYC Department of City Planning.

Appendix G: 1996 Income and Affordability Study

G.1 Average Real Wage Rates by Industry for NYC, 1989-94 (1989 dollars)

	1989	1990	1991	1992	1993	1994	1993-1994 % Change
Construction	$36,294	$35,240	$34,832	$34,861	$34,305	$34,398	0.3%
Manufacturing	$29,697	$30,303	$30,492	$32,137	$31,151	$31,837	2.2%
Transportation	$36,319	$35,654	$34,737	$36,046	$34,945	$35,309	1.0%
Trade	$24,968	$24,662	$24,382	$24,974	$24,234	$24,304	0.3%
FIRE	$49,940	$50,302	$51,225	$63,917	$63,290	$59,287	-6.3%
Services	$28,596	$29,044	$28,764	$29,576	$29,210	$29,106	-0.4%
Total Private	$32,559	$32,746	$32,769	$35,658	$34,981	$34,304	-1.9%
Government	$30,633	$30,745	$29,808	$29,843	$29,936	$30,691	2.5%
Total	**$32,242**	**$32,408**	**$32,239**	**$34,641**	**$34,107**	**$33,743**	**-1.1%**

Note: The New York State Department of Labor revises these statistics annually. The wage figures reported here may not be the same as those reported in prior years.

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

G.2 Average Nominal Wage Rates by Industry for NYC, 1989-94

	1989	1990	1991	1992	1993	1994	1993-1994 % Change
Construction	$36,294	$37,372	$38,619	$40,040	$40,583	$41,669	2.7%
Manufacturing	$29,697	$32,137	$33,807	$36,911	$36,851	$38,567	4.7%
Transportation	$36,319	$37,811	$38,514	$41,401	$41,340	$42,773	3.5%
Trade	$24,968	$26,154	$27,033	$28,684	$28,669	$29,439	2.7%
FIRE	$49,940	$53,345	$56,795	$73,412	$74,873	$71,820	-4.1%
Services	$28,596	$30,801	$31,891	$33,970	$34,556	$35,259	2.0%
Total Private	$32,559	$34,727	$36,332	$40,955	$41,383	$41,556	0.4%
Government	$30,633	$32,605	$33,049	$34,267	$35,415	$37,179	5.0%
Total	**$32,242**	**$34,369**	**$35,744**	**$39,787**	**$40,349**	**$40,876**	**1.3%**

Note: The New York State Department of Labor revises the statistics annually. The wage figures reported here may not be the same as those reported in prior years.

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

G.3 Average Payroll Employment by Industry for NYC, 1988-96 π (Thousands)

	1988	1989	1990	1991	1992	1993	1994	1995	1996 π
Construction	120.1	120.8	114.9	99.8	87.1	85.8	89.3	89.3	-3.6%
Manufacturing	370.1	359.5	337.5	307.8	292.8	288.8	280.4	273.0	-2.2%
Transportation	219.5	218.1	229.1	218.4	204.8	203.4	201.5	203.6	1.2%
Trade	634.3	630.2	608.3	565.3	545.6	537.9	544.1	556.2	1.7%
FIRE	542.4	530.6	519.6	493.6	473.5	471.6	480.3	474.1	-2.1%
Services	1,123.1	1,147.2	1,149.0	1,096.9	1,093.1	1115.8	1148.1	1180.1	2.6%
Mining	0.5	0.3	0.3	0.3	0.4	0.3	0.3	0.3	0.0%
Total Private	3,010.0	3,006.7	2,958.7	2,782.1	2,697.3	2,703.6	2,744.0	2,776.6	--
Government	595.7	601.5	607.6	592.6	584.1	579.7	566.6	541.5	-2.7%
New York City						223.8		206.4	
Total	**3,605.7**	**3,608.2**	**3,566.3**	**3,374.7**	**3,281.4**	**3,283.3**	**3,310.6**	**3,318.1**	**0.3%**

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.

π Percent change from first two months of 1995 to the first two months of 1996.

Source: U.S. Bureau of Labor Statistics; City of New York employment figures from the New York City Office of Management and Budget, Financial Plan Summary, 1996-2000.

G.4 Average Annual Unemployment Rates by Area, 1988-95

	1988	1989	1990	1991	1992	1993	1994	1995
Bronx	5.5%	7.0%	8.2%	10.1%	12.5%	11.9%	10.0%	9.6%
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%	7.6%
Staten Island	4.0%	4.8%	6.4%	8.3%	10.4%	9.2%	7.8%	7.4%
NYC	**4.7%**	**5.8%**	**6.8%**	**8.6%**	**10.8%**	**10.1%**	**8.7%**	**8.2%**
U.S.	**5.5%**	**5.3%**	**5.5%**	**6.7%**	**7.4%**	**6.8%**	**6.1%**	**5.6%**
Participation Rate								
NYC	--	--	--	--	--	56.3%	55.9%	55.1%
U.S.	--	--	--	--	--	66.3%	66.6%	66.6%
Gross City Product								
(thousands, $1987)	212.5	211.2	212.2	204.9	209.3	213.3	217.6	219.6
% Change	4.0%	-0.6%	0.5%	-3.4%	2.1%	1.9%	2.0%	0.9%

Note: The New York City Comptroller's Office revises the Gross City Product periodically. The GCP figures presented here may not be the same as those reported in prior years.

Sources: New York State Department of Labor; New York City Comptroller's Office

G.5 Consumer Price Index for All Urban Consumers, New York-Northern New Jersey, 1988-96

	1988	1989	1990	1991	1992	1993	1994	1995	1996
March	121.5	128.9	136.6	143.4	149.1	154.1	157.9	160.9	166.5
June	123.1	130.5	137.1	144.6	149.5	154.2	157.8	162.2	166.5
September	126.0	132.2	140.8	145.8	151.4	155.3	159.0	163.2	-
December	126.0	133.3	141.6	146.6	151.9	155.6	159.9	163.7	-
Quarterly Average	124.2	131.2	139.0	145.1	150.5	154.8	158.4	162.5	-
Yearly Average	123.7	130.6	138.5	144.8	150.0	154.5	158.2	162.2	-

12-month percentage change in the CPI

	1988	1989	1990	1991	1992	1993	1994	1995	1996
March	4.9%	6.1%	6.0%	5.0%	4.0%	3.4%	2.5%	1.9%	3.5%
June	4.5%	6.0%	5.1%	5.5%	3.4%	3.1%	2.3%	2.8%	2.7%
September	5.2%	4.9%	6.5%	3.6%	3.8%	2.6%	2.4%	2.6%	-
December	4.5%	5.8%	6.2%	3.5%	3.6%	2.4%	2.8%	3.0%	-
Quarterly Average	4.8%	5.7%	5.9%	4.4%	3.7%	2.9%	2.3%	2.6%	-
Yearly Average	4.8%	5.6%	6.0%	4.5%	3.6%	3.0%	2.4%	2.5%	-

Source: U.S. Bureau of Labor Statistics.

G.6 Housing Court Actions, 1983-95

Year	Filings	Intakes	Evictions & Possessions
1983	373,000	93,000	26,665
1984	343,000	85,000	23,058
1985	335,000	82,000	20,283
1986	312,000	81,000	23,318
1987	301,000	77,000	25,761
1988	299,000	92,000	24,230
1989	299,000	99,000	25,188
1990	297,000	101,000	23,578
1991	302,000	114,000	20,432
1992	289,000	122,000	22,098
1993	295,000	124,000	21,937
1994	294,000	123,000	23,970
1995	266,000	112,000	22,359

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

G. 7 Housing Affordability - Renter Occupied Dwellings in Central Cities

Central City Reported	% of Stock Occupied By Renters	Median Year Stock Built	Median Household Income ß	Median Monthly Housing Cost ß	Median Rent-to-Income Ratio	Percent of Rentals With Subsidies	Subsidies Not Reported
Atlanta	56%	1962	$13,339	$418	31%	26%	2.5%
Baltimore	49%	1943	$17,363	$447	30%	20%	0.3%
Boston	70%	1933	$22,184	$607	31%	29%	0.5%
Chicago	58%	1939	$21,821	$484	29%	12%	1.7%
Cleveland	51%	1933	$13,323	$353	29%	17%	1.4%
Columbus	52%	1966	$22,562	$448	25%	14%	0.7%
Detroit	42%	1939	$11,905	$424	36%	14%	1.9%
Houston	33%	1974	$23,188	$445	25%	12%	0.9%
Indianapolis	39%	1965	$21,800	$450	26%	12%	1.3%
Los Angeles	60%	1956	$25,329	$647	32%	10%	1.6%
Minneapolis	47%	1942	$17,475	$443	32%	22%	1.6%
Memphis	43%	1960	$14,154	$375	29%	17%	0.8%
New York	**69%**	**1942**	**$25,145**	**$551**	**28%**	**22%**	**2.0%**
Northern NJ	77%	1944	$15,644	$499	36%	24%	3.0%
Oklahoma City	39%	1971	$17,865	$378	25%	7%	0.1%
Saint Louis	50%	1938	$15,207	$356	30%	11%	0.1%
San Diego	52%	1969	$27,114	$672	34%	9%	0.3%
San Francisco	67%	1934	$26,617	$709	33%	10%	1.2%
San Jose	39%	1969	$31,689	$810	34%	10%	0.5%
Seattle	50%	1956	$26,426	$564	28%	8%	1.4%
Tampa	46%	1967	$17,873	$437	31%	20%	1.4%
Wash, D.C.	61%	1946	$24,217	$537	29%	20%	0.9%
Sample Average	**57%**	**1943**	**$20,556**	**$502**	**30%**	**16%**	**1.2%**
U.S.	**51%**	**1958**	**$18,916**	**$483**	**31%**	**17.1%**	**0.8%**

Note: Monthly Housing Costs are gross housing payments which include contract rent plus the estimated average monthly cost for utilities and fuels; property insurance and garbage / trash collection are included if these items are paid directly by the renter. This amount reflects the portion paid by the household not the portion paid by the government if the household receives a subsidy. Costs of vacant-for-rent housing is the asked rent.

ß 1993 dollars

Source: American Housing Survey, U.S. Bureau of the Census

Appendix H: 1996 Housing Supply Report

H.1 New Construction in New York City, 1960-95

Year	Bronx	Brooklyn	Manhattan	Queens	Staten Island	Total
1960	4,970	9,860	5,018	14,108	1,292	**35,248**
1961	4,424	8,380	10,539	10,632	1,152	**35,127**
1962	6,458	10,595	12,094	15,480	2,677	**47,304**
1963	8,780	12,264	19,398	17,166	2,423	**60,031**
1964	9,503	13,555	15,833	10,846	2,182	**51,919**
1965	6,247	10,084	14,699	16,103	2,319	**49,452**
1966	7,174	6,926	8,854	6,935	2,242	**32,131**
1967	4,038	3,195	7,108	5,626	3,069	**23,036**
1968	3,138	4,158	2,707	4,209	3,030	**17,242**
1969	1,313	2,371	6,570	3,447	3,768	**17,469**
1970	1,652	1,695	3,155	4,230	3,602	**14,334**
1971	7,169	2,102	4,708	2,576	2,909	**19,464**
1972	11,923	2,593	1,931	3,021	3,199	**22,667**
1973	6,294	4,340	2,918	3,415	3,969	**20,936**
1974	3,380	4,379	6,418	3,406	2,756	**20,339**
1975	4,469	3,084	9,171	2,146	2,524	**21,394**
1976	1,373	10,782	6,760	3,364	1,638	**23,917**
1977	721	3,621	2,547	1,350	1,984	**10,223**
1978	464	345	3,845	697	1,717	**7,068**
1979	405	1,566	4,060	1,042	2,642	**9,715**
1980	1,709	708	3,306	783	2,380	**8,886**
1981	396	454	4,416	1,152	2,316	**8,734**
1982	997	332	1,812	2,451	1,657	**7,249**
1983	757	1,526	2,558	2,926	1,254	**9,021**
1984	242	1,975	3,500	2,291	2,277	**10,285**
1985	557	446	754	1,871	1,939	**5,567**
1986	968	2,398	4,266	1,776	2,718	**12,126**
1987	1,177	1,735	4,057	2,347	3,301	**12,617**
1988	1,248	1,631	5,548	2,100	2,693	**13,220**
1989	847	2,098	5,979	3,560	2,201	**14,685**
1990	872	929	6,376	2,340	1,384	**11,901**
1991	656	764	2,595	1,996	1,627	**7,638**
1992	802	1,337	2,720	1,905	1,136	**7,900**
1993	886	616	1,222	1,320	1,466	**5,510**
1994	891	1,035	1,465	2,001	1,572	**6,964**
1995	1,166	1,647	2,164	1,183	1,268	**7,428**

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

H.2 Permits Issued For Housing Units in New York City, 1960-96

Year	Bronx	Brooklyn	Manhattan	Queens	Staten Island	Total
1960	--	--	--	--	--	**46,792**
1961	--	--	--	--	--	**70,606**
1962	--	--	--	--	--	**70,686**
1963	--	--	--	--	--	**49,898**
1964	--	--	--	--	--	**20,594**
1965	--	--	--	--	--	**25,715**
1966	--	--	--	--	--	**23,142**
1967	--	--	--	--	--	**22,174**
1968	--	--	--	--	--	**22,062**
1969	--	--	--	--	--	**17,031**
1970	--	--	--	--	--	**22,365**
1971	--	--	--	--	--	**32,254**
1972	--	--	--	--	--	**36,061**
1973	--	--	--	--	--	**22,417**
1974	--	--	--	--	--	**15,743**
1975	--	--	--	--	--	**3,810**
1976	--	--	--	--	--	**5,435**
1977	--	--	--	--	--	**7,639**
1978	--	--	--	--	--	**11,096**
1979	--	--	--	--	--	**14,524**
1980	--	--	--	--	--	**7,800**
1981	--	--	--	--	--	**11,060**
1982	--	--	--	--	--	**7,649**
1983	--	--	--	--	--	**11,795**
1984	--	--	--	--	--	**11,566**
1985	1,263	1,068	12,079	2,211	3,711	**20,332**
1986	920	1,278	1,622	2,180	3,782	**9,782**
1987	931	1,650	3,811	3,182	4,190	**13,764**
1988	967	1,629	2,460	2,506	2,335	**9,897**
1989	1,643	1,775	2,986	2,339	2,803	**11,546**
1990	1,182	1,634	2,398	704	940	**6,858**
1991	1,093	1,024	756	602	1,224	**4,699**
1992	1,257	646	373	351	1,255	**3,882**
1993	1,293	1,015	1,150	530	1,185	**5,173**
1994	846	911∫	428	560	1,265	**4,010∫**
1995	853	943	1,129	738	1,472	**5,135**
1996 π	42 (204)	332 (195)	141 (110)	174 (160)	412 (269)	**1,101 (938)**

∫ Number was revised upward by 800 units since last year's Housing Supply Report.
π First three months of 1996. The number of permits issued in the first three months of 1995 is in parentheses.

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

H.3 Number of Residential Cooperative and Condominium Plans Accepted for Filing By the Attorney General's Office, 1994-95

	1994	1995
Private Plans	Plans (Units)	Plans (Units)
New Construction	13 (383)	17 (614)
Rehabilitation	8 (111)	19 (428)
Conversion (Non-Eviction)	10 (176)	9 (201)
Conversion (Eviction)	1 (88)	1 (321)
Total	**32 (758)**	**46 (1,564)**
HPD Sponsored Plans	Plans (Units)	Plans (Units)
New Construction	1 (10)	0 (0)
Rehabilitation	37 (696)	37 (830)
Conversion (Non-Eviction)	0 (0)	0 (0)
Conversion (Eviction)	10 (195)	4 (105)
Total	**48 (901)**	**41 (935)**

Note: Figures exclude "Homeowner" and "Commercial" plans/units. The "Rehabilitation" category was not included in previous years.

Source: New York State Attorney General's Office, Real Estate Financing.

H.4 Number of Units in Cooperative and Condominium Plans Accepted for Filing By the Attorney General's Office, 1981-1995

Year	New Construction	Conversion Eviction	Conversion Non-Eviction	**Total**	Units in HPD Sponsored Plans
1981	6,926	13,134	4,360	**24,420**	925
1982	6,096	26,469	16,439	**49,004**	1,948
1983	4,865	18,009	19,678	**42,552**	906
1984	4,663	7,432	25,873	**37,968**	519
1985	9,391	2,276	30,277	**41,944**	935
1986	11,684	687	39,874	**52,245**	195
1987	8,460	1,064	35,574	**45,098**	1,175
1988	9,899	1,006	32,283	**43,188**	1,159
1989	6,153	137	25,459	**31,749**	945
1990	4,203	364	14,640	**19,207**	1,175
1991	1,111	173	1,757	**3,041**	2,459
1992	793	0	566	**1,359**	1,674
1993	775	41	134	**950**	455
1994	393	283	176	**852**	901
1995	614	426	201	**1,241**	935

Note: HPD Plans are a subset of all plans and include rehabilitation plans; the total column does not contain rehabilitation plans explaining why HPD plans are higher than the total in some years.

Source: New York State Attorney General's Office, Real Estate Financing.

H.5 Tax Incentive Programs

Buildings Receiving Preliminary Certificates for 421-a Exemptions, 1994-95

	1994		1995	
	Prelim. Certificates	Prelim. Units	Prelim. Certificates	Prelim. Units
Bronx	10	235	7	136
Brooklyn	31	139	37	400
Manhattan	3	114	5	1,441
Queens	11	131	19	261
Staten Island	1	8	1	46
Total	**56**	**627**	**69**	**2,284**

Buildings Receiving J-51 Tax Abatements and Exemptions, 1994-95

	1994			1995		
	Buildings	Units	Certified Cost ($1,000s)	Buildings	Units	Certified Cost ($1,000s)
Bronx	305	13,413	$52,690	235	12,201	$23,400
Brooklyn	446	16,275	$23,560	393	18,801	$27,682
Manhattan	367	16,340	$39,311	422	24,167	$34,536
Queens	307	14,569	$9,199	453	21,848	$13,265
Staten Island	10	277	$290	1	55	$121
Total	**1,435**	**60,874**	**$125,050**	**1,504**	**77,072**	**$99,004**

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

H.6 Tax Incentive Programs - Units Receiving Initial Benefits, 1981-1995

Year	421-a	J-51
1981	3,505	--
1982	3,620	--
1983	2,088	--
1984	5,820	--
1985	5,478	--
1986	8,569	--
1987	8,286	--
1988	10,079	109,367
1989	5,342	64,392
1990	980	113,009
1991	3,323	115,031
1992	2,650	143,593
1993	914	122,000
1994	627	60,874
1995	2,284	77,072

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

H.7 City-Owned Properties, 1985-1996

	Central Management				Alternative Management		Vestings		Buildings Sold
Year	Occupied Units	Occupied Buildings	Vacant Units	Vacant Buildings	Units	Buildings	Units	Buildings	Buildings
1985	38,561	4,102	56,474	5,732	12,825	542	--	--	531
1986	39,632	4,033	55,782	5,662	13,375	583	--	--	275
1987	38,201	4,042	48,987	4,638	13,723	587	--	--	621
1988	37,355	3,628	37,734	3,972	14,494	624	--	--	58 +
1989	32,377	3,359	45,724	3,542	17,621	780	--	--	72
1990	33,851	3,303	37,951	3,110	14,800	705	3,323	292	112
1991	32,783	3,234	30,534	2,796	12,695	615	2,288	273	140
1992	32,801	3,206	22,854	2,368	--	--	1,462	197	--
1993	32,078	3,098	17,265	2,085	9,237	470	2,455	211	162
1994	30,358	2,992	13,675	1,763	8,606	436	715	69	81
1995	27,922	2,885	11,190	1,521	7,903	433	240	17	170
1996ß	25,385	2,539	10,146	1,401	6,255	363	49	2	456

Note: HPD could not confirm vestings data prior to FY 1990.

ß Plan for 1996.

Source: New York City Office of Operations, Mayor's Management Report; New York City Department of Housing Preservation and Development.

H.8 Apartments Demolished in New York City, 1985-1995

	Bronx		Brooklyn		Manhattan		Queens		Staten Island		Total	
Year	5+ Units	Total	5+ Units	Total	5+ Units	Total	5+ Units	Total	5+ Units	Total	5+ Units	Total
1985	1,176	1,329	59	189	549	587	20	169	7	51	**1,811**	**2,325**
1986	685	804	137	462	209	271	27	337	30	132	**1,088**	**2,006**
1987	249	318	17	193	291	325	14	356	60	150	**631**	**1,342**
1988	41	91	18	265	256	317	10	363	0	175	**325**	**1,211**
1989	137	222	77	307	290	353	21	317	0	112	**525**	**1,311**
1990	23	60	28	220	312	334	25	172	0	71	**388**	**857**
1991	86	130	132	264	121	131	6	88	0	34	**345**	**647**
1992	103	185	40	132	80	83	5	57	0	40	**228**	**497**
1993	0	35	34	145	0	3	18	76	0	5	**52**	**264**
1994	75	90	28	139	80	80	10	57	0	9	**193**	**375**
1995	12	43	0	102	0	0	10	52	0	23	**22**	**220**

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

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