The Rent Guidelines Board

1997 Housing Supply Report

June 2, 1997

Introduction

Last year's incipient housing construction recovery is gaining pace with more new dwelling units permitted in 1996 than any year since 1989. Following three years of economic recovery — which has brought more jobs at slightly higher wages, low inflation, historically low mortgage interest rates, as well as escalating rents and improved rental collections — builders finally deem it fruitful to produce new housing. New dwellings issued permits in 1996 grew by two-thirds over 1995. If the number of units issued permits in 1997 follows 1995 and 1996 patterns, newly constructed units this year could top 12,000 for the first time since 1987. Thousands of additional housing units are being fashioned from commercial buildings or are being brought back to the housing stock through substantial rehabilitation. Estimates of these alternative sources, however, prove difficult to track.

New York City's Housing Inventory

The 1996 Housing and Vacancy Survey data shows, not surprisingly, that most households in New York City reside in rental housing. However, the percent of renter-occupied households relative to all occupied dwellings declined slightly from 71% in 1993 to just under 70% in 1996. This shift resulted from both a reduction in occupied rental units by 30,500 and a rise of 27,700 owner-occupied dwellings. All renter units including occupied and vacant dwellings available for rent declined by 20,000, while all owner-occupied units and vacant homes available for sale grew by 31,000, contributing to the 10,000 unit net increase in the city's housing inventory. (Approximately 1,400 units were added to the inventory from the pool of housing that was not available for rent or sale at the time of the 1993 HVS.)

Though the 1996 HVS found several thousand more one- and two-family homes, the expansion in the owner-occupied stock stems from approximately 22,000 additional cooperative and condominium apartments than three years ago. At the same time, all categories of rental housing with the exception of stabilized apartments declined in number. More than likely, the 6,000 unit drop in private rentals were not lost units, rather the majority were converted to private cooperatives and condominiums. (See page 5 for further discussion of coops and condos.)

With a decline of almost 20,000 rental units and an 11,000 unit rise in vacant apartments available for rent, the vacancy rate for New York City's rental stock increased from 3.44% in 1993 to 4.01% in 1996. The rise in the vacancy rate may stem from the period in which HVS interviews were conducted. The Census Bureau typically surveys households in the period from January to May. However, two Federal government shutdowns and a snow storm delayed HVS interviews by several months. This forced Census to hold some of the interviews in late May and June, the beginning of the moving season.

What's New

- ✔ The 1996 HVS shows that owner apartments increased by 31,000 since 1993, while rental units declined by 20,000 dwellings. In all, New York City gained 10,000 housing units between 1993 and 1996.
- ✔ Vacant rentals increased by 11,000 apartments helping to bring the rental vacancy rate up to 4.01% from 3.44%.
- ✔ More than 8,600 new dwellings were approved for construction in 1996, a two-thirds increase over 1995. New units continue to rise with fifty percent more residences issued permits in the first four months of 1997 than the same period last year.
- ✔ Only 1,085 new apartments received 421-a exemptions in 1996, less than half the number receiving such benefits in 1995 and a fraction of the level common in the late 1980s. A total of 42,000 apartments currently benefit from 421-a, one-third of which are rental dwellings.
- ✔ Cooperative and Condominium construction and conversion plans submitted to the Attorney General's Office declined by one-quarter since last year.
- ✔ An additional 70,000 dwellings obtained J-51 tax benefits in 1996, about the same number of rehabilitated residences coming into the program last year. More than 650,000 total units are receiving J-51 abatements and exemptions.
- ✔ New York City's first sale of 4,000 tax liens for multifamily apartment and mixed use buildings (Class II and IV) last May brought in $400 million, though several properties that paid their taxes before the sale are still being removed from the bundle, preventing an estimate of total revenues from the sale. The second tax lien sale going on currently covers all property types.

While stabilized apartments account for close to one-third of all additional vacant units observed between 1993 and 1996, almost half of the newly vacant available units (4,649) are located in the public housing stock (see table at right). Given that less than one-tenth of all rental apartments are in public housing developments (totaling approximately 170,000 dwellings), this increase in vacant units is dramatic. In fact, the rental vacancy rate in public housing jumped more than threefold from 1.03% in 1993 to 3.75% in 1996. The rise in these empty apartments helps explain the substantial increase in the vacancy rate for apartments renting for less than $500 as all but a few public housing apartments cost less than this amount.

With a waiting list expanding to 336,000 families in 1996, what explains this surge in untenanted public housing apartments? The Preliminary FY97 Mayor's Management Report released by the Office of Operations provides a hint. In a footnote to the section on applicants placed in public housing, the report states: "Negotiations between HUD, NYCHA, and HPD to authorize priority placement of 2,998 families identified by HPD delayed leasing units until November 1996." In addition, the indicator covering days per turnover has continually mounted since the early 1990s when the number of days a public housing apartment remained vacant before the new tenant moved in averaged 12 days. This number has risen each year, and by FY96 the average number of days vacant swelled to 59. (See graph at right.) The FY97 preliminary Mayor's Management Report attributes the increase to Section 504 conversions (which involve adapting apartments to comply with the Americans with Disability Act), NYCHA's stringent screening procedures, and difficulty placing tenants in smaller, less desirable apartments. These leasing problems coupled with the lengthy waiting list for conventional public housing dwellings have contributed to the surge in families waiting for Section 8 apartments from 116,000 in FY93 to 263,000 in FY96. Overall, the public housing waiting list has doubled since FY90.

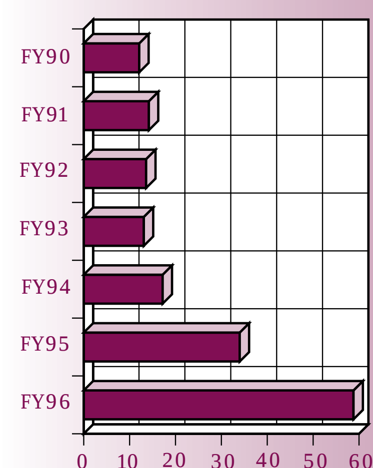
VACANT AVAILABLE RENTALS

	1993	1996	Change
Total	70,345	81,256	+10,911
Controlled	NA	NA	NA
Stabilized	34,071	37,549	+3,478
Pre-1947	27,534	29,381	+1,847
Post-1946	6,537	8,168	+1,631
Mitchell Lama	2,539	3,500	+961
Public Hsg.	1,801	6,450	+4,649
Other	31,934	33,758	+1,824
Vacancy Rate			
All Rental	3.44%	4.01%	+17%
Public Hsg.	1.03%	3.75%	+264%

NA: Once a rent controlled unit becomes vacant it typically reverts to rent stabilization.

Source: 1993 and 1996 New York City Housing and Vacancy Survey.

Days Public Housing Apartments Remain Vacant



Source: Mayor's Management Report, Office of Operations, FY90-FY96.

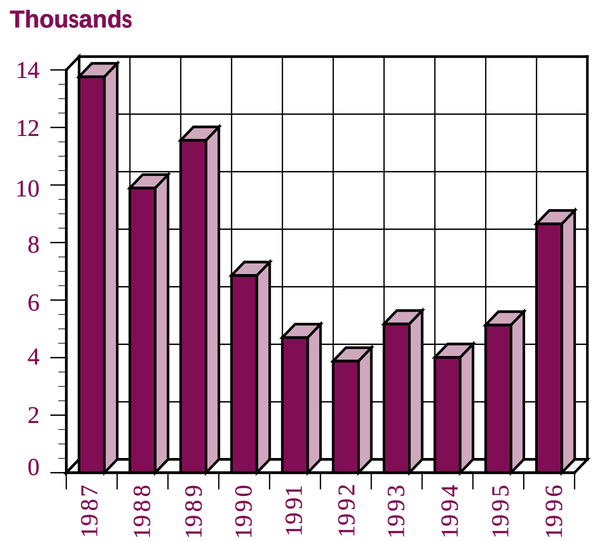
Changes in the Housing Inventory

New Additions

The housing inventory is typically enlarged through new construction, though substantially rehabilitated apartments (see section on tax delinquent properties, page 7) and converted dwellings also contribute to the pool of new residences. The number of permits authorized for new construction 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. According to Census Bureau statisticians, the gap between units issued permits and those that are actually constructed has closed significantly in recent years. Costs and time commitments inherent in planning new housing have mounted, discouraging developers from submitting permit applications for dubious housing plans. Thus, tracking permits is a solid measure of new housing coming on line in the near future.

Last year, 8,652 new housing units were authorized for construction, two-thirds more than in 1995 (5,135). An additional 2,642 dwellings are planned for construc-

Dwellings Slated for Construction Jumped 68% in 1996.



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

tion in the first four months of 1997, fifty percent more than were permitted during the same period last year. While the annual level of new residences issued permits has remained at 900 units in both the Bronx and Brooklyn in 1994-1996, considerably more dwellings were scheduled for construction in Manhattan, Queens, and Staten Island in 1996 than the previous two years. Over 3,300 new units are slated to be built in Manhattan, three times more than in 1995; 1,300 are being built in Queens, nearly twice as many as the previous year; and almost fifty percent more units were authorized in Staten Island in 1996, all of which are in 1-4 family homes. (See appendix, page 11.)

Only one-third of all units issued permits in 1995 were located in buildings containing five or more apartments, compared with just over half of the 8,652 residences authorized in 1996. Though most apartments in multifamily buildings will be available to renters, an estimated 300 to 600 will be built as cooperative or condominium apartments.[1]

Tax Incentive Programs

Many new multifamily properties containing three or more rental units receive tax exemptions under the 421-a tax incentive program created in 1970. The City Council recently extended this program to the end of the century.

Section 421-a of the New York State Real Property Tax Law, and its counterpart for conventional, one- to two-family homes denoted 421-b, enable owners to reduce the taxable assessed value of eligible properties. In other words, owners are exempt from paying additional real estate taxes on the increased value of the property due to the improvement, i.e. housing structure. Apartments built with 421-a tax exemptions are subject to the provisions of the Rent Stabilization Laws during the exemption period. Thus, 421-a tenants share the same tenancy protections as stabilized tenants and initial rents approved by HPD are then confined to increases established by the Rent Guidelines Board.[2]

The level and duration of 421-a benefits depend on geographic location, reservation of units for low- and moderate-income families, construction periods, and government involvement. Rental properties located in what is known as the Manhattan exclusion zone receive exemptions for ten years — the last eight of which taxes are phased in at 20% every two years — if (1) the property includes substantial government assistance, (2) at least 20% of the dwellings are reserved for low to moderate income occupants, or (3) the developer/owner participates in a lower income housing production program elsewhere in the city. Properties in Manhattan outside the exclusion zone receive an exemption for 10 to 25 years depending on location, whether they meet one of the first two conditions listed above, and whether they are located in a neighborhood preservation area. New properties in the outer boroughs receive exemptions for 15 to 25 years depending on compliance with conditions one and two above and location in a neighborhood preservation area. The Giuliani administration has proposed making properties in the exclusion zone eligible for tax benefits if

1. The Attorney General's Office provided RGB staff with the total number of plans issued in 1996 only; the total number of units located within these buildings is unavailable at this time. Units are estimated based on the average building size of coops and condos submitted in prior years.

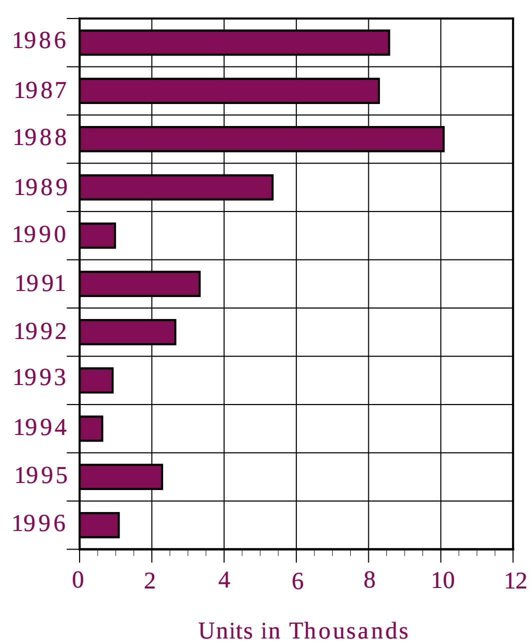
2. Rents are allowed to rise an additional 2.2% during the period in which taxes are being phased in to 100%. This 2.2% escalation cannot be added to the base rent, however.

developers contribute funds toward refurbishing already occupied low-income buildings elsewhere in the city. Through this change, which requires approval of the New York State Legislature, the administration hopes to save distressed buildings at risk of abandonment.

The number of new apartments receiving 421-a exemptions in 1996 dropped to 1,085 dwellings, less than half the number coming into the program in 1995 and a sharp decline from the late 1980s when an average of 8,000 new units per year received exemptions. In total, about 42,000 apartments are currently receiving 421-a benefits, one-half of which are are condominiums and one-third are rental units. As exemptions expire, rental apartments are no longer governed by rent regulation rules.

The recent drop in new units receiving 421-a benefits is in contrast with the flurry of large developments in the pipeline. For example, the latest Trump development called Riverside South is scheduled to receive tax exemptions for its 5,700 planned units; and Manhattan West, a development with 1,000 apartments, is also slated for 421-a benefits. The explanation could be that benefits are applied for during each phase of construction expanding the number of years in which applications for tax benefits are submitted. Also, rising market rents may be sufficient for some developers to produce new housing without government incentives.

New 421-a Units Have Dropped Off Since the Late 1980s.



Source: NYC Department of Housing Preservation and Development.

In addition to 421-a, newly constructed housing is eligible for tax exempt financing. Such bonds lower mortgage expenses allowing owners to cover production and operating costs with prevailing market rents. The Federal government appropriates the dollar value of tax exempt bonds to states which then allocate them to localities through the 80/20 housing program.[3] In exchange for tax credits which can be used to reduce federal personal or corporate taxes, at least 20% of the apartments must be set aside for low- and moderate-income families. Rental income from market rate apartments, in addition to lowered financing costs resulting from the tax exempt bonds, subsidize the rents of low-income tenants.

Tax exempt bonds may provide sufficient funding for builders to forego 421-a tax exemptions enabling owners to avoid rent stabilization stipulations. It should be noted, however, that many new apartment buildings receive both tax exempt financing as well as 421-a tax exemptions and that both types of assistance may require one-fifth of the units to be set aside for low- and moderate-income families. (For noted exceptions to the 20% set aside rule under the 421-a program, see above.) The same apartments can be used to satisfy both programs. In other words, only 20% of the units must be set aside rather than 40% when receiving benefits from both programs.

Conversions and Subdivisions

The growing demand for rental housing and the high costs involved in new development have encouraged owners to create new apartments through alternative methods. More specifically, new dwellings are fashioned from larger homes (subdivisions) and from build-

3. New York City's share of the total credits allocated to New York State has sharply declined since 1995, when the Pataki administration redirected one-third of New York City's share to upstate communities. Currently, New York City and the rest of the state split the total allocation with each receiving about $11 million worth of tax benefits. For further discussion, see "Officials Protest Reduced Housing Tax Credits" by Thomas J. Lueck, *New York Times*, February 4, 1997.

ings originally constructed for non-residential purposes (conversions). Many three and four story brownstones lining the streets of Manhattan and Brooklyn, built as large, single family homes a century ago, have been sectioned off into one or more apartments per floor. For the most part, these divisions have received approval from city building inspectors. Subdivided dwellings in recent years, however, appear to be increasingly illegal, though of course no reliable statistics are maintained allowing for study of illegal apartments. Single family homes in Queens, for example, are being converted to rooming houses hosting sometimes several families at a time and creating overcrowded neighborhoods. Such high-density living in what was intended to be single family communities has placed a burden on local schools, transportation, and other private and government services. These metamorphosing neighborhoods have received much attention in recent months stemming from the "Barely Four Walls" series in the *New York Times* last October.[4]

In addition to dissected quarters, new apartments are created through conversion. In the last three decades new housing has been built in Manhattan's old warehouses in what became trendy neighborhoods such as SoHo and TriBeCa. These former commercial spaces were converted to lofts attracting both artists requiring studio space and families not wanting cramped apartments in post-war buildings in more traditional neighborhoods. Newly converted apartments are again on the rise in the "meat packing" district and in underutilized or obsolete Wall Street office buildings.

The new Commercial Revitalization Program is designed to encourage commercial and residential improvement and development in lower Manhattan. Acknowledging the high commercial vacancy rate in downtown office buildings and the low housing vacancy rate citywide, the Pataki administration signed the revitalization plan into law on October 29, 1995 encouraging builders to take advantage of tax abatements and exemptions as well as relaxed zoning restrictions in lower Manhattan when upgrading buildings for retail, commercial and residential use. The law provides up to 12 years of phased tax exemptions and 14 years of phased tax abatements in addition to reduced electric rates for conversion of office properties to residential and mixed purposes, savings from which must be passed on to tenants. These benefits apply if building permits are issued before the end of FY2002 and require residential units to abide by all rent stabilization provisions during the benefit period.

Though the Department of Finance does not have program information available at this time, Manhattan Community Board 1 estimates that nearly 2,000 housing units are being converted from office buildings below Chambers Street. The Department of Buildings is presently estimating the total number of dwellings created from converted buildings and subdivided homes throughout the city. Unfortunately, this data will not be available before release of this report.

Cooperative and Condominium Activity

A certain portion of new housing units produced each year are cooperatives or condominiums rather than rental apartments. New owner apartments help relieve the pressure on the rental market, assuming purchasers of owner dwellings formerly resided in rental apartments or would otherwise compete for rentals in New York City. Also, many apartments in these new coop and condo buildings will be offered for rent by their purchasers or by the sponsor if the apartments are not all sold at initial offering.

Owners hoping to convert their rental buildings to cooperatives or condominiums as well as developers wanting to build new coop or condo buildings must submit plans to the New York State Attorney General's Office. Of the 8,652 new housing units permitted in 1996, approximately 300 to 600 will be built in coop and condo buildings. (See footnote 1 on page 3.)

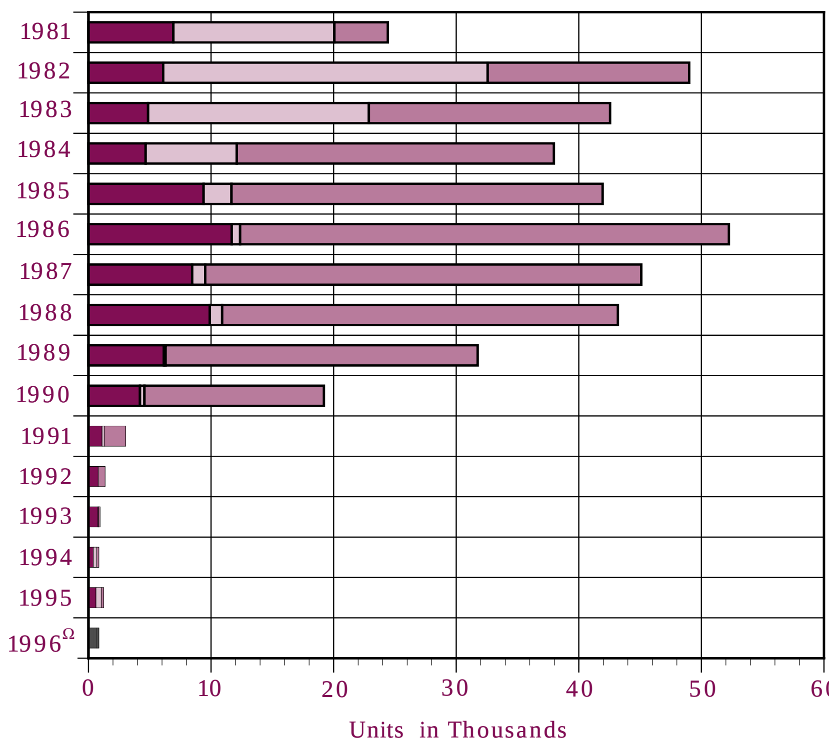
An additional 200 to 600 cooperative and condominium units have been converted from rental to owner units in recent years according to the Attorney General's Office. Some are converted through eviction methods while other buildings allow their tenants to remain in place. Though coop and condo conversions typically reduce the number of apartments avail-

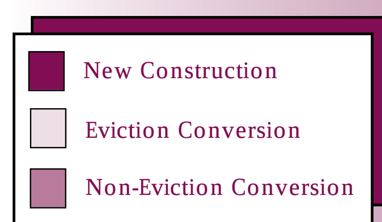
4. "Barely Four Walls" consisted of six articles uncovering some of the city's most pressing housing problems. The third article entitled "Behind a Suburban Facade in Queens, A Teeming, Angry Urban Arithmetic", exposed the dangerous, and mostly illegal, practice of carving apartments out of what were originally one- and two-family homes.

able to renters, many pre-conversion tenants either purchase their apartments and are therefore not forced to find new rental units, while other apartments remain as rentals so long as the current tenant remains the occupant. As time passes, however, additional rental apartments in converted buildings are removed from the housing stock when renters move and those apartments are purchased. Thus, hundreds of additional renter-occupied units are converted to owner-occupancy even as the number of units planned for conversion have dwindled in recent years.

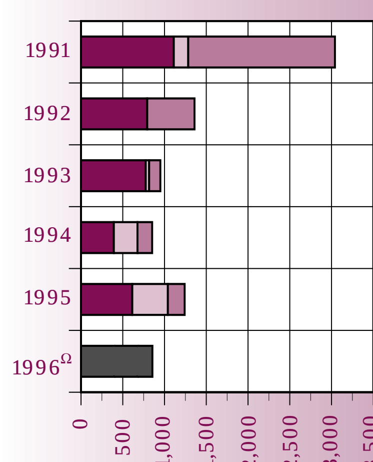
HVS data appears to bear this out. The HVS shows that almost 13,000 owner-occupied cooperative and condominium dwellings were added to the inventory between 1993 and 1996, though plans for a mere 3,000 cooperative and condominium units were submitted with the Attorney General's Office during these years. It appears that many of the hundreds of thousands of apartments located in buildings converted to coops and condos in the last decade are finally being purchased. The heated rental market may have driven thousands of renters to buy apartments as the combined monthly costs including mortgage, taxes and common charges of cooperatives and condominiums in many cases are lower than the rents for comparable housing units. Households are trading off the flexibility of renting apartments for lower monthly costs as well as accumulated equity.

Coop and Condo Units Planned for New Construction or Conversion Are Well Below Levels of the 1980s.





Detail of Coop and Condo Plans, 1991-1995



Ω The number of units submitted for 1996 is an estimate based on the number of plans submitted in 1996 and the average building size of coops/condos submitted in prior years. No estimate of the breakdown among coop/condo types is available.

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

Rehabilitation

The median age of New York City's housing is about 50 years, meaning that half of the existing inventory was built prior to the mid-1940s. New York City's aging stock requires periodic renovation in addition to regular maintenance to remain in livable condition. Owners wishing to undertake building alterations must submit a work application with the Department of Buildings. The data extracted from these applications tells us the number of "jobs" applied for, but some of these plans are never carried out, while others are submitted more than once as the scope of work changes. Thus, the RGB is forced to rely on the number of units receiving J-51tax benefits as a rough measure of rehabilitation activity.

The city offers tax abatements and exemptions for rehabilitation of rental housing through its J-51 program. Similar to 421-a apartments, those units receiving J-51 tax relief are subject to rent regulations for the duration of the benefits. A major program stipulation is that the apartment tax assessment cannot exceed $38,000 after completion, precluding units in many high-rent neighborhoods from qualifying for tax relief following rehabilitation. The exemption portion of the program allows owners to avoid paying additional taxes on the increased property value due to the rehabilitation, while the abatement reduces the tax liability on the cost of the improvement though a credit.

Eligible rehabilitation activities include major capital improvements (MCIs), substantial rehabilitation, conversions from non-residential uses, 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) and abatements on existing taxes up to 90% of the reasonable cost of approved rehab work at eight and one-third percent per year up to 20 years.

Moderate rehabilitation work requires significant improvement to at least one major building-wide system. Such projects receive a 34-year tax exemption and abatements 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 dwellings. The apex came in 1992 when 144,000 apartments were rehabilitated under this program, about twice as many units as the last two years. More than 650,000 total dwellings are receiving J-51 tax benefits, the bulk of which are rentals in multifamily buildings (66%) and cooperatives (30%). Those rental apartments that were not stabilized prior to receiving tax benefits will no longer be subject to the city's rent regulations once their benefits expire. Judging from HVS data which shows that most units receiving J-51 benefits (87%) were built between 1920 and 1969, when most stabilized buildings were constructed, the majority of these units will remain stabilized after the benefit period.

Tax-Delinquent Property

Since 1994, the city has halted its former *in rem* foreclosure policy toward tax delinquent properties under which it foreclosed upon and took title to properties that were at least 12 months behind in taxes. Owners were entitled to redeem their properties during the four month period following vesting if they paid the owed taxes and related penalties; the following twenty months were a discretionary period in which the city decided on a case-by-case basis whether the owner could recover the property following payment of taxes and fees. This vesting process brought thousands of occupied and vacant dwellings under city management. Most of these properties could not cover operating costs with rents, thereby costing the city billions of dollars as the *in rem* inventory swelled to unprecedented levels.

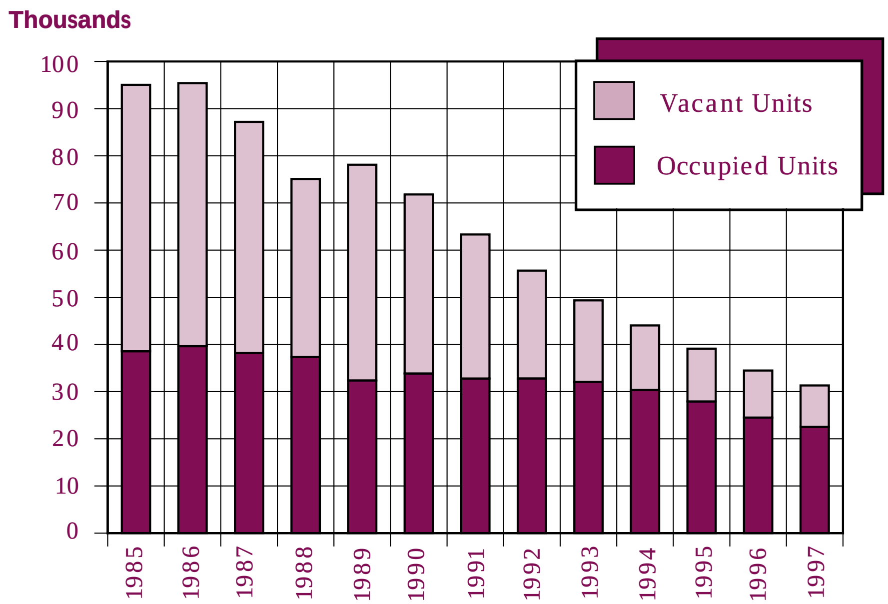
Since 1985, the city has rehabilitated and transferred ownership of about 47,700 formerly vacant units in its Centrally Managed stock to private or non-profit entities. (See graph, next page.) These apartments were returned to life in a Phoenix-like transformation providing tens of thousands of additional low-cost housing opportunities to needy families. The city has had less success in shedding its ownership role of occupied dwellings in Central Management, though it has sold buildings containing 16,000 of these apartments in the last decade. The city now has one-third as many *in rem* units in the Central and Alternative Management programs than in 1986.

In an effort to reduce its involvement in the lengthy renovation process, the city now has only one program, the Tenant Interim Lease or TIL, under which the Department of Housing Preservation and Development (HPD) oversees rehabilitation of *in rem* properties prior to sale. Other disposition plans such as Neighborhood Entrepreneurs Program (NEP) and Neighborhood Redevelopment Program (NRP) require purchasers to manage the daily operations of the buildings as well as the renovations prior to purchase. The city often provides loans for rehabilitation work however, maintaining the city's financial interest in the future of these buildings.

Fiscal constraints led the city to review its *in rem* tax foreclosure policy. Vesting neither secured tax revenue nor provided a short term solution to preserving tax delinquent residential buildings. In 1994, the city made public that it had essentially stopped vesting tax delinquent properties and that it was designing a new plan to sell tax liens. The new approach launched the following year employs a triage system in which relatively healthy properties with low lien-to-market value ratios are bulked and sold to investment bankers, while properties that are at risk of abandonment are not sold. These troubled buildings can be deeded to a qualified third party buyer who would be eligible for public loans for

The City Reduced Its *In Rem* Stock by Over 60,000 Dwellings Since 1985.

(Units in Centrally Managed Stock)



Note: 1997 reflects the FY97 plan.

Source: Mayor's Management Report, Office of Operations.

- *The city demolished or rehabilitated and transferred ownership of more than 60,000 occupied and vacant dwellings in its Centrally Managed Stock from 1985 to 1996.*
- *The city reduced its Alternative Management inventory by an additional 6,000 units.*
- *Almost 50,000 formerly vacant dwellings have been returned to the rental market through the city's rehabilitation efforts.*

improvements, rent restructuring, and lowered or eliminated property taxes. HPD is also setting up an early warning system designed to help responsible private owners of troubled housing improve the financial and physical condition of their buildings.

The first sale of tax liens on approximately 4,000 properties held in May, 1996 originally yielded $400 million to city coffers, though properties that paid their taxes and related fees prior to sale are still being removed from the group of liens sold. The dollar value of liens on these buildings is subtracted from the original sale amount. The city also reaped approximately $200 million in tax payments prior to the lien sale from owners fearful of losing their properties.[5] Only liens on multi-unit apartment buildings and mixed use properties were offered at the first sale (Class II and IV), while all properties are included in the pool of liens being offered at the second lien sale currently under way.

Properties are held from the lien sale if they are determined to be distressed based on qualifications established in Local Law 37. A building is distressed if the taxes owed are more than 15% of the market value of the property, at least $1 in taxes have not been paid in one year, and it has either $1,000 in emergency repair liens against it or it has five or more hazardous (Class B) or immediately hazardous (Class C) outstanding housing violations. If all above conditions are met, the property can be deeded to a new owner whether a private or non-profit company. HPD estimates that the number of properties transferred to new ownership will be about the same as the number the city vested each year before it halted its vesting process. As many as a few hundred buildings were vested in the years preceding HPD's policy change, the years New York City was immersed in an economic recession. The early warning system is scheduled for full implementation by the end of FY97.

5. "New York City Shifts Tactics on Troubled Housing" by Alan S. Oser, New York Times, Sunday, June 16, 1996.

6. 1996 data from the Department of Buildings cannot be compared to Census Bureau data from prior years due to different reporting methods.

7. HUD budget information was provided by the National Low Income Housing Coalition.

Demolition

Very few residential buildings in New York City have been demolished in recent years, especially considering the size of the housing inventory. Only 380 buildings were toppled in 1996.[6] The rapid decline in multifamily buildings torn down coincides with HPD's commitment to take over thousands of additional dwellings each year and eventually reconstruct new homes for moderate income New Yorkers.

Future Prospects for Housing Programs

That programs to house low-income people in the United States are increasingly in disfavor with the U.S. legislature is no secret to many New Yorkers. Citizens nationwide feel the pinch as legislative actions trickle down to the common denominator — tenants in poverty stricken neighborhoods. The budget for the Department of Housing and Urban Development (HUD), the largest single source of funds for local housing initiatives, was slashed by 25% to below $20 billion in FY95 and has remained at this level since. The FY98 budget under consideration at this time is not expected to allocate additional funding to HUD. The White House and Congress recently agreed upon a broad federal budget that, for now, protects the Low Income Housing Tax Credit and provides $35 billion in budget outlays to renew expiring Section 8 contracts. These programs could be cut by Congress at a later date, though.[7]

On a brighter note, New York City's economic upswing is bringing developers who had abandoned their plans during the recession back to the real estate market. The combination of the economic expansion and higher rent levels has improved net operating incomes of rental buildings, thereby encouraging more new housing development in 1996 than in any year since the late 1980s. The tight rental market has also fueled the conversion of non-residential buildings to housing units — 2,000 apartments are already slated for conversion in Manhattan's Wall Street area. Should the economy continue expanding, additional housing will surely crop up throughout New York City's five boroughs. ❏

New Dwelling Units Completed 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.

Permits Issued For Housing Units in New York City, 1960-97

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	885	942	3,369	1,301	2,155	**8,652**
1997[π]	233 (76)	479 (448)	1,295 (264)	179 (218)	456 (779)	2,642 (1,785)

π First four months of 1997. The number of permits issued in the first four months of 1996 is in parentheses.

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

Number of Residential Cooperative and Condominium Plans Accepted for Filing By the Attorney General's Office, 1994-96

	1994	1995	1996
Private Plans	Plans (Units)	Plans (Units)	Plans (Units)
New Construction	13 (383)	17 (614)	NA
Rehabilitation	8 (111)	19 (428)	NA
Conversion (Non-Eviction)	10 (176)	9 (201)	NA
Conversion (Eviction)	1 (88)	1 (321)	NA
Total	**32 (758)**	**46 (1,564)**	**33 (750-1,000)** ß
HPD Sponsored Plans	Plans (Units)	Plans (Units)	Plans (Units)
New Construction	1 (10)	0 (0)	NA
Rehabilitation	37 (696)	37 (830)	NA
Conversion (Non-Eviction)	0 (0)	0 (0)	NA
Conversion (Eviction)	10 (195)	4 (105)	NA
Total	**48 (901)**	**41 (935)**	**NA**

Note: Figures exclude "Homeowner" and "Commercial" plans/units. The "Rehabilitation" category was not included in previous years.
NA: The Attorney General's Office does not have this data available at present due to a change in reporting systems.
ß Number of units is estimated from the average building size of coop/condo plans submitted in prior years.

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

Number of Units in Cooperative and Condominium Plans Accepted for Filing By the New York State Attorney General's Office, 1981-1996

Year	New Construction	Conversion Eviction	Conversion Non-Eviction	**Total New Construction & Conversion**	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
1996	NA	NA	NA	**750-1,000** ß	NA

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.
NA: The Attorney General's Office does not have this data available at present due to a change in reporting systems.
ß Number of units is estimated from the average building size of coop/condo plans submitted in prior years.

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

Tax Incentive Programs

Buildings Receiving Preliminary Certificates for 421-a Exemptions, 1994-96

	1994		1995		1996	
	Prelim. Certificates	Prelim. Units	Prelim. Certificates	Prelim. Units	Prelim. Certificates	Prelim. Units
Bronx	10	235	7	136	NA	15
Brooklyn	31	139	37	400	NA	205
Manhattan	3	114	5	1,441	NA	684
Queens	11	131	19	261	NA	168
Staten Island	1	8	1	46	NA	13
Total	**56**	**627**	**69**	**2,284**	**56**	**1,085**

Buildings Receiving J-51 Tax Abatements and Exemptions, 1994-96

	1994			1995			1996		
	Buildings	Units	Certified Cost ($1,000s)	Buildings	Units	Certified Cost ($1,000s)	Buildings	Units	Certified Cost ($1,000s)
Bronx	305	13,413	$52,690	235	12,201	$23,400	360	13,786	$53,300
Brooklyn	446	16,275	$23,560	393	18,801	$27,682	320	15,478	$21,504
Manhattan	367	16,340	$39,311	422	24,167	$34,536	493	23,364	$28,118
Queens	307	14,569	$9,199	453	21,848	$13,265	409	17,282	$10,230
Staten Island	10	277	$290	1	55	$121	7	521	$387
Total	**1,435**	**60,874**	**$125,050**	**1,504**	**77,072**	**$99,004**	**1,589**	**70,431**	**$113,542**

NA HPD does not have this information at this time.

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

Tax Incentive Programs - Units Receiving Initial Benefits, 1981-1996

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
1996	1,085	70,431

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

City-Owned Properties, 1985-1997

	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
1996	24,503	2,684	9,971	1,349	6,915	393	49	2	386
1997ß	22,528	2,516	8,782	1,163	5,346	313	0	0	315

Note: HPD could not confirm vestings data prior to FY 1990.
ß Plan for FY 1997, excluding data in vestings columns.

Source: New York City Office of Operations, Preliminary Fiscal 1997 Mayor's Management Report; New York City Department of Housing Preservation and Development.

Residential Demolitions in New York City, 1985-1996

Dwelling Units Demolished

	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**

Buildings Demolished

	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	81	157	3	101	59	73	3	133	1	31	**147**	**495**
1986	48	96	14	197	19	38	3	273	4	67	**88**	**671**
1987	14	55	2	130	22	33	1	273	6	83	**45**	**574**
1988	3	34	2	169	25	44	2	269	0	160	**32**	**676**
1989	6	48	8	160	20	38	3	219	0	109	**37**	**574**
1990	4	29	3	133	20	28	5	119	0	71	**32**	**380**
1991	10	33	15	95	9	14	1	68	0	32	**35**	**242**
1992	12	51	6	63	2	5	1	41	0	33	**21**	**193**
1993	0	17	4	94	0	1	3	51	0	5	**7**	**168**
1994	3	14	4	83	5	5	2	42	0	8	**14**	**152**
1995	2	18	0	81	0	0	2	37	0	17	**4**	**153**
1996	--	30	--	123	--	25	--	118	--	84	**--**	**380**

Note: The Census Bureau discontinued collecting demolition statistics in December, 1995; the New York City Department of Buildings supplied the total number of buildings demolished in 1996.

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