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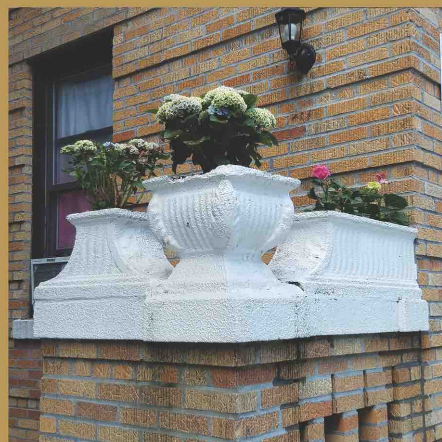

Rents, Markets & Trends 2019

NYC Rent Guidelines Board

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Housing NYC

Rents, Markets & Trends 2019

New York City Rent Guidelines Board

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Chair's Acknowledgments

New York City continues to experience vacancy levels (3.63% Citywide for all rentals and 2.06% for rent stabilized units, according to the most recent data) that constitute a "housing emergency," requiring the Rent Guidelines Board (RGB), rather than the market, to set annual renewal lease adjustments for nearly one million rent stabilized apartments, lofts and hotel units. Our role is to determine lease adjustments that are responsive to the costs of operating rental housing, but also cognizant of the economic conditions faced by tenants.

In determining the renewal lease adjustment rates for 2019, we followed the long-established practice of prior Boards of relying upon the carefully gathered data provided by the RGB staff. The reports in this edition of *Housing NYC: Rents, Markets and Trends 2019* provide the foundation for the Board's deliberations and our decisions this year.

The Board is grateful to the RGB staff for their hard work, careful analysis, and clear presentation of data. This staff conducts research that is invaluable to the Board, as well as to the many people and organizations who participate in the public discussion. These reports provide a thorough analysis of the New York City housing market and the larger economy, including a broad array of data concerning the costs of operating residential buildings; owner income; housing availability; tenant income; and changes to the housing stock.

This book is critical not only for those who are interested in the Board's decisions for a particular year, but is also the latest installment in a series of annual books produced by the RGB staff that provide a rich data set and analysis for use by housing professionals, government officials, housing advocates, academics, and members of the public who care about the quality and affordability of New York City's rental housing.

Our decision was rooted in the data compiled in this book, but the Board also benefitted from the hundreds of people who attended this year's public hearings who told some of the individual stories that are behind the aggregated data. We are particularly grateful to the many members of the public who testified for their insights into the challenges faced by both tenants and owners. We also benefitted from the perspectives of the elected officials, representatives of tenant and owner groups and public policy organizations who testified as well.

It is an honor and privilege to be part of this Board. We are given a weighty task and the members of the Board have committed themselves to careful and thoughtful decision-making. I thank the members of the Board, the RGB staff and all of those who testified for their participation in this critically important endeavor.

David J. Reiss
Chair of the Board

Executive Director's Acknowledgments

This edition of *Housing NYC: Rents Markets and Trends* is a compilation of the primary reports produced by the Rent Guidelines Board (RGB) staff in 2019. The Board used these reports in its effort to establish rent adjustments for rent stabilized dwelling units in New York City. Although this compendium of housing research represents a collaborative effort by the RGB staff, it would not be possible without assistance from many others.

The RGB is fortunate to have a seasoned research staff that provides comprehensive data to the Board members. Our Research Director, Brian Hoberman, authored the *2019 Income and Expense Study*, *2019 Mortgage Survey Report* and *Changes to the Rent Stabilized Housing Stock in New York City in 2018*. Deputy Research Director Danielle Burger penned the *2019 Income and Affordability Study* and the *2019 Housing Supply Report* and contributed to the *2019 Price Index of Operating Costs*. The outstanding efforts of these two talented professionals are much appreciated.

The annual *Price Index of Operating Costs (PIOC)*, which measures the change in operating and maintenance costs for rent stabilized buildings, is the most extensive project performed by the RGB. Although each member of the staff spends time working on this project, it would not be possible without our team of temporary survey personnel. Our thanks go out to our dedicated and hard-working team of data collectors: Michael Taylor and Josephine Lalama. Finally, and perhaps most importantly, we once again thank James Hudson for his invaluable and prompt assistance with numerous situations regarding both the PIOC and income and expense data.

The primary purpose of the RGB staff is to produce housing research. However, this would not be possible without our Office Manager/Public Information Officer, Charmaine Superville. She answers the myriad of housing questions our office receives each day with precision and kindness, organizes the Board's public meetings and hearings and is responsible paying our bills.

As Executive Director, I work closely with the members of the Board. I witness firsthand their dedication to public service. I enjoyed working with each and every member and I thank them for their hard work. I would especially like to extend my gratitude to Chair David Reiss. His support of the staff is unwavering and his passion for understanding the complex issues surrounding rent stabilized housing is both refreshing and admirable.

Although RGB reports are produced entirely "in-house," our research efforts would not be possible without assistance from many others. For both the information and expertise they provided, our gratitude goes out to: Bill Sears at the Department of City Planning, for data on new housing completions; Farid Heydarpour at the NYC Comptroller's Office, who provides labor force data; Floralba Paulino at the Bureau of City Marshals, for information on evictions and possessions; Eddy Valdez and Karen Kane at the NYC Civil Court, for data on housing court proceedings; Martha Cruz at the NYC Loft Board, for data concerning loft conversions to rent stabilization; Jackie Bray and Luis Ortiz at the Department of Homeless Services, for help with homeless statistics; Emre Edev at the City Council's Finance Division for tax levy data; Aditi Sen of the Mayor's Office of Special Enforcement for illegal hotel violations data; and Yaw Owusu-Ansah of the Independent Budget Office (IBO), for lending his expertise on real estate tax projections. At the Division of Housing and Community Renewal (DHCR), which is a division of New York State Homes and Community Renewal (HCR), we would like to thank Deputy Commissioner Woody Pascal, as well as Michael Berrios and Tracey Stock, for their assistance and expertise regarding owner registration data and Mohammed Siddiqui and Amy Keefe for their assistance with Mitchell-Lama data. In addition, our thanks goes out to the following staff members of the NYC Department of Housing Preservation and Development (HPD): Elyzabeth Gaumer, Assistant Commissioner of Research and Evaluation, for facilitating the collection of additional City-sponsored housing construction and sales data; Meilan Chiu of the Tax Incentives Program, who provided data on tax benefit programs; and Julie Walpert, Assistant Commissioner, Office of Housing Operations, who provides information regarding Mitchell-Lama units. We would like to thank the staff of NYC Department of Finance, in particular, John Blaskovich and Andreen McDonald, for providing summary data from the Real Property Income and Expense (RPIE) filings.

Over the years, we have maintained a strong partnership with HPD. We would like to thank Commissioner Louise Carroll, Elyzabeth Gaumer, and Sheree West for continuing and strengthening this relationship. We are fortunate to have such a dedicated and responsive group meeting the needs of the Board and its staff.

Finally, we give special thanks to those who testified at RGB meetings this year: from HPD, Lucy Joffe, Assistant Commissioner, Housing Policy and Elyzabeth Gaumer, Assistant Commissioner, Research and Evaluation; from HCR, Woody Pascal, Deputy Commissioner for Rent Administration; and from the Community Preservation Corporation (CPC), Rafael E. Cestero, President and Chief Executive Officer.

Andrew McLaughlin
Executive Director

Income & Expense

New York City Rent Guidelines Board

2019 Price Index of Operating Costs

What's New

☑ The Price Index of Operating Costs (PIOC) for Rent Stabilized Apartment Buildings increased 5.5% this year.

☑ Costs in natural-gas heated buildings increased 5.5%, while costs in fuel-oil heated buildings increased 5.8%.

☑ The "Core" PIOC, which excludes the changes in fuel oil prices, natural gas, and steam costs, is useful for analyzing inflationary trends. The Core PIOC rose by 4.9% this year.

☑ Fuel costs increased 13.8%, the highest increase of any PIOC component.

☑ Real estate taxes increased 7.1%, primarily due to a rise in assessments for Class Two properties.

☑ The Utilities component increased by 0.4%, primarily due to an increase in water and sewer costs.

☑ The Price Index of Operating Costs for Rent Stabilized Apartment Buildings is projected to increase 3.2% next year.

Apartments

Change In Costs for Rent Stabilized Apartment Buildings, March 2018 to March 2019

Taxes	7.1%
Labor Costs	6.0%
Fuel	13.8%
Utilities	0.4%
Maintenance	3.8%
Administrative Costs	3.5%
Insurance Costs	6.0%
All Costs	**5.5%**

Terms and Definitions

Price Index - the measure of price change in a market basket of goods and services.

Component - categories of goods and services, such as Labor Costs or Taxes, that comprise the market basket of a price index.

Item - representative individual goods and services within a component, such as Plumbing, Non-union Wages, Faucet or Roof Repair.

Price Relative - the change of current and prior year's prices.

Expenditure Weight - the relative importance of the change in costs of different goods and services.

Specification - defined pricing units with specific terms of sale, such as cash, volume or trade discounts.

Introduction

The *Price Index of Operating Costs* (PIOC) measures changes in the cost of purchasing a specified set of goods and services (market basket) used in the operation and maintenance of rent stabilized apartment buildings in New York City. The PIOC consists of seven cost components: Taxes, Labor Costs, Fuel, Utilities, Maintenance, Administrative Costs and Insurance Costs. The specific goods and services (items) within each component were originally selected based on a study of 1969 expenditure patterns by owners of rent stabilized apartment buildings. The specific items included in each component have changed over time in order to reflect changes in owner expenditure patterns. The methodology for determining the costs for each component is described in the final section of this report. The measured price changes (price relatives) in each index component are presented in Appendix B.2. The relative importance of each index component as a percentage of total operating and maintenance expenditures is shown by its "expenditure weight" (see Appendix B.2). The 2018-2019 price changes and expenditure weights are then combined to provide the overall change in the PIOC for 2018-2019.[1]

The Price Index of Operating Costs for Rent Stabilized Apartment Buildings rose ...

5.5%

Changes in the overall PIOC result from changes in the prices of individual goods and services, each weighted by its relative importance as a percentage of total operating and maintenance (O&M) expenditures. Because the market basket is fixed in the sense that the quantities of goods and services of each kind remain constant, the relative importance of the various goods and services will change when their prices increase either more quickly or more slowly than average. Thus, the relative importance, or weight, attached to each good or service changes from year to year to reflect the different rates of price change among the various index items.

Overview

This year, the PIOC for all rent stabilized apartment buildings increased by 5.5%. Increases occurred in all PIOC components. The largest proportional increase was seen in Fuel (13.8%), followed by Taxes (7.1%), Labor Costs (6.0%) and Insurance Costs (6.0%). More moderate increases occurred in the Maintenance (3.8%) and Administrative Costs (3.5%) components, while the growth in Utilities (0.4%) was nearly flat. The growth in the Consumer Price Index (CPI), which measures inflation in a wide range of consumer goods and services, during this same time period was lower than the PIOC, rising 1.9%.[2] See the sidebar on the previous page and Appendix B.2 for changes in costs and prices for all rent stabilized apartment buildings from 2018-2019.

The "Core" PIOC, which excludes changes in fuel oil, natural gas, and steam costs used for heating buildings, is useful for analyzing long-term inflationary trends. The Core PIOC rose by 4.9% this year and was lower than the overall PIOC due to the exclusion of costs in the Fuel component, which rose 13.8%.

Price Index Components

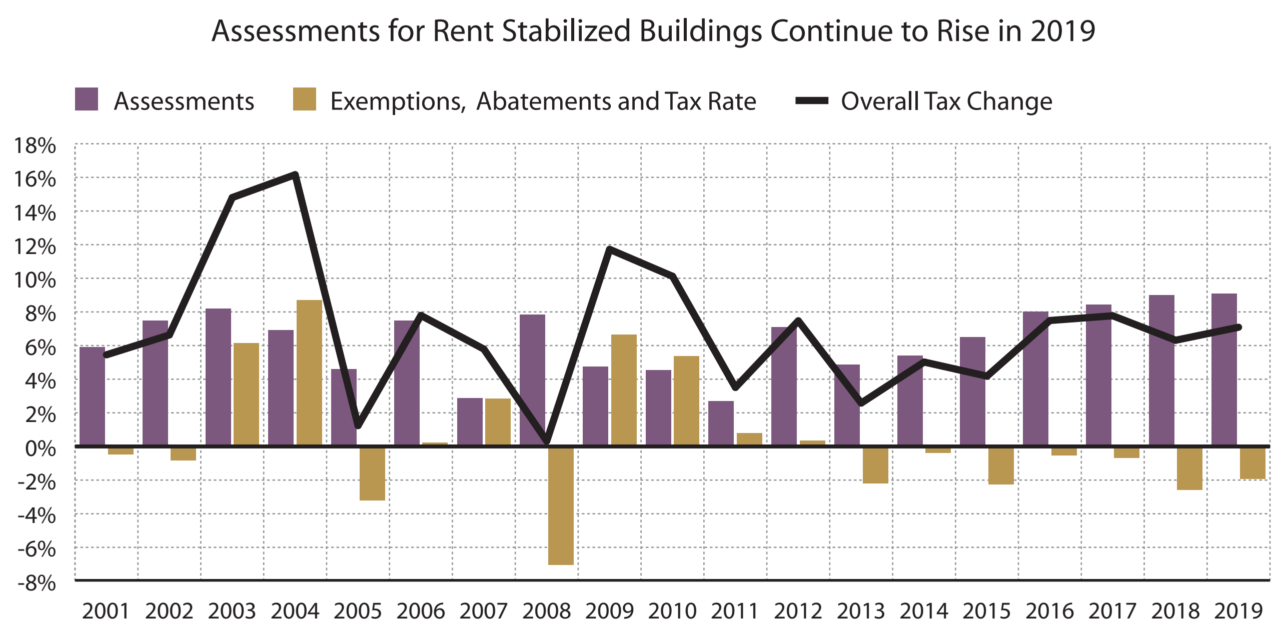
Taxes

The Taxes component of the PIOC is based entirely on real estate taxes and accounts for nearly 30% of the overall price index. The change in tax cost is estimated by comparing aggregate taxes levied on rent stabilized apartment buildings in Fiscal Year (FY) 2018 and FY 2019. Aggregate real estate taxes rose this year by 7.1%. The growth in taxes was primarily due to a 9.1% rise in assessments. The rise in assessments was offset by a rise in the total value of exemptions, which had the effect of lowering the total rise in taxes by 1.2%. In addition, a decline in the tax rate of 0.8% also helped to offset the rise in assessments. Change in tax abatements had little impact on the change in Taxes for 2019.

Tax Levy — The total tax levy for all properties in the City (commercial and residential) increased by 6.0% from FY 2018 to FY 2019. The large majority of rent stabilized apartments are contained in multi-family buildings that are in Tax Class 2.[3] The total Class 2 property levy rose at a faster pace than that of the City as a whole, at a rate of 7.2%. The distribution of the levy among property classes tends to shift from year to year. From FY 2018 to FY 2019, the levy share for Class 2 properties increased by 0.2 percentage points, from 37.4% to 37.6% of the total tax burden. This is significantly higher than the 26.3% share that was established at the inception of the four-class tax system in 1983.

Tax Rate — The average annual FY 2018 Tax Class 2 rate of 12.719% decreased by 0.8%, resulting in a

Percent Change in Taxes due to Assessments and Exemptions/Abatements/Tax Rate 2001-2019



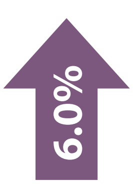
Source: New York City Department of Finance new annualized rate of 12.612% for FY 2019. This is the fifth time in the past seven years that the Class 2 tax rate decreased. For a historical perspective on changes in the tax rate, abatements, and exemptions, see the graph on the previous page.

Assessments — Assessed valuations of properties containing rent stabilized units rose by 9.1% Citywide in FY 2019. Assessments rose in all five boroughs, with the Bronx witnessing the highest growth at 12.5%, followed by Brooklyn at 11.8% and Staten Island at 11.0%. Manhattan and Queens witnessed the lowest growth in assessments, both rising 8.5%. Buildings in Manhattan drive much of the change in assessed value Citywide. This was true in FY 2019, with 61% of the total assessed value attributed to this borough. For a historical perspective on changes in tax assessments, see the graph on the previous page.

Abatements and Exemptions — This year, the number of rent stabilized buildings receiving tax abatements decreased by 6.8% from the previous fiscal year. In addition, the average benefit value of the typical tax abatement decreased by 2.5% from FY 2018 to FY 2019. The net impact of the decrease in the number of buildings receiving abatements and the decrease in the average abatement value was a negligible increase in the overall change in Taxes of just 0.1%.

In FY 2019, 0.4% fewer rent stabilized buildings benefited from tax exemptions. However, the value of the average tax exemption increased by 6.6%. This combination of an increase in the average value of tax exemptions and the decrease in the number of buildings receiving exemptions resulted in reducing the increase in the overall change in Taxes by 1.2% (see Appendices B.5 and B.6).

Labor Costs



The Price Index measure of Labor Costs includes union and non-union salaries and benefits, in addition to Social Security and unemployment insurance. The cost of unionized labor makes up two-thirds of the Labor Costs component. The entire Labor Costs component comprises 15.7% of the overall Price Index.

Labor Costs rose 6.0%, 2.8 percentage points higher than last year's rise of 3.2%. The rise in Labor Costs was primarily due to increases in non-union wages, as well as rising costs in healthcare. An increase in unemployment insurance of 8.2% had minimal impact, since it accounts for less than one-half of one percent of this component's weight.

Wages comprise three-quarters of the Labor Costs component. Non-union pay increased by 5.7%, 0.6 percentage points higher than the increase seen in the 2018 PIOC (5.1%). Unionized wages also rose, rising by 2.2%, a smaller increase than the 2.7% witnessed last year.

Health and welfare benefits, which comprises more than 21% of the Labor Costs component, increased 14.7%.[4] See Appendix B.2 for all Labor Costs item weights and price relatives.

Fuel

The Fuel component comprises 6.9% of this year's Price Index. The change in cost measured in this component considers both the change in weather and the change in prices for heating multifamily buildings by fuel oil, natural gas, and steam.[5]

This year the Fuel component increased 13.8%, following a 16.4% rise in the prior year. Natural gas costs, which account for 48% of the overall costs in this component, increased 14.7%. The cost for heating buildings by fuel oil makes up 44% of this component, and increased 14.4%. Steam costs rose 4.9%, but these costs account for only 8% of the Fuel component.

Along with measuring price, the PIOC also takes into account the effect of weather on the demand for fuel, especially during the heating season when the large majority of fuel is burned. Since the weather this year was colder than last year, the increase in fuel cost was greater than it would have been if prices alone were considered. For instance, the increase in fuel oil costs was greater than the rise in fuel oil prices, with prices increasing 9.4%, but

Fuel Oil Cost Relatives vs. Change in Fuel Prices, 2010-2019

PIOC Year	Fuel Oil Cost Relative*	Change in Fuel Oil Price**
2019	14.4%	9.4%
2018	19.9%	16.3%
2017	22.1%	7.3%
2016	-45.5%	-30.9%
2015	-23.4%	-22.5%
2014	7.8%	0.3%
2013	20.0%	2.9%
2012	1.6%	20.8%
2011	23.1%	20.3%
2010	0.5%	6.7%

* The Fuel Oil Cost Relative factors in the effect of weather on total fuel oil consumption. In months that are colder than the same month in the prior year, the weather factor will put upward pressure on the fuel oil relative. In months that are warmer than the same month in the prior year, downward pressure is placed on the Fuel Oil Cost Relative.

** Weighted change in #2, #4 and #6 fuel oil prices. From 2016 forward, weighted change in #2 and #4 fuel oil prices only.

Source: Price Index of Operating Costs reports (2010-2019)

costs rising 14.4%. In years where the weather does not vary much from the prior year, the change in the cost of fuel oil is roughly equal to that of the change in price, such as in 2015. See the table on this page for a comparison of the past ten years of fuel oil cost relatives to fuel oil prices. See Appendix B.2 for all Fuel item weights and price relatives.

Utilities

0.4%

The Utilities component consists of non-heating natural gas and electricity costs, as well as water and sewer charges, and it comprises 9.9% of this year's Price Index. In the case of the gas and electricity items, changes in costs are measured using the PIOC specifications (e.g., the quantity of electricity and gas being purchased) and the changes in rate schedules. Water and sewer costs are based on rate adjustments set by the NYC Water Board and they account for 72% of the Utilities component.

This year Utilities increased 0.4%, compared to a 0.5% increase in the previous year. The increase in this component was driven primarily by the increase in the cost of water and sewer. Electricity costs, which account for 27% of this component, decreased by 5.2%, while gas costs, which account for less than one percent of the Utilities component, rose 10.2%. But water and sewer charges, which account for more than 72% of this component, rose by 2.4%, following two years of no change in cost. See Appendix B.2 for all Utilities item weights and price relatives.

Maintenance

3.8%

The Maintenance component accounts for 17.7% of this year's Price Index. The Maintenance component rose 3.8%, more than last year's rise of 3.4%. Of the 29 expense items contained in this component, just four items account for 51% of its expenditure weight: Repainting, Plumbing (faucet), Plumbing (stoppage), and Electrician Services. This year, painters' rates rose 5.7%, less than the 6.3% recorded last year. Combined plumbing rates increased at a slightly slower pace, rising 2.6%, less than last year's rise of 2.7%. Electrician Services rose at a faster pace, 4.2%, more than last year's increase of 0.5%.

Other price increases of note were boiler repairs (5.7%), floor maintenance (0.2%), Roof Repair (9.2%), and Extermination Services (3.6%), which represent a total of seven expense items and account for over 23% of this component. See Appendix B.2 for all Maintenance item weights and price relatives.

Administrative Costs

3.5%

Fees paid to management companies, accountants, and attorneys make up 87% of this component. This year, Administrative Costs rose 3.5%, 1.9 percentage points more than last year's rise of 1.6%. Administrative Costs comprise 15.2% of the PIOC.

A large portion of the growth in the Administrative Costs component can be attributed to a rise in management company fees (2.9%) that comprise over half of this component. Management fees are often tied to apartment rental income and are affected by changes in rents and vacancies. This year's growth is more than last year's (0.8%), indicating that management companies' fees and/or rents increased at a faster pace than last year. This faster rise in management fees may also indicate that vacancies and/or collection losses in managed buildings fell as compared to the previous year.

Accounting fees increased in this year's PIOC by 4.4%, more than last year's rise of 2.6%. Attorney fees rose 4.3%, 0.2 percentage points less than last year's growth of 4.5%.

Communications, which accounts for about 5% of the Administrative Costs component, decreased 4.4%. See Appendix B.2 for all Administrative Costs item weights and price relatives.

Insurance Costs

For the eighth consecutive year there was an increase in the Insurance Costs component, rising 6.0%, compared to last year's increase of 3.3%. Insurance Costs account for 5.0% of the PIOC.

Changes in insurance costs for owners varied by the amount of the policy. Policies that cost more than $6,337.96, which represent half of all verified insurance quotes, saw an increase in cost of 6.4% upon renewal. Buildings with policies that cost $6,337.96 or less saw an increase of 3.6% (see Appendix B.2.)

PIOC by Building Type

The 1983 Expenditure Study provided a basis for calculating separate sets of expenditure weights for different types of buildings that contain rent stabilized units. In addition to the price index for all rent stabilized apartments, the PIOC includes separate indices for buildings constructed before 1947 (pre-1947) and for buildings constructed in 1947 or later (post-1946), as well as for gas-heated and oil-heated buildings (see Appendices B.2 and B.3).

Typically, pre-1947 buildings incur a lower percentage of operating and maintenance costs for property taxes and labor costs than post-1946 buildings. However, fuel costs, which had the highest proportional increase of any component in this year's PIOC, represent a significantly higher percentage of total operating and maintenance costs in pre-1947 buildings. As a result, total costs in the Pre-1947 Index rose by 5.7%, while costs in the Post-1946 Index rose by a lesser amount, 5.1%.

Indices were also calculated for different types of heating systems. These heating system indices differ from the price index for all apartments because the expenditure weight for the Fuel component differs from index to index. Because the Fuel component carries more weight in oil-heated buildings versus those heated by gas, the Oil-Heated Index (5.8%) rose more than the Gas-Heated Index (5.5%).

Rent Stabilized Hotels

The Hotel Price Index includes separate indices for each of three categories of rent stabilized hotels (due to their dissimilar operating cost profiles) and a general index for all rent stabilized Hotels. The three categories of hotels are: 1) "traditional" hotels — a multiple dwelling that has amenities such as a front desk, maid or linen services; 2) Rooming Houses — a multiple dwelling other than a hotel with thirty or fewer sleeping rooms; and 3) single room occupancy hotels (SROs) — a multiple dwelling in which one or two persons reside separately and independently of other occupants in a single room.

The Price Index for all rent stabilized Hotels increased 5.5% this year, a 1.6 percentage point difference from the 3.9% rise in 2018.

This year there were increases in all seven of the PIOC Hotel components. The Fuel component witnessed the highest increase, rising 13.8%. The Fuel component accounts for just over 15% of the entire Hotel Index. The remaining six components witnessed more moderate cost increases, with Insurance Costs rising 6.0%, Labor Costs 4.4%, Taxes 4.9%, Maintenance 2.4%, Administrative Costs 1.8%, and Utilities 1.5%. See the sidebar on this page for changes in costs and prices for all rent stabilized hotels from 2018-2019.

Among the different categories of Hotels, the index for "traditional" hotels increased 4.7%, Rooming Houses by 6.2%, and SROs by 6.4% (see Appendices B.4 and B.7).

Rent Stabilized Lofts

The increase in the Loft Index this year was 6.2%, 1.0 percentage points higher than the 5.2% increase in 2018. Increases in costs were seen in all eight components that make up this index. Fuel Costs witnessed the highest rise, increasing 13.7%. More moderate increases were seen in Taxes (7.1%), Labor Costs (6.4%), Insurance Costs (6.0%), Administrative Costs-Legal (4.3%), Administrative Costs-Other (3.2%), Maintenance (4.1%), and Utilities (1.6%). Note that historically Administrative Costs in the Loft Index has been split into two components — Administrative Costs-Legal and Administrative Costs-Other. Therefore, the Loft Index has eight components. See the sidebar on this page and Appendix B.8 for changes in costs and prices for all rent stabilized lofts from 2018-2019.

The Core PIOC

The Core PIOC, which measures long-term trends by factoring out shifts in fuel costs for heating rent stabilized buildings in NYC, rose 4.9% in 2019. The rise in the 2019 Core PIOC was 0.6 percentage points lower than this year's Apartment Index (5.5%), but 1.2 percentage points higher than last year's Core Index (3.7%). This year's Core PIOC rose at a slower pace than the overall PIOC because fuel costs, which were not used to calculate the Core, increased 13.8%.

PIOC Projections for 2020

Section 26-510 of the Rent Stabilization Law requires the Board to consider prevailing and projected operating and maintenance costs for buildings containing rent stabilized apartments. Projections for components of the PIOC are calculated to provide the RGB with an estimate of how much costs are expected to rise in the year following the current Price Index.

Projecting changes in the PIOC has become more challenging in recent years. Energy prices have become increasingly volatile. Unpredictable geo-political events, recession and changing weather patterns are some of the forces behind large changes in fuel costs that have in turn limited the accuracy of the PIOC projections in recent studies. The tax component, which accounts for nearly 30% of the entire Price Index, has also become harder to project due to

Hotels

Change In Costs for Rent Stabilized Hotel Buildings, March 2018 to March 2019

Taxes	4.9%
Labor Costs	4.4%
Fuel	13.8%
Utilities	1.5%
Maintenance	2.4%
Administrative Costs	1.8%
Insurance Costs	6.0%
All Costs	**5.5%**

Lofts

Change In Costs for Rent Stabilized Loft Buildings, March 2018 to March 2019

Taxes	7.1%
Labor Costs	6.4%
Fuel	13.7%
Utilities	1.6%
Maintenance	4.1%
Admin Costs-Legal	4.3%
Admin Costs-Other	3.2%
Insurance Costs	6.0%
All Costs	**6.2%**

changes in tax policy, such as tax rate adjustments and changes to the City's tentative assessment roll, after the period covered in this Price Index.

This year, operating costs in rent stabilized apartment buildings increased by 5.5%, versus last year's projected PIOC increase of 3.4%, a difference of 2.1 percentage points. The component with the largest deviation between actual and projected changes in costs was Fuel. Fuel was projected to rise 1.1%, but actually rose 13.8% in 2019, a 12.7 percentage point difference. Other notable differences were found in the Labor Costs and Maintenance components. Labor Costs, which were projected to increase by 3.2%, rose instead by 6.0%, a 2.8 percentage point difference (see Endnote 4). Maintenance, which was projected to rise by 1.8%, rose instead by 3.8%, a difference of 2.0 percentage points. The remaining 2019 projected components of the PIOC were all within 1.5 percentage points of the actual measured changes.

Overall, the PIOC is expected to grow by 3.2% from 2019 to 2020. Costs are predicted to rise in each component except Fuel, with the largest growth (5.7%) projected to be in Insurance, with Taxes, the component that carries the most weight in the Index, close behind at 5.6%. Other projected increases include Labor Costs (3.5%), Maintenance (3.3%), Administrative Costs (2.8%), and Utilities (1.4%). Fuel is the only component predicted to decrease, by 6.9%. The table on this page shows projected changes in PIOC components for 2020. The core PIOC is projected to rise 3.9%, 0.7 percentage points more than the overall projected Apartment PIOC.

2020 Projections

Projected Change In Costs for Rent Stabilized Apartment Buildings, March 2019 to March 2020

Taxes	5.6%
Labor Costs	3.5%
Fuel	-6.9%
Utilities	1.4%
Maintenance	3.3%
Administrative Costs	2.8%
Insurance Costs	5.7%
All Projected Costs	**3.2%**

Commensurate Rent Adjustments

Throughout its history, the Rent Guidelines Board has used a formula, known as the commensurate rent adjustment, to help determine annual rent guidelines for rent stabilized apartments. In essence, the "commensurate" combines various data concerning operating costs, revenues, and inflation into a single measure to determine how much rents would have to change for net operating income (NOI) in rent stabilized buildings to remain constant. The different types of "commensurate" adjustments described below are primarily meant to provide a foundation for discussion concerning prospective guidelines.

In its simplest form, the commensurate rent adjustment is the amount of rent change needed to maintain owners' current dollar NOI at a constant level. In other words, the commensurate provides a set of one- and two-year renewal rent adjustments, or guidelines, that will compensate owners for the change in prices measured by the PIOC and keep net operating income constant.

The first commensurate method is called the "Net Revenue" approach. While this formula takes into consideration the term of leases actually signed by tenants, it does not adjust owners' NOI for inflation. The "Net Revenue" formula is presented in two ways: first, by adjusting for the mix of lease terms; and second, by adding an assumption for rent stabilized apartment turnover and the subsequent impact of revenue from vacancy increases. Under the "Net Revenue" formula, a guideline that would preserve NOI in the face of this year's 5.5% increase in the PIOC is 4.0% for a one-year lease and 8.0% for a two-year lease. Using this formula, and adding assumptions for the impact of vacancy increases on revenues when apartments experience turnover, results in guidelines of 3.0% for one-year leases and 5.25% for two-year leases.

The second commensurate method considers the mix of lease terms while adjusting NOI upward to reflect general inflation, keeping both operating and maintenance (O&M) costs and NOI constant. This is commonly called the "CPI-Adjusted NOI" formula. A guideline that would preserve NOI in the face of the 1.9% increase in the Consumer Price Index (see Endnote 2) and the 5.5% increase in the PIOC is 4.75% for a one-year lease and 9.25% for a two-year lease. Guidelines using this formula and adding the estimated impact of vacancy increases are 3.75% for one-year leases and 6.75% for two-year leases.[6]

The third commensurate method, the "traditional" commensurate adjustment, is the formula that has been in use since the inception of the Rent Guidelines Board and is the only method that relies on the PIOC projection. The "traditional" commensurate yields 3.6% for a one-year lease and 4.7% for a two-year lease. This reflects the increase in operating costs of 5.5% found in the 2019 PIOC and the projection of a 3.2% increase next year.

All of these commensurate methods have limitations. The "Net Revenue" formula does not attempt to adjust NOI based on changes in interest rates or the effect of inflation. The "CPI-Adjusted NOI" formula inflates the debt service portion of NOI, even though interest rates have been historically low over recent years. For both of these commensurate methods, including a consideration of the amount of income owners receive on vacancy assumes that turnover rates are constant across the City.

As a means of compensating for cost changes, the "traditional" commensurate rent adjustment has two major flaws. First, although the formula is designed to keep owners' current dollar income constant, the formula does not consider the mix of one- and two-year lease renewals. Since only about two-thirds of leases are renewed in any given year, with a slight majority of leases being renewed having a one-year duration, the formula does not necessarily accurately estimate the amount of income needed to compensate owners for O&M cost changes.

A second flaw of the "traditional" commensurate formula is that it does not consider the erosion of owners' income by inflation. By maintaining current dollar NOI at a constant level, adherence to the formula may cause profitability to decline over time. However, such degradation is not an inevitable consequence of using the "traditional" commensurate formula.[7]

Finally, it is important to note that only the "traditional" commensurate formula uses the PIOC projection and that this projection is not used in conjunction with, or as part of, the "Net Revenue" and "CPI-Adjusted NOI" formulas. As stated previously, all three formulas attempt to compensate owners for the adjustment in their operating and maintenance costs measured each year in the PIOC. The "Net Revenue" and the "CPI-Adjusted NOI" formulas attempt to compensate owners for the adjustment in O&M costs by using only the known PIOC change in costs

Commensurates

"Net Revenue" Commensurate Adjustment

1-Year Lease	2-Year Lease
4.0%	8.0%

"Net Revenue" Commensurate Adjustment with Vacancy Increase

1-Year Lease	2-Year Lease
3.0%	5.25%

"CPI-Adjusted NOI" Commensurate Adjustment

1-Year Lease	2-Year Lease
4.75%	9.25%

"CPI-Adjusted NOI" Commensurate Adjustment with Vacancy Increase

1-Year Lease	2-Year Lease
3.75%	6.75%

"Traditional" Commensurate Adjustment

1-Year Lease	2-Year Lease
3.6%	4.7%

(5.5%). The traditional method differs from the other formulas in that it uses both the PIOC's actual change in costs as well as the projected change in costs (3.2%).

Each of these formulae may be best thought of as a starting point for deliberations. The data presented in other Rent Guidelines Board annual research reports (e.g., the *Income and Affordability Study* and the *Income and Expense Study*) along with public testimony can be used in conjunction with these various commensurates to determine appropriate rent adjustments.

Methodology

The Price Index measures changes in the cost of purchasing a specified set of goods and services, which must remain constant both in terms of quantity and quality from one year to the next. The need to exclude the effect of any alterations in the quality of services provided requires that very careful specifications of the goods and services priced must be developed and applied. The pricing specifications must permit the measurement of changes in prices paid for carefully defined pricing units with specific terms of sale, such as cash, volume or trade discounts.

Note that The various components of the PIOC utilize cost/price changes from differing time periods throughout the PIOC year (April through March, the most current time period available for analysis). For instance, the change in Taxes is based on a point-to-point change from one fiscal year to the next, while other components, such as Maintenance, Labor Costs, Administrative Costs, and Insurance Costs reply on a point-to-point change from one PIOC year to the next. For those components where owners receive a bill every month, such as Fuel and Utilities, prices are gathered each month and a bill for the entire year (April through March) is calculated and compared to the same period of the previous year.

The Methodology section of this report outlines the methods used to calculate each component of the 2019 PIOC, as well as the PIOC projection for 2020.

Owner Survey

The Owner Survey gathers information on management fees, insurance, and non-union labor from building managers and owners. Survey questionnaires, accompanied by a letter describing the purpose of the PIOC, were mailed to the owners or managing agents of rent stabilized buildings. If the returned questionnaire was not complete, an interviewer contacted the owner/manager and gathered the missing information. Owners could complete the survey online or by mail. All of the price information given by the owner/managing agent was then confirmed by calling the relevant insurance and management companies and non-union employees. The data gathered by the Owner Survey is the only owner-reported data used in the PIOC.

The sample frame for the Owner Survey included over 42,000 rent stabilized buildings registered with the New York State Homes and Community Renewal (HCR). For the second consecutive year, in an effort to increase the number of surveys returned to the RGB, staff used a random sampling scheme to choose 7,500 addresses from this pool for the Owner Survey, up from 5,100 used in previous years. The number of buildings chosen in each borough was nearly proportional to the share of rent stabilized buildings in that borough. Three successive mailings were sent at timed intervals to the owner or managing agent of each property selected in the survey sample.

Roughly 8.1% of the questionnaires mailed out received a response, a lower rate than last year (8.8%). A total of 569 returned surveys contained usable information, down from 630 the prior year. As a result, RGB staff was able to validate 428 annual insurance premiums, 113 non-union labor wage rates and 68 reported management fees. The number of verified prices in 2018 and 2019 for the Owner Survey is shown in Appendix B.1.

Taxes

The 2019 tax price relative was calculated by providing a list of rent stabilized properties registered with HCR to the NYC Department of

Finance. Finance "matched" this list against its records to provide data on assessed value, tax exemptions, and tax abatements for 40,000 buildings in FY 2018 and FY 2019. This data was used to compute a tax bill for each rent stabilized building in each of these fiscal years. The change computed for the PIOC is simply the percentage difference in aggregate tax bills for these buildings from FY 2018 to FY 2019.

Labor Costs

The Labor Costs component consists of the cost of unionized and non-unionized labor. Rate increases for unionized labor, including wage increases and health benefits, come directly from the contracts of unions that represent workers in rent stabilized apartment buildings and hotels. The cost of Social Security and unemployment insurance is obtained from the NYS Department of Labor and the Internal Revenue Service (IRS). Wage increases for non-union labor are obtained from the Owner Survey (see methodology on the previous page).

Fuel

The Fuel component consists of all types of fuel used for heating buildings, including oil, natural gas, electricity and steam.

In order to calculate the change in cost of fuel oil, prices set by fuel oil vendors for a gallon of heating oil are gathered on a monthly basis. A monthly survey makes it possible to keep in touch with fuel oil vendors and to gather the data on a consistent basis (i.e., on the same day of the month for each vendor). Vendors are called each month to minimize the likelihood of misreporting and also to reduce the reporting burden for the companies by eliminating the need to look up a year's worth of prices. The number of fuel oil quotes gathered this year for #2 and #4 oil is similar to last year and is contained in Appendix B.1.

To calculate changes in fuel oil costs, monthly price data is weighted using a degree-day formula to account for changes in the weather. The number of Heating Degree Days (see Endnote 5) is a measure of heating requirements.

The Fuel component includes not only the cost of fuel oil, but also the cost to heat buildings with natural gas, electricity and steam. For these items, RGB staff calculates a hypothetical monthly bill for utilities based in part on supply rates, fuel adjustments, delivery charges, taxes, and other surcharges and fees. Bills are calculated based on typical usage in a multi-family building in New York City, an amount that remains constant from year to year.

Because these items represent prices to heat buildings, monthly price data is adjusted to account for changes in weather. The price relatives for all items in the Fuel component were calculated by comparing the most recent 12-month period from April-March with the prior April-March period.

Note the following changes to the specifications for steam and gas heating in 2019:

- 407 (Steam) uses Service Classification No. 3, Rate I, with usage decreased from an average of 1,200 Mlb per month to 1,150 Mlb per month (to comply with the usage guidelines of Rate I)
- 408 (Steam) uses Service Classification No. 3, Rate II. Average consumption remains the same.
- The Con Edison portion of gas for heating (405 and 406) uses Service Classification No. 3. Average consumption remains the same.
- For hotels only, 405 (gas heating, smaller buildings) uses rate schedules for both Con Edison and National Grid, while 406 (gas heating, larger buildings) uses only the Con Edison rate schedule.

Utilities

The Utilities component consists of costs for non-heating electricity and natural gas, as well as water and sewer charges. RGB staff calculates a hypothetical monthly bill for electricity and natural gas based in part on supply rates, fuel adjustments, delivery charges, taxes, and other surcharges and fees. Bills are calculated based on typical usage in a multi-family building in New York City, an amount that remains constant from year to year. The price relatives for electricity and natural gas items in the Utilities component were calculated by comparing the most recent 12-month period from April-March with the prior April-March period.

Water and sewer price changes are based on annual rate adjustments set by the NYC Water Board.

Note the following change to the specifications for gas utilities: the National Grid portion of gas for utilities (404) uses Service Classification No. 2. Average consumption remains the same.

Maintenance

All prices for items in this component are obtained using a Vendor Survey. This Survey is used to gather price quotes for items such as painting and other services performed by contractors; hardware and cleaning items (e.g., buckets and pine disinfectant); and appliances that need periodic replacement (e.g., refrigerators and stoves). Each year the vendor database is updated by adding new vendors and by deleting those who no longer carry the products or perform the services outlined in the Vendor Survey item specifications. Vendor quotes were obtained over the telephone, and for non-service based items by telephone and from websites that carry items in the PIOC's market basket of goods. A total of 573 recorded price quotes were gathered. For a description of the items priced and the number of price quotations obtained for each item, refer to Appendix B.1.

Administrative Costs

Management fees are obtained directly from building owners and managers, using the Owner Survey (see "Owner Survey" section on page 22). Other expense items, such as accountant and attorney fees, are obtained using the Vendor Survey (see "Maintenance" section, on the this page). For communications costs, because there are so many variations in types of plans for internet and phone service, staff relied on the national Consumer Price Index to obtain price changes for these items. Monthly price changes were obtained from the U.S. Bureau of Labor Statistics website and were calculated by comparing the most recent 12-month period from March-February with the prior March-February period. For a list of all the expense items contained in the Administrative Costs component, see Appendix B.1.

Insurance Costs

The Owner Survey asks owners to provide information about their current and prior year's insurance policies. Temporary workers call the relevant insurance agents/brokers to verify this information. Only verified insurance costs are included in the PIOC.

Price Index Projections

The PIOC Projections are estimated by using data from federal, state and local agencies; estimates from industry experts; and trend forecasting using three-year or long-term averages. The projections in this report are based on the time period from April 2019 to March 2020.

Taxes were projected by using data from the Department of Finance's tentative assessment roll for FY 2020 adjusted by estimates of how the final PIOC tax index has compared to the change in the tentative assessment roll over the last decade. These estimates produce a projected tax cost for owners of rental properties. Labor costs are projected by calculating the average wage and benefit increases of the most recent labor contracts for apartment workers union Local 32-BJ and a ten-year geometric average of all other Labor Costs items. Fuel oil and natural gas costs for the Fuel component are projected by using data and information from the U.S. Energy Information Administration's (EIA) current "Short-Term Energy Outlook" report, which includes assumptions about changes in usage according to a projected return to the average temperature over the last five years. Utility costs are projected by taking the average of the last four New York City Water Board water and sewer rate adjustments as well as EIA projections for residential gas and electricity costs.[8]

The other components — Administrative Costs, Insurance Costs, and Maintenance — are projected by using three-year geometric averages of the component price relatives.

Acknowledgments

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Endnotes

1. Prior to 2015, the relative importance of the various goods and services in the market basket was based on a 1983 study of expenditure patterns of owners of rent stabilized apartment buildings. In 2015, the Price Index of Operating Costs (PIOC) component expenditure weights for apartment buildings were changed to the expenditure patterns found in the Rent Guidelines Board's annual *Income and Expense (I&E) Study*, which allows for the annual updating of expenditure patterns based on what owners report to the New York City Department of Finance as their actual costs on Real Property Income and Expense (RPIE) statements required by Local Law 63 (enacted in 1986). Note that only the Apartment PIOC is weighted with data from RPIE reports. The Hotel and Loft PIOCs continue to use the 1983 study. For a full description of the methodological changes to the expenditure weights used in the current PIOC, please refer to the RGB *2015 Price Index of Operating Costs* report at http://www1.nyc.gov/site/rentguidelinesboard/research/rgb-research-reports.page.

2. The average CPI for All Urban Consumers, New York-Northeastern New Jersey for the year from March 2018 to February 2019 (274.3) compared to the average for the year from March 2017 to February 2018 (269.2) rose by 1.9%. This is the latest available CPI data and is roughly analogous to the 'PIOC year'.

3. New York City has four property tax classes. Most rent stabilized buildings are Tax Class 2, which consists of rental buildings of four units or more and cooperative and condominium buildings of two units or more. A small building which is rent stabilized only because of a tax abatement or exemption program (such as 421-a or J-51) would more likely be in Tax Class 1, which consists of most residential property of up to three units (family homes and small stores or offices with one or two apartments attached), and most condominiums that are not more than three stories. In the tax file used by the RGB to compute the Taxes component, almost 95% of the more than 40,000 buildings analyzed were Tax Class 2.

4. The rise in Health and Welfare Benefits was underestimated in PIOC reports from 2016, 2017, and 2018. To compensate, the entirety of the underestimation was applied to this year's PIOC. Had the correct figures been used in 2016-2018, the rise in labor costs would have been 4.1% between 2018 and 2019, and the overall PIOC would have been 5.2%.

5. The cost-weight relatives are calculated on an April to March time period. The April 2018 to March 2019 time period was 4.6% colder than the previous April to March period. "Normal" weather, which is the standard set by National Oceanic and Atmospheric Administration (NOAA), refers to the typical number of Heating Degree Days measured at Central Park, New York City, over the 30-year period from 1981-2010. NOAA recalculates this 30-year average and issues a new "normal' every ten years. A Heating Degree Day is defined as, for one day, the number of degrees that the average temperature for that day falls below 65 degrees Fahrenheit.

6. The following assumptions were used in the computation of the commensurates: (1) the required change in owner revenue is 64.6% of the 2019 PIOC increase of 5.5%, or 3.6%. The 64.6% figure is the most recent ratio of average operating costs to average income in rent stabilized buildings; (2) for the "CPI-Adjusted NOI" commensurate, the increase in revenue due to the impact of inflation on NOI is 35.4% times the latest 12-month increase in the CPI ending February 2019 (1.9%), or 0.67%; (3) these lease terms are only illustrative—other combinations of one- and two-year guidelines could produce the adjustment in revenue; (4) assumptions regarding lease renewals and turnover were derived from the *2017 Housing and Vacancy Survey*; (5) for the commensurate formulae, including a vacancy assumption, the 10.5% median increase in vacancy leases found in the rent stabilized apartments that reported a vacancy lease in the 2018 apartment registration file from the New York State Homes and Community Renewal was used; and (6) the collectability of these commensurate adjustments are assumed.

7. Whether profits will actually decline depends on the level of inflation, the composition of NOI (i.e., how much is debt service and how much is profit), and changes in tax law and interest rates.

8. Source: "Short-Term Energy Outlook," March 2019. U.S. Energy Information Administration, Department of Energy. https://www.eia.gov/outlooks/steo/report/.

New York City Rent Guidelines Board

2019 Income and Expense Study

What's New

- ☑ From 2016 to 2017, Net Operating Income (revenue remaining after operating expenses are paid) grew 0.4%. This is the 13th consecutive year that Net Operating Income has increased.
- ☑ Rental income increased an average of 3.0% from 2016-2017.
- ☑ Total income increased an average of 3.0% from 2016-2017.
- ☑ Operating costs increased an average of 4.5% from 2016-2017.

Introduction

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

In 1990, the RGB acquired a new data source that has greatly expanded the information base used in the rent adjustment-setting process: Real Property Income and Expense (RPIE) statements from rent stabilized buildings collected by the NYC Department of Finance. RPIE data encompasses both revenue and expenses, allowing the Board to accurately gauge the overall economic condition of New York City's rent stabilized housing stock. By using consecutive RPIE filings from an identical set of buildings, a longitudinal comparison can also be made that illustrates changes in conditions over a two-year period.

This report examines the conditions that existed in New York's rent stabilized housing market in 2017, the year for which the most recent data set is available, and the extent to which these conditions changed from the prior year, 2016.

Local Law 63

The income and expense (I&E) data for stabilized properties originate from Local Law 63, enacted in 1986. This statute requires owners of apartment buildings to file RPIE statements with the NYC Department of Finance annually. While certain types of properties are exempt from filing RPIE forms (cooperatives, condominiums, most residential-only buildings with fewer than 11 units or with an assessed value under $40,000), the mandate produces detailed financial information on thousands of rent stabilized buildings. To ensure only rent stabilized buildings are analyzed, the NYC Department of Finance releases to the RGB summary data only after matching I&E data with building registration data from NYS Homes and Community Renewal (HCR). The data used in this year's RGB *Income and Expense (I&E) Study* includes 15,395 properties containing 694,485 units.

RPIE Study

Rents and Income[1]

In 2017, rent stabilized property owners collected monthly rent averaging $1,353 per unit. As in previous years, units in pre-war buildings rented for less on average ($1,273 per month) than those in post-war buildings ($1,534 per month).[2] At the borough level, the average monthly rents in stabilized buildings were $1,850 in Manhattan ($2,247 in Core Manhattan[3] and $1,343 in Upper Manhattan); $1,301 in Queens; $1,224 in Brooklyn; $1,046 in Staten Island; and $1,006 in the Bronx. Average monthly rent per unit in the City, excluding Core Manhattan, was $1,204.

The median monthly rent Citywide was $1,208. At the borough level, median rent was $1,632 in Manhattan ($1,898 in Core Manhattan and $1,226 in Upper Manhattan); $1,267 in Queens; $1,140 in Brooklyn; $1,080 in Staten Island; and $997 in the Bronx.

Many owners of stabilized buildings augment income from their apartment rents by selling services to their tenants as well as by renting commercial space. Current RPIE filings show an average monthly gross income of $1,524 per unit in 2017, with pre-war buildings earning $1,440 per unit and post-war properties earning $1,716 per unit. Gross income was highest in Manhattan, at $2,297 per unit per month ($2,729 in Core Manhattan, and $1,562 in Upper Manhattan) and lowest in the Bronx, at $1,122. In between are Queens, at $1,385, Brooklyn, at $1,301; and Staten Island, at $1,141. Monthly income per unit in the City, excluding Core Manhattan, was $1,299. These gross income figures encompass rent from apartments as well as the sale of services (e.g., laundry, parking) and commercial income (e.g., retail, cell towers, billboards). Such proceeds accounted for an 11.2% share of the total income earned by building owners in 2017, down half a percentage point from the previous year. By borough, income earned from services and commercial rents was 16.5% in Manhattan (17.7% in Core Manhattan and 14.1% in Upper Manhattan); 10.4% in the Bronx; 8.3% in Staten Island; and 6.0% in both Brooklyn and Queens. The graph on this page shows the average rent and income collected in 2017 by borough, and for the City.

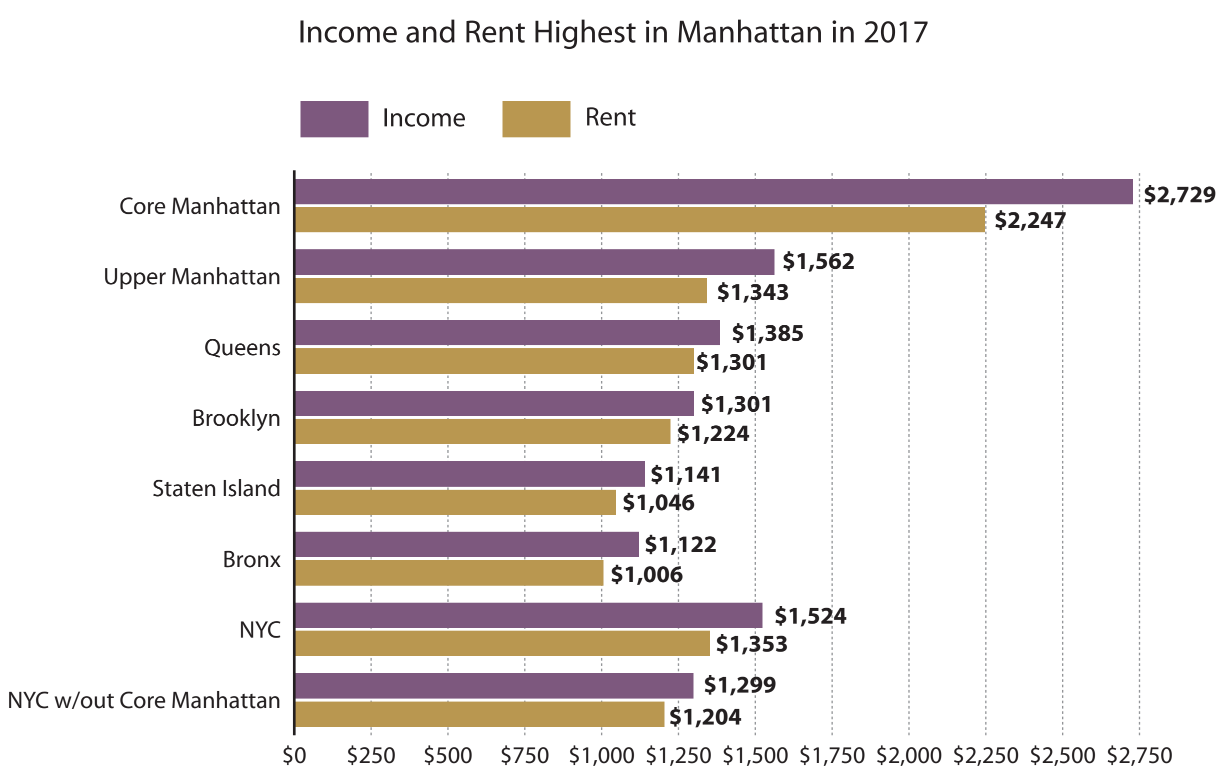
Median Citywide income for owners in 2017 was $1,309. At the borough level, Manhattan had the highest median income, at $1,897 ($2,219 in Core Manhattan and $1,384 in Upper Manhattan); followed by Queens at $1,317; Brooklyn at $1,193; Staten Island at $1,153; and the Bronx at $1,083. Median monthly income per unit in the City, excluding Core Manhattan, was $1,196. (For rent and income averages and medians by borough and building age and size, see details in Appendices C.3 and C.4.)

Comparing Rent Measurements

Two independent data sources, the triennial NYC Housing and Vacancy Survey (HVS) and the NYS Homes and Community Renewal (HCR) annual registration data, provide important comparative rent data to the collected rents stated in NYC Department of Finance (RPIE) filings. A comparison of the collected RPIE rents to the HVS and HCR rents reflects both how well owners are able to collect the rent roll and the prevalence of vacancies.

Rents included in RPIE filings are different than HVS and HCR figures primarily because of differences in how average rents are computed. RPIE data reflects actual building-wide rent collections

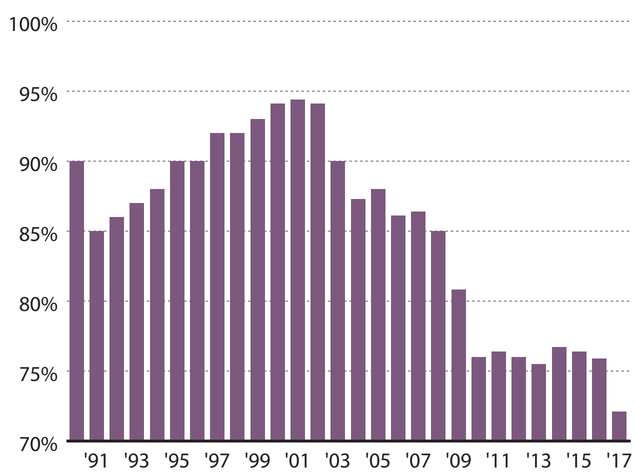
Average Monthly Collected Income/Rent per Dwelling Unit by Borough*



** See endnote 1*
Note: Core Manhattan refers to the area south of W 110th and E 96th Streets. Upper Manhattan refers to the remainder of the borough.
Source: NYC Department of Finance, 2017 RPIE Data

Average Monthly Citywide Collected Rents as a Share of Average Monthly HCR Legal Registered Rents, 1990-2017

Percentage of Legal Rent Collected Decreased in 2017



Source: HCR Annual Rent Registrations; NYC Department of Finance, 1990-2017 RPIE Data

that account for vacancies; non-payment of rent and both regulated and unregulated apartments. HVS data consists of contract rent (the amounts stated on leases, which includes both legal and preferential rents) while HCR data consists of legal rents registered annually with the agency. Furthermore, RPIE information reflects rents collected over a 12-month period; HCR data reflects rents registered on April 1, 2017; and 2017 HVS figures are contract rents in effect during the first four months of 2017. Because 2017 was the most recent year in which the HVS was conducted, it is possible to compare rent data from all three sources.

The latest RPIE and HVS data (2017) shows that the HVS average contract rent of $1,269 for all rent stabilized apartments was 6.2% less than the RPIE average collected rent of $1,353 among buildings containing rent stabilized buildings.[4] In 2014, the RPIE average collected rent was 4.1% more than the HVS average rent.

HVS and RPIE data can also be analyzed by the age of the building. The 2017 HVS average contract rent in older, pre-war apartments was $1,225, which was 3.8% lower than the 2017 RPIE average collected rent of $1,273. And the HVS average rent for units built after 1946, $1,400, was 8.7% lower than the RPIE average rent of $1,534.

Another comparison can be made between annual RPIE and HCR average rents. From 2016 to 2017, the gap was 27.9%, as indicated by the average RPIE rent of $1,353 and HCR's average stabilized rent of $1,876. This is a 3.8 percentage point increase from the 24.1% gap the previous year, and is the largest gap since the RGB began measuring the data, continuing a trend from 2002, where the gap has grown in most years. The increase in the gap between collected and legal rent indicates that building owners are collecting a smaller proportion of the maximum legal rent in 2017. (See graph on this page for a historical comparison of RPIE and HCR rent differences.)

At the borough level, the gap between collected and legal rent varies significantly. In 2017, Queens property owners collected an average rent ($1,301) that was 25.1% below HCR's average legal rent for the borough ($1,738), while owners in the other boroughs collected average rents that were 25.2% lower in the Bronx; 26.4% lower in Brooklyn; 29.3% lower than legal rents in Manhattan; and 37.4% lower in Staten Island. At least part of this differential is due to preferential rents, usually offered when the legal stabilized rent exceeds the market rate for the area.[5]

Another benchmark that can help place RPIE rent data in context is the RGB Rent Index, which measures the overall effect of the Board's annual rent increases on contract rents each year. As the table on the next page shows, average RPIE rent growth was higher than the renewal lease increases allowed by the RGB's guidelines for a seventh consecutive year. RPIE rent growth, up 3.0%, was greater than the increase in the RGB rent index, which was up 2.0%, between 2016 and 2017 (adjusted to a calendar year).[6]

There are several ways in which rents may be raised beyond the RGB's guidelines, including the deregulation of apartment units; raising preferential rents; vacancy allowances; and through individual apartment and building-wide improvements.

Rent Comparisons, 1990-2017

2016-17 HCR Legal Rents Grew Faster Than RPIE Collected Rents and RGB Rent Index

	RPIE Rent Growth	HCR Rent Growth (Adjusted)§	RGB Rent Index (Adjusted)Ø
1990-91	3.4%	4.1%	4.1%
1991-92	3.5%	3.0%	3.7%
1992-93	3.8%	3.0%	3.1%
1993-94	4.5%	2.4%	2.9%
1994-95	4.3%	3.1%	3.1%
1995-96	4.1%	4.1%	4.5%
1996-97	5.4%	4.6%	5.2%
1997-98	5.5%	3.3%	3.7%
1998-99	5.5%	3.7%	3.8%
1999-00	6.2%	4.4%	4.2%
2000-01	4.9%	5.3%	5.0%
2001-02	4.0%	4.4%	4.5%
2002-03	3.6%	6.9%	4.1%
2003-04‡	-	1.6%	5.5%
2004-05	4.6%	5.8%	4.6%
2005-06	5.6%	7.2%	4.3%
2006-07	6.5%	6.0%	4.2%
2007-08	5.8%	5.9%	4.7%
2008-09	1.4%	5.4%	7.5%
2009-10	0.7%	5.4%	5.2%
2010-11	4.4%	5.7%	3.7%
2011-12	5.0%	5.8%	4.4%
2012-13	4.5%	5.4%	4.1%
2013-14	4.8%	5.1%	4.1%
2014-15	4.4%	4.5%	2.2%
2015-16	3.1%	4.0%	1.6%
2016-17	3.0%	3.9%	2.0%
1990 to 2017*‡	200.3%	229.5%	174.3%

Ø See endnote 6 § See endnote 7
‡ See endnote 8
** Not adjusted for inflation*
Sources: NYS HCR Annual Rent Registrations;
NYC Department of Finance, 1990-2017 RPIE Data

An extended view of the three indices illustrates that overall, HCR legal rents have grown faster than both collected rents and RGB rent guidelines from 1990 to 2017. During that period, HCR adjusted legal rents increased 229.5%[7]; RPIE collected rents increased 200.3%; and the RGB Rent Index increased 174.3% (figures not adjusted for inflation).[8]

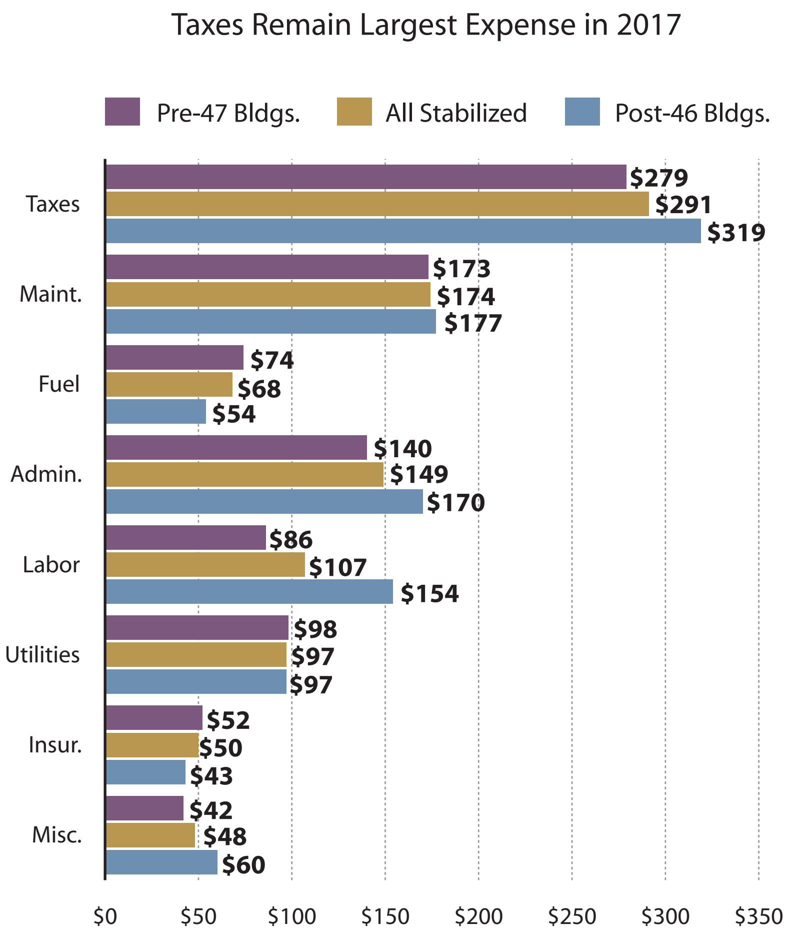
Operating Costs

Rent stabilized apartment buildings regularly incur several types of expenses. RPIE filings categorize operating and maintenance (O&M) costs into eight major categories: taxes; labor; utilities; fuel; insurance; maintenance; administrative; and miscellaneous costs. Costs do not include debt service. However, in contrast to revenues, this data does not distinguish between expenses for commercial space and those for apartments, making the calculation of "pure" residential operating and maintenance costs impossible, except in a smaller data set of residential-only buildings. Thus, the operating costs reported are comparatively high because they include maintenance costs for commercial space.

The average monthly operating cost for units in stabilized buildings was $984 in 2017. Costs were lower in units in pre-war structures ($944), and higher among post-war buildings ($1,075). Geographically, average costs were lowest in the Bronx ($763); Staten Island ($768); Brooklyn ($837); and Queens ($892); and highest in Manhattan ($1,397). Within Manhattan, costs for units located in Core Manhattan averaged $1,678 a month, while the costs in Upper Manhattan were $1,037. Excluding Core Manhattan, the average monthly operating costs for stabilized building owners in New York City was $846. The graph on the next page details average monthly expenses by cost category and building age for 2017. The graph shows that taxes make up the largest share of expenses, averaging 29.6% of all costs among rent stabilized buildings.

Citywide, 2017 median expenses were $870. By borough, Manhattan had the highest median costs, at $1,182 ($1,350 in Core Manhattan and $929 in Upper Manhattan); followed by Queens at $825; Brooklyn at $778; Staten Island at $738 and the Bronx at $737. Median monthly expenses in the City, excluding Core Manhattan, was $795. (Appendices C.1, C.2 and C.3 break down average costs by borough and building age; Appendix C.4 details median costs; and Appendix C.6 details distribution of costs.)

Average Monthly Expense per Dwelling Unit per Month



Source: NYC Department of Finance, 2017 RPIE Data

In 1992, the NYC Department of Finance and RGB staff tested RPIE expense data for accuracy. Initial examinations found that most "miscellaneous" costs were administrative or maintenance costs, while 15% were not valid business expenses. Further audits on the revenues and expenses of 46 rent stabilized properties revealed that O&M costs stated in RPIE filings were generally inflated by about 8%. Costs tended to be less accurate in small (11-19 units) properties and more precise for large (100+ units) buildings. However, these results are somewhat inconclusive since several owners of large stabilized properties refused to cooperate with the NYC Department of Finance's assessors. Adjustment of the 2017 RPIE O&M cost ($984) by the results of the 1992 audit results in an average monthly O&M cost of $904.

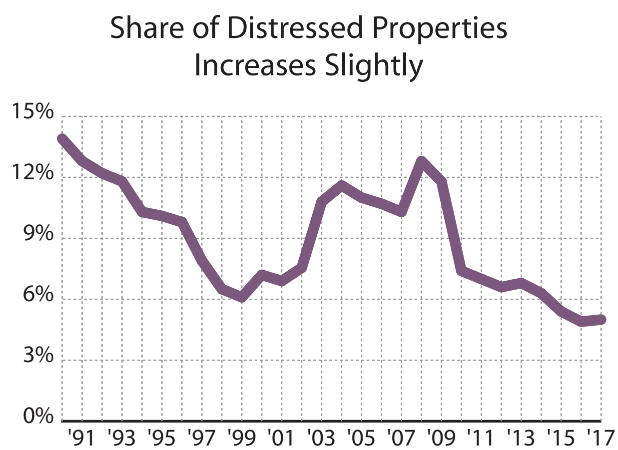
Just as buildings without commercial space typically generate less revenue than stabilized properties with commercial space, operating expenses in these buildings tend to be lower on average than in buildings with a mixture of uses. In 2017, unaudited average O&M costs for "residential-only" buildings were $893 per month and average audit-adjusted O&M costs for these buildings were $820 per month.

"Distressed" Buildings

Buildings that have operating and maintenance costs that exceed gross income are considered, for the purposes of this study, distressed. Among the properties that filed RPIEs for 2017, 768 buildings, equal to 5.0% of the total number of rent stabilized buildings, had reported O&M costs that exceeded gross income, a tenth of a point higher than the prior year, when the lowest figure ever recorded in this study occurred. Since 1990, when 13.9% of stabilized properties were considered distressed, the proportion of distressed buildings declined each year until 1999, reaching 6.1%. From 1999 until 2004, the proportion generally increased, but then declined ten times over twelve years, reaching in 2016 its lowest level in the 28-year history of this study. This year's 5.0% figure represents the second lowest ever recorded (see graph on the next page).

Most distressed stabilized properties (60%) are mid-sized buildings, containing 20 to 99 units. In addition, the vast majority (93%) are pre-war buildings. By borough, 51% of the buildings are in Manhattan; while the remaining buildings are in the

Percent of Distressed Properties, 1990-2017



Source: NYC Department of Finance, 1990-2017 RPIE Data

Bronx or Brooklyn (20% each); Queens (8%) and Staten Island (less than 1%). (See Appendix C.7 for a complete breakdown of distressed buildings by borough, building size and building age.)

Net Operating Income

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

On average, apartments in rent stabilized buildings generated $540 of net income per month in 2017, with units in post-war buildings earning more ($641 per month) than those in pre-war buildings ($496 per month). Average monthly NOI is greater among stabilized properties in Manhattan ($820) than for those in the other boroughs: $493 in Queens; $464 in Brooklyn; $373 in Staten Island; and $359 per unit per month in the Bronx. There was a notable difference when looking at NOI on a sub-borough level in Manhattan. Core Manhattan properties earned on average $1,051 per unit per month in NOI, twice as much as properties in Upper Manhattan, which earned an average NOI of $525. The monthly NOI average calculated Citywide, excluding Core Manhattan, was $453. Looking at the NOI using audit-adjusted expense figures, the Citywide NOI in 2017 was $620.

Average monthly unaudited NOI in "residential-only" properties Citywide was $482 per unit in 2017, 10.8% lower than the average for all stabilized buildings.

NOI reflects the revenue available after payment of operating costs; that is, the amount of money owners have for financing their buildings; making improvements; and for pre-income tax profits. While NOI should not be the only criterion to determine the ultimate profitability of a property, it is a useful exercise to calculate the annual NOI for a hypothetical "average stabilized building" with 11 or more units. Multiplying the average unaudited monthly NOI of $540 per unit by the typical size of buildings in this year's analysis (an average of 45.1 units) yields an estimated average annual NOI of about $292,394 in 2017. Excluding Core Manhattan, the monthly NOI of $453 per unit multiplied by the typical size of buildings in this year's analysis outside Core Manhattan (an average of 46.1 units) yields an estimated average annual NOI of about $250,797.

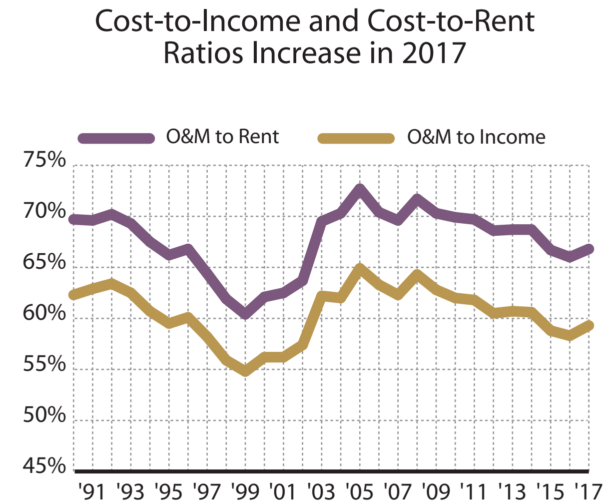
Operating Cost Ratios

Another way to evaluate the financial conditions of New York City's rent stabilized housing is by measuring the ratio of expenses to revenues. Traditionally, the RGB has used O&M Cost-to-Income and O&M Cost-to-Rent ratios to assess the overall health of the stabilized housing stock, assuming that buildings are better off by spending a lower percentage of revenue on expenses. The graph on the next page shows how over the period from 1990 to 2017, the proportion of total income and rent collections spent on audit-adjusted operating costs has fluctuated. The audit-adjusted Cost-to-Income ratio in 2017 was 59.3%, a one percentage point increase from the prior year's 58.3%. This means that on average, owners of rent stabilized properties spent roughly 59.3 cents out of every dollar of revenue on operating and maintenance costs in 2017. Looking at unaudited expenses, the cost-to-income ratio in 2017 was 64.6, a 1.2 percentage point increase from the prior year. The unaudited median cost-to-income ratio was 64% in 2017.

Examining the ratio of costs to rent collections, audit-adjusted operating costs in 2017 were 66.8% of revenues from rent, up eight-tenths of a percentage point from the prior year. Using unaudited expenses, the cost-to-rent ratio in 2017 was 72.7%, a 0.9 percentage point increase. Looking at the unaudited median cost-to-rent ratio, it was 71% in 2017.

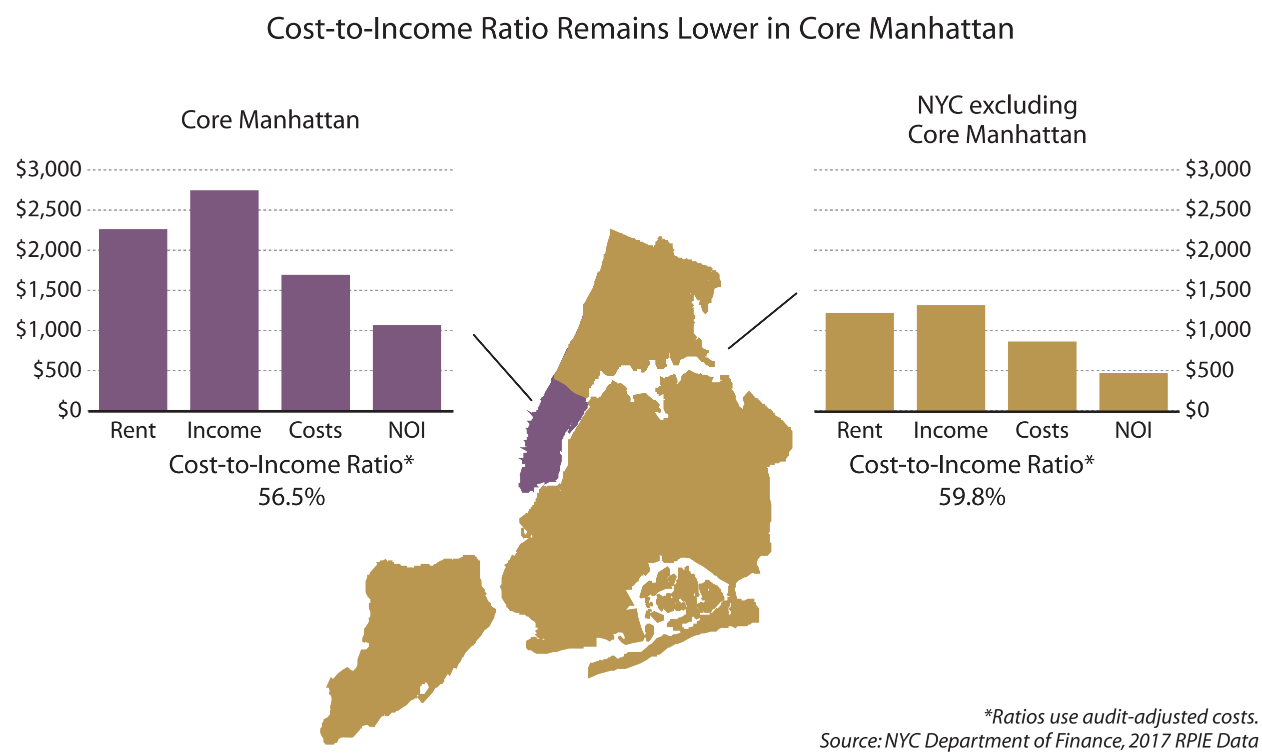
Rents, income, and costs per unit were on average highest in Core Manhattan in 2017 (see map and graphs below). Excluding Core Manhattan, the average revenue and costs figures are lower,

Ratios of Citywide Average Monthly Audit-Adjusted O&M Costs to Average Monthly Gross Income and Rent 1990-2017



Source: NYC Dept. of Finance, 1990-2017 RPIE Data

Average Monthly Rent, Income, Operating Costs and Net Operating Income per Dwelling Unit and Cost-to-Income Ratios, Core Manhattan and the Rest of the City, 2017



**Ratios use audit-adjusted costs.*
Source: NYC Department of Finance, 2017 RPIE Data

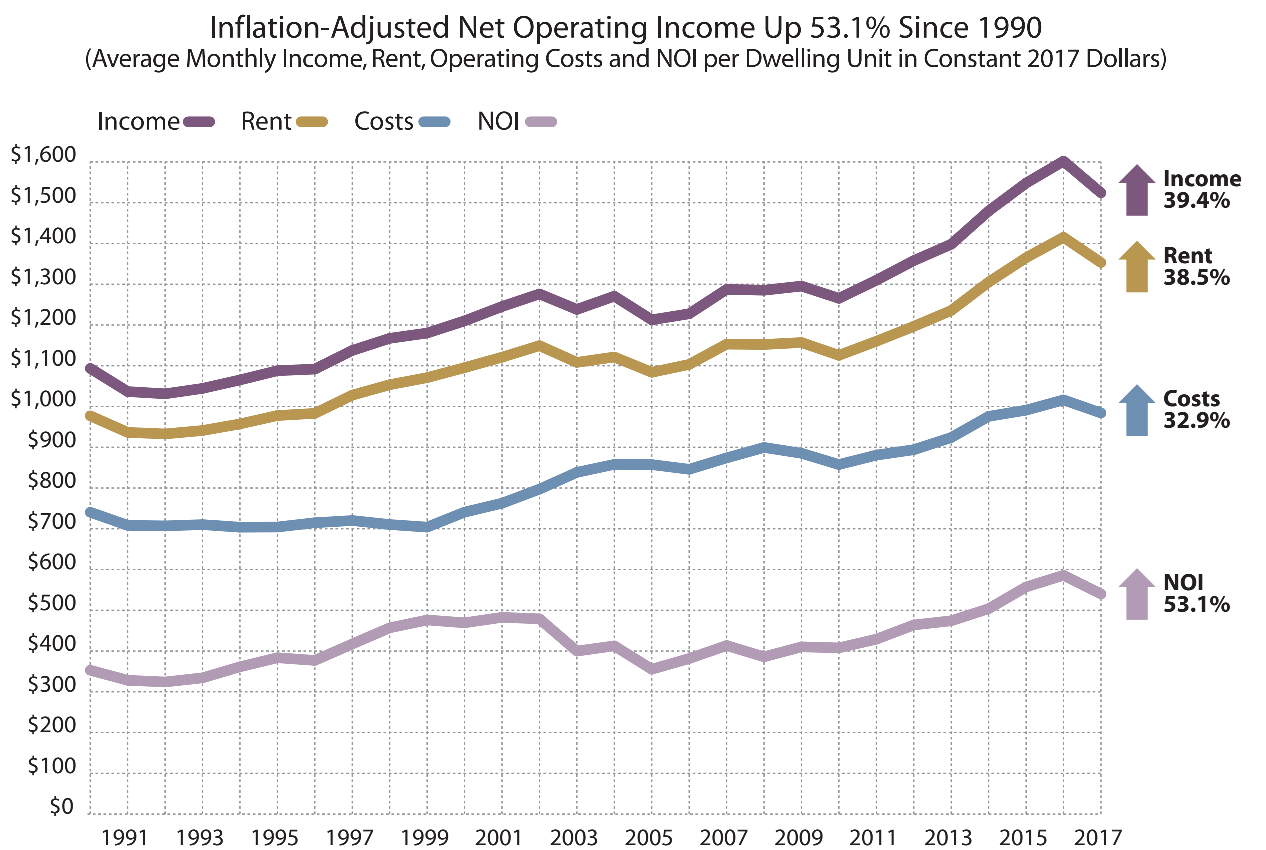
resulting in different expense to revenue ratios. The audit-adjusted Cost-to-Income Ratio for the rest of the City was 59.8%, higher than the Cost-to-Income Ratio for stabilized buildings in Manhattan's Core (56.5%). These figures indicate that on average, owners of stabilized properties outside of Core Manhattan spend about 3.3 cents more of every dollar of revenue on expenses, as compared to their counterparts in Core Manhattan.

In an analysis of the distribution of operating costs in relation to total income in buildings by decile, it may be useful to examine the percentage of buildings with cost-to-income ratios at or below certain levels. The Department of Finance calculated decile levels, revealing that half of all rent stabilized buildings Citywide have unaudited cost-to-income ratios of 0.64 or less. This means that half the building owners spent no more than 64 cents out of every dollar of revenue on operating and maintenance costs in 2017. Looking at the 70% decile level Citywide, seven out of every ten building owners pay no more than 73 cents of every dollar of revenue on operating and maintenance costs, and the remaining three pay more. The complete table of all ten decile levels Citywide and by borough can be found in Appendix C.8.

Net Operating Income After Inflation

The amount of net operating income is a function of the level of expense and the level of revenue in each year (revenues minus operating expenses equals net operating income). Adjusting NOI as well as rent, income and costs figures for inflation (in constant

Citywide Income, Rent, Costs and NOI After Inflation, 1990-2017



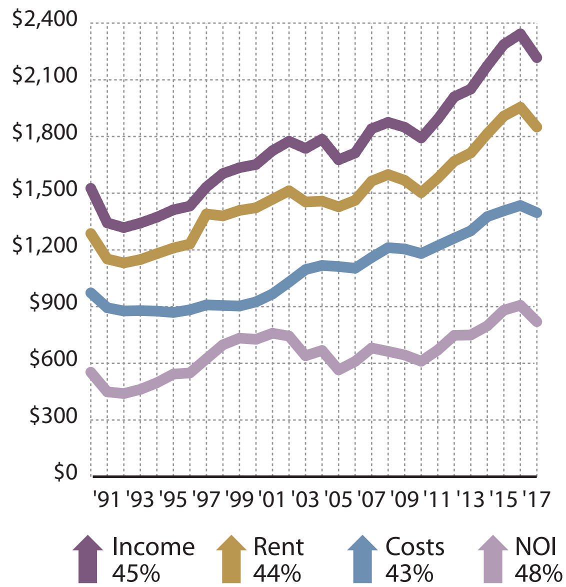
Note: Percent changes are point-to-point measurements.
Sources: NYC Rent Guidelines Board Income and Expense Studies, 1992-2019; NYC Department of Finance, 1990-2017 RPIE Data

Income, Rent, Costs and NOI After Inflation per Borough, 1990-2017

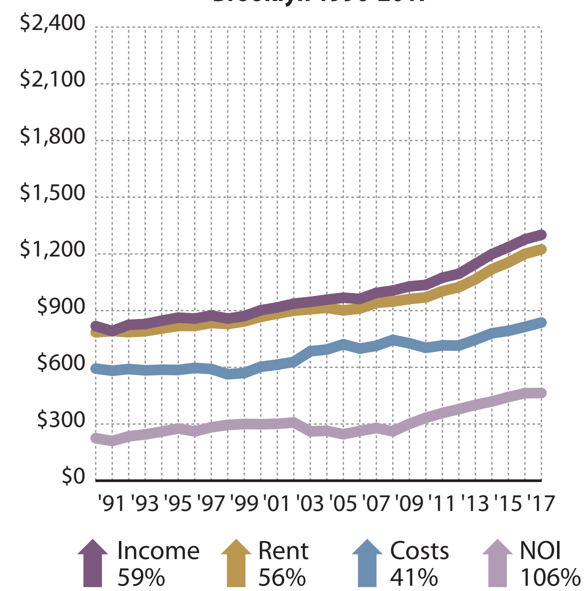
Since 1990, Inflation-Adjusted NOI Rises Citywide and in Each Borough

(Average Monthly Income, Rent, Operating Costs and Net Operating Income per Dwelling Unit in Constant 2017 Dollars)

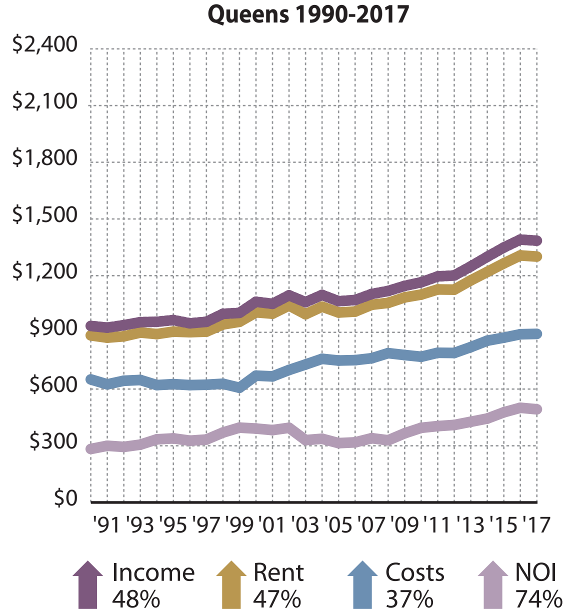
Manhattan 1990-2017



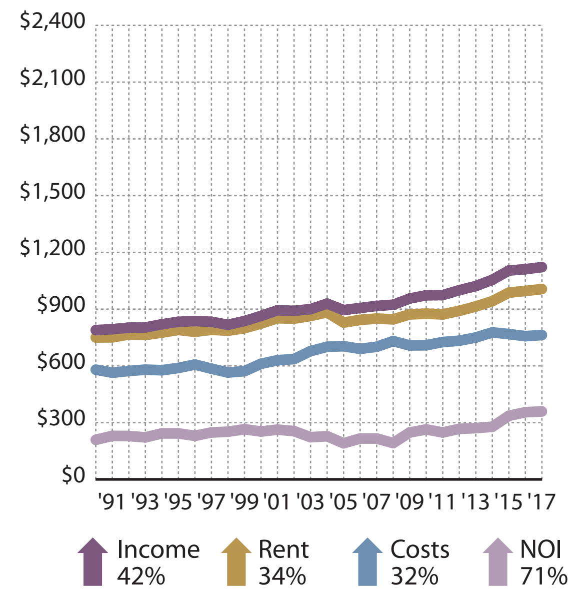
Brooklyn 1990-2017



Queens 1990-2017



Bronx 1990-2017



Notes: Percent changes are point-to-point measurements.
Staten Island is excluded due to insufficient data from prior years.
Sources: NYC Rent Guidelines Board Income and Expense Studies, 1992-2019;
NYC Department of Finance, 1990-2017 RPIE Data

2017 dollars) and comparing different base years to the latest data available is a useful way to assess the health of the stabilized housing stock and how well revenues have been meeting or exceeding expenses without erosion by inflation.

Point-to-point comparisons of average figures show that, from 1990 to 2017, after adjusting for inflation, NOI has increased 53.1% (see graph on page 35). This indicates that revenues have outpaced expenses to the extent that average monthly NOI was worth 53.1% more in 2017 than it was in 1990, after adjusting for inflation.[9]

Another way to look at how rent, income and costs, as well as NOI, have changed after accounting for inflation is to graph inflation-adjusted monthly figures for each of the components measured in the I&E studies. Between 1990 and 2017, inflation-adjusted rent increased a cumulative 38.5%, income by 39.4%, and costs by 32.9%, resulting in the increase in NOI, after inflation, of 53.1%.

Examining the ratio of NOI to income, since 1990, the ratio has varied. From 1990-96, the ratio of NOI/income averaged 33%; from 1997-2002, 39%; from 2003-2009, 31%; and since 2010, the average ratio of NOI/income has been about 34%. This means that on average, over the past eight years, 34 cents of every dollar earned is net operating income for the owner.

While the Citywide graph of inflation-adjusted revenue, expense and NOI figures is useful for demonstrating the overall stabilized rental housing market, disaggregating the same figures by borough shows how the market can differ from area to area. Looking at each of the boroughs individually, from 1990 to 2017, all boroughs saw sizable increases in their net income, with Brooklyn seeing the largest increase, with NOI increasing 106%; followed by Queens, up 74%; the Bronx, up 71%; and Manhattan, up 48% (see graphs on previous page).

Longitudinal Study

The longitudinal section of this study measures changes in rent, income, costs, operating cost ratios, and net operating income that occurred in the same set of 14,332 buildings from 2016 to 2017.

Rents and Income

Rent collections increase for a number of reasons, including increases allowed under RGB renewal guidelines; vacancy allowances; termination of preferential rents; individual apartments improvements; and building-wide major capital improvements (MCIs).

Average rent collections in stabilized buildings grew by 3.0% in 2017. Rent collections in pre-war buildings grew at a higher rate, up 3.2%, than in post-war buildings, which rose by 2.8%. Rent collections increased the greatest among smaller, 11-19 unit buildings, up 3.5%; while rents grew 3.2% among mid-sized, 20-99 unit buildings; and the least among large, 100+ unit buildings, up 2.3%. Examining rent collections by borough, Brooklyn saw the largest increase, up 4.1%; followed by Queens, up 3.4%; Staten Island, up 3.3%; the Bronx, up 3.0%; and Manhattan, up 2.3%. Within Manhattan, Upper Manhattan rents grew at a faster rate, up 3.5%, than the 1.7% increase in rents in Core Manhattan. Rent collections in the City, excluding Core Manhattan, rose 3.5%. The growth in median rent Citywide was 3.3%.

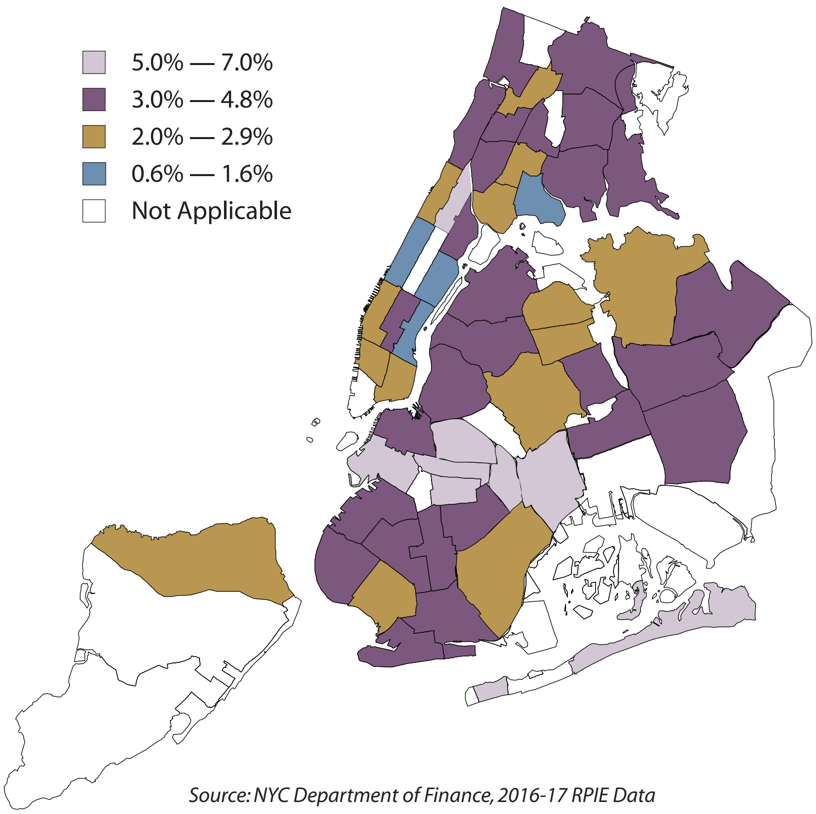
Looking at rent collections throughout New York City, every Community District saw increases in average rent from 2016 to 2017.[10]

At the neighborhood level, the greatest rent growth was found in Rockaway, Queens, seeing rents rise by 7.0%, and in Central Harlem, Manhattan, rising 6.0%. Comparatively, higher rent increases were also seen in several Brooklyn neighborhoods, including Park Slope/Carroll Gardens, up 5.8%; Bedford Stuyvesant, up 5.6%; Brownsville/Ocean Hill, up 5.4%, and East New York/Starett City, up 5.1%. The neighborhood in the Bronx seeing the highest growth in rents was Riverdale/Kingsbridge, up 4.1%. See map on next page and Appendix C.13 for a breakdown of changes in rent collections by Community District throughout NYC.

The average total income collected in rent

Change in Rent by Community District, 2016-17

Rents Increase in All Community Districts



Source: NYC Department of Finance, 2016-17 RPIE Data

stabilized buildings, comprising apartment rents, commercial rents and sales of services, grew by the same percentage as rent, up 3.0% from 2017 to 2018. Revenues grew faster in pre-war buildings, up 3.2%, compared to 2.8% among post-war buildings. Brooklyn saw the highest growth in income, rising 4.1%; followed by Queens, up 3.4%; the Bronx, up 3.1%; Staten Island, up 2.9%; and Manhattan, up 2.4%. Within Manhattan, Upper Manhattan income rose 3.5%; while Core Manhattan income grew by 1.9%. Total income in the City, excluding Core Manhattan, grew 3.5%. The median growth in income Citywide was 4.0%.

Operating Costs

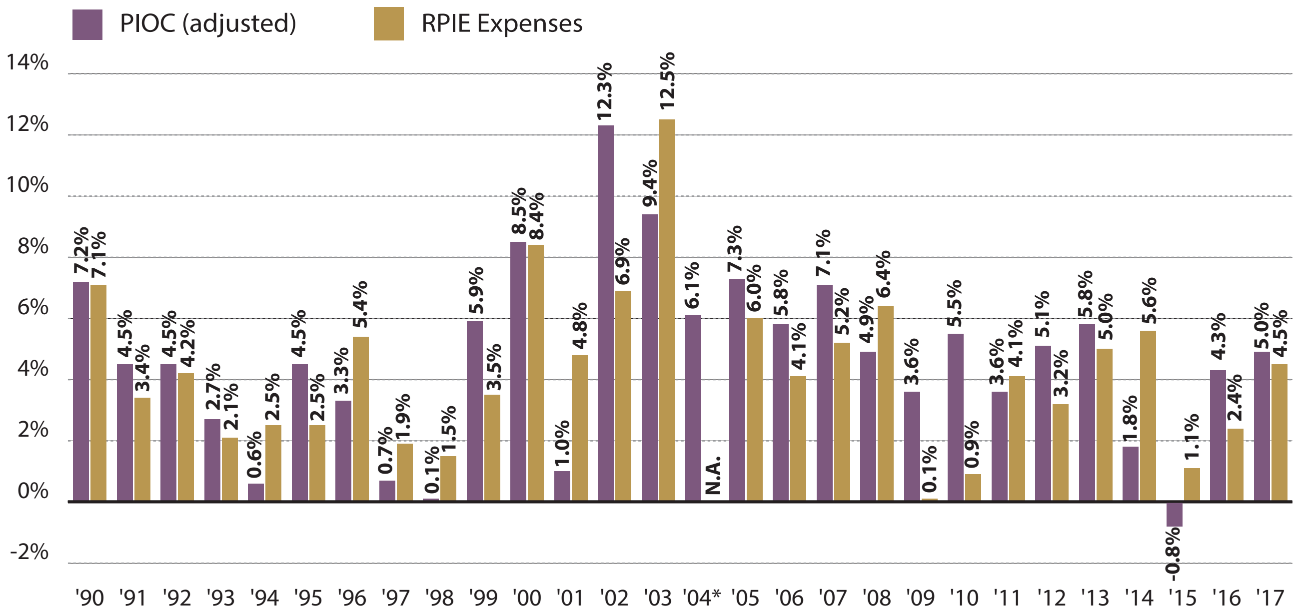
Citywide, average expenses in stabilized buildings increased 4.5% from 2016 to 2017. Both pre-war and post-war buildings rose by the same amount. However, the change in operating costs varied by borough. Costs grew the most in Manhattan, up 5.1%; followed by 4.8% in Brooklyn; 4.7% in Queens; 3.6% on Staten Island; and 3.2% in the Bronx. Within Manhattan, Core Manhattan costs rose by 5.2%; while Upper Manhattan costs grew by 4.8%. Operating costs in the City, excluding Core Manhattan, rose 4.3%. Median Citywide expenses also rose 4.3%. For a detailed breakdown of the changes in rent, income and costs by building size, age and location, see Appendices C.10 and C.11.

RPIE Expenses and the PIOC

Data sets from the RPIE and the RGB's long-running survey, the Price Index of Operating Costs (PIOC), each provide a form of independent verification for the expense findings in the other. However, comparison of I&E and PIOC data is somewhat problematic due to differences in the way each instrument defines costs and time periods. For example, there is a difference between when expenses are incurred and paid by owners as reported in the RPIE, versus the price quotes obtained from vendors for specific periods as surveyed in the PIOC. In addition, the PIOC primarily measures prices on a March to March basis, while most RPIE statements filed by landlords are based on the calendar year. (See endnote 7.) To compare the two, weighted averages of each must be calculated, which may cause a loss in accuracy. Finally, the PIOC measures a hybrid of costs, cost-weighted prices and pure prices, whereas the RPIE provides unaudited owner-reported costs. The PIOC grew by 5.0% from 2016 to 2017, the same period as the 4.5% increase in I&E costs, close to a half percentage point difference. (See graph on next page.)

Change in Operating & Maintenance Costs, RPIE and the PIOC, 1990 to 2017

In 2017, PIOC Costs Grew More Than Owner-Reported RPIE Expenses



**Longitudinal RPIE data for 2004 is unavailable (see endnote 11).*
Sources: NYC Department of Finance, 1990-2017 RPIE Data; RGB Price Index of Costs (PIOC) 1990-2017

From 1990-91 to 2016-17, cumulative growth in owners' costs as measured by the two indices varied. Overall nominal costs measured in the PIOC increased at a greater rate, 210.7%, compared to RPIE data, which grew 186.0% over this period.[11]

Operating Cost Ratios

Between 2016 and 2017, the proportion of gross income spent on audit-adjusted expenses (the O&M Cost-to-Income ratio) increased, rising by eight-tenths of a percentage point. The proportion of rental income used for audit-adjusted expenses (the O&M Cost-to-Rent ratio) likewise rose, increasing by one percentage point.

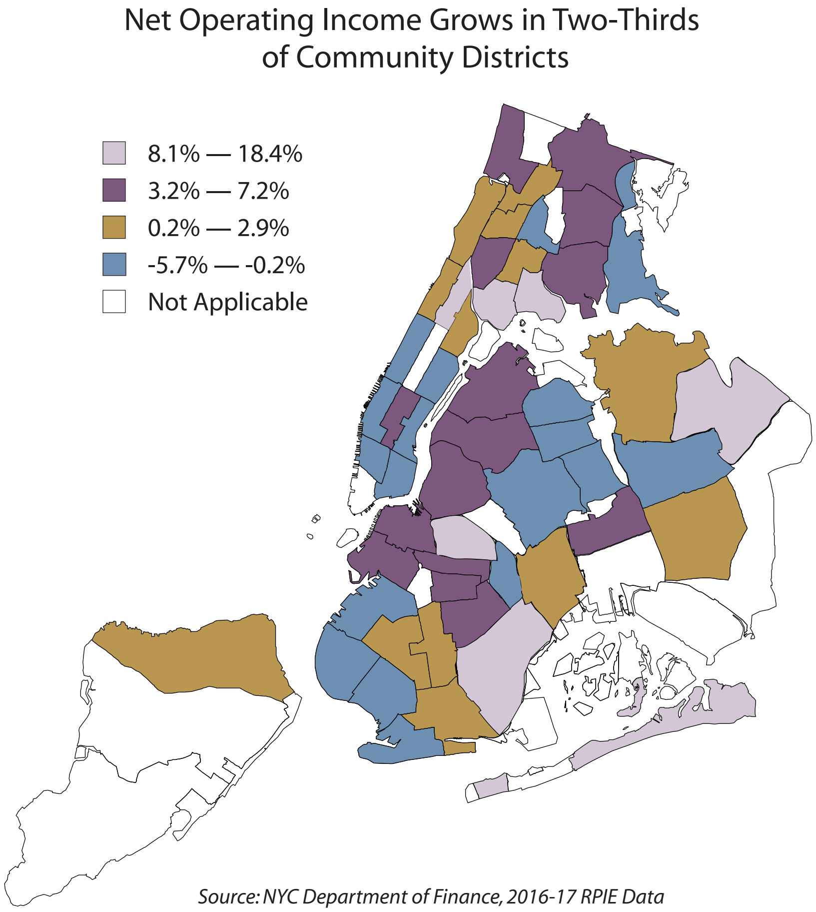
Net Operating Income

Net Operating Income (NOI) refers to the earnings that remain after operating and maintenance (O&M) expenses are paid, but before payments of income tax and debt service. Since actual average collected income grew more than actual average operating costs, Citywide net operating income in rent stabilized buildings increased but the increase was just 0.4% in 2017, the smallest increase over the thirteen consecutive years that NOI has grown. Citywide, NOI in pre-war buildings increased 0.6%, while newer, post-war buildings grew by 0.1%.

The average change in NOI from 2016 to 2017 differed throughout the City. NOI increased in each borough except Manhattan. NOI grew the most in the Bronx, rising 2.9%; while it rose 2.7% in Brooklyn; 1.5% on Staten Island; and 1.3% in Queens. In Manhattan, NOI declined 2.0%, though the decline occurred solely in Core Manhattan, falling 3.1%, while NOI rose 1.0% in Upper Manhattan. Monthly NOI in the City, excluding Core Manhattan, increased 2.1%. See Appendix C.12 for a breakdown of NOI by borough, building age and building size.

At the Community District level, NOI rose in two-thirds of the City. The neighborhoods seeing the

Change in NOI by Community District, 2016-17



Source: NYC Department of Finance, 2016-17 RPIE Data

greatest growth in NOI were Central Harlem, Manhattan, up 18.4%; the Rockaways, in Queens, up 16.8%; Bedford Stuyvesant, Brooklyn, up 15.6%; and Mott Haven/Port Morris, the Bronx, up 10.7%. Meanwhile, of the one-third of neighborhoods seeing NOI decline, the largest was on the Upper West Side of Manhattan, declining 5.7%; Throgs Neck/Co-op City, down 4.8%; Stuyvesant Town/Turtle Bay, falling 4.6%; and Forest Hills/Rego Park, Queens, down 3.9%. The largest decline in Brooklyn was in Bensonhurst, falling 2.2%. The map on this page and Appendix C.13 shows how NOI varied in each neighborhood throughout NYC. (See endnote 10.)

Summary

RPIE filings, from almost 15,400 rent stabilized buildings containing close to 694,500 units in the main RPIE study, and from over 14,300 buildings containing almost 653,000 units in the longitudinal study, were analyzed in this year's *Income and Expense Study*. Citywide, average rent and revenue collections each rose 3.0%; and expenses rose by 4.5%. Despite the greater rate of increase in expenses, Net Operating Income (NOI) Citywide increased by 0.4%. (This is because the larger percentage increase for expenses is on a smaller basis.) This is the 13th consecutive year that NOI has increased. (See table on next page for historical data.) However, the proportion of distressed properties Citywide rose 0.1 percentage point, to 5.0%. While an uptick is of concern, the proportion of distressed properties remains low by historical standards. In addition, the audit-adjusted cost-to-income ratio was 59.3%, an increase of one percentage point from the previous year.

Methodology

The information in this report was generated by analyzing data sets derived from RPIE forms filed with the NYC Department of Finance in 2018 by owners of apartment buildings with primarily eleven or more dwelling units. The data in these forms, which reflects financial conditions in stabilized buildings for the year 2017, was made available to the RGB beginning in December 2018 for analysis. Unit averages contained in this analysis were computed by the NYC Department of Finance. The averages were then weighted by the RGB using data from the *2017 NYC Housing and Vacancy Survey*, the most recent comprehensive data available, to calculate averages that are representative of the population of residential buildings in New York City. In addition, medians were calculated and included

Changes in Average Monthly Rent, Income, Operating Costs and Net Operating Income per Dwelling Unit, 1990-2017				
Net Operating Income (NOI) Increased for 13th Consecutive Year in 2016-17				
	Avg. Rent Growth	Avg. Income Growth	Avg. Cost Growth	Avg. NOI Growth
1990-91	3.4%	3.2%	3.4%	2.8%
1991-92	3.5%	3.1%	4.2%	1.2%
1992-93	3.8%	3.4%	2.1%	6.3%
1993-94	4.5%	4.7%	2.5%	9.3%
1994-95	4.3%	4.4%	2.5%	8.0%
1995-96	4.1%	4.3%	5.4%	2.3%
1996-97	5.4%	5.2%	1.9%	11.4%
1997-98	5.5%	5.3%	1.5%	11.8%
1998-99	5.5%	5.5%	3.5%	8.7%
1999-00	6.2%	6.5%	8.4%	3.5%
2000-01	4.9%	5.2%	4.8%	5.9%
2001-02	4.0%	4.1%	6.9%	-0.1%
2002-03	3.6%	4.5%	12.5%	-8.7%
2003-04	-	-	-	-
2004-05	4.6%	4.7%	6.0%	1.6%
2005-06	5.6%	5.5%	4.1%	8.8%
2006-07	6.5%	6.5%	5.2%	9.3%
2007-08	5.8%	6.2%	6.4%	5.8%
2008-09	1.4%	1.8%	0.1%	5.8%
2009-10	0.7%	1.2%	0.9%	1.8%
2010-11	4.4%	4.5%	4.1%	5.6%
2011-12	5.0%	5.3%	3.2%	9.6%
2012-13	4.5%	4.5%	5.0%	3.4%
2013-14	4.8%	4.9%	5.6%	3.5%
2014-15	4.4%	4.4%	1.1%	10.8%
2015-16	3.1%	3.1%	2.4%	4.4%
2016-17	**3.0%**	**3.0%**	**4.5%**	**0.4%**

Note: Longitudinal data from 2003-04 is unavailable.
Source: NYC Department of Finance, 1990-2017 RPIE Data

in this report. The medians derived from the data were also produced by the NYC Department of Finance. It is important to note that these medians were not adjusted by the 2017 HVS and are considered to be unweighted.

Two types of summarized data, primary RPIE data and longitudinal data, were obtained for stabilized buildings. The primary RPIE data, which provides a "snapshot" or "moment-in-time" view, comes from properties that filed RPIE forms in 2017, or alternatively, TCIE (Tax Commission Income & Expense) forms.[12] Data from the forms was used to compute average and median rents, operating costs, etc., that were typical of the year 2017. Longitudinal data, which provides a direct comparison of identical elements over time, encompasses properties that filed RPIE/TCIE forms for the years 2016 and 2017. The longitudinal data describes changing conditions in average rents, operating costs, etc., by comparing forms from the same buildings over two years. Thus, the main part this report measures conditions existing throughout 2017, while the longitudinal data section measures changes in conditions that occurred from 2016 to 2017.

This year, 15,395 buildings containing rent stabilized units were analyzed in the main RPIE study and 14,332 buildings were examined in the longitudinal study. The collection of buildings was created by matching a list of properties registered with HCR against building data found in 2018 RPIE or TCIE statements (or 2017 and 2018 statements for the longitudinal study). A building is considered rent stabilized if it contains at least one rent stabilized unit.

Once the two data sets were drawn, properties that met the following criteria were not included:

- Buildings containing fewer than 11 units. Owners of buildings with fewer than 11 apartments (without commercial units) are not required to file RPIE forms;
- Owners who did not file an RPIE or TCIE form in 2018 for the main part of this study, or an RPIE or TCIE form in both 2017 and 2018 for the longitudinal study;
- No unit count could be found in RPIE/TCIE records; and
- No apartment rent or income figures were recorded on the RPIE or TCIE forms. In these cases, forms were improperly completed or the building was vacant.

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

- In early I&E studies, the NYC Department of Finance used the total number of units from their Real Property Assessment Data (RPAD) files to classify buildings by size and location. RGB researchers found that sometimes the unit counts on RPIE forms were different than those on the RPAD file, and consequently deemed the residential counts from the RPIE form more reliable;
- Average monthly rents for each building were compared to rent intervals for each borough to improve data quality. Properties with average rents outside of the borough rent ranges were removed from all data. Such screening for outliers is critical since such deviations may reflect data entry errors and thus could skew the analysis; and
- Buildings in which operating costs exceeded income by more than 300% as well as buildings above the 99th percentile or below the 1st percentile were excluded.

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

Endnotes

1. RPIE rent figures include money collected for apartments, owner-occupied or related space and government subsidies. Income encompasses all revenue from rent, including commercial rent, sales of services, such as laundry, parking, and vending, and all other operating income.

2. Pre-war buildings refer to those built before 1947; post-war buildings refer to those built after 1946.

3. Core Manhattan represents the area south of W 110th and E 96th Streets. Upper Manhattan is the remainder of the borough.

4. Average rent stabilized contract rents for 2017 were computed using the *2017 NYC Housing and Vacancy Survey (HVS)*.

5. Preferential rents refer to actual rent paid, which is lower than the "legal rent," or the maximum amount the owner is entitled to charge. Owners can offer preferential rents when the current market cannot bear the legal rent. According to HCR, approximately 30% of all 2017 apartment registrations filed indicate a preferential rent.

6. Since the *2008 Income and Expense Study*, adjustment of the RGB Rent Index has been calculated on a January-to-December calendar year. Also see Endnote 7.

7. According to the NYC Department of Finance, over 90% of owners filing RPIEs report income and expense data by calendar year. In earlier reports, adjusted HCR data was calculated on a July-to-June fiscal year. Beginning with the *2008 Income and Expense Study*, adjustment of HCR Citywide data was calculated on the January-to-December calendar year, so figures may differ from data reported in prior years.

8. RPIE longitudinal data from 2003-04 is excluded from this study because no longitudinal data was available for 2003-04. Therefore, the growth in RPIE collected rents, 200.3%, is understated. To make a more valid comparison between the three indices, cumulative increases in both the RGB Rent Index and HCR contract rent calculations exclude 2003-04 data as well. If 2003-04 data were included, the RGB Rent Index increased 189.3% and the HCR rent increased 234.9%.

9. The year 1990 is used as the beginning of a point-to-point comparison because that is the first year in which a greatly expanded base of Real Property Income and Expense (RPIE) data was made available.

10. Six Community Districts were excluded from this analysis because they contained too few buildings for the data to be reliable. Unlike Citywide and borough level rent and expense data, average CD rents and expenses are unweighted (not adjusted by the 2017 HVS) and do not necessarily represent the population of buildings in these Community Districts. All averages were computed by the NYC Department of Finance.

11. Due to the unavailability of RPIE longitudinal data for 2003-04, PIOC data from 2003-04 is also excluded from this comparison.

12. TCIE (Tax Commission Income & Expense) forms are used by the NYC Department of Finance when RPIE forms are not filed by owners. An owner may file a TCIE form when making a claim that their property was incorrectly assessed or improperly denied an exemption from real property tax.

New York City Rent Guidelines Board

2019 Mortgage Survey Report

What's New

- ☑ Average interest rates for new multifamily mortgages decreased 18 basis points, to 4.65%.
- ☑ Vacancy and collection losses decreased 0.24 percentage points, to 2.59%, the lowest level ever recorded by this survey.
- ☑ Average service fees for new loans declined from 0.44 last year to 0.38 points this year, the lowest level ever recorded by this survey.
- ☑ Average maximum loan-to-value ratios fell from 73.5% last year to 72.0% this year.
- ☑ A total of 885 buildings containing rent stabilized units were sold Citywide in 2018, a 12% increase from the prior year.

Introduction

Section 26-510 (b)(iii) of the Rent Stabilization Law requires the NYC Rent Guidelines Board (RGB) to consider the "costs and availability of financing (including effective rates of interest)" in its deliberations. To assist the Board in meeting this obligation, each winter the RGB research staff surveys lending institutions that underwrite mortgages for multifamily rent stabilized properties in New York City. See Appendix D.6 for a reproduction of the survey. The survey provides details about New York City's multifamily lending market during the 2018 calendar year as well as the first few months of 2019.

The survey is organized into three sections: financing availability and terms for rent stabilized buildings; underwriting criteria; and additional mortgage questions, including vacancy and collection losses, operating and maintenance expenses, and portfolio performance information. In addition to the survey analysis, rent stabilized building sales data, obtained from the NYC Department of Finance, are also examined.

Overview

The Mortgage Survey this year revealed that both interest rates and service fees declined. In addition, collection losses continued to fall, reaching a record low; maximum loan-to-value ratios fell; and underwriting criteria remained similar. Furthermore, our analysis of rent stabilized building sales data found that sales volume grew Citywide between 2017 and 2018.

This report will more fully detail this data, beginning with a discussion of the characteristics of all of this year's survey respondents, followed by a longitudinal analysis of those responding both last and this year. Further, it will examine rent stabilized building sales data by volume and price.

Survey Respondents

Eleven financial institutions responded to this year's survey, one fewer than last year. This year's respondents include a variety of traditional lending institutions, such as savings and commercial banks, as well as non-traditional lenders.

Institutions holding deposits insured by the Federal Deposit Insurance Corporation (FDIC) supply details about their holdings on a quarterly basis, including their multifamily real estate holdings, which vary considerably among the respondents. Eight surveyed lenders report their multifamily real estate holdings to the FDIC, with values ranging between \$22.1 million and \$29.9 billion.[1] Five of this

Terms and Definitions

Actual LTV - the typical loan-to-value ratio of buildings in lenders' portfolios

Basis Points - a common unit of measure for interest rates and other percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01 percentage point

Debt Service - the repayment of loan principal and interest

Debt Service Ratio - net operating income divided by the debt service; measures the risk associated with a loan; the higher the ratio, the less money an institution is willing to lend

Loan-to-Value Ratio (LTV) - the dollar amount institutions are willing to lend based on a building's value; the lower the LTV, the lower the risk to the lender

Maximum LTV - the loan-to-value ratio set by the lenders as part of their underwriting criteria

Points - up-front service fees charged by lenders as a direct cost to the borrowers

Term - the amount of time the borrower has to repay the loan; generally, the term should not exceed the remaining economic life of the building year's respondents reported multifamily holdings of over one billion dollars, while two institutions held less than $100 million. The multifamily real estate portfolio of our survey respondents averaged $6.5 billion, up 26% from the prior year.

Mortgage Survey Analysis

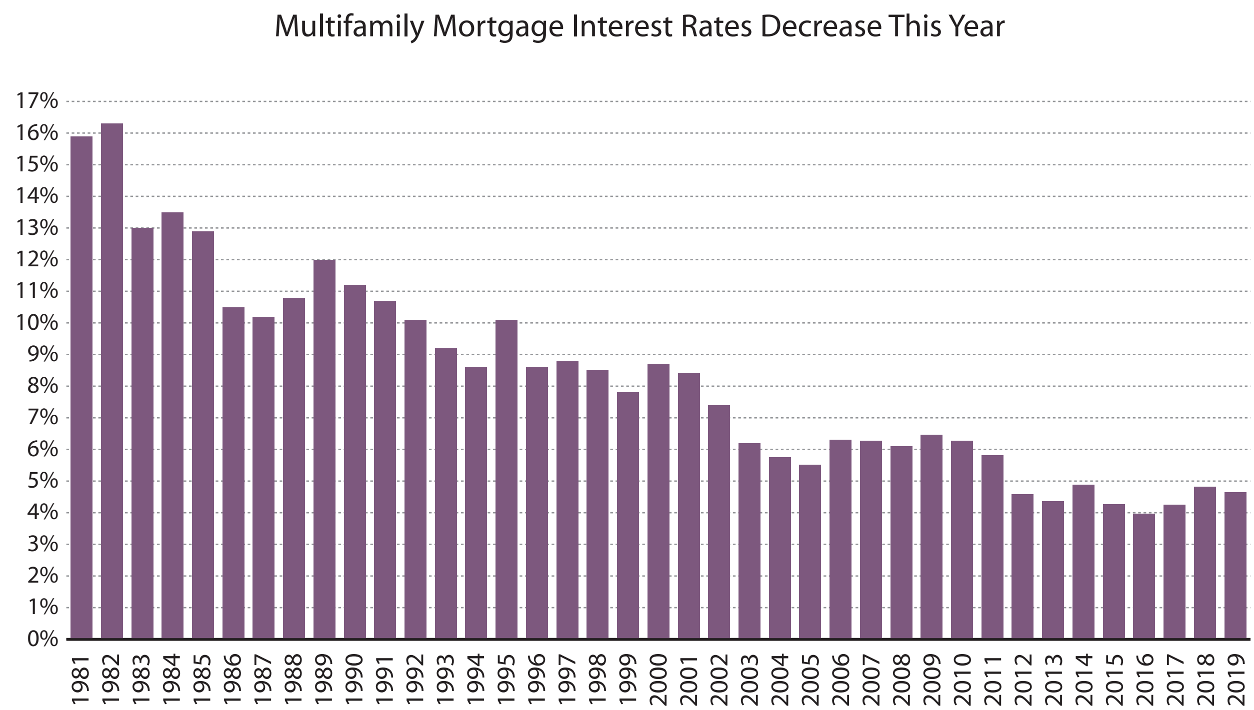
Financing Availability and Terms

As of February 2019, the average interest rate for new multifamily mortgages was 4.65%, an 18 basis points (or 4%) decline from the previous February, the first decline in three years (see graph on this page and Appendix D.1). Over the last five years, the average interest rate was 4.40%. In addition, the average interest rate reported by lenders for the 2018 calendar year was 4.79%, a 36 basis points (or 8%) increase from 2017.

Average interest rates decreased during the year among the institutions surveyed, despite interest rate increases throughout 2018 by the Federal Reserve (The Fed). The Discount Rate — the interest rate at which depository institutions borrow from the Federal Reserve Bank of New York — rose 25 basis points on four occasions in 2018 (March, June, September and December). The Federal Funds Rate — the interest rate at which depository institutions lend balances at the Federal Reserve to other depository institutions — also rose 25 basis points in each of those aforementioned months.[2] The Fed is not expected to increase interest rates in 2019, assuming inflation remains low and economic expansion continues.[3]

Points charged for new loans reached a record low this year. Among survey respondents, they ranged between zero and one, with five surveyed lenders charging no points on new loans. The average service fee charged on new loans by lenders was 0.38 points, a six basis points (or 14%) decrease from last year's 0.44 points. Average fees reported in the survey have remained around or below one point for the past two decades (see the graph on next page).

Average Interest Rates for New Loans to Rent Stabilized Buildings, 1981-2019



Source: NYC Rent Guidelines Board, annual Mortgage Surveys.

Surveyed lenders, for the most part, remained flexible in the loan maturity terms they offered their borrowers. Since survey respondents typically offer a wide range of terms rather than a single number, it is not possible to provide an average for the range of terms offered by institutions, but they remained similar to those offered in recent years. Mortgage terms reported by respondents fell within a wide 5- to 40-year range. This continued mortgage term flexibility over recent years is in great contrast to terms reported in the surveys of the early- to mid-1990s, when close to half of respondents offered maximum loan maturities of just five years.

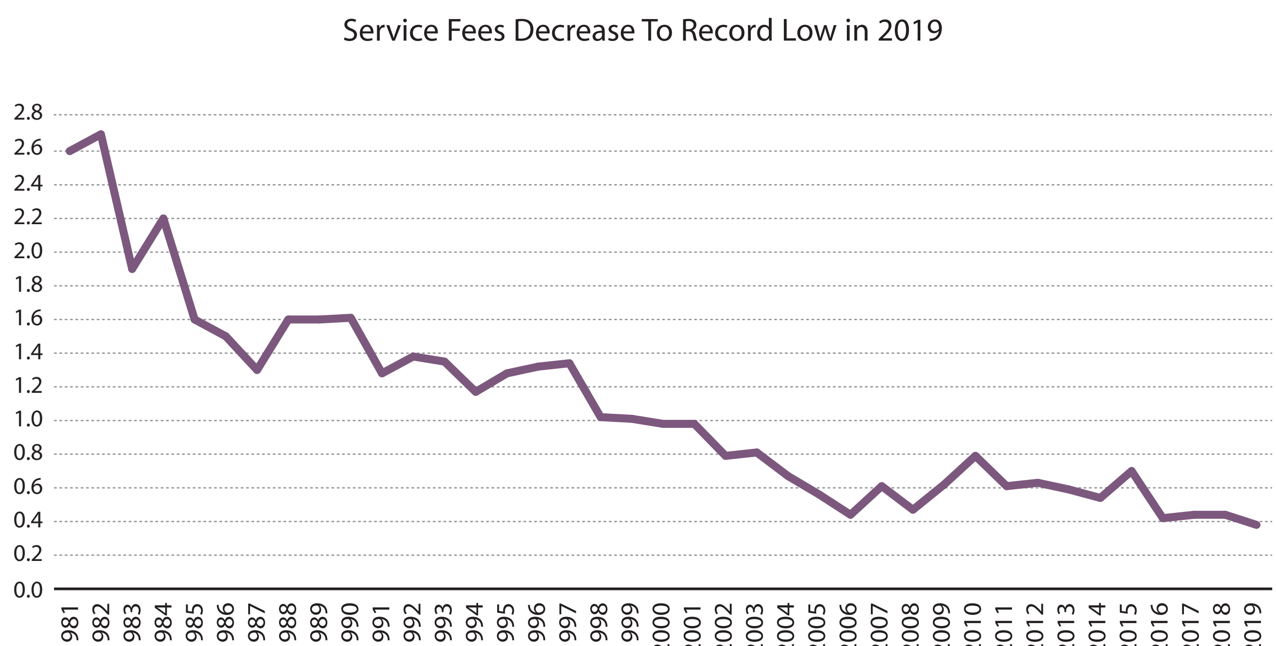
The average volume of new mortgage originations in our survey rose from 43 last year to an average of 94 new loans per institution financed this year, a 116% increase, in part due to the addition of one larger lender in this year's survey. In addition, the average number of refinanced loans increased more modestly this year, rising from 53 last year to 57 this year, a 7% increase. Overall loan volume is well below the peak year of 2004, when our survey reported an average of 160 new loans per institution. This year, a majority of lenders reported no change in new loan volume, while about a third reported an increase in loan volume, and just one lender reported a decline.

Underwriting Criteria

The survey asked lenders for their typical underwriting standards when approving new and refinanced mortgages to rent stabilized building owners. Lenders this year, on average, reported lending standards similar to last year. For all institutions, the typical maximum Loan-to-Value (LTV) ratio — the maximum dollar amount respondents were willing to lend based on a building's value — ranged from 60% to 82.5%. This year's average, 72.0%, declined 1.5 percentage points from last year's 73.5% (see graph on next page).

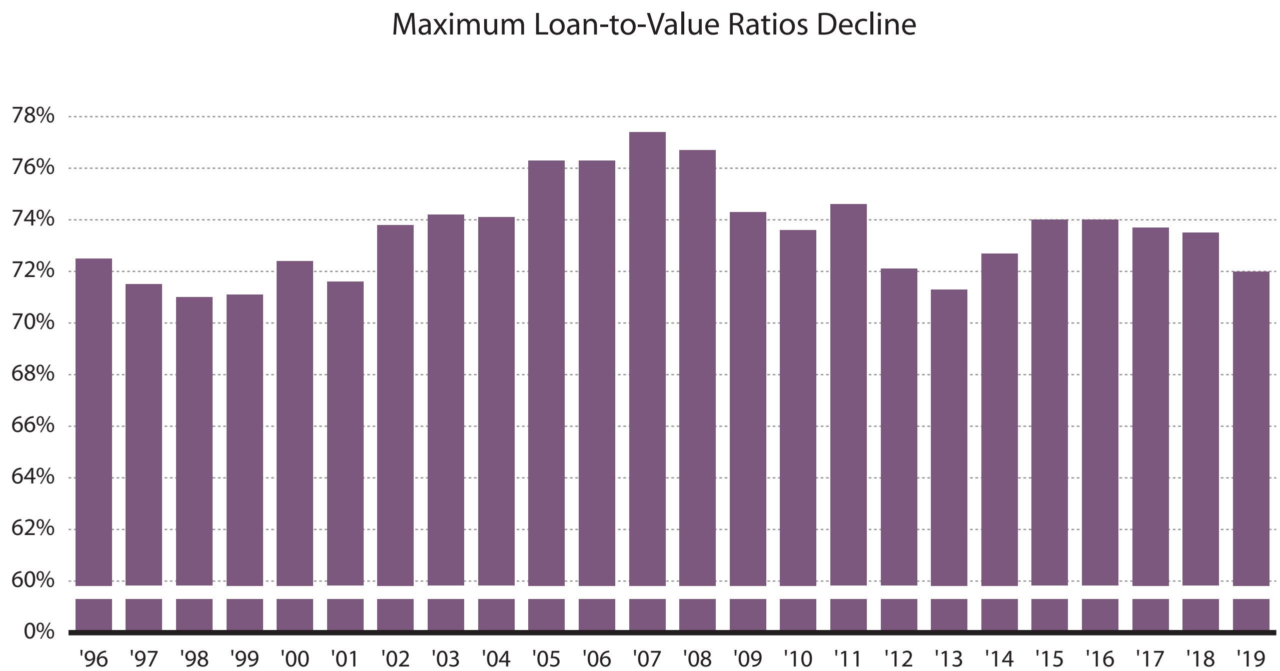
Another important lending criterion is the debt service ratio — an investor's ability to cover mortgage payments using its net operating income (NOI). The higher the debt service coverage requirements, the less money a lender is willing to

Service Fees for New Loans to Rent Stabilized Buildings, 1981-2019



Source: NYC Rent Guidelines Board, annual Mortgage Surveys.

1996-2019 Average Loan-to-Value Standards



Source: NYC Rent Guidelines Board, annual Mortgage Surveys.

loan given constant net income. The debt service ratio (or NOI divided by the debt service) remained little changed, with an average debt service requirement of 1.21, versus 1.23 last year. Because the average debt service ratio remained about the same, lenders have maintained the amount of money they are willing to lend in relation to the net operating income of buildings (see Appendix D.2). Overall, debt service coverage at all institutions ranged between 1.15 and 1.25, and no surveyed lenders reported adjusting their underwriting standards over the past year.

Lenders also noted additional standards they use when evaluating loan applications. The most commonly cited standard is good building maintenance, with almost half of lenders indicating that it is an important consideration when reviewing a loan application.

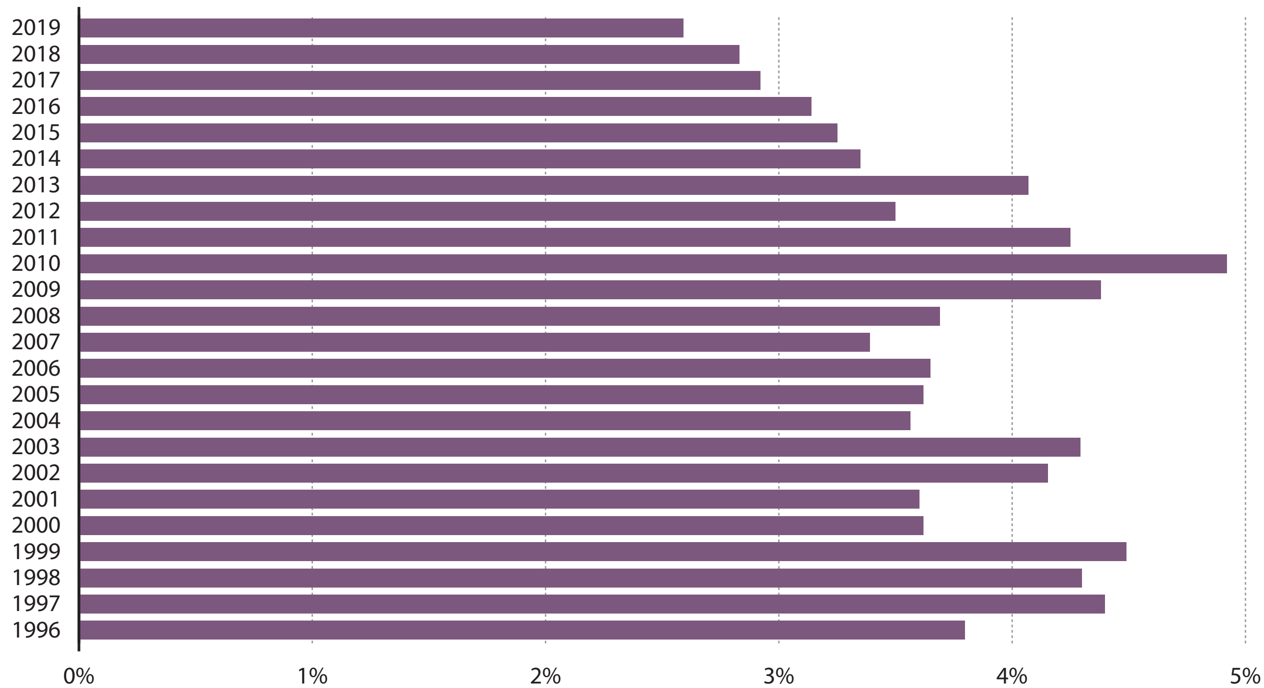
The survey asked lenders whether their lending standards differ for rent stabilized buildings versus non-stabilized multifamily properties. Respondents were asked whether their new financing rates; refinancing rates; loan-to-value ratios; and debt service coverage requirements for rent stabilized properties were higher, lower, or the same as for other properties. While the majority of lenders reported no difference, one lender reported higher refinancing rates, while two lenders reported more conservative LTV ratios and debt service coverage for stabilized buildings. By contrast, one lender reported more favorable financing rates; two lenders reported better refinancing rates; one lender reported more beneficial LTV ratios; and another two lenders reported more lenient debt service coverage requirements for stabilized buildings in their portfolios.

Non-Performing Loans & Foreclosures

The number of lenders reporting that they had non-performing loans was about the same this year, with two lenders reporting that less than 1% of their portfolios were non-performing, compared to one lender last year. In addition, like last year, just one lender reported foreclosures this year, also representing less than 1% of its portfolio.

Average Vacancy and Collection Losses, 1996-2019

Vacancy and Collection Losses Decline To Record Low For Six Consecutive Years



Source: NYC Rent Guidelines Board, annual Mortgage Surveys.

Characteristics of Rent Stabilized Buildings

The size of buildings in surveyed lenders' portfolios varies widely. The most commonly reported building size is 20-49 units, with 36% of lenders reporting this size as typical, while 27% report that their typical building is 1-10 units, and another 27% report their typical building contains 50-99 units.

Average vacancy and collection (V&C) losses decreased for the eighth time in the last nine years, down from 2.83% last year to 2.59% this year, the lowest level in the history of the *Mortgage Survey Report* (see graph on this page). Among all the lenders, reported V&C losses ranged from less than 1% to no more than 4%.

Average operating and maintenance (O&M) expenses and average rents among buildings in lenders' portfolios both increased this year. Average rent per unit per month rose 16%, to $1,482 this year, while expenses rose 22%, to $727 this year (see Appendix D.2). Because average expenses increased more than average rent, the average O&M cost-to-rent ratio rose from 46.7% last year to 49.0% this year.

The NYC Rent Guidelines Board, in our annual *Income and Expense (I&E) Study,* examines the average O&M cost-to-rent ratio as well.[4] However, its findings should not be compared to the cost-to-rent ratio reported in the *Mortgage Survey Report* because the sources are very different, and the data studied in each report are from different time periods. In the *2019 I&E Study,* which reported on data from calendar year 2017, the average O&M cost-to-rent ratio was 72.7%.[5]

The survey asks lenders whether they retain their mortgages or sell them in the secondary market. Three-quarters of lenders reported retaining all their mortgages, about the same proportion as last year.

Lenders are asked whether the rent stabilized buildings that are offered mortgage financing contain commercial space. This information is useful to help understand the extent to which owners earn income from sources other than residential tenants. All but two surveyed lenders this year reported that buildings in their portfolio contain commercial space, though the average number varies depending on the lender. On average, lenders report that 25% of their portfolios contain commercial space, compared to 35% last year.

Loan Expectations

The survey asks lenders about the performance of their portfolios, compared with expectations at the time of initial loan origination, regarding net operating income (NOI); debt service coverage; and O&M expenses. A majority of lenders reported that their expectations had been met or exceeded in all areas among their rent stabilized portfolio. Specifically, at least 82% said this year that their expectations were equaled or exceeded among all three categories, about the same as in the prior year.

Longitudinal Analysis

Information regarding rent stabilized buildings can also be examined longitudinally to more accurately assess changes in the lending market, since many respondents reply to the Mortgage Survey in at least two successive years. This longitudinal comparison helps to clarify whether changes highlighted in the primary mortgage survey analysis reflect actual variations in the lending market or simply the presence of a different group of lenders from year-to-year. Among the 11 respondents that completed the survey this year, all but one also responded last year. The 10 lenders that make up the longitudinal group, and their responses from both this year and last year, are compared in this section to illustrate changes between the two years.

Financing Availability and Terms

In contrast to the main survey analysis, where the average interest rate declined, the longitudinal group saw interest rates rise. As of February 2019, interest rates were reported as 4.72%, an increase

Selected 2019 Mortgage Survey Data Compared to 2019 Longitudinal Data

Average Interest Rates, Loan Volume, Points, Loan-to-Value Ratios, Debt Service Coverage, and Vacancy & Collection Losses

(Averages)	NF Interest Rate	NF Loan Volume	RF Loan Volume	NF Points	Max LTV Ratio	Debt Service Ratio	V&C Losses
2019 Mortgage Survey Data	4.65%	94	57	0.38	72.0%	1.21	2.59%
2019 Longitudinal Data	4.72%	91	60	0.42	71.8%	1.21	2.55%

NF= New Financing RF= Refinancing LTV=Loan-to-Value V&C=Vacancy and Collection

Source: NYC Rent Guidelines Board, Annual Mortgage Surveys.

from a year earlier, when the average interest rate was 4.68% (see Appendix D.3).

Among the longitudinal group, average points offered by lenders increased from last year, rising from 0.33 to 0.42. This differs from the main survey analysis, where average points declined.

Underwriting Criteria and Loan Performance

Compared to the main mortgage survey analysis, underwriting criteria and loan performance was similar among the longitudinal group. The average maximum loan-to-value (LTV) ratio declined, falling among the longitudinal group from 73.3% last year to 71.8% this year. The average debt service ratio declined slightly, down from 1.23 last year to 1.21 this year. And vacancy and collection (V&C) losses among the longitudinal group declined, falling slightly, from 2.60% last year to 2.55% this year (see Appendix D.4).

Looking at the rate of delinquencies among the longitudinal group, two lenders reported non-performing loans, the same as last year. However, only one lender reported foreclosures this year, compared to two in the previous year.

Sales Data Analysis

The NYC Department of Finance collects and provides public property sales information. Utilizing this data, this report examines rent stabilized building sales from 2018, and compares it with the prior year. Rent stabilized properties are identified by matching buildings that are registered with NYS Homes and Community Renewal (HCR); have not converted to co-op/condo; and have sold for at least $1,000.

Building Sales Volume

In 2018, 885 buildings containing rent stabilized units were sold in New York City, up 12% from the prior year. Most boroughs saw sales volume increase. Sales grew the most in the Bronx, rising 25%, and in Manhattan, increasing 24%. Sales also rose in Queens, up 7%. However, sales fell in Brooklyn, declining 4%. As in prior years, Staten Island was not included in this analysis because there were too few rent stabilized building sales to meaningfully measure change from year-to-year.[6] See the table on this page for a numerical breakdown in the change in the number of buildings sold in each borough and Citywide.

Among buildings containing 6-10 residential units, sales volume was up 2% Citywide. However, the change in volume varied widely by borough. Sales among 6-10 unit buildings grew the most in Manhattan, rising 50%, and also rose in the Bronx, up 15% and Queens, up 6%. Meanwhile, sales fell 17% in Brooklyn.

Sales volume among 11-19 unit buildings also increased Citywide, up 12%. By borough, sales increased in two boroughs, rising 38% in Manhattan. Sales in Queens rose from 8 buildings in 2017 to 15 buildings in 2018, an 88% increase. By contrast, sales declined 21% in Brooklyn and 3% in the Bronx.

Among 20-99 unit buildings, sales volume also increased Citywide, rising 22%. By borough, sales of 20-99 unit buildings climbed the most in Brooklyn, increasing 63%; followed by the Bronx, up 43%; and Manhattan, up 3%. However, sales fell 26% in Queens.

Comparison of Building Sales in 2017 vs. 2018

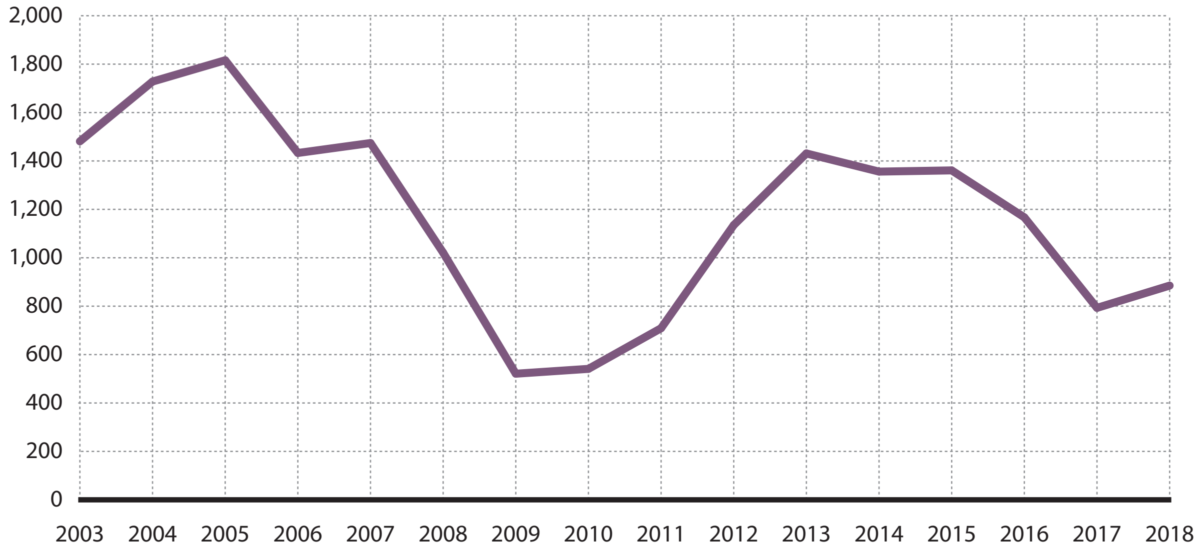
Sales Volume Change Varies by Borough

	2017	2018	Change
Bronx	156	195	25.0%
Brooklyn	292	281	-3.8%
Manhattan	233	289	24.0%
Queens	112	120	7.1%
Citywide	**793**	**885**	**11.6%**

Note: Citywide figures exclude Staten Island
Source: NYC Department of Finance.

Rent Stabilized Building Sales, 2003-2018

Citywide Building Sales Grew Over Prior Year



Note: Figures exclude Staten Island
Source: NYC Department of Finance.

Among the largest buildings, which contain 100 or more units, sales volume Citywide rose 38%. However, we do not analyze year-to-year changes in sales by borough among the largest building category because of the comparatively small number of buildings sold. However, these buildings sales are included in the totals by borough and Citywide.[7]

Over the 16-year period for which we have data, Citywide sales were at their peak in 2005, with 1,816 buildings sold, and at their lowest in 2009, with 521 sold. Following two consecutive years of decline, sales rose in 2018, by 12%. See the graph on this page and Appendix D.7 for annual sales volume Citywide.

Building Sales Prices

We also examine 2018 rent stabilized building sales prices Citywide and by borough. However, in reporting sales prices, we are not able to take into consideration the condition of the building or the neighborhood where each building is sold, factors important in determining the sales price.

Examining sales for all sizes of buildings, the median Citywide sales price was $4.4 million in 2018. The highest median sales price was in Manhattan ($7.2 million); followed by the Bronx ($4.6 million); Brooklyn ($3.0 million); and Queens ($2.1 million).

Examining the smallest buildings (containing 6-10 residential units), the median sales price Citywide was $2.1 million. By borough, prices were highest in Manhattan, at $3.8 million; followed by Brooklyn, at $2.0 million; Queens, at $1.6 million; and the Bronx, at $1.4 million.

Among 11-19 unit buildings, the median Citywide price was $5.1 million. By borough, prices were highest in Manhattan, at $7.3 million; followed by Brooklyn, at $3.7 million; and the Bronx, at $2.6 million. (There were too few 11-19 unit building sales in Queens to analyze.)

Buildings with 20-99 units sold Citywide at a median price of $8.3 million. By borough, these buildings sold for the most in Manhattan, at a median price of $10.0 million followed by Brooklyn, at $9.3 million; Queens, at $8.7 million; and the Bronx, at $6.4 million.

Among the largest buildings, which contain 100 or more units, buildings Citywide sold for a median price of $78.9 million. However, as previously mentioned, too few buildings containing 100 or more residential units were sold to accurately report borough building prices in more detail. See Appendix D.8 for a breakdown of median sales prices in each borough among different sized buildings.

Summary

Average interest rates declined, and both service fees as well as vacancy and collection losses fell to their lowest levels in this survey's history. However, interest rates and service fees among the longitudinal group rose. In addition, the number of rent stabilized buildings sold increased from the prior year. ❐

Endnotes

1. Federal Deposit Insurance Corporation (FDIC) website: https://fdic.gov.

2. Federal Reserve Board website: https://www.federalreserve.gov/monetarypolicy/openmarket.htm and https://www.frbdiscountwindow.org.

3. "Fed Signals End of Interest Rate Increases," by Binyamin Appelbaum, New York Times. January 30, 2019.

4. The per unit, per month O&M expense and rent figures reported in the Mortgage Survey reflect a very small, non-random sample of the City's regulated stock and are included for informational purposes only. The rent and expense figures in the NYC Rent Guidelines Board's *Income and Expense Study* are derived from a substantially larger number of stabilized buildings and can be viewed as more authoritative.

5. The O&M cost-to-rent ratio from the *2019 Mortgage Survey* reflects estimates by lenders of expenses and rents for rent stabilized buildings as of approximately February 2019. The average ratio is calculated from just six respondents. By comparison, the latest available O&M cost-to-rent ratio from the *Income and Expense (I&E) Study*, in which average rent was $1,353 and average unaudited cost was $984, reflects rents and expenses reported by owners for calendar year 2017. Average monthly costs per unit in the Mortgage Survey this year are lower than those reported in the *I&E Study*. This is due to differences in the two data sources: Lenders' estimated average of buildings in an institution's portfolio vs. a weighted average of a large number of owner-reported data; the large variance between the two sample sizes; and the difference between the buildings studied in each analysis. (Buildings required to file Real Property Income and Expense (RPIE) forms must generally have an assessed value greater than $40,000 and eleven or more units, while the Mortgage Survey does not exclude these buildings).

6. The data reflect sales of buildings that had been registered with the New York State Homes and Community Renewal (HCR) as containing rent stabilized units in 2017, the most recent year for which comprehensive registration records are available. It excludes those buildings where the sales price was listed as less than $1,000. It also excludes those buildings listed as co-ops/condos. Furthermore, all of Staten Island is excluded from all analyses due to the small number of eligible buildings sold.

7. All 100+ unit building borough categories are excluded due to the small number of buildings sold. However, while these categories are not discussed, these buildings are included in the overall statistics and analyses.

Income & Affordability

New York City Rent Guidelines Board

2019 Income and Affordability Study

What's New

- ☑ Results from the *2017 American Community Survey* show that median renter income is $47,116, median gross rent is $1,379, and the median gross rent-to-income ratio is 31.7%.
- ☑ NYC's economy grew by an inflation-adjusted 3.0% in 2018.
- ☑ Inflation-adjusted wages were up 3.5% in the most recent time period studied (the fourth quarter of 2017 through the third quarter of 2018).
- ☑ The City gained 86,600 jobs in 2018, a 1.9% increase from 2017.
- ☑ The unemployment rate fell in 2018, to an average of 4.1%, down from 4.6% in 2017.
- ☑ An average of 60,028 persons were staying in NYC Department of Homeless Services shelters each night of 2018, up 0.9% from 2017.
- ☑ Non-payment filings in housing court decreased 4.7% in 2018, while cases actually heard decreased 10.5%. The number of tenant evictions fell 5.0%.[1]
- ☑ Cash assistance caseloads fell 2.8% in 2018, while the number of SNAP (food stamp) recipients fell 3.6%, and Medicaid enrollees fell by 7.8%.

Introduction

Section 26-510(b) of the Rent Stabilization Law requires the Rent Guidelines Board (RGB) to consider "relevant data from the current and projected cost of living indices" and permits consideration of other measures of housing affordability in its deliberations. To assist the Board in meeting this obligation, the RGB research staff produces an annual *Income and Affordability Study*, which reports on housing affordability and tenant income in the New York City (NYC) rental market.

The study highlights year-to-year changes in many of the major economic factors affecting NYC's tenant population and takes into consideration a broad range of market forces and public policies affecting housing affordability. Such factors include NYC's overall economic condition — unemployment rate, wages, Consumer Price Index and Gross City Product — as well as the number of eviction proceedings and the impact of federal housing policies.

Overview

NYC's economy in 2018 showed many strengths as compared with the preceding year. Positive indicators include growing employment levels, which rose for the ninth consecutive year, increasing 1.9% in 2018. The unemployment rate also fell, declining by 0.5 percentage points, to 4.1%, the lowest level recorded in at least the last 43 years. Gross City Product (GCP) also increased for the ninth consecutive year, rising in inflation-adjusted terms by 3.0% in 2018.

Also during 2018, the number of non-payment filings in Housing Court fell by 4.7%, calendared cases by 10.5%, and tenant evictions by 5.0%.[2] There was also a decrease in cash assistance caseloads of 2.8%, while SNAP caseloads fell 3.6% and Medicaid enrollees fell 7.8%. Inflation also rose at a slightly slower pace, with the Consumer Price Index rising 1.9% in 2018, 0.1 percentage points slower than 2017. In addition, following two years of stagnation, inflation-adjusted wages rose during the most recent 12-month period for which data is available (the fourth quarter of 2017 through the third quarter of 2018), rising 3.5% over the corresponding time period of the prior year.

Negative indicators include personal bankruptcy filings, which rose 8.2% in New York City in 2018. In addition, homeless levels rose for the tenth consecutive year, although at a slowing rate, by 0.9%.

The most recent numbers, from the fourth quarter of 2018 (as compared to the fourth quarter of 2017), show many positive indicators, including cash assistance levels down 1.5%; SNAP recipients down 3.5%; GCP rising, by 3.0% in real terms; employment levels up 1.7%; the unemployment rate down 0.3 percentage points; and in Housing Court, the number of cases heard (calendared) down 3.2%[3] and the number of non-payment filings down 2.7%.[4] However, homeless rates were up 1.0% during the fourth quarter of 2018.

Economic Conditions

Economic Output and Consumer Prices

NYC's economy expanded during 2018, growing for the ninth consecutive year. NYC's Gross City Product (GCP), which measures the total value of goods and services produced, increased by 3.0% in inflation-adjusted ("real") terms during 2018, following an increase of 2.6% in 2017.[5] There has been positive economic growth in real terms in all but two quarters since the beginning of 2009. During 2018, the greatest growth was during the fourth quarter, a 3.9% annualized rise. For comparison, GCP increased in real terms by an annualized average of 1.7% per year between 2000 and 2009 and 2.8% in the 1990s. The analogous national number, United States Gross Domestic Product (GDP), increased a "real" 2.9% during 2018, compared to an increase of 2.2% during 2017.[6]

The Consumer Price Index (CPI), which measures the change in the cost of typical household goods, increased 1.9% in the NYC metropolitan area during 2018, a slightly slower rate of inflation than seen in the previous year, when prices rose on average 2.0%.[7] Inflation was lower than that of urban consumers in the U.S. as a whole, with prices rising 2.4%, following an increase of 2.1% during 2017.

Unemployment Statistics

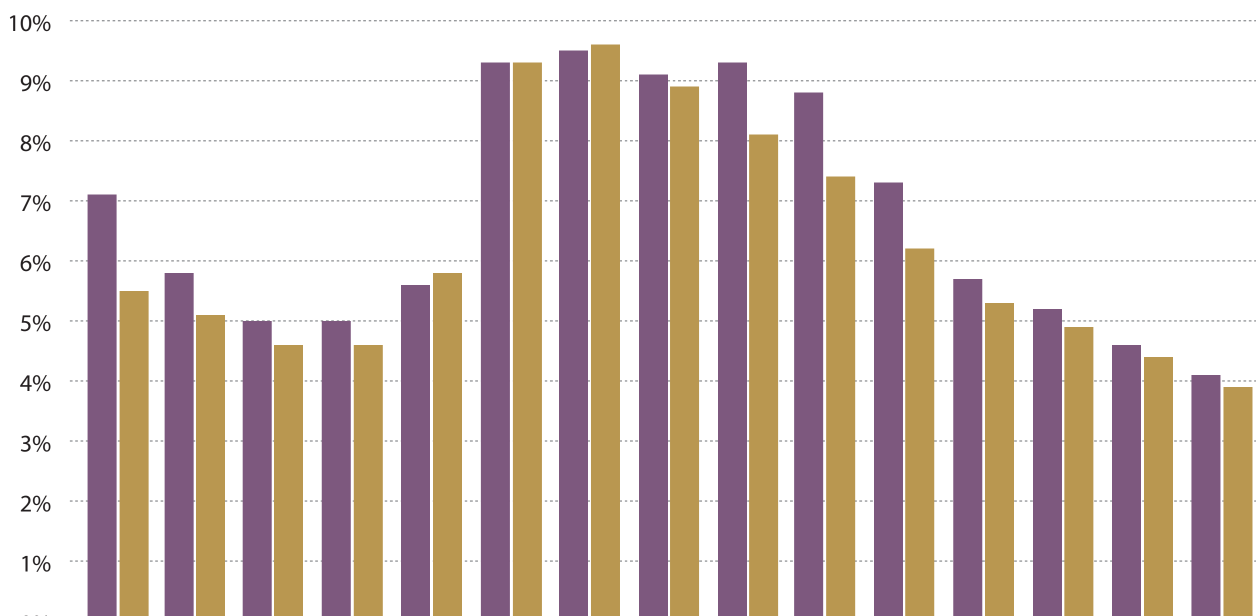
NYC's unemployment rate fell for the sixth consecutive year, declining 0.5 percentage points, to 4.1%.[8] This is the lowest unemployment rate in at least the last 43 years[9] (the first year for which data is available), besting the second lowest rate of 4.6% in 2017 and the third lowest rate of 5.0% in both 2006 and 2007. The U.S. unemployment rate also declined by 0.5 percentage points, falling from 4.4% in 2017 to 3.9% in 2018.[10] (See graph on this page and Appendix E.1.)

In January and February of 2019, the most recently available data, the unemployment rate for NYC (4.9% and 4.6%, respectively) was equal to or higher than that of the same months of the previous year, with the rate 0.3 percentage points higher in January and an equal rate in February. The analogous national figure was 4.4% in January of 2019 and 4.1% in February, 0.1 percentage points lower than January of 2018 and 0.3 percentage points lower than the previous February.

For all of 2018, Queens had the lowest unemployment rate of the boroughs, 3.6%, with Manhattan's rate just slightly higher, at 3.7%; Staten Island at 4.1%; Brooklyn, at 4.2%; and the Bronx, consistently the borough with the highest unemployment rate, averaging 5.7%. Unemployment rates fell in every borough during 2018, declining 0.4 percentage points in Manhattan and Queens, 0.5 percentage points in Brooklyn, and 0.6 percentage points in both the Bronx and Staten Island.

NYC and U.S. Unemployment Rates, 2004-2018

NYC & U.S. Unemployment Rates Fall in 2018



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
NYC	7.1%	5.8%	5.0%	5.0%	5.6%	9.3%	9.5%	9.1%	9.3%	8.8%	7.3%	5.7%	5.2%	4.6%	4.1%
US	5.5%	5.1%	4.6%	4.6%	5.8%	9.3%	9.6%	8.9%	8.1%	7.4%	6.2%	5.3%	4.9%	4.4%	3.9%

Source: U.S. Bureau of Labor Statistics and NYS Department of Labor; Data is updated annually and may differ from that in prior reports.

Employment Statistics

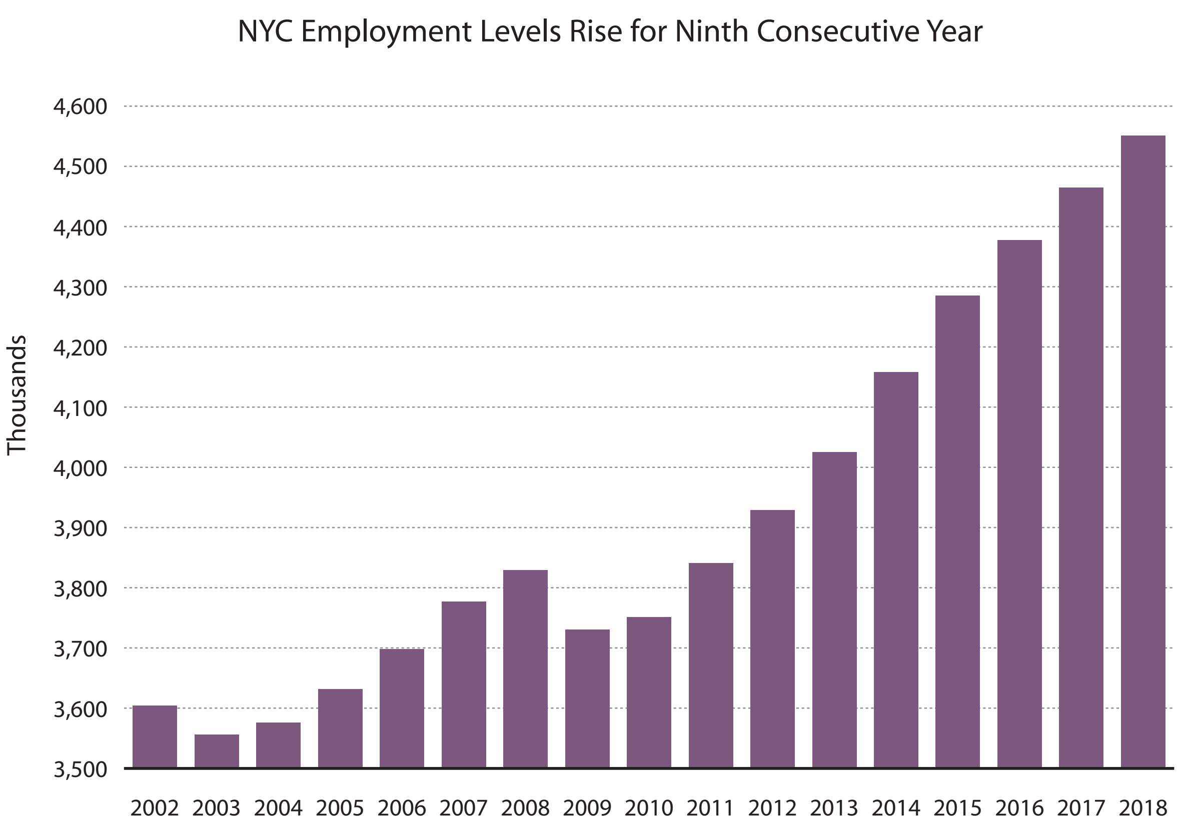
For the ninth consecutive year, the number of people employed in NYC increased, following gains in all but one year since 2003 (see graph on this page). Overall, among both City residents as well as those commuting into the City, NYC gained 86,600 jobs in 2018, a 1.9% increase from 2017.[11]

Employment levels rose in all but two industries, rising by the greatest proportion in the Education and Health Services sector, which grew by 4.6% (44,300 jobs) during 2018. The Construction sector also grew, rising by 3.5% (5,300 jobs), and the Professional and Business Services sector grew by 2.6% (19,300 jobs). In the Manufacturing sector, which has declined in all but five years since 1990 (the first year for which data is available), employment fell by 3.6% (2,600 jobs), and is down more than 73% as compared with 1990. The Trade, Transport and Utilities sector also fell slightly, declining by 0.05% (300 jobs). All other sectors rose from between 0.6% and 1.9%. (See Appendix E.2 for more detailed employment data.)

During the first two months of 2019, total employment levels were up as compared to the same months of 2018, with levels 2.1% higher in January and 1.7% higher in February of 2019 as compared with 2018. Employment levels were up in all but two sectors in January, and three in February (with Manufacturing and Leisure and Hospitality employment levels down in both months).

Two other employment indices are tracked in the *I&A Study*. The NYC labor force participation rate measures the proportion of all non-institutionalized people, age 16 and older, who are employed or actively looking for work. This ratio increased in 2018, to 60.9%, up from 60.8% in 2017, the highest ratio since at least 1990 (the first year for which data is available).[12] This was lower than the U.S. rate, which remained at 62.9% in both 2017 and 2018.[13]

Average Annual Payroll Employment, NYC, 2002-2018



Source: NYS Department of Labor

A related statistic, the NYC employment/population ratio, measures the proportion of those who are actually employed as a ratio of all non-institutionalized people age 16 or older. This rate rose for the sixth consecutive year, from 57.9% in 2017 to 58.1% in 2018. This is the highest ratio since at least 1990 (the first year for which data is available). The U.S. employment/population ratio also rose in 2018, rising 0.3 percentage points from 2017, to reach 60.4%.

Wage Data

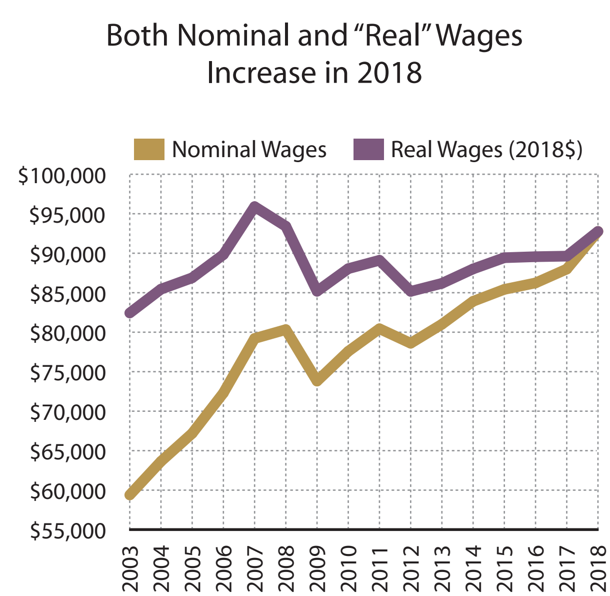
This report also examines wage data of employees working in NYC (regardless of where they live). Highly accurate wage data can be derived from the NYS Department of Labor's Quarterly Census of Employment and Wages (QCEW), though the analysis is limited by the fact that there is a significant lag time in the reporting of wage data. The most recent annual numbers cover the 2017 calendar year and show an increase in both nominal wages (wages in current dollars), as well as in "real" wages (wages adjusted for inflation). "Real" wages increased by 2.5% in 2017, following a decrease of 0.9% in the prior year. "Real" wages rose from $87,650 in 2016 (in 2017 dollars) to $89,836 in 2017, with wages rising in most sectors. This includes an 8.3% increase in the Financial and Insurance sector, the sector with the highest average wages, as well as the largest proportion of overall wages.[14] Nominal wages increased by 4.5% over the same time period, following a 0.2% increase in the prior year.

QCEW data is submitted by employers quarterly to New York State and released to the public approximately six months later. Due to this lag time, as of the publication of this report, QCEW data is current only through the third quarter of 2018 (note that 2018 data is preliminary). In order to present the most recent statistics possible, staff has formulated a "year" of QCEW data that comprises the four most recent quarters (in this case, the fourth quarter of 2017 through the third quarter of 2018). This "year" was then compared with the equivalent period of the preceding "year," which in this most recent time period showed that overall wages increased by 3.5% in real terms and by 5.4% in nominal terms. This compares to increases in the preceding 12-month period of 0.1% in real terms and 2.0% in nominal terms. (See Appendices E.3 and E.4, and graph on this page.)

Wages in the Finance and Insurance sector, which account for just over a quarter of all wages during the most recent time period, increased by a "real" 4.4% during the most recent 12-month time period. This compares to an increase of 2.6% in the prior 12-month period. The sector with the second greatest weight, Administrative, Waste, Educational, and Health Services (accounting for 16% of all wages), rose by a "real" 2.2% during this time period. The Professional and Technical Services sector (accounting for 13% of all wages) rose by a "real" 2.1%. The Government sector, with 11% of all wages, rose by the largest proportion of any sector, 10.9% in real terms. The only decrease in "real" wages was in the Transportation sector, which declined 1.4%, but accounts for less than 2% of all wages. (See Appendices E.3 and E.4 for more detailed wage data.)

On a quarterly basis, "real" wages as reported by the QCEW rose by 1.6% in the first quarter of 2018, 3.5% in the second quarter, and 3.0% in the third

"Real" and Nominal Wages, 2003-2018



Source: NYS Department of Labor

Note: Each "year" consists of the first three quarters of that year, and the fourth quarter of the preceding year.

quarter. "Yearly" wage growth also includes the fourth quarter of 2017, when wages rose 6.5% in real terms.

Each year this report estimates "yearly" QCEW wage growth absent the impact of the Finance and Insurance sector. Overall wages are often pulled higher or lower as a result of this sector, which has both the largest proportion of overall wages, as well as the highest average wages. However, in 2018, this sector had no impact on overall wage growth. If the Finance and Insurance sector were removed from the analysis, wages would have risen by 3.5% in real terms and 5.4% in nominal terms, the same growth rate as with this sector included.

The U.S. Bureau of Labor Statistics (BLS) also tracks wage data, as part of its Current Employment Statistics (CES) survey.[15] While both data sets track wages, they differ in their methodologies. Unlike the QCEW, which is based on quarterly tax filings of all employers in New York State, the CES is a monthly survey of approximately one-third of employers conducted by the BLS. CES data cannot be analyzed for specific industries (and does not include wages for government employees). In addition, while the CES is more current than that of the QCEW, it is based on a much smaller sample size. Also, unlike the QCEW, CES data does not include certain types of monetary compensation such as bonuses and sums received when exercising stock options, so it is therefore less variable on a quarterly basis than data from the QCEW.

According to the CES survey, weekly wages rose by a "real" 1.2% in NYC in 2018, just lower than the rate of growth in 2017 of 1.3%, but higher than that of the nation as a whole in 2018 (an increase of 0.8%). In nominal terms, weekly wages rose by 3.1% in NYC and 3.3% for the nation as a whole between 2017 and 2018. On a quarterly basis, the CES data shows that NYC weekly wages (in real terms) rose in each quarter of 2018, by the most in the third quarter (2.0%) and by the least in the second quarter (0.5%).

Bankruptcy Statistics

Staff examined bankruptcy filings for NYC residents from 2000-2018. Between 20,000 and 30,000 persons filed for personal bankruptcy annually between 2000 and 2004, before surging to 42,852 in 2005 as bankruptcy laws were set to change. In the following year, with new laws in place making it more difficult to file for bankruptcy, only 7,961 persons filed for personal bankruptcy, an 81.4% decline. Filings then increased every year through 2010, reaching a high of 17,685, before generally starting to decline. In 2018, for the third consecutive year, personal bankruptcy filings rose among NYC residents. Filing reached 10,578, an 8.2% increase and the highest level since 2013. Filings in the U.S. as a whole declined for the eighth consecutive year, by 1.9%.[16]

Poverty Statistics

The most recently available data from the Census Bureau's *American Community Survey (ACS)* reports that the NYC poverty rate for all individuals was 18.0% in 2017, 0.9 percentage points lower than in 2016. This compares to 13.4% for the nation as a whole, a decline from 14.0% in 2016.[17] Poverty rates vary widely depending on borough. Rates range from a low of 11.8% in Staten Island, to 12.1% in Queens, 16.2% in Manhattan, 19.8% in Brooklyn, and 28.0% in the Bronx, consistently the highest rate of the boroughs. As compared to the prior year, rates fell in every borough, by as much as 1.4 percentage points. (See Appendix E.8.)

Also reported are poverty rates by age. The poverty rate for persons under the age of 18 in NYC was 25.2% in 2017. The rate was 15.6% for individuals 18 to 64 and 18.0% for persons 65 years and over. For families, 14.7% were living under the poverty line in 2017. This includes 21.3% of families in rental units (the lowest proportion since at least 2005, the first year for which data is available) and 4.2% of families in owner-occupied units. For families containing related children under the age of 18, the figure is higher than that of all families, 21.2%. For married-couple families, the overall poverty rate was 8.9% in 2017, while for female- and male-headed families (i.e., no spouse present) it was 27.3% and 12.8%, respectively. Rates fell for every category noted here, as compared to the prior year, by as much as 2.2 percentage points.

The Census Bureau has begun work on a "Supplemental Poverty Measure," an additional measure of poverty that includes more components (such as non-cash benefits and location, among other factors) in estimating income and expenses.[18] Using a similar methodology, the NYC Center for Economic Opportunity (CEO) calculated household poverty rates for NYC from 2005-2016 and found poverty rates higher than official rates released by the Census Bureau.[19] For instance, the official household poverty rate in 2016 was 17.6% and the CEO estimate was 19.5%. The gap between official and CEO estimates has been as high as 3.0 percentage points over the 12 years studied by the CEO.

2017 Housing & Vacancy Survey

Preliminary results from the *2017 Housing and Vacancy Survey (HVS)* were released in February of 2018.[20] This triennial survey provides data on the housing and demographic characteristics of NYC residents, including affordability of housing, rents, incomes, and vacancy rates for both tenants and owners. It is also the only survey that is able to provide data specifically for rent stabilized tenants.

Affordability of Rental Housing

Generally, housing is considered affordable when a household pays no more than 30% of its income in gross rent.[21] Gross rent includes contract rent (the rent paid to the owner of the apartment by either a tenant or a subsidizing agency) plus additional payments for fuel and/or utilities. The *2017 HVS* reported that the median gross rent-to-income ratio for all renters was 33.7%, meaning that half of all households residing in rental housing pay more than 33.7% of their income in gross rent, and half pay less. This is the third consecutive survey in which the median gross rent-to-income ratio has remained virtually unchanged, declining just 0.1 percentage points from both 2011 and 2014. Furthermore, a third (32.4%) of rental households pay more than 50% of their household income in gross rent (down from 33.5% in 2014). The contract rent-to-income ratio was 31.3% for all renters in 2017, up 0.1 percentage points from 2014, and the highest ratio ever reported by the *HVS*.

Rent stabilized tenants are reported to have a median gross rent-to-income ratio of 36.0%, meaning a majority of rent stabilized tenants are not able to afford their apartments, based on the U.S. Department of Housing and Urban Development (HUD) benchmark for housing affordability of a 30% gross rent-to-income ratio. This figure includes those tenants in pre-war apartments, who are facing a median rent burden of 36.8%, and tenants in post-war units, with a median ratio of 34.4% in 2017. Median ratios decreased 0.4 percentage points for rent stabilized tenants as a whole, 0.2 percentage points for tenants in pre-war units, and 0.3 percentage points in post-war units from 2014.

It is important to note that an analysis done by RGB staff of the last four triennial *HVS* surveys found that officially reported rent-to-income ratios were somewhat high due to an anomaly in the way rents for tenants receiving Section 8 are recorded by the HVS. While generally paying no more than 30% of their income towards rent, tens of thousands of rent stabilized tenants receiving Section 8 are recorded with gross rent-to-income ratios in excess of 100%. An RGB analysis of *2017 HVS* data found that the gross rent-to-income ratio for rent stabilized tenants not receiving Section 8 was 33.5%, a difference of 2.5 percentage points from the overall rent stabilized rate of 36.0%. Similarly, rates for rent stabilized tenants not receiving Section 8 were 2.7 percentage points lower than overall rent stabilized rates in 2014, when the rate was also 33.5%. The estimated "out of pocket" gross rent-to-income ratio for rent stabilized tenants as a whole in 2017 was 31.5%, a 0.7 percentage point decrease from 2014.

Rent controlled tenants had a median gross rent-to-income ratio of 43.1% (a 7.6 percentage point rise), unregulated tenants paid a median of 31.4% in 2017 (a decrease of 1.6 percentage points), and tenants in "other" regulated units, such as public housing and Mitchell-Lama, paid a median of 33.8% (an increase of 3.5 percentage points).

Income

According to the *2017 HVS*, which reflects household income for 2016, the median income for rental households was $47,200, an inflation-adjusted ("real") increase of 10.9% from 2013.[22] Owner households earned substantially higher income, which in 2016 was a median of $87,000, almost double the income of renters, and a "real" increase of 6.0% from 2013.

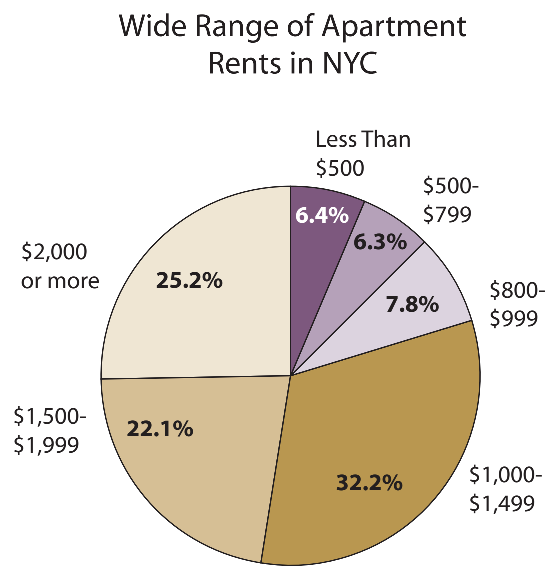
The *2017 HVS* found different income levels among those living in units that were rent controlled, rent stabilized, unregulated, or part of some other regulation program. The lowest median income was found among those tenants in "other" regulated units, which at $18,792 was a "real" increase of 0.1% from 2013. Those in rent controlled units had a median household income of $28,260 in 2016, a "real" decrease of 5.0%. Tenants living in stabilized buildings built prior to 1947 ("pre-war") had a median income of $42,000, and post-46 ("post-war") tenants earned a median income level of $50,000, "real" increases of 2.4% and 6.0%, respectively. Stabilized tenants on the whole had a median income of $44,560 (a "real" increase of 7.0%), while those tenants in unregulated[23] apartments earned a median of $67,000 in 2016 (a "real" increase of 12.6%).

Rent

The *HVS* also examines rent levels, and it revealed that in 2017, the median monthly contract rent for all rental units was $1,337, an inflation-adjusted ("real") increase of 8.1% from 2014. Rent stabilized tenants on the whole paid less ($1,269) in median contract rent, including $1,225 for pre-war rent stabilized apartments, and $1,400 for post-war rent stabilized apartments. These are "real" increases in median rents from 2014 of 2.6% for rent stabilized units as a whole, and 3.1% and 4.5% for pre- and post-war units, respectively. Among the other categories of rental units, rent controlled tenants paid a median of $915 (a 1.4% "real" decrease), tenants living in unregulated rentals paid a median of $1,700 (a "real" increase of 10.0%), and tenants living in "other" regulated units paid the least in median contract rent, $610 (a "real" increase of 1.5%).

Median gross rent was $1,450 for all renters, a "real" increase of 6.2%. Rent stabilized tenants on the whole paid a median gross rent of $1,375 in 2017, including $1,343 for pre-war rent stabilized apartments, and $1,485 for post-war rent stabilized apartments. Adjusting for inflation, that is an increase from 2014 of 2.6% for all rent stabilized units over the three-year period, and increases of 2.9% and 2.0%, respectively, for pre- and post-war rent stabilized units. Rent controlled tenants paid less than the average rent stabilized tenant, with a median gross rent of $1,039 in 2017 (a "real" decrease of 1.2%), while those in unregulated units paid the most, a median of $1,830 (a "real" increase of 9.3%). Those in "other" regulated units paid the least, a median of $649 in gross rent (a "real" increase of 5.8%).

Gross Rent Levels of Apartments, 2017



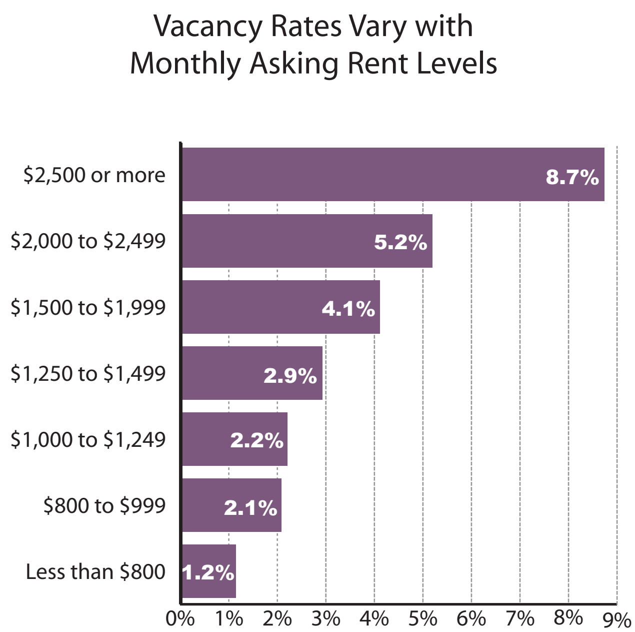
Source: 2017 NYC Housing and Vacancy Survey

The *HVS* also breaks down the distribution of renter occupied housing by gross rent level. Of the more than two million rental units in New York City that report cash rent, 6.4% rent for less than $500, and 14.1% rent for between $500-$999. The vast majority of rental units (79.6%) rent for over $1,000, including 25.2% that rent for more than $2,000.[24] (See the pie chart on this page for a further breakdown.)

Vacancy Rates

The *HVS* also surveys vacancy rates, with 2017 data revealing the continuation of a very tight New York

Vacancy Rate by Monthly Asking Rent Level, 2017



Source: 2017 NYC Housing and Vacancy Survey

City housing market.[25] The survey found that the Citywide vacancy rate was 3.63% in 2017, well below the 5% threshold required for rent regulation to continue under State law, but higher than that found during the last *HVS*, 3.45%.[23] The Bronx had the lowest vacancy rate in the City, at 2.71%, translating into the availability of just 10,558 rentals in a borough with 389,310 rental apartments. Manhattan, by contrast, had the highest vacancy rate in 2017, at 4.73%. Of the remaining boroughs, Brooklyn had a vacancy rate of 3.28%, Queens was at 3.50%, and the small sample size in Staten Island made the rate too inaccurate to report.

The *HVS* found vacancy rates varying significantly among different asking rents. As might be expected, apartments renting for the least had the lowest vacancy rates, while those apartments renting at the high end had substantially higher vacancy rates. Apartments with an asking rent of less than $800 had a vacancy rate of just 1.15%, while those renting for at least $2,500 had a vacancy rate of 8.74%. (See graph above for a further breakdown.)

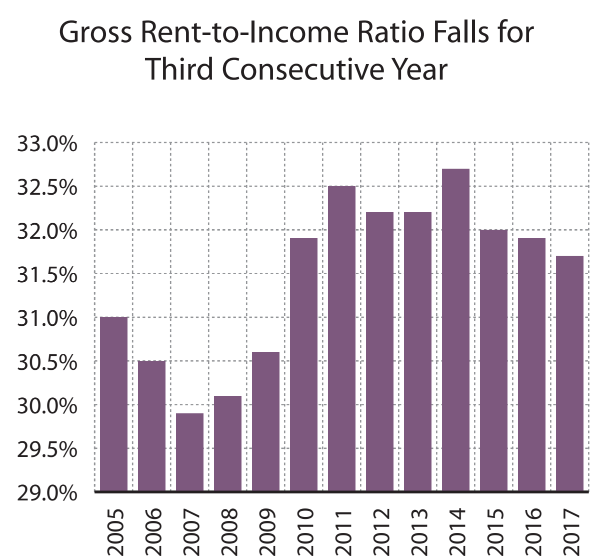
Other Measures of Income & Affordability

American Community Survey

In addition to the triennial *HVS*, the Census Bureau also publishes an annual study, the *American Community Survey (ACS)*. Unlike the *HVS*, the *ACS* cannot provide data specifically for rent stabilized tenants, but does provide in-depth data on rents and incomes for renters as a whole. According to the most recent survey, the *2017 ACS*, NYC's median gross rent-to-income ratio ranks 26th highest among 84 big cities (those with populations of at least 250,000).[26] At 31.7%, the median gross rent-to-income ratio in NYC fell 0.2 percentage points from 2016 levels (see graph below). By borough, rates ranged from a low of 27.3% in Manhattan, to 32.2% in Queens, 32.7% in Brooklyn, 33.4% in Staten Island, and 36.8% in the Bronx. This ratio fell in Queens, Manhattan, and Staten Island as compared to the prior year (by 1.0, 0.8, and 0.4 percentage points, respectively), while rising in both Brooklyn and the Bronx (by 0.4 and 1.9 percentage points, respectively).

The proportion of households Citywide paying 50% or more of their income towards gross rent fell

Gross Rent-to-Income Ratio, 2005-2017



Source: American Community Survey, 2005-2017 for the third consecutive year, decreasing from 29.3% to 28.4%. At the borough level, rates ranged from 21.3% of households paying at least 50% of their income towards gross rent in Manhattan, to 27.9% in Queens; 30.3% in Brooklyn; 32.5% in Staten Island; and 35.3% of households in the Bronx.

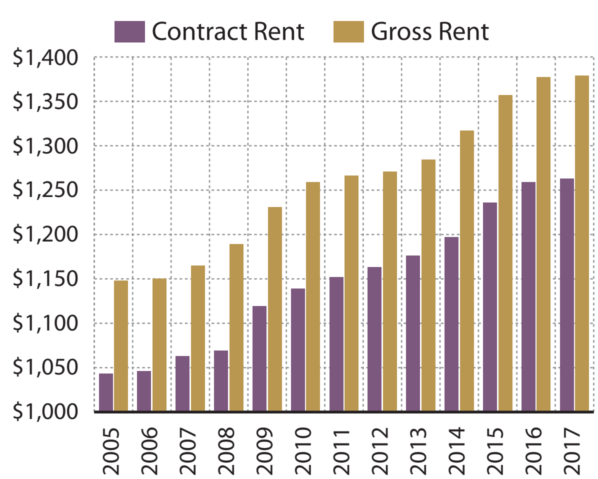
This survey also reports that the median contract rent in NYC was $1,263, and the median gross rent was $1,379 in 2017 (see graph below). Between 2016 and 2017, median monthly contract rents for all apartments in NYC increased an inflation-adjusted ("real") 0.3% and median gross rents increased by 0.1%. In nominal terms the increases were 2.3% and 2.1%, respectively. Inflation-adjusted gross rents rose by 1.3% in both Queens and Staten Island, and by 1.6% in the Bronx. However, they fell 0.2% in Brooklyn and 5.5% in Manhattan.

During 2017, median household income rose both nominally and in real terms, by 3.4% and 1.5% respectively, to $60,879. Unlike the previous year, median household income for owners rose by a greater proportion than that of renter households, rising by a "real" 4.0% and 1.0%, respectively. Since the inception of this survey in 2005, renter income has fluctuated in "real" 2017 dollars from a low of $41,073 in 2011 to a high of $47,116 in 2017.

Measuring income inequality, the survey also provides average household income for cities in quintiles. In NYC the top quintile (i.e., the average of the top 20% of household incomes) makes 28.61 times more than the lowest quintile (i.e., the lowest 20%), the sixth highest ratio among big cities, and an increase from 27.49 in 2016. While New York's income disparity ratio does rank near the top nationwide, it lags behind Philadelphia, with a ratio of 55.17, the highest disparity among big cities. Other major cities, such as Los Angeles (21.88), Houston (22.16), Chicago (23.88), and San Francisco (24.35), all have smaller differentials between income levels than NYC. Not including the aforementioned Philadelphia, the cities ranking higher than NYC are Washington, DC; Boston; Atlanta; and New Orleans, which have ratios ranging from between 28.91 and 31.88. The smallest disparity among big cities is in Santa Ana, California, with a ratio of 9.16. For the U.S. as a whole, the ratio is 16.59, a slight increase from the 16.54 ratio in 2016. While the ratio between the upper and lower quintiles was 28.61 for all of NYC, it was 43.70 in Manhattan, where the top quintile makes an

Rent in Constant 2017 Dollars, 2005-2017

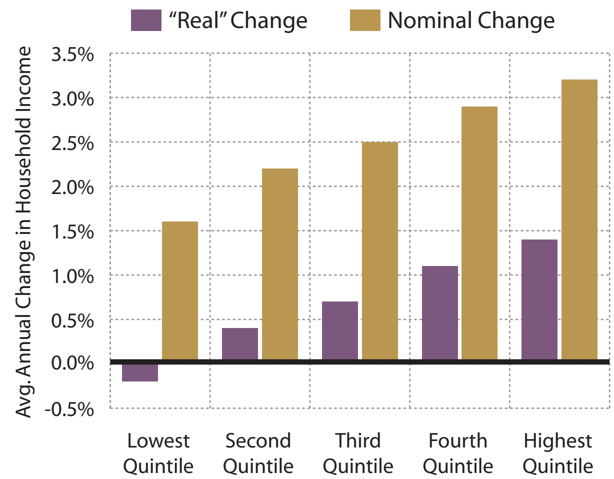
Inflation-Adjusted Contract and Gross Rents Climb Annually



Source: American Community Survey, 2005-2017

Average Annual Household Income Change by Quintiles, 2006-2017

Highest Quintiles Grow at a Faster Pace than Lowest Quintiles

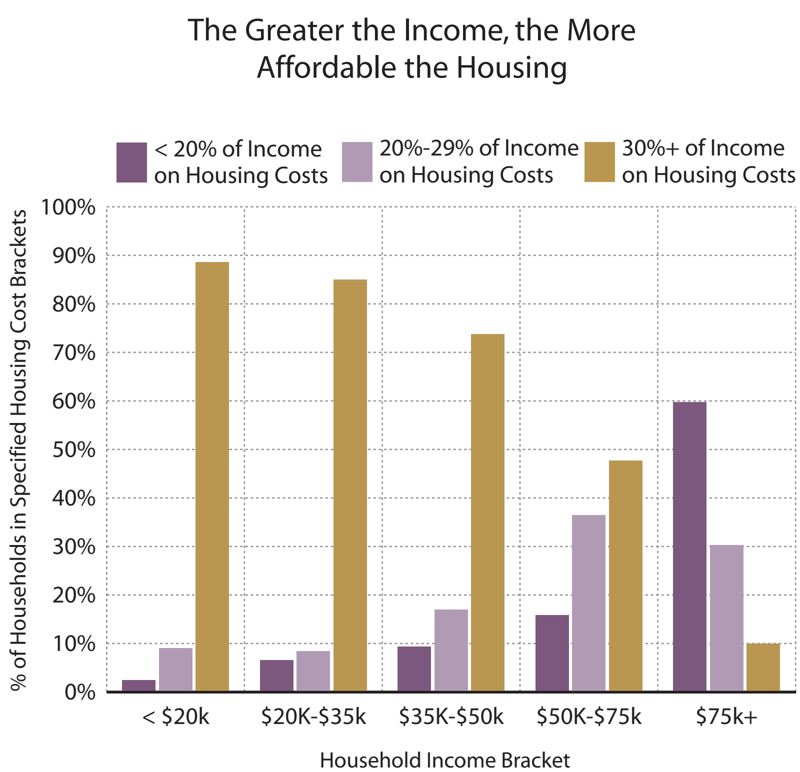


Source: American Community Survey, 2006-2017 average in excess of $460,000 more annually than the lowest quintile.

Looking at household income by quintiles can also provide an insight into how quickly or slowly income in each of the categories is growing over time. While not necessarily true in each individual year, over the time period of 2006-2017 (the earliest and latest time periods available for analysis), income grew at faster pace for those in the higher quintiles versus those in the lower quintiles. Point-to-point comparisons show that for the lowest quintile (the bottom 20% of income levels), household income fell 2.6% in inflation-adjusted ("real") terms, and rose by 18.5% in nominal terms from 2006 to 2017. For those households in the highest quintile (the top 20% of income levels), household income in 2017 rose 16.3% in real terms and 41.5% in nominal terms, as compared to 2006. Looking at the change in income on a year-to-year basis between 2006 and 2017, in real terms household income fell by an average of 0.2% each year for the lowest quintile and rose by an average of 1.4% annually for the highest quintile (see graph on the previous page).

Also reported is the percentage of income spent on monthly housing costs for different household income categories. Approximately 95% of all renters report both paying rent and earning income, and among those renters, 24% make less than $20,000 a year. For this lowest household income category, 88.6% spend at least 30% of their household income on housing costs and 2.4% spend less than 20%. As income levels increase, the proportion of renters who spend at least 30% of their household income on housing costs decreases, while the proportion paying less than 20% increases (see graph on this page). At the highest income category provided by the *ACS*, those households earning $75,000 or more (34% of all renters), 10.0% spend at least 30% of their income on housing costs, while 59.7% spend less than 20%.

Renter Housing Costs as a Percentage of Household Income, 2017



Source: American Community Survey, 2017

Consumer Price Index

One of the many prices tracked in the federal Consumer Price Index (CPI) is the cost of rental housing. While not specific to NYC (the local CPI area extends into the suburbs of the City), the CPI can provide a useful comparison of the rise of housing costs to those of other components of the price index.[27] For the 50-year period since the inception of rent stabilization (from 1968 to 2018) the cost of rental housing in the New York area rose 819% and overall prices rose more slowly, at 658%. Over this same time period, in the U.S. as a whole, rent and overall prices rose at roughly the same rate, by 637% and 622%, respectively.

In 2018, rental costs rose 2.0% in the NYC area, versus an overall increase in the CPI of 1.9%. This is lower than the 2017 rent increase of 2.5% and is the lowest proportional increase in the NYC area since 1966.

In the U.S. as a whole, rental costs rose at a faster pace than the NYC area, rising by 3.6% in 2018. Rental costs in the NYC metropolitan area rose more slowly than all of the seven cities selected for comparison, including San Francisco, where rents rose 5.3%, and Boston and Los Angeles, where rents rose by 4.9%.[28]

Section 8 Housing Availability

Following increased funding in 2007 to the Section 8 housing voucher program (which allows recipients to live in privately owned housing, paying 30% of their income towards rent), the NYC Housing Authority (NYCHA) opened the waiting list for the first time since 1994.[29] These expanded funding levels led to increases in the number of Section 8 occupied units funded by NYCHA (which increased from 82,801 in Fiscal Year (FY) 2007 to a high of 100,570 in FY 2010), as well as significant increases in the number of people placed through Section 8 vouchers during those years. The number of Section 8 apartments has since fallen, to 85,117 units (the most current data, as of the first four months of FY 2019, and a 0.4% increase from the same period of the prior year).[30] NYCHA also tracks the number of applicants newly placed through the program. Following three consecutive years of increase, placements fell in FY 2018, falling from 2,758 in FY 2017 to 1,735 in FY 2018. But placements rose in the first four months of FY 2019 as compared to the first four months of FY 2018, from 458 to 613. There are approximately 141,000 persons currently on the NYCHA Section 8 waiting list.

The NYC Department of Housing Preservation and Development (HPD) also maintains a Section 8 program, although as opposed to NYCHA, applicants must fall within specific HPD preference categories or special admission programs, and applications are not accepted from the general public.[31] As of December of 2018, HPD was funding 39,623 Section 8 vouchers, approximately the same number as the previous year. Over the last 10 years the number of HPD Section 8 vouchers has increased by nearly 8,000. Notably, 47.1% of HPD's Section 8 vouchers are utilized by tenants with disabilities. And among all HPD Section 8 rentals, the average tenant share of rent is $403, with an average income level of $17,263.[32]

Non-Government Sources of Affordability Data

Each year, Con Edison reports on the average cost of electricity bills for residential customers using 300kWh of electricity per month. Per their data, electricity costs rose 3.8% during 2018, following an increase of 0.7% during 2017.[33] New Yorkers pay some of the highest electricity bills in the nation, with the average cost per kWh in 2017 just less than two times that of the nation as a whole.[34]

Another measure of affordability is the Council for Community and Economic Research's Cost of Living Index (COLI), which tracks the cost of living in 270 urban areas, including Manhattan, Brooklyn, and Queens. Based on 60 different items, the survey collects more than 90,000 prices for housing, utilities, groceries, transportation, health care, and miscellaneous goods and services on a quarterly basis. During the first three quarters of 2018, the COLI found that Manhattan, Brooklyn, and Queens ranked as numbers one, four and nine, respectively, on the list of most expensive urban areas.[35] The study calculated that Manhattan was approximately 2.5 times as expensive to live in as the national average, while Brooklyn was approximately 1.8 times more expensive and Queens was 1.5 times as expensive. Per the study, overall housing costs rose in both Manhattan and Brooklyn during 2018, by 6.1% and 0.4%, respectively (comparison data for Queens was not available for 2017). The subcategory of apartment rents showed a steeper rise than overall housing costs, with increases of 7.2% in Manhattan, and 10.6% in Brooklyn. Overall prices were found to have risen 4.5% in Manhattan and 0.1% in Brooklyn.[36]

Another quarterly index, the Housing Opportunity Index (HOI), showed that during the fourth quarter of 2018 the New York metropolitan area was the twenty-third least affordable area (of 237 HUD-defined metro areas) to buy a home, compared to twentieth in the fourth quarter of 2017. The survey found that 29.9% of owner-occupied housing in the metropolitan area was affordable to households earning the median household income in the fourth quarter of 2018, down from 32.7% in the fourth quarter of 2017. Over the last ten years, the survey's quarterly data found that anywhere from 19.2% (in the third quarter of 2009) to 38.7% (in the first quarter of 2017) of owner-occupied homes were affordable to buyers earning the median household income. Over this same time period, the metropolitan area's affordability ranking ranged anywhere from least affordable (in 15 of the 40 quarters of the last ten years) to a high of twenty-fourth least affordable (in the first quarter of 2018).[37]

Every year the National Low Income Housing Coalition (NLIHC) issues a study to determine whether rents are affordable to the lowest wage earners. The 2019 study has not been released as of the publication of this report, but in line with their methodology,[38] in order to afford a two-bedroom apartment at the City's Fair Market Rent, ($1,831 a month, as determined by HUD[39]) a full-time worker must earn $35.21 per hour, or $73,240 a year. Alternately, those who earn minimum wage would have to work 94-104 hours a week (or two persons would each have to work 47-52 hours a week) to be able to afford a two-bedroom unit priced at Fair Market Rent. Because the Fair Market Rent rose by $42, the amount of annual wages necessary to afford this apartment went up by 2.3%. However, the minimum wage increased by $1.50-$2.00 an hour in 2019 (depending on the size of the employer), meaning the number of hours working at minimum wage in order to afford this apartment went down by 9.0%-11.3%. Over the last ten years the number of hours working at minimum wage needed to afford a two-bedroom apartment at the current Fair Market Rent has ranged from a high of 156 in 2013, to a low of 94-104 in 2019.

The Community Service Society's "The Unheard Third 2017" interviewed 1,132 "low-income" residents (those making up to 200% of the federal poverty level (FPL)) in the summer of 2017.[40] The survey found that 27% of low-income residents (under the age of 65) had fallen behind on their rent or mortgage in the past year. In addition, among a subset of "poor" respondents (just over half of the sample of low-income respondents, making at or below 100% of the FPL), 28% of those under the age of 65 had fallen behind on their rent or mortgage, while only 7% of those 65 and over had. In addition, 43% of the low-income sample group reported that they had less than $500 in savings, while 23% of the group that makes above 200% of the FPL (a sample size of 629 respondents), reports the same. Among a subset of low-income rent stabilized renters, 37% reported that being able to afford their rent was very serious or somewhat serious problem, down from 50% that reported the same during 2015. Among low-income unregulated tenants, this proportion fell from 50% in 2015 to 48% in 2017. In addition, approximately 50% of low-income renters in the survey report that they would not be able to afford a $25 a month increase in rent.

Real Property Tax Credit

For the fifth consecutive year, a tax credit for NYC renters, the "Enhanced Real Property Tax Credit for Homeowners and Renters," offers a maximum tax credit of $500 to NYC residents with federally adjusted household incomes of less than $200,000 a year.[41] The amount of this credit depends on both income level and the amount of rent paid. For instance, a tenant with a household income of $50,000 a year, who pays $1,250 in rent (30% of their income), would receive a tax credit of $16.31. But a tenant making $50,000 a year and paying $2,083 in rent (50% of their income), would receive a credit of $87.19. A higher income household, earning $100,000 a year, would need a rent in excess of $2,646 (31.7% of their income) before they could receive any tax credit.[42]

New York State (NYS) offers a similar tax credit for renters, the "Real Property Tax Credit," but with filing limitations much more stringent than that for NYC.[43] To apply for the NYS credit, renters must have a federally adjusted gross income of $18,000 or less and adjusted rent of $450 or less a month (a tenant's actual rent is adjusted downward based on amenities such as heat, gas, electricity and/or furnishings provided by the owner of the property at no cost). Credits range from $86-$375 when at least one household member is 65 or older, to $41-$75 when no seniors are present. The amount of the credit is dependent on both the income levels and the amount of rent, with the largest credits for households making less than $1,000 a year, with rents at or near the upper limit of $450 a month.

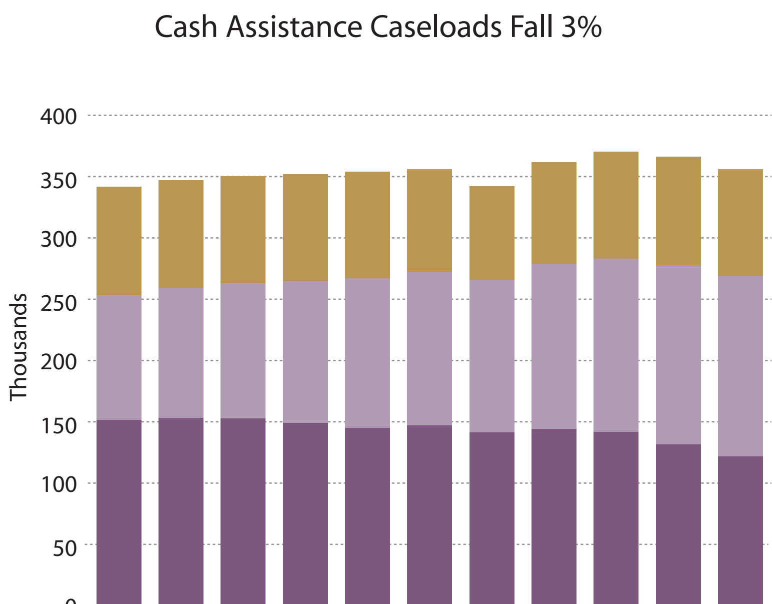
Cash Assistance & Benefit Programs

New York State funds two cash assistance programs — the Family Assistance program and the Safety Net Assistance program, each of which provides cash payments to eligible participants to help pay for living expenses such as food, transportation, housing, and utilities.[44] For just the third time in the past ten years, (and the second consecutive year) the average number of cash assistance cases in NYC decreased, falling by 2.8% in 2018 to reach 356,130 cases.[45] This follows a decrease of 1.1% in the prior year (see graph below). Also reported by the NYC Human Resources Administration is the number of unduplicated recipients of cash assistance during 2018. Over the course of the year, a total of 593,821 persons received a cash assistance payment, a decrease of 0.5%. This figure includes 111,587 cases of emergency grants, a 9.0% increase from 2017. One-time emergency grants (known as "one shots") can help pay for expenses like rent arrears.[46] And despite rates increasing in all but three years since 2008, over the last two plus decades the number of cash assistance recipients has dropped significantly, falling 70.2% since March 1995, when the City's welfare reform initiative began and 1,161,000 recipients were on the rolls.

The number of applications for cash assistance also fell in 2018, decreasing 1.9% over 2017 levels, including a decrease of 3.3% in approved applications, but a 0.5% increase in denied applications.[47] At the same time, the number of reported job placements among cash assistance recipients increased during 2018, rising by 0.9%, or 359 jobs (to 40,496), after falling by more than 7,000 jobs in the prior year.[48]

Other benefit programs include the Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps) and Medicaid. The number of recipients of SNAP decreased for the fifth consecutive year, by 3.6% in 2018, to an average of 1.61 million. Despite this drop, SNAP levels have more than doubled in recent years, rising from an average of just over 800,000 in the early 2000s, to more than 1.6 million today.[49] The number of Medicaid enrollees also fell for the fifth consecutive year, decreasing 7.8% during 2018, to 1.72 million recipients.[50]

Cash Assistance Programs, 2008-2018, in Thousands



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
FAP	151.7	153.3	152.8	148.9	145.2	147.0	141.3	144.2	141.8	131.4	121.6
SNA	101.4	105.5	109.9	116.1	121.9	125.5	124.0	134.2	140.9	146.3	147.0
FAP-SNA	88.6	88.1	87.7	86.7	86.9	83.6	77.0	83.5	87.7	88.7	87.5

Source: NYC Human Resources Administration
Note: FAP-SNA refers to welfare recipients who were converted from the Family Assistance Program (FAP) to the Safety Net Assistance Program (SNA)

Housing Policy

NYC receives funding for a variety of housing programs from the U.S. Department of Housing and Urban Development (HUD). NYC was granted $931.3 million from federally funded programs in FY 2018.[51] These programs include $166.6 million in a Community Development Block Grant (CDBG), which funds housing and community development programs; $75.5 million for the HOME Investment Partnership Program, which helps preserve existing housing stock; $13.5 million for the Emergency Shelter Grant (ESG) program, which is used for homeless programs; $44.2 million for Housing Opportunities for Persons with AIDS (HOPWA); and a competitive HUD Continuum of Care (CoC) grant of $107.9 million for homeless programs. NYCHA will also receive $523.5 million for its capital modernization program.

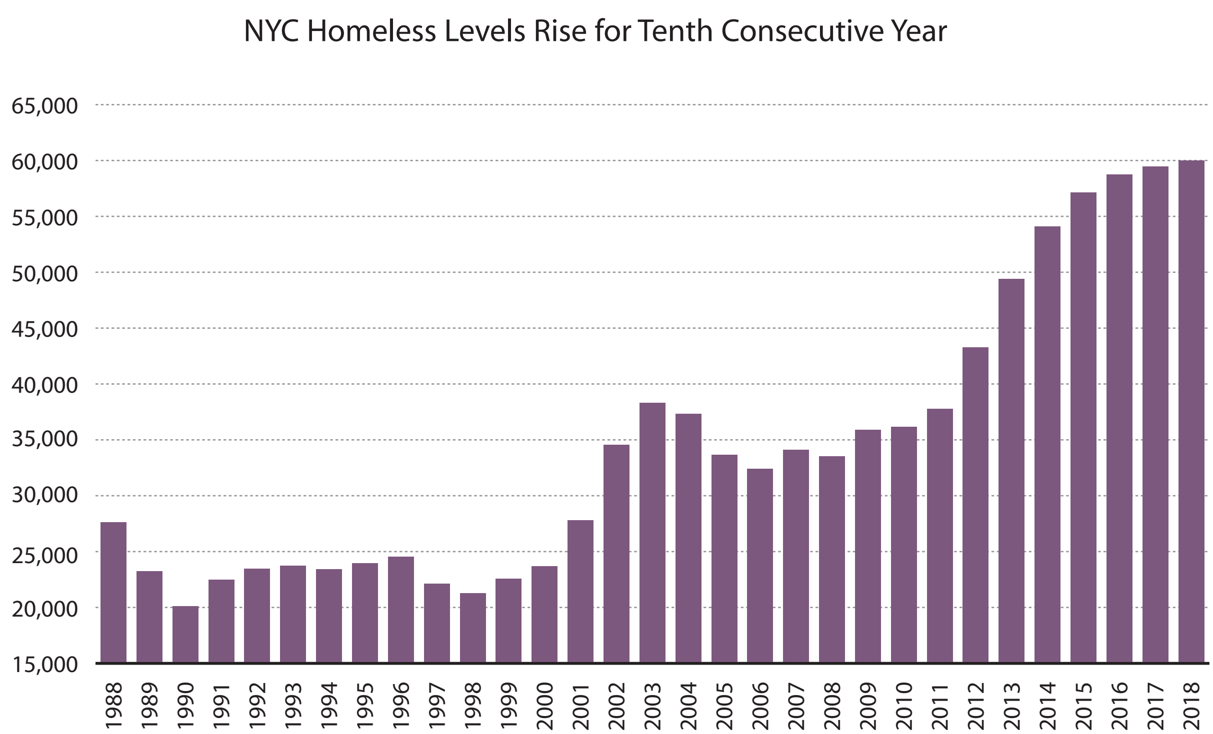
As compared to FY 2017, federal funding in FY 2018 increased by 30.2% in nominal terms and 27.9% in inflation-adjusted ("real") terms. The largest source of funding, for NYCHA capital projects, rose by 48.4% in real terms. The increase in NYCHA funding was the greatest proportional increase over the year, while the greatest proportional decrease was in Emergency Shelter Grant funding, which declined by 1.8% in real terms. Overall federal funding, not including that for NYCHA capital projects, rose by a real 8.6%.

Homelessness & Housing Court

Homelessness

Homelessness in the City, based on data from the NYC Department of Homeless Services (DHS), increased for the tenth consecutive year during 2018, rising by 0.9%.[52] Each night, an average of 60,028 persons stayed in DHS shelters during 2018, up 562 persons from a year earlier, and up considerably from the average of 20,000-25,000 found in the 1990s (see graph below and Appendix E.7). However, the subcategory of the number of families sheltered each day fell, by an average of 0.9%.[53] The figure for families includes the number of families with children sheltered each night, which fell 0.9% during 2018 (to reach an average of 12,573), and the number of adult families sheltered each night, which decreased 1.2%

Average Nightly Homeless Shelter Census, NYC, 1988-2018



Source: NYC Department of Homeless Services over the year (to an average of 2,471). The increase in overall homelessness is due to a rise in the number of single adults sheltered, increasing 9.9% during 2018, to an average of 15,470 persons.

The average number of homeless staying in DHS shelters increased at a roughly even pace throughout 2018. Levels rose 0.9% in both the first and third quarters, with increases of 1.1% in the second quarter and 1.0% in the fourth quarter, all as compared to the same quarters of the previous year. On a monthly basis, the greatest increase was seen in April of 2018, when 844 more persons stayed in City shelters than the previous April, an increase of 1.4%.

Permanent housing placements for families with children increased during 2018, rising from 8,612 to 8,873, a 3.0% increase. Placements also rose for single adults, increasing from 7,687 placements in 2017 to 8,666 in 2018, an increase of 12.7%. For adult families, placements fell from 537 in 2017 to 492 in 2018, an 8.4% decline.

Other homeless indicators include the average amount of time spent in temporary housing, which increased for all categories of shelter residents. In 2018, for families with children, the average amount of time spent in temporary housing rose 16 days (to 443 days), with increases of nine days for single adults (to 405 days), and 19 days for adult families (to 570 days).

DHS also reports the number of homeless persons placed in permanent housing who return to the shelter system within one year. In 2018, 8.1% of families with children returned to DHS shelters within one year (down from 8.5% the prior year); 7.3% of adult families returned (down from 8.5% in the prior year); and 17.7% of single adults returned (up from 16.3% in the prior year). The vast majority of those who returned to the shelter system were initially placed in unsubsidized housing.[54]

Data from the U.S. Department of Housing and Urban Development, which asks municipalities to submit homeless counts on a single day in January of each year, show that NYC has the largest number of homeless people of any city in the nation. NYC reported a total of 78,676 sheltered and unsheltered persons in January of 2018, followed by Los Angeles, with 49,955 persons, and Seattle, with 12,112. Per this report, in NYC homeless levels rose 2.8% from January 2017 to January 2018, while nationally levels fell by 0.2%.[55]

In February of 2017, the de Blasio Administration released "Turning the Tide of Homelessness in New York City," detailing a comprehensive plan to combat the rise in homelessness, including efforts already underway.[56] In part, the report detailed plans to end the use of cluster units (individual apartments in buildings that usually have rent-paying tenants in other apartments, with limited or no social services on site) and commercial hotels to house homeless persons. Plans call these types of accommodations, which house approximately 30% of the homeless population, to be replaced with 90 new shelters by 2022, in addition to the conversion of some cluster units into permanent housing. In December of 2017, the Administration further detailed its plans to acquire and rehabilitate cluster site buildings and convert them into permanent affordable housing through long-term regulatory agreements between the owners and HPD.[57] When voluntary negotiations are unsuccessful, the City may employ eminent domain to take ownership of buildings with a large number of cluster units. In December of 2018, the Administration announced that the first phase of this initiative was nearly complete, with agreements to convert 17 cluster buildings (containing a total of 468 units of housing) into permanent housing for the homeless families already living there. Homeless families already sheltering in these units will be offered rental assistance, services and support to help them learn to live independently, and rent stabilized leases. Any non-homeless tenants living in these buildings will be allowed to remain in place, with rent stabilized leases.[58]

Another facet of the City's effort to reduce homelessness went into effect on October 29, 2018.[59] The City has now consolidated and streamlined seven different rental initiatives into one, the City Fighting Homelessness & Eviction Prevention Supplement (CityFHEPS). The program aims to help both those in shelter and those facing eviction to find, or keep, permanent housing.[60] To be eligible, households much have a gross income at or below 200% of the federal poverty level and meet certain other criteria. Those wishing to apply for rental assistance must apply in person at one of more than 20 offices across NYC. The program will provide a rent supplement of up to $1,047 for SRO housing, $800 for a single room in an apartment, or between $1,246 and $2,600 for an apartment, depending on household size.[61]

Housing Court

For the seventh consecutive year, non-payment filings in Housing Court decreased, falling 4.7%, to 191,893.[62] Non-payment cases resulting in an actual court appearance ("calendared") also decreased, by 10.5%. Because the number of calendared cases fell at a greater pace than the number of filings fell, the proportion of non-payment cases which resulted in an appearance fell by 3.5 percentage points, to 53.6%. For comparison, during the mid-to-late 1980s, an average of 27.1% of non-payment filings were calendared. (See graph on this page and Appendix E.6.)

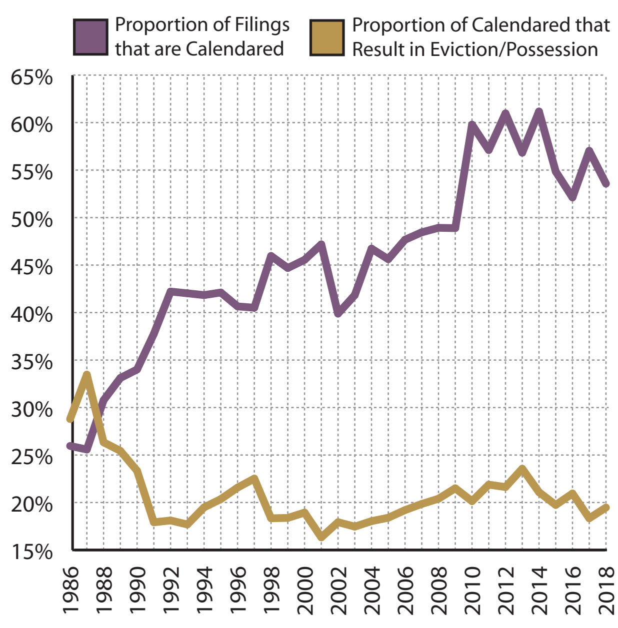
Approximately 18% of non-payment filings and 25% of calendared cases in 2018 were against tenants of public housing (NYCHA). If these cases were taken out of the analysis, filings against non-NYCHA tenants would have fallen 2.4% between 2017 and 2018, and calendared cases would have fallen by 16.7%. The percentage of calendared cases to non-payment filings in 2018 among non-NYCHA tenants is 49.0%, 4.5 percentage points lower than the overall proportion.

Evictions of tenants also fell during 2018, by 5.0%, following a decrease of 4.6% in the prior year, and an increase of 0.5% in 2016.[63] Evictions are down 30.6% over 2013 levels. This is also the fewest number of evictions since at least 1983 (the first year data is available for). The proportion of non-payment proceedings Citywide that resulted in an eviction/possession ruling in 2018 increased from 18.3% to 19.5%. This translates to 20,013 court decisions ruling for the tenant's eviction from a total of 102,789 non-payment proceedings calendared (see graph on this page).

In August of 2017, a City bill granting all households under 200% of the federal poverty level eligibility for free legal representation in Housing Court was signed into law. An additional $93 million will be added to programs in place since 2014, for a total funding level of $155 million a year by FY 2022.[64] It is estimated that the number of tenants in Housing Court with legal representation has risen from 1% in 2013 to 30% in 2018.[65] The NYC Human Resources Administration reports that the number of cases in Housing Court that received legal representation in FY 2018 rose 50.6% over FY 2017 levels (to reach 25,156) and during the first four months of FY 2019 there was an 11.0% rise as compared to the same period of the previous year (to reach 8,899 cases).[66] The program also now helps represent NYCHA tenants during administrative hearings brought by that agency to end a resident's tenancy.[67]

Housing Court Statistics, 1986-2018

Proportion of Non-Payment Cases Calendared Falls and Proportion of Evictions* Rises



** See Endnote 1*

Source: Civil Court of NYC and NYC Department of Investigations

Summary

In 2018, most economic indicators for NYC were positive, including rising employment levels, declining unemployment, increased Gross City Product, and a slowing of Housing Court non-payment filings, evictions, public assistance caseloads, and SNAP recipients. However, homelessness continues to increase, the vacancy rate remains low, and personal bankruptcy filings increased for the third straight year.

Looking forward, both the Office of the NYC Comptroller and the NYC Office of Management and Budget have made predictions about the future health of the NYC economy. Among the predictions, they estimate that in 2019 the City will gain anywhere between 54,800 and 60,600 jobs, unemployment will rise to 4.2%, GCP growth will potentially grow anywhere from 1.9% to 2.6%, and wages will rise from 2.7% to 2.9%. They also see the economy as strong, but slowing, during the next few years, with increasing unemployment rates (to as high as 5.7% in 2023), more moderate job gains and GCP growth, and slowing wage rate growth.[68] ❐

Endnotes

1. In July of 2019, the NYC Department of Investigation modified 2018 evictions to reflect updated filings from two marshalls who had provided incomplete reports. As a result, the number of evictions in 2018 rose from 18,152 (as reported in the *2019 I&A*, published in April of 2019) to 20,103 and the decrease in the number of evictions from 2017 to 2018 rose from 13.9% to 5.0%.

2. See Endnote 1.

3. This data is obtained from the Civil Court of the City of New York, which cannot provide exact "quarterly" data. The Court has 13 terms in a year, each a little less than a month long. This data is for terms 10-13, which is from approximately the middle of September through the end of the year. It is compared to the same period of the prior year.

4. See Endnote 3.

5. Data from the Office of the NYC Comptroller as of March, 2019. GCP figures are adjusted annually by the Office of the NYC Comptroller. The figures in this report are the latest available estimate from that office, based on inflation-adjusted 2012 chained dollars.

6. U.S. Bureau of Economic Analysis. https://www.bea.gov/data/gdp/gross-domestic-product; Accessed March, 2019.

7. U.S. Bureau of Labor Statistics; http://www.bls.gov; Accessed February, 2019.

8. NYS Department of Labor; http://www.labor.state.ny.us; Accessed March 2019. Data is revised annually and may not match data reported in prior years.

9. U.S. Bureau of Labor Statistics; http://www.bls.gov; Accessed March, 2019.

10. U.S. Bureau of Labor Statistics; http://www.bls.gov; Accessed March, 2019.

11. New York State Department of Labor; http://www.labor.state.ny.us; Accessed March 2019. Data is revised annually and may not match data reported in prior years.

12. The NYC labor force participation rate and employment/population ratio are derived from unpublished data from the U.S. Bureau of Labor Statistics, obtained from the Office of the NYC Comptroller. Note that prior years' data are annually revised, and may differ from figures reported in prior years' *Income and Affordability Studies*.

13. U.S. Bureau of Labor Statistics; http://www.bls.gov; Accessed March, 2019.

14. New York State Department of Labor; http://www.labor.state.ny.us; Accessed March 2019.

15. U.S. Bureau of Labor Statistics; http://www.bls.gov; Accessed March, 2019.

16. Administrative Office of the U.S. Courts; https://www.uscourts.gov/statistics-reports/caseload-statistics-data-tables; Accessed March, 2019.

17. Poverty statistics were researched on the U.S. Census Bureau's Factfinder Site: http://factfinder2.census.gov in February of 2019. The U.S. Census Bureau reports that in 2017 the weighted average poverty threshold for a one-person household is $12,488; $15,877 for a two-person household; $19,515 for a three-person household; $25,094 for a four-person household; $29,714 for a five-person household; $33,618 for a six-person household; $38,173 for a seven-person household; $42,684 for an eight-person household; and $50,681 for a nine-person or more household.

18. U.S. Census Bureau; https://www.census.gov/newsroom/blogs/random-samplings/2017/09/what_is_the_suppleme.html.

19. "New York City Government Poverty Measure, 2005-2016." April, 2018. NYC Center for Economic Opportunity. Note that the CEO poverty rates are adjusted periodically and may not match figures found in prior reports.

20. The *New York City Housing and Vacancy Survey (HVS)* is sponsored by the NYC Department of Housing Preservation and Development (HPD) and conducted by the U.S. Census Bureau. All HVS data reported herein, with the exception of the gross rent-to-income ratio excluding Section 8 tenants and the estimated out of pocket rent-to-income ratio, is from "Selected Initial Findings of the 2017 New York City Housing and Vacancy Survey," prepared by HPD.

21. The HUD benchmark for housing affordability is a 30% rent-to-income ratio. Source: Basic Laws on Housing and Community Development, Subcommittee on Housing and Community Development of the Committee on Banking Finance and Urban Affairs, revised through December 31, 1994, Section 3.(a)(2).

22. Total household income in the HVS includes wages, salaries, and tips; self-employment income; interest dividends; pensions; and other transfers and in-kind payments.

23. Private non-regulated units consist of units which were never rent controlled or rent stabilized; units which were decontrolled; and unregulated rentals in cooperatives or condominium buildings.

24. There were 65,223 units which did not report a cash rent because they were being occupied rent-free.

25. State law requires the City to formally extend rent stabilization every three years, after publication of vacancy rates from the triennial *Housing and Vacancy Survey*. NYC Introductory Number 0600-2018 extends rent stabilization until April 1, 2021.

26. 2017 American Community Survey, U.S. Census Bureau. http://factfinder2.census.gov. American Community Survey data does not specifically identify rent stabilized units.

27. U.S. Bureau of Labor Statistics; http://www.bls.gov; Accessed February, 2019.

28. The seven cities selected for comparison are Philadelphia, San Francisco,

Boston, Chicago, Atlanta, Los Angeles, and Washington, D.C. Rent increases in these cities ranged from 2.3%-5.3%.

29. Press Release, Mayor's Office. "Mayor Bloomberg and NYCHA Chairman Hernandez Announce that Section 8 Voucher List Will Open For First Time in Twelve Years," January 29, 2007.

30. Preliminary FY 2019 Mayor's Management Report, NYC Housing Authority section. The City's FY runs from July 1 through June 30 of each year.

31. Eligibility guidelines via the NYC Housing Preservation and Development website: http://www1.nyc.gov/site/hpd/section-8/applicants-eligibility.page.

32. Division of Tenant Resources Section 8 General Program Indicators, HPD website: http://www1.nyc.gov/assets/hpd/downloads/pdf/hpd-section-8-program-statistics.pdf. December 10, 2018.

33. "CECONY Average Monthly NYC Residential Bills 300 kWh." Con Edison website at http://www.coned.com/rates.

34. U.S. Energy Information Administration: Electric Sales, Revenue, and Average Price (2017 Tables T6 and T5.a). http://www.eia.gov/electricity/sales_revenue_price/.

35. "2018 Annual Average Cost of Living Index Release." The Council for Community and Economic Research. http://www.coli.org/media.

36. ACCRA cost of living report. The Council for Community and Economic Research. https://store.coli.org/compare.asp.

37. National Association of Home Builders. Various tables on website: http://www.nahb.org/en/research/housing-economics/housing-indexes/housing-opportunity-index.aspx; Accessed March 2019. Affordability defined as no more than 28% of gross income spent on housing costs.

38. The methodology that the National Low Income Housing Coalition uses is at: http://nlihc.org/sites/default/files/oor/OOR_2018.pdf.

39. Fair Market Rents are published annually by the U.S. Department of Housing and Urban Development. http://www.huduser.org/datasets/fmr.html.

40. "Tenants at the Edge (April, 2018)" and "Upward Mobility (August 2018)." The Unheard Third 2017. Community Service Society.

41. New York State Department of Taxation and Finance Form NYC-208 (2018).

42. Calculations based on New York State Department of Taxation and Finance Form NYC-208 (2018).

43. New York State Department of Taxation and Finance Form IT-214 (2018).

44. Cash assistance programs in New York State include the Family Assistance program and the Safety Net Assistance program: https://www.nycbar.org/get-legal-help/article/public-benefits/new-york-state-cash-assistance-program/.

45. NYC Human Resources Administration. HRA Charts (Cash Assistance Recipients): http://www1.nyc.gov/site/hra/about/facts.page#charts.

46. NYC Human Resources Administration. HRA Monthly Fact Sheets (December 2018): http://www1.nyc.gov/site/hra/about/facts.page#caseloads.

47. Data directly from the NYS Office of Temporary and Disability Assistance, March, 2019.

48. NYC Human Resources Administration. HRA Charts (Assisted Entries to Employment): http://www1.nyc.gov/site/hra/about/facts.page#charts.

49. NYC Human Resources Administration. HRA Charts (SNAP Recipients): http://www1.nyc.gov/site/hra/about/facts.page#charts.

50. NYC Human Resources Administration. HRA Charts (HRA Administered Medicaid Enrollees): http://www1.nyc.gov/site/hra/about/facts.page#charts.

51. U.S. Department of Housing and Urban Development.

52. Data from the Policy & Planning Office of the NYC Department of Homeless Services (DHS), DHS daily reports, DHS Data Dashboard Tables, and monthly Citywide Performance Reporting reports. Note that in addition, the NYC Department of Housing Preservation and Development, the NYC Department of Youth and Community Development, and the NYC Human Resources Administration also operate emergency shelters, which house approximately 5,000 persons per night, which is not included in the totals presented in this report.

53. The NYC Department of Homeless Services (DHS) splits families into two groups – families with children and adult families (generally spouses and domestic partners). Approximately 84% of "families" in 2018 are families with children.

54. Based on data from annual Mayor's Management Reports.

55. "The 2018 Annual Homeless Assessment Report (AHAR) to Congress: Part 1, Point-in-Time Estimates of Homelessness." U.S. Department of Housing and Urban Development, December 2018.

56. "Turning the Tide of Homelessness in New York City," Mayor's Office, February, 2017.

57. Press Release, Mayor's Office. "New Tool to Combat Homelessness: Mayor de Blasio Moves to Convert Cluster Buildings Into Permanent Affordable Housing for Homeless Families." December 12, 2017.

58. Press Release, Mayor's Office. "Affordable Homes for Homeless Families: City Advances Plan to Convert Cluster Units to Permanent Housing." December 4, 2018.

59. "Notice of Adoption of Amendment to Title 68 of the Rules of the City of New York to Add a New Chapter 10 Establishing the City Fighting Homelessness and Eviction Prevention Supplement (CityFHEPS) Program."

60. Press Release, NYC Department of Homeless Services. "City Proposes Single Unified Rental Assistance Program to Streamline and Simplify Rehousing Process" July 18, 2018.

61. CityFHEPS Frequently Asked Questions: https://www1.nyc.gov/site/hra/help/cityfheps.page.

62. Civil Court of the City of New York data.

63. Eviction data from the NYC Department of Investigation, Bureau of Auditors data. See Endnote 1 for an explanation of updated figures.

64. Press Release, Mayor's Office. "Mayor de Blasio Signs Legislation to Provide Low-Income New Yorkers with Access to Counsel for Wrongful Evictions." August 11, 2017.

65. Press Release, Mayor's Office. "Mayor de Blasio: Record-breaking 37% Decrease in Evictions Citywide." February 4, 2019.

66. Preliminary FY 2019 Mayor's Management Report, NYC Human Resources Administration section.

67. See Endnote 64.

68. "Comments on New York City's Preliminary Budget for FY 2020 and Financial Plan for Fiscal Years 2019-2023." Office of the NYC Comptroller. March 6, 2019.

Housing Supply

New York City Rent Guidelines Board

2019 Housing Supply Report

What's New

- ☑ Permits for 20,910 new dwelling units were issued in NYC in 2018, a 5.5% decrease from the prior year.
- ☑ The number of new housing units completed in 2018 increased 4.5% over the prior year, to 26,992.
- ☑ City-sponsored programs spurred 32,203 new housing starts in FY 2018, 29% of which were newly constructed units.
- ☑ The number of housing units newly receiving 421-a exemptions increased 36.0% in 2018, to 28,292.
- ☑ The number of "Certificates of No Harassment," which allow for the conversion of SRO housing, decreased by 9.8%, to 83.
- ☑ There was a 29.0% increase in the number of co-op or condo units accepted in 2018, to 10,784 units contained in 289 plans.
- ☑ The number of housing units newly receiving J-51 abatements and exemptions increased 30.3% in 2018, to 29,815.
- ☑ Demolitions were up in 2018, increasing by 9.6%, to 1,888 buildings.

Introduction

Section 26-510(b) of the Rent Stabilization Law requires the Rent Guidelines Board (RGB) to consider the "over-all supply of housing accommodations and over-all vacancy rates" and "such other data as may be made available to it." To assist the Board in meeting this obligation, the RGB research staff produces an annual *Housing Supply Report*, which reports on current conditions in the housing market, including vacancy and overcrowding rates, new housing production, co-op and condo conversions, demolitions, housing created through tax incentives, and government-sponsored housing starts.

Overview

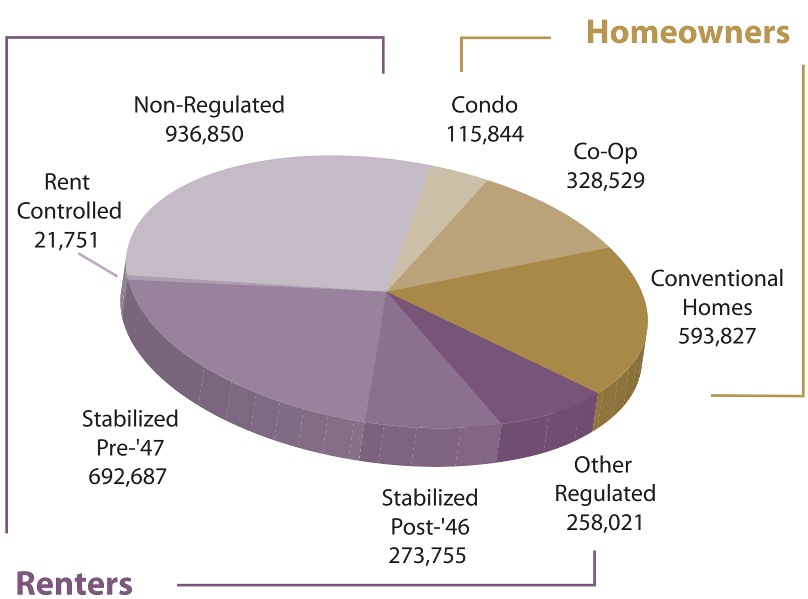
Between 2017 and 2018 there was a 5.5% decrease in the number of permits issued for new housing units, falling to 20,910. The number of completed housing units rose during 2018, increasing 4.5% to 26,992 units. Following five consecutive years of decrease, the number of units newly receiving 421-a benefits rose for the second consecutive year, increasing 36.0% from 2017 levels. The number of units newly accepted in co-op and condo plans rose by 29.0%, with the number of plans rising by 3.6%. Rehabilitation of housing units under the J-51 tax abatement and exemption program also rose during 2018, up 30.3%. The number of demolitions rose by 9.6% during 2018. As of 2017, a tight housing market also remains in New York City (NYC), with a Citywide rental vacancy rate of 3.63% and 11.5% of all rental housing considered overcrowded.

New York City's Housing Inventory

Most New Yorkers live in multi-family rental housing rather than owning homes. According to the *2017 Housing and Vacancy Survey (HVS)*,[1] rental units comprise 62.9% of NYC's available housing stock, a far greater share than the nationwide average of 36.1%.[2] NYC in 2017 had a total of 3,469,240

Number of Renter and Owner Units

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



Source: U.S. Bureau of the Census, 2017 New York City Housing and Vacancy Survey
Note: Above figures exclude 247,977 vacant units that are not available for sale or rent.

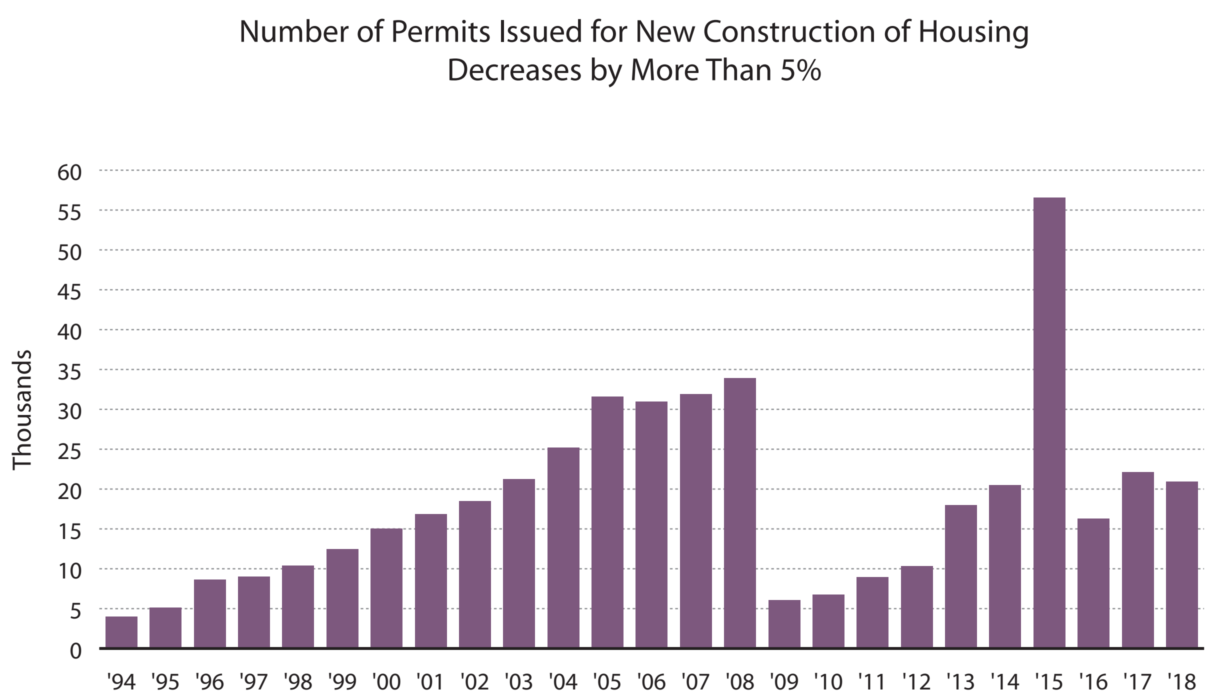
housing units, the largest housing stock since the first *HVS* was conducted in 1965. NYC's housing is not only distinguished by the size of its rental housing stock, but unlike most cities, the bulk of rental units are rent regulated. Of the 2,183,064 occupied and vacant rental units reported in the most recent *HVS*, 42.9% were unregulated, or "free market." The remaining units were rent regulated, including pre-war (pre-47) rent stabilized (31.7%), post-war (post-46) rent stabilized (12.5%), rent controlled (1.0%), or regulated under various other[3] types of programs (11.8%). (See pie chart on the previous page.)

The *HVS* also indicated that NYC's housing market remains tight, finding a Citywide rental vacancy rate of 3.63% in 2017, below the 5% threshold required for rent regulation to continue under State law. This translates into the availability of just 79,190 vacant units out of almost 2.2 million rental units Citywide. The vacancy rate ranged from a low of 2.71% in the Bronx to a high of 4.73% in Manhattan. The Brooklyn vacancy rate was 3.28%, and the Queens rate was 3.50%. The sample size in Staten Island was too small to permit calculation of an accurate vacancy rate.[4]

Vacancy rates also varied by rent regulation status. Both post-war and pre-war stabilized units had low vacancy rates, at 1.21% and 2.40%, respectively. Stabilized vacancy rates on the whole were 2.06%, while private, non-regulated units were vacant at a 6.07% rate.

The frequency of crowding also varied by rent regulation status. Overall, 11.5% of all rental housing in NYC in 2017 was overcrowded (defined as more than one person per room, on average) and 4.5% was severely overcrowded (defined as an average of more than 1.5 persons per room). Post-war stabilized housing was more crowded than pre-war, with 13.4% of units overcrowded and 6.6% severely overcrowded, while 12.9% of pre-war units were overcrowded, and 5.1% were severely overcrowded. Overall, 13.1% of rent stabilized housing was overcrowded and 5.5% was severely overcrowded. By comparison, in non-regulated

Units Issued New Housing Permits, 1994-2018, in Thousands



Source: U.S. Bureau of the Census, Manufacturing and Construction Division Building Permits Branch housing, 11.3% was overcrowded and 4.2% was severely overcrowded.

Changes in the Housing Inventory

Housing supply grows, contracts, and changes in a variety of ways — new construction, substantial rehabilitation, conversion from rental housing to owner housing, and conversion from non-residential buildings into residential use.

Housing Permits

The number of permits authorized for new construction is a measure of how many new housing units will be completed and ready for occupancy, typically within three years, depending on the type of housing structure. In 2018, permits newly issued for housing units fell for just the third time in the past ten years. Following an increase of 36.0% in 2017 (to 22,131 units), permits were issued in 2018 for 20,910 units of new housing, a decrease of 5.5% from 2017.[5] (See graph on the previous page.)

Permits fell by double digits in every borough except Brooklyn, where they rose 37.8%, to 8,445 units. Permits in the Bronx fell by the greatest proportion, decreasing 31.5%, to 3,698 units. Newly issued permits also fell in Manhattan, by 25.5% (to 3,584 units); in Staten Island, by 11.5% (to 606 units); and by 10.3% in Queens (to 4,577 units). (See Appendix F.1 and the map on this page.)

Permits for new housing units fell despite the average building size increasing. While the average size of buildings receiving permits rose 9.3% between 2017 and 2018 (from 13.2 units to 14.5 units), the number of buildings being newly permitted fell by a greater proportion, 13.6%.

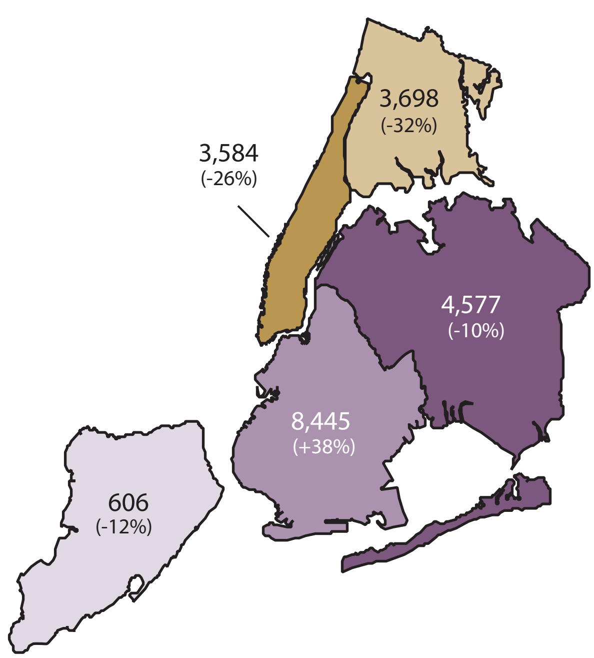
On a quarterly basis in 2018, permits fell by the greatest proportion in the first quarter, with issued permits decreasing by 18.5%. Permits also fell by 3.6% in the second quarter, before beginning to rise, increasing by 0.6% in the third quarter and 2.3% in the fourth quarter. For historical permit information by quarter, see Appendix F.3.

The most recently available data, from the first quarter of 2019, showed that newly issued permits were up as compared to the same period of the prior year, with increases in three of the five boroughs. The number of permits issued in NYC increased from 5,170 in the first quarter of 2018 to 6,329 during the first quarter of 2019, a 22.4% increase. While permits fell 21.8% in Manhattan and 29.0% in the Bronx, they rose by 30.3% in Staten Island; 30.7% in Brooklyn; and 153.1% in Queens. Although there was a decrease of 6.0% in the number of buildings newly permitted during this quarter, units newly permitted rose because the average building size rose, increasing from 14.2 units to 18.5 units.

Permit data can also be analyzed more deeply by looking at the reported size of the buildings receiving permits. In 2018, a total of 1,446 buildings received permits (containing a total of 20,910 housing units). Citywide, 28.8% of these buildings were single-family, 28.1% were two-family, 9.0% were three- or four-family structures, and 34.1%

Residential Building Permits, 2018

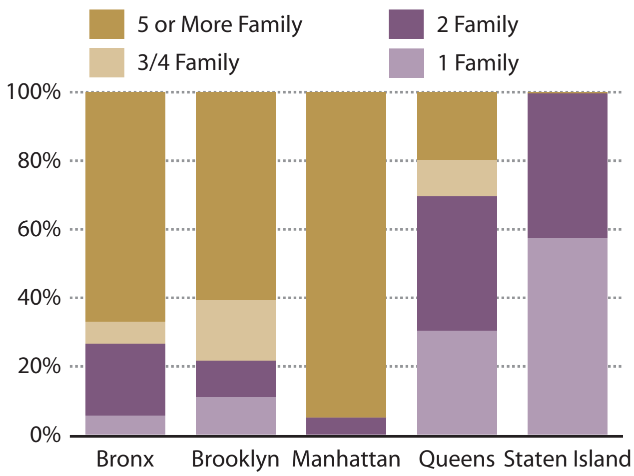
Total Number of Permits Issued in 2018 and Percentage Change From 2017, by Borough



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

Residential Building Permits, 2018

Size of Newly Permitted Buildings:
Most New Buildings in Manhattan are Five Family or More, in Staten Island One- and Two-Family Homes Predominate



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

were buildings with five-or-more units. In 2018, 92.1% of all permits issued Citywide were for units in five-family or greater buildings (a total of 19,266 units), with the average five-family or greater building containing 39 units for the City as a whole, and 64 units in Manhattan (both decreases from the prior year). As the graph on this page illustrates, almost all building permits in Manhattan were for the largest buildings, while in Staten Island virtually all permits were for either one- or two-family buildings. Building size was more evenly distributed in the Bronx and Brooklyn (and to a lesser extent in Queens). (See Appendix F.2.)

Housing Completions

This report also examines the number of units completed in the City each year, indicative of what housing actually enters the market in a particular year. In 2018, an estimated 26,992 new housing units were completed, a 4.5% increase from 2017.[6] Completions rose in three of the five boroughs, rising by the greatest proportion in the Bronx, which rose 78.2% (to 4,761 units). Completions also rose in Staten Island, up 28.6% (to 863 units); and Queens, up 25.3% (to 6,318 units); Completions declined in Brooklyn, down 15.2% (to 9,378 units); and Manhattan, down 11.2% (to 5,672 units). Citywide, 92.9% of the newly completed units were in five-family or greater buildings, down from 93.3% in the prior year. The average size of completed buildings, by borough, ranged from 1.8 units per building in Staten Island, to 13.4 units in Queens; 20.2 units in Brooklyn; 36.6 units in the Bronx; and 82.2 units in Manhattan.[7] (See Appendix F.4 for a historical breakdown of completions by borough.)

City-Sponsored Construction

Housing is created and preserved in part through publicly funded sources, including programs sponsored by the NYC Department of Housing Preservation and Development (HPD) and the NYC Housing Development Corporation (HDC). HPD's Office of Development operates a number of programs that develop affordable housing for low- and moderate-income New Yorkers. Programs include the Extremely Low and Low-Income Affordability Program, which is HPD's multi-family new construction housing initiative, financed through both public and private sources; the Affordable Neighborhood Cooperative Program, which provides very low interest loans for the rehabilitation of buildings into affordable cooperatives for low and moderate-income households; and the Multifamily Housing Rehabilitation Loan Program, which provides rehabilitation loans at a maximum 3% interest for the replacement of major building systems. HDC operates some of the same programs as HPD, in addition to programs such as the Mitchell-Lama Repair Loan Program, which offers loans to Mitchell-Lama owners in order to make needed capital improvements, and the Preservation Program, which provides tax-exempt bond financing to affordable housing developments with at least 50 units.

In May of 2014, Mayor Bill de Blasio announced details of his ten-year, $41 billion plan to build and/or preserve 200,000 units of affordable housing.

"Housing New York: A Five-Borough, Ten-Year Plan" projected that 60% of the units would be preservations, and 40% would be new construction. The majority, 58%, were slated for "low-income" residents (defined at the plan's inception as $42,000-$67,000 for a family of four), with 22% geared for residents making more than this amount, and 20% for residents making less than this amount.[11]

That plan has now been modified and expanded. In "Housing New York 2.0," released in November of 2017, the de Blasio administration outlined a plan to complete the promised 200,000 units of housing two years ahead of schedule, and add another 100,000 units to the goal, for a total of 300,000 affordable units by 2026. The new guidelines call for 55.5% to be affordable for "low-income" families making between 51% and 80% of Area Median Income (currently $42,951-$68,720 for a family of three), with 19.5% geared toward residents making more than this amount, and 25.0% for residents making less than this amount. The plan also creates new programs aimed at increasing affordable housing for seniors, preserving Mitchell-Lama housing, and creating more micro units.[12]

As part of Housing New York 2.0, HPD- and HDC-sponsored programs spurred a total of 32,303 housing starts[8] in Fiscal Year (FY) 2018, a 32.3% increase over the prior FY. Of these starts, 22,976 (71.3%) were preservation, and 9,227 (28.7%) were new construction. A total of 25,000 units are targeted for both FY 2019 and FY 2020.[9] During the first nine months of FY 2019 there were 13,289 starts by HPD and HDC, an increase of 16.2% over the same period of the prior FY.[10]

Through March of 2019, the de Blasio administration reports it has financed 123,466 units of affordable housing since the start of the Mayor's tenure, 68% preservation and 32% new construction. By borough, 30.7% of the starts were located in Brooklyn, with 29.9% in the Bronx, 28.3% in Manhattan, 9.3% in Queens, and 1.8% in Staten Island. By affordability level, 16.6% of the starts were aimed at extremely low-income households, 24.4% at very low-income households, 42.9% at low-income households, 5.9% at moderate-income households, and 10.2% at middle-income and higher households.[13] Almost 18,000 of these units (15% of the total) were dedicated to special needs populations (the homeless and seniors).

Tax Incentive Programs

The City offers various tax incentive programs to promote the development of new housing. One such program is the 421-a tax exemption program, which began in the early 1970s. While there have been various iterations of the program over the years, all have allowed both renter- and owner-occupied multifamily properties to reduce their taxable assessed value for the duration of the benefit period. That is, owners are exempt from paying additional real estate taxes due to the increased value of the property resulting from the new construction. Rental apartments built with 421-a tax exemptions are subject to the provisions of the Rent Stabilization Laws during the exemption period. Initial rents are required to be approved when obtaining certification by HPD at the completion of construction, and units are then subject to increases established by the NYC Rent Guidelines Board.

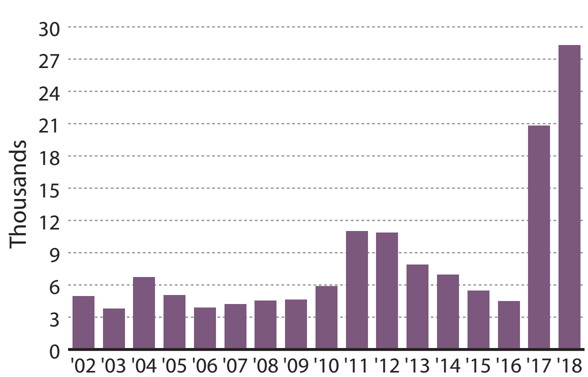
A variety of factors are used to establish the level and period of 421-a benefits, and properties are also subject to construction guidelines. Prior to 2016 (under the previous iteration of the 421-a program, which is still newly certifying units in those buildings that started construction prior to this date), eligible buildings received an exemption for 10 to 25 years depending on location, the number of units reserved for low- and moderate-income tenants, and whether they were located in a City-designated neighborhood preservation area. Longer exemption periods applied in northern Manhattan and boroughs outside Manhattan, and to projects that received governmental assistance or contained no fewer than 20% low-income units. For buildings within the Geographic Exclusion area (all of Manhattan, and parts of each of the other boroughs), affordable housing was required to be contained within the newly constructed building.[14]

After expiring at the end of 2015, the latest iteration of the 421-a program was reinstated in April of 2017 (retroactive to January 1, 2016), with a new name (Affordable New York Housing Program) and policy changes. Per the Affordable New York Housing Program, rental developments with 300 units or more in Manhattan (south of 96th Street) and the Brooklyn and Queens waterfront will be eligible for a full property tax abatement for 35 years if the development creates one of three options for affordable rental units and meets newly established minimum construction wage requirements. The units must remain affordable for 40 years. For all other rental developments in NYC utilizing the tax benefit, the full tax exemption benefit period is 25 years, with a phasing out of benefits in years 26-35. For developers who use the benefit program to build co-op or condo housing, the building must contain no more than 35 units, be located outside of Manhattan, and have an assessed value of no more than $65,000 per unit. The benefit lasts for a total of 20 years, with a full exemption for the first 14.[15] The governor estimates that the new program, which expires in 2022, will create 2,500 new units of affordable housing a year.[16]

In March of 2017, the NYC Independent Budget Office analyzed the then-proposed Affordable New York Housing Program and estimated that it would cost the City a total of $8.4 billion in lost tax revenue

Units Newly Receiving 421-a Certificates, 2002-2018 in Thousands

36% Increase in Units Newly Issued 421-a Certificates in 2018



Source: NYC Dept. of Housing Preservation and Development

over the next ten years, an estimated $1.2 billion more than the cost if the now-expired 421-a program continued unchanged.[17]

At the end of construction, buildings receiving 421-a benefits are required to file for a Final Certificate of Eligibility (FCE) with HPD. In 2018, the number of housing units in buildings newly receiving a 421-a FCE increased for the second consecutive year. Newly certified units rose 36.0% in 2018, to 28,292 units (see graph on this page), including increases in all of the boroughs.[18] Newly certified units rose by the greatest proportion in Staten Island, rising from 32 units in 2017 to 579 in 2018. Units newly certified also rose in Brooklyn, by 44.5%; in Queens, by 42.6%; in the Bronx, by 21.5%; and in Manhattan, by 19.3%.

Citywide, the largest proportion of units newly certified in 2018 were in buildings located in Brooklyn, with 41.9% of the total units in the City. Manhattan had 31.4% of these units, Queens had 18.1%, the Bronx had 6.6%, and 2.0% of units were in Staten Island. Because buildings in Manhattan are so much larger than buildings in the outer boroughs, almost a third of units were in Manhattan, despite having only 64 of the 1,411 buildings (5%) newly certified for 421-a benefits Citywide. (See Appendices F.7 and F.8.)

While the overall (both owner- and renter-occupied) number of newly certified 421-a units rose 36.0% between 2017 and 2018, the number of rental units in this program rose by a greater proportion, 39.2%, than owner units, 18.7%. Newly certified rental units rose in each borough during 2018, including 47.5% in Brooklyn; 30.5% in Queens, 30.3% in Manhattan; 18.9% in the Bronx; and from zero to 573 units in Staten Island. More than 86% of newly certified units in 2018 were rental units.

In FY 2019, 204,466 units will benefit from 421-a exemptions and abatements, including 116,000 rental units; 54,000 co-op and condo units; and 34,000 1-3 family and mixed-use structures. It is estimated that the 421-a program will cost the City $1.6 billion in lost tax revenue for all housing types in FY 2019.[19]

In order to be eligible for tax benefits, properties must register for an FCE with HPD on the completion of construction. HPD began notifying non-compliant owners in December of 2016 that their benefits would be suspended if they did not apply for an FCE. HPD announced in March of 2018 that it had suspended 421-a benefits, representing $66 million in tax revenue for 2018, to 1,788 "properties." The "properties" (individual block and lots comprising approximately 1,300 buildings, including 109 rental buildings with 4,373 units) had received 421-a benefits for at least five years, but had not filed for an FCE.[20] HPD estimates that approximately 77% of the properties receiving an FCE in 2017 were due to prior compliance issues, as were 73% of the properties in 2018.[21] In February of 2019, an additional 301 buildings were sent notices of non-compliance (including 67 as part of a single complex).[22]

Another program that has offered affordable housing, the New York State Mitchell-Lama program, has suffered from a loss of housing since "buyouts"[23] from the program began in 1985. Between 1955 and 1978, approximately 140,000 units of low- and middle-income housing were built in NYC through this tax-break and mortgage subsidy program. Since buyouts began in 1985, the City has lost approximately 48,000 units of Mitchell-Lama housing (including 4,000 units of hospital/university staff housing), although some has transitioned to rent stabilization. After averaging an annual loss of more than 5,000 units between 2004 and 2007, the pace has slowed considerably. Three developments bought out in 2018, with a total of 974 units. All of these developments were rentals, and have plans in place to retain affordability for tenants.[24] As part of the Housing New York plan, in place since 2014, the City works to preserve the affordability of units in the Mitchell-Lama program (both rentals and co-ops). In FY 2018, 13,137 units were preserved through City efforts, with a total of 29,356 units preserved from the plan's inception through FY 2018.[25]

Conversions and Subdivisions

Housing units are both gained and lost through subdivisions and conversions. Subdivisions involve the division of existing residential space into an increased number of units. Non-residential spaces, such as offices or other commercial spaces, can also be converted for residential use, or existing residential spaces can be converted into a smaller number of units by combining units to increase their size. As chronicled in prior H*ousing Supply Reports*, during the mid-2000s, with a tight housing market and high demand for luxury apartments, there were an increasing number of non-residential conversions in neighborhoods Citywide. Conversions occurred in facilities as diverse as hospitals, recording studios, power plants, office buildings, and churches.

One indicator of conversions is the number of non-residential buildings newly receiving J-51 benefits for conversion to residential use. In 2018, for the third consecutive year, no formerly non-residential buildings received J-51 benefits for conversion to a residential property.[26]

More housing may also be created in the near future through the conversion of basements into legal housing units. A newly passed law, along with modified building codes, establishes a three-year demonstration program to facilitate the creation and alteration of habitable apartments in basements and cellars of certain one- to three-unit homes in Brooklyn's Community District 5 (the East New York and Cypress Hills neighborhoods). The Basement Apartment Conversion Pilot Program provides homeowners in this District, earning less than 165% of Area Median Income (AMI), with financial and technical assistance to convert their basements into residential units for rental occupancy. Eligible homeowners are provided with financial assistance in the form of a low- or no-interest loan, with a maximum loan amount of $120,000, and the technical assistance necessary for completing the construction project. In addition to creating more rental units in this District, the pilot program will also allow the City to more easily facilitate this type of conversion program in the future in other neighborhoods.[27]

Units can also be lost through conversion. Real estate listing site StreetEasy examined Certificate of Occupancy data from the NYC Department of Buildings from 2015-2018 to determine how many units have been lost due to the conversion of multi-family residential buildings into single-family homes or into a smaller number of units than were present during initial construction. The report found 1,241 buildings across the City that had lost units during this time period and highlights the five neighborhoods with the largest number of buildings that lost units — Central Harlem, the Upper West Side, the Upper East Side, Park Slope, and Bedford-Stuyvesant. These five neighborhoods had a total of 397 buildings with a decrease in units between 2015 and 2018, with a net loss of 2,056 units.[28]

SRO Housing and Airbnb Rentals

Conversion of single room occupancy (SRO) buildings also continued over the past year. SRO owners may convert SRO housing to other uses after obtaining a "Certificate of No Harassment" from HPD. For the third consecutive year, the number of approved certificates fell, from 92 in 2017 to 83 in 2018, a decrease of 9.8%.[29]

Efforts are also underway to ensure that SROs are used for permanent housing rather than as transient hotels. As of May 1, 2011, laws were newly passed strengthening the City's ability to crack down on housing being used illegally for transient occupancy. Transient occupancy is now clearly defined as stays of fewer than 30 days.[30] Governor Cuomo signed a bill in October of 2016 that further increased the fine for illegally advertising short-term rentals to as much as $7,500.[31]

Between May of 2011 and April of 2019, approximately 16,000 violations were issued to illegal hotel operators (including private apartments, hostels, and SROs). This includes more than 3,000 violations issued between May, 2018 and April, 2019), a decrease from the approximately 3,500 violations over the same time period of the prior year.[32]

The effect in NYC of Airbnb and other short-term rental companies, which facilitate short-term and vacation rentals worldwide, continues to be studied by various City agencies and interest groups. Two 2018 reports (explored in depth in the *2018 Housing Supply Report*) found that Airbnb both removes permanent housing from NYC's housing stock, and increases rents.[33] In an effort to curb the influence of companies like Airbnb (and other short-term rental companies), NYC continues to push for additional legislation and oversight of these companies. A law which was passed last July would require online home-sharing sites to disclose to the Mayor's Office of Special Enforcement, on a monthly basis, all listings within NYC. The data would include the identities and addresses of the hosts, and companies would be subject to a $1,500 fine for each listing not disclosed. The law was intended to go into effect in February of this year, but in January a federal judge issued a preliminary injunction of the law on constitutional grounds.[34]

A 2019 report from the School of Urban Planning at McGill University (an update to one of the aforementioned 2018 reports; see Endnote 33) analyzes the effect the short-term rental disclosure regulations (currently blocked) would have on the NYC rental market.[35] It also analyzes the effect of not having these regulations, as is the case as of the publication of this report.

Starting with a baseline of August 31, 2018 (when the report found that there were 30.6% more units renting for 120 nights or more as compared to the previous year, or a total of 9,000 such listings), the authors found that without new regulations, over the next year the number of housing units taken off the market would increase by an additional 1,800 units (to 10,800); average daily listings would increase 0.8%, to 57,300; 68% of listing revenue would be earned from illegal reservations; rent would increase for permanent tenants by an aggregate of $8.6 million (with a $60 million increase over three years); and commercial operators would manage 18.5% of all entire-home listings (up from 16.7% today).

Using San Francisco as a guide (where more stringent regulations went into place in January of 2018), the report predicts that with the new regulations there would be an average daily listing decline of 46% (to 31,000); 8,700 housing units would come back into the permanent market; rental vacancy rates would increase, especially in those neighborhoods most popular on listing websites; rent would decrease by an aggregate of $19 million (and by $130 million over three years); and illegal revenue would decrease by 69%.

Cooperative and Condominium Activity

Developers planning to build new co-op or condo buildings, and owners wishing to convert their rental buildings to co-ops or condos, must file plans with, and receive acceptance from, the New York State Attorney General's Office. In 2018, the Attorney General accepted 289 co-op and condo plans, a 3.6% increase from the number accepted in 2017.[36] These 289 plans encompassed 10,784 housing units, 29.0% more than in 2017 (see graph on this page).

More than two-thirds of all plans, 202, were accepted for buildings located in Brooklyn; 49 were located in Manhattan; 38 plans were accepted for Queens; and no plans were accepted in either the Bronx or Staten Island. The greatest number of units were located in Brooklyn, with 4,674 units accepted during 2018. Manhattan had the second highest number of units, 3,384, and Queens had 2,726. (See Appendices F.5 and F.6.)

The majority of the plans accepted Citywide in 2018 were for new construction, comprising 235 of 289 plans, and a total of 9,351 of 10,784 units. This is similar to the prior year, when new construction accounted for 228 of the 279 accepted plans. Newly accepted co-op and condo plans also included rehabilitations (with 43 plans and 827 units), and non-eviction conversions (with 11 plans and 606 units). Of all the newly accepted plans in 2018, 94.2% of the units were in condo plans, and 5.8% were in co-op plans (see graph on this page).

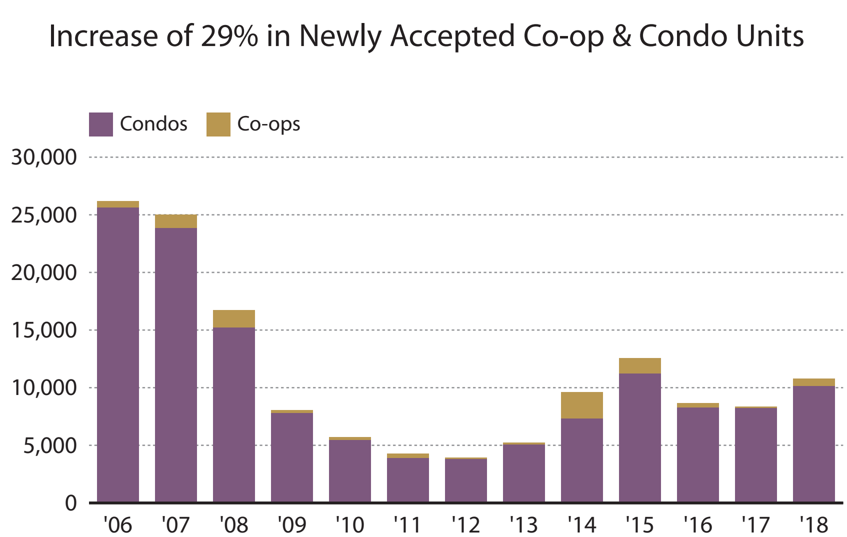
While the conversion of rental housing into co-op and condo units increases the housing inventory for sale, it simultaneously reduces the total number of housing units for rent. Conversions represented 5.6% of the total number of units in 2018 co-op and condo plans, a lesser share than the 9.1% share in 2017, and the smallest proportion since at least 1981 (the first year for which data is available). Because most conversion plans are non-eviction plans (including all plans in 2018), only when the original rental tenant moves out, or opts to buy the apartment, does the apartment become owner-occupied and removed from the rental stock.

Rehabilitation

Another method for adding to, or preserving, the City's residential housing stock is through rehabilitation of older buildings. As buildings age, they must undergo rehabilitation to remain habitable. This is particularly true with NYC's housing stock, where more than 57% of units are in buildings constructed prior to 1947.[37] Through tax abatement and exemption programs offered by the City for rehabilitation, units are able to remain in, or be readmitted to, the City's housing stock. The J-51 tax abatement and exemption program is intended to encourage the periodic renovation of NYC's stock of both renter- and owner-occupied housing.

The J-51 tax relief program is similar to the 421-a program in that it requires that rental units be subject to rent stabilization for the duration of the benefits, regardless

Newly Accepted Co-op and Condo Units, 2006-2018



Source: NYS Attorney General's Office

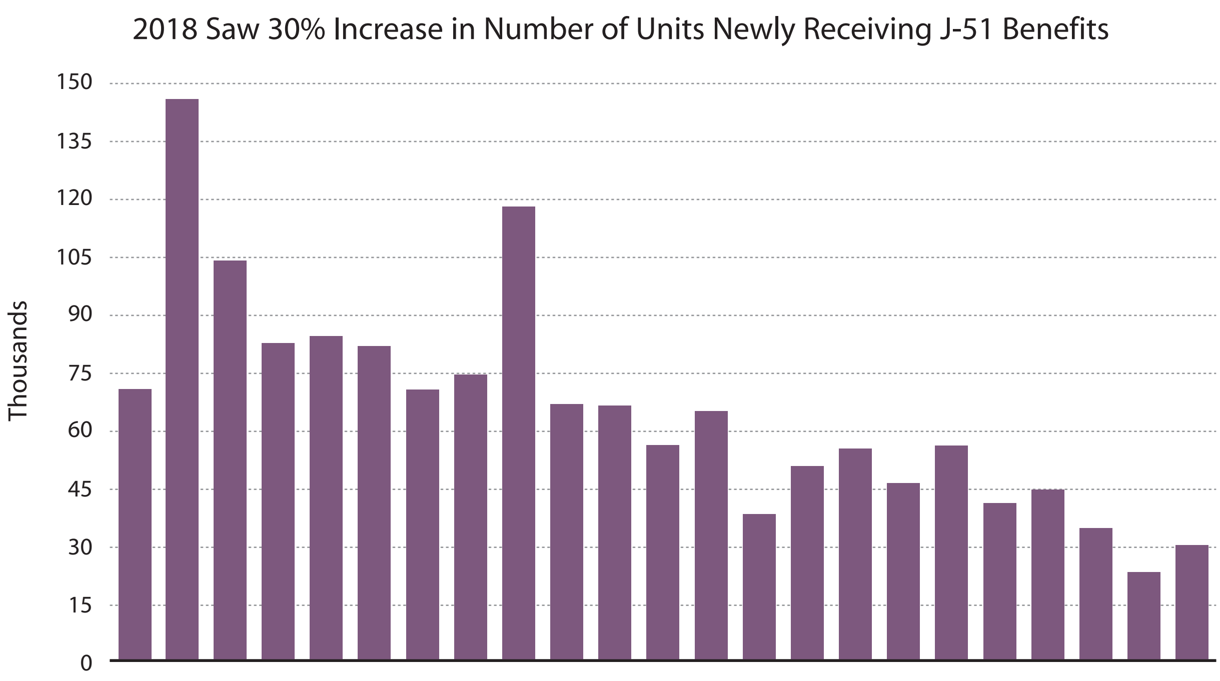
of the building's regulation status prior to receiving tax benefits. Rehabilitation activities that are permitted under J-51 regulations are Major Capital Improvements (MCIs); moderate and gut rehabilitation of both government-assisted and privately-financed multiple dwellings (which requires significant improvement to at least one major building-wide system); as well as improvements to co-ops and condos (subject to certain assessment guidelines if the project does not include substantial governmental assistance). While prior iterations of the J-51 program allowed for conversion of lofts and non-residential buildings into multiple dwellings, regulations effective January 1, 2012 allow only for conversions if there is substantial governmental assistance.[38]

In 2018, 29,815 units newly received J-51 benefits, an increase of 30.3% from the previous year (see graph on this page and Appendix F.8).[39] These units were contained in 529 buildings, a decrease of 50.7% from 2017 levels. The location of the units newly receiving benefits ranged from 43.7% located in Queens, to 26.5% in the Bronx; 23.9% in Brooklyn; 5.3% in Manhattan; and 0.6% in Staten Island. Units newly receiving benefits rose, by double digits, in every borough but Manhattan. Units increased 21.4% in the Bronx, 53.9% in Brooklyn, 63.0% in Queens, and from 38 to 178 units in Staten Island. Units newly receiving J-51 benefits fell 57.4% in Manhattan. (See Appendices F.7 and F.8.) The average size of the buildings receiving benefits rose dramatically, from 16.2 units in 2017 to 56.4 units in 2018. In 2018, 32.8% of the units newly certified for the J-51 program were rentals, as were 44.0% of the buildings.

In FY 2019, the J-51 tax program will cost the City $297.9 million in lost tax revenue for all housing types, including approximately 250,000 rental units, 209,000 owner units, and 2,000 1-3 family and mixed-use structures.[40]

Rehabilitation work is also carried out through HPD's "Alternative Enforcement Program (AEP)," now in its twelfth year of identifying the 200-250 "worst" buildings in the City, based on housing code violations. The most recent group of 250 buildings include 4,600 units of housing, with 8,044 non-

Units Receiving Initial J-51 Benefits, 1996-2018, in Thousands



Source: NYC Department of Housing Preservation and Development hazardous A-class violations, 23,732 hazardous B-class violations, and 5,388 immediately hazardous C-class violations. If building owners in this program do not make repairs to their buildings, the City steps in to do so, and then charges the owners. Through the first eleven rounds of the program, the City discharged 1,946 of 2,387 buildings that entered the program, with a combined total of 26,085 of 30,680 units of housing.[41]

Tax-Delinquent Property and Anti-Abandonment Strategies

Historically, the City foreclosed on thousands of tax-delinquent residential properties, becoming the owner and manager of these buildings, known as *in rem* properties. By its peak in 1986, the City owned and managed 4,000 occupied buildings containing 40,000 units of housing and almost 6,000 vacant buildings containing 55,000 units of housing.

HPD's Alternative Management Programs began in 1994 with the goal of returning City-owned properties to private owners and reducing its share of *in rem* buildings by identifying buildings at risk and helping owners. HPD has successfully reduced the number of occupied and vacant *in rem* units in HPD central management to 323 through June of 2018, a 99.3% decline since FY 1994.[42] Key initiatives to prevent abandonment include tax lien sales; the Third Party Transfer Program, which targets distressed and other buildings with tax arrears;[43] and housing education courses, which teach owners and superintendents basic management, maintenance, and finance skills to improve their properties.[44]

The City no longer forecloses and takes title to properties that are tax delinquent or in arrears for water and sewer charges. Instead, tax liens for properties that are not distressed are sold in bulk to private investors after notice is given to property owners, who are given 90 days to pay the arrears. After the lien is sold, the lien holder is entitled to collect the entire lien amount, plus other interest and charges, from the property owner. In addition, the property owner must continue to pay current taxes to the City. If the owner has not paid the lien or entered into a payment plan, the lien holder can file for foreclosure on the property.[45] The Lien Sale Task Force, a task force authorized by law to review and evaluate the Lien Sale Program, reported in September of 2016 that between 2008 and 2016, an average of 25,100 properties were added to the lien sale list annually. But the number of liens actually sold was an annual average of 4,600, or 18.3% of the liens published on this list. Of the 41,400 liens sold during this period, just 354 (0.8%) ultimately went into foreclosure, with less than half of these foreclosed properties being residential.[46]

An additional facet of the City's anti-abandonment strategy is third party transfer. For buildings that are distressed and in tax arrears, the City can initiate an *in rem* tax foreclosure action against property owners. The policy, authorized under Local Law 37 of 1996, transfers the title of *in rem* properties directly to new owners (qualified third parties) without the City ever taking title itself.[47] Since it began in 1996, the NYC Department of Finance has collected at least $536 million in revenue associated with properties in this program, and 530 buildings have been transferred to for-profit and non-profit owners. No new properties have been transferred since 2013, although Round 10 of this program has identified 139 buildings (comprising 2,132 units) which will be transferred in the near future.[48]

Demolitions

A total of 1,888 buildings were demolished in 2018, a 9.6% increase over the prior year, following a decrease of 6.9% in 2017. Brooklyn accounted for 35.0% of all the buildings demolished in 2018, Queens had 33.1%, Staten Island had 14.1%, the Bronx had 10.1%, and Manhattan had the lowest proportion, 7.7%. Demolitions rose in every borough but Staten Island, where they fell by 16.6%. Demolitions rose by the greatest proportion in the Bronx, rising 39.7%, while they rose 28.1% in Manhattan, 15.4% in Brooklyn, and 7.8% in Queens.[49] (See Appendix F.9.)

Obtaining a permit for demolition or significant alterations may be harder going forward. A three-year pilot program, which started in the Fall of 2018, requires certain owners to obtain a "Certificate of No Harassment" (CONH) before Department of Buildings approval of demolition or significant alteration permits. Among the buildings that will need this approval are those in which either a court or New York State Homes and Community Renewal found at least one case of harassment since September of 2013; distressed buildings in one of 11 Community Districts; buildings that have been the subject of a full vacate order; or those buildings that participated in the AEP program for at least four months since February 1, 2016. Following a hearing to determine whether harassment of tenants has taken place within the previous 60 months, those buildings found not eligible for a CONH have the choice of entering into a "cure agreement," where affordable housing is developed within the Community District in exchange for the permit. Absent a cure agreement, no permits will be issued to those buildings who fail to obtain a CONH for at least 60 months following the denial.[50] In October of 2018, the City published a list of buildings subject to the new regulations, including more than 1,000 buildings and 26,000 units of housing.[51]

Summary

In 2018, housing permits fell, decreasing by 5.5%, while the number of completed housing units increased by 4.5%. The number of units newly receiving 421-a tax benefits rose 36.0% in 2018, while units newly receiving J-51 tax abatements and exemptions increased by 30.3%. There was an increase in newly accepted co-op and condo units, with units increasing 29.0% and plans increasing by 3.6%. Rental housing availability remains tight, with a Citywide vacancy rate of 3.63% in 2017, and more than 11% of rental units overcrowded. Mayor de Blasio's expanded housing initiative calls for the development and preservation of 300,000 units of housing by 2026, more than 123,000 of which have already been started, to help reduce the affordable housing shortage. ❒

Endnotes

1. The NYC Housing and Vacancy Survey is conducted triennially, sponsored by the NYC Department of Housing Preservation and Development (HPD) and conducted by the U.S. Census Bureau. Data is based on "Selected Initial Findings of the 2017 NYC Housing and Vacancy Survey," prepared by HPD.
2. The U.S. housing stock was comprised of 36.1% renter-occupied units, according to the *2017 American Community Survey*, conducted by the U.S. Census Bureau. To calculate the ratio of renter-occupied units in NYC, staff did not include vacant units that are not for sale or for rent in the total number of housing units.
3. Other units include public housing, Mitchell-Lama, *In Rem*, HUD-regulated, Article 4 and Loft Board units.
4. Since the number of vacant units available for rent in Staten Island is small, and the HVS is a sample survey, the sampling error of the vacancy rate is likely to be large, and thus, the U.S. Census Bureau could not calculate an accurate vacancy rate.
5. U.S. Census Bureau website: https://www.census.gov/construction/bps/.
6. NYC Department of City Planning Housing Database 19v1, compilation of NYC Department of Buildings Applications and Certificates of Occupancy data. Note that the data is continually updated and is subject to change, including data from prior years.
7. Beginning with the *2006 Housing Supply Report,* the NYC Department of City Planning (DCP) defines a housing completion as any unit receiving either a final or a temporary Certificate of Occupancy in the stated year. DCP provided this information for the 2004 calendar year and beyond, and believes it is a more accurate representation of new housing in NYC than previous methodologies which only counted final Certificates of Occupancy.
8. Starts refer to the number of units beginning construction or rehabilitation in a given period.
9. Preliminary Fiscal 2019 Mayor's Management Report: http://www1.nyc.gov/site/operations/performance/mmr.page.
10. Housing New York By the Numbers website: http://www1.nyc.gov/site/housing/action/by-the-numbers.page; accessed April 2019, with data through 3/31/2019.
11. "Housing New York: A Five-Borough, Ten-Year Plan," NYC Department of Housing Preservation and Development, May 5, 2014.
12. "Housing New York 2.0," NYC Department of Housing Preservation and Development, November 15, 2017.
13. Housing New York By the Numbers website: http://www1.nyc.gov/site/housing/action/by-the-numbers.page; accessed April 2019, with data through 3/31/2019. Per "Housing New York 2.0" Extremely Low-Income is defined as 0-30% of Area Median Income (AMI); Very Low-Income: 31-50% of AMI; Low-Income: 51-80% of AMI; Moderate-Income: 81-120% of AMI; Middle-Income: 121-165% of AMI.
14. Program information available at: http://www1.nyc.gov/site/hpd/developers/tax-incentives-421a.page.
15. Program information available at: https://www1.nyc.gov/site/hpd/developers/tax-incentives-421a-main.page.
16. "Governor Cuomo and Legislative Leaders Announce Agreement on FY 2018 State Budget," *State of New York Press Release*, April 7, 2017.

17. "Estimated Cost to New York City of Governor Cuomo's Proposed Affordable New York Housing Program," NYC Independent Budget Office, March, 2017.

18. NYC Department of Housing Preservation and Development, Tax Incentives Program data. A large part of the increase in newly issued Final Certificates of Eligibility (FCE) in 2018 is due to enforcement policies by HPD, requiring owners to file for FCEs or lose their tax benefits.

19. "Annual Report on Tax Expenditures," NYC Department of Finance, February, 2019.

20. "City Suspends 421-a Benefits to More Than 1,700 Non-Compliant Owners." *HPD Press Release.* March 9, 2018. Note that the 1,788 properties include condo buildings, with each unit within the building having an individual block and lot designation.

21. This information was provided to the RGB by the New York City Department of Housing Preservation and Development at the same time it provided tax incentives data for 2018 (April, 2019). See Endnote 18.

22. NYC Department of Finance website; https://www1.nyc.gov/site/finance/benefits/benefits-421a.page; accessed April, 2019.

23. Developments are eligible to withdraw from the Mitchell-Lama program (buyout), after 20 years upon prepayment of the mortgage (or after 35 years in the case of developments aided by loans prior to May 1, 1959).

24. The number of Mitchell-Lama buyouts was provided most recently through the NYC Department of Housing Preservation and Development and the NYS Homes and Community Renewal, and in previous years through other sources, such as the report "Affordable No More: An Update" by the Office of the New York City Comptroller, Office of Policy Management on May 25, 2006. Two of the developments that bought out in 2018 will remain affordable through Article 11, while the other will convert to a co-op, with present tenants able to purchase their apartments at 30% below market, or remain renters with rent adjustments following RGB guidelines.

25. "Your Key to NYC: Mayor de Blasio Announces Largest Year for Affordable Housing Production in City's History." *Mayor's Office Press Release,* July 19, 2018.

26. NYC Department of Housing Preservation and Development, Tax Incentives Program data.

27. NYC Department of Housing Preservation and Development website; https://www1.nyc.gov/site/hpd/developers/development-programs/basement-conversion.page; accessed April, 2019.

28. "NYC's Disappearing Homes: When Updated Buildings Mean Fewer Units," StreetEasy, April 1, 2019; https://streeteasy.com/blog/nyc-disappearing-homes/.

29. NYC Department of Housing Preservation and Development.

30. Mayor Bloomberg Announces Results of City's Efforts to Curb Dangerous Illegal Hotels in New York City After State Legislation Enhances Enforcement Abilities." *Mayor's Office Press Release 157-12,* April 27, 2012.

31. "Cuomo signs bill that deals huge blow to Airbnb," *New York Post*, October 21, 2016.

32. Office of the Criminal Justice Coordinator, Mayor's Office of Special Enforcement. Complete April 2019 data was not yet finalized as of the publication of this report. Inclusive of data through approximately April 23, 2019.

33. See the *2018 Housing Supply Report* for more information on the following two reports: "The High Cost of Short-Term Rentals in New by York City," by David Wachsmuth, David Chaney, Danielle Kerrigan, Andrea Shillolo, and Robin Basalaev-Binder (McGill University), January 30, 2018 and "The Impact of Airbnb on NYC Rents," NYC Comptroller's Office, April 2018.

34. "Judge Blocks New York City Law Aimed at Curbing Airbnb Rental," *New York Times,* January 3, 2019.

35. "The Impact of New Short-term Rental Regulations on New York City," by David Wachsmuth Jennifer Combs and Danielle Kerrigan (McGill University), January, 2019.

36. NYS Attorney General's Office, Real Estate Financing Bureau data and the NYC Department of Housing Preservation and Development, Sales Unit. Virtually all accepted units reported are from data provided by the NYS Attorney General. For the purposes of this report, "accepted" refers only to those co-op and condo plans that require offering plans. Those that do not, and receive a "no-action" letter from the NYS Attorney General's office, are not included in this data.

37. *2017 NYC Housing and Vacancy Survey*, U.S. Census Bureau.

38. NYC Department of Housing Preservation and Development website; http://www1.nyc.gov/site/hpd/developers/tax-incentives-j51.page.

39. NYC Department of Housing Preservation and Development, Tax Incentives Program data. Note that, similar to the 421–a program, J-51 provides tax abatements and incentives to both renter- and owner-occupied units.

40. "Annual Report on Tax Expenditures," NYC Department of Finance publication, February, 2019.

41. "HPD Announces Enforcement Action Against 250 Troubled Buildings." *HPD Press Release,* February 5, 2019.

42. NYC Department of Housing Preservation and Development.

43. NYC Department of Housing Preservation and Development website; http://www1.nyc.gov/site/hpd/owners/compliance-property-tax-delinquency.page.

44. NYC Department of Housing Preservation and Development website; http://www1.nyc.gov/site/hpd/community/outreach-and-education.page.

45. NYC Department of Finance, General Information on the City's Tax Lien Sale Process; http://www1.nyc.gov/site/finance/taxes/property-lien-sales.page.

46. "Report of the Lien Sale Task Force," September 2016.

47. "New York City Case Study: Third Party Transfer Initiative: A Solution To Property Abandonment," by Lisa Mueller, Local Initiative Support Corporation report, January 14, 2003.

48. Most recent figures obtained from NYC Department of Housing Preservation and Development, April, 2019.

49. NYC Department of Buildings (DOB) data. Note that demolition statistics include both residential as well as commercial buildings, as the DOB does not specify the type of building in its data.

50. City of New York Local Law 1 of 2018.

51. "City Targets Over 1,000 Buildings for New Tenant Protection Program." *HPD Press Release,* October 12, 2018.

New York City Rent Guidelines Board

Changes to the Rent Stabilized Housing Stock in NYC in 2018

What's New

- ☑ The study finds a net estimated gain of 4,377 rent stabilized units in 2018.
- ☑ Most of the additions to the rent stabilized stock in 2018 were due to the 421-a tax incentive program, accounting for 80% of the additions.
- ☑ The median rent of initially registered rent stabilized apartments in 2018 was $3,000, a 12% increase from the prior year.
- ☑ High-Rent Vacancy Deregulation made up the largest category of subtractions from the stabilized stock, accounting for 62% of the units removed in 2018.
- ☑ Since 1994, New York City's rent stabilized housing stock has seen an approximate net loss of 142,868 units.

Overview

Rent regulation has been a fixture in New York City's housing market for over 75 years, although the laws that govern rent regulated housing have been substantially changed and/or modified over time. The laws governing rent regulation allow for dynamic changes in the regulatory status of a significant portion of the rent regulated housing stock in any given year. Units enter, exit or change status within the regulatory system.

The figures in this study represent additions and subtractions of dwelling units to and from the rent stabilization system in 2018. These statistics are gathered from various City and State agencies.

This report is an update of previous studies done annually since 2003, when an analysis was done of the changes in New York City's rent stabilized housing stock from 1994 to 2002. The total number of additions and subtractions to the rent stabilized housing stock since 1994 is contained in the appendices of this report. These totals are estimates because they do not represent every unit that has been added or subtracted from the rent stabilized stock since 1994, but rather those that have been recorded or registered by various City and State agencies. They represent a 'floor,' or minimum count, of the actual number of newly regulated and deregulated units in these years.

Additions to the Rent Stabilized Housing Stock

Since newly constructed or substantially rehabilitated units are exempt from rent regulation, increases to the regulated housing stock are frequently a result of owners placing these new units under rent stabilization in exchange for tax benefits. These owners choose to place units under rent stabilization because of cost/benefit analyses concluding that short-term regulation with tax benefits is more profitable than free market rents without tax benefits. According to NYS Homes and Community Renewal (HCR), the median legal rent of initially registered rent stabilized apartments in 2018 Citywide was $3,000, a 12% increase from $2,685 in 2017. (See Appendix H.3 for initially registered rents Citywide and by borough.) Events that lead to the addition of stabilized units include:

- Section 421-a Tax Exemption Program
- J-51 Property Tax Exemption and Abatement Program
- Mitchell-Lama buyouts
- Lofts converted to rent stabilized units
- Rent controlled apartments converting to rent stabilization
- Other additions

Section 421-a and J-51 Programs

The NYC Department of Housing Preservation and Development (HPD) administers programs to increase the supply of rental housing. Two of these programs have an impact on the inventory of stabilized housing: The Section 421-a Program and the J-51 Program. Under Section 421-a of the Real Property Tax Law, newly constructed dwellings in New York City could elect to receive real estate tax exemptions in exchange for placing units in rent stabilization for a specified period (10-25 years). In 2018, an estimated total of 9,452 units were added to the rent stabilized stock through the 421-a program, 1% more than the prior year. The largest number of units was in Brooklyn (3,910); followed by Manhattan (2,455); Queens (2,349); and the Bronx (738). There were none on Staten Island. According to HCR, the median legal rent of currently registered rent stabilized apartments receiving 421-a tax abatements in 2018 was $3,350, a 2% increase from the prior year.

The J-51 Program provides real estate tax exemptions and abatements to existing residential buildings that are renovated or rehabilitated. This program also provides these benefits to residential buildings converted from commercial structures. In exchange for these benefits, owners of these buildings agree to place under rent stabilization those apartments that otherwise would not be subject to regulation. The apartments remain stabilized, at a minimum, until the benefits expire. In 2018, 309 units were added to the rent stabilized stock through the J-51 program, 49% more than in the prior year.[1] (See Appendices H.1 and H.2.)

Mitchell-Lama Buyouts

Mitchell-Lama developments were constructed under the provisions of Article 2 of the Private Housing Finance Law (PHFL). This program was primarily designed to increase the supply of housing affordable to middle-income households. Approximately 75,000 rental apartments and 50,000 cooperative units were constructed through the program from the 1950's through the 1970's. For these units to be affordable, the State or City provided low interest mortgages and real estate tax abatements, and the owners agreed to limit their return on equity.

While the State and City mortgages are generally for a term of 40 or 50 years, the PHFL allows owners to buy out of the program after 20 years. If an owner of a rental development buys out of the program and the development was occupied prior to January 1, 1974, the apartments become subject to rent stabilization.

In 2018, no Mitchell-Lama rental units became rent stabilized, compared to 233 in 2017. Since 1994, 11,393 rental units have left the Mitchell-Lama system and become a part of the rent stabilized housing stock. (See Appendices H.1 and H.2.)

Loft Units

The New York City Loft Board, under Article 7-C of the Multiple Dwelling Law, regulates rents in buildings originally intended as commercial loft space that have been converted to residential housing. When the units are brought up to code standard, they become stabilized. A total of 43 units entered the rent stabilization system in 2018, compared to ten added in 2017. (See Appendices H.1 and H.2.)

Changes in Regulatory Status

Chapter 371 of the Laws of 1971 provided for the decontrol of rent controlled units that were voluntarily vacated on or after July 1, 1971. Since the enactment of vacancy decontrol, the number of rent controlled units has fallen from over one million to fewer than 22,000.[2] When a rent controlled unit is vacated, it either becomes rent stabilized or leaves the regulatory system. A rent controlled unit becomes rent stabilized when it is contained in a rental building with six or more units and the incoming tenant pays a legal regulated rent less than the Deregulation Rent Threshold (DRT), currently $2,774.76 per month.[3] This process results in a reduction of the rent controlled stock and an increase in the rent stabilized stock. Otherwise, the apartment is subject to deregulation and leaves the rent regulatory system entirely.

According to rent registration filings with NYS Homes and Community Renewal (HCR), 141 units were decontrolled and became rent stabilized in 2018, virtually unchanged from 142 units decontrolled the prior year. By borough, 47% of the units were in Manhattan; 23% were in Brooklyn; 18% were in Queens; 13% were in the Bronx; and there were none on Staten Island. (See Appendices H.1 and H.2.)

Other Additions to the Stabilized Housing Stock

Additionally, several other events can increase the rent stabilized housing stock: tax incentive programs (other than the 421-a and J-51 programs), "deconversion," returned losses, and the sub-division of large units into two or more smaller units. The 420-c program, a tax exemption program for low-income housing projects developed in conjunction with the Low-Income Housing Tax Credit Program, produces affordable housing with rents that are regulated, but not necessarily rent stabilized.[4] The RGB is unable to determine the number of these units that became rent stabilized.

However, there are other tax incentive programs, which as part of their regulatory agreements may require their rental units to be rent stabilized, and whose stabilization status could be determined. These tax incentive programs include

Articles 11, 14 and 15 of the Private Housing Finance Law (PHFL), which together added 1,900 units Citywide.[5] Among these tax incentive programs, the largest number of units were in Queens (587 units); followed by Manhattan (535 units); Brooklyn (524 units) and the Bronx (254 units). There were no units added on Staten Island.

Deconversion occurs when a building converted to cooperative status reverts to rental status because of financial difficulties. Returned losses include abandoned buildings that are returned to habitable status without being substantially rehabilitated, or City-owned *in rem* buildings being returned to private ownership. These latter events, as well as sub-division of large units, do not generally add a significant number of units to the rent stabilized stock and cannot be quantified for this study.

Subtractions from the Rent Regulated Housing Stock

Deregulation of rent controlled and stabilized units occurs because of statutory requirements or because of physical changes to the residential dwellings. Events that lead to the removal of stabilized units include the following:

- High-Rent High-Income Deregulation
- High-Rent Vacancy Deregulation
- Cooperative/Condominium Conversions
- Expiration of 421-a Benefits
- Expiration of J-51 Benefits
- Substantial Rehabilitation
- Conversion to Commercial or Professional Status
- Other Losses to the Housing Stock – Demolitions, Condemnations, Mergers, etc.

High-Rent High-Income Deregulation

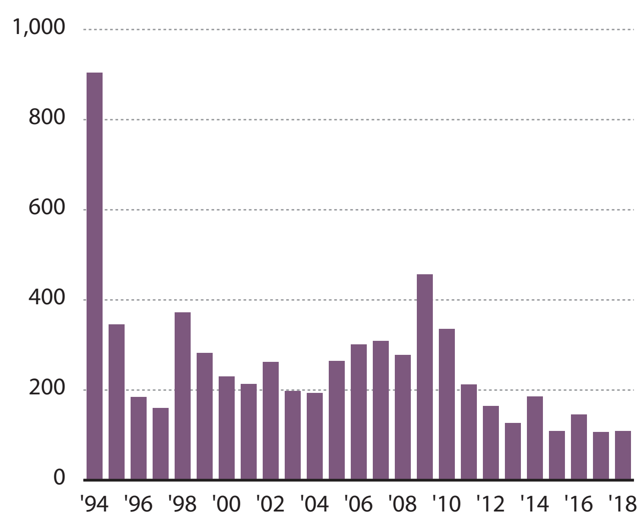
Since enactment of the Rent Regulation Reform Act of 1993 (RRRA), occupied apartments may be deregulated under certain circumstances. Beginning with the RRRA, apartments renting for $2,000 or more in which the tenants in occupancy had a combined household income more than $250,000 in each of the immediately two preceding calendar years could be deregulated. In 1997, the RRRA reduced the income threshold to $175,000. Fourteen years later, with passage of the Rent Act of 2011, the rent threshold was raised to $2,500 and the income requirement increased to $200,000.

The passage of the Rent Act of 2015, effective June 15, 2015, maintained the same income requirement but modified the Deregulation Rent Threshold (DRT) for High-Rent High-Income Deregulation. The DRT was increased to $2,700 and is adjusted each January 1st thereafter by the one-year renewal lease guideline percentage issued the prior year by the Rent Guidelines Board. Most recently, the DRT rose to $2,774.76, effective January 1, 2019.

Deregulation occurs upon application by the owner and upon the expiration of the rent stabilized lease. This income-based deregulation process, which is administered by HCR, relies upon data furnished to the NYS Department of Taxation and Finance as part of the income verification process. Both the rent level and household income criteria should be met for deregulation to take place. For

High-Rent High-Income Deregulation, 1994-2018

Number of Units Deregulated Due to High-Rent High-Income Deregulation Increase



Source: NYS Homes and Community Renewal (HCR) annual registration data.

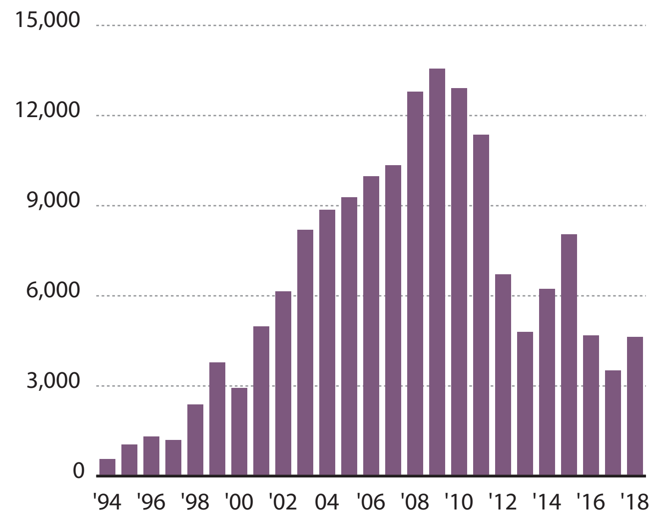
example, currently, if a household earning at least $200,000 paid less than $2,774.76 per month, rent regulation would remain in effect. In addition, the owner must apply to HCR to deregulate the unit. If the owner does not submit a deregulation application, the occupying tenant remains regulated regardless of rent level and household income. Because HCR must approve the orders of deregulation, an exact accounting exists of units leaving regulation because of High-Rent High-Income Deregulation.

Based on HCR processing records, High-Rent High-Income Deregulation removed a total of 109 apartments from rent regulation in 2018, 2% more than in the prior year.[6] Of these units, 50% were in Manhattan; 27% in Brooklyn; 17% in Queens; and 6% were in the Bronx. No units were located on Staten Island.

Since 1994, a total of 6,455 units have been deregulated due to High-Rent High-Income Deregulation, of which 86% have been in Manhattan. (See graph on previous page and Appendix H.4.)

High-Rent Vacancy Deregulation, 1994-2018

Increase in 2018 in Number of Units Deregulated Due to High-Rent Vacancy



Note: Prior to 2014, registration of deregulated units with HCR was voluntary. These totals represent a 'floor' or minimum count of the actual number of deregulated units in these years.

Source: NYS Homes and Community Renewal (HCR) annual registration data.

High-Rent Vacancy Deregulation

In 1993, the New York State legislature instituted High-Rent Vacancy Deregulation, provisions of which have changed several times since its inception.[7] (See the *Changes to the Rent Stabilized Housing Stock in NYC in 2014* report for a detailed discussion of the numerous changes over the years.)

Under the Rent Act of 2015, when a tenant moves into a vacant apartment and the rent has lawfully reached the Deregulation Rent Threshold (DRT), the apartment qualifies for permanent High-Rent Vacancy Deregulation. The DRT is adjusted each January 1st by the one-year renewal lease guideline percentage issued the prior year by the NYC Rent Guidelines Board. Most recently, the DRT rose to $2,774.76, effective January 1, 2019.

Furthermore, HCR's Rent Code Amendments of 2014 require an owner to serve the first deregulated tenant with two documents. The first is a notice created by HCR detailing the previous rent and how the new rent was calculated. The second is HCR annual apartment registration, indicating the apartment status as permanently exempt, which should be filed on the April 1st following the deregulation. These documents notify the tenant of the right to file a formal complaint with HCR challenging the rent and the deregulation status.

According to HCR rent registration records, 4,628 units were deregulated in 2018 due to High-Rent Vacancy Deregulation, a 32% increase from 2017. Of these deregulated units, 49% were in Manhattan; 26% were in Brooklyn; 20% were in Queens; 4% were in the Bronx; and 1% were on Staten Island. Since 1994, at least 160,292 units were registered with the HCR as being deregulated due to High-Rent Vacancy Deregulation, 69% of which have been in Manhattan. (See graph on this page and Appendices H.5 through H.7.)

Co-operative & Condominium Conversions

When rent regulated housing is converted through cooperative or condominium conversion to ownership status, apartments are immediately removed from rent regulation if the occupant chooses to purchase the unit.

For tenants who remain in their apartment and do not purchase their unit, the rent regulatory status depends on the type of conversion plan. In eviction conversion plans, non-purchasing tenants may continue in residence until the expiration of their lease. In non-eviction plans (which are the overwhelming majority of approved plans) the regulated tenants have the right to remain in occupancy until they voluntarily leave their apartments. When a tenant leaves a regulated unit, the apartment in most cases becomes deregulated, whether the incoming tenant purchases or rents.

In 2018, a total of 791 units located in co-ops or condos left the stabilized housing stock, an 18% increase over the prior year. By borough, the largest proportion of units leaving rent stabilization and becoming co-op/condo was in Brooklyn, with 33% of the units; followed by Queens (28%); Manhattan (27%); and the Bronx (12%).[8] In addition, a single unit on Staten Island left rent stabilization due to co-op/condo conversion. An estimated total of 50,431 co-op or condo units have left the stabilized stock since 1994. (See Appendices H.6 and H.7.)

Expiration of Section 421-a and J-51 Benefits

As discussed earlier in this report, rental buildings receiving Section 421-a and J-51 benefits remain stabilized, at least until the benefits expire. Therefore, these units enter the stabilized system for a prescribed period of the benefits and then exit the system.

In 2018, expiration of 421-a benefits resulted in the removal of 1,016 units from the rent stabilization system, 25% fewer than the prior year. Most 421-a expirations were in Manhattan (79%), while the remainder were in Brooklyn (8%); Queens (8%); Staten Island (3%); and the Bronx (2%).

The expiration of J-51 benefits in 2018 resulted in the removal of 375 units, 3% more than in the prior year. Among J-51 expirations, the vast majority were in Manhattan, with 71%; followed by Brooklyn (27%); and Queens (1%). No units were removed on Staten Island or in the Bronx. (See Endnote 8.)

Since 1994 Citywide, 26,141 421-a units and 16,591 J-51 units have left the rent stabilization system. (See Appendices H.6 and H.7.)

Substantial Rehabilitation

The Emergency Tenant Protection Act (ETPA) of 1974 exempts apartments from rent regulation in buildings that have been substantially rehabilitated on or after January 1, 1974. HCR processes applications by owners seeking exemption from rent regulation based on the substantial rehabilitation of their properties. Owners must replace at least 75% of building-wide and apartment systems (i.e., plumbing, heating, electrical wiring, windows, floors, kitchens, bathrooms, etc.). In general, buildings that have been substantially rehabilitated and vacated tend to have been stabilized properties. Therefore, when these buildings are substantially rehabilitated, the apartments are no longer subject to regulation and are considered new construction. This counts as a subtraction from the regulated stock. Notably, these properties do not receive J-51 tax incentives for rehabilitation.

In 2018, 209 units were removed from stabilization through substantial rehabilitation, 1% fewer than the prior year. By borough, the largest proportion of units leaving rent stabilization was in Brooklyn, with 58% of the units; followed by Manhattan (32%); Queens (7%); and the Bronx (3%). One unit was also subtracted on Staten Island. A total of 9,687 units have been removed from the rent stabilization system through substantial rehabilitation since 1994. (See Appendix H.6.)

Conversion to Commercial or Professional Status

Space converted from residential use to commercial or professional use is no longer subject to rent regulation. In 2018, 7 units were converted to nonresidential use, compared to 24 the prior year. Since 1994, 2,479 residential units have been converted to nonresidential use. (See Appendix H.6.)

Other Losses to the Housing Stock

Owners may register units as permanently exempt when smaller units are merged into larger ones, or when the building is condemned or demolished. HCR annual registration data shows that 333 units were removed from the stabilized housing stock in 2018 due to these reasons, a 17% decline from the prior year. By borough, the largest proportion of units leaving rent stabilization due to other losses was in Manhattan, with 56% of the units; followed by Brooklyn (24%); Queens (13%); and the Bronx (8%). No units were removed on Staten Island. (See Endnote 8) Since 1994, 26,350 units have been removed from rent stabilization due to these other types of losses. (See Appendix H.6.)

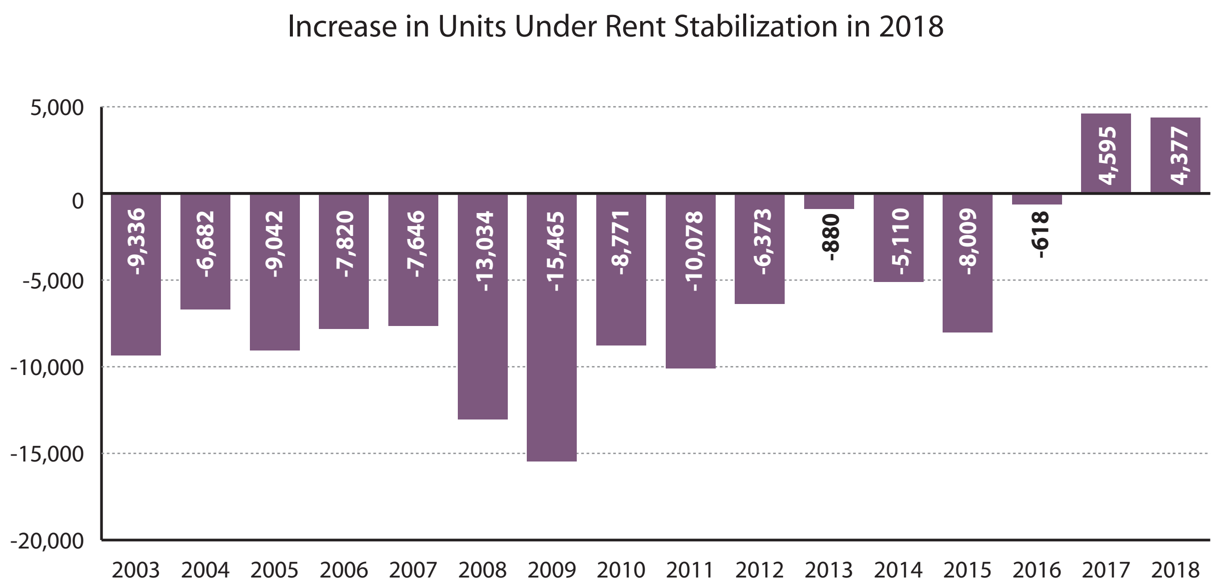
Summary

In 2018, at least 7,468 housing units left rent stabilization and approximately 11,845 units entered the stabilization system.

The built-in fluidity of the system resulted in a net gain of 4,377 units in the rent stabilized housing stock in 2018, following an estimated net gain of 4,595 units in 2017. (See graph on this page and Summary Table on page 101.)

By borough, Brooklyn saw the most additions (40%); followed by Manhattan (26%) ; Queens (25%); and the Bronx (9%). There were no additions on Staten Island. Units added to the stabilized stock in 2018 registered median legal rents of $3,000, a 12% increase from the prior year. The vast majority of units added were the result of the 421-a program, which comprised 80% of the additions, with an initial median rent of $3,350 (See Appendices H.1 and H.2.)

Annual Net Change of Rent Stabilized Units, 2003-2018



Note: 2016 and 2017 numbers revised from prior years. See Endnote 1.

Sources: NYC Department of Housing Preservation and Development (HPD), Tax Incentive Programs and Division of Housing Supervision (Mitchell-Lama Developments); NYS Homes and Community Renewal (HCR), Office of Rent Administration and Office of Housing Operations; and NYC Loft Board.

Meanwhile, 52% of all units leaving rent stabilization were located in Manhattan, a total of 3,873 units. The second largest reduction was in Brooklyn, representing 25% removed; followed by Queens, 18%; the Bronx, 4%; and Staten Island, representing 1% of the total number of units removed from rent stabilization in 2018. High-Rent Vacancy Deregulation was the largest source of measured subtractions from the rent stabilized housing stock in 2018, accounting for 62% of the total decrease. (See Appendix H.7.)

Since 1994, the first year for which we have data, a total of at least 155,558 units have been added to the rent stabilization system, while a minimum of 298,426 rent stabilized units have been deregulated, for an estimated net loss of 142,868 units over the last 25 years. ❒

Endnotes

1. The number of J-51 units added to the rent stabilized stock was adjusted for 2016 and 2017 due to a change in the source of the data. Previously obtained from the NYC Department of Housing Preservation and Development (HPD), the data source is now NYS Homes and Community Renewal (HCR).

2. The *2017 Housing and Vacancy Survey* reported a total of 21,751 rent controlled units in New York City.

3. The Rent Act of 2015, effective June 15, 2015, raised the Deregulation Rent Threshold for deregulation upon vacancy from \$2,500 to \$2,700, subsequently increased to \$2,733.75 effective January 1, 2018 and to \$2,774.76 effective January 1, 2019. See “High-Rent High-Income Deregulation” section on page 96 for more information.

4. The 420-c tax incentive program provides a complete exemption from real estate taxes for the term of the regulatory agreement (up to 30 years). While the RGB is unable to quantify the number of units that became rent stabilized since 2003, the previously reported figure for the period 1994-2002, 5,500 rent stabilized units created through the 420-c program, is assumed to be correct. The figure is based upon units identified in rental projects with funding sources that require rent stabilization.

5. Article 11, 14 and 15 tax incentive programs encourage new construction or rehabilitation of affordable housing to be carried out by a Housing Development Fund Corporation (HDFC). The benefit consists of complete or partial exemption from real estate taxes for up to 40 years.

6. The final count for petitions for High-Rent High-Income Deregulation may be slightly reduced as they are subject to appeal or in some cases, to judicial review.

7. Deregulation of certain high rent apartments was instituted in New York City twice before, in 1964 and in 1968.

8. Numbers may not add up to 100% due to rounding.

Summary Table of Additions and Subtractions to the Rent Stabilized Housing Stock in 2018

Program	Number of Units
ADDITIONS	
421-a	+ 9,452
J-51	+ 309
Mitchell-Lama buyouts	+ 0
Loft conversions	+ 43
Article 11, 14 or 15	+ 1,900
CHANGES	
Rent control to rent stabilization	+ 141
Subtotal Additions & Changes	**+ 11,845**
SUBTRACTIONS	
Co-op and Condo subtractions	- 791
High-Rent Vacancy Deregulation	- 4,628
High-Rent High-Income Deregulation	- 109
421-a Expiration	- 1,016
J-51 Expiration	- 375
Substantial Rehabilitation	- 209
Commercial/Professional Conversion	- 7
Other Subtractions	- 333
Subtotal Subtractions	**- 7,468**
NET TOTAL	
Net Estimated Gain	***+ 4,377***

Sources: NYC Department of Housing Preservation and Development (HPD), Tax Incentive Programs and Division of Housing Supervision (Mitchell-Lama Developments); NYS Homes and Community Renewal (HCR), Office of Rent Administration and Office of Housing Operations; and NYC Loft Board.

Appendices

Appendix A: Guidelines Adopted by the Board

A.1 Apartments & Lofts - Order #51

On June 25, 2019, the Rent Guidelines Board (RGB) set the following maximum rent increases for leases commencing or being renewed on or after October 1, 2019 and on or before September 30, 2020 for rent stabilized apartments:

One-Year Lease	Two-Year Lease
1.5%	2.5%

For Loft units that are covered under Article 7-C of the Multiple Dwelling Law, the Board established the following maximum rent increases for increase periods commencing on or after October 1, 2019 and on or before September 30, 2020:

One-Year Increase Period	Two-Year Increase Period
1.5%	2.5%

Leases for units subject to rent control on September 30, 2019, 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 NYS Homes and Community Renewal (HCR). In order to aid HCR in this review, the RGB has set a special guideline. For rent controlled units which become vacant after September 30, 2019, the special guideline shall be 39% above the maximum base rent.

A.2 Hotel Units - Order #49

On June 25, 2019, the Rent Guidelines Board (RGB) set the following maximum rent increases for leases commencing or being renewed on or after October 1, 2019 and on or before September 30, 2020 for rent stabilized hotels:

Single Room Occupancy Buildings (SRO)	0%
Lodging Houses	0%
Class A Hotels	0%
Class B Hotels	0%
Rooming Houses	0%

B.1 PIOC Sample, Number of Price Quotes per Item, 2018 vs. 2019

Spec #	Description	2018	2019
211	Apartment Value	87	96
212	Non-Union Super	63	80
216	Non-Union Janitor/Porter	28	33
	LABOR COSTS	178	209
301	Fuel Oil #2	32	32
302	Fuel Oil #4	11	9
	FUEL OIL	43	41
501	Repainting	99	100
502	Plumbing, Faucet	31	32
503	Plumbing, Stoppage	29	31
504	Elevator #1, 6 fl., 1 e.	8	6
505	Elevator #2, 13 fl., 2 e.	6	5
506	Elevator #3, 19 fl., 3 e.	6	5
507	Burner Repair	9	9
508	Boiler Repair, Tube	9	8
509	Boiler Repair, Weld	7	6
510	Refrigerator Repair	5	5
511	Range Repair	5	5
512	Roof Repair	16	15
514	Floor Maint. #1, Studio	7	7
515	Floor Maint. #2, 1 Br.	7	7
516	Floor Maint. #3, 2 Br.	7	7
517	Extermination Services	8	10
518	Linen/Laundry Service	5	6
519	Electrician Services	12	10
805	Paint	9	11
808	Bucket	12	14
810	Linens	11	10
811	Pine Disinfectant	11	13
813	Switch Plate	11	11
815	Toilet Seat	15	14
816	Deck Faucet	14	12

(CONTINUED, TOP RIGHT)

Spec #	Description	2018	2019
817	Large Trash Bags	13	16
818	Smoke Detectors	9	13
902	Refrigerator #2	12	12
903	Air Conditioner #1	10	10
906	Dishwasher	12	12
908	Range #2	12	12
909	Carpet	10	10
910	Dresser	5	5
911	Mattress & Box Spring	9	9
	MAINTENANCE	451	458
601	Management Fees	41	68
602	Accountant Fees	26	27
603	Attorney Fees	22	21
604	Newspaper Ads	16	33
607	Bill Envelopes	11	12
608	P.O. Box	10	10
609	Copy Paper	11	12
	ADMINISTRATIVE COSTS	137	183
701	INSURANCE COSTS	463	428
	ALL ITEMS	**1,272**	**1,319**

B.2 Expenditure Weight, Price Relatives, Percent Changes and Standard Errors, All Apartments, 2019

Spec #	Item Description	Expenditure Weight	Price Relative	% Change	Standard Error
101	TAXES	**0.2957**	**1.0709**	**7.09%**	**0.0173**
201	Payroll, Bronx, All (Union)	0.0934	1.0151	1.51%	0.0000
202	Payroll, Other, Union, Supts.	0.0969	1.0234	2.34%	0.0000
203	Payroll, Other, Union, Other	0.2434	1.0242	2.42%	0.0000
204	Payroll, Other, Non-Union, All	0.3086	1.0569	5.69%	0.0000
205	Social Security Insurance	0.0425	1.0366	3.66%	0.0000
206	Unemployment Insurance	0.0035	1.0817	8.17%	0.0000
207	Private Health & Welfare	0.2117	1.1470	14.70%	0.0000
	LABOR COSTS	**0.1571**	**1.0601**	**6.01%**	**0.0000**
301	Fuel Oil #2	0.2797	1.1532	15.32%	0.9178
302	Fuel Oil #4	0.1615	1.1287	12.87%	1.6659
405	Gas #2, 650 therms	0.0913	1.1561	15.61%	0.0000
406	Gas #3, 2,140 therms	0.3923	1.1444	14.44%	0.0000
407	Steam #1, 1.15 Mlbs	0.0571	1.0458	4.58%	0.0000
408	Steam #2, 2.6 Mlbs	0.0181	1.0589	5.89%	0.0000
	FUEL	**0.0687**	**1.1382**	**13.82%**	**0.3719**
401	Electricity #1, 2,500 KWH	0.0203	0.9921	-0.79%	0.0000
402	Electricity #2, 15,000 KWH	0.2492	0.9439	-5.61%	0.0000
404	Gas #1, 120 therms	0.0083	1.1018	10.18%	0.0000
410	Water & Sewer	0.7223	1.0236	2.36%	0.0000
	UTILITIES	**0.0990**	**1.0037**	**0.37%**	**0.0000**
501	Repainting	0.2324	1.0568	5.68%	0.9126
502	Plumbing, Faucet	0.1069	1.0258	2.58%	0.9663
503	Plumbing, Stoppage	0.0982	1.0258	2.58%	0.9504
504	Elevator #1, 6 fl., 1 e.	0.0215	1.0121	1.21%	1.1819
505	Elevator #2, 13 fl., 2 e.	0.0136	1.0087	0.87%	0.9675
506	Elevator #3, 19 fl., 3 e.	0.0077	1.0032	0.32%	0.3710
507	Burner Repair	0.0323	1.0310	3.10%	1.9801
508	Boiler Repair, Tube	0.0398	1.0935	9.35%	2.6723
509	Boiler Repair, Weld	0.0351	1.0147	1.47%	0.9225
510	Refrigerator Repair	0.0133	1.0230	2.30%	1.2905
511	Range Repair	0.0125	1.0205	2.05%	1.2098
512	Roof Repair	0.0478	1.0916	9.16%	3.2162
514	Floor Maint. #1, Studio	0.0036	1.0018	0.18%	0.1832
515	Floor Maint. #2, 1 Br.	0.0061	1.0021	0.21%	0.2048
516	Floor Maint. #3, 2 Br.	0.0550	1.0020	0.20%	0.2014
517	Extermination Services	0.0456	1.0356	3.56%	3.3710
519	Electrician Services	0.0702	1.0422	4.22%	1.8962

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Spec #	Item Description	Expenditure Weight	Price Relative	% Change	Standard Error
805	Paint	0.0295	0.9833	-1.67%	4.9221
808	Bucket	0.0052	1.0061	0.61%	2.7278
811	Pine Disinfectant	0.0073	1.0077	0.77%	3.2610
813	Switch Plate	0.0052	1.0720	7.20%	5.9558
815	Toilet Seat	0.0126	1.0311	3.11%	1.3128
816	Deck Faucet	0.0154	1.0620	6.20%	4.7311
817	Large Trash Bags	0.0123	0.9473	-5.27%	4.4393
818	Smoke Detectors	0.0117	0.9701	-2.99%	3.0697
902	Refrigerator #2	0.0375	1.0532	5.32%	1.6739
903	Air Conditioner #1	0.0014	1.0401	4.01%	2.3873
906	Dishwasher	0.0037	1.1302	13.02%	4.6947
908	Range #2	0.0166	1.1101	11.01%	1.5177
	MAINTENANCE	**0.1772**	**1.0385**	**3.85%**	**0.4299**
601	Management Fees	0.5245	1.0289	2.89%	0.9462
602	Accountant Fees	0.1262	1.0441	4.41%	1.1715
603	Attorney Fees	0.2222	1.0435	4.35%	1.6105
604	Newspaper Ads	0.0105	1.0188	1.88%	3.6371
607	Bill Envelopes	0.0211	1.1610	16.10%	3.8772
608	P.O. Box	0.0222	1.0417	4.17%	0.5093
609	Copy Paper	0.0213	1.1099	10.99%	2.3586
409	Communications	0.0521	0.9560	-4.40%	0.0000
	ADMINISTRATIVE COSTS	**0.1518**	**1.0349**	**3.49%**	**0.6379**
701	INSURANCE COSTS	**0.0504**	**1.0596**	**5.96%**	**1.4366**
	ALL ITEMS	**1.0000**	**1.05540**	**5.54%**	**0.1453**

B.3 Price Relative by Building Type, Apartments, 2019

Component Description	Pre-1947	Post-1946	Gas Heated	Oil Heated
TAXES	7.2%	6.8%	7.1%	7.1%
LABOR COSTS	5.9%	6.1%	5.9%	6.0%
FUEL	14.4%	11.8%	14.7%	14.4%
UTILITIES	0.7%	-0.3%	0.7%	0.4%
MAINTENANCE	3.9%	3.7%	3.9%	3.8%
ADMINISTRATIVE COSTS	3.6%	3.2%	3.5%	3.5%
INSURANCE COSTS	6.0%	6.0%	6.0%	6.0%
ALL ITEMS	**5.7%**	**5.1%**	**5.5%**	**5.8%**

B.4 Price Relative by Hotel Type, 2019

Component Description	Hotel	Rooming House	SRO
TAXES	3.6%	6.4%	6.0%
LABOR COSTS	4.3%	4.3%	5.0%
FUEL	13.4%	15.3%	14.4%
UTILITIES	0.9%	3.2%	0.4%
MAINTENANCE	2.3%	2.8%	2.6%
ADMINISTRATIVE COSTS	1.4%	3.2%	2.8%
INSURANCE COSTS	6.0%	6.0%	6.0%
ALL ITEMS	**4.7%**	**6.2%**	**6.4%**

B.5 Percentage Change in Real Estate Tax by Borough and Source of Change, Apartments and Hotels, 2019

	% Change Due to Assessments	% Change Due to Exemptions	% Change Due to Tax Rates	% Change Due to Abatements	% Change Due to Interactions*	Total % Change
APARTMENTS						
Manhattan	8.5%	-0.8%	-0.8%	-0.1%	-0.1%	6.8%
Bronx	12.5%	-3.8%	-1.0%	-0.5%	-0.1%	7.2%
Brooklyn	11.8%	-2.1%	-0.8%	0.1%	-0.1%	8.9%
Queens	8.5%	-1.1%	-0.8%	0.2%	-0.1%	6.7%
Staten Island	11.0%	-1.5%	-0.8%	-0.6%	-0.1%	8.0%
All Apartments	**9.1%**	**-1.2%**	**-0.8%**	**0.1%**	**-0.1%**	**7.1%**
HOTELS						
Hotel	3.2%	0.5%	-0.2%	0.2%	0.0%	3.6%
Rooming House	7.3%	0.0%	-0.8%	0.0%	-0.1%	6.4%
SRO	6.5%	0.9%	-0.6%	-0.8%	0.0%	6.0%
All Hotels	**4.9%**	**0.6%**	**-0.4%**	**-0.2%**	**0.0%**	**4.9%**

Note: Totals may not add due to rounding.
* Real estate tax interactions are the cumulative effects of changes in tax rates, assessments, exemptions and abatements in the same year, after subtracting out the individual effects of each of these changes. Interactions have minimal impact on the overall change in real estate taxes.

B.6 Tax Change by Borough and Community Board, Apartments, 2019

Borough	Community Board	Number of Buildings	Tax Relative
Manhattan		**12,255**	**6.75%**
	1	88	14.67%
	2	1,095	7.31%
	3	1,556	7.48%
	4	935	9.98%
	5	244	6.01%
	6	794	6.55%
	7	1,741	5.58%
	8	1,839	4.97%
	9	735	8.70%
	10	1,057	9.32%
	11	696	9.30%
	12	1,438	8.71%
Lower		**7,828**	**6.45%**
Upper		**4,427**	**8.58%**
Bronx		**6,131**	**7.19%**
	1	455	0.15%
	2	302	10.62%
	3	422	0.46%
	4	765	6.56%
	5	699	6.62%
	6	627	8.75%
	7	966	7.94%
	8	363	6.23%
	9	358	4.74%
	10	254	11.29%
	11	345	7.75%
	12	556	12.57%
Brooklyn		**13,569**	**8.93%**
	1	1,742	12.68%
	2	636	7.45%
	3	1,168	6.15%
	4	1,408	9.66%
	5	486	12.32%
	6	884	16.65%
	7	885	9.28%
	8	1,037	9.97%
	9	613	11.73%
	10	788	7.75%
	11	734	8.18%
	12	630	8.01%
	13	191	7.67%
	14	902	7.88%
	15	364	7.31%
	16	382	1.31%
	17	626	7.10%
	18	85	9.29%
Queens		**7,558**	**6.66%**
	1	2,032	7.43%
	2	904	6.15%
	3	607	7.61%
	4	646	6.89%
	5	1,235	5.94%
	6	335	6.52%
	7	511	7.11%
	8	251	6.08%
	9	269	5.67%
	10	47	7.73%
	11	147	6.60%
	12	259	5.30%
	13	55	4.77%
	14	203	9.90%
Staten Island		**212**	**8.03%**
	1	135	7.29%
	2	55	4.22%
	3	22	12.90%
ALL		**39,725**	**7.09%**

Note: No Community Board (CB) could be assigned to the following number of buildings for each borough: Manhattan (9), Bronx (19), Brooklyn (8), Queens (57). The number of buildings in the category "ALL" for each borough includes the buildings that could not be assigned a Community Board. In addition, 28 buildings in Manhattan are a part of Community Board 8 in the Bronx. These buildings are not included in the total for CB 8 in the Bronx, but are represented in the Manhattan total and the total for "ALL" buildings. Core and Upper Manhattan building totals are defined by block count and cannot be calculated by using Community Board numbers alone.

B.7 Expenditure Weight, Price Relatives, Percent Changes and Standard Errors, All Hotels, 2019

Spec #	Item Description	Expenditure Weight	Price Relative	% Change	Standard Error
101	TAXES	**0.4002**	**1.0486**	**4.86%**	**0.6121**
205	Social Security Insurance	0.0485	1.0366	3.66%	0.0000
206	Unemployment Insurance	0.0072	1.0817	8.17%	0.0000
208	Hotel Private Health/Welfare	0.0567	1.0408	4.08%	0.0000
209	Hotel Union Labor	0.3142	1.0350	3.50%	0.0000
210	SRO Union Labor	0.0123	1.0350	3.50%	0.0000
211	Apartment Value	0.1150	1.0244	2.44%	0.3403
212	Non-Union Superintendent	0.3189	1.0569	5.69%	0.0000
216	Non-Union Janitor/Porter	0.1272	1.0571	5.71%	5.7378
	LABOR COSTS	**0.1500**	**1.0443**	**4.43%**	**0.7309**
301	Fuel Oil #2	0.6217	1.1532	15.32%	0.9178
302	Fuel Oil #4	0.0152	1.1287	12.87%	1.6659
403	Electricity #3, 82,000 KWH	0.2015	1.0505	5.05%	0.0000
405	Gas #2, 650 therms	0.0299	1.2165	21.65%	0.0000
406	Gas #3, 2,140 therms	0.1314	1.1847	18.47%	0.0000
407	Steam #1, 1.15 Mlbs	0.0003	1.0458	4.58%	0.0000
	FUEL	**0.1516**	**1.1381**	**13.81%**	**0.5711**
401	Electricity #1, 2,500 KWH	0.1311	0.9921	-0.79%	0.0000
402	Electricity #2, 15,000 KWH	0.1365	0.9439	-5.61%	0.0000
404	Gas #1, 120 therms	0.0830	1.1018	10.18%	0.0000
410	Water & Sewer	0.6495	1.0236	2.36%	0.0000
	UTILITIES	**0.0458**	**1.0151**	**1.51%**	**0.0000**
501	Repainting	0.1383	1.0568	5.68%	0.9126
502	Plumbing, Faucet	0.0501	1.0258	2.58%	0.9663
503	Plumbing, Stoppage	0.0487	1.0258	2.58%	0.9504
504	Elevator #1, 6 fl., 1 e.	0.0223	1.0121	1.21%	1.1819
505	Elevator #2, 13 fl., 2 e.	0.0195	1.0087	0.87%	0.9675
506	Elevator #3, 19 fl., 3 e.	0.0182	1.0032	0.32%	0.3710
507	Burner Repair	0.0161	1.0310	3.10%	1.9801
508	Boiler Repair, Tube	0.0179	1.0935	9.35%	2.6723
509	Boiler Repair, Weld	0.0186	1.0147	1.47%	1.2905
511	Range Repair	0.0835	1.0205	2.05%	1.2098
512	Roof Repair	0.0203	1.0916	9.16%	3.2162
514	Floor Maint. #1, Studio	0.0004	1.0018	0.18%	0.1832
515	Floor Maint. #2, 1 Br.	0.0009	1.0021	0.21%	0.2048
516	Floor Maint. #3, 2 Br.	0.0083	1.0020	0.20%	0.2014
517	Extermination Services	0.0223	1.0356	3.56%	3.3710

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Spec #	Item Description	Expenditure Weight	Price Relative	% Change	Standard Error
518	Linen/Laundry Service	0.1197	1.0512	5.12%	2.7203
519	Electrician Services	0.0221	1.0422	4.22%	1.8962
805	Paint	0.0515	0.9833	-1.67%	4.9221
808	Bucket	0.0202	1.0061	0.61%	2.7278
810	Linens	0.0661	0.9697	-3.03%	4.9293
811	Pine Disinfectant	0.0093	1.0077	0.77%	3.2610
813	Switch Plate	0.0135	1.0720	7.20%	5.9558
815	Toilet Seat	0.0200	1.0311	3.11%	1.3128
816	Deck Faucet	0.0245	1.0620	6.20%	4.7311
817	Large Trash Bags	0.0292	0.9473	-5.27%	4.4393
818	Smoke Detectors	0.0278	0.9701	-2.99%	3.0697
902	Refrigerator #2	0.0133	1.0532	5.32%	1.6739
903	Air Conditioner #1	0.0081	1.0401	4.01%	2.3873
908	Range #2	0.0053	1.1101	11.01%	1.5177
909	Carpet	0.0435	0.9785	-2.15%	2.1524
910	Dresser	0.0221	1.0241	2.41%	1.8797
911	Mattress & Box Spring	0.0184	1.0219	2.19%	4.7283
	MAINTENANCE	**0.1155**	**1.0245**	**2.45%**	**0.1379**
601	Management Fees	0.5617	1.0289	2.89%	0.9462
602	Accountant Fees	0.0622	1.0441	4.41%	1.1715
603	Attorney Fees	0.0910	1.0435	4.35%	1.6105
604	Newspaper Ads	0.0848	1.0188	1.88%	3.6371
607	Envelopes	0.0055	1.1610	16.10%	3.8772
608	P.O. Box	0.0058	1.0417	4.17%	0.5093
609	Copy Paper	0.0056	1.1099	10.99%	2.3586
409	Communications	0.1835	0.9560	-4.40%	0.0000
	ADMINISTRATIVE COSTS	**0.0907**	**1.0182**	**1.82%**	**0.6363**
701	INSURANCE COSTS	**0.0462**	**1.0596**	**5.96%**	**1.4366**
	ALL ITEMS	**1.0000**	**1.0549**	**5.49%**	**0.3041**

B.8 Expenditure Weight and Price Relatives, Lofts, 2019

Spec #	Item Description	Expenditure Weight	Price Relative	% Change
101	TAXES	**0.3232**	**1.0709**	**7.09%**
202	Payroll, Other, Union, Supts.	0.2288	1.0234	2.34%
204	Payroll, Other, Non-Union, All	0.5550	1.0569	5.69%
205	Social Security Insurance	0.0397	1.0366	3.66%
206	Unemployment Insurance	0.0037	1.0817	8.17%
207	Private Health & Welfare	0.1728	1.1470	14.70%
	LABOR COSTS	**0.0866**	**1.0641**	**6.41%**
301	Fuel Oil #2	0.2943	1.1532	15.32%
302	Fuel Oil #4	0.5547	1.1287	12.87%
405	Gas #2, 650 therms	0.0352	1.1561	15.61%
406	Gas #3, 2,140 therms	0.0953	1.1444	14.44%
407	Steam #1, 1.15 Mlbs	0.0157	1.0458	4.58%
408	Steam #2, 2.6 Mlbs	0.0048	1.0589	5.89%
	FUEL	**0.0808**	**1.137**	**13.7%**
401	Electricity #1, 2,500 KWH	0.0080	0.9921	-0.79%
402	Electricity #2, 15,000 KWH	0.0984	0.9439	-5.61%
404	Gas #1, 120 therms	0.0033	1.1018	10.18%
410	Water & Sewer - Frontage	0.8904	1.0236	2.36%
	UTILITIES	**0.0632**	**1.0158**	**1.58%**
501	Repainting	0.2846	1.0568	5.68%
502	Plumbing, Faucet	0.0858	1.0258	2.58%
503	Plumbing, Stoppage	0.0788	1.0258	2.58%
504	Elevator #1, 6 fl., 1 e.	0.0353	1.0121	1.21%
505	Elevator #2, 13 fl., 2 e.	0.0225	1.0087	0.87%
506	Elevator #3, 19 fl., 3 e.	0.0128	1.0032	0.32%
507	Burner Repair	0.0239	1.0310	3.10%
508	Boiler Repair, Tube	0.0294	1.0935	9.35%
509	Boiler Repair, Weld	0.0260	1.0147	1.47%
510	Refrigerator Repair	0.0082	1.0230	2.30%
511	Range Repair	0.0077	1.0205	2.05%
512	Roof Repair	0.0487	1.0916	9.16%
514	Floor Maint. #1, Studio	0.0001	1.0018	0.18%
515	Floor Maint. #2, 1 Br.	0.0003	1.0021	0.21%
516	Floor Maint. #3, 2 Br.	0.0023	1.0020	0.20%
517	Extermination	0.0267	1.0356	3.56%
519	Electrician	0.0264	1.0422	4.22%

(CONTINUED, TOP RIGHT)

Spec #	Item Description	Expenditure Weight	Price Relative	% Change
805	Paint	0.0509	0.9833	-1.67%
808	Bucket	0.0090	1.0061	0.61%
811	Pine Disinfectant	0.0132	1.0077	0.77%
813	Switch Plate	0.0061	1.0720	7.20%
815	Toilet Seat	0.0217	1.0311	3.11%
816	Deck Faucet	0.0266	1.0620	6.20%
817	Large Trash Bags	0.0178	0.9473	-5.27%
818	Smoke Detectors	0.0169	0.9701	-2.99%
902	Refrigerator #2	0.0748	1.0532	5.32%
903	Air Conditioner #1	0.0027	1.0401	4.01%
906	Dishwasher	0.0074	1.1302	13.02%
908	Range #2	0.0332	1.1101	11.01%
	MAINTENANCE	**0.0907**	**1.0412**	**4.12%**
	ADMINISTRATIVE COSTS-LEGAL	**0.0605**	**1.0435**	**4.35%**
601	Management Fees	0.8335	1.0289	2.89%
602	Accountant Fees	0.1324	1.0441	4.41%
604	Newspaper Ads	0.0093	1.0188	1.88%
607	Envelopes	0.0061	1.1610	16.10%
608	PO Box	0.0064	1.0417	4.17%
609	Copy Paper	0.0061	1.1099	10.99%
409	Communications	0.0061	0.9560	-4.40%
	ADMINISTRATIVE COSTS-OTHER	**0.0882**	**1.0317**	**3.17%**
701	INSURANCE COSTS	**0.2067**	**1.0596**	**5.96%**
	ALL ITEMS	**1.0000**	**1.0620**	**6.20%**

C.1 Average Operating & Maintenance Cost in 2017 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	**$279**	**$86**	**$74**	**$74**	**$24**	**$173**	**$140**	**$52**	**$42**	**$944**
11-19 units	$352	$82	$81	$74	$26	$183	$157	$56	$59	$1,072
20-99 units	$248	$74	$74	$75	$23	$169	$132	$52	$40	$887
100+ units	$455	$206	$56	$65	$31	$197	$192	$46	$35	$1,283
Bronx	$151	$72	$84	$82	$25	$159	$109	$58	$23	$762
11-19 units	$158	$81	$99	$89	$27	$162	$109	$62	$29	$817
20-99 units	$151	$71	$83	$81	$25	$159	$109	$58	$23	$758
100+ units	$152	$90	$73	$82	$20	$172	$118	$54	$16	$779
Brooklyn	$223	$65	$64	$74	$19	$161	$121	$50	$35	$813
11-19 units	$245	$70	$74	$71	$22	$178	$129	$51	$36	$877
20-99 units	$215	$61	$64	$75	$19	$157	$118	$50	$36	$794
100+ units	$262	$101	$52	$71	$22	$166	$132	$47	$29	$881
Manhattan	$458	$121	$74	$69	$29	$204	$201	$52	$72	$1,279
11-19 units	$524	$99	$82	$76	$32	$206	$220	$61	$97	$1,398
20-99 units	$400	$92	$74	$69	$25	$198	$184	$51	$71	$1,166
100+ units	$677	$311	$55	$57	$44	$231	$263	$44	$34	$1,716
Queens	$267	$76	$69	$66	$20	$158	$108	$47	$33	$844
11-19 units	$247	$64	$81	$65	$21	$150	$87	$48	$28	$790
20-99 units	$268	$71	$68	$66	$21	$162	$112	$47	$30	$844
100+ units	$293	$131	$54	$65	$15	$153	$117	$45	$60	$933
Core Man	$647	$150	$65	$60	$31	$219	$240	$51	$74	$1,536
11-19 units	$646	$101	$77	$71	$30	$224	$239	$62	$95	$1,544
20-99 units	$597	$100	$63	$56	$25	$206	$223	$49	$81	$1,400
100+ units	$780	$351	$54	$54	$48	$245	$288	$45	$28	$1,892
Upper Man	$275	$92	$82	$78	$27	$189	$162	$52	$69	$1,027
11-19 units	$287	$95	$92	$84	$36	$171	$182	$60	$100	$1,107
20-99 units	$270	$87	$82	$77	$26	$193	$159	$52	$65	$1,011
100+ units	$320	$171	$60	$67	$30	$182	$175	$42	$53	$1,099
City w/o Core	$212	$74	$75	$76	$23	$165	$122	$53	$37	$837
11-19 units	$240	$75	$83	$75	$25	$167	$126	$54	$46	$891
20-99 units	$205	$71	$75	$77	$23	$165	$121	$53	$35	$825
100+ units	$259	$118	$58	$71	$21	$167	$133	$47	$38	$912

Notes: The sum of the lines may not equal the total due to rounding. Totals in this table may not match those in Appendix 3 due to rounding. Data in this table is NOT adjusted for the results of the 1992 NYC Department of Finance audit on I&E reported operating costs. The category "Utilities" used in the I&E Study is the sum of "Water & Sewer" and "Light & Power." The number of Pre-47 rent stabilized buildings in Staten Island was too small to calculate reliable statistics. Owners are not required to report tax expenses; therefore, tax figures used in this report were calculated by the NYC Department of Finance.

Source: NYC Department of Finance, RPIE Filings

C.2 Average Operating & Maintenance Cost in 2017 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	**$319**	**$154**	**$54**	**$63**	**$34**	**$177**	**$170**	**$43**	**$60**	**$1,075**
11-19 units	$209	$78	$55	$59	$42	$170	$135	$50	$50	$847
20-99 units	$240	$95	$55	$64	$29	$163	$142	$45	$44	$879
100+ units	$416	$225	$53	$61	$38	$191	$203	$41	$77	$1,304
Bronx	$143	$98	$67	$75	$37	$149	$133	$45	$23	$771
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	$143	$80	$70	$74	$36	$145	$119	$48	$25	$739
100+ units	$147	$127	$62	$76	$38	$153	$157	$41	$20	$822
Brooklyn	$226	$109	$47	$62	$30	$169	$148	$46	$58	$895
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	$230	$90	$47	$63	$26	$170	$156	$46	$54	$882
100+ units	$226	$151	$44	$63	$35	$153	$126	$43	$63	$903
Manhattan	$660	$307	$57	$53	$44	$220	$280	$44	$93	$1,758
11-19 units	$597	$106	$68	$59	$46	$235	$230	$54	$11	$1,406
20-99 units	$472	$141	$57	$54	$35	$189	$215	$47	$53	$1,264
100+ units	$706	$350	$57	$52	$47	$227	$296	$43	$103	$1,880
Queens	$266	$119	$51	$64	$29	$168	$134	$39	$62	$932
11-19 units	$220	$70	$52	$58	$40	$135	$108	$43	$41	$767
20-99 units	$262	$101	$54	$63	$28	$162	$128	$41	$48	$885
100+ units	$282	$152	$47	$65	$27	$183	$149	$36	$83	$1,025
St. Island	$193	$95	$50	$58	$23	$165	$107	$47	$21	$759
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	$176	$70	$50	$59	$22	$159	$105	$51	$15	$706
100+ units	-	-	-	-	-	-	-	-	-	-
Core Man	$772	$346	$57	$51	$44	$224	$305	$44	$117	$1,961
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	$628	$165	$51	$49	$31	$215	$239	$44	$65	$1,487
100+ units	$799	$380	$58	$52	$46	$225	$317	$44	$127	$2,049
Upper Man	$295	$183	$57	$57	$46	$205	$199	$41	$15	$1,099
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	$258	$109	$65	$61	$40	$153	$182	$51	$37	$956
100+ units	-	-	-	-	-	-	-	-	-	-
City w/o Core	$226	$114	$54	$65	$32	$166	$142	$43	$48	$890
11-19 units	$199	$78	$55	$59	$41	$168	$132	$50	$50	$832
20-99 units	$219	$91	$56	$65	$29	$160	$137	$45	$43	$846
100+ units	$240	$154	$50	$66	$34	$174	$150	$39	$54	$962

Notes: The sum of the lines may not equal the total due to rounding. Totals in this table may not match those in Appendix 3 due to rounding. Data in this table is NOT adjusted for the results of the 1992 NYC Department of Finance audit on I&E reported operating costs. The category "Utilities" used in the I&E Study is the sum of "Water & Sewer" and "Light & Power." The number of Post-46 rent stabilized buildings with 11-19 units in the Bronx, Brooklyn, Staten Island, Core Manhattan and Upper Manhattan; as well as 100+ unit buildings in Upper Manhattan and Staten Island, was too small to calculate reliable statistics. Owners are not required to report tax expenses; therefore, tax figures used in this report were calculated by the NYC Department of Finance.

Source: NYC Department of Finance, RPIE Filings

C.3 Average Rent, Income and Costs in 2017 per Apartment per Month by Building Size and Location

	Post-46			Pre-47			All		
	Rent	Income	Costs	Rent	Income	Costs	Rent	Income	Costs
Citywide	**$1,534**	**$1,716**	**$1,075**	**$1,273**	**$1,440**	**$944**	**$1,353**	**$1,524**	**$984**
11-19 units	$1,398	$1,544	$847	$1,361	$1,642	$1,072	$1,367	$1,628	$1,039
20-99 units	$1,288	$1,395	$879	$1,211	$1,348	$887	$1,228	$1,358	$885
100+ units	$1,807	$2,071	$1,304	$1,720	$1,986	$1,283	$1,782	$2,046	$1,298
Bronx	$1,075	$1,191	$771	$987	$1,104	$762	$1,006	$1,122	$763
11-19 units	-	-	-	$973	$1,133	$817	$971	$1,132	$814
20-99 units	$1,055	$1,139	$739	$985	$1,100	$758	$992	$1,104	$756
100+ units	$1,117	$1,278	$822	$1,074	$1,171	$779	$1,094	$1,222	$799
Brooklyn	$1,334	$1,434	$895	$1,177	$1,245	$813	$1,224	$1,301	$837
11-19 units	-	-	-	$1,221	$1,323	$877	$1,238	$1,340	$881
20-99 units	$1,326	$1,415	$882	$1,156	$1,216	$794	$1,174	$1,237	$803
100+ units	$1,282	$1,404	$903	$1,300	$1,384	$881	$1,289	$1,397	$895
Manhattan	$2,453	$2,903	$1,758	$1,655	$1,994	$1,279	$1,850	$2,217	$1,397
11-19 units	$1,640	$2,273	$1,406	$1,655	$2,186	$1,398	$1,655	$2,186	$1,398
20-99 units	$1,806	$2,115	$1,264	$1,550	$1,820	$1,166	$1,571	$1,844	$1,174
100+ units	$2,616	$3,098	$1,880	$2,200	$2,654	$1,716	$2,476	$2,948	$1,825
Queens	$1,343	$1,442	$932	$1,251	$1,316	$844	$1,301	$1,385	$892
11-19 units	$1,327	$1,459	$767	$1,152	$1,218	$790	$1,174	$1,248	$787
20-99 units	$1,295	$1,384	$885	$1,261	$1,321	$844	$1,271	$1,339	$855
100+ units	$1,402	$1,506	$1,025	$1,358	$1,449	$933	$1,391	$1,492	$1,003
St. Island	$1,031	$1,135	$759	-	-	-	$1,046	$1,141	$768
11-19 units	-	-	-	-	-	-	-	-	-
20-99 units	$1,008	$1,065	$706	-	-	-	$1,034	$1,092	$732
100+ units	-	-	-	-	-	-	-	-	-
Core Man	$2,724	$3,225	$1,961	$2,008	$2,480	$1,536	$2,247	$2,729	$1,678
11-19 units	-	-	-	$1,808	$2,455	$1,544	$1,804	$2,451	$1,542
20-99 units	$2,144	$2,501	$1,487	$1,943	$2,319	$1,400	$1,957	$2,332	$1,406
100+ units	$2,835	$3,360	$2,049	$2,411	$2,941	$1,892	$2,666	$3,194	$1,987
Upper Man	$1,576	$1,858	$1,099	$1,307	$1,517	$1,027	$1,343	$1,562	$1,037
11-19 units	-	-	-	$1,351	$1,651	$1,107	$1,357	$1,650	$1,101
20-99 units	$1,338	$1,582	$956	$1,290	$1,489	$1,011	$1,291	$1,492	$1,010
100+ units	-	-	-	$1,463	$1,648	$1,099	$1,553	$1,783	$1,127
City w/o Core	$1,286	$1,401	$890	$1,168	$1,255	$837	$1,204	$1,299	$846
11-19 units	$1,392	$1,525	$832	$1,147	$1,232	$891	$1,193	$1,286	$816
20-99 units	$1,241	$1,334	$846	$1,153	$1,232	$825	$1,173	$1,255	$819
100+ units	$1,335	$1,479	$962	$1,289	$1,389	$912	$1,322	$1,455	$945

Notes: Citywide and borough totals as well as building size categories are weighted (see Methodology). Cost figures in this table are NOT adjusted for the results of the 1992 NYC Department of Finance audit on I&E reported operating costs. The number of Post-46 rent stabilized buildings with 11-19 units in the Bronx, Brooklyn, Staten Island, Core Manhattan and Upper Manhattan; as well as 100+ unit buildings in Upper Manhattan and Staten Island, was too small to calculate reliable statistics. In addition, the number of Pre-47 rent stabilized buildings of all size groupings in Staten Island was too small to calculate reliable statistics.

Source: NYC Department of Finance, RPIE Filings

C.4 Median Rent, Income and Costs in 2017 per Apartment per Month by Building Size and Location

	Post-46			Pre-47			All		
	Rent	Income	Costs	Rent	Income	Costs	Rent	Income	Costs
Citywide	**$1,290**	**$1,379**	**$891**	**$1,196**	**$1,297**	**$867**	**$1,208**	**$1,309**	**$870**
11-19 units	$1,260	$1,417	$835	$1,321	$1,490	$1,010	$1,319	$1,486	$998
20-99 units	$1,215	$1,294	$835	$1,163	$1,246	$835	$1,168	$1,252	$835
100+ units	$1,430	$1,537	$1,056	$1,342	$1,419	$909	$1,391	$1,508	$1,018
Bronx	$1,058	$1,114	$721	$991	$1,078	$740	$997	$1,083	$737
11-19 units	-	-	-	$953	$1,082	$776	$952	$1,082	$774
20-99 units	$1,056	$1,093	$723	$992	$1,073	$735	$997	$1,076	$734
100+ units	$1,091	$1,199	$686	$1,093	$1,197	$776	$1,092	$1,199	$757
Brooklyn	$1,260	$1,334	$848	$1,128	$1,175	$770	$1,140	$1,193	$778
11-19 units	-	-	-	$1,141	$1,206	$814	$1,146	$1,210	$820
20-99 units	$1,257	$1,322	$825	$1,120	$1,162	$751	$1,129	$1,174	$757
100+ units	$1,258	$1,348	$872	$1,285	$1,325	$819	$1,259	$1,328	$846
Manhattan	$2,179	$2,522	$1,465	$1,600	$1,865	$1,164	$1,632	$1,897	$1,182
11-19 units	$1,545	$1,856	$1,177	$1,678	$2,054	$1,297	$1,672	$2,052	$1,295
20-99 units	$1,962	$2,138	$1,208	$1,554	$1,734	$1,088	$1,573	$1,757	$1,093
100+ units	$2,835	$3,242	$1,889	$2,091	$2,456	$1,650	$2,586	$2,956	$1,773
Queens	$1,331	$1,408	$915	$1,241	$1,283	$796	$1,267	$1,317	$825
11-19 units	$1,286	$1,353	$728	$1,145	$1,193	$753	$1,158	$1,200	$749
20-99 units	$1,280	$1,357	$872	$1,268	$1,311	$809	$1,271	$1,320	$830
100+ units	$1,389	$1,490	$1,014	$1,364	$1,427	$890	$1,380	$1,475	$976
St. Island	$1,056	$1,144	$737	-	-	-	$1,080	$1,153	$738
11-19 units	-	-	-	-	-	-	-	-	-
20-99 units	$1,068	$1,092	$706	-	-	-	$1,089	$1,099	$711
100+ units	-	-	-	-	-	-	-	-	-
Core Man	$2,495	$2,855	$1,636	$1,868	$2,176	$1,328	$1,898	$2,219	$1,350
11-19 units	-	-	-	$1,796	$2,211	$1,399	$1,794	$2,209	$1,396
20-99 units	$2,113	$2,325	$1,301	$1,901	$2,123	$1,268	$1,920	$2,135	$1,272
100+ units	$2,897	$3,398	$1,998	$2,389	$2,822	$1,876	$2,797	$3,227	$1,964
Upper Man	$1,459	$1,610	$921	$1,221	$1,380	$930	$1,226	$1,384	$929
11-19 units	-	-	-	$1,253	$1,499	$996	$1,264	$1,499	$992
20-99 units	$1,239	$1,368	$884	$1,217	$1,356	$913	$1,217	$1,356	$912
100+ units	-	-	-	$1,254	$1,391	$985	$1,433	$1,610	$1,022
City w/o Core	$1,223	$1,301	$836	$1,105	$1,180	$790	$1,120	$1,196	$795
11-19 units	$1,238	$1,347	$772	$1,125	$1,215	$820	$1,128	$1,217	$818
20-99 units	$1,177	$1,238	$808	$1,097	$1,169	$782	$1,106	$1,176	$784
100+ units	$1,310	$1,399	$940	$1,235	$1,310	$827	$1,277	$1,367	$896

Notes: Cost figures in this table are NOT adjusted for the results of the 1992 NYC Department of Finance audit on I&E reported operating costs. The number of Post-46 rent stabilized buildings with 11-19 units in the Bronx, Brooklyn, Staten Island, Core Manhattan and Upper Manhattan; as well as 100+ unit buildings in Upper Manhattan and Staten Island, was too small to calculate reliable statistics. In addition, the number of Pre-47 rent stabilized buildings of all size groupings in Staten Island was too small to calculate reliable statistics.

Source: NYC Department of Finance, RPIE Filings

C.5 Average Net Operating Income in 2017 per Apartment per Month by Building Size and Location

	Post-46	Pre-47	All
Citywide	**$641**	**$496**	**$540**
11-19 units	$698	$570	$589
20-99 units	$516	$461	$473
100+ units	$767	$703	$748
Bronx	$420	$342	$359
11-19 units	-	$316	$318
20-99 units	$400	$342	$348
100+ units	$456	$392	$423
Brooklyn	$540	$432	$464
11-19 units	-	$446	$459
20-99 units	$533	$422	$434
100+ units	$501	$503	$502
Manhattan	$1,145	$715	$820
11-19 units	$867	$788	$789
20-99 units	$851	$654	$670
100+ units	$1,218	$938	$1,123
Queens	$510	$472	$493
11-19 units	$692	$428	$461
20-99 units	$499	$477	$484
100+ units	$481	$516	$489
St. Island	$376	-	$373
11-19 units	-	-	-
20-99 units	$295	-	$360
100+ units	-	-	-

	Post-46	Pre-47	All
Core Man	$1,264	$944	$1,051
11-19 units	-	$911	$909
20-99 units	$1,014	$919	$926
100+ units	$1,311	$1,049	$1,207
Upper Man	$759	$490	$525
11-19 units	-	$544	$549
20-99 units	$626	$478	$482
100+ units	-	$549	$656
City w/o Core	$511	$428	$453
11-19 units	$693	$419	$470
20-99 units	$488	$421	$436
100+ units	$517	$490	$509

Notes: Citywide and borough totals as well as building size categories are weighted (see Methodology). Cost figures used to calculate NOI in this table are NOT adjusted for the results of the 1992 NYC Department of Finance audit on I&E reported operating costs. The number of Post-46 rent stabilized buildings with 11-19 units in the Bronx, Brooklyn, Staten Island, Core Manhattan and Upper Manhattan; as well as 100+ unit buildings in Upper Manhattan and Staten Island, was too small to calculate reliable statistics. In addition, the number of Pre-47 rent stabilized buildings of all size groupings in Staten Island was too small to calculate reliable statistics.

Source: NYC Department of Finance, RPIE Filings

C.6 Distribution of Operating Costs in 2017, by Building Size and Age

	Taxes	Maint.	Labor	Admin.	Utilities	Fuel	Misc.	Insurance	Total
Pre-47	29.5%	18.4%	9.1%	14.9%	10.4%	7.8%	4.5%	5.6%	100%
11-19 units	32.8%	17.1%	7.7%	14.7%	9.4%	7.6%	5.5%	5.3%	100%
20-99 units	27.9%	19.1%	8.3%	14.9%	11.0%	8.3%	4.5%	5.9%	100%
100+ units	35.5%	15.3%	16.1%	15.0%	7.5%	4.4%	2.7%	3.6%	100%
Post-46	29.7%	16.4%	14.3%	15.8%	9.0%	5.1%	5.6%	4.0%	100%
11-19 units	24.6%	20.1%	9.3%	15.9%	11.9%	6.5%	5.9%	5.9%	100%
20-99 units	27.3%	18.6%	10.8%	16.2%	10.7%	6.3%	5.0%	5.1%	100%
100+ units	31.9%	14.6%	17.3%	15.5%	7.6%	4.1%	5.9%	3.1%	100%
All Bldgs.	**29.6%**	**17.7%**	**10.8%**	**15.2%**	**9.9%**	**6.9%**	**4.8%**	**5.0%**	**100%**
11-19 units	31.8%	17.5%	7.9%	14.8%	9.7%	7.5%	5.6%	5.3%	100%
20-99 units	27.8%	19.0%	8.9%	15.2%	10.9%	7.9%	4.6%	5.7%	100%
100+ units	32.9%	14.8%	16.9%	15.4%	7.6%	4.2%	5.0%	3.3%	100%

Source: NYC Department of Finance, RPIE Filings

C.7 Number of "Distressed" Buildings in 2017

	Citywide	Bronx	Brooklyn	Manhattan	Queens	Staten Island	Core Manh	Upper Manh
Pre-47								
11-19 units	282	30	59	169	24	0	120	49
20-99 units	427	110	86	202	28	1	84	118
100+ units	5	1	1	3	0	0	2	1
All	**714**	**141**	**146**	**374**	**52**	**1**	**206**	**168**
Post-46								
11-19 units	7	3	2	2	0	0	2	0
20-99 units	35	11	6	8	9	1	4	4
100+ units	12	0	2	7	3	0	6	1
All	**54**	**14**	**10**	**17**	**12**	**1**	**12**	**5**
All Bldgs.								
11-19 units	289	33	61	171	24	0	122	49
20-99 units	462	121	92	210	37	2	88	122
100+ units	17	1	3	10	3	0	8	2
All	**768**	**155**	**156**	**391**	**64**	**2**	**218**	**173**

Note: "Distressed" buildings are those that have operating and maintenance costs that exceed gross income.

Source: NYC Department of Finance, RPIE Filings

C.8 Operating Cost-to-Income Ratios by Decile in 2017

	# of Bldgs	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Citywide	**15,395**	**0.49**	**0.54**	**0.58**	**0.61**	**0.64**	**0.68**	**0.73**	**0.79**	**0.89**	**4.63**
Manhattan	6,215	0.47	0.52	0.56	0.59	0.62	0.66	0.71	0.78	0.92	4.63
Bronx	3,378	0.52	0.58	0.62	0.65	0.68	0.72	0.76	0.81	0.90	1.90
Brooklyn	3,654	0.50	0.54	0.58	0.62	0.65	0.68	0.72	0.77	0.87	3.15
Queens	2,064	0.49	0.54	0.57	0.60	0.63	0.67	0.71	0.76	0.85	2.43
St. Island	84	0.53	0.56	0.60	0.64	0.65	0.71	0.74	0.78	0.89	1.16

Source: NYC Department of Finance, RPIE Filings

C.9 Number of Buildings and Dwelling Units in 2017 by Building Size and Location

	Post-46		Pre-47		All	
	Bldgs.	DUs	Bldgs.	DUs	Bldgs.	DUs
Citywide	**1,942**	**195,557**	**13,453**	**498,928**	**15,395**	**694,485**
11-19 units	157	2,322	3,603	54,451	3,760	56,773
20-99 units	1,186	67,594	9,475	377,176	10,661	444,770
100+ units	599	125,641	375	67,301	974	192,942
Bronx	398	30,554	2,980	129,976	3,378	160,530
11-19 units	20	306	356	5,364	376	5,670
20-99 units	306	17,821	2,544	112,269	2,850	130,090
100+ units	72	12,427	80	12,343	152	24,770
Brooklyn	409	39,187	3,245	117,337	3,654	156,524
11-19 units	29	429	914	13,706	943	14,135
20-99 units	264	16,379	2,260	95,105	2,524	111,484
100+ units	116	22,379	71	8,526	187	30,905
Manhattan	445	60,806	5,770	193,995	6,215	254,801
11-19 units	44	657	1,932	29,199	1,976	29,856
20-99 units	205	10,413	3,681	128,027	3,886	138,440
100+ units	196	49,736	157	36,769	353	86,505
Queens	628	60,417	1,436	56,414	2,064	116,831
11-19 units	57	833	394	6,076	451	6,909
20-99 units	372	21,405	979	41,315	1,351	62,720
100+ units	199	38,179	63	9,023	262	47,202
St. Island	62	4,593	22	1,206	84	5,799
11-19 units	7	97	7	106	14	203
20-99 units	39	1,576	11	460	50	2,036
100+ units	16	2,920	4	640	20	3,560
Core Man	345	50,722	3,557	113,867	3,902	164,589
11-19 units	30	452	1,463	22,148	1,493	22,600
20-99 units	147	7,445	1,983	61,552	2,130	68,997
100+ units	168	42,825	111	30,167	279	72,992
Upper Man	100	10,084	2,213	80,128	2,313	90,212
11-19 units	14	205	469	7,051	483	7,256
20-99 units	58	2,968	1,698	66,475	1,756	69,443
100+ units	28	6,911	46	6,602	74	13,513

Note: DU = Dwelling Unit

Source: NYC Department of Finance, RPIE Filings

C.10 Longitudinal Income and Expense Study, Estimated Average Rent, Income and Costs Changes (2016-2017) by Building Size and Location

	Post-46			Pre-47			All		
	Rent	Income	Costs	Rent	Income	Costs	Rent	Income	Costs
Citywide	**2.8%**	**2.8%**	**4.5%**	**3.2%**	**3.2%**	**4.5%**	**3.0%**	**3.0%**	**4.5%**
11-19 units	3.8%	3.6%	5.0%	3.4%	3.4%	4.7%	3.5%	3.4%	4.7%
20-99 units	3.1%	3.3%	3.6%	3.3%	3.3%	4.3%	3.2%	3.3%	4.2%
100+ units	2.4%	2.5%	5.1%	2.0%	1.7%	5.9%	2.3%	2.2%	5.3%
Bronx	2.4%	2.4%	2.7%	3.1%	3.3%	3.3%	3.0%	3.1%	3.2%
11-19 units	-	-	-	4.5%	4.5%	3.3%	4.1%	4.5%	4.4%
20-99 units	2.0%	2.0%	3.1%	3.0%	3.2%	3.3%	2.9%	3.0%	3.2%
100+ units	3.0%	2.9%	1.5%	4.0%	3.4%	3.4%	3.2%	3.0%	1.9%
Brooklyn	4.2%	4.1%	4.2%	4.0%	4.0%	5.1%	4.1%	4.1%	4.8%
11-19 units	-	-	-	4.9%	4.9%	6.3%	4.9%	4.7%	5.8%
20-99 units	4.1%	4.3%	4.4%	4.1%	4.0%	4.8%	4.1%	4.1%	4.7%
100+ units	4.2%	3.8%	3.9%	1.9%	2.9%	5.2%	3.3%	3.5%	4.4%
Manhattan	1.5%	1.8%	5.1%	2.6%	2.6%	5.1%	2.3%	2.4%	5.1%
11-19 units	1.6%	4.0%	3.2%	2.4%	2.5%	4.3%	2.4%	2.6%	4.3%
20-99 units	1.1%	1.8%	2.6%	3.0%	3.0%	4.9%	2.8%	2.9%	4.7%
100+ units	1.6%	1.8%	5.5%	1.6%	1.1%	6.5%	1.6%	1.6%	5.8%
Queens	3.4%	3.4%	4.9%	3.3%	3.4%	4.4%	3.4%	3.4%	4.7%
11-19 units	3.7%	3.5%	4.8%	3.6%	3.6%	4.4%	3.6%	3.6%	4.6%
20-99 units	3.4%	3.5%	3.6%	3.3%	3.5%	4.3%	3.3%	3.5%	4.0%
100+ units	3.4%	3.3%	6.2%	2.9%	2.8%	4.6%	3.3%	3.2%	5.9%
Staten Island	3.9%	3.3%	4.1%	-	-	-	3.3%	2.9%	3.6%
11-19 units	-	-	-	-	-	-	-	-	-
20-99 units	-	-	-	-	-	-	3.0%	2.9%	2.5%
100+ units	-	-	-	-	-	-	-	-	-
Core Manhattan	1.3%	1.9%	4.8%	2.0%	1.9%	5.5%	1.7%	1.9%	5.2%
11-19 units	-	-	-	1.7%	2.0%	5.2%	1.7%	2.0%	5.2%
20-99 units	1.4%	2.0%	2.9%	2.3%	2.2%	4.8%	2.2%	2.2%	4.6%
100+ units	1.3%	1.8%	5.0%	1.6%	0.9%	7.4%	1.3%	1.5%	5.7%
Upper Manhattan	3.1%	1.8%	6.8%	3.6%	3.8%	4.4%	3.5%	3.5%	4.8%
11-19 units	-	-	-	4.0%	4.2%	2.0%	4.0%	4.2%	2.0%
20-99 units	0.5%	1.4%	2.0%	3.7%	3.9%	5.1%	3.5%	3.7%	4.9%
100+ units	-	-	-	2.0%	1.9%	1.5%	3.4%	1.9%	6.3%
All City w/o Core	3.5%	3.3%	4.4%	3.5%	3.6%	4.2%	3.5%	3.5%	4.3%
11-19 units	3.9%	3.6%	5.1%	4.4%	4.4%	4.4%	4.3%	4.3%	4.5%
20-99 units	3.3%	3.4%	3.7%	3.5%	3.6%	4.2%	3.5%	3.5%	4.1%
100+ units	3.6%	3.1%	5.1%	2.5%	2.8%	4.0%	3.3%	3.0%	4.8%

Notes: Citywide and borough totals as well as building size categories are weighted (see Methodology). Cost figures in this table are NOT adjusted for the results of the 1992 NYC Department of Finance audit on I&E reported operating costs. The number of Post-46 rent stabilized buildings with 11-19 units in the Bronx, Brooklyn, Staten Island, Core Manhattan and Upper Manhattan, as well as 20-99 and 100+ unit buildings on Staten Island and 100+ units buildings in Upper Manhattan was too small to calculate reliable statistics. In addition, the number of Pre-47 rent stabilized buildings in all categories in Staten Island was too small to calculate reliable statistics.

Source: NYC Department of Finance, RPIE Filings

C.11 Longitudinal Income and Expense Study, Estimated Median Rent, Income and Costs Changes (2016-2017) by Building Size and Location

	Post-46			Pre-47			All		
	Rent	Income	Costs	Rent	Income	Costs	Rent	Income	Costs
Citywide	**2.4%**	**3.2%**	**3.9%**	**3.4%**	**4.0%**	**4.4%**	**3.3%**	**4.0%**	**4.3%**
11-19 units	3.7%	2.6%	6.1%	4.9%	2.9%	4.7%	5.0%	3.0%	4.8%
20-99 units	1.6%	2.4%	3.2%	3.5%	3.8%	4.4%	3.2%	3.6%	4.1%
100+ units	4.2%	3.7%	3.0%	3.4%	2.2%	4.3%	2.6%	3.0%	4.0%
Bronx	1.4%	1.2%	4.9%	3.2%	2.9%	3.6%	3.2%	2.7%	3.5%
11-19 units	-	-	-	4.0%	2.6%	2.8%	4.3%	3.3%	3.1%
20-99 units	1.1%	0.7%	3.5%	3.2%	2.7%	3.7%	3.0%	2.5%	3.4%
100+ units	2.8%	1.8%	5.9%	4.3%	3.2%	2.7%	4.0%	1.9%	2.7%
Brooklyn	3.2%	3.2%	4.6%	3.3%	3.3%	4.1%	3.4%	3.6%	4.3%
11-19 units	-	-	-	3.4%	3.1%	6.4%	3.9%	2.4%	6.1%
20-99 units	2.9%	3.3%	4.1%	3.5%	3.0%	3.2%	3.3%	2.9%	3.0%
100+ units	3.5%	2.3%	5.5%	4.5%	1.5%	0.9%	3.5%	2.6%	3.4%
Manhattan	1.9%	3.4%	4.2%	2.9%	3.7%	5.1%	2.9%	3.2%	5.5%
11-19 units	0.7%	4.4%	11.3%	2.6%	2.1%	3.3%	2.7%	1.8%	3.4%
20-99 units	2.5%	2.2%	3.7%	3.8%	3.4%	5.1%	3.7%	3.4%	5.0%
100+ units	1.6%	2.3%	7.0%	0.4%	-2.8%	4.8%	2.4%	1.6%	6.8%
Queens	3.2%	3.9%	3.5%	3.7%	4.2%	4.9%	3.5%	3.8%	4.9%
11-19 units	5.2%	2.5%	4.5%	3.2%	4.6%	5.5%	2.7%	4.1%	5.4%
20-99 units	2.5%	3.4%	3.8%	3.7%	3.9%	4.6%	3.5%	3.6%	5.2%
100+ units	2.7%	3.2%	4.1%	3.3%	4.0%	4.6%	3.3%	2.8%	3.0%
Staten Island	5.9%	2.3%	3.1%	-	-	-	6.9%	1.7%	3.3%
11-19 units	-	-	-	-	-	-	-	-	-
20-99 units	-	-	-	-	-	-	7.0%	8.3%	2.6%
100+ units	-	-	-	-	-	-	-	-	-
Core Manhattan	1.8%	2.3%	3.3%	2.2%	1.4%	4.5%	2.0%	1.6%	4.6%
11-19 units	-	-	-	2.7%	0.7%	4.3%	2.8%	0.5%	4.3%
20-99 units	0.9%	3.8%	0.2%	1.4%	2.0%	5.7%	2.0%	2.0%	5.4%
100+ units	1.5%	3.0%	5.0%	-0.8%	-0.3%	10.3%	1.0%	1.9%	5.3%
Upper Manhattan	5.3%	3.1%	5.3%	4.4%	4.4%	5.5%	4.3%	4.3%	5.4%
11-19 units	-	-	-	5.5%	7.1%	2.2%	5.8%	7.0%	2.1%
20-99 units	-1.9%	-0.8%	5.2%	4.6%	3.6%	5.2%	4.5%	3.6%	5.2%
100+ units	-	-	-	2.5%	2.1%	7.9%	4.5%	6.2%	3.9%
All City w/o Core	2.0%	2.9%	4.4%	3.7%	3.2%	4.2%	3.4%	3.3%	4.5%
11-19 units	5.4%	2.5%	5.9%	3.8%	3.8%	4.8%	3.6%	4.1%	4.8%
20-99 units	2.4%	2.4%	4.7%	3.5%	3.0%	4.3%	3.4%	3.0%	4.1%
100+ units	2.8%	2.4%	1.5%	3.4%	4.2%	1.8%	2.7%	2.7%	4.4%

Notes: Cost figures in this table are NOT adjusted for the results of the 1992 NYC Department of Finance audit on I&E reported operating costs. The number of Post-46 rent stabilized buildings with 11-19 units in the Bronx, Brooklyn, Staten Island, Core Manhattan and Upper Manhattan, as well as 20-99 and 100+ unit buildings on Staten Island and 100+ units buildings in Upper Manhattan was too small to calculate reliable statistics. In addition, the number of Pre-47 rent stabilized buildings in all categories in Staten Island was too small to calculate reliable statistics.

Source: NYC Department of Finance, RPIE Filings

C.12 Longitudinal Income and Expense Study, Avg. Net Operating Income Changes (2016-2017) by Building Size & Location

	Post-46	Pre-47	All
Citywide	**0.1%**	**0.6%**	**0.4%**
11-19 units	1.9%	1.1%	1.2%
20-99 units	2.6%	1.5%	1.8%
100+ units	-1.8%	-5.0%	-2.7%
Bronx	2.0%	3.2%	2.9%
11-19 units	-	7.8%	4.7%
20-99 units	0.0%	3.0%	2.5%
100+ units	5.8%	3.4%	5.2%
Brooklyn	4.0%	2.1%	2.7%
11-19 units	-	2.5%	2.9%
20-99 units	4.1%	2.4%	2.9%
100+ units	3.6%	-0.8%	1.8%
Manhattan	-2.9%	-1.6%	-2.0%
11-19 units	5.4%	-0.4%	-0.3%
20-99 units	0.6%	-0.1%	-0.1%
100+ units	-3.5%	-7.6%	-4.7%
Queens	0.8%	1.8%	1.3%
11-19 units	2.0%	2.2%	2.1%
20-99 units	3.4%	2.1%	2.7%
100+ units	-2.4%	-0.2%	-2.0%
St. Island	1.6%	-	1.5%
11-19 units	-	-	-
20-99 units	-	-	3.8%
100+ units	-	-	-

	Post-46	Pre-47	All
Core Manhattan	-2.4%	-3.6%	-3.1%
11-19 units	-	-3.0%	-2.8%
20-99 units	0.6%	-1.4%	-1.1%
100+ units	-2.9%	-9.0%	-4.7%
Upper Manhattan	-5.4%	2.5%	1.0%
11-19 units	-	9.0%	9.0%
20-99 units	0.5%	1.5%	1.4%
100+ units	-	2.8%	-4.7%
All City w/o Core	1.4%	2.5%	2.1%
11-19 units	1.7%	4.5%	3.8%
20-99 units	2.8%	2.4%	2.5%
100+ units	-0.5%	0.6%	-0.2%

Notes: Citywide and borough totals as well as building size categories are weighted (see Methodology). Cost figures used to calculate NOI in this table are NOT adjusted for the results of the 1992 NYC Department of Finance audit on I&E reported operating costs.The number of Post-46 rent stabilized buildings with 11-19 units in the Bronx, Brooklyn, Staten Island, Core Manhattan and Upper Manhattan, as well as 20-99 and 100+ unit buildings on Staten Island and 100+ units buildings in Upper Manhattan was too small to calculate reliable statistics. In addition, the number of Pre-47 rent stabilized buildings in all categories in Staten Island was too small to calculate reliable statistics.

Source: NYC Department of Finance, RPIE Filings

C.13 Longitudinal Income and Expense Study, Change in Rent and Net Operating Income by Community District (2016-2017)

CD	Neighborhood	Rent Change	NOI Change
Manhattan			
102	Greenwich Village	2.0%	-1.8%
103	Lower East Side/Chinatown	2.3%	-1.4%
104	Chelsea/Clinton	2.9%	-0.8%
105	Midtown	4.2%	5.8%
106	Stuyvesant Town/Turtle Bay	1.2%	-4.6%
107	Upper West Side	1.6%	-5.7%
108	Upper East Side	1.6%	-1.7%
109	Morningside Hts./Hamilton Hts.	2.9%	1.0%
110	Central Harlem	6.0%	18.4%
111	East Harlem	4.3%	2.4%
112	Washington Hts./Inwood	3.8%	2.0%
Bronx			
201	Mott Haven/Port Morris	2.6%	10.7%
202	Hunts Point/Longwood	0.6%	9.2%
203	Morrisania/Melrose/Claremont	2.1%	1.3%
204	Highbridge/S. Concourse	3.2%	3.2%
205	University Heights/Fordham	3.2%	0.9%
206	E. Tremont/Belmont	3.9%	-2.0%
207	Kingsbridge Hts./Mosholu/Norwood	2.7%	2.0%
208	Riverdale/Kingsbridge	4.1%	4.8%
209	Soundview/Parkchester	4.0%	6.8%
210	Throgs Neck/Co-op City	3.0%	-4.8%
211	Pelham Parkway	3.3%	5.9%
212	Williamsbridge/Baychester	3.5%	7.2%
Brooklyn			
301	Williamsburg/Greenpoint	4.0%	3.3%
302	Brooklyn Hts./Fort Greene	5.0%	3.2%
303	Bedford Stuyvesant	5.6%	15.6%
305	East New York/Starett City	5.1%	2.2%
306	Park Slope/Carroll Gardens	5.8%	3.7%
307	Sunset Park	3.6%	-2.1%
308	North Crown Hts./Prospect Hts.	5.0%	6.0%
309	South Crown Hts.	5.0%	4.7%
310	Bay Ridge	3.5%	-0.5%
311	Bensonhurst	2.2%	-2.2%
312	Borough Park	3.5%	1.3%
313	Coney Island	4.2%	-0.2%
314	Flatbush	4.4%	2.5%
315	Sheepshead Bay/Gravesend	3.5%	0.5%
316	Brownsville/Ocean Hill	5.4%	-1.7%
317	East Flatbush	4.8%	3.5%
318	Flatlands/Canarsie	2.2%	8.8%
Queens			
401	Astoria	3.8%	3.4%
402	Sunnyside/Woodside	3.8%	4.2%
403	Jackson Hts.	2.4%	-1.1%
404	Elmhurst/Corona	2.7%	-1.9%
405	Middle Village/Ridgewood	2.0%	-3.8%
406	Forest Hills/Rego Park	3.3%	-3.9%
407	Flushing/Whitestone	2.9%	0.2%
408	Hillcrest/Fresh Meadows	3.2%	-1.3%
409	Kew Gardens/Woodhaven	4.1%	4.9%
411	Bayside/Little Neck	3.6%	8.1%
412	Jamaica	3.4%	2.9%
414	Rockaways	7.0%	16.8%
Staten Island			
501	North Shore	2.9%	1.8%

Note: Six Community Districts (CDs) contained too few buildings to be included in the analysis.
Source: NYC Department of Finance, RPIE Filings

C.14 Longitudinal Analysis, Number of Buildings and Dwelling Units in 2016 & 2017, by Building Size and Location

	Post-46		Pre-47		All	
	Bldgs.	DUs	Bldgs.	DUs	Bldgs.	DUs
Citywide	**1,788**	**183,041**	**12,544**	**469,937**	**14,332**	**652,978**
11-19 units	128	1,880	3,293	49,898	3,421	51,778
20-99 units	1,096	63,192	8,893	356,417	9,989	419,609
100+ units	564	117,969	358	63,622	922	181,591
Bronx	367	28,134	2,784	122,067	3,151	150,201
11-19 units	15	234	309	4,680	324	4,914
20-99 units	286	16,755	2,399	106,777	2,685	123,532
100+ units	66	11,145	76	10,610	142	21,755
Brooklyn	370	36,787	2,997	110,242	3,367	147,029
11-19 units	21	310	814	12,264	835	12,574
20-99 units	240	15,321	2,116	90,061	2,356	105,382
100+ units	109	21,156	67	7,917	176	29,073
Manhattan	406	55,476	5,401	183,423	5,807	238,899
11-19 units	40	587	1,802	27,279	1,842	27,866
20-99 units	188	9,572	3,449	120,452	3,637	130,024
100+ units	178	45,317	150	35,692	328	81,009
Queens	591	58,390	1,340	52,999	1,931	111,389
11-19 units	46	664	361	5,569	407	6,233
20-99 units	350	20,295	918	38,667	1,268	58,962
100+ units	195	37,431	61	8,763	256	46,194
St. Island	54	4,254	22	1,206	76	5,460
11-19 units	6	85	7	106	13	191
20-99 units	32	1,249	11	460	43	1,709
100+ units	16	2,920	4	640	20	3,560
Core Manhattan	321	46,569	3,384	109,004	3,705	155,573
11-19 units	28	417	1,390	21,084	1,418	21,501
20-99 units	140	7,117	1,890	58,830	2,030	65,947
100+ units	153	39,035	104	29,090	257	68,125
Upper Manhattan	85	8,907	2,017	74,419	2,102	83,326
11-19 units	12	170	412	6,195	424	6,365
20-99 units	48	2,455	1,559	61,622	1,607	64,077
100+ units	25	6,282	46	6,602	71	12,884

Note: DU = Dwelling Unit

Source: NYC Department of Finance, RPIE Filings

D.1 Mortgage Interest Rates and Terms, 2019

Lending Institution	Interest Rates	Points	Term	Type	New Volume	Refin Volume
5	4.20%	0.50	Ω	fixed	5	10
7	4.00%	0.00	Ω	fixed	121	19
28	4.28%	NR	Ω	both	450	350
30	4.50%	1.00	Ω	fixed	4	11
35	4.75%	0.00	Ω	both	44	16
37	5.45%	1.00	5/10 years	fixed	0	2
107	4.75%	0.00	Ω	both	332	90
117	4.13%	0.00	Ω	both	25	100
301	4.10%	0.30	140 bps	fixed	10	10
401	5.50%	0.00	Ω	fixed	30	9
402	5.50%	1.00	10 years	fixed	10	5
AVERAGE	**4.65%**	**0.38**	**†**	**†**	**94**	**57**

† No average computed **NR** no response **BPS** Basis Points

Ω #5 = 1.5-1.75% over swaps #7 = 7 & 10 yr swaps / 122-135 bps spread #28 = 7-yr 230 bps; 10-yr 225 bps
#30 = Commitment fee of 1% #35 = 25 year amortization #107 = 5 and 7 year fixed w/ 5 year option
#117 = 1.25%-1.55% at par #401 = 30-40 years; commitment fee: 75-100 bps

Note: Averages for interest rates and points are calculated by using the midpoint when a range of values is given by the lending institution.

Source: 2019 NYC Rent Guidelines Board Mortgage Survey

D.2 Typical Lending Portfolio Characteristics of Rent Stabilized Buildings, 2019

Lending Institution	Maximum Loan-to-Value Standard	Debt Service Coverage	Vacancy & Collection Losses	Typical Building Size	Average Monthly O&M Cost/Unit	Average Monthly Rent/Unit
5	65%	1.20	3.0%	50-99	$700	$1,500
7	75%	1.20	3.0%	50-99	$900	$1,800
28	80%	1.25	3.0%	20-49	NR	$1,200
30	80%	1.20	4.0%	20-49	NR	$1,800
35	65%	1.20	3.0%	1-10	$1,000	$1,350
37	65%	NR	3.0%	1-10	$372	$1,224
107	75%	1.20	0.5%	50-99	NR	$1,500
117	75%	1.20	2.0%	20-49	$750	$1,800
301	60%	7.5% DY	3.0%	20-49	NR	NR
401	83%	1.15	3.0%	100+	$638	$1,350
402	70%	1.25	1.0%	1-10	NR	$1,300
AVERAGE	**72.0%**	**1.21**	**2.59%**	**†**	**$727**	**$1,482**

NR no response **DY** Debt Yield † No average computed.

Notes: Average loan-to-value (LTV) and debt service coverage ratios are calculated using the midpoint when a range was given by the lending institution. Debt Yield refers to Net Operating Income (NOI) divided by the first mortgage debt (loan) amount, times 100.

Source: 2019 NYC Rent Guidelines Board Mortgage Survey

D.3 Interest Rates and Terms for New Financing, Longitudinal Study, 2018-2019

	Interest Rates		Points		Term		Type	
Lending Inst.	2019	2018	2019	2018	2019	2018	2019	2018
5	4.20%	NR	0.50	0.75	Ω	◆	fixed	both
28	4.28%	4.50%	NR	0.00	Ω	NR	both	both
30	4.50%	4.75%	1.00	0.25	Ω	110-210 BPS	fixed	both
35	4.75%	3.75%	0.00	0.00	Ω	◆	both	adj
37	5.45%	5.85%	1.00	1.00	5/10 years	10 yrs	fixed	fixed
107	4.75%	4.19%	0.00	0.00	Ω	5, 7 and 10 yrs	both	fixed
117	4.13%	3.75%	0.00	0.00	Ω	◆	both	fixed
301	4.10%	4.13%	0.30	0.25	140 bps	◆	fixed	fixed
401	5.50%	5.69%	0.00	0.00	Ω	◆	fixes	fixed
402	5.50%	5.50%	1.00	1.00	10 years	10 year	fixed	adj
AVERAGE	**4.72%**	**4.68%**	**0.42**	**0.33**	†	†	†	†

NR no response † No average computed **Adj** = adjustable rate mortgage **BPS** Basis Points

Ω #5 = 1.5-1.75% over swaps #7 = 7 & 10 yr swaps / 122-135 bps spread #28 = 7-yr 230 bps; 10-yr 225 bps
#30 = Commitment fee of 1% #35 = 25 year amortization #107 = 5 and 7 year fixed w/ 5 year option
#117 = 1.25%-1.55% at par #401 = 30-40 years; commitment fee: 75-100 bps

◆ #5 = 1.75-2.25% over swaps #35 = 5/5/5 based on amortization #117 = 5 years; 1.50 over swaps
#301 = 5 yr-1.30 bps; 7 yr-1.40 bps; 10 yr-1.50 bps #401 = 30-40 years; commitment fee: 75 bps

Note: Averages for interest rates and points are calculated by using the midpoint when a range of values is given by the lending institution.

Source: 2018 and 2019 NYC Rent Guidelines Board Mortgage Surveys

D.4 Lending Standards and Vacancy & Collection Losses, Longitudinal Study, 2018-2019

	Max Loan-to-Value		Debt Service Coverage		V&C Losses	
Lending Inst.	2019	2018	2019	2018	2019	2018
5	65%	75%	1.20	1.20	3%	2%
28	80%	80%	1.25	1.25	3%	2%
30	80%	80%	1.20	1.20	4%	5%
35	65%	65%	1.20	1.25	3%	3%
37	65%	65%	NR	1.20	3%	3%
107	75%	80%	1.20	1.20	1%	1%
117	75%	75%	1.20	1.25	2%	4%
301	60%	60%	7.5% DY	7.5% DY	3%	3%
401	83%	83%	1.15	NR	3%	3%
402	70%	70%	1.25	1.25	1%	1%
AVERAGE	**71.8%**	**73.3%**	**1.21**	**1.23**	**2.55%**	**2.60%**

NR no response **DY** Debt Yield

Notes: Average loan-to-value and debt service coverage ratios are calculated using the midpoint when a range is given by the lending institution. Debt Yield refers to Net Operating Income (NOI) divided by the first mortgage debt (loan) amount, times 100.

Source: 2018 and 2019 NYC Rent Guidelines Board Mortgage Surveys

D.5 Retrospective of New York City's Housing Market, 1982-2019

Year	Interest Rates for New Mortgages	Permits for New Housing Units in NYC and northern suburbs	Permits for New Housing Units in NYC only
1982	16.3%	11,598 **b**	7,649
1983	13.0%	17,249 **b**	11,795
1984	13.5%	15,961	11,566
1985	12.9%	25,504	20,332
1986	10.5%	15,298	9,782
1987	10.2%	18,659	13,764
1988	10.8%	13,486	9,897
1989	12.0%	13,896	11,546
1990	11.2%	9,076	6,858
1991	10.7%	6,406	4,699
1992	10.1%	5,694	3,882
1993	9.2%	7,314	5,173
1994	8.6%	6,553	4,010
1995	10.1%	7,296	5,135
1996	8.6%	11,457	8,652
1997	8.8%	11,619	8,987
1998	8.5%	13,532	10,387
1999	7.8%	15,326	12,421
2000	8.7%	18,077	15,050
2001	8.4%	19,636	16,856
2002	7.4%	21,423	18,500
2003	6.2%	23,778	21,218
2004	5.8%	27,695	25,208
2005	5.5%	33,606	31,599
2006	6.3%	32,609	30,927
2007	6.3%	34,514	31,902
2008	6.1%	34,715	33,911
2009	6.5%	6,665	6,057
2010	6.3%	7,406	6,727
2011	5.8%	10,326	8,936
2012	4.6%	11,170	10,334
2013	4.4%	18,963	17,995
2014	4.9%	21,580	20,428
2015	4.3%	57,559	56,183
2016	4.0%	18,116	16,280
2017	4.3%	23,911 ◆	22,101 ◆
2018	4.8%	23,021 Ø	20,910 Ø
2019	4.7%	*	*

b Prior to 1984, Bergen Co., NJ permit figures are included. **Ø** Figures are preliminary.

◆ This figure has been revised from the preliminary figure reported last year to reflect the final adjusted count.

*Permit data for 2019 will be available in next year's *Mortgage Survey Report*.

Notes: Interest rate data was collected in January-February and represents a 12-month average of the preceding year. Permit data is for the entire 12-month period of the shown year. The northern suburbs include Putnam, Rockland, and Westchester counties. Sources: NYC Rent Guidelines Board, Annual Mortgage Surveys; U.S. Bureau of the Census, Manufacturing & Construction Division, Residential Construction Branch.

Sources: NYC Rent Guidelines Board Mortgage Surveys; U.S Census Bureau

D.6 2019 Survey of Mortgage Financing for Multifamily Properties

I. Financing Availability and Terms for Multifamily Buildings

1a. Do you currently offer **new permanent financing** (i.e., loans secured by a property not previously mortgaged by your institution) for *rent stabilized buildings?*

❑ **Yes** *(Indicate typical terms and conditions at right.)*

❑ **No**

Interest rate : ________ % (current) ________ % (2018 average)

Points : ________

Terms: Current 5, 7 and 10 yr spreads over swap rates and note commitment fee amount:

____

Type: Fixed / Adjustable *(circle one)*

Special conditions: ________

1b. How many loans were made by your institution in 2018 for new permanent financing of *rent stabilized buildings?* — Number of loans: ________

2. How many loans did your institution **refinance** in 2018 for *rent stabilized buildings?* — Number of loans: ________

3a. In the past year, has the **total volume of new and refinanced loans** underwritten by your institution changed significantly (by at least 5%)?

❑ Yes, we have experienced a significant ________ (increase / decrease) of about ______ %.

❑ No, it is about the same. *(Please skip Question 3b).*

3b. If **loan volume** has changed significantly, is the change attributable to:

(Please check and fill in all applicable choices.)

❑ A significant ________ (increase / decrease) in the volume of loan **applications** of about _____ %.

❑ A significant ________ (increase / decrease) in the rate of application **approvals** of about _____ %.

Are there any **trends** related to financing availability and terms on which you wish to comment?

____

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II. Underwriting Criteria for Rent Stabilized Buildings

4a. What **standards** does your institution employ when assessing loan applications for *rent stabilized buildings?*

		N.A.
Maximum LTV:	________	❑
Minimum DSCR or Debt Yield:	________	❑

4b. Please provide any **other standards** your institution employs when assessing loan applications. If you do not employ the standard given, place an "X" in the "N.A." column.

*(Indicate an **average, minimum, or maximum** criteria.)*

		N.A.
Number of Units in Building:	________	❑
Building Age:	________	❑
Borrower Lives in Building:	________	❑
Overall Building Maintenance:	________	❑
Co-op / Condo Conversion Potential:	________	❑
Other *(Please Specify)*:	________	❑

5. Did your institution change its **underwriting practices** for financing or refinancing *rent stabilized buildings* over the past year?

❑ Yes.

❑ No. *(If no, please skip to Question 7).*

6. Yes, we changed our **underwriting practices** for *rent stabilized buildings* to:

(Please check and fill in all applicable choices.)

❑ Use ________ (more / less) stringent approvals.

❑ Require ________ (higher / lower) fees (i.e., points or fees).

❑ ________ (Increase / Decrease) loan-to-value ratio.

❑ ________ (Increase / Decrease) monitoring requirements.

❑ ________ (Discontinue / Reduce / Expand) lending to rent stabilized buildings.

❑ Other : ________

III. Additional Mortgage Questions

7. How many **dwelling units** are contained in the average *rent stabilized building* financed by your institution? *(Please check only one.)*

❑ 1 -10 ❑ 11 - 19 ❑ 20 - 49 ❑ 50 - 99 ❑ 100 or more

8. Which of the following best describes the average **vacancy and collection loss** for *rent stabilized buildings* during the past year? *(Please check only one.)*

❑ < 1% ❑ 1% ❑ 2% ❑ 3% ❑ 4% ❑ 5% ❑ 6% ❑ 7% ❑ > 7%

9. Approximately what percentage of your loans to *rent stabilized buildings* are **currently non-performing**?

❑ None

❑ Approximately ________ %.

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10. Approximately what percentage of your loans to *rent stabilized buildings* are **currently in foreclosure**?

❑ None

❑ Approximately ________ %.

11a. Does your institution **retain the mortgages** you offer or do you sell any to secondary markets?

❑ We retain all the mortgages sold. *(If so, please skip to question 12.)*

❑ We sell all our mortgages to secondary markets.

❑ We sell ____% of our mortgages to secondary markets.

11b. To whom do you **sell your mortgages**? *(Please check all that apply)*

❑ Fannie Mae

❑ Freddie Mac

❑ Other: ________

12. In your sector, who are your **major competitors** in multi-family lending?

____

13. Do the mortgages offered to *rent stabilized buildings* include any **commercial space**?

❑ No

❑ Yes. Approximately what percentage of buildings in your portfolio have commercial space? ________%

14. What is your best estimate of average **operating and maintenance costs** per unit per month in the *rent stabilized buildings* financed by your institution?

$ ________ ***per unit per month***

(Include the following operating and maintenance costs in your estimate: Real Estate & Other Taxes, Labor, Fuel, Utilities, Contractor Services, Administration — including Legal, Management and other costs — Insurance, Parts & Supplies, and Replacement Costs.)

15. What is your best estimate of **average rent per unit per month** in the *rent stabilized buildings* financed by your institution?

$ ________ ***per unit per month***

16. Do any of your **lending or underwriting standards differ** for *rent stabilized buildings* as opposed to non-stabilized multifamily properties? *(Please check all that apply)*

New Financing Rates:	❑ Higher	❑ Lower	❑ Same
Refinancing Rates:	❑ Higher	❑ Lower	❑ Same
LTV Ratio:	❑ Higher	❑ Lower	❑ Same
Debt Service Coverage:	❑ Higher	❑ Lower	❑ Same

17. On average, how does your portfolio of *rent stabilized buildings* **perform** as compared with expectations at the time of the initial loan originations? *(Please check all that apply)*

Net Operating Income:	❑ Better	❑ Worse	❑ Same
Debt Service Coverage:	❑ Better	❑ Worse	❑ Same
O&M Expenses:	❑ Better	❑ Worse	❑ Same

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18. Please estimate the **average mortgage loan payment per unit per month** for a typical building in your portfolio:

$ ________.

19. Are there any **additional trends** relating to underwriting criteria, non-performing loans & foreclosure, or the mortgage market in general on which you wish to comment?

____

Thank you for taking the time to complete the survey. If you have any questions, please contact RGB Research Director Brian Hoberman at (212) 669-7484 or bhoberman@nycrgb.org.

Findings will be published in the 2019 *Mortgage Survey Report*, which is scheduled to be released in Spring 2019.

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D.7 Rent Stabilized Building Sales Volume, Citywide and by Borough, and Percent Change, 2006-2018

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Citywide*	**1,433**	**1,474**	**1,021**	**521**	**541**	**709**	**1,135**	**1,431**	**1,356**	**1,361**	**1,167**	**793**	**885**
% Change from Prior Yr	**-**	***2.9%***	***-30.7%***	***-49.0%***	***3.8%***	***31.1%***	***60.1%***	***26.1%***	***-5.2%***	***0.4%***	***-14.3%***	***-32.0%***	***11.6%***
Bronx	224	319	171	100	131	130	204	245	302	262	234	156	195
% Change from Prior Yr	-	*42.4%*	*-46.4%*	*-41.5%*	*31.0%*	*-0.8%*	*56.9%*	*20.1%*	*23.3%*	*-13.2%*	*-10.7%*	*-33.3%*	*25.0%*
Brooklyn	593	520	426	199	185	258	396	472	494	499	378	292	281
% Change from Prior Yr	-	*-12.3%*	*-18.1%*	*-53.3%*	*-7.0%*	*39.5%*	*53.5%*	*19.2%*	*4.7%*	*1.0%*	*-24.2%*	*-22.8%*	*-3.8%*
Manhattan	403	470	243	146	144	225	419	466	393	438	407	233	289
% Change from Prior Yr	-	*16.6%*	*-48.3%*	*-39.9%*	*-1.4%*	*56.3%*	*86.2%*	*11.2%*	*-15.7%*	*11.5%*	*-7.1%*	*-42.8%*	*24.0%*
Queens	213	165	181	76	81	96	116	248	167	162	148	112	120
% Change from Prior Yr	-	*-22.5%*	*9.7%*	*-58.0%*	*6.6%*	*18.5%*	*20.8%*	*113.8%*	*-32.7%*	*-3.0%*	*-8.6%*	*-24.3%*	*7.1%*

*Note: Staten Island buildings are excluded due to the small number of rent stabilized buildings sold.

Source: NYC Department of Finance

D.8 Rent Stabilized Building Median Sales Price and Sales Volume, by Borough and Building Size, and Percent Change in Sales, 2017-2018

	2017 Median Sale Price	2018 Median Sale Price	2017 # of Sales	2018 # of Sales	Change in Sales from 2017-18
Citywide					
All buildings*	$3,800,000	$4,380,000	793	885	11.6%
6-10 units	$1,585,392	$2,087,500	374	382	2.1%
11-19 units	$3,675,000	$5,100,000	122	137	12.3%
20-99 units	$9,000,000	$8,314,452	281	344	22.4%
100+ units	$35,000,000	$78,850,000	16	22	37.5%
Bronx					
All buildings*	$4,215,500	$4,550,000	156	195	25.0%
6-10 units	$1,190,000	$1,400,000	41	47	14.6%
11-19 units	$2,645,000	$2,577,000	31	30	-3.2%
20-99 units	$5,887,500	$6,365,198	81	116	43.2%
Brooklyn					
All buildings*	$2,100,000	$3,016,379	292	281	-3.8%
6-10 units	$1,575,000	$2,000,000	199	165	-17.1%
11-19 units	$3,275,000	$3,654,095	38	30	-21.1%
20-99 units	$7,500,000	$9,300,000	51	83	62.7%
Manhattan					
All buildings*	$8,300,000	$7,200,000	233	289	24.0%
6-10 units	$5,525,000	$3,800,000	64	96	50.0%
11-19 units	$7,595,000	$7,250,000	45	62	37.8%
20-99 units	$12,000,000	$10,012,500	118	122	3.4%
Queens					
All buildings*	$1,725,000	$2,125,000	112	120	7.1%
6-10 units	$1,450,000	$1,599,000	70	74	5.7%
11-19 units	-	$4,750,000	8	15	87.5%
20-99 units	$11,546,512	$8,725,000	31	23	-25.8%

Note: All Staten Island buildings; Queens 11-19 unit buildings (2017 sale price only); and all 100+ unit buildings in individual boroughs, are excluded due to the small number of buildings sold.

* "All buildings" totals include buildings with 100 or more units. Therefore, these figures may not equal the sum of their subsets. In addition, Citywide figures do not contain Staten Island building sales.

Source: NYC Department of Finance

E.1 Average Annual Employment Statistics by Area, 2007-2018

Unemployment Rate	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Bronx	6.8%	7.6%	12.0%	12.0%	11.9%	12.4%	11.8%	9.8%	7.8%	7.1%	6.3%	5.7%
Brooklyn	5.4%	6.0%	9.9%	9.9%	9.6%	9.8%	9.4%	7.6%	5.9%	5.3%	4.7%	4.2%
Manhattan	4.3%	4.9%	8.4%	8.6%	7.8%	8.0%	7.5%	6.1%	4.9%	4.6%	4.1%	3.7%
Queens	4.5%	5.0%	8.4%	8.6%	8.1%	8.3%	7.7%	6.4%	5.0%	4.5%	4.0%	3.6%
Staten Island	4.6%	5.1%	8.2%	9.4%	9.2%	9.5%	9.0%	7.4%	5.8%	5.2%	4.7%	4.1%
NYC	**5.0%**	**5.6%**	**9.3%**	**9.5%**	**9.1%**	**9.3%**	**8.8%**	**7.3%**	**5.7%**	**5.2%**	**4.6%**	**4.1%**
U.S.	**4.6%**	**5.8%**	**9.3%**	**9.6%**	**8.9%**	**8.1%**	**7.4%**	**6.2%**	**5.3%**	**4.9%**	**4.4%**	**3.9%**
Labor Force Participation Rate												
NYC ∅	59.1%	59.6%	60.1%	59.7%	59.7%	60.2%	60.5%	60.5%	60.6%	60.7%	60.8%	60.9%
U.S.	66.0%	66.0%	65.4%	64.7%	64.1%	63.7%	63.2%	62.9%	62.7%	62.8%	62.9%	62.9%
Employment-Population Ratio												
NYC ∅	56.2%	56.4%	55.0%	53.6%	54.3%	54.2%	54.8%	55.5%	56.7%	57.4%	57.9%	58.1%
U.S.	63.0%	62.2%	59.3%	58.5%	58.4%	58.6%	58.6%	59.0%	59.3%	59.7%	60.1%	60.4%
Gross City Product (NYC)												
Billions, in 2012$	648.4	639.1	626.3	650.1	662.9	682.6	704.3	726.5	754.9	775.2	795.1	819.0
% Change	3.32%	-1.44%	-2.00%	3.80%	1.97%	2.98%	3.18%	3.15%	3.90%	2.69%	2.57%	3.01%
Gross Domestic Product (U.S.)												
Billions, in 2012$	15,626.0	15,604.7	15,208.8	15,598.8	15,840.7	16,197.0	16,495.4	16,899.8	17,386.7	17,659.2	18,050.7	18,571.3
% Change	1.88%	-0.14%	-2.54%	2.56%	1.55%	2.25%	1.84%	2.45%	2.88%	1.57%	2.22%	2.88%

Notes: Both Gross City Product (GCP) and Gross Domestic Product (GDP) are revised periodically. The GCP & GDP figures presented here may not be the same as those reported in prior years. The NYS Department of Labor also periodically revises unemployment rates, and rates reflected here might not match those figures reported in prior years.

∅ Unpublished data from the Bureau of Labor Statistics. These figures are revised periodically.

Sources: U.S. Bureau of Labor Statistics; U.S. Bureau of Economic Analysis; NYS Department of Labor; Office of the NYC Comptroller

E.2 Average Payroll Employment by Industry for NYC, 2009-2018 (in thousands)

Industry Employment	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2017-2018 Change
Manufacturing	81.6	76.3	75.7	76.4	76.4	76.6	77.9	76.2	73.2	70.6	-3.6%
Construction, Natural Resources & Mining	120.8	112.5	112.4	116.2	122.3	129.3	139.4	147.2	152.5	157.8	3.5%
Trade, Transport & Utilities	551.9	559.0	574.9	589.7	603.9	619.2	628.6	628.3	631.5	631.2	-0.05%
Leisure & Hospitality	309.5	323.1	343.2	366.7	386.6	409.7	429.1	441.6	458.4	463.0	1.0%
Financial Activities	432.9	427.3	438.1	437.8	436.4	448.0	457.9	464.6	467.5	474.7	1.5%
Information	165.9	166.6	171.5	176.5	180.2	186.3	190.4	194.2	200.5	204.4	1.9%
Professional & Business Svcs.	569.1	575.3	597.4	619.2	643.0	669.1	700.0	722.7	742.8	762.1	2.6%
Educational & Health Svcs.	752.6	771.6	789.2	805.6	831.1	866.4	896.9	928.7	961.9	1006.2	4.6%
Other Services	160.3	160.6	165.2	170.4	174.9	180.2	185.7	190.1	191.6	193.1	0.8%
Total Private Sector	3,144.7	3,172.4	3,267.5	3,358.5	3,454.5	3,584.6	3,705.9	3,793.5	3,880.0	3,963.0	2.1%
Government Ø	586.3	579.0	573.3	570.6	570.6	573.3	579.5	583.7	584.7	588.3	0.6%
City of New York	481.4	472.4	474.5	474.4	476.3	480.7	486.8	490.2	491.1	496.0	1.0%
Total	**3,730.9**	**3,751.4**	**3,840.8**	**3,929.0**	**4,025.0**	**4,157.9**	**4,285.4**	**4,377.2**	**4,464.7**	**4,551.3**	**1.9%**

Notes: Totals may not add up due to rounding. Figures may have been revised from prior years by the NYS Department of Labor. Total excludes farm employment but includes unclassified jobs.

Ø "Government" includes federal, state, and local (City of New York) jobs located in NYC. Local government figures include those employed by the City of New York as well as city-based public corporations such as the Health and Hospitals Corporation and the Metropolitan Transportation Authority.

Source: NYS Department of Labor

E.3 Average Real Wage Rates by Industry for NYC, 2010-2018 (2018 dollars)

Industry	2010	2011	2012	2013	2014	2015	2016	2017	2018	2017-18 % Change
Construction	$79,709	$79,182	$77,219	$77,067	$76,826	$78,417	$81,765	$81,351	$81,927	0.7%
Manufacturing	$59,226	$60,127	$57,031	$54,910	$56,204	$58,093	$60,181	$60,893	$61,641	1.2%
Transportation	$54,522	$54,610	$53,755	$53,683	$56,314	$55,352	$58,063	$58,585	$57,749	-1.4%
Trade*	$53,606	$54,554	$54,144	$55,331	$54,445	$55,137	$56,864	$56,585	$58,528	3.4%
Finance and Insurance	$297,391	$299,874	$271,985	$289,459	$305,753	$305,934	$291,982	$299,645	$312,943	4.4%
Real Estate	$67,879	$69,450	$69,824	$71,774	$73,891	$77,957	$80,462	$82,085	$82,393	0.4%
Admin/Waste/Edu/Health**	$55,018	$54,554	$53,748	$53,809	$53,908	$55,192	$56,457	$55,655	$56,857	2.2%
Arts, Entertainment & Rec	$72,769	$72,281	$68,432	$66,914	$68,056	$72,179	$74,709	$73,673	$74,256	0.8%
Accomm & Food Svcs.	$32,314	$32,430	$32,131	$32,005	$32,587	$33,060	$34,610	$34,938	$35,764	2.4%
Other Svcs.	$50,369	$49,863	$46,849	$46,477	$46,944	$48,250	$50,093	$50,622	$51,163	1.1%
Professional & Tech Svcs.	$121,822	$125,776	$122,947	$123,402	$125,924	$129,468	$131,947	$131,749	$134,527	2.1%
Management of Companies	$207,395	$212,554	$201,741	$200,458	$201,245	$200,200	$190,948	$183,706	$193,038	5.1%
Information	$120,413	$122,647	$123,616	$128,436	$134,185	$138,568	$141,985	$140,200	$147,404	5.1%
Utilities	$108,181	$109,889	$121,068	--Ø	--Ø	$117,480	$121,743	$123,627	$127,442	3.1%
Unclassified/Agri/Mining***	$43,982	$44,814	$42,923	$42,541	$45,023	$43,453	$45,363	$48,979	$52,958	8.1%
Private Sector	$92,324	$93,271	$88,803	$89,984	$91,793	$93,014	$92,943	$92,821	$95,397	2.8%
Government	$64,477	$64,878	$63,307	$62,760	$63,833	$65,903	$66,901	$67,795	$75,168	10.9%
Total Industries	**$88,045**	**$89,107**	**$85,171**	**$86,183**	**$88,013**	**$89,433**	**$89,561**	**$89,629**	**$92,765**	**3.5%**

Notes: Each year refers to the first three quarters of that year, and the fourth quarter of the prior year. The New York State Department of Labor revises these statistics annually. Real wages reflect 2018 dollars and differ from those found in this table in prior years.

Ø Wages for the this industry were not reported by the NYS Department of Labor during this time period due to the small number of respondents, and corresponding privacy concerns.

*The Wholesale Trade and Retail Trade sectors have been combined into one category. **The Administrative and Waste Service, Educational Services, and Health Care and Social Assistance Service have been combined into one category. ***The Unclassified; Agriculture, Forestry, Fishing Hunting; and Mining sectors have been combined into one category.

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

E.4 Average Nominal Wage Rates by Industry for NYC, 2010-2018

Industry	2010	2011	2012	2013	2014	2015	2016	2017	2018	2017-18 % Change
Construction	$70,232	$71,478	$71,262	$72,436	$73,247	$74,900	$78,731	$79,865	$81,927	2.6%
Manufacturing	$52,184	$54,277	$52,631	$51,611	$53,586	$55,488	$57,947	$59,781	$61,641	3.1%
Transportation	$48,040	$49,296	$49,608	$50,457	$53,691	$52,870	$55,908	$57,515	$57,749	0.4%
Trade*	$47,232	$49,247	$49,967	$52,007	$51,909	$52,665	$54,754	$55,552	$58,528	5.4%
Finance and Insurance	$262,032	$270,698	$251,002	$272,067	$291,510	$292,213	$281,146	$294,172	$312,943	6.4%
Real Estate	$59,809	$62,692	$64,438	$67,462	$70,449	$74,461	$77,476	$80,586	$82,393	2.2%
Admin/Waste/Edu/Health**	$48,476	$49,246	$49,601	$50,575	$51,397	$52,717	$54,362	$54,638	$56,857	4.1%
Arts, Entertainment & Rec	$64,117	$65,249	$63,153	$62,894	$64,886	$68,942	$71,936	$72,327	$74,256	2.7%
Accomm & Food Svcs.	$28,472	$29,275	$29,652	$30,082	$31,069	$31,577	$33,326	$34,300	$35,764	4.3%
Other Svcs.	$44,380	$45,012	$43,235	$43,685	$44,757	$46,086	$48,234	$49,697	$51,163	3.0%
Professional & Tech Svcs.	$107,338	$113,538	$113,462	$115,987	$120,058	$123,662	$127,050	$129,343	$134,527	4.0%
Management of Companies	$182,736	$191,873	$186,178	$188,413	$191,870	$191,221	$183,862	$180,351	$193,038	7.0%
Information	$106,097	$110,714	$114,080	$120,719	$127,934	$132,353	$136,716	$137,639	$147,404	7.1%
Utilities	$95,318	$99,197	$111,728	--∅	--∅	$112,211	$117,225	$121,369	$127,442	5.0%
Unclassified/Agri/Mining***	$38,753	$40,454	$39,612	$39,985	$42,926	$41,504	$43,679	$48,085	$52,958	10.1%
Private Sector	$81,347	$84,196	$81,952	$84,577	$87,517	$88,842	$89,493	$91,126	$95,397	4.7%
Government	$56,811	$58,566	$58,423	$58,989	$60,860	$62,947	$64,419	$66,557	$75,168	12.9%
Total Industries	**$77,577**	**$80,437**	**$78,600**	**$81,005**	**$83,913**	**$85,422**	**$86,237**	**$87,992**	**$92,765**	**5.4%**

Note: Each year refers to the first three quarters of that year, and the fourth quarter of the prior year. The NYS Department of Labor revises these statistics annually.

∅ Wages for the this industry were not reported by the NYS Department of Labor during this time period due to the small number of respondents, and corresponding privacy concerns.

*The Wholesale Trade and Retail Trade sectors have been combined into one category. **The Administrative and Waste Service, Educational Services, and Health Care and Social Assistance Service have been combined into one category. ***The Unclassified; Agriculture, Forestry, Fishing Hunting; and Mining sectors have been combined into one category.

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

E.5 Consumer Price Index for All Urban Consumers, NY-Northeastern NJ, 2008-2018

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
March	233.1	235.1	240.1	245.6	251.9	256.6	260.0	259.6	261.5	267.6	272.2
June	238.6	237.2	240.8	248.5	252.4	256.9	261.4	261.5	263.9	268.7	274.2
September	240.1	238.6	241.5	250.6	254.6	258.5	261.1	261.9	264.6	270.1	275.5
December	233.0	238.4	241.9	248.3	253.6	257.3	258.1	259.9	265.4	269.6	273.8
Quarterly Average	236.2	237.3	241.1	248.2	253.1	257.3	260.1	260.7	263.9	269.0	273.9
Yearly Average	**235.8**	**236.8**	**240.9**	**247.7**	**252.6**	**256.8**	**260.2**	**260.6**	**263.4**	**268.5**	**273.6**

12-month percentage change in the CPI

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
March	3.82%	0.83%	2.14%	2.30%	2.55%	1.87%	1.32%	-0.12%	0.72%	2.32%	1.72%
June	4.52%	-0.59%	1.54%	3.19%	1.57%	1.78%	1.73%	0.06%	0.90%	1.81%	2.05%
September	5.16%	-0.63%	1.22%	3.76%	1.59%	1.55%	0.99%	0.31%	1.04%	2.06%	2.00%
December	1.58%	2.32%	1.45%	2.66%	2.11%	1.47%	0.31%	0.72%	2.11%	1.56%	1.58%
Quarterly Average	3.77%	0.47%	1.58%	2.98%	1.96%	1.67%	1.09%	0.24%	1.19%	1.94%	1.84%
Yearly Average	**3.90%**	**0.44%**	**1.71%**	**2.85%**	**1.97%**	**1.68%**	**1.32%**	**0.13%**	**1.08%**	**1.96%**	**1.91%**

Source: U.S. Bureau of Labor Statistics; Base Period: 1982-1984=100

E.6 Housing Court Actions, 1983-2018

Year	Filings	Calendared	Evictions & Possessions	Year	Filings	Calendared	Evictions & Possessions
1983	373,000	93,000	26,665	2001	277,440	130,897	21,369∅
1984	343,000	85,000	23,058	2002	331,309	132,148	23,697
1985	335,000	82,000	20,283	2003	318,077	133,074	23,236
1986	312,000	81,000	23,318	2004	261,085	121,999	22,010
1987	301,000	77,000	25,761	2005	261,457	119,265	21,945
1988	299,000	92,000	24,230	2006	256,747	122,379	23,491
1989	299,000	99,000	25,188	2007	251,390	121,793	24,171
1990	297,000	101,000	23,578	2008	246,147	120,420	24,600
1991	302,000	114,000	20,432	2009	251,871	123,149	26,449
1992	289,000	122,000	22,098	2010	213,066*	127,396	25,655
1993	295,000	124,000	21,937	2011	221,182	126,315	27,636
1994	294,000	123,000	23,970	2012	217,914	132,860	28,743
1995	266,000	112,000	22,806	2013	215,497	122,463	28,849
1996	278,000	113,000	24,370	2014	208,158	127,334	26,857
1997	274,000	111,000	24,995	2015	203,119	111,409	21,988
1998	278,156	127,851	23,454	2016	202,300	105,431	22,089
1999	276,142	123,399	22,676	2017	201,441	114,879	21,074
2000	276,159	125,787	23,830	**2018**	**191,893**	**102,789**	**20,013£**

Note: "Filings" reflect non-payment proceedings initiated by rental property owners, while "Calendared" reflect those non-payment proceedings resulting in a court appearance. "Filings" and "Calendared" figures prior to 1998 were rounded to the nearest thousand.

∅ Note: 2001 Evictions and Possessions data is incomplete as it excludes the work of one city marshal who died in May 2001 and whose statistics are unavailable.

*Due to an administrative change at NYCHA relating to their handling of late rent payments, the number of non-payment filings decreased dramatically. If not for this change, the drop in non-payment filings between 2009 and 2010 would have been significantly less, or nonexistent.

£ Eviction data was updated in July of 2019 by the NYC Department of Investigation and does not match data in the original version of this report, published in April 2019. See Endnote 1 of the *I&A Study* for more information.

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

E.7 Homeless Statistics, 1982-2018

Year	Single Adults	Children	Families (inc. children)	Total Individuals
1982	3,786	2,507	1,005	7,584
1983	5,061	4,887	1,960	12,468
1984	6,228	7,432	2,981	17,491
1985	7,217	9,196	3,688	21,154
1986	8,890	10,493	4,286	24,896
1987	9,628	11,163	4,986	27,225
1988	9,675	11,401	5,091	27,646
1989	9,342	8,614	4,105	23,254
1990	8,535	6,966	3,591	20,131
1991	7,689	8,867	4,581	22,498
1992	6,922	9,607	5,270	23,494
1993	6,413	9,760	5,626	23,748
1994	6,235	9,610	5,629	23,431
1995	6,532	9,927	5,627	23,950
1996	7,020	9,945	5,692	24,554
1997	7,090	8,437	4,793	22,145
1998	6,875	8,054	4,558	21,277
1999	6,778	8,826	4,965	22,575
2000	6,934	9,290	5,192	23,712
2001	7,479	11,427	6,154	27,799
2002	7,750	14,952	8,071	34,576
2003	8,199	16,705	9,203	38,310
2004	8,612	15,705	8,922	37,319
2005	8,174	13,534	8,194	33,687
2006	7,662	12,597	8,339	32,430
2007	6,942	14,060	9,075	34,109
2008	6,530	14,327	8,856	33,554
2009	6,764	15,326	9,719	35,915
2010	7,825	14,788	9,635	36,175
2011	8,543	15,501	9,573	37,765
2012	9,047	18,068	10,705	43,295
2013	9,862	21,163	12,062	49,408
2014	10,591	23,511	13,317	54,122
2015	12,014	23,658	14,037	57,158
2016	13,148	23,199	14,953	58,770
2017	14,074	22,733	14,384	59,467
2018	**15,470**	**22,300**	**15,077**	**60,028**

Note: Data presented are the annual averages of the Department of Homeless Services shelter population. Street homelessness is not quantified in this data.

Source: NYC Department of Homeless Services

E.8 Poverty Rates, 2007-2017

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
U.S.	13.0%	13.2%	14.3%	15.3%	15.9%	15.9%	15.8%	15.5%	14.7%	14.0%	13.4%
New York City	18.5%	18.2%	18.7%	20.1%	20.9%	21.2%	20.9%	20.9%	20.0%	18.9%	18.0%
Bronx	27.1%	27.6%	28.5%	30.2%	30.4%	31.0%	30.9%	31.6%	30.4%	28.7%	28.0%
Brooklyn	21.9%	21.1%	21.8%	23.0%	23.6%	24.3%	23.3%	23.4%	22.3%	20.6%	19.8%
Manhattan	17.6%	16.9%	16.6%	16.4%	18.3%	17.8%	18.9%	17.6%	17.6%	17.3%	16.2%
Queens	12.0%	12.1%	12.6%	15.0%	15.8%	16.2%	15.3%	15.2%	13.8%	13.2%	12.1%
Staten Island	9.8%	10.0%	11.2%	11.8%	11.7%	11.6%	12.8%	14.5%	14.4%	13.2%	11.8%

Source: 2007-2017 American Community Survey

F.1 Permits Issued For Housing Units in New York City, 1961-2018

Year	Bronx	Brooklyn	Manhattan	Queens	Staten Island	Total
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	1,161	1,063	3,762	1,144	1,857	**8,987**
1998	1,309	1,787	3,823	1,446	2,022	**10,387**
1999	1,153	2,894	3,791	2,169	2,414	**12,421**
2000	1,646	2,904	5,110	2,723	2,667	**15,050**
2001	2,216	2,973	6,109	3,264	2,294	**16,856**
2002	2,626	5,247	5,407	3,464	1,756	**18,500**
2003	2,935	6,054	5,232	4,399	2,598	**21,218**
2004	4,924	6,825	4,555	6,853	2,051	**25,208**
2005	4,937	9,028	8,493	7,269	1,872	**31,599**
2006	4,658	9,191	8,790	7,252	1,036	**30,927**
2007	3,088	10,930	9,520	7,625	739	**31,902**
2008	2,482	12,744	9,700	7,730	1,255	**33,911**
2009	1,647	1,003	1,363	1,474	570	**6,057**
2010	1,064	2,093	704	2,358	508	**6,727**
2011	1,116	1,522	2,535	3,182	581	**8,936**
2012	2,552	3,353	2,328	1,428	673	**10,334**
2013	2,638	6,140	4,856	3,161	1,200	**17,995**
2014	1,885	7,551	5,435	4,900	712	**20,483**
2015	4,682	26,026	12,612	12,667	541	**56,528**
2016	4,003	4,503	4,024	2,838	901	**16,269**
2017	5,401	6,130	4,811	5,104	685	**22,131**
2018	**3,698**	**8,445**	**3,584**	**4,577**	**606**	**20,910**

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

F.2 Permits Issued by Building Size & Borough (In Percentages), 2010-2018

Year/Borough	1-Family	2-Family	3/4 Family	5 or More-Family	Total Buildings
2010					
Bronx	9.2%	38.5%	23.1%	29.2%	65
Brooklyn	3.6%	31.4%	27.9%	37.1%	140
Manhattan	0.0%	18.2%	9.1%	72.7%	11
Queens	12.4%	67.2%	11.2%	9.2%	509
Staten Island	71.9%	27.2%	0.6%	0.3%	349
Citywide	*30.3%*	*47.3%*	*10.6%*	*11.8%*	*1,074*
2011					
Bronx	1.5%	35.3%	19.1%	44.1%	68
Brooklyn	0.0%	44.3%	30.5%	25.3%	174
Manhattan	3.6%	0.0%	3.6%	92.9%	28
Queens	21.5%	57.0%	11.9%	9.6%	386
Staten Island	52.5%	47.2%	0.0%	0.3%	341
Citywide	*26.5%*	*48.3%*	*11.3%*	*13.8%*	*997*
2012					
Bronx	5.9%	39.3%	17.0%	37.8%	135
Brooklyn	0.4%	20.5%	36.9%	42.2%	249
Manhattan	9.5%	4.8%	0.0%	85.7%	42
Queens	26.8%	41.9%	16.9%	14.4%	284
Staten Island	64.1%	34.6%	0.0%	1.3%	298
Citywide	*27.8%*	*32.5%*	*16.2%*	*23.5%*	*1,008*
2013					
Bronx	2.4%	41.6%	12.0%	44.0%	125
Brooklyn	0.0%	19.8%	31.6%	48.6%	364
Manhattan	1.6%	7.8%	0.0%	90.6%	64
Queens	39.3%	32.6%	13.3%	14.8%	399
Staten Island	55.9%	42.5%	0.2%	1.4%	431
Citywide	*29.1%*	*32.0%*	*13.3%*	*25.7%*	*1,383*
2014					
Bronx	0.0%	33.3%	20.4%	46.3%	108
Brooklyn	0.0%	19.3%	25.8%	55.0%	400
Manhattan	1.3%	9.0%	2.6%	87.2%	78
Queens	47.8%	25.4%	10.5%	16.3%	448
Staten Island	68.1%	31.1%	0.2%	0.6%	479
Citywide	*35.8%*	*25.3%*	*11.6%*	*27.4%*	*1,513*
2015					
Bronx	2.9%	26.3%	9.5%	61.3%	137
Brooklyn	5.3%	7.0%	14.7%	73.0%	812
Manhattan	3.8%	1.9%	2.9%	91.4%	105
Queens	31.0%	26.3%	11.6%	31.2%	552
Staten Island	63.0%	36.7%	0.0%	0.3%	392
Citywide	*23.5%*	*19.2%*	*10.0%*	*47.3%*	*1,998*
2016					
Bronx	1.8%	25.2%	17.1%	55.9%	111
Brooklyn	30.6%	14.6%	14.0%	40.9%	487
Manhattan	6.3%	3.2%	3.2%	87.3%	63
Queens	39.8%	38.4%	10.3%	11.5%	477
Staten Island	52.2%	46.4%	0.0%	1.4%	414
Citywide	*36.1%*	*30.7%*	*8.9%*	*24.3%*	*1,552*
2017					
Bronx	6.4%	22.1%	13.6%	57.9%	140
Brooklyn	16.7%	17.1%	13.2%	53.0%	491
Manhattan	5.3%	6.6%	3.9%	84.2%	76
Queens	23.1%	43.5%	15.7%	17.8%	490
Staten Island	57.8%	41.6%	0.4%	0.2%	476
Citywide	*28.9%*	*31.7%*	*9.9%*	*29.5%*	*1,673*
2018					
Bronx	**5.6%**	**21.0%**	**6.5%**	**66.9%**	**124**
Brooklyn	**11.0%**	**10.6%**	**17.7%**	**60.7%**	**453**
Manhattan	**0.0%**	**5.1%**	**0.0%**	**94.9%**	**59**
Queens	**30.4%**	**39.1%**	**10.7%**	**19.7%**	**391**
Staten Island	**57.5%**	**42.0%**	**0.0%**	**0.5%**	**419**
Citywide	***28.8%***	***28.1%***	***9.0%***	***34.1%***	***1,446***

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

F.3 Permits Issued For Housing Units by Quarter, 2008-2019

Year	Bronx	Brooklyn	Manhattan	Queens	Staten Island	Total
2008						
Q1	862	1,603	485	705	238	3,893
Q2	701	8,970	7,623	5,497	546	23,337
Q3	695	1,520	880	1,016	397	4,508
Q4	224	651	712	512	74	2,173
2009						
Q1	164	137	151	508	117	1,077
Q2	130	511	716	353	233	1,943
Q3	497	243	336	331	144	1,551
Q4	856	112	160	282	76	1,486
2010						
Q1	56	175	326	249	199	1,005
Q2	490	867	166	612	121	2,256
Q3	231	246	176	394	83	1,130
Q4	287	805	36	1,103	105	2,336
2011						
Q1	205	291	146	411	88	1,141
Q2	508	624	1,199	1,416	228	3,975
Q3	248	303	391	459	178	1,579
Q4	155	304	799	896	87	2,241
2012						
Q1	564	600	556	197	193	2,110
Q2	619	310	1,041	643	134	2,747
Q3	409	1,496	421	378	142	2,846
Q4	960	947	310	210	204	2,631
2013						
Q1	214	1,184	568	428	162	2,556
Q2	1,066	1,117	1,162	730	689	4,764
Q3	336	1,918	1,708	1,006	172	5,140
Q4	1,022	1,921	1,418	997	177	5,535
2014						
Q1	379	1,725	1,809	1,067	121	5,101
Q2	583	1,617	1,041	1,471	140	4,852
Q3	736	2,675	1,506	812	207	5,936
Q4	187	1,534	1,079	1,550	244	4,594
2015						
Q1	561	3,574	1,154	782	112	6,183
Q2	1,269	15,453	9,760	9,182	151	35,815
Q3	1,651	1,163	1,057	250	175	4,296
Q4	1,201	5,836	641	2,453	103	10,234
2016						
Q1	866	482	297	368	145	2,158
Q2	1,060	912	506	854	476	3,808
Q3	764	1,666	1,776	931	145	5,282
Q4	1,313	1,443	1,445	685	135	5,021
2017						
Q1	1,124	2,097	1,486	1,434	202	6,343
Q2	1,267	1,454	1,004	1,801	154	5,680
Q3	1,050	1,000	1,183	1,033	170	4,436
Q4	1,960	1,579	1,138	836	159	5,672
2018						
Q1	**1,181**	**1,737**	**1,326**	**794**	**132**	**5,170**
Q2	**1,403**	**1,768**	**673**	**1,465**	**167**	**5,476**
Q3	**562**	**2,346**	**647**	**735**	**171**	**4,461**
Q4	**552**	**2,594**	**938**	**1,583**	**136**	**5,803**
2019						
Q1	**839**	**2,271**	**1,037**	**2,010**	**172**	**6,329**

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

F.4 New Housing Units Completed in New York City, 1963-2018

Year	Bronx	Brooklyn	Manhattan	Queens	Staten Island	Total
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	1,301	1,739	1,871	1,939	**7,407**
1986	968	2,398	4,266	1,776	2,715	**12,123**
1987	1,177	1,735	4,197	2,347	3,301	**12,757**
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	7,260	2,327	1,384	**12,772**
1991	656	764	2,608	1,956	1,627	**7,611**
1992	802	1,337	3,750	1,498	1,136	**8,523**
1993	886	616	1,810	801	1,466	**5,579**
1994	891	1,035	1,927	1,527	1,573	**6,953**
1995	1,166	1,647	2,798	1,013	1,268	**7,892**
1996	1,075	1,583	1,582	1,152	1,726	**7,118**
1997	1,391	1,369	816	1,578	1,791	**6,945**
1998	575	1,333	5,175	1,263	1,751	**10,097**
1999	1,228	1,025	2,341	2,119	2,264	**8,977**
2000	1,385	1,353	6,064	2,096	1,896	**12,794**
2001	1,617	2,404	6,036	1,225	2,198	**13,480**
2002	1,220	2,248	8,326	1,981	2,453	**16,228**
2003	1,473	2,575	3,798	2,344	2,589	**12,779**
2004*	3,326	4,512	6,150	3,087	2,291	**19,366**
2005*	3,012	5,007	5,006	4,526	1,942	**19,493**
2006*	4,311	6,418	5,199	5,940	1,900	**23,768**
2007*	4,422	7,109	7,498	5,907	1,446	**26,382**
2008*	4,217	7,254	6,118	5,437	1,019	**24,045**
2009*	2,964	7,522	8,110	4,969	887	**24,452**
2010*	3,948	7,181	7,801	4,401	714	**24,045**
2011*	3,417	4,728	2,375	2,852	612	**13,984**
2012*	1,413	3,611	1,159	2,632	640	**9,455**
2013*	1,272	3,948	3,126	3,854	482	**12,682**
2014*	1,660	4,485	2,231	2,961	530	**11,867**
2015*	2,396	5,324	2,986	3,110	541	**14,357**
2016*	2,532	9,148	6,900	3,444	1,223	**23,247**
2017*	2,672	11,065	6,390	5,041	671	**25,839**
2018*	**4,761**	**9,378**	**5,672**	**6,318**	**863**	**26,992**

Note: Housing unit count is based on the number of Certificates of Occupancy issued by NYC Department of Buildings (DOB), or equivalent action by the Empire State Development Corporation or NYS Dormitory Authority. Prior years' data may be adjusted and may not match prior reports.

*Data from 2004-2018 now includes Final Certificates of Occupancy (as with all other years) as well as Temporary Certificates of Occupancy data for the first time. Data will be updated every year to reflect the most current estimates.

Source: NYC Department of City Planning, Housing Database 19v1, compilation of NYC DOB Applications and Certificates of Occupancy data

F.5 Number of Residential Co-op and Condo Plans Accepted for Filing By the NYS Attorney General's Office, 2013-2018

	2013	2014	2015	2016	2017	2018
	Plans (Units)	Plans (Units)	Plans (Units)	Plans (Units)	Plans (Units)	Plans (Units)
Private Plans						
New Construction	150 (3,658)	211 (5,171)	219 (8,880)	210 (6,653)	228 (6,906)	235 (9,351)
Rehabilitation	21 (649)	37 (462)	43 (607)	45 (416)	33 (688)	42 (815)
Conversion (Non-Eviction)	16 (819)	20 (3,956)	28 (3,065)	27 (1,602)	18 (764)	11 (606)
Conversion (Eviction)	0	0	0	0	0	0
Private Total	**187 (5,126)**	**268 (9,589)**	**290 (12,552)**	**282 (8,671)**	**279 (8.358)**	**288 (10,772)**
	Plans (Units)	Plans (Units)	Plans (Units)	Plans (Units)	Plans (Units)	Plans (Units)
HPD Sponsored Plans						
New Construction	1 (95)	0	0	0	0	0
Rehabilitation	0	0	0	0	0	1 (12)
Conversion (Non-Eviction)	0	0	0	0	0	0
Conversion (Eviction)	0	0	1 (70)	0	0	0
HPD Total	**1 (95)**	**0**	**1 (70)**	**0**	**0**	**1 (12)**
Grand Total	**188 (5,221)**	**268 (9,589)**	**291 (12,622)**	**282 (8,671)**	**279 (8,358)**	**289 (10,784)**

Note: Figures exclude "Homeowner," "No Action," and "Commercial" plans/units.

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

F.6 Number of Units in Co-op and Condo Plans Accepted for Filing By the NYS Attorney General's Office, 1990-2018

Year	New Construction	Conversion Eviction	Conversion Non-Eviction	Rehabilitation	Total New Construction Conversion & Rehab	Units in HPD Sponsored Plans
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	807	1,659	901
1995	614	426	201	1,258	2,499	935
1996	83	16	196	284	579	0
1997	1,417	38	131	852	2,438	533
1998	3,225	0	386	826	4,437	190
1999	1,123	343	359	1,029	2,854	295
2000	1,911	203	738	220	3,072	179
2001	3,833	22	1,053	124	5,032	22
2002	2,576	260	1,974	348	5,158	260
2003	4,870	0	639	418	5,927	0
2004	6,018	274	1,550	334	8,176	274
2005	12,210	269	2,356	223	15,058	269
2006	19,870	273	6,331	0	26,474	273
2007	19,511	248	5,441	71	25,271	248
2008	13,998	241	2,582	130	16,951	241
2009	7,270	274	725	73	8,342	274
2010	4,907	59	812	0	5,778	59
2011	3,785	209	457	14	4,465	209
2012	2,554	97	1,293	81	4,025	97
2013	3,753	0	819	649	5,221	95
2014	5,171	0	3,956	462	9,589	0
2015	8,880	73	3,065	607	12,622	70
2016	6,653	0	1,602	416	8,671	0
2017	6,906	0	764	688	8,358	0
2018	**9,351**	**0**	**606**	**827**	**10,784**	**12**

Note: Rehabilitated units were tabulated separately beginning in 1994. NYC Department of Housing Preservation and Development (HPD) Plans are a subset of all plans.

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

F.7 Tax Incentive Programs, 2016-2018

Buildings Newly Receiving Certificates for 421-a Exemptions, 2016-2018

	2016			2017			2018		
	Certificates	Buildings	Units	Certificates	Buildings	Units	Certificates	Buildings	Units
Bronx	8	10	209	273	117	1,542	139	204	1,874
Brooklyn	72	92	2,672	162	442	8,195	458	594	11,841
Manhattan	16	16	839	63	67	7,448	63	64	8,884
Queens	37	38	773	240	338	3,587	373	516	5,114
Staten Island	0	0	0	2	2	32	4	33	579
TOTAL	**133**	**156**	**4,493**	**740**	**966**	**20,804**	**1,037**	**1,411**	**28,292**

Buildings Newly Receiving J-51 Tax Abatements and Exemptions, 2016-2018

	2016			2017			2018		
	Buildings	Units	Certified Cost ($1,000s)	Buildings	Units	Certified Cost ($1,000s)	Buildings	Units	Certified Cost ($1,000s)
Bronx	346	13,312	$22,934	180	6,519	$13,847	134	7,915	$16,993
Brooklyn	175	7,694	$18,682	126	4,625	$12,044	154	7,116	$21,274
Manhattan	40	1,778	$9,859	34	3,703	$12,578	50	1,578	$11,351
Queens	1,630	11,525	$10,807	1,072	7,992	$7,511	190	13,028	$8,705
Staten Island	1	2	$65	1	38	$195	1	178	$1,039
TOTAL	**2,192**	**34,311**	**$62,347**	**1,413**	**22,877**	**$46,175**	**529**	**29,815**	**$59,362**

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

F.8 Tax Incentive Programs – Units Receiving Initial Benefits, 1981-2018

Year	421-a	J-51	Year	421-a	J-51
1981	3,505	--	2000	2,828	83,925
1982	3,620	--	2001	4,870	81,321
1983	2,088	--	2002	4,953	70,145
1984	5,820	--	2003	3,782	74,005
1985	5,478	--	2004	6,738	117,503
1986	8,569	--	2005	5,062	66,370
1987	8,286	--	2006	3,875	66,010
1988	10,079	109,367	2007	4,212	55,681
1989	5,342	64,392	2008	4,521	64,478
1990	980	113,009	2009	4,613	37,867
1991	3,323	115,031	2010	5,895	50,263
1992	2,650	143,593	2011	11,007	54,775
1993	914	122,000	2012	10,856	45,886
1994	627	60,874	2013	7,890	55,659
1995	2,284	77,072	2014	6,945	40,787
1996	1,085	70,431	2015	5,468	44,259
1997	2,099	145,316	2016	4,493	34,311
1998	2,118	103,527	2017	20,804	22,877
1999	6,123	82,121	**2018**	**28,292**	**29,815**

F.9 Building Demolitions in New York City, 1985-2018

	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
1997	-	29	-	127	-	51	-	168	-	119	-	494
1998	-	71	-	226	-	103	-	275	-	164	-	839
1999	-	67	-	211	-	53	-	227	-	159	-	717
2000	-	64	-	499	-	101	-	529	-	307	-	1,500
2001	-	96	-	421	-	160	-	519	-	291	-	1,487
2002	-	126	-	500	-	89	-	600	-	456	-	1,771
2003	-	161	-	560	-	100	-	865	-	564	-	2,250
2004	-	238	-	691	-	141	-	1,128	-	547	-	2,745
2005	-	245	-	1,080	-	145	-	1,545	-	477	-	3,492
2006	-	334	-	1,109	-	259	-	1,485	-	381	-	3,568
2007	-	302	-	984	-	282	-	1,407	-	308	-	3,283
2008	-	206	-	925	-	252	-	1,082	-	215	-	2,680
2009	-	166	-	467	-	153	-	663	-	177	-	1,626
2010	-	121	-	326	-	76	-	464	-	129	-	1,116
2011	-	93	-	308	-	124	-	463	-	141	-	1,129
2012	-	121	-	284	-	144	-	434	-	139	-	1,122
2013	-	105	-	367	-	145	-	453	-	216	-	1,286
2014	-	125	-	454	-	121	-	555	-	258	-	1,513
2015	-	116	-	668	-	225	-	612	-	266	-	1,887
2016	-	139	-	642	-	178	-	655	-	235	-	1,849
2017	-	136	-	573	-	114	-	579	-	320	-	1,722
2018	**-**	**190**	**-**	**661**	**-**	**146**	**-**	**624**	**-**	**267**	**-**	**1,888**

Note: The Census Bureau discontinued collecting demolition statistics in December, 1995. The New York City Department of Buildings began supplying the total number of buildings demolished from 1996 forward, but does not specify whether buildings are residential or whether they have 5+ units. Demolition statistics from 1985 though 1995 are solely residential buildings.

Source: U.S. Bureau of the Census, Manufacturing and Construction Division, Building Permits Branch; New York City Department of Buildings

G.1 Additions to the Stabilized Housing Stock, 1994-2018

Year	421-a	J-51	Mitchell-Lama Buyouts State	Mitchell-Lama Buyouts City	Lofts	421-g	420-c$^{\Omega}$	Article 11/14/15	Formerly Controlled	Total†
1994	-	114	0	0	-	-	-	-	-	114
1995	-	88	306	0	-	-	-	-	-	394
1996	-	8	0	0	-	-	-	-	-	8
1997	-	38	323	0	-	-	-	-	-	361
1998	-	135	574	1,263	64	-	-	-	-	2,036
1999	-	33	286	0	71	-	-	-	-	390
2000	-	224	0	0	96	-	-	-	-	320
2001	-	494	0	0	56	-	-	-	-	550
2002	-	260	0	232	16	-	-	-	-	508
1994-2002	20,240	1,394	1,489	1,495	303	865	5,500	-	31,159	62,445
2003	1,929	171	0	279	20	41	0	-	916	3,356†
2004	4,941	142	0	229	129	188	0	-	706	6,335†
2005	3,380	25	251	481	66	79	0	-	721	5,003†
2006	2,264	130	285	2,755	81	5	0	-	634	6,154†
2007	2,838	135	2,227	290	35	441	0	-	592	6,558†
2008	1,856	55	0	101	35	865	0	-	887	3,799†
2009	2,438	18	112	0	36	0	0	-	519	3,123†
2010	7,596	80	0	0	9	0	0	-	451	8,136†
2011	3,155	498	0	0	6	0	0	-	438	4,097†
2012	2,509	108	132	0	17	0	0	-	360	3,126†
2013	5,975	407	0	0	26	0	0	-	309	6,717†
2014	3,110	243	318	0	21	0	0	-	211	3,903†
2015	2,515	0	0	0	18	0	0	-	270	2,803
2016	4,921	59*	0	716	5	0	0	828	377	6,906*
2017	9,376	208*	143	90	10	0	0	1,283	142	11,252*
2018	9,452	309	0	0	43	0	0	1,900	141	11,845
Total	**88,495**	**3,982**	**4,957**	**6,436**	**860**	**2,484**	**5,500**	**4,011**	**38,833**	**155,558**

Ω Figures for 2003-2014 have been revised from those reported in prior reports, due to the removal of 420-c program units. See *Changes to the Rent Stabilized Housing Stock in NYC in 2015*, for more information: http://www1.nyc.gov/assets/rentguidelinesboard/pdf/changes16.pdf.

† Totals have been revised from those reported in prior years due to the removal of 420-c additions. See above note.
* Number of J-51 units revised from prior year. See Endnote 1.

421-a Notes: Between 1994-2002, a count of 26,987 421-a units includes co-op and condo units that were created under the 421-a program. Analysis of the Real Property Asset Database (RPAD) shows that on average from 1994 to 2002, 25% of 421-a units were owner units and 75% were rental units. Therefore an estimated 20,240 units were added to the rent stabilized stock. Since 2003, 421-a data is obtained from HCR, which provides 12 months worth of data from April 1 to March 31 of the following year, as shown above.

J-51 Notes: The numbers represent units that were not rent stabilized prior to entering the J-51 Program. Most units participating in the J-51 Program were rent stabilized prior to their J-51 status and therefore are not considered additions to the rent stabilized stock.

Article 11, 14 and 15 Notes: Data prior to 2016 not available.

Loft Notes: Loft conversion counts are not available from 1994 to 1997.

421-g, 420-c and Rent Controlled Notes: Counts for individual years between 1994 and 2002 are not available; only an aggregate is available.

421-g Note: The 421-g tax incentive program provides a 14-year tax exemption and abatement benefits for the conversion of commercial buildings to multiple dwellings in the Lower Manhattan Abatement Zone, generally defined as the area south of the centerline of Murray, Frankfort and Dover Streets, excluding Battery Park City and the piers. All rental units in the project become subject to rent stabilization for the duration of the benefits. No additional units will be added since the program required that building permits be dated on or before June 30, 2006.

Sources: NYC Department of Housing Preservation and Development (HPD), Tax Incentive Programs and Division of Housing Supervision (Mitchell-Lama Developments); NYS Homes and Community Renewal (HCR), Office of Rent Administration, annual registration data, and Office of Housing Operations; and NYC Loft Board.

G.2 Additions to the Stabilized Housing Stock by Borough, 2018

	Bronx	Brooklyn	Manhattan	Queens	Staten Island	Total
421-a	738	3,910	2,455	2,349	0	9,452
420-c	0	0	0	0	0	0
J-51	0	279	0	30	0	309
Mitchell-Lama Buyouts (City & State)	0	0	0	0	0	0
Lofts	0	16	27	0	0	43
Article 11, 14 & 15	254	524	535	587	0	1,900
Formerly Controlled	18	32	66	25	0	141
Total Additions	**1,010**	**4,761**	**3,083**	**2,991**	**0**	**11,845**

Sources: NYC Department of Housing Preservation and Development (HPD), Tax Incentive Programs and Division of Housing Supervision (Mitchell-Lama Developments); NYS Homes and Community Renewal (HCR), Office of Rent Administration, annual registration data, and Office of Housing Operations; and NYC Loft Board.

G.3 Average and Median Rent of Initially Registered Rent Stabilized Apartments by Borough, 2018

	Bronx	Brooklyn	Manhattan	Queens	Staten Island	Citywide
Average Rent	$1,574	$3,309	$4,550	$3,999	-	$3,490
Median Rent	$1,579	$2,975	$4,300	$3,617	-	$3,000

Note: There were no initially registered units on Staten Island in 2018.

Source: NYS Homes and Community Renewal (HCR), Office of Rent Administration, annual registration data.

G.4 Subtractions from the Stabilized Housing Stock Due to High-Rent High-Income Deregulation by Borough, 1994-2018

Year	Bronx	Brooklyn	Manhattan	Queens	Staten Island	Total
1994	0	0	904	0	0	904
1995	0	0	346	0	0	346
1996	1	0	180	4	0	185
1997	1	0	157	2	0	160
1998	3	0	366	3	0	372
1999	2	1	279	1	0	283
2000	2	1	227	0	0	230
2001	3	0	209	2	0	214
2002	1	1	258	2	0	262
2003	2	13	177	6	0	198
2004	0	13	173	8	0	194
2005	4	30	220	11	0	265
2006	8	28	244	21	0	301
2007	9	45	241	14	0	309
2008	10	50	198	20	0	278
2009	16	57	364	20	0	457
2010	9	44	256	27	0	336
2011	6	38	149	19	0	212
2012	5	31	119	10	0	165
2013	3	32	74	18	0	127
2014	4	21	149	12	0	186
2015	13	37	50	9	0	109
2016	1	30	92	23	0	146
2017	6	32	49	20	0	107
2018	7	29	54	19	0	109
Total	**116**	**533**	**5,535**	**271**	**0**	**6,455**

Source: NYS Homes and Community Renewal (HCR), Office of Rent Administration, annual registration data.

G.5 Subtractions from the Stabilized Housing Stock Due to High-Rent Vacancy Deregulation by Borough, 1994-2018

Year	Bronx	Brooklyn	Manhattan	Queens	Staten Island	Total
1994	3	9	544	9	0	565
1995	1	111	927	8	0	1,047
1996	10	106	1,203	6	0	1,325
1997	6	77	1,121	0	0	1,204
1998	7	116	2,247	14	0	2,384
1999	11	151	3,586	37	0	3,785
2000	7	279	2,586	62	0	2,934
2001	53	294	4,490	145	0	4,982
2002	64	391	5,431	251	7	6,144
2003	83	640	7,048	416	17	8,204
2004	101	758	7,271	697	29	8,856
2005	184	852	7,303	904	29	9,272
2006	217	1,408	7,187	1,106	65	9,983
2007	375	1,409	7,114	1,380	64	10,342
2008	447	1,884	8,600	1,787	82	12,800
2009	537	2,013	8,718	2,195	94	13,557
2010	581	2,154	7,807	2,290	79	12,911
2011	654	2,256	6,378	2,032	44	11,364
2012	281	1,189	4,289	922	32	6,713
2013	197	994	2,924	654	32	4,801
2014	309	1,247	3,572	1,056	51	6,235
2015	432	1,773	4,280	1,510	54	8,049
2016	179	1,132	2,522	824	33	4,690
2017	186	870	1,738	695	28	3,517
2018	175	1,197	2,276	941	39	4,628
Total	**5,100**	**23,310**	**111,162**	**19,941**	**779**	**160,292**

Note: Prior to 2014, registration of deregulated units with HCR was voluntary. These totals therefore represent a 'floor' or minimum count of the actual number of deregulated units in these years. Since 2014, the annual apartment registration must indicate that an apartment is permanently exempt. See "High-Rent Vacancy Deregulation" section on page 97 for more information.

Source: NYS Homes and Community Renewal (HCR), Office of Rent Administration, annual registration data.

G.6 Subtractions from the Stabilized Housing Stock, 1994-2018

Year	High-Rent High-Income Deregulation	High-Rent Vacancy Deregulation	Co-op/Condo Conversion	421-a Expiration	J-51 Expiration	Substantial Rehab	Commercial/ Professional Conversion	Other	Total
1994	904	565	5,584	2,005	1,345	332	139	1,904	12,778
1995	346	1,047	4,784	990	1,440	334	113	1,670	10,724
1996	185	1,325	4,733	693	1,393	601	117	1,341	10,388
1997	160	1,204	3,723	1,483	1,340	368	109	1,365	9,752
1998	372	2,384	3,940	2,150	1,412	713	78	1,916	12,965
1999	283	3,785	2,822	3,514	1,227	760	110	1,335	13,836
2000	230	2,934	3,147	3,030	884	476	729	1,372	12,802
2001	214	4,982	2,153	770	1,066	399	88	1,083	10,755
2002	262	6,144	1,774	653	1,081	508	45	954	11,421
2003	198	8,204	1,474	651	854	340	59	912	12,692
2004	194	8,856	1,564	493	609	268	79	954	13,017
2005	265	9,272	1,692	451	545	692	111	1,017	14,045
2006	301	9,983	1,567	263	236	350	135	1,139	13,974
2007	309	10,342	1,455	161	270	297	66	1,304	14,204
2008	278	12,800	1,405	376	176	421	56	1,321	16,833
2009	457	13,557	1,153	1,075	286	441	62	1,557	18,588
2010	336	12,911	1,130	657	143	274	32	1,424	16,907
2011	212	11,364	1,098	415	230	174	29	653	14,175
2012	165	6,713	924	336	244	481	74	562	9,499
2013	127	4,801	774	757	188	308	31	611	7,597
2014	186	6,235	789	1,011	137	226	13	416	9,013
2015	109	8,049	618	1,079	287	288	13	369	10,812
2016	146	4,690	665	749	460	216	160	438	7,524
2017	107	3,517	672	1,363	363	211	24	400	6,657
2018	109	4,628	791	1,016	375	209	7	333	7,468
Total	**6,455**	**160,292**	**50,431**	**26,141**	**16,591**	**9,687**	**2,479**	**26,350**	**298,426**

Co-op/Condo Note: Subtractions from the stabilized stock in co-ops and condos are due to two factors: (1) stabilized tenants vacating rental units in previously converted buildings and (2) new conversions of stabilized rental units to ownership.

High-Rent Vacancy Deregulation Note: Prior to 2014, registration of deregulated units with HCR was voluntary. These totals therefore represent a ‘floor’ or minimum count of the actual number of deregulated units in these years. Since 2014, the annual apartment registration must indicate that an apartment is permanently exempt. See “High-Rent Vacancy Deregulation” section on page 97 for more information.

Source: NYS Homes and Community Renewal (HCR), Office of Rent Administration, annual registration data.

G.7 Subtractions from the Stabilized Housing Stock by Borough, 2018

	Bronx	Brooklyn	Manhattan	Queens	Staten Island	Total
High Rent/High Income Deregulation	7	29	54	19	0	109
High Rent/Vacancy Deregulation	175	1,197	2,276	941	39	4,628
Co-op/Condo Conversion	98	259	210	223	1	791
421-a Expirations	20	80	806	79	31	1,016
J-51 Expirations	0	103	268	4	0	375
Substantial Rehabilitation	6	121	67	14	1	209
Commercial/Professional Conversion	0	0	6	1	0	7
Other	25	80	186	42	0	333
Total Subtractions	**331**	**1,869**	**3,873**	**1,323**	**72**	**7,468**

Source: NYS Homes and Community Renewal (HCR), Office of Rent Administration, annual registration data.

Glossary & Index

Glossary of Rent Regulation

Adjustable Rate Mortgage (ARM): Similar to a variable rate mortgage except that interest rate adjustments are capped in order to protect lenders and borrowers from sudden upturns or downturns in a market index.

Affordable Housing: As defined by the United States Department of Housing and Urban Development, any housing accommodation for which a tenant household pays 30% or less of its income for shelter.

Affordable New York Housing Program: See "421-a Tax Incentive Program“

Class A Multiple Dwelling: As defined under the Multiple Dwelling Law, a multiple dwelling building which is generally occupied as a permanent residence. The class includes such buildings as apartment houses, apartment hotels, maisonette apartments, and all other multiple dwellings except Class B dwellings.

Class B Multiple Dwelling: A multiple dwelling which is occupied, as a rule, transiently, as the more or less temporary abode of individuals or families. This class includes such buildings as hotels, lodging houses, rooming houses, boarding schools, furnished room houses, college and school dormitories.

Condominium (Condo): A form of property ownership in which units are individually owned and the owners acquire shares in an association that owns and cares for common areas.

Cooperative (Co-op): A form of property ownership in which a building or complex is owned by a corporation. Shares in the corporation are allocated per apartment and the owners of those shares, who are called proprietary lessees, may either live in the apartment for which the shares are allocated or rent that apartment to a sub-tenant.

Core Manhattan: The area of Manhattan south of 96th Street on the East Side and 110th Street on the West Side. See also "Upper Manhattan."

Debt Service: Repayment of loan principal and interest; the projected debt service is the determining factor in setting the amount of the loan itself.

Debt Service Ratio: The net operating income divided by the debt service; it measures a borrower's ability to cover mortgage payments using a building's net operating income.

Decontrol: See "Deregulation."

Department of Housing Preservation and Development (HPD): The New York City agency with primary responsibility for promulgating and enforcing housing policy and laws in the City. See also Division of Housing and Community Renewal.

Deregulation: Also known as "Decontrol" or "Destabilization." Deregulation occurs by action of the owner when an apartment under either rent control or rent stabilization legally meets the criteria for leaving regulation. When an apartment is deregulated, the rent may be set at 'market rate.' There are two types of deregulation, "High-Rent/High-Income Deregulation" and "High-Rent Vacancy Deregulation." See these individual terms for more details.

Destabilization: See "Deregulation."

DHCR: See "Division of Housing and Community Renewal."

Disability Rent Increase Exemption (DRIE): A program which freezes the rent of a New York City tenant or tenant's spouse who is disabled (defined as receiving either Federal Supplemental Security Income, Federal Social Security Disability Insurance, US Department of Veterans Affairs disability pension or compensation, or Disability-related

Medicaid) and living in a rent regulated apartment. To currently qualify for this benefit, a household of any size must make a combined household income no more than $50,000 per year, as well as paying at least 1/3 of their income toward their rent.

Discount Rate: The interest rate Federal Reserve Banks charge for loans to depository institutions.

Distressed Buildings: Buildings that have operating and maintenance expenses greater than gross income are considered distressed.

Division of Housing and Community Renewal (DHCR): Part of NYS Homes & Community Renewal (HCR), the New York State agency with primary responsibility for formulating New York State housing policy, and monitoring and enforcing the provisions of the state's residential rent regulation laws.

Emergency Tenant Protection Act of 1974 (ETPA): Chapter 576 Laws of 1974: In Nassau, Rockland and Westchester counties, rent stabilization applies to non-rent controlled apartments in buildings of six or more units built before January 1, 1974 in localities that have declared an emergency and adopted ETPA. In order for rents to be placed under regulation, there has to be a rental vacancy rate of less than 5% for all or any class or classes of rental housing accommodations. Some municipalities limit ETPA to buildings of a specific size, for instance, buildings with 20 or more units. Each municipality declaring an emergency and adopting local legislation pays the cost of administering ETPA (in either Nassau, Rockland or Westchester County). In turn, each municipality can charge the owners of subject housing accommodations a fee (up to $10 per unit per year).

Eviction: An action by a building owner in a court of competent jurisdiction to obtain possession of a tenant's housing accommodation.

Fair Market Rent (FMR): In New York City, when a tenant voluntarily vacates a rent controlled apartment, the apartment becomes decontrolled. If that apartment is in a building containing six or more units, the apartment becomes rent stabilized. The owner may charge the first stabilized tenant a fair market rent. All future rent increases are subject to limitations under the Rent Stabilization Law, whether the same tenant renews the lease or the apartment is rented to another tenant. The Rent Stabilization Law permits the first stabilized tenant after decontrol to challenge the first rent charged after decontrol, through a Fair Market Rent Appeal, if the tenant believes that the rent set by the owner exceeds the fair market rent for the apartment. The Appeal is decided taking into consideration the Fair Market Rent Special Guideline and rents for comparable apartments.

Family Assistance Program (FAP): NY State's TANF program. See "Temporary Assistance to Needy Families."

Federal Deposit Insurance Corporation (FDIC): Established by the federal government in 1950 to insure the deposits of member banks and savings associations.

Federal Reserve Board: The central bank of the United States founded by Congress in 1913 to provide the nation with a safer, more flexible, and more stable monetary and financial system.

Federal Funds Rate: Set by the Federal Reserve, this is the rate banks charge each other for overnight loans.

Fixed Rate Mortgage (FRM): The interest rate is constant for the term of a mortgage.

421-a Tax Incentive Program (a.k.a. Affordable New York Housing Program): Created in 1970 and amended periodically by the NYS Legislature. Offers tax exemptions to qualifying new multifamily properties containing three or more rental units. 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 are then confined to increases established by the Rent Guidelines Board.

Gross City Product (GCP): The dollar measurement of the total citywide production of goods and services in a given year.

Guideline Rent Increases: The percentage increase of the Legal Regulated Rent that is allowed when a new or renewal lease is signed. For renewal leases, this percentage is determined by the New York City Rent Guidelines Board for renewal leases signed between October 1 of the current year and September 30 of the following year. For renewal leases, the percentage increase allowed is dependent on the term of the lease. Sometimes additional factors, such as the amount of the rent, whether or not electricity is included in the rent and the past rental history, have also resulted in varying adjustments. Although in the past the RGB customarily set increases for vacancy leases, this responsibility shifted to the State for the period between the passage of the Rent Regulation Reform Act of 1997, which established statutory vacancy increases, and the passage of the Rent Laws of 2019, which repealed these allowances.

High-Rent/High-Income Deregulation ("Luxury Decontrol"): Starting with the Rent Regulation Reform Act of 1993, the change in an apartment's status from being rent regulated to being deregulated because the household income of the tenant's in the apartment exceeded a certain threshold AND the rent of the apartment exceeded a certain threshold. These guidelines were modified periodically with the passage of various Rent Laws/Acts through 2015. In 2019, with the passage of the Rent Laws of 2019, deregulation was repealed indefinitely. Refer to the NYS Division of Housing and Community Renewal for the thresholds that applied prior to 2019.

High-Rent/Vacancy Deregulation ("Vacancy Decontrol"): Starting with the Rent Regulation Reform Act of 1993, a process by which a rent regulated unit became deregulated upon the vacancy of the prior tenant, when the rent of the apartment exceeded a certain threshold. These guidelines were modified periodically with the passage of various Rent Laws/Acts through 2015. In 2019, with the passage of the Rent Laws of 2019, deregulation was repealed indefinitely. Refer to the NYS Division of Housing and Community Renewal for the thresholds that applied prior to 2019.

Homes and Community Renewal (HCR): See "Division of Housing and Community Renewal."

Hotel: Under rent stabilization, a multiple dwelling that provides all of the following services included in the rent:
(1) Maid service, consisting of general house cleaning at a frequency of at least once a week;
(2) Linen service, consisting of providing clean linens at a frequency of at least once a week;
(3) Furniture and furnishings, including at a minimum a bed, lamp, storage facilities for clothing, chair and mirror in a bedroom; such furniture to be maintained by the hotel owner in reasonable condition; and
(4) Lobby staffed 24 hours a day, seven days a week by at least one employee.

Housing and Vacancy Survey (HVS): A triennial survey of approximately 18,000 households conducted by the United States Census Bureau data. The survey is used, inter alia, to determine the vacancy rate for residential units in New York City, and gather other information necessary for HPD, RGB, HCR and other housing officials to formulate policy.

HPD: See "Department of Housing Preservation and Development."

HUD: The United States Department of Housing and Urban Development, which is the federal agency primarily responsible for promulgating and enforcing federal housing policy and laws.

HVS: See "Housing and Vacancy Survey."

I&E: Refers to the annual Income and Expense Study performed by the Rent Guidelines Board drawn from summarized data on RPIE forms, the income and expense statements filed annually by owners of stabilized buildings with the New York City Department of Finance.

Individual Apartment Improvements (IAI): An increase in rent based on increased services, new equipment, or improvements. This increase is a NYS policy and is in addition to the regular annual Rent Guidelines Board increases for rent stabilized apartments and Maximum Base Rent increases for rent controlled apartments. If owners add new services, improvements, or new equipment to an occupied rent regulated apartment, owners of rent regulated units can a portion of the cost of qualifying improvements to the legal rent of those units. Owners must get the tenant's written consent to pay the increase and an order from HCR is not required. If any apartment is vacant, the owner does not have to get written consent of a tenant to make the improvement and pass-on the increase. Prior to the passage of the Rent Laws of 2019, the increase remained permanently in the monthly rent, even after the cost of the improvement was recouped. Going forward, the new law caps the amount of reimbursable IAI spending at $15,000 over a 15 year period, for up to three separate IAIs; removes IAI increases and RGB increases based on the IAI after 30 years, instead of allowing them to remain permanent; lowers increases by lengthening the IAI formula's amortization period; and strengthens enforcement by requiring HCR to randomly audit and inspect at least 10 percent of IAIs annually.

Initial Legal Registered Rent: Under rent stabilization, the lawful rent for the use and occupancy of housing accommodations under the Rent Stabilization Law or the Emergency Tenant Protection Act, as first registered with HCR, which has not been challenged pursuant to regulation, or if challenged, has been determined by HCR.

***In Rem*:** *In Rem* units include those located in structures owned by the City of New York as a result of an in rem proceeding initiated by the City after the owner failed to pay tax on the property for one or more years. Though many of these units in multiple dwellings had previously been subject to either rent control or rent stabilization, they are exempt from both regulatory systems during the period of city ownership.

J-51 Tax Incentive Program: A New York City program under which, in order to encourage development and rehabilitation, property tax abatements and exemptions are granted. In consideration of receiving these tax abatements, and at least for the duration of the abatements, the owner of these buildings agree to place under rent stabilization those apartments which would not otherwise be subject to rent stabilization. This program provides real estate tax exemptions and abatements to existing residential buildings that are renovated or rehabilitated in ways that conform to the requirements of the statute. It also provides these benefits to residential buildings that were converted from commercial structures.

Legal Rent: The maximum rent level that a landlord is entitled to charge a tenant for a rent regulated unit. The landlord of a rent stabilized unit must annually register that legal rent with HCR.

Loft Board: A New York City agency that regulates lofts. Lofts are governed by Article 7-C of the Multiple Dwelling Law, and are not (until brought up to Code) within HCR's rent regulatory jurisdiction.

Loan-to-Value Ratio (LTV): An expression of the safety of a mortgage principal based on the value of the collateral (e.g., an LTV of 50% means that a lender is willing to provide a mortgage up to half the value of a building). A decline in LTV may indicate a tightening of lending criteria and vice versa.

Longitudinal: The type of analysis that provides a comparison of identical elements over time, such as comparing data from 2019 to the same data in 2018.

Major Capital Improvements (MCI): When owners make improvements or installations to a building subject to the rent stabilization or rent control laws, they may be permitted to increase the building's rent based on the actual, verified cost of the improvement. To be eligible for a rent increase, the MCI must be a new installation and not a repair to old equipment. For example, an owner may receive an MCI increase for a new boiler or a new roof but not for a repaired or rebuilt one. Other building-wide work may qualify as MCIs as well, such as "pointing and water-proofing" a complete building where necessary. The Rent Stabilization Code also stipulates that applications for MCI rent increases must be filed within two years of completion of the installation. MCI rent increases must be approved by HCR. Prior to the passage of the Rent Laws of 2019, the increase remained permanently in the monthly rent, even after the cost of the improvement was recouped. Going forward, the new law caps the annual MCI rent increase at two percent statewide, down from the current six percent in New York City and 15 percent in other counties currently covered by ETPA; caps any MCI rent increases approved within the last seven years at the lower percentage beginning in September 2019; removes MCI increases and RGB increases based on an MCI after 30 years, instead of allowing them to remain in effect permanently; tightens the rules governing the spending that qualifies for an MCI increase; strengthens enforcement by requiring that 25 percent of MCIs be inspected and audited by DHCR annually.; and lowers rent increases by lengthening the MCI formula's amortization period.

Maximum Base Rent Program (MBR): The Maximum Base Rent Program is the mechanism for authorizing rent increases for New York City apartments subject to rent control so as to ensure adequate income for their operation and maintenance. New York City Local Law 30 (1970) stipulates that MBRs be established for rent controlled apartments according to a formula calculated to reflect real estate taxes, water and sewer charges, operating and maintenance expenses, return on capital value and vacancy and collection loss allowance. The MBR is updated every two years by a factor that incorporates changes in these operating costs.

Maximum Collectible Rent (MCR): The rent that rent controlled tenants actually pay is called the Maximum Collectible Rent (MCR). The MCR generally is less than the MBR. By law, the MCR cannot be increased by more than 7.5% per year for each year of the two year MBR cycle unless there are Major Capital Improvements or individual apartment rent increases. For example, if a tenant's rent (MCR) on 12/31/15 was $1,000, and the MBR was $1,200, then on 1/1/16 (effective date of MBR) the rent (MCR) would rise 7.5% to $1,075 and the MBR ceiling would rise by 9.6% (the 2016-17 MBR factor) to $1,315.20. On 1/1/17, the MBR would remain the same (since MBRs cover a two-year period), but the MCR would rise by another 7.5% to $1,155.63.

Mean and Medians: The "mean" is an arithmetic average of numbers. Numbers at the extreme of a range can have a potentially distorting effect on the mean. The "median" is considered by many as a more constant measure of that same set of numbers because it moderates the distorting effect of any extremes or other aberrations, because it is the 50th percentile of the numbers under analysis, or the number in the middle.

Net Operating Income (NOI): The amount of income remaining after operating and maintenance expenses are paid is typically referred to as Net Operating Income (NOI). NOI can be used for mortgage payments, improvements, federal, state and local taxes and after all expenses are paid, profit.

New York City Housing Authority (NYCHA): The New York City agency that administers public housing and rental assistance programs.

NYC Rent Guidelines Board: See "Rent Guidelines Board."

Nominal Dollars: Dollars not adjusted to take inflation into account. See also "Real Dollars."

O&M: Refers to the operating and maintenance expenses in buildings.

Operating Cost Ratio: The "cost-to-income" ratio, or the percentage of income spent on O&M expenses, is traditionally used by the RGB to evaluate estimated profitability of stabilized housing, presuming that buildings are better off by spending a lower percentage of revenue on expenses.

Order: See "Rent Guidelines Order."

Outer Boroughs: Queens, Brooklyn, the Bronx and Staten Island, or the boroughs of New York City not including Manhattan. These boroughs are often grouped together for purposes of analysis because their economic and demographic attributes are more similar to each other than those found in Manhattan.

PIOC: Price Index of Operating Costs. The major research instrument performed by the RGB staff to determine the annual change in prices for a market basket of goods and services used by owners to operate and maintain rent stabilized buildings.

Points: Up-front service fees charged by lenders.

Post-46 or Post-war: A common classification of residential buildings used by City agencies to describe buildings built after World War II. Buildings with six or more residential units constructed between 1947 and 1973, or after 1974 if the units received a tax abatement such as 421-a or J-51, are generally stabilized.

Preferential Rent: A rent charged by an owner to a tenant that is less than the established legal regulated rent. Starting with the Rent Law of 2003, and continuing through the passage of the Rent Laws of 2019, owners were not required to base renewal lease increases on the preferential rent. Going forward, the new law requires renewal leases to be based on the previously charged preferential rent, if there is one, as was the law prior to 2003.

Pre-47 or Pre-war: A common classification of residential buildings used by City agencies to describe buildings built before the World War II. Buildings with six or more units constructed before February 1, 1947 are generally stabilized when the current tenant moved in on or after July 1, 1971.

Real Dollars: Dollars adjusted to take inflation into account. Real dollar figures offer a comparison between years that are pegged to the value of a dollar in a given year. See also "Nominal Dollars."

Registration: Owners are required to register all rent stabilized apartments with HCR by filing an Annual Apartment Registration Form which lists rents and tenancy information as of April 1st of each year.

Renewal Lease: The lease of a tenant in occupancy renewing the terms of a prior lease entered into between the tenant and owner for an additional term. Tenants in rent stabilized apartments have the right to select a lease renewal for a one- or two-year term. The renewal lease must be on the same terms and conditions as the expiring lease unless a change is necessary to comply with a specific law or regulation or is otherwise authorized by the rent regulation. The owner may charge the tenant a Rent Guidelines Board authorized increase based on the length of the renewal lease term selected by the tenant. The law permits the owner to adjust the rent during the lease term if the Rent Guidelines rate was not finalized when the tenant signed the lease renewal offer. A renewal lease should go into effect on or after the date that it is signed and returned to the tenant as well as on the day following expiration of the prior lease. In general, the lease and any rent increase may not begin retroactively. Penalties may be imposed when an owner does not timely offer the tenant a renewal lease or timely return to the tenant an executed copy thereof.

Rent Act of 2011: The law passed by the New York State Legislature in June, 2011 which revised several regulations of rent stabilized units. Most notably, it provides for a maximum of one vacancy increase a year, modified the way individual apartment improvements are calculated, and raised the thresholds for both high-rent/vacancy deregulation and high-rent/high-income deregulation.

Rent Act of 2015: The law passed by the New York State Legislature in June, 2015 which revised several regulations of rent stabilized units. Most notably, it raised the rent thresholds for deregulation of rent stabilized units, altered the formula for calculating Major Capital Improvement Increases, and altered the formula for calculating vacancy lease increases.

Rent Control: The rent regulation program which generally applies to residential buildings constructed before February, 1947 in municipalities for which an end to the postwar rental housing emergency has not been declared. For an apartment to be under rent control, the tenant must generally have been living there continuously since before July 1, 1971 or for less time as a successor to a rent controlled tenant. When a rent controlled apartment becomes vacant, it becomes rent stabilized if the building has six or more units and if the community has adopted Emergency Tenant Protection Act. Formerly controlled apartments may have been decontrolled on various other grounds. Rent control limits the rent an owner may charge for an apartment and restricts the right of an owner to evict tenants. It also obligates the owner to provide essential services and equipment. In New York City, rent increases are governed by the MBR system.

Rent Guidelines Board (RGB): The New York City agency responsible for setting the yearly rent-rate adjustments for the City's rent stabilized apartments, and also the agency which produced this publication. The Board is appointed by the Mayor and consists of two members who represent tenants, two members who represent the real estate industry and five public members.

RGB Rent Index: An index that measures the overall effect of the Board's annual rent increases on contract rents.

RGB: See "Rent Guidelines Board."

Rent Guidelines Order: Rent guideline orders are issued by the rent guidelines boards annually, usually before July 1. For the most part, they establish the percentage change that may be given to rent stabilized/ETPA apartments upon lease renewal. These adjustments are based on the review of operating expenses and other cost of living data.

Rent Laws of 2019: The law passed by the New York State Legislature on June 14, 2019 which promulgated many new provisions for rent regulated units. Among these changes, deregulation of rent stabilized units is no longer permitted, as are vacancy allowances for vacant units. In addition, preferential rents are considered the base rent of the apartment until the unit is vacated; the formulas for IAIs, MCIs and rent controlled rent increases are reformed; and HCR will look back six years when processing overcharge complaints. The law does not have a sunset date. This law is also referred to as the Housing Stability and Tenant Protection act of 2019.

RPIE Forms: Owners of stabilized buildings are required by Local Law 63 to file Real Property Income and Expense (RPIE) forms annually with the New York City Department of Finance. RPIE forms contain detailed financial information regarding the revenues earned and the costs accrued in the operation and maintenance of stabilized buildings. Buildings with fewer than 11 apartments (except those with commercial units); an assessed value of $40,000 or less; or exclusively residential cooperatives or condominiums are exempt from filing. RPIE forms are also known as I&E forms.

Rent Regulation Reform Act of 1997 (RRRA-97): The law passed by the New York State Legislature in June, 1997 which promulgated several new provisions for rent regulated units. See "High-Rent/High Income Deregulation", "Vacancy Allowance", and "High-Rent/Vacancy Deregulation". Also known as the "Rent Act."

Rent Stabilization: In New York City, rent stabilized apartments are generally those apartments in buildings of six or more units built between February 1, 1947 and January 1, 1974. Tenants in buildings built before February 1, 1947, who moved in after June 30, 1971 are also covered by rent stabilization. A third category of rent stabilized apartments covers buildings subject to regulation by virtue of various governmental supervision or tax benefit programs. Generally, these buildings are stabilized only while the tax benefits or governmental suspension continues. In some cases, a building with as few as three units may be stabilized. Similar to rent control, stabilization provides other protections to tenants besides regulation of rental amounts. Tenants are entitled to receive required services, to have their leases renewed, and not to be evicted except on grounds allowed by law. Leases may be entered into and renewed for one or two year terms, at the tenant's choice.

Rent Stabilization Code: The Rent Stabilization Code is the body of regulations used by HCR to implement the Rent Stabilization Law and Emergency Tenant Protection Act in New York City. These regulations affect nearly 1 million rent stabilized apartments in New York City. Chapter 888 of the Laws of 1985 authorized HCR to amend the Rent Stabilization Code for New York City. The current Rent Stabilization Code became effective on May 1, 1987, with the latest revision in 2014.

Rental Vacancy Rate: The percentage of the total rental units in an area that are vacant and available for occupancy. The vacancy rate for New York City is determined every three years by the Housing and Vacancy Survey.

Rooming House: Under rent regulation, in addition to its customary usage, a building or portion of a building, other than an apartment rented for single-room occupancy, in which housing accommodations are rented, on a short-term basis of daily, weekly or monthly occupancy, to more than two occupants for whom rent is paid, not members of the landlord's immediate family. The term shall include boarding houses, dormitories, trailers not a part of a motor court, residence clubs, tourist homes and all other establishments of a similar nature, except a hotel or a motor court.

Safety Net Assistance (SNA): An income assistance program set up under the New York State Welfare Reform Act of 1997 to replace Home Relief (HR).

Section 8 Vouchers: A federally-funded housing assistance program that pays participating owners on behalf of eligible tenants to provide decent, safe, and sanitary housing for very low income families at rents they can afford. Housing assistance payments are generally the difference between the local payment standard and 30% of the family's adjusted income. The family has to pay at least 10% of gross monthly income for rent. In NYC, the program is administered by NYCHA.

Section 8 Certificates: A federally-funded housing assistance program that provides housing assistance payments to participating owners on behalf of eligible tenants to provide decent, safe and sanitary housing for low income families in private market rental units at rents they can afford. This is primarily a tenant-based rental assistance program through which participants are assisted in rental units of their choice; however, a public housing agency may also attach up to 15% of its certificate funding to rehabilitated or newly constructed units under a project-based component of the program. All assisted units must meet program guidelines. Housing assistance payments are used to make up the difference between the approved rent due to the owner for the dwelling unit and the family's required contribution towards rent. Assisted families must pay the highest of 30% of the monthly adjusted family income, 10% of gross monthly family income, or the portion of welfare assistance designated for the monthly housing cost of the family.

Senior Citizen Rent Increase Exemption (SCRIE): If a New York City tenant or tenant's spouse is 62 years of age or over (living in a rent regulated apartment), and the combined household income is currently $50,000 per year or less and they are paying at least 1/3 of their income toward their rent, the tenant may apply for the Senior Citizen Rent Increase Exemption (SCRIE). In New York City, the Department of Finance administers the SCRIE program. Outside of New York City, Senior Citizen Rent Increase Exemption is a local option, and communities have different income eligibility limits and regulations. If a New York City tenant qualifies for this program, the tenant is exempt from future rent guidelines increases, Maximum Base Rent increases, MCI increases, and increases based on the owner's economic hardship. New York City senior citizen tenants may also carry this exemption from one apartment to another upon moving, upon the proper application being made to the Department of Finance.

Single-Room Occupancy Housing (SRO): Residential properties in which some or all dwelling units do not contain bathroom or kitchen facilities. Under rent regulation, the occupancy by one or two persons of a single room, or of two or more rooms which are joined together, separated from all other rooms within an apartment in a multiple dwelling, so that the occupant or occupants thereof reside separately and independently of the other occupant or occupants of the same apartment.

Special Guideline: The New York City Rent Guidelines Board is obligated to promulgate special guidelines to aid the NYS Division of Housing and Community Renewal in its determination of initial legal regulated rents for housing accommodations previously subject to rent control. This is determined each year by the RGB as applicable to the determination of Fair Market Rent Appeals.

Surcharge: An added charge which is paid by the tenant but not included in the legal regulated rent and is not compounded by guidelines adjustments. Examples of surcharges are: the $5.00 a month charge for an air conditioner that protrudes beyond the window line; the electrical charge for air conditioners in electrical inclusion buildings; and for the installation of window guards.

Tax Commission Income and Expense Form (TCIE): An application by building owners to appeal their tax assessments.

Temporary Assistance to Needy Families (TANF): An income assistance program set up under the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 to replace Aid to Families with Dependent Children (AFDC). Under TANF block grant system, each state has the authority to determine who is eligible, the level of assistance, and how long it will last. The New York State's TANF program is called the Family Assistance Program (FAP).

Term: The length of time in which a mortgage is expected to be paid back to the lender; the shorter the term, the faster the principal must be repaid and consequently the higher the debt service and vice versa.

Transient Occupancy: Among the criteria that must be met for hotel rooms, tourist homes, and motor courts to be exempt from rent regulation is that they are used for transient occupancy. Whether occupancy is transient depends on a number of factors, including whether rates are charged by the day, week, or month, and the proportions of occupants who stay for various lengths of time.

Upper Manhattan: The area of Manhattan north of 96th Street on the East Side and 110th Street on the West Side. See also "Core Manhattan."

Vacancy Allowance: A provision in the Rent Regulation Reform Act of 1997 (and following Laws/Acts, prior to the Rent Laws of 2019) allowing owners of rent stabilized units to raise by a certain percentage the legal rent of a vacant unit. For an incoming tenant who opted for a two-year lease, the vacancy allowance was 20%. For an incoming tent who opted for a one-year lease, the vacancy allowance was 20% minus the percentage difference between the RGB's current guidelines for a two-year and a one-year lease. Other factors affected these percentages as well (see also the "Vacancy Bonus" and the "Special Low Rent Increase" definitions in prior editions of this book). Changes to the formula for those apartments previously paying a preferential rent were also enacted in the Rent Act of 2015. For the 2018-2019 guideline period, the one-year vacancy guideline was 19% and the two-year guideline was 20%. With the passage of the Rent Act of 2011, as of June 24, 2011, landlords were permitted only one vacancy allowance per calendar year, regardless of the number of vacancies. With the passage of the Rent Laws of 2019, vacancy allowances are now repealed in their entirety.

Vacancy Lease: When a person rents a rent stabilized apartment for the first time, or, when a new name (not the spouse or domestic partner) is added to an existing lease, this is a vacancy lease. This written lease is a contract between the owner and the tenant which includes the terms and conditions of the lease, the length of the lease and the rights and responsibilities of the tenant and the owner. The Rent Stabilization Law gives the new tenant (also called the vacancy tenant) the choice of a one- or two-year lease term. The rent the owner can charge may not be more than the last legal regulated rent plus all increases authorized by the Rent Stabilization Code, including increases for improvements to the vacant apartment. With the passage of the Rent Laws of 2019, vacancy allowances are no longer part of the calculation of the rent charged with a vacancy lease.

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