CITY OF NEW YORK
RENT GUIDELINES BOARD

VIRTUAL ZOOM

PUBLIC MEETING

OF

THE DIRECTORS

April 15, 2021
9:30 a.m.

B e f o r e :

DAVID REISS,
THE CHAIR

A P P E A R A N C E S:

Board of Directors:

David Reiss, The Chair

Cecilia Joza

Alex Schwartz

Christian Gonzalez-Rivera

Christina DeRose

Scott Walsh

Leah Goodridge

Sheila Garcia

S T A F F:

Andrew McLaughlin

Executive Director

Brian Hoberman

Research Director

Danielle Burger

Deputy Research Director

Charmaine Superville

Office Manager

P R O C E E D I N G S

CHAIRMAN REISS: Good morning. I'm David Reiss, Chair of the New York City Rent Guidelines Board, and I'd like to welcome you to this virtual hearing, meeting, sorry, of the board.

This is the first meeting in a series of public meetings and hearings to determine renewal lease adjustments for rent-stabilized housing units in New York City, with leases commencing or being renewed on or after October 1, 2021, and on/or before September 30, 2022.

In preparation for this meeting, I reviewed my comments for our opening Meeting in April of last year. We were all in a very bad way at the start of the pandemic. I think those who put their lives on the line during this crisis to care for those in need and to ensure that we all continue to have access to food and the other necessities of life, I would be remiss not to say thank you again.

Last year our virtual hearings were cutting edge. The RGB was one of the first City agencies to go virtual thanks to the hard work of Andrew, Brian, Danielle, and Charmaine. The research staff also quickly incorporated all of the information they could find about the economic effects of the pandemic on our city.

Now, virtual hearings are ho-hum, but the staff has continued to incorporate new sources of data as soon as they become available in order to provide the board with as much information as possible to make good decisions. We're grateful to them for being so proactive about this important work.

I do not think that we comprehended the extent of the suffering we would see in our plagued year across the globe, throughout the country, down to our neighborhoods, and into many of our homes. This suffering has been compounded by political insurrection and waves of injustice that swamp us, but we all take hope from the advances we've all made on the scientific front, the political front, and the home front.

I believe that next year our work will be done face-to-face, not screen-to-screen. This year, like last year, our little corner of the government must do its to work in accordance with the law to ensure that we have a healthy housing stock for New Yorkers to live in as we move from crisis mode back to something resembling normalcy.

With that, I will now take roll call. Please respond if present.

Christina DeRose.

MS. DEROSE: Present.

CHAIRMAN REISS: Shelia Garcia.

MS. GARCIA: Present.

CHAIRMAN REISS: Christian Gonzalez-Rivera.

MR. GONZALEZ-RIVERA: Present.

CHAIRMAN REISS: Leah Goodridge.

MS. GOODRIDGE: Present.

CHAIRMAN REISS: Cecilia Joza.

MS. JOZA: Present.

CHAIRMAN REISS: Alex Schwartz.

MR. SCHWARTZ: Present.

CHAIRMAN REISS: Scott Walsh.

MR. WALSH: Present.

CHAIRMAN REISS: David Reiss, present.

Owner/member Patty Stone has left the board and her position has yet to be filled. I would like to recognize her hard work and dedication to the RGB. On behalf of the current members, I would like to thank her for her service and we wish her well. City Hall is aware of the vacancy and we hope to have a new owner/member in place for our next meeting.

Our next virtual meeting will be April 22nd starting at 9:30 a.m. Information on how to attend this meeting will be posted on our website, NYC.gov/RGB in our Meeting section by Friday, and at the same time will be sent to those who are on our e-mail list. If you're interested in receiving e-mail updates about upcoming RGB meetings and hearings, please go to our homepage and click on RGB e-mail updates under Quick Links.

The preliminary vote for rent stabilized renewal lease adjustments is currently scheduled for May 5th. This will be a virtual meeting. Information to attend this meeting will be made available in the near future.

Today, staff will present the 2021 Income and Expense Study and the 2021 Income and Affordability Study. Both of these reports will be posted on our website after the meeting. Just click Research on our homepage to download these reports.

Please note that the annual filings of the Conflicts of Interest Board Financial Disclosure Report 2021 filing period will be from May 10th through June 4th. We will send the packets to each board member in the next few weeks.

I will now introduce Brian who will be presenting the 2021 Income and Expense Study.

MR. MCLAUGHLIN: David, can I just --

CHAIRMAN REISS: Yes.

MR. MCLAUGHLIN: I just want to make sure people understand how they can get our e-mail blasts. So I'm just going to get our website, show them the quick link and show them how to sign up. If they're interested in receiving e-mails about meetings, about releasing reports and whatnot. So I'm going to do that quick, taking full advantage of the Zoom format.

MR. HOBERMAN: It's the third Quick Link, E-mail Updates.

MS. GARCIA: We can't hear you.

CHAIRMAN REISS: Andrew, you're muted. I'm not sure if you know.

MR. MCLAUGHLIN: I'm sorry about that. Let me go through that quickly again. Back to where I was. All right.

So this is our homepage. Sorry about that. You get to our homepage by going to NYC.gov/RGB, NYC.gov/RGB, E-mail Updates right here, brings you to this page. You're going to click on RGB newsletter sign up.

Here you would enter e-mail, first and last name, which is optional, and then the ZIP code. If you're a robot, apparently you cannot sign up. But if you're not a robot, you click here and submit. And you should be good to go. But we encourage people to sign up because we want to share the information about meetings, about reports. So please, please sign up. Thanks. Okay. I'm done.

CHAIRMAN REISS: Brian, it's all yours.

MR. HOBERMAN: Okay. Thanks. I'm just going to take a second to set up the screen sharing. Can people see that okay?

CHAIRMAN REISS: Yes.

MR. HOBERMAN: All right. Great. Good morning. This is the 2021 Income and Expense Study. It focuses on data from 2019 and prior years. It does not yet illustrate any of the COVID-19 pandemic's impact on the New York City economy, as the pandemic, as we know, did not begin until early 2020. Next year's edition of the Income and Expense Study is expected to demonstrate the pandemic's impact on the New York City housing market.

I'll first of all, briefly review the methodology used in this study.

Local law 63 enacted in 1986, requires building honors to file RPIE forms with the Department of Finance annually, with some exceptions. These include condos and other kinds of buildings. Residential buildings with fewer than 11 units or buildings that have an assessed value of under $40,000.

The Department of Finance matches 2020 RPIE filings with the New York State Homes and Community Renewal Building file that contain at least one stabilized unit in order to get the sample used in this report. Then the data was screened for errors and those records were removed.

The two data-sets created where the main RPIE analysis of 14,777 buildings containing 668,359 units. This data is used to compute average revenue and costs for a moment in time view. And we also do a longitudinal analysis which consists of 13,475 buildings with almost 618,000 units. This encompasses two years worth of RPIE filings.

In 2019, rent-stabilized property owners collected monthly rent averaging $1450 per unit. And the median rent Citywide in 2019, was $1300. Like in prior years, units in pre-war buildings rented for less on average, $1364 per month, than those in post-war buildings, $1645 per month.

At the borough level, the average monthly rent in stabilized buildings was $1970 Manhattan, with it broken down into Core Manhattan, and an average rent of $2374, and $1453 in Upper Manhattan. In the other boroughs, it was $1388 in Queens, $1340 in Brooklyn, $1121 on Staten Island, $1066 in the Bronx. The average monthly rent in the City, if you exclude Core Manhattan, was $1295.

Many stabilized buildings supplement the rent by selling services to tenants, such as laundry facilities and parking, and earn commercial income from things such as cell towers and retail space. In 2019, rent-stabilized building owners in New York City earned an average of 1626 per unit. Citywide median was $1410.

Pre-war, buildings earned $1536 per unit, and those in post-war properties earned $1830. Gross income was highest in Manhattan at $2334. Broken down into Core Manhattan at $2846 and Upper Manhattan at $1680. That's followed by Queens at $1473, Brooklyn at $1429, Staten Island at $1204, and Bronx at $1192. Monthly income in the City if you exclude Core Manhattan, was $1397.

This graph shows average monthly income and rent. They were the highest in Core Manhattan at the top and lowest in Bronx. Core and Upper Manhattan are both shown at the top. And the City without Core Manhattan is shown at the very bottom. Average income is in blue, and average rent is in green. And like all the graphs in this slideshow, they're also in the report itself, if you want to look at any more closely.

Sale of services and commercial income account for 10.8 percent of total income earned by rent-stabilized building owners in 2019 Citywide. That was down two-tenths of a point from the previous year. Borough income earned from services and commercial rents was 15.6 percent in Manhattan. Broken down into 16.6 percent in Core Manhattan, and 13.5 percent in Upper Manhattan. It was 10.6 percent in the Bronx, 6.9 percent on Staten Island, 6.3 percent in Brooklyn, and 5.8 percent in Queens. The City, excluding Core Manhattan, the proportion was 7.3 percent.

The average monthly operating costs for units in stabilized buildings was $1070 in 2019. The median monthly cost was $958. Costs for lower and units in pre-war structures, $1030. And highest among post-war buildings at $1159. By borough, the average costs were highest in Manhattan at $1512. Within Manhattan, cost for units located at Core Manhattan average $1791. While the costs in Upper Manhattan were $1159.

In the other boroughs, costs in Queens were $971; Brooklyn, $921; Staten Island,

$830; and the Bronx at $826. If you exclude Core Manhattan, the average monthly operating costs for stabilized building owners in New York City was $934.

This graph breaks down expenses by component and further splits them into pre- and post-war categories. Largest share of expenses went towards taxes, followed by maintenance and administrative costs. Post-war buildings, which are shown in green on the graph, spent more on taxes, administration, labor, and miscellaneous costs.

Pre-war buildings, shown in blue, spent more on fuel, utilities, and insurance. And both types of buildings spent about the same on maintenance. The average expense per unit per month for all stabilized buildings is shown in brown.

In 2019, distressed properties. Five-and-a-half percent of buildings were found to have O&M costs greater than gross income, which are considered stressed. That represents an increase of a tenth of a point from the prior year. Most distressed buildings are pre-war at 91 percent.

By borough, 52 percent of the buildings are in Manhattan, while the remaining buildings are in the Bronx, 21 percent; Brooklyn, 16 percent; Queens, ten percent; and Staten Island with one percent.

Since 1990, when 13.9 percent of stabilized properties were considered stressed, the proportion of distressed buildings declined each year until 1999, when it reached 6.1 percent. From 1999 to 2004, proportion generally increased, but then declined ten times over the last 12 years, reaching 4.9 percent in 2016, which was the lowest level over this 30-year period. The proportion of distressed properties has since risen over the last three years to most recent, five-and-a-half percent.

Revenue exceeding operating costs. It exceeds operating costs in nearly all stabilized buildings, yielding funds that can be used for mortgage payments, improvements, and/or pre-tax profits. The amount of Income remaining after operating and maintenance expenses are paid is typically referred to as net operating income. NOI is considered a good indicator of a building's overall financial health.

In 2019, rent stabilized apartments averaged $556 of net income per month. While units in post-war buildings on average earn more, $671; and units in pre-war buildings earn less, $506 a month. The average NOI per unit in residential-only buildings was $499, 10.2 percent less than the average for all rent stabilized buildings.

In 2019, average NOI was significantly different by borough. The average monthly NOI is greater among stabilized properties in Manhattan with an average of $822. And there was a notable difference when looking at NOI within Manhattan. Core Manhattan properties earned on average $1055 in NOI, twice as much as properties in Upper Manhattan which returns an average NOI of $525 per unit per month.

In the other boroughs, NOI was $508 in Brooklyn; $502 in Queens; $373 on Staten Island; and $366 per unit in the Bronx. And monthly NOI average calculated Citywide if you exclude Manhattan was $463.

In addition to NOI, another way

we measure a building's financial health is to measure costs, income, and rent ratios, which as the graph shows, closely mirror each other. Cost income ratios can be used as a tool to evaluate a building's financial health assuming that buildings are better off by spending a lower percentage of revenue on expenses.

In this graph, the audited adjusted cost-to-income ratio was shown in green, the bottom line in the graphs. In 2019, operating costs were 60.4 percent of gross income, a tenth of a percentage point lower than the prior year. Cost-to-rent ratio, the upper blue line, also declined falling two tenths of a percentage point this year to 67.8 percent.

This slide breaks out rent, income costs, and NOI figures between Core Manhattan, which is on the left, and the City with its Core excluded, shown on the right. The graph shows that average rent income costs and NOI are a great deal higher in Core Manhattan compared to the rest of the City.

In looking at the costs to income ratios, the difference between the two demonstrates that Core Manhattan owners spend on expenses when compared to owners of the rest of the City, about 3.6 cents less of every dollar earned. And that's the difference between the two cost income ratios.

This graph shows the inflation-adjusted change in Citywide income, rent, expenses, and NOI over a period of about three decades. Since 1990, income, the light blue line nearest to the top, cumulatively increased an inflation-adjusted 43-and-a-half percent. Rent, which is the second line from top in green, rose 43.2 percent.

Costs, the third line in brown, grew to 39.4 percent.

And net operating income, represented by the lowest line in dark blue, increased by 52.1 percent.

These graphs break down the same time period as the previous graph, but do it by borough. It shows that while the actual inflation-adjusted income, rent, costs, and NOI figures are far higher in Manhattan, the percentage increase in NOI was not the highest in that borough.

Brooklyn, at the top right, showed the largest NOI increase over this period with NOI more than doubling, rising 118 percent. Queens at the bottom left, had the second highest NOI increase, rising 71 percent. Bronx at the bottom right, experienced NOI growth of 69 percent. And Manhattan, shown at the top left, saw NOI growth of 44 percent since 1990.

We will now move on to the second part of the income and expense study, which is the longitudinal analysis.

The longitudinal sample encompasses properties that filed RPIE forms, reflecting conditions in both 2018 and 2019. By conducting the longitudinal analysis, we can more accurately track changes from year-to-year as the same buildings are being analyzed.

Average rent collections in stabilized buildings grew by 3.3 percent in 2019. Rent collections in pre-war buildings grew to lesser rate, up 3.1 percent, than post-war buildings which rose by 3.7 percent. Rent collections increased the most among large 100-plus unit buildings, rising three-and-a-half percent.

While mid-size, 20 to 99-unit buildings rose 3.3 percent. And smaller, 11 to 19-unit buildings grew by three percent.

Average rent grew in every borough. Staten Island saw the largest increase, up 3.9 percent; followed by Manhattan, up 3.8 percent. Within Manhattan, Core Manhattan rents grew at faster rate, up four percent compared to the three-and-a-half percent increase in rents in Upper Manhattan. In the other boroughs, Brooklyn was up 3.6 percent, Queens was up 2.9 percent, and the Bronx was up 2.2 percent. Rent collections in the City excluding Core Manhattan, rose three percent and the median rent grew Citywide also by three percent.

Examining rent collections throughout New York City, every community district saw increases in average rent from 2018 to 2019. At the local level, the greatest rent growth was found in two Brooklyn neighborhoods. Bushwick, which increased 18.8 percent, and Bed-Stuy, where rent grew by 6.8 percent.

The next highest rent growth was in Manhattan's lower east side in Chinatown, rising by five-and-a-half percent. Followed by Middle Village, Ridgewood, Queens, up 5.4 percent. Bronx neighborhoods seeing the largest increase in rent was in Hunts Point, Longwood, up four and-a-half percent. A list of all community districts and how much rent changed in each of them can be found in the appendix, number 13.

The average total income collected in rent stabilized buildings comprising apartment rents, commercial rent, and the sale of services rose 3.2 percent from 2018 to 2019. Revenue grew faster in post-war buildings, up three-and-a-half percent compared to three percent among pre-war buildings.

Income group the most in Brooklyn, up 3.7 percent; followed by Manhattan, up 3.4 percent. Within Manhattan, Core Manhattan income rose 3.4 percent, while Upper Manhattan income grew by 3.3 percent.

In Staten Island income was up 3.1 percent. And in both the Bronx and Queens, each rose 2.7 percent. Total income of the City, if you exclude Core Manhattan, rose 3.1 percent. The median growth in income Citywide was also 3.1

percent. Average expenses in stabilized buildings increased 3.3 percent from 2018 to 2019. Pre-war buildings rose at greater amount up three-and-a-half percent while post-war building costs rose by 3.1 percent. However, the change in operating costs varied by borough.

Costs grew the most on Staten Island, up 5.2 percent; followed by the Bronx, up 3.9 percent; Brooklyn, up three-and-a-half percent; Queens, up 3.1 percent; and Manhattan, up three percent. Within Manhattan, Core Manhattan costs rose by 3.1 percent, and Upper Manhattan costs grew by 2.7 percent. Operating costs in the City if you exclude Core Manhattan, rose by 3.4 percent, and median costs rose 3.6 percent Citywide.

It can be useful to compare the cost changes calculated from RPIE filings, with the price and cost data from the price index of operating costs, which was adjusted to match time periods between the two. The adjusted PIOC is shown in blue and the RPIE data is in brown. The graph shows that income and expense data grew at different rates in some years since 1990. In the most recent year, the PIOC grew by 4.2 percent from

2018 to 2019, the same period as the 3.3 percent increase in RPIE expenses, which was a 0.9 percentage point difference.

Net operating Income, NOI, refers to the earnings that remain after operating and maintenance expenses are paid but before payments of taxes and debt service. Citywide -- I'm sorry, income tax and debt service. Citywide NOI, in rent stabilized buildings increased by 2.9 percent Citywide between 2018 and 2019. This was the 14th increase in NOI in the last 15 years. Citywide NOI in post-war buildings grew 4.3 percent, while older pre-war buildings rose by 2.2 percent.

The changes in NOI from 2018 to 2019 vary throughout the City. NOI increased in three boroughs but declined in two. The largest increase was in Brooklyn, where it rose 4.2 percent, followed by Manhattan, up 4.1 percent.

Within Manhattan, NOI rose in Upper Manhattan 4.6 percent, and in Core Manhattan up 3.9 percent. NOI in Queens also rose, up 1.9 percent. Meanwhile, NOI declined a tenth of a percent in the Bronx and 1.1 percent on Staten Island. And the monthly NOI in the City excluding

Core Manhattan grew by 2.5 percent.

Now we'll look at the community district level NOI changes. NOI rose in almost three-quarters of the City's neighborhoods. The greatest rent growth occurred -- I'm sorry, the greatest NOI growth occurred in Brooklyn. Brooklyn's Bushwick neighborhood, up 45.9 percent. Followed by Sheepshead Bay-Gravesend, up 11.9 percent. Manhattan's Morningside Heights/Hamilton Heights saw the next largest increase, up 9.8 percent. Followed by Brooklyn's East New York Starrett City, up 9.6 percent, and Bed-Stuy up 8.8 percent.

The next highest growth was in Forest Hills Rego Park, Queens, up 8.6 percent. The greatest increase from the Bronx was in Mott Haven-Port Morris, up 6.3 percent. Meanwhile, a quarter of the City's neighborhoods experienced a decline in NOI. The largest decrease occurred in three Queens neighborhoods: Jamaica falling 4.7 percent, Hillcrest-Fresh Meadows down five percent, and Flushing Whitestone down 4.4 percent.

Next was University Heights, Fordham in the Bronx, down three-and-a-half percent. Hunts Point, Longwood, down 3.3 percent. The North Shore on Staten Island, down 2.4 percent. Coney Island in Brooklyn, down two percent. And Midtown Manhattan, down 1.9 percent. And like with the change in rents, the change in NOI can also be found for each community district in appendix 13.

This table lists the average annual change in rent, income, expenses, and net operating income from 1990 to the present. To summarize the findings of the increment expense study from 2018 to 2019, Citywide average rent grew by 3.3 percent Revenue collections increased by 3.2 percent. Expenses rose by 3.3 percent, and NOI Citywide increased by 2.9 percent. It was the 14th time in the last 15 years that NOI rose, as well as the 25th increase in the last 29 years.

We also did a memo that the board members received. Before I finish up, I'd like to highlight a few tables in the memo. And this is Table 1 in the memo that breaks down proportion of buildings in certain categories.

Anyway, three years ago, the RGB staff was asked to research whether the income and expense profiles of stabilized buildings varies depending on the proportion of stabilized units. We updated the memo this year and I'll briefly highlight a few tables from it.

This table illustrates the proportion of buildings that are stabilized in each category broken down by location. It shows that in the City, excluding Core Manhattan, which is the bottom row in yellow highlight, that shows that 82 percent of buildings contain at least 80 percent stabilized units.

Meanwhile in Core Manhattan, which I highlighted in blue, stabilized buildings contain a much smaller proportion of non-stabilized units, just 28 percent of buildings contained at least 80 percent of stabilized units.

Looking at the proportion of buildings containing at least 80 percent stabilized in the other boroughs, in Upper Manhattan it was 71 percent; 75 percent in Queens; 80 percent on Staten Island; 84 percent in Brooklyn; and 93 percent in the Bronx. I'll also break down on the table, Table 4, it breaks down the audited and unaudited cost income ratios by Citywide, Core Manhattan, and the City excluding Core Manhattan.

And when looking at the unaudited cost income ratios for all buildings containing stabilized units, there is a 4.3 percentage point difference between Core Manhattan, which is 63.4, and the rest of the City, 67.7 percent.

However, among buildings that have at least 80 percent stabilized units, the difference shrinks to 3.3 percentage points. 64.8 percent in Core Manhattan and 68.1 percent in the rest of the City. This suggests that building income and expense ratios may be more dependent on the proportion of stabilized units in the building, rather than whether a building is in Core Manhattan or elsewhere in the City.

And the final table I'll discuss. This is Table 5 in the memo, it breaks down the longitudinal change in rent, income costs, and NOI growth from 2018 to 2019 Citywide, in Core Manhattan and the rest of the City. It shows that the increase in both the rent income was smaller throughout the City when going from 20 percent stabilized or to 80 percent plus stabilized.

Cost growth, the City excluding Core Manhattan saw similar growth among all categories of buildings, which is these, range is 3.1 percent to 3.2 percent. While in Core Manhattan, it was a much wider range with higher proportion of stabilized units seeing a lower increase in costs. 3.4 percent for all stabilized buildings to 2.2 percent increase in costs among buildings with at least 80 percent stabilized units.

As for NOI growth, it was strongest among 50 percent or more stabilized properties in Core Manhattan, 1.7 percent in among 20 percent or more stabilized properties, and the remainder of the City, two-and-a-half percent.

Thank you. That concludes my report. And if you have any questions, I'll be happy to answer them.

CHAIRMAN REISS: So let's just open it up to questions. People should feel free to just jump in.

MR. GONZALEZ-RIVERA: So hi. Thank you --

MS. GOODRIDGE: Hi, Brian. Thank you so -- sorry.

MR. GONZALEZ-RIVERA: Oh, sorry.

No. Leah, you go first.

MS. GOODRIDGE: Thank you. Good morning. Hi, Brian. Thank you so much for --

MR. HOBERMAN: Hi.

MS. GOODRIDGE: -- for your work. I have a quick clarification question. I think if I'm seeing this correctly, for last year's study, the City market rate, sorry -- I just had it on the report. For 2020, it looks like the City market rate rent was, sorry, I think it was 12 -- I just want to verify if it went up by $150. Okay. So the -- just so I'm clear here. Okay.

CHAIRMAN REISS: Leah, what are you looking at, just so we can all look at it?

MS. GOODRIDGE: I am looking at the same study from last year and comparing it to this year for the City overall rent. I know we said 3.3 percent, but I guess when I look at the actual numbers, it was, like, over $200, I think. So that's why I wanted to clarify because I think it's important to see it through the actual dollars. You know, I'll find it and then I'll go after Christian. How about that?

CHAIRMAN REISS: Great.

MS. GOODRIDGE: Okay. Thank you.

MR. GONZALEZ-RIVERA: Okay. So thanks, Brian. And so a quick question. I found it curious that sort of the share of stabilized units -- basically I mean, it's like the share of buildings in Core Manhattan that have 80-plus units as lowest in Manhattan and in Core Manhattan, yet that's also where most of the distressed properties are. So I found that curious. I mean, it's a -- can you talk a little bit about sort of the drivers of distress in this case? Because it's just not what I would expect.

MS. GARCIA: Can I tag onto that? Can you define how you guys, -- like, what is definition of distress in this report specifically?

MR. GONZALEZ-RIVERA: Yeah. Good question. Yeah.

MR. HOBERMAN: Basically, distressed properties are those properties that have costs greater than gross income. So it's a -- whether why they're in Core Manhattan? I mean, that's been the case for years. I can't -- I mean, we don't get any specific information about these buildings other than what we report. We don't actually look at the buildings. We get the data in aggregate. So to examine specifics, I couldn't really do unfortunately. I wish I could.

But the distressed, the proportion of distressed properties in Manhattan and Core Manhattan has always been the majority. I mean, but, you know, you're talking relatively small number. And they're mostly pre-war, 91 percent pre-war. And those are all the buildings with higher, you know, operating costs and lower income probably.

MR. GONZALEZ-RIVERA: Yeah. I just thought it was interesting that, I mean, I would've expected since, you know, since stabilized properties on average have lower rent, of course than market, that that wouldn't be the case. So it's just kind of surprising that the relationship went the other way. You know, so that's what I was mostly just curious about.

MR. HOBERMAN: Yeah. Now, let me see. There's a little more breakdown in the report. Let me see if that -- let me see, it's Appendix 7. The breakdown in Manhattan, Core Manhattan, it shows that there mostly -- there are a large number of small buildings. It's only, of all the distressed properties in Core Manhattan, all but 11 are smaller or have fewer than 100 units. I don't have percentages broken down here, but --

MR. GONZALEZ-RIVERA: Do you happen to know, I mean, it's like, among 100 percent market units, is there also sort of a difference there between sort of larger buildings and smaller buildings in terms of distressed? I mean, is it a small building issue then?

MR. HOBERMAN: I can't say. I don't have any information about buildings that are market rent that don't have any stabilized units. This is only buildings with at least one stabilized unit in it. I couldn't compare it to -- I don't know what the breakdown is of these buildings are. I don't know what proportion of stabilized versus non-stabilized units are. This is about as specific the information you get.

MR. GONZALEZ-RIVERA: Okay.

MR. HOBERMAN: I'm afraid.

MR. MCLAUGHLIN: Christian, I suspect someone is in part 2 real estate taxes, which are generally significantly higher in Manhattan, based on the assessed value of the property. So if you have a smaller building in Manhattan, it's a higher assessed value, their taxes are higher. And that's over 30 percent of their expense is tax. So I suspect that has something to do with it.

Also, I think that with the free market. Even though we know that in Core Manhattan that, you know, the buildings have more free market units in them, but they are subject to the market. So sometimes you find that if rents are going down in the market itself, that has more of an impact on the building than the lower stabilized rents perhaps. So they can see loss of income on the market side.

So that can sometimes impact things depending on how well the real estate market did in that particular year. I suspect next year, for example, we'll see more loss of income and rent in those buildings where -- that have market rents because they're probably impacted more by the pandemic.

So just because the free market

units are in them, it doesn't necessarily say it's going to be a healthier building. It depends on what the real estate market is doing. So that could be part of it. I suspect though, the biggest expense, which is real estate taxes in Manhattan, they're assessed higher. And you may find that that's part of the reason that they tend to have more distressed units, you know, that are distressed.

MR. GONZALEZ-RIVERA: Okay. I can appreciate that, that there's probably more volatility in the market units. I mean, so is, I mean, this is something I don't know. I mean, it's like, I know that property taxes are sort of a byzantine property tax assessment system. But are property taxes a higher proportion of expenses in smaller buildings than in larger buildings?

MR. MCLAUGHLIN: We'd have to take a look at that. That's a good question. It could be. I don't want to answer without taking a look at it. But Brian, I think we could take a look at that, right?

MR. HOBERMAN: The proportion of taxes. We might be able to get more, yeah. We don't look at the -- I mean, other than what we report, we could look at a lot more in terms of with the proportions. Yeah. We can do that.

MR. MCLAUGHLIN: Thanks.

CHAIRMAN REISS: Should we return to Leah before we go to Alex and then Sheila?

MS. GOODRIDGE: I actually answered my own question, so thank you.

CHAIRMAN REISS: Okay. All right. Let's turn to Alex and then Sheila.

MR. MCLAUGHLIN: Leah, I love you. Thank you.

MS. GOODRIDGE: Brian answered my question, so --

MR. SCHWARTZ: Thank you so much. I have a few questions, mostly just informational. One of which I think I might have asked last year. Could you say briefly why there are so many units that are not covered by the RPIE study? I think it was 600,000 units and there's something under a million rent stabilized units overall. I know some -- is it because of the building size cut-off?

MR. HOBERMAN: Well, the million units -- that is what the HVS has always found. Is it maybe 900,000 and change that DHCR finds I think, or no, 800,000. I forgot what the latest numbers are.

MR. SCHWARTZ: Several hundred -- two, 300,000 units.

MR. HOBERMAN: I mean, it's also based on whoever's filing and there's also some that are removed that are problematic. We've removed -- when -- I think we removed the top and bottom one percent to remove extremes. So some of that is because of, is that removal and also because of the buildings with fewer than 11 units, but basically almost everyone -- every building should be filing that has at least 11 units, or even less than 11 if they have commercial space.

CHAIRMAN REISS: Brian, do we know the percentage of the rent stabilized housing stock that is in buildings containing ten units or fewer?

MR. HOBERMAN: I don't know that off-hand. We -- I don't know if we'd get that. I can look into that.

MR. MCLAUGHLIN: We've gotten that in the past and I can try to find the last memo that we did on that. But it's, I want to say it's roughly ten percent of the units are in buildings that are with fewer than 11 units. But let me see if I can find that memo while you guys continue.

CHAIRMAN REISS: Alex, can I turn to Sheila?

MR. SCHWARTZ: I have a couple of other questions, but you can go to Sheila and then you can come back afterwards.

MS. GARCIA: You can finish, Alex, if you want.

MR. SCHWARTZ: Okay. Thanks. Another short -- I have like, three questions more. One is the -- because a lot units -- buildings don't have any commercial or non-rent income, I think it would be interesting to know, like, for those buildings that do have non-rent income, what percent that is. Right now, I think we're showing overall for all units what the average percent of, you know, commercial income, other kinds of non-rent income.

But it would be interesting I think to see, for those that do have this income, how much it is as a percentage of their overall income as opposed to looking at all buildings, because many of them don't have any. That would be an interesting question to look at.

MR. HOBERMAN: That would be a special request and we don't currently get that information for buildings that -- we only -- we look at residential only, we look at all buildings, we don't look at only buildings that have commercial space.

MR. SCHWARTZ: I see.

CHAIRMAN REISS: But by looking at buildings, only residential, that gives us some sense of what's happening with buildings that have commercial. I mean, I guess you'd have to kind of imply a little bit, the difference between the average for all buildings and what's the average for residential only.

MS. GARCIA: I think Alex's point might be that if you have more income in commercial, like, what percentage of their actual income is actually commercial income in a building that is mostly rent stabilized. I think it's data that would give us some insight on, you know, does it make it more viable or less viable, depending on whether people have commercial space in their buildings.

MR. SCHWARTZ: Yeah. That's right. So I just think that it'd be useful to know to what degree for overall, for the entire, for buildings that do have commercial space when impacted as -- anyway, so that's one of the questions. The other is --

CHAIRMAN REISS: I'm sorry, Alex. Just to follow up with Brian on that. If we know all the buildings that are residential only, doesn't that mean that we also know all the buildings that have commercial? Because they're all the other buildings.

MS. JOZA: Are all they -- are all required to report their commercial space?

MR. HOBERMAN: It's required that they report all their income and expenses and that would include anything -- any revenue they earned.

MR. MCLAUGHLIN: To go back and answer David's question, yes, we could get the data for buildings that have commercial income. There's a unit in the building that's commercial, generating commercial income. And it is most likely the difference between the residential and the commercial file, but we can't analyze just that, say there's, you know, a difference of, you know, 100 and, you know, whatever, how many buildings, 500 buildings or whatever it is.

But we'd have to specifically ask for those 500 buildings. We can't just take the data we have now and subtract one from the other. We'd have to make a special requests for that. But can we ask it? Yes. We can ask for that.

MR. HOBERMAN: I mean, commercial income includes things just even as simple as laundry facilities. So I mean, obviously not every building has a laundry room. But if you, you know, you're going to get some buildings, obviously buildings with commercial space will include some with retail establishments and parking, and, you know, parking garage for the public, and some will maybe just include a laundry room. So it may not -- I'm not sure how you can break down further in terms of comparing those, we get to nitty-gritty.

CHAIRMAN REISS: Sorry, Alex. If you want to continue.

MR. SCHWARTZ: Another question is, in previous years, did we see the same kind of divergence in terms of neighborhood difference, even borough difference in terms of NOI and costs? So it's striking that in the Bronx, NOI went down, whereas it went up in other boroughs, it went down on Staten Island. And also 25 percent, if I remember correctly, the community districts have declined NOI and 75 percent have increased. Is that similar to what we saw last year and previous years?

MR. HOBERMAN: Well, I mean, for many years, as I said in the report, you know, most years NOI increased. So in years where it was a bigger increase, like when we had 10.8 percent five years ago, you're not going to find any decreases anywhere. And when you found a decrease last year, it was only 0.6 percent and two years ago, the increase was 0.4 percent. So it depends a lot on how, you know, if it's a very small increase or decrease, you're going to find differences in the boroughs.

And so this is not surprising to find variability in community districts. Certain community districts like Bushwick, of course, have been hot, very hot districts and neighborhoods. So you're going to see large increases in rent and NOI because of that. And, you know, each of the reports each year we have broken down rent and NOI change. And, you know, so the variability is not surprising.

MR. SCHWARTZ: Okay. And then my last question, which I think is actually the more interesting one is: Is it possible to look at operating costs in terms of rental categories? It'd be interesting to know, like, for lower rent units, buildings with low or average rents, are operating costs commensurately lower versus in higher rent buildings? You know, that basically implies something about sort of the base of what the minimum income would be to afford the rent. And I think it'll be interesting to know how much operating costs, you know, correlate with rental income.

MR. HOBERMAN: You can see that actually if you look at each of the borough graphs on page 12 on the report, like I've mentioned, the costs are a good deal lower in the Bronx especially. But even the other boroughs compared to Manhattan. So you have lower rents, lower income, lower costs in the Bronx. And of course in Manhattan, you have much higher incomes and rent and higher costs. So there is a correlation, we do find that there is generally a correlation.

MR. SCHWARTZ: Like by borough proxy, lower income boroughs have lower average cost. Anyway, I think it might be interesting, if it's possible to see more systematically for different random categories, what the corresponding operating costs are.

Anyway, those are my questions. Thank you.

MR. HOBERMAN: Okay. Sure.

CHAIRMAN REISS: Andrew, is that possible to do that? You're muted, Andrew.

MR. MCLAUGHLIN: We'd have to ask Finance whether we could do that or not. We'd have to establish some sort of determined rental categories. I don't know if we would do it by, I don't know, maybe we would do it by quintiles or something. I don't know. We'd have to figure out -- we'd have to get them some sort of map on how to do that. So we'd have to have a discussion about that. I mean, we can ask finance and see if they can do that.

MR. HOBERMAN: It may, I don't know how specifically in terms of numbers, especially when you get down into the boroughs, you know, I'm not sure how many, you know, the groupings might get too small for them to report on.

MR. GONZALEZ-RIVERA: Would another --

MR. MCLAUGHLIN: Yeah, well, I don't know if we could take into a fact building size necessarily in that situation or by borough, we couldn't do it by community district certainly, but maybe we could -- we'd have to look into that.

MR. HOBERMAN: Also, while you were talking, I just want -- I mentioned that I looked up the number of buildings that have residential only. It's about 9,800 buildings that are residential only and we have about 14,800 buildings in total. So that means you would have about 5,000 buildings that have commercial space. If we got we got data, just FYI.

MR. MCLAUGHLIN: Commercial Income, not commercial space.

MR. HOBERMAN: Commercial -- that would have commercial income, right. Yes.

CHAIRMAN REISS: Sheila, I'm sorry. Just to finish up with Alex's questions, I'm sorry to keep putting you on hold. But Alex, what hypothesis do you have about what that might tell us if we looked at costs on a rent basis?

MR. SCHWARTZ: I think you would be able to get a sense of what sort of the floor is in terms of affordability, that if there's a certain minimum cost, that that implies something about what it takes to afford to rent in those buildings.

CHAIRMAN REISS: Uh-huh.

MR. GONZALEZ-RIVERA: So along those same lines, I mean, do you think that we might be able to get -- that's a really interesting question, Alex. I mean, do you think we might be able to get at that if we break it down by costs per share of stabilized units in a building? Because right now, I mean, it's like, we have that cumulatively, right? We have 20 percent plus, we have 40 percent plus, 80 percent plus, et cetera.

But if instead of having it be

cumulative, we actually dis-aggregated it. And do you think, I mean, we might be able to just sort of like, cross-tab the data in a different way, the existing data in a different way and get a thought?

MR. HOBERMAN: Yeah, that would also be a request because we don't get the original data. We would have to request that from the Department of Finance and see if --

MR. GONZALEZ-RIVERA: They tabulate it for you in this way then? They don't -- they tabulate it in this cumulative way?

MR. HOBERMAN: Yeah. Because we, yeah, they refuse to give any of the data that -- we can't tabulate anything ourselves.

MR. GONZALEZ-RIVERA: Oh, okay.

MR. MCLAUGHLIN: But it is a request that we can make. I think they can do it. The question is, you know --

MR. GONZALEZ-RIVERA: But would that help, Alex, do you think? I mean, do you think by doing it by share of stabilized units that are inside each one of those buildings?

MR. SCHWARTZ: I think it's slightly different because there's a range in terms of what the rents are in stabilized buildings.

MR. GONZALEZ-RIVERA: Sure. But also then divided by borough, just like it is now. So basically what --

MR. SCHWARTZ: I guess that would help. I guess it's a question what's easiest or what Department of Finance would agree to do.

MR. GONZALEZ-RIVERA: Okay.

MR. MCLAUGHLIN: Before you jump on, just to answer that question. So we did a memo in 2017 about the number of units that are in buildings with ten or fewer units, it was 9.7 percent of the total units, and about 113,000 units total that are in smaller buildings that are not represented in the I&E.

Those numbers could change, could be different now because the total they have here is over 1.1 million. So that's data from Finance. So we'd have to -- I can circulate this memo from 2017. I'll send this around to everybody, but it does have a breakdown.

CHAIRMAN REISS: But then there's still a gap of 100,000 or 200,000 units between the two measurements of the number of -- for unstabilized units.

MR. MCLAUGHLIN: Yeah. I mean, it's, you know, this is the same year the HVS came out, ironically. So they had 966,000 units. I don't know exactly how Finance determines, you know, determines -- Finance has to establish the, or has to know the stabilized unites because they're the ones who actually collect the fee from owners for DHCR.

So there's a ten dollar fee for each stabilized unit and that's paid to the Department of Finance, actually. It's part of the tax bill. And then presumably it gets to DHCR somehow after that. So they do have to know if a unit is stabilized or not in order to charge that fee.

CHAIRMAN REISS: Andrew, is it worth asking Finance if they understand why there's a gap between them and HVS or that won't get us anywhere?

MR. MCLAUGHLIN: I can ask. Is it worth asking?

MS. GARCIA: I don't know if I'm asking out of turn, but I remember, Andrew, a few

-- when I first got on the board, that the finance team came and I think there was some kind of version of this question. What they said there was, like, the outliers on either end of the reporting might be. I don't know if that's, like, how we're getting smaller numbers maybe. But they were explaining something about, like, the ranges and --

MR. HOBERMAN: We do exclude the very top and bottom extremes. Anything that's one percent at the top or the bottom. And also, if income, if rent is higher than a range higher than depending on the borough, let's say several thousand dollars. So there are some that we exclude from our analysis.

CHAIRMAN REISS: But that's only like 20,000 units, right? So that's not, you know, that doesn't get us all the way there. It's a piece but it's only -- one percent on the top and one percent on the bottom is only about 20,000 units of housing. All right, Sheila, the floor is yours.

MS. GARCIA: I basically wanted to ask a few questions because we -- I just remember when we were having discussions on the two years that we had rent freezes, and I just want to get Brian's perspective on, are we seeing the impact of two consecutive years of rent freezes in Order 47 and 48?

Are we seeing what that impact would have been to NOI in this report right now?

MR. HOBERMAN: Well, I mean, it takes into account, this most recent report, it takes into account the change from 2018 to 2019. So the guidelines in effect up to and prior to that date would be reflected in that, I would say. And it also takes into account part of the period of the new rent law in the second half of 2019. So certainly, we'll, like I said, next year we'll see the impact of COVID-19 in the report. So everything, you know, the guidelines certainly play a part in what income is.

MS. GARCIA: I think my question may be, and you've been looking at these reports for years, so maybe -- have you seen impact that, like, shows us that maybe buildings aren't doing well right now or that it is less viable to have a rent stabilized building in this current year, given that we've had a few years with, I mean, you know, thinking about the orders, we had Order 47 was one percent for one-year leases, 2.75 for two years. 47 was zero. 48 was zero. And then we saw historic lows for three years after that.

So I'm basically asking if you have any thoughts of, like, what does it look like as far as viability and the rent for landlords on their income and NOI in general? I know it's gone up 20, what did you say, 24 times over the last 29 years?

MR. HOBERMAN: Right. If you look at the table, the table on page 17 summarizes it going back to 1990. So I think that is the most useful page in the report for people to use, I think based on the NOI, it boils it down the most. You know, I'm not going to -- I don't want to get into the politics of it as a staff member personally, so I'll let the board members draw any conclusions they like.

MS. GARCIA: And I will -- I think when everyone was talking through rents, NOI, by borough, Core Manhattan out, like, I started to think I know that we have this chart and some version towards the end of our deliberations it feels like, it comes, where we have, like, actual rents pay, what were the legal rents? I don't know what categories we can have those things in. And then what is the NOI for buildings? So that we can see is there -- I mean, for me it's like, good to see them together because putting all these connections, making these connections across reports, I find it hard and I'm a visual learner.

So I'm just interested to see, like, I think to Christian's earlier point and questions from Alex, you know, if we could see what are, you know, what are buildings like, what are they actually collecting on average, and do that by borough, and then see that with, like, what does NOI look like for those years?

So that we can -- and for me, it's just interesting because I think the point that Christian made earlier, and I know we're -- the staff won't get into it, but, you know, just looking at the areas where you saw a high increase of NOI, and then a high increase of distressed buildings, those are all areas that were -- had been through re-zonings or there's major development happening in those areas. And for me, that's an interesting thing to see in these reports because it actually shows the impact, not just of our decisions, but what's happening in the City as a whole.

To me, it's very important in making this decision because in boroughs where you would traditionally see, you would assume, like, right, the Bronx people are poorer, you would see a greater -- the cost of living is smaller, but people are higher rent burdened, for example. Versus, like, now we're seeing the Hunts Point area, you know, there was a huge -- there's a lot of development happening there, but they're also seeing higher NOI, but also more distressed units. And so I think that those are just interesting things to see if we can have charts or something or, like, it maps out or compares some of these stats across reports. Because I don't think you could just look at NOI by itself without looking at the affordability and what people actually pay in rent. Because I'm assuming that the NOI's increasing even though we had zero rent guidelines. Maybe because of commercial points, commercial pieces of the profile, but maybe also because there is just -- they can't actually ask, they can't collect that rent because the market doesn't bear it.

So our deliberation today is not just on, you know, can we, you know, what is the average rent, but also what can people actually afford? And are we making a difference because they can't collect the rent that we're even making decisions on.

CHAIRMAN REISS: Sheila, can I just jump in on what you're saying? Andrew, where do we have the, I mean, this is speaking to part of what Sheila is asking. Where do we have the historic NOI as a percentage of income chart that shows kind of when landlords are doing relatively well, or when landlords are doing relatively poorly. And that there's certain kind of warning signs when the ratio gets too small. Where is that? That's not in the Income and Expense Study, is it? You're muted, Andrew.

MR. MCLAUGHLIN: Yeah, yeah, yeah. It is in the Income and Expense Study. It's on page 10. I can bring it up if you'd like.

CHAIRMAN REISS: And Andrew, maybe you could comment on your interpretation of that chart.

MS. DEROSE: Is Andrew speaking? I think he's muted.

CHAIRMAN REISS: You're muted, Andrew. Andrew, you muted.

MR. MCLAUGHLIN: I'm sorry about that. Let me go back and -- I'm sorry. Getting there.

CHAIRMAN REISS: And then Sheila, your other point was, I feel like there was two prongs to your point, Sheila, but I'm forgetting what the other prong was. I'm --

MR. MCLAUGHLIN: I'm sorry. So this is the cost-to-income and the cost-to-rent-ratios. This includes, you know, they're audited here. So O&M-to-cost rent income here. So in 2015, and O&M is, you know, the operating and maintenance to the income that the owner is bringing into the building.

So you can graph this. So in '04, there was probably the historically high point of this. It was over -- it was around 65 percent in '05 and up here it was, you know, 70, 73. So basically it's, $0.65 on the dollar is going to operating and maintenance. And then, you know, when you compare it to income and if you compare it to rent, which would be buildings without commercial income, it's at 75. So those were audited.

So if you go through, now we're currently at about $0.67, I guess. But just looking at the chart for O&M-to-rent and O&M-to-income, I think it was at 60.5 cents. So those are worth watching over time and this is audited. If you go to the unaudited numbers, these two will be higher. And we know that the audit goes way back to '92. With our discussions with Finance to try to redo that audit would not be possible, but Finance does recognize that there is an over-reporting of expense. So when they do their tentative assessments or assessments of buildings, they take that into account.

So somewhere in between the two is probably the right number. But, you know, for a healthy situation for buildings, once you start getting to 62 or 63, 64, somewhere in there, it is a warning sign of the health of the building. Currently right now, those numbers suggest that, you know, they've risen in recent years, but they flattened out the last two years. We may see a rise or decline depending on what's going on with the pandemic and things like that.

So this is, this is an early warning sign that the board may want to consider. As that creeps up, you know, you may want to look at that as the health of the stock may need -- you may need to inject some revenue into the buildings if they remain flat. You know, so it's hard to say what the exact number is, but, you know, getting up to 63, 64 percent, then that is a telling sign on the health of the stock.

So that's the O&M-to-rent and O&M-to-income. Just another interesting chart, we were talk -- as Sheila was touching on the impact of our guidelines. So if you look on page, I believe it's on page 7 of the report, we do monitor the growth and RPI rent growth. The growth that we find that registered rents with HCR and what we determine our RGB index would result in, it's our -- the growth of rents just due to our guidelines.

So in years of the rent freeze, you can see the impact on the RGB rent index. These numbers are reflected, you know, because two-year leases had increases plus there would be vacancy leases having higher increases. So that's all sort of factored into that RGB rent index. But these are the years with a rent freeze. You know, it didn't impact, I mean, it started to impact HCR rents. I mean, if you go 5.4 percent, 5.1, then our rent freezes kicked in, but notably this year, it's at 2.6 rent growth for HCR and that is probably a sign that our guideline is impacting the growth of what's happening with HCR because it was almost equal to our RGB and rent index.

Going forward, I suspect that would continue because of the changes in the law from 2019, those should start to become on par. The only way that it would really differ is if preferential is going to legal on vacancy. There are also MCI and IAI increases that can happen, but I would suspect going forward these two numbers would be similar. These are reflective of the, what we see in the RPIE rent growth. These are free market units are in here. You're also getting other increases that owners could take over the years.

So that's why this percent growth would be -- you'd suspect would be a bit higher, but it's not always the case with HCR rent versus -- but that's affected by the market.

CHAIRMAN REISS: Andrew, does RPIE would also include increases in market rate units, right?

MR. MCLAUGHLIN: Yeah. Oh, absolutely. Absolutely.

CHAIRMAN REISS: But the other two would not?

MR. MCLAUGHLIN: Right. But also takes in vacancy and collection losses, that's their growth in rent. So there's other market forces going on there that wouldn't be necessarily reflected in the HCR and RGB index. But it will be interesting to go forward to see whether or not those guidelines, you know, our RGB rent index and the rent growth that's actually in HCR, should be similar going forward with the change in the rent law. So it gets a little bit to the question that Sheila asked.

CHAIRMAN REISS: Sheila, there

was also like, a geographic aspect to your question. Like it would be interesting to look at certain communities. Could you explain more like, what you're thinking about there?

MS. GARCIA: Sure. So a few of the slides that Brian -- and I guess when I read the report, I didn't pick up on this the same way until I saw it visually, but just the maps on, like, NOI by district, where it went up and where it went down. And then the other map, which is rent by community district. I was just very -- every time I look at visually where you're seeing dips and increases in rents or in distressed buildings, is just -- always correlates to where we've seen recent re-zonings or large development or changing in the community, like, that makeup itself.

And to me, and maybe this is what I read off of what I'm seeing, but what I see is distressed buildings go up in areas that are being re-zoned or areas that are, you know, looking a little hotter than they were previous years for people to move there with higher income, and that tends to be a lot whiter also. And so I just find it interesting of where you are seeing NOI dip is also where you're seeing the most amount of development in my perspective.

And so I was just -- I know that does staff doesn't necessarily look at re-zonings and things like that as part of this, but it's just something interesting that I, looking at visually, it like, stood out to me. And I think that that's why I was -- and that's why I find the actual map versions very, for me visually, really appealing, because when I heard -- and maybe Brian, if you can share your -- I know maybe this is asking too much because you're a pro at this, but the notes that you read off of, because some of the things you highlight are the things that I tend to have questions about because I don't -- I'm looking at it and then you highlight something and I'm like, I don't see that. How do you see that? But maybe if I can read through them, I can vocalize what those questions are better.

MR. HOBERMAN: Do you mean the notes for this presentation?

MS. GARCIA: Yeah.

MR. HOBERMAN: I mean, I think

everything I say is in the bullet points, but I can -- do you want me to bring up one now or send it to you?

MS. GARCIA: You can just send it to me. I can look through it again. But I think that for me that's very -- and obviously because of the line of work that I do, I often see, right, you're thinking about Christian's question, you mentioned Chinatown. Chinatown is an area where we, in the organizing work that I know happens in the Lower Eastside specifically, often people are organizing buildings with one rent stabilized building.

And when you described what distress was, you're talking about financial distress, but the physical distress we also see in those buildings is a mechanism of the changing times of the area itself. And, you know, re-zonings and people being pushed out, impact -- are impacted by all those things.

MR. HOBERMAN: Oh, yeah -- sorry. I was going to say that, yeah, specifically with the maps, I do go through certain community districts, but actually a lot of discussion is in the text of the report itself. So if you -- I mean, I'll send you the slides with the notes.

MS. JOZA: I have a question. On page 10, on the operating costs -- so in this operating cost, the percentage does not include the real estate taxes, right?

MR. HOBERMAN: It does.

MS. JOZA: It does?

MR. HOBERMAN: Operating costs ratios include real estate tax.

MS. JOZA: Include the real estate taxes. Okay, so it's already accounted for. Okay. Just wanted to make sure. Okay.

MS. GARCIA: Maybe I can ask another question. So is the assessments by the staff that overall NOI for -- we're not seeing anything in NOI or changing that NOI this year that are raising any red flags about the actual viability of the housing stock that's rent stabilized right now?

MR. HOBERMAN: I mean, personally, it seems, you know, NOI going up is a good sign. So I wouldn't, looking at that, I'm not concerned about it. You know, each board member can obviously look at the data they want and, you know, if you look at distressed properties, that went up a tenth of a percentage point, which isn't good, but NOI is overall good I think.

MR. MCLAUGHLIN: I just want to point out, this is for calendar year 2019 and we've always used this data-set to set guidelines. I understand that. I think that we don't have any pandemic data on the impact. So I just caution that this year. And we hope to have some speakers who can address what's happening now because this data is from 2019. So but it's the data we always use, with that said. But it just, it is a different -- it is a bit of a different year, so I just wanted to comment that. So yes, it reflects 2019, you know, but not 2020.

MS. JOZA: All right. Right. So as Brian is saying, the NOI is actually good, the NOI is looking so good, yet normally we base our decisions on the previous year data. In this case, we never had, we were never hit with pandemics. So it's kind of like, decide how, you know, all these -- how this is affecting our decision for 2021, right. So I think we will need to see more information about what are the drivers, you know, what's driving our decision.

We need to see more numbers, more -- it's kind of hard, you know, because information that we are getting is not current. And I know that IQ provided us with a lot of surveys that reflects what's happening in the country. And to use those surveys to make your decisions and to look at data, we would need -- we're actually looking at data from 2018 and '19. So it's kind of like, a little hard, right? So I don't know if I'm making sense.

CHAIRMAN REISS: No, I think you are and I don't want to make any assumptions about what will be 2020. We'll hopefully get some people to speak on that, or we do, but, you know, I don't want to make predictions of what NOI, income, you know, expense, and rent will be for next year.

MS. GOODRIDGE: And what was --

MS. GARCIA: Sorry. Can I jump in on that point. I think that my question is really -- I think I'm going to be really clear that I feel like often we've had conversations about not having huge, like, having what some folks might say moderate or small increases in rent based on what we think is going to happen. And so now that we see the data of two consecutive years where we were constantly having conversation about the sky might fall. Rent stabilized stock would be hugely impacted if we had a zero, and now we see that, like, the impact was there but it was the intentional impact that we wanted to have, which was to slow down, from my perspective, specifically, what NOI growth was throughout the years.

And to be very direct, I don't want us to fall back into what we did last year, which was say, we don't know what the impact of COVID is going to be, it might be over by the summer. They're saying the weather's going to make it better. And then we saw the most marginalized people hardest hit, not just by the pandemic health-wise, but also in their jobs, and in their livelihood. And I want us not to consistently, like, until we have the data, consistently make decisions on what rental impact will have on tenants without having the data for that year because we think landlords might not do as well.

I don't want to make that mistake

this year if we have data that shows something next year, that board will have to grapple with the decision of what they make based on the data they're seeing, not what they think the impact will be as we go through this year. And so I just want to put that out there because this year, specifically folks that I'm coming into contact with in the work that I do, are, you know, barely able to feed themselves, have been out of a job for over a year.

So if we're thinking about, like, how to mimic some kind of, simulate a fair market rate, or a fair market in New York City, I think we have to take that into account, and a year like this is going to be critical, not to make a decision off what we think of how hard landlords might be hurt in the up -- in future data if we don't have that data now because my experience just sitting on this board has been that every time we anticipate huge dips in NOI because of the decisions we're making, we don't see those huge dips the way that, for me personally, I would like to see because I know that a lot of folks are struggling in the City just to make ends meet.

And looking at boroughs like the Bronx where people are, a lot of folks I'm coming in contact are paying 50 percent or more of their income in rent. In a community where I work, where people are making $27,000 a year and lost their job in the middle of a pandemic while also having to take care of their kids, all of those things and people with limited income would struggle with.

And so I just want to make sure that the framing that we're coming from is actually looking at the data that's available to us. You know, anecdotal data would be great, but I just, I want to make it clear that I would -- I personally think that that's a mistake because predicting what we think will happen without having data of what's actually happening is a mistake. And I think that our data bears, when we look at the year we're in and what's happened in the previous years, we've made the best decisions possible.

And I think that, you know, just the chart that Andrew brought up on page 7 sort of shows that, like, we've had the impact we wanted, we don't -- we might not know the full impact of the rent laws right now, but I think we're seeing it in the numbers that we haven't seen a huge dip in NOI even with rent laws changing and some rent freezes in previous years, and historically low increases over the last eight years, seven years.

CHAIRMAN REISS: I see Alex has his hand up.

MR. SCHWARTZ: Yeah. Actually following very much on what Sheila was just saying. So I understand that this data, the RPIE data covers 2019, so half of that year was under the previous regime, where landlords could take increased rents with vacancy allowances, and with the previous MCI, apartment approving increases. And then the second half of that year, they were not able to take those additional increases for vacancies and the same amount for major capital improvements and apartment improvements. Is that correct?

MR. HOBERMAN: Yes.

MR. SCHWARTZ: So half the year there was the status quo prior and then half the year was under the new era of post the rent reform rules. Is that correct?

MR. HOBERMAN: Yes. Correct.

MR. SCHWARTZ: It is striking that with half the year with landlords being restricted in what kinds of increases they could charge, we still see an increase overall in NOI.

MS. GARCIA: And I don't know if this will impact the data that we're looking at, but I -- Brian and Andrew, I don't know if you guys are looking at when -- because you can still apply for an MCI two years after the work was completed. So we might still see residual increases on that basis alone even while the rent laws are already in place. So I think that's just something to keep in mind because we might still see, you know, think about two-year span, like, you could've finished work in May of last year and applied for an MCI rent increase. And you might not truly see what all those impacts are until a couple of years later because the retroactive fee, you know retroactive MCIs. I don't know if that impacts anything, Brian, but --

MR. HOBERMAN: The MCI, I mean, you can file going back two years, but the increase in the MCI is based on the new laws. So the per month increase would be lower. They don't follow the older law regarding how much the MCI goes up.

CHAIRMAN REISS: Along those lines, but maybe operating in the other direction and also to Alex's point, when we think about the increase in NOI in 2019, the law was in effect for half the year, but only -- that would only effect, I think 25 percent of leases because half of, whatever, roughly half the leases are two-year leases, and then half the leases that are one-year leases were renewed in the first-half.

So the impact in 2019 will be smaller than it will be in future years. So it's a transition year. And that's -- I think Sheila is saying, well, there's some transition things that will see higher amounts, but I think there's also some transition things that will see lower amounts as well.

MR. HOBERMAN: And you know, of course, next year, I mean, it's going to be impossible to know what the rent law's impact is versus the pandemic, so it'll be interesting.

CHAIRMAN REISS: I saw that Leah had made a motion for a comment and Christina had made a motion for a comment. So Leah, did I catch that right, or --

MS. GOODRIDGE: You did. I wonder though we are going to talk about the income and affordability study today, right?

CHAIRMAN REISS: Yeah.

MS. GOODRIDGE: Okay. I'll wait to make my comment for that.

CHAIRMAN REISS: Okay.

MS. DEROSE: I just had a quick question to sort of follow-up on Cecilia's clarification for that. The NOI does not include real estate taxes, but then on the chart on page 7, that's talking about gross cost-to-income. So when you're talking cost, does that include real estate taxes? I just want to be clear.

MR. HOBERMAN: All the costs we report include taxes.

MS. DEROSE: All costs, but when you're talking about NOI, that also then does include real estate taxes?

MR. HOBERMAN: Yeah, it's always included, yes.

CHAIRMAN REISS: Well, but Christina, it's included implicitly because NOI is what remains after you've paid your expenses, which includes your real estate taxes.

MS. DEROSE: But it does not include any like, debt that you might have, like, any debt costs.

CHAIRMAN REISS: That's right.

MS. DEROSE: Okay. So that helps me understand some things. Thank you.

CHAIRMAN REISS: Brian, could you bring up the slide from the memo, not from -- I think it was your last or second to last slide, because I wanted to get back to a point, a good point I think that Sheila made, but it ties into something that Andrew was talking about when he was talking about kind of when NOI ratios can be a yellow flag or a red flag about building performance.

MR. HOBERMAN: Sure. You want the --

MR. MCLAUGHLIN: I'm not sure it's NOI ratios, I think it's cost-to-income ratios you're referring to.

CHAIRMAN REISS: Yes. That's right, Andrew, you're totally right.

MR. HOBERMAN: I'm sorry. Which slide do you want? The --

CHAIRMAN REISS: It was from the memo.

MR. HOBERMAN: The memo, yes. Cost income ratios you said, or the --

CHAIRMAN REISS: Pull up cost income ratios. I was thinking about like, the 80 percent or more rent-stabilized in outer boroughs. I think that -- Andrew, am I getting that right?

MR. MCLAUGHLIN: I believe so. I think that's what you're talking about.

CHAIRMAN REISS: Yeah. And then, but it's not this slide. It's maybe what -- yeah, this slide. You know, to Sheila's point but maybe trending in the other direction about where we might see concerns. So cost-to-income ratio. So the overall, the Citywide seems like healthy, 62.2. I'm looking in the upper right-hand corner for Citywide, 80 percent stabilized. When you slice and dice it a little bit, it comes out a little bit lower. Where am I? City without Core Manhattan, 62.5.

And then down at the bottom when

you're looking at the unaudited cost-to-income ratio. So the right number according to Andrew is somewhere between the audited and the unaudited. But, you know, City without Core Manhattan at 68 percent, that's probably inflated, so it's less than 68 percent.

But, you know, I think that's something that the board should focus on, that if the right answer is somewhere for the outer boroughs or for City without Core Manhattan is somewhere between 62.5 and 68.1, you know, that's just something to pay attention to. I don't think that's super healthy if you look at the historical averages, I don't think it's terrible, but it's just kind of a number to keep our eye on, I think. That was my only comment on that.

MR. GONZALEZ-RIVERA: I have another question actually. I mean, it's -- Andrew, can you bring up again the chart on page 10, the cost-to-income and cost-to-rent? Okay. So my question about this is that you were talking about the trends. I mean, this is more on the theme of, I mean, what to look out for, I mean, it's like red or yellow flags to look out for. And you were talking about the trend, that we should look out for a leveling out of these ratios.

But I'm actually looking at the gap between them. So I'm assuming that the gap, I mean, is showing sort of rent-to-income in this case. I mean, it's like -- and canceling out O&M. I can see that in a year like 2011, there was actually a much bigger gap, about a ten-point gap, a ten-percentage point gap.

While in other years, it was narrower. I mean, it's like, in many years it's actually about a five percent gap. And right now it's somewhere in the middle, it's about seven or eight percent. Is there something that we should be looking out for there?

MR. MCLAUGHLIN: The gap would change depending on what's happening with commercial rents.

MR. GONZALEZ-RIVERA: Sure.

MR. MCLAUGHLIN: So I think that would explain the difference in the gap between when you're talking about rent and -- O&M-to-rent versus O&M-to-income. You know, it probably just tells you the health of the commercial unit. So as the gap closes, it probably has more to do with what's going on with commercial rents than with the residential rents because they tend to keep growing in the stabilized stock anyway.

But this includes free-market units. So there's other things going on there and rent could be down because the influence of the rental market, you know, in say '09 and 2010, where you start to see O&M-to-income ratio come down. You know, that it could be the impact of a recession on the free-market units. It's hard to say what the gap means. But there's a gap between the two. But there's different factors that would impact that gap.

MR. GONZALEZ-RIVERA: Okay.

MR. MCLAUGHLIN: So for example, if a loss of commercial rent is a big issue this time around because of pandemic, you know, the O&M-to-income ratio should go up because you have less income. If costs remain -- even if costs remain the same, that ratio should go up on the income side. Not so sure about on the rent side. So, you know, but maybe, you know, without the true data-set, we'll have to see.

MR. GONZALEZ-RIVERA: Okay, so basically what I hear you saying is that the gap, I mean, is really reflective of commercial income.

MR. MCLAUGHLIN: Commercial Income and just rent that's impacted by the free market.

MR. GONZALEZ-RIVERA: Got it. Okay.

MR. MCLAUGHLIN: I mean, residential rents during this whole time period consistently, you know, rent-stabilized rents were going up.

CHAIRMAN REISS: But Andrew, just to clarify that the O&M-to-rent, that would include market-rate units?

MR. MCLAUGHLIN: Yeah.

CHAIRMAN REISS: All right. So the gap is not --

MR. MCLAUGHLIN: What I'm saying is what impacts these two things most likely are commercial rent on the income side.

CHAIRMAN REISS: Okay.

MR. MCLAUGHLIN: And, you know, rent. You know, rent I think has consistently gone up in the stabilized units, where it fluctuates is in the market. So from year to year, that income can be impacted by what's going on in the market.

MR. GONZALEZ-RIVERA: Would it be possible to sort of see this chart but just for stabilized?

MR. MCLAUGHLIN: We don't have the data just -- I mean, all these buildings have stabilized units. So I --

MR. GONZALEZ-RIVERA: So the universe is just all buildings that have stabilized units?

MR. MCLAUGHLIN: Yeah, right. Now, what we could do, knowing that if we eliminate Core Manhattan, we could do these charts without Core Manhattan. You know, we know that 82 percent of the remaining buildings have 80 percent of more stabilized units in them. We can reproduce this chart doing that.

MR. GONZALEZ-RIVERA: Actually, yeah, I think that's the better -- that's the better thing that I was talking --

MR. MCLAUGHLIN: That would give a truer picture of the stabilized building.

MR. GONZALEZ-RIVERA: That's right. Yeah.

CHAIRMAN REISS: Christian, what's your hypothesis? Like, what do you think it might tell us?

MR. GONZALEZ-RIVERA: Well, I mean, I just -- I'm not sure. I mean, it's like, I was just asking you really about this. I mean, I knew that the commercial -- I knew that part of the answer was, I mean, it's like, better reflects, you know, the portion of income that comes from services. And I also imagine that there are some buildings that have more access to income from services than others. And so there's that issue as well.

Yeah. I mean, it's like, a -- but I was wondering if there was anything else that you knew that might be interesting about that gap in particular just because I noticed that it had fluctuated. And, yeah.

CHAIRMAN REISS: Other questions on the Income and Expense Report? Okay.

MS. GARCIA: Brian, can you direct me -- I saw in your presentation and I'm trying to find the numbers now, but you had some visual that was -- that had the -- like, that had the income with -- wait, I don't know if we have this actually. Maybe I'm asking the question we were asking earlier. But the income with the commercial, I just remember seeing, like, the boroughs where the rent is lower, they had higher other kinds of income, if I -- that's, like, what I read from it, but I don't remember what the chart was. I'm trying to find it now. Let me see.

MR. HOBERMAN: I'm not sure.

MR. GONZALEZ-RIVERA: The share that comes from commercial and services was higher?

MS. GARCIA: Yeah. Where was it? I'm trying to find it. It's fine. I'll eventually find it.

MR. HOBERMAN: You mean the share by borough? Are you talking about the percentage of commercial rent -- commercial income by borough?

MS. GARCIA: Yes.

MR. HOBERMAN: There's not -- actually, that was in the text. I don't think it was a chart. That's on page 5. I can do a screenshot of that if you want me to bring it up.

MR. MCLAUGHLIN: I think we had it as one of the slides though, Brian.

MR. HOBERMAN: Yeah. Yeah. Yeah. But it wasn't a graph. Yeah. I mean, I guess I brought up the text and the report. It's 10.8 percent Citywide, 15.6 percent in Manhattan, 10.6 percent in the Bronx, 6.9 percent on Staten Island, 6.3 percent in Brooklyn, 5.8 percent in Queens.

MS. GARCIA: What page is that on?

MR. HOBERMAN: That's on page 5 in the report.

MS. GARCIA: Thanks.

MR. HOBERMAN: That was in slide 7.

MS. GARCIA: Thank you. Slide 7.

MR. HOBERMAN: Same numbers, but --

MS. GARCIA: I was just -- I just had an observation about it because I found that shocking to see the areas where you are able to collect the least amount of rent, you have income coming from other services like commercial services being higher. And I just found that interesting.

I wonder if that's something to look at in a year like the pandemic year where I would assume, you know, people pay the basic, pay their rent and then any other services that they tacked on might've been something that they scaled back on or something. And I wonder if that's going to have an impact on the data we see next year.

MR. HOBERMAN: This is probably -- the proportions, they vary slightly from year to year. I mean, it's a function like in the Bronx having the highest -- the second highest percentage by borough, it's just probably because the buildings tend to have maybe more -- I would guess more retail than let's say buildings in Queens, just by the nature and the type of building.

CHAIRMAN REISS: Other questions on the Income and Expense Report? All right. We haven't talked about this before, but should we do a short break?

MS. DEROSE: Yeah, I'd like a short break.

CHAIRMAN REISS: Okay. Andrew, what do you think, ten minutes? Is that appropriate or --

MR. MCLAUGHLIN: It's up to you. It's 11:12 now.

CHAIRMAN REISS: Why don't we say 'til 11:20, an eight-minute break? Is that sufficient?

MR. MCLAUGHLIN: Resume at 11:20.

CHAIRMAN REISS: All right. And then we'll come back at 11:20 and we'll hear from Danielle on the Income and Affordability Report. Is that right? And then that's our last report for the day.

MR. MCLAUGHLIN: Correct?

CHAIRMAN REISS: Great. All right. We'll see you all in eight minutes.

MR. HOBERMAN: Just make sure, everyone, mute yourself. I'll put this up while we're on break because we're still going to be streaming.

MS. DEROSE: Okay. Thanks.

(Short recess taken.)

CHAIRMAN REISS: All right. It's 11:20. So once people put on their cameras, we'll know we're back in session.

MR. HOBERMAN: David, I'll keep

the screenshot on until you get ready.

CHAIRMAN REISS: Yeah, there's about, whatever, four of us still with cameras off. So I just want to make sure people have gotten back to their computers.

MR. HOBERMAN: We do have 26 people who can listen or are watching on YouTube so they can --

CHAIRMAN REISS: Okay.

MR. HOBERMAN: They'll see the screen, but they'll hear us as we're talking.

CHAIRMAN REISS: Okay. Well, welcome to all of our viewers. This is more viewers then we usually get when we have this at 1 Centre Street. So that's great.

MR. HOBERMAN: Yeah. Hanging on while during the pause.

CHAIRMAN REISS: Let's see, I know that one person may be having internet connectivity issues. Do we think we can start? Is that okay? Andrew, are you there?

MR. HOBERMAN: He may not be here.

CHAIRMAN REISS: Okay. Let's

give Andrew a second. Cecilia and Alex, if you're there, just let us know. Even if you end up having your camera off, if you can.

MS. GARCIA: Those guys are trying to get back on.

CHAIRMAN REISS: Okay.

MR. HOBERMAN: We have one attendee, Tenants and Neighbors, has been on with us since the beginning.

CHAIRMAN REISS: So -- oh, so --

MR. HOBERMAN: Through Zoom.

CHAIRMAN REISS: Through Zoom. So not through the YouTube viewership?

MR. HOBERMAN: Yeah, I mean, I can't tell if they're on YouTube as well, but I know the one attendee we have on is registered as Tenants and Neighbors.

CHAIRMAN REISS: All right. So I'm not sure that Cecilia and Alex are back, but I -- Andrew, what -- do you think we should just start? It's a little bit after when we agreed to come back.

MR. MCLAUGHLIN: Yeah, it's fine by me. If, you know, if everybody else --

CHAIRMAN REISS: All right, let's get started. Danielle, the floor is yours for the Income and Affordability Study for 2021.

MS. BURGER: Thank you. And almost good afternoon. Give me one second to share my screen. Just confirming, you can only see the PowerPoint slide, right?

MR. MCLAUGHLIN: Correct.

MS. BURGER: Okay. The Income and Affordability Study is researched and presented each year in accordance with -- I'm sorry, I'm having a little technical difficulty because I wasn't expecting the videos to be on the side like this. And now I can't see my --

CHAIRMAN REISS: At the top of the videos, if you hit the smallest line, it should reduce us to one little dot.

MS. BURGER: Yes, thank you.

The Income and Affordability Study is researched and presented each year in accordance with Section 26-510(b) of the Rent Stabilization Law, which requires the Rent Guidelines Board 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, RGB research staff produced an annual Income and Affordability Study, which reports on Housing Affordability and Tenant Income in New York City's rental market. This study highlights year-to-year changes and many of the major economic factors affecting New York City's tenant population, and takes into consideration a broad range of market forces, rent levels, and Public policies affecting housing affordability.

Such factors include New York City's overall economic condition, including unemployment rates and inflation rates, as well as household income and housing costs. And other relevant factors such as the number of eviction proceedings and homelessness levels.

In summary, 2020 saw New York City with a contraction in gross City product, which inflation adjusted or real terms, decreased by 6.3 percent during calendar year 2020. The first decrease in 12 years.

The City also lost an average of

516,600 jobs, an 11.1 percent decrease and the first decrease in 11 years. And inflation rose at the same rate as the previous year, with prices rising 1.7 percent on average during 2020 in the metro area. Inflation adjusted wages increased by 6.0 percent in real terms over the prior 12 months, but real total wages fell by 1.8 percent.

The unemployment rate rose to 12.3 percent, up 8.4 percentage points. In housing court, non-payment cases fell 56.4 percent in 2020, and calendared cases fell by 62.7 percent. Evictions also fell by 82.0 percent during 2020. Homeless staying in City shelters decreased, falling by 5.9 percent, while the number of cash assistance recipients increased by 8.6 percent. And the number of foodstamp recipients, now known as SNAP, increased by 5.2 percent.

As this graph illustrates, 2020 saw rising unemployment rates for both New York City and the nation as a whole. The New York City rate is in yellow and was 12.3 percent in 2020, the highest unemployment rate in New York City in at least the last 45 years we have records for. The US jobless rate is in blue and was 8.1 percent in

2020.

As this graph illustrates, initial unemployment claims in the first weeks of the pandemic rose exponentially, rising by the greatest proportion in the week ending April 11, 2020, when initial claims in New York City rose by 3,516 percent, from 5,103 in the same week of the prior year to 184,525. As time goes on, the number of initial claims slowly drops, with claims in the last three weeks of the chart, one year after the pandemic started, 70 percent lower than the previous year.

This table compares the number of initial unemployment claims in the first year of the pandemic to the same period of the preceding year. For the first full year of the pandemic, the total number of initial claims is up 647 percent, or 2,133,298 claims in New York City, as compared to the same period in the prior year. Claims in Manhattan rose by the least amount, 515 percent, and claims in Queens rose by the most, 803 percent. The increase in claims in New York City is higher than both New York State and the US as a whole. But claims rose 647 percent over the whole year.

As the graph on the previous page illustrated, claims generally decreased over time. For instance, comparing the week before shutdowns began in 2020, the week ending March 7th, to the same week of 2021, initial claims in New York City increased 218 percent. This table compares the number of initial unemployment claims in the three weeks ending March 13th, March 20th, and March 27, 2021, to the same weeks of the previous year, which were the first three weeks of the pandemic shutdowns.

As the table shows, claims are down 70 percent in New York City, the same rate as New York State, but less than the US as a whole. Claims decreased by the greatest proportion in Manhattan, down 74 percent; and by the least in the Bronx, down 60 percent.

As this graph shows, New York City lost an average of 516,600 jobs in 2020, an 11.1 decrease, and the first decrease in 11 years. As this graph shows, both nominal and inflation-adjusted wages rose in the most recent 12-month period, which runs from the fourth quarter of 2019 through the third quarter of 2020. Real wages are shown in 2020 dollars and increased 6.0 percent, while nominal wages increased 7.9 percent.

Note that the average wage is the amount of total wages paid in New York City divided by the total employment in New York City. Therefore, average wages can increase even as employment and total wages decrease. This was the case in New York City during the past year when employment levels and total wages dropped in both the second and third quarters of 2020, even as average wages increased.

This graph shows the change in inflation-adjusted total wages, in the second and third quarters of 2020, as compared to the same quarters in 2019. Total wages are the amount of wages paid to all employees during each quarter. During the second and third quarters of 2020, the total wages in New York City did increase in four industries; finance and insurance, information, government, and the combined industries of agriculture, mining, and unclassified. They fell in all others.

The greatest proportional decreases were in the accommodation and food services and arts, entertainment and recreation. Which saw total wages decreased in real terms by 62.8 percent and 40.9 percent respectively. Average employment in these two industries fell by 59.3 percent and 52.3 percent respectively. For all industries, total wages fell by a real 7.9 percent and average employment fell by 16.5 percent during these two quarters.

This graph illustrates monthly unemployment compensation received by three hypothetical single-earner households since the start of the pandemic. A household with one minimum wage worker previously making $31,200 per year, a one-income household previously making the median rent-stabilized household income in 2019, $49,000 per year, and a single-earner, higher-income household previously making $80,000 per year.

The graph illustrates the monthly New York State unemployment insurance or pandemic unemployment assistance payments that would be received by each of these sample households over time. As the graph illustrates, both the minimum wage household and the rent-stabilized household would receive half of their pre-unemployment income from New York State unemployment insurance in March of 2020. While the higher income household receives one-third of their former income and only slightly more than the rent-stabilized sample household.

Because of $600 per week pandemic unemployment compensation payments, in April of 2020, that both the minimum wage household and the rent-stabilized household would receive more than they were previously making working full-time. While the higher-income household is still at a loss. Between August and December of 2020, without extra pandemic unemployment compensation, all households are making less than they did previously, while from January through August of 2021, with $300 per week pandemic unemployment compensation, the minimum wage household earns exactly their previous wage, while both the rent-stabilized household and the higher-income household are at a loss.

Note that the graph specifically illustrates unemployment income for single-earner households. There are countless variables that affect the total compensation for households with more than one wage earner, with the most significant variable being per person pandemic unemployment compensation payments, which added an extra $2,600 per month to compensation from April through July of 2020, and will add an extra $1,300 from January through August of 2021.

These payments are per person. So a single unemployed person previously making $80,000 per year, for instance, will receive less monthly household income than what two unemployed persons in a single household previously making $40,000 each.

This graph illustrates the poverty rate for New York City individuals and New York City renter-occupied family households. As the yellow bars in the graph show, the poverty rate for individuals in New York City in 2019 fell for the fifth consecutive year. And as of 2019, was 16.0 percent compared to 12.3 percent for the United States as a whole, which is not shown on this graph.

The graph also shows the poverty rate for renter-occupied family households shown in blue. This rate dropped for the seventh consecutive year and was 17.8 percent in 2019, compared to 3.9 percent for owner-occupied households, also not shown on this graph.

A source of rent and income information is the annual American Community Survey conducted by the Census Bureau. The most recent data from the survey is from 2019. Unlike the HVS, which is able to be stratified for rent-stabilized tenants, the ACS provides data for all renters in New York City, regardless of regulation status.

Looking at median gross rent-to-income ratios from the survey from 2006 through 2019, the rates have ranged from a low of 29.9 percent in 2007 to a high of 32.7 percent in 2014. The ratio was 30.1 percent in 2019, a 1.3 percentage point decline from the prior year.

The American Community Survey also reports on the proportion of households who are considered rent burdened and severely rent-burdened. That is, households paying at least 30 percent or 50 percent of their income towards gross rent respectively. The totality of each column represents the number of households paying at least 30 percent of their income towards gross rent. Looking at these ratios from 2006 through 2019, the proportion of households paying at least 30 percent of their income towards rent has ranged from a low of 50.1 percent in both 2008 and 2019, to a high of 55.1 percent in 2014. As noted, the ratio was 50.1 percent in 2019, a 2.5 percentage point decline from the prior year.

Looking at monthly contract and gross rent from 2006 through 2019. In real 2019 dollars, shows that from 2006 to 2019, rent has increased in inflation-adjusted terms by approximately $300 a month for both contract and gross rent. In 2019, the latest available data, median contract rent was $1,385, an inflation-adjusted increase of 1.9 percent. And median gross rent was $1,483, an inflation-adjusted increase of 1.1 percent.

This graph illustrates the average annual change in household income between 2006 and 2019 by quintile. Each quintile represents 20 percent of households with the lowest quintile representing the average income of the bottom 20 percent of earners and the highest quintile representing the average income of the top 20 percent of earners.

While not necessarily true in each individual year, over the entire time period, income grew more quickly for the top earners than the bottom earners. In real terms, household income rose by an average of 0.4 percent each year for the lowest quintile and rose by an average of 1.8 percent annually for the highest quintile.

The American Community Survey also reports on renter housing costs as a percentage of income for different income brackets. As the household income increases, so does housing affordability. In 2019, 88.0 percent of households making less than $20,000 a year had a rent-to-income ratio in excess of 30 percent. But at the upper limit, those households making at least $75,000 a year, the ratio who spend at least 30 percent of income on rent, drops to 12.0 percent.

In response to the COVID-19 pandemic, the US Census Bureau launched a new survey initiative, the Household Pulse Survey. Per the Census Bureau, the online survey studies how the coronavirus pandemic is impacting households across the country from a social and economic perspective.

The first survey week, Week 1, was conducted at the end of April with data collected on a weekly basis through July of 2020, and then every two weeks since. Despite going to a two-week collection period, the survey continues to call these collection periods weeks to maintain continuity.

The Household Pulse survey defines housing insecurity for renters as the percentage of adults who are both not current on rent and have slight or no confidence that their household can pay rent in the next month on time. For renters in the New York Metro area, shown here in red, this proportion ranged from a low of 10.7 percent in Week 17 in October, to a high of 23.8 percent in Week 12 in July.

Those with higher incomes in 2019, shown here in yellow, were consistently less housing insecure than those with lower incomes. Sorry, I mixed up my colors. The lower-income households are in yellow. And the higher-income households who are making over $100,000 in 2019, were less housing insecure.

During Week 12 in July, 38.0 percent of renters in the New York Metro area with incomes less than $35,000 in 2019, were considered housing insecure, 30.9 percentage points higher than those with incomes of $100,000 or more. Also equaling the differential in Week 3 in May. The smallest differential between the two income groups was in Week 15 in September, a difference of 10.6 percentage points.

The Household Pulse Survey also questions respondents on food scarcity. Defined as the percentage of adults in households where there was either sometimes or often not enough to eat in the last seven days. For renters, the proportion of households in the New York Metro area who reported having experienced food scarcity within the past week ranged from a low of 11.8 percent in Week 16 in September, to a high of 28.4 percent in Week 12 in July.

As with housing insecurity, there was a significant difference in food scarcity among those at different income levels. During Week 12 in July, 45.6 percent of renters with incomes less than $35,000 in 2019 were experiencing food scarcity, 44.4 percentage points higher than those with incomes of $100,000 or more. The smallest differential was 18.6 percentage points during week 1 in April of 2020.

The Consumer Price Index, which measures overall inflation in both the United States as a whole, as well as metropolitan areas can be dis-aggregated to see the rate of change in rent. Note that the CPI is not exclusive to New York City, as the study area extends into the suburbs of New York City. As the graph shows, the percentage change in rent for the New York City Metro area, in yellow, has increased at a slower rate than the US as a whole, in blue, for the past seven years. In 2020, rents in the metro area rose 2.0 percent and rose by 3.1 percent in the US.

We now move on to Cash Assistance Recipients. The yellow portion of the graph shows the number of recipients in the Family Assistance Program. And the darker blue shows the number of recipients in the Safety Net Assistance Program. The light blue bars represent the number of recipients both transferred from the Family Assistance Program to the Safety Net Assistance Program. In 2020, total cash assistance cases rose by 8.6 percent.

This chart shows homelessness levels for all individuals during calendar years 1990 through 2020. As you can see, levels decreased 5.9 percent during 2020, the second consecutive year of decrease. In the preliminary fiscal 2021 Mayor's Management Report, the Department of Homeless Services attributed some of the decline in homelessness to increased rental assistance and the eviction moratorium.

Moving onto Housing Court. As this chart shows, over time, the proportion of filings that are calendared, that is the proportion of non-payment paid cases that actually make it before a judge, which is in blue, has generally been increasing over time. While the proportion of those cases that actually result in an eviction or possession, in yellow, has been much more studied.

In 2020, the proportion of filings that are calendared decreased 7.9 percentage points and the proportion of calendar cases that resulted in an eviction fell by 11 percentage points. As mentioned in the beginning of this presentation, in 2020, non-payment cases fell by 56.4 percent, calendared cases fell by 62.7 percent, and evictions fell by 82 percent. These decreases are all occurring concurrently with an eviction moratorium in place since March 20, 2020.

The recently enacted New York State fiscal year 2022 budget allocates $2.4 billion towards the COVID-19 Emergency Rental Assistance Program of 2021. Using a combination of $2.3 billion in federal funding and $100 million in State funding, the program is aimed towards helping New Yorkers pay rent and utility arrears.

Per the program's guidelines, applicants are required to meet certain standards to qualify, including a household income at or below 80 percent of the area median, unemployment, a reduction in income, significant costs or other financial hardship that are directly or indirectly due to the COVID-19 outbreak, and demonstrating a risk of homelessness or housing instability. Note that income can be calculated based on either total income for 2020, or the household's current monthly income at the time of application.

The program provides for up to 12 months of rent or utility arrears, and also permits up to three months of additional assistance to be paid if it is deemed that extra resources are required. To ensure housing stability and funds remain available, assistance will generally be paid directly to the landlord and/or a utility, but if they are found to be uncooperative or unresponsive as determined by the statute, and do not accept the funds within 12 months, they will have waived their rights to both the program's funding and the same amount in arrears from the tenant.

Acceptance of payments for rent arrears constitutes agreement by the recipient landlord to waive any late fees on rent arrears, keep rent constant for one year, and in most circumstances, not seek to evict tenants for one year after the first payment is received.

This table summarizes some of the key indicators we have discussed during this presentation with the change in each quarter and annually as compared to the same time period in 2019. A more detailed version of this table can be found in appendix 12 of the reports.

In summary for 2020, the City's economy contracted for the first time in 12 years, contracting by an inflation adjusted 6.3 percent. And there was a decrease in employment levels, down 11.1 percent, or a loss of 516,600 jobs. The unemployment rate rose to 12.3 percent Citywide during 2020, an increase of 8.4 percentage points, and the highest level since at least 1976. Average real wages increased during the most recent 12-month period by 6.0 percent, but total wages fell by an inflation adjusted 1.8 percent. There were increases in the number of cash assistance cases, which rose 8.6 percent, and SNAP cases which rose 5.2 percent.

With an eviction moratorium in place since March 20, 2020, there was a decrease in non-payment court filings of 56.4 percent, while calendared cases fell 62.7 percent, and evictions fell 82.0 percent. And homeless levels, also impacted by the eviction moratorium, fell for the second consecutive year, down 5.9 percent. Note that many of the negative indicators during 2020 showed improvement when comparing the fourth quarter of 2020 to the third quarter of 2020, including positive trends in the unemployment rate, employment, cash assistance, and SNAP case loads, and gross City products.

Thank you and I will take any questions.

CHAIRMAN REISS: So people should feel free to jump in and if a lot of people are trying to get in, maybe we'll do raising hands. Alex, you get it on both counts.

MR. SCHWARTZ: Thank you very much. This is really, really helpful. One question which is not in the report, but I was just curious if there's any information on the total aggregate arrears in New York City. So we see that the State has authorized $2.4 billion in rental assistance. I'm just curious if anyone knows to what degree that will cover the backlog of rent that people have not paid?

MS. BURGER: I have not seen any definite numbers on that. I think it would be quite complicated to get an exact number on that because it would have to be reported. And as far as I know, that hasn't had to be reported yet.

There might be some estimates out there, some approximations, and I can try to look for that, but there's not going to be an exact number.

MR. SCHWARTZ: All right.

MS. GARCIA: I will say that --

MS. GOODRIDGE: I can -- oh, go ahead.

MS. GARCIA: Go for it, Leah.

MS. GOODRIDGE: The Wall Street Journal ran a story that said that there is approximately 1 billion in rent owed just in New York City alone. And, you know, I just wanted to briefly say that yes, we heard information earlier about the fact that there's less homelessness for less evictions, but obviously we know that there's been an eviction moratorium. And we also know that though there has been an eviction moratorium, the moratorium still means that folks will owe rent when the moratorium is over.

So we know that the work that we're doing here directly impacts New Yorkers, and I also briefly wanted to say that though there has been some form of rent relief programs. What I'm seeing on the ground as a tenant attorney is that a lot of folks are having a lot -- have had a lot of issues and problems applying for the rent relief programs and haven't had a lot of success. So I want to make sure that that was a factor as well.

MS. BURGER: If I could just interrupt. We do discuss that in the report. There's a discussion of the previous programs for rent arrears that were being managed by HCR and that there wasn't that much money distributed and it was very difficult to apply. The new program that's going into place is going to be through a different agency, it's going to be through OTDA in Albany.

And the exact, you know, application isn't worked out yet because it only just got announced, but it will be through a different agency, the qualifications are less stringent, and hopefully more of that money will get distributed and it will be retroactive. So if you started owing rent in April, it will be retroactive to April. So there is a discussion in the report, I just want to make sure people know that.

MS. GARCIA: This is not as much

of a question, but as acknowledgment of -- for me, as being part of an org -- a lot of -- and I think, Leah, it's probably true, a lot of the organizing that happened in order for that rent bill, the rent relief bill to get passed, I just want to thank all those folks who actually were collecting all this data in the midst of a pandemic in order to be advocating in Albany.

And I think that the program is deeper than previous programs, to Danielle's point earlier, it also does include excluded workers which had been historically excluded from a lot of relief that we've seen in the whole -- in the City and throughout the country. And so I just want to recognize that Albany reacted to what was happening and listened to what was happening on the ground.

And I think that this program, you know, it isn't the be-all because if I remember correctly, and I'm trying to get the actual numbers from folks who were in that fight, but if I remember correctly, the number that they're using for the rent relief program was an old number that we had gotten collected throughout the summer.

And so the number of actual

people of who would qualify who might need the relief is a lot more than what we've budgeted as a State. Julia's comment earlier, and we know that the need in New York City is likely going to be really high, but you know, the devastation of COVID on low-wage workers and even, you know, when you look at the data that Danielle went through on workers who are making $80,000 or $100,000 is extremely impactful. And COVID-19 has not only lowered their income, but now all the debt that people have accumulated.

I'm going to also preface all of that by saying that, you know, we've gotten a lot of -- there are certain landlords that we are following specifically in the Bronx, that are taking people to small claims court to collect back rent because they know they can't go through Housing Court to do it. And so we've seen that pop up in specific landlords who are using it as a mechanism to displace people with the fear of having this huge judgment against them in the future.

That wouldn't be captured by the Housing Court data, and so something for us to keep our minds open as we go through this process and continue to see data in the upcoming years and months. And Danielle, I don't know if you mentioned this before, I don't remember, I can't remember if I saw it, but that the moratorium does end on May 1st, and so --

MS. BURGER: The federal moratorium is through -- I forgot now, it's in the report -- June 30th maybe.

CHAIRMAN REISS: I think so.

MS. BURGER: So New York State has the option to come in with a stronger moratorium than the federal moratorium. But if they do not, then the federal moratorium stays in place. So there is a moratorium, I think it's June 30th, but there is a discussion about that in the report.

MS. GARCIA: And I just want to flag that even though we know that there was a moratorium nationwide, I don't know if it'll squash the news during COVID, but many people, many families throughout the country are getting evicted. And so even in a moratorium like in New York City, we did get a lot of tenants, especially folks who were undocumented, constantly calling us, saying I'm moving because I'm terrified of what this might mean for me, without understanding their rights.

And so I just, I think there's a lot of moving pieces of, like, what the impact of COVID is, but also that we haven't yet felt what that might look like in the upcoming months and years when we see the, you know, the impact, long-term impact, if people do get judgment in civil court, to pay rent that they couldn't pay while they were in their apartments working normally because they couldn't make ends meet, imagine what would happen if any amount of that debt moves forward because they don't get covered by the rent relief program or the rent relief program is out of money or they don't know the program exists.

There's no outreach that I know of that the City is actually -- the State has said we're going to mail everyone who could apply for this program, or anything, any information. So it's going to be on the basis of, do people know the program exists and how do they tap into it?

And I know that landlords can also initiate the process, and so also that opens up, I think the feasibility that landlords can encourage tenants to apply by supporting them in that process as well.

CHAIRMAN REISS: Christian?

MR. GONZALEZ-RIVERA: Yeah. Quick question. So you presented data from the Household Pulse Survey about housing instability. What are some previous sources of housing instability that we might -- that may have been used in the past? I mean, is there some kind of consistent source of data on --

MS. BURGER: I'm not aware of any. I haven't seen those kind of questions asked before. I'm not sure. You know, the Housing and Vacancy Survey, which was supposed to have been conducted in 2020 and it's now been delayed a year, I'm not sure if they might incorporate some stuff into that regarding this, for future. Because of the pandemic, they may have added some questions about these kinds of things, but I'm not aware of anything in the past that dealt with that. I can certainly try to look, but I don't I don't think so.

MR. SCHWARTZ: One possibility might be the Community Service Society, if I remember correctly, has --

MS. BURGER: Yes, there is. Yeah, Community Service Society, which if you look through a lot of the past reports, they do have a survey -- I'm a little unclear if they do it every year and they just don't publish every result every year, or exactly how it works. But in many of our past reports, that's a good point, it's a much smaller sample, of course. But they do ask people not exactly those questions, but they'll say, you know, are you behind on your utility payments, or are you behind on your rent?

And it's not the exact same question, but it is something similar. And you can find the full reports on Community Service Society's website or in some of our past reports. But they don't present, at least publicly they don't present the exact same data from every single report, every single year. I think they have it, they just don't publish it publicly. So, but that -- thank you, Alex. That's a good point.

MR. GONZALEZ-RIVERA: Yeah. I

mean, the reason I'm asking the questions is because I'm curious to see how housing instability has changed throughout the pandemic, taking into account the rental assistance, the moratorium, I mean, it's like, all of those benefits that are available now compared to before. I'm curious as to some way of measuring that in a consistent way.

MS. BURGER: Yeah. I mean, I think another thing is I don't know how long they're going to continue to do the Household Pulse Survey, but as we get further and further out in the pandemic, you should start to see things normalizing to how they were pre-pandemic. So if they keep this going, even though it's post-pandemic, the further out you get from the start of the pandemic, theoretically things are stabilizing a little.

I got an e-mail while we were in this meeting from the Department of Labor that the seasonally adjusted New York City unemployment rate went down 1.2 percentage points in March, which is a pretty big drop. So things are starting to come back and if they keep that up, then I think that'll be a good judge of maybe how things were before.

If that makes sense.

MR. GONZALEZ-RIVERA: All right. Well, thank you. Thank you.

CHAIRMAN REISS: The floor is open.

MR. MCLAUGHLIN: I think we have to do a breaking news scroll at the bottom of our screen.

MR. GONZALEZ-RIVERA: Actually, I do have one more thing that I'm curious about. So are there any sources of data on who's taking the rental assistance, whether it's tenants, landlords. I mean, it's like, I'm asking this because there was a Wall Street Journal article that said that landlords are not taking the assistance because of the stipulations that had been put on it, you know, not --

MS. BURGER: Right.

MR. GONZALEZ-RIVERA: -- for a year, et cetera, et cetera. Is there any information, updated information on that that we can look at?

MS. BURGER: The new program is different than the programs that were in place before. And this is detailed in the report, I can put back up the slide if you want. But one of the stipulations in this new program is that if the landlord does not take the money, if they -- there's very specific part of the statute, like, if we tried to contact them four times and they don't respond or, you know, I don't have the exact numbers at the top of my head, but it's very specific, the way you have to try to contact the landlord about taking this money.

And if they don't respond or they say I'm not going to take it, they have 12 months to basically change their mind. And if they don't change their mind and 12 months, they both can't get the money ever that was offered to them, and they can't sue the tenant for that money. So it's just gone if they don't take it. So they really don't have much of a choice, it's use it or lose it.

So the new program is very different and there's a lot more money available. The original program had $100 million available. This is $2.4 billion. So it's going to be a very different ballgame and we have to wait and see what's going to happen, but HCR did not put out that much -- there's a report on their website from October, from the first round of the original program and they hadn't distributed all the funds yet, so the report is not complete. Basically, they just tell you how many people in each county were able to get the money and that's really the only data that they gave.

MR. GONZALEZ-RIVERA: All right. Thanks for that.

MS. GARCIA: Just to come back to the numbers on the rent relief. So in January was when the housing folks came up with a $2.2 billion dollars of rental assistance was needed in January to cover what we had projected was needed from March to that point in January. And so our assumption is that that number has continued to increase throughout the last few months.

So even if the program works the way we hope it intends to work, and landlords either lose it -- or use it or lose it, like, that will impact tenants in a different -- in a really concrete way. So I don't know if that means that there'll be more money available for folks later on, but my understanding is that the opening -- they're opening the application process for a short period of time and then moving on to, like, actually distributing the funds, so I wonder what impact that will have, if any, if the deadline, you know, if the previous program the tenants had I think a two-week period, they extended it to three weeks to apply.

The applications are not easy and people may not necessarily know the programs exist, so I wonder what this, how this program will work and how long -- what is a period of time that people will be able to apply as far as tenants in order to be able to --

MS. BURGER: I tried to look at the bill to find that information because there was an original bill that got superseded and that bill said six months for applications. And my original write-up about that bill had the six months in it, so when I went to change the write-up for the new bill, it might be in there and I didn't see it, but I don't see it. But most of the components --

MS. GARCIA: It's not there.

MS. BURGER: Okay. Most of the

components of that original bill made it to the final bill. So that might be an indication, but I'm not sure because it's not in there.

MS. GARCIA: And shout-out to Met Counsel, our only folks watching, or where the ones who ended up texting me about the numbers and when they got the data, so...

CHAIRMAN REISS: Any other questions for Danielle, or comments about the Income and Affordability Report?

MS. GOODRIDGE: I don't know if everyone can hear me clearly, my internet is kind of spotty right now, so I don't know if I'm being spotty.

CHAIRMAN REISS: You're pretty okay.

MS. DEROSE: We can hear you. I can hear you.

MS. GOODRIDGE: Oh okay. All right. Well, the one comment that I wanted to say is I think that we as a board need to just be cautious because for the last few years, what I've noticed is if there's any type of redress for tenants, like, for example, the new rent laws that were passed, and now the rent relief bill, that's often derived as some sort of superfluous like, win to give tenants and edge over landlords, when in fact, this, these are relief packages in order to make things whole, or at least to balance what's already, what we know to be an imbalanced market.

This is one of the most unaffordable cities in the world. So I think it's, I wanted to just emphasize that, and say that it's important that we -- well, everyone is frozen now. I'm wondering if folks can hear me.

CHAIRMAN REISS: We can hear you.

MS. DEROSE: I can hear you.

MS. GOODRIDGE: Oh, okay. I wanted to just emphasize that we should be cautious about that because, you know, for last year, to be quite honest, the conversations for me were quite triggering because, you know, some of the narratives were equating people [inaudible] harsh and unprecedented year to profits. And if it's triggering for me as a board member, it's probably going to be triggering for folks watching as well.

So I think there's often, I don't want us to make them mistake to sort of equate what are types of redress or relief to fix what's broken, which is really not the same as some type of unfair -- that would put tenants over landlords. So I -- you know, and I'll just end by saying, you know, the reason why some of these conversations for me are triggering is that, you know, if you've been in New York City for a long time, you know how unaffordable it is and you, if you've been on the train, you don't need to read reports. You can see the homelessness crisis.

And so there's been a crisis from before the pandemic, right? There's been a whole crisis from before the pandemic. There's been a crisis that disproportionately impacts tenants of color and we can see that in the homelessness crisis. And Danielle mentioned the CSS reports, those reports also show the correlation between race and evictions as well. And that, anytime that that is mentioned, what I have also noticed on this board is that is pigeoned as political. And it's not political to note anything that's not white.

So if you make a statement and say, the majority of tenants of color, or the majority of tenants were being evicted are tenants of color, that's not a political statement. That's us using statistics. And so I just wanted to also flag that as well because it just means that when we're having conversations that affect New Yorkers and we're talking about anyone who's not white, then sometimes that narrative is being [inaudible] that we're talking about things in a way that is normalizing us being color blind, when in fact, we need to be race-conscious about who these decisions are affecting, especially during this time.

So I wanted to say that because it dawned on me that if I'm feeling this way and I'm on the board and obviously I'm the tenant representative and represent tenants, then it's very likely that a lot of folks who are watching this might also feel the same way as well. And it might equally be triggering for them as well. You know, that the pandemic, before the pandemic, and it just seems to some extent that the lack of empathy or the normalization of that kind of like, pain.

Economic pain has been going on for a very long time and now that we [inaudible] this different type of pandemic, you know, there's all of these conversations like, Oh my God, we need to do something. And so all of that might be triggering for folks watching. So I felt the need to say that. I'm done speaking.

MS. BURGER: Thanks Leah.

CHAIRMAN REISS: Any other comments or questions? Okay. All right. So I think that is all of our business. Andrew, am I correct about that? You're on mute, Andrew.

MR. MCLAUGHLIN: In terms of the report, yes, but there were a few board issues that I want to just -- well, actually, it's a schedule that I wanted to go over. I hadn't posted the remainder of the meetings because I just wanted to confirm that those dates worked for everyone and I have --

So I'd like to put up a draft of our remaining meetings and see if the dates work and if not, let's see if we can settle them now, so we can post the rest of our schedule.

So yesterday, I had sent around the last one that we had sent around in the end of March. And so I'm going to put that up on the screen and we can have a discussion about if anyone has any conflicts with those.

CHAIRMAN REISS: And Andrew, how will we do it with our -- as of yet, not named new member? We may need to, I mean, even if we all agree, there may be some possibility we'll have to revisit if they can't come to an important meeting, right?

MR. MCLAUGHLIN: It's how you want to handle that. We need a, you know, you need a quorum --

CHAIRMAN REISS: Okay, so --

MR. MCLAUGHLIN: -- to hold a meeting --

CHAIRMAN REISS: I'm just going to say --

MR. MCLAUGHLIN: Then you need five votes to pass anything.

CHAIRMAN REISS: Yeah.

MR. MCLAUGHLIN: So with that said, you know, you can proceed however you want to proceed, but --

CHAIRMAN REISS: Yeah, I'm just going to say, I'm going to say that I will try, you know, if there's a conflict for our new member, that we will try to address that. That will be something that I will try to do.

MR. MCLAUGHLIN: Hopefully the dates work for whatever new member.

CHAIRMAN REISS: Yeah.

MR. MCLAUGHLIN: So these meetings have been posted. So our next meeting is April 22nd. We have then one on April 29th, which is when tenants and owners that are invited by the tenant members and the owner members on the group, come and present before the board. Our preliminary vote is scheduled for May 5th. So those dates are all set.

So the remaining four dates, I just want to confirm with everyone. So May 27th, we have another meeting of the board, where there's staff report presentations. So that is May 27th. Our hearings are now scheduled for June 15th and June 17th. And then our final vote is scheduled for June 24th.

So if anyone has any issues with any of these dates, please let us discuss.

MS. DEROSE: Andrew, I do have a conflict about that final vote on the 24th, I will be traveling.

MR. MCLAUGHLIN: Okay.

MS. DEROSE: We can do -- I can do Wednesday. I mean, it's really just the 24th and 25th that are the problem.

MR. MCLAUGHLIN: So then does Wednesday, June 23rd, work for everyone?

CHAIRMAN REISS: It works for me.

MR. SCHWARTZ: Works for me.

MR. HOBERMAN: Yes.

MR. GONZALEZ-RIVERA: All good.

MS. JOZA: I'm good too.

MS. GARCIA: So the proposal is to move it to 23rd, correct?

MR. MCLAUGHLIN: Right. So Wednesday, the 23rd will be our final vote. Not a problem. Okay. The dates of the hearings, 15th and the 17th. And then, so May 27th, did anyone have an issue with that particular --

MR. GONZALEZ-RIVERA: Yes, I do, actually. That's a conflict for me. I can do the following week on Tuesday if that works for everyone. Let's see. Oh no, sorry, that was Thursday, the 27th. Yeah, I can do the following

Thursday if that works for everyone. That's June 3rd.

MR. MCLAUGHLIN: So you're away. Is that the situation?

MR. GONZALEZ-RIVERA: Yeah. I'm away from the 20th of May to the 31st.

MR. WALSH: If it's any consolation, I'm away now as well.

MR. MCLAUGHLIN: Okay. So we have two conflicts with the May 27th date. Okay.

CHAIRMAN REISS: No, I don't think -- Andrew, I don't think that's what Scott was saying.

MR. MCLAUGHLIN: Oh, what did he say? I'm sorry.

CHAIRMAN REISS: He's away right -- he's away today.

MR. WALSH: I was just pointing out our forum allows people to login --

MR. MCLAUGHLIN: Oh, I see what you're saying. I see what you're saying.

MR. GONZALEZ-RIVERA: Yeah. It's -- where I'm going to be is, I'm not likely to have Internet, so I'm going to be in jungle.

MR. MCLAUGHLIN: I mean, the reports are such that the data won't be really available much before the 27th on one of the reports, so we wanted to have it initially, I think the date we had thrown out there was May 20th, so we had moved that to the 27th. So really trying to do it before the 20th would be somewhat problematic for us.

I mean, the report wouldn't have completed data that we normally have, but that I guess we could subsequent later. So the question is, do we want to have it like on a Tuesday, May 19th? Or do you want to have it, you know, beginning of June? That's fine with me. Either way works for us.

MR. GONZALEZ-RIVERA: So if it'll be less overtime crunch for you, I mean, how about the beginning of June?

MR. MCLAUGHLIN: I mean, we don't have to meet on a Thursday either, so we could meet -- let's see. So I assume Memorial Day is the 31st. It is. So we can do June 1st. Maybe we want to do June 2nd or June 3rd, somewhere in there. Does that work for folks?

CHAIRMAN REISS: Why don't we just stick to the Thursdays just because that's our consistent day and just do the 3rd unless people have a problem with it.

MR. MCLAUGHLIN: June 3rd.

MR. GONZALEZ-RIVERA: 2nd and 3rd both work for me.

MS. JOZA: June 3rd might work for me, but I have another meeting going on at 12:00, so --

MR. MCLAUGHLIN: Okay.

MS. JOZA: Yeah. I can be a few minutes or I can leave a few minutes early if that's fine with you guys.

MR. MCLAUGHLIN: All right. So why don't --

CHAIRMAN REISS: Or we may end by then.

MR. MCLAUGHLIN: Yeah, we may be over by then, but what we'll do then, I will send a revised draft with these two new dates. I'll give everyone 24 hours, or well, through the weekend and then I can make them public on Monday. How about that? Does that make sense?

MS. GARCIA: Do we -- someone is just flagging that I think we might be trying to pick a day for primary day. Like, when is -- when are the primaries?

MR. MCLAUGHLIN: June 3rd's the primary?

CHAIRMAN REISS: Aren't primaries on Tuesday?

MR. MCLAUGHLIN: Usually a voting day is Tuesday, right? Or is that not always the case? Let's Google that.

MS. DEROSE: June 22nd it looks like.

MS. GARCIA: Sorry. I was just thinking about the final vote, if we're moving it, for us to keep that in mind, not to pick that day maybe.

MR. MCLAUGHLIN: Yeah, the Mayoral is June 22nd, I think.

CHAIRMAN REISS: And we said the 23rd. Is that what we said?

MR. MCLAUGHLIN: Yes. Yes.

CHAIRMAN REISS: That seems okay.

MR. GONZALEZ-RIVERA: So are we

proposing June 2nd or June 3rd for the --

MR. MCLAUGHLIN: June 3rd, I think is what we -- David's thought was to keep it on a Thursday, just --

MR. GONZALEZ-RIVERA: Sure.

MR. MCLAUGHLIN: -- because people who are familiar with our schedule know that we meet Thursday mornings and so...

MR. GONZALEZ-RIVERA: Okay. All right. June 3rd.

MR. MCLAUGHLIN: Okay. So again, what I'll do is I'll put these two changes on the draft. I'll send that around and I'll give you guys the weekend to come up with some reason why you can't make the new dates. No, just kidding. Just give you a little time to check your calendars and then we'll make them public early next week.

MS. GARCIA: Okay.

CHAIRMAN REISS: Anything else, Andrew?

MR. MCLAUGHLIN: That's what I had.

CHAIRMAN REISS: Okay --

MS. GARCIA: Sorry. I don't

know, David, if we were going to have discussions on, like, the public testimony hearings and expectations around them.

CHAIRMAN REISS: We certainly can.

MS. GARCIA: I'm just, I spoke to David and I don't know if we all want to chime in on some of this, but you know, about the public hearing, specifically when we're inviting folks to give testimony from the public. I mean, last year, I know that we were in a little bit of a crunch trying to figure out everything while COVID was, you know, I don't know if I should say kicking into gear, but getting worse, and I think we reacted in the best way possible, I think within the constraints that we had as board. I think this year we should do better.

The calendar that we were even considering on having a conversation on is still keeping two hearings, whereas in previous years when we've been normal, we've had four hearings at different -- in different -- at different, you know, during the nighttime. So I just wanted to put out there that I think that we should, one, have the hearings last as long as -- until the last person testified, the way we'd do on a normal year.

And also, make sure that we are keeping registration open and non-restricted the way we did it last year, which I think restricted a lot of testimonies we heard, and I just wanted to make sure that, like, I didn't leave it, I didn't not say that and then we had expectations about what those hearings were going to be without all being on the same page.

CHAIRMAN REISS: I think just to react first to the first point. I think last year we kind of amongst ourselves all agreed that we would, you know, not that every single person could stay until all hours. But I think pretty much everyone agreed that we would stay because we just had the two days and so I'm kind of operating under the assumption that people would make that same commitment for this year, you know.

You know, of course, if people have familial responsibilities that might keep them from doing that, I think we all understand that. Andrew, is there a technology question about sign-ups that we just need to be, you know, I think we all want to have sign-ups be as open as possible, but are there any technology limitations that we need to be aware of?

MR. MCLAUGHLIN: We've taking a look at it. Our intent -- and there's not going to be a restriction on how tenants or owners or how many or public officials, as many, that's fine. We can do that and not limit the number of people signing up. We just have to figure out signing up and make sure because it would be an online process again. It would be similar to last year.

We're working through the, you know, exactly how that would work, but we wouldn't, you know, we can certainly make it open-ended registration for tenants to -- I mean, for people to come up and sign up and speak. It may include like, certain blocks of people signing up, we would just continue to add blocks of people. We wouldn't -- we would just continue.

So we may initially have, where there's, you know, 100 spots or whatever, but then we may have to just keep adding more slots, which is fine as we see -- as those fill up, we'll just add more and more. It's working through the technical issues of that. We also want to, you know, we're hoping to assign people numbers so they know when they're speaking and we have to work through the technical part of that as well.

But our intent is to totally, you know, respect that and in past years, just keep the registration open to everyone who would like to speak. So --

MS. BURGER: Can I say just one --

MR. MCLAUGHLIN: We can make that happen. It's just a question of how it will look.

MS. BURGER: Can I just say one thing -- two things. Yeah, there was that issue last year where the spots got filled up very quickly, but we almost immediately opened it back up to what we called a waitlist, but everybody who registered to speak, they were contacted and said you are able to speak. We are going to do things differently this year so that we don't have to have that waitlist, which was a little confusing.

But I'll just say from -- what would make things easiest is, and this is just a general thing for any sort of organizer for tenants or for owners, if you are going to register on behalf of other people, if we can have their e-mail address, if we can have -- if they're going to testify by phone, if we have their phone number. You need to ask them, are you going to go on video or by phone? If it's by phone, we have to have their phone number. If it's going to be by video, it would help us a lot if we had their actual e-mail so that when we do send out these reminders or if we don't have an exact number for you when you sign up to register, that I can then e-mail and say, okay, your number 27, so that they know that, and that I think would help a lot of the confusion.

So I'm just putting that out there generally for people who organize. If you are going to register people on their behalf instead of them doing it themselves, those things would make it, I think easier going ahead, if that makes sense.

MS. GARCIA: I mean, I think that brings my next point on the restrictions that people have on -- with technology. Even if they are -- have small children in schools, like the devices might be in use in other spaces. But I do think that if we can have the form -- I think it's fine to ask people if they have an e-mail, but if we can have an either/or, because a lot of the folks we were registering, personal -- I personally registered and my staff was registering, were people who don't have access to the internet or can't get on, and so we were using our e-mail because they don't have e-mails. But --

MS. BURGER: No, they -- there was the option to register by telephone, but the form said, you have to give us your telephone number because then when we go into Zoom to let people in, we need to match up the telephone number they provided to the phone number they're actually calling from.

So it's not -- they don't have to give us an e-mail address, but it has to all kind of match up and if they are -- if they do have an e-mail address, even if they want to testify by phone, it just gives us a way to contact them and say, okay, here are the instructions. Here's your number because we might not have an exact number to start with. We're trying to work out those kinks. But yeah, people are free to register on the telephone. That's completely fine.

MS. GARCIA: Thank you. I'll continue to finish my point, but I wanted to say that, like, a lot of the members that we're in contact with might have a house phone that gets cut off, and then use their cell phones, and so that transient of, like, numbers, is something that we constantly deal with as people who are supporting the folks who are the most marginalized in the City.

And so e-mails and phone numbers then become a issue with folks who are for a little bit -- especially in the middle of the pandemic. I could tell you how many people I've called in six different numbers just in a span of six months because they're staying in a different places or using someone else's phone.

And so I just -- I want -- I know that it would make it easier for us, but I don't want to make them required pieces and then, like, if someone were to come into the Zoom and say, hey, I am this person and their number doesn't match, like, are we -- are we -- is our position that we're excluding them from testifying if none of their information matches. I don't think that's what we're saying. So --

MS. BURGER: No.

MS. GARCIA: You know, requirement from the beginning, -- like, making it a required field to have either/or might be difficult for some folks.

MS. BURGER: You know, I'm sorry, I wasn't suggesting that exactly. I was just -- last year there were some groups that registered people and there was no individual e-mail addresses listed, and I'm just saying if it's possible, if there is an e-mail address, to give that e-mail address. It just allows us a way to contact people directly and that's all I'm saying.

But yeah, certainly I understand all those issues and it was not a requirement last year, it won't be a requirement this year. It just helps us if we have the e-mail address to contact people. Because even though we did this last year, it's still all kind of new for us and we're learning as we go. So we just want to make sure that we're informing people as much as possible on our end. We just want to keep people in the loop.

CHAIRMAN REISS: I also think there's just an overlay that all of us just need to be concerned about that we all experience, which is just Zoom bombing and so the way that we can, you know, better confirm people as the registered speaker just reduces the likelihood of whatever the -- of people coming in and disrupting our meeting who are not signed up to speak.

MR. GONZALEZ-RIVERA: Could there be a way of sort of updating e-mail addresses or telephone numbers in real time. So that if on the day of -- I mean, somebody says, oh, hey, I mean, I'm actually going to call from this number. I mean, it's like, -- could that be done in real time? Could there be some staff support around that? Is that a possible thing that could be done?

MS. BURGER: Maybe. It's possible. I mean, somebody would have to e-mail us, and again, it's that communication with people so that they have our e-mail address. Like they can't call us during the meeting, you know, or even that day, like, it's too hectic. But if they e-mailed us, yeah, possibly that would work. But again, that's why this -- as much communication as we can have directly with people so that they know their options, I think that's just a positive thing really.

It's not always going to be possible. People don't have e-mail addresses, and yeah, you have an issue with your phone, you have an issue with your internet, all that stuff. We did last year, even with the Zoom bombing, we let people speak at the end who wanted to speak. So even if your phone number didn't match, yeah, you might not get called as early as you might have if we were able to match up your information. But at the end there -- I think, I assume again, there will be that option to say, okay, anybody who didn't speak yet and wants to speak, just raise your hand in Zoom and then we will call on them.

MS. GARCIA: I just also wanted to, like, -- I know that we seem like we're on the same page and I have spoken to David and it seems like all these things will happen, but that interpretation will be provided for folks who come and testify at the public hearings in Spanish for sure, and that if organizers or people who are working with folks directly impacted who want to testify, have a specific language that is needed, if they can, like, let the board or folks on -- some -- someone you know on this board, like, let them know that you need that language, so that we can see if there's a mass of people who need the language, to provide interpretation in that language as well.

And I'll highlight, like, we've had Mandarin in the past between a very specific time frame when we know those folks are testifying. I'm assuming we'll make those accommodations as we move through this process to make sure that we're accessible for folks who not only speak English and Spanish, but other languages as well.

And that's a commitment that David said that it seems that we have, but I just wanted to, on record, say that that's something that we're going to keep doing and that if anyone does run into any issues registering themselves or other people to testify in the system, whatever, like, structure the staff is able to create to make that happen, to like, flag it for both staff and other folks so that we can make sure that we're being accessible and the technology is working as it should be.

CHAIRMAN REISS: Agreed, and Andrew, I think we talked already about translation and we don't expect that's -- as long as we have notice, we don't expect that to pose any problems, right?

MR. MCLAUGHLIN: No. I mean, I think last year, obviously we had it for Spanish and I think it ended up working out because we were able to work, if there's something there that we were missing -- Sheila, look, I know we could -- we can discuss. Why don't we talk if you have concerns because we've been doing this at counsel as well.

So if you have tricks to the trade that you know, I certainly want to hear them. But no, we would be opening, you know, open it up for Mandarin. We've done that in the past. Yeah, absolutely. I mean, I don't want -- I want to include everyone who wants to come and I think in the end we'll find out, we'll be able to do something that, you know, we can involve people as much as we can. So yeah.

MS. GARCIA: And I'm just saying

this so that it's on -- for folks to know that the coalition that often supports and helps inform the Leah's and I's deliberation on how we advocate and, like, the data we use or even, like, the speakers we bring up to speak are -- that coalition -- the Rent Justice Coalition is -- was actually demanding for us to make sure that our hearings -- we had multiple -- more than hearings than we did before it last year. Like, similar to what we were doing when we were in person to have four hearings.

I think that just with our scheduling conflicts just right now, I think a good example of how difficult it is to get us all on the same -- on the -- to agree on a date for a hearing. But I also want to make sure it's understood that, like, the compromise is to make sure that we accommodate as many people as we can in those days, and so if you run into any hiccups, to please communicate that to me so that I can make -- best advocate and make sure that the process with the board is happening as we hoped to intend to, which is be as inclusive as possible, make sure we provide interpretation in languages that are needed, as well as making sure that people have the ability to participate in this process. Specifically, if they want to give their testimony and make sure that it's open for, you know, until the last person testifies.

So that's something I will work on, but if you do hear or see something else on your end, as people who are doing this work directly, please let me know.

MR. MCLAUGHLIN: Yep. You got it.

CHAIRMAN REISS: Sounds good. Any other new business from board members? Okay. Do I hear a motion to adjourn?

MS. DEROSE: Is this a motion, is that the language?

CHAIRMAN REISS: Sure. It's good enough, but I need a second.

MS. DEROSE: I don't know what the rules on language is.

MR. SCHWARTZ: Second.

CHAIRMAN REISS: Second. All right. And we are -- (VIDEO CUT OFF)

(At 12:30 p.m., the proceedings were concluded.)

STATE OF NEW YORK)
SS.
COUNTY OF NEW YORK)

I, MARC RUSSO, a Shorthand (Stenotype) Reporter and Notary Public within and for the State of New York, do hereby certify that the foregoing pages 1 through 146, taken at the time and place aforesaid, is a true and correct transcription of my shorthand notes.

IN WITNESS WHEREOF, I have hereunto set my name this 3rd day of May 2021.

Marc Russo

MARC RUSSO

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