EXPLANATORY STATEMENT - APARTMENT ORDER #54

Explanatory Statement and Findings of the Rent Guidelines Board in Relation to 2022-23 Lease Increase Allowances for Apartments and Lofts under the Jurisdiction of the Rent Stabilization Law[1]

Summary of Order No. 54

The Rent Guidelines Board (RGB) by Order No. 54 has set the following maximum rent increases for leases effective on or after October 1, 2022 and on or before September 30, 2023 for apartments under its jurisdiction:

For a one-year lease commencing on or after October 1, 2022 and on or before September 30, 2023: 3.25%
For a two-year lease commencing on or after October 1, 2022 and on or before September 30, 2023: 5%

Adjustments for Lofts

For Loft units to which these guidelines are applicable in accordance with Article 7-C of the Multiple Dwelling Law, the Board established the following maximum rent increases for increase periods commencing on or after October 1, 2022 and on or before September 30, 2023.

For one-year increase periods commencing on or after October 1, 2022 and on or before September 30, 2023: 3.25%
For two-year increase periods commencing on or after October 1, 2022 and on or before September 30, 2023: 5%

These guidelines apply to all leases and increase periods. Therefore, consistent with guidance from New York State Homes and Community Renewal (HCR), the guidelines apply to vacant apartment and loft units that become occupied during the term of the Order, as well as to renewal leases or periods. No more than one guideline adjustment may be added during the guideline year governed by Order No. 54.

The guidelines do not apply to hotel, rooming house, and single room occupancy units that are covered by separate Hotel Orders.

Special Guideline

Leases for units subject to rent control on September 30, 2022 that subsequently become vacant and then enter the stabilization system are not subject to the above adjustments. Such newly stabilized rents are subject to review by HCR. In order to aid HCR in this review, the Rent Guidelines Board has set a special guideline of 27% above the maximum base rent.

[1] This Explanatory Statement explains the actions taken by the Board members on individual points and reflects the general views of those voting in the majority. It is not meant to summarize all the viewpoints expressed.

All rent adjustments lawfully implemented and maintained under previous apartment Orders and included in the base rent in effect on September 30, 2022 shall continue to be included in the base rent for the purpose of computing subsequent rents adjusted pursuant to this Order.

Background of Order No. 54

The Rent Guidelines Board is mandated by the Rent Stabilization Law of 1969 (Section 26-510(b) of the NYC Administrative Code) to establish annual guidelines for rent adjustments for housing accommodations subject to that law and to the Emergency Tenant Protection Act of 1974. In order to establish guidelines, the Board must consider, among other things:

1. the economic condition of the residential real estate industry in the affected area including such factors as the prevailing and projected (i) real estate taxes and sewer and water rates, (ii) gross operating and maintenance costs (including insurance rates, governmental fees, cost of fuel and labor costs), (iii) costs and availability of financing (including effective rates of interest), (iv) overall supply of housing accommodations and overall vacancy rates;

2. relevant data from the current and projected cost of living indices for the affected area; and

3. such other data as may be made available to it.

The Board gathered information on the above topics by means of public meetings and hearings, written submissions by the public, and written reports and memoranda prepared by the Board's staff. The Board calculates rent increase allowances on the basis of cost increases experienced in the past year, its forecasts of cost increases over the next year, its determination of the relevant operating and maintenance cost-to-rent ratio, and other relevant information concerning the state of the residential real estate industry.

Material Considered by the Board

Due to the COVID-19 health crisis, the Board held virtual public meetings and hearings through June 8, 2022.[2] Subsequent hearings and the final vote were held in person. Order No. 54 was issued following **six** virtual public meetings, **one** in-person public meeting, **two** virtual public hearings, **two** in-person public hearings, its review of written, oral and video submissions provided by the public, and a review of research and memoranda prepared by the Board's staff. Approximately **225** written, oral and video submissions were received by the Board from many individuals and organizations including public officials, tenants and tenant groups, and owners and owner groups. The Board members were provided with copies of public comments received by the **June 16, 2022** deadline. All of the above listed documents were available for public inspection.

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[2] On March 12, 2020, Governor Cuomo issued Executive Order Number 202.1, in part suspending "Article 7 of the Public Officers Law, to the extent necessary to permit any public body to meet and take such actions authorized by the law without permitting in public in-person access to meetings and authorizing such meetings to be held remotely by conference call or similar service, provided that the public has the ability to view or listen to such proceeding and that such meetings are recorded and later transcribed." The state of emergency that resulted in Executive Order Number 202 was extended on numerous occasions and was still in affect through June 14, 2022, allowing public bodies to continue to meet remotely.

Open meetings of the Board were held virtually following public notice on March 31, April 14, April 20, April 26 and May 26, 2022. On **May 5, 2022**, the Board adopted proposed rent guidelines for apartments, lofts, and hotels.

Public hearings were held virtually on **June 6 and June 8, 2022**, and public hearings were held in-person **June 13 and June 15, 2022.** The in-person public hearings on June 13 and 15 were held pursuant to Section 1043 of the New York City Charter and Section 26-510(h) of the New York City Administrative Code. Testimony on the proposed rent adjustments for rent-stabilized apartments and lofts was heard on June 6 from **2:00 p.m. to 5:00 p.m.,** June 8 from **6:00 p.m. to 9:09 p.m.**, June 13 from **5:30 p.m. to 9:00 p.m.** and June 15 from **4:15 p.m. to 9:02 p.m.** Testimony from members of the public speaking at these hearings was added to the public record. The Board heard testimony from **approximately 156** apartment tenants and tenant representatives**, 26** apartment owners and owner representatives**,** and **17** public officials. In addition, **no** speakers read into the record written testimony from a public official. On **June 21, 2022** the guidelines set forth in Order No. 54 were adopted.

A written transcription and/or audio recording and/or video recording was made of all proceedings.

Presentations by RGB Staff and Housing Experts Invited by Members of the Board

Each year the staff of the New York City Rent Guidelines Board is asked to prepare numerous reports containing various facts and figures relating to conditions within the residential real estate industry. The Board's analysis is supplemented by testimony from industry and tenant representatives, housing experts and by various articles and reports gathered from professional publications.

Listed below are invited speakers and the dates of the public meetings at which their testimony was presented:

Meeting Date / Name	Affiliation
March 31, 2022:	Staff presentations *2022 Income and Expense Study*
April 14, 2022:	Staff presentations *2022 Price Index of Operating Costs* *2022 Mortgage Survey Report*
	M&T Realty Capital Corporation
1. Mike Edelman	Group Vice President
April 20, 2022:	Staff presentations *2022 Income and Affordability Study* *2022 Hotel Report* *Income & Expense Study Memo 1*

April 26, 2022:

	Owner group testimony:
1. Vito Signorile	Rent Stabilization Association (RSA)
2. Basha Gerhards	Real Estate Board of New York (REBNY)
3. Joseph Condon	Community Housing Improvement Program (CHIP)
4. Ann Korchak	Small Property Owners of New York (SPONY)
	Tenant group testimony:
1. Tim Collins	Collins, Dobkin & Miller LLP
2. Oksana Mironova	Community Service Society of New York (CSSNY)
3. J.W. Mason	John Jay College & the Roosevelt Institute
4. Karen Small	Tenants & Neighbors
5. Richard Velasquez	Goddard Riverside Law Project
6. Jacob Udell	University Neighborhood Housing Program (UNHP)
7. Jannette Perez	CASA
8. Sandra Dominguez	Woodside on the Move
May 26, 2022:	Staff presentations
	2022 Housing Supply Report
	Changes to the Rent Stabilized Housing Stock in New York City in 2021
	Income & Expense Study Memo 2
	NYS Homes and Community Renewal (HCR)
1. Woody Pascal	Deputy Commissioner
June 15, 2022:	
	NYC Housing Presevation and Development (HPD)
1. Elizabeth Gaumer	Chief Research Officer

Selected Excerpts from Oral and Written Testimony from Tenants and Tenant Groups[3]

Comments from tenants and tenant groups included:

"Figure out a way to freeze rents for middle class tenants. My family is facing the decision to leave New York. We contribute as community members, workers, artists, non-profit administrators serving community and supporting public schools with our child's attendance and all that that entails. These rulings will force more middle class members of our community to leave NYC! Please have some compassion and do not increase rents on rent stabilized apartments."

"A full measurement of landlord profit over the long-term should not only look at net operating income but also at the change in property or asset values. This data, which UNHP has tracked for over two decades, shows that multifamily real estate has led to outsized profits for

[3] Sources: Submissions by tenant groups and testimony by tenants.

landlords far above the long-term increase in NOI. This fact should impact the Board's assessment of the economic viability of the rent-stabilized stock."

"As for the substantive impact of the RGB orders over time, based on current data it is clear that had the Board authorized cumulative rent increases of 181.70% over the thirty-one year period since 1990, owners would have been kept "whole" for both operating cost increases and the effect of inflation on net incomes, and rent stabilized tenants would have been protected against excessive and unwarranted rent increases. In fact, the Board authorized rent increases of 213.91% over this period. While rent guidelines have been lower over the past seven years, they have failed to fully ameliorate excesses accumulated from prior years, contributing to a continuation of crushing rent burdens, displacement and homelessness. Long term windfalls for the owners of stabilized buildings overwhelm the significance of any short term economic changes facing owners this year, including cost increases reported in the annual price index of operating costs."

"Today, there are over 227,000 eviction filings in housing court, including nearly 205,000 nonpayment cases and over 22,000 holdovers. A little more than half of these are pre-pandemic evictions, though the share of new eviction filings is quickly increasing. The most recent U.S. Census Household Pulse Survey shows that as of April 11, nearly one in four of all New York households reported being behind on their rent. A portion of these households will face evictions, which will take time to make their way through the courts. We are likely to see a rolling increase in non-payment cases over the summer and into the fall, when RGB rent increases for this year will go into effect."

"Raising rents 2-4% on one-year leases and 4-6% on two-year leases is a drastic increase, especially as the COVID-19 pandemic is ongoing and we are likely headed into a recession. NYC is already suffering from a severe housing shortage with unaffordable rents for many, especially New Yorkers facing poverty and other marginalization."

Selected Excerpts from Oral and Written Testimony from Owners and Owner Groups[4]

Comments from owners and owner groups included:

"After eight years of unsustainable rent guidelines that have averaged only 0.75%, the RGB must reverse course and properly compensate owners for their continued increases in operating expenses. The quality of the City's rent-stabilized housing stock has been threatened, particularly over the last eight years, by three rent freezes, inadequate guideline increases, the HSTPA, and the catastrophic impact of the COVID-19 pandemic…Therefore, RSA firmly believes that an increase of 6% for a one-year lease and an 8% increase for a two-year lease is more than justified."

"To keep buildings in good physical condition for the people who live in them, this Board must take full responsibility for their role in keeping stabilized housing financially and physically viable…It is our hope that the board will consider this information and issue a final vote for guidelines that fall within the recommended commensurate rates of 4.5 to 9%. This is the bare minimum to keep NOI constant at the current level, and this is the only path to avoid adversely impacting the quality and financial stability of the rent stabilized housing stock.

[4] Sources: Submissions by owner groups and testimony by owners

"The importance of this Board's annual decisions on the condition of the stabilized housing stock has only become more acute since 2019. Through the 2019 HSTPA, the legislature has effectively placed the responsibility solely on the RGB to ensure rent stabilized buildings can continue to operate. There are no longer mechanisms outside of the annual RGB guidelines to adjust rent stabilized rents on vacancy, nor receive a meaningful return on capital expenditures for apartment improvements, new building systems, or new building infrastructure (e.g., roofs, boilers, elevators). This is the first year we are seeing the impacts of the 2019 HSTPA in RGB's data, and the results are pretty clear. The rent stabilized housing stock is heading in the wrong direction."

"We have consistently made the argument that adequate increases are not just necessary to keep up with ever-increasing operating expenses and new statutory compliance requirements not reflected in RGB reports, but also to ensure that building owners maintain a steady cash-flow for necessary or unforeseen maintenance expenses. After the passage of the HSTPA, this Board's role in ensuring that owners have that necessary cash-flow has never been more evident as owners face stringent statute limitations and depleted financial reserves."

"We understand that there's risk in running any business, but the regulatory and compliance obligations and the political winds that seem to want to legislate us out of business means that this board's deliberations are more important than ever. You have to base your decision on the numbers. It's evident that our expenses are increasing dramatically and rents must rise to meet those expenses."

Selected Excerpts from Oral and Written Testimony from Public Officials[5]

Comments from public officials included:

"As many of my constituents continue to struggle with the long-term impacts of the pandemic, I urge the Rent Guidelines Board in the strongest possible terms to freeze rents in both one- and two-year leases. If an increase is deemed necessary, I strongly urge you to set an increase far lower than that of the preliminary vote of 2-4% for one-year leases and 4-6% for two-year leases…The pandemic is not over, and neither are its disastrous effects on the working families of New York City. Every day my staff and I speak to constituents whose financial situations have yet to recover from the ongoing catastrophic events of the past two years, by no fault of their own, and who would now face the risk of eviction in the wake of these drastic rent increases they cannot afford to pay. Needless to say, this would also exacerbate the eviction crisis already gripping the courts and the city, and further tax the state's dwindling aid resources."

"I am writing to strongly oppose the rent increases the Rent Guidelines Board is considering. Rent stabilized tenants rely on the Rent Guidelines Board to serve as a gatekeeper for rent increases and to promote housing stability. These proposed changes will have a profound impact on tenants across the five boroughs and I urge the Board to reconsider its position. Asking tenants, many of whom live paycheck to paycheck, to consider up to a 6% increase in rent is especially wrong during current economic conditions."

[5] Sources: Submissions by public officials.

“Significant rent increases are often justified by referencing the pain of rising costs to mom-and-pop owners. However, it is large landlords (those with twenty-one or more buildings in their portfolio) that own more than half of the City’s rent stabilized buildings. These larger owners are generally much better capitalized and have far more ability to weather cost increases. The Board’s methodology should be updated to analyze the impact that real estate ownership and capitalization have on prices and affordability.”

“Over the last three decades, the Board has authorized rent increases that far exceeded what would have otherwise been required to keep pace with building operating costs and inflation. Though the Board has issued guidelines that have been lower in recent years, the longterm gains enjoyed by property owners is still far beyond what may have been required to maintain and operate their property.”

“The least the RGB can do is stop a massive wave of evictions is vote for no increases. New York should protect tenants, not push them out of their homes. In 2021, a record number of New Yorkers faced homelessness amidst the continued policy failure to address the underlying causes of the housing crisis.”

FINDINGS OF THE RENT GUIDELINES BOARD

Rent Guidelines Board Research

The Rent Guidelines Board based its determination on its consideration of the oral and written testimony noted above, as well as upon its consideration of statistical information prepared by the RGB staff set forth in these findings and the following reports:

1. *2022 Income and Expense Study*, March 2022 (based on income and expense data provided by the Finance Department, the *Income and Expense Study* measures rents, operating costs and net operating income in rent stabilized buildings);

2. *2022 Mortgage Survey Report*, April 2022 (evaluates recent underwriting practices, financial availability and terms, and lending criteria);

3. *2022 Income and Affordability Study*, April 2022 (includes employment trends, housing court actions, changes in eligibility requirements and public benefit levels in New York City);

4. *2022 Hotel Report*, April 2022 (includes Certifications of No Harassment for SROs, illegal hotel violations, the number of registered hotel units as well as average and median rents);

5. *2022 Price Index of Operating Costs*, April 2022 (measures the price change for a market basket of goods and services which are used in the operation and maintenance of stabilized buildings);

6. *2022 Housing Supply Report*, May 2022 (includes new housing construction measured by certificates of occupancy in new buildings and units authorized by new building

permits, tax abatement and exemption programs, and cooperative and condominium conversion and construction activities in New York City); and

7. *Changes to the Rent Stabilized Housing Stock in NYC in 2021*, May 2022 (quantifies all the events that led to additions to and subtractions from the rent stabilized housing stock).

The seven reports listed above may be found in their entirety on the RGB's website, nyc.gov/rgb, and are also available at the RGB offices, One Centre St., Suite 2210, New York, NY 10007 upon request.

2022 Price Index of Operating Costs for Rent Stabilized Apartment Units in New York City

This year, the PIOC for all rent stabilized apartments increased by 4.2%. Increases occurred in all PIOC components, except Taxes, which fell by 3.7%. The largest proportional increase was seen in Fuel (19.6%), followed by Insurance (10.9%), Maintenance (9.2%), Administrative Costs (6.7%), Utilities (5.8%), and Labor Costs (4.1%). The growth in the Consumer Price Index (CPI), which measures inflation in a wide range of consumer goods and services was lower than the PIOC, rising 4.0% during this same time period. [6] See Table 1 for changes in costs and prices for all rent stabilized apartment buildings from 2021-22.

The "Core" PIOC, which excludes changes in fuel oil, natural gas and steam costs used for heating buildings, is useful for analyzing long-term inflationary trends. The Core PIOC rose by 3.0% this year and was lower than the overall PIOC due to the exclusion of costs in the Fuel component, which rose 19.6%. The PIOC for hotels decreased by 1.3%, while apartments heated by gas increased by 4.1% and those heated by oil increased by 4.3%.

Table 1

2021-22 Percentage Changes in Components of the Price Index of Operating Costs for Rent Stabilized Apartment Houses in New York City[7]

Component	Expenditure Weights	2020-21 Percentage Change	2020-21 Weighted Percentage Change
Taxes	36.11%	-3.72%	-1.34%
Labor Costs	9.94%	4.05%	0.40%
Fuel Oil	6.83%	19.57%	1.34%
Utilities	9.49%	5.85%	0.56%
Maintenance	16.33%	9.25%	1.51%
Administrative Costs	14.82%	6.69%	0.99%
Insurance Costs	6.48%	10.91%	0.71%
All Items	100%	-	4.16%

Source: *2022 Price Index of Operating Costs.*

[6] The average CPI for All Urban Consumers, New York-Northeastern New Jersey for the year from March 2021 to February 2022 (294.7) compared to the average for the year from March 2020 to February 2021 (283.5) rose by 4.0%. This is the latest available CPI data and is roughly analogous to the 'PIOC year'.

[7] Totals may not add due to weighting and rounding.

Local Law 63/Income & Expense Review

The sample size for the Income and Expense (I&E) Study is 14,828 properties containing 684,597 units. This is the 30th year that staff has been able to obtain longitudinal data in addition to cross-sectional data. The RGB staff found the following average monthly (per unit) operating and maintenance (O&M) costs in 2021 Real Property Income and Expense (RPIE) statements for the year 2020:

Table 2

2020 Average Monthly Operating and Maintenance Costs Per Unit			
	Pre '47	Post '46	All Stabilized
Total	$997	$1,122	$1,035

Source: *2022 Income and Expense Study*, from 2021 Real Property Income and Expense filings for 2020, NYC Department of Finance.

In 1992, the Board benefited from the results of audits conducted on a stratified sample of 46 rent stabilized buildings by the Department of Finance. Audited income and expense (I&E) figures were compared to statements filed by owners. On average the audits showed an 8% over reporting of expenses. The categories, which accounted for nearly all of the expense over reporting, were maintenance, administration, and "miscellaneous." The largest over-reporting was in miscellaneous expenses.

If we assume that an audit of this year's I&E data would yield similar findings to the 1992 audit, one would expect the average O&M cost for stabilized buildings to be $951, rather than $1,035. As a result, the following relationship between operating costs and residential rental income was suggested by the Local Law 63 data:

Table 2(a)

2021 Operating Cost to Rent/Income Ratio Adjusted to 1992 Audit					
	O&M Costs[8]	Rent	O&M to Rent Ratio	Income	O&M to Income Ratio
All stabilized	$951	$1,422	0.669	$1,580	0.602

Source: *2022 Income and Expense Study*, from 2021 Real Property Income and Expense filings for 2020, NYC Department of Finance.

[8] Overall O&M expenses were adjusted according to the findings of an income and expenses audit conducted by the Department of Finance in 1992. The unadjusted **O&M to Rent** ratio would be 0.728. The unadjusted **O&M to Income** ratio would be 0.655.

On April 18, 2022 the staff of the Rent Guidelines Board released a memo to Board members with additional information concerning the *2022 Income and Expense Study*. The memo follows:

[START OF MEMO]

RGB board members beginning four years ago asked RGB staff to research whether the income and expense profile of buildings containing at least one rent stabilized unit varies depending on the proportion of stabilized units in a building.

The RGB staff requested and analyzed supplemental data from the NYC Department of Finance for the same RPIE period as that reported in the *2022 Income & Expense (I&E) Study*, grouping buildings that contain rent stabilized units into these categories (not mutually exclusive, as they overlap each other):

- Buildings that contain at least one stabilized unit
- Buildings where 20% or more of residential units are stabilized
- Buildings where 50% or more of residential units are stabilized
- Buildings where 80% or more of residential units are stabilized
- Buildings where 90% or more of residential units are stabilized
- Buildings where all residential units are stabilized ("100% stabilized")

These groupings are also broken down by location as well.[9]

A further discussion of income and expense statistics accompany each of the five tables that follow.

Location of Buildings by Stabilized Proportion

Table 1 (below) illustrates the proportion of buildings containing at least one rent stabilized unit in each category, broken down by location. There is a sizable difference between Core Manhattan[10] and the City excluding Core Manhattan. Buildings that are entirely rent stabilized (100% stabilized) comprise 44% of buildings containing at least one rent stabilized unit in the City excluding Core Manhattan, compared to just 8% in Core Manhattan alone.

Looking further at the proportion of buildings that are 100% rent stabilized, the proportions are: 31% in Upper Manhattan; 37% in Queens; 47% in Brooklyn; 55% in the Bronx and 56% on Staten Island[11].

[9] Note that the data used in this analysis are unweighted.

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

[11] Note that there are only 85 buildings that contain at least one rent stabilized unit in Staten Island.

Table 1

	All Buildings Containing Stabilized Units	20%+ Stabilized	50%+ Stabilized	80%+ Stabilized	90%+ Stabilized	100% Stabilized
Percentage of Buildings, by Stabilized Proportion						
Citywide	**100%**	**86%**	**71%**	**61%**	**55%**	**34%**
Manhattan	100%	76%	46%	31%	26%	15%
Bronx	100%	95%	94%	91%	86%	55%
Brooklyn	100%	90%	85%	77%	72%	47%
Queens	100%	94%	88%	74%	63%	37%
Staten Island	100%	84%	81%	80%	72%	56%
Core Manhattan	100%	69%	29%	16%	13%	8%
Upper Manhattan	100%	90%	81%	63%	52%	31%
City w/o Core Manhattan	100%	92%	87%	78%	71%	44%

Source: NYC Department of Finance, RPIE Filings

Average Rent, Income and Costs: Citywide and by Borough

Table 2 (on the next page) breaks down average rent, income, costs, and NOI in 2020 per unit per month by location and proportion of stabilized units. When looking at NOI around the City, there are small differences between All stabilized buildings containing at least one rent stabilized unit and 100% stabilized buildings. In Core Manhattan, 100% stabilized building NOI is $4 less than All stabilized buildings, while in the City excluding Core Manhattan, 100% stabilized building NOI is $24 less than All buildings containing at least one stabilized unit.

Table 2

	Rent	Income	Costs	NOI
Citywide*	$1,425	$1,610	$1,085	$525
20%+ Stabilized	$1,351	$1,519	$1,031	$489
50%+ Stabilized	$1,242	$1,383	$934	$449
80%+ Stabilized	$1,205	$1,335	$897	$438
90%+ Stabilized	$1,198	$1,325	$888	$437
100% Stabilized	$1,202	$1,333	$887	$446
Manhattan*	$1,719	$2,028	$1,396	$632
20%+ Stabilized	$1,614	$1,908	$1,323	$585
50%+ Stabilized	$1,401	$1,662	$1,148	$514
80%+ Stabilized	$1,345	$1,592	$1,082	$509
90%+ Stabilized	$1,357	$1,601	$1,078	$523
100% Stabilized	$1,377	$1,639	$1,097	$542
Bronx*	$1,039	$1,168	$812	$356
20%+ Stabilized	$1,041	$1,170	$813	$357
50%+ Stabilized	$1,040	$1,169	$812	$357
80%+ Stabilized	$1,039	$1,167	$811	$356
90%+ Stabilized	$1,036	$1,163	$808	$355
100% Stabilized	$1,033	$1,167	$808	$359
Brooklyn*	$1,315	$1,404	$893	$511
20%+ Stabilized	$1,275	$1,363	$884	$478
50%+ Stabilized	$1,247	$1,334	$871	$463
80%+ Stabilized	$1,229	$1,315	$860	$455
90%+ Stabilized	$1,227	$1,311	$857	$454

100% Stabilized	$1,245	$1,332	$859	$473
Queens*	$1,326	$1,396	$910	$486
20%+ Stabilized	$1,316	$1,384	$911	$473
50%+ Stabilized	$1,310	$1,378	$907	$471
80%+ Stabilized	$1,287	$1,354	$891	$463
90%+ Stabilized	$1,281	$1,347	$885	$462
100% Stabilized	$1,267	$1,333	$871	$462
Staten Island*	$1,095	$1,185	$793	$392
20%+ Stabilized	$1,124	$1,227	$807	$420
50%+ Stabilized	$1,120	$1,224	$802	$422
80%+ Stabilized	$1,121	$1,227	$807	$420
90%+ Stabilized	$1,092	$1,201	$792	$409
100% Stabilized	$1,072	$1,182	$758	$423
Core Manhattan*	$1,917	$2,276	$1,561	$715
20%+ Stabilized	$1,831	$2,180	$1,503	$677
50%+ Stabilized	$1,621	$1,946	$1,326	$621
80%+ Stabilized	$1,613	$1,934	$1,275	$659
90%+ Stabilized	$1,668	$2,001	$1,299	$702
100% Stabilized	$1,702	$2,059	$1,349	$711
Upper Manhattan*	$1,320	$1,529	$1,064	$465
20%+ Stabilized	$1,283	$1,490	$1,045	$445
50%+ Stabilized	$1,243	$1,459	$1,021	$438
80%+ Stabilized	$1,209	$1,417	$984	$433
90%+ Stabilized	$1,205	$1,405	$969	$436
100% Stabilized	$1,211	$1,425	$968	$457
City w/o Core Man*	$1,239	$1,358	$905	$453
20%+ Stabilized	$1,216	$1,334	$898	$436
50%+ Stabilized	$1,195	$1,313	$886	$428
80%+ Stabilized	$1,174	$1,288	$868	$420
90%+ Stabilized	$1,167	$1,279	$860	$419
100% Stabilized	$1,169	$1,285	$856	$429

Source: NYC Department of Finance, RPIE Filings

*All buildings that contain at least one rent stabilized unit in row.

Notes: Data is not weighted, and therefore may differ from that reported in the *2022 Income & Expense Study*.

Data is *not* adjusted for the results of the 1992 NYC Department of Finance audit on I&E reported operating costs.

Cost-to-Income Ratios: Core Manhattan vs. City w/o Core

As a follow-up to the discussion of cost-to-income ratios in the *Income and Expense Study*, Table 3 (below) breaks down the audited and unaudited cost-to-income ratios by Citywide, Core Manhattan and the City excluding Core Manhattan.

When looking at the unaudited cost-to-income ratios for All buildings containing at least one stabilized unit, there is a 2.0 percentage point difference between Core Manhattan (68.6%) and the rest of the City (66.6%). However, among buildings with 100% stabilized units, the proportions reverse, and the difference shrinks to 1.1 percentage points (65.5% in Core Manhattan and 66.6% in the rest of the City). This suggests that building income and expenses ratios may be more dependent on the proportion of stabilized units in a building, rather than whether a building is in Core Manhattan or elsewhere in the City. In addition, in Core Manhattan, the cost-to-income ratios among 80%+, 90%+ and 100% stabilized are all lower than Core Manhattan's All Buildings, 20%+ and 50% stabilized building categories. Further, in the City excluding Core Manhattan, the cost-to-income ratios for 100% stabilized buildings is identical to the cost-to-income ratios for All stabilized Buildings.

Table 3

	All Buildings Containing Stabilized Units	20%+ Stabilized	50%+ Stabilized	80%+ Stabilized	90%+ Stabilized	100% Stabilized
Audited **Cost-to-Income Ratios**						
Citywide	61.9%	62.3%	62.0%	61.7%	61.6%	61.1%
Core Manhattan	63.0%	63.3%	62.6%	60.5%	59.6%	60.2%
City w/o Core Manhattan	61.2%	61.8%	61.9%	61.9%	61.8%	61.2%
Unaudited **Cost-to-Income Ratios**						
Citywide	67.4%	67.8%	67.5%	67.2%	67.0%	66.5%
Core Manhattan	68.6%	69.0%	68.1%	65.9%	64.9%	65.5%
City w/o Core Manhattan	66.6%	67.3%	67.4%	67.4%	67.3%	66.6%

Source: NYC Department of Finance, RPIE Filings

Note: Data is not weighted, and therefore may differ from that reported in the *2022 Income & Expense Study*.

Average Growth in Rent, Income, Costs and NOI: Citywide and by Borough

Table 4 (on the next page) breaks down average longitudinal rent, income, costs, and NOI changes from 2019 to 2020 per unit per month, by location and proportion of a building containing at least one stabilized unit. Looking at the changes in NOI, there was minimal variation based on the proportion of stabilized units within areas. For example, there was only a 1.1 percentage point difference in the change in NOI in Core Manhattan between All stabilized buildings and 100% stabilized buildings. In the City excluding Core Manhattan, there was a 0.6 percentage point difference between All stabilized and 100% stabilized buildings.

Table 4

	Rent	Income	Costs	NOI
Citywide*	**-5.4%**	**-7.0%**	**-3.6%**	**-13.4%**
20%+ Stabilized	-4.7%	-6.2%	-3.6%	-11.3%
50%+ Stabilized	-3.3%	-4.3%	-3.1%	-6.5%
80%+ Stabilized	-2.9%	-3.5%	-2.9%	-4.7%
90%+ Stabilized	-2.9%	-3.5%	-2.6%	-5.1%
100% Stabilized	-3.0%	-3.3%	-2.3%	-5.1%
Manhattan*	-8.6%	-11.2%	-4.9%	-22.4%
20%+ Stabilized	-7.8%	-10.5%	-5.2%	-20.7%
50%+ Stabilized	-6.2%	-8.5%	-5.0%	-15.5%
80%+ Stabilized	-5.6%	-7.3%	-4.5%	-12.7%
90%+ Stabilized	-5.9%	-7.4%	-4.1%	-13.6%
100% Stabilized	-5.9%	-7.0%	-2.8%	-14.5%
Bronx*	-2.0%	-2.2%	-2.2%	-2.3%
20%+ Stabilized	-2.0%	-2.3%	-2.3%	-2.2%
50%+ Stabilized	-2.0%	-2.3%	-2.3%	-2.2%
80%+ Stabilized	-2.0%	-2.2%	-2.4%	-2.0%
90%+ Stabilized	-2.1%	-2.3%	-2.3%	-2.4%
100% Stabilized	-2.0%	-2.2%	-2.1%	-2.5%
Brooklyn*	-1.8%	-1.9%	-1.8%	-2.2%
20%+ Stabilized	-2.1%	-2.2%	-2.0%	-2.6%
50%+ Stabilized	-1.9%	-2.0%	-2.0%	-2.0%
80%+ Stabilized	-1.8%	-1.8%	-1.8%	-1.9%

90%+ Stabilized	-1.9%	-1.9%	-1.7%	-2.3%
100% Stabilized	-1.9%	-1.8%	-1.8%	-2.0%
Queens*	-2.4%	-2.5%	-2.6%	-2.4%
20%+ Stabilized	-2.4%	-2.6%	-2.6%	-2.7%
50%+ Stabilized	-2.3%	-2.4%	-2.7%	-2.0%
80%+ Stabilized	-2.3%	-2.5%	-2.9%	-1.6%
90%+ Stabilized	-2.5%	-2.7%	-3.0%	-2.3%
100% Stabilized	-2.9%	-2.9%	-3.5%	-1.9%
Staten Island*	0.0%	0.0%	-2.2%	4.8%
20%+ Stabilized	0.1%	0.0%	-1.5%	3.1%
50%+ Stabilized	0.3%	0.2%	-1.3%	3.2%
80%+ Stabilized	0.2%	0.0%	-1.5%	3.1%
90%+ Stabilized	-0.1%	-0.2%	-0.8%	1.1%
100% Stabilized	-0.3%	-0.4%	-1.5%	1.7%
Core Manhattan*	-9.9%	-12.9%	-4.8%	-26.6%
20%+ Stabilized	-9.1%	-12.7%	-5.0%	-25.8%
50%+ Stabilized	-8.2%	-12.0%	-4.7%	-24.4%
80%+ Stabilized	-8.5%	-11.5%	-3.8%	-23.5%
90%+ Stabilized	-8.8%	-11.6%	-3.1%	-24.1%
100% Stabilized	-8.0%	-10.8%	-0.7%	-25.5%
Upper Manhattan*	-4.7%	-5.3%	-5.3%	-5.3%
20%+ Stabilized	-4.7%	-5.3%	-5.5%	-5.0%
50%+ Stabilized	-4.2%	-4.8%	-5.2%	-3.9%
80%+ Stabilized	-3.6%	-4.1%	-5.0%	-1.8%
90%+ Stabilized	-3.8%	-4.2%	-4.7%	-2.9%
100% Stabilized	-4.3%	-3.9%	-4.2%	-3.3%
City w/o Core Man*	-2.6%	-2.8%	-2.8%	-2.8%
20%+ Stabilized	-2.7%	-2.9%	-2.9%	-2.9%
50%+ Stabilized	-2.4%	-2.7%	-2.9%	-2.3%
80%+ Stabilized	-2.2%	-2.4%	-2.8%	-1.8%
90%+ Stabilized	-2.3%	-2.5%	-2.6%	-2.4%
100% Stabilized	-2.4%	-2.4%	-2.5%	-2.2%

Source: NYC Department of Finance, RPIE Filings

*All buildings that contain at least one rent stabilized unit in row.

Notes: Data is not weighted, and therefore may differ from that reported in the *2022 Income & Expense Study*. Data is not adjusted for the results of the 1992 NYC Department of Finance audit on I&E reported operating costs.

Rate of Distressed Properties: Core Manhattan vs. City w/o Core

Buildings that have operating and maintenance costs that exceed gross income are considered distressed. Table 5 (below) breaks down the proportion of distressed properties in three areas: Citywide; in Core Manhattan; and in the City excluding Core Manhattan. Distressed rates are all higher in Core Manhattan, compared to the rest of the City. For example, 9.3% of the buildings (259 buildings) that are at least 20% stabilized are distressed in Core Manhattan, while buildings that are 100% stabilized have a distress rate of 13.0% (41 buildings) in Core Manhattan. Meanwhile, in the rest of the City, there is a minimal difference between the categories, with all falling between 5.3% and 5.5%.

Table 5

	All Buildings Containing Stabilized Units	20%+ Stabilized	50%+ Stabilized	80%+ Stabilized	90%+ Stabilized	100% Stabilized
Distressed Proportion (Proportion of Buildings)						
Citywide	6.5%	6.2%	6.1%	5.9%	5.7%	6.0%
Core Manhattan	9.0%	9.3%	12.3%	13.7%	11.9%	13.0%
City w/o Core Manhattan	5.5%	5.4%	5.3%	5.3%	5.3%	5.5%
Distressed Proportion (Actual Building Counts)						
Citywide	**963**	792	645	531	462	304
Core Manhattan	**368**	259	143	88	61	41
City w/o Core Manhattan	**595**	533	502	443	401	263

Source: NYC Department of Finance, RPIE Filings

[END OF MEMO]

On May 23, 2022 the staff of the Rent Guidelines Board released a second memo to Board members with additional information concerning the *2022 Income and Expense Study*. The memo follows:

[START OF MEMO]

On April 18, 2022, RGB staff distributed a memo analyzing supplemental data from the NYC Department of Finance (for the same RPIE period as that reported in the *2022 Income & Expense Study*) that grouped buildings that contain rent stabilized units into categories that ranged from a minimum of one stabilized unit in a building to 100% stabilized units.

As a follow-up, RGB board members asked the staff to do a similar analysis of buildings constructed before 1974. Owners of property completed or substantially rehabilitated after January 1, 1974 may avail themselves of various tax abatements so long as they agree to make the units in the property subject to rent stabilization for a prescribed period. This memo compares select data from the previous memo with newly updated data that includes only those buildings constructed pre-1974. To simplify the comparison, buildings are grouped into these four categories:

- Buildings that contain at least one stabilized unit (all years and pre-1974 only)
- Buildings where 80% or more of residential units are stabilized (pre-1974 only)
- Buildings where 90% or more of residential units are stabilized (pre-1974 only)
- Buildings where 100% of residential units are stabilized (all years and pre-1974 only)

These groupings are also broken down by location as well.[12]

A further discussion of income and expense statistics accompany each of the five tables that follow.

[12] Note that the data used in this analysis are not weighted, and therefore may differ from that reported in the *2022 Income & Expense Study*.

Location of Buildings by Stabilized Proportion

Table 1 (below) illustrates the proportion of all buildings of any age that are entirely rent stabilized (100% stabilized); pre-1974 80% or more stabilized; pre-1974 90% or more stabilized; and pre-1974 100% stabilized. Only in Core Manhattan[13], Upper Manhattan, and Staten Island are there any differences in the proportions (and of no more than three percentage points, in Upper Manhattan) between 100% stabilized buildings of any age and those built before 1974.

Table 1

	100% Stabilized	80% Stabilized (Pre-1974 Buildings Only)	90% Stabilized (Pre-1974 Buildings Only)	100% Stabilized (Pre-1974 Buildings Only)
Percentage of Buildings, by Stabilized Proportion				
Citywide	**34%**	**62%**	**56%**	**34%**
Manhattan	15%	32%	26%	15%
Bronx	55%	93%	88%	55%
Brooklyn	47%	80%	74%	47%
Queens	37%	75%	64%	37%
*Staten Island**	56%	84%	74%	55%
Core Manhattan	8%	15%	12%	6%
Upper Manhattan	31%	60%	50%	28%
City w/o Core Manhattan	44%	79%	71%	44%

Source: NYC Department of Finance, RPIE Filings
* Note that there are only 85 buildings of any year, and only 63 pre-1974 buildings, that contain at least one rent stabilized unit in Staten Island.

Average Rent, Income, and Costs: Citywide and by Borough

Table 2 (on the next page) examines average rent, income, costs, and NOI in 2020 per unit per month by location among buildings of any age and compares them to pre-1974 buildings. Examining NOI among 100% stabilized buildings, NOI is $508 in Core Manhattan pre-74 buildings, compared to $711 among Core Manhattan buildings of all ages, a $203 difference. By comparison, among 100% stabilized buildings in the rest of the City, NOI is $395 in pre-74 buildings, compared to $429 among buildings of all ages, a $34 difference.

Table 2

	Rent	Income	Costs	NOI
Citywide All Years*	$1,425	$1,610	$1,085	$525
Pre-74*	$1,390	$1,572	$1,081	$491
80% Stabilized Pre-74	$1,173	$1,299	$889	$410
90% Stabilized Pre-74	$1,164	$1,285	$879	$406
100% Stabilized All Years	$1,202	$1,333	$887	$446
100% Stabilized Pre-74	$1,151	$1,274	$873	$401
Manhattan All Years*	$1,719	$2,028	$1,396	$632
Pre-74*	$1,677	$1,980	$1,382	$599
80% Stabilized Pre-74	$1,271	$1,509	$1,048	$461
90% Stabilized Pre-74	$1,269	$1,503	$1,036	$467

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

100% Stabilized All Years	$1,377	$1,639	$1,097	$542
100% Stabilized Pre-74	$1,248	$1,490	$1,034	$455
Bronx All Years*	$1,039	$1,168	$812	$356
Pre-74*	$1,036	$1,165	$818	$347
80% Stabilized Pre-74	$1,036	$1,163	$816	$347
90% Stabilized Pre-74	$1,032	$1,158	$814	$345
100% Stabilized All Years	$1,033	$1,167	$808	$359
100% Stabilized Pre-74	$1,029	$1,159	$815	$344
Brooklyn All Years*	$1,315	$1,404	$893	$511
Pre-74*	$1,262	$1,346	$895	$451
80% Stabilized Pre-74	$1,193	$1,275	$855	$420
90% Stabilized Pre-74	$1,188	$1,269	$851	$418
100% Stabilized All Years	$1,245	$1,332	$859	$473
100% Stabilized Pre-74	$1,190	$1,271	$852	$419
Queens All Years*	$1,326	$1,396	$910	$486
Pre-74*	$1,302	$1,371	$914	$456
80% Stabilized Pre-74	$1,266	$1,330	$888	$442
90% Stabilized Pre-74	$1,256	$1,318	$881	$437
100% Stabilized All Years	$1,267	$1,333	$871	$462
100% Stabilized Pre-74	$1,226	$1,287	$865	$422
Staten Island All Years*	$1,095	$1,185	$793	$392
Pre-74*	$1,142	$1,220	$811	$409
80% Stabilized Pre-74	$1,161	$1,253	$834	$418
90% Stabilized Pre-74	$1,131	$1,225	$820	$405
100% Stabilized All Years	$1,072	$1,182	$758	$423
100% Stabilized Pre-74	$1,120	$1,209	$787	$422
Core Manhattan All Years*	$1,917	$2,276	$1,561	$715
Pre-74*	$1,876	$2,231	$1,550	$681
80% Stabilized Pre-74	$1,434	$1,731	$1,191	$540
90% Stabilized Pre-74	$1,463	$1,770	$1,202	$568
100% Stabilized All Years	$1,702	$2,059	$1,349	$711
100% Stabilized Pre-74	$1,402	$1,724	$1,216	$508
Upper Manhattan All Years*	$1,320	$1,529	$1,064	$465
Pre-74*	$1,339	$1,554	$1,096	$458
80% Stabilized Pre-74	$1,202	$1,415	$987	$428
90% Stabilized Pre-74	$1,193	$1,397	$970	$427
100% Stabilized All Years	$1,211	$1,425	$968	$457
100% Stabilized Pre-74	$1,188	$1,400	$965	$435
City w/o Core Man All Years*	$1,239	$1,358	$905	$453
Pre-74*	$1,222	$1,342	$918	$424
80% Stabilized Pre-74	$1,156	$1,270	$869	$401
90% Stabilized Pre-74	$1,146	$1,258	$860	$397
100% Stabilized All Years	$1,169	$1,285	$856	$429
100% Stabilized Pre-74	$1,138	$1,251	$856	$395

Source: NYC Department of Finance, RPIE Filings

*All buildings that contain at least one rent stabilized unit in row.

Notes: Data is not weighted, and therefore may differ from that reported in the *2022 Income & Expense Study*. Data is *not* adjusted for the results of the 1992 NYC Department of Finance audit on I&E reported operating costs. There are only 85 buildings of any year, and only 63 pre-1974 buildings, that contain at least one rent stabilized unit in Staten Island.

Cost-to-Income Ratios: Core Manhattan vs. City w/o Core

Table 3 (below) breaks down the audited and unaudited cost-to-income ratios in 2020 by Citywide, Core Manhattan, and the City excluding Core Manhattan among buildings containing stabilized units of all ages and compares them to pre-1974 buildings.

Among 100% stabilized buildings, there is a greater difference in Core Manhattan compared to the rest of the City when examining buildings of all ages vs. pre-1974 buildings. For example, the unaudited cost-to-income ratio is 65.5% among Core Manhattan buildings of all ages and 70.6%

among pre-74 Core Manhattan buildings, a 5.1 percentage point difference. Meanwhile, in the rest of the City, the unaudited cost-to-income ratio is 66.6% among buildings of all ages and 68.4% among pre-74 buildings, a 1.8 percentage point difference.

Table 3

	All Buildings Containing Stabilized Units	All Buildings Containing Stabilized Units (Pre-1974 Buildings Only)	80% Stabilized (Pre-1974 Buildings Only)	90% Stabilized (Pre-1974 Buildings Only)	100% Stabilized	100% Stabilized (Pre-1974 Buildings Only)
***Audited* Cost-to-Income Ratios**						
Citywide	61.9%	63.2%	62.9%	62.8%	61.1%	62.9%
Core Manhattan	63.0%	63.8%	63.2%	62.4%	60.2%	64.8%
City w/o Core Manhattan	61.2%	62.8%	62.8%	62.8%	61.2%	62.8%
***Unaudited* Cost-to-Income Ratios**						
Citywide	67.4%	68.8%	68.4%	68.4%	66.5%	68.5%
Core Manhattan	68.6%	69.5%	68.8%	67.9%	65.5%	70.6%
City w/o Core Manhattan	66.6%	68.4%	68.4%	68.4%	66.6%	68.4%

Source: NYC Department of Finance, RPIE Filings
Note: Data is not weighted, and therefore may differ from that reported in the *2022 Income & Expense Study*.

Average Growth in Rent, Income, Costs, and NOI: Citywide and by Borough

Table 4 (on the next page) breaks down average longitudinal rent, income, costs, and NOI changes from 2019 to 2020 per unit per month, by location among buildings of any age and compares them to pre-1974 buildings. Among 100% stabilized buildings, there was a greater decline in NOI among Core Manhattan buildings, compared to the rest of the City in buildings among both pre-1974 and all building ages. In 100% stabilized Core Manhattan buildings, NOI fell 25.5% among buildings of all ages and 28.1% among pre-74 buildings, a 2.6 percentage point difference. Meanwhile, in 100% stabilized buildings in the rest of the City, NOI fell 2.2% among buildings of all ages and 2.5% among pre-74 buildings, a 0.3 percentage point difference.

Table 4

	Rent	Income	Costs	NOI
Citywide All Years*	-5.4%	-7.0%	-3.6%	-13.4%
Pre-74*	-5.5%	-7.3%	-3.7%	-14.2%
80% Stabilized Pre-74	-2.8%	-3.5%	-3.1%	-4.3%
90% Stabilized Pre-74	-2.9%	-3.5%	-2.9%	-4.7%
100% Stabilized All Years	-3.0%	-3.3%	-2.3%	-5.1%
100% Stabilized Pre-74	-2.8%	-3.3%	-2.7%	-4.5%
Manhattan All Years*	-8.6%	-11.2%	-4.9%	-22.4%
Pre-74*	-8.6%	-11.4%	-5.2%	-23.1%
80% Stabilized Pre-74	-5.1%	-7.1%	-5.4%	-10.6%
90% Stabilized Pre-74	-5.3%	-7.1%	-5.2%	-11.3%

100% Stabilized All Years	-5.9%	-7.0%	-2.8%	-14.5%
100% Stabilized Pre-74	-5.2%	-6.6%	-4.3%	-11.5%
Bronx All Years*	-2.0%	-2.2%	-2.2%	-2.3%
Pre-74*	-2.2%	-2.5%	-2.2%	-3.3%
80% Stabilized Pre-74	-2.3%	-2.5%	-2.4%	-2.9%
90% Stabilized Pre-74	-2.3%	-2.6%	-2.3%	-3.3%
100% Stabilized All Years	-2.0%	-2.2%	-2.1%	-2.5%
100% Stabilized Pre-74	-2.4%	-2.7%	-2.1%	-3.9%
Brooklyn All Years*	-1.8%	-1.9%	-1.8%	-2.2%
Pre-74*	-2.2%	-2.5%	-1.9%	-3.6%
80% Stabilized Pre-74	-1.9%	-2.0%	-1.9%	-2.2%
90% Stabilized Pre-74	-2.0%	-2.1%	-1.9%	-2.6%
100% Stabilized All Years	-1.9%	-1.8%	-1.8%	-2.0%
100% Stabilized Pre-74	-1.9%	-1.9%	-1.8%	-2.2%
Queens All Years*	-2.4%	-2.5%	-2.6%	-2.4%
Pre-74*	-2.5%	-2.6%	-2.5%	-2.8%
80% Stabilized Pre-74	-2.3%	-2.5%	-2.9%	-1.6%
90% Stabilized Pre-74	-2.6%	-2.8%	-2.9%	-2.5%
100% Stabilized All Years	-2.9%	-2.9%	-3.5%	-1.9%
100% Stabilized Pre-74	-3.0%	-3.1%	-3.6%	-1.9%
Staten Island All Years*	0.0%	0.0%	-2.2%	4.8%
Pre-74*	0.2%	0.3%	-4.1%	10.1%
80% Stabilized Pre-74	0.3%	0.3%	-2.6%	7.0%
90% Stabilized Pre-74	0.1%	0.2%	-2.0%	5.0%
100% Stabilized All Years	-0.3%	-0.4%	-1.5%	1.7%
100% Stabilized Pre-74	-0.1%	0.0%	-3.4%	7.4%
Core Manhattan All Years*	-9.9%	-12.9%	-4.8%	-26.6%
Pre-74*	-10.0%	-13.5%	-5.1%	-28.0%
80% Stabilized Pre-74	-8.3%	-12.4%	-5.6%	-24.6%
90% Stabilized Pre-74	-8.6%	-12.7%	-5.3%	-25.3%
100% Stabilized All Years	-8.0%	-10.8%	-0.7%	-25.5%
100% Stabilized Pre-74	-7.6%	-12.4%	-4.0%	-28.1%
Upper Manhattan All Years*	-4.7%	-5.3%	-5.3%	-5.3%
Pre-74*	-5.3%	-5.9%	-5.4%	-7.0%
80% Stabilized Pre-74	-3.5%	-4.1%	-5.4%	-1.2%
90% Stabilized Pre-74	-3.7%	-4.2%	-5.1%	-1.9%
100% Stabilized All Years	-4.3%	-3.9%	-4.2%	-3.3%
100% Stabilized Pre-74	-4.0%	-3.6%	-4.5%	-1.5%
City w/o Core Man All Years*	-2.6%	-2.8%	-2.8%	-2.8%
Pre-74*	-3.0%	-3.3%	-3.0%	-4.0%
80% Stabilized Pre-74	-2.3%	-2.6%	-2.9%	-2.1%
90% Stabilized Pre-74	-2.4%	-2.7%	-2.7%	-2.7%
100% Stabilized All Years	-2.4%	-2.4%	-2.5%	-2.2%
100% Stabilized Pre-74	-2.5%	-2.6%	-2.6%	-2.5%

Source: NYC Department of Finance, RPIE Filings

*All buildings that contain at least one rent stabilized unit in row.

Notes: Data is not weighted, and therefore may differ from that reported in the *2022 Income & Expense Study*. Data is not adjusted for the results of the 1992 NYC Department of Finance audit on I&E reported operating costs. Note that in the longitudinal analysis, there are only 63 buildings of any year, and only 35 pre-1974 buildings, that contain at least one rent stabilized unit in Staten Island.

Rate of Distressed Properties: Core Manhattan vs. City w/o Core

Buildings that have operating and maintenance costs that exceed gross income are considered distressed. Table 5 (below) breaks down the proportion of distressed properties in 2020 among buildings of any age containing stabilized units and compares them to pre-1974 buildings in three areas: Citywide; in Core Manhattan; and in the City excluding Core Manhattan. Distressed rates are a great deal higher among Core Manhattan buildings than elsewhere in the City, especially in pre-1974 buildings. For example, among 100% stabilized buildings in Core Manhattan, the proportion of distressed properties is 13.0% among buildings of any age vs. 16.1% among pre-1974 buildings, a 3.1 percentage point difference. By comparison, among 100% stabilized buildings elsewhere in the City, the proportion of distressed properties is 5.5% among buildings of any age vs. 5.9% among pre-1974 buildings, a 0.4 percentage point difference.

Table 5

	All Buildings Containing Stabilized Units	All Buildings Containing Stabilized Units (Pre-1974 Buildings Only)	80% Stabilized (Pre-1974 Buildings Only)	90% Stabilized (Pre-1974 Buildings Only)	100% Stabilized	100% Stabilized (Pre-1974 Buildings Only)
Distressed Proportion (Proportion of Buildings)						
Citywide	6.5%	6.6%	6.1%	5.9%	6.0%	6.4%
Core Manhattan	9.0%	9.1%	15.4%	13.5%	13.0%	16.1%
City w/o Core Manhattan	5.5%	5.7%	5.5%	5.5%	5.5%	5.9%
Distressed Proportion (Actual Building Counts)						
Citywide	**963**	907	524	457	304	299
Core Manhattan	**368**	324	82	56	41	37
City w/o Core Manhattan	**595**	583	442	401	263	262

Source: NYC Department of Finance, RPIE Filings

[END OF MEMO]

Forecasts of Operating and Maintenance Price Increases for 2022-23

In order to decide upon the allowable rent increases for two-year leases, the RGB considers price changes for operating costs likely to occur over the next year. In making its forecasts the Board relies on expert assessments of likely price trends for the individual components, the history of changes in prices for the individual components and general economic trends. The Board's projections for 2022-23 are set forth in Table 3, which shows the Board's forecasts for price increases for the various categories of operating and maintenance costs.

Table 3

Year-to-Year Percentage Changes in Components of the Price Index of Operating Costs: Actual 2021-22 and Projected 2022-23		
	Price Index 2021-22	Projected Price Index 2022-23
Taxes	-3.7%	5.1%
Labor Costs	4.1%	3.9%
Fuel Oil	19.6%	-1.7%
Utilities	5.8%	2.4%
Maintenance	9.2%	5.7%
Administrative Costs	6.7%	3.1%
Insurance Costs	10.9%	15.4%
Total (Weighted)	**4.2%**	**4.7%**

Source: *2022 Price Index of Operating Costs.*

Overall, the PIOC is expected to grow by 4.7% from 2022 to 2023. Costs are predicted to rise in each component except Fuel, with the largest growth (15.4%) projected to be in Insurance Costs. Other projected increases include Maintenance (5.7%), Labor Costs (3.9%), Administrative Costs (3.1%), and Utilities (2.4%). Taxes, the component that carries the most weight in the Index, is projected to increase 5.1%, while Fuel is projected to decrease 1.7%. Table 3 shows projected changes in PIOC components for 2023. The Core PIOC is projected to rise 5.2%, 0.5 percentage points higher than the overall projected PIOC for rent stabilized apartments.

Commensurate Rent Adjustment

Throughout its history, the Rent Guidelines Board has used formulas, known as commensurate rent adjustments, to help determine annual rent guidelines for rent stabilized apartments. In essence, the "commensurate" combines various data concerning operating costs, revenues and inflation into a single measure to determine how much rents would have to change for net operating income (NOI) for rent stabilized apartments to remain constant. While these formulas do not attempt to adjust rents in deregulated units, the various "commensurate" adjustments described below can provide a foundation for the discussion of prospective guidelines for any building that contains rent stabilized units.[14]

[14] The commensurate rent adjustments were first introduced before deregulation was wide-spread. At their inception, with little to no deregulation, these formulas largely reflected the rent stabilized stock at large, despite being designed to keep NOI constant in only those units

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

The first commensurate method is called the "Net Revenue" approach. While this formula takes into consideration the term of leases actually signed by tenants, it does not adjust owners' NOI for inflation. The "Net Revenue" formula is presented in two ways: first, by adjusting for the mix of lease terms; and second, by adding an assumption for rent stabilized apartment turnover and the subsequent impact on revenue from vacancy leases. Under the "Net Revenue" formula, a guideline that would preserve NOI in the face of this year's 4.2% increase in the PIOC is 3.0% for a one-year lease and 6.0% for a two-year lease. Historically, the formula also includes the impact of estimated revenue from vacancy leases. However, an examination of HCR registration data from 2020 and 2021 (the most recent file available for analysis) for units reporting a vacancy lease showed that the median increase upon vacancy was 0.0%.[15] Therefore, in this year's report, the "Net Revenue" commensurate guideline that includes vacancy is the same as that which does not.

The second commensurate method considers the mix of lease terms while adjusting NOI upward to reflect general inflation, keeping both operating and maintenance (O&M) costs and NOI constant. This is commonly called the "CPI-Adjusted NOI" formula. A guideline that would preserve NOI in the face of the 4.0% increase in the Consumer Price Index (see Endnote 6) and the 4.2% increase in the PIOC is 4.5% for a one-year lease and 9.0% for a two-year lease. As explained in the "Net Revenue" section above, guidelines using this formula and adding the estimated impact of vacancy leases are equal this year.[16]

The third commensurate method, the "traditional" commensurate adjustment, is the formula that has been in use since the inception of the Rent Guidelines Board and is the only method that relies on the PIOC projection. The "traditional" commensurate yields 2.7% for a one-year lease and 4.3% for a two-year lease. This reflects the increase in operating costs of 4.2% found in the 2022 PIOC and the projection of a 4.7% increase next year.

All of these commensurate methods have limitations. The "Net Revenue" formula does not attempt to adjust NOI by the effect of inflation. The "CPI-Adjusted NOI" formula inflates the

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subject to rent stabilization. Note that with deregulation permitted under State law from 1993 through 2019, thousands of buildings now contain both rent stabilized and deregulated units. Because the commensurates were not designed to keep NOI constant in deregulated units (where annual adjustments in rents are subject to changes in the real estate rental market), these formulas will not necessarily keep NOI constant for buildings that contain both rent stabilized and deregulated units.

[15] From 1997 through 2019, vacancy increases of up to 20% were permitted under State law. In 2019, with the passage of the Housing Stability and Tenant Protection Act, vacancy increases were no longer permitted under State law, but vacancy increases equal to renewal lease guidelines were permitted. In addition, any vacant unit where the previous tenant was charged a preferential rent can charge the higher legal rent to the incoming tenant. Therefore, while vacancy increases are no longer permitted under State law, increases upon vacancy are possible. However, under RGB Order #51 (for renewal guidelines during the period of 10/1/19 to 9/30/20), vacancy increases were not specifically authorized. In the next guideline period (Order #52, from 10/1/20 to 9/30/21), while vacancy increases were authorized (in the amount equal to renewal guidelines), the one-year lease renewal guideline was 0.0%, as was the first year of the two-year guideline. While individual units within the HCR registration files showed increases and decreases on a point-to-point basis from April of 2020 to April of 2021 (the most recent file available), the median change was 0.0%.

[16] The following assumptions were used in the computation of the commensurates: (1) the required change in owner revenue is 65.5% of the 2022 PIOC increase of 4.2%, or 2.7%. The 65.5% figure is the most recent ratio of average operating costs to average income in buildings that contain rent stabilized units; (2) for the "CPI-Adjusted NOI" commensurate, the increase in revenue due to the impact of inflation on NOI is 34.5% times the latest 12-month increase in the CPI ending February 2022 (4.0%), or 1.4%; (3) these lease terms are only illustrative—other combinations of one- and two-year guidelines could produce the adjustment in revenue; (4) assumptions regarding lease renewals and turnover were derived from the 2017 Housing and Vacancy Survey; (5) for the commensurate formulas, including the impact on revenue from vacancy leases, a 0.0% increase in vacancy leases was applied to the estimated 10.1% of rent stabilized units that turn over each year (as based on 2017 NYC Housing and Vacancy Survey data). This increase was derived from the median change in rent paid on leases noted as having a rent change due to vacancy in the 2021 HCR registration file (the most recent data available to the RGB). As noted in the text, because it was determined that there was no impact from the revenue derived from vacancy leases, the commensurates that include vacancy equal those that do not; and (6) the collectability of these commensurate adjustments are assumed.

debt service portion of NOI. For both of these commensurate methods, including a consideration of the amount of income owners receive on vacancy (when there is such income) assumes that turnover rates are constant across the City.

As a means of compensating for cost changes, the “traditional” commensurate rent adjustment has two major flaws. First, although the formula is designed to keep owners’ current dollar income constant, the formula does not consider the mix of one- and two-year lease renewals. Since only about two-thirds of leases are renewed in any given year, with a slight majority of leases being renewed having a one-year duration, the formula does not necessarily accurately estimate the amount of income needed to compensate owners for O&M cost changes.[17]

Finally, it is important to note that only the “traditional” commensurate formula uses the PIOC projection and that this projection is not used in conjunction with, or as part of, the “Net Revenue” and “CPI-Adjusted NOI” formulas. As stated previously, all three formulas attempt to compensate owners for the adjustment in their operating and maintenance costs measured each year in the PIOC. The “Net Revenue” and the “CPI-Adjusted NOI” formulas attempt to compensate owners for the adjustment in O&M costs by using only the known PIOC change in costs (4.2%). The traditional method differs from the other formulas in that it uses both the PIOC’s actual change in costs as well as the projected change in costs (4.7%).

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

Consideration of Other Factors

Before determining the guideline, the Board considered other factors affecting the rent stabilized housing stock and the economics of rental housing.

Effective Rates of Interest

The Board took into account current mortgage interest rates and the availability of financing and refinancing. It reviewed the staff's *2022 Mortgage Survey Report* of lending institutions. Table 4 gives the reported rate and points for the past nine years as reported by the mortgage survey.

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

Table 4

2022 Mortgage Survey[18] Average Interest Rates and Points for New Financing of Permanent Mortgage Loans 2014-2022									
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Avg. Rates	4.9%	4.3%	4.0%	4.3%	4.8%	4.7%	4.0%	3.8%	3.9%
Avg. Points	0.54	0.70	0.42	0.44	0.44	0.38	0.22	0.38	0.32

Condition of the Rent Stabilized Housing Stock

The Board reviewed the number of units that are moving out of the rental market due to cooperative and condominium conversion.

Table 5

Number of Cooperative / Condominium Plans[19] Accepted for Filing, 2013-2021									
	2013	2014	2015	2016	2017	2018	2019	2020	2021
New Construction	142	204	212	206	224	233	227	186	183
Conversion Non-Eviction	16	20	28	27	18	11	11	12	4
Conversion Eviction	0	0	0	0	0	0	0	0	0
Rehabilitation	19	36	43	45	33	42	43	37	33
Total	177	260	283	278	275	286	281	235	220
Subtotal:									
HPD Sponsored Plans	1	0	1	0	0	1	0	0	0

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

On June 2, 2022 the staff of the Rent Guidelines Board released a memo to Board members with additional information concerning the *2022 Housing Supply Report*. The memo follows:

[18] Institutions were asked to provide information on their "typical" loan to rent stabilized buildings. Data for each variable in any particular year and from year to year may be based upon responses from a different number of institutions.

[19] The figures given above for eviction and non-eviction plans include those that are abandoned because an insufficient percentage of units were sold within the 15-month deadline. In addition, some of the eviction plans accepted for filing may have subsequently been amended or resubmitted as non-eviction plans and therefore may be reflected in both categories. HPD-sponsored plans are a subset of the total plans. Some numbers revised from prior years.

[START OF MEMO]

At the May 26, 2022 *Housing Supply Report* presentation, three questions were asked for which an immediate answer could not be provided. Answers follow.

Question 1: Can you provide overcrowding rates from the Housing and Vacancy Survey over time?

As reported in the *2022 Housing Supply Report* (as based on data obtained from the NYC Department of Housing Preservation and Development from the *2021 New York City Housing and Vacancy Survey*), 9.4% of all rental housing in NYC was overcrowded (defined as more than two persons per bedroom, or more than two people in a studio apartment). For rent stabilized housing, the *2021 HVS* found that 13.1% was overcrowded, as was 7.2% of private, unregulated rental units. Note that the definition for "overcrowded" was changed in the *2021 HVS*. In previous *HVS* surveys, overcrowded was defined as more than one person per room. The overcrowding rates for all rental units, rent stabilized units, and private, unregulated units are presented in the table below. Note that 2021 data cannot be compared to data from previous years, due to the definition change of overcrowding.

Overcrowding Rates, NYC Housing and Vacancy Surveys (2011-2021)

HVS Year	All Rental Units	Rent Stabilized	Private, Unregulated
2011*	11.5%	13.8%	10.9%
2014*	12.2%	14.9%	11.3%
2017*	11.5%	13.1%	11.3%
2021**	9.4%	13.1%	7.2%

Source: NYC Housing and Vacancy Surveys (2011-2021)
*Overcrowding rate definition: More than one person per room
**Overcrowding rate definition: More than two persons per bedroom, or more than two persons per studio apartment (data not comparable to prior years).

Question 2: Can you provide the vacancy rate and unit count for rent stabilized units built prior to 1974 and those built in 1974 or later?

Per data from the "2021 New York City Housing and Vacancy Survey Selected Initial Findings," published by the NYC Department of Housing Preservation and Development in May of 2022, the overall net rental vacancy rate was 4.54% in 2021 (with a margin of error of ± 0.44%). For rent stabilized units, the net vacancy rate was 4.57% (with a margin of error of ± 0.71%).

The "2021 New York City Housing and Vacancy Survey Selected Initial Findings" provides the count and vacancy rate for pre-74 units subject to rent stabilization through the Emergency Tenant Protection Act (ETPA) of 1974, but not based on year built alone. The ETPA of 1974 generally instituted rent stabilization for buildings with six or more units built prior to 1974. The net vacancy rate for those units subject to rent stabilization due to the ETPA was 3.05% (with a margin of error of ± 0.67%). The net vacancy rate was not provided for those units subject to rent stabilization for reasons other than the ETPA.

The "2021 New York City Housing and Vacancy Survey Selected Initial Findings" also reports that there were a total of 1,006,000 occupied and vacant rent stabilized units in 2021 (noted as being slightly higher than 2017, but within the margin of error). Of these units, 773,200 (or almost 77%) were rent stabilized due to the ETPA. The remaining units, 232,800, were subject to rent stabilization for reasons other than the ETPA.

Question 3: Can you provide the number of rent stabilized units that are part of the 421-a program?

Per data from the NYC Department of Finance, in Fiscal Year 2022, approximately 137,000 rental units will benefit from 421-a tax exemptions. They do not indicate how many of these units are subject to rent stabilization. Owners, in the early version of the 2021 NYS Homes and Community Renewal (HCR) registration file, indicated that 97,400 units were part of the 421-a program (of 852,866 units in total). Note that the registration file that the RGB currently has access to is not final and HCR continues to receive late registrations. For instance, in April of 2021, HCR reported that they had received 850,607 registration records for 2020, but by April of 2022, this figure was updated to 901,659.

[END OF MEMO]

Consumer Price Index

The Board reviewed the Consumer Price Index. Table 6 shows the percentage change for the NY-Northeastern NJ Metropolitan area since 2015.

Table 6

Percentage Changes in the Consumer Price Index for the New York City - Northeastern New Jersey Metropolitan Area, 2015-2022 (For "All Urban Consumers")								
	2015	2016	2017	2018	2019	2020	2021	2022
1st Quarter Avg.[20]	-0.2%	0.7%	2.5%	1.6%	1.5%	2.3%	1.5%	5.5%
Yearly Avg.	0.1%	1.1%	2.0%	1.9%	1.7%	1.7%	3.6%	--

Source: U.S. Bureau of Labor Statistics.

Calculation of the Current Operating and Maintenance Expense to Income Ratio

Each year the Board estimates the current average proportion of the rent roll which owners spend on operating and maintenance costs. This figure is used to ensure that the rent increases granted by the Board compensate owners for the increases in operating and maintenance expenses. This is commonly referred to as the O&M to income ratio.

With current longitudinal income and expense data, staff has constructed an index, using 1989 as a base year. This index is labeled as Table 7. Except for the last three years, this index measures past changes in building income and operating expenses as reported in annual income and expense statements. The second- and third-to-latest years in the table reflect actual PIOC increases and projected rent changes. The last year in the table - projecting into the future - include staff projections for both expenses and rents.

In order to calculate the change in income for the latest three years, staff uses the RGB Rent Index. The RGB Index calculates the change in rent based on the guidelines passed by the Board, as well as the change in rent upon vacancy. The RGB Index is calculated using the adjustments authorized in applicable Apartment and Loft Orders and the change in rents upon vacancy (most recently, 2.57%). Then, in order to represent the same 12-month time period as the change in costs, measured change in income is adjusted to match the same period as measured change in costs. Therefore, the change in rent incorporates seven months of the previous Rent Index (7/12 or 58.3%), plus five months of the most recent Rent Index, (5/12 or 41.7%).

However, this index is not without limitations. First, as noted, for the latest two years of the index, it will continue to rely upon the price index and staff rent and cost projections. Second, while this table looks at the overall relationship between costs and income, it does not measure the specific impact of any change in rent regulation on that relationship.

[20] First Quarter Average refers to the change of the CPI average of the first three months of one year to the average of the first three months of the following year. Some numbers have been revised from prior years.

Table 7

Revised Calculation of Operating and Maintenance Cost Ratio for Rent Stabilized Buildings from 1989 to 2023			
Year[21]	Average Monthly O & M Per d.u.[22]	Average Monthly Income Per d.u.	Average O & M to Income Ratio
1989	$370 ($340)	$567	.65 (.60)
1990	$382 ($351)	$564	.68 (.62)
1991	$382 ($351)	$559	.68 (.63)
1992	$395 ($363)	$576	.69 (.63)
1993	$409 ($376)	$601	.68 (.63)
1994	$415 ($381)	$628	.66 (.61)
1995	$425 ($391)	$657	.65 (.59)
1996	$444 ($408)	$679	.65 (.60)
1997	$458 ($421)	$724	.63 (.58)
1998	$459 ($422)	$755	.61 (.56)
1999	$464 ($426)	$778	.60 (.55)
2000	$503 ($462)	$822	.61 (.56)
2001	$531 ($488)	$868	.61 (.56)
2002	$570 ($524)	$912	.63 (.57)
2003	$618 ($567)	$912	.68 (.62)
2004	$654 ($601)	$969	.67 (.62)
2005	$679 ($624)	$961	.71 (.65)
2006	$695 ($638)	$1,009	.69 (.63)
2007	$738 ($678)	$1,088	.68 (.62)
2008	$790 ($726)	$1,129	.70 (.64)
2009	$781 ($717)	$1,142	.68 (.63)
2010	$790 ($726)	$1,171	.67 (.62)
2011	$812 ($746)	$1,208	.68 (.63)
2012	$841 ($772)	$1,277	.66 (.60)
2013	$884 ($812)	$1,337	.66 (.61)
2014	$946 ($869)	$1,434	.66 (.61)
2015	$960 ($882)	$1,487	.64 (.59)
2016	$985 ($905)	$1,552	.63 (.58)
2017	$984 ($904)	$1,524	.65 (.59)
2018	$1,034 ($950)	$1,568	.66 (.61)
2019	$1,070 ($983)	$1,626	.66 (.61)
2020	$1,035 ($951)	$1,580	.66 (.60)
2021[23]	$1,066 ($979)	$1,600	.67 (.61)
2022[24]	$1,111 ($1,020)	$1,616	.69 (.63)
2023[25]	$1,163 ($1,068)	$1,651	.70 (.65)

Source: RGB Income and Expense Studies, 1989-2022; Price Index of Operating Costs, 2021 – 2022
RGB Rent Index for 2018 – 2022.

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21 The O&M and income data from 2008 to 2011 has been revised from that reported in previous explanatory statements to reflect actual, rather than estimated, expense and income data.

22 Operating and expense data listed is based upon unaudited filings with the Department of Finance. Audits of 46 buildings conducted in 1992 suggest that expenses may be overstated by 8% on average. Figures in parentheses are adjusted to reflect these findings.

23 Estimated expense figure includes 2021 expense updated by the PIOC for the period from 3/1/20 through 2/28/21 (3.0%). Income includes the income for 2021 updated by staff estimate based upon renewal guidelines and choice of lease terms for a period from 3/1/20 through 2/28/21 (1.26% --- i.e., the 10/1/19 to 9/30/20 rent projection (1.87%) times (.583), plus the 10/1/20 to 9/30/21 rent projection (0.40%) times (.417)).

24 Estimated expense figure includes 2022 expense updated by the PIOC for the period from 3/1/21 through 2/29/22 (4.2%). Income includes the income for 2022 updated by staff estimate based upon renewal guidelines and choice of lease terms for a period from 3/1/21 through 2/28/22 (1.01% --- i.e., the 10/1/20 to 9/30/21 rent projection (0.40%) times (.583), plus the 10/1/21 to 9/30/22 rent projection (1.86%) times (.417)).

25 Estimated expense figure includes 2022 expense estimate updated by the 2022 PIOC projection for the period from 3/1/22 through 2/28/23 (4.7%). Income includes the income estimate for 2023 updated by staff estimate based upon renewal guidelines and choice of lease terms for a period from 3/1/21 through 2/28/22 (2.15% - i.e., the 10/1/21 to 9/30/22 rent projection (1.86%) times (.583), plus the 10/1/22 to 9/30/23 rent projection (2.57%) times (.417)).

Changes in Housing Affordability

NYC's economy in 2021 showed many strengths as compared with the preceding year. Positive indicators include rising employment levels, which increased by 2.1%. Gross City Product also increased, rising in inflation-adjusted terms by 5.6% in 2021. The unemployment rate fell, decreasing by 2.5 percentage points, to 9.9%. Both average wages and total wages increased in the most recent 12-month period, rising by an inflation-adjusted 6.8% and 3.2%, respectively. Personal bankruptcy filings also fell in 2021, dropping 24.2%, to their lowest level since at least 2000. Concurrent with various eviction moratoriums, homeless levels also fell for the third consecutive year, by 14.4%, as did evictions (which fell by 95.5%), and both non-payment filings and non-payment calendared cases in Housing Court (which fell by 47.8% and 54.2%, respectively).

However, negative indicators include an increase in caseloads for cash assistance of 2.3%; for SNAP (food stamps) of 5.3%; and for Medicaid of 2.5%. In addition, while many indicators are positive as compared to 2020, this is not necessarily the case when measured against 2019 (the last full year preceding the pandemic). Inflation-adjusted GCP was slightly lower in 2021 than 2019, while the unemployment rate is much higher and employment levels are much lower. It is also expected that both non-payment filings and evictions will increase sharply by the end of 2022, following the end of the eviction moratorium.

The most recent quarter for which there is comprehensive data is the fourth quarter of 2021. As compared to the fourth quarter of 2020, the fourth quarter of 2021 shows many positive indicators, including the unemployment rate, down 5.8 percentage points; employment levels, up 5.8%; GCP, up 4.0% in real terms; homeless levels, down 15.0%; cash assistance caseloads, down 1.3%; Medicaid enrollees, down 0.1%; and in Housing Court, the number of non-payment filings, down 61.9% and the number of non-payment cases heard (calendared), down 75.0%.[26] However, SNAP caseloads are up 0.5%. Appendix 8 summarizes the change in each of these data points for each quarter of 2021.

Fourth quarter data can also be analyzed in relation to the third quarter of 2021, to illustrate more recent trends. As based on seasonally adjusted employment data, there was a decrease of 1.5 percentage points in the NYC unemployment rate in the fourth quarter of 2021 as compared to the third, and an increase of 1.9% in total employment. There was also a decrease of 1.7% in SNAP caseloads, 1.6% in Medicaid enrollees, and 15.8% in non-payment calendared cases in Housing Court. GCP in real terms also increased on an annualized basis, up by 1.9%. However, homeless levels were up 1.3%; cash assistance caseloads were up 3.4%; and in Housing Court, non-payment filings were up 11.8% in the fourth quarter of 2021 as compared to the third.

On May 3, 2022 the staff of the Rent Guidelines Board released a memo to Board members with additional information concerning the *2022 Income & Affordability Study*, as well as 2021 NYC Housing and Vacancy Survey selected data points. The memo follows:

[START OF MEMO]

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

At the April 20, 2022 *Income & Affordability Study* (I&A) presentation, three questions were asked for which an immediate answer could not be provided. Answers follow. In addition, selected data points from the *2021 NYC Housing and Vacancy Survey*, which were not yet available for publication in the *I&A*, are presented at the end of this memo.

Question 1: What is the count of unsheltered homeless persons?

Jurisdictions around the country provide the U.S. Department of Housing and Urban Development (HUD) with a count of both unsheltered and sheltered homeless persons, in January of each year. The data for NYC and the nation as a whole from the HUD publication that reports this data ("The Annual Homeless Assessment Report (AHAR) to Congress") is normally presented each year as part of the RGB's annual *Income & Affordability Study*. As noted in this year's report, due to the pandemic, HUD allowed communities to opt-out of unsheltered censuses in 2021, and report solely sheltered data. While some communities chose to conduct their unsheltered censuses, the data from specific jurisdictions was not presented in the AHAR report.

However, the NYC Department of Homeless Services (DHS) chose to conduct their unsheltered census in January of 2021, and provided data to the public in May of 2021. Per the study's results, there was an estimated 2,376 unsheltered individuals in NYC on January 26th, 2021. This is a decrease of 38% from 2020. As compared to 2020, DHS found a decrease of 50% in homeless on the street and a decrease of 23% of homeless in the subways. By borough, they found an overall decrease of 16% in Staten Island; 37% in the Bronx; 45% in Manhattan; 60% in Queens; and 71% in Brooklyn.

As an explanation for the decrease, DHS noted the following: "The MTA shutdown the subways from 1am to 5am. In response, the City developed and implemented extensive, expanded efforts to engage individuals on the subways during the closure period, especially at End of Line stations. Through these efforts, outreach teams helped hundreds of individuals accept and access shelter services. The City also dramatically expanded resources dedicated to serving and supporting New Yorkers who've lived unsheltered: since HOPE 2020, NYC has opened more than 1,300 specialized beds to help these formerly unsheltered individuals get back on their feet. The City also implemented the life-saving strategy of relocating thousands of DHS Single Adult shelter system clients from congregate shelters to commercial hotels to promote social distancing and reduce the risk of COVID-19. As a result, outreach teams were also able to offer this shelter option to unsheltered individuals they engaged, as well as the option of stabilization beds established in commercial hotels."

The full report can be found at: https://www1.nyc.gov/assets/dhs/downloads/pdf/hope-2021-results.pdfor context, on this same day, DHS reported a decrease of 11.7% in their shelters (from 59,803 on January 26, 2020 to 52,833 on January 26, 2021). Per the data submitted to HUD, there were a total of 65,975 sheltered persons in NYC in January of 2021, a decrease of 10.9% from the prior year.

Question 2: Can you provide an explanation for why homeless levels fell in 2021?

In the Preliminary FY 2022 Mayor's Management Report, DHS notes the following: "During the first four months of Fiscal 2022, the average number of families with children, adult families, and single adults in shelter per day all declined compared to the same period in Fiscal 2021. The number of families with children in shelter was declining before the COVID-19 pandemic due to investments in prevention and rehousing programs, including rental assistance. The pandemic eviction moratorium also contributed to further declines in entrants to shelter for Adult Families and Families with Children. Single adult entrants to shelter increased 5.6 percent but remain below pre-pandemic levels."

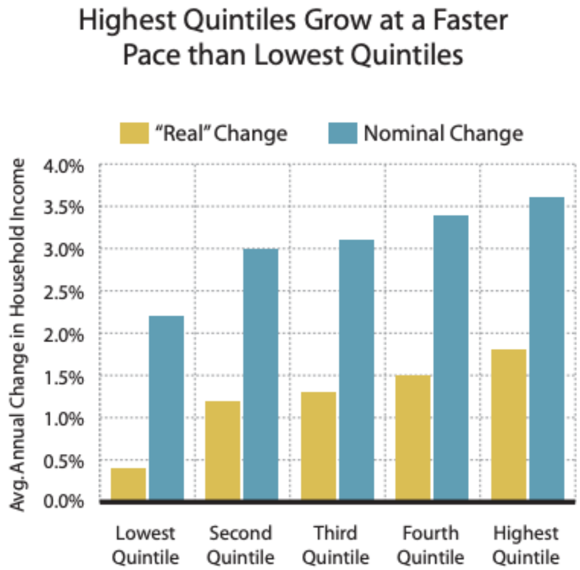
The FY 2021 Mayor's Management Report also comments on the decline in the shelter population: "In Fiscal 2021, the average number of adult families and families with children in shelter per day declined by 19.2 percent and 16.2 percent respectively compared to the prior year, driven primarily by fewer entrants to shelter and continuing exits to permanent housing despite the pandemic. Adult families and families with children entering DHS shelter decreased by 52.8 percent and 39.5 percent, respectively. DHS has made progress reducing the number of families experiencing homelessness and residing in shelter on any given night, with the peak number of individuals in those families declining by over 10,000 between 2014 and 2021. The decline of families in shelter began prior to the pandemic and can be attributed, in part, to several factors: the increase in legal services funding over the last few years; an increase in payments for rent arrears and a resultant decline in evictions; and increases in subsidized housing placements since the inception of the City's rental assistance and rehousing programs in 2014. The onset of the COVID-19 pandemic was correlated with a further decline in family shelter entries, as evictions were suspended, some families may have sheltered in place, and exits to subsidized housing continued."

Question 3: Can you provide the change in wages/household income by quintiles?

The *I&A* report normally provides in-depth data from the annual *American Community Survey*, including the change in household income by quintiles. However, as noted in the *2022 I&A*, ACS data for the most recent year (2020) suffered from data issues and a low responses rate, and the Census Bureau does not recommend comparing data from 2020 to other years. The following text and graph are from the *2021 I&A Study*, analyzing data from 2006-2019 (the earliest and latest years available for analysis):

"Looking at household income by quintiles can also provide an insight into how quickly or slowly income in each of the categories is growing over time. While not necessarily true in each individual year, over the time period of 2006-2019 (the earliest and latest time periods available for analysis), income grew at faster pace for those in the higher quintiles versus those in the lower quintiles. Point-to-point comparisons show that for the lowest quintile (the bottom 20% of income levels), household income grew by 5.1% in inflation-adjusted ("real") terms, and rose by 32.5% in nominal terms from 2006 to 2019. For those households in the highest quintile (the top 20% of income levels), household income in 2019 rose 25.9% in real terms and 58.7% in nominal terms, as compared to 2006. Looking at the change in income on a year-to-year basis between 2006 and 2019, in real terms household income rose by an average of 0.4% each year for the lowest quintile and rose by an average of 1.8% annually for the highest quintile."

Average Annual Household Income Change by Quintiles, 2006-2019



Source: American Community Survey, 2006-2019

The following table is not published in the *I&A*, but provides the basis for the written text. The table provides the inflation-adjusted mean income, by quintile, for NYC residents in each year between 2006 and 2019, as well as the point-to-point change in inflation-adjusted income from 2006 to 2019.

Mean Inflation-Adjusted Household Income In 2019 Dollars, By Quintile (ACS)

Year	Lowest Quintile	Second Quintile	Third Quintile	Fourth Quintile	Highest Quintile	Top 5%
2006	$10,455	$31,560	$58,659	$96,766	$250,368	$492,601
2007	$11,065	$32,586	$59,694	$98,176	$263,082	$530,827
2008	$10,927	$32,871	$60,552	$100,410	$271,876	$547,203
2009	$10,679	$31,933	$59,295	$99,338	$267,209	$537,488
2010	$10,419	$30,645	$56,380	$95,312	$247,824	$484,734
2011	$9,931	$29,212	$55,524	$94,804	$250,728	$492,832
2012	$9,838	$29,477	$56,059	$94,385	$245,438	$481,173
2013	$9,951	$30,198	$57,105	$97,712	$261,498	$521,795
2014	$9,683	$29,857	$57,327	$97,713	$261,610	$520,442
2015	$10,156	$31,249	$59,546	$101,523	$276,223	$557,129
2016	$10,254	$32,388	$62,103	$105,389	$281,850	$558,828
2017	$10,179	$32,875	$63,457	$108,972	$291,266	$576,734
2018	$10,607	$33,897	$65,447	$111,821	$296,111	$577,674
2019	$10,988	$36,677	$69,581	$118,050	$315,212	$621,371
Point-to-Point Change, 2006-2019	5.1%	16.2%	18.6%	22.0%	25.9%	26.1%

Source: American Community Survey, 2006-2019

The following table is not published in the *I&A*, but provides the basis for the written text. The table provides the change in inflation-adjusted mean income, by quintile, for NYC residents in each year between 2006 and 2019, as well as the average annual change in inflation-adjusted income from 2006 to 2019.

Change in Mean Inflation-Adjusted Household Income, By Quintile (ACS)

Year	Lowest Quintile	Second Quintile	Third Quintile	Fourth Quintile	Highest Quintile	Top 5%
2007	5.8%	3.3%	1.8%	1.5%	5.1%	7.8%
2008	-1.2%	0.9%	1.4%	2.3%	3.3%	3.1%
2009	-2.3%	-2.9%	-2.1%	-1.1%	-1.7%	-1.8%
2010	-2.4%	-4.0%	-4.9%	-4.1%	-7.3%	-9.8%
2011	-4.7%	-4.7%	-1.5%	-0.5%	1.2%	1.7%
2012	-0.9%	0.9%	1.0%	-0.4%	-2.1%	-2.4%
2013	1.2%	2.4%	1.9%	3.5%	6.5%	8.4%
2014	-2.7%	-1.1%	0.4%	0.0%	0.0%	-0.3%
2015	4.9%	4.7%	3.9%	3.9%	5.6%	7.0%
2016	1.0%	3.6%	4.3%	3.8%	2.0%	0.3%
2017	-0.7%	1.5%	2.2%	3.4%	3.3%	3.2%
2018	4.2%	3.1%	3.1%	2.6%	1.7%	0.2%
2019	3.6%	8.2%	6.3%	5.6%	6.5%	7.6%
Average Annual Change, 2006-2019	0.4%	1.2%	1.3%	1.5%	1.8%	1.8%

Source: American Community Survey, 2006-2019

The NYC Independent Budget Office (IBO) analyzes tax returns from NYC residents each year and reports on the change in income, by income group. Its written report does not compare incomes by quintile, but rather by four different income group categories – Under $40,000; $40,000-$149,999; $150,000-$999,999; and $1,000,000 and more. The most recent report analyzes 2019 data from tax filers in NYC. Per the report, between 2018 and 2019, total income from wages rose 5.8% for all filers. By income group, total income grew by 1.0% for those making under $40,000; 5.8% for those making $40,000-$149,999; 8.1% for those making $150,000-$999,999; and 4.9% for those making $1,000,000 or more. The full report can be found at: https://ibo.nyc.ny.us/cgi-park2/2021/11/highlights-from-ibos-updated-tables-on-new-york-city-residents-income-income-tax-liability/.

IBO also provides summary data of NYC resident's tax filings from each year from 2006-2019. The summary data can be found at: https://ibo.nyc.ny.us/fiscalhistory.html#taxliability. The tables on the following page use summary IBO data to report inflation-adjusted total wages (in millions) by quintile, as well as the change from year to year. As with the ACS data, the point-to-point change from 2006 to 2019 is calculated, as is the average annual change from 2006-2019. Note that the data presented in the *ACS* tables (above) differs from the IBO tables (below) in two key ways. The *ACS* data reports on household income, while the IBO data reports on wages/salaries. In addition, the *ACS* data reports *average* household income, while the IBO data reports *total* wages.

Inflation-Adjusted Total Wages In 2019 Dollars (in Millions), By Quintile (IBO)

Year	Lowest Quintile	Second Quintile	Third Quintile	Fourth Quintile	Highest Quintile	All Filers
2006	$2,333	$9,588	$21,768	$37,759	$125,051	$196,500
2007	$2,313	$9,535	$22,318	$38,817	$137,755	$210,736
2008	$2,490	$9,503	$22,682	$39,272	$136,811	$210,757
2009	$2,388	$8,216	$20,655	$38,203	$124,619	$194,081
2010	$2,216	$8,087	$19,865	$37,868	$130,434	$198,470
2011	$2,105	$8,280	$20,219	$38,807	$133,003	$202,414
2012	$2,478	$8,579	$20,533	$39,338	$134,765	$205,694
2013	$2,211	$8,744	$20,675	$39,717	$135,746	$207,093
2014	$2,372	$9,315	$21,832	$41,890	$146,424	$221,833
2015	$2,431	$10,275	$23,269	$44,014	$151,913	$231,902
2016	$2,564	$10,740	$24,002	$44,922	$151,641	$233,868
2017	$2,648	$11,390	$25,029	$46,353	$162,555	$247,975
2018	$2,757	$12,579	$26,459	$47,861	$160,790	$250,446
2019	$2,677	$13,039	$27,926	$49,750	$167,197	$260,588
Point-to-Point Change, 2006-2019	14.7%	36.0%	28.3%	31.8%	33.7%	32.6%

SOURCE: INDEPENDENT BUDGET OFFICE, NEW YORK CITY RESIDENTS' INCOME AND TAX LIABILITY (2006-2019)

Change in Inflation-Adjusted Total Wages, By Quintile (IBO)

Year	Lowest Quintile	Second Quintile	Third Quintile	Fourth Quintile	Highest Quintile	Top 5%
2007	-0.9%	-0.6%	2.5%	2.8%	10.2%	7.2%
2008	7.7%	-0.3%	1.6%	1.2%	-0.7%	0.0%
2009	-4.1%	-13.5%	-8.9%	-2.7%	-8.9%	-7.9%
2010	-7.2%	-1.6%	-3.8%	-0.9%	4.7%	2.3%
2011	-5.0%	2.4%	1.8%	2.5%	2.0%	2.0%
2012	17.7%	3.6%	1.6%	1.4%	1.3%	1.6%
2013	-10.8%	1.9%	0.7%	1.0%	0.7%	0.7%
2014	7.3%	6.5%	5.6%	5.5%	7.9%	7.1%
2015	2.5%	10.3%	6.6%	5.1%	3.7%	4.5%
2016	5.4%	4.5%	3.1%	2.1%	-0.2%	0.8%
2017	3.3%	6.0%	4.3%	3.2%	7.2%	6.0%
2018	4.1%	10.4%	5.7%	3.3%	-1.1%	1.0%
2019	-2.9%	3.7%	5.5%	3.9%	4.0%	4.0%
Average Annual Change, 2006-2019	1.1%	2.4%	1.9%	2.1%	2.3%	2.2%

Source: Independent Budget Office, New York City Residents' Income and Tax Liability (2006-2019)

On April 29, 2022, at the request of the RGB, the NYC Department of Housing Preservation and Development (HPD) released some preliminary findings from the *2021 NYC Housing and Vacancy Survey* to the RGB. The data includes a count of occupied housing units; median household income; median contract and gross rent; median contract and gross rent-to-income ratios; and the proportion of rent burdened households. Standard errors and margins of errors for the following data are also available, upon request. While no additional data can be requested at this time, HPD expects to provide more comprehensive data (including vacancy rates) when they release their "Selected Initial Findings."

NYCHVS

New York City Housing and Vacancy Survey

These estimates are special tabulations requested through the New York City Department of Housing Preservation and Development Survey Sponsor Data Center (SSDC) for the use of the Rent Guidelines Board deliberations. The U.S. Census Bureau reviewed this data product for unauthorized disclosure of confidential information and approved the disclosure avoidance practices applied to this release. CBDRB-FY22-199.

Count of Occupied Units, by Housing Type, 2021 HVS

	Estimated Units
Owner-occupied	986,100
Condominium[27]	115,600
Private Cooperative[28]	212,100
Owner, Other[29]	606,100
Regulated Owner[30, 31]	52,320
Renter-occupied	2,171,000
Private, Non-Regulated	968,900

27 The 2021 NYCHVS identified units as "owner-occupied private condo" primarily using administrative data and relying on self-report to supplement where administrative records were unavailable. In prior cycles, the condo determination was made solely based on self-report. These condos were identified as private if they did not match with administrative records of affordable condos. In prior cycles, the condo determination was made solely on self-report and did not distinguish based on affordability.

28 The 2021 NYCHVS identified units as "owner-occupied private co-op" primarily using administrative data, relying on self-report where administrative records were unavailable. These co-ops were identified as private if they did not match with administrative records of Mitchell Lama or other affordable co-ops. In prior cycles the co-op determination relied solely on self-report and excluded only Mitchell Lama co-ops.

29 In the 2021 NYCHVS, the CSR category of "Owner, Other" corresponds to previous CSR values of "1. Owner occupied conventional."

30 Unlike other owner-occupied categories, the estimate for occupied "Regulated Owner" does not correspond to the entire CSR category of "Regulated Owner," which includes vacant, available for sale units.

31 The 2021 NYCHVS identified units as "other regulated owner" based on administrative records for Mitchell Lama Co-op and other affordable condos, co-ops, and conventional homes in addition to self-report about the unit and occupant. In recent cycles Mitchell Lama Co-op was its own category and these other types of housing were not specifically identified and appeared as part of multiple other categories.

Rent Stabilized[32]	960,000
Public Housing	172,600
Rent Control or Other Regulated Rental[33,34]	69,560
Total occupied	3,157,000

Median household income,[35] by Housing Type, 2021 HVS

	Estimates
Owner occupied units	$98,000
Renter occupied units	$50,000
Rent Stabilized[36]	$47,000
Private, Non-Regulated	$62,960
Public Housing	$18,530
Rent Control or Other Regulated Rental[37]	$24,000
All occupied units	$60,550

Median Monthly Rent, 2021 HVS

	Estimates	
	Contract Rent[38]	Gross Rent[39]
All Renters	$1,500	$1,650
Rent Stabilized[40]	$1,400	$1,547
Private, Non-Regulated	$1,825	$1,950
Public housing	$500	$510
Rent Control or Other Regulated Rental[41]	$1,100	$1,187

32 Similar to prior cycles, the 2021 NYCHVS identified units as subject to rent stabilization ("rent stabilized") based on a combination of administrative records and self-report. However, the 2021 NYCHVS utilized several additional sources of administrative records and implemented additional logic to account for various recent programmatic and legislative changes. These changes supplement prior definitional changes implemented in 2017 and prior cycles.

33 The 2021 NYCHVS identified an occupied unit as subject to rent control ("rent controlled") based on a combination of self-report and administrative records. Unlike prior cycles, the determination of rent control status was based on information about all occupants, rather than only the respondent as was done in prior cycles.

34 The 2021 NYCHVS identified units as "other regulated renter" based on administrative records for Mitchell Lama rental units, affordable rental units financed by New York State or NYC HPD or HDC that are not otherwise classified as rent stabilized, units under the supervision of the NYC Loft Board, and in rem units, in addition to self-report about the unit and occupant. The 2021 NYCHVS did not identify units in Article 4 buildings, or buildings regulated solely by HUD and not a state or local housing agency. In recent cycles, in rem was its own category; Mitchell Lama rental units were combined with Article 4 buildings; and units under supervision of the Loft Board were combined with HUD-regulated units. These changes supplement prior definitional changes implemented in 2017 and prior cycles.

35 The NYCHVS Income measure changed from prior years in the following ways. Questions related to income were substantially restructured in their phrasing and administration; additional sources of income were included (for example, FMLA and worker compensation).

36 See Footnote 33.

37 See Footnotes 34 and 35.

38 The 2021 NYCHVS Contract Rent measure has changed in the following ways. The 2021 NYCHVS added a reference period for information about rent amount ("last month") and specified that it should be inclusive of any fees.

39 The 2021 NYCHVS Gross Rent measure continues to provide a recoded amount for both Contract Rent and Utilities that are not otherwise paid as part of the rent. However, the estimation of the utility portion of this measure has changed in the following ways. In 2021 NYCHVS included updates to question phrasing and administration and added a seasonal adjustment for electricity and gas costs based on respondent reporting of summer and winter utility costs.

40 See Footnote 33.

41 See Footnotes 34 and 35.

Median rent amount/income ratio,[42,43] 2021 HVS

	Estimates	
	Contract Rent[44]	Gross Rent[45]
All renters	32.6%	34.3%
Rent Stabilized, all households[46]	33.6%	36.2%
Rent Stabilized, excluding vouchers and other rental assistance[47]	30.0%	32.2%
Private, Non-Regulated	31.3%	32.9%
Public Housing	30.0%	30.3%
Rent Control or Other Regulated Rental[48]	36.8%	42.8%

Contract Rent Burden,[49] 2021 HVS

	Estimates		
	Rent burdened (contract)	Severely rent burdened (contract)	Not rent burdened (contract)
All renters	21%	34%	45%
Rent Stabilized[50]	21%	37%	43%
Private, Non-Regulated	21%	31%	48%
Public Housing	20%	33%	47%
Rent Control or Other Regulated Rental[51]	19%	42%	39%

Notes: “Rent burdened” is defined as the proportion of households paying more than 30 percent of household income towards contract rent; “severely rent burdened” is defined as the proportion of households paying more than 50 percent of household income towards contract rent.

42 Information about Contract Rent Burden in the 2021 NYCHVS has changed from prior years in the following ways. This measure was calculated using values that have not been top-coded for Income and Contract Rent, whereas prior cycles used top-coded values for both variables. See also changes to Contract Rent and Household Income for additional changes that impact this measure.
43 Information about Gross Rent Burden in the 2021 NYCHVS has changed from prior years in the following ways. This measure was calculated using values that have not been top-coded for Income and Gross Rent, whereas the 2017 NYCHVS used top-coded values for both variables. See also changes to Gross Rent and Household Income for additional changes that impact this measure.
44 See Footnote 43.
45 See Footnote 44.
46 See Footnote 41.
47 See Footnote 49.
48 See Footnotes 34 and 35.
49 See Footnote 43.
50 See Footnote 33.
51 See Footnotes 34 and 35.

Contract Rent Burden[52] (Means-tested Assistance Separate),[53] 2021 HVS

	Estimates			
	Rent burdened (contract)	Severely rent burdened (contract)	Not rent burdened (contract)	Receiving Secondary Assistance (contract)
All renters	18%	28%	40%	14%
Rent Stabilized[54]	20%	31%	41%	8%
Private, Non-Regulated	20%	29%	47%	3%
Public Housing	(X)	(X)	(X)	100%
Rent Control or Other Regulated Rental[55]	15%	28%	34%	23%

Notes: "Rent burdened" is defined as the proportion of households paying more than 30 percent of household income towards contract rent; "severely rent burdened" is defined as the proportion of households paying more than 50 percent of household income towards contract rent.

Gross Rent Burden,[56] 2021 HVS

	Estimates		
	Rent burdened (gross)	Severely rent burdened (gross)	Not rent burdened (gross)
All renters	21%	37%	42%
Rent Stabilized[57]	21%	40%	39%
Private, Non-Regulated	22%	33%	45%
Public Housing	21%	33%	46%
Rent Control or Other Regulated Rental[58]	19%	47%	34%

Notes: "Rent burdened" is defined as the proportion of households paying more than 30 percent of household income towards gross rent; "severely rent burdened" is defined as the proportion of households paying more than 50 percent of household income towards gross rent.

Source: NYC Housing and Vacancy Survey, 2021. US Census Bureau/NYC Dept of Housing Preservation and Development.

52 See Footnote 43.
53 Information about Rental Assistance in the 2021 NYCHVS has changed from prior years in the following ways. Questionnaire phrasing and administration were changed, and answer choices were updated to reflect common rental assistance programs in NYC.
54 See Footnote 33.
55 See Footnotes 34 and 35.
56 See Footnote 44.
57 See Footnote 33.
58 See Footnotes 34 and 35.

Note about rounding: As part of disclosure avoidance procedures applied to the 2021 NYCHVS, all estimates are rounded to 4 significant digits. Therefore, totals may not match because of this rounding. Percentages are calculated from rounded estimates.

[END OF MEMO]

Buildings with Different Fuel and Utility Arrangements

The Board was also informed of the circumstances of buildings with different fuel and utility arrangements including buildings that are master-metered for electricity and that are heated with gas versus oil (see Table 8). Under some of the Board's Orders in the past, separate adjustments have been established for buildings in certain of these categories where there were indications of drastically different changes in costs in comparison to the generally prevailing fuel and utility arrangements. This year the Board did not make a distinction between guidelines for buildings with different fuel and utility arrangements under Order 54.

Table 8

Changes in Price Index of Operating Costs for Apartments in Buildings with Various Heating Arrangements, 2021-22, and Commensurate Rent Adjustment		
Index Type	2021-22 Price Index Change	One-Year Rent Adjustment Commensurate With O & M to Income Ratio of .655
All Dwelling Units	4.2%	2.75%
Pre 1947	4.1%	2.69%
Post 1946	4.1%	2.69%
Oil Used for Heating	4.3%	2.82%
Gas Used for Heating	4.1%	2.69%

Note: The O&M to Income ratio is from the *2022 Income and Expense Study*.
Source: *2022 Price Index of Operating Costs*.

On June 2, 2022 the staff of the Rent Guidelines Board released a memo summarizing historical data provided to the Board by NYS Homes and Community Renewal (HCR). The memo follows:

[START OF MEMO]

This memo is an update to previous memos that compiled historical data provided to the RGB by NYS Homes and Community Renewal (HCR). We have included the number of registered stabilized units both originally reported and subsequently updated; overcharge complaint caseloads as of approximately April or May of each year; preferential rents and the percentage of apartments with preferential rents (based on the originally reported number of stabilized units); registered Individual Apartment Improvements (IAIs); and Major Capital Improvements (MCIs) applied for and granted (in dollars), as well as the average

MCI rent increase per room. An additional data point added this year is the number of registered vacant stabilized apartments each year, going back five years.

Here are some takeaways:

- The number of registered stabilized units (using the updated count) over the period since 2004 ranged from as few as 819,221 in 2009 to as many as 936,533 in 2018. The updated count reflects owners' late registrations.
- The proportion of stabilized units that charge preferential rents (using originally reported counts), rose from 16.3% in 2006 to as high as 33.1% in 2020. In the most recent available year, the proportion was 31.7% in 2021.
- The overcharge complaint caseload has ranged between roughly 1,000 and 3,400 per year since 2008, compared to roughly 600 to 900 between 2002 to 2007. The current 2022 overcharge complaint caseload of 3,428 is at the highest known level since 1997, when there were 8,878 overcharge complaints pending.
- The average MCI increase per room increased from $8.71 in 2013 to as high as $13.81 in 2018. In the most recent available year, the average was $11.23 in 2021.
- The number of IAIs reported between 2010 and 2018 ranged between 12,797 and 19,475 per year, but have since fallen over the last few years, to 3,342 in the most recent year, 2021.
- The number of vacant rent stabilized units between 2017 and 2020 ranged from 33,667 to 38,888 before increasing to 61,593 in the most recent year, 2021.

	# of Registered Stabilized Units (Original Count)	# of Registered Stabilized Units (Updated Count)	Overcharge Complaints Caseloads*	# of Preferential Rents Registered (Original Count)	Preferential Rents as % of Registrations Filed (Original Count)	# of registered IAIs	# of Registered Vacant Units	MCI Total Amount Applied For	MCI Total Amount Granted	MCI Avg. Increase per/room
2022	-	-	3,428	-	-	-	-	-	-	-
2021	857,791	857,791	3,336	272,286	31.7%	3,342	61,593	$246,212,369	$195,969,375	$11.23
2020	850,607	901,659	2,923	281,821	33.1%	5,761	33,667	$65,587,760	$39,854,466	$9.96
2019	876,404	927,753	2,364	286,597	32.7%	9,102	36,185	$318,634,296	$147,032,583	$11.37
2018	885,205	936,533	2,211	270,701	30.6%	14,356	38,785	$254,211,393	$217,261,769	$13.81
2017	856,267	924,747	997	255,481	27.6%	14,470	38,888	$219,571,452	$185,880,245	$13.15
2016	842,144	911,218	2,185	252,763	27.7%	13,182	-	$308,460,789	$273,961,197	$13.38
2015	839,164	896,758	2,578	248,873	27.8%	12,797	-	$146,543,088	$126,680,780	$11.59
2014	839,797	905,067	2,589	238,573	26.4%	13,591	-	$140,738,859	$112,304,323	$10.77
2013	832,105	900,808	3,078	232,126	27.9%	13,182	-	$282,170,096	$185,382,687	$8.71
2012	823,919	901,381	3,035	221,376	26.9%	-	-	$168,015,593	$120,455,727	-
2011	814,500	896,747	2,521	203,408	25.0%	19,475	-	$238,748,776	$153,284,754	-
2010	803,753	891,403	2,074	189,368	23.6%	18,167	-	$197,771,725	$139,112,623	-
2009	808,643	819,221	1,815	164,442	20.3%	-	-	$166,238,377	$118,727,068	-
2008	821,876	853,066	1,038	154,900	18.8%	-	-	-	-	-
2007	836,004	860,876	867	150,184	18.0%	-	-	-	-	-
2006	838,592	870,072	607	136,665	16.3%	-	-	-	-	-
2005	849,582	875,709	848	-	-	-	-	-	-	-
2004	-	879,940	767	-	-	-	-	-	-	-

Source: NYS Homes and Community Renewal (HCR)

Notes: *Overcharge complaint caseloads are as of April or May of each year. Additional years of overcharge complaint caseloads, not shown above: 1997: 8,878; 2000: 3,265; 2001: 1,216; 2002: 894; and 2003: 824.
Other data not shown above was not requested by the RGB in those years.

[END OF MEMO]

Adjustments for Units in the Category of Buildings Covered by Article 7-C of The Multiple Dwelling Law (Lofts)

Section 286, subdivision 7 of the Multiple Dwelling Law states that the Rent Guidelines Board "shall annually establish guidelines for rent adjustments for the category of buildings covered by this article." In addition, the law specifically requires that the Board "consider the necessity of a separate category for such buildings, and a separately determined guideline for rent adjustments for those units in which heat is not required to be provided by the owner and may establish such separate category and guideline."

The increase in the Loft PIOC this year was 5.3%, just slightly higher than the increase of 5.1% in 2021. Increases in costs were seen in all but two of the eight components that make up this index, with declines in Taxes and Administrative CostsOther. Taxes declined by 3.7%, while Administrative Costs-Other fell by 0.2%. All other components increased, including Administrative Costs-Legal (24.2%), Fuel (16.8%), Insurance Costs (10.9%), Maintenance (8.1%), Utilities (4.3%), and Labor Costs (3.7%).

This year's guidelines for lofts are **3.25%** for a one-year period and **5%** for a two-year period.

Table 9

Changes in the Price Index of Operating Costs for Lofts from 2021-22	
	Loft O & M Price Index Change
All Buildings	5.3%

Source: *2022 Price Index of Operating Costs.*

Special Guidelines for Vacancy Decontrolled Units Entering the Stabilized Stock

Pursuant to Section 26-513(b) of the New York City Administrative Code, as amended, the Rent Guidelines Board establishes a special guideline in order to aid NYS Homes and Community Renewal in determining fair market rents for housing accommodations that enter the stabilization system. This year, the Board set the guidelines at **27%** above the maximum base rent.

The Board concluded that for units formerly subject to rent control **27%** above the maximum base rent was a desirable minimum increase.

INCREASE FOR UNITS RECEIVING PARTIAL TAX EXEMPTION PURSUANT TO SECTION 421-A AND 423 OF THE REAL PROPERTY TAX LAW

The guideline percentages for 421-a and 423 buildings were set at the same levels as for leases in other categories of stabilized apartments.

This Order does not prohibit the inclusion of the lease provision for an annual or other periodic rent increase over the initial rent at an average rate of not more than 2.2 per cent per annum where the dwelling unit is receiving partial tax exemption pursuant to Section 421-a of the Real Property Tax Law. The cumulative but not compound charge of up to 2.2 per cent per annum as provided by Section 421-a or the rate provided by Section 423 is in addition to the amount permitted by this Order.

Votes

The votes of the Board on the adopted motion pertaining to the provisions of Order #54 were as follows:

	Yes	No	Abstentions
Guidelines for Apartment Order #54	5	4	-

Dated: June 21, 2022
Filed with the City Clerk: June 29, 2022

David Reiss
Chair
NYC Rent Guidelines Board

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