

NYC Rent Guidelines Board

Changes to the Rent Stabilized Housing Stock in NYC in 2022

May 25, 2023

Changes Report

- Rent regulation laws allow for shift in regulatory status of units
 - Housing Stability & Tenant Protection Act of 2019 eliminated certain methods of deregulation
 - Units enter, exit or change status
 - Report examines changes to rent stabilized housing stock
 - Totals represent a 'floor' or minimum count of actual number of newly regulated & deregulated units

Additions to the Stock in 2022

- ▶ Programs and events that lead to addition of stabilized units:
 - ▶ Section 421-a program
 - ▶ J-51 program
 - ▶ Articles 11, 14, & 15 of PHFL programs
 - ▶ Mitchell-Lama Buyouts
 - ▶ Lofts converted to stabilized units
 - ▶ Rent controlled apartments converting to rent stabilization
 - ▶ Other Additions

Additions to the Stock in 2022

- ▶ 421-a Tax Exemption Program added 3,759 units Citywide, down 37% from prior year
 - ▶ Brooklyn: 37%
 - ▶ Bronx: 35%
 - ▶ Queens: 18%
 - ▶ Manhattan: 10%
 - ▶ Staten Island: None
 - ▶ Median legal rent of all 421-a stabilized units: \$3,304, down 2% from prior year
- ▶ J-51 Program added 119 units, up from 76 the prior year

Additions to the Stock in 2022

Other Additions:

- ▶ Rent controlled apartments converting to rent stabilization: 225 units, down 8% from prior year
- ▶ Lofts converted to stabilized: 3 units, compared to 11 the prior year
- ▶ Mitchell-Lama buyout additions: none, same as last year
- ▶ Articles 11, 14, and 15 of PHFL additions: 273 units, up from 101 added the prior year

Additions to the Stock in 2022

- ▶ Overall, 4,379 units added to the rent stabilized housing stock in 2022
 - ▶ 32% decline from the prior year
- ▶ Median legal rent of these initially registered rent stabilized apartments in 2022: \$2,388
 - ▶ 4% increase from prior year

Additions to the Stock in 2022

- Additions by Borough:
 - Bronx: 36%
 - Brooklyn: 35%
 - Queens: 17%
 - Manhattan: 12%
 - Staten Island: None

Subtractions from the Stock in 2022

- Events and programs that have led to the subtraction of stabilized units:
 - High-Rent High-Income Deregulation
 - High-Rent Vacancy Deregulation
 - Co-op/Condo Conversions
 - Expiration of 421-a benefits
 - Expiration of J-51 benefits
 - Substantial rehabilitation
 - Conversion to commercial or professional status
 - Other Losses to the Housing Stock

Subtractions from the Stock in 2022

- ▶ High-Rent High-Income Deregulation:
 - ▶ No longer permitted
 - ▶ From 1994 to 2019, an estimated total of 6,662 units were deregulated
- ▶ High-Rent Vacancy Deregulation:
 - ▶ Also no longer permitted
 - ▶ From 1994 to 2019, at least 170,386 units were removed from rent regulation

Subtractions from the Stock in 2022

- ▶ Co-op/Condo conversions: 529 units, a 10% increase over the prior year
- ▶ 421-a expirations: 1,763 units, a 10% decline from prior year
- ▶ J-51 expirations: 369 units, down 7% from prior year
- ▶ Substantial Rehab: 322 units, more than double the 158 units in prior year
- ▶ Conversions: 3 units, up from 2 in prior year

Subtractions from the Stock in 2022

- ▶ “Other” losses to the stabilized housing stock: 3,983 units removed, a 64% increase over the prior year
- ▶ “Other” losses category has increased more than tenfold since 2018, when 333 units were removed
- ▶ Includes:
 - ▶ 421-a units upon vacancy reach the Market Rate Threshold Exemption (MRTE)
 - ▶ Two or more apartments merged into one larger one
 - ▶ Building is condemned or demolished

Subtractions from the Stock in 2022

- ▶ At least 6,969 units left stabilization in 2022
 - ▶ 28% increase from the prior year
- ▶ Subtractions by Borough:
 - ▶ Manhattan: 53%
 - ▶ Brooklyn: 30%
 - ▶ Queens: 13%
 - ▶ Bronx: 3%
 - ▶ Staten Island: Fewer than 1%

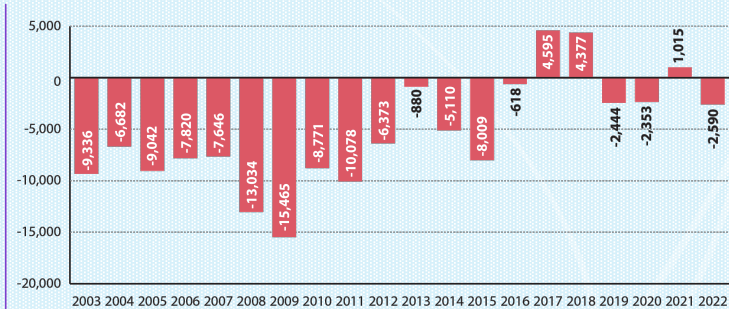
Summary Table of Additions & Subtractions to the Rent Stabilized Housing Stock in 2022

Program/Event	Number of Units
ADDITIONS	
421-a	+ 3,759
J-51	+ 119
Mitchell-Lama buyouts	+ 0
Loft conversions	+ 3
Article 11, 14 or 15	+ 273
CHANGES	
Rent control to rent stabilization	+ 225
Subtotal Additions & Changes	+ 4,379
SUBTRACTIONS	
Co-op and Condo subtractions	- 529
421-a Expiration	- 1,763
J-51 Expiration	- 369
Substantial Rehabilitation	- 322
Commercial/Professional Conversion	- 3
Other Subtractions	- 3,983
Subtotal Subtractions	- 6,969
NET TOTAL	
Net Estimated Loss	- 2,590

Summary of Changes in 2022

- The study finds an estimated net loss of 2,590 rent stabilized units in 2022
- Majority of additions to rent stabilized stock were from 421-a tax incentive program: 86%
- About 57% of units remove from rent stabilization occurred due to changes in the "Other" category
- 421-a expirations accounted for an additional 25% of subtractions

Annual Net Change of Rent Stabilized Units 2003-2022



Summary of Changes Since 1994

- Change in Rent Stabilized Stock over last 29 years:
 - 179,474 units added
 - 328,714 units removed
 - Estimated cumulative net loss of at least 149,240 units