EXPLANATORY STATEMENT - APARTMENT ORDER #57

Explanatory Statement and Findings of the Rent Guidelines Board in Relation to 2025-26 Lease Increase Allowances for Apartments and Lofts under the Jurisdiction of the Rent Stabilization Law[1]

Summary of Order No. 57

The Rent Guidelines Board (RGB) by Order No. 57 has set the following maximum rent increases for leases effective on or after October 1, 2025 and on or before September 30, 2026 for apartments under its jurisdiction:

For a one-year lease commencing on or after October 1, 2025 and on or before September 30, 2026: 3%

For a two-year lease commencing on or after October 1, 2025 and on or before September 30, 2026: 4.5%

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, 2025 and on or before September 30, 2026.

For one-year increase periods commencing on or after October 1, 2025 and on or before September 30, 2026: 3%

For two-year increase periods commencing on or after October 1, 2025 and on or before September 30, 2026: 4.5%

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. 57.

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, 2025 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

[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.

Rent Guidelines Board has set a special guideline of 49% above the maximum base rent.

All rent adjustments lawfully implemented and maintained under previous apartment Orders and included in the base rent in effect on September 30, 2025 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. 57

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

Order No. 57 was issued following **eight** public meetings, **five** public hearings, the Board's 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 **200** 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 27, 2025** deadline. All of the above listed documents were available for public inspection.

Open meetings of the Board were held following public notice on March 27, April 10, April 17, April 24, and May 22, 2025. On **May 27, 2025**, the Board adopted revised proposed rent guidelines for apartments, lofts, and hotels.

Public hearings were held on **June 5, June 9, June 12, June 17, and June 27, 2025**. Public hearings 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 5 from 5:30 p.m. to 9:15 p.m., June 9 from 5:30 p.m. to 9:50 p.m., June 12 from 5:35 p.m. to 10:30 p.m., June 17 from 5:10 p.m. to 8:00 p.m., and June 27 from 10:05 a.m. to 11:50 a.m. Testimony from members of the public speaking at these hearings was added to the public record. The Board heard testimony from **approximately 222** apartment tenants and tenant representatives**, 6** apartment owners and owner representatives**,** and **10** public officials.

On **June 30, 2025** the guidelines set forth in Order No. 57 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 owner 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 27, 2025:	Staff presentation *2025 Income and Expense Study*
April 10, 2025:	Staff presentation *2025 Income and Affordability Study*
	NYU Furman Center
1. Mark Willis	Senior Policy Fellow
April 17, 2025:	Staff presentations *2025 Price Index of Operating Costs* *2025 Mortgage Survey Report*
	Community Preservation Corporation (CPC)
1. Robert Riggs	Senior Vice President
	NYC Department of Housing Preservation and Development
1. Lucy Joffe	Deputy Commissioner
2. Elyzabeth Gaumer	Assistant Commissioner
	Center on Poverty & Social Policy at Columbia University
1. Ryan Vinh	Research Analyst
2. Anastasia Koutavas	Research Analyst

	NYS Homes and Community Renewal
1. Anthony Tatano	Acting Deputy Commissioner

April 24, 2025:

	Tenant group testimony:
1. Larry Wood	Goddard Riverside Law Project
2. Brad Lander	NYC Comptroller
3. Charlie Dulik	Housing Conservation Coordinators (Hell's Kitchen)
4. Joanne Grell	Community Action for Safe Apartments (CASA) (Bronx)
5. Sam Stein	Community Service Society of New York (CSSNY)
6. Maxwell Austensen	JustFix
7. Tim Collins	Collins, Dobkin & Miller LLP
	Owner group testimony:
1. Joseph Condon	New York Apartment Association (NYAA)
2. Kelly Farrell	New York Apartment Association (NYAA)
3. Ann Korchak	Small Property Owners of New York (SPONY)
4. Valentina Gojcaj	Small Property Owners of New York (SPONY)
5. Jan Lee	Small Property Owners of New York (SPONY)
6. Basha Gerhards	Real Estate Board of New York (REBNY)

May 22, 2025:	Staff presentations
	2025 Housing Supply Report
	Changes to the Rent Stabilized Housing Stock in New York City in 2024
	2025 Hotel Report
	Guest Speakers
1. Sean Campion	Citizens Budget Commission (CBC)
2. Tania Garrido	Enterprise Community Partners
3. Emily Eisner	Fiscal Policy Institute
4. David Aviram	Maverick Real Estate Partners
5. Shimon Shkury	Ariel Property Advisors
6. Benjamin Teresa	Urban and Regional Studies and Planning, VCU

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. *2025 Income and Expense Study*, March 2025 (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. *2025 Mortgage Survey Report*, April 2025 (an evaluation of recent underwriting practices, financial availability and terms, lending criteria, building sales data);

3. *2025 Income and Affordability Study*, April 2025 (including employment trends, housing court actions, changes in eligibility requirements and public benefit levels in New York City);

4. *2025 Price Index of Operating Costs*, April 2025 (measuring the price change for a market basket of goods and services which are used in the operation and maintenance of stabilized hotels);

5. *2025 Housing Supply Report*, May 2025 (including information 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

6. *Changes to the Rent Stabilized Housing Stock in NYC in 2024*, May 2025 (quantifying events that lead to additions to and subtractions from the rent stabilized housing stock).

The six 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.

2025 Income and Expense Study

Overall, Net Operating Income (NOI) grew by 12.1% from 2022 to 2023, driven by Manhattan Core's growth of 23.1%. However, NOI in Bronx buildings grew at a rate of 0.8%. Overall, after inflation, NOI grew by 8.0% Citywide. Furthermore, buildings that are 100% rent stabilized showed an NOI growth of 4.6% and after inflation, a 0.7% increase in NOI.

2025 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 6.3%. Increases occurred in all seven PIOC components. Taxes, which carry the highest weight in this year's Index, increased by 3.9%. The largest proportional increase was seen in Insurance Costs (18.7%), followed by Fuel (10.3%), and Utilities (8.2%). More moderate increases were seen in Administrative Costs (5.1%), Maintenance (4.3%), and Labor Costs (3.7%). 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 by 4.0% during this same time period.[2] See the table below and Appendix 2 for changes in costs and prices for buildings that contain rent stabilized apartments between 2024 and 2025.

[2] The average CPI for All Urban Consumers, New York-Northeastern New Jersey for the year from March 2024 to February 2025 (336.4) compared to the average for the year from March 2023 to February 2024 (323.6) rose by 4.0%. This is the latest available CPI data and is roughly analogous to the 'PIOC year.'

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 6.0% this year, and was lower than the overall PIOC due to the exclusion of costs in the Fuel component, which increased by 10.3%. The PIOC for apartments heated by gas increased by 6.2%, and those heated by oil increased by 6.6%. The PIOC for pre-1974 apartments rose by 6.4%, similar to that for post-1973 apartments, which increased by 6.5%. The PIOC for hotels increased by 7.3%, and the Loft PIOC increased by 9.6%.

Table 1

2024-25 Percentage Changes in Components of the Price Index of Operating Costs for Rent Stabilized Apartment Houses in New York City[3]

Component	Expenditure Weights	2024-25 Percentage Change	2024-25 Weighted Percentage Change
Taxes	28.84%	3.86%	1.12%
Labor Costs	11.97%	3.69%	0.44%
Fuel Oil	8.08%	10.29%	0.83%
Utilities	10.63%	8.19%	0.87%
Maintenance	18.43%	4.25%	0.78%
Administrative Costs	13.40%	5.12%	0.69%
Insurance Costs	8.65%	18.66%	1.61%
All Items	100.00%	-	6.34%

Source: *2025 Price Index of Operating Costs.*

Selected Excerpts from Oral and Written Testimony from Tenants and Tenant Groups[4]

Comments from tenants and tenant groups included:

“If the past year saw worsening conditions for tenants, it also saw an improving outlook for landlords. According to this year’s Income and Expense report, the most comprehensive look into the landlords’ books provided to the Board, this year saw the highest increase in owners’ Net Operating Income (NOI) on record, up 12.1 percent from the previous year—which was already up over 10 percent over the prior year. And while “Core Manhattan” saw the biggest boost—up 23.1 percent over last year—83 percent of the city’s Community Districts saw rent stabilized NOI improve, with one of the biggest leaps coming from The South Bronx (Hunts Point/Longwood up nearly 20 percent). Rent collection rates rose 6.9 percent, reaching highs not seen since 2015, with increases in every single Community District in the city. The average rent stabilized building has a NOI of $338,000…In these chaotic times, tenants simply cannot afford a rent increase, and landlords do not need one. For these reasons, we recommend that the Board institute a rent freeze.”

“Notwithstanding far more reasonable rent adjustments over the past nine years, net operating income actually continued to rise to 41.8% in 2016 dropping back only to 37.8% as of 2023.

[3] Totals may not add due to weighting and rounding.
[4] Sources: Submissions by tenant groups and testimony by tenants.

This is clear and unequivocal evidence that owners have continued to do very well riding on the substantial gains made during the very hard years of the Great Recession and continuing through the economic downturn of 2020/21…Year in and year out the RGB staff produces comprehensive data demonstrating that the RGB has more than maintained the sustainability of the stabilized stock. In fact, the Board has significantly overcompensated the City's landlords while tenants face unwarranted and continuing hardships. For all of the foregoing reasons, there is no compelling reason for the Board to raise rents this year. If any increase is contemplated, decades of overcompensation now built into existing rent levels should be factored in to keep such increases to a minimum."

"As a resident of New York City and a current federal employee, the proposed rent adjustment is both alarming and deeply concerning. The planned hike of 1.75%-4.75% for one-year leases and 4.75%-7.75% for two-year leases from October 2025 through September 2026 will place an undue financial burden on residents, particularly those like me who already face economic pressures. As a federal employee, I am already facing the overwhelming challenges of a high cost of living, possible stagnant wages, and uncertain job security, as highlighted by the recent unlawful firings at the Department of Government Efficiency (DOGE). The proposed rent hikes of up to 7% will only exacerbate these struggles, turning what is already a difficult financial situation into a more severe challenge for basic stability."

"My name is Evan, and I am a third-year medical student at Albert Einstein College of Medicine in the Bronx. I'm writing to urge you to vote against any rent increases in the upcoming preliminary vote. As part of my clinical training, I care for patients across the Bronx — one of the most rent-burdened areas in the city. I recently met a middle-aged woman in clinic who had been skipping her insulin doses to save money for rent…This is just one of many patients I've seen who are forced to choose between their health and their housing. Every rent hike puts more families in crisis, worsens chronic conditions, and drives people into emergency rooms when care could have been managed earlier — and more affordably — in the community. Housing is health care. When people are priced out of their homes, it doesn't just hurt them — it undermines the health of entire communities."

"The proposed rates or any rent increases at this time will create a greater need for shelters. The economy right now is not doing well. As a person who makes a decent living I am having issues with what we can afford in my family since 2020 and any rent hike to anyone in NYC now will create a greater number of homeless families and single people. NYers are protesting shelters and where will these people go? Landlords in NYC have had increases steadily over the past 30 years. A break for tenants will allow our economy to grow. People will have something left over to spend elsewhere."

Selected Excerpts from Oral and Written Testimony from Owners and Owner Groups[5]

Comments from owners and owner groups included:

"Housing in New York is expensive. NYAA is striving to find ways to make this a more affordable proposition for both owners and tenants alike. We continue to work with government partners to urge them to reduce taxes, water and sewer and other costs within its control. We support initiatives that shield rent increases from those least able to pay them,

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

such as SCRIE, DRIE and various voucher programs. And we are working with advocates throughout the state on programs such as the Housing Voucher Access Program to expand housing affordability. But we are here testifying before the RGB today because you are challenged to establish the appropriate rental adjustments needed by stabilized buildings in NYC given the fiscal realities of declining NOI and the corresponding stresses this is placing on ongoing building operations and housing quality, particularly in the pre-1974 highly stabilized stock. And the reality is the adjustment necessary to do so is the CPI-adjusted NOI Commensurate Adjustment. We urge you to adopt this standard."

"The Rent Guidelines Board's (RGB) research reports and public hearings this year paint a stark picture: a significant share of New York City's rent stabilized stock, particularly 100 percent stabilized buildings built before 1974, is at risk: many properties are in poor condition and a growing number are in financial distress. The City should act now to stop the physical and financial deterioration of the rent regulated stock before these problems grow worse and enter the maintenance "death spiral" observed in New York City Housing Authority (NYCHA) buildings, where, as a result of deferred maintenance, the cost of repairs nearly exceed the cost of a new building. Inaction will only further increase repair costs, push them onto the City and State, and threaten the quality of life of many of the 1.7 million New Yorkers who live in pre-1974 stabilized units. It is not solely the RGB's problem to fix, but the RGB plays a significant role by approving rent increases that balance the interests of tenants and landlords, and by improving the public's understanding of the condition of rent regulated housing."

"I am writing as a small property owner deeply concerned about the detrimental impact current rent guidelines and the broader housing regulatory system have on our ability to properly maintain and invest in our properties. While tenant protections and housing affordability remain crucial, the balance has significantly tipped against small landlords. Persistent limitations on rent increases, despite escalating operational costs such as property taxes, utilities, insurance premiums, and mandated repairs, place immense financial strain on our resources. Additionally, over-regulation, extensive bureaucratic delays for rent adjustments, and increased compliance obligations further exacerbate these challenges. The housing regulatory environment disproportionately affects small property owners who do not have the substantial resources available to larger landlords. These compounded economic and regulatory pressures undermine our ability to sustain quality housing, making property upkeep increasingly difficult and undesirable. This creates a troubling environment that pushes responsible small landlords away from investing in New York City housing, potentially leading to further deterioration similar to the ongoing crisis within NYCHA properties."

"Please vote on the highest percent increase. I live in a stabilized apartment, and at the same time my father owns one stabilized building that he purchased with the hopes of supporting his family. It is impossible with the yearly water rate increases, inflation and cost of repairs to successfully continue the upkeep of this building. He is bleeding out all his savings and keeps on borrowing just to stay afloat. The rents are just too low to cover the expenses."

"As a landlord, I respectfully disagree with the Rent Guidelines Board's proposed rent adjustments for stabilized leases beginning October 1, 2025. The proposed increases— 1.75% to 4.75% for one-year leases and 4.75% to 7.75% for two-year leases—do not sufficiently reflect the sharp rise in operating costs, including property taxes, insurance, maintenance, and compliance with new regulations. These modest increases may jeopardize the long-term sustainability of rent stabilized housing and discourage necessary investment in building upkeep and safety. I urge the Board to reconsider these guidelines in light of real financial pressures faced by small property owners."

Selected Excerpts from Oral and Written Testimony from Public Officials[6]

Comments from public officials included:

"After carefully reviewing the research reports compiled by the Rent Guidelines Board for 2025, I believe that a rent freeze is appropriate for the upcoming year, following three years of rent increases that have raised rents by nearly 9%. A few key metrics have led me to this decision. After adjusting for inflation, Net Operating Income for owners grew by 8% between 2022 and 2023… From 2022 to 2023, rental income increased an average of 6.9% while operating costs rose an average of 3.8%. Operating costs are rising, of course. But rental income and NOI are rising twice as fast. Building distress has declined for the first time since 2016 and rent collection is up in every single community district in the city. These are strong indicators, that show that the nearly $3 billion in emergency rental assistance funding helped tenants pay rent and increased owners' ability to operate their buildings, and that rental properties have largely recovered financially since the pandemic."

"Rent stabilization was passed in the New York State Legislature in 1974 with the goal of protecting affordability for tenants living in our State. A great portion of Manhattan tenants can only afford to live in their homes because of these protections. In 2024, the NYS Comptroller's Office found that 52.4% of New York's renters are cost burdened by their rent. A rent hike will make thousands more tenants in rent stabilized housing rent burdened, setting a dangerous precedent for New Yorkers. This vote comes in the backdrop of the displacement of long time NYC residents, particularly Black and brown residents, who have been facing accelerating gentrification and displacement for decades. Rent stabilization has been one of few ways that working and low-income families can stay in New York, and even now it is being attacked. The Rent Guidelines Board must stand to protect the rights of tenants and vote on a 0% rent increase. This will fight displacement and ensure New Yorkers can stay in their homes."

"Over the last three years, the Rent Guidelines Board has approved increases totaling nearly 9%. At the same time, our city's vacancy rate has dropped to a historic low of 1.4%. This is a crisis…Landlords' net operating income increased by 8% last year, even after adjusting for inflation. And with targeted support for distressed buildings, we can stabilize both tenants and owners. The stakes are clear: when we lose rent stabilized homes, we lose the heart of Brooklyn. Our borough thrives because of the people who live and work here—not because of real estate profits. Let's keep our communities intact. I urge this board to vote for a full rent freeze. I stand firmly with the tenants of District 39 —and across this city—in demanding nothing less.

"Right now, New York is in the midst of the most severe housing crisis in our city's history. Homelessness is at a record high, eviction filings are nearly back to pre-2020 levels, and we have housing shortages in every borough pushing rents skyward. The rental vacancy rate, now at only 1.4%, is the lowest it has been since 1968, and in Manhattan, the median rent is over $5,000 a month. I Low-income, working and middle-class families to stretch every dollar as

[6] Sources: Submissions by public officials.

they try to live and raise a family. To address this crisis, we must use every tool at our disposal to increase housing supply and affordability, while at the same time protecting tenants from displacement from their homes. That is why we need to continue to build more housing, including low-income housing, in Manhattan and across the city. It's why we must ensure tenants facing eviction have access to legal representation. And it's why this board must pass a rent freeze this year for New Yorkers living in the nearly one million rent stabilized apartments across the city.

"In 2024, the State Comptroller reported that over half of New York renters - including those in my district - are rent burdened. This year's proposed increases set a dangerous precedent for the future of tenants in our city. Rent stabilization has been one of the few tools allowing working-class and low-income families to remain in the city, and now even that protection is under threat. While landlords are also facing challenges, it is my understanding that a Rent Guidelines Board report released in late March 2025 showed that net revenues of rent stabilized housing grew 12% citywide, which was higher than the 10% growth from 2024…Given the continued economic challenges facing so many New Yorkers, I urge the Rent Guidelines Board to protect the rights of tenants and freeze rents by voting on a 0% rent increase for all lease renewals. This will limit displacement and help to ensure New Yorkers can stay in their homes."

On April 23, 2025, the staff of the Rent Guidelines Board released a memo to Board members with additional information concerning the *2025 Price Index of Operating Costs*. The memo follows:

[START OF MEMO]

At the April 17, 2025 Price Index of Operating Costs Study (PIOC) presentation, two questions were asked for which an immediate answer could not be provided. An additional two questions were asked outside of the presentation. Answers for three of these four questions follow.

Question 1: Can a summary of PIOC component weights for the previous 10 years be provided?

PIOC Year	PIOC Component Weights						
	Taxes	Labor Costs	Fuel	Utilities	Maintenance	Admin Costs	Insurance
2016	26.7%	16.2%	12.0%	10.9%	16.7%	12.7%	4.9%
2017	28.3%	16.5%	8.6%	10.8%	17.5%	13.2%	5.1%
2018	29.9%	16.7%	6.4%	10.3%	17.9%	13.6%	5.1%
2019	29.6%	15.7%	6.9%	9.9%	17.7%	15.2%	5.0%
2020	31.9%	11.0%	7.9%	10.1%	18.3%	15.6%	5.3%
2021	32.6%	11.1%	7.3%	9.8%	18.0%	15.6%	5.6%
2022	36.1%	9.9%	6.8%	9.5%	16.3%	14.8%	6.5%
2023	29.6%	12.8%	7.0%	10.8%	18.4%	14.4%	7.0%
2024	29.4%	12.7%	8.4%	10.1%	18.7%	13.5%	7.2%
2025	28.8%	12.0%	8.1%	10.6%	18.4%	13.4%	8.6%

Question 2: How many rent stabilized tenants elected to sign a one-year lease 2024? How many rent stabilized tenants elected to sign a two-year lease in 2024? Can this data also be provided historically?

A Board member requested the RGB to obtain this information from NYS Homes and Community Renewal (HCR), as part of their annual submission to the RGB. Because it was not submitted in time to receive a response from HCR, staff used 10 years of HCR registration data, and NYC Housing and Vacancy Surveys dating back to 1996 to provide the answer to this question. Note that HCR data is provided by owners or managers of rent stabilized apartments, while HVS data is based on a representative sample of rent stabilized tenants.

Note that HCR registration files reflect a single point in time each year – April 1. Also note that tenants who elect to sign a two-year lease do not sign a lease each year. Due to these parameters, the HCR file can only provide data on the number of tenants who are in either a one-year or two-year lease as of April 1 of each year, regardless of when the lease was actually signed. Also note that not every registration record in the HCR file contains lease term data. For instance, in the 2024 registration file (the most current file available to RGB staff), of the 1,00,8273 registrations, nearly 48,000 units (or 4.7%) are units that were vacant on April 1, 2024. An additional 111,000 records (11.0% of the total) either contain no lease information, or information that may contain errors. Some possible reasons why a registered apartment would not contain lease information is because the unit is employee- or owner-occupied, the unit is registered as exempt, or the tenant is a rent stabilized hotel tenant.

The table below provides the proportion of rent stabilized tenants in either a one-year or two-year lease as of April 1 of the year noted. The proportions are based on only those tenants for which an appropriate lease term could be identified, with data provided by the owners or managers of each apartment in the registration file.

Lease Terms (Based on HCR Registration Files, as of April 1 of Each Year)

Year	Proportion of One-Year Leases	Proportion of Two-Year Leases
2015	44.6%	55.4%
2016	45.7%	54.3%
2017	49.6%	50.4%
2018	48.1%	51.9%
2019	43.4%	56.6%
2020	42.2%	57.8%
2021	43.8%	56.2%
2022	46.9%	53.1%
2023	43.8%	56.2%
2024	42.4%	57.6%

The table below provides the proportion of rent stabilized tenants in each HVS survey who reported that they signed either a one-year or two-year lease, beginning with the 1996 survey. Note that HVS respondents can respond that their lease is less than one year; one year; more than one year, but less than two years; two years; or more than two years. The RGB classified tenants that responded that their leases were either less than one year, or exactly one year, as having a one-year lease. All other responses were classified as a two-year lease. Note that the vast majority of tenants responded that their leases were for a duration of exactly one year or two years, including, for example, close to 90% of tenants in the 2023 HVS.

Lease Terms for Rent Stabilized Tenants
(Based on NYC Housing and Vacancy Surveys)

HVS Year	Proportion of One-Year Leases	Proportion of Two-Year Leases
1996	31.1%	67.9%
1999	33.3%	66.7%
2002	33.3%	66.7%
2005	35.1%	64.9%
2008	39.8%	60.2%
2011	44.3%	55.7%
2014	49.6%	50.4%
2017	50.8%	49.2%
2021	N/A	N/A
2023	51.1%	48.9%

Question 3: How many vacant apartments were registered with HCR over the past 10 years?

The following table provides the number, and proportion, of vacant units in each HCR registration file, beginning in 2015. Each file is current as of April 1 of that year.

Registered Vacant Units (Based on HCR Registration Files, as of April 1 of Each Year)

Year	Vacant Units	Total Units	Proportion of Vacant Units
2015	27,262	868,109	3.1%
2016	28,321	873,880	3.2%
2017	33,675	889,970	3.8%
2018	37,453	934,139	4.0%
2019	33,803	907,012	3.7%
2020	32,433	889,421	3.6%
2021	63,079	889,101	7.1%
2022	44,177	897,999	4.9%
2023	45,050	974,050	4.6%
2024	47,720	1,008,273	4.7%

[END OF MEMO]

Local Law 63/Income & Expense Review

The sample size for the Income and Expense (I&E) Study is 16,722 properties containing 752,436 units. This is the 33rd year that staff has been able to obtain longitudinal data in addition to the primary, "moment-in-time" RPIE data set. The RGB staff found the following average monthly (per unit) operating and maintenance (O&M) costs in 2024 Real Property Income and Expense (RPIE) statements for the year 2023:

Table 2

2023 Average Monthly Operating and Maintenance Costs Per Unit			
	Pre '74	Post '73	All Stabilized
Total	$1,155	$1,187	$1,160

Source: *2025 Income and Expense Study*, from 2024 Real Property Income and Expense filings for 2023, NYC Department of Finance.

In 1992, the DOF and RGB staff tested RPIE expense data for accuracy. Initial examinations found that most "miscellaneous" costs were administrative or maintenance costs, while 15% were not valid business expenses. Further audits on the revenues and expenses of 46 rent stabilized properties revealed that O&M costs stated in RPIE filings were generally inflated by about 8%.

Until three years ago, the annual *I&E Study* reported both unaudited O&M expenses, and well as audited expenses (with O&M costs adjusted downwards as based on the results of the 1992 audit). However, since the original audit was conducted over thirty years ago and included a limited number of properties, staff two years ago began using an alternate methodology to adjust O&M expenses. The RPIE data provided to the RGB by the DOF includes records that have had income and expenses adjusted by the DOF when they consider these figures to be outside of what is reasonable as part of their assessment valuations, including adjustments to expense ratios and vacancy rates. Staff also requested a subset of this data that includes only those properties where no adjustments have been deemed necessary. To calculate an adjustment in costs, staff calculated the difference between the weighted average operating costs among buildings that did not have any DOF assessment adjustments and compared it to the weighted average operating costs found in the main data set. RGB staff believes it is a more accurate adjustment because it uses current expense data. Average costs among this year's main data set were 4.25% higher than among the non-adjusted building data set, down from a difference of 4.41% last year. Therefore, this year's new cost adjustment reduces expenses by 4.25%. Adjustment of the 2023 RPIE O&M cost ($1,160) by the results of this year's cost adjustment results in an average monthly O&M cost of $1,111. As a result, the following relationship between operating costs and residential rental income was suggested by the Local Law 63 data:

Table 2(a)

2023 Operating Cost to Rent/Income Ratio with Adjusted Costs					
	Adjusted O&M Costs[7]	Rent	O&M to Rent Ratio	Income	O&M to Income Ratio
All stabilized	$1,111	$1,599	0.695	$1,786	0.622

Source: *2025 Income and Expense Study*, from 2024 Real Property Income and Expense filings for 2023 NYC Department of Finance.

On April 4, 2025, the staff of the Rent Guidelines Board released a memo to Board members with additional information concerning the *2025 Income and Expense Study*. The memo follows:

[START OF MEMO]

During the presentation of the *2025 Income & Expense Study*, board members posed several questions regarding the study. Staff responses are provided below:

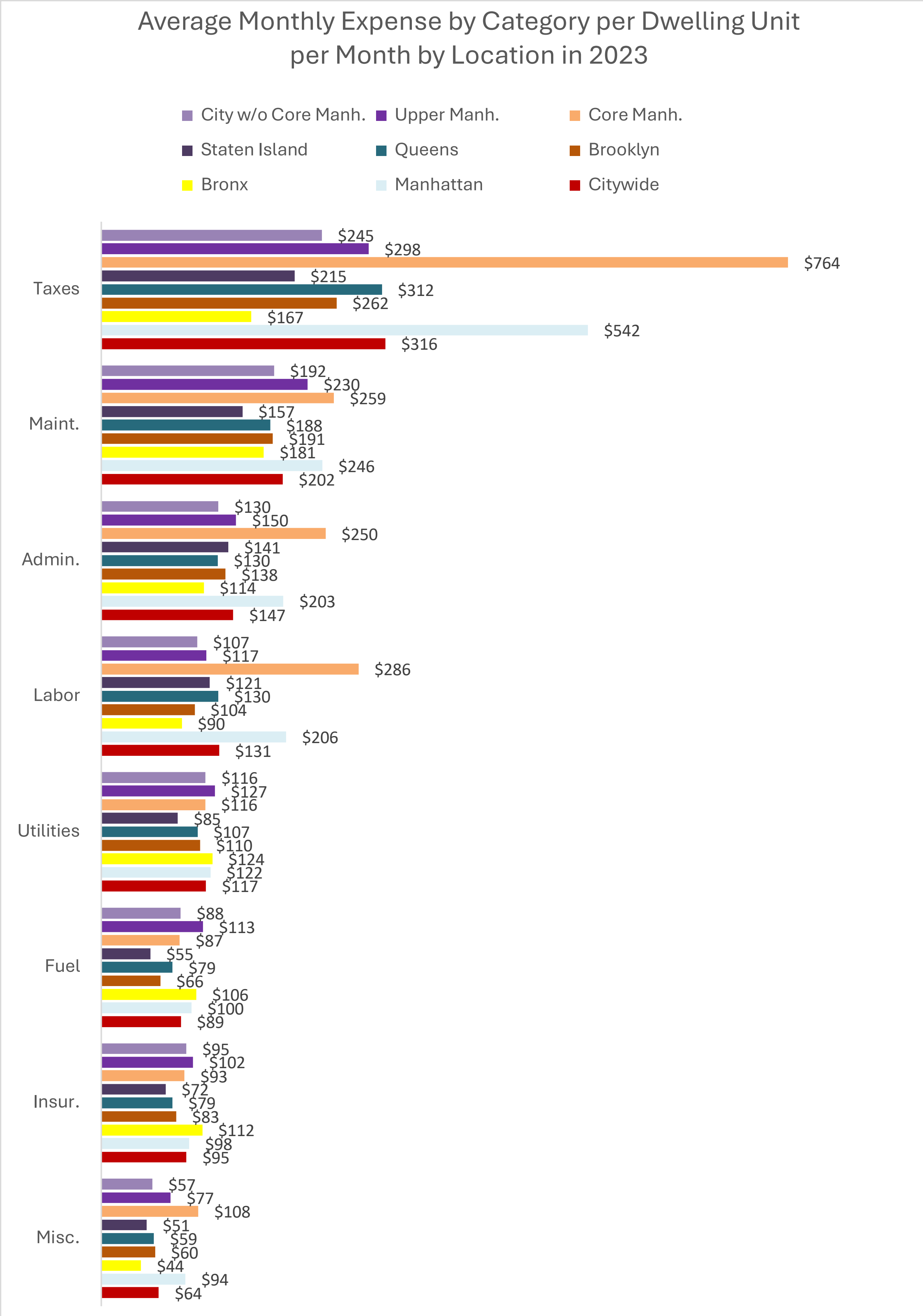
Q1: A Board member asked about the specific items included within the RPIE's Miscellaneous expense category.

According to the NYC Department of Finance (DOF), "The miscellaneous field should be reserved for petty cash, lease buy-out, special assessments and sundry."

Q2: A Board member requested a detailed breakdown of individual expense categories by geographical location.

See the following graph and tables for the Average Monthly Expense per Dwelling Unit per Month by Location:

[7] Overall O&M expenses were adjusted as described above. The unadjusted O&M to Rent ratio would be 0.725. The unadjusted O&M to Income ratio would be 0.649.


Average Monthly Expense by Category per Dwelling Unit per Month by Location in 2023
City w/o Core Manh.
Upper Manh.
Core Manh.
Staten Island
Queens
Brooklyn
Bronx
Manhattan
Citywide
Taxes
$245
$298
$764
$215
$312
$262
$167
$542
$316
Maint.
$192
$230
$259
$157
$188
$191
$181
$246
$202
Admin.
$130
$150
$250
$141
$130
$138
$114
$203
$147
Labor
$107
$117
$286
$121
$130
$104
$90
$206
$131
Utilities
$116
$127
$116
$85
$107
$110
$124
$122
$117
Fuel
$88
$113
$87
$55
$79
$66
$106
$100
$89
Insur.
$95
$102
$93
$72
$79
$83
$112
$98
$95
Misc.
$57
$77
$108
$51
$59
$60
$44
$94
$64

Average Monthly Expense by Category per Dwelling Unit per Month by Location in 2023

Expenses	Citywide	Manhattan	Bronx	Brooklyn	Queens	St. Island
Taxes	$316	$542	$167	$262	$312	$215
Maint.	$202	$246	$181	$191	$188	$157
Admin.	$147	$203	$114	$138	$130	$141
Labor	$131	$206	$90	$104	$130	$121
Utilities	$117	$122	$124	$110	$107	$85
Fuel	$89	$100	$106	$66	$79	$55
Insur.	$95	$98	$112	$83	$79	$72
Misc.	$64	$94	$44	$60	$59	$51

Expenses	Core Man	Upper Manh.	City w/o Core Manh.
Taxes	$764	$298	$245
Maint.	$259	$230	$192
Admin.	$250	$150	$130
Labor	$286	$117	$107
Utilities	$116	$127	$116
Fuel	$87	$113	$88
Insur.	$93	$102	$95
Misc.	$108	$77	$57

Q3: A Board member requested the number of buildings and dwelling units situated within 100% stabilized buildings.

The following table shows the requested comparison:

Number of 100% Stabilized Buildings and Units in 2023

Location	Post - 1973		Pre - 1974		All Years	
	Buildings	DU's	Buildings	DU's	Buildings	DU's
Citywide	813	59,591	7,530	328,771	8,344	388,387
Manhattan	142	16,654	1,623	67,269	1,765	83,923
Bronx	232	14,588	2,580	119,204	2,812	133,792
Brooklyn	305	20,088	2,355	92,671	2,661	112,784
Queens	120	7,565	926	47,438	1,046	55,003
St. Island	14	696	46	2,189	60	2,885
Core Manh.	71	11,981	606	30,849	677	42,830
Upper Manh.	71	4,673	1,017	36,420	1,088	41,093

Note: Total figures may not be accurate because the age of one Brooklyn building is unknown.

Q4: A Board member asked for the number and proportion of distressed pre-1974 buildings over the last four years.

The following table shows the number and proportion of distressed pre-1974 buildings over the last three years, the only years where pre-1974 data is available:

Number and Proportion of Distressed Pre-1974 Buildings Over Last 3 Years

Pre-74 Bldgs.	2023 I&E		2024 I&E		2025 I&E	
	Bldgs.	Proportion Distressed	Bldgs.	Proportion Distressed	Bldgs.	Proportion Distressed
Citywide	1,273	9.1%	1,409	10.1%	1,492	9.7%
Bronx	201	7.0%	378	12.5%	455	13.3%
Brooklyn	180	5.5%	245	7.5%	279	7.2%
Manhattan	754	13.1%	631	11.0%	607	9.8%
Queens	133	6.8%	150	8.0%	140	7.7%
St. Island	5	7.2%	5	7.7%	11	14.7%
Core Manh.	520	13.6%	333	8.9%	281	7.0%
Upper Manh.	234	12.0%	298	14.9%	326	15.0%
City w/o Core	753	7.4%	1,076	10.5%	1,211	10.7%

Q5: A Board member asked for the inflation-adjusted NOI change from 2022 to 2023 for 50%+, 80%+, and 100% stabilized buildings.

The following table shows the inflation-adjusted NOI change for all buildings containing stabilized units, 50%+ stabilized, 80%+ stabilized, and 100% stabilized buildings:

Change in NOI from 2022 to 2023 by Proportion of Stabilized Units in a Building

Stabilized Proportion	Nominal Increase	Inflation-Adjusted Increase
Citywide	12.1%	8.0%
50%+ Citywide	7.3%	3.4%
80%+ Citywide	5.1%	1.3%
100% Citywide	4.6%	0.7%

Q6: A Board member asked for the proportion of one- and two-year lease signers.

As calculated for the 2024 RGB Rent Index, an estimated 39.4% of rent stabilized renters signed one-year renewal leases (during Guidelines Order 56), 50.7% signed two-year leases (either during Guidelines Order 55 or 56), and 9.8% of units signed vacancy leases during Guidelines Order 56).[8]

Q7: A Board member asked for the operating cost-to-income ratios 70% and 80% deciles from 10 years ago, 5 years ago, and 3 years ago, broken out by borough.

The following table shows the requested deciles for each of the requested years:

[8] Numbers may not add up due to rounding.

Operating Cost-to-Income Ratios for 70% and 80% Deciles

70% Decile	2015 I&E	2020 I&E	2022 I&E	2025 I&E
Citywide	0.77	0.74	0.75	0.78
Manhattan	0.74	0.73	0.77	0.76
Bronx	0.83	0.77	0.77	0.86
Brooklyn	0.74	0.73	0.72	0.75
Queens	0.74	0.73	0.72	0.77
St. Island	0.78	0.72	0.69	0.82
80% Decile	**2015 I&E**	**2020 I&E**	**2022 I&E**	**2025 I&E**
Citywide	0.83	0.80	0.81	0.86
Manhattan	0.82	0.81	0.85	0.85
Bronx	0.89	0.82	0.82	0.93
Brooklyn	0.80	0.78	0.77	0.80
Queens	0.80	0.78	0.78	0.84
St. Island	0.82	0.76	0.76	0.91

Q8: A Board member asked for a comparison of the gap between inflation-adjusted NOI in Core Manhattan vs. NYC outside Core Manhattan over each of the last ten years.

The following table shows the requested comparison:

Core Manhattan vs. City excluding Core Manhattan NOI Over Last 10 Years

	Core Manhattan NOI	NYC excluding Core Manh. NOI	Difference	Core Manh. this percentage larger than Upper Manh.
2015 I&E	$ 1,199	$ 453	$ 746	165%
2016 I&E	$ 1,244	$ 478	$ 766	160%
2017 I&E	$ 1,353	$ 527	$ 827	157%
2018 I&E	$ 1,364	$ 555	$ 809	146%
2019 I&E	$ 1,260	$ 534	$ 726	136%
2020 I&E	$ 1,210	$ 518	$ 692	134%
2021 I&E	$ 1,221	$ 536	$ 685	128%
2022 I&E	$ 1,006	$ 555	$ 451	81%
2023 I&E	$ 912	$ 576	$ 337	58%
2024 I&E	$ 1,184	$ 508	$ 677	133%
2025 I&E	$ 1,290	$ 509	$ 780	153%

[END OF MEMO]

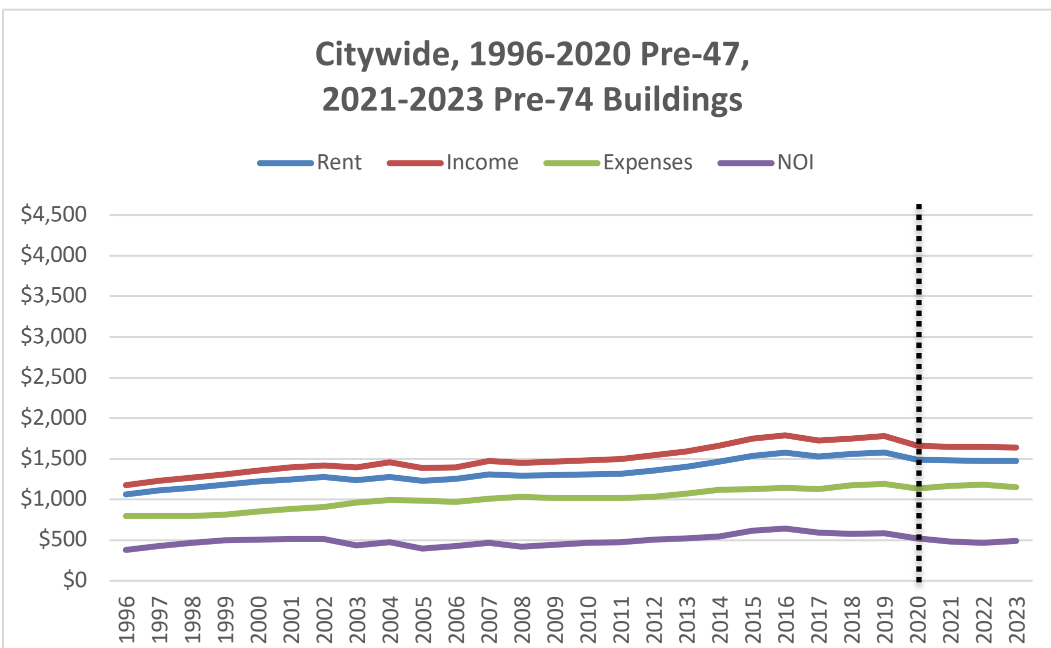
On May 21, 2025, the staff of the Rent Guidelines Board released a memo to Board members, providing additional details regarding the 2025 *Income and Expense Study.* The memo is as follows:

[START OF MEMO]

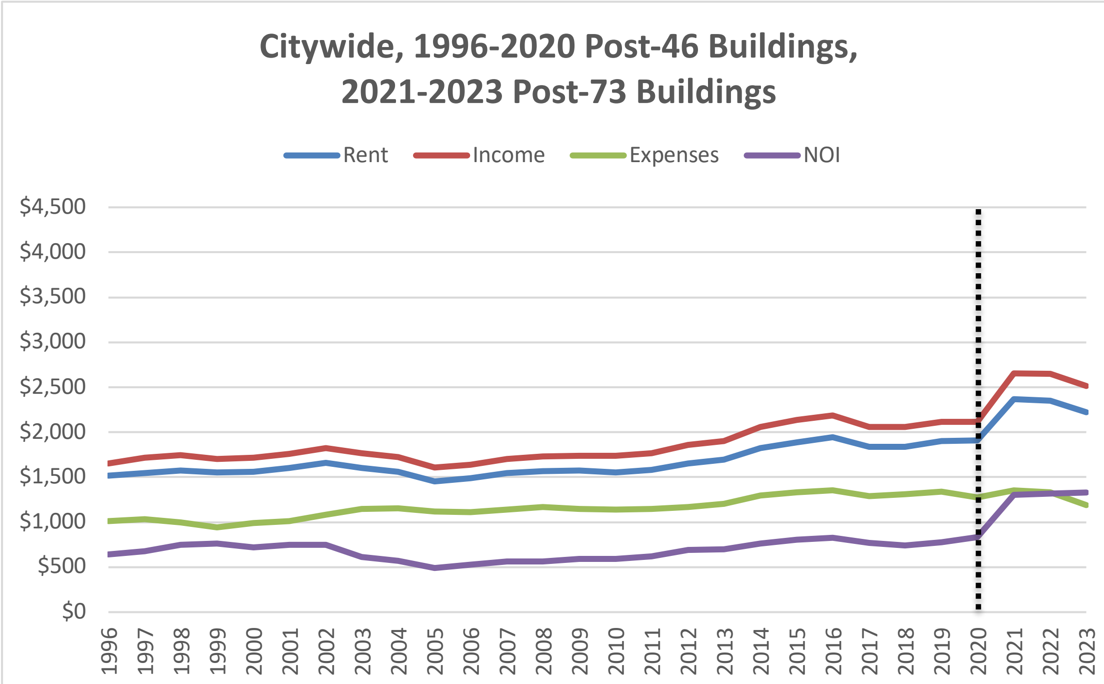
Following the presentation of the 2025 *Income & Expense Study,* board members requested that the charts on Pages 12 and 13 of the report (which provide inflation-adjusted data on rent, income, expenses, and net operating income (NOI)) be further stratified by the age of the buildings, in addition to adding analyses of both Core Manhattan and the City without Core Manhattan.

The following charts provide this data for the City as a whole and each borough, excluding Staten Island, for the period of 1996 through 2023. The data for both Core Manhattan and the City without Core Manhattan is available for the period of 1999 through 2023. Note that in each chart, the data through 2020 is based on a breakdown of pre-1947/post-1946 ages, and beginning in 2021, the data is based on a breakdown of pre-1974/post-1973 ages.

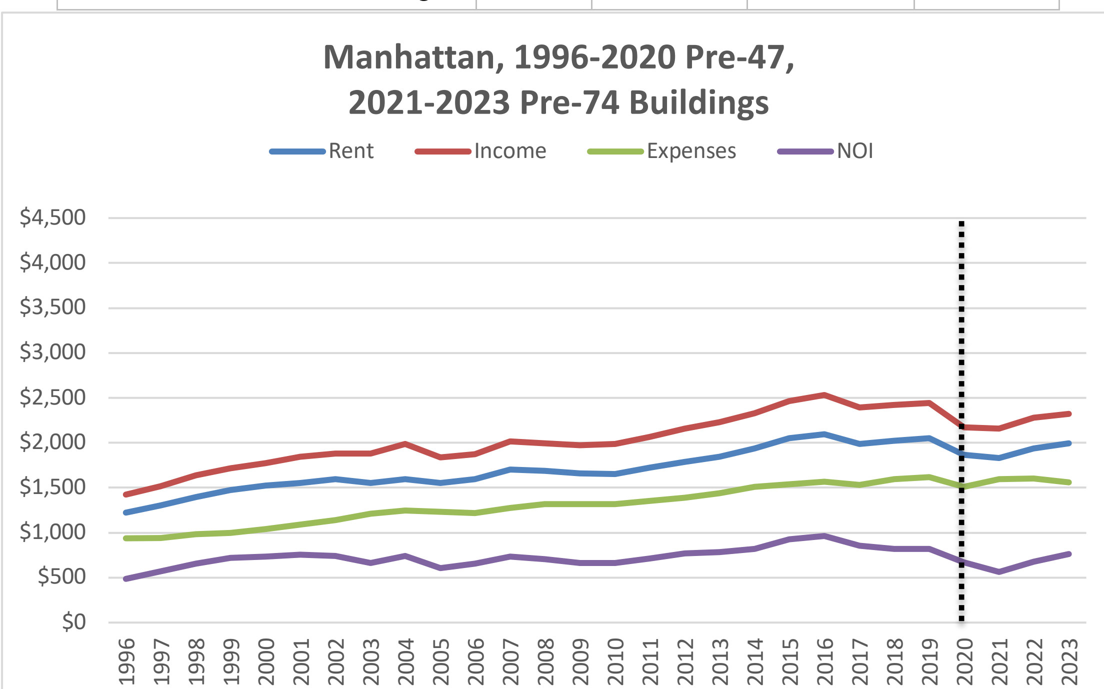
All figures are inflation-adjusted and expressed in 2023 dollars, the most recent year for which data is available.



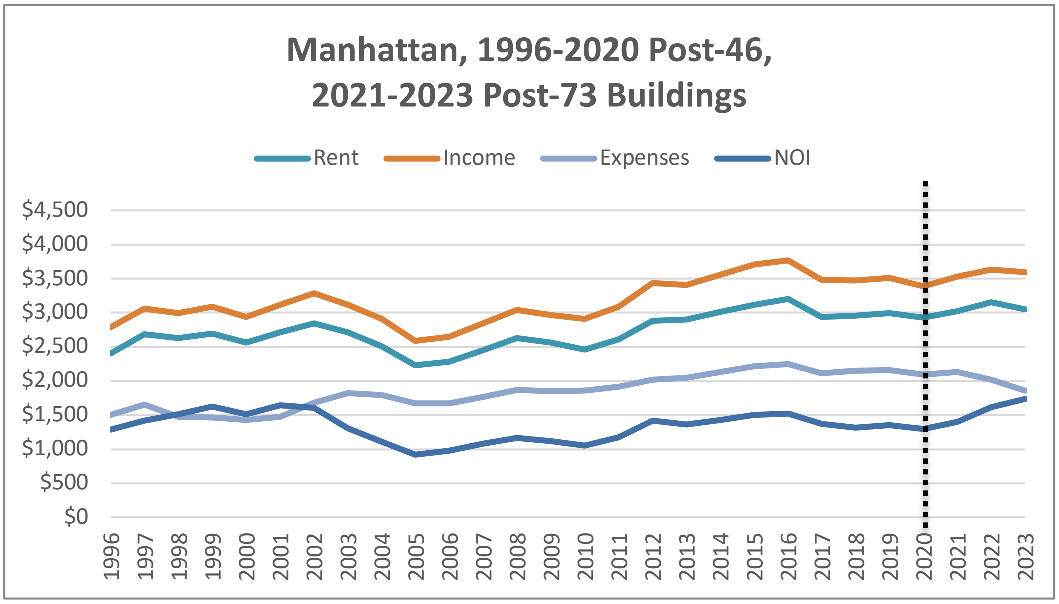
Inflation-Adjusted Change	Rent	Income	Expenses	NOI
1996 to 2020 Pre-47 Bldgs.	40.2%	41.0%	42.4%	38.0%
2021 to 2023 Pre-74 Bldgs.	-0.2%	-0.3%	-1.0%	1.6%



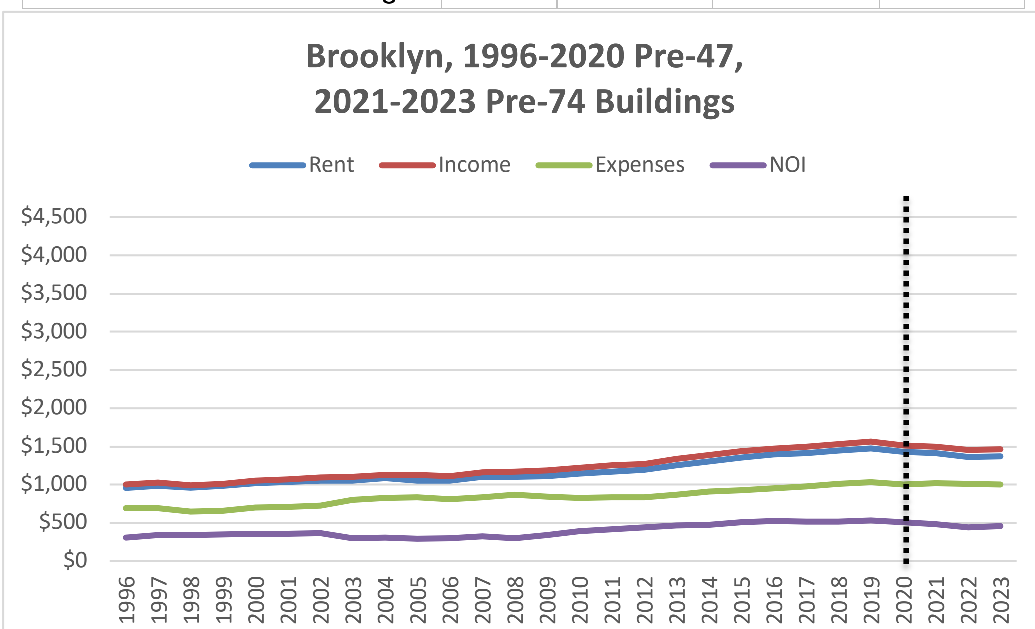
Inflation-Adjusted Change	Rent	Income	Expenses	NOI
1996 to 2020 Post-46 Bldgs.	25.8%	27.9%	26.1%	30.6%
2021 to 2023 Post-73 Bldgs.	-6.3%	-5.2%	-12.2%	2.2%



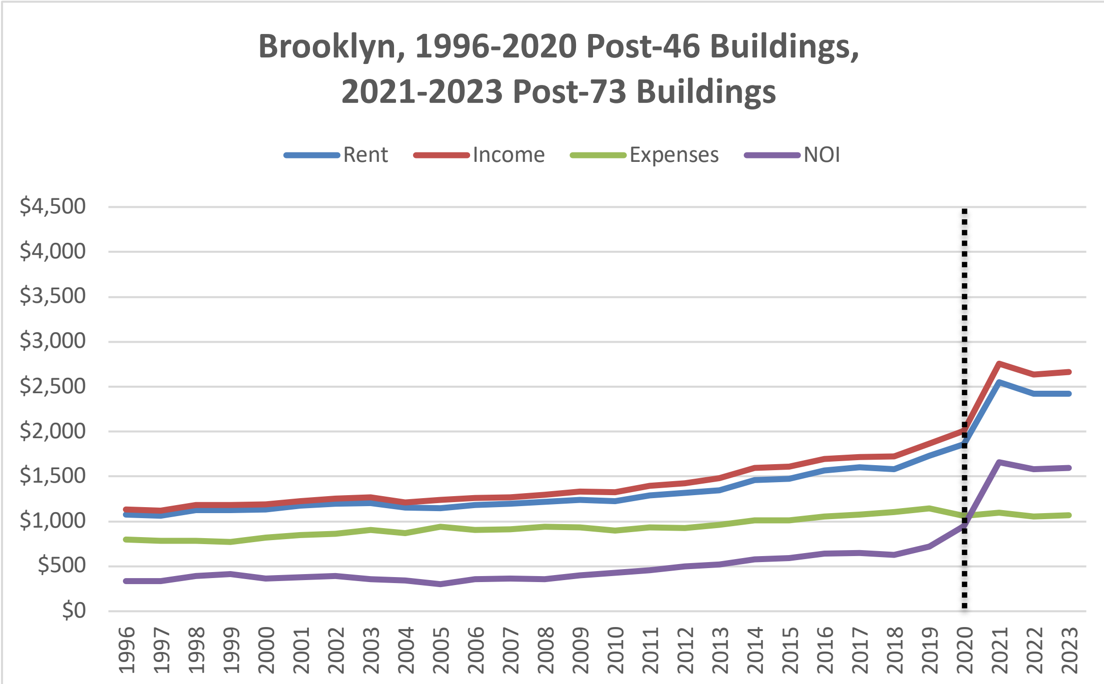
Inflation-Adjusted Change	Rent	Income	Expenses	NOI
1996 to 2020 Pre-47 Bldgs.	52.8%	52.8%	60.7%	37.5%
2021 to 2023 Pre-74 Bldgs.	8.7%	7.8%	-2.2%	36.4%



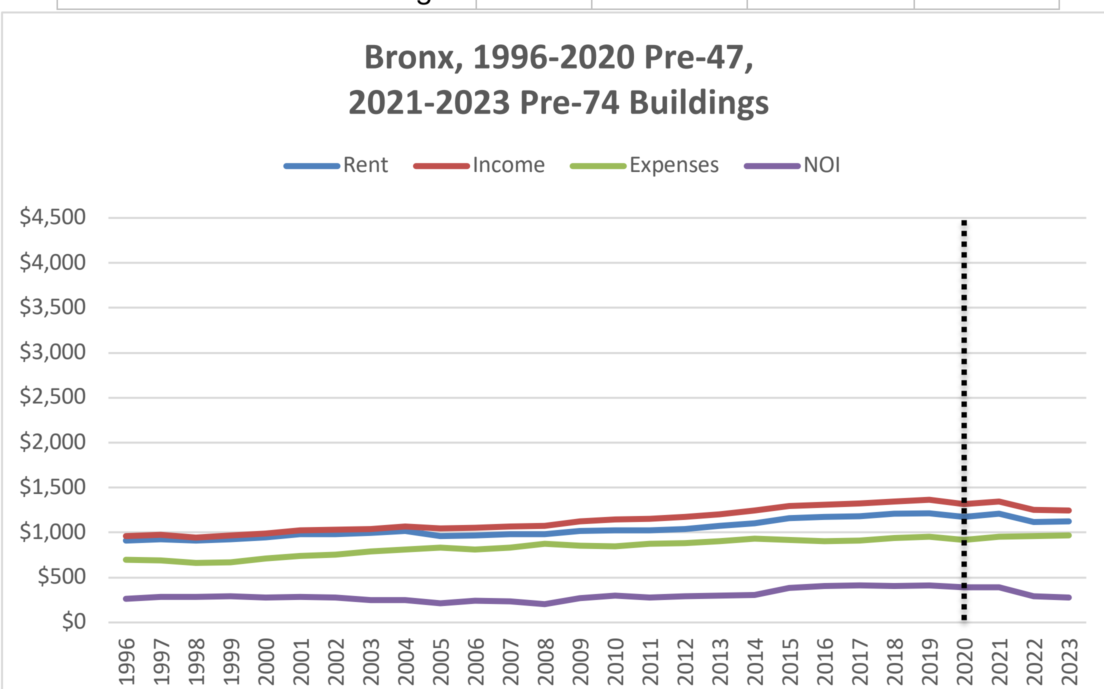
Inflation-Adjusted Change	Rent	Income	Expenses	NOI
1996 to 2020 Post-46 Bldgs.	21.9%	21.5%	39.1%	0.7%
2021 to 2023 Post-73 Bldgs.	0.9%	1.9%	-12.6%	24.0%



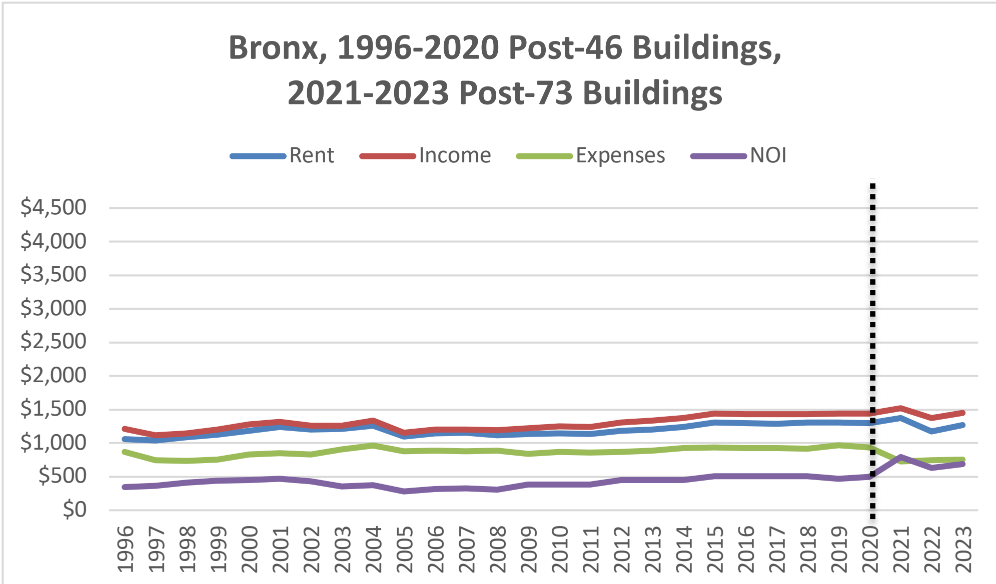
Inflation-Adjusted Change	Rent	Income	Expenses	NOI
1996 to 2020 Pre-47 Bldgs.	49.1%	50.7%	44.0%	65.6%
2021 to 2023 Pre-74 Bldgs.	-2.7%	-2.7%	-1.8%	-4.8%



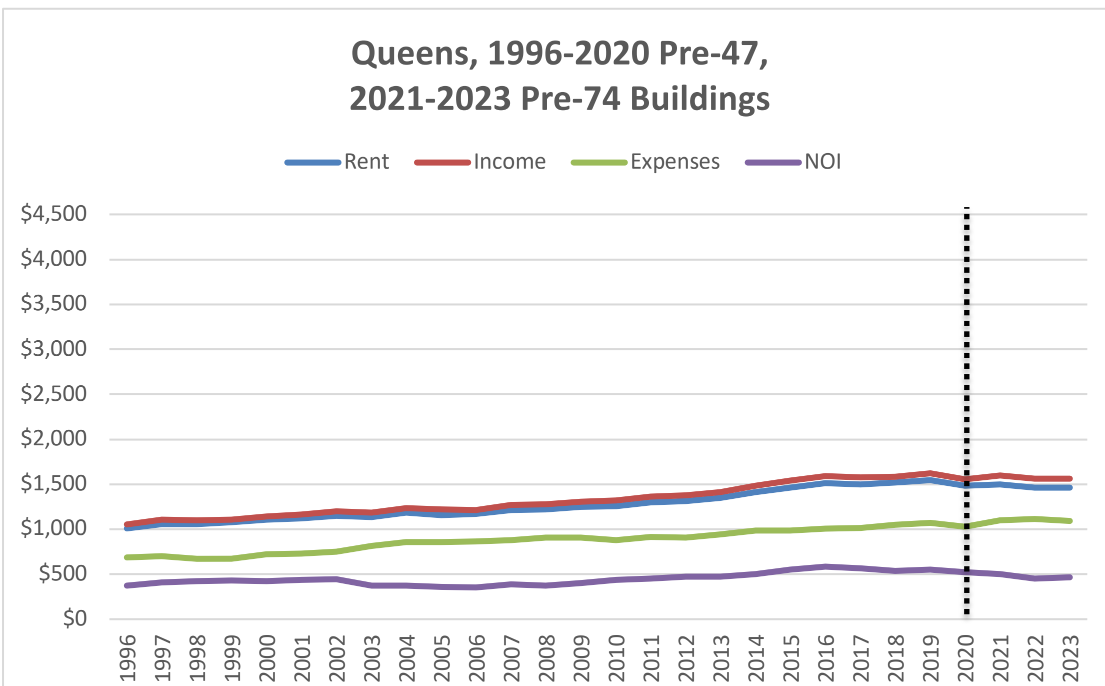
Inflation-Adjusted Change	Rent	Income	Expenses	NOI
1996 to 2020 Post-46 Bldgs.	72.3%	77.6%	33.4%	183.2%
2021 to 2023 Post-73 Bldgs.	-5.1%	-3.4%	-2.6%	-4.0%



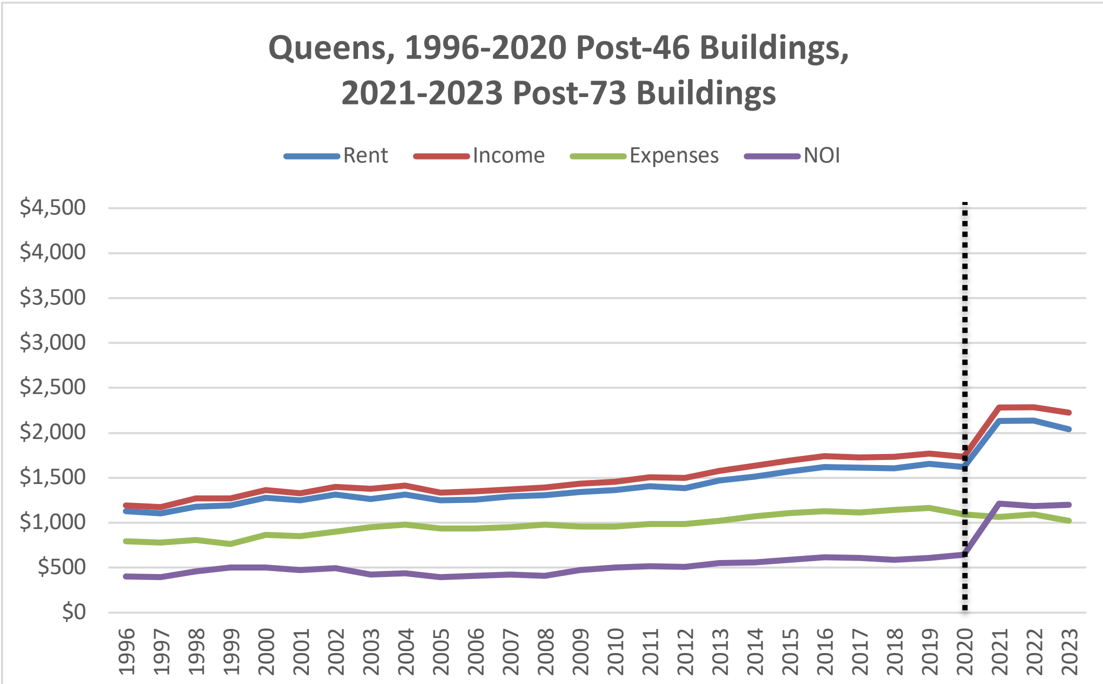
Inflation-Adjusted Change	Rent	Income	Expenses	NOI
1996 to 2020 Pre-47 Bldgs.	28.8%	36.8%	31.7%	50.3%
2021 to 2023 Pre-74 Bldgs.	-7.2%	-7.3%	1.6%	-29.0%



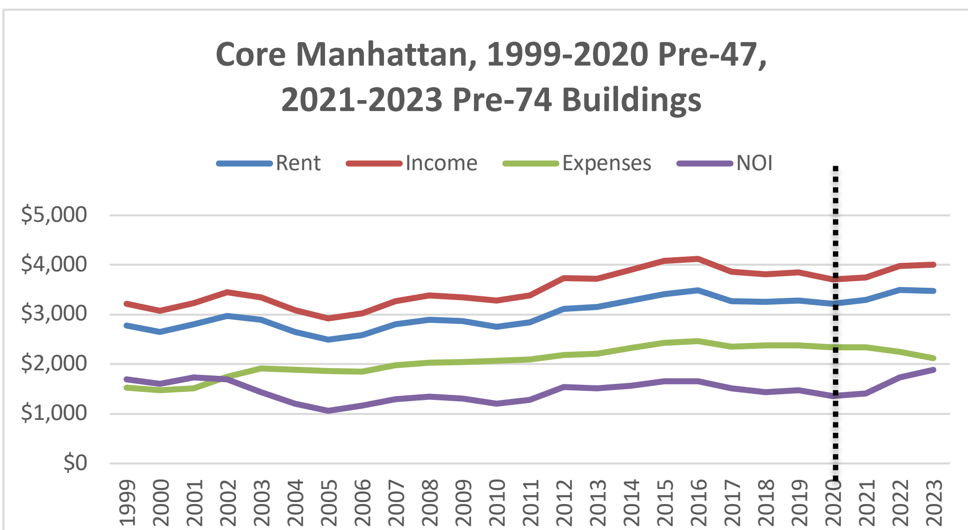
Inflation-Adjusted Change	Rent	Income	Expenses	NOI
1996 to 2020 Post-46 Bldgs.	22.3%	18.6%	7.8%	46.1%
2021 to 2023 Post-73 Bldgs.	-7.8%	-4.9%	4.4%	-13.5%



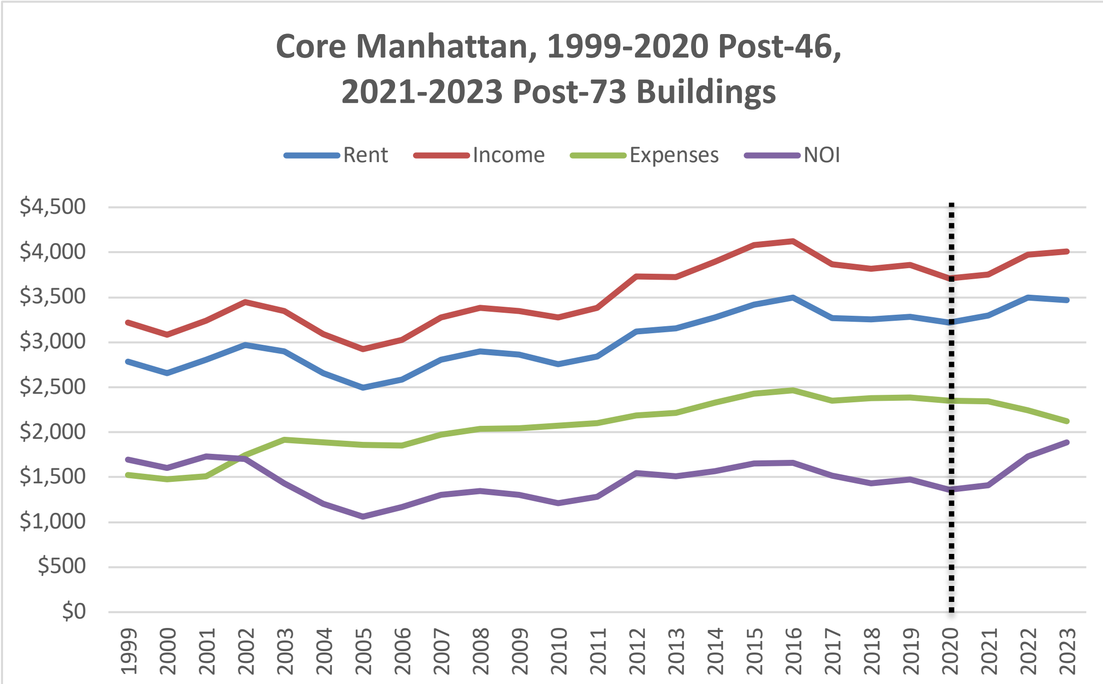
Inflation-Adjusted Change	Rent	Income	Expenses	NOI
1996 to 2020 Pre-47 Bldgs.	47.2%	47.4%	50.6%	41.4%
2021 to 2023 Pre-74 Bldgs.	-2.5%	-2.4%	-0.7%	-6.2%



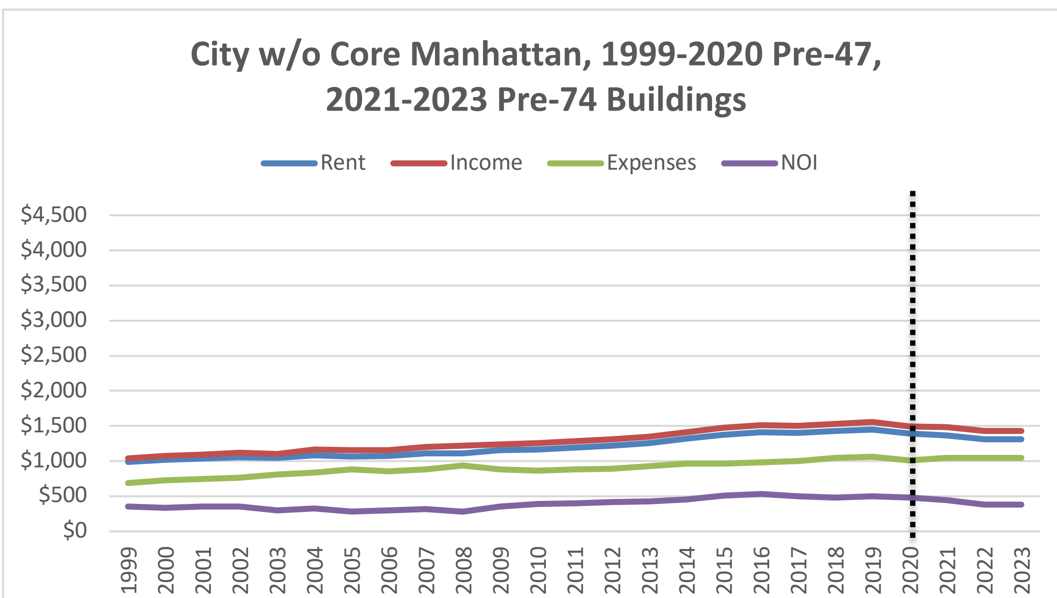
Inflation-Adjusted Change	Rent	Income	Expenses	NOI
1996 to 2020 Post-46 Bldgs.	43.6%	45.2%	38.0%	59.5%
2021 to 2023 Post-73 Bldgs.	-4.3%	-2.4%	-4.1%	-0.9%



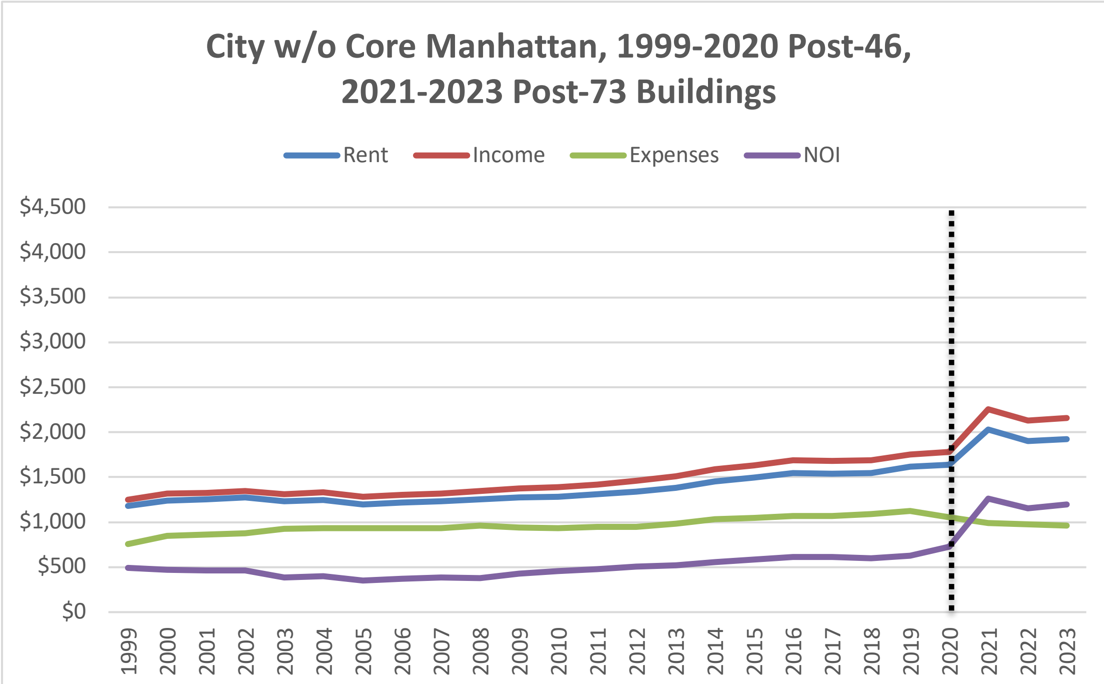
Inflation-Adjusted Change	Rent	Income	Expenses	NOI
1999 to 2020 Pre-47 Bldgs.	32.5%	31.9%	62.2%	-6.5%
2021 to 2023 Pre-74 Bldgs.	14.5%	13.2%	-4.3%	65.4%



Inflation-Adjusted Change	Rent	Income	Expenses	NOI
1999 to 2020 Post-46 Bldgs.	15.7%	15.3%	54.1%	-19.6%
2021 to 2023 Post-73 Bldgs.	5.3%	6.8%	-9.5%	33.8%



Inflation-Adjusted Change	Rent	Income	Expenses	NOI
1999 to 2020 Pre-47 Bldgs.	41.1%	43.7%	47.1%	37.0%
2021 to 2023 Pre-74 Bldgs.	-3.8%	-4.0%	-0.1%	-13.1%



Inflation-Adjusted Change	Rent	Income	Expenses	NOI
1999 to 2020 Post-46 Bldgs.	38.5%	42.5%	39.3%	47.5%
2021 to 2023 Post-73 Bldgs.	-5.4%	-4.2%	-2.9%	-5.2%

[END OF MEMO]

Forecasts of Operating and Maintenance Price Increases for 2025-26

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 2025-26 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 2024-25 and Projected 2025-26		
	Price Index 2024-25	Projected Price Index 2025-26
Taxes	3.9%	3.2%
Labor Costs	3.7%	4.1%
Fuel Oil	10.3%	-4.4%
Utilities	8.2%	5.0%

Maintenance	4.3%	5.7%
Administrative Costs	5.1%	4.3%
Insurance Costs	18.7%	17.7%
Total (Weighted)	**6.3%**	**4.8%**

Source: *2025 Price Index of Operating Costs.*

Overall, the PIOC is expected to grow by 4.8% from 2025 to 2026. Costs are predicted to rise in each component except Fuel, with the largest growth (17.7%) projected to be in Insurance Costs. Taxes, the component that carries the most weight in the Index, is projected to increase by 3.2%, while Fuel is projected to decrease by 4.4%. Other projected increases include Maintenance (5.7%), Utilities (5.0%), Administrative Costs (4.3%), and Labor Costs (4.1%). Table 3 shows projected changes in PIOC components for 2026. The Core PIOC is projected to rise by 5.6%, 0.8 percentage points higher than the overall projected PIOC for rent stabilized apartments.

Commensurate Rent Adjustment

Commensurate rent adjustments have been used since the inception of the RGB in 1969. These formulas, each with their own methodology (utilizing data such operating costs, revenues, and inflation), provide a set of illustrative one- and two-year renewal rent adjustments that would hypothetically compensate owners for the change in prices measured by the PIOC, while keeping net operating income (NOI) constant.[9] Note that these commensurate formulas do not constitute staff or Board recommendations for guideline adjustments. The various data points presented in this, and other, Rent Guidelines Board annual research reports (e.g., the *Income and Affordability Study* and the *Income and Expense Study*), supplementary data sources, in addition to public testimony, can all be considered to determine appropriate rent adjustments.

The first commensurate method is called the "Net Revenue" approach, designed to consider the change in the PIOC, and revenue received by owners based on an estimate of tenants who sign either one- or two-year lease renewals.[10] Under the "Net Revenue" formula, a guideline that would preserve NOI in the face of this year's 6.3% increase in the PIOC is 4.5% for a one-year lease and 7.75% for a two-year lease.

The second commensurate method, the "CPI- Adjusted NOI" formula, considers the change in the PIOC, the mix of lease terms, and the effect of inflation on NOI. A guideline that would

[9] The commensurate rent adjustments were first introduced before deregulation was widespread. 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 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.

[10] Starting in 2024, and in a change from prior years, staff is calculating a single formula for this commensurate, which assumes that, after a vacancy, owners will be able to collect the applicable RGB guidelines for renewal leases, as authorized under current NYS law. With the passage of the Housing Stability and Tenant Protection Act in 2019, vacancy allowance increases are no longer permitted, but increases on vacancy leases equal to RGB renewal lease guidelines are permitted. In prior years, the RGB reported two variations of the "Net Revenue" commensurate. One assumed no increase upon vacancy. The other relied on estimates of the revenue owners received on vacant units (from NYS Homes and Community Renewal apartment registration data), in conjunction with the estimated level of turnover (based on NYC Housing and Vacancy Survey data).

preserve NOI in the face of the 4.0% increase in the Consumer Price Index[11] and the 6.3% increase in the PIOC, is 6.25% for a one-year lease and 9.75% for a two-year lease.[12]

Note that in a change from prior years, and for the second consecutive year, staff is calculating a single formula for both the "Net Revenue" and "CPI-Adjusted NOI" commensurates, which assumes that, after a vacancy, owners will be able to collect the applicable RGB guidelines for renewal leases, as authorized under current New York State law. See Footnote 11 for more details about this methodological change.

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 both the current PIOC change as well as the PIOC projection for the following year. Note that this commensurate does not account for the mix of lease terms, or the effect of inflation on NOI. The "traditional" commensurate yields 4.1% for a one-year lease, and 5.8% for a two-year lease. This reflects the increase in operating costs of 6.3% found in the 2025 PIOC and the projection of a 4.8% increase next year.[13]

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 does not consider that while inflation may change, the debt service portion of NOI may stay constant. 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 NOI constant, it does not consider the mix of one- and two-year lease renewals. Since less than three-quarters of leases are renewed in any given year, with a majority of leases being renewed having a two-year duration, the formula does not necessarily accurately estimate the amount of income needed to compensate owners for O&M cost changes. A second flaw of the "traditional" commensurate formula (as well as the "Net Revenue" formula) is that it does not consider the erosion of owners' income by inflation. By maintaining current dollar NOI at a constant level, adherence to the formula may cause NOI to decline over time. However, such degradation is not an inevitable consequence of using the "traditional" commensurate formula.[14] Note that the "traditional" commensurate formula is the only formula of the three that uses the PIOC projection.

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

11 The average CPI for All Urban Consumers, New York-Northeastern New Jersey for the year from March 2024 to February 2025 (336.4) compared to the average for the year from March 2023 to February 2024 (323.6) rose by 4.0%. This is the latest available CPI data and is roughly analogous to the 'PIOC year.'

12 As with the "Net Revenue" commensurate, only one version of the "CPI Adjusted NOI" commensurate will now be calculated (see Endnote 7 for more details). The following assumptions were used in the computation of both the "Net Revenue" and "CPI Adjusted NOI" commensurates: (1) the required change in owner revenue is 64.9% of the 2025 PIOC increase of 6.3%, or 4.1%. The 64.9% figure is the most recent ratio of average operating costs to average income in buildings that contain rent stabilized units; (2) for only the "CPI-Adjusted NOI" commensurate, the increase in revenue due to the impact of inflation on NOI is 35.1% times the latest 12-month increase in the CPI ending February 2025 (4.0%), or 1.4%; (3) the proportion of one-year (42.4%) and two-year (57.6%) leases was derived from 2024 HCR registration files; and (4) the collectability of these commensurate adjustments is assumed. Also note that the lease adjustments generated by these commensurate formulas are only illustrative—other combinations of one- and two-year guidelines could produce the adjustment in revenue.

13 The "traditional" formula adjusts only owner expenses, not NOI. Expenses are adjusted based on the current PIOC change for the one-year lease commensurate, and by both the current PIOC and the PIOC projection for the two-year lease commensurate.

14 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.

O&M costs by using only the known PIOC change in costs (6.3%). 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 (4.8%).

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 considered current mortgage interest rates and the availability of financing and refinancing. It reviewed the staff's *2025 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.

Table 4

2025 Mortgage Survey[15] Average Interest Rates and Points for New Financing of Permanent Mortgage Loans 2017-2025									
	2017	2018	2019	2020	2021	2022	2023	2024	2025
Avg. Rates	4.3%	4.8%	4.7%	4.0%	3.8%	3.9%	6.0%	7.0%	6.7%
Avg. Points	0.44	0.44	0.38	0.22	0.38	0.32	0.29	0.37	0.30

Source: 2017–2025 *Annual Mortgage Surveys*, RGB.

Condition of the Rent Stabilized Housing Stock

In 2024, there was a 4.8% decrease from 2023 in the number of permits issued for new housing units, falling to 15,626. However, there was an increase of 21.5% in the number of units completed in new buildings, to 33,974. The number of units newly receiving 421-a benefits increased 1.0% from 2023 levels. Rehabilitation of housing units under the J-51 tax abatement and exemption program decreased by 12.3% in 2024. The number of permits for demolitions (both residential and commercial) fell by 8.8% in 2024. As of 2023, a tight housing market also remains in New York City, with a Citywide net rental vacancy rate of 1.41% and 9.2% of all rental housing considered overcrowded.

The Board reviewed the number of units that are exiting the rental market due to cooperative and condominium conversions. Table 5 presents the count of conversions since 2015.

[15] 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.

Table 5

Number of Cooperative / Condominium Plans[16] Accepted for Filing, 2015-2023									
	2015	2016	2017	2018	2019	2020	2021	2022	2023
New Construction	212	206	224	233	227	186	183	130	158
Conversion Non-Eviction	28	27	18	11	11	12	4	3	2
Conversion Eviction	0	0	0	0	0	0	0	0	0
Rehabilitation	43	45	33	42	43	37	33	42	34
Total	283	278	275	286	281	235	220	205	194
Subtotal:									
HPD Sponsored Plans	1	0	0	1	0	0	0	0	0

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

On May 30, 2025, the staff of the Rent Guidelines Board released a memo to Board members with additional information concerning the *2025 Housing Supply Report*. The following is an excerpt from that memo):

[START OF MEMO]

At the May 22, 2025 Housing Supply Report presentation, one question was asked for which an immediate answer could not be provided. The answer follows.

Question 1: Of the reported completions in 2024, how many overlap with the reported data on affordable housing starts and 421-a Final Certificates of Eligibility and may be rent stabilized?

As reported in the 2025 Housing Supply Report (HSR), there was an estimated 33,974 units of Class A housing in 1,234 newly constructed buildings containing Class A units of housing during 2024.[17] The HSR also reports that 27,620 units of housing were started under programs sponsored by NYC in 2024 (with 14,145 of these units new construction), and 21,235 421-a units (including 20,623 rental units) received their Final Certificates of Eligibility (FCE) in 2024.

The figures for each of these data points cannot be compared to each other based solely on data reported in the HSR. The number of completed units is provided by the NYC Department of City Planning (DCP) for both rental and homeowner units. The number of City-sponsored units are starts, not completions. The number of newly certified 421-a units is a tally of the number of units that received their FCE in 2024, not a tally of units that completed construction in 2024.

[16] "Accepted" refers only to those co-op and condo plans that require offering plans. Those that do not, and receive a "no-action" letter from the NYS Attorney General's office, are not included in this data. Within the 2023 data there are 20 residential plans (with 73 residential units) that have been accepted for filing but have outstanding deficiencies. The information entered for these plans was entered upon processing of the initial submission of the offering plan, so some of the data may be outdated and/or incomplete.

[17] It is unknown how many of these units are rental versus homeowner.

Receiving the FCE is a process that may not be completed in the same calendar year as the completion of construction, and as reported in the HSR, approximately 16% of the FCEs granted by the NYC Department of Housing Preservation and Development (HPD) in 2024 were due to prior compliance issues, possibly from buildings that completed construction years earlier.

Matching the list of buildings containing affordable housing (from HPD) with the list of newly completed buildings (from DCP), 22,718 of the 33,974 units (67%) in new buildings that completed construction in 2024 were in buildings containing affordable units of housing. Of the 1,234 buildings that completed construction in 2024, 346 were buildings that contained affordable units of housing. Of the 22,718 units in buildings containing affordable units, 10,716 were affordable and 12,002 were market rate (but are nonetheless likely to be subject to rent stabilization during the tax exemption period). Nearly all of the units were rental units (21,987 of the 22,718) and are likely to be subject to rent stabilization, for, at a minimum, the period of tax exemption (with 10,631 units of affordable rental housing likely to be rent stabilized indefinitely). Note that the data on City-sponsored housing starts includes 421-a projects, as well as any other tax incentive programs sponsored by the City.

Note that the RGB's annual Changes to the Rent Stabilized Housing Stock in NYC tracks the number of units newly added to the rent stabilized housing stock. The report quantifies the number of newly rent stabilized units, based on buildings that filed an initial registration with NYS Homes and Community Renewal (from the period of April 1 of one year, through March 30 of the following year). The 2025 Changes to the Rent Stabilized Housing Stock in NYC report detailed a total of 25,940 units added to the rent stabilized housing stock between April 1, 2024 and March 31, 2025, with the vast majority of these units from the 421-a program (22,574).

[END OF MEMO]

Consumer Price Index

The Board reviewed the Consumer Price Index. Table 7 shows the percentage change for the NY-Northeastern NJ Metropolitan area since 2018.

Table 6

Percentage Changes in the Consumer Price Index
for the New York City - Northeastern New Jersey Metropolitan Area, 2018-2025
(For "All Urban Consumers")

	2018	2019	2020	2021	2022	2023	2024	2025
1st Quarter Avg.[18]	1.6%	1.5%	2.3%	1.5%	5.5%	5.5%	3.1%	4.0%
Yearly Avg.	1.9%	1.7%	1.7%	3.3%	6.1%	3.8%	3.8%	--

Source: U.S. Bureau of Labor Statistics.

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[18] 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.

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, 2.59%). 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.

Table 7

Revised Calculation of Operating and Maintenance Cost Ratio for Rent Stabilized Buildings from 1989 to 2026			
Year[19]	Average Monthly O & M Per d.u.[20]	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	$1,091 ($1,037)	$1,667	.65 (.62)
2022	$1,164 ($1,113)	$1,769	.66 (.63)
2023	$1,160 ($1,111)	$1,786	.65 (.62)
2024[21]	$1,205 ($1,154)	$1,828	.66 (.63)
2025[22]	$1,281 ($1,227)	$1,878	.68 (.65)
2026[23]	$1,343 ($1,286)	$1,937	.69 (.66)

Source: RGB Income and Expense Studies, 1989-2025; Price Index of Operating Costs, 2023 – 2025
RGB Rent Index for 2023 – 2025.

[19] 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.

[20] Operating and expense data listed through 2020 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. Beginning with 2021 data, expense adjustments were calculated by taking the difference between the weighted average operating costs among buildings that did not have any DOF assessment adjustments and compared it to the weighted average operating costs found in the Finance data set. In 2021, average costs among the main data set were 4.41 percentage points larger than among the non-adjusted building data set. In 2022, average costs among the main data set were 4.41 percentage points larger than among the non-adjusted building data set. Therefore, the cost adjustment for years 2022-2025 reduces expenses by 4.41% See the Local Law 63/Income & Expense Review section above for additional information. Figures in parentheses are adjusted to reflect these findings.

[21] Estimated expense figure includes 2024 expense updated by the PIOC for the period from 3/1/23 through 2/29/24 (3.9%). Income includes the income for 2024 updated by staff estimate based upon guidelines and choice of lease terms for a period from 3/1/23 through 2/29/24 (2.36% --- i.e., the 10/1/22 to 9/30/23 rent projection (2.57%) times (.583), plus the 10/1/23 to 9/30/24 rent projection (2.08%) times (.417)).

[22] Estimated expense figure includes 2025 expense updated by the PIOC for the period from 3/1/24 through 2/29/25 (6.3%). Income includes the income for 2025 updated by staff estimate based upon guidelines and choice of lease terms for a period from 3/1/24 through 2/29/25 (2.70% --- i.e., the 10/1/23 to 9/30/24 rent projection (2.08%) times (.583), plus the 10/1/24 to 9/30/25 rent projection (3.56%) times (.417)).

[23] Estimated expense figure includes 2025 expense estimate updated by the 2025 PIOC projection for the period from 3/1/25 through 2/28/26 (4.8%). Income includes the income estimate for 2026 updated by staff estimate based upon guidelines and choice of lease terms for a period from 3/1/24 through 2/28/25 (3.15% - i.e., the 10/1/24 to 9/30/25 rent projection (3.56%) times (.583), plus the 10/1/25 to 9/30/26 rent projection (2.59%) times (.417)).

Changes in Housing Affordability

Per the *2025 Income and Affordability Study*, economic and social indicators in NYC in 2024 showed both strengths and weaknesses, compared to the preceding year. Positive indicators, on an annual average basis, include a 2.2% increase in employment levels within NYC businesses in 2024. Gross City Product is also forecast to increase, rising in inflation-adjusted terms by 2.1% in 2024. Both non-payment filings and calendared cases in Housing Court declined in 2024, decreasing by 11.7% and 6.1%, respectively. Inflation in the NYC metro area was also steady, remaining at 3.8% for the second consecutive year. Nominal average wages also grew in the most recent 12-month time period, by 3.1%. The poverty rate decreased by 0.1 percentage point in 2023 (the latest available data), to 18.2%.

Negative indicators, on an annual average basis, include an inflation-adjusted 0.4% decrease in average wages during the most recent 12-month period. Public benefit caseloads rose in 2024, with the average number of cash assistance recipients increasing by 16.2%; Supplemental Nutrition Assistance Program (SNAP) recipients increasing by 3.0%; and Medicaid enrollees increasing by 5.5%. The unemployment rate for NYC residents rose for the first time since 2020, up 0.3 percentage points from 2023, to 5.3%. Sheltered homeless levels in NYC Department of Homeless Services (DHS) facilities increased by 8.6%, including asylum-seekers. Excluding asylum-seekers, sheltered homeless levels also rose, by 8.7%. The number of residential evictions also rose, increasing by 22.6%. Personal bankruptcy filings in NYC also rose for the second consecutive year, increasing by 13.7%.

Compared to 2019 (the last full year preceding the pandemic), economic and social indicators are mixed. Compared to 2019, the unemployment rate in 2024 is 1.3 percentage points higher, despite a 2.7% increase in overall employment levels. Initial unemployment claims are 5.0% higher, cash assistance caseloads are 66.2% higher, Medicaid enrollees are 4.5% higher, and SNAP caseloads are 17.1% higher. However, average wages are higher, by 3.1% considering inflation, and by 22.6% nominally. Including asylum-seekers, DHS sheltered homeless levels are 46.4% higher (but excluding asylum-seekers, they are 5.8% lower). In Housing Court, non-payment filings and calendared cases are both lower, by 33.6% and 29.1%, respectively. Residential evictions are also 7.1% lower.[24]

On April 15, 2025, the staff of the Rent Guidelines Board released a memo to Board members with additional information concerning the *2025 Income & Affordability Study*. The memo follows:

[START OF MEMO]

At the April 10, 2025 *Income & Affordability Study* (I&A) presentation, two questions were asked for which an immediate answer could not be provided. Answers follow.

Question 1: Can a summary of I&A data regarding rent delinquency be provided?

[24] See the *2025 Income and Affordability Study* for the sources of all data presented in this section.

Following are all the measures of rent delinquency in the *2025 I&A Study*, summarized:

Housing Court Statistics (2019-2024)[25]

Year	Non-Payment Filings	Non-Payment Cases Noticed for a Hearing	Residential Evictions & Possessions (both non-payment and holdover)
2019	145,212	79,856	14,756
2020[26]	63,331	29,814	2,614
2021	33,054	13,659	126
2022	88,510	44,885	3,742
2023	109,267	60,357	11,186
2024	96,443	56,651	13,711

***2023 NYC Housing and Vacancy Survey* (HVS) Statistics**[27]

Interviews for the *2023 HVS* asked respondents if, over the past year, they were ever late paying the rent because they didn't have enough money at the time. For those who answered in the affirmative, the interviewer also asked how many times they were late paying the rent in the last year and if they currently had rent arrears that were at least 30 days past due.17.9% of rent stabilized tenants reported that at some point in the past year, they were late paying the rent because they did not have money at the time rent was due.

  - Not including tenants receiving Section 8, 34.6% of these households were severely rent burdened (paying more than 50% of income towards rent)
  - Not including tenants receiving Section 8, 18.6% of these households were moderately rent burdened (paying more than 30% of income, but less than 50% of income, towards rent)
  - Not including tenants receiving Section 8, 46.8% were not rent burdened (paying 30% or less of income towards rent)

- Of those 17.9% of rent stabilized tenants that reported missing a rent payment at some point in the past year:
  - 13.3% were late one time
  - 20.0% were late two times
  - 17.1% were late three times, and
  - 49.6% were late four or more times
- Of those 17.9% of rent stabilized tenants that reported missing a rent payment at some point in the past year, 38.2% currently had rent arrears that were at least 30 days past due.

Household Pulse Survey (NYC metro area)[28]

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[25] See Appendix 10 of the 2025 Income and Affordability Study for data from 1983-2018.

[26] Note that an eviction moratorium was in place from March 20, 2020 through January 15, 2022.

[27] The data in this section was calculated directly from HVS microdata, which was not available to the RGB at the time of the publication of the 2024 I&A Study. Therefore, this data has never been published.

[28] Note that the Census Bureau advised that the data from this survey was experimental, and that caution should be taken when using estimates based on subpopulations of the data because sample sizes may be small and the standard errors may be large. Data in this section is from Public Use Files from the U.S. Census Bureau's Household Pulse Survey: https://www.census.gov/programs-surveys/household-pulse-survey.html.

One of the questions asked of respondents regarding housing was whether they were caught up on rent.

- From March to September 2024 (seven surveys that ranged from the publication of the *2024 I&A Study* through the final survey of the *Household Pulse Survey*), the average proportion of renter households in the NYC metro area reporting that they were not caught up on their rent was 16.6%, compared to 18.5% in the prior year.
  - For households making less than $35,000 per year, an average of 24.8% (between April 2023 and September 2024 – a 17-month period)[29] were not caught up on rent.
  - For households making $100,000 per year, an average of 4.4% (between April 2023 and September 2024 – a 17-month period)[30] were not caught up on rent.
- Among the 16.6% of households in the NYC metro area reporting rent delinquency from March to September 2024, an average of:
  - 21.9% responded that they owed "zero" months of rent[31]
  - 21.1% owed one month
  - 16.1% owed two months of back rent
  - 26.5% owed between three and seven months of back rent, and
  - 14.4% owed eight months or more
- The average number of months of back rent owed remained relatively stable compared to the previous year. Across the past seven surveys, the average number of months of rent owed by NYC metro renters who are at least one month delinquent is 3.57 months, minimally changed from the previous year's average of 3.55 months.

Community Service Society's "Annual Survey of Housing and Economic Security"[32]

- 22% of NYC renters reported current rent arrears in 2024

"Poverty Tracker Annual Report" by the Poverty Tracker Research Group at Columbia University[33]

The following data is consolidated from surveys conducted in 2019, 2022, and 2023 by the Poverty Tracker Research Group at Columbia University. Respondents were asked if they ever not paid their rent in full during the 12 months preceding each survey due to financial problems.

- An average of 27% of all renters below 200% of the Supplemental Poverty Measure (SPM) reported not paying their rent in full

29 Due to small sample sizes, data from 17 monthly surveys (April 2023-September 2024) were utilized to compute an average.

30 Due to small sample sizes, data from 17 monthly surveys (April 2023-September 2024) were utilized to compute an average.

31 The discrepancy between the householder responding that they were behind on rent and then subsequently answering that they were "zero" months behind on rent cannot be explained definitively. The survey is conducted online and all data is self-reported by the households selected to respond to the survey. In an email conversation, the Census Bureau speculates that respondents answering "zero" months behind may be less than one month behind. From April 2024 to September 2024, an average of 18.0% of renters reporting being behind on rent did not specify how many months. Therefore, reported proportions of the months that households are behind on rent is based solely on those households who responded with a specific number (including zero).

32 "Preventing Eviction in New York State: A Snapshot of What Works and What Doesn't." Community Service Society, March 2025. https://www.cssny.org/publications/entry/ preventing-eviction-in-new-york-state-snapshot.

33 Poverty Tracker Research Group at Columbia University (2024). Poverty Tracker Data. Center on Poverty and Social Policy at Columbia University and Columbia Population Research Center. https://www.povertycenter.columbia.edu/ poverty-tracker-data. Note that data is weighted for persons, not households.

- including 26% of rent stabilized tenants and 27% of market rate tenants

- An average of 13% of renters above 200% of the SPM reported not paying their rent in full
  - including 17% of rent stabilized tenants and 11% of market rate tenants
- In total, an average of 22% of all renters were not current on their rent at some point during the 12 months preceding each survey
  - including 23% of rent stabilized tenants and 21% of market rate tenants

Question 2: Can data from the 2023 American Community Survey provide median gross rent-to-income ratios for tenants, based on the length of tenancy?

The following table provides data from the *2023 American Community Survey* for median gross rent-to-income ratios,[34] in addition to median household income, and median gross rent, for select categories of tenancy length. See the table below for detailed data for all New York City renter households:

***2023 American Community Survey* Data[35] for New York City Renters, by Length of Tenancy**

Length of Tenancy	Median Gross Rent-to-Income Ratio	Median Household Income	Median Gross Rent
12 months or less	32%	$82,785	$2,420
13 to 23 months	29%	$96,854	$2,380
2 to 4 years	30%	$78,095	$2,100
5 to 9 years	30%	$57,399	$1,660
10 to 19 years	31%	$48,937	$1,480
20 to 29 years	31%	$40,577	$1,300
30 years or more	31%	$36,703	$1,100

Similar data can also be obtained from the *2023 NYC Housing and Vacancy Survey*. In the following table, the length of tenancy has been grouped to roughly fit the pre-defined categories of the *American Community Survey* (see above). Data is provided for all renters, all rent stabilized households, rent stabilized households in buildings built prior to 1974, and tenants in market rentals. Note that the gross rent-to-income ratios do not include households that receive Section 8[36] and that due to small sample sizes, data tenants in buildings after 1973 were not included, as margins of error may be large.

[34] Unlike the data that follows from the 2023 NYC Housing and Vacancy Survey, the median gross rent-to-income ratios included in this table encompass all households, including those who receive Section 8.

[35] Per the Census Bureau, estimates generated using the ACS Public Use Microdata Sample (PUMS) files will be slightly different from the pre-tabulated ACS estimates on data.census.gov because PUMS data include only about two-thirds of the cases used to create estimates on data.census.gov, and contain additional edits and modifications to protect respondent confidentiality. Due to these differences, the estimates provided directly from the Census Bureau (such as the data for all households) is considered more accurate than data from the PUMS.

[36] For tenants receiving rent assistance, such as Section 8 or CityFHEPS, "out-of-pocket" rent is generally no more than 30% of their income. However, the HVS calculates the rent-to-income ratio by dividing the contract or gross rent of the apartment (i.e., the amount the owner receives from both the tenant and the rental assistance program) by the respondent's monthly income, resulting in artificially high rent-to-income ratios, often exceeding 100%. Approximately 198,000 renter households receive rent assistance, including 104,000 rent stabilized households. Of those households for which a gross rent-to-income ratio can be computed, approximately 70% who receive rent assistance are recorded by the HVS as paying more than 30% of their income towards gross rent, two-thirds pay more than 40%, and almost one-third pay 100% or more.

2023 NYC Housing and Vacancy Survey Data **(Median Gross Rent-to-Income Ratio, Excluding Tenants Receiving Section 8[37]), by Year Moved into Unit**

Year Moved into Unit	Median Gross Rent-to-Income Ratio (Excluding Tenants Receiving Section 8)			
	All Renters	All Rent Stabilized	Rent Stabilized (pre-74)	Market Rentals
2022-2023	28.4%	32.2%	29.0%	27.6%
2021	26.7%	29.9%	29.9%	25.1%
2018-2020	28.3%	29.4%	28.6%	26.6%
2013-2017	28.6%	27.3%	27.3%	28.6%
2003-2012	27.8%	28.4%	27.8%	25.9%
1993-2002	26.6%	22.9%	22.9%	31.0%
1992 or earlier	34.7%	33.5%	34.5%	44.3%

2023 NYC Housing and Vacancy Survey **Data (Median Household Income), by Year Moved into Unit**

Year Moved into Unit	Median Household Income in 2022			
	All Renters	All Rent Stabilized	Rent Stabilized (pre-74)	Market Rentals
2022-2023	$91,092	$75,000	$76,000	$110,000
2021	$100,000	$80,000	$75,000	$132,000
2018-2020	$75,000	$65,200	$70,045	$95,000
2013-2017	$60,000	$52,700	$58,000	$80,000
2003-2012	$52,199	$47,000	$50,000	$72,000
1993-2002	$50,900	$60,968	$62,000	$62,288
1992 or earlier	$32,000	$35,484	$35,600	$44,000

2023 NYC Housing and Vacancy Survey **Data (Median Gross Rent), by Year Moved into Unit**

Year Moved into Unit	Median Gross Rent			
	All Renters	All Rent Stabilized	Rent Stabilized (pre-74)	Market Rentals
2022-2023	$2,143	$1,845	$1,845	$2,488
2021	$2,395	$2,010	$1,849	$2,835
2018-2020	$1,974	$1,831	$1,841	$2,270
2013-2017	$1,668	$1,604	$1,625	$1,913
2003-2012	$1,500	$1,400	$1,438	$1,886
1993-2002	$1,302	$1,350	$1,352	$1,500
1992 or earlier	$1,097	$1,150	$1,150	$1,228

[END OF MEMO]

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[37] See Endnote 37.

On May 21, 2025, the staff of the Rent Guidelines Board distributed an email to Board members with additional historic data that compares rent increases authorized by the RGB to inflation. Hard copies of these documents were distributed to the members at the May 22 public meeting of the board. The email follows:

[START OF EMAIL]

The tables and charts below, distributed to the board members on May 21, 2025, are data requests from Alex Schwartz and Alex Armlovich, both of whom asked that additional historic data be provided to the Board that compares rent increases authorized by the RGB to inflation (as measured by the Consumer Price Index, or CPI).

Alex Schwartz specifically asked that data regarding a comparison of the RGB Rent Index and the CPI be distributed to the Board. The RGB's Rent Index is a composite measure that estimates the overall impact of the Board's guidelines on rent rolls. The formula considers the one- and two-year guidelines authorized by the Board, the mix of lease terms (i.e., the proportion of tenants who take a one-year lease versus a two-year lease), and prior to 2019, the impact of increases upon vacancy. To accurately compare this measure to the Consumer Price Index (CPI), the change in CPI is calculated as the change from the period October-September of one year, compared to period of October-September in the following year.

Alex Armlovich asked that data regarding a comparison of the one-year renewal lease guidelines and CPI be distributed to the Board.

As these requests both include a comparison to CPI, the requests have been combined in a single table. In addition, Alex Schwartz also created charts of the comparison of the RGB rent index to the CPI, which are below the table.

One-Year Guideline, CPI, and RGB Rent Index Adjustments 1969-2025						
Order Number	Guideline Year	One-Year Guideline	CPI in Guideline Period	One-Year Guideline Minus CPI in Guideline Period	RGB Rent Index	RGB Rent Index Minus CPI in Guideline Period
1	7/1/68 to 6/30/70	10.0%	3.40%	6.6%	8.0%	4.60%
2	7/1/70 to 6/30/71	6.0%	6.76%	-0.8%	5.8%	-0.96%
3	7/1/71 to 6/30/72	7.0%	5.01%	2.0%	6.4%	1.39%
4	7/1/72 to 6/30/73	6.0%	4.68%	1.3%	5.40%	0.72%
5	7/1/73 to 6/30/74	6.5%	8.94%	-2.4%	5.40%	-3.54%
6	7/1/74 to 6/30/75	8.5%	9.85%	-1.3%	5.64%	-4.21%
7	7/1/75 to 6/30/76	7.5%	6.60%	0.9%	5.62%	-0.98%
8	7/1/76 to 6/30/77	6.5%	5.24%	1.3%	5.33%	0.09%
9	7/1/77 to 6/30/78	6.5%	5.21%	1.3%	5.49%	0.28%
10	7/1/78 to 6/30/79	4.5%	6.95%	-2.5%	4.23%	-2.72%
11	7/1/79 to 6/30/80	8.5%	10.63%	-2.1%	7.73%	-2.90%
12	7/1/80 to 6/30/81	11.0%	10.40%	0.6%	10.28%	-0.12%
13	10/1/81 to 9/30/82	10.0%	9.32%	0.7%	10.11%	0.79%
14	10/1/82 to 9/30/83	4.0%	5.25%	-1.2%	*3.52%*	-1.73%
15	10/1/83 to 9/30/84	4.0%	4.76%	-0.8%	4.93%	0.17%
16	10/1/84 to 9/30/85	6.0%	3.89%	2.1%	5.82%	1.93%
17	10/1/85 to 9/30/86	4.0%	3.58%	0.4%	6.55%	2.97%
18	10/1/86 to 9/30/87	6.0%	4.21%	1.8%	6.18%	1.97%
19	10/1/87 to 9/30/88	3.0%	5.22%	-2.2%	5.87%	0.65%
20	10/1/88 to 9/30/89	6.0%	5.32%	0.7%	6.39%	1.07%
21	10/1/89 to 9/30/90	5.5%	5.93%	-0.4%	6.16%	0.23%
22	10/1/90 to 9/30/91	4.5%	5.27%	-0.8%	4.15%	-1.12%
23	10/1/91 to 9/30/92	4.0%	3.46%	0.5%	3.93%	0.47%
24	10/1/92 to 9/30/93	3.0%	3.41%	-0.4%	3.11%	-0.30%
25	10/1/93 to 9/30/94	3.0%	2.34%	0.7%	2.93%	0.59%
26	10/1/94 to 9/30/95	2.0%	2.42%	-0.4%	2.73%	0.31%
27	10/1/95 to 9/30/96	2.0%	2.92%	-0.9%	4.10%	1.18%
28	10/1/96 to 9/30/97	5.0%	2.49%	2.5%	5.72%	3.23%
29	10/1/97 to 9/30/98	2.0%	1.80%	0.2%	3.66%	1.87%
30	10/1/98 to 9/30/99	2.0%	1.75%	0.2%	3.71%	1.96%
31	10/1/99 to 9/30/00	2.0%	2.89%	-0.9%	3.91%	1.02%
32	10/1/00 to 9/30/01	4.0%	2.92%	1.1%	5.04%	2.12%
33	10/1/01 to 9/30/02	4.0%	2.21%	1.8%	4.78%	2.57%
34	10/1/02 to 9/30/03	2.0%	3.04%	-1.0%	3.61%	0.57%
35	10/1/03 to 9/30/04	4.5%	3.38%	1.1%	5.72%	2.34%
36	10/1/04 to 9/30/05*	3.5%	3.82%	-0.3%	4.75%	0.92%
37	10/1/05 to 9/30/06°	2.75%	4.09%	-1.3%	4.22%	0.13%
38	10/1/06 to 9/30/07‡	4.25%	2.61%	1.6%	4.38%	1.77%
39	10/1/07 to 9/30/08	3.0%	4.12%	-1.1%	3.57%	-0.55%
40	10/1/08 to 9/30/09∞	4.5% œ	0.76%	3.7%	8.00%	7.24%
41	10/1/09 to 9/30/10•	3.0% ∑	1.69%	1.3%	5.82%	4.13%
42	10/1/10 to 9/30/11	2.25%	2.45%	-0.2%	3.40%	0.95%
43	10/1/11 to 9/30/12	3.75%	2.23%	1.5%	4.54%	2.30%
44	10/1/12 to 9/30/13π	2.0%	1.85%	0.2%	2.84%	0.99%
45	10/1/13 to 9/30/14	4.0%	1.44%	2.6%	4.62%	3.19%
46	10/1/14 to 9/30/15	1.0%	0.18%	0.8%	2.39%	2.21%
47	10/1/15 to 9/30/16	0.0%	0.81%	-0.8%	1.55%	0.74%
48	10/1/16 to 9/30/17	0.0%	1.96%	-2.0%	1.72%	-0.24%
49	10/1/17 to 9/30/18	1.25%	1.86%	-0.6%	2.35%	0.49%
50	10/1/18 to 9/30/19	1.5%	1.65%	-0.2%	2.66%	1.01%
51	10/1/19 to 9/30/20	1.5%	1.77%	-0.3%	1.87%	0.09%
52	10/1/20 to 9/30/21	0.0%	2.57%	-2.6%	0.40%	-2.17%
53	10/1/21 to 9/30/22	0% , 1.5%ˆ	5.74%	-5.0%	1.86%	-3.88%
54	10/1/22 to 9/30/23	3.25%	4.55%	-1.3%	2.57%	-1.99%
55	10/1/23 to 9/30/24	3.0%	3.53%	-0.5%	2.08%	-1.44%
56	10/1/24 to 9/30/25	2.75%	3.01%	-0.3%	3.56%	0.55%

(Order 56 CPI number is not yet final)

* For tenants who pay for their heat separately the guidelines was 3.0%.

° For tenants who pay for their heat separately the guidelines was 2.25%.

‡ For tenants who pay for their heat separately the guidelines was 3.75%.

œ For tenants who pay for their heat separately the guidelines was 4.0%.

∑ For tenants who pay for their heat separately the guidelines was 2.5%.

∞ Provided, however, that where the most recent vacancy lease was executed 6 yrs or more prior to the date of the renewal lease under this Order, the following shall apply:

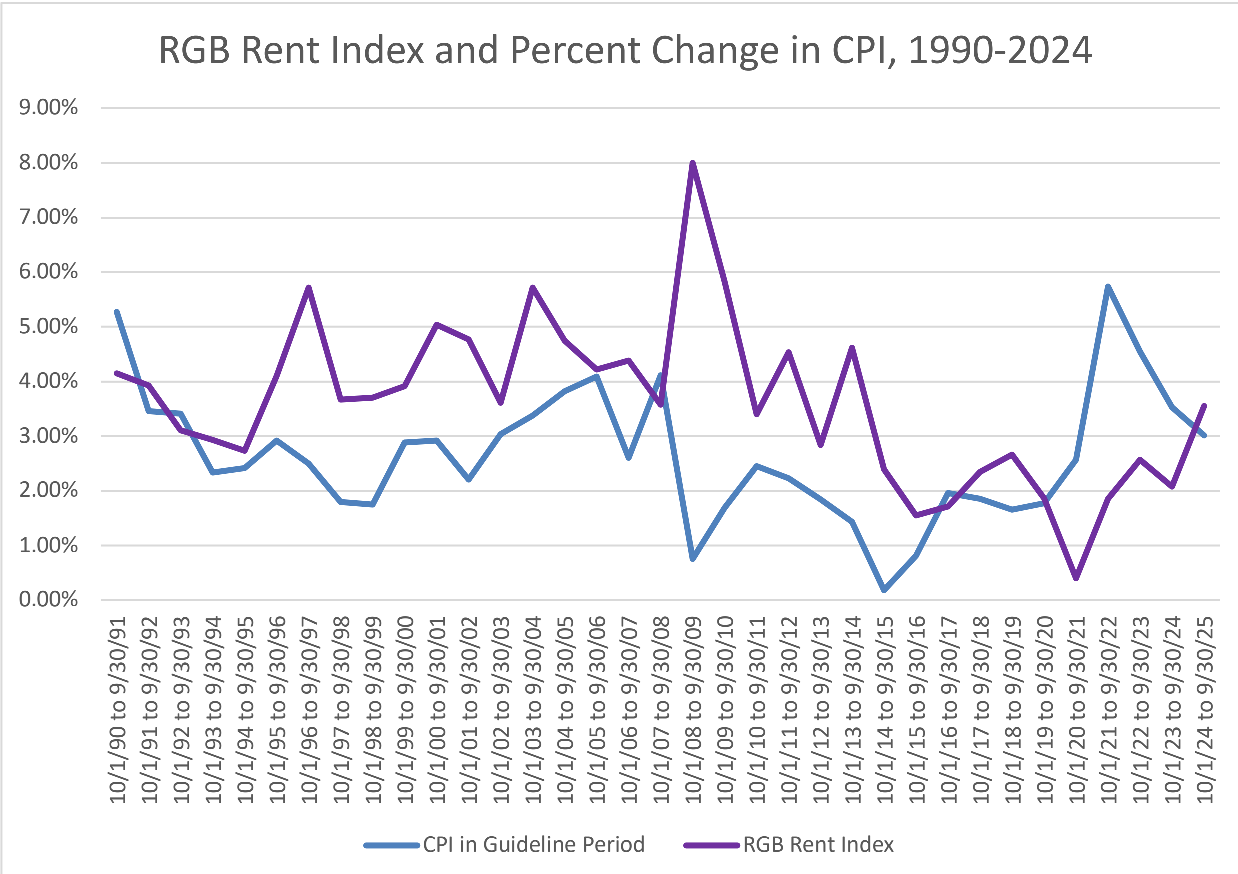
For a one-year renewal lease: 4.5% or $45, whichever is greater (tenants paying heat, 4.0% or $40, whichever is greater).

• Provided, however, that where the most recent vacancy lease was executed 6 yrs or more prior to the date of the renewal lease under this Order, the following shall apply:

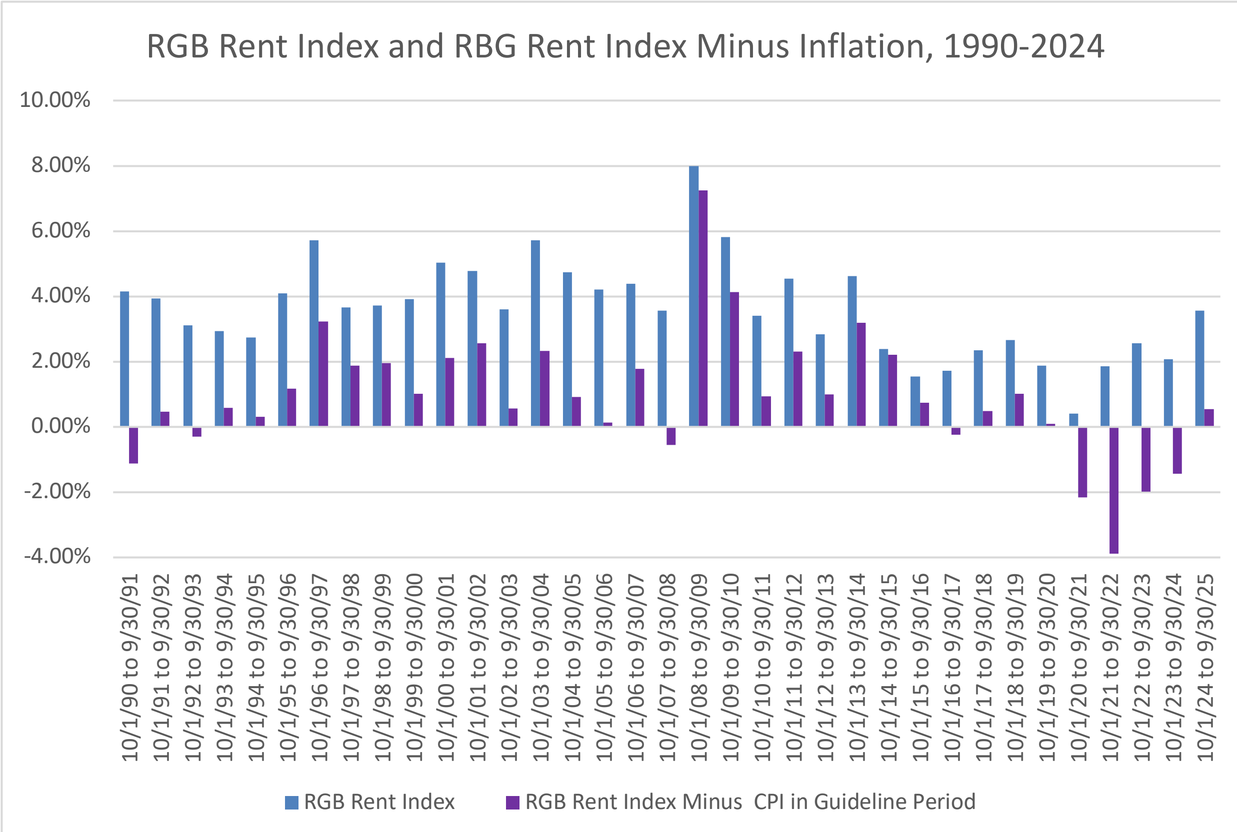
For a one-year renewal lease: 3.0% or $30, whichever is greater (tenants paying heat, 2.5% or $25, whichever is greater).

π 2% or $20 whichever is greater

ˆ 0.0% for the first six months, 1.5% for the last six months of the lease



Note: CPI for the guideline period of 10/1/24-9/30/25 is not final.



Note: CPI for the guideline period of 10/1/24-9/30/25 is not final.

[END OF EMAIL]

On June 11, 2025, the staff of the Rent Guidelines Board released a memo to Board members with an analysis of the potential correlation between building violations and the financial health in buildings containing rent stabilized units. The memo follows:

[START OF MEMO]

Introduction

At the request of Board members, staff was asked to examine the relationship between the number of violations in buildings that contain rent stabilized units, and the financial health of such buildings.

The first section (including Tables 1, 2, and 3) of this memo focuses on violation data for buildings that contain rent stabilized units and have a high number of violations relative to their size. For the purposes of this analysis, buildings deemed to have a high number of violations were those that generally matched the criteria for inclusion in the NYC Department of Housing Preservation and Development's (HPD) Alternative Enforcement Program (AEP), the criteria for which is explained in detail in the summary and in Section 4.

To assess the financial health of buildings with a high number of violations, the second section of this memo (including Tables 4-12) presents summary statistics from the NYC Department of Finance's (DOF) 2023 Real Property Income and Expense filings for a subset of buildings that contain rent stabilized units and generally matched the criteria for inclusion in AEP. It includes data on costs, rents, incomes, and the related statistics of net operating income and cost-to-income ratios.

The third section of this memo provides some caveats regarding the violation data, and the fourth section provides detailed program information for AEP.

Appendix 1 provides a general overview of violation data for buildings that contain rent stabilized units, compared to both all buildings, as well as those buildings that do not contain rent stabilized units.

Appendix 2 provides detailed definitions of terms used in this memo and sources of data.

Summary

This memo provides data regarding buildings containing rent stabilized units[38] that have a significant number of B or C violations (those deemed hazardous or immediately hazardous),[39] relative to their size.[40] The criteria used to select buildings with a significant number of violations is similar to that of HPD's Alternative Enforcement Program (AEP), which selects 250 buildings each year that have a significant number of housing maintenance code violations relative to their size and compels owners to resolve the outstanding violation issues (see Sections 1 and 4 for detailed AEP program criteria)The study frame includes buildings that contain rent stabilized units (as identified in the 2023 NYS Homes and Community Renewal (HCR) annual registration file) and have Class B and C violations that were open as of February 12, 2025 (that were initially issued within the five years preceding that date).[41] Among the findings:

- 23,724 buildings that contain rent stabilized units had open B/C violations on February 12, 2025 that were issued in the five years prior to that date (accounting for 53.7% of the 44,154 buildings that registered with HCR in 2023). See Table 1 for more information.
- Of the buildings in the study frame, a total of 1,185 buildings would generally qualify for inclusion in AEP (2.7% of the 44,154 buildings that contain rent stabilized units, and 5.0% of the 23,724 buildings with violations). These buildings have a total of 22,413 units of housing (1.5% of the units in buildings that contain rent stabilized housing and 2.2% of units in buildings that contain rent stabilized units and had open B/C violations on February 12, 2025 that were issued in the five years prior to that date). Of the 22,413 units in these buildings, 18,942 (85%) of the units are registered as currently occupied by rent stabilized tenants in 2023, 2.1% of the total number of registered occupied rent stabilized units in 2023 (918,217).[42] See Table 1 for more information.

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[38] See footnote 47 and Appendix 2 for the definition of a "building" and footnote 52 for the methodology of identifying buildings that contain rent stabilized units.

[39] See footnote 49 and Appendix 2 for a detailed description of Class B and Class C violations.

[40] See footnote 50 for the parameters of this analysis.

[41] See footnote 52 and Appendix 2 for a definition of buildings that contain rent stabilized units and footnote 50 for the parameters of this analysis.

[42] See footnote 53 and Appendix 2 for a discussion of "registered occupied rent stabilized units."

- Of the 1,185 buildings that contain rent stabilized units and would generally qualify for inclusion in AEP, 440 (37.1%) have been placed in the official AEP program by HPD at some point between 2007 and 2025. See Table 1 for more information.
- Of the 1,185 buildings that contain rent stabilized units and would generally qualify for inclusion in AEP, approximately 810 (68.4%) have a proportion of rent stabilized units of at least 80%, and 414 (34.9%) have a proportion of rent stabilized units of 100%.[43] See Table 2 for more information.
- Of the 22,413 units in buildings that contain rent stabilized units and would generally qualify for inclusion in AEP, approximately 15,942 (71.1%) are in buildings that had a proportion of rent stabilized units of at least 80%, and 5,430 (24.2%) are in buildings that had a proportion of rent stabilized units of 100%.[44] See Table 2 for more information.
- The overall average number of B and C violations per unit in buildings that contain rent stabilized units is 0.53, compared to 5.63 violations per unit in buildings that contain rent stabilized units and generally qualify for AEP.[45] See Table 3 for more information.

To assess the financial health of buildings that contain rent stabilized units and have significant violations, summary statistics from 2023 Real Property Income and Expense (RPIE) reports for the 1,185 buildings that contain rent stabilized units that generally met the qualifications for AEP were requested from DOF. DOF was able to provide the RGB with data for 384 of these properties that were constructed prior to 1974 (Pre-1974). This data is presented in Tables 4-12. In summary, compared to data from the full sample of 15,403 Pre-1974 buildings that were reported in the *2025 Income and Expense Study*, in the 384 Pre-1974 buildings that generally met the criteria for AEP:

- the average building size Citywide is 30.7% smaller (29 units per building versus 42 units per building)
- average costs Citywide are 7.1% less overall ($1,073 versus $1,155), but significantly higher for fuel, insurance, and utilities, and lower for taxes and labor
- the average rent Citywide is 20.4% lower ($1,176 versus $1,477)
- the average income Citywide is 18.9% lower ($1,332 versus $1,642)
- the average Net Operating Income (NOI) Citywide is 46.9% lower ($259 versus $488)
- the average cost-to-income ratio Citywide is 10.3 percentage points higher (80.6% versus 70.3%)
- Citywide, 22.7% of the high-violation sample was considered distressed, compared to 9.7% of overall Pre-1974 buildings
- the change in the Citywide average NOI between 2022 and 2023 is 12.3 percentage points lower than the change in NOI in the overall Pre-1974 buildings (a decline of 1.1% versus an increase of 11.2%)

Also see Section 3 for caveats to the violation data, and Section 4 for detailed program information for AEP. Appendix 1 provides comparison data for buildings that contain rent stabilized units to both all buildings, and those buildings that do not contain rent stabilized units. Appendix 2 provides more detailed information and the terms and sources of data used in this memo.

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43 See footnote 57 for a description of the caveats for calculating the proportion of rent stabilized units.

44 See footnote 57 for a description of the caveats for calculating the proportion of rent stabilized units.

45 See footnotes 64 and 65.

Section 1: Buildings That Generally Fit the Criteria of the Alternative Enforcement Program (With Open Class B/C Violations on February 12, 2025 (That Were Issued Between February 13, 2020 and February 12, 2025))

This section focuses on buildings that contain rent stabilized units with a high number of violations.[46] Violation data is published daily on the NYC OpenData portal by HPD.[47] The data includes detailed information about each violation, such as the building address, issue date, violation class (A, B, or C)[48], specific violation, and current status (whether it is open or closed, and if closed, the date that the violation was cured with HPD). For this analysis, buildings with a high number of violations were defined as those generally matching the criteria for inclusion in HPD's Alternative Enforcement Program (AEP). This includes buildings with open Class B/C violations as of February 12, 2025 (that were issued between February 13, 2020 and February 12, 2025).[49] AEP is an HPD enforcement program for apartment buildings with a significant number of housing maintenance code violations relative to their size. The program aims to improve housing conditions by performing frequent inspections to monitor correction of violations, and issue Orders to Correct if the owner fails to act. The program also allows HPD to make repairs and replace building systems if necessary.

AEP selection criteria include the number of Class B (hazardous) and Class C (immediately hazardous) housing maintenance code violations, as well as the dollar value of emergency repair charges incurred from HPD's repair work. Each January 31, HPD selects 250 buildings for inclusion in this program, and by statute, approximately 90% of these selected buildings have 6 or more units. Failure to correct the qualifying conditions may result in emergency repair charges, liens, and significant fees, and buildings may also be subject to tax liens to repay these costs. For a full description of the AEP statute, including selection criteria, fines, and how buildings are discharged from the program, see Section 4 of this memo.

The following analysis applies the general selection criteria of AEP to buildings containing rent stabilized units with open Class B/C violations on February 12, 2025 that were issued within the five years preceding that date (February 13, 2020 to February 12, 2025). Note that the RGB did not consider the amount of emergency repair charges paid by any building (which is part of the AEP statute). Therefore, the analysis below is based solely on the number of violations per dwelling unit, using the AEP criteria outlined in Section 4: five or more violations per unit for buildings with fewer than 15 units, and three or more violations per unit for buildings with 15 or

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46 The use of the term "building," throughout this memo, refers to single parcels, which may contain multiple buildings. The identification of buildings that contain rent stabilized units is based on the 2023 HCR building registration file. See Appendix 2 for a detailed description of the 2023 HCR building registration file and its difference from the 2024 HCR building registration file (which was unavailable at the time of this analysis).

47 Violation data is updated daily on the NYC OpenData portal: https://data.cityofnewyork.us/Housing-Development/Housing-Maintenance-Code-Violations/wvxf-dwi5/about_data.

48 The violation class correlates to the severity of the violation. Class A violations are considered non-hazardous, and are not considered in this analysis. Class B violations are deemed hazardous, and Class C violations are deemed immediately hazardous. Many of Class C violations must be corrected by the owner within 24 hours. Note that owners have up to 30 days to correct Class B violations, and depending on the type of Class C violation, up to 21 days to correct Class C violations. This analysis does not account for violations issued within 30 days of February 12, 2025 that could have been corrected on time by owners. Because 6.3% of all violations (or almost 60,000), were issued within 30 days of February 12, 2025, the analysis somewhat overstates both the number of buildings that would qualify for the AEP program and the average number of violations per dwelling unit. See Appendix 2 for a more detailed definition of Class B and C violations.

49 The parameters for this analysis include buildings with Class B and C violations (those that are deemed hazardous or immediately hazardous) that were open as of February 12, 2025, and initially issued within the five years preceding that date (February 13, 2020 through February 12, 2025). Inclusion in AEP also requires a certain threshold of violations per dwelling unit (which varies based on the size of the buildings), as well as a threshold for Emergency Repair Charges, that were not considered as part of this analysis. See Sections 1 and 4 for more detailed program criteria and methodology, or refer to HPD's website: https://www.nyc.gov/site/hpd/services-and-information/alternative-enforcement-program-aep.page.

more units. Residential unit data was obtained from the NYC Department of City Planning and HPD (including both Class A and Class B units).[50]

Table 1 illustrates that a total of 23,724 of the 44,154 buildings[51] (53.7%) registered with HCR in 2023 had Class B and C violations (those deemed hazardous or immediately hazardous) that were open as of February 12, 2025, and initially issued within the five years preceding that date (February 13, 2020 through February 12, 2025). Of these, 1,185 buildings, or 2.7% of the total registered rent stabilized buildings, would have generally met the AEP qualifications (not considering emergency repair charges). As a proportion of only those buildings with violations (23,724 buildings), 5.0% of buildings containing rent stabilized units with open B/C violations would generally qualify for AEP.

Of the 1,185 buildings that contain rent stabilized units and generally qualify for AEP, 440 (37.1%) have been placed in the official AEP program by HPD at some point between 2007 and 2025. Buildings that successfully clear their violations can be discharged from AEP. As of June 1, 2025, 238 of the 440 buildings in the study frame that have been officially placed in AEP at some point since 2007 had yet to be discharged from the official AEP program. This represents 54% of the 440 buildings in the study frame that were officially part of AEP, and 20.1% of the 1,185 buildings that generally qualified for AEP in February 2025. The latest round of AEP (Round 18) began just prior to this memo's study period. A total of 102 (8.6%) of the 1,185 buildings found to generally qualify for AEP in February 2025 were placed in the official AEP program in January 2025 (16 of which have since been discharged from the program, as of June 1, 2025). These 102 buildings represent 23% of the 440 buildings in the study frame that were officially part of AEP, and 8.6% of the 1,185 buildings in the study frame that generally qualified for AEP in February 2025.

The 23,724 buildings that contain rent stabilized units and have B/C violations (as of February 2025) collectively contain an estimated total of just over one million units of housing (including market rate units). This accounts for 69.1% of the total number of units in buildings containing rent stabilized units (including buildings without B/C violations). The buildings that would generally qualify for AEP contain a total of 22,413 housing units, representing 1.5% of all units in buildings that contain rent stabilized units, and 2.2% of units in only those buildings with B/C violations. As noted previously, 440 of the 1,185 buildings that contain rent stabilized units that generally qualify for AEP have been part of HPD's AEP program at some point between 2007 and 2025. These 440 buildings contain 9,975 housing units (44.5% of the 22,413 units in buildings that generally qualified for AEP in February 2025). Of the 9,975 units in buildings entered in AEP, 6,356 have yet to be discharged from AEP. This represents 28.4% of the 22,413 units in buildings that generally qualify for AEP, and 64% of the units that have been entered into AEP at some point since 2007. A total of 3,210 of the 22,413 units in buildings that generally qualified for AEP in February 2025 were placed in the official AEP program in January 2025. This represents 32% of the 9,975 units in buildings in the study frame that were officially part of AEP

[50] Note that the number of residential units in a building may differ depending on the source. The residential units presented in this memo are based on the greater of the total number of residential units reported by either HPD or DCP for buildings registered with HCR in 2023. See Appendix 2 for a more detailed description of "residential units."

[51] Any references to buildings containing rent stabilized units are based on the 2023 NYS Homes and Community Renewal building registration file, which contained 44,154 individual borough, block, and lot designations (parcels), and 47,594 individual buildings. The 2024 HCR registration file, which was unavailable at the time this analysis was completed, has 46,225 parcels and 49,789 buildings (or 2,071 additional records that could have been matched to the violation data). The increased number of parcels in the 2024 registration file would have enabled more buildings with violations to be identified as rent stabilized, with an estimated impact of an additional 1,331 buildings in the sample frame that contain rent stabilized units, 124 of which would generally qualify for inclusion in AEP.

and 14.3% of the 22,413 units in the study frame that generally qualified for AEP in February 2025.

The 2023 HCR annual registration file records 918,217 occupied rent stabilized housing units.[52] Of the 918,217 occupied rent stabilized housing units registered with HCR in 2023, a total of 681,757 (74.2%) had Class B or Class C violations open as of February 12, 2025 that were initially issued within the five years preceding that date (February 13, 2020, through February 12, 2025). Of these occupied and registered rent stabilized units, 18,942, or 2.1% of the total occupied and registered rent stabilized units, would have generally met the AEP qualifications (not considering emergency repair charges). As noted previously, these buildings contain a total of 22,413 units, 85% of which (18,942) are registered as occupied rent stabilized.

[52] This analysis is only able to quantify those registered rent stabilized units that are currently registered as occupied in the 2023 HCR building registration file. Because the registered vacant units may, or may not, be rent stabilized (as opposed to market rate), it is not possible to obtain an accurate count of rent stabilized units using HCR data. Therefore, the number of rent stabilized units is likely somewhat higher, but cannot be quantified.

Table 1: Data for Buildings that Contain Rent Stabilized Units with Open Class B/C Violations on February 12, 2025 (That Were Issued Between February 13, 2020 and February 12, 2025)[53]

AEP and Violation Metrics	Number	Proportion
Total number of buildings that contain rent stabilized units (April 2023)	**44,154**	**--**
Buildings that contain rent stabilized units with B/C violations (February 2025)	23,724	53.7%
Buildings that contain rent stabilized units and generally qualify for AEP (February 2025)	1,185	2.7%
Buildings that contain rent stabilized units, generally qualify for AEP, and have been part of any official AEP Round (2007-2025)	*440*	*37.1%*
Buildings that contain rent stabilized units, generally qualify for AEP, and have not been discharged from AEP (2007-2025)	*238*	*20.1%*
Buildings that contain rent stabilized units, generally qualify for AEP, and were part of the most recent AEP Round (Round 18, 2025)	*102*	*8.6%*
Total units in buildings that contain rent stabilized units (April 2023)[54]	**1,493,346**	**--**
Total units in buildings that contain rent stabilized units with B/C violations (February 2025)	1,032,001	69.1%
Total units in buildings that generally qualify for AEP (February 2025)	22,413	1.5%
Total units in buildings that contain rent stabilized units, generally qualify for AEP, and have been part of any official AEP Round (2007-2025)	*9,975*	*44.5%*
Total units in buildings that contain rent stabilized units, generally qualify for AEP, and have not been discharged from AEP (2007-2025)	*6,356*	*28.4%*
Total units in buildings that contain rent stabilized units, generally qualify for AEP, and were part of the most recent AEP Round (Round 18, 2025)	*3,210*	*14.3%*
Total registered and occupied rent stabilized units in buildings that contain rent stabilized units (April 2023)[55]	**918,217**	**--**
Total registered and occupied rent stabilized units in buildings that contain rent stabilized units with B/C violations (February 2025)	681,757	74.2%
Total registered and occupied rent stabilized units in buildings that generally qualify for AEP (February 2025)	18,942	2.1%

Source: NYC OpenData Portal and 2023 HCR Building Registration File

Table 2 illustrates that of the 1,185 buildings that contain rent stabilized units and would generally qualify for AEP, approximately 114 (9.6%) had a proportion of rent stabilized units of less than 50%; 1,071 (90.4%) had a proportion of rent stabilized units of at least 50%; 810

[53]See footnote 50 for the parameters of this analysis.

[54]See footnote 51 for a discussion of residential unit counts.

[55]See footnote 53.

(68.4%) had a proportion of rent stabilized units of at least 80%; and 414 (34.9%) had a proportion of rent stabilized units of 100%.[56] Of the 22,413 units in these buildings, approximately 1,753 (7.8%) are in buildings with a proportion of rent stabilized units of less than 50%; 20,660 (92.2%) are in buildings with a proportion of rent stabilized units of at least 50%; 15,942 (71.1%) are in buildings with a proportion of rent stabilized units of at least 80%; and 5,430 (24.2%) are in buildings with a proportion of rent stabilized units of 100%.

Of the 1,185 buildings that contain rent stabilized units and would generally qualify for inclusion in AEP, approximately 80 (6.8%) have fewer than six units; 420 (35.4%) have between six and 10 units; 221 (18.6%) have between 11 and 19 units; 400 (33.8%) have between 20 and 49 units; 59 (5.0%) have between 50 and 99 units; and five (0.4%) have 100 or more units.[57] Of the 22,413 units in these buildings, approximately 264 (1.2%) are in buildings that have fewer than six units; 3,028 (13.5%) are in buildings that have between six and 10 units; 3,379 (15.1%) are in buildings that have between 11 and 19 units; 11,502 (51.3%) are in buildings that have between 20 and 49 units; 3,702 (16.5%) are in buildings that have between 50 and 99 units; and 538 (2.4%) are in buildings that have 100 or more units.

[56] Calculating a proportion of rent stabilized units is complicated by both an unknown number of vacant rent stabilized units (see footnote 15), and differing unit counts of the total number of units in buildings, depending on the agency reporting the units. This proportion is based on the number of occupied rent stabilized units registered with NYS Homes and Community Renewal in 2023, divided by the greater of the number of total units reported by either HPD or the NYC Department of City Planning.

[57] See footnote 51 for a discussion of residential unit counts.

Table 2: Data for Buildings that Contain Rent Stabilized Units with Open Class B/C Violations on February 12, 2025 (That Were Issued Between February 13, 2020 and February 12, 2025), by Proportion of Rent Stabilized Units and Building Size[58]

AEP and Violation Metrics	Number	Proportion
Buildings containing rent stabilized units that generally qualify for AEP, by proportion of rent stabilized units (February 2025)[59]	**1,185**	**--**
Less than 50% rent stabilized	114	9.6%
50% or more rent stabilized	1,071	90.4%
80% or more rent stabilized	810	68.4%
100% rent stabilized	414	34.9%
Units in buildings containing rent stabilized units that generally qualify for AEP, by proportion of rent stabilized units (April 2023 and February 2025)[60]	**22,413**	**--**
Less than 50% rent stabilized	1,753	7.8%
50% or more rent stabilized	20,660	92.2%
80% or more rent stabilized	15,942	71.1%
100% rent stabilized	5,430	24.2%
Buildings containing rent stabilized units that generally qualify for AEP, by building size (February 2025)[61]	**1,185**	**--**
1-5 Units	80	6.8%
6-10 Units	420	35.4%
11-19 Units	221	18.6%
20-49 Units	400	33.8%
50-99 Units	59	5.0%
100+ Units	5	0.4%
Units in buildings containing rent stabilized units that generally qualify for AEP, by building size (February 2025)[62]	**22,413**	**--**
1-5 Units	264	1.2%
6-10 Units	3,028	13.5%
11-19 Units	3,379	15.1%
20-49 Units	11,502	51.3%
50-99 Units	3,702	16.5%
100+ Units	538	2.4%

Source: NYC OpenData Portal and 2023 HCR Building Registration File

Table 3 illustrates that the average number of B/C violations per unit in buildings that generally qualify for AEP is significantly higher than the average B/C violations per unit in the overall population of buildings with violations. The overall average number of B and C violations per

[58]See footnote 50 for the parameters of this analysis.
[59]See footnote 57 for a description of the caveats for calculating the proportion of rent stabilized units.
[60]See footnote 57 for a description of the caveats for calculating the proportion of rent stabilized units.
[61]See footnote 51 for a discussion of residential unit counts.
[62]See footnote 51 for a discussion of residential unit counts.

unit in buildings that contain rent stabilized units (23,724 buildings, see Table 1) is 0.53.[63] However, the average number of B and C violations per dwelling unit decreases as building size increases. In the overall stock of buildings that contain rent stabilized units and had open B/C violations in February 2025, the average B and C violations per dwelling unit for buildings with fewer than six units is 2.29; between six and 10 units: 1.62; between 11 and 19 units: 1.06; between 20 and 49 units: 0.81; between 50 and 99 units: 0.52; and 100 or more units: 0.18.

For the 1,185 buildings that contain rent stabilized units and would generally qualify for inclusion in AEP, the average violations per dwelling unit is 5.63.[64] However, the average number of B and C violations per dwelling unit generally decreases as building size increases. In buildings that contain rent stabilized units and generally qualify for AEP, the average B and C violations per dwelling unit for buildings with fewer than six units is 10.28; between six and 10 units: 9.02; between 11 and 19 units: 5.82; between 20 and 49 units: 5.00; between 50 and 99 units: 4.43; and 100 or more units: 4.63.

[63] This average is computed for all buildings that contain rent stabilized units and had Class B and C violations (those that are deemed hazardous or immediately hazardous) that were open as of February 12, 2025, and initially issued within the five years preceding that date (February 13, 2020 through February 12, 2025). See footnote 49 for a discussion on why this figure is somewhat overstated.

[64] This figure was calculated using the same parameters as those for all buildings that contain rent stabilized units (see footnote 64), but only for those buildings that generally meet the qualifications for AEP.

Table 3: Average B/C Violations by Building Size in Buildings that Contain Rent Stabilized Units (For Violations That Were Issued Between February 13, 2020 and February 12, 2025)[65]

Building Size	Average Violations per Dwelling Unit
Average B/C violations per unit in **all buildings containing rent stabilized units** that were open as of February 12, 2025, and initially issued within the five years preceding that date, by building size (23,724 buildings, 1,032,001 units)[66]	0.53
1-5 Units (674 buildings, 2,392 units)	2.29
6-10 Units (5,686 buildings, 42,320 units)	1.62
11-19 Units (3,652 buildings, 54,954 units)	1.06
20-49 Units (7,741 buildings, 243,521 units)	0.81
50-99 Units (4,135 buildings, 281,053 units)	0.52
100+ Units (1,836 buildings, 407,761 units)	0.18
Average B/C violations per unit in **buildings containing rent stabilized units that generally qualify for AEP** (as of February 12, 2025), by building size (1,185 buildings, 22,413 units)[67]	5.63
1-5 Units (80 buildings, 264 units)	10.28
6-10 Units (420 buildings, 3,028 units)	9.02
11-19 Units (221 buildings, 3,379 units)	5.82
20-49 Units (400 buildings, 11,502 units)	5.00
50-99 Units (59 buildings, 3,702 units)	4.43
100+ Units (5 buildings, 538 units)	4.63

Source: NYC OpenData Portal and 2023 HCR Building Registration File

Section 2: Financial Health of Buildings That Contain Rent Stabilized Units and Generally Meet the Criteria for Inclusion in AEP

In April 2025, the RGB submitted the list of 1,185 buildings that contain rent stabilized units that generally met the qualifications for AEP to the NYC Department of Finance (DOF), in order to obtain summary statistics on average and median costs, rents, and incomes in these buildings, based on 2023 Real Property Income and Expense (RPIE filings).[68] Owners of buildings with more than 10 units are required to file RPIE statements with DOF annually, and the RGB uses this data to produce an annual Income & Expense Study (I&E).

[65] See footnote 50 for the parameters of this analysis.

[66] See footnote 64.

[67] See footnote 65.

[68] As noted in footnote 52 and Appendix 2, the identification of buildings that contain rent stabilized units was based on 2023 HCR registration data. Only those buildings that both registered with HCR and generally qualified for AEP were provided to DOF for computation of RPIE summary statistics.

Of the 1,185 buildings that contain rent stabilized units that generally met the qualifications for AEP, approximately 660 (or 56%) had more than 10 units and were required to file RPIE statement. However, DOF was only able to provide summary statistics for 394 of these buildings, representing 33% of the total sample submitted, and 60% of the buildings required to file RPIE statements.[69] Since only 10 of these buildings were built after 1973, the following analysis will focus solely on buildings built before 1974 (Pre-1974) to ensure a more parallel comparison with the full RPIE sample.[70] The tables below compare data from the Pre-1974 buildings in the *2025 I&E Study* (which analyzed 2023 RPIE data for 15,403 buildings that contain rent stabilized units), to the 384 buildings that generally met the qualifications for AEP and reported data to DOF on 2023 RPIE statements (hereafter referred to as the “high-violation sample”). Each of the datasets includes buildings registered with NYS Homes and Community Renewal in 2023.[71] Note that due to small sample sizes, data for Queens, Core Manhattan, and buildings with 100 or more units cannot be reported separately, but are included in both the Citywide and City excluding Core Manhattan analyses. Additionally, no buildings in Staten Island were provided to the RGB for these analyses.

Table 4 illustrates the number of buildings and dwelling units, in 2023, for both the Pre-1974 high-violation sample and the overall Pre-1974 sample. With the exception of Citywide 11-19 unit buildings (where the sizes are roughly equal), the average building size for the high-violation sample is smaller than that of the overall sample. The average building size is 30.7% smaller in the Citywide Pre-1974 high-violation sample compared to the overall Pre-1974 sample (29 units per building versus 42 units per building, respectively) and 32.3% smaller compared to the City excluding Core Manhattan (29 units per building versus 43 units per building, respectively).

69Due to small sample sizes, data for Queens, Core Manhattan, and buildings with 100 or more units cannot be reported separately, but are included in both the Citywide and City excluding Core Manhattan analyses. There were also no buildings from Staten Island provided to the RGB for these analyses. For the 266 buildings that had more than 10 units, but were not represented in the RPIE data provided by DOF, it is unknown if it is because they did not file RPIE statements in 2023, or if the buildings were excluded from the analysis because they did not qualify for the inclusion criteria set by DOF (which excludes buildings that are 1st and 99th percentiles of monthly income and expense or have an expense ratio of equal to or more than 300%).

70While 7.8% of buildings in the full 2023 RPIE analysis were built after 1973, in the sample of high-violation buildings, only 2.5% were built after 1973.

71See footnote 52.

Table 4: Building and Unit Counts in 2023, Pre-1974 Buildings That Contain Rent Stabilized Units (High-Violation Sample Versus All Buildings)

Location[72]	Number of Buildings		Number of Units		Average Building Size		Percentage Difference in Average Building Size
	Pre-1974 High-Violation Sample	All Pre-1974 Buildings	Pre-1974 High-Violation Sample	All Pre-1974 Buildings	Pre-1974 High-Violation Sample	All Pre-1974 Buildings	
Citywide	384	15,403	11,116	643,140	29	42	-30.7%
11-19 units	116	4,056	1,808	60,870	16	15	3.9%
20-99 units	265	10,583	8,991	438,109	34	41	-18.0%
Bronx	147	3,418	4,861	155,922	33	46	-27.5%
Brooklyn	112	3,887	2,840	154,852	25	40	-36.4%
Manhattan	104	6,206	2,562	233,861	25	38	-34.6%
Upper Manhattan	85	2,171	2,104	81,296	25	37	-33.9%
City w/o Core Man	365	11,368	10,658	490,575	29	43	-32.3%

Source: NYC Department of Finance, RPIE Filings (2023) and 2023 HCR Building Registration File

Table 5 illustrates the average cost per unit per month for eight categories of expenses (in 2023). While the Pre-1974 high-violation sample spent less, on average, each month on overall operating and maintenance expenses (an average of $82 per month, or 7.1% less), certain expense categories were significantly higher than those for the sample of all Pre-1974 buildings. Notably, fuel costs are 42.8% higher, insurance 21.3% higher, and utility costs 16.1% higher in the high-violation sample compared to all buildings. However, the high-violation sample spent significantly less on labor (16.7% less) and taxes (12.5% less).

[72] See footnote 70.

Table 5: Average Costs per Unit per Month in 2023, Pre-1974 Buildings That Contain Rent Stabilized Units (High-Violation Sample Versus All Buildings)

Average Costs per Unit per Month (2023)	Taxes	Labor	Fuel	Utilities	Maint.	Admin.	Insurance	Misc.	Total
Pre-1974 high-violation sample	$288	$98	$136	$135	$217	$136	$119	$63	$1,073
All pre-1974 buildings	$329	$118	$95	$116	$201	$136	$98	$61	$1,155
Difference ($)	-$41	-$20	$41	$19	$16	$0	$21	$2	-$82
Difference (%)	-12.5%	-16.7%	42.8%	16.1%	7.7%	-0.3%	21.3%	3.8%	-7.1%

Source: NYC Department of Finance, RPIE Filings (2023) and 2023 HCR Building Registration File

Table 6 illustrates that, in almost all cases, both average and median rents in the Pre-1974 high-violation sample are lower than overall rents for Pre-1974 buildings (in 2023). The only exception is median rent in the Bronx, which is 3.0% higher in the high-violation sample. In all other building categories analyzed, both average and median rents are lower in the high-violation sample compared to the overall Pre-1974 buildings, with almost all showing a double-digit percentage difference. Average rent Citywide is 20.4% lower in the Pre-1974 high-violation sample, and 11.7% lower in the City excluding Core Manhattan. Similarly, median rent Citywide is 15.6% lower in the Pre-1974 high-violation sample, and 9.1% lower in the City excluding Core Manhattan.

Table 6: Average and Median Rent per Unit per Month in 2023, Pre-1974 Buildings That Contain Rent Stabilized Units (High-Violation Sample Versus All Buildings)

Location[73]	Pre-1974 High-Violation Sample		All Pre-1974 Buildings		Difference ($)		Difference (%)	
	Average Rent	Median Rent	Average Rent	Median Rent	Average Rent	Median Rent	Average Rent	Median Rent
Citywide	$1,176	$1,149	$1,477	$1,361	-$301	-$212	-20.4%	-15.6%
11-19 units	$1,154	$1,100	$1,484	$1,467	-$330	-$367	-22.3%	-25.0%
20-99 units	$1,183	$1,156	$1,360	$1,325	-$177	-$169	-13.0%	-12.8%
Bronx	$1,100	$1,138	$1,124	$1,105	-$24	$33	-2.1%	3.0%
Brooklyn	$1,127	$1,099	$1,371	$1,301	-$244	-$202	-17.8%	-15.5%
Manhattan	$1,316	$1,226	$1,992	$1,836	-$676	-$610	-33.9%	-33.2%
Upper Manhattan	$1,270	$1,208	$1,424	$1,349	-$154	-$141	-10.8%	-10.5%
City w/o Core Man	$1,158	$1,139	$1,312	$1,253	-$154	-$114	-11.7%	-9.1%

Source: NYC Department of Finance, RPIE Filings (2023) and 2023 HCR Building Registration File

[73]See footnote 70.

Table 7 illustrates that, in almost all cases, average and median income in the Pre-1974 high-violation sample is lower than the overall Pre-1974 income (in 2023). With the exception of median income in the Bronx, which is 0.5% higher in the high-violation sample, average and median income is lower in each of the other building categories analyzed. In addition, almost all income levels in the high-violation sample are lower than those in the overall Pre-1974 buildings, by double digits. The average income Citywide is 18.9% lower in the Pre-1974 high-violation sample, and 9.3% lower in the City excluding Core Manhattan, compared to overall Pre-1974 buildings. Similarly, the median income Citywide is 16.7% lower in the Pre-1974 high-violation sample, and 9.3% lower in the City excluding Core Manhattan.

Table 7: Average and Median Income per Unit per Month in 2023, Pre-1974 Buildings That Contain Rent Stabilized Units (High-Violation Sample Versus All Buildings)

Location[74]	Pre-1974 High-Violation Sample		All Pre-1974 Buildings		Difference ($)		Difference (%)	
	Average Income	Median Income	Average Income	Median Income	Average Income	Median Income	Average Income	Median Income
Citywide	$1,332	$1,228	$1,642	$1,474	-$310	-$246	-18.9%	-16.7%
11-19 units	$1,345	$1,205	$1,743	$1,660	-$398	-$455	-22.8%	-27.4%
20-99 units	$1,322	$1,231	$1,494	$1,415	-$172	-$184	-11.5%	-13.0%
Bronx	$1,221	$1,218	$1,248	$1,212	-$27	$6	-2.2%	0.5%
Brooklyn	$1,179	$1,116	$1,459	$1,370	-$280	-$254	-19.2%	-18.5%
Manhattan	$1,640	$1,478	$2,324	$2,126	-$684	-$648	-29.4%	-30.5%
Upper Manhattan	$1,544	$1,409	$1,649	$1,524	-$105	-$115	-6.4%	-7.5%
City w/o Core Man	$1,294	$1,218	$1,427	$1,343	-$133	-$125	-9.3%	-9.3%

Source: NYC Department of Finance, RPIE Filings (2023) and 2023 HCR Building Registration File

Table 8 illustrates that, in almost all cases, average and median costs in the Pre-1974 high-violation sample are lower than, or only slightly higher than, overall Pre-1974 costs (in 2023). While average and median costs are slightly higher in the Pre-1974 high-violations sample in Upper Manhattan and the City excluding Core Manhattan, there is a greater disparity in the Bronx, where average costs are 5.0% higher and median costs 6.1% higher. However, in Manhattan, costs are significantly lower in the Pre-1974 high-violation sample compared to the overall Pre-1974 buildings, with average costs 17.5% lower and median costs 15.9% lower. Average costs Citywide are 7.1% lower in the Pre-1974 high-violation sample, and 0.5% higher in the City excluding Core Manhattan. Similarly, median costs Citywide are 5.7% lower in the Pre-1974 high-violation sample and 1.1% higher in the City excluding Core Manhattan.

[74]See footnote 70.

Table 8: Average and Median Costs per Unit per Month in 2023, Pre-1974 Buildings That Contain Rent Stabilized Units (High-Violation Sample Versus All Buildings)

Location[75]	Pre-1974 High-Violation Sample		All Pre-1974 Buildings		Difference ($)		Difference (%)	
	Average Costs	Median Costs	Average Costs	Median Costs	Average Costs	Median Costs	Average Costs	Median Costs
Citywide	$1,073	$1,003	$1,155	$1,064	-$82	-$61	-7.1%	-5.7%
11-19 units	$1,119	$1,051	$1,217	$1,177	-$98	-$126	-8.1%	-10.7%
20-99 units	$1,049	$966	$1,071	$1,028	-$22	-$62	-2.1%	-6.0%
Bronx	$1,017	$998	$969	$941	$48	$57	5.0%	6.1%
Brooklyn	$938	$885	$1,001	$947	-$63	-$62	-6.3%	-6.5%
Manhattan	$1,287	$1,161	$1,560	$1,380	-$273	-$219	-17.5%	-15.9%
Upper Manhattan	$1,228	$1,149	$1,218	$1,129	$10	$20	0.8%	1.8%
City w/o Core Man	$1,048	$993	$1,043	$982	$5	$11	0.5%	1.1%

Source: NYC Department of Finance, RPIE Filings (2023) and 2023 HCR Building Registration File

Table 9 illustrates that, in all cases, average and median Net Operating Income (NOI) in the Pre-1974 high-violation sample is lower than overall Pre-1974 NOI (in 2023). Average NOI Citywide is 46.9% lower in the Pre-1974 high-violation sample, and 35.9% lower in the City excluding Core Manhattan, compared to overall Pre-1974 buildings. Similarly, median NOI Citywide is 45.1% lower in the Pre-1974 high-violation sample and 37.7% lower in the City excluding Core Manhattan.

[75] See footnote 70.

Table 9: Average and Median Net Operating Income (NOI) per Unit per Month in 2023, Pre-1974 Buildings That Contain Rent Stabilized Units (High-Violation Sample Versus All Buildings)

Location[76]	Pre-1974 High-Violation Sample		All Pre-1974 Buildings		Difference ($)		Difference (%)	
	Average NOI	Median NOI	Average NOI	Median NOI	Average NOI	Median NOI	Average NOI	Median NOI
Citywide	$259	$225	$488	$410	-$229	-$185	-46.9%	-45.1%
11-19 units	$226	$154	$526	$483	-$300	-$329	-57.0%	-68.1%
20-99 units	$273	$265	$423	$387	-$150	-$122	-35.5%	-31.5%
Bronx	$204	$220	$279	$271	-$75	-$51	-26.9%	-18.8%
Brooklyn	$241	$231	$458	$423	-$217	-$192	-47.4%	-45.4%
Manhattan	$353	$317	$765	$746	-$412	-$429	-53.8%	-57.5%
Upper Manhattan	$316	$260	$431	$395	-$115	-$135	-26.8%	-34.2%
City w/o Core Man	$246	$225	$384	$361	-$138	-$136	-35.9%	-37.7%

Source: NYC Department of Finance, RPIE Filings (2023) and 2023 HCR Building Registration File

Table 10 presents average cost-to-income ratios for each of the categories of buildings. As the table illustrates, in all cases, the average cost-to-income ratio in the Pre-1974 high-violation sample is higher than overall Pre-1974 cost-to-income ratios (in 2023). The average cost-to-income ratio Citywide in the Pre-1974 high-violations sample, 80.6%, is 10.3 percentage points higher than the average cost-to-income ratio in the Pre-1974 buildings overall. Similarly, the ratio for the City excluding Core Manhattan, 81.0%, is 7.9 percentage points higher than the full sample.[77]

[76] See footnote 70.

[77] The annual Income & Expense Studies (I&E) apply an adjustment to reported costs because a 1992 NYC Department of Finance audit found that owners overstated costs when filing RPIE statements. The methodology for that adjustment has changed over time, and was calculated to be 4.25% in the 2025 report. Because that adjustment could not be made to the high-violation sample, all reported cost-to-income ratios (including both the high-violation sample and the overall pre-1974 sample) are unadjusted. For reference, the adjusted cost-to-income ratio for all pre-1974 buildings in 2023 (as reported in the 2025 I&E Study) was 67.3%, versus an unadjusted ratio of 70.3% (as reported here).

Table 10: Average Cost-to-Income Ratios in 2023, Pre-1974 Buildings That Contain Rent Stabilized Units (High-Violation Sample Versus All Buildings)

Location[78]	Average Cost-to-Income Ratio		Percentage Point Difference
	Pre-1974 High-Violation Sample	All Pre-1974 Buildings	
Citywide	80.6%	70.3%	10.3%
11-19 units	83.2%	69.8%	13.4%
20-99 units	79.3%	71.7%	7.6%
Bronx	83.3%	77.6%	5.7%
Brooklyn	79.6%	68.6%	11.0%
Manhattan	78.5%	67.1%	11.4%
Upper Manhattan	79.5%	73.8%	5.7%
City w/o Core Man	81.0%	73.1%	7.9%

Source: NYC Department of Finance, RPIE Filings (2023) and 2023 HCR Building Registration File

Table 11 provides the number and proportion of Pre-1974 high-violation buildings classified as distressed in 2023. Buildings that have operating and maintenance costs that exceed gross income are considered, for the purposes of this study, distressed.[79] Citywide, 22.7% of the buildings in the high-violation sample were considered distressed, as were 23.0% of the buildings in the City excluding Core Manhattan. This compares to a distress rate of 9.7% for Pre-1974 buildings Citywide, and 10.7% for buildings in the City excluding Core Manhattan.

[78]See footnote 70.

[79]As noted in footnote 70, the RPIE data excludes buildings with income and expenses that are outliers. This includes buildings with cost-to-income ratios of 300% or more, that would otherwise be considered distressed. It is unknown if any of the buildings in the high-violation sample met this parameter for exclusion.

Table 11: Number and Proportion of Distressed Buildings in 2023, Pre-1974 Buildings That Contain Rent Stabilized Units (High-Violation Sample)

Building Size	Pre-1974 High-Violation Sample		All Pre-1974 Buildings	
	Citywide	City w/o Core Manhattan	Citywide	City w/o Core Manhattan[80]
All distressed pre-1974 buildings in the high-violation sample	87	84	1,492	1,211
11-19 units	38	37	536	395
20-99 units	49	47	927	797
Distressed buildings (as a proportion of all pre-1974 buildings)	*22.7%*	*23.0%*	*9.7%*	*10.7%*

Source: NYC Department of Finance, RPIE Filings (2023) and 2023 HCR Building Registration File

Table 12 presents a longitudinal analysis of Net Operating Income (NOI). The longitudinal analysis compares the change in NOI in same set of 336 buildings in the high-violation sample in 2022 and 2023, as well as the same set of 14,113 buildings in the overall Pre-1974 sample. As the table illustrates, the change in NOI between 2022 and 2023 was negative for all categories within the Pre-1974 high-violation sample (except for Manhattan and Citywide 20-99 unit buildings), whereas the change was positive in all categories in the overall Pre-1974 sample. In all cases, the change in NOI was higher in the overall Pre-1974 sample than in the high-violation sample. The change in the Citywide average NOI for the high-violations sample, -1.1%, was 12.3 percentage points lower than the change in NOI in the overall Pre-1974 buildings. Similarly, change in NOI in the City excluding Core Manhattan, -7.5%, was 13.4 percentage points lower than the full sample.

80Not shown in this table, there also 29 buildings of 100 units or more that are distressed Citywide in the full sample, including 19 in the City excluding Core Manhattan.

Table 12: Longitudinal Change in Average Net Operating Income, 2022–2023, Pre-1974 Buildings That Contain Rent Stabilized Units (High-Violation Sample Versus All Buildings)

Location[81]	Number of Buildings		Change in NOI (2022-2023)		Percentage Point Difference
	Pre-1974 High-Violation Sample	All Pre-1974 Buildings	Pre-1974 High-Violation Sample	All Pre-1974 Buildings	
Citywide	336	14,113	-1.1%	11.2%	-12.3%
11-19 units	94	3,630	-7.4%	16.1%	-23.5%
20-99 units	240	9,761	1.1%	9.7%	-8.6%
Bronx	134	3,162	-5.0%	0.1%	-5.1%
Brooklyn	95	3,547	-4.9%	8.0%	-12.9%
Manhattan	91	5,678	8.7%	21.2%	-12.5%
Upper Manhattan	73	1,977	-10.2%	9.9%	-20.1%
City w/o Core Man	318	10,412	-7.5%	5.9%	-13.4%

Source: NYC Department of Finance, RPIE Filings (2022 and 2023) and 2023 HCR Building Registration File

Section 3: Caveats to the Data

While HPD violation data offers the advantages of easy accessibility and daily updates, making it a valuable information source, it's important to acknowledge several caveats when interpreting this data. Among the potential caveats:

- It is unknown whether every "open" violation has actually been cured. Violations might remain open for a variety of reasons, such as the repair not being reported to HPD, HPD not updating the repair confirmation from the owner, or the owner not paying paid accrued fines.
- There may be inconsistencies in the violation reporting by inspectors. For instance, if the heat is out in an entire building, the violation is sometimes recorded only for the apartment(s) that reported the issue to 311 (i.e., one violation per reporting unit) or can be issued for each unit of the building, regardless of how many complaints were made. Additionally, the classification of a violation is at the inspector's discretion, meaning similar issues could receive different violation classes.
- Generally, violations are issued only upon complaints to 311, therefore, the number of unreported violations can never be known. In addition, HPD inspectors require access to the premises to properly inspect and issue the violation. If HPD cannot gain access to the premises, a violation will not be issued. Note that this memo's study period starts in February 2020, just before the start of the COVID-19 pandemic. It is likely that tenants were less likely to allow inspectors into their homes during the height of the pandemic.
- The identification of buildings containing rent stabilized units relies solely on annual registration data from NYS Homes and Community Renewal (HCR). As such, any building with violations that contains rent stabilized units and did not register with HCR in 2023

[81] See footnote 70.

was classified as a building that does not contain rent stabilized units in Appendix 1 of this memo. In addition, only those buildings that both registered with HCR in 2023 and generally qualified for AEP were provided to DOF for computation of RPIE summary statistics. Updated data from HCR may have resulted in a slightly different set of buildings that contain rent stabilized units. For instance, HCR continues to compel owners to register their rent stabilized properties annually, increasing the number of buildings that can be identified as rent stabilized. In addition, newly constructed buildings are registered each year (however, buildings which leave rent stabilization are removed from the registration file each year). For instance, the 2024 HCR registration file, which was unavailable at the time this analysis was completed, has 46,225 individual borough, block, and lot designations (or parcels) and 49,789 individual buildings, 2,071 more parcels than the 2023 registration file. The increased number of parcels in the 2024 registration file would have enabled more buildings with violations to be identified as rent stabilized, with an estimated impact of an additional 1,331 buildings in the sample frame that contain rent stabilized units, 124 of which would generally qualify for inclusion in AEP.

- The identification of buildings with open violations that were issued in the past five years, and those that would generally qualify for AEP, should be thought of as a "moment in time," that may or may not be reflective of general trends. As violations are cured, buildings may no longer fit the general criteria for AEP. Concurrently, new violations are being issued every day, bringing new buildings into qualification for AEP. The 1,185 buildings that contain rent stabilized units and generally qualified for AEP on February 12, 2025 are 2.7% of all rent stabilized buildings. This relatively small sample of buildings was provided to DOF to obtain summary statistics on costs, rents, and incomes in these buildings. A total of 394 buildings of the 1,185 buildings provided to DOF **could** be used in their summary statistics, 384 of which (the Pre-1974 sample) were **utilized** in this analysis. This very small sample of buildings was then compared to a relatively large number of buildings from the full 2023 RPIE sample (15,403 pre-1974 buildings). The trends identified in this data (as detailed in Section 2 of this memo) reflect data from this "moment in time," but may or may not be generally reflective of buildings with a high number of violations.

Section 4: AEP Statutes

Per the AEP statute,[82] buildings are selected for AEP based on the criteria that:

- "The Department will identify no more than twenty-five multiple dwellings that contain less than six units for participation in the program. Such multiple dwellings must have: (i) A ratio of open hazardous and immediately hazardous violations that were issued by the Department within the five-year period prior to such identification that equals in the aggregate five or more such violations for every dwelling unit in the multiple dwelling; and (ii) Paid or unpaid Emergency Repair Charges of five thousand dollars ($5,000.00) or more, which were incurred within the five-year period prior to such identification."
- "A multiple dwelling that contains at least six but not more than fourteen dwelling units must have: (i) A ratio of open hazardous and immediately hazardous violations that were issued by the Department within the five-year period prior to such identification that equals in the aggregate five or more such violations for every dwelling unit in the multiple

[82] https://www.nyc.gov/assets/hpd/downloads/pdfs/services/AEP-Rules.pdf.

dwelling; and (ii) Paid or unpaid Emergency Repair Charges of five thousand dollars ($5,000.00) or more, which were incurred within the five-year period prior to such identification."
- "A multiple dwelling that contains fifteen or more dwelling units must have: (i) A ratio of open hazardous and immediately hazardous violations that were issued by the Department within the five-year period prior to such identification that equals in the aggregate three or more such violations for every dwelling unit in the multiple dwelling; and (ii) Paid or unpaid Emergency Repair Charges of two thousand five hundred dollars ($2,500.00) or more, which were incurred within the five-year period prior to such identification."

In order to be discharged from AEP, selected buildings must meet the following criteria, within four months of notification from HPD:

- Correct, using safe work practices:
  - All heat and hot water violations
  - All immediately hazardous class "C" mold violations and at least 80% of hazardous class "B" mold violations
  - At least 80% of vermin violations
  - At least 80% of all other class "B" and "C" violations
- Pay all outstanding fees and charges, including liens, complaint inspections, and work performed by HPD, or enter into an agreement with the Department of Finance (DOF) to pay such charges
- Submit a current, valid property registration statement

The building can also get discharged from AEP if it has been vacant for at least one year, except for any building that contains six or more units and is the subject of a Vacate Order, or if the city transfers the building to a third party because the owner failed to pay property taxes.

If the owner does not correct the qualifying conditions within the first four months, HPD will issue an AEP Order to Correct that lists the underlying conditions in need of fixing. The AEP Order to Correct is mailed to the owner, posted at the building, and filed with the County Clerk. If the owner fails to comply, HPD may hire a contractor to make the repairs at the owner's expense. An owner's failure to pay the bill may result in a tax lien being placed against the property. HPD may initiate legal action against in owner in Housing Court.

Buildings not discharged within the first four months of the initial notice are subject to fees:
- $500 per dwelling unit every six months, beginning on the date of the building wide inspection, with a maximum total fee of $1,000 per dwelling unit during participation in AEP
- $200 for any complaint inspection performed in the subject property that results in the issuance of a class "B" (hazardous) or "C" (immediately hazardous) violation
- $100 for each re-inspection pursuant to a certification of correction of violation(s) submitted to HPD where HPD finds one or more violations have not been corrected

Failure to pay these fees may result in filing of a tax lien or liens against the property.

Appendix 1: Violation Metrics in Buildings with Open Class B/C Violations on February 12, 2025 (That Were Issued Between February 13, 2020 and February 12, 2025), by Type of Building

Appendix 1 details data for all buildings with violations, buildings that contain rent stabilized units, and buildings that do not contain rent stabilized units.[83] In contrast to other sections of this memo (which focused on those buildings that contain rent stabilized units that generally qualify for AEP), the data in this Appendix references all buildings with Class B or Class C violations that were issued between February 13, 2020 and February 12, 2025, and remained open on February 12, 2025.

As the below table illustrates, there were nearly 950,000 violations that were issued between February 13, 2020 and February 12, 2025, and remained open on February 12, 2025. (including almost 550,000 in buildings containing rent stabilized units). In buildings that contain rent stabilized units,[84] 59.0% of the violations were Class B (compared to 64.8% in buildings that did not contain rent stabilized units) and 41.0% were Class C (compared to 35.2% in buildings that did not contain rent stabilized units).

Of the 946,746 violations among all types of buildings, a greater proportion, 57.8% (or 547,345 B/C violations), were in buildings containing rent stabilized units. However, of the 54,782 buildings that received the violations, a lesser proportion, 43.3% (or 23,724 buildings), were buildings containing rent stabilized units. A disproportionate share of violations was in buildings containing rent stabilized units because, on average, buildings containing rent stabilized units are 2.5 times larger than those that did not. The average building size in this sample is 44 units for buildings containing rent stabilized units and 17 units for those that do not, primarily due to most buildings containing rent stabilized units having at least six units.

Due to larger buildings generally having fewer violations per dwelling unit than smaller buildings, the average number of violations per unit in buildings containing rent stabilized units (0.53) was less than that of buildings that do not contain rent stabilized units (0.77). This can be attributed primarily to the vast majority of buildings that have rent stabilized units having at least six units (as do 97.2% of buildings in this sample frame that contain rent stabilized units, compared to 29.9% of those that do not). When isolating the sample frame to only those buildings with at least six units, the average B/C violations per unit for buildings containing rent stabilized units is 0.53, higher than the average of 0.42 for those that do not.

As the table also shows, the average violations per unit decreases as building sizes increase. For buildings that contain rent stabilized units with 1-5 units, the average violations per unit is 2.29; with 6-10 units, 1.62; with 11-19 units, 1.06; with 20-49 units, 0.81; with 50-99 units, 0.52; and with 100 units or more, 0.18. Nearly 40% of the units in buildings containing rent stabilized units that have open B/C violations are in buildings of at least 100 units, which, as previously noted, have an average of B/C violations per unit of 0.18.

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83 Those buildings that contain rent stabilized units were determined by matching Borough, Blocks, and Lots in the 2023 NYS Homes and Community Renewal building registration file to HPD violations data. See footnote 52 and Appendix 2 for a discussion about the difference between 2023 HCR data and 2024 HCR data (which was not available at the time the analysis in this memo was initiated). Note that any building with violations that did not register with HCR in 2023 was classified as a building that does not contain rent stabilized units in this Appendix.

84 The use of the term "building," throughout this memo, refers to single parcels, that may contain multiple buildings. See also footnote 47 and Appendix 2.

Approximately 56.1% of units in buildings containing rent stabilized units are in buildings with an average of less than 0.25 violations per unit; 71.5% are in buildings with less than 0.5 violations per unit; and 85.0% are in buildings with less than 1 violation per unit.

See the table below for a detailed comparison of violation metrics for buildings that contain rent stabilized units to both buildings that do not contain rent stabilized units, and all buildings. Note that any building with violations that did not register with HCR in 2023 was classified as a building that does not contain rent stabilized units in this Appendix.

Violation Metrics in Buildings with Open Class B/C Violations on February 12, 2025 (That Were Issued Between February 13, 2020 and February 12, 2025)

Violation Metrics	All Buildings	Buildings That Contain Rent Stabilized Units[85]	Buildings That Do Not Contain Rent Stabilized Units
Class B violations	581,669	322,944	258,725
Proportion of Class B violations (of all B/C violations)	61.4%	59.0%	64.8%
Class C violations	365,077	224,401	140,676
Proportion of Class C violations (of all B/C violations)	38.6%	41.0%	35.2%
Total **Class B/C violations**	946,746	547,345	399,401
Proportion of total B/C violations (by building type)	--	57.8%	42.2%
Average building size of buildings with B/C violations	28	44	17
Median building size of buildings with B/C violations	7	23	3
Average violations per unit, by building size	0.61	0.53	0.77
1-5 units	3.54	2.29	3.59
6-10 units	1.76	1.62	1.96
11-19 units	1.10	1.06	1.21
20-49 units	0.81	0.81	0.79
50-99 units	0.49	0.52	0.37
100 or more units	0.16	0.18	0.13
Count of **all buildings** with B/C violations	54,782	23,724	31,058
Proportion of buildings with B/C violations (by building type)	--	43.3%	56.7%
Count of **buildings with six or more units** and B/C violations	32,324	23,050	9,274

[85] Note that any building with violations that did not register with HCR in 2023 was classified as a building that does not contain rent stabilized units in this Appendix.

Proportion of buildings with B/C violations and six or more units (of all building sizes)	59.0%	97.2%	29.9%
Average **violations per unit** in buildings with six or more units	0.49	0.53	0.42
Average building size in buildings with six or more units	46	45	49
Median building size in buildings with six or more units	21	24	14
Total **units in buildings with six or more units** with B/C violations	1,487,258	1,029,609	457,649
Proportion of units in building with six or more units with B/C violations (of all building sizes)	96.1%	99.8%	88.8%
Total **units in buildings with 100 or more units** with B/C violations	692,474	407,761	284,713
Proportion of units in buildings with 100 or more units with B/C violations (of all building sizes)	44.7%	39.5%	55.2%
Proportion of units in buildings with an **average of less than 0.25 B/C violations per unit** (of all units)	59.8%	56.1%	67.2%
Proportion of units in buildings with an **average of less than 0.5 B/C violations per unit** (of all units)	72.8%	71.5%	75.5%
Proportion of units in buildings with an **average of less than 1.0 B/C violations per unit** (of all units)	84.7%	85.0%	84.2%

Source: NYC OpenData Portal and 2023 HCR Building Registration File

Appendix 2: Definitions and Sources

Definitions:

Building: The use of the term "building," throughout this memo, refers to single parcels, which may contain multiple buildings. Each parcel has its own individual Borough, Block, and Lot identifier that was used to match buildings across datasets.

Buildings that Contain Rent Stabilized Units: The identification of buildings that contain rent stabilized units is based on the 2023 NYS Homes and Community Renewal building registration file, which contained 44,154 individual borough, block, and lot designations (parcels), and 47,594 individual buildings. The 2024 HCR registration file, which was unavailable at the time this analysis was completed, has 46,225 parcels and 49,789 buildings (or 2,071 additional records that could have been matched to the violation data). The increased number of parcels in the 2024 registration file would have enabled more buildings with violations to be identified as rent stabilized, with an estimated impact of an additional 1,331 buildings in the sample frame that contain rent stabilized units, 124 of which would generally qualify for inclusion in AEP.

Class B Violation: Class B violations are deemed hazardous and may include conditions such as rodent or insect infestations; no smoke detector and/or carbon monoxide detector in apartment; or water leaks or mold. The owner has 30 days to correct Class B violations.

Class C Violation: Class C violations are deemed immediately hazardous and may include conditions such as no heat or hot water; broken sinks, showers, or toilets; broken appliances; or missing window guards in apartments that contain children. Many of Class C violations must be corrected by the owner within 24 hours. Note that owners have up to 30 days to correct Class B violations, and depending on the type of Class C violation, up to 21 days to correct Class C violations. This analysis does not account for violations issued within 30 days of February 12, 2025 that could have been corrected on time by owners. Because 6.3% of all violations (or almost 60,000), were issued within 30 days of February 12, 2025, the analysis somewhat overstates both the number of buildings that would qualify for the AEP program and the average number of violations per dwelling unit.

Alternative Enforcement Program (AEP): AEP is an HPD enforcement program for apartment buildings that have a significant number of housing maintenance code violations in relation to the size of the building. The goal of the program is to improve housing conditions by performing frequent inspections to monitor correction of violations, and issue Orders to Correct if the owner fails to act. The program also allows HPD to make repairs and replace building systems if necessary. Selection criteria for AEP include the number of Class "B" hazardous and Class "C" immediately hazardous housing maintenance code violations and the dollar value of emergency repair charges incurred as a result of repair work performed by HPD. Each January 31, HPD selects 250 buildings for inclusion in this program, and by statute, approximately 90% of these selected buildings have 6 or more units. Failure to correct the qualifying conditions may result in emergency repair charges, liens, and significant fees, and buildings may also be subject to tax liens to repay these costs. For a full description of the AEP statute, including selection criteria, fines, and how buildings are discharged from the program, see Section 4 of this memo or refer to HPD's website: https://www.nyc.gov/site/hpd/services-and-information/alternative-enforcement-program-aep.page

Residential Units: The number of residential units in a building may differ depending on the source. For the purposes of this memo, the number of residential units was determined by utilizing the greater number of units reported in either the NYC Department of City Planning's Primary Land Use Tax Lot Output database or the NYC Department of Housing Preservation and Development's database of Buildings Subject to HPD Jurisdiction, both available on NYC OpenData.

Registered Occupied Rent Stabilized Units: This term refers to those rent stabilized units that are currently registered as occupied in the 2023 HCR building registration file. Because the registered vacant units may, or may not, be rent stabilized (as opposed to market rate), it is not possible to obtain an accurate count of rent stabilized units using HCR data.

Sources:

NYC OpenData Portal: The following datasets were utilized from the NYC Data Portal (https://opendata.cityofnewyork.us/)

- **Housing Maintenance Code Violations (NYC Department of Housing Preservation and Development):** Violation data is published on the NYC OpenData portal by the NYC Department of Housing Preservation and Development (HPD) daily. The data includes detailed information about each violation, such as the building address, issue date, violation class (A, B, or C), specific violation, and current status (whether it is open or closed, and if closed, the date that the violation was cured with HPD).

https://data.cityofnewyork.us/Housing-Development/Housing-Maintenance-Code-Violations/
wvxf-dwi5/about_data. Also see Section 3 of this memo for caveats to the violation data.

- **Buildings Subject to HPD Jurisdiction (NYC Department of Housing Preservation and Development):** This dataset is one of the two data sources for residential unit counts. Pursuant to New York City's Housing Maintenance Code, the Department of Housing Preservation and Development (HPD) collects information on multiple dwellings in New York City, and other buildings that fall under its jurisdiction. HPD's Buildings Open Data covers all buildings that meet any of the following criteria: HPD has required the owner to register the building under the Housing Maintenance Code (HMC); HPD has initiated a litigation action under the HMC; HPD has received a complaint for the building; HPD has initiated a work order for the purposes of emergency repair, demolition, or the Alternative Enforcement Program (AEP) for the building; or HPD has added the property to the AEP program. The database reports registered Class A and Class B units. For the purposes of this memo, the number of residential units utilized in the analysis is the greater of the total of HPD's count of Class A and Class B units, or the reported residential unit count from the Department of City Planning (see below). https://data.cityofnewyork.us/Housing-Development/Buildings-Subject-to-HPD-Jurisdiction/kj4p-ruqc/about_data
- **Primary Land Use Tax Lot Output (PLUTO, NYC Department of City Planning):** This dataset is one of the two data sources for residential unit counts. This database includes extensive land use and geographic data at the tax lot level. The PLUTO files contain more than seventy fields derived from data maintained by city agencies. For the purposes of this memo, the number of residential units utilized in the analysis is the greater of the total residential units in the PLUTO file, or the reported Class A and Class B unit count from the Department Housing Preservation and Development (see above).
- **Buildings Selected for the Alternative Enforcement Program (NYC Department of Housing Preservation and Development)**: Each year, HPD designates severely distressed multiple dwellings for participation in the Alternative Enforcement Program (AEP). This dataset includes all buildings selected for participation in the AEP and the current status of the building in the program. It is updated monthly. https://data.cityofnewyork.us/Housing-Development/Buildings-Selected-for-the-Alternative-Enforcement/hcir-3275/about_data
-

2023 NYS Homes and Community Renewal (HCR) Annual Registration Data: Owners are required to file annually with HCR with detailed information for each building they own, and each rent stabilized apartment within these buildings, as of April 1 of each year. As noted in this memo, a building cannot be identified as containing rent stabilized units unless the owner registers with HCR. Subsequent to the start of the analysis in this memo, but before its completion, the RGB was given access to updated 2024 HCR data, but that data could not be utilized in this memo. As noted in the definition of "buildings that contain rent stabilized units," above, the increased number of parcels in the 2024 registration file would have enabled more buildings with violations to be identified as rent stabilized, with an estimated impact of an additional 1,331 buildings in the sample frame that contain rent stabilized units, 124 of which would generally qualify for inclusion in AEP.

[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 57.

Table 8

Changes in Price Index of Operating Costs for Apartments in Buildings with Various Heating Arrangements, 2024-25	
Index Type	2024-25 Price Index Change
All Dwelling Units	6.3%
Pre-1974	6.4%
Post-1973	6.5%
Oil Used for Heating	6.6%
Gas Used for Heating	6.2%

Source: *2025 Price Index of Operating Costs.*

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 9.6%, higher than the increase of 8.6% in 2024. Increases in costs were seen in all eight components that make up this index. Insurance Costs saw the highest proportional increase, rising by 18.7%, followed by rises in Fuel of 12.5%, and Utilities of 8.0%. The remaining five components all rose by lesser proportions, including Administration Costs-Legal (6.7%), Administrative Costs-Other (5.0%), Maintenance (4.4%), Taxes (3.9%), and Labor Costs (3.6%). Note that historically Administrative Costs in the Loft

Index has been split into two components — Administrative Costs-Legal and Administrative Costs-Other. Therefore, the Loft PIOC has eight components.

This year's guidelines for lofts are for a one-year period 3% and for a two-year period 4.5%.

Table 9

Changes in the Price Index of Operating Costs for Lofts from 2024-25	
	Loft Price Index Change
All Buildings	9.6%

Source: *2025 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 **49%** above the maximum base rent.

The Board concluded that for units formerly subject to rent control **49%** 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 #57 were as follows:

	Yes	No	Abstentions
Guidelines for Apartment Order #57	5	4	-

Dated: June 30, 2025
Filed with the City Clerk: July 1, 2025

Doug Apple
Chair
NYC Rent Guidelines Board

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