THE CITY OF NEW YORK

RENT GUIDELINES BOARD

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PUBLIC MEETING

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Spector Hall

22 Reade Street

New York, NY 10007

May 21, 2026

9:30 A.M.

B E F O R E:

CHANTELLA MITCHELL,

THE CHAIR

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

BOARD OF DIRECTORS:

Chantella Mitchell, Chair

Arpit Gupta

Brandon Mancilla

Lauren Melodia

Christina Smith

Sagar Sharma

Sina Sinai

Adán Soltren

Maksim Wynn

S T A F F:

Andrew McLaughlin - Executive Director

Brian Hoberman - Co-Research Director

Danielle Burger - Co-Research Director

Charmaine Superville - Office Manager

GUEST SPEAKERS:

Dabash Negash - Mayor's Office of Equity & Racial Justice

Shehab Chowdhury - Mayor's Office of Equity & Racial Justice

Julia Duranti-Martínez -Local Initiatives Support Corp (LISC)

David Greenberg - Local Initiatives Support Corp (LISC)

Emily Eisner - Fiscal Policy Institute

Louisa Chafee - Independent Budget Office (IBO)

Sarah Parker - Independent Budget Office (IBO)

Sarah Internicola - Independent Budget Office (IBO)

P R O C E E D I N G S

CHAIR MITCHELL: Good morning. I'm Chantella Mitchell, the Chair of the New York City Rent Guidelines Board, and I'd like to welcome you to this meeting of the Board.

This is the 6th meeting in a series of public meetings and hearings to determine lease adjustments for rent-stabilized housing units in New York City with leases commencing or being renewed on or after October 1st, 2026, and on or before September 30th, 2027.

I will now take roll call. Please respond if present. Arpit Gupta?

MR. GUPTA: Present.

CHAIR MITCHELL: Brandon Mancilla?

MR. MANCILLA: (No verbal response.)

CHAIR MITCHELL: Lauren Melodia?

MS. MELODIA: Present.

CHAIR MITCHELL: Sagar Sharma?

MR. SHARMA: Here.

CHAIR MITCHELL: Sina Sanai?

MR. SANAI: Present.

CHAIR MITCHELL: Christina Smyth?

MS. SMYTH: Present.

CHAIR MITCHELL: Adán Soltren?

MR. SOLTREN: Present.

CHAIR MITCHELL: Maksim Wynn?

MR. WYNN: Present.

CHAIR MITCHELL: And Chantella Mitchell, present. Let the record show that we do have a quorum.

The next four meetings of this Board will be public hearings to comment on the proposed guidelines. They will be held in person on the following dates and locations:

June 4th, Jamaica Performing Arts Center, 153-01 Jamaica Avenue in Queens; June 8th, Hostos Community College, 450 Grand Concourse in the Bronx; June 11th, the Theater at City Tech, New York City College of Technology, 275 Jay Street in downtown Brooklyn; and June 16th, Symphony Space, 2537 Broadway at 95th Street in Manhattan.

Anyone who would like to comment on the proposed rule at a public hearing must sign up to speak. People wishing to speak at the public hearings can preregister in advance. You can preregister online through our website,

nyc.gov/rgb, or you can sign up to speak by calling (212) 669-7480 from 9:00 a.m. till 5:00 p.m., Monday through Friday.

You can also register to speak the day of the hearing at the hearing location from 5:00 p.m. to 8:00 p.m. in Queens, the Bronx, and Manhattan, and from 7:00 p.m. to 10:00 p.m. in Brooklyn.

All of the public hearings will be livestreamed via YouTube, and Spanish interpretation will be provided at each hearing. If you are unable to attend our hearings, you can submit written audio and video comments prior to the hearings for the Board members to review through June 16th. Instructions to submit these comments are available at the Board's website, by email at ask@rgb.nyc.gov, or by calling the RGB at (212) 669-7480.

The proposed rental adjustments are posted on our website and the New York City Rules website at http://rules.cityofnewyork.us. The final vote will take place on June 25th, starting at 7:00 p.m. at El Museo del Barrio, 1230 5th Avenue at 104th Street in Manhattan. Details

can be found on the Board's website.

If you are interested in receiving email updates about upcoming RGB meetings and hearings, please go to our homepage and click on RGB email updates under quick links. Today, staff will present the 2026 housing supply report and changes to the rent-stabilized housing stock in New York City in 2026. Copies of these reports are in your meeting folder. There are copies of these reports here today for the public, and they will be made available on our website after the meeting. Just click Research on our homepage to download these reports.

After the RGB staff reports, we will hear presentations from the Mayor's Office of Equity and Racial Justice, Local Initiative Support Corporation, the Fiscal Policy Institute, and the Independent Budget Office (IBO.)

I will now introduce Danielle Burger, our co-research director, who will be presenting the 2026 Housing Supply Report. Welcome, Danielle.

MS. BURGER: Thank you. Good morning. The Rent Stabilization Law requires the

Rent Guidelines Board to consider the overall supply of housing accommodations and overall vacancy rates. Therefore, our research staff produces an annual Housing Supply Report, which highlights year-to-year changes and trends in the supply of residential housing in New York City, with a focus on findings from the 2023 Housing and Vacancy Survey, new construction demolition data, conversions and subdivisions, cooperative and condominium activity, housing rehabilitation, and government housing programs and funding.

The major findings of this year's Housing Supply Report are: Building permit approvals for new housing units increased by 15.3 percent in 2025 to 17,673 permits. There was an increase of 14.3 percent in 2025 of units in newly constructed buildings, a total of 38,691 units.

City-sponsored efforts during 2025 will add or preserve 29,735 housing units to the residential stock, 46 percent of which were new construction, and 54 percent of which are preservation projects. An increase in total units of 6.3 percent over the prior year.

Permits for demolitions of both

residential and commercial buildings increased by 5.5 percent to 1,177 structures in 2025. And for newly certified units utilizing tax incentives, there was a 35.5 percent increase in the number of 421 units to 28,763 units, but a decrease of 55.0 percent in J-51 units to 4,302.

The number of Class B and Class C violations in buildings containing rent-stabilized units fell by eight percent between 2024 and 2025, including a decrease of nine percent in buildings built prior to 1974 that are at least 80 percent rent-stabilized.

There were 10,469 housing court litigations reported by HPD in 2025, a decrease of 10.1 percent from the prior year, including a 13.6 percent decline in buildings containing rent-stabilized units.

In addition, as of 2023, 9.2 percent of all rental housing is considered overcrowded. The citywide rental vacancy rate was 1.41 percent in 2023, and New York City had a total of 3,705,000 housing units, the largest housing stock since the first HVS was conducted in 1965. Almost 1 million of these units are

rent-stabilized.

Findings from the 2023 Housing and Vacancy Survey, the periodic survey of the city's housing stock, were released to the public in 2024. New York City is unique in that a significant share of its housing is renter-occupied. The HVS reports more than 2/3 of the city's available housing stock is renter-occupied, compared to 35 percent for the nation as a whole. New York City has almost 2.4 million rental units, and 42 percent of those are rent stabilized.

Vacancy rates also vary by rent regulation status. The HVS found the overall rental vacancy rate was 1.41 percent in 2023. Rent-stabilized units had a lower vacancy rate than the overall rental units, 0.98 percent, while market rentals were vacant at a 1.84 percent rate.

The HVS also reports on overcrowding rates. The overall rental crowding rate was 9.2 percent in 2023. Rent-stabilized units were overcrowded at a rate of 13.1 percent, while market rentals were overcrowded at a 6.5 percent rate.

As this pie chart illustrates, as of 2023, which is the most recent data, about 2/3 of New York City's occupied housing stock are renter units. The largest share is private, non-regulated rentals, 48 percent, followed by rent-stabilized, 42 percent; public housing, seven percent; other regulated units at two percent; and rent-controlled units at one percent.

Examining the number of building permits issued annually helps to determine the amount of new housing planned each year. Permit approvals for new housing units in 2025 increased by 15.3 percent to 17,673. Permits fell in three boroughs, including Manhattan, down 14.3 percent to 1,617 units. Brooklyn down 13.7 percent to 5,744 units. And Queens down 9.7 percent to 2,832 units.

However, permits rose in Staten Island, up 45.0 percent to 464 units, as well as in the Bronx, up 110.8 percent to 7,016 units.

The number of buildings newly permitted increased by 13.7 percent in 2025, from 793 to 902. The average size of buildings newly permitted rose from 19.3 units in 2024 to 19.6 units in 2025, a 1.4 percent increase.

This graph illustrates that 17,673 residential building permits were issued during 2025, an increase of 15.3 percent.

While the city overall had a 15.3 percent increase in permits, this map shows the number of permits by borough in 2025 and the change from 2024. As the map illustrates, both the largest proportional increase and the largest share of permits was in the Bronx.

Permit data can also be analyzed more deeply by looking at the reported size of the buildings receiving permits. In 2025, a total of 902 buildings were completed. Citywide, 16.0 percent of these buildings were single-family, 37.9 percent were two-family, 9.1 percent were three-or four-family, and 37.0 percent were five-family or greater buildings.

As the graph illustrates, the majority of buildings in Manhattan, Brooklyn, and the Bronx were five-family or greater, while on Staten Island, virtually all buildings were either one- or two-family; building size was more evenly distributed in Queens.

Another way of measuring the level

of housing creation is to look at the number of Class A units actually completed in new buildings in a given year, which in 2025 increased. In 2025, there were 38,691 units in new buildings completed citywide, a 14.3 percent increase over the prior year.

By borough, completions were up 33.4 percent in Brooklyn to 18,048 units, up 17.9 percent in Queens to 9,608 units, and up 0.7 percent in Manhattan to 4,874 units. But down 12.9 percent in the Bronx to 5,683 units, and down 41.3 percent in Staten Island to 478 units.

There was also a net gain of 5,879 Class A residential units via alterations, but a loss of 758 units of Class A residential housing through demolitions.

This graph illustrates the number of units in newly completed buildings in each year from 2016 to 2025. As previously noted, an estimated 38,691 housing units in new buildings were completed in 2025, a 14.3 percent increase from 2024.

Moving on to city-sponsored construction. New housing is also created by

various programs sponsored by the city's Department of Housing Preservation and Development and the Housing Development Corporation. These agencies reported 29,735 housing starts in 2025, an increase of 6.3 percent. 46 percent of which were new construction and 54 percent preservations.

The location of the units by borough are: Brooklyn with 29.3 percent, the Bronx 27.3 percent, Manhattan 20.8 percent, Queens 13.3 percent, and Staten Island 9.3 percent.

By affordability level, 26.0 percent of the units are aimed at extremely low-income households, 25.4 percent at very low-income households, 27.7 percent at low-income households, 4.6 percent at moderate-income households, and 16.2 percent at middle-income or higher households.

The 421-a program was designed to encourage new construction of multifamily housing. Owners are exempt from paying additional real estate taxes on the increased value of the property due to the new construction. The current iteration of the 421-a program expired on June 15th, 2022, and was not renewed by the New York State

Legislature. However, buildings continue to be newly certified.

For the 4th consecutive year, the number of units receiving final certificates of eligibility increased, rising by 35.5 percent. A total of 28,763 units were newly issued final 421-a exemptions in 2025, with 43.8 percent in Brooklyn, 20.6 percent in Queens, 19.8 percent in the Bronx, 15.8 percent in Manhattan, and none in Staten Island.

By borough, there were increases of 9.9 percent in Manhattan, 57.8 percent in Brooklyn, and 102.3 percent in Queens. But a decrease of 5.7 percent in the Bronx, and a decrease from 139 units to zero units in Staten Island.

The first 485-x units, which is the 421-a replacement program, were certified in 2025, including 17 rental buildings in the Bronx, Brooklyn, and Queens with 316 units.

As you can see in this graph, the number of apartment units newly receiving final certification of 421-a benefits in 2025 increased for the fourth consecutive year by 35.5 percent.

More than three-quarters of these units are in Brooklyn and the Bronx.

Just less than 40 percent of New York City's owner-occupied housing is in the form of co-ops and condos. New or converted co-op and condo plans have to be accepted by the Attorney General's Office. In 2025, the New York State Attorney General's Office approved 202 residential plans with 3,525 residential units, a 22.3 percent decrease in plans and a 31.0 percent decrease in units.

Similar to recent years, a majority of the 2025 plans were for new construction, a total of 137 plans with 2,519 residential units. There were also 332 units in 58 rehabilitation plans, with the remaining 674 units in seven non-eviction conversion plans. 3/4 of the plans accepted were located in Brooklyn, and by borough, the most units within these plans were also located in Brooklyn, with just over half the share of units citywide.

Of all the accepted units in 2025, 83 percent were in condo plans and 17 percent in co-op plans. And 19 percent of these units were

conversions, with 81 percent new construction.

As this graph shows, the number of accepted residential units in co-op and condo plans decreased in 2025 by 31.0 percent. The purple bar represents the proportion of accepted units that are condos, and the green bars are accepted co-op units. As previously noted, in 2025, 83 percent of all accepted units were condos.

Another tax abatement and exemption program previously available to owners has been the J-51 program. J-51 was designed to encourage rehabilitation of residential units. The J-51 program expired for all work completed after June 29th, 2022, but the program is still in the process of certifying abatements and exemptions for work completed prior to this date.

Eligible activities included MCIs; moderate or substantial rehabilitation; and conversion from nonresidential use if substantial government assistance was provided. 4,302 units were newly approved for benefits in 2025, a 55.0 percent decrease from 2024.

By borough, 41.4 percent of the units were in Queens, 36.4 percent in the Bronx,

20.5 percent in Brooklyn, 1.6 percent in Manhattan, and no units in Staten Island.

By borough, there was a decrease in every borough, including 83.2 percent in Manhattan, 66.6 percent in Brooklyn, 54.5 percent in the Bronx, and 41.8 percent in Queens. For the second consecutive year, there were no units in Staten Island. Of all the newly approved units, almost 58 percent were rentals.

This chart shows the fluctuation in the number of housing units newly receiving J-51 benefits since 2003. In 2025, 4,302 units newly received J-51 benefits, a decrease of 55.0 percent from the previous year. This is the second smallest number of units since at least 1988, the first year for which data is available.

The New York City Department of Buildings tracks the number of structures applying for demolition permits each year, which increased in 2025 by 5.5 percent to 1,177 residential and commercial structures.

By borough, Queens had a 29.9 percent share of permits, an increase of 9.0 percent. Brooklyn had a 29.6 percent share of

permits, a decline of 13.2 percent. The Bronx had an 18.8 percent share of permits, an increase of 42.6 percent. Staten Island accounted for a 15.7 percent share of permits, an increase of 29.4 percent. And Manhattan had the smallest share of demolition permits, 6.0 percent, a decrease of 24.5 percent.

The New York City Department of City Planning also tracks demolitions of buildings containing Class A residential units of housing. Per that agency, demolition permits for buildings containing Class A residential units of housing increased by 80.4 percent, with the number of units in these buildings increasing by 86.9 percent.

Citywide, a total of 516 Class A buildings with a total of 1,097 units of Class A housing applied for demolition permits in 2025. In addition, 399 buildings with a total of 758 Class A units were actually demolished in 2025.

The New York City Department of Housing Preservation and Development, HPD, enforces New York State and New York City local laws related to housing quality and safety. To address noncompliance with the New York City Housing

Maintenance Code and the New York State Multiple Dwelling Law, the agency issues formal notices of violation to owners.

HPD publishes data on individual violations daily by the New York City Open Data Portal. Each record includes details such as the building address, date of issue, violation class, the specific violation, and the current status. Additionally, the data includes the borough, block, and lot number, which can be used to identify buildings containing rent-stabilized units.

The data presented in the Housing Supply Report focuses primarily on three different sets of buildings, including 2025 data for Class B and C violations for buildings of all types with at least 6 units; the change in various Class B and C violation metrics between 2024 and 2025 for buildings of all sizes that contain rent-stabilized units; and the change in various Class B and C violation metrics between 2024 and 2025 for a subset of buildings that were built prior to 1974 and are at least 80 percent rent stabilized.

The data includes such metrics as the total number of Class B and C violations and

the change from 2024 to 2025; the proportion of buildings that have Class B and C violations; the average number of Class B and C violations per dwelling unit; and the proportion of units in buildings with no violations.

This slide presents some of the data from Appendix 13 of the report, focusing on buildings with at least six units. As the table shows, for buildings that contain rent-stabilized units, approximately 57 percent of the total number of Class B or C violations opened in 2025 were hazardous Class B, and 43 percent were immediately hazardous Class C.

These proportions are nearly the same in pre-'74 buildings that are at least 80 percent rent stabilized. Buildings that contain rent-stabilized units accounted for 84 percent of the Class B and C violations opened in 2025, with 60 percent of the total violations in the pre-'74, 80 percent-plus rent stabilized subset.

However, violations fell by a greater proportion in buildings that contain rent-stabilized units, 8.2 percent, than in buildings without rent-stabilized units, which fell

by 4.0 percent. The pre-'74 80 percent-plus rent-stabilized buildings fell by an even greater proportion than all buildings containing rent-stabilized units, decreasing by 9.1 percent.

The average number of violations per dwelling unit was highest in pre-'74 80 percent-plus rent-stabilized buildings, 0.72, compared to an average of 0.50 in all buildings that contain rent-stabilized units and 0.26 in buildings without rent-stabilized units.

As a proportion of all buildings that contain rent-stabilized units, 46 percent received a Class B or Class C violation in 2025, compared to 54 percent of pre-1974, 80 percent plus rent-stabilized buildings, and 19 percent of buildings without rent-stabilized units.

The proportion of units in buildings with no Class B or C violations opened in 2025, as well as the proportion of units in buildings with an average of fewer than one Class B or C violation per unit, was highest in buildings without rent-stabilized units and lowest in pre-'74, 80 percent-plus rent-stabilized buildings.

This slide presents some of the

data from Appendix 14 of the report, focusing on Class B and C violations in all buildings that contain rent-stabilized units. As the table shows, the total number of Class B and C violations opened in 2025 decreased by 8.1 percent from 2024. The average number of Class B or C violations per dwelling unit declined over the past year, falling from 0.55 in 2024 to 0.51 in 2025.

The average number of violations per dwelling unit generally decreases as building size increases, ranging from a high of 1.49 in 2025 in buildings with six to 10 units, and a low of 0.18 in buildings with 100 or more units.

The average number of violations per dwelling unit can also be calculated based on the proportion of rent-stabilized units and by borough. Both for buildings where rent-stabilized units comprise 80 percent or more of the units, as well as buildings that are 100 percent rent-stabilized, the average was 0.64. Geographically, the average number of violations per dwelling unit was highest in the Bronx, 0.79, and lowest in Queens, 0.26. Each borough, but Staten Island, saw this average decline between

2024 and 2025.

This slide presents some of the data from Appendix 15 of the report, focusing on Class B and C violations in pre-1974 buildings that are at least 80 percent rent stabilized. As the table shows, the total number of Class B and Class C violations opened in 2025 decreased by 9.1 percent from 2024.

The average number of Class B and C violations per dwelling unit declined over the past year, falling from 0.78 in 2024 to 0.72 in 2025, and in pre-1974 buildings that are 100 percent rent stabilized, the average fall from 0.84 in 2024 to 0.77 in 2025.

The average number of violations per unit generally decreases as building size increases, ranging from a high of 1.68 in 2025 in buildings with six to 10 units, and a low of 0.31 in buildings with 100 or more units.

Geographically, the average number of violations per dwelling unit in pre-'74 80 percent-plus rent-stabilized buildings was highest in the Bronx, 0.95, and lowest in Staten Island, 0.35. Each borough, but Staten Island, saw this

average decline between 2024 and 2025.

This slide presents some of the data from Appendix 17 of the report, focusing on the number of units within various classifications of average violations per unit. Within the general population of buildings containing rent-stabilized units, 38.0 percent were in properties that received no Class B or C violations in 2025, compared to 23.8 percent of the units in pre-'74, 80 percent-plus rent-stabilized buildings, a difference of 14.2 percentage points.

At the citywide level, the proportion of units in buildings averaging fewer than one Class B or C violation per unit, including those with no violations, was 91.3 percent across all buildings containing rent-stabilized units. Within the subset of pre-'74 80 percent-plus rent-stabilized buildings, this figure was 83.7 percent, a difference of 7.6 percentage points.

By borough, these proportions range from 80.7 percent to 96.5 percent for all buildings containing rent-stabilized units, and from 75.2 percent to 96.3 percent in the pre-'74 80 percent-plus subset, with the lowest proportion in

the Bronx for both sets of buildings.

In all buildings containing rent-stabilized units, 8.7 percent of units were in buildings averaging 1.0 or more Class B or C violations per unit, nearly half the proportion in the pre-'74 80 percent-plus subset, which was 16.3 percent.

In all buildings containing rent-stabilized units, 5.3 percent of units were in buildings averaging 1.0 to 1.99 violations per unit, with 1.7 percent of units in buildings averaging 2 to 2.99, and 1.7 percent of units in buildings averaging three or more violations per unit.

Each of these proportions was higher in the pre-'74 80 percent-plus rent-stabilized buildings, with proportions of 10.0 percent of units in buildings averaging 1 to 1.99 violations per unit, 3.2 percent of units in buildings averaging 2 to 2.99, and 3.1 percent of units in buildings averaging three or more violations per unit.

Thank you. And if there's any questions?

CHAIR MITCHELL: Thank you, Danielle.

Any questions from the Board?

Yes, Arpit.

MR. GUPTA: Thank you so much, Danielle, for the report. It was encouraging to see that we now have a few 485-x buildings that are showing up in the supply counts. I was curious if the 467-m programs have also shown up yet in the rent stabilization counts. These are the office conversions that should have some rent stabilization as well.

MS. BURGER: I did not request that number, but there are some numbers in the actual report that were compiled by either IBO or the Comptroller that gave information about buildings that are planning that conversion. So those are in the report on page -- I think page 12. But I will make a note to request that data next year from HPD.

CHAIR MITCHELL: Other questions?

(No response.)

CHAIR MITCHELL: I had a question about the completions data. Do we get any

information on the rent levels or the occupancy levels for those?

MS. BURGER: No, there's nothing beyond what is reported basically by department -- I get the data from City Planning, they get it from Department of Buildings. So it's really just a record of buildings that got a Certificate of Occupancy. Brian will have some data on rent levels in newly rent-stabilized units in his report.

CHAIR MITCHELL: Thank you. And also for the city-sponsored construction, are we able to see of the affordability levels here; the 26 percent extremely low, 25 percent very low, what that split is between new construction and preservation?

MS. BURGER: Yes. I don't want to say 100 percent, but I think so.

CHAIR MITCHELL: Okay.

MS. BURGER: I can get that to you if I'm able to do it.

CHAIR MITCHELL: Thank you.

MS. SMYTH: Chantella?

CHAIR MITCHELL: Yes, Christina?

MS. SMYTH: Thanks, Danielle. I have a question if you can provide the same data during the rent freeze years of prior RGBs?

MS. BERGER: Which data?

MS. SMYTH: The violation year-over-year data, and also the number of HPD actions and tenant actions. So there were consecutive years of freezes or very low increases, and I'm sure the data was collected in a similar manner. So if that data could be provided.

And then the HPD litigation is down by almost 14 percent, tenant actions are down by almost 14 percent, and there's an 8 to 9 percent year-over-year violation decline, which would be supported by the fact that this Board gave an increase in last year's order. Would you agree with that?

MS. BURGER: I can't say. I mean, I think a lot of the violations is driven by who decides to report a problem. I don't think it's necessarily -- you can make a definite correlation because it is driven by tenant complaints.

MS. SMYTH: But it would suggest that landlords -- with declines across those three

metrics, it would suggest that the landlords are maintaining their buildings to result in a violation decline. That's just a conclusion that I'm seeing.

CHAIR MITCHELL: Adán?

MR. SOLTREN: Yeah. So before I get to my question, I just want to address that. As you correctly mentioned, I think a lot of this has to do with some of the reporting issues, right? And just very quickly, anecdotally, right, we're seeing a lot, a lot less tenant willingness to file complaints because of immigration issues, potentially, because of just the state of our government currently. So it is significantly harder to get folks to actually report the issues.

And also, in terms of the comprehensive cases that are filed by HPD, that's dependent on a lot of different things, right? Like the different mayoral administrations have had different approaches to how the Department should wind up operating as it pertains to filing those cases, and also funding is a huge issue for them and capacity.

So I think the reporting issues

there tell a different story, right? Not just merely this idea that because RGB increases were lower, that our rent was frozen, that this equates to, you know, or rather that an increase in RGB increases translates to better conditions for tenants and less violations.

The question I had is, do we have data about year over year which of the same B and C violations wind up remaining? Because what we often see is that for 3, 4, 5, 6 years, the same exact B or C violations for immediately hazardous or hazardous conditions go uncorrected.

MS. BURGER: There is some data in here in the tables. You can look at Appendix 14 and -- so, about the 6th line down, it says, "Proportion of total Class B -- C violations that are open as of May 2026."

So of the ones that were opened in 2024, there's 24.1 percent that are still open. And the ones that were opened in 2025, there's 35.9 percent that are open. And the same data is in Appendix 15 for the pre-'74 buildings, which is about the same proportions.

MR. SOLTREN: Do we have that data

going back, let's say, for the last four years? What I'm curious to see, and I think at this point it's probably obvious, is like, of those numbers, are we going to see a pretty consistent number of the same outstanding CMV violations when there was 12 percent RGB increases in the last four years?

MS. BURGER: I can try. It's a lot for the time that's left because we're talking about, you know, a lot of records and -- I'll try.

MR. SOLTREN: You don't have to, like, break your back over it.

MS. BURGER: I mean, if you could pick one year -- pick one year, and I'll compare that year maybe to now.

MR. SOLTREN: For sure. I think maybe for next year, it would be helpful if we could have, like, a little bit more of a larger spread, just to have a sense of, like, okay, yeah, these seven C violations have been on the books for the last six years, and they've gone uncorrected.

I think also, and I'm not sure if we have this in here, but what's the percentage of false certifications that are -- that were found by HPD?

So for anyone who doesn't know, a landlord, when they're trying to get a violation removed, they need to certify that the condition was corrected; there's an opportunity for a tenant to respond, there's issues with that process as well, but after a landlord goes and submits the documentation, presumably, the violation would get lifted after an inspection.

If for some reason there was an issue in that process or there was false information provided to the Department, it would be flagged as false certification. And so, I'm wondering what percentage of those violations were listed as false certs?

MS. BURGER: I don't believe that data is available on open data. Obviously, HPD has it, and we can talk to them and see what they can give us, but I don't think I'm going to be able to get to that myself.

CHAIR MITCHELL: Arpit?

MR. GUPTA: Yeah. Just kind of following up on Adán's point. So first of all, I should say I love the new violations information here, and I'm very sympathetic also to Adán's point

about whether or not the rental adjustments are passing on through to, you know, changes in violations or not.

Just one practical suggestion for how to do that, because you suggested like maybe 1 year of comparison might be possible. Maybe 2019 as kind of the last sort of pre-pandemic year, comparing two items. One would be just be the total number of violations. So right now you have this year-on-year comparison, which is good, but maybe a 6-year kind of comparison of, like, what were violation count in 2019 compared to now. That would kind of give us like a more longitudinal sense of how the violations have evolved without requiring you to do every single year intervening. And --

MS. BURGER: I will have to add, though, the slight problem with that is that, of course, more buildings are registering now, which will not impact the data, but for new buildings that have been constructed since then, I can try to maybe leave out anything that was constructed after 2019 to make it more comparable.

MR. GUPTA: Yep.

MS. BURGER: But it is a little bit of a problem.

MR. GUPTA: Yeah, yeah, point well taken.

To also address that, I'm wondering if it's also possible to kind of try Adán's suggestion of comparing, like, of the buildings that had violations in 2019, can we see how many of those serious violations have been remedied by today or not, right? That would kind of give a sense of, like, how much of this stock of violations is turning over.

MS. BURGER: Yeah. That's what I was -- that's exactly what I was -- my interpretation of what you were asking for.

MR. GUPTA: Yeah. Yeah.

MS. BURGER: Okay.

MR. GUPTA: So, yeah, I'm just seconding kind of the idea that I think that kind of comparison specifically 2019 would be great both for this kind of stock, how many of the violations have been addressed, and also just like what was the number of violations that year.

CHAIR MITCHELL: Christina?

MS. SMYTH: So you -- you said that 75 percent of the year-over-year violations had been cured, if I'm not mistaken. There were 25 percent that still remained --

MS. BURGER: That were opened in 2024 as of May 1st, 2026.

MS. SMYTH: Okay.

MS. BURGER: So that could have been something opened in January 2024, and then it's 2.5 years. So somewhere between 1.5 and 2.5 years.

MS. SMYTH: Got it. And to fully get the picture of what happens to violations after they're placed on the building, the percentage of failure to provide access data would be important as well, because a landlord can't cure a violation if the tenant isn't willing to give the landlord access. I think that's another data point that's important if we're going to talk about --

MS. BURGER: That's something we'd also have to ask HPD if they have that information.

MS. SMYTH: Yeah.

CHAIR MITCHELL: Sagar?

MR. SHARMA: I mean, just to

respond to that point of tenants failing to give access, I think if you look at the holdovers that are filed in Housing Court for failure to give access, you would find a robust and diverse case log where tenants say we are giving access, and the landlords are just not, you know, coming when we give access, and they show up randomly.

So I think to use the data point of tenants not giving access would be flawed because not every -- I just don't see how you would develop a uniform point due to each case being so diverse and different from each other when it comes to access.

CHAIR MITCHELL: Adán?

MR. SOLTREN: And I would just add, excuse me, to Sagar's point, in the context of HPD violations, it is more markedly different. Like, there's a factual inquiry perhaps about access. Like, did the tenant provide it? Did the landlord show up? What was the -- you know, the timing and the basis for the landlord showing up? When, how, you know, all of those factual issues. I think it's a bit different.

You can still maybe make an

argument of factual component, but I think it is markedly different actually than landlord affirmatively filing documentation to show that they were supposed to have cleared a violation, and then the Department making a determination that there was a factual inaccuracy, there was either fraud or something was false about that application. I do think those are two different things, but if we want to get access on our data or no access, then that's fine.

CHAIR MITCHELL: Yeah. And I just wanted to point out there is on pages 24 and 25, the false certification, there's a little bit of data in there, so we do have a bit. 24 and 25, the HPD certification watch list.

MS. BURGER: Yeah. That is just for the buildings that made the watch list, so it's not comprehensive data.

CHAIR MITCHELL: But some, yeah, yeah.

MR. WYNN: Just quick...

CHAIR MITCHELL: Maks?

MR. WYNN: Yeah, in terms of data for the violations comparison, it doesn't feel like

it would be apples to apples to use 2019 since it's pre-HSTPA. Just from a comparison perspective, how do you feel about 2020 or 2021, like post-COVID access 2021?

MR. GUPTA: Oh, I feel the challenge there is now you're like pandemic --

MS. BURGER: Yeah. The violations went way down during the beginning of the pandemic.

MR. WYNN: So 2022, that still gives us a 4-year window?

MS. SMYTH: I don't know it necessarily see the impact of HSTPA on violations, right? Because what -- why are you tying it to HSTPA? I'm just curious.

MR. WYNN: I mean, it just feels like it sort of changed the rules of the game overall, right? In terms of, you know, I actually do not have strong feelings about this; it just does seem like a different circumstance. But if you don't think so.

MS. SMYTH: Yeah, I think the number of RS buildings probably, I mean, the number of units obviously increased because of the result of today. So, I mean, I think 2019 would be a

great starting point.

MS. BURGER: Got it.

CHAIR MITCHELL: Sina?

MR. SINAI: Yeah, I was also curious whether there were, like, other, like, maybe structural features of buildings that sort of correlate with violations that we could tease out. I'm not sure what's in that dataset, but I'd be curious if there were maybe other crosstabs. And if not --

MS. BURGER: Such as?

MR. SINAI: I don't know if there's like sort of -- I don't know, like floor count or sort of like -- if there's like sort of architectural features or sort of like infrastructural issues or like kind of information about like heating or water, like sort of that distinguishes different types of buildings that would -- no?

MS. BURGER: Floor count maybe, but not the other stuff.

MR. SINAI: Yeah. Okay.

MS. BURGER: And it would be, at this point, it's like a lot.

MR. SINAI: Yeah, of course.

MS. BURGER: Yeah.

MR. SINAI: Totally. Out of curiosity, how many records are there in this dataset?

MS. BURGER: Well, just the B and C violations for all buildings with more than 6 units is almost $600,000.

MR. SINAI: For 2025?

MS. BURGER: For 2025, for all buildings with more than six units.

MR. SINAI: And on open data, it's for how many years?

MS. BURGER: I'm not sure what year open data starts at. I have to check that. The issue that takes a lot of time is that basically figuring out what's rent stabilized because there's a lot of issues with the BBLs, and that's the part that really takes a lot of time.

MR. SINAI: Yeah, thank you.

CHAIR MITCHELL: Other questions from the Board?

Adán?

MR. SOLTREN: I just had one

question, and I'm hoping maybe Andrew can answer it because he's pretty good with this. I can't recall right now, but in the HCR answers from this year, they had a section on demolition -- approved demolition applications, or no?

CHAIR MITCHELL: McLaughlin?

MR. MCLAUGHLIN: No, it was the file.

MR. SOLTREN: No. Let me -- I have -- the reason why I'm asking is because I saw that the number of permit issuances for this year for demolition.

MS. BURGER: Yeah. I have the rent-stabilized data in here in the demolition sector.

MR. SOLTREN: From the --

MS. BURGER: Not from HCR, from --

MR. SOLTREN: So the reason why I bring it up is because what we've seen in practice in the, you know, housing law litigation world is that there have been many instances where landlords of rent-stabilized buildings will file for DOB permits to either Frankenstein or seeking demolition.

And since there's no active communication between DOB and HCR as to what's going on that front, they can get the permits approved from DOB and then start the actual work.

And only until a tenant realizes, hey, they're doing this massive construction or demolition on my building, and then they, if they can, either afford a lawyer or get legal services to then stop that process, some landlords are just like pushing it through after getting the approval from DOB without getting the necessary approval from HCR, which is required by law. So I'm trying to --

MS. BURGER: So I found, actually, demolished in 2025 that there were eight rent-stabilized buildings with a total of 99 units of housing.

MR. SOLTREN: That have been demolished?

MS. BURGER: That were actually demolished in 2025.

MR. SOLTREN: Okay.

MS. BURGER: Based on the borough block and lot number and the HCR registration

database.

MR. SOLTREN: Got it. Okay.

CHAIR MITCHELL: Other questions?

(No response.)

CHAIR MITCHELL: Thank you, Danielle.

MS. BURGER: Thank you.

CHAIR MITCHELL: All right.

Next, I would like to introduce Brian Hoberman, RGB Co-Research Director, who will be presenting the changes report.

Welcome, Brian.

MR. HOBERMAN: Hi. Good morning.

CHAIR MITCHELL: Morning.

MR. HOBERMAN: Good morning. I apologize again for my voice; it's still acting up.

Rent regulation has been a persistent feature of New York City's housing market for over eight decades, although the laws governing rent-regulated housing have undergone significant change over time.

In addition to legislative changes, the existing laws allow for dynamic changes in the regulatory status of a significant

portion of the rent-regulated housing stock in any given year.

The figures presented in this study reflect the additions and subtractions of dwelling units to and from the rent stabilization system in 2025.

These figures are estimates, as they do not encompass every unit added or removed from the stabilized stock since 1994. Instead, they represent a minimum count of newly regulated and deregulated units during those years.

In 2025, at least 11,464 housing units left rent stabilization, and approximately 32,745 units entered the stabilization system.

Now, the vast majority of units added were the result of the 421-a and 485-x programs, which comprised 94 percent of the additions. Adding the units entering stabilization and subtracting the units removed from stabilization resulted in a net increase of 21,281 units to the stabilized housing stock in 2025.

The 32,745 units entering stabilization, along with the 21,281 units that increased in the -- net increase in the number of

stabilized units signified the largest increases since the RGB commenced collecting annual data in 2003.

Since 1994, the first year for which we have data, a total of at least 243,443 units have been added to the rent stabilization system, while a minimum of 360,914 stabilized units have been deregulated, for an estimated net loss of at least 117,471 rent-stabilized units over the last 32 years.

Since newly constructed apartment buildings are funded with private financing, they are exempt from rent regulation, while units constructed or rehabbed with government subsidies are rent-regulated. Programs and events that lead to the addition of stabilized units include the following: 421-a program; 485-x program; other additions funded with government subsidies, including Articles 11, 14, and 15 of the Private Housing Finance Law, PHFL; rent control departments converting to rent stabilization, Mitchell-Lama buyouts; lofts converted to stabilized units; and the J-51 program.

Tax exemption and abatement

programs have a considerable impact on the inventory of stabilized housing. In 2025, an estimated total of 29,456 units were added to the stabilized stock through the 421-a program, a 30 percent increase from the prior year. The largest proportion of units were in Brooklyn, with 46 percent, followed by Queens with 25 percent, the Bronx and Manhattan with 14 percent each, and Staten Island with fewer than one percent.

In 2025, 1,203 units were added to the stabilized stock through the 485-x program, which has superseded the 421-a program. The most 485-x units were added in the Bronx with 52 percent, followed by Brooklyn, 31 percent; Manhattan, 10 percent; and Queens, 7 percent. None were added on Staten Island.

Other additions to the stabilized housing stock in 2025 include Articles 11, 14, and 15 programs added 1,734 units in 2025, down 45 percent from the prior year. 229 units that were decontrolled became rent stabilized in 2025, 13 percent more than the prior year.

104 Mitchell-Lama rental units became rent stabilized, compared to none in the

prior year. And 19 loft units entered the rent stabilization system, up from 15 in the prior year.

Summing up all the additions, the 32,745 additions to the stabilized stock in 2025 represents 26 percent more than in the prior year. Of these initially registered rent-stabilized apartments, the median legal registered rent was $2,146, a 31 percent decline from the prior year.

Examining the number of stabilized units added by borough, Brooklyn saw the most additions with 45 percent, followed by Queens with 25 percent, the Bronx and Manhattan each with 15 percent, and fewer than one percent on Staten Island.

Now I'll move on to the subtraction of units from rent stabilization. Deregulation of stabilized units occur because of statutory requirements or because of physical alterations to residential dwellings. Events and programs that have led to the removal of stabilized units include the co-op and condo conversions, expiration of 421-a and J-51 benefits, substantial rehabilitation, conversion to commercial or professional status, as well as other types of

losses.

In 2025, units were removed from the stabilized housing stock for several reasons:

Expiration of 421-a benefits resulted in the removal of 2,708 units from the stabilization system in 2025, down 15 percent from the prior year; .

Co-op condo status conversions, which include both newly converted units as well as stabilized tenants vacating apartments in previously converted buildings, totaled 746 units in 2025, down nine percent from the prior year; .

278 units were removed from stabilization through substantial rehabilitation, down 45 percent from the prior year;

The expiration of 421-a benefits resulted in the removal of 209 units, down 37 percent from the prior year;

And no units were converted to nonresidential use, compared to two in the prior year.

An owner may also register units as permanently exempt when certain 421-a units,

upon vacancy, reach a rent level -- certain rent level, or when the building is condemned or demolished.

A majority of these units were 421-a units without income restrictions that, upon vacancy, reached the market rate threshold exemption, the MRTE, which was $3,124 in 2025. HCR annual registration data shows that 7,523 units were removed from the stabilized housing stock in 2025 due to these reasons, 22 percent more than in the prior year.

So summing up the subtractions, 11,464 units were removed from stabilized housing stock in 2025, four percent more than in the prior year. Brooklyn and Manhattan saw the largest proportion of subtractions with 34 percent each, while 21 percent were in Queens, 12 percent were in the Bronx, and fewer than one percent on Staten Island.

This table, which is also in the report, shows the total number of additions and subtractions from all the programs in 2025. It includes the 32,745 additions to the stabilized stock and the 11,464 units removed from

stabilization. The difference between the two results in an estimated net increase of 21,281 units to the stabilized housing stock in 2025.

The 32,745 units entering stabilization, along with the 21,281-unit net increase in the number of stabilized units, both signify the largest increases since the RGB commenced collecting annual data in 2003.

In this graph, which is also in the report, shows the estimated annual change in the total number of rent-stabilized units since 2003, when the RGB first examined this data on an annual basis.

In 2025, shown on the far right, there was an approximate net increase of 21,281 units, the largest net gain in any year in this period.

Thank you. I will now take any questions you may have.

CHAIR MITCHELL: Thank you, Brian.

Questions from the Board?

MR. SINAI: Yeah, thanks, Brian.

CHAIR MITCHELL: Sina?

MR. SINAI: Yeah, I have two

questions. One is, you know, just looking at sort of like the proportion of units added, I think on the 6th slide. I'm just curious if you have like any theories as to why new units are sort of proportionally being added more in the Bronx under 485-x than 421-a. It's like almost like a threefold increase, fourfold increase.

And then I guess the other question I have is, what percentage of the new 421-a construction has a kind of market rate threshold exemption sort of condition that it might hit? It's like, is that the 16 percent? 421-a?

MR. HOBERMAN: Yes, 421-a is 16.

MR. SINAI: And is that, like, kind of operative for all of those units, or is that just a subset? Or are there many?

MR. HOBERMAN: Yeah, the 421-a is 16 superseded what was called 421-a 1 through 15. So more recent units are going to be probably more likely to be 421-a 16, so they would have the market rate threshold exemption.

MR. SINAI: And that's for all, like --

MR. HOBERMAN: It's not

necessarily for all. I think it's --

MR. WYNN: Some of the 421-a units are income restricted, so those stay.

MR. HOBERMAN: Yeah. Oh, yeah, I mentioned that. Right, income restricted.

MR. SINAI: In perpetuity, right?

MR. WYNN: Yeah.

MR. SINAI: Yeah.

MS. SMYTH: They call it permanent -- permanently affordable.

MR. SINAI: Yeah.

MR. WYNN: Yeah.

MR. HOBERMAN: And the first part of your question, 421-a -- 485-x is a more recent, you know, is a more ongoing program, so as you go on, you can have more of those and fewer of the 421-a, but the 421-as can still be --, you know, if they broke ground before a certain date, they can still qualify for the program.

MR. WYNN: Right. I think that's showing up in the data because we're seeing the spike of people filing permits right before the, you know, the cutoff date. Those are all coming online now, so there's a spike in 421-a units in

the data.

CHAIR MITCHELL: Yeah. I had a related question, if maybe not now, but since the majority are tied to 421-a and 485-x, could we do an estimation of the stabilization duration? Because especially since most of the subtractions are also due to the MRTE, I'd be curious to know if, as we're seeing these larger numbers, how many of those are temporary?

MR. HOBERMAN: You know, this data is all from DHCR. I don't think they track that as far as I know. We can ask them, but I highly doubt it.

CHAIR MITCHELL: Thank you.

Other questions?

Oh, Arpit?

MR. GUPTA: Just a similar comment as with Danielle's presentation, which is you're going to get a new column next year with the 467-m.

MS. BURGER: So much to look forward to.

CHAIR MITCHELL: Other questions from the Board?

(No response.)

CHAIR MITCHELL: I had another question about the median rent decline. Do we have insight? Is that because the borough mix is different and they're just in lower-rent markets, or like, is it the same programs that are just having lower rents? I'm curious kind of what's driving that.

MR. HOBERMAN: Yeah, I mean, yeah, unfortunately we don't have anything beyond this in terms of the reason for the decline. It has fluctuated in the past before, so I guess it just is a -- it depends on what the program is, and I guess the income -- well, the rent restrictions as related to income restrictions in the buildings, in the mix of buildings they're putting up.

CHAIR MITCHELL: Thank you. Thank you, Brian.

MR. HOBERMAN: Okay, thank you.

MR. SOLTREN: Sorry. I just have one more.

CHAIR MITCHELL: Oh, yes, Adán?

MR. SOLTREN: In terms of the substantial rehabilitation numbers for losses of units, is that inclusive also of substantial, like,

alteration? Because the law treats them not exactly the same. So, like, taking an individual unit out based off of substantial alteration as opposed to an entire building for a sub-rehab?

MR. HOBERMAN: Substantially altered, I don't know if that's right. It has to be the entire building for substantial rehab, I think.

MR. SOLTREN: So, yeah, but there is -- there's a section of the law and through the guidance of HCR where you can charge a first rent when you meet certain changes to the parameters, like the actual size of a unit and like the exterior perimeter walls.

MR. HOBERMAN: I think it becomes --

MR. SOLTREN: Is it broken out, or is it just --

MS. SMYTH: That's not a thing anymore. So combination units, you're talking about?

MR. SOLTREN: No. So like there's a body of case law. I know because a case actually was just decided this past week in the Bronx about

this issue, about landlords trying to charge the first rent based off of this notion of combining, I think, a studio and a 1-bedroom. I don't have all the facts in front of me, but I know that it's under the previous HDR guidance 95-2, but it's a carve-out that's separate and apart from a sub-rehab.

MS. SMYTH: So, if you combine two stabilized units, you have a stabilized unit. If you touch a free market unit in a stabilized unit, you have a stabilized unit. So --

MR. SOLTREN: Right.

MS. SMYTH: I'd love to read the decision. I don't know that there is a contract in the law anymore for any alteration to result in a free market unit. You've got a first rent.

MR. SOLTREN: So, yeah.

MS. SMYTH: But it's --

MR. HOBERMAN: Am I -- yeah, perhaps the case might predate the change in the regulations.

MR. SOLTREN: I'll double back.

CHAIR MITCHELL: Other questions?

(No response.)

CHAIR MITCHELL: Thank you, Brian.

MR. HOBERMAN: Okay. Thank you.

CHAIR MITCHELL: All right. And now I would like to welcome the Mayor's Office of Equity and Racial Justice. We'll be hearing from Deputy Commissioner Dabash Negash and Senior Advisor Shehab Chowdhury. Welcome.

MR. SOLTREN: Chantella?

CHAIR MITCHELL: Yes.

MR. SOLTREN: Just by way of clarifying the record, I double-checked, and in fact, it's a matter of increasing the actual -- it remains stabilized under the same provision of the law about sub-rehab, but it actually would drastically increase the rent. But it remains stabilized after the fact if you meet the standard. So, yup.

CHAIR MITCHELL: Thank you.

MR. SOLTREN: All right.

CHAIR MITCHELL: Welcome.

MR. CHOWDHURY: Awesome. Good morning, everyone. How's everyone doing today?

CHAIR MITCHELL: Good.

MR. CHOWDHURY: Good? Yeah?

Thank you. Good morning, Chair, good morning, all board members. My name is Shehab Chowdhury. I'm a senior advisor at the New York City Mayor's Office of Racial Equity and Justice. We refer to it as MOERJ.

I am joined today by my incredible colleague, Dabash Negash, Deputy Commissioner at MOERJ, who will pick up the policy section towards the end. We're really grateful for the invitation to testify, and we're here today simply to explain what it costs to live in New York City.

Over the past few weeks, this Board has heard from some of the city's strongest institutions on the question of affordability. You heard strong data on operating costs, on owner expenses, and on the condition of rent-stabilized stock. What we haven't heard yet is a true cost of living measure for tenants.

The True Cost of Living Measure, or TCOL, as you'll see referred to throughout the presentation, is here to fill that gap. The headline we released last month was really direct in releasing sort of New York City's first inaugural true cost of living measure. 62 percent

of New Yorkers, over five million people in New York City, cannot afford -- cannot meet the true cost of living in this city.

Over the next 20 minutes, I'll walk you through sort of the true cost of living, how it was built, what data we drew from, and what we found. And then Deputy Commissioner Negash will then walk you through what those findings mean for the policy lovers in front of this Board.

I just want to give a special shout-out to the Urban Institute, who we collaborated with for this measure, specifically Greg Ox and Ilham Dehri. They were crucial to this work and are active collaborators for this.

CHAIR MITCHELL: And if you're able to speak up just a little bit, I don't know if the mic is --

MR. CHOWDHURY: Oh, yeah? Is this better?

CHAIR MITCHELL: Yes.

MR. CHOWDHURY: Beautiful.

CHAIR MITCHELL: Thank you.

MR. CHOWDHURY: Best way to test this is: can you hear this? Let's go Knicks!

Okay, beautiful. Alrighty. We got game two.

So before we sort of, you know, dive in, I want to start off with the mandate. So the True Cost of Living begins with a mandate from voters. In November 2022, New Yorkers approved three historic racial justice ballot measures with 81 percent of support.

One, created a statement of values in our city's preamble dedicated towards guiding how the city carries out its duties.

Two, a second created MOERJ as a permanent office in the city charter, instituted racial equity plans citywide for -- for the city and the city's Commission on Racial Equity.

And then three, it directed the city to develop and publish a true cost of living measure.

That third measure is the mandate behind what we are presenting today. It is what New Yorkers, by the ballot, from the people, for the people, by the people, asked the city to build. And over 81 percent of them supported this measure.

What does it cost to live with dignity in New York? It's not just to survive.

It's not just to clear the federal poverty line, which was calibrated in the 1960s against a food and housing basket and indexed ever since. But what does it mean to actually cover what a household needs in 2026, to live a dignified life? That is what the True Cost of Living is built to answer.

So New York City became sort of the first major American municipality to publish a true cost of living measure at this scale. We built it on national precedents. We used the foundation of the Urban Institute's True Cost of Economic Security at the national level. We adapted its methodology, calibrated it to New York's cost, and built it on the ATAS simulation model.

And in doing so, what, you know, we wanted to do is we wanted to use sort of the best research out there to determine costs for New York City across various household sizes and types, age groups, and essential areas of need.

We wanted to really think about important cost category areas needed to access dignity, right? And that includes emergency

savings and thinking about costs of debt.

And that we want to also really view this in terms of what it looks like based on the various age groups and on specific populations, including individuals with disabilities, and the kind of costs that individuals with disabilities face through caregiving.

Our approach was to build it off of 5 principles, to capture all costs, 12 category areas, including housing, food, healthcare, childcare, and more. And we'll get to that in a bit. We wanted to use high-quality public data; we wanted to measure all resources. So that includes earnings and wages and tax credits, benefits a household qualifies for.

We wanted to vary it by borough and household type. And then also ground it in the experience of New York families; the lived experience of what New Yorkers are experiencing right now.

In doing so, what we have here is we kind of have the cost side of what we did to build this measure. The True Cost of Living counts 12 categories grouped across eight dimensions. And

here's where each one comes from.

For housing, we used the New York City Housing Vacancy Survey, the same New York City Housing Vacancy Survey that was talked about by the HPD team a couple of weeks ago with Liz Gommer and Lucy Joffe. And it's the gold standard of housing costs in New York City.

We have food from the USDA, Low Cost Food Plan, adjusted to New York City's borough prices using Feeding America's Map the Meal Gap data.

We have transportation and other essentials from the Bureau of Labor Statistics, Consumer Expenditure Surveys.

We have health care premiums from the Kaiser Family Foundation. Health Insurance Marketplace calculator at the silver plan. And then we also have medical out-of-pocket expenses from federal cost data.

We have childcare from New York City's -- from the Department of Labor's database. We have taxes, which are calculated against each household's actual income through the ATAS simulation model, and we have savings drawn from

sort of best practices in Financial Security Guidelines. And all these sources are publicly available as either Federal, State, or City, and, you know, at a county level.

So on the resources side, the true cost of living counts for everything that a household has or a family has for resources. So we start with wages, right, which is the biggest means in terms of resources for families. We also look at business income and retirements from the American Community Survey.

We then look at other non-market resources, the really important government supports, including SNAP and WIC, the federal and state EITCs, the Child Tax Credit, Medicaid, CHIP, New York City Care, childcare subsidies, energy assistance like HEAP, federal and city housing vouchers as well.

We model that and whether each household qualifies and uses each program in collaboration with the Urban Institute. And that same data, same model architecture, and same methodology is something that we apply here. So we're looking at government supports. We're

looking at what folks are earning as well.

So to start off, before we dive into the findings, I wanted to just share a little bit of a heuristic of what we mean by meeting the true cost of living. So on the left-hand side, we have what it costs, right? Look at housing, and food, and healthcare, and childcare, and disability care, and transportation, and technology, and student debt, and taxes, and savings, and other key essentials that are important, whether that be accounting for those things. That could be attending a daughter's quinceañera, or going out to eat in New York City, which we know is -- it's both a vibe, but it's also expensive.

So we want to understand -- pardon. We want to understand, then, that's costs on one side, we then look at what you have. So what folks are bringing in to bring that in, that's earnings and income from all sources. It also includes Social Security and Medicare and includes tax credits and public benefits and other New York City programs that we've talked about and family-provided care.

And then, if what you have does

not meet what the cost is, so if it falls short, it means you do not meet the true cost of living. So each family type that we're going to look at and talk about has a different threshold, right? The threshold is what -- the annual cost to cover these essentials that we are saying are needed for a dignified life. And it's based on, you know, borough and family type and age.

The thresholds vary, right? So as I mentioned before, there's no one single number. And the resources include everything that we've talked about. So this is looking at full economic security. So we're just going to start off first to concretize this and make this real is like, here's what it looks like for one specific median family type.

So this is for the median family of -- for families with children to live in New York City, what their costs are. It's a family with children, adults under 65, what their median costs are, what their median resources are. On the left, you'll see a stack. It's a cost stack. So it costs about -- the median total cost for families with children to live in New York City is

$159,197.

So housing is $26,704, healthcare is $27,500, other essentials is $24,500, taxes is at $15,637, other essential -- savings is at $14,500, childcare is at -- this is a median cost, again, for all families with children under the age of 18 -- $13,400. And transit is just under $10,000.

So on the right, you'll see the total resources. So that's $124,007. So that's what families are bringing in through earnings. And so, also the calculation after every benefit and after every tax credit and other resources are calculated. And so, this is a median of what it looks like for families with children to live in New York City.

Now for the citywide findings. This is our, you know, what we've been talking about, the headline, is -- I'll work through three pieces here. So first, the scale: how many households are falling or not able to meet the true cost of living; second is the distribution, who is short and where; and third is the populations that carry the steepest gaps in being able to meet the

cost of living in New York City.

62 percent of New Yorkers do not meet the true cost of living. It is more than 5 million people. It is three times higher than the New York City Gov. Poverty Measure, which has it at 20.5 percentage points of folks who are experiencing poverty. And that the true cost of living here reveals sort of the full scope of economic security.

The thresholds themselves kind of share a little bit more of how these costs vary, right? So for a single adult, no kids, the median cost for single adult, no kids, is at $70,334; for a typical family with children, or two adults, two children, it is at $166,000. And for older adults, it's at -- the median total cost is at $123,000. And so, these thresholds sort of break down the different costs that people face, and they vary, right, based on what folks need.

And so, what I want to do is we want to just start off by looking at sort of what the thresholds are and break them down by the median -- by the three major family types within this measure. So for working-age adults without

children, the median total cost is $106,346, and housing, healthcare, and taxes are the largest sort of costs that this particular family type faces.

For families with children, the median jumps to about $159,197, and childcare adds as a significant cost driver for this, in addition to food and healthcare. For older adults, older adult households, so ages older -- adults aged 65 and older, the median is $123,089, and healthcare and housing are dominant costs there.

So the pattern is consistent across all three, and that together we see that housing, as you can see, is the largest cost driver that families are experiencing.

So what does it mean to fall under the distribution, right? So we said that 62 percent figure is not one block; it breaks down into multiple tiers of what the distribution, true cost of living distribution looks like of who is able to meet the true cost of living. So we have 30 percent of -- so we have 62 percent of New Yorkers who are -- who do not meet the true cost of living and so are somewhere within that underneath that threshold there.

We have 30 percent of New Yorkers who are above 110 percent of the true cost of living, and they're comfortably above the threshold.

There are eight percent that sit at between 100 percent and 110 percent of the true cost of living. That means they have 100 percent to 110 percent of the resources they need to meet the cost of living.

There are eight percent of New Yorkers who have 90 to 100 percent of their needed resources. They meet every cost in this true cost of living measure except for savings. They pay the rent, they buy groceries, they have no buffer.

There are 15 percent of New Yorkers who fall within sort of 75 to 90 percent of the resources they need to meet the true cost of living.

And then there are 25 percent of New Yorkers who have 50 to 75 percent of the resources they need to meet the true cost of living.

And then finally, there are 13 percent of New Yorkers who have less than half of

what they need to meet the true cost of living. These are not a few high-cost outliers; these are sort of -- the strain is what you see here. It is structural.

And so, same picture here, but we want to kind of visualize what it means then to look at costs and then to look at resources. And so what you see here is that for a single adult, their median costs are at $70,000. And then, their median resources, so what they're earning or bringing in for New York City, is at $58,000. And so there's a $13,000 gap, or a resource gap as we're calling it.

For families with children, the median, it is -- they're bringing in $159,000 for costs -- sorry, their costs are $159,000, and then what they're bringing in is $124,000. So there's a $35,000 gap there. For two adults, two children, $166,000 is what it costs, and $141,000 is what families are bringing in for their resources.

And so, this row shows sort of -- every row here shows median costs above median resources. There's only one family type in all of New York City where median resources are slightly

above median costs, and that is two adults, no children.

So we want to now look at distribution by borough. So the true cost of living rates range about 27 percentage points across boroughs. Citywide, it is 62 percent for New York City total. In The Bronx, it is 75 percent; in Brooklyn, it's 61 percent; Manhattan, 56 percent; Queens, 61 percent; Staten Island, 48 percent.

No borough -- what we see here is that -- and this is just really important, like, you know, Bronx stands out: 75 percent of Bronxites do not meet their cost of living, so their resources do not -- three out of four Bronx residents do not have enough resources to meet their existing cost of living.

And it's unique to call out and point out is that while The Bronx has lower -- from a borough perspective, has slightly lower costs, it also has much lower resources, which is where we see this arise.

And so, this pattern becomes a little bit sharper when we start looking at what

racial disparities exist and look like within boroughs. And so, you see that the racial inequities or the disparities on affordability here are wider than the gap between boroughs per se.

So in Manhattan, the true cost of living rate is 33 percentage points for white residents. For Hispanic/Latina residents, it is 85 percent. For Black residents, it is 80 percent. There is a 52 percentage point gap inside this one single borough. So the difference is what residents bring to the costs, and that's everything from the things that we've talked about: earnings, wealth, intergenerational asset transfers.

So we know that families face some of the steepest gaps between what they need and what they have. So 73 percent of New York City's children live in households that do not meet the true cost of living. It's the highest rate out of any age group. It's roughly 1.2 million children. Compare that to 59 percent of the working-age adults or the 61 percent of seniors who do not meet their true cost of living.

The patterns sort of sharpen by household composition. We see that for a single

earner with one child, 84 percent do not meet the true cost of living. With a single earner, two children, it's 94 percent. And so, we see sort of what this pattern looks like compared to 2-adult households.

And so with that, we -- and I just want to point this out: There's a $48,000 annual resource gap that families with children experience in terms of what they need versus what they have. And so, it's a significant gap in that way.

Disability. Nearly double individuals with disabilities face double the cost of living in New York City. Families with any disability member face about an 80 percent true cost of living rate. For families with a self-care disability under age 65, the rate climbs to 92 percent, the highest of any population group we measure. The median annual disability-related costs are $55,400 for a family with self-care disability under 65. That single cost category area exceeds the entire resource gap for most other family types.

I just wanted to really point out and emphasize the kind of costs that individuals

with disabilities face; these costs arise specifically from caregiving as well.

So these are some of the most affordability-constrained households in the city. And I just want to call out that when we look at multigenerational households, families with student debt and multigenerational or three-generation households also have two of New York City's highest true cost of living thresholds, so their costs in terms of what they need.

And so, for three-generation multigenerational family households, it is $191,200, and 64 percent do not meet the true cost of living.

For families with student debt, it is -- their cost threshold is $177,800, which also includes student debt costs here, and 59 percent do not meet the true cost of living.

Families with student debt and children have slightly smaller gaps than many of the other household types in sort of the true cost of living measure at $25,300 in terms of what they need versus what they have. So their gap is $25,300.

And so we see that Manhattan in particular faces significantly higher 3-generation household costs compared to the citywide average.

In terms of wage adequacy, just wanted to point out that the true cost of living threshold for a single adult without children in New York City is $70,334. And the full-time minimum wage in 2022 was at $15 an hour, $2,000 -- because our data is sourced using the year 2022. And so, when we look at it, there's about 44 percent wage adequacy in this.

And so, while the state minimum wage has risen to $17, you know, in this year, to clear the threshold on minimum wage alone, a single adult would need to work equivalent to two full-time jobs. So wages are a real lever, but alone cannot close the gap.

One last methodology note that I just wanted to point out: we know that rent burden is an incredibly important metric in understanding affordability, but the true cost of living really provides a comprehensive framework to understanding household costs alongside rent burden. We're able to look at total essential costs and compare that

to total available resources.

And what we're trying to do is we're trying to capture what housing and healthcare and childcare and food and the full bundle of what a household needs, what that looks like after understanding what households actually receive and what the variations look like by borough, household composition, and age. So the true cost of living really helps to answer this question of, can this household actually cover everything it needs?

And with that, I'm going to pass it over to Dabash.

MS. NEGASH: Great. Hello. Good morning, everyone. Or yep, still morning. Good morning, everyone. My name is, as Shehab shared, my name is Dabash. I serve as Deputy Commissioner at the Mayor's Office of Equity and Racial Justice. Very good to be with you all. Thank you again for having us.

Shehab took some time to really walk through the methodology to show you exactly where -- well, let me say this: We wanted to provide you with some profiles here to really go beyond the numbers and help you understand and just

really take a closer look at what does this actually mean for New Yorkers.

So we'll just look at each of these households so that we really just humanize this. So I'll start with the one on the left there. So this is Marisol; she is a home health aide living in the Bronx and is a single mother of two children. She takes the M15 bus across the borough at 6:00 in the morning for work, and her family has been in a rent-stabilized 2-bedroom in Mott Haven since her mother signed the lease in 2008.

The true cost of living for her family is $142,000 a year. Between her wages and every benefit she qualifies for, she puts together roughly $63,000. She's short almost $80,000 a year, every year, after all costs are included, as well as resources. Her stabilized rent is roughly $2,000 a month below the market rate for a comparable 2-bedroom in her neighborhood. That difference is what keeps her family in their home.

So Marisol is one -- we'll speak to the other two in a moment. Marisol is one face, one household of the 73 percent of children in the

city that are below the true cost of living to live in a household below the true cost of living. For Marisol, every dollar of rent increase is a dollar that may be missing to support other costs, including things like groceries, copays, and other costs.

So moving to the one in the center here, in a slightly different household, you see Mr. Williams; he is 72. He has lived in the same Manhattan walk-up since 1991. His resources include Social Security, Medicare, a small union pension from his years as a transit worker.

The cost of living for a single elder in his configuration is about $56,000; he has $32,000. So he is about $23,000 short each year. His rent is roughly $1,400 a month; a comparable market unit in his building rents above $3,200. He is also one face of 71 percent of single elders in the city that do not meet the true cost of -- their true cost of living.

Mr. Williams cannot necessarily increase his income, so some of the things that I mentioned as his resources, Social Security, his pension, are generally fixed. A rent increase

comes directly out of other costs. So again, things as we mentioned -- as I mentioned for the other household, Marisol, things like food, medication, et cetera.

And then the last I'll speak to on the right here is Marcus and Jenna. So this is Marcus and Jenna, a bus mechanic with the MTA and a school secretary in District 17, two children -- and two children within the household. A stabilized two-bedroom -- they live in a stabilized 2-bedroom in East Flatbush.

So two full-time incomes that bring home about $120,000 a year combined. They are about $46,000 short a year of what their TCOL is for a family of four. Their stabilized rent is roughly $2,150 a month. So a comparable non-regulated 2-bedrooms on their block rent for around $3,400. They are also one face of the 67 percent of two-adult households with children that are also unable to meet the true cost of living.

So you can see three households, $23,000 short, $46,000 short, and $80,000 short, all three already living in rent-stabilized apartments, and all three on the edge of what their

housing line really allows. These are just some of the New Yorkers that the rent guidelines -- that rely on the rent guidelines in their homes.

So we'll move to the -- thank you. So just speak to some of the levers that moved the TCOL. The TCOL is, as Shehab shared, a measurement. It tells you what New Yorkers need to live in this city and what they actually have and how large their gap is. It helps us understand which levers could work together to help close gaps. So we'll speak to each of these for -- I'll speak to each of these for just a moment.

So first, you have wages. As Shehab showed, the New York City minimum wage now covers about 44 percent of the single adult TCOL threshold. So that is a real lever, but obviously the cost floor in the city sits above what most of -- most people's wages reach. So wages alone cannot close the gap.

On the second on the right, there is transfers. So looking at the resource side and the safety net, every program in the safety net combined helps to lower TCOL rates, and really work together to do that. So that includes some of the

things mentioned there on the screen in front of you: SNAP, federal and State EITC, Child Tax Credit, City FEPS, and others. Every one of those programs is already helping to keep New Yorkers above the true cost of living or close to it or near it.

Expanding eligibility, take-up, and benefit value obviously moves that number further. The third on the left there is direct cost reduction. So things like housing, childcare, healthcare together make up over 40 percent of what a family needs to live in this city; a family with children needs to live in this city. Things like universal childcare move the cost side helps to reduce costs. Medicaid expansion, prescription cost relief, and housing supply.

And then the last there on the right is really what is in front of this Board. So rent; a rent increase obviously raises the housing line of the TCOL for every stabilized tenant in the city, and the populations most exposed to that increase are already short.

And just to dive a little bit deeper on this last one here, as Shehab mentioned,

75 percent of Bronx residents do not meet their true cost of living. 85 percent of Hispanic residents, in Manhattan in particular, don't meet their true cost of living. The same goes with 92 percent of households that have a self-care disability not meeting their true cost of living, and 73 percent of children living in households that do not meet the true cost of living.

So just based on what we've shared, you can also see that a rent increase doesn't always fall evenly on households and families. It falls on the populations that are already missing in the threshold by the widest margins.

I think you skipped one slide.

So beyond this hearing, we also just wanted to share how the TCOL is informing the city's work and our work as an agency. The TCOL is a framework that the city will use to align affordability and work across agencies to do that. These are some of the ways that we will do that.

So one is quantifying family economic needs, identifying the different family types and their specific needs across boroughs, a

precise evidence base for where investments should land. So this is really the first time we can fully do that.

Two on the left there is validating key policy investments, so it really helps to show how the city's commitments and follow-through on things like universal no-cost childcare directly address some of the large cost drivers for working families.

And then three on the left there: benchmark and track policy impact; this serves as the city's annual measure of whether policies are lowering costs and closing resource gaps over time. So a helpful way for us to track that.

And then lastly, driving cross-agency policy action. So providing the framework to align housing, childcare, healthcare, benefits policy, because no single intervention alone can close the gap. And these are all things that work together -- that need to work together to do that, including housing costs.

And very lastly, we'll just leave you with a few key takeaways. And you can see five in front of you here, one that, as Shehab shared,

62 percent of New Yorkers do not meet their true cost of living. This is overall across the city, about five million people. And that's roughly three times the official New York City poverty rate.

Two, that 73 percent of New York City children, 1.2 million kids, are living in households that don't meet the true cost of living. Among 2-adult households with children, that's 67 percent, and the median resource gap is about $49,000 a year, about $4,000 a month.

And then three, 92 percent of households with a member who has a self-care disability does not meet their true cost of living. The average gap is about $76,000 a year, nearly double the citywide average, as Shehab mentioned, and one of the most affordability-constrained groups.

And then four, the average family with children do not meet the true cost of living is short of roughly $49,000 a year, as Shehab mentioned. That's about $4,000 a month of unmet need after every wage, every benefit, tax credit, all resources are included.

And then lastly, rent stabilization is one of the largest and most important sources of low-cost housing in the city. Many New Yorkers are struggling, as we've shared with you, even with that existing affordability support in place.

And lastly, just protecting the existing rent-stabilized housing stock is essential. Rent stabilization obviously is necessary for affordability as one of the largest costs that New Yorkers face.

So we'll stop there and move to Q&A, but again, we want to thank you for allowing us to come and testify, and happy to take your questions.

CHAIR MITCHELL: Thank you.

Questions from the Board?

Lauren?

MS. MELODIA: Thanks so much for sharing all of this today. I guess I had two questions. I know that this is the first time for your office to publish this analysis, and I'm assuming the intention is to update it on an annual basis.

MR. CHOWDHURY: Yes.

MS. MELODIA: You mentioned so many different amazing data sources that you're combining to do this, including the American Community Survey, which I understand doesn't allow you to do a TCOL analysis specifically of rent-stabilized tenants, correct?

MR. CHOWDHURY: Yes.

MS. MELODIA: So I guess I'm just curious if there's any way moving forward with this analysis you all are planning to kind of figure out how to more, like, directly hone in on the impact of rent stabilization. I know you pulled out those three examples, but just on a larger kind of quantitative analysis.

MR. CHOWDHURY: Yeah. Thank you so much for that question, Lauren.

So, in -- our charter mandates us to update this measure annually, so we plan to -- intend to do that next year and every year moving forward. As to the question of -- as to your question, yeah, we're definitely exploring ways of how we can capture sort of -- how we can better look at sort of the policy impacts of rent

stabilization, in, you know, we're working -- we use sort of the Housing Vacancy Survey data as a great place to -- as a great starting point for that.

But we're looking specifically in the future to explore at looking at what does it cost for someone to move to New York versus what existing costs New Yorkers face right now.

CHAIR MITCHELL: Other questions?

Sina? Oh, sorry.

MS. SMYTH: So I noticed Mr. Williams -- why isn't Mr. Williams on SCRIE?

MS. NEGASH: Did I mention SCRIE is one of the resources?

MS. SMYTH: The middle example of your tenants in distress. He's 72.

MS. NEGASH: Mm-hmm (affirmative.)

MS. SMYTH: He's eligible for a rent freeze, as are disabled New Yorkers.

MS. NEGASH: Yeah, I thought I did actually mention that example, but I'll take a look back. My apologies if I missed it.

MS. SMYTH: I mean, he was one of your examples that it's a rent burden, but he's

eligible for SCRIE.

CHAIR MITCHELL: Well, I had a similar question overall. I think if in this where it showed the stacks of both resources and costs, the cost one was broken out by kind of categories, but the resource one, the resource stack just said resource. So it may be -- I had a similar question because I know that it says those things are included, tax credit, vouchers, SCRIE and DRIE, but if there's a way to --

MS. NEGASH: To like bring it down?

CHAIR MITCHELL: Yeah, yeah, for either the case studies or the larger bars.

MR. CHOWDHURY: Yeah. Happy to provide that.

MS. SMYTH: You mentioned 92 percent of New Yorkers with disabilities. There's a rent freeze for disabled New Yorkers as well.

MR. CHOWDHURY: Yes. And we do account for that as a resource. So we do account for SCRIE and DRIE as a city-administered resource on the resources side of this. So we were able to impute that and able to account for that in this.

So it is a resource that New Yorkers are receiving and is something that we're able to estimate in our -- in sort of the cost and sort of as a resource for New Yorkers in terms of what they have available to them.

MS. SMYTH: Is the mayor's office doing anything to advocate to increase the income threshold for SCRIE entry?

MS. NEGASH: Our office can't speak to that directly, but we're happy to follow up with you.

MS. SMYTH: Okay.

CHAIR MITCHELL: Sina?

MR. SINAI: Yeah. Thank you for this presentation. You know, given like the size of the resource gaps, you know, I would think that a lot of New Yorkers are also taking on other forms of debt that might not be reflected here. When I think of, you know, the statistics from, like, the Survey of Consumer Finances that show that the median household that rents has a net worth of $6,900 in the USA and the costs here, I would think that there's a substantial number of New Yorkers that actually have, like, zero or negative net

worth.

I know that number is about 20 percent of American households as captured by that survey. So when we are thinking about, you know, rental payments, which aren't, you know, building home equity or net worth and sort of generational sort of sustainability, I would be really curious to sort of capture, like, those stock variables, not just, like, flow and expense variables.

And I'm wondering if -- you know, if there could be -- if there's thinking around that or if there's, like, plans to sort of incorporate that into, like, that broader measure. But yeah, thanks.

MS. NEGASH: Yeah, I think there's a lot that we're exploring at the moment in terms of where the measure could go, so it's helpful to receive some of this feedback. And you're absolutely right. We don't really have a clear picture on how people are or aren't making it work, and debt -- but taking on debt is one way to do that.

CHAIR MITCHELL: Adán?

MR. SOLTREN: Thank you for this

presentation. If you don't mind, could you go to maybe, I think, the next slide or two slides after this? One more. There we go.

So I was just curious, and maybe you had said this, or maybe it was just in some of the font that I couldn't read because it was a bit small. But in terms of the other category, I noticed in a lot of the examples it was a very large component. Could you speak more to what that's broken out for?

MR. CHOWDHURY: Yeah. For other, we are looking at specifically -- there's a lot captured in costs. So we're looking at miscellaneous expenses, so these are things that include, you know, personal care costs, diapers for families when they have, you know, children, a wide variety of cultural experiences and dining out, so like eating out, and also just sort of other big pieces around phone, internet, sort of like technology broadband, those pieces too, household supplies, clothing. So it's all those elements.

And it's using sort of the Bureau of Labor Statistics Consumer Expenditure Survey for the New York City metro area, so.

CHAIR MITCHELL: Sagar?

MR. SHARMA: Yeah. Thank you for doing this. Could you speak more to, for families that don't meet the TCOL? Do you have any insight? I think you kind of sort of mentioned it, but like, have any further insight on how do -- where do they make the cuts to live day to day?

MR. CHOWDHURY: Yeah. So thank you so much for that beautiful question, Sagar. I think, you know, it's something that so many families in New York experience right now. So the true cost of living measure is sort of a measure that's focused on explaining or descriptive reality of what New Yorkers are experiencing, but it can't necessarily comment on, say, survival strategies.

So the things that folks are -- the choices that folks are making when they're faced with sort of what they need to -- you know, what their essential costs are and what they're doing to sort of, like, forego other things to be able to meet their necessary costs. So, yeah.

But it is -- so it's not yet, but it's something we're definitely further interested in exploring and also really thinking about ways of

understanding more about the lived experiences of New Yorkers in that process too, so.

CHAIR MITCHELL: Adán.

MR. SOLTREN: And I guess I'll just say really quickly, the Columbia Poverty Tracker data did speak to the responses from folks who said, like, yeah, the first thing we would cut is X or Y. So I think in conjunction, it helps to paint a powerful picture.

MR. CHOWDHURY: Yes.

CHAIR MITCHELL: Other questions from the Board?

(No response.)

CHAIR MITCHELL: Thank you all so much.

MR. CHOWDHURY: Thank you. Thank you so much.

CHAIR MITCHELL: And now we will welcome the Local Initiative Support Corporation. We'll be hearing from Senior Program Officer Julia Duranti-Martinez and Vice President David Greenberg. Welcome.

We'll wait for folks to come back. Thank you. I think we can go ahead and get

started.

MR. GREENBERG: Good morning, Chair Mitchell and members of the Board. Thanks very much for the opportunity to testify today. My name is David Greenberg. I'm Vice President for Community Research and Impact at LISC, the Local Initiative Support Corporation. We are a national community development financial institution and community development intermediary with offices in 34 cities throughout the country, and a rural program touching every state and several U.S. territories.

Our role at CRI, the Community Research and Impact team, is to understand the impact of our work and those of our partners. But it's also to understand the conditions and policies that impact the communities that we work with. And it's because of that that we'll be talking today about a 2022 report that we released about housing speculation, affordable investments, and tenant outcomes in New York City.

An important focus of our work overall is housing finance, corporate ownership, and tenant and community outcomes, which we have

explored through a number of studies. This report was a collaboration with our LISC New York State office. I think our colleague formerly of HPD, Christina O'Connell, was hoping to join. She may be on her way, as well as with the University Neighborhood Housing Program in The Bronx.

So the report asked four research questions. Which neighborhoods in New York had seen the most speculation in terms of the housing market? What are the characteristics of those places? And then, importantly, what are the consequences of speculation for tenants and communities, focusing on housing quality and evictions?

Finally, because we wanted to be able to tell another important side of the story, we looked at the role of affordable housing investments in promoting positive outcomes for tenants and communities or mitigating against the negative effects of speculation and the image in the corner is just to note that this research was also published in HUD's Cityscape journal in 2024 with co-authors Francesca Winston, Jacob Udell, Caroline Kirk, Spencer Anderson, and Rick Hendra.

So I'll talk quickly just about some of our methods. It was a mixed-methods study, but primarily quantitative, drawing heavily on the BIP, the Building Indicator Project database of UNHP. New York, unlike other parts of the country, is blessed for researchers and other stakeholders in having ample public records that cover both sale and debt transactions.

And UNHP was a really early path-breaking leader in aggregating these public data sources and linking them to other publicly accessible outcomes, such as code violations. And the database covers multifamilies of 5 or more units throughout New York City.

So we combined those data with other sources, including census, eviction records from OCA, and the Furman Center's database on subsidized housing called the SHIP. So the eviction warrants at the building level were meant to understand tenant outcomes together with housing violations.

The census data acted as explanatory variables to show where speculation was occurring, but also as control variables to sort of

piece out the effects of speculation over and above neighborhood characteristics in the outcomes analysis. And the SHIP was used to understand the potentially protective effects of affordable housing investments.

Some really important caveats: the study was a pre-pandemic analysis. We're in the process of updating these findings to understand current patterns of physical and financial distress, as well as where negative tenant outcomes are pooling since the pandemic. Obviously, there are both market and policy changes that may change some of the conclusions that we're about to present.

And just the note, while obviously eviction warrants are an incredibly devastating outcome for tenants and communities, we only are looking, I think, the tip of the iceberg in terms of negative outcomes. And so, executed warrants, not filings, and not anything that occurs before filings in terms of tenant displacement pressures.

Okay. This is important because there are lots of different ways of defining speculation, but here's what we focused on. So

essentially, we were trying to look at the ways that landlords profited through rapid asset appreciation. So there are lots of ways that landlords can profit, including rents, but the major way that speculators profit is by selling their buildings for increased amounts or by pulling out equity from their buildings or taking out higher and higher amounts of debt for leveraging it to buy other properties or for other properties, other types of profitable investments.

So what we did was create a kind of repeated measure, looking at the building level to see how much a building was resold, how much it increased in sales price from one sale to the next, or how much additional debt was taken on, adjusting for the time between the sales event or the loan event.

So just to play this out, you know, a 12-unit building that doubled in sales price after a year would be treated the same as a similarly sized building that quadrupled in two years. So it's time and unit adjusted is the measure.

And we started our analysis by

just looking at the top quartile of buildings that appreciated the most in this time-and-unit-adjusted measure, which, just to paint a picture of what that threshold was, it was buildings that appreciated by 30 percent per year on sales or 50 percent per year in debt taken out.

I'll turn it over to Julia to talk about findings and recommendations.

DURANTI-MARTÍNEZ: Good morning. My name is Julia Duranti-Martínez. I'm a senior program officer with LISC's Community Research and Impact Team, working with David. Thank you again for having us.

So to get into some of the findings for the first question, the sort of where speculation is occurring, at the borough level, Manhattan and Brooklyn were places where there was the highest change in sales price throughout the study period.

But introducing the census variables at the tract level in regressions that predicted where there were more speculative events gives a much more nuanced story about neighborhood characteristics where speculation is occurring. So

I think in the top-line finding here is that areas with higher poverty, higher black and Latina populations, also experiencing signs of gentrification experienced more speculation both in terms of sales, price increase, and debt than other neighborhoods.

So over the entire period, areas with higher poverty, higher black population, higher Latino population saw multifamily rentals resold for the greatest increase in price. And when we're talking about signs of gentrification, we're looking at growing percentage of adults with college degrees and a growing population.

Very similar story on the debt side of things and both of this -- both of these findings are really in line with what Advocates have long documented in the context of, you know, legacies of disinvestment that create more so-called upside potential that can be captured through these speculative strategies.

Another piece of this story is for both sales and debt is how market factors played a role. Of course, the hot market periods from 2004 to 2008 and 2013 to 2017 were associated with

greater sales increases and more debt taken out on properties, but even when taking these sort of market cyclical factors and local rent changes into account, race, poverty, and gentrification still predicted speculative sales, though the predictive value decreased somewhat.

So all of this is just, you know, to say that trends within the housing market at a given point in time don't tell the entire story of sales price and debt increases. So these hot market indicators are associated with some of the increase in a property's value and the debt taken out, but race, community distress, and gentrification remain important predictors.

Go to the next slide.

So this is looking at the consequences of speculation for tenants and communities. So, some evidence that buildings in this top quartile of speculative sales or debt in one year are more likely to remain there in following years, which is again providing support for what tenant organizers and advocates have long been documenting: that often there are some of the same distressed buildings that are caught in this

kind of speculative cycle of resales and increased debt.

In terms of housing quality, properties that sold for the highest price or took on the most additional debt had up to 2.7 times more housing violations than others. Across the city, a property that was just sold for a high value in one year was more likely to have more housing violations the next year.

And that association is even stronger when it comes to debt. Buildings with the highest increase in debt had about 0.78 more maintenance violations per unit per year, which is, again, I think lending support that when you're looking at this very top quartile of transactions, the debt that is taken out on a property is not actually being reinvested in improving conditions for tenants. And it actually is a signal of and potentially a cause of maintenance problems where that debt, where more and more of the building income is going to debt and where it's being invested elsewhere.

We can say same stuff to talk about evictions. Yeah. So, this finding holds

true for evictions as well, finding that owners who bought their buildings at the highest price or took on the most debt evicted tenants at up to 1.5 times the rate of owners of similar properties in other neighborhoods. And that a speculative event in, say, the years from 2014 to 2016 predicted the rate of eviction filings per unit from 2017 to 2019, again, even controlling for a number of community characteristics.

So, sort of to what David was saying at the beginning, over and above the effect of location, poverty, race, and these sort of signals of gentrification, speculative debt, speculative sales, are more likely to evict tenants.

And this is just a map looking at the zip codes that saw the most speculation and, in this case, the eviction filings at the zip code level, which I don't think is much of a surprise. It's sort of showing these hot spots for both speculation and eviction in upper Manhattan, the Bronx, central and eastern Brooklyn.

These are just some tables to show the unadjusted findings for the raw data. So the

buildings with speculative sale in 2016 to 2017 being associated with twice the number of violations per unit in 2018 to 2020. And with the speculative debt event during that same period resulting in almost three times the number of violations.

And similarly here, the unadjusted findings, buildings with any speculative event from 2014 to 2016 had about 2.7 evictions per 100 units from 2017 to 2019 compared to 1.4 per 100 among those that did not.

So now, sort of turning to the positive side of this research and the protective effects of affordable housing subsidy on multifamily properties. What we found suggests that properties that have some kind of subsidy are overall actually better maintained than unsubsidized housing when looking across all of the housing units in New York City, and this includes luxury apartment buildings, new construction; there are anywhere from a half to two-thirds fewer violations in subsidized apartments than in unsubsidized apartments.

And these properties also, you

know, unsurprisingly given the regulations around subsidized properties, but were less likely to be acquired at higher values or take on higher levels of debt. And this is something that is even more marked in the Bronx, where on the whole, affordable units have one third to one fourth the violations compared with other units.

So just a table to illustrate that very clearly and reinforce the power of public investments in maintaining not just housing affordability, but also quality of life for tenants.

So our research concludes with a number of recommendations that are intended to discourage harmful speculation and to improve outcomes for tenants. Again, as David mentioned at beginning, our team LISC works nationally. This data is drawn from New York City, but the recommendations we have are also sort of directed at practitioners and policymakers throughout the Country.

And I know our LISC New York team, along with our colleagues at Enterprise Community Partners have been engaging with New York City and

New York State elected policymakers on many of these topics, but just at a very high level, the lanes of recommendations related to strengthening tenant protections and addressing ongoing arrears, as well as strengthening affordable housing operators, on particularly given the rising distress that many of them have facing since the study came out in particular, expanding code enforcement to protect housing quality, using regulatory tools and oversight to ensure that lenders aren't underwriting to speculative assumptions, what advocates often call displacement financing, and are enforcing good repair clauses.

And then strengthening preservation ecosystems, especially related to troubled portfolios, loans that need workouts, and supporting acquisition at scale through providing organizing and technical assistance, capacity building, and fast, flexible financing.

So thank you again for the opportunity, and we're happy to answer any questions about the research.

CHAIR MITCHELL: Thank you.

Questions from the Board?

Maks?

MR. WYNN: I have one. Do you have a sense of the profile of the speculative lenders that, you know, were financing this top 25 percent quartile?

MR. GREENBERG: That's a great question. We did not include the lenders in this analysis. In some of our work that's ongoing, we are looking at the lender as a unit of analysis as well.

CHAIR MITCHELL: Thank you. For the affordable housing that you included in the study, does that include direct subsidy, tax incentives, like what's the profile of type of affordable investments?

MR. GREENBERG: Yes, to all of those. The SHIP includes the whole gamut of subsidy, and that's how we flagged it at the building level.

CHAIR MITCHELL: Thank you.

MR. WYNN: Sorry. Just so I understand, the affordable investment doesn't distinguish between, you know, like HPD subsidy debt and a 421-a?

MR. GREENBERG: It does within the database, and so you're able to draw that out. So actually, to clarify my comments to the Chair, we didn't include 421-a in our analysis. We're mostly focused on the things that are more classically associated with HPD financing tools.

CHAIR MITCHELL: Okay. Thank you.

Sina?

MR. SINAI: Yeah. Just a comment. I think, you know, it's very interesting analysis, and when we're thinking about violations in our own data set, this equity extraction behavior is a good confounder to try and control for, so, yeah.

CHAIR MITCHELL: Other questions from the Board?

(No response.)

CHAIR MITCHELL: Thank you all so much.

MR. GREENBERG: Thank you.

CHAIR MITCHELL: All right. And we will now welcome Emily Eisner, PhD, acting executive director and chief economist from the Fiscal Policy Institute.

MS. EISNER: Hi, everyone. Let me

just make this big. Okay. All right. Thanks for having me again. So, I think -- well, it doesn't really matter, but the presentation I'm giving today is about sort of in response to the income and affordability survey. I think I got sick last month, so I'm a little off schedule here. But yeah, I'll just jump in.

So I'll just make some comments on the income and affordability report that came out last month and talk through sort of how I see the state of tenants in the city over the last few years, including a little bit of discussion about sort of how federal policy is impacting the sort of forecast of risks, economic risks for tenants in New York City.

I would say that, and you all have read it and thought about it a lot already, but the Income and Affordability Survey represents sort of a, let's say mixed bag and only modest shifts over the most recent year of data. Unemployment is relatively steady in the city in contrast to that of national level, where we've seen sort of a degradation of unemployment statistics. Real wages are rising over the last few years in New York, at

least on average. And the inflation rate, I would say, is maybe was normalizing, is sort of, maybe we have concerns that, given the war and tariff policies actually going to start rising again.

And over the last few years, the New York City metropolitan area has seen inflation higher than the national average, especially in its housing.

These are charts from the Income and Affordability Survey. I would just like to point out, you know, the chart on the left is -- sort of demonstrates that real wages have declined over the, sort of, pandemic years.

This is average wages; I prefer to look at it as median real wages because average wages in New York City are so skewed by the top. But even when you look at the median wage, we are still sort of below the pre-pandemic wage that New York City residents had, and that's largely coming from high inflation over the last few years.

When you think about that, how housing costs in particular are affecting sort of people's real wage, we have seen, and this is specific to tenants in the city. We've seen median

housing costs grow at a faster pace than incomes median incomes. This is true around the country, but it's also the case that in New York City we've seen a really high growth in the cost of housing for renters relative to their income growth.

This is from the Housing and Vacancy Survey, but just to remind you that there's relatively high rates of rent burden, especially for lower-income households, and food insecurity is actually quite high for rent-stabilized households. So 20 percent of rent-stabilized households report being food insecure, which is much higher than sort of the market rentals, which report roughly 13 percent of households being food insecure.

This is now sort of leading into - oh, sorry, well I'm about to get to this in a minute, but cuts to SNAP and Medicaid threaten these households specifically.

We see increased poverty rates over the last few years in New York City, especially in the Bronx, and that's in contrast to the United States as a whole, which has basically seen flat poverty rates. As all of you know, the Bronx in particular sees high poverty rates.

I don't assess that there's, like, extremely high or like a major degradation in the unemployment rate in the Bronx or wages in the Bronx, but there are really quickly rising rents in the Bronx, which do threaten to displace long-term tenants, and rent stabilization is a really big part of mitigating displacement effects when we see these sort of gentrification happening.

This is a little bit of a bigger picture assessment on my part, but, you know, I guess it's up to you all how to interpret the law, but I see rent stabilization as a policy tool to impact the housing market and not to solve all labor market and economic problems.

So, the RGB's rent increases do not and should not necessarily sufficiently address chronic unemployment and low wages in New York City. There need to be other fiscal solutions designed to expand social safety nets and offer high-quality jobs to unemployed and underemployed New Yorkers.

Nonetheless, in many parts of the city right now, there's gentrification that could lead to significant displacement, especially in the

Bronx, and rent stabilization is a part of mitigating that displacement.

So, I see the biggest risk to New Yorkers as coming from current federal policy and the fact that we're only just recovering from the COVID-19 pandemic, the Fiscal Policy Institute has done a ton of work over the last year on the health insurance impact of the One Big Beautiful Bill Act and the fact that New York State will, in July, basically kick about 450,000 New Yorkers off of their health insurance.

Most of those New Yorkers live in New York City or in the metro area, but most of them are in New York City. They're not all. And we expect that number to increase to about 1 million -- between 1 and 2 million New Yorkers will lose their public health insurance by 2027.

SNAP is the other major effect that we expect -- it's starting to kick in now already 40,000 New Yorkers lost their SNAP benefits or lost at least the entitlement to SNAP benefits and we expect work requirements that kicked in March to start threatening SNAP benefit -- SNAP recipients starting -- yeah, the work requirements

kicked in in March and we expect people to start losing benefits in June.

And as you can see in the graph, you know, New York City has a huge number of SNAP recipients, especially in the Bronx. And we don't just expect work requirements to affect the people subject to those work requirements; it also increases the bureaucratic standard and kicks off other recipients.

Tariffs and the war are going to push prices up. That's already starting to happen in the most recent inflation data. And I don't think I need to say much more about it, but that should be considered when thinking about how inflation will affect household budgets over the next year.

And I think that's all I have today. I'm happy to take questions.

CHAIR MITCHELL: Thank you.

Questions from the Board?

(No response.)

CHAIR MITCHELL: Thank you. And I hope you're feeling better.

MS. EISNER: Thanks.

CHAIR MITCHELL: All right. And now last, but certainly not least, we would like to invite the Independent Budget Office. We'll be hearing from Director Louisa Chafee, Senior Research and Strategy Officer Sarah Parker, and Lead Housing Policy and Budget Analyst Sarah Internicola. Welcome.

MS. CHAFEE: Good afternoon. Thank you so much for your patience while we loaded our exciting deck, and thank you for helping. Good afternoon, Chair Mitchell, and members of the New York City Rent Guidelines Board. My name is Louisa Chafee. I'm the Director of the Independent Budget Office.

I'm joined today by Sarah Parker, the Senior Research and Strategy Officer of the IBO, and Sarah Internicola, Lead Budget and Policy Analyst at the IBO.

We're a government agency, a New York City government agency whose mission is to enhance understanding of the New York City's budget, public policy, and economy through independent analysis. We appreciate the opportunity to testify at today's public meeting on

our agency's recent work on rent-stabilized housing as published just hours ago.

I'm going to hand it to Sarah Parker to discuss segments of the rent-stabilized housing stock.

MS. PARKER: As you well know, there are about 1 million rent-stabilized apartments in New York City, constituting 41 percent of the city's rental apartments and 27 percent of the overall housing stock citywide. Using city and State administrative data, IBO explored different characteristics across the rent-stabilized housing stock. Our analysis focuses on roughly 928,000 stabilized apartments across about 43,000 multiple dwelling buildings.

The characteristics of rent-stabilized buildings IBO analyzed include geography. We looked at this by borough, with Manhattan split into core and upper Manhattan per Rent Guidelines Board definitions and by the city's community districts. We looked at the year of construction, separating out pre-1974 and post-1973 buildings based on the Emergency Tenant Protection Act of 1974. We looked at median monthly rent of

rent-stabilized apartments in rent-stabilized buildings, and we looked at the share of apartments that are rent-stabilized, again calculated at the individual building level.

IBO finds that the rent-stabilized stock varies widely on these characteristics. Rent-stabilized housing is spread across the entire city, but there are clear concentrations of rent-stabilized housing, especially in Northern Manhattan and the Bronx. You can see this on slide two, which maps rent-stabilized apartments by community district.

Three-quarters of the city's rent-stabilized apartments are in pre-1974 buildings. These are buildings that became stabilized under the Emergency Tenant Protection Act of 1974 and remain stabilized today.

As shown on slide three, there are notable patterns in the concentration of pre-1974 rent-stabilized buildings across community districts. Community districts in eastern Queens, southwest Brooklyn, upper Manhattan, and southern Staten Island have the highest concentrations of pre-1974 buildings. That's the darker shaded areas

on the map.

We also noted that some community districts have more than half of their stabilized apartments in post-1973 buildings. That's the lighter shaded areas. High shares of post-1973 rent-stabilized apartments appear in areas that have seen major rezonings and new development in recent decades. This includes the Chelsea, Williamsburg, Greenpoint, and Downtown Brooklyn neighborhoods.

Citywide, the median monthly rent of rent-stabilized apartments, again, looking at multiple dwelling Class A buildings, is $1,603, with the bottom quartile of rents at $1,190 or lower, and the top quartile of rents starting at $2,186.

Slide four shows that there are rent variations by building age. The median rent for a rent-stabilized apartment built before 1974, $1,511, is about $800 lower than the median rent for a stabilized apartment built after 1973. The median rent for those buildings being $2,307.

Rents for pre-1974 buildings are much more clustered around the median rent. You

can see that group of large bundling tall stacks right around the median for the pre-1973 buildings, whereas they're much more evenly distributed across the entire rent spectrum for post-1973 buildings, distributed from the highest and lowest ends.

On slide four, we show that about a third of all rent-stabilized apartments are in buildings over 90 percent stabilized with rents below $1,500. However, there are more rent-stabilized apartments renting at over $2,500 than below $1,000.

Also, we'd like to note that about 23 percent of rent stabilized apartments are in buildings less than 90 percent rent stabilized, and that this also represents a substantial portion of the stock.

MS. CHAFEE: Now Sarah will speak to indicators of distress.

MS. INTERNICOLA: Great, thank you.

IBO next compares four indicators of physical and financial distress in rent-stabilized buildings with non-stabilized rental housing citywide. IBO used the following

four indicators of distress in its analysis:

First, open hazardous Class B and C housing maintenance code violations.

We next looked at emergency repair program charges going back to January 1st, 2023. These are charges incurred when the Department of Housing Preservation and Development, HPD, fixes hazardous housing code violations that owners fail to correct in a timely manner. ERP charges suggest a property owner unwilling or unable to pay for repairs.

We next looked at historical enrollment in alternative enforcement program. This is an HPD program that implements frequent inspections for properties with persistent hazardous housing maintenance code violations and ERP charges. HPD may make repairs to improve physical conditions of housing in this program, and this suggests chronic maintenance issues.

Finally, we looked at 2025 tax lien sale eligibility and inclusion. So, properties with long overdue property taxes, water or sewer charges, or HPD repair charges can become eligible for the city's tax lien sale. So having a

lien sold suggests financial distress in the building if the owner is unable to pay these bills or possible disinvestment by an owner unwilling to pay the bills.

IBO will now present highlights from its analysis of distress across the various segments of the rent-stabilized stock as previously identified. These indicators can complement Rent Guidelines Board research on building net operating incomes to better understand the conditions in rent-stabilized buildings.

The causes of distress are influenced by many factors and are beyond the scope of our report. IBO intends to provide an understanding of where distress is present rather than to describe circumstances underlying these indicators of distress.

IBO finds that across all categories of the rent-stabilized stock, the majority of buildings tend to be in similar or better condition compared to citywide non-stabilized averages. There are both newer and older rent-stabilized buildings that show materially better conditions than other

non-stabilized rental housing citywide. Although some poor conditions exist, they only characterize a small portion of certain segments of the stock.

Next, I'll talk about how we measure distress. First, IBO considered the overall scale of distress across the rent-stabilized stock. IBO found that 28,400 rent-stabilized buildings, or 66 percent of those analyzed, have a violation rate below the citywide average, showing good conditions. There are also 5,400 rent-stabilized buildings, or 13 percent of those analyzed, that have at least one hazardous violation per unit.

The city administrative code defines a distressed property as one with a violation rate of at least five hazardous housing maintenance code violations per apartment among other criteria. IBO identified 600 rent-stabilized buildings, or one percent of those analyzed, with five or more hazardous violations per unit.

However, these conditions are not limited to rent-stabilized housing. There are an additional 923 non-rent-stabilized buildings, or 1.6 percent of those analyzed, with five or more

hazardous violations per unit. Housing quality is a concern for a small number of both stabilized and non-stabilized buildings citywide.

Next, we looked at where distress is concentrated. IBO looked at distress by median rent of rent-stabilized apartments at the building level, shown here on slide seven. This is broken out by different violation rates and by pre-1974 and post-1973 buildings. Across all categories, IBO finds that the majority of buildings have a violation rate below the citywide non-stabilized average of 0.18 violations per unit.

There are relatively higher shares of buildings with higher violation rates among buildings with lower rents, but still, most of these buildings have a lower violation rate than the citywide average.

Slide 8 shows the shares of rent-stabilized buildings, again, by median rent and building age, which were eligible for the 2025 lien sale and which had their liens sold. The citywide non-stabilized shares are depicted by the horizontal lines on the chart. The citywide non-stabilized shares -- sorry, nearly 9 percent of

pre-1974 buildings with median stabilized rents of under $1,000 were eligible for the lien sale above the citywide average of 8.3 percent for non-stabilized rental buildings.

All other rent categories were below the citywide non-stabilized average for lien sale eligibility, and all rent categories were below the citywide non-stabilized average for lien sold of 1 percent.

Next, IBO reviewed the same indicators of distress by the share of a building that is rent stabilized, as shown on slide nine.

Starting with the same housing maintenance code analysis, IBO again sees that across all categories, the majority of buildings have a violation rate below the city-wide average. IBO does find somewhat higher violation rates for buildings that are highly stabilized and built pre-1974, but the pattern is less clear for post-1973 buildings.

On slide 10, we look at ERP charges. The green sections show the share of rent-stabilized buildings with average ERP charges per unit above the non-stabilized average. As the

share of a building that is rent-stabilized increases, we see that the share of buildings above the non-stabilized ERP average also increases. However, the share of rent-stabilized buildings above the non-stabilized average is only as high as 22 percent and as low as three percent across these different categories.

IBO assessed the same distress indicators by building location using the borough-based geographies that the Rent Guidelines Board uses in its research. Here the greatest contrasts arise. Looking at housing maintenance code violation rates by borough in slide 11, IBO finds that less than half of pre-1974 buildings in the Bronx and upper Manhattan have a violation rate below the citywide average.

Meanwhile, buildings in other boroughs show a majority with a lower violation rate than the citywide average, as high as 80 percent in core Manhattan.

This is further shown in slide 12, where we look at AEP enrollment rates, where pre-1974 buildings in the Bronx, upper Manhattan, and Brooklyn show rates of AEP enrollment above the

non-rent stabilized average of 2.4 percent. These properties in the Bronx specifically reach 10 percent AEP enrollment.

MS. CHAFEE: So in conclusion, rent-stabilized housing varies widely across the stock by building age, median rents, location, and the share of the building stabilized. Across and within these categories, there are also a wide range of conditions present. IBO finds that the majority of rent-stabilized buildings show conditions similar to or better than citywide non-stabilized building averages.

Where distress does exist in the rent-stabilized stock, it tends to be concentrated in pre-1974 buildings that are lower rent, highly stabilized, or located in the Bronx or upper Manhattan. Even among these segments, however, distress affects only a small portion of these buildings, while many show conditions better than citywide averages. Housing quality concerns are thus not limited to rent-stabilized housing, but rather affect a portion of all rental housing citywide.

Rent guidelines are not designed

to address the specific needs of individual buildings, but rather to provide year-to-year rent predictability for tenants. Rate setting is only one of many tools shaping outcomes for rent-stabilized housing, owners, and tenants, and should be distinguished from broader housing policies and preservation programs intended to address underlying building concerns.

The many public policy tools that could be implemented to address distress for different subsets of buildings. Doing so would allow the city to consider policies to further preserve this housing for owners and tenants.

We thank you for the opportunity to testify and look forward to answering any questions you may have. And for IBO's full analysis, please go to our website. Thank you.

CHAIR MITCHELL: Thank you. Thank you for your testimony.

Questions from the Board?

Arpit?

MR. GUPTA: Yeah. Thank you so much for your testimony and your report. If you can go back to the income graph or the rent graph

you had for the distribution of rents. Yeah, this one right here.

So, this is just something that I think would be great if your team could think about analyzing in the future, which is the vacancy or occupation or utilization of the stock.

We can see here on your graphs you have this mass of people right at zero. And your note there says those are people who may be owner-occupied, superintendent-occupied, or temporarily exempt. So I just find that an interesting segment of the stock, the number of units that are not occupied.

We have data from HCR last year that indicated 50,000 rent-stabilized units were vacant or not occupied. There are other signs of vacancy -- so, the estimate that I hear is between 800 and 900,000 of the rent-stabilized units actually have a lease on them out of the one million.

I don't know if that number is true. Like somebody can definitely correct me on that, but that's my point is like, I think understanding the true utilization and the true

occupancy, true vacancy of the stock would be a tremendous service for somebody to do. You're an Independent Budget Organization, so I feel like you might be one such organization to look at that.

MS. CHAFEE: I do want to just clarify this analysis. We did not include any apartments that were registered as vacant with a rent of zero because that is not how property owners are instructed to fill out that information. It's supposed to be vacant with whatever the legal rent is, or if it's vacant, I guess there isn't a preferential rent. So those were not included in our analysis.

MR. GUPTA: Yeah. But I would almost call this like shadow vacancy. These are units that could go to the public that could be used by renters in the population, and for one reason or another they're going to some other use that is not providing rents.

MS. CHAFEE: Mm-hmm (affirmative). And what were -- the piece about some of these with zero dollars is if they're being used by a superintendent or a temporary exempt because a family member is living there, it's occupied, but

it's not on the market as an apartment either by a tenant or by vacancy. So that also makes that category a difficult one to disentangle. It's a great point of research.

MR. GUPTA: Yeah.

MS. CHAFEE: We've been really interested in vacancies from year to year. This was something that we did a report on in 2023, looking at coming out of the COVID pandemic changes that we saw in rental markets. We saw an increase in vacancies, but then we saw that of things that had been vacant for more than one year in a row, that they were starting to be rented up. This is something that we're looking into and interested in.

MR. GUPTA: Yeah. I mean, we -- just to follow up on that point, we saw the same thing with the HCR records that there was this increase in vacancy post-pandemic. It went down. But the latest number from last year was that it then increased substantially. Right? So that's something I think is worth somebody else looking into.

MS. CHAFEE: No, that's a great

suggestion. We've taken note. Thank you.

CHAIR MITCHELL: Maks, did you have a question?

Oh, Sina.

MR. SINAI: Yeah. Thank you so much for this.

I had a question about the lien kind of sale and eligibility slide on the eighth. I'm just curious if you have any sort of -- well one, like what -- like, is it like all liens on rent-stabilized units that like I would like love to learn a little bit more about what kind of exactly, what kind of liens are included in this analysis.

And I'm also curious about, like, why the pattern sort of flips by sort of median rents for pre-1974, where it's sort of decreasing by rent and then it's increasing by rent for post-'73, if you have any thoughts on why that might be the case.

MS. INTERNICOLA: Yeah. Just to your first question, we did look at all types of liens for these properties, so it's just an overall eligibility and rate of sale.

I don't know if you'd want to speak to the second question?

MS. CHAFEE: I mean, this is a problem as data researchers. We can't always get to the why underneath. So, as you point out, there is with rents, the share of eligibility does go down for the pre-'74 category. And then there's much more subtle variation on the post-'73. We can't say why.

CHAIR MITCHELL: Adán?

MR. SOLTREN: I just want to ask a follow-up on the temporary exception question. Is that data pulled almost exclusively from the HCR rent registrations or -- because I could see with the superintendent there might be other data sources, but for the temporary exemption specifically, is it just the registration?

MS. CHAFEE: So those are apartments indicated as temporary exempt in the HCR data.

MR. SOLTREN: Okay. And I could see why that would be a huge problem because we've seen like throughout the decades that there have been both intentional and unintentional mistakes or

incorrect data about temporary exemption for the purpose of either deregulating them or just, you know, a slew of issues, not to mention the fact that they're capped at like certain amount of years that they're temporarily exempt and then they go back online so.

Okay, that's helpful. Thanks.

MR. WYNN: The vast majority of those are supers though, right? Like, it was --

MS. CHAFEE: That's our understanding.

MR. WYNN: Yeah.

MS. CHAFEE: And a lot of them, even in the label of who lives there, is superintendent.

CHAIR MITCHELL: Andrew?

MR. MCLAUGHLIN: I would just like to echo, as data researchers, we don't always know why. Thank you for saying that. It's the best testimony I've heard ever.

But seriously, the difference between our data and our report, when we did violations, it was opened, all opened in a calendar year, whether they were closed or remained open.

Correct me if I'm wrong. You're talking about opened. That was still opened in a calendar year, right?

MS. CHAFEE: Yes.

MR. MCLAUGHLIN: Okay. So, if you're -.

MS. CHAFEE: Open and issued since January 1st, 2023.

MR. MCLAUGHLIN: They were open, but whether -- and we look at it in the data we did with -- so 2025, if there was a violation opened, that's what we consider whether it was closed in that time or not. You guys just -- if it was opened, meaning that it was still open rather than -- is that correct to say?

MS. CHAFEE: Yes.

MR. MCLAUGHLIN: Okay.

CHAIR MITCHELL: Other questions?

(No response.)

CHAIR MITCHELL: Thank you so much for your testimony.

MS. CHAFEE: Thank you.

CHAIR MITCHELL: All right. Any discussion from the Board?

(No response.)

CHAIR MITCHELL: All right. Motion to adjourn.

MR. SINAI: So moved.

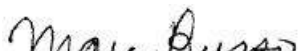
CHAIR MITCHELL: We are adjourned.

(Whereupon, at (TIME), the meeting was adjourned.)

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

I, MARC RUSSO, a Shorthand (Stenotype) Reporter and Notary Public within and for the State of New York, do hereby certify that the foregoing pages 1 through 138, taken at the time and place aforesaid, is a true and correct transcription of the teleconference.

IN WITNESS WHEREOF, I have hereunto set my name this 4th day of August, 2026.



MARC RUSSO

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