New York City Rent Guidelines Board

2016 Mortgage Survey Report

April 14, 2016

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2016 Mortgage Survey Report

What's New

- ✔ Average interest rates for new multifamily mortgages fell 0.30 percentage points to 3.97%, the lowest level in this survey's history.
- ✔ Vacancy and collection losses declined 0.11 percentage points, to 3.14% this year, the lowest level recorded by this survey.
- ✔ Average service fees for new loans fell 0.28 points, to 0.42 points, the survey's record low.
- ✔ Average maximum loan-to-value ratios remained unchanged at 74.0%
- ✔ In 2015, 1,361 buildings containing rent stabilized units were sold Citywide, virtually unchanged from the prior year.

Introduction

Section 26-510 (b)(iii) of the Rent Stabilization Law requires the NYC Rent Guidelines Board to consider the "costs and availability of financing (including effective rates of interest)" in its deliberations. To assist the Board in meeting this obligation, each winter the RGB research staff surveys lending institutions that underwrite mortgages for multifamily rent stabilized properties in New York City. (See Appendix 6 for a reproduction of the survey.) The survey provides details about New York City's multifamily lending market during the 2015 calendar year as well as the first few months of 2016.

The survey is organized into three sections: financing availability and terms for rent stabilized buildings; underwriting criteria; and additional mortgage questions, including vacancy and collection losses, operating and maintenance expenses, and portfolio performance information. In addition to the survey analysis, rent stabilized building sales data, obtained from the NYC Department of Finance, is also examined.

Overview

This year's Mortgage Survey finds a decrease in both interest rates and service fees, to the lowest levels recorded in this survey's 36-year history. Vacancy and collection losses declined to their lowest levels as well; maximum loan-to-value ratios remained unchanged; and underwriting criteria remain similar. Furthermore, our analysis of rent stabilized building sales data found that sales volume remained virtually unchanged Citywide between 2014 to 2015, though volume did vary within the boroughs and among different sized buildings.

This report will more fully detail these issues by beginning with a discussion of the characteristics of the survey respondents, followed by both a cross-sectional and longitudinal analysis. Further, it will examine rent stabilized building sales data by volume and price.

Survey Respondents

Twelve financial institutions responded to this year's survey, two more than last year. The survey sample is regularly updated to include only those institutions offering loans to multiple dwelling, rent stabilized properties in New York City. This year's respondents include a variety of traditional lending institutions, such as savings and commercial banks, as well as non-traditional lenders. The twelve responding lenders who make up the cross-sectional group will be discussed first, while the nine lenders who completed the survey both this year and last, who make up the longitudinal group, will be discussed later in this report.

Institutions holding deposits insured by the Federal Deposit Insurance Corporation (FDIC) supply details about their holdings on a quarterly basis, including their multifamily real estate holdings, and they vary considerably among the respondents. Nine surveyed lenders report their multifamily real estate holdings to the FDIC, with values ranging between $20 million and $24 billion.[1] Five of this year's institutions reported multifamily holdings of over two billion dollars, while another two institutions had holdings of less than $25 million. The average multifamily real estate portfolio of our survey respondents rose 128% from last year's survey, up to an average of $5 billion.[2]

Cross-Sectional Analysis

Financing Availability and Terms

In February 2016, the average interest rate for new multifamily mortgages was 3.97%, a 0.30 percentage point (or 7%) decrease from the previous February (see graph on this page and Appendix 1), representing the lowest rate in the history of our survey.

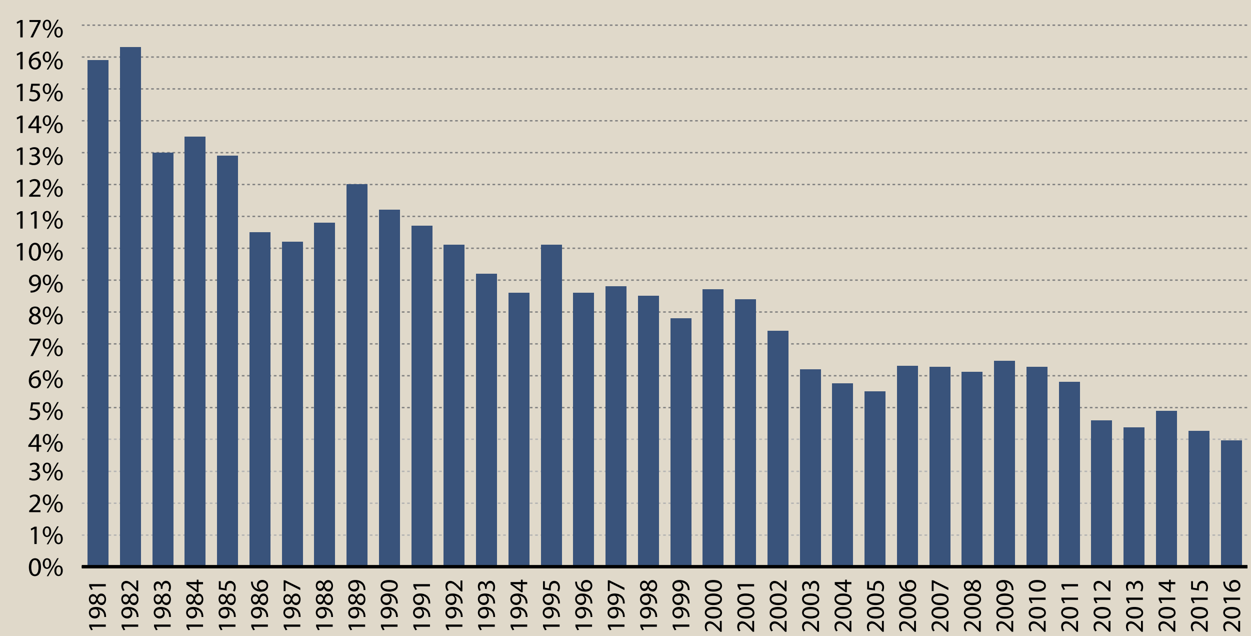
Likewise, the average interest rate reported by lenders for the 2015 calendar year was 4.27%, a 0.24 percentage points (or 5%) decrease from 2014.

Average interest rates decreased during the year among the institutions surveyed, despite the fact that the Fed raised interest rates in December, 2015. The Discount Rate — the interest rate at which depository institutions borrow from the Federal Reserve Bank of New York — rose 0.25 basis points, the first adjustment since February, 2010, and the Federal Funds Rate — the interest rate at which depository institutions lend balances at the Federal Reserve to other depository institutions — similarly rose 0.25 basis points, its first adjustment since December, 2008.[3] The Fed is expected to gradually continue to increase interest rates in the coming years, but only if U.S. economic growth is sustained.[4]

Points (up-front service fees) charged for new loans fell to a record low this year. Among survey

Average Interest Rates for New Loans to Rent Stabilized Buildings, 1981-2016

Multifamily Mortgage Interest Rates Decrease To Record Low



Source: NYC Rent Guidelines Board, annual Mortgage Surveys.

respondents, they ranged between zero and one point, with five surveyed lenders charging no points on new loans.

The average service fee charged on new loans by lenders was 0.42 points, down from last year's average of 0.70, and, like interest rates, at its lowest level in the history of this survey. Average fees reported in the survey have remained around or below one point since the late 1990s (see graph on next page).

Surveyed lenders, for the most part, remained flexible in the loan maturity terms they offered their borrowers. Since survey respondents typically offer a wide range of terms rather than a single number, it is difficult to provide a precise average for the range of terms offered by institutions, but they remained similar to those offered in recent years. Mortgage terms reported by respondents fell within a wide 5- to 30-year range. Three lenders offered terms as long as 30 years, while one offered a maximum of seven years. This continued mortgage term flexibility over recent years is in great contrast to terms reported in the surveys of the early- to mid-1990s, when close to half of respondents offered maximum loan maturities of just five years.

The average volume of both new and refinanced mortgage originations rose this year, primarily due to the addition of large lenders to the survey this year. An average of 104 new loans per institution were financed this past year, a 113% increase from the average of 49 the previous year (See endnote 2). Similarly, the average number of refinanced loans more than doubled, rising 110% to 96 this year. Overall loan volume remains below the year 2004, when our survey reported a peak in loan volume, averaging 160 new loans per institution. While new loan volume among all lenders on average increased, the change in volume among each lender varied greatly. Among surveyed institutions, 45% said they saw no change in loan volume; another 45% reported an increase in volume; and 9% reported a decrease from the prior year.

Underwriting Criteria

The survey asked lenders for their typical underwriting standards when approving new and refinanced mortgages to rent stabilized building owners. Lenders this year, on average, reported lending standards similar to last year. For all institutions, the typical maximum LTV ratio — the maximum dollar amount respondents were willing to lend based on a building's value — ranged from 65% to 83%. The average remained unchanged from last year, at 74% (see graph on page 7).

Another important lending criterion is the debt service ratio — an investment's ability to cover mortgage payments using its net operating income (NOI). The higher the debt service coverage requirements, the less money a lender is willing to loan given constant net income. The debt service ratio (or NOI divided by the debt service) remained virtually unchanged, with an average debt service requirement of 1.21, versus

Terms and Definitions

Actual LTV - the typical loan-to-value ratio of buildings in lenders' portfolios

Debt Service - the repayment of loan principal and interest

Debt Service Ratio - net operating income divided by the debt service; measures the risk associated with a loan; the higher the ratio, the less money an institution is willing to lend

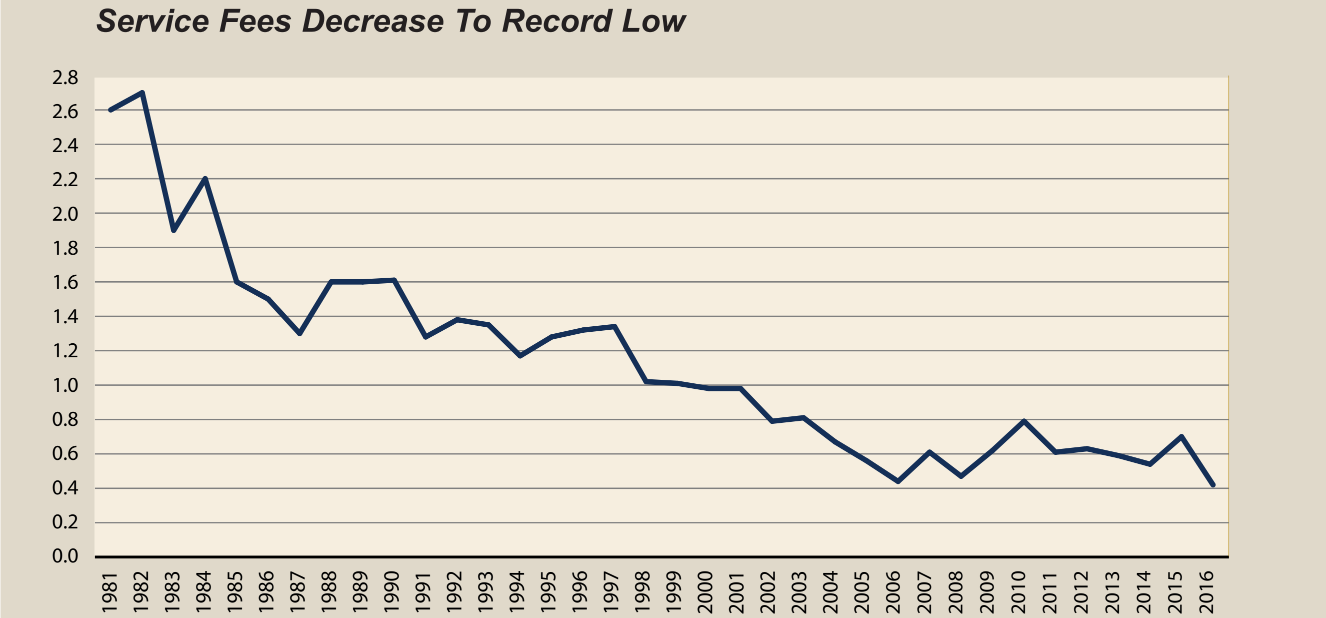
Loan-to-Value Ratio (LTV) - the dollar amount institutions are willing to lend based on a building's value; the lower the LTV, the lower the risk to the lender

Maximum LTV - the loan-to-value ratio set by the lenders as part of their underwriting criteria

Points - up-front service fees charged by lenders as a direct cost to the borrowers

Terms - the amount of time the borrower has to repay the loan; generally, the term should not exceed the remaining economic life of the building

Service Fees for New Loans to Rent Stabilized Buildings, 1981-2016



Source: NYC Rent Guidelines Board, annual Mortgage Surveys.

1.22 last year. Because the average debt service ratio remained about the same, lenders have maintained the amount of money they are willing to lend in relation to the net operating income of buildings (see Appendix 2). Overall, debt service coverage at all institutions ranged between 1.15 and 1.25, and all but two surveyed lenders reported making no changes in their underwriting standards over the past year.

Lenders also noted additional standards they use when evaluating loan applications. The most commonly cited standard is good building maintenance, with half of lenders indicating that this is an important component when considering a loan application. Another standard important to 42% of surveyed lenders include the number of units in the building.

Our survey asked lenders whether their lending standards differ for rent stabilized buildings and non-stabilized multifamily properties. Respondents were asked whether their new financing rates; refinancing rates; loan-to-value ratios; and debt service coverage requirements for rent stabilized properties were higher, lower, or the same as for other properties. All but two lenders reported that standards were no different for rent stabilized buildings than for non-stabilized properties.[5]

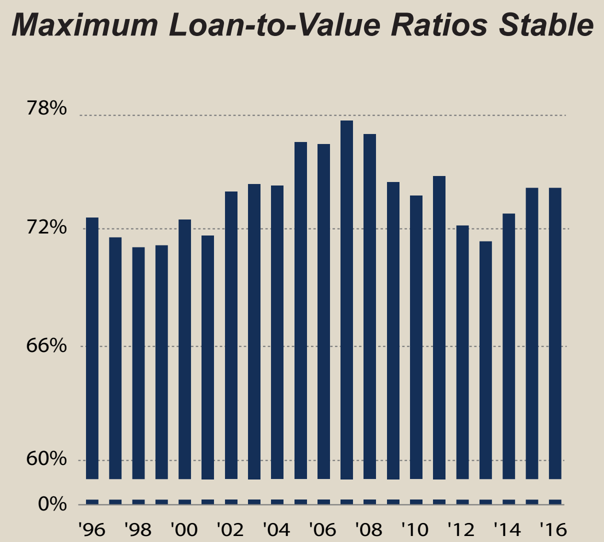
Non-Performing Loans & Foreclosures

More lenders reported that they had non-performing loans this year, though they represented a smaller portion of their portfolios. Three lenders reported having non-performing loans, up from one the prior year. These loans made up 0.2% of their portfolios this year, compared to 5% for the one lender last year. In addition, not a single lender reported foreclosures this year, the same as last year.

Characteristics of Rent Stabilized Buildings

The typical size of buildings in surveyed lenders' portfolios varies widely. The most commonly reported building size is either 11-19 units or 100+ units, with 25% of lenders reporting either. The remaining lenders reported an average of either 1-10 units; 20-49 units; or 50-99 units (17% each).

1996-2016 Cross-Sectional Average Loan-to-Value Standards



Source: NYC Rent Guidelines Board, annual Mortgage Surveys.

Average vacancy and collection (V&C) losses decreased for the fifth time in the last six years, down from 3.25% last year to 3.14% this year, the lowest level in the history of the *Mortgage Survey Report* (see graph on next page). Similarly, a lower proportion of lenders reported average losses of 5% or more this year, down from 20% last year to 18% this year.

Average operating and maintenance (O&M) expenses and average rents among buildings in lenders' portfolios went in opposite directions among surveyed lenders since last year. Expenses rose 9%, to $650 per unit, while average rents fell 19%, to an average of $1,191 per unit per month (see Appendix 2). Because average costs rose and rents fell, the average O&M cost-to-rent ratio increased to 54.5%, from 40.5% last year.

The NYC Rent Guidelines Board, in our annual *Income and Expense (I&E) Study*, examines the average O&M cost-to-rent ratio as well.[6] However, its findings should not be compared to the cost-to-rent ratio reported in the *Mortgage Survey Report* because both the sources and sample sizes are very different and the data studied in each report are from different time periods. In the *2016 I&E Study*, which reported on data from calendar year 2014, the average O&M cost-to-rent ratio was 74.8%.[7]

The survey asks lenders whether they retain their mortgages or sell them to secondary markets. Among the lenders, all but three lenders reported retaining all their mortgages, about the same proportion as last year.

Lenders are asked whether the rent stabilized buildings that are offered mortgage financing contain commercial space. This information is useful to help understand the extent to which owners earn income from sources other than residential tenants. All but one surveyed lender this year reported that buildings in their portfolio contain commercial space, though the average number varies depending on the lender. On average, lenders report that 28% of their portfolios contain commercial space, down slightly from 30% reported last year.

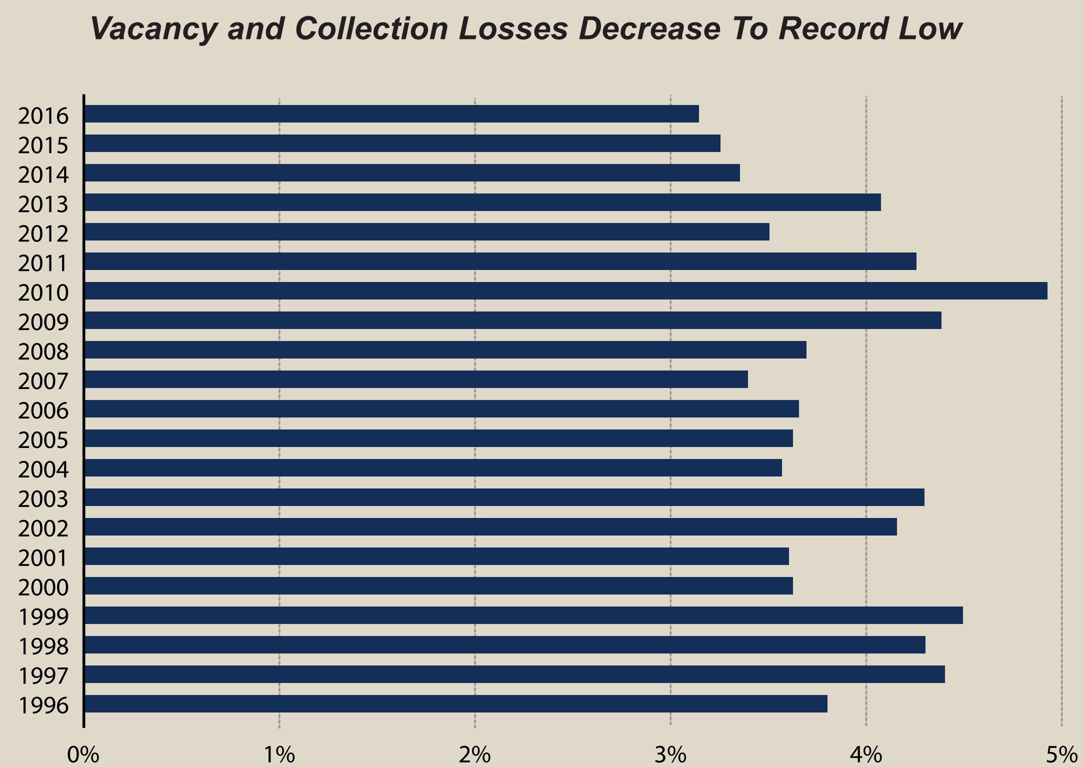
Loan Expectations

The survey asks lenders about the performance of their portfolios performance, compared with expectations at the time of initial loan origination, with regard to net operating income (NOI); debt service coverage; and O&M expenses. Lenders reported an overall improvement from last year, with the vast majority of lenders indicating that their expectations had been met or exceeded in all three areas among their rent stabilized portfolio. Specifically, at least 82% said this year that their expectations were equaled or exceeded among all three aforementioned categories, up from two-thirds last year.

Longitudinal Analysis

Information regarding rent stabilized buildings can be examined longitudinally to more accurately assess changes in the lending market, since many respondents reply to the Mortgage Survey in at least two successive years. This longitudinal comparison helps to clarify whether changes highlighted in the cross-sectional analysis reflect actual variations in the lending market or simply the presence of a different group of lenders from year to year. Among the twelve respondents that completed the survey this year, all

Average Vacancy and Collection Losses, 1996-2016



Source: NYC Rent Guidelines Board, annual Mortgage Surveys.

but three also responded last year. The nine lenders that make up the longitudinal group, and their responses from both this year and last are compared in this section to illustrate changes between the two years.

Financing Availability and Terms

This year's longitudinal analysis reveals data that varies from this year's cross-sectional sample. The average interest rate among the longitudinal group for new loans, as of February 2016, was 4.21%, virtually unchanged from a year earlier, when the average interest rate was 4.20% for new financing (see Appendix 3).

Among the longitudinal group, average points offered by lenders were also about the same, at 0.50 this year, compared to 0.51 last year.

Underwriting Criteria and Loan Performance

The average maximum loan-to-value (LTV) ratio fell this year, decreasing to 73.6% among the longitudinal group, compared to 74.7% last year. The average debt service ratio remained virtually unchanged, at 1.21 this year versus 1.22 last year (see Appendix 4). Unlike the cross-sectional analysis, vacancy and collection (V&C) losses among the longitudinal group rose slightly, to 3.22% this year, from 3.06% last year.

Looking at the rate of delinquencies among the longitudinal group, two lenders reported non-performing loans this year, compared to one last year. Examining foreclosures, as was discussed in the cross-sectional sample analysis, no lenders reported foreclosures. For additional comparisons between the cross-sectional and longitudinal groups, see table on top of next page.

Selected 2016 Cross-Sectional Data Compared to 2016 Longitudinal Data

Average Interest Rates, Loan Volume, Points, Loan-to-Value Ratios, Debt Service Coverage, and Vacancy & Collection Losses

(Averages)	NF Interest Rate	NF Loan Volume	RF Loan Volume	NF Points	Max LTV Ratio	Debt Service Ratio	V&C Losses
2016 Cross-Sectional Data	3.97%	104	96	0.42	74.0%	1.21	3.14%
2016 Longitudinal Data	4.21%	51	36	0.50	73.6%	1.21	3.22%

NF= New Financing RF= Refinancing LTV=Loan-to-Value V&C=Vacancy and Collection

Source: NYC Rent Guidelines Board, Annual Mortgage Surveys

Sales Data Analysis

For several years, the NYC Department of Finance has offered online public property sales information. As in prior years, we examined sales data from 2015 and compared it with 2014 data. This year's sales data analysis include buildings listed as sold in 2015 in the Department of Finance database. These are matched to buildings that have filed 2014 NYS Division of Housing and Community Renewal (DHCR) building registrations; have not converted to co-op/condo; and have sold for at least $1,000.

Building Sales Volume

In 2015, 1,361 buildings containing rent stabilized units were sold in New York City, essentially unchanged from the 1,356 sold in the prior year. While sales Citywide remained about the same, sales volume change varied by borough. In Manhattan, sales rose 11%; while in the Bronx, sales declined 13%. In between were Brooklyn, with sales up 1%; and Queens, with sales down 3%. As in prior years, Staten Island was not included in this analysis because there were too few rent stabilized building sales to meaningfully measure change from year to year.[8] (See the table at right on this page for a numerical breakdown in the change in the number of buildings sold in each borough and Citywide.)

Among the smallest rent stabilized buildings sold in 2015 (6-10 units), sales volume was down 3% Citywide, but not every borough experienced a decline. In fact, sales among 6-10 unit buildings rose 13% in Manhattan and 4% in Queens, but declined 11% in Brooklyn and 2% in the Bronx.

However, sales volume among 11-19 unit buildings rose 14% Citywide. By borough, sales among 11-19 unit buildings rose the most in

Comparison of Building Sales in 2014 vs. 2015

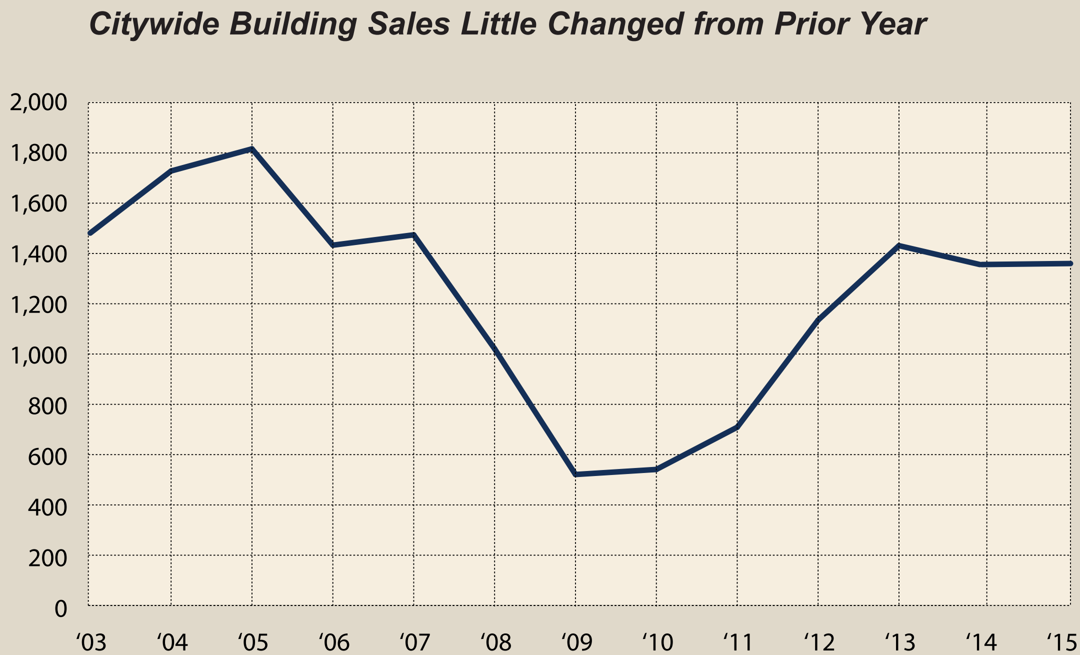
Sales Volume Change Varied by Borough from Prior Year

	2014	2015	Change
Bronx	302	262	-13%
Brooklyn	494	499	1%
Manhattan	393	438	11%
Queens	167	162	-3%
Citywide	**1,356**	**1,361**	**0.4%**

Note: Citywide figures exclude Staten Island

Source: NYC Department of Finance

Rent Stabilized Building Sales, 2003-2015



Source: NYC Department of Finance
Note: Figures exclude Staten Island

Manhattan, up 23%, and in Brooklyn, it went up 18%. However, sales among 11-19 unit buildings declined in the Bronx and Queens, both falling 6%.

Among 20-99 unit buildings, sales volume was little changed, declining 1% Citywide. However, the change in volume varied significantly by borough. Sales among 20-99 unit buildings in Brooklyn saw sales volume increase of 25%, and sales rose 8% in Manhattan. By contrast, sales among these 20-99 unit buildings fell 23% in Queens and 18% in the Bronx.

Among the largest buildings, which contain 100 or more units, sales volume Citywide increased 6%. Unfortunately, we are unable to analyze sales data by borough because of the small number of buildings sold. However, these buildings sales are included in the totals by borough and Citywide.[9]

Looking back over multiple years, building sales data show that for the period from 2003 to the present, sales volume reached its peak in 2005, but by 2009, sales Citywide were at their lowest level of the thirteen year period for which we have data. Since then, sales volume Citywide has increased every year but one. See the graph on this page and Appendix 7 for annual sales volume Citywide.

Building Sales Prices

We also examine 2015 sales prices Citywide and by borough. We are not able to take into consideration the condition of the building being sold or the specific neighborhood within each borough, important factors that cannot be accurately studied using this data set.

Examining rent stabilized building sales prices for all building sizes, the median Citywide sales price was $3,800,000 in 2015. The highest median sales price was in Manhattan ($7,170,000); followed by the Bronx ($3,253,000); Brooklyn ($2,500,000); and Queens ($1,642,500).

Examining the smallest buildings (6-10 residential units), the median sales price Citywide was $1,600,000.

By borough, prices were highest in Manhattan, at $5,675,261; followed by Brooklyn, at $1,542,500; Queens, at $1,387,500 and the Bronx, at $920,000.

Among 11-19 unit buildings, the median Citywide price was $3,511,235. By borough, sales prices were also highest in Manhattan, at $6,500,000; followed by Brooklyn, at $2,840,700; Queens, at $2,735,000; and the Bronx, at $1,830,000.

Buildings with 20-99 units sold Citywide at a median price of $7,075,000. By borough, these buildings sold for the most in Manhattan, at a median price of $9,075,000; followed by Brooklyn, at $9,000,000; Queens, at $8,400,000 and the Bronx, at $4,907,500.

Among the largest buildings, which contain 100 or more units, buildings Citywide sold for a median price of $32,650,562. However, as was discussed earlier, there were too few sales among buildings containing 100 or more residential units to accurately report borough building prices in more detail. See Appendix 8 for a breakdown of median sales prices in each borough among different sized buildings.

Summary

Summing up, both interest rates and service fees fell to their lowest rate in the history of this survey, as did vacancy and collection losses. Further, lending terms remained favorable to borrowers. In addition, the number of rent stabilized building sold this past year remained stable. ❐

Endnotes

1. Federal Deposit Insurance Corporation (FDIC) website: https://fdic.gov

2. Two participants with multifamily real estate portfolios exceeding a billion dollars did not participate in last year's survey, resulting in substantial increase in average portfolios and loan volume in this year's survey.

3. Federal Reserve Board website: http://www.federalreserve.gov/monetarypolicy/openmarket.htm and https://www.frbdiscountwindow.org

4. "Fed Raises Rates Closing Chapter of U.S. Recovery," by Binyamin Appelbaum, *New York Times*. December 17, 2015.

5. Of the two lenders with different lending or underwriting standards for rent stabilized buildings as opposed to non-stabilized multifamily properties, one lender reports higher financing and refinancing rates for stabilized buildings, and a lower LTV ratio; and a different lender reports lower new financing rates and debt service coverage, and a higher LTV ratio for stabilized buildings.

6. The per unit, per month O&M expense and rent figures reported in the Mortgage Survey reflect a very small, non-random sample of the City's regulated stock and are included for informational purposes only. The rent and expense figures in the NYC Rent Guidelines Board's *Income and Expense Study* are derived from a substantially larger sample of stabilized buildings and can be viewed as more authoritative.

7. The O&M cost-to-rent ratio from the *2016 Mortgage Survey* reflects estimates by lenders of expenses and rents for rent stabilized buildings as of approximately February 2016. The average ratio is calculated from just seven respondents. By comparison, the latest available O&M cost-to-rent ratio from the *Income and Expense (I&E) Study*, in which average rent was $1,265 and average unaudited cost was $946, reflects rents and expenses reported by owners for calendar year 2014. Average monthly costs per unit in the Mortgage Survey this year are lower than those reported in the I&E. This is due to differences in the two data sources: Lenders' estimated average of buildings in an institution's portfolio vs. a weighted average of a large sample of owner-reported data; the large variance between the two sample sizes; and the difference between the buildings studied in each analysis. (Buildings required to file Real Property Income and Expense (RPIE) forms must generally have an assessed value greater than $40,000 and eleven or more units, while the Mortgage Survey does not exclude these buildings).

8. The data reflect sales for buildings that are registered with the New York State Division of Housing and Community Renewal (DHCR) as containing rent stabilized units. It excludes those buildings where the sales price was listed as less than $1,000. It also excludes those buildings listed as co-ops/condos. Furthermore, all of Staten Island is excluded from all analyses due to the small number of buildings sold.

9. All 100+ unit building borough categories are excluded due to the small number of buildings sold. However, while these categories are not discussed, these buildings are included in the overall statistics and analyses.

Appendices

1. Mortgage Interest Rates and Terms, 2016

Lending Institution	Rate (%)	Points	Term (yrs)	Type	New Volume	Refin Volume
5	See below	0.50	0.5	NR	0	20
14	3.25%	0.00	See below	adj	158	132
17	3.50%	0.00	See below	fixed	116	10
28	4.50%	0.00	NR	fixed	25	25
30	4.00%	1.00	See below	both	NR	4
35	4.00%	0.00	See below	NR	39	5
37	5.50%	1.00	10 years	fixed	0	6
107	3.25%	0.50	5, 7 & 10 years	both	405	631
117	3.25%	0.00	5, 7 & 10 years	fixed	255	210
209	3.25%	1.00	See below	fixed	25	15
301	3.50%	0.25	NR	fixed	5	3
401	5.70%	0.75	30 yrs	fixed	NR	NR
AVERAGE	**3.97%**	**0.42**	**†**	**†**	**104**	**96**

§ Amortization **Adj** adjustable rate mortgage † No average computed **NR** no response to this question **BPS** Basis Points

Additional Rate Info: #5 = 1.5 to 2.0% over swap rates

Additional Term Info: #14 = Avg spread 1.60 Commitment fee 25 BPS #17 = 5 and 7 years over Libor Swap Rate #30 = 5, 7, 10 & 15 years fixed

#35 = 10 yr balloon based on 30 yr payout #209 = 5 yrs w/ one 5 yr renewal; 30 yr amort. Full recourse

Note: Averages for interest rates and points are calculated by using the midpoint when a range of values is given by the lending institution.

Source: 2016 NYC Rent Guidelines Board Mortgage Survey

2. Typical Characteristics of Rent Stabilized Buildings, 2016

Lending Institution	Maximum Loan-to-Value Standard	Debt Service Coverage	Vacancy & Collection Losses	Typical Building Size	Average Monthly O&M Cost/Unit	Average Monthly Rent/Unit
5	75%	8% DY	3%	100+	$600	$1,200
14	75%	1.20	0.5%	20-49	$1,500	$1,500
17	75%	1.20	5%	11-19	NR	NR
28	80%	1.25	1%	50-99	NR	NR
30	80%	1.20	5%	11-19	$460	$1,200
35	65%	1.15	4%	1-10	$450	$1,200
37	65%	1.20	3%	1-10	$388	$1,000
107	75%	1.20	NR	20-49	NR	NR
117	75%	1.25	4%	50-99	$500	$1,150
209	75%	1.25	3%	11-19	See below	$1,100
301	65%	8% DY	3%	100+	NR	NR
401	83%	1.15	3%	100+	$649	$1,179
AVERAGE	**74.0%**	**1.21**	**3.14%**	**†**	**$650**	**$1,191**

NR indicates no response to this question **DY** Debt Yield † No average computed.

Additional Cost Info: #209 = 35% of gross collections

Note: Average loan-to-value (LTV) and debt service coverage ratios are calculated using the midpoint when a range was given by the lending institution.

Source: 2016 NYC Rent Guidelines Board Mortgage Survey

3. Interest Rates and Terms for New Financing, Longitudinal Study, 2015-2016

	Interest Rates		Points		Term		Type	
Lending Inst.	2016	2015	2016	2015	2016	2015	2016	2015
5	See below	3.25%	0.50	0.5	0.0	5 yrs	both	fixed
28	4.50%	3.75%	0.0	NR	0.0	NR	fixed	adj
30	4.00%	4.63%	1.0	1.0	See below	See below	both	both
35	4.00%	4.00%	0.0	0.0	See below	See below	NR	fixed
37	5.50%	6.25%	1.00	1.00	10 years	10 yrs	fixed	fixed
117	3.25%	3.00%	0.0	0.00	5, 7 & 10 years	150 BPS	fixed	fixed
209	3.25%	3.75%	1.0	0.50	See below	5 over 5 year CMT	fixed	fixed
301	3.50%	3.50%	0.3	0.30	NR	135	fixed	fixed
401	5.70%	5.70%	0.75	0.75	30 yrs	30 yr	fixed	fixed
AVERAGE	**4.21%**	**4.20%**	**0.50**	**0.51**	**†**	**†**	**†**	**†**

NR indicates no response to this question **†** No average computed **§** Amortization * Balloon
Adj = adjustable rate mortgage **BPS** Basis Points **CMT** Constant Maturity Treasury

Additional Rate Info: #5 = 1.5 to 2.0% over swap rates

Additional Term Info for 2016: #30 = 5, 7, 10 & 15 years fixed #35 = 10 yr * based on 30 yr payout

#209 = 5 yrs w/ one 5 yr renewal; 30 yr §; Full recourse.

Additional Term Info for 2015: #30 = 320, 380, 410 over 10 yr t bill #35 = 10 yr * based on 30 yr payout

Note: Averages for interest rates and points are calculated by using the midpoint when a range of values is given by the lending institution.

Source: 2015 and 2016 NYC Rent Guidelines Board Mortgage Surveys

4. Lending Standards and Vacancy & Collection Losses, Longitudinal Study, 2015-2016

	Max Loan-to-Value		Debt Service Coverage		V&C Losses	
Lending Inst.	2016	2015	2016	2015	2016	2015
5	75%	75%	8% DY	8% DY	3%	3%
28	80%	80%	1.25	1.25	1%	1%
30	80%	80%	1.20	1.25	5%	5%
35	65%	70%	1.15	1.20	4%	3%
37	65%	65%	1.20	1.20	3%	3%
117	75%	75%	1.25	1.25	4%	4%
209	75%	75%	1.25	1.25	3%	3%
301	65%	70%	8% DY	7.5% DY	3%	3%
401	83%	83%	1.15	1.15	3%	3%
AVERAGE	**73.6%**	**74.7%**	**1.21**	**1.22**	**3.22%**	**3.06%**

NR indicates no response to this question **DY** Debt Yield

Note: Average loan-to-value and debt service coverage ratios are calculated using the midpoint when a range is given by the lending institution.

Source: 2015 and 2016 NYC Rent Guidelines Board Mortgage Surveys

5. Retrospective of New York City's Housing Market, 1982-2016

Year	Interest Rates for New Mortgages	Permits for New Housing Units in NYC and northern suburbs	Permits for New Housing Units in NYC only
1982	16.3%	11,598 **b**	7,649
1983	13.0%	17,249 **b**	11,795
1984	13.5%	15,961	11,566
1985	12.9%	25,504	20,332
1986	10.5%	15,298	9,782
1987	10.2%	18,659	13,764
1988	10.8%	13,486	9,897
1989	12.0%	13,896	11,546
1990	11.2%	9,076	6,858
1991	10.7%	6,406	4,699
1992	10.1%	5,694	3,882
1993	9.2%	7,314	5,173
1994	8.6%	6,553	4,010
1995	10.1%	7,296	5,135
1996	8.6%	11,457	8,652
1997	8.8%	11,619	8,987
1998	8.5%	13,532	10,387
1999	7.8%	15,326	12,421
2000	8.7%	18,077	15,050
2001	8.4%	19,636	16,856
2002	7.4%	21,423	18,500
2003	6.2%	23,778	21,218
2004	5.8%	27,695	25,208
2005	5.5%	33,606	31,599
2006	6.3%	32,609	30,927
2007	6.3%	34,514	31,902
2008	6.1%	34,715	33,911
2009	6.5%	6,665	6,057
2010	6.3%	7,406	6,727
2011	5.8%	10,326	8,936
2012	4.6%	11,170	10,334
2013	4.4%	18,963	17,995
2014	4.9%	21,580 ◆	20,428 ◆
2015	4.3%	57,865 Ø	56,528 Ø
2016	4.0%	*	*

b Prior to 1984, Bergen Co., NJ permit figures are included.

Ø Figures are preliminary.

◆ This figure has been revised from the preliminary figure reported last year to reflect the final adjusted count.

*Permit data for 2016 will be available in next year's *Mortgage Survey Report*.

Notes: Interest rate data was collected in January-February and represents a 12-month average of the preceding year. Permit data is for the entire 12-month period of the shown year. The northern suburbs include Putnam, Rockland, and Westchester counties. Sources: NYC Rent Guidelines Board, Annual Mortgage Surveys; U.S. Bureau of the Census, Manufacturing & Construction Division, Residential Construction Branch.

6. 2016 Survey of Mortgage Financing for Multifamily Properties

I. Financing Availability and Terms for Multifamily Buildings

1a. Do you currently offer **new permanent financing** (*i.e.,* loans secured by a property not previously mortgaged by your institution) for *rent stabilized buildings?*

❑ **Yes** *(Indicate typical terms and conditions at right.)*

❑ **No**

Interest rate : __________ % (current) __________ % (12 mo. average for 2015)

Points : __________

Terms: Current 5, 7 and 10 yr spreads over swap rates and note commitment fee amount:

____

____

____

____

Type: Fixed / Adjustable *(circle one)*

Special conditions: ______________________________

____

1b. How many loans were made by your institution in 2015 for new permanent financing of *rent stabilized buildings?*

Number of loans: ____________________

2. How many loans did your institution **refinance** in 2015 for *rent stabilized buildings?*

Number of loans: ____________________

3a. In the past year, has the **total volume of new and refinanced loans** underwritten by your institution changed significantly (by at least 5%)?

❑ Yes, we have experienced a significant __________ (increase / decrease) of about _______ %.

❑ No, it is about the same. *(Please skip Question 3b).*

3b. If **loan volume** has changed significantly, is the change attributable to:

(Please check and fill in all applicable choices.)

❑ A significant ______________ (increase / decrease) in the volume of loan **applications** of about _____ %.

❑ A significant ______________ (increase / decrease) in the rate of application **approvals** of about _____ %.

Are there any **trends** related to financing availability and terms on which you wish to comment?

____

____

____

____

2

II. Underwriting Criteria for Rent Stabilized Buildings

4a. What **standards** does your institution employ when assessing loan applications for *rent stabilized buildings?*

		N.A.
Maximum LTV:	__________	❑
Minimum DSCR or Debt Yield:	__________	❑

4b. Please provide any **other standards** your institution employs when assessing loan applications. If you do not employ the standard given, place an "X" in the "N.A." column.

*(Indicate an **average, minimum, or maximum** criteria.)*

		N.A.
Number of Units in Building:	__________	❑
Building Age:	__________	❑
Borrower Lives in Building:	__________	❑
Overall Building Maintenance:	__________	❑
Co-op / Condo Conversion Potential:	__________	❑
Other *(Please Specify)*:	__________	❑

5. Did your institution change its **underwriting practices** for financing or refinancing *rent stabilized buildings* over the past year?

❑ Yes.

❑ No. *(If no, please skip to Question 7).*

6. Yes, we changed our **underwriting practices** for *rent stabilized buildings* to:

(Please check and fill in all applicable choices.)

❑ Use ________ (more / less) stringent approvals.

❑ Require _________ (higher / lower) fees (i.e., points or fees).

❑ ______________ (Increase / Decrease) loan-to-value ratio.

❑ ______________ (Increase / Decrease) monitoring requirements.

❑ ______________ (Discontinue / Reduce / Expand) lending to rent stabilized buildings.

❑ Other : ______________________________

III. Additional Mortgage Questions

7. How many **dwelling units** are contained in the average *rent stabilized building* financed by your institution?

(Please check only one.)

❑ 1 -10 ❑ 11 - 19 ❑ 20 - 49
❑ 50 - 99 ❑ 100 or more

8. Which of the following best describes the average **vacancy and collection loss** for *rent stabilized buildings* during the past year? *(Please check only one.)*

❑ < 1% ❑ 1% ❑ 2%
❑ 3% ❑ 4% ❑ 5%
❑ 6% ❑ 7% ❑ > 7%

9. Approximately what percentage of your loans to *rent stabilized buildings* are **currently non-performing**?

❑ None
❑ Approximately ________ %.

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10. Approximately what percentage of your loans to *rent stabilized buildings* are **currently in foreclosure**?

❑ None
❑ Approximately ________ %.

11a. Does your institution **retain the mortgages** you offer or do you sell any to secondary markets?

❑ We retain all the mortgages sold. *(If so, please skip to question 12.)*
❑ We sell all our mortgages to secondary markets.
❑ We sell ____% of our mortgages to secondary markets.

11b. To whom do you **sell your mortgages**?

(Please check and fill in all applicable choices.)

❑ Fannie Mae
❑ Freddie Mac
❑ Other: ______________________________

____

____

12. In your sector, who are your **major competitors** in multi-family lending?

____

____

13. Do the mortgages offered to *rent stabilized buildings* include any **commercial space**?

❑ No
❑ Yes. Approximately what percentage of buildings in your portfolio have commercial space? ________%

14. What is your best estimate of average **operating and maintenance costs** per unit per month in the *rent stabilized buildings* financed by your institution?

$ ________________ ***per unit per month***

(Include the following operating and maintenance costs in your estimate: Real Estate & Other Taxes, Labor, Fuel, Utilities, Contractor Services, Administration — including Legal, Management and other costs — Insurance, Parts & Supplies, and Replacement Costs.)

15. What is your best estimate of **average rent per unit per month** in the *rent stabilized buildings* financed by your institution?

$ ________________ ***per unit per month***

16. Do any of your **lending or underwriting standards differ** for *rent stabilized buildings* as opposed to non-stabilized multifamily properties?

(Please check all that apply)

New Financing Rates:	❑ Higher	❑ Lower	❑ Same
Refinancing Rates:	❑ Higher	❑ Lower	❑ Same
Loan-to-Value Ratio:	❑ Higher	❑ Lower	❑ Same
Debt Service Coverage:	❑ Higher	❑ Lower	❑ Same

17. On average, how does your portfolio of *rent stabilized buildings* **perform** as compared with expectations at the time of the initial loan originations?

(Please check all that apply)

Net Operating Income:	❑ Better	❑ Worse	❑ Same
Debt Service Coverage:	❑ Better	❑ Worse	❑ Same
O&M Expenses:	❑ Better	❑ Worse	❑ Same

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18. Please estimate the **average mortgage loan payment per unit per month** for a typical building in your portfolio:

$ __________.

19. Are there any **additional trends** relating to underwriting criteria, non-performing loans & foreclosure, or the mortgage market in general on which you wish to comment?

____

____

____

____

____

Thank you for taking the time to complete the survey. If you have any questions, please contact RGB Research Director Brian Hoberman at (212) 669-7484 or bhoberman@nycrgb.org.

Findings will be published in the 2016 *Mortgage Survey Report*, which will be released by the end of April.

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7. Rent Stabilized Building Sales Volume, Citywide and by Borough, and Percent Change, 2006-2015

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Citywide*	**1,433**	**1,474**	**1,021**	**521**	**541**	**709**	**1,135**	**1,431**	**1,356**	**1,361**
% Change from Prior Yr	**-**	***2.9%***	***-30.7%***	***-49.0%***	***3.8%***	***31.1%***	***60.1%***	***26.1%***	***-5.2%***	***0.4%***
Bronx	224	319	171	100	131	130	204	245	302	262
% Change from Prior Yr	-	*42.4%*	*-46.4%*	*-41.5%*	*31.0%*	*-0.8%*	*56.9%*	*20.1%*	*23.3%*	*-13.2%*
Brooklyn	593	520	426	199	185	258	396	472	494	499
% Change from Prior Yr	-	*-12.3%*	*-18.1%*	*-53.3%*	*-7.0%*	*39.5%*	*53.5%*	*19.2%*	*4.7%*	*1.0%*
Manhattan	403	470	243	146	144	225	419	466	393	438
% Change from Prior Yr	-	*16.6%*	*-48.3%*	*-39.9%*	*-1.4%*	*56.3%*	*86.2%*	*11.2%*	*-15.7%*	*11.5%*
Queens	213	165	181	76	81	96	116	248	167	162
% Change from Prior Yr	-	*-22.5%*	*9.7%*	*-58.0%*	*6.6%*	*18.5%*	*20.8%*	*113.8%*	*-32.7%*	*-3.0%*

*Note: Staten Island buildings are excluded due to the small number of buildings sold.

Source: NYC Department of Finance

8. Rent Stabilized Building Median Sales Price and Sales Volume, by Borough and Building Size, and Percent Change in Sales, 2014-2015

	2014 Median Sale Price	2015 Median Sale Price	2014 # of Sales	2015 # of Sales	Change in Sales from 2014-15
Citywide					
All buildings*	$3,200,000	$3,800,000	1,356	1,361	0.4%
6-10 units	$1,200,000	$1,600,000	601	581	-3.3%
11-19 units	$3,500,000	$3,511,235	187	213	13.9%
20-99 units	$5,900,000	$7,075,000	535	532	-0.6%
100+ units	$22,500,000	$32,650,562	33	35	6.1%
Bronx					
All buildings*	$3,458,486	$3,253,000	302	262	-13.2%
6-10 units	$845,000	$920,000	61	60	-1.6%
11-19 units	$1,440,000	$1,830,000	33	31	-6.1%
20-99 units	$4,800,000	$4,907,500	201	164	-18.4%
Brooklyn					
All buildings*	$1,595,000	$2,500,000	494	499	1.0%
6-10 units	$1,200,000	$1,542,500	326	290	-11.0%
11-19 units	$2,400,000	$2,840,700	57	67	17.5%
20-99 units	$5,787,500	$9,000,000	104	130	25.0%
Manhattan					
All buildings*	$6,859,361	$7,170,000	393	438	11.5%
6-10 units	$3,775,000	$5,675,261	104	117	12.5%
11-19 units	$7,000,000	$6,500,000	81	100	23.5%
20-99 units	$7,800,000	$9,075,000	195	211	8.2%
Queens					
All buildings*	$1,310,000	$1,642,500	167	162	-3.0%
6-10 units	$1,075,000	$1,387,500	110	114	3.6%
11-19 units	$2,767,500	$2,735,000	16	15	-6.3%
20-99 units	$9,400,000	$8,400,000	35	27	-22.9%

Note: Staten Island buildings, as well as all 100+ unit buildings by borough, are excluded due to the small number of buildings sold.

* “All buildings” totals include buildings with 100 or more units. Therefore, these figures may not equal the sum of their subsets. In addition, Citywide figures do not contain Staten Island building sales.

Source: NYC Department of Finance