New York City Rent Guidelines Board

2015 Mortgage Survey Report

April 2, 2015

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2015 Mortgage Survey Report

What's New

- ✔ Average interest rates for new multifamily mortgages fell 0.62 percentage points to 4.27%, the lowest level in this survey's history.
- ✔ Vacancy and collection losses declined 0.10 percentage points, to 3.25% this year, the lowest level in this survey's history.
- ✔ Average maximum loan-to-value ratios rose from 72.7% last year to 74.0% this year.
- ✔ Average service fees for new loans rose 0.16 points, to 0.70 points.
- ✔ In 2014, 1,356 buildings containing rent stabilized units were sold Citywide, down 5% 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 2014 calendar year as well as the first few months of 2015.

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 from last year's interest rates, to the lowest level recorded in the history of this survey. Vacancy and collection losses declined to their lowest levels as well; maximum loan-to-value ratios rose; and underwriting criteria remains similar. Furthermore, our analysis of rent stabilized building sales data showed a decrease in rent stabilized building sales volume between 2013 to 2014, though the change varied greatly by borough and building size.

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, then it will examine rent stabilized building sales data.

Survey Respondents

Ten financial institutions responded to this year's survey, four fewer 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 number of survey participants declined this year because a few lenders did not make any loans of this type due to the highly competitive state of the current lending market. The ten 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. Seven surveyed lenders report their multifamily real estate holdings to the FDIC, with values ranging between $13.4 million and $9.4 billion.[1] Three of this year's institutions reported multifamily holdings of over two billion dollars, while another three institutions had holdings of less than $20 million. The average multifamily real estate portfolio of our survey respondents rose 58% from last year's survey, up to an average of $2.2 billion.

Cross-Sectional Analysis

Financing Availability and Terms

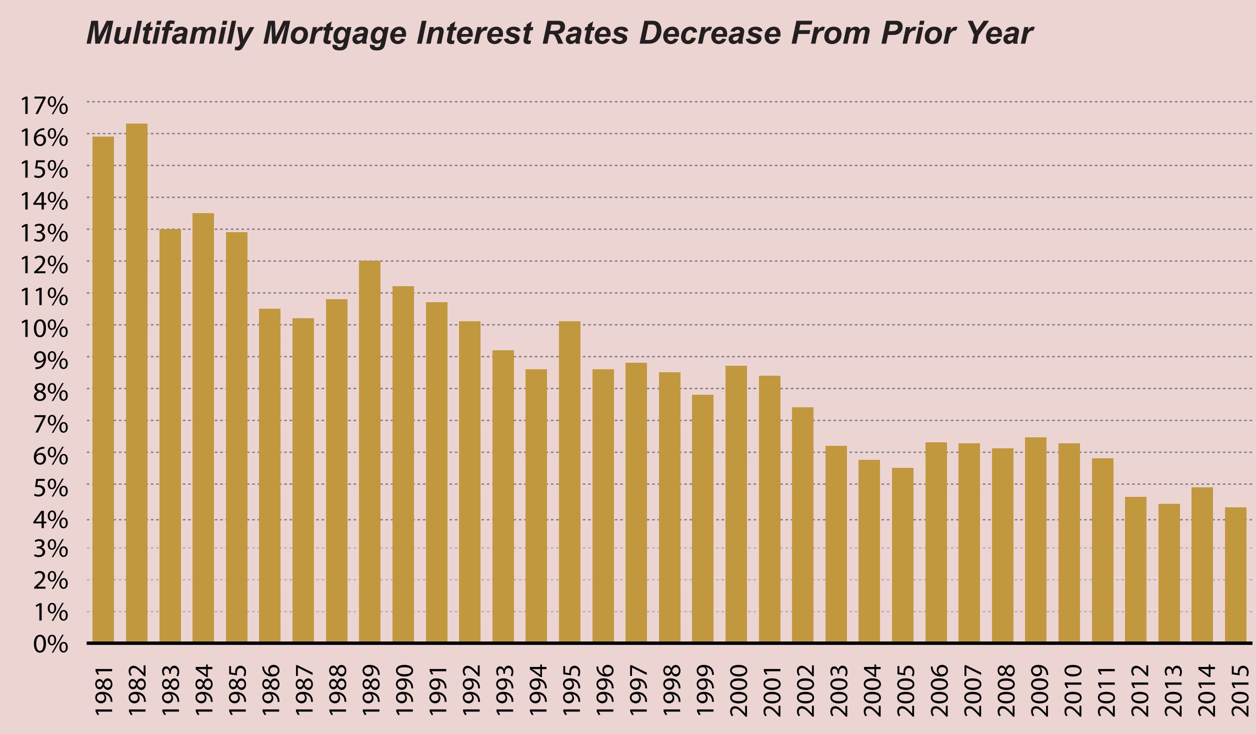
In February 2015, the average interest rate for new multifamily mortgages was 4.27%, a 0.62 percentage points (or 13%) decrease from the previous February (see graph on this page and Appendix 1), representing the lowest rate in the history of our survey.

Likewise, the average interest rate reported by lenders for the 2014 calendar year was 4.51%, a 0.32 percentage points (or 7%) decrease from 2013.

Average interest rates decreased during the year among the institutions surveyed, despite the fact that the Discount Rate — the interest rate at which depository institutions borrow from the Federal Reserve Bank of New York — hasn't changed 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 — hasn't changed since December, 2008.[2] The Fed has kept both rates near zero as part of its efforts to stimulate the steadily growing economy.[3]

Unlike lower interest rates, points, which are up-front service fees, that were charged for new and refinanced loans rose since last year. Among survey respondents, they ranged from zero to 2.25 points, with two surveyed lenders charging no points on new loans.

Average Interest Rates for New Loans to Rent Stabilized Buildings, 1981-2015



Source: NYC Rent Guidelines Board, annual Mortgage Surveys.

The average service fee charged on new loans by lenders was 0.70 points, up from last year's average of 0.54. 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 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. Two lenders offered terms as long as 30 years, while one offered a maximum of five years. This continued mortgage term flexibility over recent years is in great contrast to terms found 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 new mortgage originations fell this year, while the number of refinanced loans remained stable. An average of 49 new loans per institution were financed this past year, a 20% decline from the average of 61 the previous year.[4] The average number of refinanced loans remained unchanged at 46 this year. Overall loan volume remains well below the year 2004, when our survey found a peak in loan volume, averaging 160 new loans per institution. While new loan volume among all lenders on average decreased, the change in volume among each lender varied greatly. Among surveyed institutions, 50% said they saw no change in loan volume; 30% reported an increase in volume; and 20% 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, made small adjustments to their lending standards. 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 82.5%. The average rose to 74%, up from 72.7% last year (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) fell slightly this year, with an average debt service requirement of 1.22, compared to 1.24 last year. Because the average debt service ratio remained about the same, lenders have minimally changed 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

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

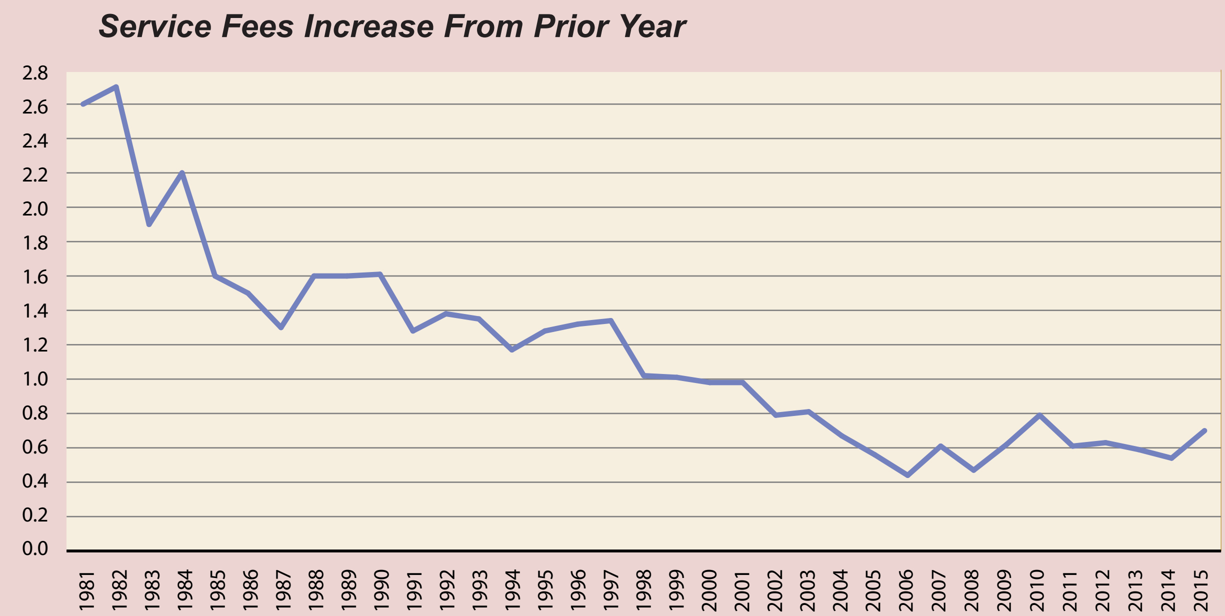
Loan-to-Value Ratio (LTV) - the dollar amount institutions are willing to lend based on a building's value; the lower the LTV, the lower the risk to the lender

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, 1981-2015



Source: NYC Rent Guidelines Board, annual Mortgage Surveys.

between 1.15 and 1.25, and all but one surveyed lender 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 70% of lenders indicating that as an important component when considering a loan application. Additional standards important to some lenders include the number of units in the building; whether the borrower lives in the building; and the age of 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 one lender reported that standards were no higher for rent stabilized buildings than for non-stabilized properties. Of the one lender reporting a lower standard, it was for debt service coverage.

Non-Performing Loans & Foreclosures

Fewer lenders reported that they had non-performing loans this year. Just one lender reported having non-performing loans, down from about a quarter the prior year. Of the lender with non-performers, they make up about 5% of their portfolio this year, compared to 2.2% among lenders last year. In addition, not a single lender reported foreclosures this year, compared to 23% of lenders last year.

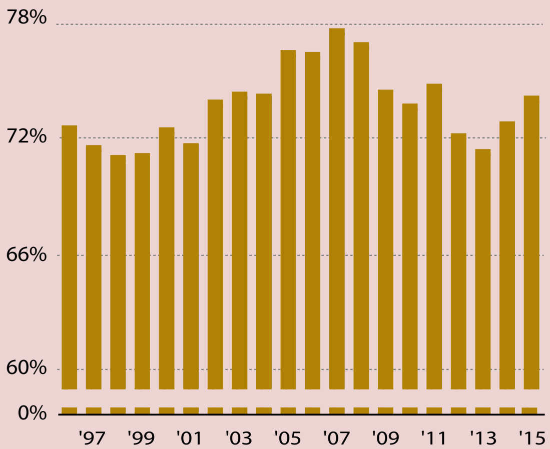
Characteristics of Rent Stabilized Buildings

The typical size of buildings in surveyed lenders' portfolios varies. The most commonly reported building size is either 1-10 units or 50-99 units, with 30% of lenders reporting each; while the remaining lenders reported an average of either 20-49 units (20%); 11-19 units (10%); or 100+ units (10%).

Average vacancy and collection (V&C) losses decreased for the fourth time in five years, down from 3.35% last year to 3.25% this year, the lowest level in

1996-2015 Cross-Sectional Average Loan-to-Value Standards

Maximum Loan-to-Value Ratios Increase



Source: NYC Rent Guidelines Board, annual Mortgage Surveys.

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 31% last year to 20% 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 declined 9.3%, to $598 per unit, while average rents rose 18.5%, to an average of $1,475 per unit per month (see Appendix 2). Because average costs fell and rents rose, the average O&M cost-to-rent ratio decreased to 40.5%, from 52.9% last year.[5]

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. 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 *2015 I&E Study*, which reported on data from calendar year 2013, the average O&M cost-to-rent ratio was 74.8%.[6]

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

Lenders are asked whether the rent stabilized buildings which 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. Similar to last year, all surveyed lenders 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 30% of their portfolio contain commercial space, up from 20% reported last year.

Loan Expectations

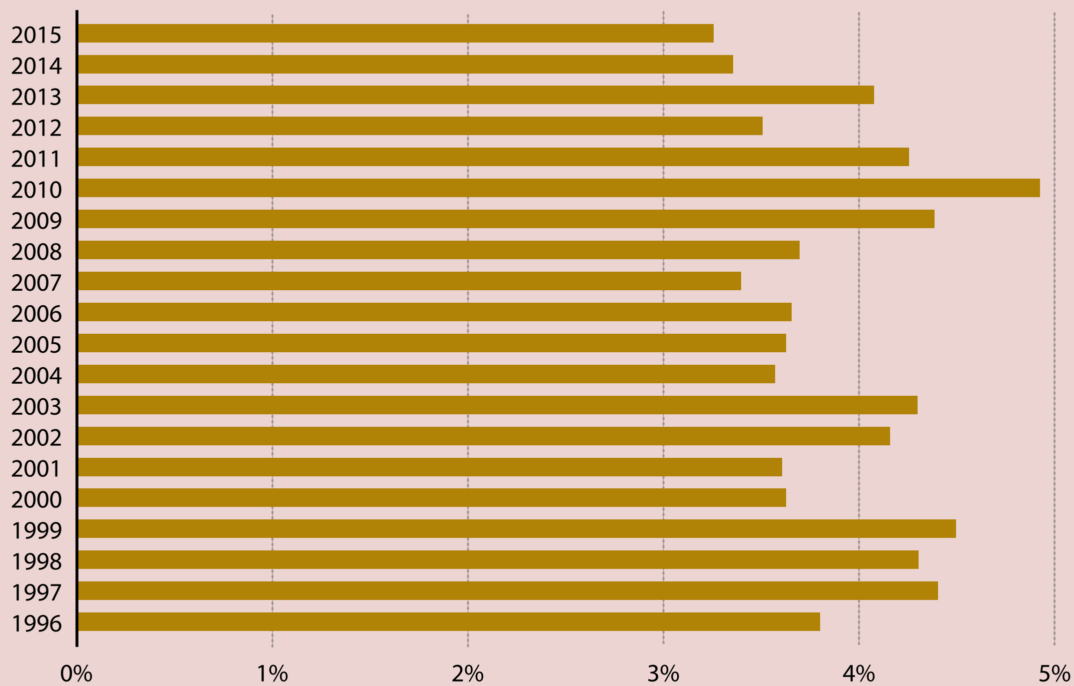
The survey asks lenders about their portfolio's performance, compared with expectations at the time of initial loan origination, with regard to net operating income (NOI); debt service coverage; and O&M expenses. Little changed from last year, with the majority of lenders reporting that their expectations had been met or exceeded in all three areas among their rent stabilized portfolio. Specifically, two-thirds said expectations were equaled or exceeded for all three aforementioned categories.

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 ten respondents that completed the survey this year, all but one also responded last year. The nine lenders 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.

Average Vacancy and Collection Losses, 1996-2015

Vacancy and Collection Losses Decreased From Prior Year



Source: NYC Rent Guidelines Board, annual Mortgage Surveys.

Financing Availability and Terms

This year's longitudinal analysis reveals data that is similar to this year's cross-sectional sample.[7] The average interest rate among the longitudinal group for new loans, as of February 2015, was 4.38%, a decrease of 0.65 percentage points from February 2014, when the average interest rate was 5.03% for new financing (see Appendix 3).

Among the longitudinal group, average points offered by lenders increased, up from 0.53 last year to 0.73 this year.

Underwriting Criteria and Loan Performance

The average maximum loan-to-value (LTV) ratio rose this year, increasing to 73.9% among the longitudinal group, compared to 71.4% last year. By contrast, the average debt service ratio declined slightly, down to 1.22 this year, compared to 1.24 last year (see Appendix 4). Unlike the cross-sectional analysis, vacancy and collection (V&C) losses among the longitudinal group rose slightly, to 3.28% this year versus 3.25% last year.

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

Sales Data Analysis

For several years, the NYC Department of Finance has offered online public property sales information. Similar to prior years, we examined sales data from 2014 and compared it with 2013 data. This year's sales data analysis include buildings listed as sold in 2014 in the Department of Finance database. These are

Selected 2015 Cross-Sectional Data Compared to 2015 Longitudinal Data

Change in 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
2015 Cross-Sectional Data	4.27%	49	46	0.70	74.0%	1.22	3.25%
2015 Longitudinal Data	4.38%	49	46	0.73	73.9%	1.22	3.28%

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

Source: NYC Rent Guidelines Board, Annual Mortgage Surveys

matched to buildings that have filed 2013 DHCR building registrations; have not converted to co-op/condo; and have sold for at least $1,000.

Building Sales Volume

In 2014, 1,356 buildings containing rent stabilized units were sold in New York City, 5% fewer than in the prior year. While sales volume declined 33% in Queens and 16% in Manhattan, it rose 23% in the Bronx and 5% in Brooklyn. 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 on the 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 2014 (6-10 units), sales volume was down 3% Citywide, but not every borough experienced a decline. In fact, sales rose 42% in the Bronx and 2% in Brooklyn, but declined 21% in Manhattan and 14% in Queens.

Similarly, sales volume overall also decreased Citywide among 11-19 unit buildings, down 7%. By borough, it rose only in the Bronx, up 50%, while declining 45% in Queens; 13% in Manhattan; and 2% in Brooklyn.

Among 20-99 unit buildings, sales volume fell 4% Citywide. Sales volume also fell in two boroughs, down 56% in Queens and 12% in Manhattan. By contrast, in Brooklyn, sales rose 21%, and in the Bronx, sales were up 18%.

Among the largest buildings, which contain 100 or more units, sales volume Citywide decreased 33%. Unfortunately, we are unable to analyze sales data by borough because of the small number of buildings sold each year. However, these buildings sales are included in the totals by borough and Citywide.[9]

Looking back over multiple years, building sales data shows that for the period from 2003 to the

Comparison of Building Sales in 2013 vs. 2014

Sales Volume Change Varied by Borough from the Prior Year

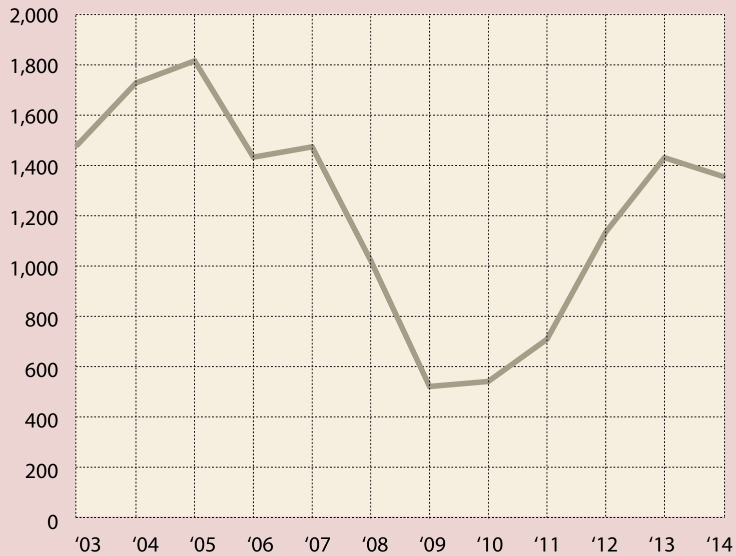
	2013	2014	Change
Bronx	245	302	23%
Brooklyn	472	494	5%
Manhattan	466	393	-16%
Queens	248	167	-33%
Citywide	**1,431**	**1,356**	**-5%**

Note: Citywide figures exclude Staten Island

Source: NYC Department of Finance

Rent Stabilized Building Sales, 2003-2014

Citywide Building Sales Decline from Prior Year



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

present, sales volume reached its peak in 2005, but by 2009, sales Citywide were at their lowest level of the twelve year period for which we have data. Since then, sales volume Citywide increased each year through calendar year 2013, but fell again in 2014. See the graph on this page and Appendix 7 for annual sales volume Citywide.

Building Sales Prices

We also examine 2014 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 $3,200,000 in 2014. The highest median sales price was in Manhattan ($6,859,361); followed by the Bronx ($3,458,486); Brooklyn ($1,595,000); and Queens ($1,310,000).

Examining the smallest buildings (6-10 residential units), median sales prices Citywide were $1,200,000. By borough, prices were highest in Manhattan, at $3,775,000; followed by Brooklyn, at $1,200,000; Queens, at $1,075,000 and the Bronx, at $845,000.

Among 11-19 unit buildings, median prices Citywide were $3,500,000. By borough, sales prices were also highest in Manhattan, at $7,000,000; followed by Queens, at $2,767,500; Brooklyn, at $2,400,000; and the Bronx, at $1,440,000.

Buildings with 20-99 units sold Citywide at a median price of $5,900,000. By borough, these buildings sold for the most in Queens, at a median price of $9,400,000; followed by Manhattan, at $7,800,000; Brooklyn, at $5,787,500 and the Bronx, at $4,800,000.

Among the largest buildings, which contain 100 or more units, buildings Citywide sold for a median price of $22,500,000. However, as was discussed earlier, there were too few sales among buildings containing 100 or more residential units to accurately report borough building prices by borough. See Appendix 8 for a breakdown of median sales prices in each borough among different sized buildings.

Summary

Summing up, interest rates 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 declined. ❒

Endnotes

1. Federal Deposit Insurance Corporation (FDIC) website: http://www3.fdic.gov/sdi/main.asp

2. Federal Reserve Bank of New York website: http://www.newyorkfed.org/markets/statistics/dlyrates/fedrate.html

3. "The Fed Has Not Stopped Trying to Stimulate the Economy," by Justin Wolfers, *New York Times*. October 29, 2014.

4. When comparing the change in loan volume since last year, note that one participant this year whose portfolio exceeds a billion dollars did not participate in this year's survey. A total of four lenders did not report new loan volume this year.

5. 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 much larger sample of stabilized buildings and can be viewed as more authoritative.

6. The O&M cost-to-rent ratio from the *2015 Mortgage Survey* reflects estimates by lenders of expenses and rents for rent stabilized buildings as of approximately February 2015. The average ratio is calculated from just eight 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 $1,182 and average unaudited cost was $884, reflects rents and expenses reported by owners for calendar year 2013. Average monthly costs per unit in the Mortgage Survey this year are lower than those reported in the I&E. This may be 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 have an assessed value greater than $40,000 and eleven or more units, while the Mortgage Survey does not exclude these buildings).

7. The cross-sectional and longitudinal groups are very similar because all but one lender responded both years.

8. The data reflects 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 analysis 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 in their respective categories. However, while these categories are not discussed, these buildings are included in the overall statistics and analysis.

Appendices

1. Mortgage Interest Rates and Terms, 2015

Lending Institution	Rate (%)	Points	Term (yrs)	Type	New Volume	Refin Volume
5	3.25%	0.50	5 yrs	fxd	NR	NR
28	3.75%	NR	NR	adj	NR	NR
30	4.63%	1.00	See below	both	NR	NR
35	4.00%	0.00	See below	fxd	39	27
37	6.25%	1.00	10 yrs	fxd	NR	7
40	4.88%	2.25	See below	fxd	2	NR
117	3.00%	0.00	150 BPS	fxd	140	180
209	3.75%	0.50	5 over 5 year CMT	fxd	20	10
301	3.50%	0.30	135	fxd	2	NR
401	5.70%	0.75	30 yr	fxd	90	6
AVERAGE	**4.27%**	**0.70**	**†**	**†**	**49**	**46**

§ Amortization **Adj** = adjustable rate mortgage † No average computed **NR** = no response to this question * Balloon

BPS Basis Points

Additional Institution Term Info: 30 = 320, 380, 410 over 10 yr t-bill 35 = 10 yr * based on 30 yr payout 40 = 10/25 * 15 yr self-liquidating

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

Source: 2015 NYC Rent Guidelines Board Mortgage Survey

2. Typical Characteristics of Rent Stabilized Buildings, 2015

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%	NR	3%	20-49	NR	NR
28	80%	1.25	0.5%	50-99	$500	$1,000
30	80%	1.25	5%	20-49	$600	$900
35	70%	1.20	3%	11-19	$550	$1,350
37	65%	1.20	3%	1-10	$482	$1,000
40	68%	1.20	5%	1-10	NR	NR
117	75%	1.25	4%	50-99	$580	$1,150
209	75%	1.25	3%	1-10	$529	$1,450
301	70%	NR	3%	50-99	$850	$3,700
401	83%	1.15	3%	100+	$692	$1,253
AVERAGE	**74.0%**	**1.22**	**3.25%**	**†**	**$598**	**$1,475**

NR indicates no response to this question † No average computed.

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

Source: 2015 NYC Rent Guidelines Board Mortgage Survey

3. Interest Rates and Terms for New Financing, Longitudinal Study, 2014-2015

	Interest Rates		Points		Term		Type	
Lending Inst.	2015	2014	2015	2014	2015	2014	2015	2014
28	3.75%	NR	NR	0.0	NR	5, 7, 10 yrs	adj	both
30	4.63%	5.00%	1.0	1.0	See below	30/30 yr or 7 or 10/30	both	fxd
35	4.00%	4.00%	0.0	0.0	See below	7/5 *	fxd	adj
37	6.25%	6.65%	1.0	1.0	10 yrs	10 yrs	fxd	fxd
40	4.88%	6.13%	2.25	1.25	See below	15 yr or 10/25 *	fxd	fxd
117	3.00%	3.25%	0.0	0.00	150 bps	5 yrs	fxd	fxd
209	3.75%	NR	0.5	NR	5 over 5 year CMT	NR	fxd	NR
301	3.50%	4.25%	0.3	0.25	135	10 yr/30 yr §	fxd	fxd
401	5.70%	5.95%	0.75	0.75	30 yr	30 yrs	fxd	fxd
AVERAGE	**4.38%**	**5.03%**	**0.73**	**0.53**	**†**	**†**	**†**	**†**

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

Additional Institution Term Info: 30 = 320, 380, 410 over 10 yr t-bill 35 = 10 yr * based on 30 yr payout 40 = 10/25 * 15 yr self-liquidating

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: 2014 and 2015 NYC Rent Guidelines Board Mortgage Surveys

4. Lending Standards and Relinquished Rental Income, Longitudinal Study, 2014-2015

	Max Loan-to-Value		Debt Service Coverage		V&C Losses	
Lending Inst.	2015	2014	2015	2014	2015	2014
28	80%	75%	1.25	1.30	1%	2%
30	80%	NR	1.25	1.25	5%	5%
35	70%	65%	1.20	1.20	3%	3%
37	65%	65%	1.20	1.20	3%	3%
40	68%	68%	1.20	1.30	5%	5%
117	75%	75%	1.25	1.25	4%	4%
209	75%	70%	1.25	1.25	3%	1%
301	70%	NR	NR	NR	3%	NR
401	83%	83%	1.15	1.15	3%	3%
AVERAGE	**73.9%**	**71.4%**	**1.22**	**1.24**	**3.28%**	**3.25%**

NR indicates no response to this question

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: 2014 and 2015 NYC Rent Guidelines Board Mortgage Surveys

5. Retrospective of New York City's Housing Market, 1982-2015

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%	21,456 Ø	20,483 Ø
2015	4.3%	•	•

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.

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 . 2015 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 2014)

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 2014 for new permanent financing of *rent stabilized buildings?*

Number of loans: ______________________

2. How many loans did your institution **refinance** in 2014 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?

____

____

____

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1

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 ________ %.

2

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

3

18. Please estimate, *on average*, what percentage of Net Operating Income (NOI) goes towards **payment of debt service**:

__________%.

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

$ __________.

20. 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. Findings will be published in the 2015 *Mortgage Survey Report*, which will be released by the end of April.

4

7. Rent Stabilized Building Sales Volume, Citywide and by Borough, and Percent Change, 2005-2014

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Citywide*	**1,816**	**1,433**	**1,474**	**1,021**	**521**	**541**	**709**	**1,135**	**1,431**	**1,356**
% Change from Prior Yr	**-**	***-21.1%***	***2.9%***	***-30.7%***	***-49.0%***	***3.8%***	***31.1%***	***60.1%***	***26.1%***	***-5.2%***
Bronx	264	224	319	171	100	131	130	204	245	302
% Change from Prior Yr	-	*-15.2%*	*42.4%*	*-46.4%*	*-41.5%*	*31.0%*	*-0.8%*	*56.9%*	*20.1%*	*23.3%*
Brooklyn	750	593	520	426	199	185	258	396	472	494
% Change from Prior Yr	-	*-20.9%*	*-12.3%*	*-18.1%*	*-53.3%*	*-7.0%*	*39.5%*	*53.5%*	*19.2%*	*4.7%*
Manhattan	598	403	470	243	146	144	225	419	466	393
% Change from Prior Yr	-	*-32.6%*	*16.6%*	*-48.3%*	*-39.9%*	*-1.4%*	*56.3%*	*86.2%*	*11.2%*	*-15.7%*
Queens	204	213	165	181	76	81	96	116	248	167
% Change from Prior Yr	-	*4.4%*	*-22.5%*	*9.7%*	*-58.0%*	*6.6%*	*18.5%*	*20.8%*	*113.8%*	*-32.7%*

*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, 2013-2014

	2013 Median Sale Price	2014 Median Sale Price	2013 # of Sales	2014 # of Sales	Change in Sales from 2013-14
Citywide					
All buildings*	$2,562,500	$3,200,000	1,431	1,356	-5.2%
6-10 units	$1,000,000	$1,200,000	622	601	-3.4%
11-19 units	$2,874,290	$3,500,000	202	187	-7.4%
20-99 units	$5,000,000	$5,900,000	558	535	-4.1%
100+ units	$22,000,000	$22,500,000	49	33	-32.7%
Bronx					
All buildings*	$2,893,750	$3,458,486	245	302	23.3%
6-10 units	$765,000	$845,000	43	61	41.9%
11-19 units	$1,487,500	$1,440,000	22	33	50.0%
20-99 units	$3,700,000	$4,800,000	171	201	17.5%
Brooklyn					
All buildings*	$1,179,740	$1,595,000	472	494	4.7%
6-10 units	$900,000	$1,200,000	320	326	1.9%
11-19 units	$1,925,000	$2,400,000	58	57	-1.7%
20-99 units	$4,500,000	$5,787,500	86	104	20.9%
Manhattan					
All buildings*	$5,712,066	$6,859,361	466	393	-15.7%
6-10 units	$4,375,000	$3,775,000	131	104	-20.6%
11-19 units	$4,711,711	$7,000,000	93	81	-12.9%
20-99 units	$7,192,076	$7,800,000	221	195	-11.8%
Queens					
All buildings*	$1,649,351	$1,310,000	248	167	-32.7%
6-10 units	$875,000	$1,075,000	128	110	-14.1%
11-19 units	$1,950,000	$2,767,500	29	16	-44.8%
20-99 units	$5,606,515	$9,400,000	80	35	-56.3%

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