2021 Mortgage Survey Report

April 22, 2021

New York City Rent Guidelines Board

New York City Rent Guidelines Board
1 Centre Street, Suite 2210, New York, NY 10007 • 212-669-7480 • nyc.gov/rgb

New York City Rent Guidelines Board

2021 Mortgage Survey Report

What's New

- ☑ Average interest rates for new multifamily mortgages decreased 24 basis points, to 3.76%, the lowest rate ever recorded in this survey.
- ☑ Average service fees for new loans rose from 0.22 points last year to 0.38 points this year.
- ☑ Average maximum loan-to-value ratios rose from 73.0% last year to 74.1% this year.
- ☑ Vacancy and collection losses increased from 2.17% last year to 2.83% this year.
- ☑ A total of 470 buildings containing rent stabilized units were sold Citywide in 2020, a 28% decline from the prior year.

Introduction

Section 26-510 (b)(iii) of the Rent Stabilization Law requires the NYC Rent Guidelines Board (RGB) 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 properties containing rent stabilized units 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 2020 calendar year as well as the first few months of 2021.

The survey is organized into three sections: financing availability and terms for buildings containing rent stabilized units; 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, sales data of buildings containing rent stabilized units, obtained from the NYC Department of Finance, are also examined.

Overview

The Mortgage Survey this year found that interest rates declined to a record low, but service fees increased. In addition, collection losses increased; maximum loan-to-value ratios rose; and underwriting criteria toughened slightly among borrowers. Furthermore, our analysis of sales of buildings containing rent stabilized units found that sales volume declined Citywide between 2019 and 2020.

This report will more fully detail this data, beginning with a discussion of the characteristics of all of this year's survey respondents, followed by a longitudinal analysis of those responding both last and this year. Further, it will examine sales of buildings containing rent stabilized units by volume and price.

Survey Respondents

Eight financial institutions responded to this year's survey, two fewer than last year. This year's respondents include a variety of traditional lending institutions, such as savings and commercial banks, as well as non-traditional lenders.

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, which vary considerably among the respondents. Five surveyed lenders report their multifamily real estate holdings to the FDIC, with values ranging between $297 million and $32.3 billion.[1] Three of this year's respondents reported multifamily holdings of over $4.6 billion, while

Terms and Definitions

Basis Points - one basis point is equal to 1/100th of 1%, or 0.01 percentage point; they are commonly used to express differences in mortgage interest rates and fees

Debt Service - the cash required to make periodic repayments of loan principal and interest

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

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

Maximum LTV - the maximum LTV ratio that a lender will consider when making a loan

Service Fees (Points) - up-front service fees (points) charged by lenders as a direct cost to the borrowers; one point equals one percent of the principal amount of the loan charged as the service fee

Term - the amount of time the borrower has to repay the loan two institutions held less than $800 million. The multifamily real estate portfolio of our survey respondents averaged $9.9 billion in 2020, up 30% from the prior year.

Mortgage Survey Analysis

Financing Availability and Terms

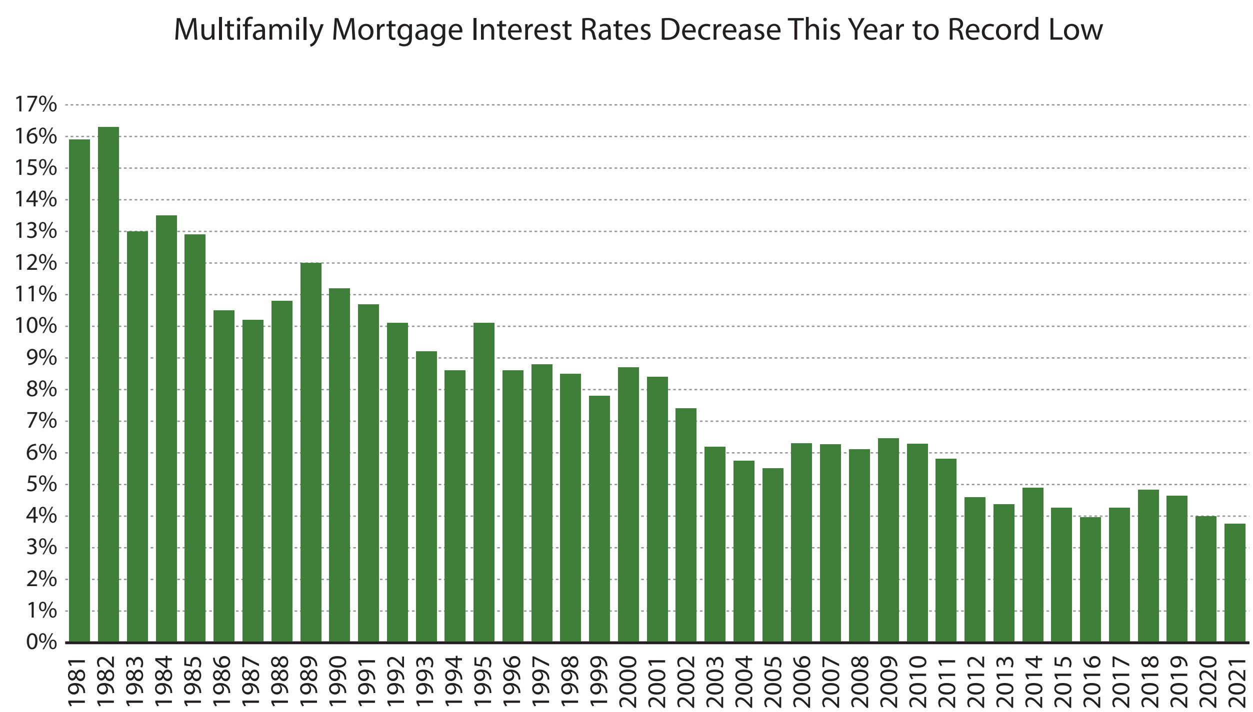
As of March 2021, the average interest rate for new multifamily mortgages was 3.76%, a decline of 24 basis points (or 6%) from a year earlier, the third consecutive year it has declined, a record low in our survey (see graph on this page and Appendices 1 and 5). The five-year average interest rate was 4.30%. In addition, the average interest rate reported by lenders for the full 2020 calendar year was 3.91%, a 22 basis points (or 5%) decrease from 2019.

Average interest rates decreased during the year among the institutions surveyed, with the Federal Reserve (The Fed) maintaining rates at the same low level since reducing them shortly before publication of last year's *Mortgage Survey Report*. As reported a year ago, the Discount Rate — the interest rate at which depository institutions borrow from a Federal Reserve Bank — fell twice in March 2020, first by 50 basis points, and subsequently by 150 basis points, in response to the economic crisis brought about by the emergence of the COVID-19 pandemic.

Similarly, the Federal Funds Rate — the interest rate at which depository institutions lend balances at the Federal Reserve to other depository institutions — also declined twice in March 2020.[2] The Fed is expected to maintain ultralow interest rates until the U.S. economy fully recovers from the effects of the pandemic.[3]

Some lenders charge a separate up-front fee, called points, as a direct cost to borrowers. The average service fee charged on new loans by lenders rose to 0.38 points, up from a record low last year of 0.22 points. Among survey respondents, they ranged between zero and one, with four surveyed lenders charging no points on new loans. Average points

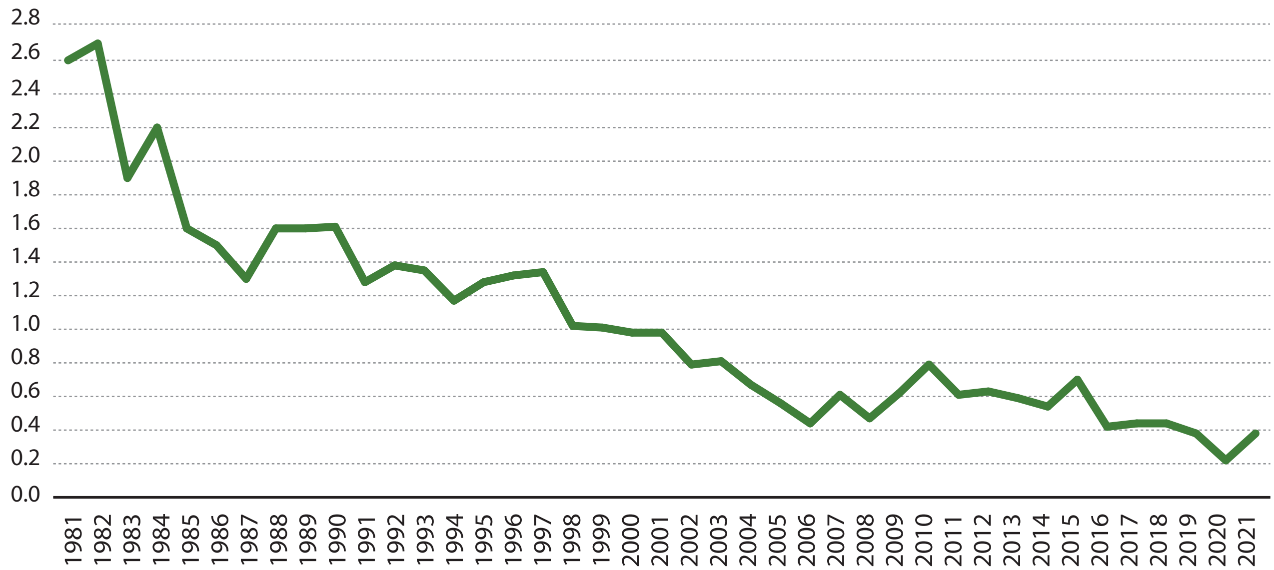
Average Interest Rates for New Loans, 1981-2021



Source: NYC Rent Guidelines Board, annual Mortgage Surveys

Service Fees (Points) for New Loans, 1981-2021

Service Fees Increase in 2021



Source: NYC Rent Guidelines Board, annual Mortgage Surveys

reported in the survey have remained around or below one point for over two decades (see graph on this 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, it is not possible to provide an average for the range of terms offered by institutions. Nonetheless, they remained similar to those offered in recent years. Mortgage terms reported by respondents fell within a wide 5- to 40-year range. This flexibility was maintained during the year despite the multifaced challenges of the pandemic.

The average volume of new mortgage originations in our survey fell from 127 last year to 98 this year, a 23% decline. Similarly, the median number of new loans fell from 22 last year to 15 this year. The average number of refinanced loans experienced a much greater fall, declining from 112 last year to 25 this year, a 78% drop. Likewise, the median number of refinanced loans fell from 26 last year to 10 this year.

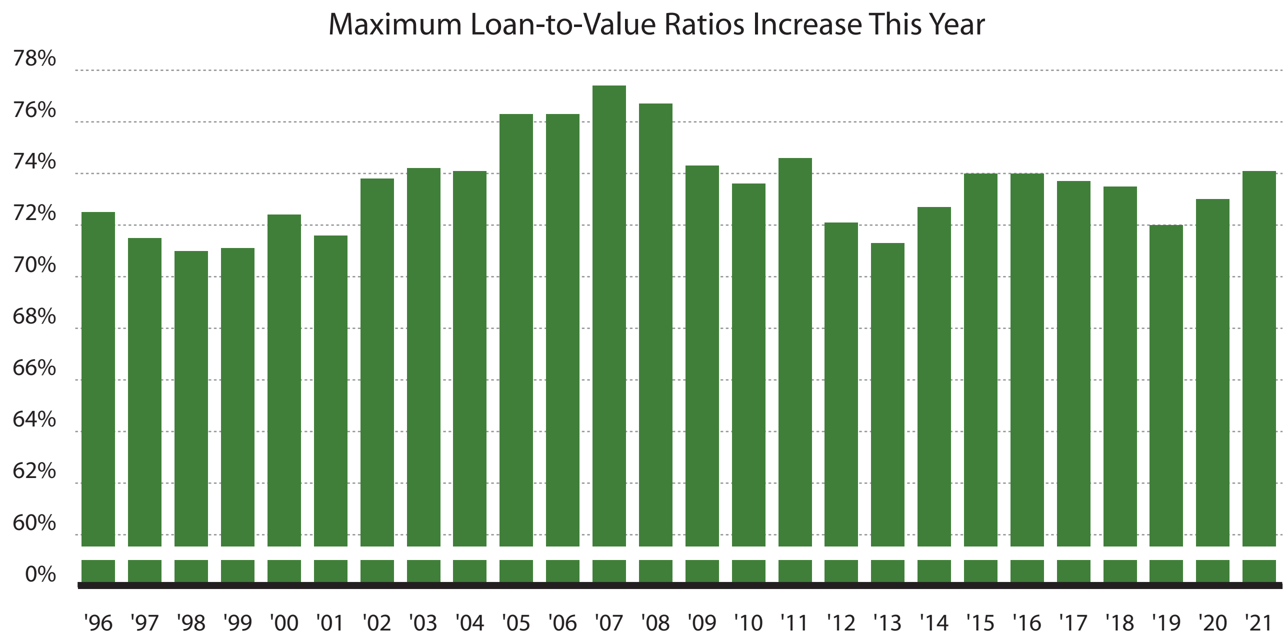
Underwriting Criteria

The survey asked lenders for their typical underwriting standards when approving new and refinanced mortgages to owners of buildings containing rent stabilized units. Some lenders this year reported that lending standards were affected by the uncertain long-term impact of the pandemic on the housing market.

Among surveyed institutions, the typical maximum Loan-to-Value (LTV) ratio — the maximum amount respondents were willing to lend based on a building's value — ranged from 65% to 82.5%. This year's average, 74.1%, increased 1.1 percentage points from last year's 73.0% (see graph on this page).

Another important lending criterion is the debt service coverage ratio (DSCR) — an investor's ability to cover mortgage payments using its net operating income (NOI). The higher the DSCR, the less money a lender is willing to loan given constant net income. The debt service coverage ratio (or NOI divided by the debt service) rose slightly, up from 1.21 last year

1996-2021 Average Loan-to-Value Standards



Source: NYC Rent Guidelines Board, annual Mortgage Surveys

to 1.24 this year. Because the average DSCR crept up, lenders have on average marginally reduced 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 ratios at all institutions ranged between 1.15 and 1.35, and 38% of surveyed lenders reported that they adjusted their underwriting standards over the past year, most commonly by implementing more stringent approvals and increasing monitoring requirements.

Lenders also noted additional standards they use when evaluating loan applications. The most commonly cited standard is good building maintenance, with three-fourths of the lenders indicating that it is an important consideration when reviewing a loan application. Almost two-thirds of the lenders also required a specific minimum number of units in a building.

The survey asked lenders whether their lending standards differ for buildings containing rent stabilized units versus non-stabilized multifamily properties. Respondents were asked whether their new financing rates; refinancing rates; loan-to-value ratios; and debt service coverage requirements for properties containing rent stabilized units were higher, lower, or the same as for other properties. This year, no lender reported that their standards for stabilized lending were any different compared to other properties.

Non-Performing Loans & Foreclosures

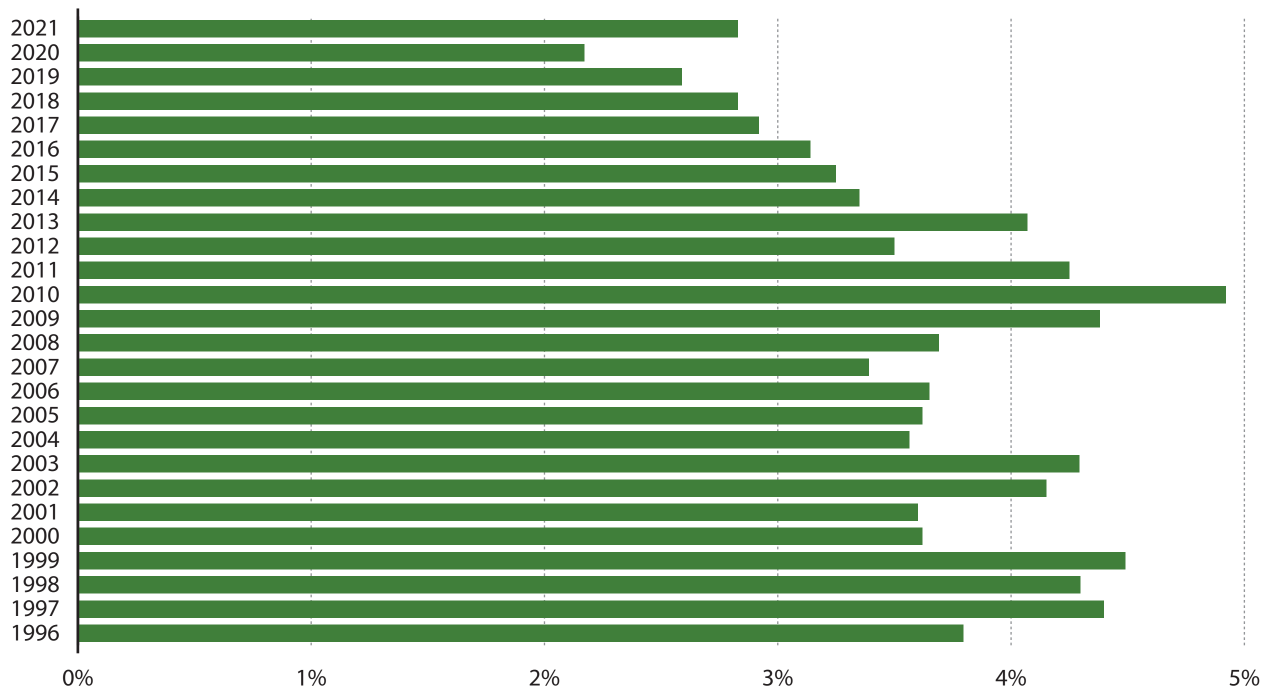
The number of lenders reporting that they had non-performing loans remained about same as last year, with one lender reporting that less than 1% of their portfolios were non-performing, compared to two last year. In addition, no lender reported foreclosures this year, compared to one last year. Due to the ramifications of the pandemic, many lenders offered varying terms for payment deferrals and forbearance, thereby reducing, for the time being, the risk of non-performance and foreclosure.

Building Characteristics

The size of buildings in surveyed lenders' portfolios varies greatly. The average size of buildings in each

Average Vacancy and Collection Losses, 1996-2021

Vacancy and Collection Losses Increase for First Time in Eight Years



Source: NYC Rent Guidelines Board, annual Mortgage Surveys

of the lenders' portfolios is widely distributed among all building size groupings this year. One lender reported a typical building in their portfolios contains 1-10 units; two reported 11-19 units; one reported 50-99 units; and two reported a building size of 100+ units.

Average vacancy and collection (V&C) losses increased for the first time in eight years, following a record low last year. V&C losses rose from 2.17% last year to 2.83% this year, primarily because one lender reported average losses of over 7%. (See graph on this page.) Lenders reported varying proportions of rent collection issues among their borrowers as a result of the pandemic, ranging from between 7% and 100% of their portfolios facing lower rent collections in 2020. Of their borrowers with collection issues, the average gap in collections typically were between 10% and 30% lower than normal for at least part of the year.

Average operating and maintenance (O&M) expenses and average rents among buildings in lenders' portfolios both declined this year. Estimated rent per unit per month fell 2%, to $1,429 this year, while estimated expenses fell 14%, to $637 this year (see Appendix 2). Because average expenses fell more than average rent, the average reported O&M cost-to-rent ratio fells from 48.7% last year to 42.5% this 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.[4] However, its findings should not be compared to the cost-to-rent ratio reported in the *Mortgage Survey Report* because the sources are very different, and the data studied in each report are from different time periods. In the *2021 I&E Study,* which reported on data from calendar year 2019, the average O&M cost-to-rent ratio was 73.8%.[5]

The survey asks lenders whether they retain their mortgages or sell them in the secondary market. Two-thirds of lenders reported retaining all their mortgages, about the same proportion as last year.

Lenders are also asked whether buildings containing rent stabilized units 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. Sixty-three percent of lenders reported this year that buildings in their portfolio contain commercial space, though the proportion varies depending on the lender. On average, lenders report that 29% of their portfolios have commercial space, compared to 41% last year.

Loan Expectations

The survey asks lenders about the performance of their portfolios, compared with expectations at the time of initial loan origination, regarding net operating income (NOI); debt service coverage ratio; and O&M expenses. A majority of lenders reported that their expectations had been met or exceeded in all areas among their rent stabilized portfolio. Specifically, 63% of lenders said this year that their expectations were equaled or exceeded among all three categories, down from 80% in the prior year.

Longitudinal Analysis

Information regarding buildings containing rent stabilized units can also 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 primary mortgage survey analysis reflect actual variations in the lending market or simply the presence of a different group of lenders from year-to-year. Among the eight respondents that completed the survey this year, all also responded last year. The eight lenders that make up the longitudinal group, and their responses from both this year and last year, are compared in this section to illustrate changes between the two years.

Financing Availability and Terms

Similar to the main survey analysis, the longitudinal group saw interest rates fall. As of March 2021, interest rates were reported as 3.76%, down from 4.02% a year earlier (see Appendix 3).

Selected 2021 Mortgage Survey Data Compared to 2020 Mortgage Survey 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 Avg	NF Points	RF Loan Volume Avg	Max LTV Ratio	Debt Service Ratio	V&C Losses
2021 Mortgage Survey Data	3.76%	98	0.38	25	74.1%	1.24	2.83%
2020 Mortgage Survey Data	3.99%	127	0.22	112	73.0%	1.21	2.17%

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

Source: NYC Rent Guidelines Board, Annual Mortgage Surveys

Among the longitudinal group, average points offered by lenders rose, from 0.11 last year to 0.38 this year.

Underwriting Criteria and Loan Performance

The average maximum loan-to-value (LTV) ratio declined among the longitudinal group this year, falling from 75.0% last year to 74.1% this year. The average debt service ratio rose slightly, up from 1.21 last year to 1.24 this year. And like the main mortgage survey analysis, vacancy and collection (V&C) losses among the longitudinal group increased, to 2.83% this year, from 1.93% last year. (see Appendix 4).

Examining delinquencies among the longitudinal group, one lenders reported non-performing loans, down from two last year. And no lenders reported foreclosures this year, down from one the prior year.

Sales Data Analysis

The NYC Department of Finance collects and provides public property sales information. Utilizing this data, this report examines sales of buildings containing rent stabilized units from 2020, and compares them with the prior year. These properties are identified by matching buildings that are registered with NYS Homes and Community Renewal (HCR); have not converted to co-op/condo; and have sold for at least $1,000.

Building Sales Volume

In 2020, 470 buildings containing rent stabilized units were sold in New York City, a 28% decline from the prior year. Every borough saw sales volume decrease. Sales fell the most in Queens, down 33%; followed by the Bronx, down 31%; Brooklyn, down 27%; and Manhattan, down 25%. (As in prior years, Staten Island was not included in this analysis because there were too few sales of buildings containing rent stabilized units to meaningfully measure change from year-to-year.)[6] See the table on this page for a numerical breakdown in the change in the number of buildings sold in each borough and Citywide.

Among buildings containing 6-10 residential units, sales volume in 2020 was down 35% Citywide from the prior year, and declined in every borough. Sales fell the most in Queens, down 38%; followed by Brooklyn, down 36%; Manhattan, down 34%; and the Bronx, down 28%.

Sales volume among 11-19 unit buildings in 2020 declined by 28% Citywide. However, the changes in sales volume varied significantly by borough. Sales fell precipitously in the Bronx, down 83% (from 29 buildings sold in 2019 to 5 in 2020); and fell 39% in Brooklyn. Meanwhile, sales rose from 9 to 11 buildings in Queens, and remained unchanged in Manhattan.

Among 20-99 unit buildings, sales volume Citywide decreased in 2020, falling 16%, but rose in two boroughs. Sales rose 9% in the Bronx and 2% in Brooklyn. By contrast, sales fell 34% in Manhattan, and 32% in Queens.

Among the largest buildings, which contain 100 or more units, sales volume in 2020 Citywide declined 27% from the prior year. However, we do not analyze year-to-year changes in sales by borough among the largest building category because of the comparatively small number of

Comparison of Building Sales in 2019 vs. 2020

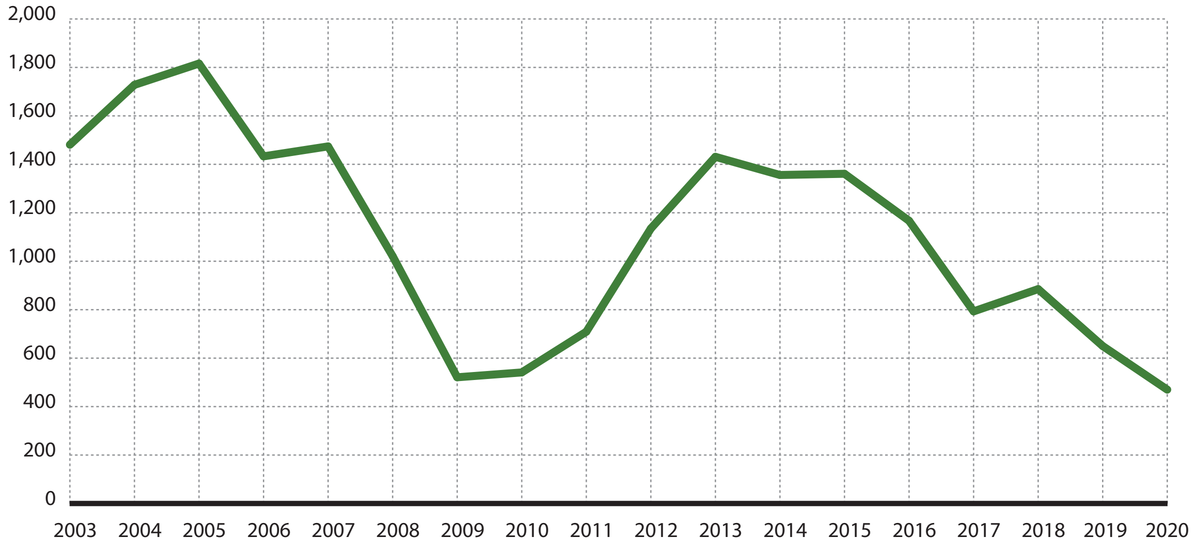
Sales Volume Declines Citywide

	2019	2020	Change
Bronx	102	70	-31%
Brooklyn	220	161	-27%
Manhattan	228	172	-25%
Queens	100	67	-33%
Citywide	**650**	**470**	**-28%**

Note: Citywide figures exclude Staten Island.
Source: NYC Department of Finance

Sales of Buildings Containing Rent Stabilized Units, 2003-2020

Citywide Building Sales Fall From Prior Year



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

buildings sold. However, these buildings sales are included in the totals by borough and Citywide.[7]

Over the 18-year period for which we have data, Citywide sales were at their peak in 2005, with 1,816 buildings sold, but sales reached their lowest point this past year, with 470 buildings sold. Previously, the fewest buildings sold since 2003 occurred in 2009, when 521 were sold. In addition, the number of buildings sold declined in five of the last seven years, including this past year's 28% decline. See the graph on this page and Appendix 7 for annual sales volume Citywide. See Appendix 8 for a list since 2003 of the total number of buildings sold; the total number of residential units located in buildings containing rent stabilized units sold each year; and the average number of units per building sold each year.

Building Sales Prices

We also examine sales prices of buildings containing rent stabilized units Citywide and by borough. However, in reporting sales prices, we are not able to take into consideration the condition of the building or the neighborhood where each building is sold, factors important in determining the sales price.

Examining sales for all sizes of buildings, the median Citywide sales price was $4.0 million in 2020. The highest median sales price was in Manhattan ($5.8 million); followed by the Bronx ($5.1 million); Brooklyn ($2.9 million); and Queens ($2.3 million).

Looking at the smallest buildings (containing 6-10 residential units), the median sales price Citywide was $2.1 million. By borough, prices were highest in Manhattan, at $3.1 million; followed by Brooklyn, at $2.0 million; Queens, at $1.4 million; and the Bronx, at $1.2 million.

Among 11-19 unit buildings, the median Citywide price was $4.2 million. By borough, prices were highest in Manhattan, at $5.8 million; followed by Brooklyn, at $3.5 million. (There were too few 11-19 unit building sales in Queens and the Bronx to analyze.)

Buildings with 20-99 units sold Citywide at a median price of $7.5 million. By borough, these buildings sold for the most in Manhattan, at a median price of $9.5 million; followed by Brooklyn, at $7.2 million; the Bronx, at $7.0 million; and Queens, at $5.5 million.

Among the largest buildings, which contain 100 or more units, buildings Citywide sold for a median price of $34.2 million. However, too few buildings containing 100 or more residential units were sold to accurately report borough building prices by borough. See Appendix 9 for a breakdown of median sales prices in each borough among different sized buildings.

Summary

Average interest rates declined to the lowest ever recorded in this survey, but both service fees as well as vacancy and collection losses increase this year. In addition, the number of buildings containing rent stabilized units sold declined to their lowest level since the RGB began collected the data. With the economic ramifications of the pandemic still in flux, the coming year's mortgage lending market is likely to be noticeably impacted by it. ❐

Endnotes

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

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

3. "Fed Holds Steady on Interest Rates, Bond Purchases," by Paul Kiernan, The Wall Street Journal. March 17, 2021.

4. 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 number of buildings containing rent stabilized units and can be viewed as more representative.

5. The O&M cost-to-rent ratio from the *2021 Mortgage Survey* reflects estimates by lenders of expenses and rents for buildings containing rent stabilized units as of approximately March 2021. The average ratio is calculated from just five 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 $1,450 and average unaudited cost was $1,070, reflects rents and expenses reported by owners for calendar year 2019. Average monthly costs per unit in the Mortgage Survey this year are lower than those reported in the *I&E Study*. This is due to differences in the two data sources: lenders' estimated average of buildings in their portfolio vs. a weighted average of a large number 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).

6. The data reflect sales of buildings that had been registered with the New York State Homes and Community Renewal (HCR) as containing at least one rent stabilized unit in 2019, the most recent year for which comprehensive registration records were available. 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 eligible buildings sold.

7. 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, 2021

Lending Institution	Interest Rates	Points	Term	Type	New Volume	Refin Volume
5	3.50%	0.75	Ω	both	10	5
28	NR	NR	5, 7, 10 yrs.	fixed	8	53
30	NR	1.00	NR	both	1	10
35	4.00%	0.00	Ω	fixed	16	4
107	3.63%	0.00	Ω	both	606	66
117	3.25%	0.00	200-240 BPS	both	NR	NR
297	3.75%	0.00	Ω	fixed	30	30
401	4.40%	0.88	Ω	fixed	15	7
AVERAGE	**3.76%**	**0.38**	**†**	**†**	**98**	**25**

† No average computed **NR** no response **BPS** Basis Points

Ω #5 = 5 yr. Swaps plus 3.00%; 50-100 BPS fee #35 = 10 year balloon based on 25 year amort.
#107 = 5 and 7 year fixed with 5 years option
#297 = 5, 7 or 10 year rates - 10 year term - 30 year amort. - $2500 Fee
#401 = 30-40 Year Term, Commitment Fee 75-100 BPS

Notes: Averages for interest rates and points are calculated by using the midpoint when a range of values is given by the lending institution. Lending institution numbers reflect anonymized lenders.

Source: 2021 NYC Rent Guidelines Board Mortgage Survey

2. Typical Lending Portfolio Characteristics of Buildings Containing Rent Stabilized Units, 2021

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	65%	NR	8.0%	100+	$1,000	$2,000
28	75%	1.30	0.5%	11-19	NR	NR
30	80%	1.20	NR	NR	NR	NR
35	65%	1.35	3.0%	1-10	$350	$1,250
107	75%	1.20	0.5%	50-99	NR	$1,500
117	75%	1.25	NR	NR	NR	NR
297	75%	1.25	2.0%	11-19	$494	$1,300
401	83%	1.15	3.0%	100+	$702	$1,443
AVERAGE	**74.1%**	**1.24**	**2.83%**	**†**	**$637**	**$1,499**

NR no response **†** No average computed

Notes: Average loan-to-value (LTV) and debt service coverage ratios are calculated using the midpoint when a range was given by the lending institution. Debt Yield refers to Net Operating Income (NOI) divided by the first mortgage debt (loan) amount, times 100. Lending institution numbers reflect anonymized lenders.

Source: 2021 NYC Rent Guidelines Board Mortgage Survey

3. Interest Rates and Terms for New Financing, Longitudinal Study, 2020-2021

	Interest Rates		Points		Term		Type	
Lending Inst.	2021	2020	2021	2020	2021	2020	2021	2020
5	3.50%	3.50%	0.75	0.38	Ω	◆	both	both
28	NR	4.50%	NR	0.00	5, 7, 10 yrs.	NR	fixed	fixed
30	NR	4.55%	1.00	0.50	NR	◆	both	both
35	4.00%	3.75%	0.00	0.00	Ω	◆	fixed	both
107	3.63%	3.50%	0.00	0.00	Ω	◆	both	both
117	3.25%	3.38%	0.00	0.00	200-240 BPS	160 months	both	both
297	3.75%	3.50%	0.00	0.00	Ω	◆	fixed	fixed
401	4.40%	5.50%	0.88	0.00	Ω	◆	fixed	fixed
AVERAGE	**3.76%**	**4.02%**	**0.38**	**0.11**	†	†	†	†

NR no response   † No average computed   **BPS** Basis Points

◆ #5 = 1.50% above prime rate (5 yr), 1.65% above prime (7 yr), 1.80% above prime (10 yr)
#30 = Loans are mixed between fixed, floating & hybrid. Floating at roughly LIBOR + 325 - 350
#35 = 15 year balloon adjusts in years 5 & 10   #107 = 5 and 7 year fixed w/ 5 year option
#301 = 5 year-1.30% above prime rate; 7 year-1.40% above prime; 10 year-1.40% above prime
#401 = 30-40 years; commitment fee: 75-100 BPS

Ω #5 = 5 yr. Swaps plus 3.00%; 50-100 BPS fee   #35 = 10 year balloon based on 25 year amort.
#107 = 5 and 7 year fixed with 5 years option
#297 = 5, 7 or 10 year rates - 10 year term - 30 year amort. - $2500 Fee
#401 = 30-40 Year Term, Commitment Fee 75-100 BPS

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

Source: 2020 and 2021 NYC Rent Guidelines Board Mortgage Surveys

4. Lending Standards and Vacancy & Collection Losses, Longitudinal Study, 2020-2021

	Max Loan-to-Value		Debt Service Coverage		Vacancy & Collection Losses	
Lending Inst.	2021	2020	2021	2020	2021	2020
5	65.0%	67.5%	NR	NR	8.0%	3.0%
28	75.0%	80.0%	1.30	1.20	0.5%	0.5%
30	80.0%	80.0%	1.20	1.20	NR	NR
35	65.0%	65.0%	1.35	1.20	3.0%	3.0%
107	75.0%	75.0%	1.20	1.20	0.5%	0.5%
117	75.0%	75.0%	1.25	1.25	NR	3.0%
297	75.0%	75.0%	1.25	1.30	2.0%	0.5%
401	82.5%	82.5%	1.15	1.15	3.0%	3.0%
AVERAGE	**74.1%**	**75.0%**	**1.24**	**1.21**	**2.83%**	**1.93%**

NR no response

Notes: Average loan-to-value and debt service coverage ratios are calculated using the midpoint when a range is given by the lending institution. Debt Yield refers to Net Operating Income (NOI) divided by the first mortgage debt (loan) amount, times 100. Lending institution numbers reflect anonymized lenders.

Source: 2020 and 2021 NYC Rent Guidelines Board Mortgage Surveys

5. Interest Rates for New Mortgages, 1981-2021

Year	Interest Rates for New Mortgages
1981	15.9%
1982	16.3%
1983	13.0%
1984	13.5%
1985	12.9%
1986	10.5%
1987	10.2%
1988	10.8%
1989	12.0%
1990	11.2%
1991	10.7%
1992	10.1%
1993	9.2%
1994	8.6%
1995	10.1%
1996	8.6%
1997	8.8%
1998	8.5%
1999	7.8%
2000	8.7%
2001	8.4%
2002	7.4%
2003	6.2%
2004	5.8%
2005	5.5%
2006	6.3%
2007	6.3%
2008	6.1%
2009	6.5%
2010	6.3%
2011	5.8%
2012	4.6%
2013	4.4%
2014	4.9%
2015	4.3%
2016	4.0%
2017	4.3%
2018	4.8%
2019	4.7%
2020	4.0%
2021	3.8%

Notes: Interest rate data was collected January-March and represents a 12-month average of the preceding year.

Sources: NYC Rent Guidelines Board Mortgage Surveys

6. 2021 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) (2020 average)

Points : __________

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

Type: Fixed / Adjustable / Both *(circle one)*

Special conditions: ___________________________
____

1b. How many loans were made by your institution in 2020 for new permanent financing of *rent stabilized buildings?*

Number of loans: ______________________

2. How many loans did your institution **refinance** in 2020 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 ____________ of about _______ %.
(increase / decrease)

❑ 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 _________________ in the volume of loan **applications** of about ______ %.
(increase / decrease)

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

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.
LTV: Maximum: ________ Average:___________	❑
DSCR or Debt Yield: Minimum: _________ Average:___________	❑

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 ________ stringent approvals.
(more / less)

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

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

❑ ________________ monitoring requirements.
(Increase / Decrease)

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

❑ 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 ________ %.

3

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 all that apply)*

❑ 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
LTV 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

4

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

$ __________.

19. What percentage of your multifamily loans experienced rent collection issues in 2020? ________%.

20. What is the average decrease in total rental income collected in 2020 as a result of COVID-related vacancy and/or collection loss vs. 2019? $___________.

21. On what percentage of your multifamily loans did you provide a COVID-related modification? ________%.

22. What were the nature of modifications provided (payment deferrals)? For how long on average (how many months)? Covenant waivers? ____

23. Are there any **additional trends relating to the pandemic, or otherwise,** with regard 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 2021 *Mortgage Survey Report*, which is scheduled to be released in Spring 2021.

The information collected in this survey will be used for statistical purposes only by the Rent Guidelines Board (RGB). The RGB shall maintain the confidentiality of information identifying the source of the data provided to the RGB to the greatest extent permitted by law.

5

7. Sales Volume of Buildings Containing Rent Stabilized Units, Citywide and by Borough, and Percent Change, 2007-2020

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Citywide*	**1,474**	**1,021**	**521**	**541**	**709**	**1,135**	**1,431**	**1,356**	**1,361**	**1,167**	**793**	**885**	**650**	**470**
% Change from Prior Yr	***-***	***-30.7%***	***-49.0%***	***3.8%***	***31.1%***	***60.1%***	***26.1%***	***-5.2%***	***0.4%***	***-14.3%***	***-32.0%***	***11.6%***	***-26.6%***	***-27.7%***
Bronx	319	171	100	131	130	204	245	302	262	234	156	195	102	70
% Change from Prior Yr	*-*	*-46.4%*	*-41.5%*	*31.0%*	*-0.8%*	*56.9%*	*20.1%*	*23.3%*	*-13.2%*	*-10.7%*	*-33.3%*	*25.0%*	*-47.7%*	*-31.4%*
Brooklyn	520	426	199	185	258	396	472	494	499	378	292	281	220	161
% Change from Prior Yr	*-*	*-18.1%*	*-53.3%*	*-7.0%*	*39.5%*	*53.5%*	*19.2%*	*4.7%*	*1.0%*	*-24.2%*	*-22.8%*	*-3.8%*	*-21.7%*	*-26.8%*
Manhattan	470	243	146	144	225	419	466	393	438	407	233	289	228	172
% Change from Prior Yr	*-*	*-48.3%*	*-39.9%*	*-1.4%*	*56.3%*	*86.2%*	*11.2%*	*-15.7%*	*11.5%*	*-7.1%*	*-42.8%*	*24.0%*	*-21.1%*	*-24.6%*
Queens	165	181	76	81	96	116	248	167	162	148	112	120	100	67
% Change from Prior Yr	*-*	*9.7%*	*-58.0%*	*6.6%*	*18.5%*	*20.8%*	*113.8%*	*-32.7%*	*-3.0%*	*-8.6%*	*-24.3%*	*7.1%*	*-16.7%*	*-33.0%*

*Note: Staten Island is excluded due to the small number of buildings sold that contain rent stabilized units.

Source: NYC Department of Finance

8. Sales of Buildings Containing Rent Stabilized Units, by Building and Residential Unit Counts, 2003-2020

Year	Number of Residential Units in RSB Sold	Number of RSB Sold	Average Number of Residential Units per RSB Sold
2003	30,980	1,481	20.9
2004	45,025	1,728	26.1
2005	50,168	1,816	27.6
2006	52,557	1,433	36.7
2007	42,567	1,474	28.9
2008	29,232	1,021	28.6
2009	12,827	521	24.6
2010	16,565	541	30.6
2011	18,628	709	26.3
2012	28,912	1,135	25.5
2013	37,855	1,431	26.5
2014	45,534	1,356	33.6
2015	44,847	1,361	33.0
2016	36,150	1,167	31.0
2017	18,370	793	23.2
2018	23,932	885	27.0
2019	15,278	650	23.5
2020	11,950	470	25.4

RSB Buildings containing rent stabilized units

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

Source: NYC Department of Finance

9. Median Sales Price and Sales Volume of Buildings Containing Rent Stabilized Units, by Borough and Building Size, and Percent Change in Sales, 2019-2020

	2019 Median Sale Price	2020 Median Sale Price	2019 # of Sales	2020 # of Sales	Change in Sales from 2019-20
Citywide					
All buildings	$4,237,500	$4,000,000	650	470	-27.7%
6-10 units	$2,000,000	$2,065,338	310	201	-35.2%
11-19 units	$4,925,000	$4,200,000	126	91	-27.8%
20-99 units	$8,975,000	$7,488,000	192	162	-15.6%
100+ units	$36,545,000	$34,197,165	22	16	-27.3%
Bronx					
All buildings	$4,510,000	$5,100,000	102	70	-31.4%
6-10 units	$1,293,833	$1,166,250	25	18	-28.0%
11-19 units	$3,680,000	-	29	5	-82.8%
20-99 units	$6,218,000	$7,000,000	43	47	9.3%
Brooklyn					
All buildings	$2,437,500	$2,909,745	220	161	-26.8%
6-10 units	$1,600,000	$2,025,000	139	89	-36.0%
11-19 units	$3,594,247	$3,500,000	33	20	-39.4%
20-99 units	$8,000,000	$7,185,567	45	46	2.2%
Manhattan					
All buildings	$9,628,482	$5,772,878	228	172	-24.6%
6-10 units	$6,900,000	$3,050,000	83	55	-33.7%
11-19 units	$9,250,000	$5,787,052	55	55	0.0%
20-99 units	$12,200,000	$9,520,307	82	54	-34.1%
Queens					
All buildings	$2,135,000	$2,275,000	100	67	-33.0%
6-10 units	$1,725,000	$1,380,000	63	39	-38.1%
11-19 units	-	-	9	11	22.2%
20-99 units	$11,825,000	$5,462,175	22	15	-31.8%

Note: All Staten Island buildings; Bronx 11-19 unit buildings (2020 sales price only); Queens 11-19 unit buildings (sale prices only); and all 100+ unit buildings in individual boroughs, 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