

August 2021 FHV License Review

Report and Determination

Introduction

This review by the New York City Taxi and Limousine Commission (TLC) of for-hire vehicle (FHV) licenses is conducted pursuant to TLC Rule § 59A-06(a)(1) for the period of February 2021 through July 2021. Previously, TLC conducted reviews pursuant to this rule in August 2020 and February 2021 and determined that no additional FHV licenses would be issued in the six months following each such review.

In August 2018, Mayor Bill de Blasio signed Local Law 147, pausing the issuance of new FHV licenses for one year with an exception for wheelchair accessible vehicles (WAVs).¹ During that initial one-year pause, Local Law 147 directed TLC, in conjunction with the City Department of Transportation (DOT), to study driver income, the extent to which FHVs contributed to traffic congestion, traffic safety, vehicle utilization rates, access to for-hire service in different areas of the City, driver availability, and any other topics deemed appropriate. Local Law 147 also gave TLC the authority to use the results of its study to establish vehicle utilization rates and to regulate the number of FHV licenses issued by geographic area, time of day or day of week of use, the vehicle's wheelchair accessibility, the vehicle's emissions, and other factors TLC deems appropriate to address traffic congestion, shared rides, traffic safety, vehicle emissions, FHV ridership, driver income, and the availability of FHV services in different parts of the City.

In accordance with Local Law 147, TLC and DOT issued a report in June of 2019 entitled "Improving Efficiency and Managing Growth in New York's For-Hire Vehicle Sector."² This report found that the explosive growth in the number of for-hire vehicles between 2010 and 2019 was an important factor in the City's worsening traffic congestion and the slowing of average travel speeds over that period. The report concluded that "city policies specifically addressing the operational efficiency of high-volume FHVs"³ were necessary, and thus recommended that the City implement a "cap on cruising"⁴ and that TLC continue the FHV license pause, maintain the WAV exception, and add an exception for electric vehicles (EVs).

Following the June report, TLC adopted rules in August 2019 to implement the report's recommendations.⁵ The rules also require TLC to review whether additional FHV licenses should be issued, beginning one year after the rule's adoption and continuing every six months thereafter. TLC will release results of such reviews and the number of FHV licenses to be issued, if any, in the succeeding six months. In conducting this review, TLC is required by the rule to review traffic congestion levels, driver pay, FHV license attrition rates, outer-borough service, and any other information it deems relevant in making its determination. In June 2021, TLC amended its rules to remove the EV exception and to add the availability and demand for EVs and the availability of EV charging infrastructure to the list of factors that TLC must consider in its review every six months.

¹ Local Law 147 of 2018 and New York City Administrative Code § 19-550

² https://www1.nyc.gov/assets/tlc/downloads/pdf/fhv_congestion_study_report.pdf

³ New York City Taxi and Limousine Commission and Department of Transportation, *Improving Efficiency and Managing Growth in New York's For-Hire Vehicle Sector*, p. 3.

⁴ Referred to in Local Law 147 as "utilization standards," this cap on cruising was adopted by TLC but has not been implemented due to a legal challenge.

⁵ https://www1.nyc.gov/assets/tlc/downloads/pdf/proposed_rules_hvfhs_cruising_08_07.pdf

This review focuses primarily on data relating to high-volume for-hire services (HVFHSs) because trips performed by HVFHSs make up the overwhelming portion of FHV trip numbers, and because traditional FHV companies submit their data with a longer time lag than HVFHSs, so HVFHS data is more current.⁶

Analysis

The State of the City's FHV Industry: COVID-19 Pandemic, Trip Volume, and Vehicle Supply

As TLC has detailed in previous reports, including the 2020 COVID-19 Impact Report⁷ and the February 2021 FHV License Review,⁸ the COVID-19 pandemic and associated economic slowdown has deeply affected the FHV industry in New York City. While some FHV licensees continued to drive during the height of the pandemic, including those who helped transport essential workers and participated in programs such as the City's Emergency Food Delivery Program, many licensees quarantined at home. Passenger demand plummeted as the public responded to stay-at-home orders issued by the State and City. In order to alleviate some of the financial burden on drivers, TLC instituted a temporary measure that allowed FHV licensees to put their licenses in storage, allowing them to maintain their licenses without carrying additional insurance while their vehicles were inactive. Additionally, TLC supported the health of its licensees by directly helping over 6,500 drivers schedule vaccine appointments when the COVID-19 vaccines became available.

Trip volumes declined significantly beginning in mid-March 2020 as the City began closing down in response to the pandemic. Between February 2020 and April 2020, HVFHS trips declined notably – from nearly 750,000 to about 144,000 daily trips.⁹ While there has been a steady increase in daily trips since the last license review, trip volumes are still significantly lower than pre-pandemic levels. For example, in July 2021, high-volume services completed 34% fewer trips in the central business district (CBD) than had been completed in July 2019.¹⁰ Citywide, high-volume services completed 26% fewer trips in the same period.¹¹

Passenger demand began returning slowly in the second half of 2020 and trip volumes moderately increased by 20% between July and December 2020. In the spring and early summer of 2021, HVFHS trips increased further, particularly in the CBD, as the City worked towards reopening in response to vaccine availability and declining COVID-19 cases. In February 2021, an average of 82,537 high-volume trips occurred daily in the CBD. By July 2021, this number increased by 64% to 126,327 average daily HVFHS trips in the CBD. Citywide, average daily high-volume trips have increased from 320,999 high-volume daily trips in July 2020 to 484,692 in July 2021.

⁶ In June 2021, HVFHSs dispatched an average of 498,675 trips per day in the City, compared to only 44,344 trips dispatched by traditional FHV bases (black car, livery, and luxury limousine).

⁷ <https://www1.nyc.gov/assets/tlc/downloads/pdf/covid-impact-report.pdf>

⁸ <https://www1.nyc.gov/assets/tlc/downloads/pdf/license-pause-report-2021-02.pdf>

⁹ License Review Report, Feb. 2021

¹⁰ In July 2019, there were 194,128 HVFHS trips in the CBD, compared to 126,327 in July 2021.

¹¹ In July 2019, an average of 654,230 HVFHS trips occurred daily citywide, compared to 484,692 HVFHS trips in July 2021.

The increase in the number of average daily trips over the past six months has occurred while there has been a decrease in the number of licensed FHV's, from 99,387 in February 2021, to 96,493 in July 2021. TLC data also indicates that the number of active HVFHS vehicles increased modestly by 23% between February 2021 and July 2021, from 47,270 to 58,350. Active high-volume vehicles are those vehicles that completed at least one trip for a HVFHS during the six-month period.

Ultimately, the City's continuing recovery has positively affected the FHV industry and has led to an increase in FHV trips since the height of the pandemic, as well as moderate growth in the number of active vehicles used for HVFHS trips. However, the number of average daily trips remains significantly lower than during the pre-pandemic period. Furthermore, over 30,000 licensed FHV's are not actively servicing the public as of July 2021, which means there is a large pool of FHV licenses still available to serve passengers citywide.

Traffic congestion levels

TLC Rule 59A-06(a)(1) requires TLC to review congestion levels, with the results of such review aiding in the determination of the number of FHV licenses issued by the Commission.

Data from DOT and the Department of City Planning indicate that bridge and tunnel traffic remains close to pre-pandemic levels at roughly 100% of where it was in July 2019. Furthermore, according to DOT, Midtown traffic speeds have been decreasing since March 2021 as Manhattan-bound traffic has approached pre-COVID levels.¹² The existing pool of HVFHS vehicles contributes to this congestion; as previously noted, in the CBD, HVFHS trips have increased by 64% from 82,537 in February 2021 to 126,327 daily trips in July 2021.

Along with higher levels of traffic congestion, passenger wait times for high-volume trips have also risen. Wait times increased in New York City by 12% between February 2021 and July 2021, with the average citywide wait time increasing from 5.9 minutes to 6.6 minutes, or just over 30 seconds. Changes to wait times in each borough and the CBD over the six-month period are as follows:

- Brooklyn: +14%, from 5.6 minutes in February 2021 to 6.4 minutes in July 2021
- Bronx: +14%, from 5.9 minutes in February 2021 to 6.7 minutes in July 2021
- Queens: +8%, from 6 minutes in February 2021 to 6.5 minutes in July 2021
- Staten Island: -8%, from 8.7 minutes in February 2021 to 8 minutes in July 2021
- Central Business District: +24%, from 4.9 minutes in February 2021 to 6.1 minutes in July 2021

The additional average wait time of just over 30 seconds is modest and may reflect increases in traffic congestion and the continued effects of the COVID-19 pandemic, including supply and demand dynamics and active FHV licenses.

¹² Communication with DOT, July 27, 2021.



Driver Earnings

TLC Rule 59A-06(a)(1) requires TLC to review driver pay, with the results of such review aiding in the determination of the number of FHV licenses issued by the Commission.

As noted in both the COVID-19 report and the February 2021 FHV License Review, HVFHS drivers experienced a severe drop in earnings during the pandemic, and the significant reduction in passenger demand led to a substantial decline in the number of vehicles on the road. However, as previously noted, the industry has experienced a significant increase in trips since the height of the pandemic, creating opportunities for working drivers to earn more money. During the six-month period relevant to this report, HVFHS driver earnings have increased by 10%, with weekly earnings in February 2021 at \$1,086 compared to \$1,191 in July 2021. This earnings data represents an increase from pre-pandemic levels, where average weekly high-volume pay was \$1,025 for the period of February 2019 – June 2019.

As the City exits from the COVID-19 pandemic, it is apparent that increased driver income is related to the overall increase in economic activity and travel that are taking place. As trip volumes continue to rise, particularly in the CBD, TLC expects that driver incomes will continue to increase. Issuing new FHV licenses at this time could cause an oversupply of vehicles on the road, undermining the increase in earnings that active drivers have seen in recent months.

License Attrition Rates

TLC Rule 59A-06(a)(1) requires TLC to review vehicle license attrition rates, with the results of such review aiding in the determination of the number of FHV licenses issued by the Commission.

There are 96,493 total FHV licenses as of July 2021, a modest decrease from 99,387 licenses in February 2021. In order to alleviate costs for vehicle owners that were not able to put their vehicles in service, TLC instituted a temporary policy to allow FHV licenses to be placed in storage, where over 6,000 licenses remain as of July 2021. These thousands of vehicles are not included in the 96,493 licensed FHV's as of July and represent untapped supply should the demand for trips increase. In addition to the over 6,000 licenses in storage, over 30,000 licensed FHV's did not complete a trip in July 2021, and could be utilized to meet future demand if needed.

In the six-month period covered in this report, 902 new FHV's passed initial inspection for new licensure (i.e., not a renewal license), while 8,728 licenses expired. Of the 902 new licenses, 34.8% were lease-to-own vehicles,¹³ 22.7% were Battery Electric Vehicles, 2.1% were Street Hail Livery (SHL) vehicles (FHV's attached to an SHL permit), and 40.4% were wheelchair accessible. During this period, 29,791 licenses were eligible for renewal and monthly attrition rates averaged below 40%. It is important to note that the attrition rate can change over time because licensees are still eligible to renew their license and pass a vehicle inspection for 180 days after their license expires.

As noted above, passenger demand and the daily average number of trips plummeted during the COVID-19 pandemic, so while these metrics are increasing as the City recovers, they are still well below pre-pandemic levels.

¹³ https://www1.nyc.gov/assets/tlc/downloads/pdf/conditional_sales_request_guide.pdf

Outer-Borough Service

TLC Rule 59A-06(a)(1) requires TLC to evaluate outer borough service, with the results of such review aiding in the determination of the number of FHV licenses issued by the Commission.

Over the six-month period, average high-volume daily trips increased in three of the four boroughs outside of Manhattan, reflecting the City's overall reopening in the spring and early summer of 2021. By borough, high-volume daily trips are as follows:

- Queens: +20%, from 77,242 in February 2021 to 96,212 in July 2021.
- Brooklyn: +6%, from 125,831 in February 2021 to 133,849 in July 2021.
- The Bronx: -4.6%, from 66,197 in February 2021 to 63,279 in July 2021.
- Staten Island: +15%, from 5,801 in February 2021 to 6,844 in July 2021.

The increase in outer-borough trips reflects the overall increase in average daily trips, which, as previously noted, remains significantly lower than during the pre-pandemic period.

Electric Vehicles: Availability and Demand for Electric Vehicles and Charging Infrastructure

Upon eliminating the initial electric vehicle exception to the license pause, TLC Rule 59A-06(a)(1) now requires TLC to consider issues surrounding EVs, with the results of such review aiding in the determination of the number of FHV licenses issued by the Commission. Under the revised rule, TLC FHV license holders remain able to change the vehicles on existing for-hire licenses from gas-powered vehicles to EVs. As the EV exception was in place during a majority of the six-month period relevant to this review, TLC issued new FHV licenses for 205 EVs. Furthermore, 186 applicants had already started the application process or purchased vehicles during the period when the rule revision was being considered, and TLC has determined that these applicants will be allowed to continue the application process at this time. Of the 186 applicants, 158 have already been issued an FHV license and the remainder are still pending. Those pending will not be guaranteed a license, as they are in various stages of the application process and must meet all of the requirements of that process, including obtaining license plates from the DMV, submitting registration information to TLC, and having their vehicles inspected by TLC; however, once an applicant fulfills each of these requirements, they may be granted a new FHV license for their EV.

TLC is focused on ensuring a thriving and sustainable licensed vehicle industry and electrifying all licensed vehicles. To that end, TLC encourages FHV license holders to convert their vehicles to EV.¹⁴ Furthermore, TLC is working with stakeholders including drivers, fleets, base owners, auto manufacturers, Con Ed, battery charging infrastructure providers, and agency partners such as DOT, the Department of Citywide Administrative Services, and the Port Authority. In particular, TLC is working with stakeholders to increase the amount of EV charging available in New York City in order to meet future demand.

TLC has added new FHV licenses for EVs during the six-month period and continues to work on electrifying the licensed vehicle fleet.

¹⁴ TLC is also actively working to bring wheelchair accessible electric vehicle options to New York City.



Conclusion

As required by TLC Rule 59A-06(a)(1), TLC has conducted a thorough review of the state of the City's FHV industry, including assessing the industry in light of the COVID-19 pandemic, trip volumes, vehicle supply, traffic congestion levels, driver earnings, license attrition rates, outer borough service, and availability and demand for battery electric vehicles and charging infrastructure. Based on the foregoing analysis, since there are sufficient existing TLC-licensed vehicles for current passenger demand, the TLC finds that additional licenses are not needed at this time.