Housing NYC: Rents, Markets and Trends 2003

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Chairman's Acknowledgments

As chairman, I am honored to present the 2003 edition of *Housing NYC: Rents, Markets and Trends,* the NYC Rent Guidelines Board's compendium of research reports prepared by the RGB staff during the year. The annual Housing NYC book provides a helpful resource not only to the Board when making its guidelines determination, but also provides a valuable resource for members of the public seeking data and information on the NYC housing market, housing income and affordability, the city's economic status and much more.

I take pride in the research work conducted by our fine staff, which provides the analytic basis of the decision the Board makes when we are engaged in discussions regarding rent adjustments each year. The research staff of the Board worked tirelessly to prepare the reports presented to you in this book. I am fortunate to have the pleasure of working with such a fine group.

In an attempt to provide further insight into the rent stabilized housing stock, staff prepared a new research report, *Changes to the Rent Stabilized Housing Stock in New York City, 1994-2002*, designed to indicate the changes in the rent stabilized housing stock by quantifying the events that lead to additions to and subtractions from this category of housing. In addition, the RGB has added a new section to the *2003 Income and Expense Study*, exploring inflation-adjusted Net Operating Income (NOI) in each borough. The RGB will endeavor to perform and update these new studies on an annual basis.

Furthermore, I want to extend my heartfelt thanks to each and every member of the Rent Guidelines Board. They all deserve appreciation for their hard work. I particularly applaud their efforts in light of the fact that many new members joined the Board this year, and I thank them for agreeing to devote their time and energy to the board. I am pleased to serve as chairman of such a committed and concerned board.

Finally, I must sincerely thank the hard work and dedication that Anita Visser has provided to the Board over her many years of service, first as a research associate, then as Executive Director. This book represents Anita's final year with the Board, and every Board member, the staff and not least myself, will miss not only her excellent work, but also her charm and wit that she provided every day in the office and at each board meeting. I wish her the best of fortunes in her future endeavors, and she will be sorely missed.

Marvin Markus
Chairman

Executive Director's Acknowledgments

Every year, the New York City Rent Guidelines Board (RGB) releases a compendium of its primary research that is produced by the staff over the guidelines-setting season. This year's edition, *Housing NYC: Rents Markets and Trends 2003*, marks the fifteenth year in which the RGB has published its research in compendium form.

The 2003 edition will also mark the sixth and, for the time being, the final compendium I will contribute to as Executive Director or Research Analyst. My time with the New York City Rent Guidelines Board has been in most every respect a 'dream' public policy job – balancing opposing interests, administering and informing the making of law, listening to all sides and never fully pleasing anyone. From the first day forward, I found the RGB's mission to be stimulating, challenging and often fascinating. Housing, or most simply, the need for shelter, is a integral part of everyone's lives. As Director, the way I saw to fulfill our function at the Rent Guidelines Board as part of New York City's housing umbrella, was to maintain a rational process by producing reliable research and testimony, and to administer open access to the process to ensure that all voices could be heard. As I look back over my tenure, which happened during the same period as such turbulent events as the end of the United State's longest economic expansion on record, the 9/11 attacks, the recession, and unpredictable shifts in energy and other costs, I believe we were able to accomplish both goals despite the changing and challenging times.

As Director, I have been honored to work with an outstanding group of staff members, both past, Cecille Latty, Karen Destorel Brown and Susan Hayes, and present, as described below. This year, the RGB staff produced six reports. The RGB's principal research product is the Price Index of Operating Costs (PIOC), which measures annual changes in operating and maintenance costs in rent stabilized buildings. This is the twelfth year that Senior Research Associate Andrew McLaughlin has, in addition to drafting many sections and designing the look of the report, supervised the entire survey process. Andrew managed a team of surveyors and oversaw the collection of thousands of price quotes. With the assistance of our PIOC Temp Manager Shirley Alexander, serving in her tenth year on the survey team, the PIOC survey process ran smoothly and efficiently. Our survey team consisted of Lana Ranger, working on her third PIOC and Charmaine Frank. Thanks are also due to Brian Hoberman for surveying fuel costs and to another long-time associate of the RGB's, Jim Hudson, for his calculation of the real estate tax component, and overview of the PIOC report. I extend my gratitude to all for their outstanding efforts.

In addition to the PIOC, the RGB research staff produced five other reports this year. Research Associate Brian Hoberman, completing his fourth season with the Board, handled primary research duties on three of the staff reports: the *2003 Mortgage Survey*, the *2003 Income and Affordability Study* and the *2003 Housing Supply Report.* Brian is a diligent researcher and the kind of writer that can explain the technical, complex and arcane facts the RGB must often report in a clear and readable manner. He has taken on and expanded three of the most accessible reports that most often find an audience beyond the Board itself. In addition to making regular contributions to the Board's web site, Brian is the RGB's resident wit, bon vivant, computer whiz and cycling enthusiast and has been a delight to work with. The fourth report, the *2003 Income and Expense Study*, was completed by the Director this year, and this year's special report, *Changes to the Rent Stabilized Housing Stock 1994-2002*, was a collaboration between the Director and former DHCR Research Director Art Shulman. All RGB researchers assisted in the editing of this compendium.

As a Senior Research Associate with twelve years of experience at the RGB, perhaps no one has a more comprehensive knowledge of the RGB's processes and functions than Andrew McLaughlin. Andrew not only supervises the PIOC, but his talents also allow him to wear a variety of hats at the RGB. He is a talented graphic designer who designed and formatted this book, and acts as in-house webmaster for the RGB's web site: Housingnyc.com. He assists in the writing and editing of every report and serves as the office's information systems expert as well. Andrew has been a stalwart associate, analyst and researcher. He has been a solid second-in-command whose judgment and instincts I could always trust and is the kind of staff member every director hopes and needs to have. More than a colleague, Andrew has been a supporter and friend in whom I hold the highest esteem and confidence that he will succeed in whatever he takes on next.

The RGB's Office Manager and longest-serving employee, Leon Klein, has in 2003 entered his nineteenth year of service to the Board. Leon never fails to prepare the RGB books with professionalism and conscientiousness, and has always made sure that every staff member and vendor gets paid on time. Leon's command of numbers, institutional

knowledge of the Board and staff, loyalty and reliability have impressed me and all who come in contact with him. What may be less evident to the public eye is the Leon I have known and appreciated around the office for the last six years. Leon is a consummate gentleman, who walks a new employee to the bank, escorts members of staff home after a late meeting and generously buys treats to share with the staff almost every day. He truly follows his motto: to work smarter, not harder, and has been a kind-hearted colleague and friend.

The public voice of the RGB is Charmaine Frank, now beginning her second year with the Board as Public Information Officer. Originally a member of the Price Index survey team, Charmaine became a permanent member of staff last year and now gives information on rent regulation and housing issues to the hundreds of callers the RGB gets each week. She has shown her initiative and versatility by assisting with the Price Index in performing the monthly fuel survey, organizing public meetings, communicating with Board Members, publicizing the Board's actions, and keeping the office's communications running a smooth course.

The primary client of the staff of the RGB is of course, the Board. I have been fortunate to serve the City of New York with almost two dozen dedicated people who take time from their primary careers to make arguably some of the most difficult decisions in New York's pubic policy, affecting more than 2 million tenants and 25,000 owners each year. For this service, they often are reminded that almost no one is happy with the outcome; no matter how hard they deliberated. Each one impressed me with their commitment to public service. Over the last six years, there are three superb Chairs I have served with in implementing the rent-setting process. I owe a debt of gratitude to the longest-serving Chair, Edward Hochman, who had faith in my abilities to lead the staff and research efforts. I doubt that anyone who meets Ed has not felt the strong impression of his vibrant personality. I learned a great deal from Ed's interests and vast reserves of knowledge—from running meetings, to making an argument, to history lessons–from that of New York City to the Civil War. He never failed to provoke thought or to present another compelling perspective on issues and I am grateful for his support and the chance he gave me to direct the RGB. Steven Sinacori led a season at the helm of the RGB with professionalism and tenacity, and I enjoyed working with him. Marvin Markus returned for a second stint as Chair in 2002. Marvin has been committed to rationalizing the process, is unafraid to tackle the difficult subjects, and to find out more where we know the least. He has been a professional, hard-working, fair and direct leader to the staff, always open to ideas, research proposals and suggestions and generous with his abilities and knowledge. Marvin's efforts have helped to improve the process and the research and it has been a pleasure to work with him over the last two seasons.

In addition, I have been honored to serve with the following Board Members: Harold Lubell, Augie Rivera, David Pagan, Bartholomew Carmody, Vince Castellano, Ed Weinstein, Justin Macedonia, Jeff Coleman, Mort Starobin, David Rubenstein, Adriene Holder, Betty Phillips Adams, Gale Kaufman, Elizabeth Lusskin, Martin Zelnik and Steve Schleider. I thank them all for their support and sense of public service that brought them to this process.

In addition to the Chair, the Board and the Staff of the RGB, I would like to acknowledge and thank the following individuals who have mentored me throughout my time at the RGB. Tim Collins, the former Executive Director and Legal Counsel of the Board, despite running a busy legal practice, made himself available to me for questions large and small. Tim's concern for the Board and staff has never wavered, and his professional advice and friendship was an enormous support to me throughout my six years with the Board. Dr. Anthony Blackburn, the primary architect of the latter-day Price Index, economic, statistical and methodological consultant supreme and longtime friend to the RGB, provided unique expertise, institutional knowledge, elegant solutions to seemingly intransigent problems and his delightfully agile intelligence and gentlemanly stewardship to our process for more than 20 years. Tony taught me a great deal about the history and workings of the Board and the intricacies of the Price Index, and I am proud that our association has expanded from colleagues to an enduring friendship. I first knew Art Shulman as familiar face at most of the RGB's meetings. I learned he was roughly my counterpoint at Director of Research at DHCR, and our conversations grew to consultations and finally, collaboration. Art has been unfailingly generous with his knowledge and I owe a large part of my knowledge of rent regulation to him and our discussions over the years. Jim Hudson is another member of the RGB's research consulting team with a long history of work with and friendship to the Board. Jim has become so much more than a 'hired gun' with his annual assistance on the Price Index reaching into its 7th year, he has been a teacher, creative force and methodological guru that has earned not only my own, but all of the staff's and Chair's admiration and respect.

I would be remiss not to mention, and I hope all understand, not unfair, to single out two extraordinary Board members unique for their length of service to the Board, and for their great support and friendship to me. Harold Lubell and Augie Rivera, the longest-serving members at 19 and 17 years respectively, have mentored me and shared their in-depth knowledge and historical perspectives drawing from their service on the Board with me from my first day as Director. I admire both of your keen sensibilities and your demonstration of public service, and having both of you by my side has meant a great deal to me at each an every meeting and hearing.

I thank all of these accomplished and talented people and it is true to say I could not have succeeded in the position of Director without each and every one of you.

Although RGB reports are produced entirely "in house," our research efforts would not be possible without assistance from many others. For the information they provided, our gratitude goes out to: Warren Liebold of the NYC Department of Environmental Protection for assisting the RGB in obtaining water/sewer data; Lisa S.J. Yee at the NYC Department of Housing Preservation and Development (HPD), who provides data on tax benefit programs; Hank Perlin, Deputy Director, Tax Incentives Program, at HPD for his assistance on units created under tax incentive programs; Bill Sears and Eric Kober at the Department of City Planning, for data on new housing completions; Farid Heydarpour at the NYC Comptroller's Office, who provides labor force data; Kenneth LeVasseur at the U.S. Bureau of Labor Statistics, who provides NYC labor statistics; Joe Nardone and Justine Gordon at the NYS Department of Labor, who provides payroll information; Fred Badalamenti at the Department of Buildings for city-wide construction data; Percy Corcoran at the Bureau of City Marshals for information on evictions and possessions; Nestar Bunbury and Raj Pathani at the NYS Attorney General's Office, for information regarding cooperative and condominium developments; Ernesto Belzaguy at the NYC Civil Court, for data on housing court proceedings; Art Shulman of the NYS Division of Housing and Community Renewal (DHCR) for answering our many queries and providing consultation on the *Changes to the Rent Stabilized Housing Stock 1994-20 02*; Commissioner Paul Roldan, David Cabrera, Luke O'Brien, and Elliott Vizansky at DHCR for their assistance and expertise; George Sweeting of the Independent Budget Office for lending his expertise on real estate taxes; and Florence Miller and Abe Kleinbardt of the NYC Department of Finance for producing the income and expense data. Special thanks are also due to Leonard Linder and his staff at the NYC Department of Finance for providing the data for the real estate tax component of the 20 03 PIOC.

Our appreciation is extended to the numerous agencies that provided useful data throughout the year. At the national level: the U.S. Census Bureau, Residential Construction branch; the Bureau of Labor Statistics; and the Department of Housing and Urban Development, Economic and Market Analysis Division. Agencies at the state level include: the Real Estate Financing Bureau of the Attorney General's Office; the Division of Housing and Community Renewal; and the Department of Labor's Research and Statistics Division. Local level sources include: the Department of Finance; the Department of Buildings; the Department of City Planning; the Mayor's Office of Operations; the Comptroller's Office; the Office of Management and Budget; Corporation Counsel; the Bureau of City Marshals; and the Department of Housing Preservation and Development, Office of Development.

Thanks are also due to those who lent their expertise to our administration this year. From HPD we would like to thank Harold Shultz, Moon Wha Lee and Sheree West.

Finally, we give special thanks to those who testified at RGB meetings this year: Martha Stark, Commissioner, New York City Department of Finance; from DHCR, Deputy Commissioner Paul Roldan, Assistant Commissioner Claudia Justy and Deputy Counsel David Cabrera; Mary Ann Rothman, Executive Director, Council of New York Cooperatives & Condominiums; Jack Levy, Senior Managing Director, Rose Associates, Inc.; Deborah Howard, Housing Director, Pratt Area Community Council; Robin LeBaron, Program Manager, Community Association of Tenants in Controlled Housing (CATCH); Mark Levitan, Senior Policy Analyst, Community Service Society; and Daniel L. Greenberg, President and Attorney-in-Chief, The Legal Aid Society.

Anita Visser
Executive Director

Income and Expense

2003 Price Index Of Operating Costs

what's new

- ✔ The Price Index of Operating Costs for Rent Stabilized Apartment Buildings (PIOC) increased 16.9% this year.
- ✔ Costs in pre-war buildings increased 18.4% and costs in post-war buildings rose 16.2%.
- ✔ The PIOC was higher than projected mainly because of sharp increases in taxes, fuel prices and insurance rates.
- ✔ The "core" PIOC, which excludes the erratic changes in fuel oil prices, natural gas, and electricity costs, is useful for analyzing inflationary trends. The core rose by 10.6% this year.
- ✔ Fuel oil costs increased 66.9%, the highest rise in this component in PIOC history.
- ✔ Real estate taxes rose 14.8%, due to the strong rise in assessments and the increase in the tax rate.
- ✔ Labor Costs rose 3.5%, slightly less than last year's growth.
- ✔ The Utilities component increased by 21.7% due primarily to sharp increases in natural gas and electricity costs.
- ✔ Insurance Costs grew by 40.5%, the highest increase in this component since 1986.
- ✔ The Price Index of Operating Costs for Rent Stabilized Apartment Buildings is projected to increase 6.4% next year.

Introduction

The Price Index of Operating Costs (PIOC) measures the price change in a market basket of goods and services used in the operation and maintenance of rent stabilized apartment buildings in New York City. The goods and services which make up the market basket were originally selected on the basis of the findings of a study of 1969 expenditure patterns by owners of rent stabilized apartment buildings. Minor changes in the specification of some of these goods and services have been carried out over time to maintain the representativeness of the market basket. The relative importance of the various goods and services in the market basket was updated in 1983 by means of a study of expenditure patterns of owners of rent stabilized apartment buildings.

The PIOC was maintained by the Bureau of Labor Statistics (BLS) from 1970 to 1981. From 1982 to 1990, the PIOC was prepared by private consulting firms. In 1991, the Rent Guidelines Board (RGB) staff's growing expertise and familiarity made it possible to move the PIOC "in house."

The Price Index of Operating Costs for Rent Stabilized Apartment Buildings rose ...

The PIOC measures changes in the cost of purchasing a specified set of goods and services, which must remain constant both in terms of quantity and quality from one year to the next. The need to exclude the effect of any alterations in the quality of services provided requires that very careful specifications of the goods and services priced must be developed and applied. The pricing specifications must permit the measurement of changes in prices paid for carefully defined pricing units with specific terms of sale, such as cash, volume or trade discounts. For certain items, such as real estate taxes, the price paid is determined administratively, and the information is collected from City records.

Changes in the overall PIOC result from changes in the prices of individual goods and services, each weighted by its relative importance as a percentage of total operating and maintenance expenditures. Because the market basket is fixed in the sense that the quantities of goods and services of each kind remain constant, the relative importance of the various goods and services will change when their prices increase either more quickly or more slowly than average. Thus, the relative importance, or weight, attached to each good or service changes from year to year to reflect the different rates of price change among the various index items. The expenditure weights used in the construction of the 2003 Price Index are based upon the 1983 Expenditure Study and revised on the basis of the 1982-2002 measured price changes.

terms and definitions

Price Index - the measure of price change in a market basket of goods and services.

Component - categories of goods and services, such as Labor Costs or Taxes, that comprise the market basket of a price index.

Item - representative individual goods and services within a component, such as Pushbroom, Plumbing, Faucet or Roof Repair.

Price Relative - the ratio of current and prior year's prices.

Expenditure Weight - the relative importance of the change in costs of different goods and services.

Specification - defined pricing units with specific terms of sale, such as cash, volume or trade discounts.

The importance of each index component is shown by its "expenditure weight" (see Appendix B.2). The measured 2002-03 price changes in each index component are also presented in this table. The expenditure weights and the 2002-03 price changes are then combined to provide the overall change in the PIOC over the period from 2002-03.

The 1983 Expenditure Study provides a basis for calculating separate sets of expenditure weights for buildings constructed before 1947 and for buildings constructed in 1947 or later (post-1946). Typically, buildings constructed before 1947 incur a lower percentage of operating and maintenance costs for property taxes, but their fuel costs represent a significantly higher percentage of total operating and maintenance costs than do the fuel costs of the post-1946 buildings. The differences between the pre-1947 and post-1946 buildings are submerged when their expenditure patterns are combined in the construction of the overall PIOC. It is nevertheless possible to develop separate price indices for the pre-1947 and post-1946 buildings. In addition, there are separate price indices for gas-heated, oil-heated and master-metered buildings. Although the expenditure weights for all rent stabilized buildings and for each of the five subcategories of buildings differ, the price changes are the same for each of the six indices. (See Appendices B.2 and B.3)

The PIOC consists of nine cost components, each designed to measure changes in a category of costs such as fuel, insurance, utilities, etc. The methodology for each component is described in the final section of this report.

Summary

apartments

Change In Costs for Rent Stabilized Apartment Buildings, April 2002 to April 2003

Taxes	14.8%
Labor Costs	3.5%
Fuel	66.9%
Utilities	21.7%
Contractor Services	4.8%
Administrative Costs	5.4%
Insurance Costs	40.5%
Parts and Supplies	0.4%
Replacement Costs	1.4%
All Costs	**16.9%**

This year, the PIOC for rent stabilized apartment buildings increased by 16.9%, eighteen and one-half percentage points above the PIOC percent change from the year before (-1.6% in 2002). The PIOC has been performed since 1969—this is the second highest Price Index increase in the 35-year history of the survey, just under the 17.0% increase found in 1980.[1] Since 1990, in years the Price Index rose rapidly, the survey has generally measured either high fuel price and/or property tax increases. This year is no exception. Fuel prices, insurance costs, utility rates and real estate taxes in rent stabilized buildings all increased in 2003 at either the highest or among the highest rates ever measured in the history of the Price Index. Among the remaining components, Contractor Services and Administrative Costs experienced the highest increases since 1991 and 1990 respectively. Only Labor Costs, Parts and Supplies and Replacement Costs rose at rates more typically seen in recent years. See the adjacent table and Appendix B.2 for changes in costs and prices for all rent stabilized apartment buildings from 2002-03.

The "core" PIOC, which excludes the erratic changes in fuel oil, natural gas and electricity costs, is useful for analyzing long-term inflationary trends. The core PIOC rose by 10.6% this year, propelled mainly by tax and insurance increases, and outpaced the growth in the Consumer Price Index (CPI) (2.8%), by almost 8 percentage points.[2]

Price Index Components

Taxes

The Tax component of the PIOC is based entirely on real estate taxes. The change in taxes is estimated by comparing aggregate taxes levied on rent stabilized apartment houses in FY 2002 and FY 2003. The tax data was obtained from the New York City Department of Finance.

Real estate taxes for rent stabilized buildings rose this year by 14.8%. The change in taxes was driven both by the strong rise in assessments and the increase in the property tax rate implemented in January 2003. The tax rate for Class Two properties, the category that contains the vast majority of rent stabilized buildings, dropped slightly from the year before and then rose by a rate of 9.25% for the second and third quarters of FY 2003. Changes in tax exemptions and abatements had little impact on taxes this year.

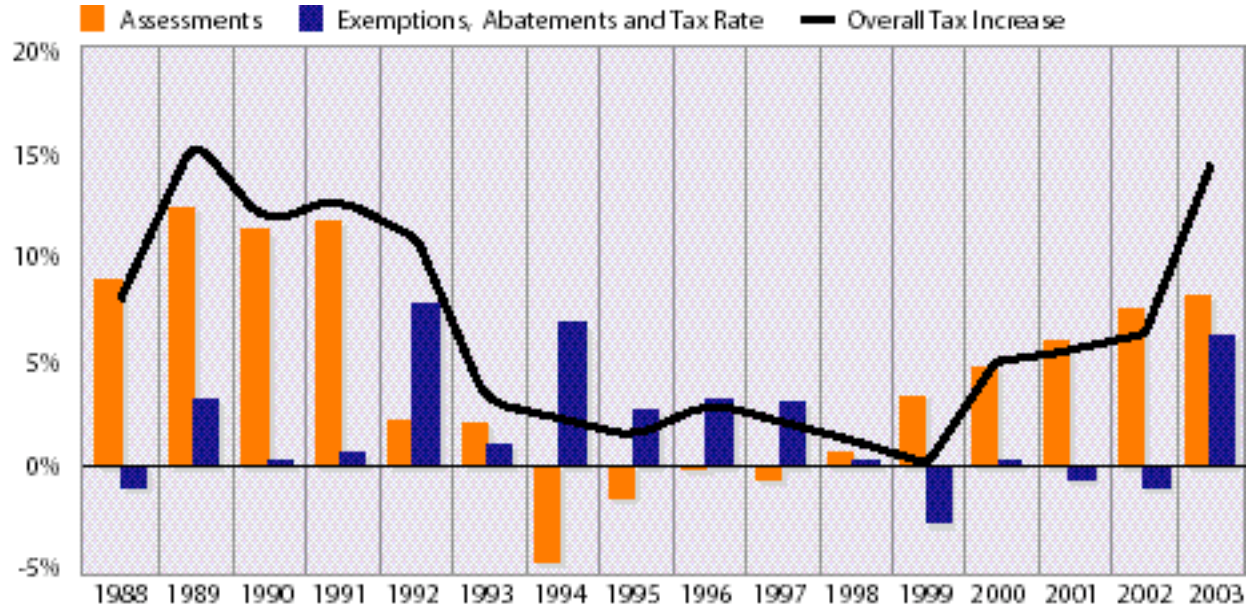
Tax Levy — The total tax levy for all properties in the City (commercial and residential) increased by 15.3% from FY 2002 to FY 2003, due both to the property tax increase and rising assessments. The Class Two property levy rose at about the same rate as the City as a whole, by 15.2%. The distribution of the levy among property classes tends to shift from year to year. In recent years, more of the tax burden has generally fallen on Class Two properties. However, from FY 2002 to FY 2003, the levy share for Class Two properties decreased minimally, by .02 percentage points, to 34.92% of the total tax burden.

Tax Rate — From FY 2002 to FY 2003, the tax rate for Class Two properties decreased for the fifth time in six years, by 2.1% to 10.564. However, an increase in property tax rates of 18.49% was instituted to be effective for the second half of FY 2003. The FY 2003 Class 2 rate of 10.564 was therefore raised by half of the tax rate increase (9.25%) in January resulting in a new annualized rate of 11.541 (a 6.9% increase over the rate for FY 2002).

Assessments — The assessed valuations of rent stabilized buildings rose dramatically from the late 1980s through 1991, increasing 8% or more each year (see graph on this page). In FY 1992 and FY 1993, the

Percent Change in Taxes due to Assessments and Exemptions/Abatements/Tax Rate 1988-2003

Rising Property Values Increase Billable Assessments for the Sixth Consecutive Year



Source: New York City Department of Finance

increase in valuations for stabilized buildings slowed to 2% per year. The impact of the recession was finally reflected in tax bills the following two years—valuations dropped 4.7% in FY 1994 and 1.3% in FY 1995. Smaller decreases occurred in the next two years.

For the sixth consecutive year, assessments of rent stabilized buildings increased in FY 2003. Across the City, assessments rose by 8.2%, which is 0.7 percentage points higher than last year's rise of 7.5%. All five boroughs showed increases in assessments, ranging from 6.2% in both Staten Island and Brooklyn to a rise of 9.5% in the Bronx in FY 2003. Assessments rose in Queens by 6.6% and by 8.9% in Manhattan.

Abatements and Exemptions — This year, the number of rent stabilized buildings with abatements declined by 6.2%. However, the average benefit value of the typical tax abatement increased by 2% from FY 2002 to FY 2003. While the number of properties with tax abatements decreased in every borough except Staten Island from FY 2002 to FY 2003, the average value of abatements increased in Brooklyn, the Bronx and Manhattan. The net impact of the decrease in the number of abatements and the increase in the average abatement value in FY 2003 is a small increase in the tax liability for rent stabilized buildings of approximately 0.16%.

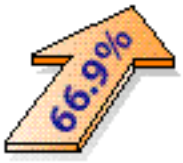
In FY 2003, both the number and value of average tax exemptions increased. Overall, 4.4% more rent stabilized buildings benefited from tax exemptions than in the year before, and the average value of exemptions increased by 7.6% this year. The increase in tax exemptions had a larger impact on the real estate tax component of the PIOC than the change in abatements. For all stabilized properties, the rising number and value of tax exemptions reduced owners' tax bills by about 1.3%. (See Appendices B.5 and B.6)

Labor Costs

The Price Index measure of labor costs includes union and non-union salaries and benefits, in addition to Social Security and unemployment insurance. The cost of unionized labor comprises about two-thirds of the Labor Costs component. The entire Labor Costs component comprises 17% of the overall Price Index.

Labor Costs rose 3.5%, a slightly lower increase than seen in last year's PIOC (4.0%). Unionized wages as a group increased by 3.1%, offsetting the faster growth in non-union pay (4.6%). This is the tenth consecutive year in which the growth in non-union labor pay outpaced union labor wages. In addition, employers saw an increase in the cost of union benefit contributions of 1.3%; down from last year's growth of 1.9%. Of particular interest this year is the change in the cost of unemployment insurance, which is up 14% primarily due to the rise in the New York unemployment rate.

Fuel



Colder than normal temperatures this winter and rising crude oil prices have raised heating oil prices to near record levels across New York City resulting in an unprecedented 66.9% increase in the cost of household heating oil. The increases in cost-weighted prices for #2 fuel oil, #4, and #6 were 54%, 81% and 91% respectively.

The PIOC measures fuel oil prices from May to April and then compares them to the same month from the previous year. Decreases occurred in fuel prices from May to August of 2002 over the same months from the previous year. From September 2002 to April 2003, fuel prices increased each month, the largest increases occurring during the heating season (November through April).

Along with measuring price, the PIOC also takes into account the effect of weather on the demand for fuel oil, especially during the heating season when the large majority of the fuel is burned. The effect of the increase in demand due to this year's colder than normal winter raised the cost of heating with oil by 27.0%.[3] The remainder of the 66.9% increase in fuel costs was primarily due to rising crude oil prices resulting from lower production in the oil producing country of Venezuela and fears of supply interruptions from a war with Iraq.[4]

Utilities

The Utilities component consists primarily of electricity, natural gas, and water and sewer charges. Telephone and steam costs are a small part of the Utilities component. In

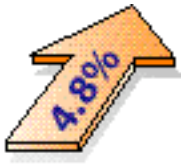
the case of most Utilities items, changes in costs are measured using the PIOC specifications (i.e. the quantity of electricity, steam, etc. being purchased) and the changes in rate schedules. Water and sewer costs are based on the rate established by the New York City Water Board.

This year, Utilities increased by 21.7%. Gas and electricity costs, which account for roughly 40% of the Utilities component, increased sharply: 40.4% and 42.8% respectively. The double-digit increases in gas and electricity costs were somewhat offset by an increase in water and sewer costs of 6.5%. Water and sewer costs account for more than half of the Utilities component. Steam costs that increased 56.9% and telephone costs that increased 3.2% had little impact on the overall Utilities component.

Unusually cold weather can lead to an increase in the demand for natural gas used for home heating. Due to the colder than normal 2002-03 winter in New York City, demand outpaced supply, which led to an increase in gas prices. In addition, oil prices also rose this past winter. A rise in oil prices often means a rise in natural gas prices because industry can substitute gas for oil placing further demand on supply.[5] Colder weather during the heating season increased the cost of heating with gas by 27.7%. The remainder of the 40.4% increase in gas costs to owners of multi-family buildings was due to a change in price.

This year, the PIOC measured the change in water and sewer charges by using the rate increase set by the New York City Water Board. The increase in water and sewer costs for rent stabilized buildings was 6.5%.[6]

Contractor Services

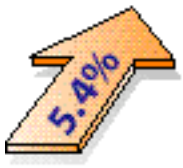


The Contractor Services component rose 4.8%, nearly one percentage point higher than last year's increase of 3.9%. The most important items in this component by weight are repainting and plumbing rates, which comprise two-thirds of the Contractor Services component.

For the third consecutive year, plumbing rates increased more than those for repainting. Repainting rates increased by 3.6% compared to last year's growth of 2.0%. Plumbers' rates rose 5.9% similar to last year's growth of 5.7%. Painters, as well as plumbers, reported that an increase in the cost of labor, materials and insurance were the three factors which led to a higher increase in their services this year compared to the previous year.

Every item in the Contractor Services component experienced some rise in prices. Boiler Tube Repair showed the highest increase (10.9%) of any item in this component due primarily to a significant rise in insurance costs. The rises in Refrigerator and Range Repair costs, which were nearly flat, had the smallest increases of any item in this component, 0.1% and 0.2% respectively.

Administrative Costs



The Administrative Costs component rose 5.4%, higher than the increase found last year (4.6%). Fees paid to management companies, accountants, and attorneys make up nearly this entire component.

A large portion of the growth in the Administrative Costs component can be attributed to a rise in management company fees (6.4%) that comprise over two-thirds of this component. Management fees are often tied to apartment buildings' rental income and are affected by changes in rents and vacancies. This year's growth is higher than last year's (5.6%), indicating that management companies continue to see increased rents and fewer vacancies in the buildings they manage.

Attorney and accounting fees saw similar increases in this year's PIOC. Attorneys' fees rose 3.2% compared to the prior year's slight increase of 0.5%. Accountants' fees rose 2.8% in 2003, slower than last year's rate of 3.9%. Accountants claimed that increases in inflation and the cost in living expenses led to higher rates. Attorneys cited the increase in court fees as the primary reason for raising their rates.

Insurance Costs

Insurance Costs increased sharply this year by 40.5%, the highest increase in this component since 1986 when costs rose 89%. This was a continuation of the rising insurance costs seen last year (16.5%). Changes in this

component in the fourteen-year period prior to 2002 were still among the most variable in the PIOC, ranging from a decrease of –1.5% to an increase of 5.2%. However, over the history of the Price Index, the Insurance Costs component is subject to very high increases and unlike energy-related items, never has shown commensurately large decreases.

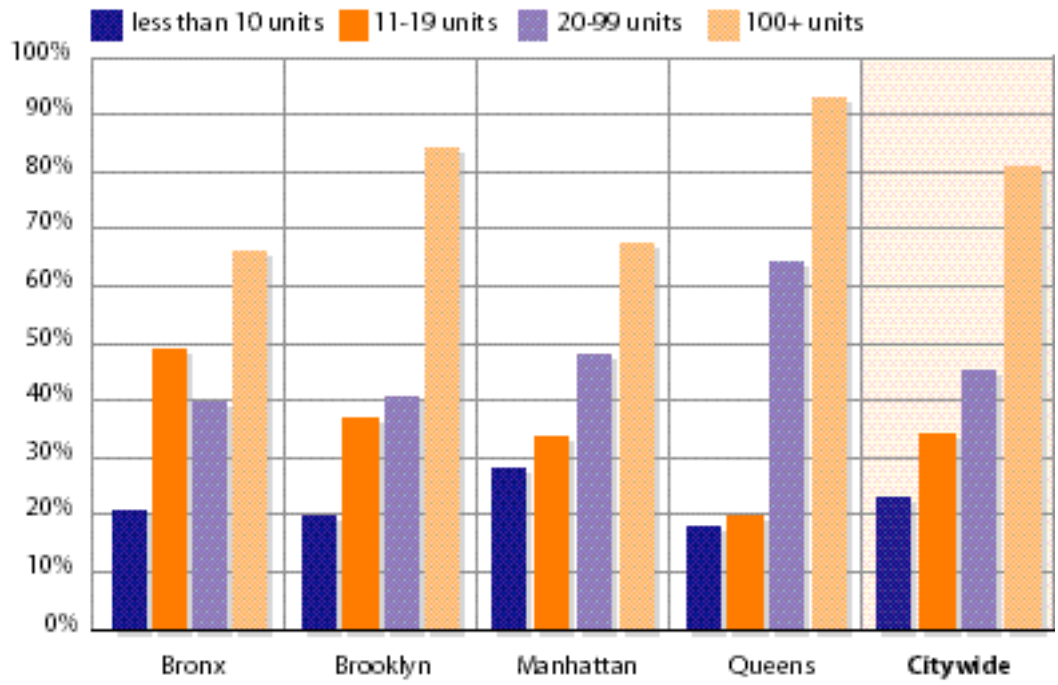
This year, the RGB staff examined the change in insurance costs by borough and by building size. Although increases varied by borough, the more dramatic difference occurred with building size. The cost of insuring a building with 100 or more units increased 80.7% citywide. Buildings with 20-99 units saw a 45.2% increase in insurance costs, while 11-19 unit buildings witnessed a 34.2% increase. Buildings with 10 units or less saw the smallest but still significant increase of 22.8%. When comparing increases in insurance costs by borough, the largest increase was in Queens (49.6%) followed by the Bronx (42.6%), Manhattan (40.4%), Brooklyn (34.6%) and Staten Island (11.2%). The pattern of building size increases citywide is similar in each borough. For a breakdown of insurance costs increases by building size and borough see the graph on this page.

The percentage of owners changing insurance carriers from year to year continued to increase in 2003. Roughly 24% of the building owner responses reported a change in insurance carriers for the surveyed building in the past year. This percentage is up from 21% seen in 2002. Owners who changed carriers experienced a larger rise in costs (43.8%) than owners who remained with the same insurer (32.0%). Those owners who changed the amount of coverage on their buildings, such as increasing the insured value or adding terrorism coverage, saw a 48.0% rise in cost compared to a 30.3% increase for owners who had the same coverage from year to year.

Insurance costs were propelled by the continued poor performance of the stock market over the last 12 months along with the continued reluctance of insurers

Change in Insurance Costs by Building Size and Borough 2002-03

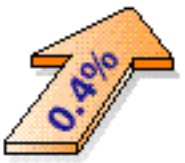
Large Buildings Experienced the Highest Increases in Insurance Costs Citywide



Note: Staten Island was not included in this graph due to the lack of any validated surveys returned that included 11-19 and 100+ buildings in this borough.
Source: 2003 *Price Index of Operating Costs* survey

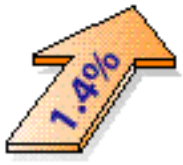
to remain in or enter the New York City insurance market after 9/11 for fear of further terrorist attacks. In addition, President Bush signed the Terrorism Risk Insurance Act in November of 2002. This legislation rescinded any state exclusions of terrorism coverage by insurers while at the same time made the federal government share the risk of future losses with insurance companies.[7] Policies including terrorism coverage are extremely expensive which continues to escalate insurance rates.

Parts and Supplies



The Parts and Supplies component accounts for roughly two percent of the entire Price Index. The overall increase in the Parts and Supplies component was 0.4%, slightly lower than last year's increase of 0.9%. Increases in this component have not exceeded 2.2% since 1992.

Replacement Costs



The Replacement Costs component is even less significant than the Parts and Supplies component, its weight being less than 1/100th of the PIOC. This year there was an overall increase in Replacement Costs of 1.4%.

Rent Stabilized Hotels

The Hotel Price Index includes separate indices for each of three categories of rent stabilized hotels (due to their dissimilar operating cost profiles) and a general index for all stabilized Hotels. The three categories of hotels are: 1) "traditional" hotels—a multipledwelling which has amenities such as a front desk, and maid or linen service; 2) Rooming Houses—a multiple dwelling other than a hotel with thirty or fewer sleeping rooms; and, 3) single room occupancy hotels (SRO's)—a multiple dwelling in which one or two persons occupy a single room residing separately and independently of other occupants.

The Price Index for all stabilized Hotels increased 16.0% this year, 17.5 percentage points higher than the 1.5% decrease found the year before. Prices increased in all of the components in the Hotel Index at similar rates to the same components in the Apartment Index. The Price Index for Hotels was just 0.9 percentage points lower overall than the increase in costs measured in the Apartment Price Index. The primary difference between the increase in the Hotel Index and the Apartment Price Index was in the Tax component. The increase in taxes for all types of Hotels was 12.8% overall versus 14.8% in apartment buildings.

There was notable diversity among hotel subgroups in tax expense this year, as real estate taxes increased in "traditional" stabilized hotels by 6.9%, by 17.9% in SRO's, and by 17.0% in Rooming Houses. The lower increase in tax burden found for "traditional" hotels this year was caused by the lower gains in assessed value for Hotels (4.5% compared to 10.0% and 9.2% for SRO's and Rooming Houses), and a discount in tax bills from exemptions (-6.8%), that was much larger than the discount found for the other classes of rent stabilized hotels (-1.1% and –0.3% respectively). (See Appendix B.5)

While the increase in Taxes, Fuel and Contractor Services were lower for stabilized Hotels than for apartments, these properties experienced higher increases for labor expense. Labor Costs increased more rapidly in Hotels (4.6%) versus the 3.5% rise in apartments, mainly due to the greater importance of non-union labor in the Hotel Index. Utility costs increased in Hotels by 25.9%, a larger increase than the 21.7% increase for apartments. The difference was due primarily to electricity costs in Hotels, which are weighted more heavily in Hotels than in apartments. Conversely, the rates for Contractor Services did not rise as quickly in Hotels (3.3%) as they did in apartments (4.8%) this year. Because the Contractor Services component is less important in the Hotel Index (accounting for about 10% of the weight) than in the Apartment Index (about 15% of the weight), the lower increase in maintenance rates did not offset the overall Hotel Index significantly. Although Taxes and Fuel increased at lower rates in the Hotel Index, these components are weighted more heavily than they are in the Apartment Index, so the effect of these components on the overall change in prices was similar in both indexes. These changes caused the Price Index for all

hotels

Change In Costs for Rent Stabilized Hotel Buildings, April 2002 to April 2003

Taxes	12.8%
Labor Costs	4.6%
Fuel	64.9%
Utilities	25.9%
Contractor Services	3.3%
Administrative Costs	5.3%
Insurance Costs	40.5%
Parts and Supplies	0.8%
Replacement Costs	2.2%
All Costs	**16.0%**

lofts

Change In Costs for Rent Stabilized Loft Buildings, April 2002 to April 2003

Taxes	14.8%
Labor Costs	4.4%
Fuel	72.8%
Utilities	20.1%
Contractor Services	4.8%
Administrative Costs, Legal	3.2%
Administrative Costs, Other	5.7%
Insurance Costs	40.5%
Parts and Supplies	0.4%
Replacement Costs	1.4%
All Costs	**17.9%**

stabilized Hotels to increase at a similar rate to the Price Index for all stabilized buildings. See the adjacent table for changes in costs and prices for all rent stabilized hotels from 2002-03.

Among the different categories of Hotels, the index for "traditional" hotels increased 12.6%, the index for Rooming Houses and SRO's both increased by 18.7%. (See Appendices B.4 and B.7)

Rent Stabilized Lofts

The increase in the Loft Index this year was 17.9%, 1 percentage point higher than the increase for apartments. This difference is explained primarily by the fact that Insurance Costs, which increased by 40.5%, are much more important for lofts than for apartments and placed more upward pressure on the Loft Index. See the adjacent table and Appendix B.8 for changes in costs and prices for all rent stabilized lofts from 2002-03.

The Core PIOC

The Core PIOC (see graph on the following page), which measures long-term local trends by factoring out shifts in fuel costs, gas, and electricity rates, rose 10.6% in 2003. The 10.6% rise in the 2003 Core was 5.4 percentage points higher than last year's Core PIOC projection of 5.2%, mainly due to the unpredictable mid-year increase in property tax rates and insurance costs that rose more rapidly than anticipated. Insurance Costs, Taxes and Administrative Costs showed the most variation between the actual and predicted core increases. All of the remaining changes in the core components in the 2003 projection and the actual 2003 core show agreement within a percentage point.

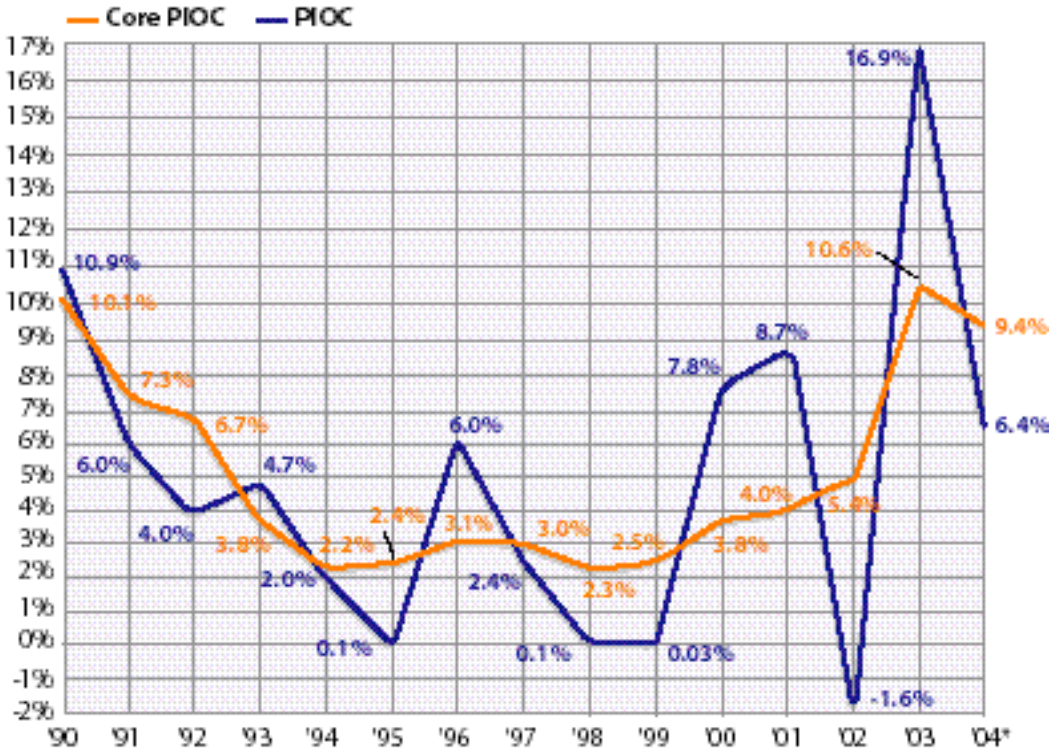
PIOC Projections for 2004

Section 26-510 of the Rent Stabilization Law requires the Board to consider the prevailing and projected operating and maintenance costs. Projections for the components of the PIOC are performed to provide the Rent Guidelines Board with an estimate of how much costs are expected to rise in the year following the current Price Index. The PIOC Projection is used in correlation with the old 'traditional' commensurate rent adjustment formula only. Before the new commensurate formulas were devised, the projection was used historically to assist the Board in setting guidelines for tenants choosing two- or three-year leases.

It is important to note that changes in costs and prices after April 2003, the last month covered by this study, will be measured in next year's Price Index. The PIOC Projection is not used in the calculation of the newer 'Net Revenue' and 'CPI-Adjusted NOI' commensurate formulas (see Commensurate Rent Adjustment section on page 20), which calculate one- and two-year guidelines that will compensate owners for the most recent change in costs measured by the Price Index. The PIOC Projection should not be considered in combination with these newer formulas in establishing guidelines.

Percent Change in the Price Index of Operating Costs and the Core PIOC, 1990-2004

The PIOC and the "Core" PIOC Rose Sharply in 2003



*Note: The percent change for 2004 was estimated.
Source: Price Indices of Operating Costs, 1990-2003, PIOC projection for 2004

Projecting changes in the PIOC has become more challenging in recent years. Energy prices—which affect about one-fifth of the market basket of operating costs measured in the index—have become increasingly wolatile. Unpredictable geo-political events and changing weather patterns are some of the forces behind large changes in fuel-related costs (heating fuel, electricity, gas and steam) that have in turn hindered the accuracy of the PIOC projections in recent studies.

This year, operating costs in rent stabilized apartment buildings increased by 16.9% versus last year's projected PIOC increase of 6.4%. The sharp increases in property taxes, fuel, utilities and insurance costs contributed the most to the variance between the 2003 projection and the actual 2003 PIOC.

Due to the unanticipated mid-year property tax increase, taxes rose 14.8% versus the projected 4.6%. Fuel costs, which had plummeted the year before (-36%) increased by 67% in 20 03 versus the expected increase of 18%, a difference of almost 50 percentage points. The major reason fuel prices are hard to predict is that PIOC projection methodology assumes a return to "normal" weather but actual weather patterns are generally warmer or colder than "normal", (see Endnote 3). Since the PIOC year (May-April) 20 03 was colder than normal, the actual increase was much higher than the prediction (18%). The actual increase in the 2003 Fuel component was very high (66.9%) due both to increased usage because of the heating season's very cold temperatures and increases in fuel prices that were higher than projected. Rising energy prices and the colder weather also contributed to utility costs increasing by 21.7% instead of the 4.6% increase predicted.

projections

Projected Change In Costs for Rent Stabilized Apartment Buildings, April 2003 to April 2004

Taxes	16.6%
Labor Costs	3.8%
Fuel	-18.5%
Utilities	1.8%
Contractor Services	4.1%
Administrative Costs	4.7%
Insurance Costs	19.7%
Parts and Supplies	0.7%
Replacement Costs	0.9%
All Projected Costs	**6.4%**

Insurance Costs, another volatile and increasingly unpredictable component, rose 24 percentage points higher than the 16.4% estimate to an increase of 40.5%. The 9/11 terrorist attacks continued to have the effect of raising insurance costs in 2003. Administrative Costs rose about 1.2 percentage points more than predicted, while all the remaining components changed within one percentage point of their predicted levels.

Overall, the PIOC is expected to grow by 6.4% from 2003 to 2004 due to a 16.6% projected increase in Taxes, a 19.7% estimated increase in Insurance Costs, and the projected growth in Contractor Services and Administrative Costs. Labor Costs are projected to increase by 3.8%. This projection includes the wage and benefit increases for 2004 in the tentative agreement announced by the Local 32BJ Bargaining Committee on April 23rd, 2003 and other labor contract increases that have already been ratified for 2004. These increases in cost are expected to be offset by decreases in Fuel (-18.5%) and energy-related utility costs. The overall Utilities component is expected to increase by 1.8% in 2004 because water and sewer rates are expected to rise by 6.5% and will offset the anticipated decreases in electricity and gas charges. The adjacent table shows the predicted changes in the PIOC components for 2004. The core PIOC is projected to rise more rapidly than the overall PIOC, by 9.4%, as the energy-related costs that are predicted to decline sharply are eliminated.

Commensurate Rent Adjustment

Throughout its history, the Rent Guidelines Board has used a formula, known as the commensurate rent adjustment, to help determine annual rent guidelines for rent stabilized apartments. In essence, the "commensurate" combines various data concerning operating costs, revenues, and inflation into a single measure indicating how much rents would have to change for net operating income (NOI) in stabilized buildings to remain constant. The different types of "commensurate" adjustments described below are primarily meant to provide a foundation for discussion concerning prospective guidelines.

In its simplest form, the commensurate rent adjustment is the amount of rent change needed to maintain landlords' current dollar NOI at a constant level. In other words, the formula provides a set of one- and two-year renewal rent increases or guidelines that will compensate owners for the change in prices measured by the PIOC and keep net operating income "whole".

The first commensurate method is called the "Net Revenue" approach. While this formula takes into consideration the types of leases actually signed by tenants, it does NOT adjust landlords' NOI for inflation. The "Net Revenue" formula is presented in two ways, first adjusting for the mix of lease terms and second, adding an assumption for stabilized apartment turnover and the impact of revenue from vacancy increases. Under the "Net Revenue" formula, a guideline that would preserve NOI in the face of this year's 16.9% increase in the PIOC, is 15% for a one-year lease and 20% for a two-year lease. Guidelines using this formula and adding assumptions for the impact of vacancy increases on revenues when apartments experience turnover are 12% for one-year leases and 16% for two-year leases.

The second commensurate method considers the mix of lease terms while adjusting NOI upward to reflect general inflation, keeping both O&M and NOI constant. This is commonly called the "CPI-Adjusted NOI" formula. A guideline that would preserve NOI in the face of the 2.8% increase in the Consumer Price Index (see Endnote 2) and the 16.9% increase in the PIOC is 16% for a one-year lease and 23% for a two-year lease. Guidelines using this formula and adding the estimated impact of vacancy increases are 13.5% for one-year leases and 18% for two-year leases.[8]

The original formula that has been in use since the inception of the Rent Guidelines Board, is called the "traditional" commensurate adjustment. The "traditional" commensurate yields 10.4% for a one-year lease and 12.6% for a two-year lease, given the increase in operating costs of 16.9% found in the 2003 PIOC, and the projection of a 6.4% increase next year.[9]

As a means of compensating for cost changes, this "traditional" commensurate rent adjustment has two major flaws. First, although the formula is supposed to keep landlords' current dollar income constant, the formula does not consider the mix of one- and two-year lease renewals. Since only about three-fifths of leases are renewed in any given year, with a preponderance of leases having a two-year duration, the formula does not necessarily accurately estimate the amount of income needed to compensate landlords for operating and maintenance (O&M) cost changes.

A second flaw of the "traditional" commensurate formula is that it does not consider the erosion of landlords' income by inflation. By maintaining current dollar NOI at a constant level, adherence to the formula may cause profitability to decline over time. However, such degradation is not an inevitable consequence of using the "traditional" commensurate formula.[10]

All of these methods have their limitations. The "traditional" commensurate formula is artificial and does not consider the impact of lease terms or inflation on landlords' income. The "Net Revenue" formula does not attempt to adjust NOI based on changes in interest rates or deflation of landlord profits. The "CPI-Adjusted NOI" formula inflates the debt service portion of NOI, even though interest rates have been generally falling, rather than rising over recent years. Including a consideration of the amount of income owners receive on vacancy assumes both that vacancy increases are charged and collected, and that turnover rates are constant across the City.

Finally, it is important to note that only the "traditional" commensurate formula uses the PIOC projection and that this projection is not used in conjunction with or as part of the "Net Revenue" and "CPI-Adjusted NOI" formulas. As stated previously, all three formulas attempt to compensate owners for the adjustment in their operating and maintenance costs measured each year in the PIOC. The "Net Revenue" and the "CPI-Adjusted NOI" formulas attempt to compensate owners for the adjustment in O&M costs by using ONLY the known PIOC change in costs (+16.9%). The traditional method differs from the other formulas in that it uses both the PIOC's actual change in costs as well as the PROJECTED change in costs (6.4%). If the change in projected costs, which may not end up being an accurate estimate of owner's costs, is added to the "Net Revenue" and "CPI-Adjusted NOI" formulas, the resulting guidelines will likely over- or under-compensate for the change in costs.

commensurates

"Net Revenue" Commensurate Adjustment

1-Year Lease	2-Year Lease
15%	20%

"Net Revenue" Commensurate Adjustment with Vacancy Increase

1-Year Lease	2-Year Lease
12%	16%

"CPI-Adjusted NOI" Commensurate Adjustment

1-Year Lease	2-Year Lease
16%	23%

"CPI-Adjusted NOI" Commensurate Adjustment with Vacancy Increase

1-Year Lease	2-Year Lease
13.5%	18%

"Traditional" Commensurate Adjustment

1-Year Lease	2-Year Lease
10.4%	12.6%

Each of these formulae may be best thought of as a starting point for deliberations. The other Rent Guidelines Board annual research reports (e.g. the Mortgage Survey report and the Income and Expense Study) and testimony to the Board can be used to modify the various estimates depending on these other considerations.

Methodology

Owner Survey

The Owner Survey gathers information on management fees, insurance, and non-union labor from building managers and owners. Survey questionnaires, accompanied by a letter describing the purpose of the PIOC, were mailed to the owners or managing agents of stabilized buildings.

If the returned questionnaire was not complete, an interviewer contacted the owner/manager and the missing information was gathered. All of the price information given by the owner/managing agent was then confirmed by calling the relevant insurance and management companies and non-union employees.

The sample frame for the Owner Survey included more than 41,000 stabilized buildings registered with the New York State Division of Housing and Community Renewal (DHCR). A random sampling scheme was used to choose 5,100 addresses from this pool for the owner mailing. The number of buildings chosen in each borough was proportional to the share of stabilized buildings in that borough. The "multiple contact" method was used for the fifth consecutive year for the Owner Survey. Three successive mailings were sent at timed intervals to the owner or managing agent of each property selected in the survey sample.

Nearly 20% of the questionnaires mailed out were returned to the RGB, the highest return rate since the RGB staff started conducting the Owners Survey in 1991. A total of 921 returned surveys contained usable information, from which historically high validation counts were reached in quotes of owners' annual insurance costs (807), non-union labor quotes (258) and management fees (129). The number of verified prices in 2002 and 2003 for the Owner Survey is shown in Appendix B.1.

Fuel Oil Vendor Survey

Fuel price information is gathered on a monthly basis via a telephone survey. A monthly survey makes it possible to keep in touch with fuel vendors and to gather the data on a consistent basis (i.e. on the same day of the month for each vendor). Vendors are called each month to minimize the likelihood of misreporting and also to reduce the reporting burden for the companies that do not care to look up a year's worth of prices. The number of fuel quotes gathered this year was similar to last year and is contained in Appendix B.1.

To calculate changes in fuel oil costs, monthly price data is weighted using a degree-day formula to account for changes in the weather. The number of Heating Degree Days (see Endnote 3) is a measure of heating requirements.

Real Estate Tax Computations

The sample of buildings used to compute the 2003 tax price relative was drawn by providing a list of rent stabilized properties registered with DHCR to the Department of Finance. Finance "matched" this list against its records to provide data on assessed value, tax exemptions, and tax abatements for more than 37,000 buildings in FY 2002 and FY 2003.

The Department of Finance data was used to compute a tax bill for each stabilized building in FY 2002 and FY 2003. The change computed for the PIOC is simply the percentage increase in aggregate tax bills for these buildings from FY 2002 to FY 2003.

Vendor Survey

The Vendor Survey is used to gather price quotes for Contractor Services (e.g. painting), Administrative Costs (e.g. accountant and attorney fees), Parts and Supplies (e.g. mops), and Replacement Costs (e.g. refrigerators). As in prior years, the vendor database was updated by adding new vendors and by deleting those who no longer carry the products or perform the services outlined in the Vendor Survey item specifications. All vendor quotes were obtained over the telephone. The telephone interview procedures used for gathering price quotes were unchanged from prior years. A total of 675

recorded price quotes was gathered. For a description of the items priced and the number of price quotations obtained for each item, refer to Appendix B.1.

Water/Sewer Charges

To measure the change in water and sewer costs for rent stabilized buildings, this year, staff used the Water Board FY 20 03 increase of 6.5%. The past four PIOC studies used actual bills from a random sample of properties that were accessed through the New York City Department of Environmental Protection (DEP)'s Customer Information System (CIS). The proportion of buildings billed on a frontage basis, and those billed on a metered basis were determined. The Water Board rate was applied to the frontage properties and actual changes in annual costs were calculated for buildings billed on a metered basis, or, those that switched from frontage to metered billing. Each study found high variability in the analysis of metered billing. Furthermore, a large majority of properties were billed on a frontage basis in each study. The high variability in the metered rate changes caused staff to consider this analysis to be less reliable than using the Water Board rate as a measurement of the change in the universe of rent stabilized property's water and sewer costs.

Other Items

In addition to the items previously discussed, a number of other pieces of information are needed to complete the PIOC, including labor union contract and benefit information, Social Security rates, unemployment insurance rates, Heating Degree Days, telephone and utility rate schedules. These items are used in computing some of the labor components, changes in utility costs for electricity, gas, steam, and telephone, and the cost-weighted change in fuel prices.

Price Index Projections

The PIOC Projections are estimated by using data from Federal, state and local agencies, estimates from related industry experts and trend forecasting using three-year or long-term averages.

Taxes were projected by using data from the Department of Finance's tentative assessment roll for FY 2004 and the amended and restated City Council tax fixing resolution to estimate (for Class Two properties) the change in class levy share and assessments, the tax rate and the impact of exemptions and abatements in the coming fiscal year. These estimates produce a projected tax cost for the owners of rental and 4-10 family buildings. Labor costs are projected by analyzing labor contract terms supplied by apartment workers union Local 32-BJ and a ten-year geometric average of all other Labor items. Fuel costs are projected by using data and information from the U.S. Energy Information Administration's (EIA) current "Short-Term Energy Outlook" report, which includes assumptions about changes in usage according to a projected return to the average temperature over the last five years. Utility costs are projected by obtaining rate projections for the coming year from the New York City Water Board and EIA projections. Natural gas rate projections are combined with assumptions about usage if the coming year's weather had the five-year average number of Heating Degree Days.[11]

The other components, Administrative Costs, Contractor Services, Insurance Costs, Parts and Supplies, and Replacement Costs are projected by using three-year or ten-year geometric averages of the component price relatives.

Acknowledgments

The Rent Guidelines Board would like to acknowledge the following individuals for their assistance in preparing the Price Index of Operating Costs this year: Dr. James F. Hudson for technical assistance and reviewing methodology; Shirley Alexander for supervising the data collectors for the owner and vendor surveys and Lana Ranger and Charmaine Frank for collecting owner and vendor information. ❒

Endnotes

1. The Price Index has resulted in double-digit increases seven times in 35 years of the survey (1969-2003): 1971 (13.4%), 1974 (15.5%), 1979 (10.4%), 1980 (17.0%), 1981 (14.6%), 1990 (10.9%) and 2003 (16.9%).

2. The average CPI-U for All Urban Consumers, New York-Northeastern New Jersey for the year from April 2001 to March 2002 (188.2)

compared to the average for the year from April 2002 to March 2003 (193.4) rose by 2.8%. This is the latest available CPI data and is roughly analogous to the 'PIOC year', which for the majority of components compares the most recent point-to-point figures from April to April, monthly cost-weighted figures from May to April, or the two most recent fiscal year bills.

3. The May 2002 to April 2003 year was 14% colder than the most recent 5-year average "normal" year, and 28% colder than the year before. "Normal" weather refers to the typical number of Heating Degree Days measured at Central Park, New York City, over a given period. A Heating Degree Day is defined as, for one day, the number of degrees that the average temperature for that day is below 65 degrees Fahrenheit. The most recent five-year average "normal" temperature refers to the total number of average annual Heating Degree Days from "PIOC" years, May 1998 to April 2003 measured in Central Park by the National Weather Service.

4. "Special Topics: The War's Impact on Gasoline Prices," March 25, 2003, U.S. Energy Information Administration, Department of Energy, http://www.eia.doe.gov/emeu/security/esar/gaspricing.html

5. "Natural Gas Prices Rise as Temps Fall," January, 13, 2003, USA TODAY website, http://www.usatoday.com/money/markets/us/2003-01-13-natgas_x.htm

6. "Public Information Regarding Water and Wastewater Rates," New York City Water Board, April 2003.

7. "Terrorism and Insurance," Insurance Information Institute website, http://www.iii.org/media/hottopics/insurance/sept11/

8. The following assumptions were used in the computation of the commensurates: (1) the required change in landlord revenue is 61% of the 2003 PIOC increase of 16.9%, or 10.4%. The 61% figure is the most recent ratio of average operating costs to average income in stabilized buildings; (2) for the "CPI-Adjusted NOI" commensurate, the increase in revenue due to the impact of inflation on NOI is 39% times the latest 12-month increase in the CPI ending March 2003 (2.78%) or 1.1%; (3) these lease terms are only illustrative. Other combinations of one- and two-year guidelines could produce the adjustment in revenue; (4) assumptions regarding lease renewals and turnover were derived from the 1999 Housing and Vacancy Survey; (5) for the commensurate formulae including a vacancy assumption, the 18.0% median increase in vacancy leases found in the rent stabilized apartments that reported a vacancy lease in the 2001 Apartment registration file from the Division of Housing and Community Renewal was used.

9. The collectability of legally authorized adjustments is assumed. Calculating the "traditional" commensurate rent adjustment requires an assumption about next year's PIOC. In this case, the 6.4% PIOC projection for 2004 is used.

10. Whether profits will actually decline depends on the level of inflation, the composition of NOI (i.e. how much is debt service and how much is profit), changes in tax laws, and interest rates.

11. Source: "Short-Term Energy Outlook," April 2003. U.S. Energy Information Administration, Department of Energy.

2003 Income and Expense Study

what's new

From 2000-01, the major components of the Income & Expense Study, revenues, costs and net operating income in rent stabilized properties all increased at rates within a range of 1.1 percentage points of each other. Average monthly rent collections and income both grew near 5%. The 2000-01 rate of growth in revenues is lower than the year before for the first time in five years. Cost growth of 4.8%, while down from the prior year's increase of 8.4%, was propelled to the second-highest rate in five years by increases in taxes and insurance. From 2000-01, revenue growth slightly outpaced the increase in costs causing net operating income (NOI is revenue remaining after operating expenses are paid) to rise by 5.9%.

In stabilized buildings, from 2000-2001:

- ✔ Rental income increased by **4.9**%.
- ✔ Total income rose by **5.2**%.
- ✔ Operating costs increased by **4.8**%.
- ✔ Net operating income grew by **5.9**%.

Introduction

As required by the Rent Stabilization Law, the Rent Guidelines Board (RGB) has analyzed the cost of operating and maintaining rental housing in New York City since 1969, as part of the process of establishing rent adjustments for stabilized apartments. Historically, the Board's primary instrument for measuring changes in prices and costs has been the Price Index of Operating Costs (PIOC), a survey of prices and costs for various goods and services required to operate and maintain rent stabilized apartment buildings.

In 1990, the RGB acquired a new data source that enabled researchers to compare PIOC-measured prices and costs with those reported by owners: Real Property Income and Expense (RPIE) statements from rent stabilized buildings collected by the NYC Department of Finance. These Income and Expense (I&E) statements, filed annually by property owners, provide detailed information on the revenues and costs of "income producing" properties. The addition of I&E statements has greatly expanded the information base used in the rent setting process. I&E statements not only describe conditions in rent stabilized housing in a given year, but also depict changes in conditions over a two-year period. Most importantly, I&E data encompasses both revenues and expenses, allowing the Board to more accurately gauge the overall economic condition of New York City's rent stabilized housing stock.

This I&E Study examines the conditions that existed in New York's rent stabilized housing market in 2001, the year for which the most recent data is available, and also the extent by which these conditions changed from 2000.

Local Law 63

The income and expense data for stabilized properties originates from Local Law 63, enacted by the New York City Council in 1986. This statute requires owners of apartment buildings and other properties to file RPIE statements with the Department of Finance annually. While certain types of properties are exempt from filing RPIE forms (cooperatives, condominiums, buildings with fewer than 11 units or with an assessed value under $80,000), the mandate produces detailed financial records on thousands of rent stabilized buildings. Although information on individual properties is strictly confidential, Department of Finance is allowed to release summary statistics of the data to the RGB.

Since 1990, the RGB has received data on samples of rent stabilized properties that file RPIE forms. Samples in the first two studies (data for 1988 and 1989) were limited to 500 buildings, because RPIE files were not automated. Upon computerization of I&E filings in 1992 (for cross-sectional data from 1990 and longitudinal data from 1989-90), the size of the samples used in RGB I&E studies has grown to more than 13,000 properties, and over 650,000 units.

Cross-Sectional Study

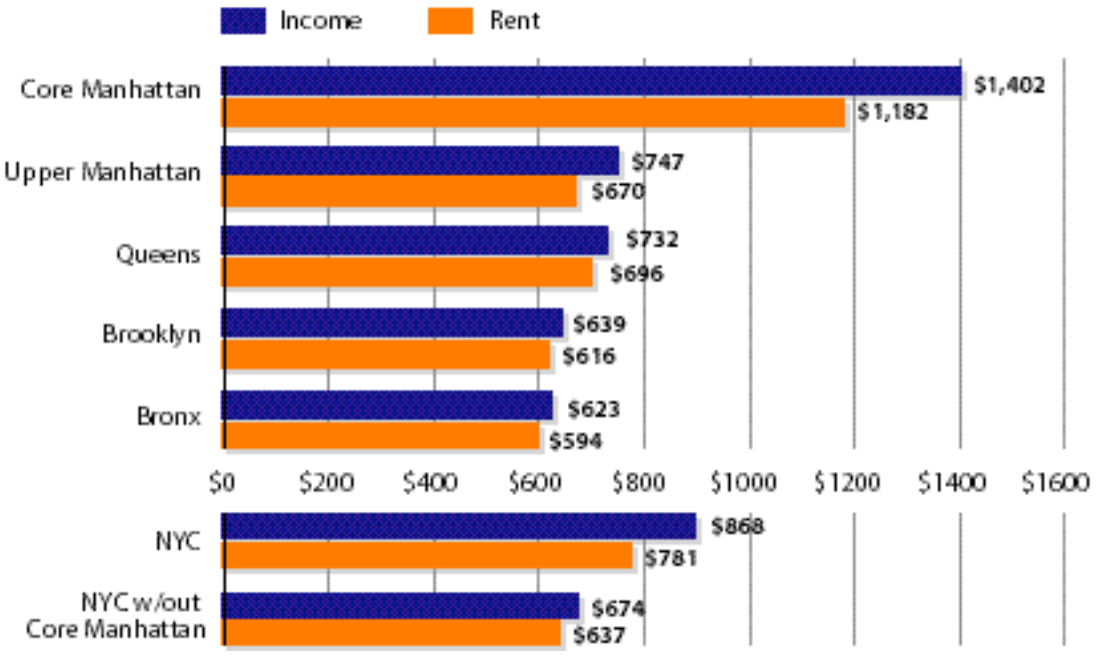
Rents and Income[1]

In 2001, rent stabilized property owners collected monthly rent averaging $781 per unit. As in prior years, units in pre-war buildings rented for less on average ($726 per month) than those in post-war buildings[2] ($932 per month). At the borough level, stabilized monthly rents were $1,023 in Manhattan, $696 in Queens, $616 in Brooklyn and $594 in the Bronx (as noted in the Methodology, figures for Staten Island were not included throughout the analysis due to the small number of buildings in the data sets). In Core Manhattan (the area south of East 96th and West 110th Streets), average monthly rents were $1,182 per unit while rents in Upper Manhattan were $670 per unit. Stabilized property owners in all New York City neighborhoods excluding Core Manhattan averaged rent collections of $637 per unit per month.

Many owners of stabilized buildings augment income from their apartment rents by selling services to their tenants as well as by renting commercial space. Current RPIE filings show an average monthly gross income of $868 per rent stabilized unit in 2001, with pre-war buildings earning $812 per unit and those in post-war properties earning $1,022 per unit. Gross income was highest in Core Manhattan at $1,402 per unit per month and lowest in the Bronx at $623. Monthly income per unit in the City excluding Core Manhattan was $674. These gross income figures encompass rent from stabilized apartments as well as the sale of services (e.g. laundry, vending, parking) and commercial income. Such proceeds accounted for a 10% share of the total income earned by building owners in 2001, about the same as the distributions observed in the last four I&E studies. Core Manhattan owners particularly benefit from commercial income, with 16% of their total revenues coming from commercial units and services.

Average Monthly Collected Rent/Income per Dwelling Unit by Borough*

Stabilized Rents and Income Were Highest in Core Manhattan in 2001



* See Endnote 1
Source: NYC Department of Finance, 2001 RPIE Filings

In the outer boroughs, property owners did not receive as large a portion of their total income from commercial sources. When Core Manhattan is excluded from the calculation, building owners in the rest of the City received just 6% of their total income from commercial sources. The respective figures for the other areas were 5% in Queens and the Bronx, 4% in Brooklyn and 10% in Upper Manhattan. The graph on the previous page shows the average rent and income collected in 2001 by borough, and for the City as a whole. See Appendix C.3.

Rents Comparisons

Two independent data sources, the triennial NYC Housing and Vacancy Survey (HVS) and the NYS Division of Housing and Community Renewal (DHCR) annual registration data, provide important comparative rent data to the collected rents stated in RPIE filings. Some preliminary data from the 2002 HVS is available; however, making a comparison to the 2001 RPIE data is not an ideal comparison because the data are from different years. This year, a comparison of the collected RPIE rents to stabilized rents registered with DHCR in 2001 is a good indicator of the overall rental market and reflects both how well owners are able to collect the rent roll and the prevalence of vacancies.

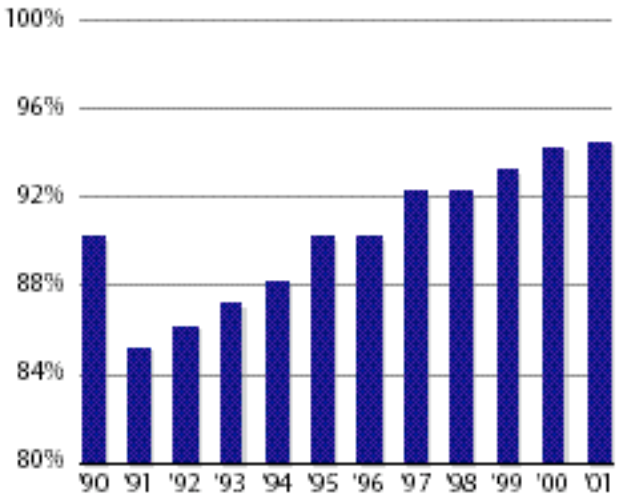
Rents included in RPIE filings tend to be lower than figures obtained from the DHCR registered rents primarily because of differences in how average rents are computed. RPIE data reflects actual rent collections that account for vacancies or non-payment of rent. DHCR data consists of legal rents registered annually with the agency. Because DHCR rent data does not include vacancy and collection losses, these rents are generally higher then RPIE rent collections data. Furthermore, RPIE information reflects rents collected over a 12-month period while DHCR data reflects rents registered on April 1, 2001. In sum, despite the anomalies between these two rent indicators, the difference between RPIE rents and DHCR rents is a good estimate of vacancy and collection losses incurred by building owners. The relative change in the gap between RPIE and DHCR rents is one way of estimating the change in such losses from year to year.

Since 1991, when comparing annual RPIE and DHCR average rents, the gap between the two has contracted steadily. In fact, from 1991-2001, the difference between RPIE and DHCR rents has decreased by almost two-thirds from 15% to 5.6%. In 1991, the average RPIE collected rent was 15% lower than the average DHCR registered legal rent. In 2001, the average RPIE rent ($781) was only 5.6% less than DHCR's average rent ($827). The decreasing gap between collected and legal rent indicates that building owners still continued to collect a greater portion of their legal rent rolls in 2001 due to lower vacancies and fewer "preferential rents"[3] or non-paying tenants (see graph on this page) than they did in the early 1990s.

The gap between collected and legal rent varies widely at the borough level. In 2001, Manhattan property owners collected an average rent ($1,023) that was only 0.6% below DHCR's average legal rent for the borough ($1,029) while owners in the outer boroughs collected average rents that were 11% lower than legal rents in Queens, 12% lower in the Bronx and 14% lower in Brooklyn. At least part of this differential in the outer boroughs is due to preferential rents, offered most often when the legal stabilized rent exceeds the market rate for the area.

Average Monthly Citywide Collected Rents as a Share of Average Monthly DHCR Legal Registered Rents 1990-2001

Percentage of Legal Rent Collected Has Increased Steadily since 1991



Source: DHCR Annual Rent Registrations;
NYC Department of Finance, 1990-2001 RPIE Filings

rent comparisons

RPIE Rent Collections Grew Faster than DHCR Legal Rents and the RGB Rent Index from 1991 to 2001

	RPIE Rent Growth	DHCR Rent Growth (Adjusted)	RGB Rent Index (Adjusted)
90-91	3.4%	4.8%	4.7%
91-92	3.5%	3.5%	4.0%
92-93	3.8%	2.9%	3.3%
93-94	4.5%	2.8%	3.0%
94-95	4.3%	2.5%	2.8%
95-96	4.1%	3.6%	3.8%
96-97	5.4%	4.4%	5.3%
97-98	5.5%	4.2%	4.2%
98-99	5.5%	3.1%	3.7%
99-00	6.2%	4.1%	3.9%
00-01	4.9%	4.6%	4.8%
1991 to 2001*	64.8%	48.9%	52.9%

*Not adjusted for inflation.
Revised from prior studies due to DHCR updates.

Source: DHCR Annual Rent Registrations; NYC Department of Finance, 1990-2001 RPIE Filings

A final benchmark that can help place RPIE rent data in context is the RGB Rent Index, which measures the overall effect of the board's annual rent increases on contract rents each year. As the adjacent table shows, for the past nine years, collected average rent collection increases were higher than the renewal lease increases allowed by the RGB's guidelines. However, from 2000 to 2001, RPIE rent collections increased by 4.9%, nearly identical to the increase in the RGB rent index (4.8%, adjusted for the July-June fiscal year). This suggests that although stabilized building owners continue to derive additional revenues from sources other than guideline increases, these gains may be decreasing. Other revenue sources include rent increases from individual apartment and building-wide improvements, which are not accounted for in the RGB Rent Index.

The comparison between the growth in collected rents and the increase in rent allowed by RGB guidelines has changed over time. During the recession years of the early 1990s, collected RPIE rents did not grow as quickly as DHCR legal rents or the RGB rent guidelines. This indicates that owners during this period either offered more preferential rents or were simply unable to collect the full amount allowed by the guidelines during that period. As the City's real estate market and the general economy began to recover in 1993, rent collections grew more quickly than the guidelines or legal rents, indicating a drop in vacancy and collection losses, fewer preferential rents, and more rent increases due to renovations. A longer view of the three indices shows that overall, collected rents have grown more quickly than the impact of rent guidelines or legal rents from 1991 to 2001. RPIE collected rents increased 65%, the RGB Rent Index increased 53%, and DHCR adjusted legal rents increased 49% in that period (these figures are not adjusted for inflation; see adjacent table).

Operating Costs

Rent stabilized apartment buildings incur considerable expenses in the course of their operation. RPIE filings include data on eight categories of operating and maintenance (O&M) costs. In contrast to revenues, however, this data does not distinguish between expenses for commercial space and those for apartments, making the calculation of "pure" residential operating and maintenance costs impossible, except in a smaller sample of residential buildings analyzed below. Thus, the operating costs reported are comparatively high because they include maintenance costs for commercial space.

The average monthly operating cost for stabilized units was $531 in 2001. Costs were lower in units situated in pre-war

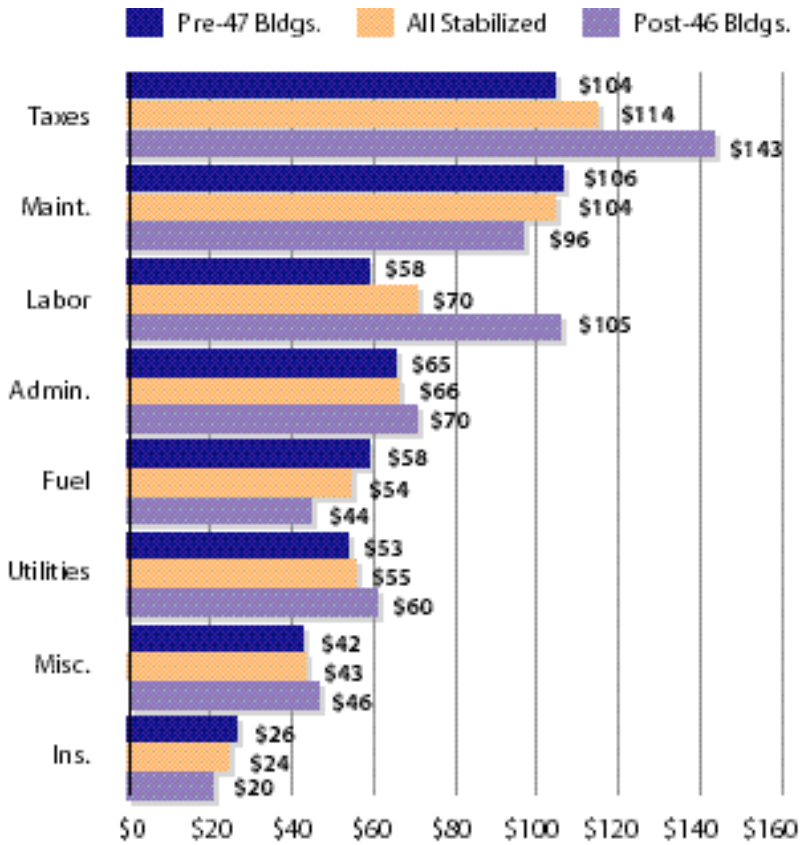
buildings ($512), and substantially higher in the post-war sector ($586). Geographically, average costs were lowest in Brooklyn, the Bronx and Queens ($428, $439 and $465) and highest in Manhattan ($674). Looking more closely at Manhattan property owners, costs for units located in Core Manhattan averaged $755 a month while the costs in Upper Manhattan were $502. The average monthly operating costs for stabilized building owners in New York City, excluding Core Manhattan, reduces the City average to $452. The graph below details average monthly expenses by cost category and building age for 2001. See Appendices C.1 and C.2 for a complete breakdown of costs in pre- and post-war buildings.

In 1992, Department of Finance and RGB staff tested RPIE expense data for accuracy. Initial examinations found that most "miscellaneous" costs were actually administrative or maintenance costs, while 15% were not valid business expenses. Further audits on the revenues and expenses of forty-six rent stabilized properties discovered that O&M costs stated in RPIE filings were generally exaggerated by 8%. Costs tended to be less accurate in small (11-19 units) properties and most precise for large (100+ units) buildings. However, these results are somewhat inconclusive since several owners of large stabilized properties refused to cooperate with the Department of Finance's assessors. Adjustment of the 2001 RPIE O&M cost ($531) by the results of the 1992 audits results in an average monthly O&M cost of $488 citywide and $415 on average in NYC neighborhoods outside of Core Manhattan.

Just as buildings without commercial space typically generate less revenue than stabilized properties with commercial space, operating expenses in these buildings tend to be lower on average than in buildings with a mixture of uses. This year, average audited O&M costs for units in "residential-only" buildings were $457 per month, $31 less than the audit-adjusted average ($488) for all stabilized buildings in 2001. As in previous RGB *Income and Expense Studies*, most of the difference in costs between the two types of properties stemmed from taxes, administration and utilities expenses that were respectively 13%, 8%, and 7% lower on average for buildings without commercial space than for all stabilized properties.

Average Monthly Expense per Dwelling Unit per Month

Taxes Are the Largest Expense in 2001



Source: NYC Department of Finance, 2001 RPIE Filings

Components of Operating Costs

In 2001, almost two-thirds of total expenses in stabilized buildings were comprised of taxes, maintenance, labor and administration costs. Older buildings on average spent proportionately more on maintenance, fuel and insurance costs. Conversely, newer buildings spent relatively more

money on taxes and labor. Pre-war and post-war buildings spent similar proportions on utilities and miscellaneous costs. These spending patterns have not varied much in recent years. (See Appendix C.5 for distributions of costs by building size and age)

As in previous years, building size affected the distribution of costs in rent stabilized buildings in 2001. As described above, taxes, maintenance, labor and administration costs dominated total operating costs in all buildings. Labor costs continued to be particularly associated with size, comprising much larger shares of total operating costs in larger buildings, probably due to the concentration of large, post-war stabilized buildings in Manhattan, which tend to employ doormen. In contrast, fuel, insurance and miscellaneous costs consumed less of each operating and maintenance dollar in larger buildings, probably due to efficiencies of scale realized by larger properties, particularly those with 100 or more units. Maintenance costs also tend to decrease with greater building size. For a breakdown of cost components by building size, age and borough, see Appendices C.1, C.2 and C.5.

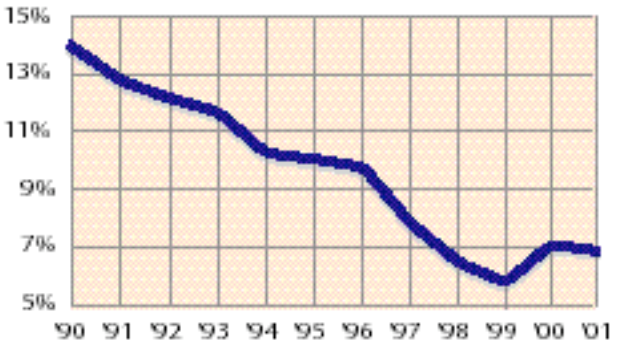
"Distressed" Buildings

Buildings that have operating and maintenance costs greater than gross income are considered distressed. Among the properties that filed 2001 RPIE forms, 897 buildings, or 7% of the cross-sectional sample, had O&M costs in excess of gross income. The proportion of distressed buildings was the same as in the previous year. Only 41 (4.6%) of these distressed buildings were built after 1946. Most distressed stabilized properties are mid-size (20 to 99 units), pre-war construction, and are located in the Bronx, Manhattan and Brooklyn. The chart on this page shows how the share of distressed buildings in the cross-sectional sample has changed since 1990. From a high of 14% of the sample of stabilized properties found in 1990, the proportion of distressed buildings declined to a low of 6% in 1999. For the last two years, 2000 and 2001, the share of distressed stabilized properties was 7%.

Buildings with expenses greater than revenues in 2001 suffered from both abnormally high expenses (147% of the 2001 all-building average), and low rents and income (respectively only 78% and 77% of the all-building average. This year, distressed buildings paid the same share of overall operating expenses to maintenance costs, as in all stabilized buildings (20%) but paid on average $49 more per unit per month on maintenance costs. Comparing nominal costs, distressed buildings paid 82% more in fuel costs than all stabilized buildings, 71% more in utility expense and 47% higher maintenance costs. These buildings also paid less property tax (81% of the all-building average) than all rent stabilized buildings. Appendix C.6 shows the distribution of distressed buildings by age, size and location.

Percent of Distressed Properties in Cross-Sectional Samples 1990-2001

Share of Distressed Properties Declined Slightly in 2001



Source: NYC Department of Finance, 1990-2001 RPIE Filings

Net Operating Income

In most stabilized buildings, revenues exceed operating costs, yielding funds that can be used for mortgage payments, improvements and pre-tax profit. The amount of income remaining after all operating and maintenance (O&M) expenses are paid is typically referred to as "Net Operating Income" (NOI). While financing costs, income taxes and appreciation determine the ultimate profitability of a property; NOI is a good indicator of its basic financial condition. Moreover, changes in NOI are easier to track on an aggregated basis than changes in profitability, which require an individualized examination of return on capital placed at risk.

On average, apartments in rent stabilized buildings generated $336 of net income per month in 2001, with units in pre-war buildings earning less ($300 per month) than those in post-war buildings ($436 per month). Average monthly NOI tended to be considerably greater for stabilized properties in Manhattan ($529) than for those in the outer boroughs: $183 in the Bronx, $210 in Brooklyn and $267 in Queens. There was a large dichotomy when looking at NOI on a sub-borough level in Manhattan. Core Manhattan properties gained on average $647 a month in NOI while properties in Upper Manhattan had an NOI of $245 which was close to the monthly NOI average calculated citywide, excluding Core Manhattan ($223). Average monthly NOI in "residential-only" properties citywide was $290 per unit in 2001, 14% lower than the norm for all stabilized buildings. For a tabulation of NOI by building size, age and location, see Appendix C.4.

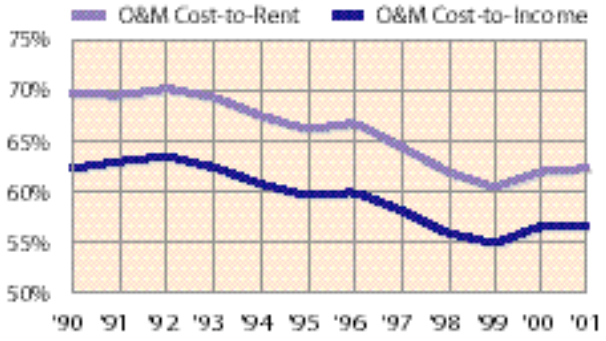
NOI reflects the revenue available after payment of operating costs, that is, the money owners have for financing their buildings, making improvements, and for pre-income tax profits. While NOI should not be the only criteria to determine the ultimate profitability of a particular property, it is a useful exercise to calculate the annual NOI for a hypothetical "average stabilized building" with 11 units or more. Multiplying the average monthly NOI of $336 per stabilized unit by the typical size of buildings in this year's cross-sectional sample (50 units) yields an estimated mean annual NOI of about $202,000 in 2001. Notably, the RPIE data cannot provide estimates for NOI in rent stabilized buildings with 10 or fewer apartments.

Operating Cost Ratios

Another way to evaluate the profitability of New York City's rent stabilized housing is by measuring the ratio of expenses to revenues. Traditionally, the RGB has used O&M Cost-to-Income and O&M Cost-to-Rent ratios to assess the overall health of the stabilized housing stock, presuming that buildings are better off by spending a lower percentage of revenue on expenses. The chart on the this page shows how over the period from 1990-2001, the proportion of total income and rent collections spent on audited operating costs has fluctuated but largely decreased in stabilized buildings

Ratios of Citywide Average Monthly Audited O&M Costs to Average Monthly Gross Income and Rent 1990-2001

Cost-to-Income Ratio Remains Constant while Cost-to-Rent Ratio Rises in 2001



Source: NYC Department of Finance, 1990-2001 RPIE Filings

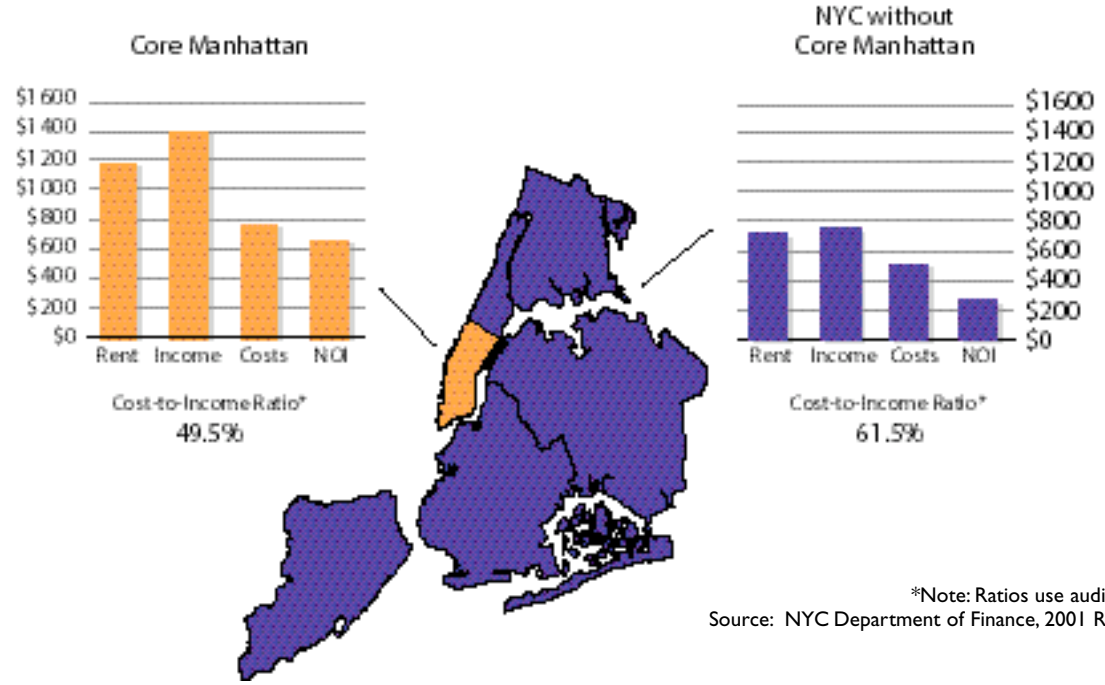
citywide. The Cost-to-Income ratio in 2001 is 56.2%, the same level as the year before. This means simply, that on average, owners of rent stabilized properties spent about 56 cents out of every dollar of revenue on operating and maintenance costs in 2001.

Since the highest ratio of 63.4% measured in 1992, the Cost-to-Income ratio has fallen every year except for two years in which there were spikes in heating oil costs, 1996 and 2000. Overall, from 1990 to 2001, the Cost-to-Income ratio declined by 6.1 percentage points. In other words, owners report that they devoted a little more than 6 cents less from every dollar of revenue towards expenses in 2001 than they did in 1990. Looking at the ratio of costs to rent collections, operating costs in 2001 were 62.5% of revenues from rent, an increase of 0.4 percentage points from the year before.

Rents, income and costs per unit on average were highest in Core Manhattan (see map and graphs on the next page) in 2001. When Core Manhattan is excluded from the analysis, the average revenue and costs figures are generally lower, but the two areas also have very different expense to revenue ratios. The Cost-to-Income Ratio for the rest of the City was 61.5%, significantly higher than the Cost-to-Income Ratio for stabilized buildings in Manhattan's Core (49.5%). These figures indicate that on average, owners of stabilized properties

Average Monthly Rent, Income, Operating Costs and Net Operating Income per Dwelling Unit and Cost-to-Income ratios, Core Manhattan and the Rest of the City, 2001

Cost-to-Income Ratio Lower in Core Manhattan in 2001



*Note: Ratios use audited costs.
Source: NYC Department of Finance, 2001 RPIE Filings

outside of Core Manhattan spend 12 cents more of every dollar of revenue on expenses compared to their counterparts in Core Manhattan.

Net Operating Income After Inflation

The amount of net income is a function of the level of expense and the level of revenue in a given year (revenues – operating expenses = net operating income). Adjusting NOI as well as rent, income and costs figures for inflation (constant 2001 dollars) and comparing different base years to the latest data available is a useful way to assess the health of the stabilized housing stock and how well revenues have been meeting or exceeding expenses without erosion by inflation.

Converting income and expense figures into constant dollars helps to analyze how much NOI has grown in real terms since the RGB began collecting RPIE data. Point-to-point comparisons of average monthly figures show that from 1989 to 2001, the surrogate measure for profit, NOI, has grown 19%, while income grew 7%, rent increased 6% and costs were nearly flat at 0.3% after adjusting for inflation (13 years). This indicates that revenues have outpaced expenses to the extent that average monthly NOI was worth 19% more in 2001 than it was in 1989, after adjusting for inflation.

The year 1989 is used as a base year because that is the first year the RGB received data for a large sample of buildings. Comparisons are made to 2001 data because that is the latest data available. To mitigate the effect of the business cycle on measuring the real-term growth of revenues, expenses and NOI in the rent stabilized stock using only these years, the table on the facing page shows point-to-point comparisons using *each* year of data collected since 1989 compared to 2001 figures for rent, income, expenses and NOI.

Notably, as the table on the next page shows, NOI is worth significantly more in real terms in 2001 than either costs or revenues in every period but three (1999-2001 through 2000-01) in the series of point-to-point comparisons. This analysis uses all years the RGB collected computerized data on rents, income, costs and NOI as base years, compared point-to-point to the latest 2001 figures. These comparisons show that on average and after inflation, in 2001 NOI has gained significantly more value compared to gains in costs or revenues taken

from almost any base year on the table. In the most recent three periods, however, inflation-adjusted NOI has increased at the same rate as or lower than costs or revenues. Over the entire period, rent has increased by about 0.5% per year, income by about 0.5% per year, costs by about 0.02% per year and NOI by 1.47% per year *after* inflation. The 0.02% cost increase rate indicates that operating and maintenance costs in stabilized buildings increased at a very similar rate to general inflation in the New York City area.

Another way to look at how rent, income, costs and NOI have changed absent the effect of inflation is to graph inflation-adjusted monthly figures for each of the four components measured in the I&E studies. The graph on this page shows changes in per month, per unit rent, income, costs and NOI adjusted into constant 2001 dollars from 1989 to 2001. The graph shows that inflation-adjusted rents, income, costs and NOI all lost real value from 1989-92. Revenues then steadily increased each year from 1993, exceeding their 1989 levels in 1998. From 1999 to 2001, revenues gained in real value, with monthly rents and income worth 6% ($48) and 7% ($55) more in 2001 than they were in 1989.

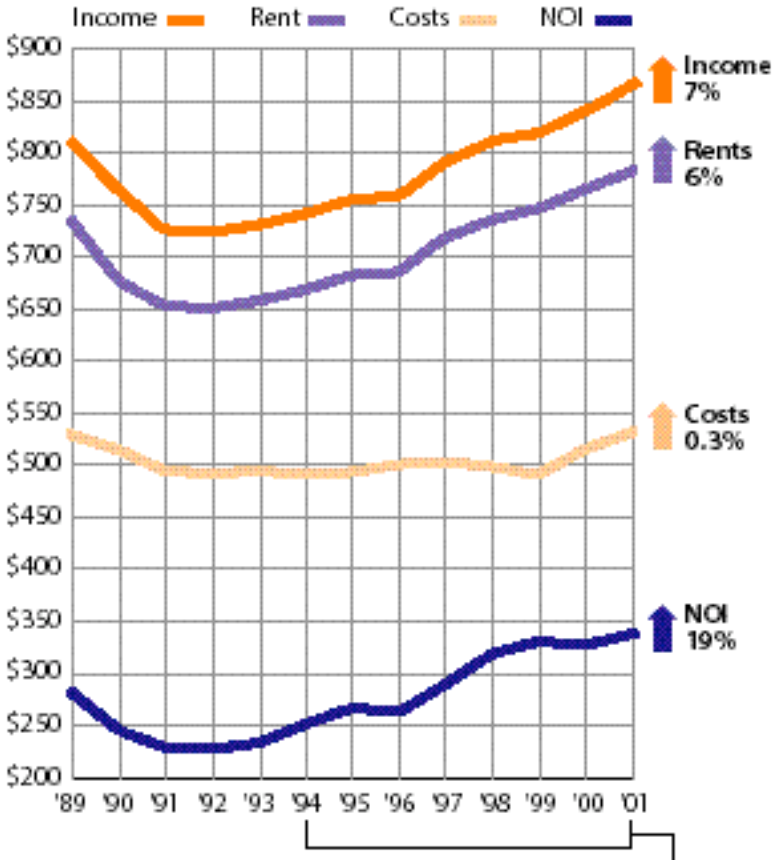
Tracking costs, the graph shows that from 1993, costs fluctuated slightly with the exceptions of 2000, a year with a large spike in fuel costs, and 2001 which experienced larger tax and insurance increases. Inflation-adjusted costs returned to their 1989 levels in 2001. The real growth in costs is 0.3% ($1) over the 1989-2001 period.

After seven years in which NOI did not reach levels seen in 1989, years 1997-2001 show real improvement in NOI from the base year 1989, except for a slight decline in 2000. From 1989-96 the ratio of NOI/income was about 33%; while from 1997-2001, NOI's share of income was about 39%. Average monthly NOI is worth 19% more after inflation in 2001 than in 1989 (or $54, the $55 real gain in income minus the $1 real gain in costs).

NOI After Inflation

After Inflation NOI Gained Most in Value 1989-2001

(Average Monthly Income, Rent, Operating Costs and Net Operating Income per Dwelling Unit in Constant 2001 Dollars)



Point-to-Point Comparisons of Growth in per Unit, per Month Rent, Income, Costs and NOI from each Base Year to 2001 After Inflation

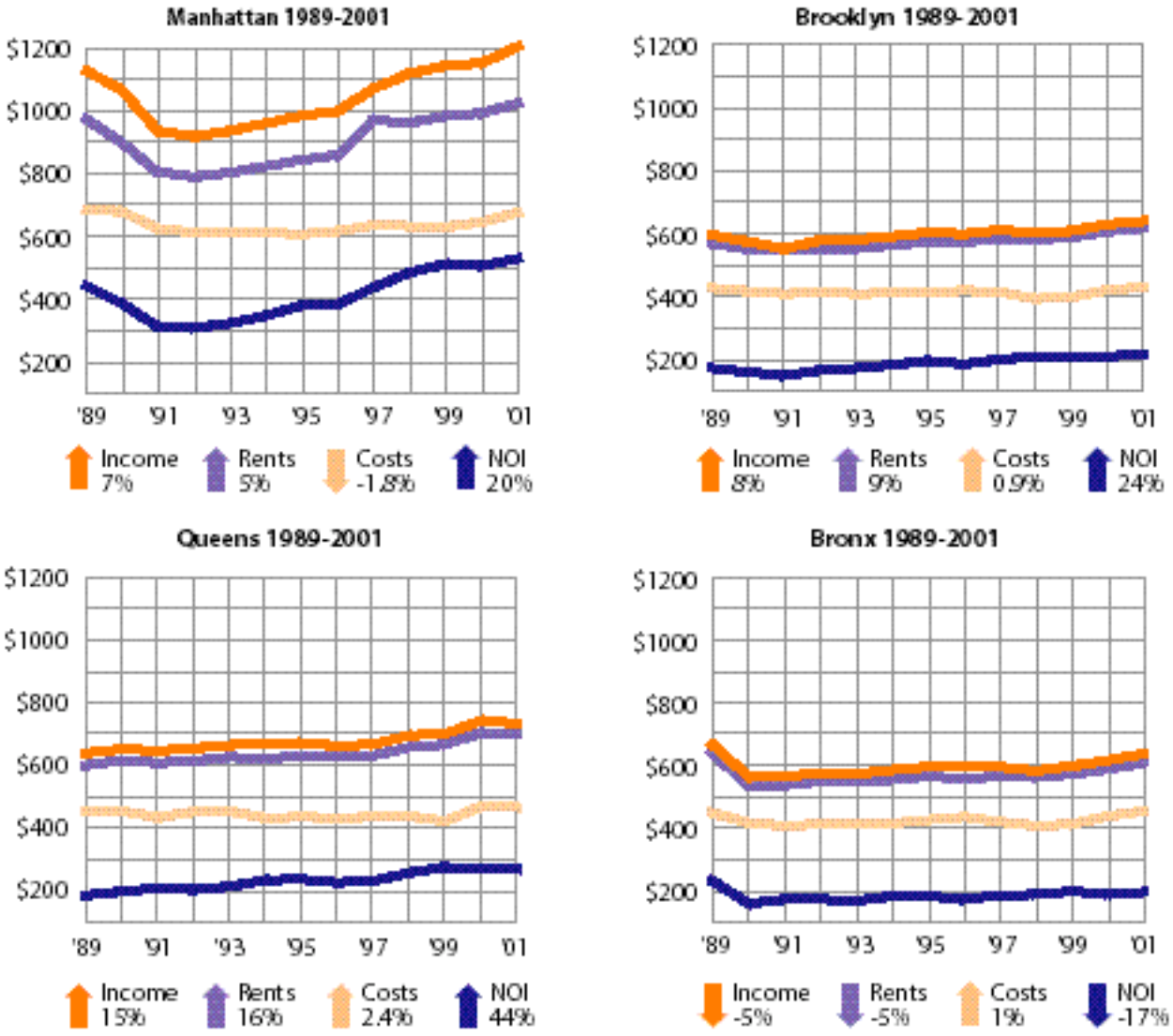
Point-to-Points	# Years	Rent	Income	Costs	NOI
89-01	13	6%	7%	0%	19%
90-01	12	15%	14%	3%	37%
91-01	11	20%	20%	8%	47%
92-01	10	20%	21%	8%	49%
93-01	9	19%	19%	7%	44%
94-01	8	17%	17%	8%	34%
95-01	7	15%	14%	8%	26%
96-01	6	14%	14%	7%	28%
97-01	5	9%	9%	6%	16%
98-01	4	6%	7%	7%	6%
99-01	3	5%	6%	8%	1%
00-01	2	2%	3%	3%	3%

Note: Percent changes are point-to-point measurements and should not be considered cumulatively.

Source: RGB Income and Expense Studies, 1991-2003

NOI After Inflation per Borough, 1989-2001

Inflation-Adjusted NOI Rises Strongly in Every Borough Except the Bronx 1989-2001



Source: RGB Income and Expense Studies, 1991-2003

All of the percent changes in the table correspond to the lines and years on the graph. For example, the line between the graph and the table shows how the point-to-point comparisons for the period 1994-2001 (highlighted on the table) correspond to the four graphed lines representing income, rent, costs and NOI point-to-point from '94 to '01 on the graph. All these figures reflect data from rent stabilized properties with at least 11 units and do not reflect figures from stabilized properties with 6 to 10 units, which do not have to file RPIE statements.

While the citywide chart of inflation-adjusted revenue, expense and NOI figures is useful for demonstrating the overall stabilized rental housing market, disaggregating the same figures by borough shows how the market can differ from area to area. At least two interesting points emerge from the borough charts. First, the four borough graphs on this page, each shown on the same scale ($100 to $1,200) reveal that most of the inflation-adjusted numbers for rent, cost and NOI would fall between $200 and $600 over the

years of study if not for the data from Manhattan. Clearly, Manhattan's relatively higher revenues, expenses and NOI figures put significant upward pressure on the citywide numbers. The nominal Manhattan rent, income, cost and NOI figures bring the citywide averages for these categories up well beyond the $200-$600 range seen in the inflation-adjusted, outer borough charts. Secondly, it is notable that revenues outpaced costs causing net income to rise strongly in all the boroughs except the Bronx from 1989-2001. Although the chart lines look somewhat different due to scale in comparing Manhattan and Brooklyn, the percent changes for rent, income, costs and NOI at the bottom of each chart show that the profiles for Manhattan and Brooklyn are very similar. Revenues rose at similar rates and costs were nearly flat causing net income to rise around 20% after inflation. Queens showed the most growth in NOI at 44%, because revenues grew even more quickly than costs did compared to Manhattan and Brooklyn. This was balanced by the Bronx, where cost is the only figure that grew and revenues actually declined causing NOI to drop by 17% after inflation.

Longitudinal Study

Rents and Income

Average rent collections in stabilized buildings rose by 4.9% in 2001, which was 1.3 percentage points lower than the increases observed during 2000 (6.2%). The increase experienced in 2001 was most likely propelled by fewer vacancies and strong rent collections as demand for rental housing continued to outstrip supply. Rising investment in property improvements and maintenance may also be boosting rent collections since the costs of renovating building-wide systems and individual apartments can be added to stabilized rents. The vacancy increase implemented by New York State in June of 1997 (18%-20%), under the Rent Regulation Reform Act of 1997, may also have contributed to the strong increases seen in stabilized rent collections since 1997.

Similar to last year, rent collections in newer (post-46) buildings increased more (6.4%) than those in older (pre-47) properties (4.2%). Rent collections for all stabilized units increased by 7.8%, 4.3%, and 4.8% for small (11-19 unit), medium (20-99 unit), and large (100+ unit) buildings respectively. Once again, smaller buildings have the highest increases in rent collections, gaining the highest rent growth of all the size categories for eight straight years.

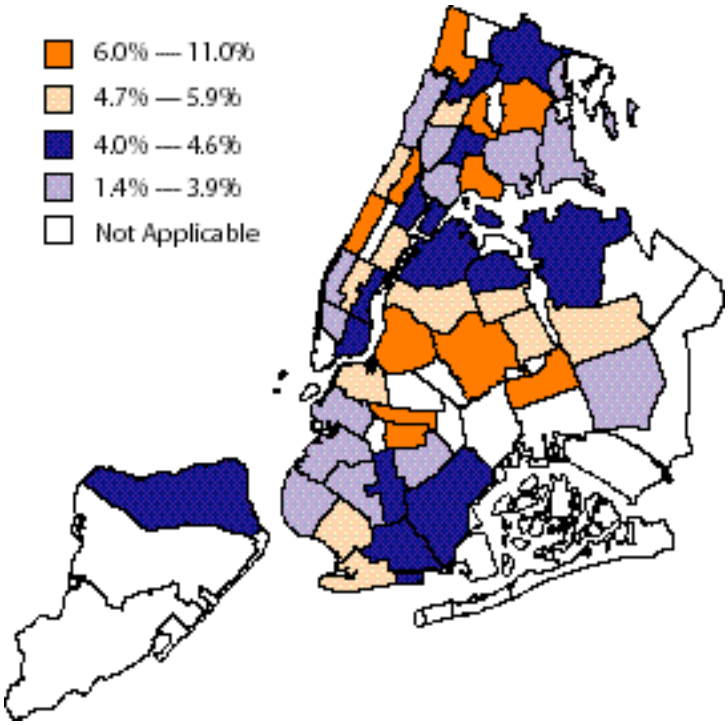
All New York City community districts saw gains in rent collections from 2000-01. This year, rent collections increased more rapidly in the outer boroughs than they did in the borough of Manhattan. Rent collections in stabilized properties located in the borough of Manhattan rose 4.3% from 2000-01. In Manhattan the community district of Central Harlem had the highest increase in rent collections of 9.3%. The lowest increase was found in Washington Heights/Inwood (1.7%). All other Manhattan community districts had rent increases of between 3.3% and 6.9%. In the boroughs outside of Manhattan, the district with the highest rent growth was East Tremont in the Bronx (11%). In Brooklyn, Williamsburg/Greenpoint showed the largest increase in rents at 7%, and in Queens, rent growth was highest in Middle Village/Ridgewood (9.1%). Overall, rent collections grew in Core Manhattan by 4.3% while in Upper Manhattan, rent collections grew by 4.6%. In the outer boroughs, rent collections grew by 5.9% in the Bronx, 4.6% in Brooklyn and 4.9% in Queens from 2000-01.

As the rent collection growth map on the following page shows, rent growth was propelled by several districts not only in Manhattan but also spread throughout the City. When rent collections in Core Manhattan properties are excluded, an average rent growth of 5.1% was calculated for the remainder of the City.

The total income collected in rent stabilized buildings, comprising apartment rents, commercial rents and sales of services, increased by 5.2% from 2000 to 2001, 1.3 percentage point lower than income collection in the previous year. Revenues rose in pre-war buildings by 4.4% and in post-war buildings by 6.9%. In the boroughs of the Bronx, Brooklyn and Queens, property owner's total income grew by 6.2%, 4.4% and 4.8% respectively. The gross income of Core Manhattan properties grew by 4.8%, while Upper Manhattan income grew more rapidly than the City average at 6.1%. When Core Manhattan is excluded from the analysis, the rest of the City's average income growth is 4.9%.

Change in Collected Rents by Community Districts 2000-01

Stabilized Rents Rose in Every Borough in 2001



Note: Eleven Community Districts are "Not Applicable" because they did not contain enough stabilized buildings to calculate reliable statistics. Areas shaded white may also denote non-residential spaces, such as parks, bodies of water and airports. Community District percent changes are not weighted, borough-level averages are weighted.

Source: NYC Department of Finance, 2001 RPIE Filings

Gross income grew in all three size categories of buildings, with small buildings experiencing the largest growth (7.5%). Medium buildings experienced a 4.6% increase in income, while the collected income of large buildings grew by 5.3%. See Appendix C.8 for a complete breakdown.

Operating Costs

Expenses in stabilized buildings grew 4.8%, a slightly lower rate than increases in both rents (4.9%) and total income (5.2%) from 2000-01. Costs rose in newer buildings by 5.8%, in contrast to the increase in costs realized by pre-war buildings (4.3%). While the I&E studies have found that rent and income revenues tend to rise at similar rates to one another, operating cost increases are much more variable, often the result of volatile changes in the cost of fuel, maintenance, insurance or utilities, as the graph on the next page shows.

The 4.8% increase in expenses found in rent stabilized buildings from 2000-2001 was 3.6 percentage points lower than the increase observed from 1999-2000 (8.4%). From 2000-01, tax, insurance and administrative costs increased strongly, driving overall cost growth. All of the major components within total O&M costs increased from 2000-01 (see graph on facing page). Insurance costs increased the most rapidly, by 12.9% from 2000-01. Tax costs increased by 6.7% and administrative costs grew by 5.2%. Maintenance and labor costs increased by 3.7% and 2.9%, fuel costs increased by 1.3% and utilities expense rose by 0.9% over the period.

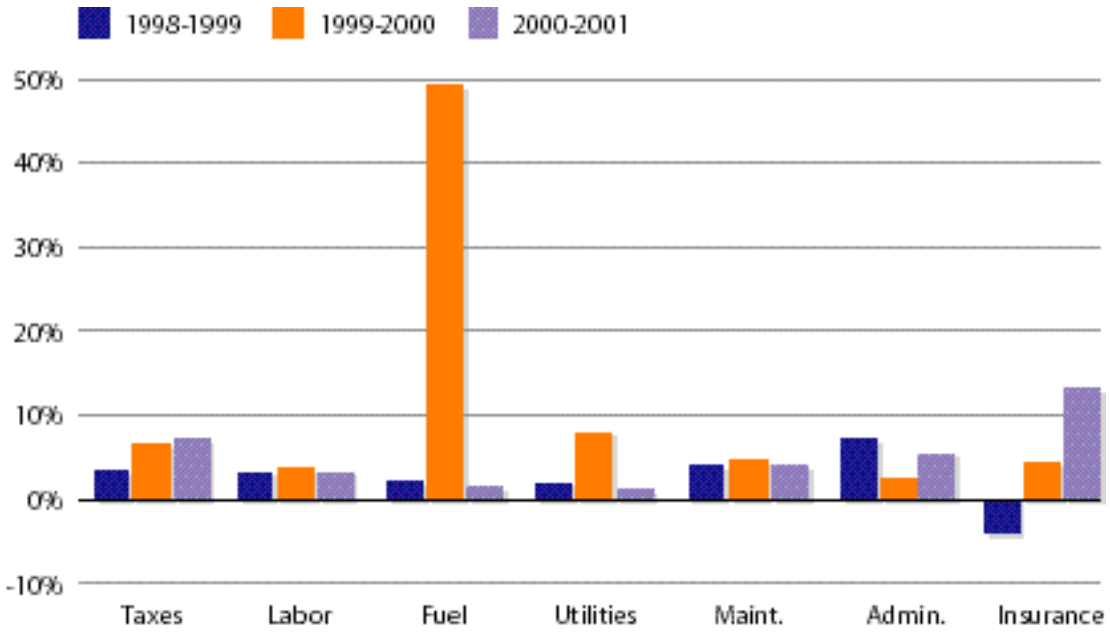
As in past years, building size influenced the rate of growth; expenses rose by 6.0%, 4.4%, and 5.1% respectively in small, medium, and large buildings. This year, costs rose most rapidly in the borough of the Bronx (6.1%), and the least in Queens (4.1%). Costs increased by 5.0% in Core Manhattan, by 2.6% in Upper Manhattan and by 4.6% in the rest of the City excluding Core Manhattan. For a detailed breakdown of the changes in rent income and costs by building size age and location, see Appendix C.8.

RPIE Expenses and the PIOC

The RPIE and the RGB's long-running survey, the Price Index of Operating Costs (PIOC), each provide a form of independent verification for the expense findings in the other. However, comparison of I&E and PIOC data is somewhat distorted due to differences in the way each instrument defines costs and time periods. For example, there is a difference between when expenses are incurred and actually paid by owners as reported in the RPIE, versus the price quotes obtained from vendors for specific periods as surveyed in the PIOC. In addition, the PIOC primarily measures prices on an April-to-April basis, while most RPIE statements filed

Change in Cost Components, 1998-2001

Changes in Fuel Costs and Insurance Show Greatest Volatility Among Operating and Maintenance Expenses from 1998-2001



Source: NYC Department of Finance, 1998-2001 RPIE Filings

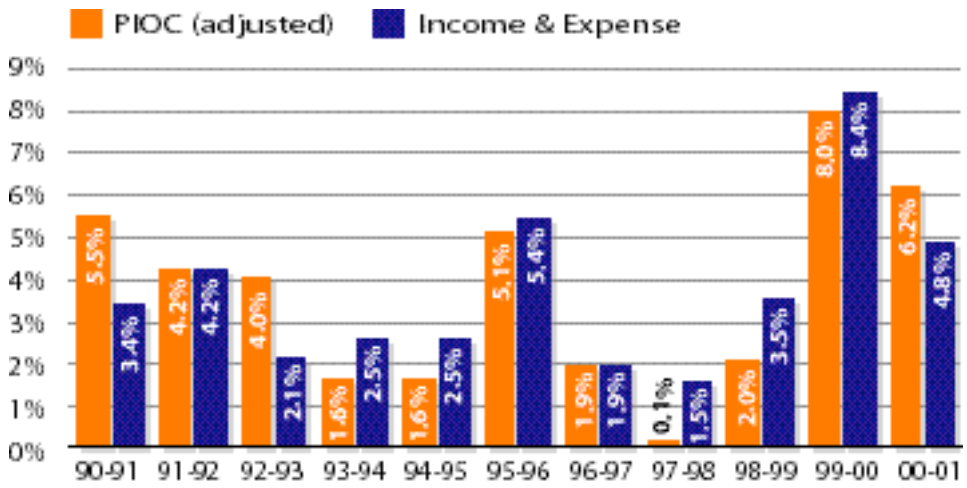
by landlords are based on the calendar year. To compare the two, weighted averages of each must be calculated, which may cause a slight loss in accuracy. Finally, the PIOC measures a hybrid of costs, cost-weighted prices and pure prices, whereas the RPIE provides unaudited owner-reported costs.

Over the past several years, growth in PIOC-measured costs has consistently differed from expense increases reported in RPIE data. Since the beginning of the decade, the PIOC has grown faster in periods of economic downturn, and RPIE overall expenses have grown faster in recovery. The "gap" between the two indices has been largely narrowing since 1993 and this year, the PIOC and the I&E studies show very similar increases in costs and prices. As the graph on the next page shows, the most recent adjusted PIOC change in prices was 6.2% while the increase in RPIE expenses was 4.8%, a difference of 1.4 percentage points between the two indices from 2000-01.

The PIOC and RPIE reported similar increases from 2000-01 in the cost components except for those that rose most rapidly. Taxes, labor, maintenance and administrative costs rose at similar rates. The adjusted PIOC reported higher increases in fuel and utilities costs compared to the RPIE data while the I&E reported higher insurance increases over the same period. These costs, three of the most volatile components, differed the most between the data sources. The adjusted PIOC reported a fuel price increase of 16.0% while the I&E showed a fuel cost increase of 1.3% from 2000-01, a difference of almost 15 percentage points. The difference between how the two indices measure fuel costs and prices has been seen in every year or years following a fuel price spike. Because the PIOC measures cost-weighted fuel prices and the I&E measures owners actual fuel costs, it is reasonable to assume that a sharp increase in fuel prices, seen in the PIOC in both 2000 and 2001 (49.4% and 16.0%, adjusted), signals to owners to fill their tanks, set a fixed rate with a supplier or even switch to another form of energy to lower their costs. Owners reported fuel cost increases in the I&E in 2000 and 2001 of 48.9% and 1.3%, showing a much smaller increase in average fuel expenditures in the second year even as PIOC-measured prices continued to climb.

Change in Operating & Maintenance Costs, I&E and the PIOC, 1990-91 to 2000-01

From 2000-2001, Owner-Reported RPIE Costs Increased at a Slower Rate than those Measured in the PIOC



Note: The PIOC increase is adjusted from April-to-April to the July-to-June fiscal year.

Source: NYC Department of Finance, 1990-2001 RPIE Filings; PIOC 1990-2001

Utility costs differed strongly as well between the two indices, with the adjusted PIOC measuring a rise of 8.7% and the I&E an increase of 0.9%, a difference of almost 8 percentage points. Comparing utility price increases in the PIOC (8.0% and 8.7% in 2000 and 2001, adjusted) and owner's reported cost increases in the I&E (7.7% and 0.9%) again show a much smaller increase in I&E costs in the second year while PIOC prices continued to rise.

Insurance costs differed by 5.1 percentage points between the two indices. For this component, owners reported a higher cost rise in the I&E of 12.9% on average, while the adjusted PIOC rose 7.8%. The effect of the attacks on the World Trade Center was beginning to be felt in late 2001 on insurance costs. The volatility of insurance prices and the difference in the way insurance costs are measured—owner-reported, unaudited, larger buildings in the I&E, and insurance company-verified owner-reported bills surveyed in the PIOC of all sizes of buildings may account for this difference. All other cost components, taxes, labor, maintenance and administrative, increased within one percentage point difference of each other between the two indices.

The PIOC, vital to the RGB as an indicator of current price and cost changes, may be most robust when measuring cost increase trends as New York City's rent stabilized housing market emerges from recession. This is because the PIOC is strong at tracking costs during economic upswings, when all types of costs and prices are generally increasing, and when accelerating revenue growth induces fewer owners to cut back on maintenance services and other elective costs. In periods of economic downturn, owners may substitute goods, making the PIOC's 'market basket' of goods less representative.

Longitudinal RPIE data, on the other hand, is a highly reliable measure of cost trends over both the short- and long-term because its source is actual empirical data for over 10,000 stabilized buildings. Unfortunately, due to filing periods and processing time, RPIE data is not available to the RGB for more than a year after the calendar reporting year has ended. Therefore, the RPIE data is not current enough to be the only source of cost change information for the RGB to establish annual rent adjustments.

From 1990-91 to 2000-01, cumulative growth in the two indices seem to confirm the accuracy of one another

in measuring expense changes for rent stabilized properties. Overall nominal costs measured in the PIOC and in the I&E studies both grew by 48% in stabilized buildings over this period.

Operating Cost Ratios

Between 2000 and 2001, the proportion of gross income spent on audited expenses (the O&M Cost-to-Income ratio) declined by 0.2 percentage points. The proportion of rental income used for audited expenses (the O&M Cost-to-Rent ratio) was nearly flat, decreasing by 0.05 percentage points. The O&M Cost-to-Income and O&M Cost-to-Rent ratios increased twice since 1992. Both ratios increased in years where fuel prices rose sharply, 1995-96 and 1999-2000. In other words, property owners spent a larger portion of each dollar in rent or income on operating expenses in the years where heating costs rose. The general trend, however, is a decline in the cost to revenue ratios since the early 1990s.

"Distressed" Buildings

Of the buildings in this year's longitudinal sample, 6.1% (693) had O&M expenses that exceeded revenues, 0.6 percentage points lower than the share in last year's longitudinal study. Only 32 (4.6%) of distressed properties were built after 1946. The fundamental conditions of these buildings did not change. While rent collections and gross income increased, operating expenses grew at a faster pace from 2000 to 2001. Again, distressed properties are burdened by low rents, lack of commercial income, and high operating expenses.

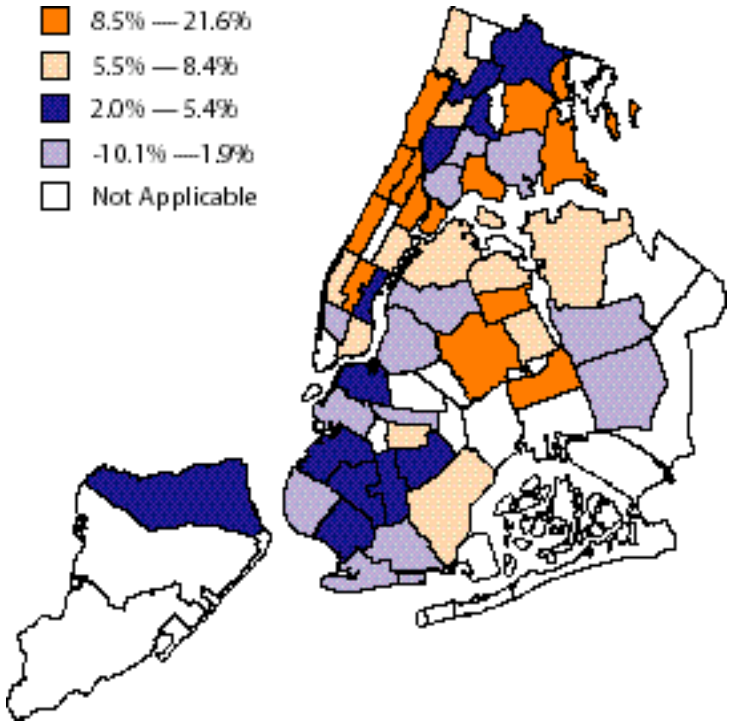
Net Operating Income

Since revenues grew slightly more rapidly than operating costs during 2001, on average, citywide net operating income in rent stabilized buildings increased by 5.9%. The 5.9% rate outpaced growth in both revenues and costs from 2000-01. This year's growth in NOI is higher than the rate found last year (3.5%) but lower than the NOI increase found from 1997-99 (11.4%, 11.8% and 8.7%). Again, NOI refers to the earnings that remain after operating and maintenance (O&M) expenses are taken care of, but before payments in income tax and debt service.

NOI grew at a higher pace in the post-war stock (8.4%) than it did in pre-war stock (4.6%) from 2000-01. NOI rose the most (10.1%) in small buildings (11-19 units). This year, average NOI growth in medium-sized structures (20-99 units) was 5.0% and NOI grew at a pace of 5.4% in large structures (100 or more units). See Appendix C.9 for a complete breakdown.

Change in Net Operating Income 2000-01

NOI Increased in most New York City Neighborhoods from 2000 to 2001



Note: Eleven Community Districts are "Not Applicable" because they did not contain enough stabilized buildings to calculate reliable statistics. Areas shaded white may also denote non-residential spaces, such as parks, bodies of water and airports. Community District percent changes are not weighted, borough-level averages are weighted.

Source: NYC Department of Finance, 2001 RPIE Filings

All the boroughs and almost all community districts experienced growth in NOI from 2000-01. The Bronx had the highest growth at 6.5%, followed by Queens (6.1%) Manhattan (5.8%) and Brooklyn at 3.1%. Core Manhattan's growth in NOI was 4.6%, strongly outpaced by NOI growth in Upper Manhattan this year (14.0%). The City excluding Core Manhattan experienced NOI growth of 5.6%.

At the community district level, as the map on the previous page shows, neighborhoods in Manhattan and Queens propelled NOI growth led by Central Harlem (16.7%) and Middle Village/Ridgewood (15.0%). NOI in Hunts Point/Longwood grew the most rapidly from 2000-01 at 21.6%. The districts that showed declines in NOI from 2000-01 were Sheepshead Bay, Soundview/Parkchester, Coney Island, Hillcrest/Fresh Meadows, Mott Haven and Morrisania.

Conclusion

The RPIE filings from over 13,000 rent stabilized buildings containing over 650,000 units in the cross-sectional sample, support the trend that the overall financial condition of New York City's rent stabilized properties continued to generally improve in both nominal and real terms in 2001. Revenue collections remained strong, slightly outpacing growth in costs. This growth in revenue and expenses from 2000-01 resulted in an NOI increase of 5.9% citywide. The table on this page provides the year-to-year changes in rents, income, costs, and NOI since 1990. After adjusting for inflation, in 2001, owners of rent stabilized buildings generally had a greater amount of income ($11 on average per unit per month) after operating and maintenance expenses were paid than the year before.

Methodology

The information in this report was generated from summaries of raw data from RPIE forms filed with the NYC Department of Finance in 2002 by owners of apartment buildings with eleven or more dwellings. The data in these forms, which reflects financial conditions in stabilized buildings for the year 2001, was computerized in late 2002 (the form is not due until September), and made available to RGB research staff in early 2003 for analysis.

Growth in Revenues Slightly Outpaces Cost Increases from 2000-2001
(Changes in Average Monthly Rents, Income, Operating Costs and Net Operating Income per Dwelling Unit, 1989-2001)

	Avg. Rent Growth	Avg. Income Growth	Avg. Cost Growth	Avg.NOI Growth
89-90	3.3%	3.7%	7.1%	-1.8%
90-91	3.4%	3.2%	3.4%	2.8%
91-92	3.5%	3.1%	4.2%	1.2%
92-93	3.8%	3.4%	2.1%	6.3%
93-94	4.5%	4.7%	2.5%	9.3%
94-95	4.3%	4.4%	2.5%	8.0%
95-96	4.1%	4.3%	5.4%	2.3%
96-97	5.4%	5.2%	1.9%	11.4%
97-98	5.5%	5.3%	1.5%	11.8%
98-99	5.5%	5.5%	3.5%	8.7%
99-00	6.2%	6.5%	8.4%	3.5%
00-01	**4.9%**	**5.2%**	**4.8%**	**5.9%**

Source: NYC Department of Finance, 1990-2001 RPIE Filings

As in past studies, two types of summarized data, cross-sectional and longitudinal, were obtained for stabilized buildings. Cross-sectional data, which provides a "snapshot" or "moment in time" view, comes from properties that filed 2001 RPIE forms. This data is used to compute average rents, operating costs, etc. that are typical of the year 2001. Longitudinal data, which provides a direct comparison of identical elements over time, encompasses properties that filed RPIE forms for the years 2000 and 2001. The longitudinal data describes changing conditions in average rents, operating costs, etc. by comparing forms from the same buildings over two years. Analysis of filing dates shows that RPIE forms reflect conditions around July of the previous calendar year. Thus, cross-sectional data in this report measures conditions in effect throughout 2001, while longitudinal data measures changes in conditions that occurred from 2000 to 2001.

This year, 13,085 rent stabilized apartment buildings were analyzed in the cross-sectional study (see Appendix C.7), and 11,283 stabilized properties were examined in the longitudinal study (see Appendix C.10). The sample of buildings was created by matching a list of properties registered with the DHCR against buildings that filed a 2001 RPIE statement (or 2000 and 2001 statements for the longitudinal sample). Like last year's study, the number of buildings in both the cross-sectional and the longitudinal sample increased from the previous year. The cross-sectional sample increased by 243 buildings (2%) and the longitudinal sample increased by 519 buildings (5%).

Once the two samples were drawn, properties that met the following criteria were removed:

- Buildings contained fewer than 11 units. Owners of buildings with fewer than 11 apartments (without commercial units) are not required to file RPIE forms;
- Owners did not file a 2001 RPIE form for the cross-sectional study, or a 2000 and a 2001 RPIE form for the longitudinal study;
- No unit count could be found in RPIE records;
- No apartment rent figures were recorded on the RPIE forms. In these cases, forms were improperly completed or the building was vacant.

Three additional methods were used to screen the samples so properties with inaccurate building information could be removed to protect the integrity of the samples:

- In early I&E studies, the Department of Finance used the total number of units from their Real Property Assessment Data (RPAD) files to classify buildings by size and location. RGB researchers found that sometimes the unit counts on RPIE forms were different than those on the RPAD file, and consequently deemed the residential counts from the RPIE form more reliable.
- Average monthly rents for each building were compared to rent intervals for each borough to improve data quality. Properties with average rents outside of the borough rent ranges were removed from all samples. This year, 118 buildings were removed from both samples for this reason. Fifty-eight percent of these buildings (69) had average rents below $100 per month, and 42 percent (49) had average rents in excess of the upper limits. Such screening for outliers is critical since such deviations may reflect data entry errors and thus could skew the analysis.
- Buildings in which operating costs exceeded income by more than 300% were excluded from both samples. Four properties were excluded for this reason.

As in prior studies, after compiling both samples, the Department of Finance categorized sample data reflecting particular types of buildings throughout the five boroughs (e.g. structures with 20-99 units built in Brooklyn before 1947). Staten Island is not included in most of the borough-level analyses because it contains too few stabilized buildings in most size and age categories to calculate reliable statistics.

For the third year, the Department of Finance provided research staff with data summarized at the sub-borough level in Manhattan this year. Manhattan properties were grouped into two categories, "Core Manhattan"—properties south of East 96th Street or West 110th Streets, or "Upper Manhattan"—the remaining areas. Where possible, researchers provided figures for Upper and Core Manhattan and for the

"rest of the City" (New York City excluding Core Manhattan). The extremely tight real estate market in Core Manhattan often results in income and expense data that is different from other areas of New York City. Thus, this added bifurcation allows separate examination of what are often two very different economic conditions in Core Manhattan and the rest of the City. All data in both the cross-sectional and longitudinal analysis is weighted using 1999 HVS allocations, the best estimate available of the real distribution of stabilized apartments in New York City. ❒

Endnotes

1. RPIE rent figures include money collected for apartments, owner-occupied or related space and government subsidies. Income encompasses all revenue from rents, sales of services, such as laundry, valet and vending, and all other operating income.

2. Pre-war buildings refer to those built before 1947; post-war buildings refer to those built after 1946.

3. Preferential rents refer to actual rent paid which is lower than the "legal rent," or the maximum amount the owner is entitled to charge. Owners often offer preferential rents when the current market cannot bear the legal rent.

2003 Mortgage Survey

what's new

- ✔ Average interest rate for new multifamily mortgages fell 1.16 percentage points, or 16%, to 6.19%, the lowest ever recorded in this survey.
- ✔ Refinancing interest rates also fell to 6.19%, also a 16% decline from last year.
- ✔ Average points (fees) for new loans increased a slight .02 points, or 3%, to 0.81%.
- ✔ Vacancy and collection losses increased for the second year in a row.
- ✔ Average new and refinance loan volume increased substantially this year.

Introduction

Section 26-510 (b)(iii) of the Rent Stabilization Law requires the 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 January the RGB research staff surveys lending institutions that underwrite mortgages for multifamily rent stabilized properties in New York City. The survey provides details about New York City's multifamily lending during the 2002 calendar year. The survey is organized into five sections: new and refinanced loans, underwriting criteria, non-performing loans and characteristics of buildings in lenders' portfolios.

Summary

This year's Mortgage Survey reveals that the market for lending to rent stabilized building owners remains a borrower's market, as the historically low interest rates, easy availability of capital and high competitiveness between lending institutions continued. Despite the weak economy, the real estate lending market has remained strong. Those lenders responding to the survey report that their marketplace remained stable and accessible. Interest rates for both new and refinanced mortgages declined, lending terms remained flexible, and the number of non-performing loans and foreclosures remained virtually nonexistent. In addition, both new and refinanced loan volume among banks responding to our survey increased.

Survey Respondents

Twenty-seven financial institutions responded to this year's survey.[1] Compared to last year, two more institutions responded, primarily due to a reduction in the length of the survey.[2] The survey sample is updated each year to include only those institutions offering loans for multiple dwelling, rent stabilized properties. New institutions are added each year, and irrelevant ones are removed, primarily through research in trade journals, directories, internet search engines and lists compiled by the Federal Deposit Insurance Corporation (FDIC). The twenty-seven respondents include a variety of traditional lending institutions, such as savings banks, S&L's, credit unions and commercial banks, as well as non-traditional lenders, including a local housing services program and a government-subsidized loan program.

Data about the multifamily real estate holdings of institutions reveals a considerable range. Of the respondents in our survey that report figures to the FDIC, holdings range this year from $10.4 million to $3.6 billion. Seven institutions had multifamily holdings worth over one billion dollars, while six had holdings of less than $100 million. The average multifamily real estate

portfolio this year holds $812 million, a decline from $863 million last year.[3]

As in previous years, a small number of large lenders again provided most of the new and refinanced mortgages. Of all respondents, three provided 72% of the total volume of new mortgages, while three different lenders provided 75% of the total volume of refinanced loans of all respondents.

The report also compares information from the same group of lenders who have responded each of the last two years in what is called a longitudinal analysis. This type of data analysis of the respondents enables the staff to better distinguish between actual changes in the lending market versus fluctuations caused by different institutions responding to the surveys in consecutive years. Seventeen institutions that responded this year also completed last year's mortgage survey. This decreased the size of the longitudinal group by one respondents compared to last year.

The report begins by discussing findings from a cross-sectional study of all respondents to the *2003 Mortgage Survey*, followed by an analysis of the longitudinal group.

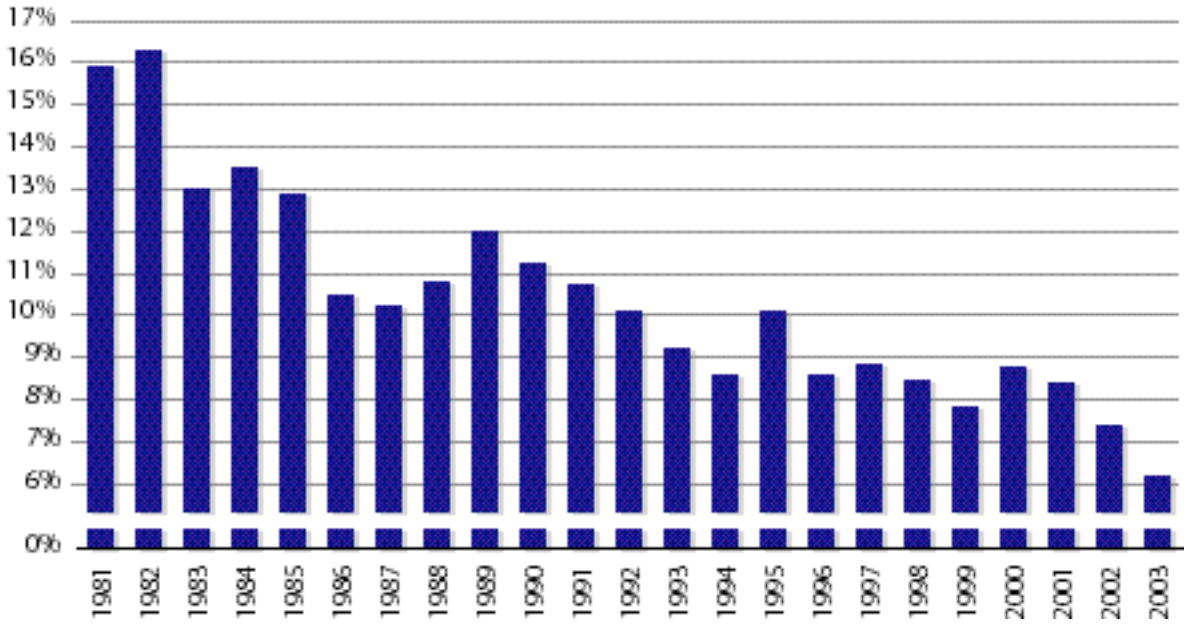
Cross-Sectional Analysis

Financing Availability and Terms

For the fifth time in six years, average interest rates declined from the prior year. This year's average rate of 6.19% for new multifamily mortgages was a decrease of 1.16 percentage points, or 16%, from the previous year (see graph below). This can partially, but not entirely, be explained by the action taken by the Federal Reserve Board (the "Fed"), as interest rates charged to banks were lowered only once, towards the end of 2002. The Fed lowered both the Discount Rate—the interest rate at which depository institutions borrow from the Federal Reserve Bank of New York—and the Federal Funds Rate—the interest rate at which depository institutions lend balances at the Federal Reserve to other depository institutions—in November, each falling a half of a percentage point. By contrast, in 2001, the Fed dropped each rate a total of 4.75 percentage points.[4] Therefore, because of this year's relatively small reduction in rates, the drop in interest rates charged by lenders can be attributed to competitive pressures in the lending marketplace.

Average Interest Rates for New Loans to Rent Stabilized Buildings, 1981-2003

Multifamily Mortgage Interest Rates Continue to Decline



Source: Rent Guidelines Board, annual Mortgage Surveys.

All of the institutions responding to the survey this year also offered refinanced mortgages, and usually on similar terms. The average rate charged for refinanced mortgages, 6.19%, was the same as the average rate charged on new originations, the first time this has occurred since 1998. This year's average rate for refinanced loans was a decline of 1.21 percentage points, or 16%, from the previous year.

Points, or average up-front service fees, charged for new and refinanced loans were the same at all but two institutions. Average service fees charged on new loans by lenders were 0.81, a slight increase of 0.02 percentage points or 3%, from the previous year. Average fees reported in the survey have remained low, around or below one point, for the past six years (see graph below). Points for new mortgages ranged from 0 to 2% among the institutions surveyed. This year, the average points charged for refinanced loans was 0.78, a 6% drop from last year.

Lenders remained similarly flexible this year in the loan terms they offered, comparable to the results from recent mortgage surveys. While somewhat complicated to analyze (survey respondents normally provide a wide range of terms rather than a single number), the range of terms offered by institutions remained similar. Mortgage terms reported by respondents fell within a wide 3- to 30-year range, and most lenders offered 5 to 10 years. This continued mortgage term flexibility over recent years is in great contrast to terms found in the surveys of the early- to mid- nineteen nineties, when close to half of respondents offered maximum loan maturities of just five years.

As might be expected from lower interest rates and favorable lending terms, loan volume for both new and refinanced mortgages remained strong. An average of 103 new loans per institution were financed this past year, an increase of 45%

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

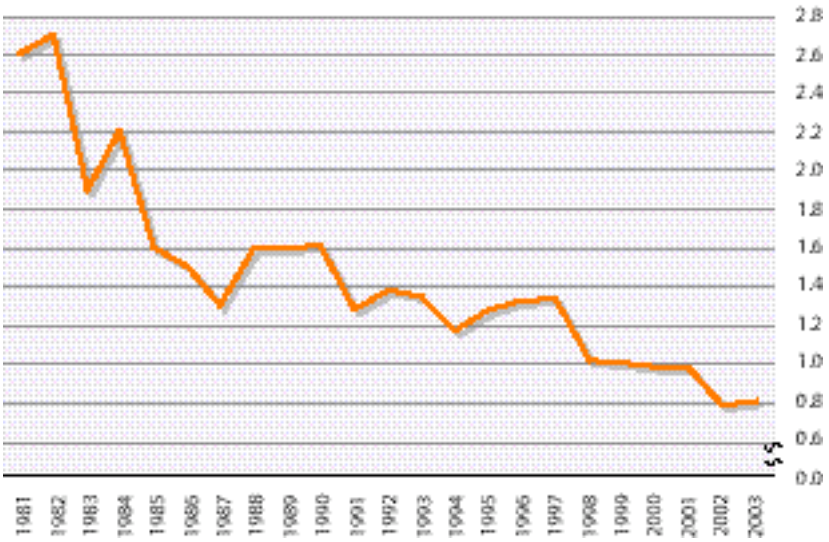
Maximum LTV - the loan-to-value ratio set by the lenders as part of their underwriting criteria

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, 1981-2003

Historically Low Service Fees Increase Slightly This Year



Source: Rent Guidelines Board, annual Mortgage Surveys.

from last year's 71. The average number of new loans per lender in our survey has increased significantly over recent years. For instance, the *1998 Mortgage Survey* showed an average of just 37 new mortgages per lender. The average number of refinanced loans similarly jumped over the last year, up from 59 in the 2002 survey to 103 in this year's survey (and coincidentally is the same average number of new mortgages offered this year as well). The number of refinanced loans offered per institution has increased at a similar rate to the increase in new loans since the late 1990s.[5]

As demonstrated by the large increase in the average number of loans made, most lenders saw their loan volume increase significantly this year. Two-thirds of all respondents reported that their loan volume increased, versus 14% in the 2002 survey.

This year, twice as many lenders reported a significant increase in the volume of new and refinanced loan applications, compared to the prior year. The increase in the number of loan applications may be due to the increased availability of capital and decline in interest rates, with many borrowers taking advantage of the favorable market by refinancing buildings they already own, or purchasing a building because of the affordable rates and terms offered by mortgage lenders. (For data in this section, see Appendix E.1)

Underwriting Criteria

There was little change in the lending practices of institutions this year, as has been similarly found in recent years. This trend reflects a enduring period of low delinquencies and defaults that was at first a result of stricter requirements that went into effect more than a decade ago and in more recent years attributable to the endurance of a strong real estate market. As recent surveys have indicated, this year's findings provide additional evidence that while lenders are always cautious, this past year represented a continued era of ample loan availability and a continuation of the less stringent underwriting policies seen for the last several years.

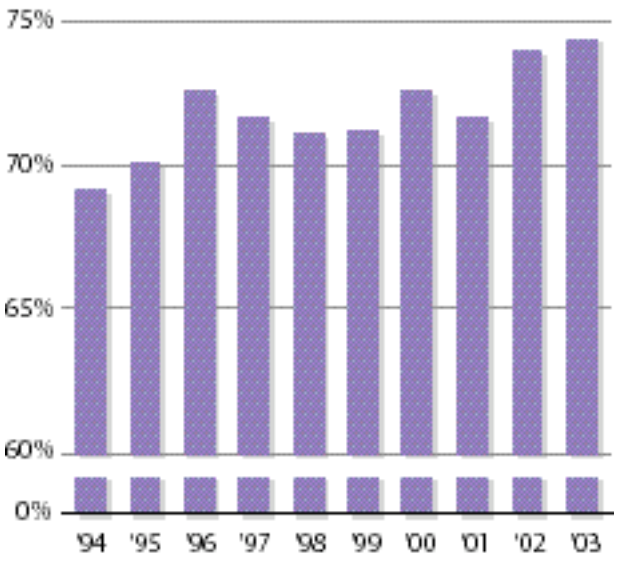
Most lenders maintained the same underwriting standards this year. Criteria for maximum loan-to-value ratios, debt service coverage, and building characteristics, such as age and condition, varied little from last year's survey. The average maximum loan-to-value ratio (LTV), the dollar amount ceiling respondents were willing to lend based on a building's value, ranged from 63% to 80%. The average was 74.2%, up from the prior year's 71.6% (see graph below).

The debt service ratio—which measures an investment's ability to cover mortgage payments using its net operating income—is another important lending criterion. The debt service ratio —or net operating income divided by the debt service—remained virtually unchanged, with an average debt service requirement of 1.25 (vs. 1.24 last year). The higher the debt service coverage requirements, the less money a lender is willing to loan given constant net income. Because the average debt service ratio remained constant from last year, it can be assumed that most lenders have not changed the amount of money they are willing to lend in relation to the net operating income of buildings. (See Appendix E.2)

Other standards cited by lenders when assessing loan applications remain the same as last year. Sixty-four percent of lenders stipulate that overall building maintenance is an important standard when assessing loan applications. Forty-four percent consider the

1994-2003 Cross-Sectional Average Loan-to-Value Standards

Maximum Loan-to-Value Ratios Increase



Source: Rent Guidelines Board, annual Mortgage Surveys.

number of units important. Twelve percent of lenders consider the credit history of the borrower. An equal number of respondents (12%) consider whether the borrower was an occupant of the building or the potential conversion of the building to a co-op or condo.

Non-Performing Loans and Foreclosures

The vast majority of lenders again reported that they had neither non-performing loans nor foreclosure proceedings this year. Twelve percent of lenders report having non-performing loans, down from 17% the previous year, and 8% report having foreclosures over the past twelve months, virtually the same as last year's 9%. However, for those few institutions reporting either non-performing loans or foreclosures, these loans represented, on average, no more than 1% of these respondents' total loans to rent stabilized buildings, with the exception of just one lender.[6]

It is uncertain, however, whether the continued decline in both the number of non-performing loans and foreclosures this past year can continue indefinitely, as institutions also reported an increasing number of vacancy and collection (V&C) losses over the past year. (This will be discussed in the next section.)

Characteristics of Rent Stabilized Buildings

The average size of rent stabilized buildings in surveyed lenders' portfolios grew this year. Unlike last year's survey, which revealed that the typical building in a lenders' portfolio was more evenly spread out among varying building sizes, the most common building size reported this year was 20-49 units, with 37% of lenders reporting this size building as their average rent stabilized building. Another 26% of lenders reported that their average building contained 11-19 units. Meanwhile, 19% reported that an average building contains 1-10 units, 11% report it contains 50-99 units, and 7% report that the typically rent stabilized building they finance contains over 100 units.

More rent stabilized buildings experienced vacancy and collection losses again this year. Average vacancy and collection (V&C) losses were up this year to 4.29%, up 0.14 points, or 3%, from the prior year's figure. While this was the second year in a row of V&C increases, the level remains lower than that found four years ago, when V&C losses were 4.48%. In addition, the percentage of lenders reporting V&C losses of at least 5% increased from 54% to 58%. (see graph on next page). However, recent surveys still reflect substantial improvement over V&C losses seen six to eight years ago, when up to three-quarters of respondents had reported losses of at least 5%.

Last year's Mortgage Survey reported that average operating and maintenance (O&M) costs declined slightly. This year, however, average O&M expenses per unit per month reported by lenders again increased, up slightly from $357 to $359, a 1% increase.[7] In addition, average rent per unit per month increased as well, up 10%, from $800 last year to $881 this year. (see Appendix E.2).

Examining the average O&M cost-to-rent ratio, which is the ratio of average monthly operating and maintenance costs to average monthly rents, reveals a decrease in the ratio, to 40.8%, down from 44.6% in the previous year.

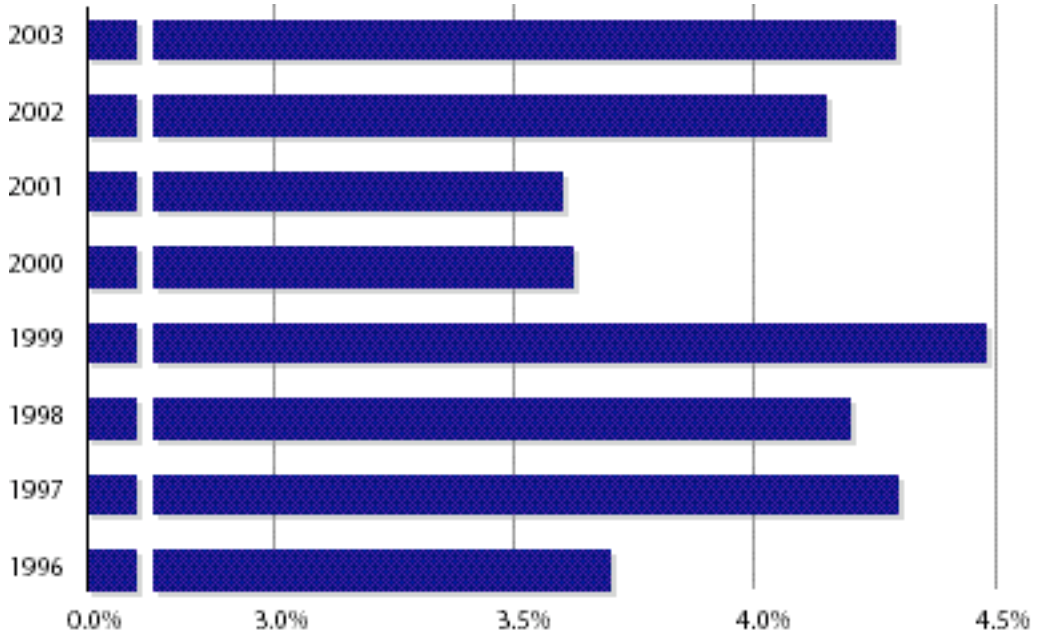
The O&M cost-to-rent ratio is important to examine because it is helpful in evaluating the profitability of New York's stabilized housing. Tracking the average O&M cost-to-rent ratio since 1998, when those surveyed were first asked for both O&M expense and rent figures, shows a fluctuation in the ratio between the two over the years. In the 1998 survey, lenders reported a cost-to-rent ratio of 47.9%, which increased to 52.1% in 1999, the highest in the six years the survey has asked these questions, followed by a significant drop since the 2001 survey, when the cost-to-rent ratio was 50.4%.

The RGB also examines the average O&M cost-to-rent ratio in the Income and Expense (I&E) Report, though it cannot be compared to the cost-to-rent ratio reported in the Mortgage Survey, because data in the I&E Report is over one year old, and the sources and sample sizes are very different. In the *2002 I&E Report*, which reported on data from the year 2000, the average O&M cost-to-rent ratio was 62.1%.[8]

In order to better gauge the lending market, for the first time this year's survey asked lenders whether they retain their mortgages or sell them to secondary markets. According to the survey, most respondents (78%) retain all their mortgages, 9% sell all their mortgages, and 13% sell some of their mortgages to

Average Vacancy and Collection Losses, 1996-2003

Vacancy and Collection Losses Increase for Second Year in a Row



Source: Rent Guidelines Board, annual Mortgage Surveys.

secondary markets. Of those institutions selling their mortgages, the most common purchaser is either Freddie Mac or Fannie Mae.

To understand whether building owners have sources of income other than those from residential tenants, this year's survey asked lenders whether the rent stabilized buildings to whom they offer mortgages contain commercial space. Eighty-eight percent of institutions surveyed indicated that some of the buildings in their portfolios contain commercial space. Of these institutions, they report that on average, a quarter (26%) of their buildings have commercial space.

Longitudinal Analysis

Since a number of respondents reply to the Mortgage Survey in at least two consecutive years, information regarding rent stabilized buildings can be analyzed longitudinally to more accurately measure changes in the lending market. This longitudinal comparison helps to determine whether changes highlighted in the cross-sectional analysis reflect actual fluctuations in the lending market or the presence of a different pool of respondents this year. In this section, responses from the seventeen lenders who replied to surveys both last and this year (longitudinal group) were compared to the data from all twenty-six institutions providing usable responses in the 2003 survey (cross-sectional group).

Financing Availability and Terms

The longitudinal analysis provided data that is similar to the findings in the cross-sectional group. This year's average interest rate reported by the longitudinal group was 6.15%, which represents a decrease of 17%, or 1.23 percentage points, from last year's rate of 7.38%. This decrease is slightly larger than the change reported by the cross-sectional group (6.19% this year and 7.35% last year, a 16%, or 1.16 percentage point, decrease). (See Appendix E.3)

Comparable changes were found in an examination of interest rates for refinanced loans. Both groups' average interest rate decreased from one year to the next, with the rate for the longitudinal group going from 7.46% to 6.15%, a decrease of 18%. (See Appendix E.4) The average rate for the cross-sectional group saw a similar, though smaller, decrease of 16%.

Average points offered by lenders fell for both new and refinanced loans this year among the longitudinal group. This sample reports an average of 0.75 points for new loans, slightly lower than last year's 0.83, and fell slightly more for refinanced loans, from 0.85 last year to 0.71 this year, a 17% decline.

The longitudinal group found that loan volume increased substantially over last year for both new and refinanced mortgages, and at a much higher rate than that found among the cross-sectional sample. The average number of new loans opened by participating institutions more than doubled, from 59 last year to 132 this year, an 125% increase, among the longitudinal group. The number of refinanced loans established by the longitudinal group saw a smaller but still significant increase, with an average of 105 refinanced loans this year, versus 70 the year before, a 51% increase. Similar to last year's findings, the longitudinal group's new and refinanced total loan volume was greater than among the cross-sectional group.

As might be expected, based on the large jump in the number of new and refinanced loans among the longitudinal sample, most lenders saw their loan volume increase over the past year. Of those lenders reporting an increase in volume, the longitudinal group saw an average increase of 27%, higher than the 22% increase found among the cross-sectional sample. However, among both samples, the increase in loan volume was less than that found in the previous year.

Lending Standards

The average maximum loan-to-value (LTV) ratio remained nearly the same, according to the longitudinal analysis. The maximum LTV this year among the longitudinal sample was 73.8%, slightly higher than last year's figure of 73.5%. This year's figure is also very similar to that of the cross-sectional group, whose maximum LTV was 74.2%. The findings of both the longitudinal and the cross-sectional groups indicate a slightly greater flexibility in lending criteria. This year's longitudinal debt service coverage ratio is 1.24, exactly the same as last year, and almost the same as this year's cross-sectional group figure of 1.25. (See Appendix E.5)

Similar to the cross-sectional findings, the survey found a slight increase in the vacancy and collection (V&C) losses in the longitudinal group from one year to the next. This year's average vacancy and collection loss was 4.15%, compared to 4.12% last year. This year's V&C losses among the longitudinal group were also lower than those found in the cross-sectional group, which saw average V&C losses of 4.29%. However, slightly fewer lenders (43%) in the longitudinal survey reported V&C losses of at least 5%, compared to 47% among the same lenders last year. By comparison, among the cross-sectional group, 58% saw V&C losses at or above 5% this year.

Non-performing and Delinquent Loans

While examining non-performing or delinquent loans among the longitudinal group over the last two years, little difference was found among responding institutions. Delinquencies continue to be insignificant, with only one lender in the longitudinal group reporting any non-performing loans or foreclosures during this past year. (The same lender was the only one reporting both last year, as well.[9])

Conclusion

The results of the *2003 Mortgage Survey* indicate that the market for lending to rent stabilized buildings owners remains a borrower's market, driven primarily by low interest rates and high competitiveness between lending institutions. The real estate lending market remains one of the few bright spots in an otherwise sagging local economy. As in recent years, the lending market remained stable and accessible. Interest rates for both new and refinanced mortgages declined, and lending terms remained similarly flexible. V&C losses increased, but the cost-to-rent ratio decreased. Whether the real estate market remains healthy over the next twelve months, despite the recession[10], remains to be seen. However, if the economy continues to sag, the Federal

Reserve Board may be spurred to cut interest rates even lower, in turn strengthening not just the economy as a whole but the mortgage market, as well.[11] ❒

Endnotes

1. One institution responded to the survey but indicated that they do not offer financing for rent stabilized buildings. Therefore, only 26 institutions are discussed in this report.

2. This year's mortgage survey was redesigned to improve the sample rate and remove questions that were considered less helpful for the overall purpose of the survey. Through last year, the survey had grown to five legal-sized pages, while this year's survey consisted of three letter-sized pages. Questions relating to the geographical location of buildings receiving mortgages, as well as follow-up questions relating to lending criteria, were removed. Questions relating to commercial space, whether lenders retain their mortgages, a request for the names of lenders' competitors, as well as space asking for information on trends and other comments, were added.

3. FDIC data derived from the FDIC web site. World Wide Web Page <http://www.fdic.gov> (accessed February 28, 2003)

4. Discount Rate and Federal Funds Rate data derived from the Federal Reserve Board of New York web site. World Wide Web Page <http://www.ny.frb.org> (accessed March 11, 2003)

5. It is important to keep in mind, however, because of the trend in bank mergers, borrowers have fewer institutions to choose from. Therefore, the average institutional loan volume reported by remaining lenders may be inflated for this reason.

6. The one lender reporting a higher percentage of non-performing loans and foreclosures is a not-for-profit organization specifically serving low-to-moderate income neighborhoods.

7. 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 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.

8. The operating and maintenance cost-to-rent ratio from the *2003 Mortgage Survey* reflects estimates by lenders of expenses and rents for rent stabilized buildings as of approximately January 2003. The average ratio is calculated from just 26 responses. The latest available O&M cost-to-rent ratio from the *Income and Expense Study (I&E)*, in which average rent was $744 and average audited cost was $462, reflects rents and expenses reported by owners for calendar year 2000. Average monthly costs per unit in the *Mortgage Survey* are consistently 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 $80,000 and eleven or more units, while the *Mortgage Survey* reports does not exclude these buildings.

9. See Endnote 6.

10. "NYC Recession Persists Into Eighth Consecutive Quarter," *Economic Notes*, NYC Comptroller's Office, March 2003.

11. "Rates Keep Sliding Towards the 1950's," by Jonathan Fuerbringer, *New York Times*, March 8, 2003.

Income and Affordability

2003 Income and Affordability Study

what's new

- ✔ New York City's economy shrunk by 2.2% in 2002, compared to 0.3% in 2001.
- ✔ The City lost 117,500 jobs in 2002, representing a 3.18% decline from 2001 in the number employed.
- ✔ The unemployment rate increased to 7.9% last year, up from 6.1% in 2001.
- ✔ Manhattan saw the largest jump of the boroughs in its unemployment rate, increasing from 6.0% to 8.2% last year.
- ✔ Inflation averaged 2.6% in the metro area in 2002, up slightly from 2.5% in the prior year.
- ✔ Inflation-adjusted wages increased 3.0% in 2002, compared to 6.0% in 2001.
- ✔ The citywide vacancy rate was 2.94% in 2002.
- ✔ During FY 2003, 37,421 homeless persons stayed in municipal shelters, up 20.8% from the prior year.
- ✔ An average of 8,693 families were sheltered each night in NYC during FY 2003, an increase of 24.5% over the prior year.
- ✔ The number of non-payment filings in Housing Court increased 19.4% in 2002, to 331,309.

Introduction

Section 26-510(b) of the Rent Stabilization Law requires the Rent Guidelines Board (RGB) to consider "relevant data from the current and projected cost of living indices" and permits consideration of other measures of housing affordability in its deliberations. To assist the Board in meeting this obligation, the RGB research staff produces an annual Income and Affordability Study, which reports on housing affordability and tenant income in New York City's rental market. The study highlights year-to-year changes in many of the major economic factors affecting New York City's tenant population and takes into consideration a broad range of market forces and public policies affecting housing affordability. Such factors include New York City's overall economic condition—unemployment rate, wages, Consumer Price Index and Gross City Product—as well as the number of eviction proceedings and the impact of welfare reform and federal housing policies on rents and incomes.

This year's study benefits from newly released data compiled by the U.S. Census Bureau in its 2002 NYC Housing and Vacancy Survey (HVS), the twelfth such survey since 1965. Of particular importance to the Income and Affordability Study is HVS data regarding household income and rental payments, which allows us to estimate housing affordability.

Summary

After experiencing the grief of the events of September 11th, 2001, New York City continued to feel the pain of ground zero recovery and of a second year of recession in 2002. A 2.2% decline in the City's Gross City Product indicates that NYC remains in a recession. The unemployment rate increased, climbing 1.8 percentage points to 7.9%. New Housing and Vacancy Survey data revealed that the vacancy rate remains well below the 5% threshold, at 2.94% citywide. Despite the poor economy, the number of persons receiving public assistance declined slightly. In addition, homelessness grew to record numbers, especially among families, and non-payment filings in Housing Court increased significantly.

Economic Conditions

The City's economy remained mired in a recession for a second straight year in 2002. New York City's Gross City Product (GCP), which measures the total value of goods and services produced, contracted by 2.2% in 2002, after falling 0.3% in 2001. Prior to the current recession, the last time GCP declined was in 1991. By contrast, the GCP increased at an annualized rate of 4.3% from 1994 through 2000. The United States economy, in contrast, saw the Gross Domestic Product (GDP) increase 2.4% in 2002, compared to a 0.3% increase in the prior year.

The Consumer Price Index (CPI), which measures the change in cost of typical household goods, increased at a slightly higher rate in 2002 (2.6%) than in 2001 (2.5%) in the NYC metropolitan area. By contrast, the U.S. CPI for urban consumers increased at a lower rate this year, up 1.6% in 2002 versus 2.8% in 2001. This is the first year since 1992 that the NYC CPI increase exceeded the U.S. CPI increase.[1]

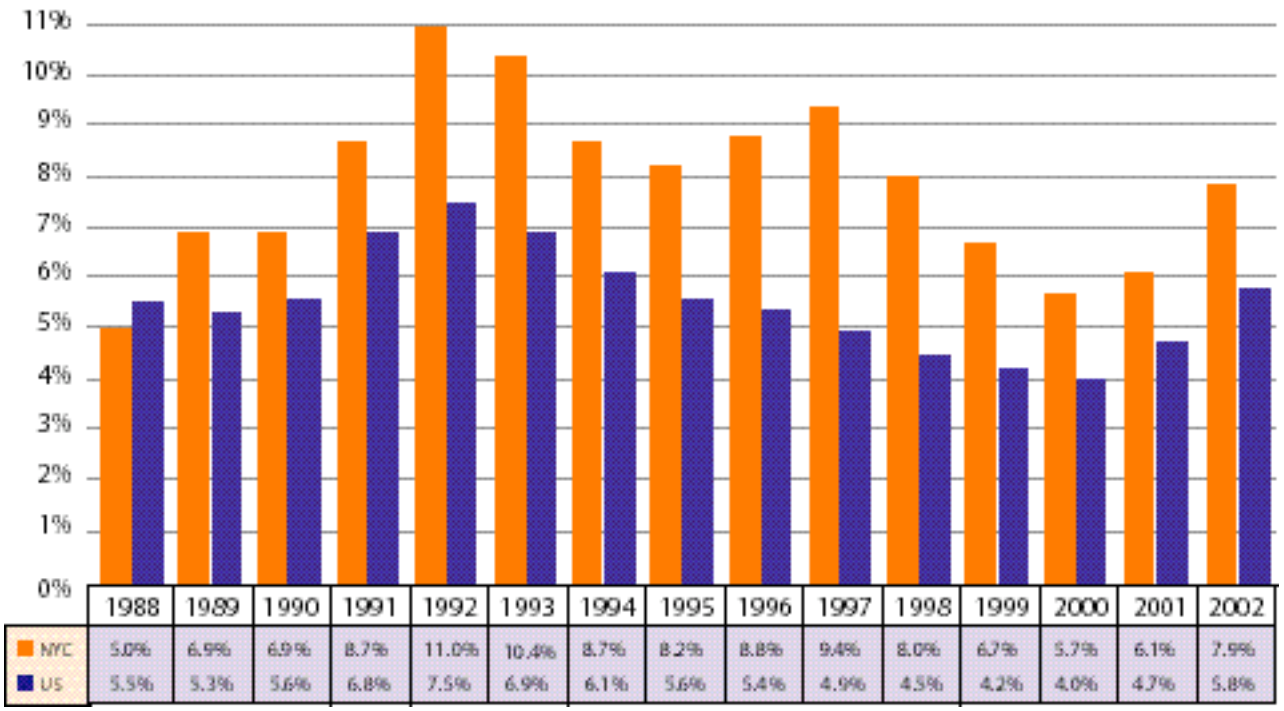
NYC's unemployment rate has deteriorated over the past year. The annual NYC unemployment rate increased by 1.8 percentage points, from 6.1% in 2001 to 7.9% in 2002. After falling to its lowest level in over a decade in 2000, the City's unemployment rate is now the highest since 1998. Similarly, the U.S. unemployment rate increased to 5.8% in 2002, up from 4.7% in 2001. The discrepancy between the NYC and nationwide rates began to grow again in 2002, after falling the prior year to the smallest difference since 1990. (See graph below and Appendix F.1)

Moving into 2003, the unemployment rate continues to increase. The City jobless rate stood at 8.8% in February 2003, significantly higher than the City's 2002 average rate of 7.9%, while the national unemployment rate stood at 5.8%, the same as the 2002 average. This suggests that the City's economy is still declining, while the nation's economic health may be stabilizing.[2]

For the second year in a row, Manhattan experienced the largest jump of any borough in its rate of unemployment. While the City as a whole experienced a 1.8 percentage point increase, Manhattan saw a 2.2 percentage point increase. In fact, over the last two years, Manhattan's jobless rate jumped by two-thirds, from 4.9% in 2000 to 8.2% in 2002. No other borough saw such a large jump in unemployment. However, the other boroughs did all see significant increases in their jobless rates over the last two years. While Manhattan's jobless rate jumped most significantly, the Bronx maintained the

NYC and U.S. Unemployment Rates, 1988-2002

NYC and U.S. Unemployment Rates Continue to Rise in 2002



	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
NYC	5.0%	6.9%	6.9%	8.7%	11.0%	10.4%	8.7%	8.2%	8.8%	9.4%	8.0%	6.7%	5.7%	6.1%	7.9%
US	5.5%	5.3%	5.6%	6.8%	7.5%	6.9%	6.1%	5.6%	5.4%	4.9%	4.5%	4.2%	4.0%	4.7%	5.8%

Source: U.S. Bureau of Labor Statistics.

highest unemployment rate of the boroughs again in 2002, up from 7.4% in 2001 to 9.3% in 2002. Brooklyn maintained the second highest unemployment rate in 2002, up from 6.7% to 8.6%. Staten Island's jobless rate increased slightly less than the citywide average, up from 4.8% in 2001 to 6.5% in 2002. By contrast, Queens saw the smallest increase in joblessness in 2002, up from 5.1% in 2001 to 6.5% in 2002.

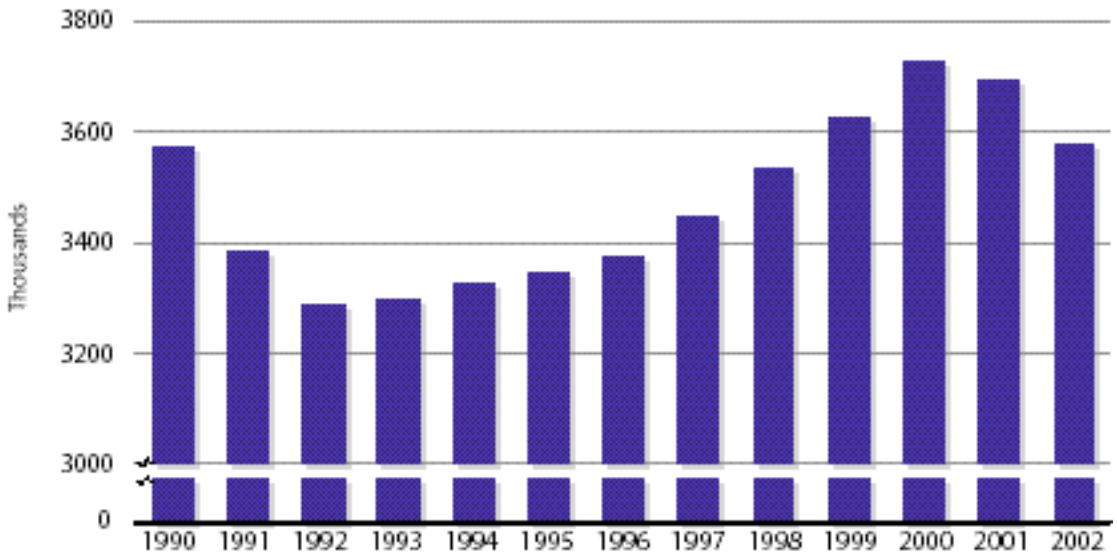
In contrast to the unemployment rate, two additional employment indices improved in 2001. The NYC labor force participation rate, which measures the proportion of all non-institutionalized people, aged 16 and over, who are employed or actively looking for work, increased in 2002, to 64.7%, up from 62.9% in 2001. This remained lower than the U.S. rate, which instead decreased, to 66.6% in 2002, from 66.8% in the prior year. In addition, the NYC employment/population ratio, which measures the proportion of those who are actually employed as a ratio of all non-institutionalized people age 16 or over, also increased, to 59.6% in 2002, up half a percentage point in 2001. The U.S. employment/population ratio, in contrast, was down one full percentage point, to 62.7% in 2002.[3] The increase in both the City's labor force participation rate as well as the City's employment/population ratio simultaneous to the increase in the unemployment rate suggests that more people are now actively seeking work but are unable to find it.

The increasing rate of unemployment is also reflected in the significant decline in the number of those employed in New York City. However, since the employment/population ratio among NYC residents improved in 2001, it suggests that job losses impacted more significantly on commuters than on city residents. Overall, among both city residents as well as those commuting into the City, NYC lost 117,500 jobs in 2002, a 3.18% decrease from 2001. Job losses occurred in virtually every job sector.[4] The information sector lost the highest proportion of jobs in NYC in 2002, down 11.9%, or 23,800 jobs, while manufacturing lost 10.1%, or 15,700 positions.

Most other sectors saw sizeable job losses as well, including the professional and business sector, losing

Average Annual Payroll Employment, NYC, 1990-2002

NYC Employment Levels Drop For Second Year in a Row



Source: U.S. Bureau of Labor Statistics.

6.1%, or 35,700 jobs; financial activities, losing 5.7%, or 27,200 jobs; construction, falling 5.3%, or 6,400 jobs; trade, transport & utilities, declining 4.2%, or 23,600 jobs; and the leisure and hospitality industry, falling a more modest 2.5%, or 6,500 jobs.

The only sectors to see job increases in 2002 were the educational & health services sector, gaining 18,300 positions, or 2.9%, and the public administration sector, gaining a modest one-half of one percent, or 2,800 jobs, among those employed by the local, state or federal governments in NYC in 2002.[5] (See graph on previous page and Appendix F.2)

This report also examines wage data, though the analysis is limited by the fact that there is a one-year lag in reporting of the income data. Therefore, the most recent numbers, which cover the 2001 calendar year, reveal a smaller real wage gain than in 2000, for those employed in NYC (which also includes those who live outside the City). After witnessing a 6.0% increase in real wages in 2000, the largest real wage gain in eight years, real wages, which are wages adjusted for inflation, rose a more modest 3.0% in 2001. Similarly, nominal wages grew 3.3% in 2001, versus 9.3% the prior year. In 2001, the average annual wage was $61,046, an increase from $59,103 in 2000. Reflecting the continuing boom in real estate in 2001, the construction sector saw the largest increase in real wages in 2001, increasing 6.0%, to an average salary of $54,863. Manufacturing realized the second largest wage increase, seeing an inflation-adjusted increase of 5.2% in 2001, to $61,474.

Meanwhile, the finance, insurance and real estate ("FIRE") sector, which saw the highest rate of increase in its wages over the prior two years, experienced a more modest 3.7% real wage increase, though it maintained by far the highest average salary of any sector, averaging $152,658 in 2001. By contrast, the lowest paid sector, trade, with an annual average salary of $35,438, also saw the smallest increase in real wages, increasing just 1.6% in 2001. (See Appendices F.3 and F.4)

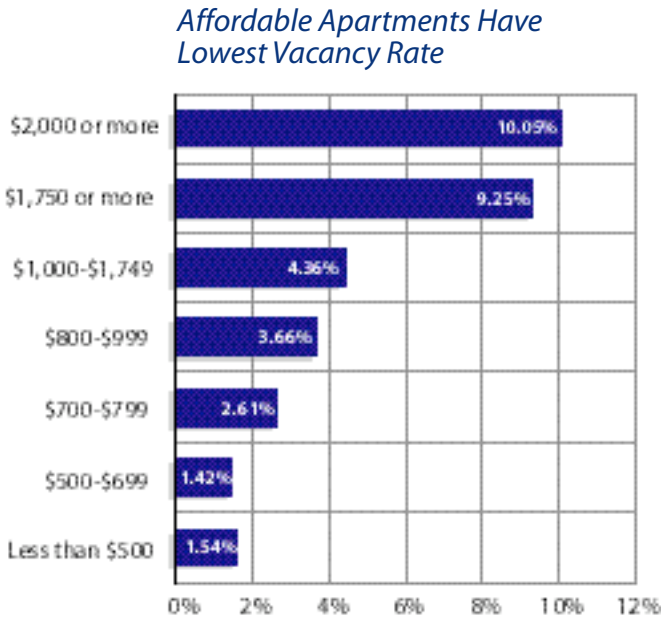
Poverty remains a problem in a City faced with recession. A recent report indicates that, after declining for five years, the poverty rate is beginning to increase. After declining from 26.4% in the mid-nineties to 19.8% in 1999-2000, the poverty rate began rising again, up 0.4 percentage points in 2000-2001, to 20.2%.[6]

New York City Renters

Preliminary results from the 2002 Housing and Vacancy Survey (HVS) were recently released, and they reveal the continuation of a very tight New York City housing market.[7] This triennial survey of the housing and demographic characteristics of the City's residents found that the citywide vacancy rate was 2.94% in 2002, well below the 5% threshold required for rent regulation to continue under state law. Queens continued to have the lowest vacancy rate in the City, at 1.78%, translating into the availability of just 7,700 rentals in a borough with 431,000 rental apartments. Manhattan, by contrast, had the highest vacancy rate in 2002, at 3.86%. Of the remaining boroughs, Staten Island's rate stood at 2.43%, the Bronx at 3.29%, and Brooklyn's at 2.73%.[8]

The HVS found vacancy rates varying significantly among different asking rents. As might be expected, apartments renting for the least had the lowest vacancy rates, while those apartment renting at the high end had substantially higher vacancy rates. Apartments with an asking rent of less than $500 had a vacancy rate of just 1.54%, while those renting for at least $2,000 had a vacancy rate of 10.05%. (See graph below for a further breakdown.)

Vacancy Rate by Monthly Rent Level, 2002



Source: 2002 NYC Housing and Vacancy Survey

Income

According to the 2002 HVS, which reflects household income for 2001, the median income for rental households stood at $31,000 in 2001.[9] By contrast, owner households maintain substantially higher incomes, which in 2001 stood at $60,000, almost double the average income of renters.

The 2002 HVS again found different income levels among those living in units that were rent controlled, pre- and post-war stabilized, and private, non-regulated. Rent controlled tenants continued to maintain the lowest average household income, earning a median $20,120 in 2001. Tenants living in stabilized buildings built prior to 1947 ("pre-war") had a median income of $30,416, and post-46 ("post-war") tenants earned a median income level of $36,030. However, tenants in non-regulated units[10] had higher household incomes than rent regulated tenants, at $39,457 in 2001. But poverty remains a problem for a large share of apartment dwellers in NYC, with 22.5% of renter households earning poverty-level incomes in 2001.[11]

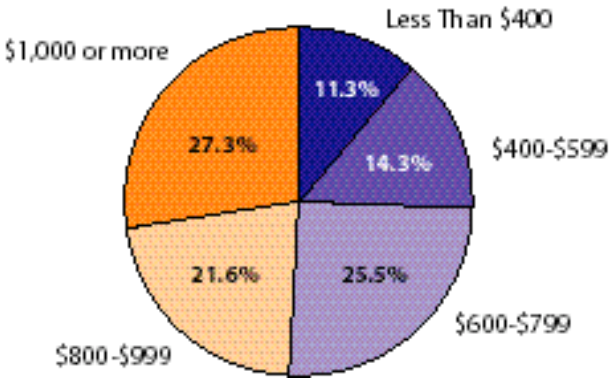
Rent

The HVS also examines rent levels, and it revealed that in 2002, the median monthly contract rent, which excludes any additional tenant payments for fuel and utilities, for all rental units was $706, and that median gross rent, which includes fuel and utility payments, was $788. By contrast, rent stabilized tenants paid, on average, slightly less than the typical rental tenant, with a median contract rent of $703 in 2002. However, the median contract rent differs depending on whether the tenant lives in a pre-47 or post-46 building. Pre-47 stabilized tenants paid a median average of $700, while post-46 stabilized tenants paid a contract rent median average of $760. Rent controlled tenants paid the least in contract rent, a median of $500, and tenants living in private nonregulated rentals paid $850.

The HVS breaks down the distribution of renter-occupied housing by gross rent level. Of the 2.02 million rental units in NYC, 11.3% rent for less than $400, while 27.3% rent for over $1,000. Almost half (47.1%) of all rental units rent for between $600-$999 and the remaining 14.3% rent for between $400-599.[12] (See graph at right for a further breakdown.)

Gross Rent Levels of Apartments, 2002

Wide Range of Apartment Rents in NYC



Source: 2002 NYC Housing and Vacancy Survey

Affordability of Rental Housing

Examining affordability of rental housing, the 2002 HVS reported that the median gross rent-to-income ratio was 28.6%, meaning that half of all household residing in rental housing pay more than 28.6% of their income in gross rent, and half pay less. Furthermore, a quarter (25.5%) of rental households pay more than 50% of their household income in gross rent. Generally, housing is considered affordable when a household pays no more than 30% of their income in rent.[13]

Rent controlled tenants, on average, are the tenants facing the highest median gross rent-to-income ratio, with an average of 33.4%, meaning a majority of rent controlled tenants are not able to afford their apartments, based on the HUD benchmark for housing affordability. Rent stabilized tenants fare slightly better, on average, than households living in private nonregulated unit. The average median gross rent-to-income ratio of a stabilized household is 28.4%, while it is 28.6% for those in nonregulated rentals. Of stabilized tenants, post-46 tenants find their apartments more affordable, with a median gross rent-to-income ratio of 27.2%, compared to 29.0% for pre-47 buildings tenants.

A recent report by the Citizens Housing and Planning Council analyzed housing affordability data from the 1993, 1996 and 1999 HVS's and found that

many more households than is commonly believed face housing costs that make up a majority of their incomes. However, they also found that for many of these households, the situation is a result of short-term income reductions, though many elderly and single women with children also face long periods where their rent is disproportionate to what they can afford.[14]

Another recent study found NYC housing to be unaffordable to the poorest working New Yorkers. In order to afford a two-bedroom apartment at the City's Fair Market Rent (FMR), as determined by the U.S. Department of Housing and Urban Development (HUD), a full-time worker must earn $19.83 per hour, or $41,240 a year. Alternately, those who earn minimum wage would have to work the equivalent of 154 hours a week (or two people residing together would each have to work 77 hours a week) to be able to afford a two-bedroom unit priced at FMR.[15]

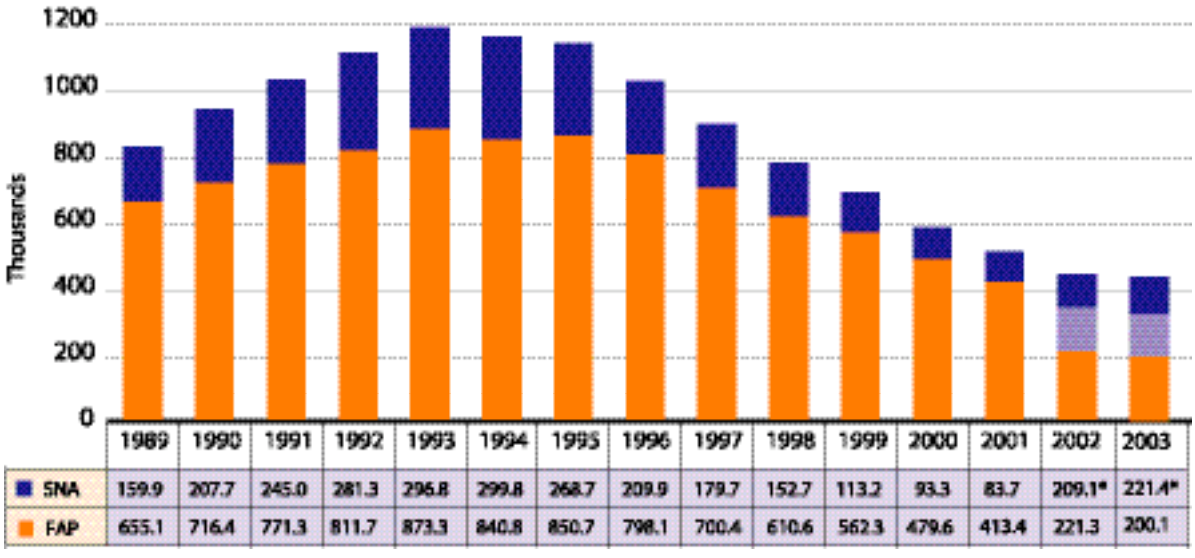
Welfare Reform

After falling significantly for many years, public assistance caseloads have started to level out, dropping slightly over the last fiscal year. During the 2003 fiscal year, an average of 421,500 persons were receiving public assistance, a decrease of 2.1% (8,900 persons), from the prior fiscal year. While the past year saw a very slight decline in caseloads, over the last eight years, however, the number of recipients of public assistance has dropped significantly, falling 63.7% since March 1995, when the City's welfare reform initiative began and 1,161,000 were on the rolls.[16]

Public assistance rolls are made up of two main programs: the Family Assistance Program (FAP) and the Safety Net Assistance (SNA) program. In FY 2002, the City began shifting a large number of FAP recipients (federally funded by the Temporary Assistance to Needy Families (TANF) program) over to the SNA program after their federal benefits expired. During FY 2003, an average of 221,400 recipients were in the SNA program, while 200,100 remained in FAP. Overall, there was a 12.1% increase in the number of new public assistance applications during FY 2003, compared with the prior FY, apparently reflecting the City's declining economy. (See graph on this page.)

Family Assistance Program (FAP) and Safety Net Assistance (SNA), FY 1989-FY 2003

Public Assistance Caseloads Fall Slightly in 2003



	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
SNA	159.9	207.7	245.0	281.3	296.8	299.8	268.7	209.9	179.7	152.7	113.2	93.3	83.7	209.1*	221.4*
FAP	655.1	716.4	771.3	811.7	873.3	840.8	850.7	798.1	700.4	610.6	562.3	479.6	413.4	221.3	200.1

Note: SNA caseloads include those converted from FAP to SNA (124,300 as of FY 2002 and 130,000 as of FY 2003).

Source: *Mayor's Management Reports*, FY's 1989 - Final FY 2003

The *Mayor's Management Report* also indicates that during FY 2003, 38.2% of FAP families participated in work activities, slightly lower than the prior year. It appears that the recent increase in the unemployment rate may be adversely impacting on the ability of public assistance recipients to obtain employment.

The number of recipients of food stamps increased over FY 2003, following a decline in recent years. There was a 6.2% increase in the number of persons receiving food stamps in FY 2003 over the prior year, rising to 871,300. The increase in demand for food stamps is another sign of the deteriorating local economy.

Housing Policy

New York City receives funding for a variety of housing programs from the U.S. Department of Housing and Urban Development (HUD). In the 2002 calendar year, NYC received $941.3 million from federally funded programs. These programs include $290 million as a Community Development Block Grant (CDBG), which funds housing and community development programs; $116 million for the HOME Investment Partnership Program, which helps preserve existing housing stock; $7.8 million for Emergency Shelter Grant (ESG), which is used for homeless programs; and $49.4 million for Housing Opportunities for Persons with AIDS (HOPWA). In 2003, the City expects to receive $964.4 million for these programs, which represents a 2.5% nominal increase but a 0.8% decline in inflation-adjusted dollars.[17]

However, with the City facing significant budget problems, the City has received permission from the federal government to use its CDBG dollars for a variety of public services in 2003 that normally would not be funded in this way, thus cutting the amount of money allocated for housing.[18] As the City continues to face increases in homelessness, any cutback in housing programs may have a detrimental effect.

Evictions & Homelessness

Homelessness & Emergency Assistance

NYC's recession continues to take its toll on those least able to afford it, as homelessness continues to grow to record numbers, most notably for families. In FY 2003, an average of 37,421 persons stayed in City shelters, up by 6,451, or 20.8%, from the prior year.[19] However, the increase in the number of families staying in City shelters was even greater, with an average of 8,693 families staying in shelters in FY 2003, 24.5% higher than in FY 2002. By contrast, the number of single adults staying in shelters rose much less, up 3.8% from the prior FY, to an average of 7,953 per night during FY 2003.

More encouragingly, a larger number of families have been relocated to permanent housing during FY 2003, with 5,289 relocated, up 46.3% compared to the previous year, and the average length of stay by families in temporary housing declined 3.8%, to 303 days (the equivalent of 43 weeks). In addition, the number of families found ineligible for temporary housing decreased during FY 2003, down 21.9% to 9,417.[20]

Housing Court

Another useful way to comprehend the impact of economic conditions on New York City's renters is to examine housing court data. Specifically, Housing Court actions are reviewed to determine the proportion of tenants who are unable to meet their rental payments. Similarly, to measure the number of households experiencing the most severe affordability problems, evictions are also tracked.

The number of non-payment filings in Housing Court increased sharply in 2002, up 19.4%, to 331,309. This is by far the largest jump in non-payment filings in the 20 years that the RGB has been collecting this data, and is the highest since 1985. By contrast, over the previous six years (1996-2001), non-payment filings averaged 276,650.[21]

With court filings increasing significantly in 2002, the proportion of cases resulting in an actual court appointment ("calendared") fell just as sharply in the same period, to 39.9% in 2002. During the mid-to-late 1980s, an average of 27.1% of non-payment filings were "calendared" (resulting in a court appearance). Until 2001, that figure had climbed steadily, when 47.2% of cases were calendared. But while the number of cases calendared increased in 2002 (up 1.0%), the number of filings increased much more, so the proportion fell to 39.9%.

Another useful way to measure tenants' ability to afford rents is by examining the number and proportion of evictions. Of the 132,148 non-payment proceedings that reached the point of trial in 2002, 23,697 court decisions ruled in favor of landlords and for the tenant's eviction.[22] The proportion of cases noticed for trial that resulted in an eviction/possession ruling increased, up from 16.3% in 2001 to 17.9% in 2002. The proportion remains a great deal lower than that found in the mid to late-1980s, however, when typically a quarter to a third of cases reaching court resulted in an order of eviction or possession. (See Appendix F.7)

Conclusion

New York City faced economic troubles in 2002 that impacted on virtually every sector of the economy and residents of all boroughs. The City remained under a recession for a second year, with its Gross City Product declining 2.2%. Unemployment grew, most notably in Manhattan, where the rate rose 2.2 percentage points, to 8.2%, while citywide it increased 1.8 percentage points, to 7.9%. Virtually every industry lost jobs, including the most highly paid sector, financial activities, losing 5.7%, or 27,200 positions. Housing availability remained tight, with a citywide vacancy rate of 2.94% in 2002.

On a positive note, inflation-adjusted wages, which are reported on a one-year lag, increased 3.0% in 2001, and the number of individuals receiving public assistance declined. However, increases in homelessness, poverty and non-payment filings in housing court, as well as the City budget crisis, may portend continuing economic problems well into 2003 and beyond. ❐

Endnotes

1. While 2002 was the first time in 10 years that the NYC metro area CPI increase exceeded that of the U.S. rate for urban consumers, there were three years in which NYC and the U.S. had equal increases in the CPI.

2. "City Unemployment Rate Rose Again in February," by Janny Scott, *New York Times*, April 11, 2003.

3. The NYC labor force participation rate and employment/population ratio are derived from unpublished data from the U.S. Bureau of Labor Statistics. Note that prior years' data were recently revised, and differ from figures reported in prior years' *Income and Affordability Studies*.

4. The NYS Dept. of Labor and U.S. Bureau of Labor Statistics recently updated their employment classification system. The new system, called NAICS (North American Industry Classification System), is designed to more accurately reflect the nation's services-centered economy. NAICS replaces the prior system, called SIC (Standard Industrial Classification), which was developed in the 1930s, when the U.S. economy was manufacturing-dominated. Further information on the transition is available on the NYS Dept. of Labor website at http://www.labor.state.ny.us/labor_market/lmi_business/employ/naicsfaqs.htm.

5. The "other services" category also saw the number of jobs increase slightly in 2002, up 0.13%, or 200 jobs.

6. "Poverty in New York City, 2001: Recession Ends Late Nineties Decline in Poverty Rate," Community Service Society (CSS) of New York Data Brief #6, September 26, 2002. Based on study of U.S. Census Bureau data. Study averaged two consecutive years of census data in calculating poverty rates.

7. The New York City Housing and Vacancy survey (HVS) is sponsored by the NYC Department of Housing Preservation and Development (HPD) and conducted by the U.S. Census Bureau.

8. Data from the 2002 HVS cannot be compared in a reliable manner with data from previous HVS's, principally because the HVS is a sample survey and the samples for the 2002 and previous HVS's were drawn from different sample frames. To make the data from previous HVS's comparable with the data from the 2002 HVS, data from previous HVS's should be reweighed applying the weight that was used for the 2002 HVS. Reweighed data from previous HVS's is not available at this time. Also, Staten Island vacancy rate data should be interpreted with caution, as the sampling error is large due to a limited number of vacant units resulting from a small survey sample.

9. Total household income in the HVS includes wages, salaries, and tips; self-employment-income; interest dividends; pensions; and other transfers and in-kind payments.

10. Private non-regulated consists of units which were never rent controlled or rent stabilized, units which were decontrolled and unregulated rentals in cooperative or condominium buildings.

11. "Select Findings of the 2002 New York City Housing and Vacancy Survey," by Moon Wha Lee, NYC Department of Housing Preservation and Development, February 7, 2003.

12. The remaining 44,984 rental units did not report a cash rent.

13. The HUD benchmark for housing affordability is a 30% rent-to-income ratio. Source: Basic Laws on Housing and Community Development, Subcommittee on Housing and Community Development of the Committee on Banking Finance and Urban Affairs, revised through December 31, 1994, Section 3.(a)(2).

14. "Heavy Burdens," by Frank Braconi, *The Urban Prospect*, March/April 2003, Citizens Housing and Planning Council.

15. National Low Income Housing Coalition report, "Out of Reach 2002," September, 2002.

16. *Mayor's Management Reports*, Fiscal Year 1995 - Fiscal Year 2003.

17. *Consolidated Plan 2002* and *Proposed Consolidated Plan 2003*, NYC Dept. of City Planning.

18. "Rising Homelessness Threatens Higher City Costs," NYC Independent Budget Office Report *Inside the Budget*, September 12, 2002.

19. Source: NYC Department of Homeless Services, shelter census reports, as reported by Coalition for the Homeless, April 2003.

20. *Mayor's Management Report*, Final, Fiscal Year 2003.

21. Civil Court of the City of New York data.

22. NYC Department of Investigation, Bureau of Auditors data.

Housing Supply

2003 Housing Supply Report

what's new

- ✔ 18,500 permits were issued for new dwelling units in NYC in 2002, the most since 1985 and a 10% increase over the prior year.
- ✔ The number of new housing units completed in 2002 increased 17.6% over the prior year, to 15,267, the most since 1976.
- ✔ The citywide vacancy rate was 2.94% in 2002.
- ✔ 11.1% of rental housing is overcrowded.
- ✔ City-sponsored residential construction decreased 30% during FY 2003, to a total of 8,321 new housing starts.
- ✔ The City-owned *in rem* housing stock continued to decline, falling 32% during FY 2003.
- ✔ The number of housing units newly receiving 421-a exemptions increased slightly (2%) in 2002, to almost 5,000.
- ✔ The Attorney General's office reported an 8% increase in the number of co-op or condo conversion plans approved in 2002, to 185 plans containing 5,158 units.

Introduction

The housing market remained strong in New York City, notwithstanding a second straight year of recession. The year 2002 saw a 10% increase in the number of permits issued for new dwelling units, rising to 18,500, the most since 1985. The number of completed housing units grew as well, rising 17.6%. The growth in development has been prompted by the tight housing market, with a citywide rental vacancy rate of 2.94%. Overcrowding remains a problem, with 11.1% of all rental housing considered overcrowded. There was an 8% increase in the number of cooperative and condominium plans approved for conversion or new construction. The number of City-owned vacant and occupied buildings continued to fall through various disposition programs, declining 32% during the 2003 fiscal year. Furthermore, 2002 saw more housing starts under the 421-a Affordable Housing Program, though fewer units were completed this year. The City also saw a sizeable drop in publicly-sponsored residential construction in FY 2003, falling 30%. In addition, rehabilitation of residential units under the J-51 tax abatement and exemption program during 2002 decreased by 14%.

New York City's Housing Inventory

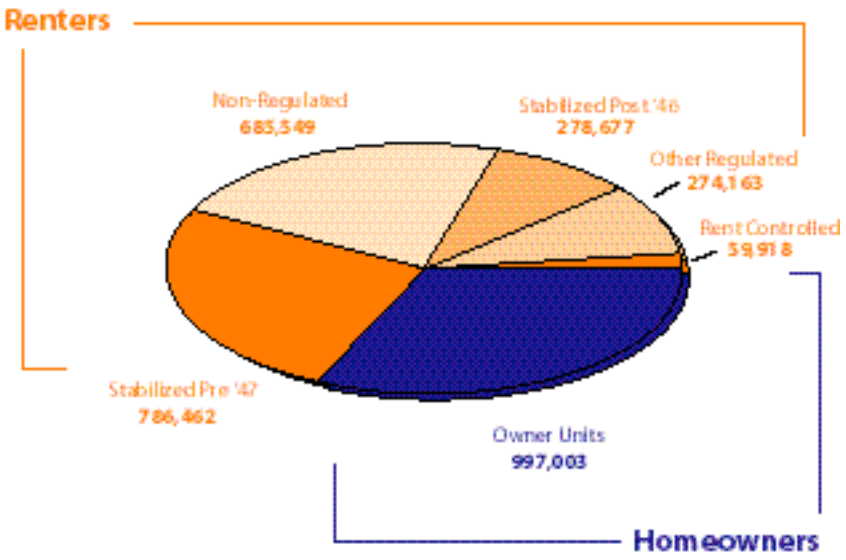
New York City differs from most of the nation in many respects, including the fact that most New Yorkers do not own the homes in which they live. According to preliminary results from the 2002 Housing and Vacancy Survey (HVS)[1], the percent of rental units relative to all dwellings in New York City stood at 65% in 2002, twice as many rental units as the nation as a whole.[2] New York City in 2002 had a total of 3,208,587 housing units, the largest housing stock since the first HVS was conducted in 1965.[3]

New York City's housing is dominated by the size of its rental housing stock. In addition, unlike most cities, the bulk of rental units in New York City are rent regulated. Of the 2,084,769 occupied and vacant available rental units reported in the most recent HVS, a third (33%) were unregulated, or "free market." The majority are either pre-war (pre-47) rent stabilized (38%) or post-war (post-46) rent stabilized (13%), and the rest are rent controlled (3%) or part of various other[4] types of regulated apartment units (13%). (See pie chart on next page.)

The HVS also indicated that the New York City housing market remains tight, finding a citywide vacancy rate of 2.94% in 2002, well below the 5% threshold required for rent regulation to continue under state law. Queens had the lowest vacancy rate in the City, at 1.78%, while Manhattan, by contrast, had the highest, at 3.86%. Of the other boroughs, Staten Island's rate stood at 2.43%, the Bronx at 3.29%, and Brooklyn's at 2.73%.[5]

Number of Renter and Owner Units

New York City's Housing Stock Is Predominantly Renter-Occupied



Source: U.S. Bureau of the Census, 2002 New York City *Housing and Vacancy Survey*.
Note: Above figures exclude vacant units that are not available for sale or rent.

Vacancy rates also vary by rent regulation status. The tightest market was found among post-war stabilized units, with a vacancy rate of just 1.84% in 2002. Pre-war stabilized units also maintained a low vacancy rate, at 2.79%, while private, non-regulated units were vacant at a 4.11% rate.

The frequency of crowding also varies by rent regulation status. Overall, 11.1% of all rental housing in NYC is overcrowded (that is, there is more than one person per room, on average) and 3.9% is severely overcrowded (that is, there is an average of over 1.5 persons per room). Pre-war stabilized housing is most crowded, with 14.0% overcrowded and 5.4% severely overcrowded, while post-war overcrowding is at 10.6%, and severe overcrowding is at a 4.8% rate. Private, non-regulated housing is slightly less overcrowded, at 10.1%, and 3.1% are severely overcrowded.

Changes in the Housing Inventory

New Additions

The housing supply grows in a variety of ways: new construction, substantial rehabilitation of deteriorated buildings and conversions from non-residential buildings into residential use. The number of permits authorized for new construction is a measure of how many new dwelling units will be completed and ready for occupancy, typically within three years, depending on the type of housing structure.

Continuing the strongest multi-year upward trend since the early 1970's, the City saw an increase in 2002 in the number of permits issued for new residential units in single and multi-family buildings.[6] In 2002, permits were issued for 18,500 units of new construction, an increase of 10% over the 16,856 units in 2001 (see graph on facing page). While still well below the 1960's average of 37,000 new units per year, more permits were issued for residential units in 2002 than in any year since 1985, when 20,000 were issued, and the second highest since 1973, when over 22,000 permits were issued. The number of permits issued in 2002 increased in three boroughs, while declining in the other two. Brooklyn increased the most, up 76%, to 5,247; the Bronx increased by 19%, to 2,626; and Queens increased 6%, to 3,464. Meanwhile, Manhattan saw an 11% decline, to 5,407, and Staten Island saw a 23% decline, to 1,756 permits. (See Appendix G.1 and the map on page 70)

The number of permits issued in early 2003 has continued to increase, as well. The first quarter of 2003, January through March, reveals a much more significant increase in permits issued than that found during the entire 2002 calendar year. Compared to the first quarter of 2002, the number of permits issued in New York City in the first quarter of 2003 has increased by 50%, up from 2,838 in the first three months of 2002 to 4,253 in the same period in 2003. Manhattan saw its number of permits issued more than triple, up 210%; Brooklyn increased 78%; the Bronx increased 15% and Queens increased 2%. Only Staten Island saw a decline, down 11% in the first three months of 2003.[7]

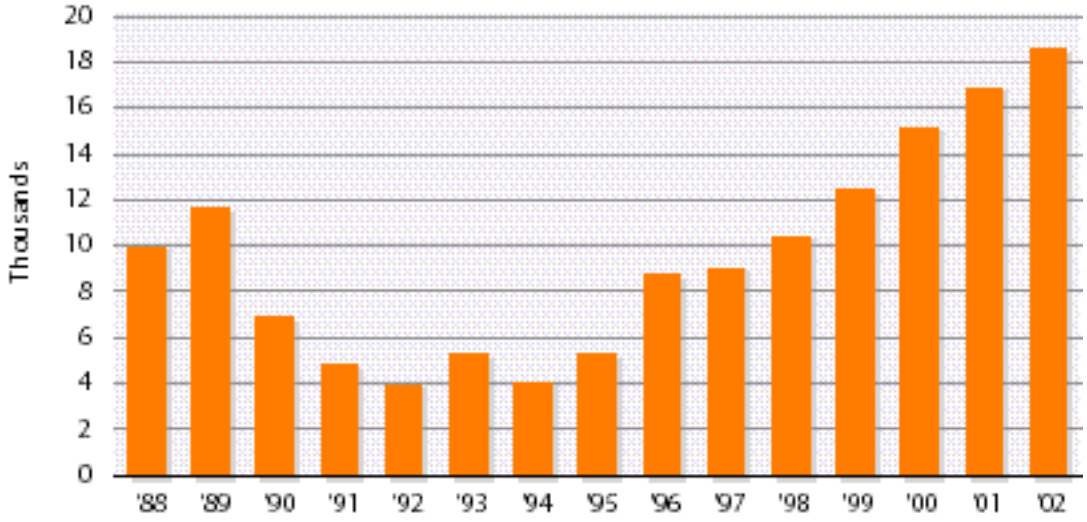
This report also examines the number of units completed in the City each year, for this shows what actually came onto the market in a particular year. In 2002, 15,267 new housing units were completed, a 17.6% increase over 2001. This number of new units is the most since 1976. The growth, however, occurred in only three boroughs, while two saw declines. Queens saw its number of new housing units grow more sharply than any other borough in 2002, up 49%, to 1,899. Staten Island saw a 12% increase, to 2,453, and the number of new units in Manhattan increased 44% in 2002, to 7,863. Meanwhile, the Bronx saw a 25% decline, to 1,220 new units, and Brooklyn saw a similar 25% decline in new units, to 1,832 in 2002.[8] (See Appendix G.2 for historical breakdown.)

The growth in housing in recent years is impacting on neighborhoods throughout the City that were previously neglected in the phenomenon of gentrification. One of the more recent recipients of this trend are neighborhoods like East Harlem, where former residents who left for the suburbs many years ago are returning to their neighborhood, renovating brownstones, creating trendy restaurants and opening art galleries.[9]

Neighborhoods such as East Harlem are among the beneficiaries of programs sponsored by the NYC Department of Housing Preservation and Development (HPD). HPD's Office of Development operates eight programs that develop affordable housing for low- and moderate-income New Yorkers. Programs include the Cornerstone program, which is HPD's multi-family new construction housing initiative, financed principally through private sources; the ANCHOR program, which

Units Issued New Housing Permits, 1988-2002, in Thousands

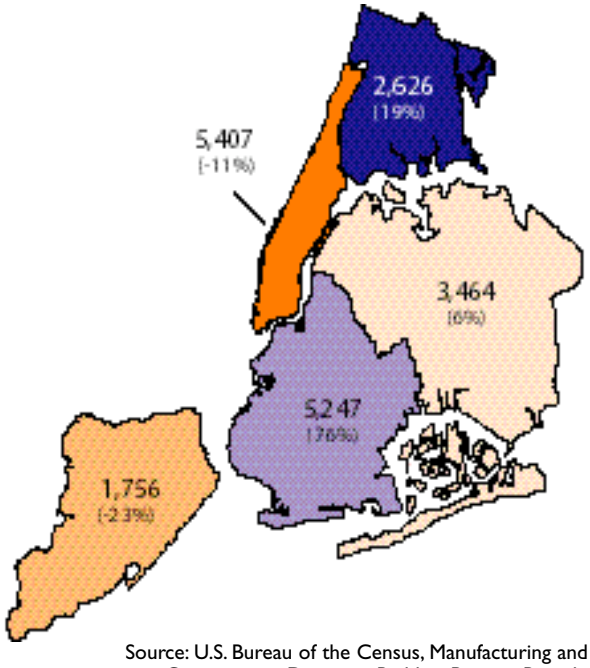
Continued Growth in Number of Permits Issued for New Construction of Residential Units



Source: U.S. Bureau of the Census, Manufacturing and Construction Division Building Permits Branch.

Total Number of Permits Issued in 2002 and Percentage Change From 2001 by Borough

Ten Percent Increase in Number of Permits Issued for New Housing Units in New York City in 2002



Source: U.S. Bureau of the Census, Manufacturing and Construction Division - Building Permits Branch.

is a revitalization program that creates both commercial retail and housing on vacant City-owned land; and the New Foundations program, which assists in the development of one-to-four family owner-occupied homes. As a whole, for all these programs, HPD reported 8,321 total housing starts[10] in FY 2003, down 30% from the prior fiscal year. Of the 8,321 total starts this year, 4,567 were moderate rehabilitation starts, a decrease of 35% over the prior year, and 1,025 were gut rehabilitation starts (in both City-owned and private housing), down 6% from the prior year. In addition, new construction starts saw a decrease of 27%, to 2,729 in FY 2003.[11]

Tax Incentive Programs

The City helps promote development of new housing by offering various tax incentive programs. One such program for new renter- and owner-occupied multifamily properties containing three or more rental units is the 421-a tax incentive program. The program allows for a reduction in the taxable assessed value of eligible properties. That is, owners are exempt from paying additional real estate taxes due to the increased value of the property resulting from the improvements made. Eligible projects must be new construction of multiple dwellings on lots that were vacant, predominantly vacant or improved with a non-conforming use three or more years before the new construction is to commence. Owners are exempt from paying additional real estate taxes on the increased value of the property due to the new construction (i.e., housing structure). Rental apartments built with 421-a tax exemptions are subject to the provisions of the Rent Stabilization Laws during the exemption period. Thus, 421-a tenants share the same tenancy protection as stabilized tenants, and initial rents approved by HPD are then confined to increases established by the Rent Guidelines Board (RGB).

A variety of factors are used to establish the level and period of 421-a benefits, including geographic location; reservation of units for low- and moderate-income families; construction periods and government commitment. Moreover, properties are subject to construction guidelines. Rental properties located beyond what is known as the Manhattan Exclusionary Zone (which is located between 14th and 96th Streets) receive an exemption for 10 to 25 years depending on location, whether they meet one of the first two conditions listed above, and whether they are located in a neighborhood preservation area. Longer exemption periods apply in northern Manhattan and the other boroughs, and to projects that receive governmental assistance or contain 20% low-income units.

Housing developments located in the Manhattan Exclusionary Zone (located between 14th and 96th Streets) are part of the 421-a Affordable Housing Program, but receive more limited tax benefits. These projects receive exemptions for ten years—a full exemption from taxes for two years, followed by an eight-year period in which taxes are phased in at 20% every two years, provided they meet all of the criteria listed above. Manhattan's strong residential market has the effect of stimulating development of affordable housing in other parts of the City. Participation in this

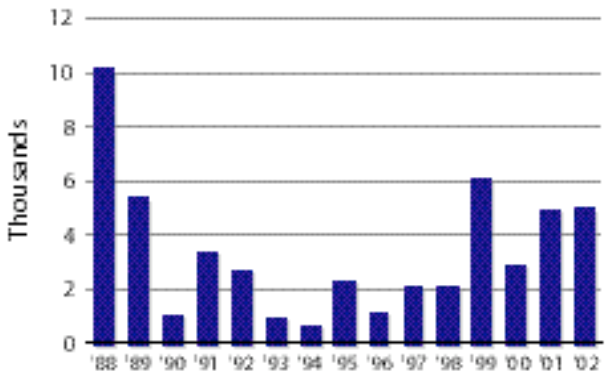
program, under the criteria listed above, enables developers of new market-rate projects in Manhattan's Exclusionary Zone to buy tax-abatement certificates from developers who create or rehabilitate affordable housing elsewhere in the City. For each low-income rental unit produced, five-tax abatement certificates are given. According to HPD, these certificates are generally sold for $10,000 to $20,000 each.[12] There were 11% more housing starts under this part of the program in the 2002 calendar year than in the previous year. It is estimated that when all the units begun in 2002 are completed, 291 new affordable units will be produced, creating 1,455 certificates to be sold.

However, fewer affordable units were completed under the Affordable Housing program in 2002 than in the previous year. In 2002, 351 new affordable units were completed, which produced 1,755 certificates for market-rate housing, 6% fewer than in 2001.

Throughout the City, both inside and outside the Manhattan Exclusionary Zone, the number of housing units newly receiving 421-a exemptions increased slightly in 2002, up 2%, to 4,953 (see graph below). In contrast, the prior year saw the number of apartments receiving new 421-a benefits increase by 72%. Slightly more than half of all units receiving benefits last year were in buildings located in Manhattan, which contained 53% of the total number in the City, compared to 63% in the previous year. The remainder of these units in 2002 were in Brooklyn (27%), Queens (12%), the Bronx (8%) and Staten Island (less than one percent).[13]

Units Receiving Certificates, in Thousands

Slight Increase in Number of Units Newly Issued 421-a Certificates in 2002



Source: NYC Department of Housing Preservation and Development.

Compared to the number of units that received exemptions in the late 1980s, when on average, 8,000 new units per year received exemptions, significantly fewer certificates are issued citywide these days. These rental units, though, do not remain permanent members of the stabilized stock. As exemptions expire, rental apartments are no longer governed by rent regulation rules.[14] (See Appendices G.5 and G.6)

Another program that has offered affordable housing, the New York State Mitchell-Lama program, is losing residential units as market rents rise and landlords choose to opt out of the program. The program, which was created in 1955 as a means of providing affordable rental and cooperative housing to moderate- and middle-income families, granted low-cost mortgages and tax breaks to landlords who developed low- and middle-income housing. There are about 120,000 Mitchell-Lama units in the City today (and about 23,000 elsewhere in the state), and the last Mitchell-Lama project opened in 1978.

After twenty years, landlords may leave the program, and in recent years, some have done so by buying out of the program. Since 1989, 6,800 units in Mitchell-Lama buildings have left the program, and another 1,800 more are prepared to do so as well.[15] While landlords feel that their obligation has ended, housing advocates fear the loss of affordable housing. Tenant advocates this year are pushing for passage in Albany of a bill that would extend rent stabilization laws to all properties that have been converted from Mitchell-Lama status.[16] Under current law, only buildings constructed prior to 1974 become stabilized following a Mitchell-Lama buyout.

Conversions and Subdivisions

New housing units are also brought onto the market through subdivisions and conversions. Subdivisions involve the division of existing residential space into a larger number of units. Non-residential spaces, such as offices or other commercial spaces, can also be converted for residential use. There have been an increasing number of conversions in neighborhoods such as Red Hook in Brooklyn and the financial district

in lower Manhattan. Warehouse, manufacturing and office space is being transformed into apartments in these areas, attracting those individuals who are looking for residences in less traditional residential areas or that offer more room for comparatively less money.[17]

As in recent years, the trend of conversion of single room occupancy (SRO) buildings continued to increase over the past year. SRO owners may convert SRO housing to other uses after obtaining a "Certificate of No Harassment" from HPD. The last several years have seen significantly more Certificates issued than over previous years in Manhattan, where the vast majority of SRO's are located. In 1995 and 1996, an average of 67 applications were filed each year. However, from 1997 through 2001, an average of 114 applications for Certificates were filed, and in 2002, 199 applications were filed, indicating that SRO owners continue to convert their buildings for non-SRO uses.[18]

Another source of additions to the housing supply are illegal conversions, which typically involve the alteration of an existing one- or two-family home by adding an apartment in the basement or attic or creating a rooming house. This housing is generally illegal because the owner has not obtained the necessary permits and variances and violates zoning regulations. In other circumstances, the house itself was not constructed for the current use, and cannot safely accommodate all the people in residence. However, in a reversal of this trend, landlords in neighborhoods such as Chinatown have sought to take advantage of rising rents by evicting tenants living in illegally converted living quarters and converting them into larger legal apartments that can command significantly higher rents.[19]

Cooperative and Condominium Activity

Construction of cooperatives and condominiums is another source of new housing. Developers wanting to build new co-op or condo buildings, and owners wishing to convert their buildings to co-ops or condos, must file plans with, and receive approval from, the New York State Attorney General's Office. In 2002, the Attorney General approved 185 plans, an 8% increase over the number approved in 2001. These 185 plans affected 5,158 housing units, 3% more than in 2001. The majority of plans (102) were accepted for buildings located in Brooklyn; while 69 were located in Manhattan; Queens had 9 buildings; the Bronx had 5 and there were none in Staten Island. However, while more buildings were in Brooklyn, the average building in Manhattan is larger, so more units were affected in Manhattan (2,988) than in Brooklyn (1,719).[20]

The majority of the plans accepted citywide in 2002 were for new construction, consisting of 136 plans, covering a total of 2,576 units. This is similar to the prior year, when new construction accounted for 145 of the 172 accepted plans. Rehabilitation accounted for 20 plans and 348 units in 2002, and the remainder, 29 plans and 2,234 units, were conversions. Compared to 2001, while the number of rehabilitation and conversion plans increased, the number of new construction plans accepted decreased in 2002. (See Appendices G.3 and G.4)

While the conversion of rental housing into co-op and condo units increases the housing inventory for sale, it simultaneously reduces the total number of housing units for rent. Conversions represented 43% of the total number of units in plans accepted by the Attorney General's Office in 2002, up from 21% in 2001. At the same time, the proportion of units that are part of newly approved plans resulting from new construction has decreased from 76% in 2001 to 50% in 2002. Because most conversion plans are non-eviction plans, only when the original rental tenant moves out does the apartment become owner-occupied. When that happens, the unit is then removed from the rental universe, thereby reducing the number of rental apartments available.

Rehabilitation

Another method for adding housing units to the City's housing stock is through rehabilitation of old buildings. As buildings age, they must undergo renovation and rehabilitation to remain in habitable condition. This is particularly relevant to NYC's housing stock, of which more than 60% of the units are in buildings greater than 50 years old.[21] Through tax abatement and exemption subsidy programs offered by the City, units are able to remain or be readmitted to the City's housing stock. The J-51 tax abatement and exemption program is intended to

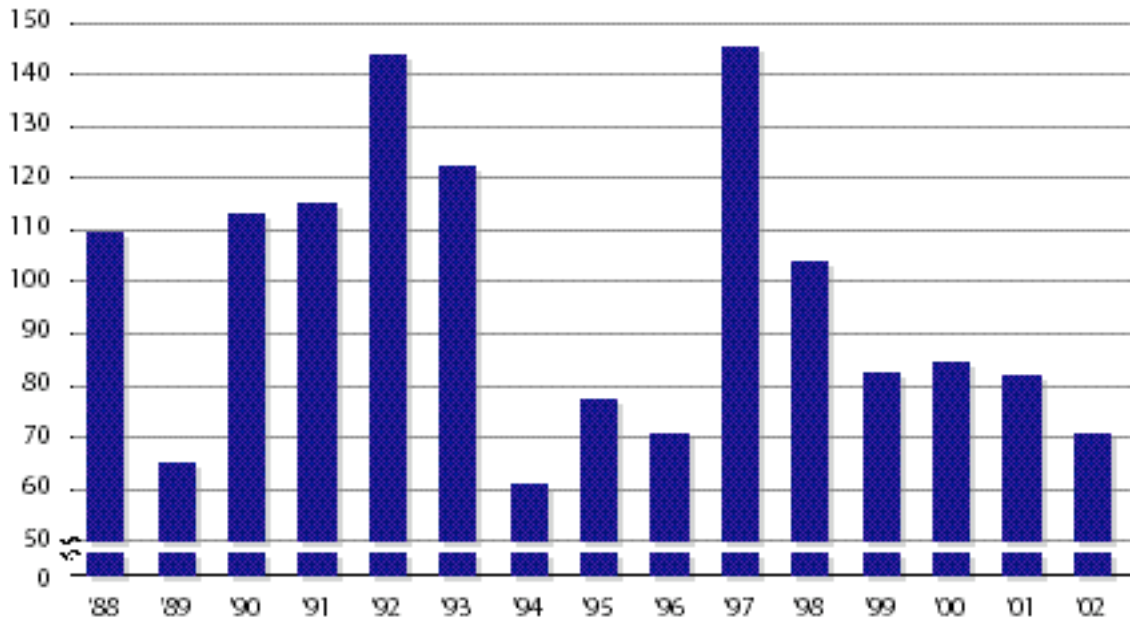
encourage the periodic renovation of New York City's stock of both renter- and owner-occupied housing. In the late 1980s and early 1990s, the number of units approved for initial J-51 tax abatements and exemptions each year was frequently above 100,000 dwellings. In the mid-1990s, rehabilitation activity declined to just under 70,000 units per year. But in 1997, coinciding with the improving NYC economy, the number of units receiving J-51 benefits increased sharply, with over 145,000 additional units receiving this tax incentive. However, in four of the last five years, the number of units newly receiving benefits declined, including last year, falling 14% in 2002. A total of 70,145 units in 1,410 buildings newly received J-51 benefits in 2002. (See graph below.) The location of the units newly receiving benefits in 2002 was quite varied, with 35% located in Manhattan; 29% in Queens; 24% in Brooklyn; 12% in the Bronx; and 1% in Staten Island.[22]

The J-51 tax relief program is similar to the 421-a program in that it requires that rental units be subject to rent regulation for the extent of the benefits. Apartment units in many high-rent neighborhoods are not allowed to enter the program because the apartment unit tax assessment generally cannot exceed $38,000 after completion. Rehabilitation activities that are eligible for tax abatements and exemptions include Major Capital Improvements (MCI's), substantial rehabilitation, conversion from non-residential uses, and moderate rehabilitation, which requires significant improvement to at least one major building-wide system. Enriched exemption and abatement benefits are also available for conversion to Class A multiple dwellings (which are permanent residential dwellings) and rehabilitation of Class A buildings that are not entirely vacant.[23]

Most of these units will remain stabilized after the benefit period, because most units receiving J-51 benefits would ordinarily be under the jurisdiction of rent stabilization laws even without tax abatements. On the other hand, rental apartments not stabilized prior to receiving tax benefits will not be subject to the City's rent regulations once their benefits end. (See Appendices G.5 and G.6)

Units Receiving Initial Benefits, in Thousands

2002 Saw 14% Decline in Number of Units Receiving J-51 Certificates



Source: NYC Department of Housing Preservation and Development.

Tax-Delinquent Property

In Rem Housing

For two decades, the City foreclosed on thousands of tax-delinquent residential properties, becoming the owner and manager of these buildings. By its peak in 1986, the City then owned and managed 4,000 occupied buildings containing 40,000 units. Most of these buildings were dilapidated multi-families occupied by a predominantly low-income population. To counter this trend, HPD has developed multiple disposition programs over time to manage, rehabilitate and sell many of these *in rem* buildings. HPD's Alternate Management Programs began in 1994 with the goal of returning City-owned properties to private owners and stimulating neighborhood development. The programs enable local entrepreneurs, community not-for-profit housing organizations and groups of tenants to own and manage these buildings. Many of these programs include funds for rehabilitation and use the proceeds of federal tax credits to keep rents affordable.

HPD has successfully reduced the number of occupied *in rem* units in central management to 4,049 in FY 2003, an 82% decline since FY 1997.[24] Units that have passed into private ownership since 1997 provide over $8 million annually to the City in tax revenue. HPD transfers buildings into alternative management programs before returning them to private ownership. During FY 2003, 184 buildings with 2,493 units were sold through these programs.

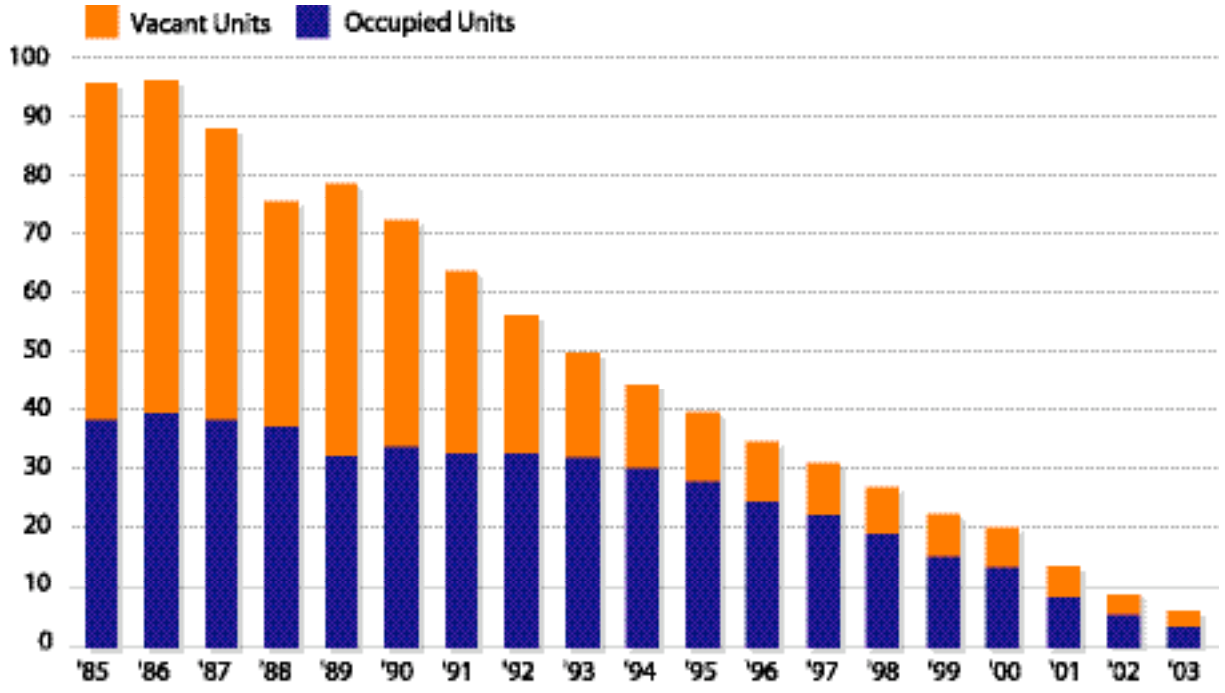
The number of vacant City-owned buildings also fell significantly over the same period, to 2,370 units in FY 2003, a 71% decline since FY 1997. (See graph below.) During FY 2003, the total number of buildings and units operated by HPD, including both occupied and vacant, fell 32%.[25] (See Appendix G.7)

Anti-Abandonment Strategies

The City has been able to significantly reduce its share of *in rem* buildings by also identifying buildings at risk and helping owners. Key initiatives to prevent abandonment include the Third Party Transfer Program, which targets

Units in HPD Central Management Stock, FY 1985-FY 2003, in Thousands

Continued Decline in City In Rem Housing Stock in FY 2003



Source: *Mayor's Management Report*, Office of Operations, FY 1985-FY 2003.

distressed and other buildings with tax arrears, and a Housing Education Program, which teaches owners and superintendents basic management, maintenance and finance skills to improve their properties.[26]

Since the mid-1990s, the City has not taken title (i.e., vesting) of properties that were tax delinquent. Instead, the City has developed a comprehensive alternate anti-abandonment strategy. First, tax liens for properties that are not distressed are sold in bulk to private investors. After the lien is sold, the lien holder is entitled to collect the entire lien amount, plus other interest and charges, from the property owner. In addition, the property owner must continue to pay current taxes to the City. If the owner has not paid the lien or entered into a payment plan, the lien holder can file for foreclosure on the property.[27]

An additional facet of the City's recent anti-abandonment strategy is third party transfer. For buildings that are distressed and in tax arrears, the City can initiate an *in rem* tax foreclosure action against property owners. The policy, under Local Law 37, transfers the title of *in rem* properties directly to new owners—qualified third parties—without the City ever taking title itself. The properties are temporarily transferred to Neighborhood Restore, a nonprofit corporation, and upon the judgment of the court, are transferred to a qualified third party. Since the program began over $6.4 million in back taxes have been collected, and 46 buildings have been transferred to responsible for-profit and non-profit owners.[28]

Another anti-abandonment strategy involves the identification of buildings that are at risk of abandonment and helping these owners achieve fiscal and structural soundness for their properties through housing education, counseling, subsidized loans and voluntary repair agreements, to preserve housing and avoid *in rem* actions entirely.

Demolitions

While in the early 1990s relatively few residential buildings in New York City were demolished, this began to change in 1996, the same year the number of building permits issued began to increase significantly. In fact, the number of buildings demolished in 2002 alone was greater than the number demolished in all the years from 1990 to 1996 combined.

A total of 1,771 buildings were demolished in 2002, a 19% increase over the prior year. This was the highest total since 1985, when the RGB began collecting this data. Queens accounted for over a third (34%) of all the buildings demolished in 2002, Brooklyn held 28%, Staten Island had 26%, the Bronx held 7%, and Manhattan had the fewest, at 5%. The change in the number of demolitions in each borough varied as well, with all boroughs except Manhattan seeing an increase in demolitions. Staten Island saw the largest increase in demolitions, up 57%, the Bronx increased 31%, Brooklyn was up 19% and Queens increased 16%. Meanwhile, Manhattan saw a 44% decline in the number of demolitions.[29] (See Appendix G.8)

Prospects for Housing Programs

In December 2002, Mayor Michael Bloomberg announced a $3 billion, five-year plan for constructing and rehabilitating 65,000 apartments throughout the City.[30] Approximately two-thirds ($2 billion) of the funding will come out of previously planned housing budget expenditures and $555 million will come from City and federal funding redirected towards this plan. The remaining $500 million will come from the NYC Housing Development Corporation (HDC).[31] The HDC in turn will leverage over $2.5 billion of private financing. The total projected spending over the five-year period is double what has been spent on housing development in the City over the previous five years. Since the plan was announced, approximately 8,000 of the 65,000 future new units have already entered the project development stage.[32]

Conclusion

New York City's residential housing market remained strong in 2002, despite the continuation of a recession and budget difficulties facing the City, State and Federal governments. Permits were issued for more new units than in any year since 1985 and the number of completed housing units increased by 17.6%. The City also continued to reduce its share of City-owned vacant and occupied buildings, seeing a 32% decline during the most recent fiscal year. However, rental housing availability remains extremely tight, with a citywide

vacancy rate of just 2.94% in 2002, and overcrowding remains a problem. Mayor Bloomberg's recently proposed five-year housing initiative seeks to put a dent in the housing shortage, though how significant an impact it has on the overall housing marketplace remains to be seen. ❒

Endnotes

1. The New York City Housing and Vacancy survey (HVS) is done triennially, sponsored by the NYC Department of Housing Preservation and Development (HPD) and conducted by the U.S. Census Bureau.

2. The U.S. housing stock was comprised of 32% renter-occupied units, according to the 2001 American Housing Survey, conducted by the U.S. Census Bureau.

3. Data from the 2002 HVS cannot be compared in a reliable manner with data from previous HVS's, principally because the HVS is a sample survey and the samples for the 2002 and previous HVS's were drawn from different sample frames. To make the data from previous HVS's comparable with the data from the 2002 HVS, data from previous HVS's should be reweighed applying the weight that was used for the 2002 HVS. Reweighed data from previous HVS's is not available at this time.

4. Other units include public housing, Mitchell-Lama, *In Rem*, HUD-regulated, Article 4 and Loft Board units.

5. Since the number of vacant units available for rent in Staten Island is small, and the HVS is a sample survey, the sampling error of the vacancy rate of Staten Island is likely to be large, and thus, interpretation of this rate should be done with caution.

6. "City's Housing Market is Strong, Study Finds," by Dennis Hevesi, *New York Times*, March 7, 2003.

7. U.S. Census Bureau web site. World Wide Web page <http://www.census.gov/const/www/permitsindex.html>.

8. NYC Department of City Planning data. .

9. "After Exodus, Gentrification Changes Face of East Harlem," by Joseph Berger, *New York Times*, December 10, 2002.

10. Starts refer to the number of units beginning construction or rehabilitation in a given period.

11. *Mayor's Management Report*, Final Fiscal 2003.

12. Landlord Information/Tax Incentives: 421-A, NYC Department of Housing Preservation and Development web site. World Wide Web page <http://nyc.gov/html/hpd/html/assistance/private-owner-tax-inc.html>.

13. NYC Department of Housing Preservation and Development, Tax Incentives Program data. Note that the 421–a program provides tax incentives to newly built renter- and owner-occupied units, which are included in the figures given in this report. HPD is unable to provide a breakdown of the number of 421-a units that are only rentals.

14. For further background on the 421-a program, see "Worth the Cost? Evaluating the 421-a Property Tax Exemption," by Preston Niblack and Molly Wasow Park, NYC Independent Budget Office publication, *Fiscal Brief*, January 2003.

15. "The Cost of Keeping Mitchell-Lama Housing Affordable," by Molly Wasow Park, NYC Independent Budget Office publication, *Inside The Budget*, April 7, 2003.

16. "Legislating Stability: Rent Laws Could Be Mitchell-Lama's Last Hope," by Matt Pacenza and Priya Khatkhate, *City Limits Monthly*, May 2003.

17. "Real Estate Guide 2003," *New York Magazine*, March 10, 2003.

18. West Side SRO Law Project testimony to RGB, May 1, 2003, reporting NYC Department of Housing Preservation and Development data.

19. "Chinatown Gentrifies, and Evicts; Complaints of Safety Violations Now Coming From Landlords," by Yilu Zhao, *New York Times*, August 23, 2002.

20. NYS Attorney General's Office, Real Estate Financing Bureau data.

21. 1999 NYC *Housing and Vacancy Survey*.

22. NYC Department of Housing Preservation and Development, Tax Incentives Program data. Note that, similar to the 421–a program, J-51 provides tax abatements and incentives to newly built renter- and owner-occupied units, which are included in the figures given in this report. HPD is unable to provide a breakdown of the number of J-51 units that are only rentals.

23. Landlord Information/Tax Incentives: J-51, NYC Department of Housing Preservation and Development web site. World Wide Web page < http://nyc.gov/html/hpd/html/for-owners/private-owner-tax-inc.html>.

24. *Mayor's Management Report*, Final Fiscal 2003.

25. For further background on *in rem* housing, see "Saving Homes: City Spending on Housing Preservation Grows," by Molly Wasow Park, NYC Independent Budget Office publication, *Background Paper*, February 2003.

26. NYC Department of Housing Preservation and Development. World Wide Web page <http://home.nyc.gov/html/hpd/html/for-owners/housing-education-program.html>.

27. NYC Department of Finance, Common Questions and Answers about New York City's Tax Lien Sale Process. World Wide Web page <http://www.nyc.gov/html/dof/html/liensale2.html>.

28. "New York City Case Study: Third Party Transfer Initiative: A Solution To Property Abandonment," by Lisa Mueller, Local Initiative Support Corporation report, January 14, 2003. World Wide Web page <http://www.liscnet.org/resources/2003/01/initiative_1064.shtml?Planning+&+Land+Use>.

29. NYC Department of Buildings (DOB) data. Note that demolition statistics include both residential as well as commercial buildings, as the DOB does not specify the type of building in its data.

30. "The New Housing Marketplace: Creating Housing for the Next Generation," NYC Department of Housing Preservation and Development report, December 10, 2002.

31. "Mayor Bloomberg's Housing Plan: Down Payment on the Future," by Molly Wasow Park, NYC Independent Budget Office publication, *Fiscal Brief*, February 2003.

32. "Mayor Michael R. Bloomberg Gives Progress Report on Administration's New Housing Marketplace Plan," Press Release, May 1, 2003.

Changes to the Rent Stabilized Housing Stock in New York City, 1994-2002

highlights

- ✔ The study finds a net estimated loss of 42,976 rent stabilized units from 1994 to 2002.
- ✔ The net loss is less than 5% of the stabilized stock or about a half a percent per year from 1994-2002.
- ✔ The largest source of additions to the rent stabilized stock are rent controlled units that convert to rent stabilization on vacancy.
- ✔ Stabilized tenants vacating apartments in buildings that converted to cooperatives or condominiums make up the largest category of subtractions from the stabilized stock.
- ✔ Vacated stabilized units in co-ops and condos are declining in significance as a factor that subtracts from the stabilized stock.
- ✔ High Rent/Vacancy decontrol is increasing in significance as a factor that subtracts from the stabilized stock.
- ✔ The number of units deregulated via High Rent/Vacancy decontrol is a 'floor' or minimum count because reporting was voluntary from 1994-2000.
- ✔ The number of units being added to the stabilized stock is likely to decline as the number of remaining rent controlled apartments is gradually depleted.

Introduction

Rent regulation has been a fixture in New York City's housing market for the last 60 years. The rent laws that govern rent regulated housing have been substantially changed and/or modified over time. In addition to legislative changes, the existing laws allow for dynamic changes in the regulatory status of a significant portion of the rent regulated housing stock in any given year. Units enter the regulatory system, leave the system, or change status within the system.

This report is designed to indicate the changes in the rent stabilized housing stock in New York City from 1994 to 2002 by quantifying the events that lead to additions to and subtractions from this category of housing.

Additions to the Rent Regulated Housing Stock

Since newly constructed or substantially rehabilitated units are exempt from rent regulation, increases to the regulated housing stock are a result of owners "voluntarily" placing these new units under rent stabilization. Why would some owners choose to place their buildings under regulation, when owners and their advocates have been at the forefront in the campaign to ease and/or end regulation of the private housing market? These seemingly anomalous decisions are a result of cost/benefit analyses that have led many owners to the conclusion that regulation, for a period of time, with tax benefits is more profitable than free market rents without tax benefits. Events that lead to the addition of stabilized units are the following:

A. Section 421-a Program
B. J-51 Program
C. Mitchell-Lama buyouts
D. Lofts converted to rent stabilized units
E. Other Additions
F. Rent controlled apartments converting to rent stabilization

Section 421-a and J-51

The New York City Department of Housing Preservation and Development (HPD) administers programs to increase the supply of affordable rental housing. Two of these programs have a significant impact on the inventory of stabilized housing: the Section 421-a Program and the J-51 Program. Under Section 421-a of the Real Property Tax Law, newly constructed dwellings in New York City receive real estate tax exemptions. For the duration of the benefits, at least, the newly built apartments are subject to rent stabilization. From 1994 to 2002, an estimated total of 20,240 units were added to the rent stabilized stock through the 421-a program.

Additions to the Stabilized Housing Stock from 421-a Tax Incentive Program, 1994-2002

Calendar Year	Number of Units
1994	627*
1995	2,284*
1996	1,085*
1997	2,099*
1998	2,118
1999	6,123
2000	2,828
2001	4,870
2002	4,953
Total	26,987
Estimated Rental Units	**20,240§**

*Note: The numbers for these years are for preliminary certificates.
§ The total count of 26,987 units includes co-op and condo units that were created under the 421-a program. Analysis of the RPAD database shows that on average from 1994 to 2002, 25% of 421-a units were owner units and 75% were rental units. Therefore an estimated 20,240 units were added to the rent stabilized stock.

Source: Department of Housing Preservation and Development, Office of Development, Division of Housing Finance, Tax Incentive Programs

The J-51 Program provides real estate tax exemptions and abatements to existing residential buildings which are renovated or rehabilitated. This program also provides these benefits to residential buildings converted from commercial structures. In consideration of receiving these benefits, owners of these buildings agree to place under rent stabilization, those apartments which otherwise would not be subject to regulation. The apartments remain stabilized, at least, until the benefits expire. The J-51 program added a total of 1,394 units to the rent stabilized stock from 1994 to 2002.

Additions to the Stabilized Housing Stock from J-51 Tax Incentive Program, 1994-2002

Calendar Year	Number of Units*
1994	114
1995	88
1996	8
1997	38
1998	135
1999	33
2000	224
2001	494
2002	260
Total	**1,394**

*The numbers represent units that were not rent stabilized prior to entering the J-51 Program. Most units participating in the J-51 Program were rent stabilized prior to their J-51 status and therefore are not considered additions to the rent stabilized stock.

Source: Department of Housing Preservation and Development, Office of Development, Division of Housing Finance, Tax Incentive Programs

Mitchell-Lama Buyouts

Where rents are regulated in a building directly by the Federal, State or City government these apartments are exempt from rent stabilization and control laws. However, when these government-aided developments are no longer directly administered by a governmental entity, they may become subject to the rent stabilization laws. These federally regulated projects include Section 236 financed buildings and project-based Section 8 buildings. Buildings leaving the State and City Mitchell-Lama program have had the greatest impact in terms of adding to the stabilized stock of any government-aided program.

Mitchell-Lama developments are constructed under the provisions of Article 2 of the Private Housing Finance Law (PHFL). This program is primarily designed to increase the supply of housing affordable to middle-income households. Approximately 75,000 rental apartments and 50,000 cooperative units were constructed under the program from the 1950's through

Additions to the Stabilized Housing Stock from Mitchell-Lama Buyouts, 1994-2002

Calendar Year	Number of Units Added from State buyouts	Number of Units Added from City buyouts
1994	-	-
1995	306	-
1996	-	-
1997	323	-
1998	574	1,263
1999	286	-
2000	-	-
2001	-	
2002	-	232
Total	**1,489**	**1,495**

Source: NYS Division of Housing and Community Renewal annual registration data, and Department of Housing Preservation and Development, Office of Housing Operations, Division of Housing Supervision, Mitchell-Lama

the 1970's. For these units to be affordable, the State or City provided low interest mortgages, real estate tax abatements and the owners agreed to limit their return on equity.

While, in general, the State and City mortgages are for a term of 40 or 50 years, the PHFL allows owners to "buy-out" of the program after 20 years. If an owner of a rental development buys-out of the program and the development was occupied prior to January 1,1974, the apartments become subject to rent stabilization. Seven Mitchell-Lama rental developments containing 2,984 apartments became rent stabilized between 1994-2000.

Loft Units

The New York City Loft Board, under Article 7-C of the Multiple Dwelling Law regulates rents in buildings originally intended as commercial loft space that have been converted to residential housing. When the units are brought up to code standard, they become stabilized. A total of 303 loft units entered the rent stabilization system from 1998 to 2002. Counts are not available from 1994 to 1997.

Other Additions to the Housing Stock

Additionally, several other events can increase the rent stabilized housing stock: tax incentive programs such as 421-g and 420-c, "deconversion," returned losses, and the sub-division of large units into two or more smaller units. The 421-g tax incentive program is designed for conversion of units in Lower Manhattan from non-residential to residential use. The 421-g program added 865 rent stabilized units to the housing stock from 1997 to 2002. An additional 4,516 units were converted to residential use in this period, however, the initial rent levels exceeded $2,000 per month and these units were subject to High Rent/Vacancy decontrol upon occupancy.[1] The 420-c program, a tax exemption program for low income housing projects that are developed in conjunction with the Low Income Housing Tax Credit program also adds units to the rent stabilized stock. An estimated 5,500 units were added to the rent stabilized stock from 1996 to 2002 through the 420-c program.[2] Deconversion occurs when a building converted to cooperative status reverts to rental status because of financial difficulties. Returned losses include abandoned buildings that are returned to habitable status without being substantially rehabilitated, or City-owned *in rem* buildings being returned to private ownership. These latter events do not generally add a significant number of units to the rent stabilized stock and were not quantified in this study. An estimated total of 6,365 units were added to the rent stabilized stock through the above tax incentive programs from 1994-2002.

Changes in Regulatory Status

Chapter 371 of the Laws of 1971 provided for the decontrol of rent controlled units that were voluntarily vacated on or after July 1, 1971. Since the enactment of vacancy decontrol, the number of rent controlled units has fallen from over one million to under 60,000. When a rent controlled unit becomes vacated it either becomes rent stabilized or leaves the regulatory system. If the vacated unit is in a rental building with six or more units and the incoming tenant pays less than $2,000 per month, the apartment becomes stabilized. This process results in a diminution of the controlled stock and an increase in the stabilized stock.

According to the 1993 New York City Housing and Vacancy Survey (HVS) there were 101,798 rent controlled units. Preliminary data from the 2002 HVS counts 59,918 rent controlled units. A total of 41,880 units were decontrolled in this nine-year period. The 1999 HVS reports that 17.8% of controlled units were in buildings of less than six units. If one assumes that apartments in small buildings and large buildings were vacated at the same rate, the number of possible units entering stabilization is reduced by 7,455 to 34,425. If one also assumes that controlled tenants vacated their apartments in buildings converted to ownership status at the same rate as stabilized tenants, then an additional 3,266 units would not be stabilized. (In 1993 there was a ratio of 10 stabilized units for each controlled unit. A total of 32,660 units were registered as exempt from rent stabilization because of conversion. See the section on cooperative conversions.) Therefore, the estimated number of previously controlled units entering stabilization for the nine-year period from 1994-2002 is 31,159. The change in rent regulatory status from rent control to rent stabilization represents the largest addition of units to the rent stabilized stock compared to any other mechanism.

Subtractions from the Rent Regulated Housing Stock

Deregulation of rent controlled and stabilized units occur because of statutory requirements or because of physical changes to the residential dwellings. Events that lead to the removal of stabilized units are the following:

A. High Rent/High Income Decontrol
B. High Rent/Vacancy Decontrol
C. Cooperative/Condominium Conversions
D. Expiration of 421-a Benefits
E. Expiration of J-51 Benefits
F. Substantial Rehabilitation
G. Conversion to Commercial or Professional Status
H. Other Losses to the Housing Stock – Demolitions, Condemnations, Mergers, etc.

High Rent/High Income Decontrol

The Rent Regulation Reform Act (RRRA) of 1993 permitted the deregulation of occupied apartments renting for $2,000 or more in which the tenants in occupancy had a combined household income in excess of $250,000 in each of the immediately two preceding years. The 1997 RRRA reduced the income threshold to $175,000. Deregulation would occur upon application by the owner and upon the expiration of the rent stabilized lease. This income-based decontrol process, which is administered by the NYS Division of Housing and Community Renewal (DHCR), relies upon data furnished to the NYS Department of Taxation and Finance as part of the verification process. Please note that both the rent level and household income criteria had to be met for decontrol to take place. If very wealthy households paid less than $2,000 per month, rent regulation would remain in effect. Also please note that the owner must apply to DHCR in order to decontrol the unit. If the owner did not submit a decontrol application, the occupying tenant would remain regulated regardless of rent level and household income. Because DHCR has to approve the orders of deregulation, an exact accounting exists of units leaving regulation as a result of High Rent/High Income decontrol. Based on DHCR processing records, a total of 2,956 apartments were deregulated from 1994 through 2002 based on High Rent/High Income decontrol.[3]

Manhattan, with the highest apartment rents and with the largest number of households in the highest income bracket, has been the focus of High Rent/High Income decontrol. The initial year in which this legislation was in effect witnessed the largest number of decontrol filings. Owners that wished to take advantage of this new law filed applications for units renting for $2,000 or more per month. After the initial filings only a relatively small number of existing units reach the $2,000 rent *and* the income threshold in any given year. The number of grants declined until 1997. The 1997

Subtractions from the Stabilized Housing Stock due to High Rent/High Income Decontrol, 1994-2002

Calendar Year	Number of Units				
	Bronx	Brooklyn	Manhattan	Queens	Total
1994	0	0	904	0	904
1995	0	0	346	0	346
1996	1	0	180	4	185
1997	1	0	157	2	160
1998	3	0	366	3	372
1999	2	1	279	1	283
2000	2	1	227	0	230
2001	3	0	209	2	214
2002	1	1	258	2	262
Total	**13**	**3**	**2,926**	**14**	**2,956***

Source: NYS Division of Housing and Community Renewal annual registration data, grants by year of filing petition cycle.

RRRA lowered the household income threshold to $175,000, which increased the affected population in the following year. The number of grants see-sawed from 1999 to 2002 at relatively low levels.

High Rent/Vacancy Decontrol

In the 1993 RRRA, the New York State legislature reinstituted High Rent/Vacancy decontrol.[4] This initial statute has since been changed several times. First, the 1993 RRRA decontrolled vacant apartments and occupied regulated apartments that subsequently were vacated, that rented for $2,000 or more per month between July 7 and October 1, 1993. Second, the New York City Council allowed for the deregulation of apartments on vacancy on or after April 1, 1994, if these units rented for $2,000 or more. Thus, the original dates in the RRRA of 1993 establishing the parameters for decontrol were no longer applicable. DHCR interpreted the $2,000 rent threshold as follows: if upon vacancy, the owner undertook individual apartment improvements that increased the legal regulated rent to $2,000 or more, and the incoming tenant agreed to pay $2,000 or more, the unit would be deregulated.

In a third stage, in early 1997, the City Council amended the Rent Stabilization Law to **only** allow for vacancy deregulation of the apartment if the vacating tenant's legal regulated rent was $2,000 or more. Finally, in June of 1997, with the passage of the RRRA the state overrode the new City regulation. The determining factor was no longer the *outgoing* tenant's legal regulated rent but the *incoming* tenant's calculated legal regulated rent. Owners, upon a vacancy, could now apply a combination of allowable increases to reach the $2,000 deregulation level: standard vacancy increases, special vacancy increases and individual apartment improvement increases. This calculated rent for a hypothetical incoming tenant was the determining factor, not the rent the incoming tenant actually paid. In fact, after a stabilized unit is deregulated by this calculation, the actual deregulated rent the new tenant pays can be less than $2,000 per month. According to DHCR rent registration records, a total of 24,370 units were deregulated from 1994 to 2002 under the High Rent/Vacancy decontrol provisions of the RRRA (see note on the table below).

High Rent/Vacancy decontrol is also largely a Manhattan phenomenon. Market rents in "core" Manhattan are the highest in the City. The number of

Subtractions from the Stabilized Housing Stock due to High Rent/Vacancy Decontrol, 1994-2002

Calendar Year	Number of Units					
	Bronx	Brooklyn	Manhattan	Queens	Staten Island	Total
1994	3	9	544	9	0	565*
1995	1	111	927	8	0	1,047*
1996	10	106	1,203	6	0	1,325*
1997	6	77	1,121	0	0	1,204*
1998	7	116	2,247	14	0	2,384*
1999	11	151	3,586	37	0	3,785*
2000	7	279	2,586	62	0	2,934*
2001	53	294	4,490	145	0	4,982
2002	64	391	5,431	251	7	6,144
Total	**162**	**1,534**	**22,135**	**532**	**7**	**24,370***

*Note: Registration of deregulated units with DHCR was voluntary and not required from 1994-2000. These totals represent a 'floor' or *minimum* count of the actual number of deregulated units in these years. The NYC City Council required proof of registration with DHCR of the unit as exempt to be sent to the tenant beginning in March 2000. The numbers for 2001 and 2002 can be viewed as more authoritative counts of the actual number of deregulated units (see Endnote 5).

Source: NYS Division of Housing and Community Renewal annual registration data.

units indicating High Rent/Vacancy decontrol on their annual registration filings has steadily increased since the law was enacted in 1993. Prior to the 2001 registration filing, owners were not required to register newly decontrolled units. Therefore, the number of units that registered as being decontrolled from 1994 through 2000 should be considered as the lower limit of such activity. In 2000, the City Council passed a local law[5] requiring owners to *"send and certify to the tenant a copy of the* ***registration statement*** *for such housing accommodation filed with the state division of housing and community renewal indicating that such housing accommodation became exempt from the provisions of the law …"* Thus, for the years 2001 and 2002, the number of apartment registrations indicating High Rent/Vacancy decontrol should more accurately reflect the actual level of activity.

Cooperative & Condominium Conversions

When rent regulated housing is converted to ownership status, there is a small immediate decrease in the rental stock, but over time there is a significantly larger decrease. Tenants that choose to purchase their apartments after a cooperative or condominium plan is approved by the New York State Attorney General's Office are immediately removed from rent regulation. These units are no longer rentals. In eviction conversion plans, non-purchasing tenants may continue in residence until the expiration of their lease. In non-eviction plans (which are the overwhelming majority of approved plans) the regulated tenants have the right to remain in occupancy until they voluntarily leave their apartments. When a tenant leaves a regulated unit, the apartment is deregulated regardless if the incoming tenant purchases or rents. The table below shows the decrease of 32,660 in the stabilized housing stock from 1994 to 2002 primarily due to regulated tenants vacating previously converted buildings.

The next table shows conversion activity since 1981 of multi-family rental buildings to either cooperatives or condominiums and the total number of units under either conversion eviction or conversion non-eviction plans. At the point of conversion, a certain proportion of rental units immediately convert to ownership status and leave the rental stock. As the table shows, most

Subtractions from the Stabilized Housing Stock in Cooperatives and Condominiums, 1994-2002

Calendar Year	Number of Units
1994	5,584
1995	4,784
1996	4,733
1997	3,723
1998	3,940
1999	2,822
2000	3,147
2001	2,153
2002	1,774
Total	**32,660**

Note: Subtractions from the stabilized stock in co-ops and condos are due to two factors: (1) stabilized tenants vacating rental units in previously converted buildings and (2) new conversions of stabilized rental units to ownership.

Source: NYS Division of Housing and Community Renewal annual registration data.

Conversion Activity of Rental Buildings to Cooperatives or Condominiums, 1981 to 2002

Calendar Year	Conversion Eviction Plan Units	Conversion Non-Eviction Plan Units	Total Units
1981	13,134	4,360	17,494
1982	26,469	16,439	42,908
1983	18,009	19,678	37,687
1984	7,432	25,873	33,305
1985	2,276	30,277	32,553
1986	687	39,874	40,561
1987	1,064	35,574	36,638
1988	1,006	32,283	33,289
1989	137	25,459	25,599
1990	364	14,640	15,004
1991	173	1,757	1,930
1992	0	566	566
1993	41	134	175
1994	283	176	459
1995	426	201	522
1996	0	149	149
1997	26	131	157
1998	0	386	386
1999	343	359	702
2000	203	738	941
2001	22	1,053	1,075
2002	260	1,974	2,234

Source: New York State Attorney General's Office, Real Estate Financing Bureau

conversion activity occurred in the 1980s and has slowed to a crawl in the last twelve years. Therefore, most units that are now deregulated are in buildings that converted through non-eviction plans in the 1980s. Tenants in regulated buildings that converted to co-op or condominiums through non-eviction plans have the right to remain in occupancy as stabilized tenants. Only after these tenants vacate do their apartments become deregulated. Though conversions represent the largest source of deregulation since 1994, the number of decontrolled units in this category has steadily declined (see table on the previous page). Converted units will be a less significant factor in the future because of the gradual reduction of the number of rent stabilized tenants living in converted buildings.

Expiration of Section 421-a and J-51 Benefits

As stated in the "Additions" section, buildings receiving Section 421-a and J-51 benefits remain stabilized, at least, until the benefits expire. Therefore, these units enter the stabilized system for a prescribed time period and then exit the system. The number of units leaving the stabilization system is directly dependent upon those units previously entering the system. Expirations of 421-a and J-51 benefits have resulted in a total of 15,288 and 11,188 units removed from the rent regulatory system respectively since 1994.

Subtractions from the Stabilized Housing Stock due to 421-a and J-51 Expirations, 1994-2002

Calendar Year	Number of Units	
	421-a Expirations	J-51 Expirations
1994	2,005	1,345
1995	990	1,440
1996	693	1,393
1997	1,483	1,340
1998	2,150	1,412
1999	3,514	1,227
2000	3,030	884
2001	770	1,066
2002	653	1,081
Total	**15,288**	**11,188**

Source: NYS Division of Housing and Community Renewal annual registration data.

Substantial Rehabilitation

The Emergency Tenant Protection act of 1974 exempts apartments in buildings that have been substantially rehabilitated on or after January 1, 1974. DHCR processes applications by owners seeking exemption from rent regulation based on the substantial rehabilitation of their properties. Owners must replace at least 75% of building-wide and apartment systems (i.e., plumbing, heating, electrical wiring, windows, floors, kitchens, bathrooms, etc.). In general, buildings that are substantially rehabilitated have been vacated and tended to have been stabilized properties. Therefore, when these buildings are substantially rehabilitated, the apartments are no longer subject to regulation and are counted like new construction. This counts as a subtraction from the regulated stock. Notably, these properties do not receive J-51 tax incentives for rehabilitation. Since 1994, 4,491 units have been removed from stabilization through substantial rehabilitation.

Conversion to Commercial or Professional Status

Space converted from residential to nonresidential use is no longer subject to rent regulation. Since 1994, approximately 100 units a year or a total of 1,528 units

Subtractions from the Stabilized Housing Stock due to Substantial Rehab, Commercial/Professional Conversion & Other losses, 1994-2002

Calendar Year	Number of Units		
	Substantial Rehab	Commercial/ Professional	Other
1994	332	139	1,904
1995	334	113	1,670
1996	601	117	1,341
1997	368	109	1,365
1998	713	78	1,916
1999	760	110	1,335
2000	476	729	1,372
2001	399	88	1,083
2002	508	45	954
Total	**4,491**	**1,528**	**12,940**

Source: NYS Division of Housing and Community Renewal annual registration data.

have been converted to nonresidential use. (Please note that in the year 2000 over 700 units were converted.)

Other Losses to the Housing Stock

Owners may register units as permanently exempt when smaller units are merged into larger ones, or when the building is condemned, demolished or boarded-up/burnt-out. DHCR annual registration data shows that 12,940 units have been removed from the stabilized housing stock since 1994 due to these reasons.

Summary and Conclusions

From 1994 through 2002, approximately 105,000 housing units left rent stabilization, while approximately 62,000 units initially entered the stabilization system. The built-in fluidity of the system resulted in a net loss of an estimated 43,000 regulated stabilized units to the rent stabilized housing stock.[6] (See Summary Table on facing page)

Over the nine-year period, the net loss of 43,000 units represents less than 5% of the stabilized housing stock, about a half of a percent of the total stabilized stock per year. The analysis utilized in this report is confirmed by DHCR's rent registration data. In 1994 there were 910,000 rent registered units and the preliminary registration total for 2002 is 865,000, a decrease of 45,000 units. (Analysis of 2002 data reveals a significant decline in registered buildings and units for the borough of Brooklyn. Owners of Brooklyn stabilized properties registered approximately 1,000 fewer buildings and 12,000 fewer apartments in 2002 as compared to 2001. Late registrations will likely add additional units to the totals for Kings County.)

Two significant trends are apparent from the data on subtractions from the stabilized stock: (1) The decline in the importance of vacated stabilized units in buildings converted to ownership status, and (2) the increasing significance of High Rent/Vacancy decontrol. While, overall, deregulation of units in cooperatives was the most important factor during this time period, the number of units being deregulated has fallen steadily from over 5,000 a year to under 2,000 a year. With the lack of conversion activity over the last decade, this form of deregulation should play a minor role in the future. The number of units being deregulated based on High Rent/Vacancy deregulation has steadily increased, and is currently the most significant cause of deregulation. This trend is very likely to continue into the future.

Finally, the number of units being added to the stabilized stock is likely to decline. Units leaving the rent control system and entering stabilization is the most significant factor in increases to the stabilized stock. Since the 2002 HVS reports that there are only 60,000 controlled units remaining, this source of additions is gradually being depleted. Therefore, net losses to the stabilized stock are likely to accelerate in the future.

Acknowledgement

The Rent Guidelines Board would like to acknowledge Arthur Shulman, the former Director of Research, New York State Division of Housing and Community Renewal, for his assistance with this report. ❒

Endnotes

1. The 421-g tax incentive program provides 14-year tax exemption and abatement benefits for the conversion of commercial buildings to multiple dwellings in Downtown Manhattan. All rental units in the project become subject to rent stabilization for the duration of the benefits. These units are subject to High Rent/Vacancy decontrol if the initial rent level is $2,000 or more. Approximately 81% of the units created under 421-g were deregulated at initial occupancy.

2. The 420-c tax incentive program provides a complete exemption from real estate taxes for the term of the regulatory agreement (up to 30 years). Eligible projects are owned or controlled by a not-for-profit Housing Development Fund Company, subject to an HPD regulatory agreement which requires use as low-income housing and are financed in part with a loan from the City or State in conjunction with federal low-income housing tax credits. A total of 6,172 units receiving 420-c tax exemptions were created from 1996 to 2002 in New York City; 5,500 of these units were identified in rental projects with funding sources that require rent stabilization. The remainder were either owner units or the loan program could not be identified.

3. The final count for petitions for High Rent/High Income decontrol may be slightly reduced as they are subject to appeal or in some cases, to review by a court of competent jurisdiction.

4. Decontrol of certain high rent apartments was instituted in New York City twice before, in 1964 and in 1968.

5. Intro No. 669-A, March 2000. A Local Law to amend the administrative code of the City of New York, in relation to extending the rent stabilization laws with certain amendments to such laws and the rent control law.

6. Almost the entire number of the estimated net loss of 43,000 units to the rent stabilized housing stock will remain as housing units in New York City. These units would convert from rent stabilization to either forms of ownership or to non-regulated rental units unless they are demolished.

Summary Table on Additions and Subtractions to the Rent Stabilized Housing Stock 1994-2002

Program	*Number of Units*
ADDITIONS	
421-a	+ 20,240
J-51 conversions	+ 1,394
Mitchell-Lama buyouts	+ 2,984
Loft conversions	+ 303
Other Additions	+ 6,365
CHANGES	
Rent control to rent stabilization	+ 31,159
Subtotal Additions	**+ 62,445**
SUBTRACTIONS	
Co-op and Condo subtractions	- 32,660
High Rent/Vacancy Decontrol	- 24,370
High Rent/High Income Decontrol	- 2,956
421-a expirations	- 15,288
J-51 expirations	- 11,188
Substantial Rehabilitation	- 4,491
Commercial/Professional conversion	- 1,528
Other Subtractions	- 12,940
Subtotal Subtractions	**- 105,421**
NET TOTAL	
Net Estimated Loss	**- 42,976**

Appendices

A.1 Apartments & Lofts — Order #35

On June 19, 2003, the Rent Guidelines Board (RGB) set the following maximum rent increases for leases commencing or being renewed on or after October 1, 2003 and on or before September 30, 2004 for rent stabilized apartments:

One-Year Lease	Two-Year Lease
4½%	7½%

In the event of a sublease governed by subdivision (e) of section 2525.6 of the Rent Stabilization Code, the allowance authorized by such subdivision shall be 10%.

No vacancy allowance is permitted except as provided by sections 19 and 20 of the Rent Regulation Reform Act of 1997.

Any increase for a renewal lease may be collected no more than once during the guideline period.

For Loft units that are covered under Article 7-C of the Multiple Dwelling Law, the Board established the following maximum rent increases for increase periods commencing on or after October 1, 2003 and on or before September 30, 2004:

One-Year Increase Period	Two-Year Increase Period
4%	7%

Leases for units subject to rent control on September 30, 2003, which subsequently become vacant and then enter the stabilization system, are not subject to the above adjustments. The rents for these newly stabilized units are subject to review by the New York State Division of Housing and Community Renewal (DHCR). In order to aid DHCR in this review, the RGB has set a special guideline. For rent controlled units which become vacant after September 30, 2003, the special guideline shall be the greater of the following:

(1) 50% above the maximum base rent or
(2) The Fair Market Rent for existing housing as established by the United States Department of Housing and Urban Development (HUD) for the New York City Primary Metropolitan Statistical Area pursuant to Section 8(c) (1) of the United States Housing Act of 1937 (42 U.S.C. section 1437f [c] [1]) and 24 C.F.R. Part 888, with such Fair Market Rents to be adjusted based upon whether the tenant pays his or her own gas and/or electric charges as part of his or her rent as such gas and/or electric charges are accounted for by the New York City Housing Authority.

Such HUD-determined Fair Market Rents will be published in the Federal Register, to take effect on October 1, 2003.

A.2 Hotel Units — Order #33

On June 19, 2003, the Rent Guidelines Board (RGB) set the following maximum rent increases for leases commencing or being renewed on or after October 1, 2003 and on or before September 30, 2004 for rent stabilized hotels:

Single Room Occupancy Buildings (SRO)	3½%
Lodging Houses	3½%
Class A Hotels	3½%
Class B Hotels	3½%
Rooming Houses	3½%

Except that the allowable level of rent adjustment over the lawful rent actually charged and paid on September 30, 2003 shall be 0% if:

- Permanent rent stabilized or rent controlled tenants paying no more than the legal regulated rent, at the time that any rent increase in this Order would otherwise be authorized, constitute fewer than 75% of all units in a building that are used or occupied, or intended, arranged or designed to be used or occupied in whole or in part as the home, residence or sleeping place of one or more human beings.

- Furthermore, the allowable level of rent adjustment over the lawful rent actually charged and paid on September 30, 2003 shall be 0% on any individual unit if the owner has failed to provide to the new occupant of that unit a copy of the Rights and Duties of Hotel Owners and Tenants, pursuant to Section 2522.5 of the Rent Stabilization Code.

Appendix B: Price Index of Operating Costs

B.1 PIOC Sample, Number of Price Quotes per Item, 2002 vs. 2003

Spec	Description	2002	2003
211	Apartment Value	191	238
212	Non-Union Super	127	151
216	Non-Union Janitor/Porter	71	107
	LABOR COSTS	**389**	**496**
301	Fuel Oil #2	29	29
302	Fuel Oil #4	8	7
303	Fuel Oil #6	6	6
	FUEL	**43**	**42**
501	Repainting	128	125
502	Plumbing, Faucet	33	32
503	Plumbing, Stoppage	32	33
504	Elevator #1	12	12
505	Elevator #2	12	14
506	Elevator #3	11	13
507	Burner Repair	18	12
508	Boiler Repair, Tube	10	11
509	Boiler Repair, Weld	6	7
510	Refrigerator Repair	13	15
511	Range Repair	11	11
512	Roof Repair	23	22
513	Air Conditioner Repair	11	10
514	Floor Maint. #1	7	6
515	Floor Maint. #2	7	6
516	Floor Maint. #3	7	5
518	Linen/Laundry Service	5	5
	CONTRACTOR SERVICES	**346**	**339**
601	Management Fees	103	129
602	Accountant Fees	29	28
603	Attorney Fees	21	21
604	Newspaper Ads	19	20
605	Agency Fees	5	5
606	Lease Forms	9	6
607	Bill Envelopes	12	13
608	Ledger Paper	8	5
	ADMINISTRATIVE COSTS	**206**	**227**

Spec	Description	2002	2003
701	INSURANCE COSTS	**658**	**807**
801	Light bulbs	9	7
802	Light Switch	7	5
803	Wet Mop	10	6
804	Floor Wax	6	7
805	Paint	15	11
806	Pushbroom	10	7
807	Detergent	8	7
808	Bucket	14	12
809	Washers	10	11
810	Linens	10	10
811	Pine Disinfectant	7	6
812	Window/Glass Cleaner	6	7
813	Switch Plate	11	7
814	Duplex Receptacle	11	8
815	Toilet Seat	17	14
816	Deck Faucet	14	13
	PARTS & SUPPLIES	**165**	**138**
901	Refrigerator #1	12	11
902	Refrigerator #2	14	12
903	Air Conditioner #1	6	6
904	Air Conditioner #2	7	5
905	Floor Runner	13	10
906	Dishwasher	10	9
907	Range #1	10	10
908	Range #2	10	10
909	Carpet	13	10
910	Dresser	7	7
911	Mattress & Box Spring	9	10
	REPLACEMENT COSTS	**111**	**100**
	All Items	**1,918**	**2,149**

B.2 Expenditure Weights, Price Relatives, Percent Changes and Standard Errors, All Apartments, 2003

Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error
101	TAXES, FEES, & PERMITS	**0.2655**	**1.1480**	**14.80%**	**0.1294**
201	Payroll, Bronx, All	0.1175	1.0270	2.70%	0.0000
202	Payroll, Other, Union, Supts.	0.1156	1.0318	3.18%	0.0000
203	Payroll, Other, Union, Other	0.2861	1.0328	3.28%	0.0000
204	Payroll, Other, Non-Union, All	0.2934	1.0461	4.61%	0.4729
205	Social Security Insurance	0.0466	1.0432	4.32%	0.0000
206	Unemployment Insurance	0.0069	1.1410	14.10%	0.0000
207	Private Health & Welfare	0.1339	1.0134	1.34%	0.0000
	LABOR COSTS	**0.1696**	**1.0345**	**3.45%**	**0.1387**
301	Fuel Oil #2	0.6190	1.5419	54.19%	1.4382
302	Fuel Oil #4	0.1422	1.8109	81.09%	2.1891
303	Fuel Oil #6	0.2388	1.9142	91.42%	2.9052
	FUEL	**0.0756**	**1.6691**	**66.91%**	**1.1708**
401	Electricity #1, 2,500 KWH	0.0105	1.3527	35.27%	0.0000
402	Electricity #2, 15,000 KWH	0.1332	1.4339	43.39%	0.0000
403	Electricity #3, 82,000 KWH	0.0000	1.3545	35.45%	0.0000
404	Gas #1, 12,000 therms	0.0047	1.2321	23.21%	0.0000
405	Gas #2, 65,000 therms	0.0480	1.4047	40.47%	0.0000
406	Gas #3, 214,000 therms	0.2129	1.4073	40.73%	0.0000
407	Steam #1, 1.2m lbs	0.0149	1.5448	54.48%	0.0000
408	Steam #2, 2.6m lbs	0.0056	1.6345	63.45%	0.0000
409	Telephone	0.0100	1.0319	3.19%	0.0000
410	Water & Sewer	0.5602	1.0650	6.50%	0.0000
	UTILITIES	**0.1491**	**1.2171**	**21.71%**	**0.0000**
501	Repainting	0.4032	1.0363	3.63%	0.7702
502	Plumbing, Faucet	0.1406	1.0553	5.53%	1.2378
503	Plumbing, Stoppage	0.1268	1.0628	6.28%	1.3401
504	Elevator #1, 6 fl., 1 e.	0.0566	1.0338	3.38%	1.7959
505	Elevator #2, 13 fl., 2 e.	0.0373	1.0454	4.54%	1.9886
506	Elevator #3, 19 fl., 3 e.	0.0211	1.0452	4.52%	1.6173
507	Burner Repair	0.0377	1.0928	9.28%	1.8274
508	Boiler Repair, Tube	0.0459	1.1089	10.89%	3.4024
509	Boiler Repair, Weld	0.0333	1.0703	7.03%	3.3008
510	Refrigerator Repair	0.0124	1.0014	0.14%	0.1355
511	Range Repair	0.0130	1.0019	0.19%	0.1847
512	Roof Repair	0.0580	1.0286	2.86%	1.3823
513	Air Conditioner Repair	0.0086	1.0690	6.90%	3.0204
514	Floor Maint. #1, Studio	0.0003	1.0075	0.75%	0.7845
515	Floor Maint. #2, 1 Br.	0.0005	1.0186	1.86%	1.2489
516	Floor Maint. #3, 2 Br.	0.0046	1.0132	1.32%	1.3210
	CONTRACTOR SERVICES	**0.1526**	**1.0481**	**4.81%**	**0.4701**

Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error
601	Management Fees	0.6924	1.0641	6.41%	0.9412
602	Accountant Fees	0.1436	1.0278	2.78%	1.2164
603	Attorney Fees	0.1258	1.0323	3.23%	1.3541
604	Newspaper Ads	0.0042	1.0408	4.08%	2.1543
605	Agency Fees	0.0055	1.0354	3.54%	2.0477
606	Lease Forms	0.0101	1.0445	4.45%	4.4761
607	Bill Envelopes	0.0097	1.0390	3.90%	3.6332
608	Ledger Paper	0.0086	1.0369	3.69%	3.4144
	ADMINISTRATIVE COSTS	**0.0869**	**1.0540**	**5.40%**	**0.6990**
701	INSURANCE COSTS	**0.0709**	**1.4046**	**40.46%**	**2.1948**
801	Light Bulbs	0.0377	1.0111	1.11%	1.1797
802	Light Switch	0.0479	1.0067	0.67%	0.7088
803	Wet Mop	0.0428	1.0000	0.00%	0.0000
804	Floor Wax	0.0393	1.0000	0.00%	0.0000
805	Paint	0.2279	1.0000	0.00%	0.0000
806	Pushbroom	0.0363	1.0000	0.00%	0.0000
807	Detergent	0.0332	1.0000	0.00%	0.0000
808	Bucket	0.0398	1.0000	0.00%	0.0000
809	Washers	0.0964	1.0075	0.75%	0.7730
811	Pine Disinfectant	0.0476	1.0085	0.85%	0.6843
812	Window/Glass Cleaner	0.0503	1.0329	3.29%	2.4267
813	Switch Plate	0.0459	1.0079	0.79%	2.1665
814	Duplex Receptacle	0.0339	1.0000	0.00%	0.0000
815	Toilet Seat	0.1006	1.0025	0.25%	0.2248
816	Deck Faucet	0.1202	1.0000	0.00%	0.0000
	PARTS AND SUPPLIES	**0.0210**	**1.0041**	**0.41%**	**0.1872**
901	Refrigerator #1	0.0943	1.0233	2.33%	1.3773
902	Refrigerator #2	0.4653	1.0140	1.40%	0.9922
903	Air Conditioner #1	0.0177	1.0287	2.87%	2.9844
904	Air Conditioner #2	0.0224	1.0000	0.00%	0.0000
905	Floor Runner	0.0905	1.0462	4.62%	4.1781
906	Dishwasher	0.0480	1.0000	0.00%	0.0000
907	Range #1	0.0468	1.0076	0.76%	0.5333
908	Range #2	0.2151	1.0019	0.19%	0.4410
	REPLACEMENT COSTS	**0.0089**	**1.01414**	**1.41%**	**0.6209**
	ALL ITEMS	**1.0000**	**1.16901**	**16.90%**	**0.2065**

B.3 Price Relative by Building Type, Apartments, 2003

Spec #	Item Description	Pre-1947	Post-1946	Gas Heated	Oil Heated	MASTER METERED BLDGS
101	TAXES, FEES, & PERMITS	1.1610	1.1305	1.1480	1.1480	1.1480
201-207	LABOR COSTS	1.0359	1.0329	1.0365	1.0344	1.0381
301-303	FUEL	1.6432	1.7770	1.5433	1.6736	1.5463
401-410	UTILITIES	1.2220	1.2485	1.2904	1.1475	1.2723
501-516	CONTRACTOR SERVICES	1.0486	1.0469	1.0447	1.0491	1.0499
601-608	ADMINISTRATIVE COSTS	1.0517	1.0568	1.0527	1.0541	1.0461
701	INSURANCE COSTS	1.4046	1.4046	1.4046	1.4046	1.4046
801-816	PARTS AND SUPPLIES	1.0041	1.0042	1.0042	1.0041	1.0065
904-908	REPLACEMENT COSTS	1.0136	1.0153	1.0109	1.0150	1.0196
	ALL ITEMS	**1.1835**	**1.1615**	**1.1543**	**1.1833**	**1.1676**

B.4 Price Relative by Hotel Type, 2003

Spec #	Item Description	Hotel	RH	SRO
101	TAXES, FEES, & PERMITS	1.0685	1.1704	1.1787
205-206, 208-216	LABOR COSTS	1.0475	1.0424	1.0456
301-303	FUEL	1.6341	1.5419	1.7890
401-407, 409-410	UTILITIES	1.2492	1.2322	1.3051
501-509, 511-516, 518	CONTRACTOR SERVICES	1.0244	1.0443	1.0521
601-608	ADMINISTRATIVE COSTS	1.0548	1.0480	1.0511
701	INSURANCE COSTS	1.4046	1.4046	1.4046
801-816	PARTS AND SUPPLIES	1.0088	1.0052	1.0054
901-904, 907-911	REPLACEMENT COSTS	1.0242	1.0181	1.0177
	ALL ITEMS	**1.1261**	**1.1873**	**1.1874**

B.5 Percentage Change in Real Estate Tax Sample by Borough and Source of Change, Apartments and Hotels, 2003

	% Change Due to Assessments	% Change Due to Exemptions	% Change Due to Abatements	% Change Due to Tax Rates	% Change Due to Interactions	Total % Change
APARTMENTS						
Manhattan	8.88%	-1.60%	0.05%	7.15%	0.51%	14.99%
Bronx	9.50%	-1.99%	0.45%	7.66%	0.52%	16.14%
Brooklyn	6.24%	-0.74%	0.30%	7.42%	0.38%	13.60%
Queens	6.58%	-0.16%	0.32%	7.24%	0.45%	14.44%
Staten Island	6.20%	-0.21%	-0.35%	7.36%	0.42%	13.41%
All apts	**8.18%**	**-1.27%**	**0.16%**	**7.25%**	**0.48%**	**14.80%**
HOTELS						
Hotel	4.52%	-6.76%	0.00%	9.36%	-0.27%	6.85%
SRO	9.97%	-1.10%	0.02%	8.32%	0.67%	17.87%
RH	9.16%	-0.28%	0.20%	7.30%	0.66%	17.04%
All hotels	**7.40%**	**-3.54%**	**0.03%**	**8.65%**	**0.24%**	**12.79%**

Note: Totals may not add due to rounding.

B.6 Tax Change by Borough and Community Board, Apartments, 2003

Borough	Community Board	Number of Buildings	Tax Relative
Manhattan		**12,942**	**14.42%**
	1	50	-7.51%
	2	1223	17.88%
	3	1599	16.28%
	4	1014	16.37%
	5	311	10.50%
	6	929	14.26%
	7	2027	13.67%
	8	2280	16.05%
	9	730	16.48%
	10	760	4.14%
	11	584	14.72%
	12	1417	18.72%
Core Man.		**8,922**	**14.74%**
Upper Man.		**4,020**	**17.17%**
Bronx		**5,001**	**14.80%**
	1	279	14.22%
	2	221	15.65%
	3	270	22.99%
	4	681	17.52%
	5	653	19.63%
	6	450	22.06%
(Bronx cont.)	7	914	17.44%
	8	345	12.81%
	9	284	19.19%
	10	183	15.41%
	11	287	13.39%
	12	374	16.72%
Brooklyn		**12,694**	**11.60%**
	1	1490	14.43%
	2	691	13.51%
	3	828	13.17%
	4	1280	16.31%
	5	368	13.75%
	6	1006	14.07%
	7	889	13.67%
	8	988	13.95%
	9	563	14.62%
	10	822	13.59%
	11	748	12.42%
	12	620	13.57%
	13	179	13.77%
	14	884	13.83%
	15	370	12.55%
	16	278	8.90%
(Bklyn. cont.)	17	602	14.40%
	18	73	12.41%
Queens		**6,431**	**13.46%**
	1	1856	14.05%
	2	861	14.82%
	3	403	15.38%
	4	380	14.36%
	5	1179	14.04%
	6	351	15.89%
	7	402	13.32%
	8	195	12.58%
	9	203	15.87%
	10	57	12.07%
	11	125	15.36%
	12	153	15.14%
	13	54	13.36%
	14	86	10.96%
Staten Is.		**190**	**8.21%**
	1	129	13.27%
	2	35	13.64%
	3	24	13.73%
Total		**37,258**	**14.80%**

Note: No Community Board could be assigned to the following number of buildings for each borough: Manhattan (18), Bronx (60), Brooklyn (15), Queens (126), Staten Island (2). The number of buildings in the category "All" for each borough includes these buildings which could not be assigned a Community Board. Core and Upper Manhattan building totals are defined by block count and cannot be calculated by using Community Board numbers alone.

B.7 Expenditure Weights, Price Relatives, Percent Changes and Standard Errors, All Hotels, 2003

Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error
101	TAXES, FEES, & PERMITS	**0.2733**	**1.1279**	**12.79%**	**1.8507**
205	Social Security Insurance	0.0556	1.0432	4.32%	0.0000
206	Unemployment Insurance	0.0146	1.1410	14.10%	0.0000
208	Hotel Private Health/Welfare	0.0378	1.1041	10.41%	0.0000
209	Hotel Union Labor	0.3172	1.0400	4.00%	0.0000
210	SRO Union Labor	0.0123	1.0400	4.00%	0.0000
211	Apartment Value	0.1205	1.0360	3.60%	0.7158
212	Non-Union Superintendent	0.3143	1.0446	4.46%	0.6214
213	Non-Union Maid	0.0000	0.0000	NA	0.0000
214	Non-Union Desk Clerk	0.0000	0.0000	NA	0.0000
215	Non-Union Maintenance Worker	0.0000	0.0000	NA	0.0000
216	Non-Union Janitor/Porter	0.1275	1.0483	4.83%	0.7321
	LABOR COSTS	**0.1896**	**1.0461**	**4.61%**	**0.2330**
301	Fuel Oil #2	0.7074	1.5419	54.19%	1.4382
302	Fuel Oil #4	0.0143	1.8109	81.09%	2.1891
303	Fuel Oil #6	0.2782	1.9142	91.42%	2.9052
	FUEL	**0.0836**	**1.6493**	**64.93%**	**1.2998**
401	Electricity #1, 2,500 KWH	0.0717	1.3527	35.27%	0.0000
402	Electricity #2, 15,000 KWH	0.0770	1.4339	43.39%	0.0000
403	Electricity #3, 82,000 KWH	0.2546	1.3545	35.45%	0.0000
404	Gas #1, 12,000 therms	0.0500	1.2321	23.21%	0.0000
405	Gas #2, 65,000 therms	0.0358	1.4047	40.47%	0.0000
406	Gas #3, 214,000 therms	0.1641	1.4073	40.73%	0.0000
407	Steam #1, 1.2m lbs	0.0002	1.5448	54.48%	0.0000
409	Telephone	0.1775	1.0319	3.19%	0.0000
410	Water & Sewer	0.1691	1.0650	6.50%	0.0000
	UTILITIES	**0.1451**	**1.2586**	**25.86%**	**0.0000**
501	Repainting	0.2142	1.0363	3.63%	0.7702
502	Plumbing, Faucet	0.0848	1.0553	5.53%	1.2378
503	Plumbing, Stoppage	0.0810	1.0628	6.28%	1.3401
504	Elevator #1, 6 fl., 1 e.	0.0370	1.0338	3.38%	1.7959
505	Elevator #2, 13 fl., 2 e.	0.0335	1.0454	4.54%	1.9886
506	Elevator #3, 19 fl., 3 e.	0.0311	1.0452	4.52%	1.6173
507	Burner Repair	0.0263	1.0928	9.28%	1.8274
508	Boiler Repair, Tube	0.0288	1.1089	10.89%	3.4024
509	Boiler Repair, Weld	0.0247	1.0703	7.03%	0.1355
511	Range Repair	0.1454	1.0019	0.19%	0.1847
512	Roof Repair	0.0250	1.0286	2.86%	1.3823
513	Air Conditioner Repair	0.0424	1.0690	6.90%	3.0204
514	Floor Maint. #1, Studio	0.0009	1.0075	0.75%	0.7845
515	Floor Maint. #2, 1 Br.	0.0019	1.0186	1.86%	1.2489
516	Floor Maint. #3, 2 Br.	0.0169	1.0132	1.32%	1.3210
518	Linen/Laundry Service	0.2061	1.0000	0.00%	0.0000
	CONTRACTOR SERVICES	**0.0971**	**1.0332**	**3.32%**	**0.3144**

Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error
601	Management Fees	0.6261	1.0641	6.41%	0.9412
602	Accountant Fees	0.0835	1.0278	2.78%	1.2164
603	Attorney Fees	0.1316	1.0323	3.23%	1.3541
604	Newspaper Ads	0.1001	1.0408	4.08%	2.1543
605	Agency Fees	0.0243	1.0354	3.54%	2.0477
606	Lease Forms	0.0114	1.0445	4.45%	4.4761
607	Bill Envelopes	0.0132	1.0390	3.90%	3.6332
608	Ledger Paper	0.0098	1.0369	3.69%	3.4144
	ADMINISTRATIVE COSTS	**0.0947**	**1.0531**	**5.31%**	**0.6665**
701	INSURANCE COSTS	**0.0388**	**1.4046**	**40.46%**	**2.1948**
801	Light Bulbs	0.0155	1.0111	1.11%	1.1797
802	Light Switch	0.0180	1.0067	0.67%	0.7088
803	Wet Mop	0.0504	1.0000	0.00%	0.0000
804	Floor Wax	0.0489	1.0000	0.00%	0.0000
805	Paint	0.1250	1.0000	0.00%	0.0000
806	Pushbroom	0.0412	1.0000	0.00%	0.0000
807	Detergent	0.0444	1.0000	0.00%	0.0000
808	Bucket	0.0485	1.0000	0.00%	0.0000
809	Washers	0.0481	1.0075	0.75%	0.7730
810	Linens	0.3168	1.0174	1.74%	1.6843
811	Pine Disinfectant	0.0186	1.0085	0.85%	0.6843
812	Window/Glass Cleaner	0.0194	1.0329	3.29%	2.4267
813	Switch Plate	0.0543	1.0079	0.79%	2.1665
814	Duplex Receptacle	0.0408	1.0000	0.00%	0.0000
815	Toilet Seat	0.0501	1.0025	0.25%	0.2248
816	Deck Faucet	0.0600	1.0000	0.00%	0.0000
	PARTS AND SUPPLIES	**0.0550**	**1.0075**	**0.75%**	**0.5504**
901	Refrigerator #1	0.0196	1.0233	2.33%	1.3773
902	Refrigerator #2	0.0961	1.0140	1.40%	0.9922
903	Air Conditioner #1	0.0613	1.0287	2.87%	2.9844
904	Air Conditioner #2	0.0734	1.0000	0.00%	0.0000
907	Range #1	0.0086	1.0076	0.76%	0.5333
908	Range #2	0.0403	1.0019	0.19%	0.4410
909	Carpet	0.3472	1.0083	0.83%	0.8057
910	Dresser	0.1854	1.0740	7.40%	4.0750
911	Mattress & Box Spring	0.1682	1.0101	1.01%	1.0000
	REPLACEMENT COSTS	**0.0229**	**1.0220**	**2.20%**	**0.8491**
	ALL ITEMS	**1.0000**	**1.1604**	**16.04%**	**0.5320**

B.8 Expenditure Weights and Price Relatives, Lofts, 2003

Spec #	Item Description	Weights	Price Relative
101	TAXES	**0.2548**	**1.1480**
201	Payroll, Bronx, All	0.0000	1.0270
202	Payroll, Other, Union, Supts.	0.2842	1.0318
203	Payroll, Other, Union, Other	0.0000	1.0328
204	Payroll, Other, Non-Union, All	0.5491	1.0461
205	Social Security Insurance	0.0453	1.0432
206	Unemployment Insurance	0.0076	1.1410
207	Private Health & Welfare	0.1138	1.0134
	LABOR COSTS	**0.1121**	**1.0442**
301	Fuel Oil #2	0.3484	1.5419
302	Fuel Oil #4	0.5430	1.8109
303	Fuel Oil #6	0.1086	1.9142
	FUEL	**0.0516**	**1.7284**
401	Electricity #1, 2,500 KWH	0.0114	1.3527
402	Electricity #2, 15,000 KWH	0.1453	1.4339
403	Electricity #3, 82,000 KWH	0.0000	1.3545
404	Gas #1, 12,000 therms	0.0051	1.2321
405	Gas #2, 65,000 therms	0.0519	1.4047
406	Gas #3, 214,000 therms	0.1467	1.4073
407	Steam #1, 1.2m lbs	0.0161	1.5448
408	Steam #2, 2.6m lbs	0.0060	1.6345
409	Telephone	0.0108	1.0319
410	Water & Sewer - Frontage	0.6068	1.0650
	UTILITIES	**0.0760**	**1.2013**
501	Repainting	0.4031	1.0363
502	Plumbing, Faucet	0.1406	1.0553
503	Plumbing, Stoppage	0.1269	1.0628
504	Elevator #1, 6 fl., 1 e.	0.0566	1.0338
505	Elevator #2, 13 fl., 2 e.	0.0373	1.0454
506	Elevator #3, 19 fl., 3 e.	0.0211	1.0452
507	Burner Repair	0.0377	1.0928
508	Boiler Repair, Tube	0.0459	1.1089
509	Boiler Repair, Weld	0.0334	1.0703
510	Refrigerator Repair	0.0124	1.0014
511	Range Repair	0.0130	1.0019
512	Roof Repair	0.0580	1.0286
513	Air Conditioner Repair	0.0086	1.0690
514	Floor Maint. #1, Studio	0.0003	1.0075
515	Floor Maint. #2, 1 Br.	0.0005	1.0186
516	Floor Maint. #3, 2 Br.	0.0047	1.0132
	CONTRACTOR SERVICES	**0.0821**	**1.0481**

Spec #	Item Description	Weights	Price Relative
	ADMINISTRATIVE COSTS, LEGAL	**0.1058**	**1.0323**
601	Management Fees	0.8007	1.0641
602	Accountant Fees	0.1534	1.0278
604	Newspaper Ads	0.0052	1.0408
605	Agency Fees	0.0067	1.0354
606	Lease Forms	0.0110	1.0445
607	Bill Envelopes	0.0125	1.0390
608	Ledger Paper	0.0107	1.0369
	ADMINISTRATIVE COSTS, OTHER	**0.1061**	**1.0574**
701	INSURANCE COSTS	**0.1723**	**1.4046**
801	Light Bulbs	0.0377	1.0111
802	Light Switch	0.0479	1.0067
803	Wet Mop	0.0428	1.0000
804	Floor Wax	0.0394	1.0000
805	Paint	0.2279	1.0000
806	Pushbroom	0.0363	1.0000
807	Detergent	0.0333	1.0000
808	Bucket	0.0398	1.0000
809	Washers	0.0965	1.0075
811	Pine Disinfectant	0.0476	1.0085
812	Window/Glass Cleaner	0.0503	1.0329
813	Switch Plate	0.0459	1.0079
814	Duplex Receptacle	0.0340	1.0000
815	Toilet Seat	0.1006	1.0025
816	Deck Faucet	0.1203	1.0000
	PARTS AND SUPPLIES	**0.0220**	**1.0041**
901	Refrigerator #1	0.0943	1.0233
902	Refrigerator #2	0.4653	1.0140
903	Air Conditioner #1	0.0177	1.0287
904	Air Conditioner #2	0.0223	1.0000
905	Floor Runner	0.0905	1.0462
906	Dishwasher	0.0480	1.0000
907	Range #1	0.0467	1.0076
908	Range #2	0.2152	1.0019
	REPLACEMENT COSTS	**0.0173**	**1.0141**
	ALL ITEMS	**1.0000**	**1.1790**

B.9 Changes in the Price Index of Operating Costs, Expenditure Weights and Price Relatives, Apartments, 1993-2003

	1993		1994		1995		1996		1997	
	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative
Taxes	0.263	3.1%	0.259	2.3%	0.260	1.4%	0.263	3.0%	0.255	2.4%
Labor Costs	0.160	5.6%	0.161	4.3%	0.165	4.1%	0.171	3.1%	0.167	2.3%
Fuel	0.103	5.2%	0.104	-0.5%	0.101	-12.7%	0.088	29.6%	0.108	0.4%
Utilities	0.137	12.7%	0.147	2.1%	0.147	-4.0%	0.141	7.8%	0.143	2.9%
Contractor Services	0.154	2.5%	0.150	0.9%	0.149	2.4%	0.152	1.8%	0.146	3.4%
Administrative Costs	0.081	3.8%	0.080	3.7%	0.081	3.8%	.0.084	3.5%	0.082	3.9%
Insurance Costs	0.067	-0.5%	0.064	0.8%	0.063	5.2%	0.066	5.0%	0.066	1.9%
Parts and Supplies	0.025	1.0%	0.024	1.0%	0.024	-0.5%	0.024	0.8%	0.023	1.5%
Replacement Costs	0.011	4.2%	0.010	1.6%	0.010	0.2%	0.010	1.0%	0.010	1.0%
All Items		**4.7%**		**2.0%**		**0.1%**		**6.0%**		**2.4%**
Pre '47										
Taxes	0.180	3.1%	0.178	2.3%	0.179	1.4%	0.182	3.0%	0.175	2.4%
Labor Costs	0.139	5.3%	0.140	4.3%	0.143	3.8%	0.150	3.3%	0.145	2.4%
Fuel	0.144	5.1%	0.145	-0.8%	0.141	-12.7%	0.124	28.9%	0.149	0.7%
Utilities	0.138	12.3%	0.149	2.3%	0.149	-4.1%	0.144	7.6%	0.145	3.3%
Contractor Services	0.186	2.5%	0.183	1.0%	0.181	2.5%	0.186	1.9%	0.178	3.3%
Administrative Costs	0.078	3.7%	0.077	3.6%	0.078	3.8%	0.082	3.4%	0.079	3.7%
Insurance Costs	0.089	-0.5%	0.085	0.8%	0.084	5.2%	0.088	5.0%	0.087	1.9%
Parts and Supplies	0.030	1.0%	0.029	1.0%	0.028	-0.5%	0.028	0.8%	0.027	1.5%
Replacement Costs	0.016	4.2%	0.016	1.5%	0.016	0.2%	0.016	0.9%	0.015	1.0%
All Items		**4.6%**		**1.8%**		**-0.4%**		**6.8%**		**2.5%**
Post '46										
Taxes	0.343	3.1%	0.337	2.3%	0.337	1.4%	0.340	3.0%	0.332	2.4%
Labor Costs	0.195	6.0%	0.197	4.2%	0.200	4.3%	0.207	3.0%	0.202	2.1%
Fuel	0.074	5.6%	0.075	0.4%	0.073	-12.6%	0.064	31.9%	0.080	-0.5%
Utilities	0.116	13.6%	0.125	1.6%	0.125	-3.8%	0.119	8.2%	0.122	2.2%
Contractor Services	0.106	2.5%	0.104	0.5%	0.102	2.2%	0.104	1.4%	0.122	2.2%
Administrative Costs	0.092	4.0%	0.091	3.8%	0.092	3.7%	0.095	3.5%	0.093	4.1%
Insurance Costs	0.046	-0.5%	0.044	0.8%	0.043	5.2%	0.045	5.0%	0.045	1.9%
Parts and Supplies	0.020	1.1%	0.019	1.0%	0.019	-0.4%	0.019	0.9%	0.018	1.4%
Replacement Costs	0.008	4.1%	0.008	1.6%	0.008	0.2%	0.008	1.0%	0.008	1.0%
All Items		**4.9%**		**2.3%**		**0.6%**		**5.4%**		**2.3%**

1998		1999		2000		2001		2002		2003	
Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative
0.255	1.2%	0.258	0.4%	0.259	5.2%	0.253	5.5%	0.245	6.6%	0.266	14.8%
0.166	2.7%	0.171	3.4%	0.176	2.6%	0.168	4.0%	0.160	4.0%	0.170	3.5%
0.106	-15.0%	0.090	-18.4%	0.073	54.8%	0.095	33.3%	0.116	-36.1%	0.076	66.9%
0.144	2.3%	0.147	-0.4%	0.147	5.7%	0.154	15.0%	0.163	-9.9%	0.149	21.7%
0.147	2.7%	0.151	3.5%	0.156	4.6%	0.152	3.6%	0.145	3.9%	0.153	4.8%
0.083	3.3%	0.086	2.9%	0.089	4.0%	0.085	4.1%	0.082	4.6%	0.087	5.4%
0.065	-1.5%	0.064	3.5%	0.067	0.7%	0.062	4.9%	0.060	16.5%	0.071	40.5%
0.023	1.9%	0.023	2.2%	0.023	1.9%	0.022	0.8%	0.021	0.9%	0.021	0.4%
0.010	0.6%	0.010	1.7%	0.010	0.8%	0.010	1.0%	0.009	-0.6%	0.009	1.4%
	0.1%		**0.03%**		**7.8%**		**8.7%**		**-1.6%**		**16.9%**
0.175	1.2%	0.178	0.4%	0.180	5.2%	0.174	5.5%	0.166	6.6%	0.183	14.8%
0.145	2.7%	0.150	3.8%	0.156	2.7%	0.147	4.1%	0.139	4.4%	0.150	3.6%
0.147	-14.8%	0.126	-17.9%	0.104	52.9%	0.118	33.1%	0.143	-35.4%	0.095	64.3%
0.146	2.6%	0.151	0.1%	0.152	5.0%	0.174	18.9%	0.188	-11.4%	0.172	22.2%
0.179	2.7%	0.185	3.6%	0.192	4.5%	0.185	3.7%	0.174	3.9%	0.187	4.9%
0.080	3.2%	0.083	1.5%	0.084	2.6%	0.080	2.7%	0.074	4.4%	0.080	5.2%
0.086	-1.5%	0.086	3.5%	0.089	0.7%	0.082	4.9%	0.078	16.5%	0.094	40.5%
0.026	2.0%	0.027	2.2%	0.028	2.0%	0.026	0.8%	0.024	0.9%	0.025	0.4%
0.015	0.7%	0.016	1.5%	0.016	0.8%	0.015	1.0%	0.013	-0.6%	0.014	1.4%
	-0.5%		**-0.4%**		**8.8%**		**10.1%**		**-3.2%**		**18.4%**
0.332	1.2%	0.335	0.4%	0.336	5.2%	0.330	5.5%	0.322	6.6%	0.345	14.8%
0.202	2.7%	0.206	2.9%	0.212	2.5%	0.203	3.9%	0.195	3.6%	0.203	3.3%
0.078	-15.6%	0.065	-20.0%	0.052	60.7%	0.073	34.1%	0.091	-38.8%	0.056	77.7%
0.122	1.8%	0.124	-1.5%	0.122	7.1%	0.127	14.5%	0.135	-10.5%	0.121	24.9%
0.101	2.6%	0.103	3.2%	0.107	4.7%	0.104	3.4%	0.100	3.6%	0.104	4.7%
0.095	3.4%	0.097	2.5%	0.100	3.6%	0.096	3.8%	0.092	4.9%	0.098	5.7%
0.045	-1.5%	0.044	3.5%	0.045	0.7%	0.043	4.9%	0.041	16.5%	0.048	40.5%
0.018	1.9%	0.018	2.2%	0.019	1.9%	0.018	0.8%	0.017	1.0%	0.017	0.4%
0.008	0.6%	0.008	2.0%	0.008	0.7%	0.008	1.0%	0.007	-0.7%	0.007	1.4%
	0.5%		**0.02%**		**7.2%**		**7.9%**		**-0.6%**		**16.2%**

Appendix C: Income and Expense Study

C.1 Cross-Sectional Income and Expense Study: Estimated Average Operating & Maintenance Cost (2001) per Apartment per Month by Building Size and Location, Structures Built Before 1947

	Taxes	Labor	Fuel	Water/Sewer	Light & Power	Maint.	Admin.	Insurance	Misc.	Total
Citywide	**$104**	**$58**	**$58**	**$28**	**$25**	**$106**	**$65**	**$26**	**$42**	**$512**
11-19 units	$134	$36	$66	$32	$23	$124	$78	$34	$55	$582
20-99 units	$94	$53	$56	$28	$20	$104	$61	$26	$38	$481
100+ units	$135	$113	$61	$26	$55	$104	$77	$18	$50	$638
Bronx	$59	$44	$61	$31	$17	$100	$55	$29	$32	$429
11-19 units	$66	$40	$85	$33	$24	$115	$67	$38	$53	$520
20-99 units	$59	$43	$60	$31	$17	$100	$54	$28	$31	$423
100+ units	$51	$65	$53	$29	$18	$87	$59	$21	$27	$410
Brooklyn	$76	$39	$59	$25	$21	$87	$48	$25	$34	$413
11-19 units	$81	$21	$70	$31	$18	$107	$50	$30	$44	$451
20-99 units	$74	$39	$58	$24	$22	$83	$48	$24	$33	$405
100+ units	$78	$61	$53	$28	$16	$88	$46	$21	$30	$422
Manhattan	$146	$80	$57	$29	$33	$126	$83	$26	$55	$634
11-19 units	$186	$46	$60	$33	$27	$142	$102	$35	$67	$697
20-99 units	$128	$73	$54	$29	$22	$125	$76	$26	$49	$581
100+ units	$184	$150	$67	$23	$86	$117	$97	$15	$67	$806
Queens	$95	$41	$52	$29	$16	$86	$49	$24	$30	$422
11-19 units	$90	$18	$62	$28	$13	$88	$38	$28	$27	$392
20-99 units	$95	$40	$50	$29	$17	$86	$51	$23	$30	$421
100+ units	$98	$89	$49	$35	$15	$86	$53	$23	$30	$478
Staten Island*	-	-	-	-	-	-	-	-	-	-
Core Man	$190	$94	$54	$28	$41	$131	$95	$25	$63	$720
11-19 units	$200	$46	$57	$32	$26	$141	$103	$35	$67	$707
20-99 units	$181	$85	$48	$28	$25	$133	$88	$25	$57	$671
100+ units	$204	$163	$69	$22	$97	$121	$105	$15	$73	$869
Upper Man	$62	$57	$63	$31	$20	$118	$62	$27	$41	$483
11-19 units	$54	$47	$88	$40	$32	$156	$86	$34	$65	$602
20-99 units	$64	$58	$60	$30	$19	$115	$60	$26	$39	$472
100+ units	$57	$70	$58	$28	$19	$93	$46	$19	$27	$417
City w/o Core Manhattan	$70	$45	$59	$29	$19	$97	$54	$26	$34	$433

* The number of Pre-47 rent stabilized buildings in Staten Island was too small to calculate reliable statistics.

Notes: The sum of the lines may not equal the total due to rounding. Totals in this table may not match those in Table 3 due to rounding. Data in this table are NOT adjusted for the results of the 1992 Department of Finance audit on I&E reported operating costs. The category "Utilities" used in the I&E report is the sum of "Water & Sewer" and "Light & Power".

Source: NYC Department of Finance, RPIE Filings.

C.2 Cross-Sectional Income and Expense Study: Estimated Average Operating & Maintenance Cost (2001) per Apartment per Month by Building Size and Location, Structures Built After 1946

	Taxes	Labor	Fuel	Water/Sewer	Light & Power	Maint.	Admin.	Insurance	Misc.	Total
Citywide	**$143**	**$105**	**$44**	**$28**	**$32**	**$96**	**$70**	**$20**	**$46**	**$586**
11-19 units	$149	$29	$47	$30	$28	$128	$84	$31	$51	$576
20-99 units	$114	$67	$46	$29	$25	$87	$58	$22	$42	$491
100+ units	$175	$148	$43	$27	$39	$104	$83	$18	$50	$686
Bronx*	$101	$70	$47	$29	$29	$91	$63	$25	$38	$494
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	$87	$54	$48	$28	$24	$86	$56	$27	$38	$449
100+ units	$119	$109	$46	$30	$41	$91	$70	$20	$36	$563
Brooklyn*	$97	$73	$49	$29	$26	$92	$60	$22	$44	$491
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	$98	$62	$51	$30	$23	$92	$57	$21	$47	$483
100+ units	$88	$108	$45	$28	$32	$88	$64	$23	$34	$510
Manhattan	$252	$184	$43	$25	$43	$116	$111	$19	$65	$857
11-19 units	$221	$27	$47	$29	$37	$192	$146	$26	$85	$809
20-99 units	$203	$105	$39	$26	$27	$114	$91	$22	$72	$699
100+ units	$268	$212	$44	$25	$47	$116	$117	$17	$63	$910
Queens	$114	$82	$42	$29	$30	$87	$54	$19	$38	$495
11-19 units	$133	$33	$46	$29	$25	$83	$61	$32	$42	$483
20-99 units	$112	$65	$44	$29	$28	$76	$50	$21	$33	$458
100+ units	$115	$104	$40	$29	$32	$97	$56	$17	$43	$533
Staten Island*	$100	$79	$43	$34	$18	$126	$54	$28	$41	$523
20+ units	$94	$85	$43	$34	$17	$125	$50	$28	$40	$516
Core Man*	$266	$186	$42	$24	$42	$118	$115	$18	$66	$877
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	$226	$110	$36	$25	$28	$114	$100	$21	$79	$738
100+ units	$279	$214	$43	$24	$46	$116	$118	$17	$62	$920
Upper Man*	$92	$158	$57	$35	$97	$113	$89	$23	$73	$702
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	$89	$79	$54	$32	$55	$114	$53	$27	$39	$510
100+ units	-	-	-	-	-	-	-	-	-	-
City w/o Core Manhattan	$105	$82	$46	$29	$59	$90	$57	$21	$41	$501

* The number of Post-46 rent stabilized buildings with fewer than 20 units in the Bronx, Brooklyn, Staten Island, Core and Upper Manhattan as well as buildings with 100+ units in Upper Manhattan were too small to calculate reliable statistics.

Notes: The sum of the lines may not equal the total due to rounding. Totals in this table may not match those in Table 3 due to rounding. Data in this table are NOT adjusted for the results of the 1992 Department of Finance audit on I&E reported operating costs. The category "Utilities" used in the I&E report is the sum of "Water & Sewer" and "Light & Power".

Source: NYC Department of Finance, RPIE Filings.

C.3 Cross-Sectional Income and Expense Study, Estimated Average Rent and Income (2001) per Apartment per Month by Building Size and Location

	Post-46			Pre-47			All		
	Rent	Income	Costs	Rent	Income	Costs	Rent	Income	Costs
Citywide	**$932**	**$1,022**	**$586**	**$726**	**$812**	**$512**	**$781**	**$868**	**$531**
11-19 units	$766	$899	$576	$733	$922	$582	$736	$920	$581
20-99 units	$728	$772	$491	$692	$757	$481	$700	$760	$483
100+ units	$1,157	$1,293	$686	$952	$1,056	$638	$1,078	$1,201	$668
Bronx	$721	$767	$494	$569	$594	$429	$594	$623	$439
11-19 units	-	-	$454	$595	$643	$520	$584	$633	$509
20-99 units	$642	$669	$449	$565	$588	$423	$575	$598	$426
100+ units	$866	$931	$563	$585	$613	$410	$715	$761	$481
Brooklyn	$682	$710	$491	$600	$621	$413	$616	$639	$428
11-19 units	-	-	$485	$602	$647	$451	$605	$657	$453
20-99 units	$663	$687	$483	$595	$612	$405	$612	$630	$424
100+ units	$729	$764	$510	$628	$651	$422	$671	$700	$460
Manhattan	$1,578	$1,812	$857	$904	$1,071	$634	$1,023	$1,202	$674
11-19 units	$1,077	$1,318	$809	$862	$1,189	$697	$868	$1,193	$701
20-99 units	$1,134	$1,292	$699	$846	$975	$581	$865	$997	$589
100+ units	$1,728	$1,986	$910	$1,208	$1,376	$806	$1,486	$1,702	$861
Queens	$727	$772	$495	$651	$675	$422	$696	$732	$465
11-19 units	$646	$704	$483	$576	$597	$392	$593	$623	$414
20-99 units	$698	$733	$458	$655	$680	$421	$678	$709	$440
100+ units	$757	$809	$533	$724	$748	$478	$753	$803	$527
Staten Island	$715	$761	$523	-	-	-	$715	$761	$523
Core Man	$1,630	$1,881	$877	$1,056	$1,267	$720	$1,182	$1,402	$755
11-19 units	-	-	$839	$880	$1,229	$707	$891	$1,237	$713
20-99 units	$1,228	$1,409	$738	$1,023	$1,199	$671	$1,044	$1,220	$678
100+ units	$1,765	$2,036	$920	$1,303	$1,489	$869	$1,543	$1,773	$895
Upper Man	$1,033	$1,086	$702	$636	$715	$483	$670	$747	$502
11-19 units	-	-	$574	$690	$821	$602	$690	$821	$602
20-99 units	$680	$728	$510	$630	$704	$472	$631	$705	$473
100+ units	-	-	$746	$618	$675	$417	$931	$986	$625
City w/o Core Manhattan	$729	$771	$501	$601	$637	$433	$637	$674	$452

Notes: City and borough totals are weighted, while figures for building size categories are unweighted. Cost figures in this table are NOT adjusted for the results of the 1992 Department of Finance audit on I&E reported operating costs. The number of Post-46 rent stabilized buildings with fewer than 20 units in the Bronx, Brooklyn, Core and Upper Manhattan as well as buildings with 100+ units in Upper Manhattan were too small to calculate reliable statistics, as was the number of Pre-47 buildings in Staten Island. Borough averages without building size figures for Post-46 Staten Island are provided.

Source: NYC Department of Finance, RPIE Filings.

C.4 Cross-Sectional Income and Expense Study, Net Operating Income in 2001 per Apartment per Month by Building Size and Location

	Post-46	Pre-47	All
Citywide	**$436**	**$300**	**$336**
11-19 units	$323	$341	$339
20-99 units	$281	$276	$277
100+ units	$606	$418	$533
Bronx	$274	$165	$183
11-19 units	-	$123	$124
20-99 units	$220	$166	$173
100+ units	$368	$202	$279
Brooklyn	$219	$208	$210
11-19 units	-	$196	$204
20-99 units	$204	$208	$207
100+ units	$254	$229	$240
Manhattan	$955	$437	$529
11-19 units	$509	$492	$493
20-99 units	$593	$394	$408
100+ units	$1,077	$570	$841
Queens	$277	$253	$267
11-19 units	$221	$205	$209
20-99 units	$276	$260	$268
100+ units	$276	$269	$276
Staten Island	$238	-	$238

	Post-46	Pre-47	All
Core Man	$1,004	$546	$647
11-19 units	-	$522	$524
20-99 units	$671	$528	$542
100+ units	$1,117	$620	$878
Upper Man	$384	$232	$245
11-19 units	-	$219	$219
20-99 units	$218	$232	$231
100+ units	-	$258	$361
City w/o Core Manhattan	$270	$204	$223

Notes: City and borough totals are weighted, while figures for building size categories are unweighted. Cost figures in this table are NOT adjusted for the results of the 1992 Department of Finance audit on I&E reported operating costs. The number of Post-46 rent stabilized buildings with fewer than 20 units in the Bronx, Brooklyn, Core and Upper Manhattan as well as buildings with 100+ units in Upper Manhattan were too small to calculate reliable statistics, as was the number of Pre-47 buildings in Staten Island. Borough averages without building size figures for Post-46 Staten Island are provided.

Source: NYC Department of Finance, RPIE Filings.

C.5 Cross-Sectional Distribution of Operating Costs in 2001, by Building Size and Age

	Taxes	Maint.	Labor	Admin.	Utilities	Fuel	Misc.	Insurance	Total
Pre-47	20.3%	20.8%	11.4%	12.7%	10.4%	11.3%	8.2%	5.1%	100%
11-19 units	23.1%	21.4%	6.2%	13.3%	9.4%	11.3%	9.5%	5.8%	100%
20-99 units	19.5%	21.7%	11.1%	12.7%	10.1%	11.6%	8.0%	5.4%	100%
100+ units	21.1%	16.2%	17.8%	12.1%	12.7%	9.5%	7.8%	2.8%	100%
Post-46	24.5%	16.4%	17.9%	12.0%	10.2%	7.6%	7.9%	3.5%	100%
11-19 units	25.9%	22.1%	5.0%	14.6%	10.1%	8.1%	8.9%	5.3%	100%
20-99 units	23.2%	17.8%	13.7%	11.7%	11.1%	9.4%	8.6%	4.5%	100%
100+ units	25.4%	15.1%	21.6%	12.1%	9.6%	6.2%	7.3%	2.6%	100%
All Bldgs.	**21.5%**	**19.5%**	**13.3%**	**12.5%**	**10.3%**	**10.2%**	**8.1%**	**4.6%**	**100%**
11-19 units	23.3%	21.4%	6.1%	13.4%	9.4%	11.1%	9.5%	5.8%	100%
20-99 units	19.8%	21.3%	11.3%	12.6%	10.2%	11.4%	8.0%	5.3%	100%
100+ units	21.5%	16.1%	18.1%	12.1%	12.4%	9.2%	7.8%	2.8%	100%

Source: NYC Department of Finance, RPIE Filings.

C.6 Cross-Sectional Distribution of "Distressed" Buildings, 2001 RPIE Filings

Pre-47	Citywide	Bronx	Brooklyn	Manhattan	Queens	Staten Island	Core Man	Upper Man
11-19 units	265	44	51	142	25	3	115	27
20-99 units	572	220	112	211	29	0	90	121
100+ units	19	2	3	13	1	0	10	3
All	856	266	166	366	55	3	215	151

Post-46	Citywide	Bronx	Brooklyn	Manhattan	Queens	Staten Island	Core Man	Upper Man
11-19 units	13	4	1	5	2	1	4	1
20-99 units	23	7	4	4	6	2	2	2
100+ units	5	0	3	0	2	0	0	0
All	41	11	8	9	10	3	6	3

All Bldgs.	Citywide	Bronx	Brooklyn	Manhattan	Queens	Staten Island	Core Man	Upper Man
11-19 units	278	48	52	147	27	4	119	28
20-99 units	595	227	116	215	35	2	92	123
100+ units	24	2	6	13	3	0	10	3
All	**897**	**277**	**174**	**375**	**65**	**6**	**221**	**154**

Source: NYC Department of Finance, RPIE Filings.

C.7 Cross-Sectional Sample, 2001 RPIE Filings

	Post-46		Pre-47		All	
	Bldgs.	DU's	Bldgs.	DU's	Bldgs.	DU's
Citywide	**1,558**	**178,907**	**11,527**	**471,390**	**13,085**	**650,297**
11-19 units	119	1,778	2,649	40,050	2,768	41,828
20-99 units	858	50,868	8,444	352,898	9,302	403,766
100+ units	581	126,261	434	78,442	1,015	204,703
Bronx	219	16,416	2,358	113,011	2,651	129,427
11-19 units	12	177	204	3,033	216	3,210
20-99 units	173	10,329	2,154	98,869	2,327	109,198
100+ units	34	5,910	74	11,109	108	17,019
Brooklyn	299	29,433	2,444	99,559	2,743	128,992
11-19 units	15	226	495	7,429	510	7,655
20-99 units	193	12,883	1,878	83,737	2,071	96,620
100+ units	91	16,324	71	8,393	162	24,717
Manhattan	464	78,977	5,366	205,579	5,830	284,556
11-19 units	35	547	1,619	24,523	1,654	25,070
20-99 units	176	9,152	3,520	131,156	3,696	140,308
100+ units	253	69,278	227	49,900	480	119,178
Queens	519	50,007	1,268	52,478	1,787	102,485
11-19 units	46	674	324	4,956	370	5,630
20-99 units	284	17,235	885	38,812	1,169	56,047
100+ units	189	32,098	59	8,710	248	40,808
Staten Island	57	4,074	17	763	74	4,837
11-19 units	11	154	7	109	18	263
20-99 units	32	1,269	7	324	39	1,593
100+ units	14	2,651	3	330	17	2,981
Core Man	418	73,345	3,807	137,053	4,225	210,398
11-19 units	31	485	1,463	22,110	1,494	22,595
20-99 units	147	7,577	2,166	71,988	2,313	79,565
100+ units	240	65,283	178	42,955	418	108,238
Upper Man	46	5,632	1,559	68,526	1,605	74,158
11-19 units	4	62	156	2,413	160	2,475
20-99 units	29	1,575	1,354	59,168	1,383	60,743
100+ units	13	3,995	49	6,945	62	10,940

Source: NYC Department of Finance, RPIE Filings.

C.8 Longitudinal Income and Expense Study, Estimated Average Rent and Income Changes (2000-2001) by Building Size and Location

	Post-46			Pre-47			All		
	Rent	Income	Costs	Rent	Income	Costs	Rent	Income	Costs
Citywide	**6.4%§**	**6.9%**	**5.8%**	**4.2%**	**4.4%**	**4.3%**	**4.9%**	**5.2%§**	**4.8%**
11-19 units	14.5%	17.3%	7.8%	7.2%	6.7%	5.9%	7.8%	7.5%	6.0%
20-99 units	5.1%	5.3%	6.4%	4.0%	4.4%	3.9%	4.3%	4.6%	4.4%
100+ units	6.1%	6.8%	5.4%	2.4%	2.4%	4.7%	4.8%	5.3%	5.1%
Bronx	8.9%	9.9%	7.6%	5.2%	5.3%	5.8%	5.9%	6.2%	6.1%
11-19 units	-	-	-	14.8%	11.1%	8.4%	13.7%	10.5%	7.3%
20-99 units	4.0%	5.0%	4.8%	4.6%	5.0%	5.4%	4.5%	5.0%	5.3%
100+ units	15.6%	15.9%	12.0%	3.3%	3.4%	6.7%	9.9%	10.2%	9.5%
Brooklyn	6.1%	6.2%	7.1%	4.2%	4.0%	4.5%	4.6%	4.4%	5.1%
11-19 units	-	-	-	6.2%	5.5%	6.7%	6.7%	6.2%	6.5%
20-99 units	5.7%	5.3%	6.5%	4.2%	3.9%	4.5%	4.6%	4.3%	5.0%
100+ units	6.3%	7.6%	8.7%	2.0%	2.3%	2.0%	5.5%	6.2%	7.1%
Manhattan	6.1%	7.2%	6.4%	3.7%	4.2%	3.8%	4.3%	5.0%	4.4%
11-19 units	2.3%	3.0%	-1.8%	6.7%	6.7%	5.9%	6.5%	6.6%	5.5%
20-99 units	7.6%	8.9%	10.6%	3.4%	4.2%	2.8%	3.8%	4.6%	3.4%
100+ units	5.8%	6.8%	5.5%	2.2%	2.1%	5.2%	4.4%	5.1%	5.4%
Queens	4.7%	4.5%	4.1%	5.3%	5.4%	4.1%	4.9%	4.8%	4.1%
11-19 units	7.6%	7.2%	5.6%	4.2%	4.2%	0.0%	5.1%	5.0%	1.5%
20-99 units	3.9%	3.9%	5.1%	5.6%	5.7%	4.9%	4.7%	4.7%	5.0%
100+ units	5.0%	4.4%	2.9%	4.0%	4.3%	4.0%	4.9%	4.4%	3.0%
Staten Island	6.4%	8.2%	8.8%	-	-	-	6.4%	8.2%	8.8%
Core Manhattan	6.1%§	7.2%	6.4%	3.5%	3.7%	4.4%	4.3%	4.8%§	5.0%
11-19 units	-	-	-	5.4%	5.3%	5.0%	5.2%	5.2%	4.6%
20-99 units	7.9%	9.3%	10.8%	3.5%	3.8%	3.7%	4.0%	4.5%	4.4%
100+ units	5.8%	6.9%	5.7%	2.5%	2.4%	5.9%	4.5%	5.1%	5.8%
Upper Manhattan	4.4%	4.5%	2.4%	4.7%	6.3%	2.6%	4.6%	6.1%	2.6%
11-19 units	-	-	-	18.5%	20.2%	13.1%	18.2%	19.7%	12.0%
20-99 units	-	-	-	3.2%	4.8%	1.3%	3.7%	4.9%	3.3%
100+ units	-	-	-	1.0%	1.7%	-0.2%	2.8%	3.2%	0.7%
All City w/o Core Manhattan	5.7%§	4.5%	5.2%	4.8%	5.1%	4.3%	5.1%	4.9%§	4.6%

Notes: City and borough totals are weighted, while figures for building size categories are unweighted. Cost figures in this table are NOT adjusted for the results of the 1992 Department of Finance audit on I&E reported operating costs. The number of post-46 rent stabilized buildings with fewer than 20 units in the Bronx, Brooklyn, Core and Upper Manhattan as well as buildings with 20-99 units and 100+ units in Upper Manhattan were too small to calculate reliable statistics as was the number of Pre-47 buildings in Staten Island. Borough averages without building size figures for Staten Island are provided.

§The citywide percent changes exceed the percent changes in the two sub-areas of Core Manhattan and All City without Core Manhattan in the 2001 data in these instances. Normally we would expect the citywide value to come in between the values for these two subdivisions of the City. However, although the number of buildings filing RPIE forms in both years is exactly the same, there is a slight increase in the number of reporting units in 2001 compared to the same buildings in 2000. Since a larger percentage of the newly reporting units were in the Core which had higher revenues in the new year compared to the old year, this put upward pressure on the average increase and there was a shift upward in the average revenues citywide.

This is not apparent in the subdivided groups because in the sub groups, we look at revenue per unit reporting, in the new year compared to old year, which mitigates the effect of newly reporting units. To get the aggregate, we must calculate average revenue per unit citywide, which is the sum of all revenues divided by all the units. The difference in the way the aggregate number is calculated gives more weight to the newly reporting units (which showed higher revenue increases this year) in the citywide figure than in the sub group figures.

Source: NYC Department of Finance, RPIE Filings.

C.9 Longitudinal Income and Expense Study, Net Operating Income Changes (2000-2001) by Building Size and Location

	Post-46	Pre-47	All
Citywide	**8.4%§**	**4.6%**	**5.9%§**
11-19 units	38.2%	8.1%	10.1%
20-99 units	3.5%	5.3%	5.0%
100+ units	8.4%	-0.6%	5.4%
Bronx	14.5%	4.1%	6.5%
11-19 units	-	23.8%	24.5%
20-99 units	5.4%	3.8%	4.0%
100+ units	22.5%	-2.9%	11.5%
Brooklyn	4.0%	2.9%	3.1%
11-19 units	-	2.7%	5.3%
20-99 units	2.3%	2.9%	2.8%
100+ units	5.5%	2.8%	4.5%
Manhattan	8.0%	4.8%	5.8%
11-19 units	10.6%	7.9%	8.0%
20-99 units	7.0%	6.2%	6.3%
100+ units	8.0%	-1.2%	4.8%
Queens	5.2%	7.6%	6.1%
11-19 units	10.8%	13.2%	12.6%
20-99 units	1.9%	7.2%	4.3%
100+ units	7.4%	4.8%	7.1%
Staten Island	7.1%	-	7.1%

	Post-46	Pre-47	All
Core Manhattan	7.9%§	2.9%	4.6%§
11-19 units	-	5.7%	5.9%
20-99 units	7.7%	4.1%	4.5%
100+ units	7.9%	-1.3%	4.5%
Upper Manhattan	8.9%	14.8%	14.0%
11-19 units	-	41.4%	41.4%
20-99 units	-	12.6%	12.3%
100+ units	-	5.0%	9.1%
All City w/o Core Manhattan	3.4%§	6.7%	5.6%§

Notes: City and borough totals are weighted, while figures for building size categories are unweighted. Cost figures in this table are NOT adjusted for the results of the 1992 Department of Finance audit on I&E reported operating costs. The number of post-46 rent stabilized buildings with fewer than 20 units in the Bronx, Brooklyn, Core and Upper Manhattan as well as buildings with 20-99 units and 100+ units in Upper Manhattan were too small to calculate reliable statistics as was the number of Pre-47 buildings in Staten Island. Borough averages without building size figures for Staten Island are provided.

§The citywide percent changes exceed the percent changes in the two sub-areas of Core Manhattan and All City without Core Manhattan in the 2001 data in these instances. Normally we would expect the citywide value to come in between the values for these two subdivisions of the City. However, although the number of buildings filing RPIE forms in both years is exactly the same, there is a slight increase in the number of reporting units in 2001 compared to the same buildings in 2000. Since a larger percentage of the newly reporting units were in the Core which had higher revenues in the new year compared to the old year, this put upward pressure on the average increase and there was a shift upward in the average revenues citywide.

This is not apparent in the subdivided groups because in the sub groups, we look at revenue per unit reporting, in the new year compared to old year, which mitigates the effect of newly reporting units. To get the aggregate, we must calculate average revenue per unit citywide, which is the sum of all revenues divided by all the units. The difference in the way the aggregate number is calculated gives more weight to the newly reporting units (which showed higher revenue increases this year) in the citywide figure than in the sub group figures.

Source: NYC Department of Finance, RPIE Filings.

C.10 Longitudinal Sample, 2000 & 2001 RPIE Filings

	Post-46		Pre-47		All	
	Bldgs.	DU's	Bldgs.	DU's	Bldgs.	DU's
Citywide	**1,384**	**159,960**	**9,899**	**408,503**	**11,283**	**568,463**
11-19 units	96	1,458	2,133	60	2,229	1,518
20-99 units	775	45,949	7,406	60	8,181	46,009
100+ units	513	112,553	360	64,646	873	177,199
Bronx	198	14,745	2,069	98,421	2,267	113,166
11-19 units	11	159	142	2,108	153	2,267
20-99 units	156	9,380	1,862	86,633	2,018	96,013
100+ units	31	5,206	65	9,680	96	14,886
Brooklyn	269	26,820	2,099	86,965	2,368	113,785
11-19 units	11	172	383	5,791	394	5,963
20-99 units	178	11,845	1,657	74,148	1,835	85,993
100+ units	80	14,803	59	7,026	139	21,829
Manhattan	403	69,090	4,606	175,407	5,009	244,497
11-19 units	29	457	1,332	20,423	1,361	20,880
20-99 units	161	8,122	3,096	115,275	3,257	123,397
100+ units	213	60,511	178	39,709	391	100,220
Queens	464	45,629	1,114	47,241	1,578	92,870
11-19 units	36	543	271	4,187	307	4,730
20-99 units	252	15,476	787	35,050	1,039	50,526
100+ units	176	29,610	56	8,004	232	37,614
Staten Island	50	3,676	11	469	61	4,145
11-19 units	9	127	5	80	14	207
20-99 units	28	1,126	4	162	32	1,288
100+ units	13	2,423	2	227	15	2,650
Core Manhattan	362	63,750	3,281	117,057	3,643	180,807
11-19 units	27	427	1,203	18,413	1,230	18,840
20-99 units	134	6,677	1,939	64,391	2,073	71,068
100+ units	201	56,646	139	34,253	340	90,899
Upper Manhattan	41	5,340	1,325	58,350	1,366	63,690
11-19 units	2	30	129	2,010	131	2,040
20-99 units	27	1,445	1,157	50,884	1,184	52,329
100+ units	12	3,865	39	5,456	51	9,321

Source: NYC Department of Finance, RPIE Filings.

Appendix D: 2002 Housing and Vacancy Survey, Summary Tables

D.1 Occupancy Status

	ALL UNITS	Owner Units	Renter Units	Stabilized
Total Number of Units (occupied, vacant available, and vacant not available)	3,208,588@			
Number of Units (occupied and vacant, available)	3,081,772	997,003	2,084,769	1,013,954
Occupied Units	3,005,318	981,814	2,023,504	988,393
Bronx	462,878	103,993	358,885	204,839
Brooklyn	879,557	252,021	627,536	265,208
Manhattan	720,072	162,580	557,492	328,574
Queens	783,734	360,529	423,205	181,068
Staten Island	159,078	102,692	56,386	8,705
Vacant Units	203,270			
Vacant, for rent or sale	76,454	15,189	61,265	25,561
Bronx	14,201	2,001	12,200	6,725
Brooklyn	21,642	4,030	17,612	6,818
Manhattan	26,864	4,475	22,389	9,256
Queens	11,151	3,493	7,658	2,578
Staten Island	2,597	1,190	1,407	184
Asking Rent				
<$300	-	-	983	0
$300-$399	-	-	2,295	753
$400-$499	-	-	2,965	746
$500-$599	-	-	2,371	1,597
$600-$699	-	-	4,902	2,972
$700-$799	-	-	7,102	4,237
$800-$899	-	-	7,985	3,298
$900-$999	-	-	5,716	3,133
$1000-$1249	-	-	8,975	3,481
$1250+	-	-	17,968	5,345
Vacant, not for rent or sale	126,816	-	-	-
Bronx	13,928	-	-	-
Brooklyn	28,887	-	-	-
Manhattan	51,925	-	-	-
Queens	25,819	-	-	-
Staten Island	6,258	-	-	-
Dilapidated	5,481	-	-	-
Rented-Not Yet Occupied	6,016	-	-	-
Sold-Not Yet Occupied	7,889	-	-	-
Undergoing Renovation	21,951	-	-	-
Awaiting Renovation	17,958	-	-	-
Non-Residential Use	598	-	-	-
Legal Dispute	10,631	-	-	-
Awaiting Conversion	377	-	-	-
Held for Occasional Use	42,902	-	-	-
Unable to Rent or Sell	7,240	-	-	-
Held Pending Sale of Building	1,430	-	-	-
Held for Planned Demolition	200	-	-	-
Held for Other Reasons	3,279	-	-	-
(Not Reported)	863	-	-	-

@ All housing units, including owner-occupied, renter-occupied, vacant for rent, vacant for sale, and vacant unavailable.

Rent Stabilized Units *Pre-1947*	Rent Stabilized Units *Post-1946*	Rent Controlled	Mitchell-Lama	Public Housing	Other Regulated*	Other Rentals**	
							Total Number of Units
773,673	240,282	59,324	65,189	178,074	103,249	664,977	Number of Units (occupied and vacant, available)
752,130	236,263	59,324	63,818	174,490	99,111	638,368	Occupied Units
168,423	36,416	5,496	18,866	42,657	14,669	72,358	Bronx
208,442	56,766	15,949	21,053	57,894	22,564	244,868	Brooklyn
274,059	54,515	27,537	14,418	54,850	42,326	89,787	Manhattan
99,025	82,042	10,342	7,986	16,018	16,190	191,602	Queens
2,182	6,523	0	1,494	3,071	3,362	39,754	Staten Island
							Vacant Units
21,543	4,019	0	1,371	3,584	4,138	26,609	Vacant, for rent or sale
5,876	849	0	362	936	633	3,544	Bronx
5,661	1,158	0	830	1,328	898	7,736	Brooklyn
8,256	1,000	0	179	841	2,102	10,010	Manhattan
1,750	828	0	0	206	180	4,694	Queens
0	184	0	0	273	325	625	Staten Island
							Asking Rent
0	0	-	0	965	18	0	<$300
753	0	-	0	455	285	802	$300-$399
746	0	-	0	1,768	237	214	$400-$499
1,170	426	-	407	0	209	159	$500-$599
2,132	839	-	407	223	211	1,090	$600-$699
4,090	147	-	378	0	458	2,029	$700-$799
2,619	679	-	0	0	571	4,116	$800-$899
2,491	642	-	0	174	0	2,409	$900-$999
3,227	254	-	179	0	455	4,860	$1000-$1249
4,313	1,032	-	0	0	1,693	10,930	$1250+
-	-	-	-	-	-	-	Vacant, not for rent or sale
-	-	-	-	-	-	-	Bronx
-	-	-	-	-	-	-	Brooklyn
-	-	-	-	-	-	-	Manhattan
-	-	-	-	-	-	-	Queens
-	-	-	-	-	-	-	Staten Island
-	-	-	-	-	-	-	Dilapidated
-	-	-	-	-	-	-	Rented-Not Yet Occupied
-	-	-	-	-	-	-	Sold-Not Yet Occupied
-	-	-	-	-	-	-	Undergoing Renovation
-	-	-	-	-	-	-	Awaiting Renovation
-	-	-	-	-	-	-	Non-Residential Use
-	-	-	-	-	-	-	Legal Dispute
-	-	-	-	-	-	-	Awaiting Conversion
-	-	-	-	-	-	-	Held for Occasional Use
-	-	-	-	-	-	-	Unable to Rent or Sell
-	-	-	-	-	-	-	Held Pending Sale of Building
-	-	-	-	-	-	-	Held for Planned Demolition
-	-	-	-	-	-	-	Held for Other Reasons
-	-	-	-	-	-	-	(Not Reported)

* Other Regulated Rentals encompasses *In Rem* units, as well as those regulated by HUD, Article 4 or 5, and the New York City Loft Board.

** Other Rentals encompasses dwellings which have never been regulated, units which have been deregulated (including those in buildings with fewer than 6 apartments) and unregulated rentals in cooperatives or condominiums.

D.1 Occupancy Status (Continued)

	ALL UNITS	Owner Units	Renter Units	Stabilized
Total Number of Units (occupied, vacant available, and vacant not available)	3,208,588@			
Number of Units (occupied and vacant, available)	3,081,772	32.4%	67.6%	32.9%
Occupied Units	3,005,318	32.7%	67.3%	32.9%
Bronx	15.4%	10.6%	17.7%	20.7%
Brooklyn	29.3%	25.7%	31.0%	26.8%
Manhattan	24.0%	16.6%	27.6%	33.2%
Queens	26.1%	36.7%	20.9%	18.3%
Staten Island	5.3%	10.5%	2.8%	0.9%
Vacant Units	203,270			
Vacant, for rent or sale	76,454	19.9%	80.1%	33.4%
Bronx	18.6%	13.2%	19.9%	26.3%
Brooklyn	28.3%	26.5%	28.7%	26.7%
Manhattan	35.1%	29.5%	36.5%	36.2%
Queens	14.6%	23.0%	12.5%	10.1%
Staten Island	3.4%	7.8%	2.3%	0.7%
Asking Rent				
<$300	-	-	1.6%	0.0%
$300-$399	-	-	3.7%	2.9%
$400-$499	-	-	4.8%	2.9%
$500-$599	-	-	3.9%	6.2%
$600-$699	-	-	8.0%	11.6%
$700-$799	-	-	11.6%	16.6%
$800-$899	-	-	13.0%	12.9%
$900-$999	-	-	9.3%	12.3%
$1000-$1249	-	-	14.6%	13.6%
$1250+	-	-	29.3%	20.9%
Vacant, not for rent or sale	126,816			
Bronx	11.0%	-	-	-
Brooklyn	22.8%	-	-	-
Manhattan	40.9%	-	-	-
Queens	20.4%	-	-	-
Staten Island	4.9%	-	-	-
Dilapidated	4.3%	-	-	-
Rented-Not Yet Occupied	4.7%	-	-	-
Sold-Not Yet Occupied	6.2%	-	-	-
Undergoing Renovation	17.3%	-	-	-
Awaiting Renovation	14.2%	-	-	-
Non-Residential Use	0.5%	-	-	-
Legal Dispute	8.4%	-	-	-
Awaiting Conversion	0.3%	-	-	-
Held for Occasional Use	33.8%	-	-	-
Unable to Rent or Sell	5.7%	-	-	-
Held Pending Sale of Building	1.1%	-	-	-
Held for Planned Demolition	0.2%	-	-	-
Held for Other Reasons	2.6%	-	-	-
(Not Reported)	0.7%	-	-	-

@ All housing units, including owner-occupied, renter-occupied, vacant for rent, vacant for sale, and vacant unavailable.

Rent Stabilized Units *Pre-1947*	Rent Stabilized Units *Post-1946*	Rent Controlled	Mitchell-Lama	Public Housing	Other Regulated*	Other Rentals**	
							Total Number of Units
76.3%	23.7%	1.9%	2.1%	5.8%	3.4%	21.6%	Number of Units (occupied and vacant, available)
76.1%	23.9%	2.0%	2.1%	5.8%	3.3%	21.2%	Occupied Units
22.4%	15.4%	9.3%	29.6%	24.4%	14.8%	11.3%	Bronx
27.7%	24.0%	26.9%	33.0%	33.2%	22.8%	38.4%	Brooklyn
36.4%	23.1%	46.4%	22.6%	31.4%	42.7%	14.1%	Manhattan
13.2%	34.7%	17.4%	12.5%	9.2%	16.3%	30.0%	Queens
0.3%	2.8%	0.0%	2.3%	1.8%	3.4%	6.2%	Staten Island
							Vacant Units
28.2%	5.3%	0.0%	1.8%	4.7%	5.4%	34.8%	Vacant, for rent or sale
27.3%	21.1%	0.0%	26.4%	26.1%	15.3%	13.3%	Bronx
26.3%	28.8%	0.0%	60.5%	37.1%	21.7%	29.1%	Brooklyn
38.3%	24.9%	0.0%	13.1%	23.5%	50.8%	37.6%	Manhattan
8.1%	20.6%	0.0%	0.0%	5.7%	4.3%	17.6%	Queens
0.0%	4.6%	0.0%	0.0%	7.6%	7.9%	2.3%	Staten Island
							Asking Rent
0.0%	0.0%	0.0%	0.0%	26.9%	0.4%	0.0%	<$300
3.5%	0.0%	0.0%	0.0%	12.7%	6.9%	3.0%	$300-$399
3.5%	0.0%	0.0%	0.0%	49.3%	5.7%	0.8%	$400-$499
5.4%	10.6%	0.0%	29.7%	0.0%	5.1%	0.6%	$500-$599
9.9%	20.9%	0.0%	29.7%	6.2%	5.1%	4.1%	$600-$699
19.0%	3.7%	0.0%	27.6%	0.0%	11.1%	7.6%	$700-$799
12.2%	16.9%	0.0%	0.0%	0.0%	13.8%	15.5%	$800-$899
11.6%	16.0%	0.0%	0.0%	4.9%	0.0%	9.1%	$900-$999
15.0%	6.3%	0.0%	13.1%	0.0%	11.0%	18.3%	$1000-$1249
20.0%	25.7%	0.0%	0.0%	0.0%	40.9%	41.1%	$1250+
							Vacant, not for rent or sale
-	-	-	-	-	-	-	Bronx
-	-	-	-	-	-	-	Brooklyn
-	-	-	-	-	-	-	Manhattan
-	-	-	-	-	-	-	Queens
-	-	-	-	-	-	-	Staten Island
-	-	-	-	-	-	-	Dilapidated
-	-	-	-	-	-	-	Rented-Not Yet Occupied
-	-	-	-	-	-	-	Sold-Not Yet Occupied
-	-	-	-	-	-	-	Undergoing Renovation
-	-	-	-	-	-	-	Awaiting Renovation
-	-	-	-	-	-	-	Non-Residential Use
-	-	-	-	-	-	-	Legal Dispute
-	-	-	-	-	-	-	Awaiting Conversion
-	-	-	-	-	-	-	Held for Occasional Use
-	-	-	-	-	-	-	Unable to Rent or Sell
-	-	-	-	-	-	-	Held Pending Sale of Building
-	-	-	-	-	-	-	Held for Planned Demolition
-	-	-	-	-	-	-	Held for Other Reasons
-	-	-	-	-	-	-	(Not Reported)

* Other Regulated Rentals encompasses *In Rem* units, as well as those regulated by HUD, Article 4 or 5, and the New York City Loft Board.

** Other Rentals encompasses dwellings which have never been regulated, units which have been deregulated (including those in buildings with fewer than 6 apartments) and unregulated rentals in cooperatives or condominiums.

D.2 Economic Characteristics

	All Households@	Owner Households	Renter Households	Stabilized
Monthly Contract Rent				
$0-$199	-	-	99,102	17,078
$200-$299	-	-	75,588	19,921
$300-$399	-	-	81,855	29,516
$400-$499	-	-	141,552	72,267
$500-$599	-	-	225,024	144,249
$600-$699	-	-	280,697	170,874
$700-$799	-	-	265,526	151,395
$800-$899	-	-	214,879	106,687
$900-$999	-	-	145,813	69,461
$1000-$1249	-	-	199,773	88,748
$1250-$1499	-	-	75,456	40,722
$1500-$1749	-	-	58,259	32,254
$1750+	-	-	115,000	27,865
(No Cash Rent)	-	-	(44,985)	(17,357)
Mean	-	-	$832	$795
Mean/Room	-	-	$276	$300
Median	-	-	$706	$700
Median/Room	-	-	$208	$226
Monthly Cost of Electricity				
Mean	$70	$91	$56	$53
Median	$57	$75	$50	$47
Monthly Cost of Utility Gas				
Mean	$75	$127	$36	$27
Median	$35	$100	$25	$20
Monthly Cost of Water/Sewer				
Mean	$36	$36	$34	-
Median	$33	$33	$33	-
Monthly Cost of Other Fuels				
Mean	$125	$127	$86	-
Median	$100	$100	$37	-
Monthly Mortgage Payments				
Mean	-	$1,363	-	-
Median	-	$1,208	-	-
Monthly Insurance Payments				
Mean	-	$74	-	-
Median	-	$63	-	-
Monthly Property Taxes				
Mean	-	$159	-	-
Median	-	$142	-	-

@ All households, including owners and renters.

Rent Stabilized Units		Rent	Mitchell-	Public	Other	Other	
Pre-1947	*Post-1946*	Controlled	Lama	Housing	Regulated*	Rentals**	
							Monthly Contract Rent
12,964	4,114	4,593	3,107	58,514	13,951	1,859	$0-$199
16,276	3,645	5,941	4,878	30,471	8,289	6,088	$200-$299
25,105	4,410	7,958	2,225	23,056	8,478	10,622	$300-$399
62,553	9,714	7,523	6,868	30,793	3,976	20,125	$400-$499
116,085	28,164	8,735	8,551	16,871	7,592	39,026	$500-$599
131,000	39,874	5,061	12,349	10,614	6,570	75,229	$600-$699
112,997	38,398	4,625	10,424	2,316	7,922	88,844	$700-$799
75,265	31,422	3,494	4,928	354	9,405	90,011	$800-$899
46,688	22,773	1,366	3,626	336	6,964	64,060	$900-$999
65,190	23,557	2,575	4,388	147	10,015	93,900	$1000-$1249
30,450	10,272	1,121	1,406	348	3,994	27,865	$1250-$1499
25,716	6,538	1,836	550	0	2,574	21,045	$1500-$1749
19,439	8,427	1,995	174	669	8,521	75,776	$1750+
(12,403)	(4,954)	(2,503)	(345)	(0)	(862)	(23,918)	(No Cash Rent)
$780	$843	$612	$649	$337	$805	$1,038	Mean
$295	$317	$181	$203	$88	$305	$302	Mean/Room
$700	$750	$500	$635	$290	$700	$850	Median
$219	$250	$146	$183	$76	$200	$216	Median/Room
							Monthly Cost of Electricity
$52	$55	$50	$59	$55	$54	$62	Mean
$46	$50	$40	$50	$50	$45	$50	Median
							Monthly Cost of Utility Gas
$27	$31	$28	$34	$35	$31	$48	Mean
$20	$23	$20	$20	$24	$23	$30	Median
							Monthly Cost of Water/Sewer
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Monthly Cost of Other Fuels
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Monthly Mortgage Payments
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Monthly Insurance Payments
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Monthly Property Taxes
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median

* Other Regulated Rentals encompass *In Rem* units, as well as those regulated by HUD, Article 4 or 5, and the New York City Loft Board.
** Other Rentals encompass dwellings which have never been regulated, units which have been deregulated (including those in buildings with fewer than 6 apartments) and unregulated rentals in cooperatives or condominiums.

D.2 Economic Characteristics (Continued)

	All Households@	Owner Households	Renter Households	Stabilized
Monthly Contract Rent				
$0-$199	-	-	5.0%	1.8%
$200-$299	-	-	3.8%	2.1%
$300-$399	-	-	4.1%	3.0%
$400-$499	-	-	7.2%	7.4%
$500-$599	-	-	11.4%	14.9%
$600-$699	-	-	14.2%	17.6%
$700-$799	-	-	13.4%	15.6%
$800-$899	-	-	10.9%	11.0%
$900-$999	-	-	7.4%	7.2%
$1000-$1249	-	-	10.1%	9.1%
$1250-$1499	-	-	3.8%	4.2%
$1500-$1749	-	-	2.9%	3.3%
$1750+	-	-	5.8%	2.9%
(No Cash Rent)	-	-	-	-
Mean	-	-	-	-
Mean/Room	-	-	-	-
Median	-	-	-	-
Median/Room	-	-	-	-
Monthly Cost of Electricity				
Mean	-	-	-	-
Median	-	-	-	-
Monthly Cost of Utility Gas				
Mean	-	-	-	-
Median	-	-	-	-
Monthly Cost of Water/Sewer				
Mean	-	-	-	-
Median	-	-	-	-
Monthly Cost of Other Fuels				
Mean	-	-	-	-
Median	-	-	-	-
Monthly Mortgage Payments				
Mean	-	-	-	-
Median	-	-	-	-
Monthly Insurance Payments				
Mean	-	-	-	-
Median	-	-	-	-
Monthly Property Taxes				
Mean	-	-	-	-
Median	-	-	-	-

@ All households, including owners and renters.
Totals may not add to 100% due to rounding.

Rent Stabilized Units		Rent	Mitchell-	Public	Other	Other	
Pre-1947	*Post-1946*	Controlled	Lama	Housing	Regulated*	Rentals**	
							Monthly Contract Rent
1.8%	1.8%	8.1%	4.9%	33.5%	14.2%	0.3%	$0-$199
2.2%	1.6%	10.5%	7.7%	17.5%	8.4%	1.0%	$200-$299
3.4%	1.9%	14.0%	3.5%	13.2%	8.6%	1.7%	$300-$399
8.5%	4.2%	13.2%	10.8%	17.6%	4.0%	3.3%	$400-$499
15.7%	12.2%	15.4%	13.5%	9.7%	7.7%	6.4%	$500-$599
17.7%	17.2%	8.9%	19.5%	6.1%	6.7%	12.2%	$600-$699
15.3%	16.6%	8.1%	16.4%	1.3%	8.1%	14.5%	$700-$799
10.2%	13.6%	6.1%	7.8%	0.2%	9.6%	14.6%	$800-$899
6.3%	9.8%	2.4%	5.7%	0.2%	7.1%	10.4%	$900-$999
8.8%	10.2%	4.5%	6.9%	0.1%	10.2%	15.3%	$1000-$1249
4.1%	4.4%	2.0%	2.2%	0.2%	4.1%	4.5%	$1250-$1499
3.5%	2.8%	3.2%	0.9%	0.0%	2.6%	3.4%	$1500-$1749
2.6%	3.6%	3.5%	0.3%	0.4%	8.7%	12.3%	$1750+
-	-	-	-	-	-	-	(No Cash Rent)
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Mean/Room
-	-	-	-	-	-	-	Median
-	-	-	-	-	-	-	Median/Room
							Monthly Cost of Electricity
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Monthly Cost of Utility Gas
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Monthly Cost of Water/Sewer
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Monthly Cost of Other Fuels
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Monthly Mortgage Payments
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Monthly Insurance Payments
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Monthly Property Taxes
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median

* Other Regulated Rentals encompass *In Rem* units, as well as those regulated by HUD, Article 4 or 5, and the New York City Loft Board.
** Other Rentals encompass dwellings which have never been regulated, units which have been deregulated (including those in buildings with fewer than 6 apartments) and unregulated rentals in cooperatives or condominiums.

Totals may not add to 100% due to rounding.

D.2 Economic Characteristics (Continued)

	All Households@	Owner Households	Renter Households	Stabilized
2001 Total Household Income				
Loss, no income or <$5000	173,194	32,965	140,230	67,300
$5000-$9999	268,014	33,060	234,954	97,566
$10,000-$19,999	411,519	89,831	321,687	159,627
$20,000-$29,999	338,684	81,638	257,045	127,669
$30,000-$39,999	328,312	79,836	248,476	123,178
$40,000-$49,999	275,506	84,735	190,771	96,910
$50,000-$59,999	225,280	79,369	145,911	72,176
$60,000-$69,999	194,951	83,068	111,883	58,873
$70,000-$79,999	158,938	65,337	93,601	51,325
$80,000-$89,999	119,938	59,117	60,821	32,650
$90,000-$99,999	83,576	43,674	39,902	19,470
$100,000+	427,40	249,183	178,223	81,647
(Not Reported)	-	-	-	-
Mean	$57,858	$83,156	$45,583	$46,439
Median	$38,880	$60,000	$31,000	$32,000
Contract Rent to Income Ratio				
<10%	-	-	162,234	80,260
10%-19%	-	-	501,891	258,654
20%-29%	-	-	438,243	199,594
30%-39%	-	-	231,276	110,110
40%-49%	-	-	142,056	67,087
50%-59%	-	-	91,201	42,190
60%-69%	-	-	71,710	35,925
70%+	-	-	272,252	142,117
(Not Computed)	-	-	(112,639)	(52,456)
Mean	-	-	33.9%	34.3%
Median	-	-	26.4%	25.7%
Households in Poverty				
Households Below 100% of Poverty Level	525,420	70,865	454,555	204,386
Households at or Above 100% of Poverty Level	2,479,898	910,950	1,568,948	784,007
(Not Reported)	-	-	-	-
Households Below 125% of Poverty Level	675,142	100,425	574,717	262,316
Households at or Above 125% of Poverty Level	2,330,176	881,390	1,448,786	726,077
(Not Reported)	-	-	-	-
Households Receiving Public Assistance¥	353,410	40,950	312,460	145,280
Households Not Receiving Public Assistance	2,258,983	801,063	1,457,920	721,755
(Do Not Know)	(12,200)	(2,564)	(9,636)	(4,660)
(Not Reported)	(380,724)	(137,237)	(243,487)	(116,698)
Households Receiving TANF§	56,535	2,245	54,290	29,342
Households Receiving Safety Net	16,887	918	15,969	9,941
Households Receiving SSI	166,582	21,869	144,713	61,688
Households Receiving Other Public Assistance	149,961	18,328	131,633	61,778
Households Receiving Rent Subsidy				
Households Receiving Section 8 Certif./Voucher	-	-	119,135	67,128
Households Receiving Shelter Allowance	-	-	73,419	37,300
Households Receiving SCRIE	-	-	29,439	20,726
Households Receiving Another Federal Housing Subsidy	-	-	21,739	5,600
Households Receiving Another State/City Housing Subsidy	-	-	32,632	12,463

§Temporary Assistance for Needy Families
Senior Citizens Rent Increase Exemption
@ All households, including owners and renters.

Rent Stabilized Units		Rent	Mitchell-	Public	Other	Other	
Pre-1947	*Post-1946*	Controlled	Lama	Housing	Regulated*	Rentals**	
							2001 Total Household Income
55,492	11,809	5,143	5,956	22,322	*39,508°*		Loss, no income or <$5000
75,941	21,625	10,464	9,803	55,088	*62,033°*		$5000-$9999
119,403	40,224	13,811	10,715	41,773	*95,761°*		$10,000-$19,999
102,193	25,476	6,532	9,502	22,797	*90,547°*		$20,000-$29,999
96,693	26,486	4,572	9,323	13,728	*97,676°*		$30,000-$39,999
75,854	21,056	5,711	7,240	7,249	*73,661°*		$40,000-$49,999
52,306	19,870	3,129	2,601	4,545	*63,460°*		$50,000-$59,999
41,449	17,424	2,134	2,811	1,769	*46,296°*		$60,000-$69,999
37,224	14,101	2,281	1,980	1,999	*36,015°*		$70,000-$79,999
22,772	9,878	1,190	1,265	0	*25,715°*		$80,000-$89,999
13,651	5,818	1,118	220	1,336	*17,758°*		$90,000-$99,999
59,152	22,495	3,240	2,401	1,885	*89,049°*		$100,000+
-	-	-	-	-	-		(Not Reported)
$46,099	$47,521	$36,003	$31,358	$19,009	*$52,726°*		Mean
$31,000	$35,650	$20,120	$25,600	$11,988	*$37,000°*		Median
							Contract Rent to Income Ratio
61,433	18,827	8,431	5,033	17,292	*51,218°*		<10%
192,396	66,257	11,973	13,501	34,763	*183,001°*		10%-19%
153,086	46,509	9,544	13,103	51,483	*164,517°*		20%-29%
87,001	23,109	5,057	9,069	25,988	*81,053°*		30%-39%
48,824	18,263	5,059	3,531	12,473	*53,907°*		40%-49%
31,945	10,245	4,683	2,093	6,842	*35,393°*		50%-59%
27,830	8,095	1,293	2,771	3,418	*28,303°*		60%-69%
109,295	32,822	8,807	11,786	15,138	*94,405°*		70%+
(40,321)	(12,135)	(4,476)	(2,932)	(7,093)	*(45,682)°*		(Not Computed)
34.5%	33.9%	33.8%	37.7%	30.8%	*33.8%°*		Mean
26.0%	24.8%	27.3%	29.0%	27.6%	*26.3%°*		Median
							Households in Poverty
167,548	36,838	14,584	16,844	87,010	33,405	98,326	Households Below 100% of Poverty Level
584,583	199,425	44,739	46,974	87,480	65,706	540,042	Households at or Above 100% of Poverty Level
-	-	-	-	-	-	-	(Not Reported)
213,876	48,440	17,927	21,931	101,550	41,357	129,636	Households Below 125% of Poverty Level
538,255	187,823	41,396	41,887	72,940	57,754	508,732	Households at or Above 125% of Poverty Level
-	-	-	-	-	-	-	(Not Reported)
115,317	29,962	5,651	12,009	63,015	*86,506°*		Households Receiving Public Assistance¥
544,056	177,700	44,087	42,044	96,688	*553,346°*		Households Not Receiving Public Assistance
(3,878)	(782)	(549)	(371)	(1,382)	*(2,674)°*		(Do Not Know)
(88,879)	(27,819)	(9,036)	(9,394)	(13,405)	*(94,953)°*		(Not Reported)
25,131	4,211	582	1,834	13,040	2,315	7,177	Households Receiving TANF§
9,302	639	0	1,310	1,454	1,148	2,116	Households Receiving Safety Net
46,096	15,592	2,372	7,224	34,860	13,116	25,453	Households Receiving SSI
49,331	12,447	2,899	3,094	21,353	9,175	33,334	Households Receiving Other Public Assistance
							Households Receiving Rent Subsidy
58,318	8,810	125	7,166	5,808	17,875	21,033	Households Receiving Section 8 Certif./Voucher
34,070	3,229	551	2,352	15,376	4,569	13,271	Households Receiving Shelter Allowance
11,942	8,784	2,651	775	754	3,355	1,178	Households Receiving SCRIE
5,026	574	204	3,604	4,806	4,594	2,931	Households Receiving Another Federal Housing Subsidy
7,988	4,475	535	3,238	12,443	2,159	1,794	Households Receiving Another State/City Housing Subsidy

° Separate public assistance figures cannot be run for "Other Regulated" and "Other Rentals" households. The households receiving assistance for these two categories are reported together.

¥ Because households can receive more than one type of public assistance, the sum of the households receiving each category of assistance (TANF, Safety Net, etc.) exceed the total households receiving public assistance.

D.2 Economic Characteristics (Continued)

	All Households@	Owner Households	Renter Households	Stabilized
2001 Total Household Income				
Loss, no income or <$5000	5.8%	3.4%	6.9%	6.8%
$5000-$9999	8.9%	3.4%	11.6%	9.9%
$10,000-$19,999	13.7%	9.1%	15.9%	16.2%
$20,000-$29,999	11.3%	8.3%	12.7%	12.9%
$30,000-$39,999	10.9%	8.1%	12.3%	12.5%
$40,000-$49,999	9.2%	8.6%	9.4%	9.8%
$50,000-$59,999	7.5%	8.1%	7.2%	7.3%
$60,000-$69,999	6.5%	8.5%	5.5%	6.0%
$70,000-$79,999	5.3%	6.7%	4.6%	5.2%
$80,000-$89,999	4.0%	6.0%	3.0%	3.3%
$90,000-$99,999	2.8%	4.4%	2.0%	2.0%
$100,000+	14.2%	25.4%	8.8%	8.3%
(Not Reported)	-	-	-	-
Mean	-	-	-	-
Median	-	-	-	-
Contract Rent to Income Ratio				
<10%	-	-	8.5%	8.6%
10%-19%	-	-	26.3%	27.6%
20%-29%	-	-	22.9%	21.3%
30%-39%	-	-	12.1%	11.8%
40%-49%	-	-	7.4%	7.2%
50%-59%	-	-	4.8%	4.5%
60%-69%	-	-	3.8%	3.8%
70%+	-	-	14.2%	15.2%
(Not Computed)	-	-	-	-
Mean	-	-	-	-
Median	-	-	-	-
Households in Poverty				
Households Below 100% of Poverty Level	17.5%	7.2%	22.5%	20.7%
Households at or Above 100% of Poverty Level	82.5%	92.8%	77.5%	79.3%
(Not Reported)	-	-	-	-
Households Below 125% of Poverty Level	22.5%	10.2%	28.4%	26.5%
Households at or Above 125% of Poverty Level	77.5%	89.8%	71.6%	73.5%
(Not Reported)	-	-	-	-
Households Receiving Public Assistance¥	13.5%	4.9%	17.6%	16.8%
(Not Reported)	-	-	-	-
Households Receiving TANF§	2.2%	0.3%	3.1%	3.4%
Households Receiving Safety Net	0.7%	0.1%	0.9%	1.2%
Households Receiving SSI	6.4%	2.6%	8.2%	7.2%
Households Receiving Other Public Assistance	5.8%	2.2%	7.6%	7.2%
Households Receiving Rent Subsidy				
Households Receiving Section 8 Certif./Voucher	-	-	7.1%	8.1%
Households Receiving Shelter Allowance	-	-	4.4%	4.5%
Households Receiving SCRIE	-	-	7.8%	12.3%
Households Receiving Another Federal Housing Subsidy	-	-	1.3%	0.7%
Households Receiving Another State/City Housing Subsidy	-	-	2.0%	1.5%

§Temporary Assistance for Needy Families
Senior Citizens Rent Increase Exemption
@ All households, including owners and renters.

Rent Stabilized Units		Rent	Mitchell-	Public	Other	Other	
Pre-1947	*Post-1946*	Controlled	Lama	Housing	Regulated*	Rentals**	
							2001 Total Household Income
7.4%	5.0%	8.7%	9.3%	12.8%	*5.4%°*		Loss, no income or<$5000
10.1%	9.2%	17.6%	15.4%	31.6%	*8.4%°*		$5000-$9999
15.9%	17.0%	23.3%	16.8%	23.9%	*13.0%°*		$10,000-$19,999
13.6%	10.8%	11.0%	14.9%	13.1%	*12.3%°*		$20,000-$29,999
12.9%	11.2%	7.7%	14.6%	7.9%	*13.2%°*		$30,000-$39,999
10.1%	8.9%	9.6%	11.3%	4.2%	*10.0%°*		$40,000-$49,999
7.0%	8.4%	5.3%	4.1%	2.6%	*8.6%°*		$50,000-$59,999
5.5%	7.4%	3.6%	4.4%	1.0%	*6.3%°*		$60,000-$69,999
4.9%	6.0%	3.8%	3.1%	1.1%	*4.9%°*		$70,000-$79,999
3.0%	4.2%	2.0%	2.0%	0.0%	*3.5%°*		$80,000-$89,999
1.8%	2.5%	1.9%	0.3%	0.8%	*2.4%°*		$90,000-$99,999
7.9%	9.5%	5.5%	3.8%	1.1%	*12.1%°*		$100,000+
-	-	-	-	-	-		(Not Reported)
-	-	-	-	-	-		Mean
-	-	-	-	-	-		Median
							Contract Rent to Income Ratio
8.6%	8.4%	15.4%	8.3%	10.3%	*7.4%°*		<10%
27.0%	29.6%	21.8%	22.2%	20.8%	*26.5%°*		10%-19%
21.5%	20.8%	17.4%	21.5%	30.8%	*23.8%°*		20%-29%
12.2%	10.3%	9.2%	14.9%	15.5%	*11.7%°*		30%-39%
6.9%	8.1%	9.2%	5.8%	7.5%	*7.8%°*		40%-49%
4.5%	4.6%	8.5%	3.4%	4.1%	*5.1%°*		50%-59%
3.9%	3.6%	2.4%	4.6%	2.0%	*4.1%°*		60%-69%
15.4%	14.6%	16.1%	19.4%	9.0%	*13.6%°*		70%+
-	-	-	-	-	-		(Not Computed)
-	-	-	-	-	-		Mean
-	-	-	-	-	-		Median
							Households in Poverty
22.3%	15.6%	24.6%	26.4%	49.9%	33.7%	15.4%	Households Below 100% of Poverty Level
77.7%	84.4%	75.4%	73.6%	50.1%	66.3%	84.6%	Households at or Above 100% of Poverty Level
-	-	-	-	-	-	-	(Not Reported)
28.4%	20.5%	30.2%	34.4%	58.2%	41.7%	20.3%	Households Below 125% of Poverty Level
71.6%	79.5%	69.8%	65.6%	41.8%	58.3%	79.7%	Households at or Above 125% of Poverty Level
-	-	-	-	-	-	-	(Not Reported)
17.5%	14.4%	11.4%	22.2%	39.5%	*13.5%°*		Households Receiving Public Assistance¥
-	-	-	-	-	-		(Not Reported)
3.8%	2.0%	1.2%	3.4%	8.2%	2.7%	1.3%	Households Receiving TANF§
1.4%	0.3%	0.0%	2.4%	0.9%	1.3%	0.4%	Households Receiving Safety Net
7.0%	7.5%	4.8%	13.4%	21.9%	15.3%	4.6%	Households Receiving SSI
7.6%	6.1%	6.0%	5.8%	13.7%	10.8%	6.1%	Households Receiving Other Public Assistance
							Households Receiving Rent Subsidy
9.2%	4.5%	0.3%	14.0%	3.8%	21.5%	4.1%	Households Receiving Section 8 Certif./Voucher
5.4%	1.6%	1.1%	4.6%	10.0%	5.4%	2.6%	Households Receiving Shelter Allowance
11.3%	14.2%	7.6%	4.5%	1.5%	10.2%	1.6%	Households Receiving SCRIE
0.8%	0.3%	0.4%	7.1%	3.2%	5.5%	0.6%	Households Receiving Another Federal Housing Subsidy
1.3%	2.3%	1.1%	6.5%	8.2%	2.6%	0.4%	Households Receiving Another State/City Housing Subsidy

° Separate public assistance figures cannot be run for "Other Regulated" and "Other Rentals" households. The households receiving assistance for these two categories are reported together.

¥ Because households can receive more than one type of public assistance, the sum of the households receiving each category of assistance (TANF, Safety Net, etc.) exceed the total households receiving public assistance.

D.3 Demographic Characteristics

	All Households@	Owner Households	Renter Households	Stabilized
Year Moved Into Current Dwelling				
1999-2002	888,822	172,499	716,323	323,475
1996-1998	507,151	139,544	367,607	177,973
1993-1995	319,815	94,210	225,605	124,205
1990-1992	253,173	90,145	163,028	89,155
1987-1989	155,940	69,203	86,737	41,488
1984-1986	121,278	56,947	64,331	34,167
1981-1983	116,060	45,258	70,802	43,064
1971-1980	357,504	151,764	205,740	122,253
Prior to 1971	285,576	162,245	123,331	32,613
Household Composition				
Married Couples	1,167,823	535,148	632,675	290,379
Children <18 Years of Age	408,187	159,129	249,058	113,575
w/o Children <18 Years of Age	187,123	105,083	82,040	33,992
Other Household Members	146,573	74,114	72,459	32,447
w/o Other Household Members	425,940	196,822	229,118	110,365
(Not Reported)	-	-	-	-
Female Householder	1,184,201	291,895	892,306	439,085
Children <18 Years of Age	192,206	22,512	169,694	77,066
w/o Children <18 Years of Age	261,699	75,328	186,371	89,927
Other Household Members	145,214	28,861	116,353	56,559
w/o Other Household Members	585,082	165,194	419,888	215,533
(Not Reported)	-	-	-	-
Male Householder	653,297	154,773	498,524	258,928
Children <18 Years of Age	17,403	4,279	13,124	5,708
w/o Children <18 Years of Age	189,587	41,715	147,872	72,571
Other Household Members	40,412	10,143	30,269	15,474
w/o Other Household Members	405,895	98,636	307,259	165,175
(Not Reported)	-	-	-	-
(Sex Not Reported)	-	-	-	-
Race of Householder				
White, non-Hispanic	1,334,138	568,164	765,974	382,152
Black, non-Hispanic	717,575	209,524	508,051	214,228
Puerto Rican	266,213	40,528	225,685	104,011
Other Spanish/Hispanic	398,620	60,314	338,306	206,037
Asian/Pacific Islander	266,922	96,045	170,877	74,061
American/Aleut/Eskimo	5,587	2,353	3,234	1,174
Two or more races	16,262	4,888	11,374	6,730
(Not Reported)	-	-	-	-
Age of Householder				
Under 25 years	106,159	8,701	97,458	49,430
25-34	583,047	87,347	495,700	252,676
35-44	729,652	212,424	517,228	252,636
45-54	596,395	231,631	364,764	189,711
55-61	305,769	134,393	171,376	83,307
62-64	97,172	41,721	55,451	25,559
65-74	316,907	143,251	173,656	79,472
75-84	198,356	91,398	106,958	43,517
85 or more years	71,860	30,947	40,913	12,083
(Not Reported)	-	-	-	-
Mean	48	54	46	45
Median	45	52	42	42

@ All households, including owners and renters.

Rent Stabilized Units		Rent	Mitchell-	Public	Other	Other	
Pre-1947	*Post-1946*	Controlled	Lama	Housing	Regulated*	Rentals**	
							Year Moved Into Current Dwelling
249,218	74,256	2,925	16,466	29,098	26,227	318,133	1999-2002
141,367	36,606	1,526	9,247	25,919	15,999	136,943	1996-1999
99,950	24,255	915	6,403	16,786	10,024	67,272	1993-1995
70,338	18,817	961	8,442	14,175	11,089	39,206	1990-1992
33,571	7,918	1,282	3,264	16,470	6,496	17,736	1987-1989
25,067	9,100	599	3,336	7,775	5,607	12,847	1984-1986
34,453	8,611	535	3,662	8,396	5,791	9,354	1981-1983
84,658	37,595	5,291	11,083	30,236	10,713	26,164	1971-1980
13,509	19,104	45,290	1,915	25,635	7,166	10,712	Prior to 1971
							Household Composition
211,429	78,950	10,868	18,974	27,588	25,935	258,931	Married Couples
88,349	25,226	1,215	5,928	9,968	7,596	110,776	Children <18 Years of Age
25,515	8,477	1,746	4,404	4,861	2,646	34,391	w/o Children <18 Years of Age
24,252	8,195	550	2,124	3,337	2,101	31,900	Other Household Members
73,313	37,052	7,357	6,518	9,422	13,592	81,864	w/o Other Household Members
-	-	-	-	-	-	-	(Not Reported)
335,137	103,947	33,593	33,649	119,870	52,356	213,754	Female Householder
62,648	14,418	1,628	4,564	35,362	8,303	42,771	Children <18 Years of Age
69,893	20,035	4,954	5,673	21,610	9,340	54,866	w/o Children <18 Years of Age
46,576	9,982	824	4,370	19,602	5,477	29,522	Other Household Members
156,020	59,512	26,187	19,042	43,296	29,236	86,595	w/o Other Household Members
-	-	-	-	-	-	-	(Not Reported)
205,563	53,365	14,863	11,195	27,033	20,821	165,684	Male Householder
4,735	973	342	694	2,525	542	3,313	Children <18 Years of Age
60,292	12,279	4,284	2,189	3,642	3,480	61,706	w/o Children <18 Years of Age
12,377	3,096	207	544	2,364	1,000	10,681	Other Household Members
128,159	37,017	10,030	7,768	18,502	15,799	89,984	w/o Other Household Members
-	-	-	-	-	-	-	(Not Reported)
-	-	-	-	-	-	-	(Sex Not Reported)
							Race of Householder
271,449	110,703	40,013	18,659	13,450	34,281	277,419	White, non-Hispanic
162,330	51,898	8,683	27,746	85,990	27,109	144,295	Black, non-Hispanic
86,904	17,107	3,834	7,144	50,106	16,472	44,118	Puerto Rican
169,129	36,909	5,256	5,218	19,364	14,441	87,989	Other Hispanic
56,688	17,372	1,537	4,365	4,630	6,319	79,966	Asian/Pacific Islander
587	587	0	342	248	33	1,437	American/Aleut/Eskimo
-	-	-	-	-	-	-	(Not Reported)
							Age of Householder
40,716	8,715	380	1,674	3,822	1,534	40,617	Under 25 years
202,580	50,096	2,517	8,372	23,209	15,036	193,890	25-34
203,059	49,577	5,214	15,150	41,473	21,744	181,011	35-44
147,637	42,074	4,697	13,247	31,419	15,931	109,759	45-54
58,785	24,522	7,859	6,885	21,324	9,874	42,127	55-61
17,095	8,464	3,351	1,337	8,512	3,247	13,445	62-64
52,616	26,857	13,201	9,205	24,722	15,433	31,622	65-74
24,372	19,145	12,671	5,955	15,007	10,930	18,878	75-84
5,270	6,813	9,432	1,992	5,003	5,383	7,020	85 or more years
-	-	-	-	-	-	-	(Not Reported)
43	49	66	52	52	54	42	Mean
40	47	68	49	51	52	39	Median

* Other Regulated Rentals encompass *In Rem* units, as well as those regulated by HUD, Article 4 or 5, and the New York City Loft Board.

** Other Rentals encompass dwellings which have never been regulated, units which have been deregulated (including those in buildings with fewer than 6 apartments) and unregulated rentals in cooperatives or condominiums.

D.3 Demographic Characteristics (Continued)

	All Households@	Owner Households	Renter Households	Stabilized
Year Moved Into Current Dwelling				
1999-2002	29.6%	17.6%	35.4%	32.7%
1996-1998	16.9%	14.2%	18.2%	18.0%
1993-1995	10.6%	9.6%	11.1%	12.6%
1990-1992	8.4%	9.2%	8.1%	9.0%
1987-1989	5.2%	7.0%	4.3%	4.2%
1984-1986	4.0%	5.8%	3.2%	3.5%
1981-1983	3.9%	4.6%	3.5%	4.4%
1971-1980	11.9%	15.5%	10.2%	12.4%
Prior to 1971	9.5%	16.5%	6.1%	3.3%
Household Composition				
Married Couples	38.9%	54.4%	31.3%	29.4%
Children <18 Years of Age	13.6%	16.2%	12.3%	11.5%
w/o Children <18 Years of Age	6.2%	10.7%	4.1%	3.4%
Other Household Members	4.9%	7.5%	3.6%	3.3%
w/o Other Household Members	14.2%	20.0%	11.3%	11.2%
(Not Reported)	-	-	-	-
Female Householder	39.4%	29.7%	44.1%	44.4%
Children <18 Years of Age	6.4%	2.3%	8.4%	7.8%
w/o Children <18 Years of Age	8.7%	7.7%	9.2%	9.1%
Other Household Members	4.8%	2.9%	5.8%	5.7%
w/o Other Household Members	19.5%	16.8%	20.8%	21.8%
(Not Reported)	-	-	-	-
Male Householder	21.7%	15.6%	24.6%	26.2%
Children <18 Years of Age	0.6%	0.4%	0.6%	0.6%
w/o Children <18 Years of Age	6.3%	4.2%	7.3%	7.3%
Other Household Members	1.3%	1.0%	1.5%	1.6%
w/o Other Household Members	13.5%	10.0%	15.2%	16.7%
(Not Reported)	-	-	-	-
(Sex Not Reported)	-	-	-	-
Race of Householder				
White, non-Hispanic	44.4%	57.9%	37.9%	38.7%
Black, non-Hispanic	23.9%	21.3%	25.1%	21.7%
Puerto Rican	8.9%	4.1%	11.2%	10.5%
Other Hispanic	13.3%	6.1%	16.7%	20.8%
Asian/Pacific Islander	8.9%	9.8%	8.4%	7.5%
American/Aleut/Eskimo	0.2%	0.2%	0.2%	0.1%
2 or more races	0.5%	0.5%	0.6%	0.7%
(Not Reported)	-	-	-	-
Age of Householder				
Under 25 years	3.5%	0.9%	4.8%	5.0%
25-34	19.4%	8.9%	24.5%	25.6%
35-44	24.3%	21.6%	25.6%	25.6%
45-54	19.8%	23.6%	18.0%	19.2%
55-61	10.2%	13.7%	8.5%	8.4%
62-64	3.2%	4.2%	2.7%	2.6%
65-74	10.5%	14.6%	8.6%	8.0%
75-84	6.6%	9.3%	5.3%	4.4%
85 or more years	2.4%	3.2%	2.0%	1.2%
(Not Reported)	-	-	-	-
Mean	-	-	-	-
Median	-	-	-	-

@ All households, including owners and renters. Totals may not add to 100% due to rounding.

Totals may not add to 100% due to rounding.

Rent Stabilized Units *Pre-1947*	Rent Stabilized Units *Post-1946*	Rent Controlled	Mitchell-Lama	Public Housing	Other Regulated*	Other Rentals**	
							Year Moved Into Current Dwelling
33.1%	31.4%	4.9%	25.8%	16.7%	26.5%	49.8%	1999-2002
18.8%	15.5%	2.6%	14.5%	14.9%	16.1%	21.5%	1996-1998
13.3%	10.3%	1.5%	10.0%	9.6%	10.1%	10.5%	1993-1995
9.4%	8.0%	1.6%	13.2%	8.1%	11.2%	6.1%	1990-1992
4.5%	3.4%	2.2%	5.1%	9.4%	6.6%	2.8%	1987-1989
3.3%	3.9%	1.0%	5.2%	4.5%	5.7%	2.0%	1984-1986
4.6%	3.6%	0.9%	5.7%	4.8%	5.8%	1.5%	1981-1983
11.3%	15.9%	8.9%	17.4%	17.3%	10.8%	4.1%	1971-1980
1.8%	8.1%	76.3%	3.0%	14.7%	7.2%	1.7%	Prior to 1971
							Household Composition
28.0%	33.5%	18.2%	29.7%	15.8%	26.2%	40.6%	Married Couples
11.7%	10.7%	2.0%	9.3%	5.7%	7.7%	17.4%	Children <18 Years of Age
3.4%	3.6%	2.9%	6.9%	2.8%	2.7%	5.4%	w/o Children <18 Years of Age
3.2%	3.5%	0.9%	3.3%	1.9%	2.1%	5.0%	Other Household Members
9.7%	15.7%	12.4%	10.2%	5.4%	13.7%	12.8%	w/o Other Household Members
-	-	-	-	-	-	-	(Not Reported)
44.5%	44.0%	56.6%	52.7%	68.7%	52.8%	33.5%	Female Householder
8.3%	6.1%	2.7%	7.2%	20.3%	8.4%	6.7%	Children <18 Years of Age
9.3%	8.5%	8.4%	8.9%	12.4%	9.4%	8.6%	w/o Children <18 Years of Age
6.2%	4.2%	1.4%	6.8%	11.2%	5.5%	4.6%	Other Household Members
20.7%	25.2%	44.1%	29.8%	24.8%	29.5%	13.6%	w/o Other Household Members
-	-	-	-	-	-	-	(Not Reported)
27.2%	22.6%	25.0%	17.6%	15.5%	20.9%	26.0%	Male Householder
0.6%	0.4%	0.6%	1.1%	1.4%	0.5%	0.5%	Children <18 Years of Age
8.0%	5.2%	7.2%	3.4%	2.1%	3.5%	9.7%	w/o Children <18 Years of Age
1.6%	1.3%	0.3%	0.9%	1.4%	1.0%	1.7%	Other Household Members
17.0%	15.7%	16.9%	12.2%	10.6%	15.9%	14.1%	w/o Other Household Members
-	-	-	-	-	-	-	(Not Reported)
-	-	-	-	-	-	-	(Sex Not Reported)
							Race of Householder
36.1%	46.9%	67.4%	29.2%	7.7%	34.6%	43.5%	White, non-Hispanic
21.6%	22.0%	14.6%	43.5%	49.3%	27.4%	22.6%	Black, non-Hispanic
11.6%	7.2%	6.5%	11.2%	28.7%	16.6%	6.9%	Puerto Rican
22.5%	15.6%	8.9%	8.2%	11.1%	14.6%	13.8%	Other Hispanic
7.5%	7.4%	2.6%	6.8%	2.7%	6.4%	12.5%	Asian/Pacific Islander
0.1%	0.2%	0.0%	0.5%	0.1%	0.0%	0.2%	American/Aleut/Eskimo
0.7%	0.7%	0.0%	0.5%	0.4%	0.5%	0.5%	2 or more races
-	-	-	-	-	-	-	(Not Reported)
							Age of Householder
5.4%	3.7%	0.6%	2.6%	2.2%	1.5%	6.4%	Under 25 years
26.9%	21.2%	4.2%	13.1%	13.3%	15.2%	30.4%	25-34
27.0%	21.0%	8.8%	23.7%	23.8%	21.9%	28.4%	35-44
19.6%	17.8%	7.9%	20.8%	18.0%	16.1%	17.2%	45-54
7.8%	10.4%	13.2%	10.8%	12.2%	10.0%	6.6%	55-61
2.3%	3.6%	5.6%	2.1%	4.9%	3.3%	2.1%	62-64
7.0%	11.4%	22.3%	14.4%	14.2%	15.6%	5.0%	65-74
3.2%	8.1%	21.4%	9.3%	8.6%	11.0%	3.0%	75-84
0.7%	2.9%	15.9%	3.1%	2.9%	5.4%	1.1%	85 or more years
-	-	-	-	-	-	-	(Not Reported)
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median

* Other Regulated Rentals encompass *In Rem* units, as well as those regulated by HUD, Article 4 or 5, and the New York City Loft Board.

** Other Rentals encompass dwellings which have never been regulated, units which have been deregulated (including those in buildings with fewer than 6 apartments) and unregulated rentals in cooperatives or condominiums.

D.4 Housing / Neighborhood Quality Characteristics

	All Units@	Owner Units	Renter Units	Stabilized
Maintenance Quality				
(Units Experiencing:)				
Additional Heating Required	307,789	44,390	263,399	139,147
Additional Heating Not Required	2,320,061	802,140	1,517,921	732,248
(Not Reported)	(377,468)	(135,285)	(242,183)	(116,997)
Heating Breakdowns	310,635	44,433	266,202	157,439
No Breakdowns	2,300,316	799,428	1,500,888	706,574
(Not Reported)	(394,367)	(137,954)	(256,413)	(124,381)
Broken Plaster/Peeling Paint	389,348	50,387	338,961	199,462
No Broken Plaster/Peeling Paint	2,223,324	790,720	1,432,604	665,813
(Not Reported)	(392,645)	(140,707)	(251,938)	(123,118)
Cracked Interior Walls or Ceilings	313,025	31,224	281,801	174,679
No Cracked Interior Walls or Ceilings	2,321,735	816,418	1,505,317	699,472
(Not Reported)	(370,559)	(134,172)	(236,387)	(114,243)
Holes in Floor	147,137	9,802	137,335	92,282
No Holes in Floor	2,413,403	811,860	1,601,543	756,186
(Not Reported)	(444,778)	(160,153)	(284,625)	(139,924)
Rodent Infestation	594,503	82,102	512,401	309,550
No Infestation	2,038,178	765,971	1,272,207	562,544
(Not Reported)	(372,638)	(133,742)	(238,896)	(116,299)
Toilet Breakdown	237,539	56,803	180,736	93,278
No Toilet Breakdown/No Facilities	2,371,737	786,037	1,585,700	771,136
(Not Reported)	(396,045)	(138,975)	(257,070)	(123,980)
Water Leakage Inside Unit	456,304	77,427	378,877	237,436
No Water Leakage	2,172,108	769,970	1,402,138	633,272
(Not Reported)	(376,907)	(134,418)	(242,489)	(117,685)
Units in Buildings w. No Maintenance Defects	1,331,360	562,750	768,610	312,994
Units in Buildings w. 1 Maintenance Defect	544,883	161,195	383,688	190,493
Units in Buildings w. 2 Maintenance Defects	277,414	54,848	222,566	125,556
Units in Buildings w. 3 Maintenance Defects	149,541	14,364	135,177	81,496
Units in Buildings w. 4 Maintenance Defects	88,268	3,839	84,429	56,228
Units in Buildings w. 5+ Maintenance Defects	69,277	2,093	67,184	42,308
(Not Reported)	(544,575)	(182,725)	(361,850)	(179,318)
Condition of Neighboring Buildings				
Excellent	552,834	290,566	262,268	109,877
Good	1,431,942	465,086	966,856	455,543
Fair	539,705	82,389	457,316	254,020
Poor Quality	100,884	7,398	93,486	50,906
(Not Reported)	(379,955)	(136,375)	(243,580)	(118,048)
Boarded Up Structures in Neighborhood	340,173	87,661	252,512	125,214
Units Not Close to " "	2,310,467	764,736	1,545,731	753,600
(Not Reported)	(354,678)	(129,417)	(225,261)	(109,578)

@ All housing units, including owners and renters.

Rent Stabilized Units		Rent	Mitchell-	Public	Other	Other	
Pre-1947	*Post-1946*	Controlled	Lama	Housing	Regulated*	Rentals**	
							Maintenance Quality (Units Experiencing:)
113,833	25,314	7,095	7,090	35,302	12,728	62,037	Additional Heating Required
548,068	184,180	44,333	47,320	125,408	75,429	493,183	Additional Heating Not Required
(90,229)	(26,769)	(7,895)	(9,408)	(13,780)	(10,954)	(83,148)	(Not Reported)
131,648	25,791	7,303	5,306	29,742	14,962	51,450	Heating Breakdowns
525,683	180,891	43,715	48,033	129,388	72,512	500,666	No Breakdowns
(94,799)	(29,581)	(8,305)	(10,479)	(15,360)	(11,637)	(86,252)	(Not Reported)
165,205	34,257	14,555	4,676	40,235	16,277	63,756	Broken Plaster/Peeling Paint
492,421	173,392	36,632	49,151	119,415	70,786	490,807	No Broken Plaster/Peeling Paint
(94,504)	(28,614)	(8,136)	(9,991)	(14,839)	(12,049)	(83,805)	(Not Reported)
151,487	23,192	11,238	3,541	26,830	16,143	49,370	Cracked Interior Walls or Ceilings
512,933	186,538	40,401	50,650	134,755	72,057	507,983	No Cracked Interior Walls or Ceilings
(87,710)	(26,533)	(7,685)	(9,627)	(12,905)	(10,911)	(81,016)	(Not Reported)
86,316	5,967	4,638	998	9,922	6,726	22,768	Holes in Floor
560,530	195,656	46,270	51,770	146,357	80,065	520,895	No Holes in Floor
(105,284)	(34,640)	(8,415)	(11,050)	(18,211)	(12,320)	(94,705)	(Not Reported)
260,675	48,875	12,301	10,687	43,341	30,809	105,713	Rodent Infestation
402,560	159,984	39,185	43,724	117,595	57,359	451,800	No Infestation
(88,895)	(27,404)	(7,837)	(9,408)	(13,554)	(10,943)	(80,855)	(Not Reported)
77,189	16,088	7,202	6,966	21,118	9,144	43,029	Toilet Breakdown
579,953	191,184	43,780	47,221	138,331	78,025	507,206	No Toilet Breakdown/No Facilities
(94,988)	(28,992)	(8,341)	(9,631)	(15,041)	(11,943)	(88,134)	(Not Reported)
195,577	41,859	12,000	8,246	32,334	18,992	69,869	Water Leakage Inside Unit
465,787	167,485	39,376	45,744	128,964	69,176	485,606	No Water Leakage
(90,766)	(26,920)	(7,947)	(9,828)	(13,192)	(10,943)	(82,893)	(Not Reported)
217,965	95,029	19,656	28,167	59,741	36,110	311,942	Units in Buildings w. No Maintenance Defects
140,559	49,934	12,150	11,117	36,705	18,081	115,142	Units in Buildings w. 1 Maintenance Defect
101,376	24,179	7,663	5,615	22,592	13,895	47,246	Units in Buildings w. 2 Maintenance Defects
69,730	11,766	3,858	3,821	13,414	7,221	25,367	Units in Buildings w. 3 Maintenance Defects
48,795	7,434	3,756	192	9,024	3,771	11,457	Units in Buildings w. 4 Maintenance Defects
37,830	4,478	1,695	771	6,894	4,120	11,396	Units in Buildings w. 5+ Maintenance Defects
(135,875)	(43,443)	(10,545)	(14,135)	(26,120)	(15,914)	(115,818)	(Not Reported)
							Condition of Neighboring Buildings
73,906	35,970	10,042	5,152	8,597	12,173	116,428	Excellent
335,035	120,508	29,409	33,565	73,278	48,069	326,992	Good
208,092	45,928	9,886	12,354	61,551	21,145	98,360	Fair
44,241	6,665	1,613	3,133	16,923	6,126	14,785	Poor Quality
(90,856)	(27,192)	(8,374)	(9,615)	(14,141)	(11,599)	(81,803)	(Not Reported)
106,942	18,272	4,284	6,401	22,257	15,739	78,617	Boarded Up Structures in Neighborhood
561,990	191,610	47,759	48,263	139,583	73,291	483,235	Units Not Close to " "
(83,198)	(26,380)	(7,281)	(9,154)	(12,650)	(10,082)	(76,516)	(Not Reported)

* Other Regulated Rentals encompass *In Rem* units, as well as those regulated by HUD, Article 4 or 5, and the New York City Loft Board.

** Other Rentals encompass dwellings which have never been regulated, units which have been deregulated (including those in buildings with fewer than 6 apartments) and unregulated rentals in cooperatives or condominiums.

D.4 Housing/Neighborhood Quality Characteristics (Continued)

	All Dwellings@	Owner Units	Rental Units	Stabilized
Maintenance Quality				
(Units Experiencing:)				
Additional Heating Required	11.7%	5.2%	14.8%	16.0%
Additional Heating Not Required	88.3%	94.8%	85.2%	84.0%
(Not Reported)	-	-	-	-
Heating Breakdowns	11.9%	5.3%	15.1%	18.2%
No Breakdowns	88.1%	94.7%	84.9%	81.8%
(Not Reported)	-	-	-	-
Broken Plaster/Peeling Paint	14.9%	6.0%	19.1%	23.1%
No Broken Plaster/Peeling Paint	85.1%	94.0%	80.9%	76.9%
(Not Reported)	-	-	-	-
Cracked Interior Walls or Ceilings	11.9%	3.7%	15.8%	20.0%
No Cracked Interior Walls or Ceilings	88.1%	96.3%	84.2%	80.0%
(Not Reported)	-	-	-	-
Holes in Floor	5.7%	1.2%	7.9%	10.9%
No Holes in Floor	94.3%	98.8%	92.1%	89.1%
(Not Reported)	-	-	-	-
Rodent Infestation	22.6%	9.7%	28.7%	35.5%
No Infestation	77.4%	90.3%	71.3%	64.5%
(Not Reported)	-	-	-	-
Toilet Breakdown	9.1%	6.7%	10.2%	10.8%
No Toilet Breakdown	90.9%	93.3%	89.8%	89.2%
(Not Reported)	-	-	-	-
Water Leakage Inside Unit	17.4%	9.1%	21.3%	27.3%
No Water Leakage	82.6%	90.9%	78.7%	72.7%
(Not Reported)	-	-	-	-
Units in Buildings w. No Maintenance Defects	54.1%	70.4%	46.3%	38.7%
Units in Buildings w. 1 Maintenance Defect	22.1%	20.2%	23.1%	23.5%
Units in Buildings w. 2 Maintenance Defects	11.3%	6.9%	13.4%	15.5%
Units in Buildings w. 3 Maintenance Defects	6.1%	1.8%	8.1%	10.1%
Units in Buildings w. 4 Maintenance Defects	3.6%	0.5%	5.1%	6.9%
Units in Buildings w. 5+ Maintenance Defects	2.8%	0.3%	4.0%	5.2%
(Not Reported)	-	-	-	-
Condition of Neighboring Buildings				
Excellent	21.1%	34.4%	14.7%	12.6%
Good	54.5%	55.0%	54.3%	52.3%
Fair	20.6%	9.7%	25.7%	29.2%
Poor Quality	3.8%	0.9%	5.3%	5.8%
(Not Reported)	-	-	-	-
Boarded Up Structures in Neighborhood	12.8%	10.3%	14.0%	14.2%
Units Not Close to " "	87.2%	89.7%	86.0%	85.8%
(Not Reported)	-	-	-	-

@ All housing units, including owners and renters.

Totals may not add to 100% due to rounding.

Rent Stabilized Units		Rent	Mitchell-	Public	Other	Other	
Pre-1947	*Post-1946*	Controlled	Lama	Housing	Regulated*	Rentals**	
							Maintenance Quality (Units Experiencing:)
17.2%	12.1%	13.8%	13.0%	22.0%	14.4%	11.2%	Additional Heating Required
82.8%	87.9%	86.2%	87.0%	78.0%	85.6%	88.8%	Additional Heating Not Required
-	-	-	-	-	-	-	(Not Reported)
20.0%	12.5%	14.3%	9.9%	18.7%	17.1%	9.3%	Heating Breakdowns
80.0%	87.5%	85.7%	90.1%	81.3%	82.9%	90.7%	No Breakdowns
-	-	-	-	-	-	-	(Not Reported)
25.1%	16.5%	28.4%	8.7%	25.2%	18.7%	11.5%	Broken Plaster/Peeling Paint
74.9%	83.5%	71.6%	91.3%	74.8%	81.3%	88.5%	No Broken Plaster/Peeling Paint
-	-	-	-	-	-	-	(Not Reported)
22.8%	11.1%	21.8%	6.5%	16.6%	18.3%	8.9%	Cracked Interior Walls or Ceilings
77.2%	88.9%	78.2%	93.5%	83.4%	81.7%	91.1%	No Cracked Interior Walls or Ceilings
-	-	-	-	-	-	-	(Not Reported)
13.3%	3.0%	9.1%	1.9%	6.3%	7.7%	4.2%	Holes in Floor
86.7%	97.0%	90.9%	98.1%	93.7%	92.3%	95.8%	No Holes in Floor
-	-	-	-	-	-	-	(Not Reported)
39.3%	23.4%	23.9%	19.6%	26.9%	34.9%	19.0%	Rodent Infestation
60.7%	76.6%	76.1%	80.4%	73.1%	65.1%	81.0%	No Infestation
-	-	-	-	-	-	-	(Not Reported)
11.8%	7.8%	14.1%	12.9%	13.2%	10.5%	7.8%	Toilet Breakdown
88.2%	92.2%	85.9%	87.1%	86.8%	89.5%	92.2%	No Toilet Breakdown
-	-	-	-	-	-	-	(Not Reported)
29.6%	20.0%	23.4%	15.3%	20.0%	21.5%	12.6%	Water Leakage Inside Unit
70.4%	80.0%	76.6%	84.7%	80.0%	78.5%	87.4%	No Water Leakage
-	-	-	-	-	-	-	(Not Reported)
35.4%	49.3%	40.3%	56.7%	40.3%	43.4%	59.7%	Units in Buildings w. No Maintenance Defects
22.8%	25.9%	24.9%	22.4%	24.7%	21.7%	22.0%	Units in Buildings w. 1 Maintenance Defect
16.5%	12.5%	15.7%	11.3%	15.2%	16.7%	9.0%	Units in Buildings w. 2 Maintenance Defects
11.3%	6.1%	7.9%	7.7%	9.0%	8.7%	4.9%	Units in Buildings w. 3 Maintenance Defects
7.9%	3.9%	7.7%	0.4%	6.1%	4.5%	2.2%	Units in Buildings w. 4 Maintenance Defects
6.1%	2.3%	3.5%	1.6%	4.6%	5.0%	2.2%	Units in Buildings w. 5+ Maintenance Defects
-	-	-	-	-	-	-	(Not Reported)
							Condition of Neighboring Buildings
11.2%	17.2%	19.7%	9.5%	5.4%	13.9%	20.9%	Excellent
50.7%	57.6%	57.7%	61.9%	45.7%	54.9%	58.8%	Good
31.5%	22.0%	19.4%	22.8%	38.4%	24.2%	17.7%	Fair
6.7%	3.2%	3.2%	5.8%	10.6%	7.0%	2.7%	Poor Quality
-	-	-	-	-	-	-	(Not Reported)
16.0%	8.7%	8.2%	11.7%	13.8%	17.7%	14.0%	Boarded Up Structures in Neighborhood
84.0%	91.3%	91.8%	88.3%	86.2%	82.3%	86.0%	Units Not Close to " "
-	-	-	-	-	-	-	(Not Reported)

* Other Regulated Rentals encompass *In Rem* units, as well as those regulated by HUD, Article 4 or 5, and the New York City Loft Board.

** Other Rentals encompass dwellings which have never been regulated, units which have been deregulated (including those in buildings with fewer than 6 apartments) and unregulated rentals in cooperatives or condominiums.

Totals may not add to 100% due to rounding.

Appendix E: Mortgage Survey

E.1 Interest Rates and Terms for New and Refinanced Mortgages, 2003

	New Mortgages					Refinanced Mortgages				
Instn	Rate (%)	Points	Term (yrs)	Type	Volume	Rate (%)	Points	Term (yrs)	Type	Volume
5	NR	1.0	5+10	Fxd	25	NR	0.8	5+10	Fxd	30
6	6.25%	0.5	5+5+5	Adj	7	6.25%	0.5	5+5+5	Adj	17
7	6.00%	0.0	10	Fxd	11	6.00%	0.0	10	Fxd	6
10	6.25%	0.0	5	Fxd	0	6.25%	0.0	5	Fxd	800
11	7.00%	0.0	15	Fxd	NR	7.00%	0.0	15	Fxd	680
14	5.50%	0.5	5+5	Adj	250	5.50%	0.5	5+5	Adj	200
15	NR	0.0	5/7/10	Fxd	NR	NR	0.0	5/7/10	Fxd	NR
16	5.69%	0.8	5+5/7+5/10+5	Fxd	1000	5.69%	0.8	5+5/7+5/10+5	Fxd	88
17	6.38%	0.8	15/25	Fxd	25	6.38%	0.8	15/25	Fxd	15
18	5.25%	1.0	5/25	Fxd	148	5.25%	1.0	5/25 or 10/25	Fxd	36
23	6.00%	1.0	5	Fxd	45	6.00%	1.0	5	Fxd	14
30	7.00%	1.0	up to 30	Fxd	50	7.00%	1.0	up to 30	Fxd	50
31	5.25%	0.5	5-10	Fxd	30	5.25%	0.5	5-10	Fxd	35
32	5.72%	0.8	3-10	Fxd	0	5.72%	0.8	3-10	Fxd	0
34	6.75%	1.0	5+5/25	Fxd	NR	6.75%	1.0	5+5/25	Fxd	30
35	6.75%	0.5	15	Fxd	37	6.75%	0.5	15	Fxd	10
36	5.50%	0.8	7-30 yr,	Fxd	301	5.50%	0.8	7-30	Fxd	22
37	8.25%	2.0	10	NR	17	8.25%	2.0	7/10 or 10	NR	0
40	6.75%	2.0	15 or 10/25 bal	Fxd	8	6.75%	2.0	15 or 10/25 bal	Fxd	1
41	6.56%	0.0	10-25	Both	NR	6.56%	0.0	10-25	Both	NR
50	6.87%	1.0		Adj	15	6.87%	1.0		Adj	15
116	5.17%	1.0	5,7, or 10	Fxd	15	5.17%	1.0	5,7, or 10	Fxd	8
117	5.13%	1.0	5	Fxd	150	5.13%	1.0	5	Fxd	375
209	5.75%	1.0	5+5+5, 25 yr	Fxd	23	5.75%	1.0	5+5+5, 25 yr	Fxd	33
210	7.00%	2.0	15	Fxd	6	7.00%	1.5	15	Fxd	2
251	5.80%	1.0	5, 7, 10, 15, 18,25, 30	NR	NR	5.80%	1.0	5, 7, 10, 15, 18,25, 30	NR	0
Avg.	**6.19%**	**0.8**	†	†	**103**	**6.19%**	**0.8**	†	†	**102.79**

Amortization
† No average computed
=Standard 10 yr, rate adj after 5
NR = no response to this question

Fxd = fixed rate mortgage
Adj = adjustable rate mortgage
bal = balloon

Note: The average for interest rates, points and terms is calculated by using the midpoint when a range of values is given by the lending institution. Five year terms with one or more five year options are considered to have 5-year maturities when calculating the mean.

Source: 2003 Rent Guidelines Board Mortgage Survey

E.2 Typical Characteristics of Rent Stabilized Buildings, 2003

Lending Institution	Maximum Loan-to-Value Standard	Debt Service Coverage	Vacancy & Collection Losses	Typical Monthly O&M Size	Average Monthly Cost/Unit	Average Rent/Unit
5	75%	1.2%	5%	20-49	$300	$1,200
6	70%	1.3%	3	1-10	$285	$750
7	75%	1.3%	5	50-99	$475	$1,400
10	80%	1.3%	3	20-49	$540	$900
11	75%	1.2%	3	1-10	$200	$950
14	75%	1.2%	3	11-19	$375	$850
15	70%	1.3%	5	20-49	$475	$850
16	75%	1.3%	5	20-49	$375	$750
17	75%	1.2%	4	11-19	$350	$800
18	75%	1.3%	5	20-49	$600	$900
23	75%	1.3%	3	20-49	$390	$710
30	80%	1.3%	5	11-49	$292	NR
31	75%	1.3%	4	20-49	$320	$700
32	75%	1.4%	5	50-99	$650	$1,445
34	73%	1.3%	3	20-49	$250	$750
35	65%	1.2%	3	11-19	$350	$750
36	80%	1.3%	5	100+	NR	NR
37	63%	1.2%	< 1	11-19	$450	$850
40	70%	1.2%	5	1-10	$210	$675
41	75%	1.2%	4	1-10	$200	$800
50	75%	1.1%	5	11-19	$420	$738
116	70%	1.5%	5	20-49	NR	$1,400
117	75%	1.4%	5	50-99	$350	$700
209	75%	1.3%	5	11-19	$71	$800
210	80%	1.2%	8	1-10	$333	$600
251	80%	1.3%	5	100+	NR	NR
Avg.	**74%**	**1.25%**	**4.29%**	†	**$359**	**$881**

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: 2003 Rent Guidelines Board Mortgage Survey

E.3 Interest Rates and Terms for New Financing, Longitudinal Study

	Interest Rates		Points		Term		Type	
Lending Inst.	2003	2002	2003	2002	2003	2002	2003	2002
5	NR	6.95%	1.0	1.0	5+10	5+10	Fxd	Fxd
7	6.00%	7.00%	0.0	0.5	10	1-10	Fxd	Fxd
10	6.25%	7.06%	0.0	0.5	5	5+7	Fxd	Fxd
14	5.50%	7.25%	0.5	0.5	5+5	5+5,7+5	Adj	Adj
15	NR	7.10%	0.0	0.0	5/7/10	5/7/10	Fxd	Fxd
17	6.38%	7.50%	0.8	1.0	15/25 amort	10/25	Fxd	Fxd
18	5.25%	7.50%	1.0	1.0	5/25	10 yr bal	Fxd	Fxd
23	6.00%	t	1.0	0.8	5	5+7	Fxd	Fxd
31	5.25%	7.00%	0.5	1.0	5-10	10/15	Fxd	Adj
32	5.72%	NR	0.8	0.9	3-10	3+10	Fxd	Fxd
34	6.75%	7.00%	1.0	1.0	5+5/25	5	Fxd	Fxd
35	6.75%	7.75%	0.5	1.0	15	15	Fxd	Fxd
36	5.50%	6.93%	0.8	1.0	7-30 yr,	5,7,10&15 to 30	Fxd	Fxd
37	8.25%	9.00%	2.0	1.0	10	10	NR	Fxd
41	6.56%	8.84%	0.0	0.0	10-25	10/15/20	Both	Fxd
117	5.13%	6.50%	1.0	1.0	5	5	Fxd	Fxd
210	7.00%	7.25%	2.0	2.0	15	15-30	Fxd	Fxd
Avg.	**6.15%**	**7.38%**	**0.8**	**0.8**	†	†	†	†

NR indicates no response to this question.
† No average computed
t 250+/- over 5yr t-bills

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: 2002 and 2003 Rent Guidelines Board Mortgage Surveys

E.4 Interest Rates and Terms for Refinanced Loans, Longitudinal Study

	Interest Rates		Points		Term		Type	
Lending Inst.	2003	2002	2003	2002	2003	2002	2003	2002
5	NR	6.95%	0.8	1.0	5+10	5+10	Fxd	Fxd
7	6.00%	NR	0.0	NR	10	NR	Fxd	NR
10	6.25%	7.06%	0.0	0.5	5	5+7	Fxd	Fxd
14	5.50%	7.25%	0.5	0.5	5+5	5+5,7+5	Adj	Adj
15	NR	7.10%	0.0	0.0	5/7/10	5/7/10	Fxd	Fxd
17	6.38%	7.50%	0.8	1.0	15/25 amort	10/25	Fxd	Fxd
18	5.25%	7.50%	1.0	1.0	5/25 or 10/25	10 year bal	Fxd	Fxd
23	6.00%	t	1.0	1.0	5	5+7	Fxd	Fxd
31	5.25%	7.00%	0.5	1.0	5-10	10/15	Fxd	adj
32	5.72%	NR	0.8	0.9	3-10	3+10	Fxd	Fxd
34	6.75%	7.25%	1.0	1.0	5+5/25	5	Fxd	Fxd
35	6.75%	7.75%	0.5	1.0	15	15	Fxd	Fxd
36	5.50%	NR	0.8	NR	7-30	NR	Fxd	NR
37	8.25%	9.00%	2.0	1.0	7/10 or 10	10/5 yrs payout	NR	NR
41	6.56%	8.84%	0.0	0.0	10-25	10/15/20	Both	Fxd
117	5.13%	6.50%	1.0	1.0	5	5	Fxd	Fxd
210	7.00%	7.25%	1.5	2.0	15	15 yrs	Fxd	Fxd
Avg.	**6.15%**	**7.46%**	**0.7**	**0.9**	†	†	†	†

NR indicates no response to this question.
† No average computed
t 250+/- over 5yr t-bills

Note: Averages for interest rates and points are calculated by using the midpoint when a range of values were given by the lending institution.
Source: 2002 and 2003 Rent Guidelines Board Mortgage Surveys

E.5 Lending Standards and Relinquished Rental Income, Longitudinal Study

	Max Loan-to-Value		Debt Service Coverage		V&C Losses	
Lending Inst.	2003	2002	2003	2002	2003	2002
5	75%	75%	1.20%	1.25%	5%	3%
7	75%	75%	1.30%	1.25%	5	5
10	NR	75%	NR	1.30%	3	< 1
14	75%	75%	1.20%	1.30%	3	4
15	70%	70%	1.25%	1.25%	5	5
17	75%	75%	1.20%	1.25%	4	5
18	75%	75%	1.25%	1.25%	5	5
23	75%	70%	1.25%	1.25%	3	3
31	75%	75%	1.25%	1.20%	4	5
32	75%	75%	1.35%	1.30%	5	3
34	73%	73%	1.25%	1.25%	3	4
35	65%	65%	1.15%	1.15%	3	3
36	80%	80%	1.25%	1.25%	5	5
37	63%	63%	1.20%	1.20%	< 1	< 1
41	75%	75%	1.20%	1.20%	4	> 7
117	75%	75%	1.35%	1.30%	5	4
210	80%	80%	1.20%	1.15%	> 7	7
Avg.	**74%**	**74%**	**1.24%**	**1.24%**	**4.15%**	**4.12%**

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: 2002 and 2003 Rent Guidelines Board Mortgage Surveys

E.6 Retrospective of New York City's Housing Market

Year	Interest Rates for New Mortgages	Permits for New Housing Units in NYC and northern suburbs	Permits for New Housing Units in NYC only
1981	15.9%	12,601 b	11,060
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 f	16,856 s
2002	7.4%	21,554 s	18,500 s
2003	6.7%	•	•

b Prior to 1984, Bergen Co., NJ permit figures are included.
f These figures have been revised from prior years to reflect the final adjusted count.
s These figures are preliminary.
Notes: Interest rate data was collected in January of the shown year. Permit data is for the entire 12-month period of the shown year. The northern suburbs include Putnam, Rockland, and Westchester counties.
Sources: Rent Guidelines Board, Annual Mortgage Surveys; U.S. Bureau of the Census, Manufacturing & Construction Division, Residential Construction Branch.

Appendix F: Income and Affordability Study

F.1 Average Annual Employment Statistics by Area, 1991-2002

Unemployment Rate	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Bronx	10.1%	12.5%	11.9%	10.0%	9.6%	10.6%	11.6%	10.0%	8.1%	7.3%	7.4%	9.3%
Brooklyn	9.5%	12.0%	11.2%	9.7%	9.2%	10.0%	10.7%	9.4%	7.8%	6.8%	6.7%	8.6%
Manhattan	7.3%	9.0%	8.8%	7.6%	7.0%	7.4%	7.8%	6.8%	5.7%	4.9%	6.0%	8.2%
Queens	8.0%	10.5%	9.5%	8.2%	7.6%	8.1%	8.5%	7.0%	5.9%	4.8%	5.1%	6.5%
Staten Island	8.3%	10.4%	9.2%	7.8%	7.4%	7.8%	8.4%	6.9%	5.8%	4.8%	4.8%	6.5%
NYC	**8.7%**	**11.0%**	**10.4%**	**8.7%**	**8.2%**	**8.8%**	**9.4%**	**8.0%**	**6.7%**	**5.7%**	**6.1%**	**7.9%**
U.S.	**6.8%**	**7.5%**	**6.9%**	**6.1%**	**5.6%**	**5.4%**	**4.9%**	**4.5%**	**4.2%**	**4.0%**	**4.7%**	**5.8%**
Labor Force Participation Rate												
NYC	56.4%	56.4%	56.0%	55.5%	55.2%	56.7%	58.5%	58.9%	59.3%	63.2%	62.9%	64.7%
U.S.	66.2%	66.4%	66.3%	66.6%	66.6%	66.8%	67.1%	67.1%	67.1%	67.1%	66.8%	66.6%
Employment-Population Ratio												
NYC	51.5%	50.2%	50.2%	50.7%	50.7%	51.7%	53.0%	54.1%	55.3%	59.6%	59.1%	59.6%
U.S.	61.7%	61.5%	61.7%	62.5%	62.9%	63.2%	63.8%	64.1%	64.3%	64.4%	63.7%	62.7%
Gross City Product (NYC)												
(thousands, in 1996 $)	267.5	270.3	276.2	276.8	282.2	292.7	304.8	316.2	331.6	348.8	347.8	340.2
% Change	-1.91%	1.05%	2.18%	0.22%	1.95%	3.72%	4.13%	3.74%	4.87%	5.19%	-0.29%	-2.19%
Gross Domestic Product (U.S.)												
(thousands, in 1996 $)	6,676.4	6,880.0	7,062.6	7,347.7	7,543.8	7,813.2	8,159.5	8,508.9	8,859.0	9,191.4	9,214.5	9,439.9
% Change	-0.47%	3.05%	2.65%	4.04%	2.67%	3.57%	4.43%	4.28%	4.11%	3.75%	0.25%	2.45%

Notes: The New York City Comptroller's Office revises the Gross City Product periodically. The GCP & GDP figures presented here may not be the same as those reported in prior years. Note that GCP and GDP figures are preliminary.

Sources: U.S. Bureau of Labor Statistics; U.S. Bureau of Economic Analysis, U.S. Department of Commerce; NYS Department of Labor; NYC Comptroller's Office. Unpublished data from the Bureau of Labor Statistics.

F.2 Average Payroll Employment by Industry for NYC, 1993-2002 (in thousands)

Industry Employment	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2001-2002 Change
Manufacturing	219.3	211.8	207.8	200.5	201.2	195.9	186.8	176.8	155.5	139.8	-10.10%
Construction	84.7	87.9	89.6	90.7	93.3	101.1	112.3	120.4	122.0	115.6	-5.25%
Natural Resources & Mining	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.00%
Trade, Transport & Utilities	527.8	525.5	532.5	533.0	538.3	542.0	556.3	569.6	557.3	533.7	-4.23%
Leisure & Hospitality	194.3	200.8	208.5	216.6	227.9	235.8	243.7	256.7	260.1	253.6	-2.50%
Financial Activities	464.9	471.8	467.2	464.2	467.7	477.3	481.0	488.8	473.6	446.4	-5.74%
Information	151.8	152.4	154.4	158.9	162.6	166.5	172.8	187.3	200.4	176.6	-11.88%
Professional & Business Svcs.	424.8	436.8	444.8	468.4	493.7	525.2	552.9	586.5	581.9	546.2	-6.14%
Educational & Health Svcs.	516.1	536.2	551.6	565.5	576.2	588.7	605.7	620.1	627.1	645.4	2.92%
Other Services	119.8	120.7	122.6	125.2	129.3	133.9	141.5	147.4	148.7	148.9	0.13%
Total Private Sector	2,703.6	2,744.0	2,779.2	2,823.2	2,890.4	2,966.5	3,053.2	3,153.6	3,126.6	3,006.3	-3.85%
Government	587.6	578.3	560.1	546.0	551.5	561.5	567.5	569.5	565.4	568.2	0.50%
New York City	464.1	455.0	439.0	429.9	438.4	448.1	453.3	451.8	450.8	454.6	0.84%
Total	**3,291.2**	**3,322.3**	**3,339.3**	**3,369.2**	**3,441.9**	**3,528.0**	**3,620.7**	**3,723.1**	**3,692.0**	**3,574.5**	**-3.18%**

Notes: Totals may not add up due to rounding. Categories and figures have been revised from prior years due to new classification system used by the US Bureau of Labor Statistics and the NYS Department of Labor. Total excludes farm employment but includes unclassified jobs. Local government figures have been revised from prior years to include those employed by the City of New York as well as city-based public corporations such as the HHC (Health and Hospitals Corporation) and the MTA.

Source: NYS Department of Labor

F.3 Average Real Wage Rates by Industry for NYC, 1994-2001 (1994 dollars)

Industry	1994	1995	1996	1997	1998	1999	2000	2001	2000-01 % Change
Construction	$41,669	$41,213	$41,387	$40,636	$42,108	$43,022	$44,753	$47,422	6.0%
Manufacturing	$38,567	$39,778	$42,007	$43,005	$47,274	$47,239	$50,511	$53,136	5.2%
Transportation	$42,773	$43,285	$44,366	$44,254	$46,196	$46,314	$46,766	$48,344	3.4%
Trade	$29,439	$29,110	$28,891	$29,507	$30,306	$30,664	$30,138	$30,631	1.6%
FIRE	$71,820	$79,830	$89,951	$98,240	$105,432	$109,150	$127,184	$131,952	3.7%
Services	$35,259	$35,640	$35,540	$36,186	$37,881	$38,880	$40,204	$40,880	1.7%
Private Sector	$41,556	$43,042	$44,624	$46,433	$49,036	$49,961	$53,360	$55,030	3.1%
Government	$37,179	$38,582	$38,937	$39,507	$38,548	$39,516	$39,393	$40,259	2.2%
Total Industries	**$40,876**	**$42,327**	**$43,842**	**$45,382**	**$47,393**	**$48,339**	**$51,233**	**$52,766**	**3.0%**

Note: The NYS Department of Labor revises the statistics annually. Real wages reflect 1994 dollars and differ from those found in this table in prior years.

Source: New York State Department of Labor, Research and Statistics Division.

F.4 Average Nominal Wage Rates by Industry for NYC, 1994-2001

Industry	1994	1995	1996	1997	1998	1999	2000	2001	2000-01 % Change
Construction	$41,669	$42,255	$43,663	$43,873	$46,207	$48,134	$51,627	$54,863	6.3%
Manufacturing	$38,567	$40,784	$44,317	$46,430	$51,876	$52,853	$58,270	$61,474	5.5%
Transportation	$42,773	$44,379	$46,806	$47,779	$50,693	$51,817	$53,949	$55,930	3.7%
Trade	$29,439	$29,846	$30,480	$31,857	$33,256	$34,309	$34,767	$35,438	1.9%
FIRE	$71,820	$81,848	$94,898	$106,064	$115,695	$122,121	$146,720	$152,658	4.0%
Services	$35,259	$36,541	$37,495	$39,068	$41,569	$43,500	$46,380	$47,295	2.0%
Private Sector	$41,556	$44,130	$47,078	$50,132	$53,810	$55,898	$61,556	$63,665	3.4%
Government	$37,179	$39,558	$41,078	$42,654	$42,300	$44,212	$45,444	$46,576	2.5%
Total Industries	**$40,876**	**$43,397**	**$46,253**	**$48,996**	**$52,006**	**$54,083**	**$59,103**	**$61,046**	**3.3%**

Note: The NYS Department of Labor revises the statistics annually. The wage figures reported here may not be the same as those reported in prior years.

Source: New York State Department of Labor, Research and Statistics Division.

F.5 New York City Population Statistics, 1900-2002

Year	Bronx	Brooklyn	Manhattan	Queens	Staten Island	Citywide	Citywide Change from Prior Decade/Year
1900	200,507	1,166,582	1,850,093	152,999	67,021	3,437,202	--
1910	430,980	1,634,351	2,331,542	284,041	85,969	4,766,883	38.7%
1920	732,016	2,018,356	2,284,103	469,042	116,531	5,620,048	17.9%
1930	1,265,258	2,560,401	1,867,312	1,079,129	158,346	6,930,446	23.3%
1940	1,394,711	2,698,285	1,889,924	1,297,634	174,441	7,454,995	7.6%
1950	1,451,277	2,738,175	1,960,101	1,550,849	191,555	7,891,957	5.9%
1960	1,424,815	2,627,319	1,698,281	1,809,578	221,991	7,781,984	-1.4%
1970	1,471,701	2,602,012	1,539,233	1,986,473	295,443	7,894,862	1.5%
1980	1,168,972	2,230,936	1,428,285	1,891,325	352,121	7,071,639	-10.4%
1990	1,203,789	2,300,664	1,487,536	1,951,598	378,977	7,322,564	3.5%
2000	1,332,650	2,465,326	1,537,195	2,229,379	443,728	8,008,278	9.4%
2001	1,343,698	2,479,923	1,549,009	2,238,024	451,373	8,062,027	0.7%
2002	**1,354,068**	**2,488,194**	**1,546,856**	**2,237,815**	**457,383**	**8,084,316**	**0.3%**

Note: 1900-2000 figures as of April 1 of each year. 2001-2002 figures as of July 1 of each year. Percent population change between 1990 and 2000 has not been adjusted to take into account the increased number of households surveyed for the 2000 Census.

Source: U.S. Census Bureau, Population Division

F.6 Consumer Price Index for All Urban Consumers, New York-Northeastern New Jersey, 1992-2002

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
March	149.1	154.1	157.9	160.9	166.5	170.7	173.0	175.5	181.5	186.4	191.1
June	149.5	154.2	157.8	162.2	166.5	170.3	173.1	176.8	182.0	188.3	191.5
September	151.4	155.3	159.0	163.2	168.2	171.7	174.4	178.2	184.4	188.0	193.3
December	151.9	155.6	158.9	163.7	168.5	171.9	174.7	178.6	184.2	187.3	193.1
Quarterly Average	150.5	154.8	158.4	162.5	167.4	171.2	173.8	177.3	183.0	187.5	192.3
Yearly Average	**150.0**	**154.5**	**158.2**	**162.2**	**166.9**	**170.8**	**173.6**	**177.0**	**182.5**	**187.1**	**191.9**

12-month percentage change in the CPI

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
March	3.97%	3.35%	2.47%	1.90%	3.48%	2.52%	1.35%	1.45%	3.42%	2.70%	2.52%
June	3.39%	3.14%	2.33%	2.79%	2.70%	2.28%	1.64%	2.14%	2.94%	3.46%	1.70%
September	3.84%	2.58%	2.38%	2.64%	3.06%	2.08%	1.57%	2.18%	3.48%	1.95%	2.82%
December	3.62%	2.44%	2.12%	3.02%	2.90%	2.02%	1.63%	2.23%	3.14%	1.68%	3.10%
Quarterly Average	3.70%	2.87%	2.33%	2.59%	3.03%	2.22%	1.55%	2.00%	3.24%	2.45%	2.53%
Yearly Average	**3.59%**	**3.00%**	**2.39%**	**2.53%**	**2.90%**	**2.34%**	**1.64%**	**1.96%**	**3.11%**	**2.52%**	**2.57%**

Source: U.S. Bureau of Labor Statistics

Base Period: 1982-1984=100

F.7 Housing Court Actions, 1983-2002

Year	Filings	Calendared	Evictions & Possessions
1983	373,000	93,000	26,665
1984	343,000	85,000	23,058
1985	335,000	82,000	20,283
1986	312,000	81,000	23,318
1987	301,000	77,000	25,761
1988	299,000	92,000	24,230
1989	299,000	99,000	25,188
1990	297,000	101,000	23,578
1991	302,000	114,000	20,432
1992	289,000	122,000	22,098
1993	295,000	124,000	21,937
1994	294,000	123,000	23,970
1995	266,000	112,000	22,806
1996	278,000	113,000	24,370
1997	274,000	111,000	24,995
1998	278,156	127,851	23,454
1999	276,142	123,399	22,676
2000	276,159	125,787	23,830
2001	277,440	130,897	21,369*
2002	**331,309**	**132,148**	**23,697**

Note: "Filings" reflect non-payment proceedings initiated by rental property owners, while "Calendared" reflect those non-payment proceedings resulting in a court appearance "Filings" and "Calendared" figures prior to 1998 were rounded to the nearest thousand.

*Note: 2001 Evictions and Possessions data is incomplete as it excludes the work of one city marshal who died in May 2001 and whose statistics are unavailable.

Sources: New York City Civil Court, First Deputy Chief Clerk for Housing; New York City Department of Investigations, Bureau of City Marshals.

F.8 Housing and Vacancy Survey Data, Rent Stabilized Apartments, 1999 and 2002

	1999[1]		2002[2]	
	Number	Percent	Number	Percent
Household Income				
<$5,000/Loss/No Income	87,972	8.6%	67,300	6.8%
$5,000 to $9,999	119,961	11.8%	97,566	9.9%
$10,000 to $14,999	96,096	9.4%	85,967	8.7%
$15,000 to $19,999	83,572	8.2%	73,660	7.5%
$20,000 to $24,999	83,382	8.2%	66,351	6.7%
$25,000 to $29,999	71,311	7.0%	61,318	6.2%
$30,000 to $34,999	62,402	6.1%	73,339	7.4%
$35,000 to $39,999	59,447	5.8%	49,839	5.0%
$40,000 to $49,999	95,306	9.3%	96,910	9.8%
$50,000 to $59,999	70,391	6.9%	72,176	7.3%
$60,000 to $69,999	51,800	5.1%	58,873	6.0%
$70,000 to $79,999	37,205	3.6%	51,325	5.2%
$80,000 to $89,999	25,748	2.5%	32,650	3.3%
$90,000 to $99,999	17,045	1.7%	19,470	2.0%
$100,000 to $124,999	28,932	2.8%	34,549	3.5%
$125,000 or More	30,017	2.9%	47,098	4.8%
Median	$27,000	-	$32,000	-
Mean	$36,968	-	$46,439	-
Contract Rent				
<$100	1,693	0.2%	616	0.1%
$100 to $199	17,578	1.7%	16,462	1.7%
$200 to $299	23,600	2.3%	19,921	2.1%
$300 to $399	45,629	4.5%	29,516	3.0%
$400 to $499	117,972	11.7%	72,267	7.4%
$500 to $599	193,016	19.1%	144,249	14.9%
$600 to $699	187,148	18.5%	170,874	17.6%
$700 to $799	129,755	12.8%	151,395	15.6%
$800 to $899	84,499	8.4%	106,687	11.0%
$900 to $999	54,687	5.4%	69,461	7.2%
$1,000 to $1,249	72,136	7.1%	88,748	9.1%
$1,250 to $1,499	31,638	3.1%	40,722	4.2%
$1,500 to $1,749	26,570	2.6%	32,254	3.3%
$1,750 or More	25,025	2.5%	27,865	2.9%
No Cash Rent	9,642	-	17,357	-
Median	$650	-	$700	-
Mean	$731	-	$795	-
Contract-Rent-to-Income Ratio				
<10%	73,845	7.6%	80,260	8.6%
10% to 14%	122,515	12.6%	130,654	14.0%
15% to 19%	123,446	12.7%	128,000	13.7%
20% to 24%	117,829	12.1%	113,914	12.2%
25% to 29%	81,645	8.4%	85,680	9.2%
30% to 34%	71,259	7.3%	65,009	6.9%
35% to 39%	49,937	5.1%	45,101	4.8%
40% to 49%	72,447	7.4%	67,087	7.2%
50% to 59%	47,285	4.9%	42,190	4.5%
60% to 69%	38,718	4.0%	35,925	3.8%
70% to 79%	31,010	3.2%	24,776	2.6%
80% or More	142,613	14.7%	117,341	12.5%
Not Computed	48,039	-	52,456	-
Median	27.4%	-	25.7%	-
Mean	37.0%	-	34.3%	-

1. 1999 HVS reflects 1998 incomes.
2. 2002 HVS reflects 2001 incomes.

Note: 1999 and 2002 data values are imputed.

Source: 1999 and 2002 New York City Housing and Vacancy Survey, U.S. Bureau of the Census.

Appendix G: Housing Supply Report

G.1 Permits Issued For Housing Units in New York City, 1960-2003

Year	Bronx	Brooklyn	Manhattan	Queens	Staten Island	**Total**
1960	--	--	--	--	--	**46,792**
1961	--	--	--	--	--	**70,606**
1962	--	--	--	--	--	**70,686**
1963	--	--	--	--	--	**49,898**
1964	--	--	--	--	--	**20,594**
1965	--	--	--	--	--	**25,715**
1966	--	--	--	--	--	**23,142**
1967	--	--	--	--	--	**22,174**
1968	--	--	--	--	--	**22,062**
1969	--	--	--	--	--	**17,031**
1970	--	--	--	--	--	**22,365**
1971	--	--	--	--	--	**32,254**
1972	--	--	--	--	--	**36,061**
1973	--	--	--	--	--	**22,417**
1974	--	--	--	--	--	**15,743**
1975	--	--	--	--	--	**3,810**
1976	--	--	--	--	--	**5,435**
1977	--	--	--	--	--	**7,639**
1978	--	--	--	--	--	**11,096**
1979	--	--	--	--	--	**14,524**
1980	--	--	--	--	--	**7,800**
1981	--	--	--	--	--	**11,060**
1982	--	--	--	--	--	**7,649**
1983	--	--	--	--	--	**11,795**
1984	--	--	--	--	--	**11,566**
1985	1,263	1,068	12,079	2,211	3,711	**20,332**
1986	920	1,278	1,622	2,180	3,782	**9,782**
1987	931	1,650	3,811	3,182	4,190	**13,764**
1988	967	1,629	2,460	2,506	2,335	**9,897**
1989	1,643	1,775	2,986	2,339	2,803	**11,546**
1990	1,182	1,634	2,398	704	940	**6,858**
1991	1,093	1,024	756	602	1,224	**4,699**
1992	1,257	646	373	351	1,255	**3,882**
1993	1,293	1,015	1,150	530	1,185	**5,173**
1994	846	911	428	560	1,265	**4,010**
1995	853	943	1,129	738	1,472	**5,135**
1996	885	942	3,369	1,301	2,155	**8,652**
1997	1,161	1,063	3,762	1,144	1,857	**8,987**
1998	1,309	1,787	3,823	1,446	2,022	**10,387**
1999	1,153	2,894	3,791	2,169	2,414	**12,421**
2000	1,646	2,904	5,110	2,723	2,667	**15,050**
2001	2,216	2,973	6,109	3,264	2,294	**16,856**
2002	2,626	5,247	5,407	3,464	1,756	**18,500**
2003 (1st Qtr)	567 (493)	1,094 (613)	1,335 (430)	770 (754)	487 (548)	**4,253 (2,838)**

First three months of 2003. The number of permits issued in the first three months of 2002 is in parenthesis.

Source: U.S. Bureau of the Census, Manufacturing and Construction Division, Building Permits Branch.

G.2 New Dwelling Units Completed in New York City, 1960-2002

Year	Bronx	Brooklyn	Manhattan	Queens	Staten Island	**Total**
1960	4,970	9,860	5,018	14,108	1,292	**35,248**
1961	4,424	8,380	10,539	10,632	1,152	**35,127**
1962	6,458	10,595	12,094	15,480	2,677	**47,304**
1963	8,780	12,264	19,398	17,166	2,423	**60,031**
1964	9,503	13,555	15,833	10,846	2,182	**51,919**
1965	6,247	10,084	14,699	16,103	2,319	**49,452**
1966	7,174	6,926	8,854	6,935	2,242	**32,131**
1967	4,038	3,195	7,108	5,626	3,069	**23,036**
1968	3,138	4,158	2,707	4,209	3,030	**17,242**
1969	1,313	2,371	6,570	3,447	3,768	**17,469**
1970	1,652	1,695	3,155	4,230	3,602	**14,334**
1971	7,169	2,102	4,708	2,576	2,909	**19,464**
1972	11,923	2,593	1,931	3,021	3,199	**22,667**
1973	6,294	4,340	2,918	3,415	3,969	**20,936**
1974	3,380	4,379	6,418	3,406	2,756	**20,339**
1975	4,469	3,084	9,171	2,146	2,524	**21,394**
1976	1,373	10,782	6,760	3,364	1,638	**23,917**
1977	721	3,621	2,547	1,350	1,984	**10,223**
1978	464	345	3,845	697	1,717	**7,068**
1979	405	1,566	4,060	1,042	2,642	**9,715**
1980	1,709	708	3,306	783	2,380	**8,886**
1981	396	454	4,416	1,152	2,316	**8,734**
1982	997	332	1,812	2,451	1,657	**7,249**
1983	757	1,526	2,558	2,926	1,254	**9,021**
1984	242	1,975	3,500	2,291	2,277	**10,285**
1985	557	1,301	1,739	1,871	1,939	**7,407**
1986	968	2,398	4,266	1,776	2,715	**12,123**
1987	1,177	1,735	4,197	2,347	3,301	**12,757**
1988	1,248	1,631	5,548	2,100	2,693	**13,220**
1989	847	2,098	5,979	3,560	2,201	**14,685**
1990	872	929	7,260	2,327	1,384	**12,772**
1991	656	764	2,608	1,956	1,627	**7,611**
1992	802	1,337	3,750	1,498	1,136	**8,523**
1993	886	616	1,810	801	1,466	**5,579**
1994	891	1,035	1,927	1,527	1,573	**6,953**
1995	1,166	1,647	2,798	1,013	1,268	**7,892**
1996	1,075	1,583	1,582	1,152	1,726	**7,118**
1997	1,391	1,369	816	1,578	1,791	**6,945**
1998	575	1,333	5,175	1,263	1,751	**10,097**
1999	1,228	1,025	2,341	2,119	2,264	**8,977**
2000	1,385	1,433	5,641	2,100	1,914	**12,473**
2001	1,617	2,449	5,447	1,275	2,198	**12,986**
2002	1,220	1,832	7,863	1,899	2,453	**15,267**

Note: Dwelling unit count is based on the number of Final Certificates of Occupancy issued by NYC Department of Buildings, or equivalent action by the Empire State Development Corporation or NYS Dormitory Authority. In addition, housing completions in Manhattan are also compiled from the Yale Robins, Inc. Residential Construction in Manhattan newsletter. Some data from 2000-2002 has been revised from prior reports.

Source: New York City Department of City Planning, Certificates of Occupancy issued in Newly Constructed Buildings.

G.3 Number of Residential Cooperative and Condominium Plans Accepted for Filing By the NYS Attorney General's Office, 1998-2002

	1998	1999	2000	2001	2002
	Plans (Units)	Plans (Units)	Plans (Units)	Plans (Units)	Plans (Units)
Private Plans					
New Construction	69 (3,225)	50 (1,123)	87 (1,911)	145 (3,833)	136 (2,576)
Rehabilitation	45 (812)	30 (1,029)	15 (220)	13 (124)	20 (348)
Conversion (Non-Eviction)	19 (210)	12 (359)	9 (738)	12 (1,053)	14 (1,974)
Conversion (Eviction)	0	1 (48)	1 (24)	0	0
Private Total	**133 (4,247)**	**93 (2,559)**	**112 (2,893)**	**170(5,010)**	**170 (4,898)**
	Plans (Units)	Plans (Units)	Plans (Units)	Plans (Units)	Plans (Units)
HPD Sponsored Plans					
New Construction	0	0	0	0	0
Rehabilitation	3 (14)	0	0	0	0
Conversion (Non-Eviction)	21 (176)	0	0	0	0
Conversion (Eviction)	0	26 (295)	8 (179)	2 (22)	15 (260)
HPD Total	**24 (190)**	**26 (295)**	**8 (179)**	**2 (22)**	**15 (260)**
Grand Total	**157 (4,437)**	**119 (2,854)**	**120 (3,072)**	**172 (5,032)**	**185 (5,158)**

Note: Figures exclude "Homeowner" and "Commercial" plans/units.
Source: New York State Attorney General's Office, Real Estate Financing Bureau.

G.4 Number of Units in Cooperative and Condominium Plans Accepted for Filing By the NYS Attorney General's Office, 1981-2002

Year	New Construction	Conversion Eviction	Conversion Non-Eviction	Rehabilitation	**Total New Construction Conversion & Rehab**	Units in HPD Sponsored Plans
1981	6,926	13,134	4,360	--	**24,420**	925
1982	6,096	26,469	16,439	--	**49,004**	1,948
1983	4,865	18,009	19,678	--	**42,552**	906
1984	4,663	7,432	25,873	--	**37,968**	519
1985	9,391	2,276	30,277	--	**41,944**	935
1986	11,684	687	39,874	--	**52,245**	195
1987	8,460	1,064	35,574	--	**45,098**	1,175
1988	9,899	1,006	32,283	--	**43,188**	1,159
1989	6,153	137	25,459	--	**31,749**	945
1990	4,203	364	14,640	--	**19,207**	1,175
1991	1,111	173	1,757	--	**3,041**	2,459
1992	793	0	566	--	**1,359**	1,674
1993	775	41	134	--	**950**	455
1994	393	283	176	807	**1,659**	901
1995	614	426	201	1,258	**2,499**	935
1996	21	0	149	271	**441**	0
1997	1,417	26	131	852	**2,426**	533
1998	3,225	0	386	826	**4,437**	190
1999	1,123	343	359	1,029	**2,854**	295
2000	1,911	203	738	220	**3,072**	179
2001	3,833	22	1,053	124	**5,032**	22
2002	2,576	260	1,974	348	**5,158**	260

Note: Rehabilitated units were tabulated separately beginning in 1994. HPD Plans are a subset of all plans. Numbers were revised from prior years.

Source: New York State Attorney General's Office, Real Estate Financing Bureau.

G.5 Tax Incentive Programs

Buildings Receiving Certificates for 421-a Exemptions, 2000-2002

	2000		2001		2002	
	Certificates	Units	Certificates	Units	Certificates	Units
Bronx	5	316	7	350	9	405
Brooklyn	30	448	42	779	54	1,325
Manhattan	9	1,106	12	3,053	27	2,614
Queens	39	958	42	614	46	603
Staten Island	0	0	2	74	1	6
Total	**83**	**2,828**	**105**	**4,870**	**137**	**4,953**

Buildings Receiving J-51 Tax Abatements and Exemptions, 2000-2002

	Buildings	Units	Certified Cost ($1,000s)	Buildings	Units	Certified Cost ($1,000s)	Buildings	Units	Certified Cost ($1,000s)
Bronx	308	17,215	$24,258	380	12,659	25,674	169	8,228	16,162
Brooklyn	320	16,090	$25,185	877	23,654	35,632	345	16,517	28,792
Manhattan	439	25,377	$42,124	1,438	20,944	45,888	580	24,855	43,070
Queens	225	23,510	$11,779	402	23,175	14,231	311	20,028	11,169
Staten Island	15	1,733	$6,197	9	889	674	5	517	1,954
Total	**1,307**	**83,925**	**$109,543**	**3,106**	**81,321**	**$122,099**	**1,410**	**70,145**	**$101,146**

Source: New York City Department of Housing Preservation and Development, Office of Development, Tax Incentive Programs.

G.6 Tax Incentive Programs - Units Receiving Initial Benefits, 1981-2002

Year	421-a	J-51
1981	3,505	--
1982	3,620	--
1983	2,088	--
1984	5,820	--
1985	5,478	--
1986	8,569	--
1987	8,286	--
1988	10,079	109,367
1989	5,342	64,392
1990	980	113,009
1991	3,323	115,031
1992	2,650	143,593
1993	914	122,000
1994	627	60,874
1995	2,284	77,072
1996	1,085	70,431
1997	2,099	145,316
1998	2,118	103,527
1999	6,123	82,121
2000	2,828	83,925
2001	4,870	81,321
2002	**4,953**	**70,145**

Source: NYC Department of Housing Preservation and Development, Office of Development, Tax Incentive Programs.

G.7 City-Owned Properties, Fiscal Years 1985-2003

	Central Management				Alternative Management		Vestings		Buildings Sold
Fiscal Year	Occupied Units	Occupied Buildings	Vacant Units	Vacant Buildings	Units	Buildings	Units	Buildings	Buildings
1985	38,561	4,102	56,474	5,732	12,825	542	--	--	531
1986	39,632	4,033	55,782	5,662	13,375	583	--	--	275
1987	38,201	4,042	48,987	4,638	13,723	587	--	--	621
1988	37,355	3,628	37,734	3,972	14,494	624	--	--	58 +
1989	32,377	3,359	45,724	3,542	17,621	780	--	--	72
1990	33,851	3,303	37,951	3,110	14,800	705	3,323	292	112
1991	32,783	3,234	30,534	2,796	12,695	615	2,288	273	140
1992	32,801	3,206	22,854	2,368	--	--	1,462	197	--
1993	32,078	3,098	17,265	2,085	9,237	470	2,455	211	162
1994	30,358	2,992	13,675	1,763	8,606	436	715	69	81
1995	27,922	2,885	11,190	1,521	7,903	433	240	17	170
1996	24,503	2,684	9,971	1,349	6,915	393	49	2	386
1997	22,298	2,484	8,177	1,139	5,380	289	0	0	253
1998	19,084	2,232	7,511	1,021	6,086	305	0	0	206
1999	15,333	1,905	6,664	869	6,640	401	0	0	251
2000	13,613	1,730	6,295	805	6,282	382	0	0	136
2001	8,299	1,203	4,979	633	7,973	504	0	0	321
2002	5,715	919	3,762	524	7,756	477	0	0	302
2003	**4,049**	**610**	**2,370**	**367**	**7,064**	**441**	**0**	**0**	**184**

Note: HPD could not confirm vestings data prior to FY 1990.
Source: NYC Office of Operations, Fiscal 2003 *Mayor's Management Report*; NYC Department of Housing Preservation and Development.

G.8 Building Demolitions in New York City, 1985-2002

	Bronx		Brooklyn		Manhattan		Queens		Staten Island		Total	
Year	5+ Units	Total	5+ Units	Total	5+ Units	Total	5+ Units	Total	5+ Units	Total	**5+ Units**	**Total**
1985	81	157	3	101	59	73	3	133	1	31	**147**	**495**
1986	48	96	14	197	19	38	3	273	4	67	**88**	**671**
1987	14	55	2	130	22	33	1	273	6	83	**45**	**574**
1988	3	34	2	169	25	44	2	269	0	160	**32**	**676**
1989	6	48	8	160	20	38	3	219	0	109	**37**	**574**
1990	4	29	3	133	20	28	5	119	0	71	**32**	**380**
1991	10	33	15	95	9	14	1	68	0	32	**35**	**242**
1992	12	51	6	63	2	5	1	41	0	33	**21**	**193**
1993	0	17	4	94	0	1	3	51	0	5	**7**	**168**
1994	3	14	4	83	5	5	2	42	0	8	**14**	**152**
1995	2	18	0	81	0	0	2	37	0	17	**4**	**153**
1996	--	30	--	123	--	25	--	118	--	84	**--**	**380**
1997	--	29	--	127	--	51	--	168	--	119	**--**	**494**
1998	--	71	--	226	--	103	--	275	--	164	**--**	**839**
1999	--	67	--	211	--	53	--	227	--	159	**--**	**717**
2000	--	64	--	499	--	101	--	529	--	307	**--**	**1,500**
2001	--	96	--	421	--	160	--	519	--	291	**--**	**1,487**
2002	--	126	--	500	--	89	--	600	--	456	**--**	**1,771**

Note: The Census Bureau discontinued collecting demolition statistics in December, 1995. The New York City Department of Buildings began supplying the total number of buildings demolished from 1996 forward, and cannot specify whether buildings are residential, nor if they have 5+ units. Demolition statistics from 1985 though 1995 are solely residential buildings.

Source: U.S. Bureau of the Census, Manufacturing and Construction Division, Building Permits Branch; New York City Department of Buildings.

1/40th Increase: See "Individual Apartment Improvement Rent Increases."

421-a Tax Incentive Program: Created in 1970. Offers tax exemptions to qualifying new multifamily properties containing three or more rental units. Apartments built with 421-a tax exemptions are subject to the provisions of the Rent Stabilization Laws during the exemption period. Thus, 421-a tenants share the same tenancy protections as stabilized tenants and initial rents approved by HPD are then confined to increases established by the Rent Guidelines Board.

Adjustable Rate Mortgage (ARM): Similar to a variable rate mortgage except that interest rate adjustments are capped in order to protect lenders and borrowers from sudden upturns or downturns in a market index.

Affordable Housing: As defined by the United States Department of Housing and Urban Development, any housing accommodation for which a tenant household pays 30% or less of its income for shelter.

Balloon Loan: A type of loan that is partially amortized, which means that principal is partially paid throughout the term of the loan. At maturity, the borrower still has a substantial sum (balloon) that must be repaid or refinanced.

Class A Multiple Dwelling: As defined under the Multiple Dwelling Law, a multiple dwelling building which is generally occupied as a permanent residence. The class includes such buildings as apartment houses, apartment hotels, maisonette apartments, and all other multiple dwellings except Class B dwellings.

Class B Multiple Dwelling: A multiple dwelling which is occupied, as a rule, transiently, as the more or less temporary abode of individuals or families. This class includes such buildings as hotels, lodging houses, rooming houses, boarding schools, furnished room houses, college and school dormitories.

Condominium: A form of property ownership in which units are individually owned and the owners acquire shares in an association that owns and cares for common areas.

Cooperative: A form of property ownership in which a building or complex is owned by a corporation. Shares in the corporation are allocated per apartment and the owners of those shares, who are called proprietary lessees, may either live in the apartment for which the shares are allocated or rent that apartment to a sub-tenant.

Core Manhattan: The area of Manhattan south of 96th Street on the East Side and 110th Street on the West Side. See also "Upper Manhattan."

Cross-sectional: The type of analysis that provides a "snapshot" view of data as it appears in a singular moment or period of time.

Debt Service: Repayment of loan principal and interest; the projected debt service is the determining factor in setting the amount of the loan itself.

Debt Service Ratio: The net operating income divided by the debt service; it measures a borrower's ability to cover mortgage payments using a building's net operating income.

Decontrol: See "Deregulation."

Department of Housing Preservation and Development (HPD): The New York City agency with primary responsibility for promulgating and enforcing housing policy and laws in the City. (Also see DHCR)

Deregulation: Also known as "Decontrol" or "Destabilization." Deregulation occurs by action of the owner when an apartment under either rent control or rent stabilization legally meets the criteria for leaving regulation. When an apartment is deregulated, the rent may be set at 'market rate.' There are two types of deregulation, commonly referred to as Luxury Decontrol (also High-Income High-Rent Decontrol) and Vacancy Decontrol (also High-Rent Decontrol). See these terms for details.

Destabilization: See "Deregulation."

DHCR: See "Division of Housing and Community Renewal."

Discount Rate: The interest rate Federal Reserve Banks charge for loans to depository institutions.

Distressed Buildings: Buildings that have operating and maintenance expenses greater than gross income are considered distressed.

Division of Housing and Community Renewal (DHCR): The New York State agency with primary responsibility for formulating New York State housing policy, and monitoring and enforcing the provisions of the state's residential rent regulation laws.

Emergency Tenant Protection Act of 1974 (ETPA): Chapter 576 Laws of 1974: In Nassau, Rockland and Westchester counties, rent stabilization applies to non-rent controlled apartments in buildings of six or more units built before January 1, 1974 in localities that have declared an emergency and adopted ETPA. In order for rents to be placed under regulation, there has to be a rental vacancy rate of less than 5% for all or any class or classes of rental housing accommodations. Some municipalities limit ETPA to buildings of a specific size, for instance, buildings with 20 or more units. Each municipality declaring an emergency and adopting local legislation pays the cost of administering ETPA (in either Nassau, Rockland or Westchester County). In turn, each municipality can charge the owners of subject housing accommodations a fee (up to $10 per unit per year).

Eviction: An action by a building owner in a court of competent jurisdiction to obtain possession of a tenant's housing accommodation.

Fair Market Rents: In New York City, when a tenant voluntarily vacates a rent controlled apartment, the apartment becomes decontrolled. If that apartment is in a building containing six or more units, the apartment becomes rent stabilized. The owner may charge the first stabilized tenant a fair market rent. All future rent increases are subject to limitations under the Rent Stabilization Law, whether the same tenant renews the lease or the apartment is rented to another tenant. The Rent Stabilization Law permits the first stabilized tenant after decontrol to challenge the first rent charged after decontrol, through a Fair Market Rent Appeal, if the tenant believes that the rent set by the owner exceeds the fair market rent for the apartment. The Appeal is decided taking into consideration the Fair Market Rent Special Guideline and rents for comparable apartments.

Family Assistance Program (FAP): New York State's TANF program. See "Temporary Assistance to Needy Families."

Federal Deposit Insurance Corporation (FDIC): Established by the federal government in 1950 to insure the deposits of member banks and savings associations.

Federal Reserve Board: The central bank of the United States founded by Congress in 1913 to provide the nation with a safer, more flexible, and more stable monetary and financial system.

Federal Funds Rate: Set by the Federal Reserve, this is the rate banks charge each other for overnight loans.

Fixed Rate Mortgage (FRM): The interest rate is constant for the term of a mortgage.

Fuel Cost Adjustment: The New York City Rent Control Law allows separate adjustments based on the changes, up or down, in the price of various types of heating fuels. The adjustment will be based on fuel price changes between the beginning and end of the prior year. Only tenants in rent controlled apartments located in New York City are subject to this fuel cost adjustment. Early rent stabilized New York City Rent Guidelines Board orders also contained supplementary guidelines adjustments denominating fuel cost adjustments.

Gross City Product (GCP): The dollar measurement of the total citywide production of goods and services in a given year.

Guideline Rent Increases: The percentage increase of the Legal Regulated Rent that is allowed when a new or renewal lease is signed. This percentage is determined by the New York City Rent Guidelines Board for renewal leases signed between October 1 of the current year and September 30 of the following year. The percentage increase allowed is dependent on the term of the lease and whether the lease is a renewal or vacancy lease (see 'Vacancy Allowance'). Although the RGB customarily set increases for vacancy leases, it has not done so since the passage of the Rent Regulation Reform Act of 1997, which established statutory vacancy increases. Sometimes additional factors such as the amount of the rent, whether or not electricity is included in the rent and the past rental history have also resulted in varying adjustments.

Home Relief: See "Safety Net Assistance."

Hotel: Under rent stabilization, a multiple dwelling that provides all of the following services included in the rent:
(1) Maid service, consisting of general house cleaning at a frequency of at least once a week;
(2) Linen service, consisting of providing clean linens at a frequency of at least once a week;
(3) Furniture and furnishings, including at a minimum a bed, lamp, storage facilities for clothing, chair and mirror in a bedroom; such furniture to be maintained by the hotel owner in reasonable condition; and
(4) Lobby staffed 24 hours a day, seven days a week by at least one employee.

Housing Maintenance Code: The code, enforced by the New York City Department of Housing Preservation and Development, which provides for protection of the health and safety of apartment dwellers by setting standards for the operation, preservation and condition of buildings.

Housing and Vacancy Survey (HVS): A triennial survey of approximately 17,000 households conducted by the United States Census Bureau data. The survey is used, *inter alia*, to determine the vacancy rate for residential units in New York City, and gather other information necessary for HPD, RGB, DHCR and other housing officials to formulate policy.

HPD: See "Department of Housing Preservation and Development."

HUD: The United States Department of Housing and Urban Development, which is the federal agency primarily responsible for promulgating and enforcing federal housing policy and laws.

HVS: See "Housing and Vacancy Survey."

I&E: Refers to the annual *Income and Expense Study* performed by the Rent Guidelines Board drawn from summarized data on RPIE forms, the income and expense statements filed annually by owners of stabilized buildings with the New York City Department of Finance.

Individual Apartment Improvements (IAI or "1/40th"): An increase in rent based on increased services, new equipment, or improvements. This increase is a NYS policy and is in addition to the regular annual Rent Guidelines Board increases for rent stabilized apartments and Maximum Base Rent increases for rent controlled apartments. If owners add new services, improvements, or new equipment to an occupied rent regulated apartment, owners of rent regulated units can add 1/40th or 2.5% of the cost of qualifying improvements to the legal rent of those units excluding finance charges. E.g., (1) if an apartment's legal rent were $500, and (2) the landlord made $4,000 of qualifying improvements, then (3) the landlord thereafter could add 1/40th of the cost of those improvements—in this example, $100—to the apartment's existing legal monthly rent for a resulting new legal rent of $600. The 1/40th increase remains permanently in the monthly rent, even after the cost of the improvement is recouped. Owners must get the tenant's written consent to pay the increase and an order from DHCR is not required. If any apartment is vacant, the owner does not have to get written consent of a tenant to make the improvement and pass-on the 1/40th increase.

Initial Legal Registered Rent: Under rent stabilization, the lawful rent for the use and occupancy of housing accommodations under the Rent Stabilization Law or the Emergency Tenant Protection Act, as first registered with the DHCR, which has not been challenged pursuant to regulation, or if challenged, has been determined by the DHCR.

In Rem: *In Rem* units include those located in structures owned by the City of New York as a result of an *in rem* proceeding initiated by the City after the owner failed to pay tax on the property for one or more years. Though many of these units in multiple dwellings had previously been subject to either rent control or rent stabilization, they are exempt from both regulatory systems during the period of city ownership.

J-51 Program: A program governed by Sections 11-243 and 11-244 of the New York City Administrative Code (formerly numbered J-51) under which, in order to encourage development and rehabilitation, property tax abatements and exemptions are granted. In consideration of receiving these tax abatements and at least for the duration of the abatements, the owner of these buildings agrees to place under rent stabilization those apartments which would not otherwise be subject to rent stabilization (e.g., those in buildings with fewer than 6 apartments or buildings constructed after 12/31/73). This program provides real estate tax exemptions and abatements to existing residential buildings that are renovated or rehabilitated in ways that conform to the requirements of the statute. It also provides these benefits to residential buildings that were converted from commercial structures.

Legal Rent: The maximum rent level that a landlord is entitled to charge a tenant for a rent regulated unit. The landlord of such a unit must annually register that legal rent with DHCR. Also, the initial legal registered rent as adjusted in accordance with the Rent Stabilization Code, or the rent shown in the annual registration statement filed 4 years prior to the most recent registration statement (or if more recently filed, the initial registration statement), plus in each case, any subsequent lawful increases and adjustments.

Legislature: The New York State Legislature.

Loft Board: A New York City agency that regulates lofts. Lofts are governed by Article 7-C of the Multiple Dwelling Law, and are not (until brought up to Code) within DHCR's rent regulatory jurisdiction.

Loan-to-Value Ratio (LTV): An expression of the safety of a mortgage principal based on the value of the collateral (e.g., an LTV of 50% means that a lender is willing to provide a mortgage up to half the value of a building). A decline in LTV may indicate a tightening of lending criteria and vice versa.

Longitudinal: The type of analysis that provides a comparison of identical elements over time, such as comparing data from 2002 to the same data in 2003.

Low Rent Supplement: See "Supplemental Adjustment."

Luxury Decontrol: The change in an apartment's status from being rent regulated to being deregulated because the apartment's household has (1) a yearly income of $175,000, (2) in two or more consecutive years, and (3) the apartment's monthly rent is $2,000 or greater.

Major Capital Improvements (MCI): When owners make improvements or installations to a building subject to the rent stabilization or rent control laws, they may be permitted to increase the building's rent based on the actual, verified cost of the improvement. To be eligible for a rent increase, the MCI must be a new installation and not a repair to old equipment. For example, an owner may receive an MCI increase for a new boiler or a new roof but not for a repaired or rebuilt one. Other building-wide work may qualify as MCIs as well, such as "pointing and water-proofing" a complete building where necessary. The Rent Stabilization Code also stipulates that applications for MCI rent increases must be filed within two years of completion of the installation. MCI rent increases must be approved by DHCR.

Maximum Base Rent Program (MBR): The Maximum Base Rent Program is the mechanism for authorizing rent increases for New York City apartments subject to rent control so as to ensure adequate income for their operation and maintenance. New York City Local Law 30 (1970) stipulates that MBRs be established for rent controlled apartments according to a formula calculated to reflect real estate taxes, water and sewer charges, operating and maintenance expenses, return on capital value and vacancy and collection loss allowance. The MBR is updated every two years by a factor that incorporates changes in these operating costs.

Maximum Collectible Rent (MCR): The rent that rent controlled tenants actually pay or are obligated to pay to the owner. In any one calendar year, the collectible rent shall be increased by no more than 7.5% until the MBR is reached. Other increases not associated with the MBR system are possible in the same year, in addition to the 7.5%, such as fuel cost adjustments and approved increases for individual apartment improvements and/or major capital improvements. The MCR generally is less than the MBR. For example, if a tenant's rent (MCR) on 12/31/87 was $200, and his/her MBR was $233, then on 1/1/88 (effective date of MBR) his/her rent (MCR) would rise 7.5% to $215 and the MBR ceiling would rise by 16.4% (1988/89 MBR factor) to $271.22. On 1/1/89, the MBR would remain the same (since MBRs cover a two year period), but the MCR would rise by another 7.5% to $231.12.

Mean and Median Averages: The "mean" is an arithmetic average of numbers. Numbers at the extreme of a range can have a potentially distorting effect on the mean. The "median" is considered by many as a more constant measure of that same set of numbers because it moderates the distorting effect of any extremes or other aberrations, because it is the 50th percentile of the numbers under analysis, or the number in the middle.

Net Operating Income or NOI: The amount of income remaining after operating and maintenance expenses are paid is typically referred to as Net Operating Income (NOI). NOI can be used for mortgage payments, improvements, federal, state and local taxes and after all expenses are paid, profit.

New Law Tenement: A "Class A" multiple dwelling constructed between 1901 and 1929 and subject to the regulations of the Tenement House Law. Distinguished from the old law tenement in terms of reduction of hazardous conditions and improved access to light and air.

New York City Housing Authority (NYCHA): The New York City agency that administers public housing and rental assistance programs.

New York City Rent Guidelines Board: See "Rent Guidelines Board, New York City."

Nominal Dollars: Dollars not adjusted to take inflation into account. See also "Real Dollars."

Old Law Tenement: A "Class A" multiple dwelling constructed before 1901 and subject to the regulations of the Tenement House Law.

O&M: Refers to the operating and maintenance expenses in buildings.

Operating Cost Ratio: The "cost-to-income" ratio, or the percentage of income spent on O&M expenses, is traditionally used by the RGB to evaluate estimated profitability of stabilized housing, presuming that buildings are better off by spending a lower percentage of revenue on expenses.

Orders: See "Rent Guideline Orders."

Outer Boroughs: Queens, Brooklyn, the Bronx and Staten Island, or the boroughs of New York City not including Manhattan. These boroughs are often grouped together for purposes of analysis because their economic and demographic attributes are more similar to each other than those found in Manhattan.

PIOC: Price Index of Operating Costs. The major research instrument performed by the RGB staff to determine the annual change in prices for a market basket of goods and services used by owners to operate and maintain rent stabilized buildings.

Points: Up-front service fees charged by lenders.

Post-46 or Post-war: A common classification of residential buildings used by City agencies to describe buildings built after World War II. Buildings with six or more residential units constructed between 1947 and 1973, or after 1974 if the units received a tax abatement such as 421-a or J-51, are considered stabilized.

Preferential Rent: A rent charged by an owner to a tenant that is less than the established legal regulated rent. Owners are no longer required to base renewal lease increases on the preferential rent. Upon renewal, the current (or new) tenant may be charged the higher legal regulated rent previously established plus the most recent applicable guidelines increases and other such increases as are permitted, such as for new equipment. Also known as the "actual rent."

Pre-47 or Pre-war: A common classification of residential buildings used by City agencies to describe buildings built before the World War II. Specifically, pre-47 buildings are those with six or more units constructed before February 1, 1947, and are considered stabilized when the current tenant moved in on or after July 1, 1971.

Real Dollars: Dollars adjusted to take inflation into account. Real dollar figures offer a comparison between years that are pegged to the value of a dollar in a given year. See also "Nominal Dollars."

Registration: Owners are required to register all rent stabilized apartments with DHCR by filing an Annual Apartment Registration Form which lists rents, tenancy and services in effect on April 1st of each year.

Renewal Lease: The lease of a tenant in occupancy renewing the terms of the first, vacancy lease entered into between the tenant and owner for an additional term. Tenants in rent stabilized apartments have the right to select a lease renewal for a one- or two-year term. The renewal lease must be on the same terms and conditions as the expiring lease unless a change is necessary to comply with a specific law or regulation or is otherwise authorized by the rent regulation. The owner may charge the tenant a Rent Guidelines Board authorized increase based on the length of the renewal lease term selected by the tenant. The law permits the owner to raise the rent during the lease term if the Rent Guidelines rate was not finalized when the tenant signed the lease renewal offer. A renewal lease should go into effect on or after the date that it is signed and returned to the tenant and on the day following expiration of the prior lease. In general, the lease and any rent increase may not begin retroactively. Penalties may be imposed when an owner does not timely offer the tenant a renewal lease or timely return to the tenant an executed copy thereof.

Rent Control: The rent regulation program which generally applies to residential buildings constructed before February, 1947 in municipalities for which an end to the postwar rental housing emergency has not been declared. For an apartment to be under rent control, the tenant must generally have been living there continuously since before July 1, 1971 or for less time as a successor to a rent controlled tenant. When a rent controlled apartment becomes vacant, it either becomes rent stabilized or is removed from regulation, generally becoming stabilized if the building has six or more units and if the community has adopted Emergency Tenant Protection Act. Formerly controlled apartments may have been decontrolled on various other grounds. Rent control limits the rent an owner may charge for an apartment and restricts the right of an owner to evict tenants. It also obligates the owner to provide essential services and equipment. Inside New York City, rent increases are governed by the MBR system.

Rent Guidelines Board (RGB): The New York City agency responsible for setting the yearly rent-rate adjustments for the City's rent stabilized apartments, and also the agency which produced this publication. The Board is appointed by the Mayor and consists of two members who represent tenants, two members who represent the real estate industry and five public members.

RGB Rent Index: An index that measures the overall effect of the Board's annual rent increases on contract rents.

RGB: See "Rent Guidelines Board."

Rent Guideline Orders: Rent guideline orders are issued by the rent guidelines boards annually, usually about July 1. For the most part, they establish the percentage increases that may be given to rent stabilized/ETPA apartments upon lease renewal and for new leases. These increases are based on the review of operating expenses and other cost of living data.

RPIE Forms: Owners of stabilized buildings are required by Local Law 63 to file Real Property Income and Expense (RPIE) forms annually with the New York City Department of Finance. RPIE forms contain detailed financial information regarding the revenues earned and the costs accrued in the operation and maintenance of stabilized buildings. Buildings with fewer than 11 units, an assessed value of $80,000 or less, or exclusively residential cooperatives or condominiums are exempt from filing. RPIE forms are also known as I&E forms.

Rent Regulation Reform Act of 1997 (RRRA-97): The law passed by the New York State Legislature in June, 1997 which promulgated several new provisions for rent regulated units. See "Luxury Decontrol", "Special Low Rent Increase", "Vacancy Allowance", "Vacancy Bonus" and "Vacancy Decontrol". Also known as the 'Rent Act.'

Rent Stabilization: In New York City, rent stabilized apartments are generally those apartments in buildings of six or more units built between February 1, 1947 and January 1, 1974. Tenants in buildings built before February 1, 1947, who moved in after June 30, 1971 are also covered by rent stabilization. A third category of rent stabilized apartments covers buildings subject to regulation by virtue of various governmental supervision or tax benefit programs. Generally, these buildings are stabilized only while the tax benefits or governmental suspension continues. In some cases, a building with as few as three units may be stabilized. Similar to rent control, stabilization provides other protections to tenants besides regulation of rental amounts. Tenants are entitled to receive required services, to have their leases renewed, and not to be evicted except on grounds allowed by law. Leases may be entered into and renewed for one or two year terms, at the tenant's choice.

Rent Stabilization Code: The Rent Stabilization Code is the body of regulations used by DHCR to implement the Rent Stabilization Law and Emergency Tenant Protection Act in New York City. These regulations affect nearly 1 million rent stabilized apartments in New York City. Chapter 888 of the Laws of 1985 authorized DHCR to amend the Rent Stabilization Code for New York City. The current Rent Stabilization Code became effective on May 1, 1987.

Rental Vacancy Rate: The percentage of the total rental units in an area that are vacant and available for occupancy. The vacancy rate for New York City is determined every three years by the Housing and Vacancy Survey.

Rooming House: Under rent control, in addition to its customary usage, a building or portion of a building, other than an apartment rented for single-room occupancy, in which housing accommodations are rented, on a short-term basis of daily, weekly or monthly occupancy, to more than two occupants for whom rent is paid, not members of the landlord's immediate family. The term shall include boarding houses, dormitories, trailers not a part of a motor court, residence clubs, tourist homes and all other establishments of a similar nature, except a hotel or a motor court.

Safety Net Assistance (SNA): An income assistance program set up under the New York State Welfare Reform Act of 1997 to replace Home Relief (HR).

Section 8 Vouchers: A federally-funded housing assistance program that pays participating owners on behalf of eligible tenants to provide decent, safe, and sanitary housing for very low income families at rents they can afford. Housing assistance payments are generally the difference between the local payment standard and 30% of the family's adjusted income. The family has to pay at least 10% of gross monthly income for rent. In NYC, the program is administered by NYCHA.

Section 8 Certificates: A federally-funded housing assistance program that provides housing assistance payments to participating owners on behalf of eligible tenants to provide decent, safe and sanitary housing for low income families in private market rental units at rents they can afford. This is primarily a tenant-based rental assistance program through which participants are assisted in rental units of their choice; however, a public housing agency may also attach up to 15% of its certificate funding to rehabilitated or newly constructed units under a project-based component of the program. All assisted units must meet program guidelines. Housing assistance payments are used to make up the difference between the approved rent due to the owner for the dwelling unit and the family's required contribution towards rent. Assisted families must pay the highest of 30% of the monthly adjusted family income, 10% of gross monthly family income, or the portion of welfare assistance designated for the monthly housing cost of the family.

Senior Citizens' Rent Increase Exemption (SCRIE): If a New York City tenant or tenant's spouse is 62 years of age or over (living in a rent regulated apartment) and the combined household income is $20,000 per year or less and they are paying at least 1/3 of their income toward their rent, the tenant may apply for the Senior Citizen Rent Increase Exemption (SCRIE). In New York City, the Department for the Aging (DFTA) administers the SCRIE program. Outside of New York City, Senior Citizen Rent Increase Exemption is a local option, and communities have different income eligibility limits and regulations. If a New York City tenant qualifies for this program, the tenant is exempt from future rent guidelines increases, Maximum Base Rent increases, fuel cost adjustments, MCI increases, and increases based on the owner's economic hardship. New York City senior citizen tenants may also carry this exemption from one apartment to another upon moving, upon the proper application being made to DFTA.

Shelter Allowance: A rental grant provided to households receiving public assistance under the Temporary Assistance to Needy Families (TANF) program.

Single-Room Occupancy Housing (SRO): Residential properties in which some or all dwelling units do not contain bathroom or kitchen facilities. Under rent control, the occupancy by one or two persons of a single room, or of two or more rooms which are joined together, separated from all other rooms within an apartment in a multiple dwelling, so that the occupant or occupants thereof reside separately and independently of the other occupant or occupants of the same apartment.

Special Guideline: The New York City Rent Guidelines Board is obligated to promulgate special guidelines to aid the State Division of Housing and Community Renewal in its determination of initial legal regulated rents for housing accommodations previously subject to rent control. This is determined each year by the RGB as applicable to the determination of Fair Market Rent Appeals.

Special Low Rent Increase: This provision of the 1997 Rent Regulation Reform Act permits the landlords of units which rent for less than $300 to charge those vacancy allowances otherwise permitted (including the "vacancy bonus") plus $100. Moreover, if an apartment rented for between $300 and $500, this same provision of the Rent Act provides that "in no event shall the total increase pursuant to this [vacancy allowance provision of the Rent Act] be less than one hundred dollars per month."

Special Vacancy Allowance: See "Vacancy Bonus."

Statutory Vacancy Allowance: See "Vacancy Allowance."

Sublet: The temporary transfer of a tenant's legal interest in an apartment to another person. A tenant who sublets an apartment to another person is the prime tenant. The person to whom the apartment is sublet is the subtenant. In a sublet situation, the prime tenant must abide by the rent stabilization rules that govern the building owner.

Supplemental Adjustment: A rent increase that has been allowed in certain years in addition to a regular Guideline Rent increases for apartments. The supplementary adjustment amount is established for that guideline year by the New York City or County Rent Guidelines Boards based upon the date the lease was signed, the term of the lease and the county. Also known as the "Low Rent Supplement."

Surcharge: An added charge which is paid by the tenant but not included in the legal regulated rent and is not compounded by guidelines adjustments. Examples of surcharges are: the $5.00 a month charge for an air conditioner that protrudes beyond the window line; the electrical charge for air conditioners in electrical inclusion buildings; and for the installation of window guards.

Temporary Assistance to Needy Families (TANF): An income assistance program set up under the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 to replace Aid to Families with Dependent Children (AFDC). Under TANF block grant system, each state has the authority to determine who is eligible, the level of assistance, and how long it will last. The New York State's TANF program is called the Family Assistance Program (FAP).

Term: The length of time in which a mortgage is expected to be paid back to the lender; the shorter the term, the faster the principal must be repaid and consequently the higher the debt service and vice versa.

Transient Occupancy: Among the criteria that must be met for hotel rooms, tourist homes, and motor courts to be exempt from rent regulation is that they are used for transient occupancy. Whether occupancy is transient depends on a number of factors, including whether rates are charged by the day, week, or month, and the proportions of occupants who stay for various lengths of time.

Upper Manhattan: The area of Manhattan north of 96th Street on the East Side and 110th Street on the West Side. See also "Core Manhattan."

Vacancy Allowance: A provision in the Rent Regulation Reform Act of 1997 allowing owners of rent stabilized units to raise by a certain percentage the legal rent of a vacant unit. For an incoming tenant who opts for a two-year lease, the vacancy allowance is 20%. For an incoming tent who opts for a one-year lease, the vacancy allowance is 20% minus the percentage difference between the RGB's then current guidelines for a two-year and a one-year lease. Other factors affect these percentages as well (see also the "Vacancy Bonus" and the "Special Low Rent Increase.") Because the 2003/04 RGB guideline for a two-year lease is 7.5% and for a one-year lease is 4.5%, the difference is 3%. Thus, if an incoming tenant opts for a one-year lease, during 2003/04, a landlord would be entitled to raise the legal rent for that incoming tenant's unit by a minimum of 17%.

Vacancy Bonus: An additional rental increase allowed for units that become vacant after a long-term tenant has moved out. If the prior tenant had been in occupancy at least for eight years—and thus the unit had not "received" a vacancy allowance during that time—the Rent Regulation Reform Act of 1997 permits the landlord to charge an additional 0.6% for each year since the unit received its last vacancy allowance. For example, if (1) the incoming tenant opts for a two-year lease, after (2) the prior tenant had been in occupancy for ten years, then the landlord can charge the incoming tenant a 20% vacancy allowance (for a two-year lease) plus another 6% (ten years times 0.6%) for a total increase of 26% over the legal rent which had been paid by the departing tenant.

Vacancy Decontrol: A process by which a rent regulated unit becomes deregulated if (1) at the time it next becomes vacant, (2) the legal rent is $2,000 or greater. If the in-place tenant is rent regulated, vacancy decontrol cannot occur even if that in-place tenant's monthly rent eventually exceeds $2,000. Such decontrol can occur only following the next vacancy unless the unit is "luxury decontrolled" (See "Luxury Decontrol"). Further, the $2,000 level may be reached in a variety of ways, including (1) by already being at or over $2,000 when the next vacancy occurs, (2) reaching the $2,000 level as a result of the next "vacancy allowance," or (3) reaching the $2,000 level as a result of the next "vacancy allowance" coupled with any "1/40th/individual apartment improvement" increase or MCIs.

Vacancy Lease: When a person rents a rent stabilized apartment for the first time, or, when a new name (not the spouse or domestic partner) is added to an existing lease, this is a vacancy lease. This written lease is a contract between the owner and the tenant which includes the terms and conditions of the lease, the length of the lease and the rights and responsibilities of the tenant and the owner. The Rent Stabilization Law gives the new tenant (also called the vacancy tenant) the choice of a one or two-year lease term. The rent the owner can charge may not be more than the last legal regulated rent plus all increases authorized by the Rent Stabilization Code, including increases for improvements to the vacant apartment.

Warranty of Habitability: Real Property Law Section 235-b entitles tenants to a livable, safe and sanitary apartment and building and remedies are specified when these conditions are not met.

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