

Housing NYC: Rents, Markets and Trends 2006

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Chairman's Acknowledgments

I am pleased to present the 2006 version of *Housing NYC: Rents, Markets and Trends*, the annual compendium of research reports prepared by the staff of the NYC Rent Guidelines Board. *Housing NYC* is a useful source of information for members of the public seeking data on the NYC housing market, including data regarding rental income, housing affordability and supply.

The research reports contained in this publication are the fundamental source of information that the Board uses when making rent adjustments each year. The staff worked diligently to prepare these reports, and I am fortunate to have the opportunity of working with such a determined and professional group.

Additionally, I want to extend my gratitude to the members of the Rent Guidelines Board. They all deserve admiration for their hard work. I am pleased to serve as chairman of such a devoted and concerned board.

Marvin Markus
Chairman

Executive Director's Acknowledgments

Every year the Rent Guidelines Board (RGB) publishes its primary research reports in a publication entitled *Housing NYC: Rents, Markets and Trends*. The 2006 edition reflects data collected by the RGB research staff which was used by the Board in its deliberation of annual renewal lease guidelines for rent stabilized dwelling units in New York City. The research contained in this compendium not only represents efforts by the RGB staff but contributions by many other housing professionals and government agencies.

The RGB staff produces six reports annually. The primary researcher for both the *2006 Income and Expense Study* and the *2006 Mortgage Survey* was Senior Research Associate Brian Hoberman. Brian continues to be the Board's IT guru and contributes content to the Board's website, housingnyc.com. Research Associate Danielle Burger was the primary researcher on three reports: the *2006 Income and Affordability Study*, the *2006 Housing Supply Report*, and *Changes to the Rent Stabilized Housing Stock in New York City in 2005*. Danielle is also the webmaster and caretaker of our website. The RGB is fortunate to have Brian and Danielle as a part of the research staff. They are dedicated professionals who do an exemplary job of producing our reports.

The RGB's most extensive and time consuming report is the *Price Index of Operating Costs (PIOC)*. This survey would not be possible without the help of our team of temporary survey personnel who collect prices for insurance, non-union labor, contractors, building supplies, and replacement items. The Temporary Survey Manager, Shirley Alexander, returned for her thirteenth consecutive year of service to the Board. Her hard work did not go unnoticed and her institutional knowledge of the PIOC always makes this project much less tedious. The survey team consisted of newcomer Laurence Frommer and the RGB's Public Information Officer Charmaine Frank. Both should be commended for their tireless effort and dedication to the project. Finally, we extend our gratitude to long-time PIOC consultant James Hudson. His PIOC expertise ensures that the numbers presented to the Board are accurate. He remains a vital part of the PIOC team.

Our research would not be possible without the support of the RGB's administrative staff. Leon Klein, the RGB's Office Manager, is a diligent worker and valuable member of our staff. He manages the Board's funds, ensuring that bills are processed and that the staff is paid. In addition, he is our liaison with HPD, making sure that we get reimbursed for our expenses each month. Another important member of the RGB is Charmaine Frank. Her primary duty is to answer the thousands of housing questions directed to our office each year. She answers each call with compassion and patience. She continues to organize the public meetings and perform a myriad of other administrative duties.

I would like to take this opportunity to acknowledge the efforts of the members of the Rent Guidelines Board. They are a dedicated and hard working group, bringing a strong sense of civic duty to their task. In particular, I'd like to thank Marvin Markus, Chair of the Board, for his continued support of the RGB staff and its executive director.

Although RGB reports are produced entirely "in house," our research efforts would not be possible without assistance from many others. For both the information and expertise they provided, our gratitude goes out to: Bill Sears 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; Angela Orridge at the Department of Buildings, for city-wide

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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.

This past year has seen the continuation of a long and cooperative relationship with HPD. We would like to thank Commissioner Shaun Donovan, Harold Shultz, Moon Wha Lee, and Sheree West for their efforts on behalf of the RGB. Their support and hard work are truly appreciated. Our liaison to the Office of the Deputy Mayor for Economic Development and Rebuilding, Matt Wambua, continues to champion the needs of the RGB. We thank you for your dedication to the Board.

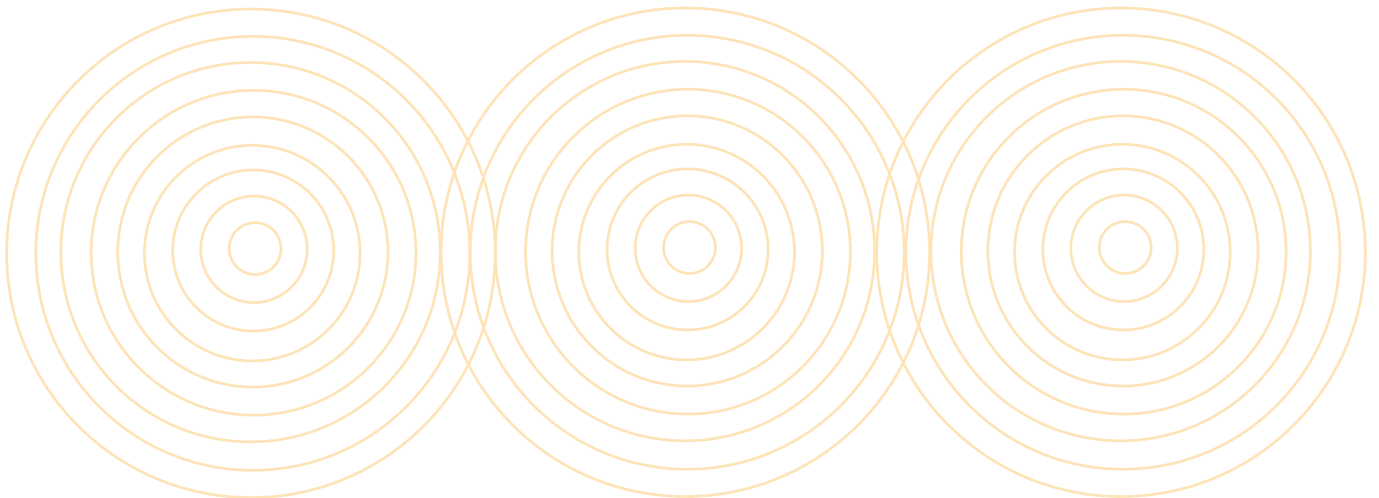
Finally, we give special thanks to those who testified at RGB meetings this year: from HPD, Harold Shultz, Special Counsel, and Laurie Tamis, Chief of Staff, Office of Development; Carol Lamberg, Executive Director, Settlement Housing; Denise Scott, Managing Director, NYC Local Initiatives Support Corporation (LISC); Lisa Deller, Director, Asset Management, New York Equity Fund (NYEF); Ismene Speliotis, Executive Director, ACORN Housing Corp; Marilyn Charles, Political and Legislative Analyst, District Council 37; Victor Bach, Senior Housing Policy Analyst, Community Service Society; Brad Lander, Director, Pratt Institute Center for Community Development; Barbara Elstein Katz, Retired Senior Analyst, NYC Dept. of Housing Preservation and Development; and from DHCR, Deputy Commissioner for Rent Administration Paul Roldan, David Cabrera, Deputy Commissioner for Housing Operations, and Michael B. Rosenblatt, Deputy Counsel/Assistant Commissioner.

Andrew McLaughlin
Executive Director

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2006 Price Index Of Operating Costs

what's new

- ✓ The Price Index of Operating Costs for Rent Stabilized Apartment Buildings (PIOC) increased 7.8% this year.
- ✓ Costs in pre-war buildings increased 8.4% and costs in post-war buildings rose 7.4%.
- ✓ 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 5.3% this year.
- ✓ Fuel oil costs increased 22.8%.
- ✓ Real estate taxes rose 7.8% primarily due to a rise in assessments for Class Two properties.
- ✓ Labor Costs rose 2.5%.
- ✓ The Utilities component increased by 7.9% due primarily to increases in gas costs.
- ✓ Insurance Costs grew by 2.5%.
- ✓ The Price Index of Operating Costs for Rent Stabilized Apartment Buildings is projected to increase 6.2% 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, private consulting firms prepared the PIOC. 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, through information 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 (O&M) 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 2006 Price Index are based upon the 1983 Expenditure Study and are revised on the basis of annually measured price changes from 1982-2005.

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 2005-06 price changes in each index component are also presented in this appendix. The expenditure weights and the 2005-06 price changes are then combined to provide the overall change in the PIOC over the period from 2005-06.

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 expenditure patterns for buildings 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

This year, the PIOC for rent stabilized apartment buildings increased by 7.8%, 2.0 percentage points above the PIOC percentage change from the year before (5.8% in 2005). The PIOC was driven upward by increases in fuel costs (22.8%), real estate taxes (7.8%), and utility costs (7.9%). These increases were offset by more moderate growth in both insurance and labor costs of 2.5%. Increases in the remaining four cost components ranged from 4.5% to 6.5%. See the adjacent table and Appendix B.2 for changes in costs and prices for all rent stabilized apartment buildings from 2005-06.

The "core" PIOC, which excludes erratic changes in fuel oil, natural gas and electricity costs, is useful for analyzing long-term inflationary trends. The core PIOC rose by 5.3% this year, which was more than the growth in the Consumer Price Index (CPI) of 3.8%.¹

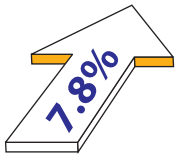
apartments

Change In Costs for Rent Stabilized Apartment Buildings, April 2005 to April 2006

Taxes	7.8%
Labor Costs	2.5%
Fuel	22.8%
Utilities	7.9%
Contractor Services	5.9%
Administrative Costs	6.5%
Insurance Costs	2.5%
Parts and Supplies	5.5%
Replacement Costs	4.5%
All Costs	7.8%

Price Index Components

Taxes



The Tax component of the PIOC is based entirely on real estate taxes. The change in tax cost is estimated by comparing aggregate taxes levied on rent stabilized apartment houses in Fiscal Year (FY) 2005 and FY 2006. The tax data was obtained from the New York City Department of Finance.

Real estate taxes rose this year by 7.8%, a larger rise than the 1.2% increase seen last year. The change in taxes was primarily due to a rise in assessments. In addition, the tax rate for Class Two properties, the category that contains the vast majority of rent stabilized buildings, increased by 1.5%. Increases in assessments and the tax rate were somewhat offset by an increase in the number and value of tax exemptions. Abatements had nearly no impact on taxes this year.

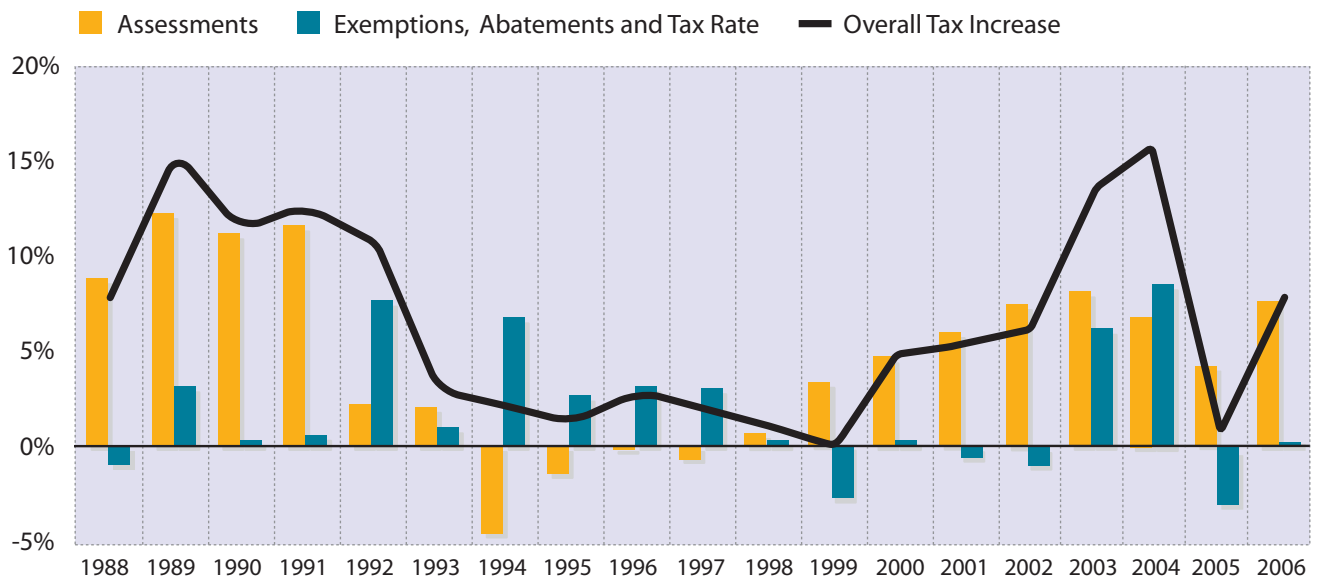
Tax Levy — The total tax levy for all properties in the City (commercial and residential) increased by 7.5% from FY 2005 to FY 2006. The Class Two property levy rose more than that of the City as a whole, at a rate of 9.2%. The distribution of the levy among property classes tends to shift from year to year. From FY 2005 to FY 2006, the levy share for Class Two properties increased, by 0.5 percentage points, from 34.9% to 35.4% of the total tax burden, nearly the same percentage recorded in FY 2004 (35.6%).

Tax Rate — The FY 2005 Class Two tax rate of 12.216 increased by 1.5%, resulting in a new annualized rate of 12.396 for FY 2006. This increase follows a 3.2% decrease in the tax rate levied in FY 2005. Prior to last year's decrease, significant increases in the tax rate for Class Two properties were seen in FY 2004 and FY 2003 of 9.3% and 7.3% respectively.

Assessments — In FY 2006, assessed valuations of rent stabilized properties rose by 7.5% citywide. This rise in

Percent Change in Taxes due to Assessments and Exemptions/Abatements/Tax Rate 1988-2006

The Growth in Real Estate Tax Cost is Primarily Due to a Rise in Assessments



Source: New York City Department of Finance

assessments was greater than last year's increase, the first time since FY 2003 that the increase in assessed valuation was higher than the previous year. All five boroughs showed increases in assessments. Assessments rose 7.5% in Manhattan, 7.4% in the Bronx, 6.6% in Brooklyn, 8.1% in Queens, and 6.6% in Staten Island.

The change in assessed valuations of rent stabilized buildings in New York City has fluctuated following the cycles in the real estate market. Assessments rose dramatically from the late 1980s through 1991, increasing 8% or more each year (see graph on the previous page). In FY 1992 and FY 1993, the 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. From FY 1998 to 2003, assessments increased each year at a higher rate than the previous year. Increases in assessed valuations were not as high as the year before in both FY 2004 and FY 2005.

Abatements and Exemptions — This year, the number of rent stabilized buildings with abatements increased by 3.3%. However, the average benefit value of the typical tax abatement decreased, by 3.0%, from FY 2005 to FY 2006. The net impact of the increase in the number of abatements and in the decline in the average abatement value was a negligible decrease in the tax liability for rent stabilized buildings of 0.005%.

In FY 2006, both the number of buildings receiving exemptions and the value of average tax exemptions increased. Overall, 4.1% more rent stabilized buildings benefited from tax exemptions than the year before while the average value of exemptions rose by 6.1%. For all stabilized properties, the rising number of exemptions combined with the rise in the value of tax exemptions reduced owners' tax bills by 1.2%. (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 makes up

nearly two-thirds of the Labor Costs component. The entire Labor Costs component comprises roughly 14% of the overall Price Index.

Labor Costs rose 2.5%, one percentage point lower than last year's PIOC (3.5%). The rise in Labor Costs was less than in 2005 due to smaller increases in non-union wages and union benefit contributions as well as a decrease in cost of unemployment insurance.

For the past thirteen years the growth in non-union labor pay has outpaced union labor wages. Non-union pay increased by 3.1% compared to 3.9% in 2005. Unionized wages as a group increased by 2.6%, a similar increase to last year (2.5%). Employers saw a rise in the cost of union benefit contributions of 1.1%, which was less than the 6.9% increase recorded in the previous PIOC. Due to the dip in the New York City unemployment rate over the past twelve months, the cost of unemployment insurance declined 2.7%.

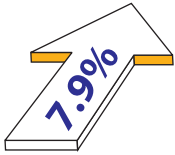
Fuel



The Fuel component comprises roughly 11% of this year's Price Index. The change in cost measured in this component considers both the change in weather and the change in prices for the three types of heating oil used to heat multi-family buildings in New York City. First, the PIOC measures fuel prices from May to April and then compares them to the same months from the previous year. Over the past twelve months, fuel oil prices increased by 28.2%. Increases in prices for #4 and #6 fuel oil of 31.5% and 36.4% respectively were offset by a lesser increase in prices for #2 fuel oil, which comprises more than half of this component, of 24.1%.

Second, 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. Since this year was warmer than last year, weather decreased the demand for fuel. The combination of the rise in heating oil prices and the decrease in demand increased the cost owners incurred for heating their buildings with oil by 22.8%.² This increase is 2.8 percentage points higher than the growth in fuel costs calculated in last year's PIOC.

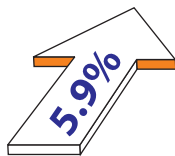
Utilities



The Utilities component consists primarily of electricity, natural gas, and water and sewer charges. In fact, water and sewer costs account for half of the Utilities component. 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 7.9%, which is lower than last year's increase of 8.4%. Gas costs, which account for roughly a third of the Utilities component, increased 21.7%. The increase in gas cost was offset by a lower increase in water and sewer costs of 3.0% and a decrease in electricity cost of 8.1%.³ Steam costs increased 26.4% and telephone costs decreased 0.17%.

Contractor Services



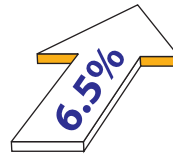
The Contractor Services component rose 5.9%, the highest increase in this component since 1990. This increase was 1.4 percentage points higher than last year's growth of 4.5%. The most important items in this component by weight are repainting and plumbing rates, which comprise two-thirds of the Contractor Services component.

For the first time in five years, repainting rates increased more than those for plumbing. Painters' rates rose by 6.1% while rates charged by plumbers increased by 3.1%. Painters reported that an increase in the cost of labor, paint, gas, and insurance were all factors which led to an increase in their rates. Plumbers indicated that the increase in their rate was due to rises in the cost of labor, materials, and insurance.

Nearly all items in the Contractor Services component experienced some rise in prices or rates for services. Boiler Repair (509) showed the highest increase of any item in this component due to the inclusion of boiler inspection and certification fees. The rise in the price for oil-based materials used by roofers contributed to the 7.1% rise in the cost of Roof Repair.

The cost for Floor Maintenance remained flat. All other items in this component had price relatives ranging from 0.6%-6.9%. (See Appendix B.2)

Administrative Costs

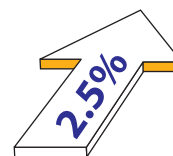


The Administrative Costs component rose 6.5%. This increase was 2.5 percentage points above the previous year's growth and the highest increase in this component since 1990. Fees paid to management companies, accountants, and attorneys make up nearly this entire component.

A large portion of the growth in the Administrative Costs component can be attributed to a rise in management company fees (7.9%) 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 (4.6%), indicating that management companies raised their fees and/or rents increased at a higher rate than last year and there were fewer vacancies in the buildings they manage.

Accounting fees increased in this year's PIOC by 3.9%, 0.8 percentage points lower than last year's rise of 4.7%. Accountants reported that increases in their cost of labor and the rise in inflation led to higher rates. Attorney fees rose 2.0%, 1.8 percentage points higher than the prior year's increase of just 0.2%.

Insurance Costs

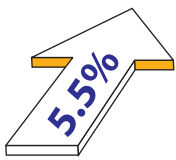


Insurance Costs increased this year by 2.5%, 6.4 percentage points lower than last year's increase in costs of 8.9%. This is a more moderate increase compared to the past four years when escalating insurance costs rose a cumulative 104%. Changes in this component in the fourteen-year period prior to 2002 fluctuated from a decrease of 1.5% to an increase of 5.2%.

This year, the RGB staff examined the change in insurance cost by building size. Buildings that contained 20 units or less saw the cost of insurance increase 5.7%. The cost of insuring a building with 21 or more units increased by 0.5%.

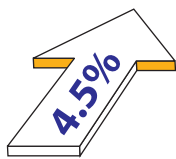
Roughly 9% of building owners responding in this year's survey reported a change in insurance carriers for the surveyed building in the past year. This percentage is down from 17% in 2005. Owners who changed carriers experienced a larger rise in costs (3.8%) than the overall increase for insurance. Those owners who changed the amount of coverage on their buildings, such as increasing the insured value, saw a 6.9% rise in costs. Of the owners that changed the amount of coverage on their renewal policies, 76% increased the amount for which the building was insured while 15% increased the maximum liability coverage.

Parts and Supplies



The Parts and Supplies component accounts for less than two percent of the entire Price Index. The overall increase in the Parts and Supplies component was 5.5%, 2.9 percentage points higher than last year's increase of 2.6% and the highest increase since 1990. The growth in this component was driven by an increase in price for items that contain chemicals, such as pine disinfectant, paint, detergent, and floor wax.

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 4.5%, the highest rise in this component since 1982, when costs rose 6.8%. This increase is reflective of the rising cost of steel, which is used to produce items in this component such as refrigerators and oven ranges.

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 multiple dwelling which

has amenities such as front desk, 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 (SROs) — 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 7.5% this year, 1.8 percentage points higher than the 5.7% increase found the year before. The Price Index for Hotels was just 0.3 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 Index was in the Utilities component. The increase in Utilities for all types of Hotels was 3.8% overall versus 7.9% in apartment buildings. This disparity in utilities cost placed downward pressure on the Hotel Index, resulting in an index that was slightly lower than that for apartments.

Prices in all other components in the Hotel Index had similar changes in rates to the same components in the Apartment Index. Taxes increased in Hotels by 8.4%, 0.6 percentage points higher than for apartments. Labor Costs increased more rapidly in Hotels (3.6%) than the 2.5% rise in apartments. Conversely, the rates for Contractor Services did not rise as quickly in Hotels (4.3%) as they did in apartments (5.9%) this year. Because the Contractor Services component is less important in the Hotel Index (accounting for about 8% of the weight) than in the Apartment Index (about 13% of the weight), the lower increase in maintenance rates did not offset the overall Hotel Index significantly. Insurance costs increased at the same rate in both indices and Fuel costs were slightly higher in the Apartment Index. See the table on the next page for changes in costs and prices for all rent stabilized hotels from 2005-06.

Among the different categories of Hotels, the index for "traditional" hotels increased 7.9%, the index for Rooming Houses increased 7.2%, and SROs increased by 8.3%. The differences between these indices are primarily due to the increased weight placed on the Tax component for "traditional" hotels and the disparity among the three hotel types in the weights for the Fuel and Utilities components. (See Appendices B.4 and B.7)

Rent Stabilized Lofts

The increase in the Loft Index this year was 6.4%, 1.4 percentage points lower than the increase for apartments. This difference is explained by the fact that Labor Costs for lofts increased by 1.9%, compared to 2.5% for apartments, and that Attorney fees, which rose 2.0%, are much more important for lofts than for apartments. In addition, the increase in the Utilities component was 6.5% for lofts versus 7.9% for apartments. These three disparities placed more downward pressure on the Loft Index. See the table on this page and Appendix B.8 for changes in costs and prices for all rent stabilized lofts from 2005-06.

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 5.3% in 2006. The rise in the 2006 Core was 1.9 percentage points lower than last year's Core PIOC projection of 7.2%. The Core was lower than projected due to lower increases than projected in both Taxes and Insurance Costs. Taxes rose 7.8% versus the 12.7% projection while Insurance Costs rose 2.5% versus the predicted rise of 7.9%. Parts and Supplies and Replacement Costs components, which account for roughly 2.5% of the entire 2006 Core, rose 4.3 and 3.4 percentage points higher than projected. All of the remaining changes in the core components in the 2006 projected core and the 2006 actual core show agreement within 2.1 percentage points.

PIOC Projections for 2007

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 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 2006, 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 'Net Revenue' and 'CPI-Adjusted NOI' commensurate formulas (see the "Commensurate Rent Adjustment" section on page 21), 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.

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 volatile. Unpredictable geopolitical events and changing weather patterns are some of the forces behind large

hotels

Change In Costs for Rent Stabilized Hotel Buildings, April 2005 to April 2006

Taxes	8.4%
Labor Costs	3.6%
Fuel	22.3%
Utilities	3.8%
Contractor Services	4.3%
Administrative Costs	6.3%
Insurance Costs	2.5%
Parts and Supplies	4.7%
Replacement Costs	1.6%

All Costs 7.5%

lofts

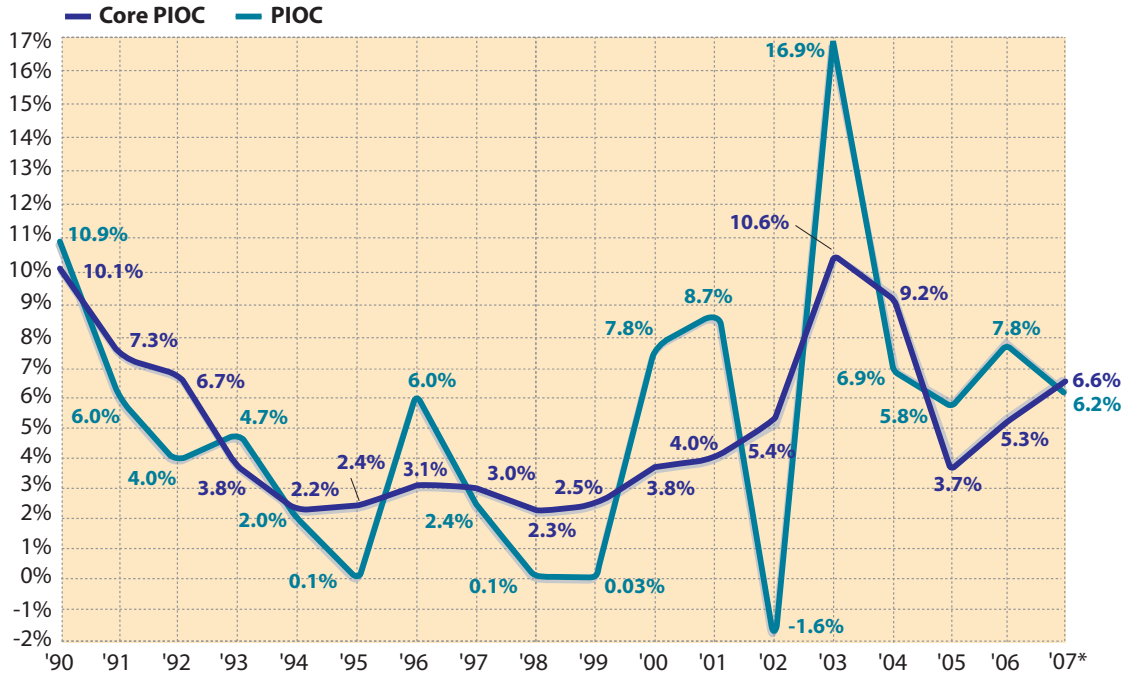
Change In Costs for Rent Stabilized Loft Buildings, April 2005 to April 2006

Taxes	7.8%
Labor Costs	1.9%
Fuel	24.1%
Utilities	6.5%
Contractor Services	5.9%
Administrative Costs, Legal	2.0%
Administrative Costs, Other	7.1%
Insurance Costs	2.5%
Parts and Supplies	5.5%
Replacement Costs	4.5%

All Costs 6.4%

Percent Change in the Price Index of Operating Costs and the Core PIOC, 1990-2007

For the Second Consecutive Year the Increase in the "Core" PIOC was Lower than the Apartment PIOC



*Note: The percent change for 2007 is estimated.

Source: Price Indices of Operating Costs, 1990-2006, PIOC projection for 2007

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. Insurance prices have also become increasingly volatile in the past several years, making it harder to accurately project these costs.

This year, operating costs in rent stabilized apartment buildings increased by 7.8% versus last year's projected PIOC increase of 6.7%.

The three components that showed the most variance between actual changes in costs versus projected changes, Fuel, Insurance Costs, and Utilities, are historically among the most volatile components of the PIOC, making it difficult to predict future changes in costs. Fuel increased by 22.8% in 2006 versus the expected increase of 6.7%, a difference of 16.1 percentage points. The major reason for the disparity in the fuel costs projection versus the actual 2006 costs can be attributed to the prediction that fuel prices would

increase moderately (4.9%), when in fact they witnessed high increases.⁴ Insurance Costs, another increasingly unpredictable component, rose 2.5%, compared to the projected increase of 7.9%. The actual increase in Utilities (7.9%) was 5.9 percentage points higher than the anticipated increase of 2.0%. The projected increase in Taxes (12.7%) was 4.9 percentage points higher than the actual tax increase for 2006. Parts and Supply and Replacement Costs components rose 4.3 and 3.4 percentage points higher than projected. All other 2006 projected components of the PIOC were within 2.1 percentage points of the actual measured changes.

Overall, the PIOC is expected to grow by 6.2% from 2006 to 2007, with projected increases in every PIOC component. The three most volatile components, Fuel, Insurance Costs, and Utilities, are projected to rise 3.7%, 7.5%, and 7.3% respectively. Taxes are projected to increase 9.3% due to an increase in the tax rate and

2007 projections

Projected Change In Costs for Rent Stabilized Apartment Buildings, April 2006 to April 2007

Taxes	9.3%
Labor Costs	2.9%
Fuel	3.7%
Utilities	7.3%
Contractor Services	4.8%
Administrative Costs	4.8%
Insurance Costs	7.5%
Parts and Supplies	1.5%
Replacement Costs	1.3%
All Projected Costs	6.2%

billable assessments for Class Two properties. Contractor Services and Administrative Costs are expected to rise at the same rate (4.8%) while Labor Costs are projected to increase by 2.9%. The table on this page shows predicted changes in PIOC components for 2007. The core PIOC is projected to rise more rapidly than the overall PIOC, by 6.6%.

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 7.8% increase in the PIOC is 6.5% for a one-year lease and 11.0% 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 5.0% for one-year leases and 9.5% 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 3.8% increase in the Consumer Price Index (see Endnote 1) and the 7.8% increase in the PIOC is 8.0% for a one-year lease and 13.5% for a two-year lease. Guidelines using this formula and adding the estimated impact of vacancy increases are 6.5% for one-year leases and 12.0% for two-year leases.⁵

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 5.3% for a one-year lease and 7.5% for a two-year lease, given the increase in operating costs of 7.8% found in the 2006 PIOC and the projection of a 6.2% increase next year.⁶

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.

commensurates

*"Net Revenue"
Commensurate Adjustment*

<u>1-Year Lease</u>	<u>2-Year Lease</u>
6.5%	11.0%

*"Net Revenue"
Commensurate Adjustment
with Vacancy Increase*

<u>1-Year Lease</u>	<u>2-Year Lease</u>
5.0%	9.5%

*"CPI-Adjusted NOI"
Commensurate Adjustment*

<u>1-Year Lease</u>	<u>2-Year Lease</u>
8.0%	13.5%

*"CPI-Adjusted NOI"
Commensurate Adjustment
with Vacancy Increase*

<u>1-Year Lease</u>	<u>2-Year Lease</u>
6.5%	12.0%

*"Traditional"
Commensurate Adjustment*

<u>1-Year Lease</u>	<u>2-Year Lease</u>
5.3%	7.5%

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.⁷

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 (7.8%). 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 (6.2%). If the change in projected costs, which may not be 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.

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 42,000 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 eighth 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.

Roughly 17% of the questionnaires mailed out were returned to the RGB, similar to last year's return rate. A total of 761 returned surveys contained usable information, from which quotes of owners' annual insurance costs (660), non-union labor quotes (179) and management fees (105) were validated. The number of verified prices in 2005 and 2006 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 are similar to last year and are 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 2) is a measure of heating requirements.

Real Estate Tax Computations

The sample of buildings used to compute the 2006 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 38,000 buildings in FY 2005 and FY 2006.

The Department of Finance data was used to compute a tax bill for each stabilized building in FY 2005 and FY 2006. The change computed for the PIOC is simply the percentage increase in aggregate tax bills for these buildings from FY 2005 to FY 2006.

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

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, and 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. Finally, to measure the change in water and sewer costs for rent stabilized buildings, staff used the Water Board FY 2006 increase of 3.0%.⁸

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 2007 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 properties. 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.⁹ 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.¹⁰

The other components — Administrative Costs, Contractor Services, Insurance Costs, Parts and Supplies, and Replacement Costs — are projected by using three-year or thirteen-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 methodology and report review; Shirley Alexander for supervising the data collectors for the owner and vendor surveys and Laurence Frommer and Charmaine Frank for collecting owner and vendor information. □

Endnotes

1. The average CPI-U for All Urban Consumers, New York-Northeastern New Jersey for the year from March 2004 to February 2005 (206.1) compared to the average for the year from March 2005 to February 2006 (214.0) rose by 3.8%. This is the latest available CPI data and is roughly analogous to the 'PIOC year', which for the majority of components compare 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.

2. The May 2005 to April 2006 year was 4.9% warmer than the most recent 5-year average "normal" year, and 4.9% warmer 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 2001 to April 2006, measured in Central Park by the National Weather Service.
3. Note that the electricity items are calculated on a point-to-point basis. In this case, the electricity decrease represents a comparison of the price for electricity in April 2005 to the price in April 2006. If we were to calculate electricity on a monthly basis, with cost weights for heating use, the change for the twelve-month period from May 2005 to April 2006 would be a 19.4% increase.
4. Projected fuel prices used in the Fuel projection for 2006 were taken from "Short-Term Energy Outlook," April 2005, U.S. Energy Information Administration, Department of Energy.
5. The following assumptions were used in the computation of the commensurates: (1) the required change in landlord revenue is 67.7% of the 2006 PIOC increase of 7.8%, or 5.3%. The 67.7% 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 32.3% times the latest 12-month increase in the CPI ending February 2006 (3.83%) or 1.2%; (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 2002 Housing and Vacancy Survey; and (5) for the commensurate formulae, including a vacancy assumption, the 9.46% median increase in vacancy leases found in the rent stabilized apartments that reported a vacancy lease in the 2004 Apartment registration file from the Division of Housing and Community Renewal was used.
6. 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 6.2% PIOC projection for 2007 is used.
7. 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 law and interest rates.
8. "Public Information Regarding Water and Wastewater Rates," New York City Water Board, April 2006.
9. The contract for Local 32BJ of New York City expired on April 20, 2006. At the time of this report, a tentative contract agreement was negotiated but had yet to be voted on by the members of the union. The Labor projection includes the negotiated wage increase of 2.06%.
10. Source: "Short-Term Energy Outlook," April 2006. U.S. Energy Information Administration, Department of Energy.

2006 Income and Expense Study

what's new

- ✓ In 2004, apartments on average generated \$315 of net operating income (NOI) per month.
- ✓ Operating cost-to-income ratios declined slightly citywide, to 62.0% in 2004.
- ✓ Average monthly rent was \$855 in 2004 citywide.
- ✓ Average building income citywide in 2004 was \$969 per unit per month.
- ✓ Average operating and maintenance expenses citywide in 2004 were \$654 per unit per month.
- ✓ 11.6% of buildings surveyed had costs in excess of gross income (called "distressed").

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 2004, the year for which the most recent data is available. Due to the unavailability of additional data, a longitudinal analysis cannot be done at the time this study was prepared. Cross-sectional data provides a "snapshot" or "moment in time" view and comes from properties that filed 2004 RPIE forms, while longitudinal data provides a direct comparison of identical elements over time, and for this study, would normally encompass the two most recent years of data.

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 \$40,000), the mandate produces detailed financial records on thousands of rent stabilized buildings. While information on individual properties is confidential, the 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 data from 1990), the size of the samples used in RGB I&E studies has grown to more than 12,000 properties containing close to 600,000 units.

Rents and Income¹

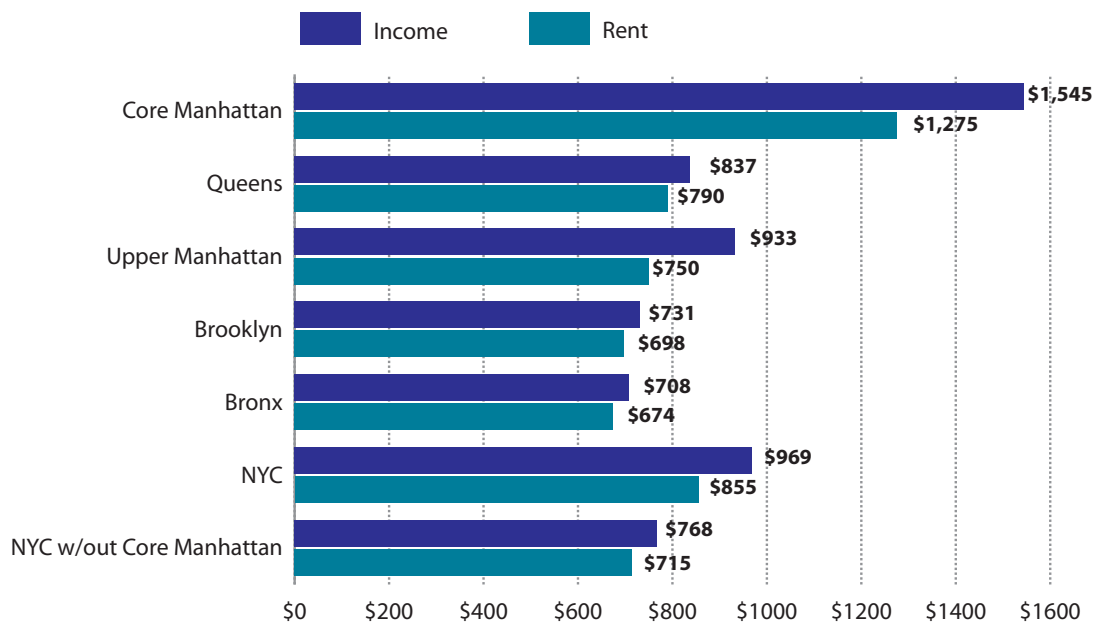
In 2004, rent stabilized property owners collected monthly rent averaging \$855 per unit. As in prior years, units in pre-war buildings rented for less on average (\$812 per month) than those in post-war buildings² (\$993 per month). At the borough level, stabilized monthly rents were \$1,112 in Manhattan, \$790 in Queens, \$698 in Brooklyn and \$674 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 \$1,275 per unit while rents in Upper Manhattan were \$750 per unit. Stabilized property owners in all New York City neighborhoods excluding Core Manhattan averaged rent collections of \$715 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 \$969 per rent stabilized unit in 2004, with pre-war buildings earning \$930 per unit and those in post-war properties earning \$1,095 per unit. Gross income was highest in Core Manhattan at \$1,545 per unit per month and lowest in the Bronx at \$708. Gross income in Upper Manhattan was \$933, \$837 in Queens, \$731 in Brooklyn, and \$1,362 in all of Manhattan. Monthly income per unit in the City, excluding Core Manhattan, was \$768. These gross income figures encompass rent from stabilized apartments as well as the sale of services

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

Stabilized Rent and Income Were Highest in Core Manhattan in 2004



* See Endnote 3

Source: NYC Department of Finance, 2004 RPIE Filings

(e.g., laundry, vending, parking) and commercial income. Such income in excess of rents accounted for an 11.7% share of the total income earned by building owners in 2004, slightly more than the distributions observed in the previous six I&E studies. Owners throughout Manhattan particularly benefit from commercial income, with 18.4% of Manhattan building's total revenues coming from commercial units and services.

In the other boroughs, property owners did not receive as large a portion of their total income from commercial sources. The respective figures for the other areas were 5.6% in Queens, 4.9% in the Bronx and 4.5% in Brooklyn. The graph on the previous page shows the average rent and income collected in 2004 by borough, and for the City as a whole. (See Appendix C.3)

Comparing Rent Measurements

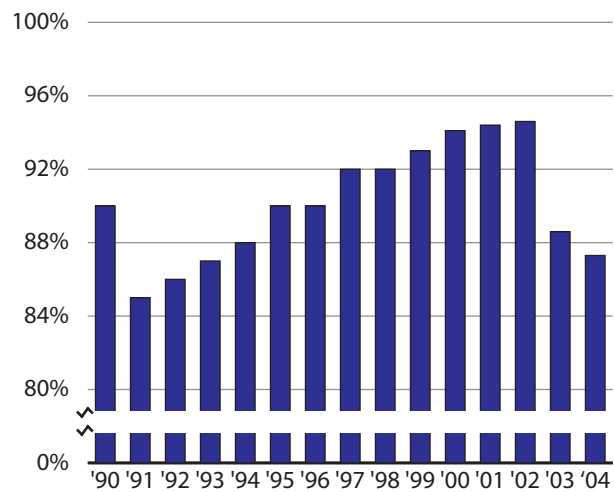
Another data source, NYS Division of Housing and Community Renewal (DHCR) annual registration data, provides important comparative rent data to the collected rents stated in RPIE filings. A comparison of the collected RPIE rents to the DHCR rents is a good indicator of the overall rental market and reflects both how well owners are able to collect the rent roll and the prevalence of vacancies.

Rents included in RPIE filings are different than DHCR figures 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. By contrast, DHCR data consists of legal rents registered annually with the agency. Since DHCR rent data does not include vacancy and collection losses, in most years these rents are generally higher than RPIE rent collections data. Furthermore, RPIE information includes unregulated apartments in buildings containing rent stabilized units. Also, the RPIE information reflects rents collected over a 12-month period while DHCR data reflects rents registered on April 1, 2004. In sum, despite the anomalies between the two rent indicators, the difference between RPIE rents and DHCR rents is a good estimate of vacancy and collection losses incurred by building owners, and the relative change in the gap is one way of estimating the change in such losses from year to year.

In comparing annual RPIE and DHCR average rents,

Average Monthly Citywide Collected Rents as a Share of Average Monthly DHCR Legal Registered Rents 1990-2004

Percentage of Legal Rent Collected Decreased in 2004



Source: DHCR Annual Rent Registrations; NYC Department of Finance, 1990-2004 RPIE Filings

the gap between the two declined steadily from 1991 to 2001. In 1991, the average RPIE collected rent was 15% lower, while in 2001, the average RPIE collected rent was just 5.6% lower, a decline of almost two-thirds over the ten year period. Since then, RPIE returns indicate that the gap between RPIE rent and DHCR's mean stabilized rent grew again, up to a gap of 12.7% in 2004. This is the largest gap since 1993. (See graph above.) At the borough level, the gap between collected and legal rent varies widely. In 2004, rent (\$1,112) was 9.0% below DHCR's average legal rent in Manhattan (\$1,222), while owners in the other boroughs collected average rents that were 13.0% lower than legal rents in Queens, 14.7% lower in the Bronx and 20.2% lower in Brooklyn. At least part of this differential in the other boroughs is due to preferential rents³, usually offered when market-rate apartments in the area are renting for less than the maximum legal regulated rent.

Operating Costs

Rent stabilized apartment buildings incur several types of expenses in order to operate efficiently. RPIE filings

include data on eight categories of operating and maintenance (O&M) costs: taxes; labor; utilities; fuel; insurance; maintenance; administrative and miscellaneous 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 \$654 in 2004. Costs were lower in units in pre-war buildings (\$630) than among post-war structures (\$732). Geographically, average costs were

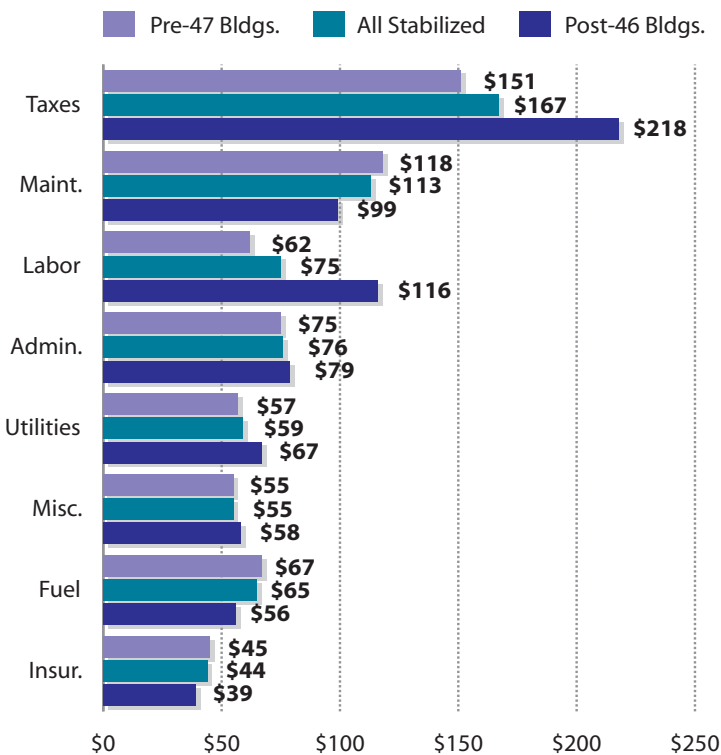
lowest in Brooklyn, the Bronx and Queens (\$530, \$535 and \$580, respectively) and highest in Manhattan (\$853). Looking more closely at Manhattan properties reveals costs for units located in Core Manhattan averaged \$958 a month while the costs in Upper Manhattan were \$610. The average monthly operating costs for stabilized building owners in New York City, excluding Core Manhattan, reduces the City average to \$549. The graph on this page details average monthly expenses by cost category and building age for 2004. 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 examination 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. A downward adjustment of the 2004 RPIE O&M cost (\$654) by the results of the 1992 audits results in an average monthly O&M cost of \$601 citywide and \$504 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, unaudited average O&M costs for "residential-only" buildings were \$599 per month, while average audited O&M costs for units in "residential-only" buildings were \$550 per month. As in previous RGB

Average Monthly Expense per Dwelling Unit per Month

Taxes Are the Largest Expense in 2004



Source: NYC Department of Finance, 2004 RPIE Filings

Income and Expense Studies, most of the difference in costs between the two types of properties stemmed from taxes, administration and labor expenses. Taxes were 18.1% lower, and both administration and labor expenses were both 9.2% lower on average for buildings without commercial space than for all stabilized properties.

Components of Operating Costs

In 2004, about 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, administration 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.

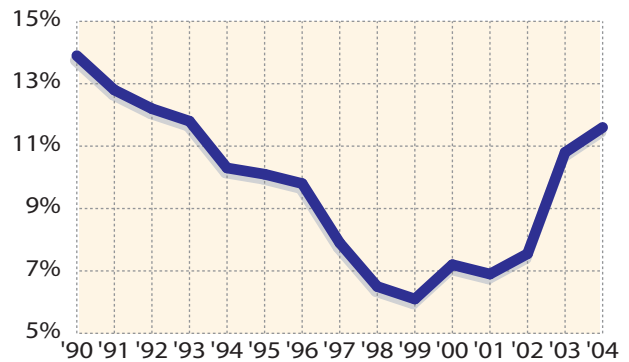
As in previous years, building size affected the distribution of costs in rent stabilized buildings in 2004. As described above, taxes, maintenance, labor and administration costs dominated total operating costs in all buildings. Labor costs continued to be particularly associated with size, comprising 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, maintenance and insurance 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. 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 2004 RPIE forms, 1,420 buildings, or 11.6% of the sample, had O&M costs in excess of gross income. In 2004, only 108 (7.6%) of these "distressed" buildings were built after 1946. Most "distressed" stabilized properties are mid-size (20 to 99

Percent of Distressed Properties in Cross-Sectional Samples 1990-2004

Share of Distressed Properties Increased in 2004



Source: NYC Department of Finance, 1990-2004 RPIE Filings

units), pre-war construction, and are located in the Bronx, Manhattan and Brooklyn. The graph on this page shows how the share of "distressed" buildings in the sample has changed since 1990. From a high of 13.9% of the sample of stabilized properties found in 1990, the proportion of "distressed" buildings declined to a low of 6.1% in 1999. Since then, the proportion has increased in four of the last five years, to 11.6% in 2004.

Buildings with expenses greater than revenues in 2004 suffered from both abnormally high expenses (118% of the 2004 all-building average), and low rents and income (respectively, only 70% and 67% of the all-building average). Comparing costs, "distressed" buildings paid 37% more in labor costs, 15% more in both administration and maintenance expenses, 12% more for insurance and 11% more for fuel. These buildings also paid less property tax (85% of the all-building average) than all rent stabilized buildings. Appendix C.6 shows the distribution of "distressed" buildings by age, size and location.

Net Operating Income

In most stabilized buildings, revenues exceed operating costs, yielding funds that can be used for mortgage payments, improvements and/or 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 \$315 of net income per month in 2004, with units in post-war buildings earning more (\$363 per month) than those in pre-war buildings (\$300 per month). Average monthly NOI tended to be considerably greater for stabilized properties in Manhattan (\$510) than for those in the other boroughs: \$174 in the Bronx, \$201 in Brooklyn and \$257 in Queens. There was a large dichotomy when looking at NOI on a sub-borough level in Manhattan. Core Manhattan properties earned on average \$587 a month in NOI, while properties in Upper Manhattan had an NOI of \$323, which was still greater than the monthly NOI average calculated citywide, excluding Core Manhattan (\$219). Average monthly NOI in "residential-only" properties citywide was \$274 per unit in 2004, 12.9% lower than the average 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 funds owners have for financing their buildings, making improvements, and for pre-income tax profits. While NOI is not 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 \$315 per stabilized unit by the typical size of buildings (averaging 48.4 units) in this year's sample yields an estimated mean annual NOI of about \$183,000 in 2004. Notably, the RPIE data cannot provide estimates for NOI in rent stabilized buildings with 10 or fewer apartments.

Operating Cost Ratios

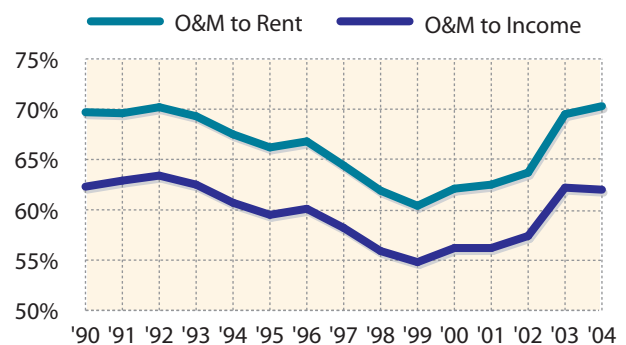
Another way to evaluate the profitability of New York City's rent stabilized housing is by measuring the ratio

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 graph on this page shows how over the period from 1990-2004, the proportion of total income and rent collections spent on audited operating costs has fluctuated in stabilized buildings citywide. The Cost-to-Income ratio in 2004 is 62.0%, a slight decrease over the prior year. This means that on average, owners of rent stabilized properties spent about 62 cents out of every dollar of revenue on operating and maintenance costs in 2004. Looking at unaudited expenses, the cost-to-income ratio in 2004 was 67.5%, also a slight decline from the prior year. When comparing the ratio of costs to rent collections, operating costs in 2004 were 70.3% of revenues from rent, an increase of 0.8 percentage points from the prior year. Using unaudited expenses, the cost-to-rent ratio in 2004 was 76.5%.

Rents, income and costs per unit on average were highest in Core Manhattan in 2004 (see map and graphs on next page). 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 66%, significantly

Ratios of Citywide Average Monthly Audited O&M Costs to Average Monthly Gross Income and Rent 1990-2004

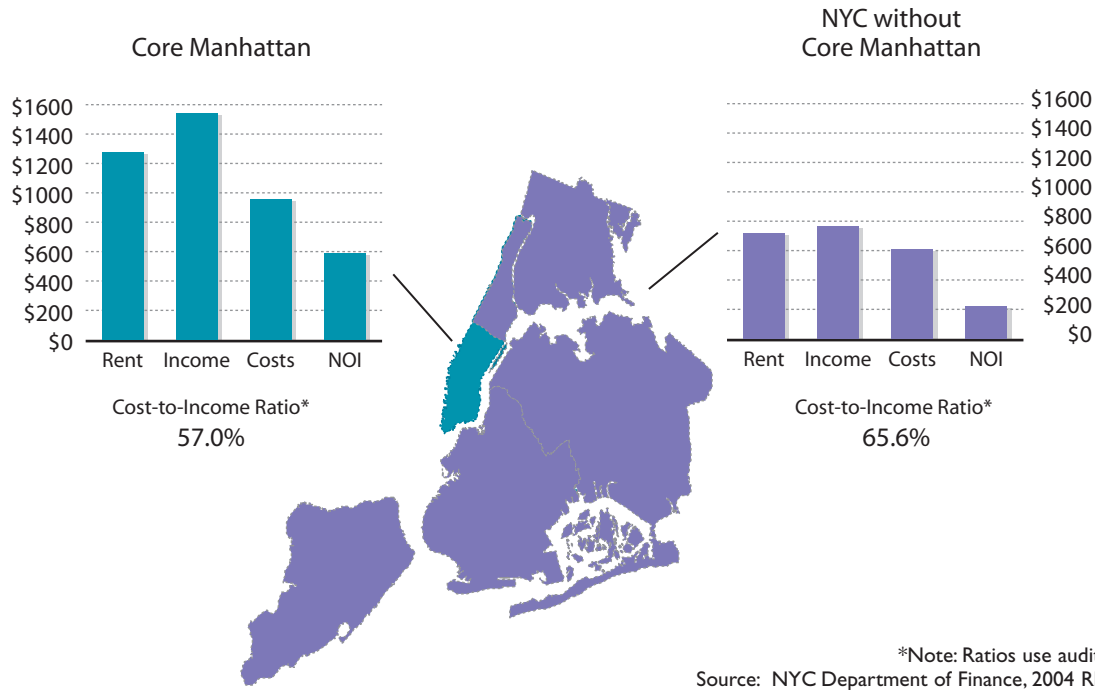
Cost-to-Income Decreases while Cost-to-Rent Ratios Increases in 2004



Source: NYC Department of Finance, 1990-2004 RPIE Filings

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, 2004

Cost-to-Income Ratio Lower in Core Manhattan in 2004



higher than the Cost-to-Income Ratio for stabilized buildings in Manhattan’s Core (57%). These figures indicate that on average, owners of stabilized properties outside of Core Manhattan spend 9 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 minus operating expenses equals net operating income). Adjusting NOI as well as rent, income and costs figures for inflation (in constant 2004 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 2004 dollars helps to analyze how much NOI has grown

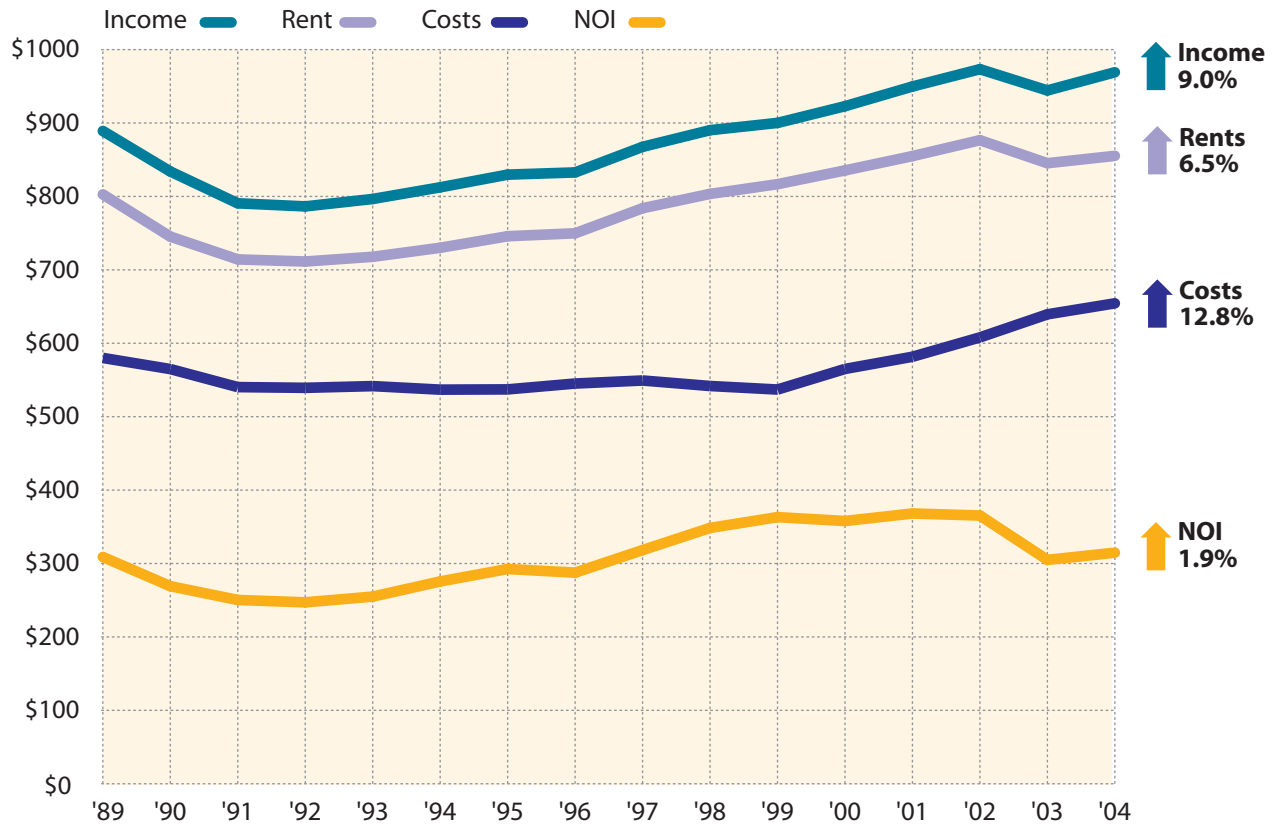
in real terms since the RGB began collecting RPIE data. Point-to-point comparisons of average monthly figures show that from 1989 to 2004 (a 16-year period), after adjusting for inflation, NOI, the surrogate measure for profit, has grown 1.9%, indicating that revenues have outpaced expenses to the extent that average monthly NOI was worth 1.9% more in 2004 than it was in 1989, after adjusting for inflation.⁴

Another way to look at how rent, income, costs and NOI have changed, taking into account the effect of inflation, is to graph inflation-adjusted monthly figures for each of the four components measured in the *I&E Studies*. Inflation-adjusted rents, income, costs and NOI all increased in real value from 1989 to 2004. During the 1989 to 2004 period, inflation-adjusted rent increased a cumulative 6.5%, income by 9.0%, costs by 12.8% and NOI by 1.9%. (See graph on next page.) If one were to make the comparison starting one year later, however, inflation-adjusted rent, income and NOI increased substantially more. Inflation-adjusted rent

NOI After Inflation

Since 1989, NOI Up 1.9% After Inflation

(Average Monthly Income, Rent, Operating Costs and Net Operating Income per Dwelling Unit in Constant 2004 Dollars)



Note: Percent changes are point-to-point measurements between 1989 and 2004 and should not be considered cumulatively.
Source: RGB *Income and Expense Studies*, 1991-2006. NYC Department of Finance, 1990-2004 RPIE Filings

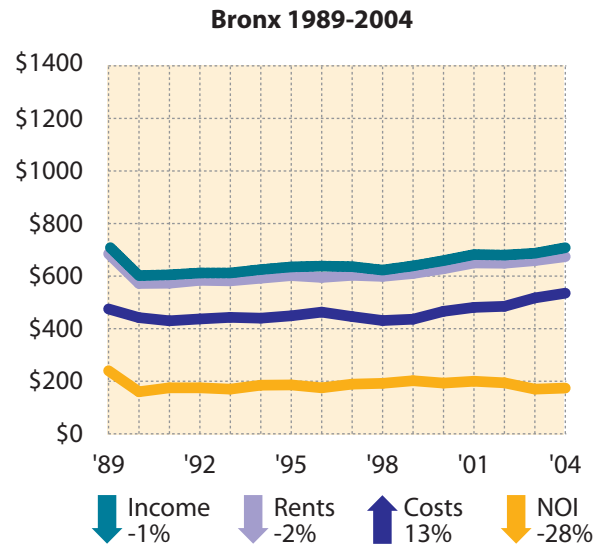
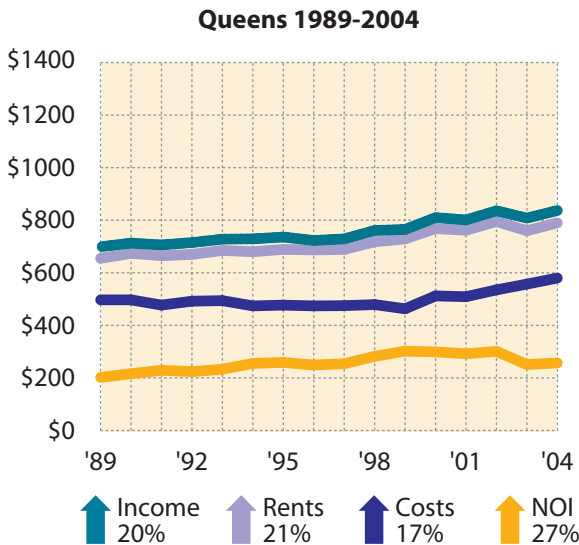
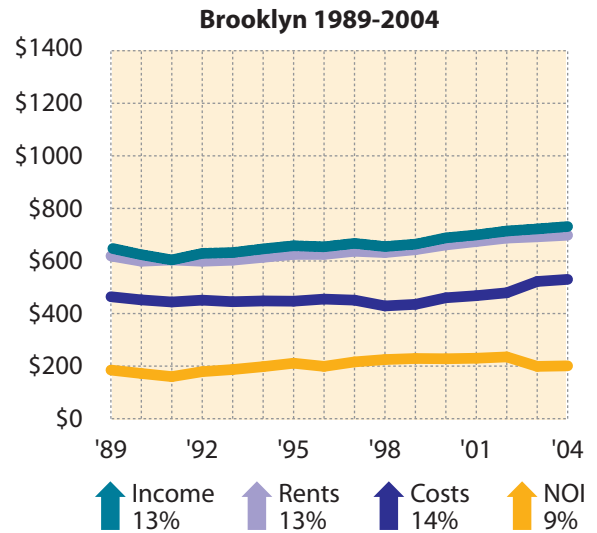
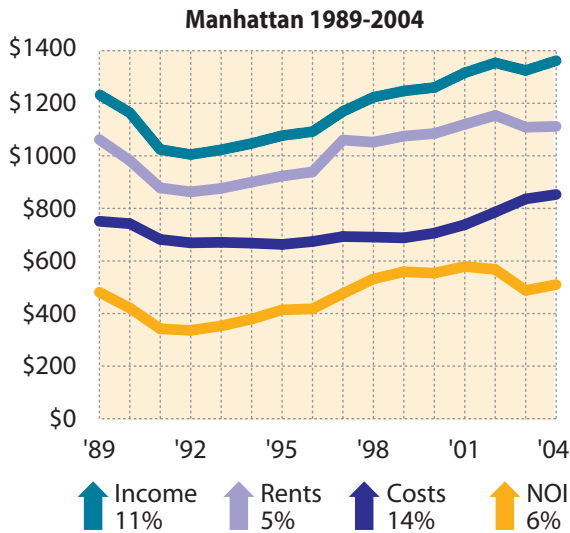
increased 15%, income increased 16%, and NOI was up 17%. Costs during the same period increased 16%. Looking at data beginning in 1990 may in fact be more telling because 1990 was the first year that data from computerized I&E filings were available, resulting in a substantially larger sample, increasing from 500 buildings in 1989 to 14,000 in 1990.

While examining citywide inflation-adjusted revenue, expense and NOI figures is useful for demonstrating the overall stabilized rental housing market, analyzing 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 the next page, each shown on the same scale, reveal that most of the inflation-adjusted numbers for rent, cost and NOI would fall between \$200 and \$800 over the

years of study if not for the data from Manhattan. Manhattan's relatively high 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-\$800 range seen in the inflation-adjusted, other-borough charts. Secondly, it is notable that following a decline in net income from 2002-03, revenues again outpaced costs in 2003-04, causing net income to rise in all the boroughs. Looking at each of the boroughs individually, from 1989 to 2004, all boroughs except the Bronx saw increases in their net income, with Queens seeing the largest increase, 27%, followed by Manhattan at 6% and Brooklyn at 9%. Conversely, in the Bronx, inflation-adjusted NOI fell 28% over the same 1989-2004 period.

NOI After Inflation per Borough, 1989-2004

Since 1989, Inflation-Adjusted NOI Rises In All Boroughs Except the Bronx



Source: RGB Income and Expense Studies, 1991-2006

Conclusion

This year's study is based on RPIE filings from over 12,000 rent stabilized buildings containing nearly 600,000 units. In 2004, apartments on average generated \$315 of NOI per unit, per month. Average monthly rent citywide was \$855, average building income was \$969, and average O&M expenses were \$654 per unit per month citywide. Comparing expenses to income, the cost-to-income ratio in 2004 was 62.0%,

meaning owners spent about 62 cents of every dollar of revenue on O&M costs, slightly less than the prior year.

Methodology

The information in this report was generated from summaries of raw data from RPIE forms filed with the NYC Department of Finance in 2005 by owners of apartment buildings with primarily eleven or more dwelling units. The data in these forms, which reflects

financial conditions in stabilized buildings for the year 2004, was made available to RGB research staff in April 2006 for analysis.

Unlike past studies, when two types of summarized data, cross-sectional and longitudinal, were available for stabilized buildings, only the cross-sectional data was available at the time this study was prepared. Cross-sectional data provides a "snapshot" or "moment in time" view and comes from properties that filed 2004 RPIE forms. Where no RPIE forms were filed, Tax Commission Income & Expense (TCIE) forms were used instead. Further, for those filing RPIEs but where no rental income was entered, the TCIE form was used instead. Data from the RPIEs (or TCIEs) was used to compute average rents, operating costs, etc. that were typical of the year 2004. Since longitudinal data, which provides a direct comparison of identical elements over time, was not available in time for preparation of this study, we are unable to analyze changing conditions in average rents, operating costs, etc. by comparing forms from the same buildings over two years.

This year, 12,212 rent stabilized apartment buildings were analyzed. The sample of buildings was created by matching a list of properties registered with the DHCR against buildings data found in 2004 RPIE or TCIE statements. A building is considered rent stabilized if it contains at least one rent stabilized unit. The sample increased by 195 buildings (1.6%) over the prior year's *I&E Study*.

Once the sample was drawn, properties that met the following criteria were removed:

- Buildings containing 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 2004 RPIE or TCIE form;
- No unit count could be found in RPIE or TCIE records; and
- No apartment rent figures were recorded on the RPIE or TCIE forms. In these cases, forms were improperly completed or the building was vacant.

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

- 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 or TCIE form more reliable. In cases where the owner did not report the number of units on the RPIE or TCIE form, the RPAD file was used to determine the unit count;
- 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 the sample. Such screening for outliers is critical since such deviations may reflect data entry errors and thus could skew the analysis; and
- Buildings in which operating costs exceeded income by more than 300% were excluded.

As in prior studies, after compiling the sample, the Department of Finance categorized sample data reflecting particular types of buildings throughout the five boroughs (e.g., structures with 20-99 units). Staten Island is not included in the borough-level analyses because it contains too few stabilized buildings in size and age categories to calculate reliable statistics. All data in the analysis is weighted using 2002 Housing and Vacancy Survey (HVS) allocations, the best estimate available of the real distribution of stabilized apartments in the 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.
4. 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 2004 data because that is the latest data available.

what's new

- ✓ Average interest rates for new multifamily mortgages increased .79 percentage points, or 14.4%, to 6.30%, the first increase in six years.
- ✓ Refinancing interest rates increased this year by 0.83 percentage points, or 15.2%, to 6.32%.
- ✓ Average points (fees) for new loans fell to their lowest level in the history of this survey, 0.44, a 21.2% decline from the prior year.
- ✓ New origination loan volume increased by 12%, but refinanced loan volume decreased by 15.8%.
- ✓ Vacancy and collection losses changed little, at 3.65% this year vs. 3.62% last year.
- ✓ Underwriting criteria remained similar to last year.
- ✓ Lenders' expectations were met among three-quarters of survey respondents, meeting or exceeding expected performance of income, expenses and debt service coverage at the time of initial loan origination.

Introduction

Section 26-510 (b)(iii) of the Rent Stabilization Law requires the Rent Guidelines Board to consider the “costs and availability of financing (including effective rates of interest)” in its deliberations. To assist the Board in meeting this obligation, each January the RGB research staff surveys lending institutions that underwrite mortgages for multifamily rent stabilized properties in New York City. (See Appendix E.7 for a reproduction of the survey.) The survey provides details about New York City’s multifamily lending market during the 2005 calendar year. The survey is organized into three sections: financing availability and terms for rent stabilized buildings, underwriting criteria, and additional mortgage questions, including vacancy and collection losses, operating and maintenance expenses, and portfolio performance.

Summary

As a sign of a lending market in transition, respondents to the *2006 Mortgage Survey* reported increased interest rates and decreased refinancing loan volume, but also an increase in new loan volume and continued flexible lending terms and underwriting. The market was influenced, though not significantly, by eight separate quarter point increases in the Federal Reserve Board’s federal funds and discount rate during 2005.¹ For the first time in six years, interest rates on both new and refinanced loans increased, though average points declined to their lowest level in the history of the survey, with half of all lenders charging zero points on their loans. Reflecting recent years of historically low interest rates and generous lending terms, refinancing volume was more adversely impacted by rising interest rates. Lending institutions faced a very competitive marketplace, helping to keep the interest rates that they charged less than might be expected from the numerous rate increases by the Fed. Lenders again reported a virtual absence of non-performing loans or foreclosures. This report will more fully discuss these issues by beginning with a discussion of the characteristics of the survey respondents, followed by both a cross-sectional and longitudinal analysis of financing availability and terms, underwriting criteria, portfolio performance and an overview of lenders’ expectations and the characteristics of typical buildings in their portfolios.

Survey Respondents

Twenty financial institutions responded to this year’s survey, five fewer than last year. Bank consolidation has resulted in fewer banks offering commercial mortgages, and lay-offs have left lenders short staffed and less able to complete our survey.² The survey sample is updated each year to include only those institutions offering loans to multiple dwelling, rent stabilized properties in

New York City. Surveyed institutions are both added and deleted each year, primarily through research in trade journals, directories, Internet search engines, and lists compiled by the Federal Deposit Insurance Corporation (FDIC). This year's 20 respondents include a variety of traditional lending institutions, such as savings and commercial banks, as well as non-traditional lenders, including a non-profit housing services program. All twenty of the respondents also responded to last year's survey.

Institutions holding deposits insured by the FDIC report details about their holdings on a quarterly basis, including their multifamily real estate holdings, which vary considerably among this year's respondents. Seventeen of the 20 survey respondents report their multifamily real estate holdings to the FDIC, with values ranging between \$18 million and \$4.8 billion.³ One fewer than last year, six of this year's institutions reported multifamily holdings of over one billion dollars, and the number with holdings of less than \$100 million remained at three. The average multifamily real estate portfolio of our survey respondents decreased by 16.9%, to \$1.19 billion.⁴

As in previous years, a small number of large lenders provided most of the total volume of new and refinanced mortgages. Of all respondents, two provided 69.4% of the total volume of new mortgages (at an average rate of 5.94%), while six lenders provided 92.8% of the total volume of refinanced loans (at an average rate of 6.06%).

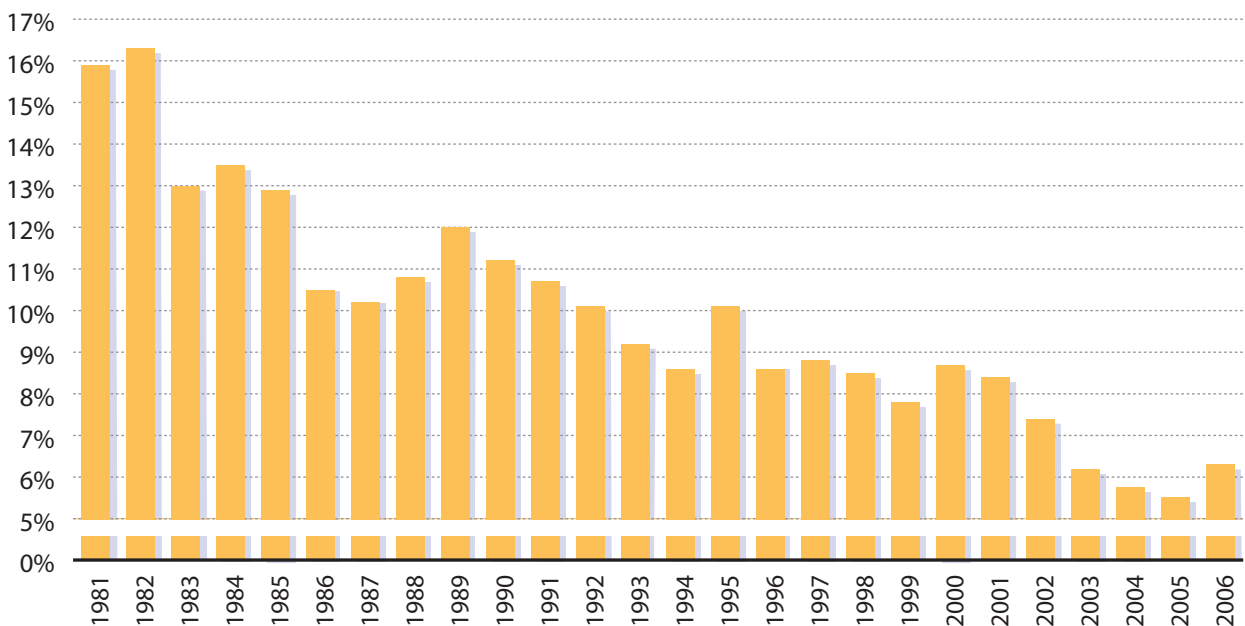
Cross-Sectional Analysis

Financing Availability and Terms

For the first time since 2000, average interest rates increased from the prior year. This year's average January 2006 interest rate of 6.30% for new multifamily mortgages was an increase of 0.79 percentage points, or 14.4%, from the previous January (see graph below and Appendix E.1). Reflecting the fact that interest rates increased as the year progressed, the average rate reported for all of 2005 was 6.06%, lower than current reported rates, but a 0.59 percentage point (or 10.9%) increase from the prior year.

Average Interest Rates for New Loans to Rent Stabilized Buildings, 1981-2006

First Increase in Multifamily Mortgage Interest Rates in Six Years



Source: Rent Guidelines Board, annual Mortgage Surveys.

Average interest rates increased among the institutions surveyed because of increases in the federal funds and discount rates by the Federal Reserve Board during 2005. The Fed raised 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 — eight times, each time raising it a quarter of a percentage point, to 4.25% at the end of 2005.⁵

The eight increases in 2005 follow a succession of increases that began in the summer of 2004, when rates began to increase almost monthly. This follows a period of about a year when the federal funds rate was held to its lowest level of 1.00%. Analysts expect further rate increases during 2006, primarily designed to reduce inflation.⁶

Surveying institutions regarding their refinanced mortgages found that all of the institutions offered identical or similar terms to those for new loans. The average current rate charged for refinanced mortgages as of January 2006, 6.32%, was just 0.02 percentage points, higher than the average current rate charged on new originations and was 0.83 percentage points (and 15.2%) higher than last January. (See Appendix E.1) At 6.08%, average 2005 refinancing rates were 0.24 percentage points lower than current rates, but an increase of 0.65 percentage points and 12.0% from the prior year.

Up-front service fees, called points, that were charged for new and refinanced loans ranged from 0 to 2 percent, with all but two lenders charging no more than one point, and half of all surveyed lenders charging no points. The average service fee charged on new loans by lenders was 0.44 points, a 21.2% decrease from last

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

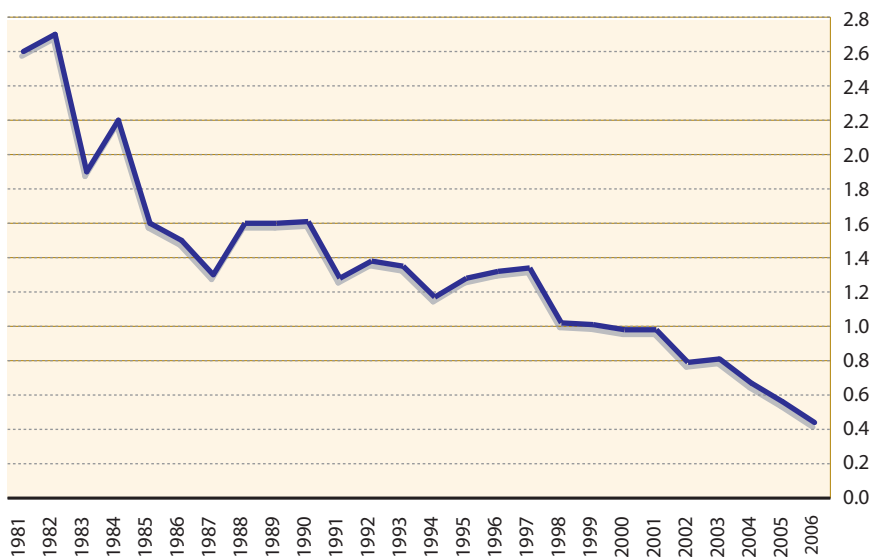
Maximum LTV - the loan-to-value ratio set by the lenders as part of their underwriting criteria

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, 1981-2006

Lowest Service Fees in History of Survey



Source: Rent Guidelines Board, annual Mortgage Surveys.

year's average rate of 0.56. Average fees reported in the survey have remained around or below one point for the past nine years (see graph on the previous page). They are now at their lowest rate since the RGB began the *Mortgage Survey* in 1981. Similarly, points for refinanced mortgages were exactly the same both this year and last as that charged on new originations.

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

Despite interest rate hikes, new loan volume increased in 2005, following last year's reported decline in volume. An average of 137 new loans per institution were financed this past year, up 12.0% from last year's 122. While up over the prior year, the average number of new loans per lender was still lower than in 2003, when each lender offered, on average, 160 new loans. However, volume is still significantly greater than in the late nineties, when, for instance, the *1998 Mortgage Survey* showed an average of just 37 new mortgages per lender. However, unlike the increase in new loans, the average number of refinanced loans decreased, down 15.8% from last year, to 123 in this year's survey, from 146 last year. This followed a record high number of refinanced loans (173) two years ago. In comments on the survey, lenders reported that since interest rates have been at historic lows in recent years, it is likely that owners have had ample opportunity to refinance if they wished to, and that the decline in refinancing volume is not surprising.

Underwriting Criteria

Similar to recent years, there was little change in the lending practices of institutions this year. This trend reflects a sustained period of low delinquencies and defaults that could first be attributed to stricter

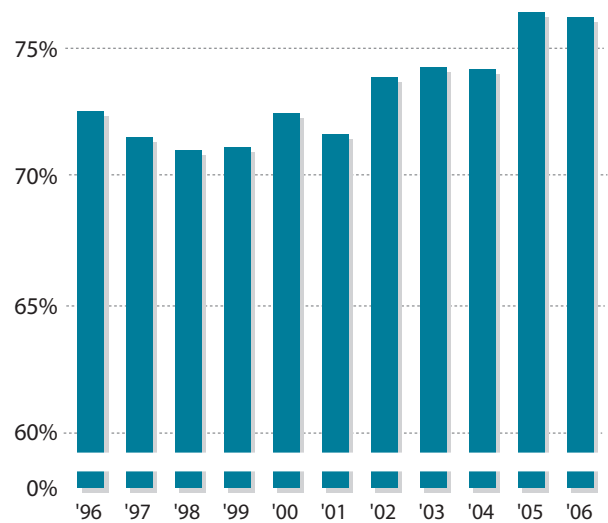
requirements that went into effect during the early 1990s. As recent surveys have found, this year's findings again suggest that, with such a competitive lending market, institutions are willing to provide ample loan availability and provide less stringent underwriting policies.

Underwriting standards remained the same for all but two of the lenders this year. While virtually all kept the same criteria for maximum loan-to-value ratios (LTV), debt service coverage, and building characteristics (such as age and condition), the two that reported change cited an increase in their monitoring requirements. For all institutions, the average maximum LTV ratio — the maximum dollar amount respondents were willing to lend based on a building's value — ranged from 65% to 80%. The average was 75.4%, slightly lower than last year's 76.3% (see graph below).

Another important lending criterion is the debt service ratio — an investment's ability to cover mortgage payments using its net operating income

1996-2006 Cross-Sectional Average Loan-to-Value Standards

Maximum Loan-to-Value Standards Nearly Unchanged



Source: Rent Guidelines Board, annual Mortgage Surveys.

(NOI). The higher the debt service coverage requirements, the less money a lender is willing to loan given constant net income. The debt service ratio (or NOI divided by the debt service) remained unchanged this year, with an average debt service requirement of 1.24 for the last two years. Because the average debt service ratio remained constant from last year, 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)

Lenders cited standards similar to last year when assessing loan applications. The most oft cited standard is good building maintenance, with over half of all lenders indicating its importance. Second most important is the number of units in the building, with over a third indicating that buildings should contain a certain number of units, with a minimum of five the most common. Less important criteria to some of the lenders include whether the borrower lives in the building, and whether there was potential for the building to be converted to a co-op or condo. The year that the building was constructed also was of little concern to lenders.

For a second year, our survey asked lenders whether their lending standards differ for rent stabilized buildings as opposed to non-stabilized multifamily properties. Respondents were asked whether their new financing rates, refinancing rates, loan-to-value ratios, and debt service coverage requirements for rent stabilized properties were higher, lower, or the same as for other properties. All but two respondents reported that standards were no different for stabilized buildings. Of the two, the only difference that they cited was a lower debt service requirement.

Non-Performing Loans and Foreclosures

Almost all lenders reported that they had no non-performing loans or foreclosure proceedings this year, similar to last year's findings. Just two lenders (10%) reported having non-performing loans over the past year (a decrease from 16% last year), and only two institutions reported that they had any foreclosures, also down from 16% last year. Of the three lenders with either non-performing loans or foreclosures (one lender had both), none reported their portfolio as having any

more than 1% of either. And the lender reporting both non-performing loans and foreclosures provides financing for affordable housing, a riskier investment on average than the typical lender's portfolio.

Characteristics of Rent Stabilized Buildings

When asked about the average size of rent stabilized buildings in their portfolios, surveyed lenders reported results similar to last year. Four lenders reported average building sizes of 50 or more units and seven reported an average building size of fewer than 19 units. But as in prior years, the most common building size reported was 20-49 units, with 45% of lenders reporting this size building as their average rent stabilized building, up from 35% in 2004. Another 35% of lenders reported that their average building contained fewer than 19 units, down from 42% in 2004. The remaining 20% of lenders reported an average sized building of 50-99 units, down slightly from last year. For a third consecutive year, no lenders had rent stabilized buildings that averaged 100 units or more.

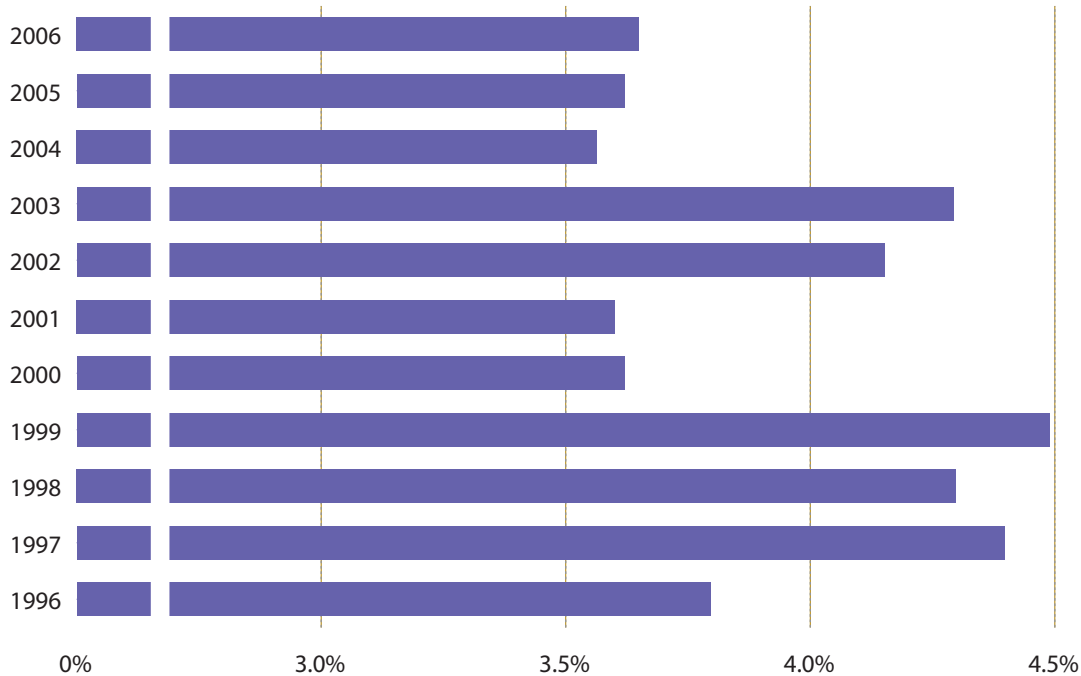
Virtually unchanged from last year, vacancy and collection (V&C) losses averaged 3.65%, compared to 3.62% last year. (See graph on next page.) Fifty-five percent of lenders reported V&C losses of 3% or less, about the same as the prior year, while 30% reported V&C losses of 5% or more, down from 40% last year and down significantly from the mid-90s, when up to 75% of lenders reported losses that high.

Following last year's aberrational decrease in both operating and maintenance (O&M) costs and average rent, both averages increased this year. O&M costs per unit, per month rose to \$469 this year, up 5.4% over the prior year. Further, average rents, as reported by this year's lenders, increased at a slower rate, up 1.6%, to \$973. (See Appendix E.2) Because expenses rose faster than average rents, the average O&M cost-to-rent ratio increased to 48.2%, up from 46.4% in the prior year.⁷ The RGB first started tracking the average O&M cost-to-rent ratio eight years ago, since which time the rate has gone as low as 40.7% in 2003 and as high as 1999's 52.1%.

The Rent Guidelines Board, in our annual *Income and Expense (I&E) Study*, also examines the average O&M cost-to-rent ratio. However, its findings cannot be

Average Vacancy and Collection Losses, 1996-2006

Vacancy and Collection Losses Increase Slightly over Prior Year



Source: Rent Guidelines Board, annual Mortgage Surveys.

precisely compared to the cost-to-rent ratio reported in this *Mortgage Survey*, because both the sources and sample sizes are very different and the data studied in each report are from different time periods. In the 2005 *I&E Study*, which reported on data from the year 2003, the average O&M cost-to-rent ratio was 69.5%.⁸

Three years ago, in order to better understand the lending market, the survey began asking lenders whether they retain their mortgages or sell them to secondary markets. Of those who responded to this question, the majority of respondents (74%) retain all their mortgages, 16% sell all their mortgages, and 11% sell some of their mortgages to secondary markets.⁹ These results are fairly consistent with those found since lenders were first asked this question. Of those institutions that sell their mortgages, Freddie Mac or Fannie Mae are the most commonly cited purchasers.

Lenders are also asked whether the rent stabilized buildings to which they offer mortgage financing contain commercial space. This is useful so as to

understand the extent of income for owners from sources other than residential tenants. Similar to last year, almost all the lenders in this year's survey (90%) report that buildings in their portfolio contain commercial space, though the average amount varies depending on the lender. Among these lenders, buildings containing commercial space represent, on average, slightly over one-quarter (28%) of their lending portfolio.

Loan Expectations

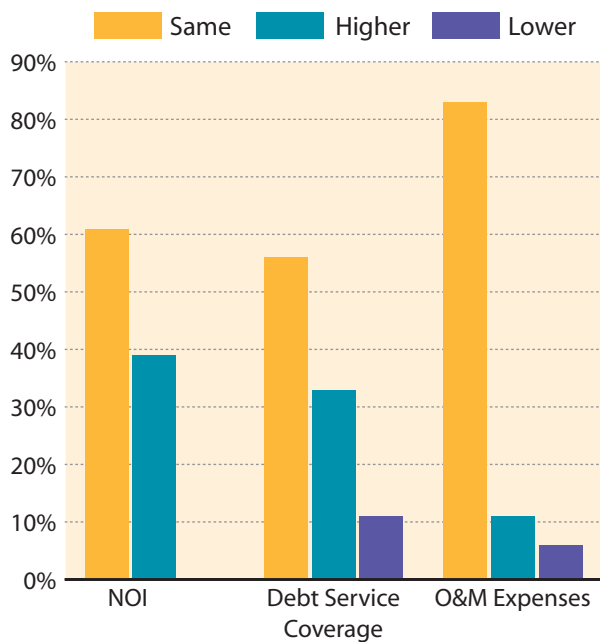
For a second year, the Survey asked lenders how their portfolio of rent stabilized buildings are doing, compared with expectations at the time of initial loan origination, with regard to net operating income (NOI), debt service coverage, and O&M expenses. This year, three quarters of all lenders felt that expectations in all three areas had been met or exceeded for their rent stabilized portfolio, while almost half reported that at

least one of the three expectations were exceeded and one-sixth reported at least one expectation was not met in 2005 (see graph below).

Specifically, eleven of the eighteen lenders who responded to the NOI question felt that the income of their rent stabilized portfolio performed to expectations at the time of initial loan origination, while seven felt it outperformed expectations, and none felt it fell short of expectations.¹⁰ Responses for debt service coverage were slightly different, with ten lenders replying that expectations had been met, six responding that debt service coverage was higher than expected and two believing that it was lower than expectations. Finally, O&M expenses had the most consistent responses. The vast majority (15 of 18) felt they met with original expectations, while just two stated that expenses were higher than expectations and one reported expenses lower than what was originally anticipated.

2006 Performance of Rent Stabilized Loans as Compared to Expectations

Most Lenders Report That Loans Perform as Expected



Source: Rent Guidelines Board, annual Mortgage Surveys.

Longitudinal Analysis

Information regarding rent stabilized buildings can be analyzed longitudinally to more accurately measure changes in the lending market, since a number of respondents reply to the *Mortgage Survey* in at least two consecutive years. This longitudinal comparison helps to ascertain whether changes highlighted in the cross-sectional analysis reflect genuine fluctuations in the lending market or simply the presence of a different group of lenders from year to year. In this section, responses from the 20 lenders who replied to surveys both last and this year (the longitudinal group) were compared to underscore changes between 2005 and 2006. While all 20 of this year's respondents responded last year, the comparison between results this year and last is still useful to study.

Financing Availability and Terms

This year's longitudinal analysis reveals data that is similar, but not identical, when comparing results from last year, because the longitudinal respondents from last year are not the same as last year's cross-sectional respondents. This year's average interest rate among the longitudinal group for new financing, as of January 2006, was 6.30%, up from last year's longitudinal group, which had an average interest rate of 5.68%. (See Appendix E.3) Virtually the same results were found in interest rates for refinanced loans, where the interest rate rose to 6.32%, up from 5.70% in 2005. (See Appendix E.4)

Average points offered by lenders fell for both new and refinanced loans this year among the longitudinal group. This sample reports an average of 0.44 points for both new and refinanced loans, lower than last year's 0.58.

As with the cross-sectional group of lenders, the longitudinal group saw loan volume increase 7.6% over last year for new mortgages, and decline 8.0% for refinanced loans. Roughly the same percentage of lenders in this year's longitudinal group reported that their loan volume had increased (35%), attributing it to both an increase in applications and increasing rates of approval. In addition, fewer lenders (25%) reported a decline in volume, attributing it to a decline in application volume rather than a decline in approvals over the past year. The largest group (40%) reported no change in loan volume.

Underwriting Criteria and Loan Performance

The average maximum loan-to-value (LTV) ratio increased slightly, up by 0.5 percentage points among the longitudinal group, increasing to 75.4%. Rates for debt service coverage remained virtually unchanged, at 1.24 this year versus 1.25 last year. (See Appendix E.5) Similar to the cross-sectional group, vacancy and collection (V&C) losses in the longitudinal group rose slightly this year, increasing from 3.50% to 3.65%, a 4.3% increase. In addition, while in last year's longitudinal group, 32% of institutions had V&C losses of 5% or higher, this year 30% have losses of that magnitude.

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 no lenders in the longitudinal group reporting any significant share of non-performing loans or foreclosures during this past year.

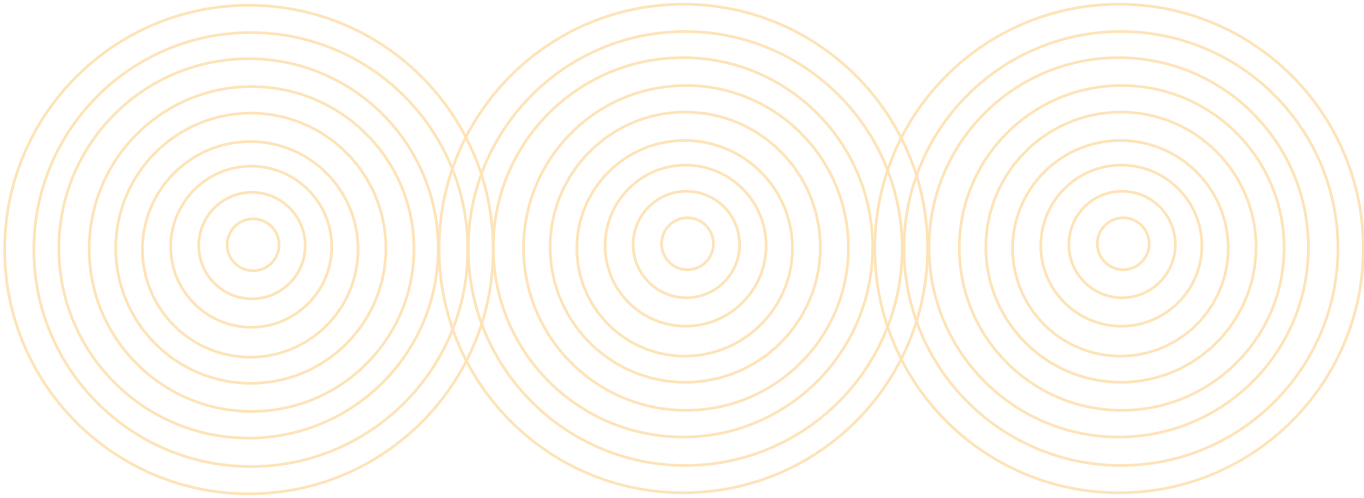
Conclusion

This year's results indicate that increasing interest rates are impacting on refinancing more than new loan volume. But overall, the market for multifamily loans remains more favorable to borrowers, as interest rates and points charged remain historically low. While the Fed's policy of historically low interest rates has been evaporating over the past 21 months, the interest rates charged by institutions for mortgage lending has not increased as much, therefore helping to keep the market relatively stable. However, the low rates and easy lending terms over the last several years have resulted in a saturation of the refinancing market, leading to lower volume in that sector. Lenders have benefited from the minimal number of non-performing loans and foreclosures. But interest rates as set by the Fed are expected to continue to rise this year, and its impact on the mortgage industry will certainly be felt, though how significantly remains to be seen. □

Endnotes

1. Federal Reserve Board website:
<http://www.federalreserve.gov/fomc/fundsrate.htm>. The first increase in 2006 occurred on Jan 31, 2006.
2. "Consolidation, Lay-offs Hit US Mortgage Industry," by Julie Haviv, *Reuters*. February 24, 2006.
3. Most recent data derived from the FDIC website, World Wide Web Page <<http://www.fdic.gov>> (accessed March 3, 2006).
4. The decline in the average real estate portfolio since last year may be reflective of the fact that one of the largest multifamily lenders in the market chose not to participate in this year's survey.
5. The Federal Reserve Board has continued its trend of increasing rates in 2006, with another quarter of a percentage point increase in January 2006.
6. "30-Year Mortgage Rates Jump to 2-Year High," by Martin Crutsinger, *Associated Press*. March 9, 2006.
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 O&M cost-to-rent ratio from the 2006 *Mortgage Survey* reflects estimates by lenders of expenses and rents for rent stabilized buildings as of approximately January 2006. The average ratio is calculated from just 20 responses. The latest available O&M cost-to-rent ratio from the *Income and Expense Study (I&E)*, in which average rent was \$816 and average audited cost was \$567, reflects rents and expenses reported by owners for calendar year 2003. Average monthly costs per unit in the *Mortgage Survey* this year are lower than those reported in the I&E. This may be due to differences in the two data sources: Lenders' estimated average of buildings in an institution's portfolio vs. a weighted average of a large sample of owner-reported data; the large variance between the two sample sizes; and the difference between the buildings studied in each analysis. (Buildings required to file Real Property Income and Expense (RPIE) forms must have an assessed value greater than \$40,000 and eleven or more units, while the *Mortgage Survey* does not exclude these buildings).
9. Percentages do not add up to 100% due to rounding. Also, one lender did not answer this question.
10. Two lenders did not answer the question.

2006 Income and Affordability Study pg. 47



2006 Income and Affordability Study

what's new

- ✓ New York City's economy grew by 3.6% during the first three quarters of 2005, compared to a 2.4% increase for all of 2004.
- ✓ The City gained 49,100 jobs in 2005, a 1.4% increase from 2004 in total employment levels.
- ✓ The unemployment rate decreased to 5.8% last year, down from 7.0% in 2004.
- ✓ Inflation averaged 3.9% in the metro area in 2005, up from 3.5% in the prior year.
- ✓ Inflation-adjusted wages increased 3.7% in 2004, compared to a 1.5% decrease in 2003.
- ✓ In fiscal year 2005, 35,898 homeless people were staying in municipal shelters, down 5.9% from 2004.
- ✓ The average number of families temporarily sheltered each night decreased 5.3%, to 8,623 in fiscal year 2005, compared to a year earlier.
- ✓ The number of non-payment filings in Housing Court increased 0.1% in 2005, to 261,457.

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.

Summary

For the second year in a row, New York City's economy continued to rise from recession, with declining unemployment rates, rising wages and employment levels, and Gross City Product growing steadily from the last quarter of 2003 through the third quarter of 2005 (fourth quarter data for 2005 was not yet released as of publication). Unemployment rates decreased for the second year in a row, falling 1.2 percentage points to 5.8%, the lowest citywide level since 2000. Total employment levels in the City increased 1.4%, and the City's Gross City Product increased by 3.6% during the first three quarters of 2005, with positive growth expected during the fourth quarter. Real wages also increased by 3.7% between 2003 and 2004 (the most recent year for which there are statistics). And after rising last year, public assistance cases fell by almost 5% between fiscal years 2004 and 2005.

However, there were indicators tracked in the *I&A Report* that showed a downward trend in the past year. Preliminary 2005 Housing and Vacancy Survey data shows that household income for rent stabilized tenants declined in real terms by 8.6% between 2001 and 2004, remaining at a nominal \$32,000 for both years. And while real wages in most tracked sectors increased, there were significant decreases in both the Construction and Transportation sectors, falling 4.0% and 2.4% respectively. There was also a 7.7% decline in the number of homeless families moved to permanent housing, and a 9.5% increase in food stamp cases.

Economic Conditions

The City's economy in 2005 grew for the second straight year. New York City's Gross City Product (GCP), which measures the total value of goods and services

produced, increased by 3.6% during the first three quarters of 2005, after rising 2.4% for all of 2004.¹ Fourth quarter data has not yet been released, but because of positive job growth during the quarter, GCP is expected to rise in that quarter as well. For comparison, GCP increased at an annualized rate of 6.0% from 1994 through 2000. Following the recession of 2001-2003, quarterly GCP has increased in each of the following eight quarters, including a high of 4.5% growth in the fourth quarter of 2004.² The analogous national number, United States Gross Domestic Product (GDP), has increased annually since 1991, including a 3.8% increase for the first three quarters of 2005 (and 3.5% for all of 2005).

The Consumer Price Index (CPI), which measures the change in the cost of typical household goods, increased at a higher rate in 2005 (3.9%) than in 2004 (3.5%) in the NYC metropolitan area, signifying a more rapid rate of inflation.³ This was the fourth consecutive

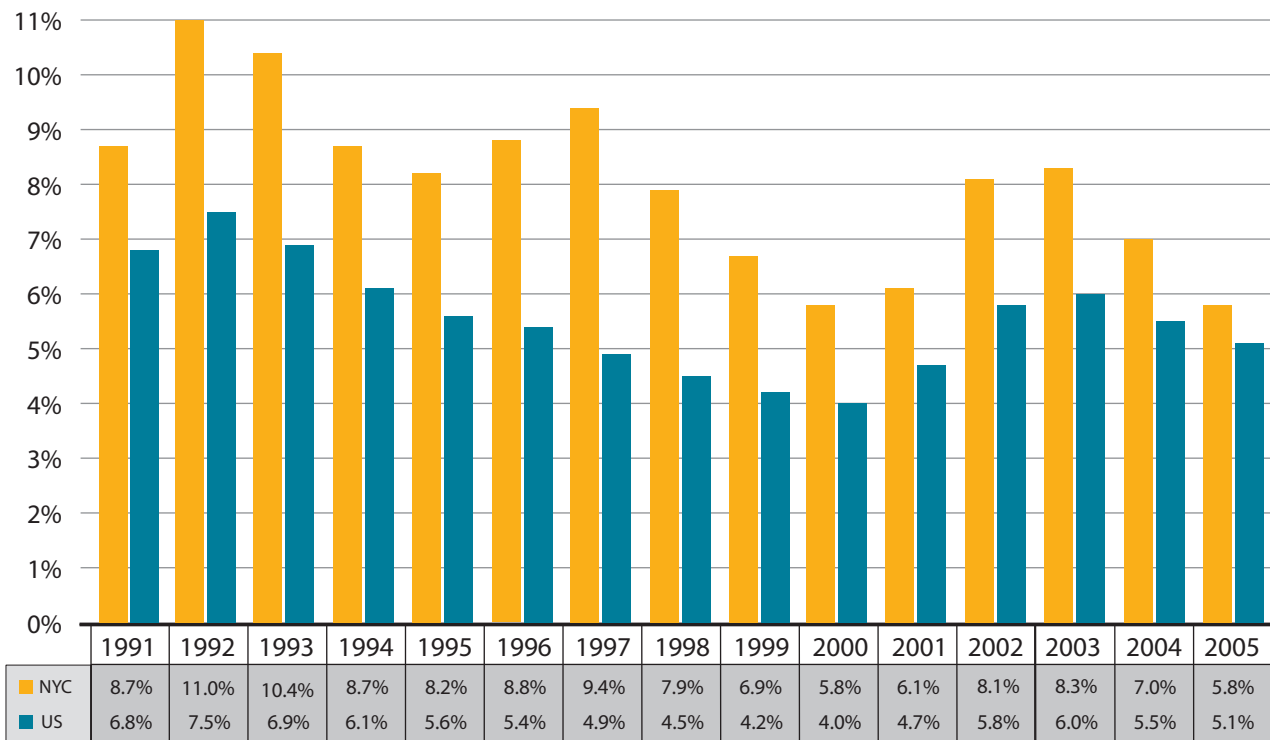
year of increasing inflation rates. The U.S. CPI for urban consumers also increased at a higher rate this year, up 3.4% in 2005 versus an increase of 2.7% in 2004. This is the fourth year in a row that inflation in the New York area was higher than in the United States as a whole, something which had not previously occurred since 1992.⁴

For the second year in a row, NYC's unemployment rate decreased, falling by 1.2 percentage points (17.1%), from 7.0% in 2004 to 5.8% in 2005.⁵ The U.S. unemployment rate also decreased over the past year, but at a slower rate, down 0.4 percentage points to 5.1% in 2005. The gap between the NYC and nationwide rates, which has been as high as 4.5 percentage points during the past 15 years, is now at its smallest level since 1988. (See graph below and Appendix F.1)

During the early months of 2006, unemployment rates in NYC remained similar to average 2005 levels. The

NYC and U.S. Unemployment Rates, 1991-2005

NYC and U.S. Unemployment Rates Fall in 2005



Source: U.S. Bureau of Labor Statistics.

City jobless rate stood at 5.9% in January 2006 and 5.6% in February, approximately the same as the 2005 average rate of 5.8%. Likewise, the national unemployment rate was 5.1% in both January and February of this year, identical to the 2005 average of 5.1%.

At the local level, unemployment rates dropped at least one percentage point in each of the five boroughs over the past year. Manhattan, Staten Island, and Queens all had virtually identical unemployment rates in 2005, at 5.2% for Queens and 5.1% for both Manhattan and Staten Island. Brooklyn had the second-highest unemployment rate, at 6.2%, while the Bronx once again had the highest rate of the boroughs, 7.5%. Unemployment rates in the Bronx dropped 1.6 percentage points over the past year, while Brooklyn dropped 1.4 percentage points, and Manhattan, Queens, and Staten Island all dropped by 1.1 percentage points. Unemployment rates are now at approximately 2000 levels, with rates in each borough within 0.3 percentage points of rates during that year.

Two other employment indices increased slightly in 2005. The NYC labor force participation rate — which

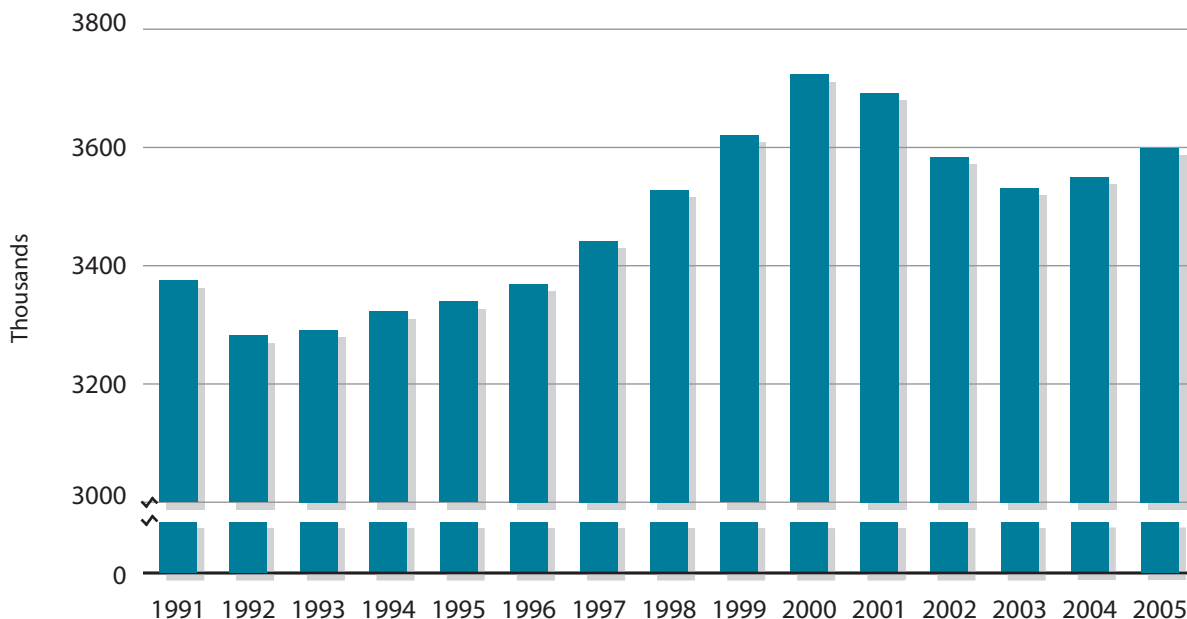
measures the proportion of all non-institutionalized people, aged 16 and over, who are employed or actively looking for work — increased slightly in 2005, to 59.0%, up from 58.6% in 2004.⁶ This remained lower than the U.S. rate, which stayed even at 66.0% over the past year, the eighth consecutive year the national rate either remained the same or decreased.

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 55.6% in 2005, up 1.2 percentage points from 2004. The U.S. employment/population ratio increased from 62.3% in both 2003 and 2004 to 62.7% in 2005. The increase in both the City’s labor force participation rate as well as the City’s employment/population ratio, simultaneous to the decrease in the unemployment rate, suggests those people searching for work are having an easier time finding it than during the recession years of the early 2000s.

The decreasing rate of unemployment is also reflected in the increasing number of those employed in

Average Annual Payroll Employment, NYC, 1991-2005

NYC Employment Levels Rise for Second Consecutive Year



Source: U.S. Bureau of Labor Statistics.

New York City (see graph on previous page), the second consecutive yearly increase in employment rates. Overall, among both city residents as well as those commuting into the city, NYC gained 49,100 jobs in 2005, a 1.4% increase from 2004.⁷ These job gains follow job losses totaling almost 200,000 between 2001 and 2003.

Overall, most industries tracked in the *I&A Study* saw small increases in employment, while just a couple saw more significant 2-5% decreases.⁸ The manufacturing sector lost the highest proportion of jobs in 2005, down 5.4%, or 6,500 jobs (the eighth consecutive annual decrease in that sector), and the goods producing sector (which includes sub-sectors such as mining, construction, and manufacturing) dropped 2.3%, or 5,300 jobs, the sixth consecutive decrease in employment for that industry. Federal government jobs also saw a 500 person job loss, a decline of 0.9% over 2004 levels, and state government employment levels dropped by 0.6%, while local government employment levels increased by 0.2%.

Among the industries tracked, the two with the largest increases in employment between 2004 and 2005 were leisure and hospitality and financial activities. Leisure and hospitality increased by the greatest amount, a 2.5% rise to reach a record-high 276,800 persons, while financial activities rose 2.4%, to 446,200. The service producing sector also increased, rising 1.6%, and offsetting declines in the goods producing sector to generate the net positive increase seen in total employment levels this year. Most other industries saw increases in employment, but on a smaller scale. See Appendix F.2 for a complete breakdown by industry.

This report also examines wage data of employees working in New York City (regardless of where they live), though the analysis is limited by the fact that there is a one-year lag in the reporting of income data. The most recent numbers, which cover the 2004 calendar year, reveal an increase in both real and nominal wages. After declines in real wages of 5.0% and 1.5% in the prior two years, real wages increased during 2004 by 3.7%, rising from \$62,501 (in 2004 dollars) to \$64,809.⁹ Nominal wages (wages in current dollars) increased by 7.4% over the same time period, the largest increase in both real and nominal wages since 2000.

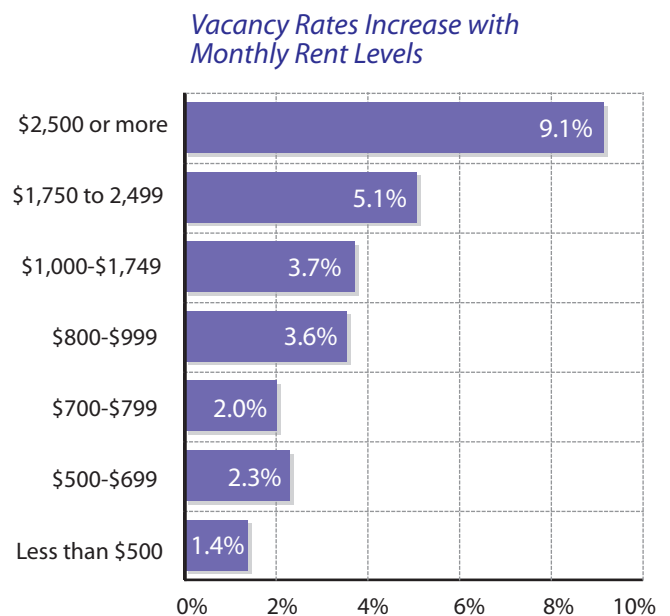
Of the sectors tracked in this report, most had increases in real wages during 2004, including FIRE (Finance, Insurance, and Real Estate), Information, and Management of Companies. The FIRE sector saw the largest increase in real wages, rising 12.1% from 2003 to 2004 to reach more than \$157,000. This increase follows significant decreases in the prior two years. Management of Companies rose 3.2% over the year to reach almost \$150,000, while the Information sector rose 2.1% to top \$89,000. Smaller increases were also seen in the Manufacturing, Services, and Government sectors. Decreases in real wages were seen in the Construction, Transportation, and Trade sectors, which decreased by 4.0%, 2.4%, and 0.6% respectively.

Poverty remains a problem in a City recovering from recession. After declining from 26.4% in the mid-nineties to 19.8% in 1999-2000, the poverty rate has begun to rise, up 1.1 percentage points in 2003-2004 (the most recent available data) from the previous year's rate, to 21.8%.¹⁰

New York City Renters

Preliminary results from the 2005 Housing and Vacancy Survey (HVS) were released in February of this year, and

Vacancy Rate by Monthly Rent Level, 2005



Source: 2005 NYC Housing and Vacancy Survey

they reveal the continuation of a very tight New York City housing market.¹¹ This triennial survey of the housing and demographic characteristics of the City's residents found that the citywide vacancy rate was 3.09% in 2005, well below the 5% threshold required for rent regulation to continue under state law. The Bronx had the lowest vacancy rate in the city, at 2.63%, translating into the availability of just 9,952 rentals in a borough with 378,400 rental apartments. Manhattan, by contrast, had the highest vacancy rate in 2005, at 3.79%. Of the remaining boroughs, Queens was 2.82%, Brooklyn was 2.78%, and the sample size in Staten Island made the rate too low to calculate.

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 1.38%, while those renting for at least \$2,500 had a vacancy rate of 9.14%. (See graph on previous page for a further breakdown.)

Income

According to the 2005 HVS, which reflects household income for 2004, the median income for rental households was \$32,000 in 2004.¹² By contrast, owner households earned substantially higher income, which in 2004 was \$65,000, double the average income of renters.

The 2005 HVS again found different income levels among those living in units that were rent controlled, pre-war stabilized and post-war stabilized. Rent controlled tenants continued to have the lowest average household income, earning a median of \$22,200 in 2004. Tenants living in stabilized buildings built prior to 1947 ("pre-war") had a median income of \$32,000, and post-46 ("post-war") tenants earned a median income level of \$34,800. Stabilized tenants on the whole also had median incomes of \$32,000. In constant dollars, income levels for all renters decreased by 5.6% from 2001 to 2004, including decreases of 8.6% for all rent stabilized tenants, 11.7% for post-war stabilized apartments and 5.6% for pre-war stabilized tenants. Poverty remains a problem for a large share of apartment dwellers in NYC, with 22.6% of renter

households earning poverty-level incomes in 2004, compared to only 6.8% of owner households.

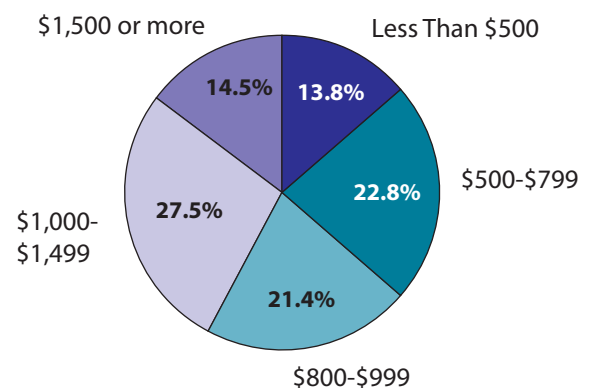
Rent

The HVS also examines rent levels, and it revealed that in 2005, the median monthly contract rent, which excludes any additional tenant payments for fuel and utilities, for all rental units was \$850 (a 20% nominal increase from 2002), and that median gross rent, which includes fuel and utility payments, was \$920 (a 17% nominal increase). Rent stabilized tenants paid, on average, just slightly less than the typical rental tenant, with a median contract rent of \$844 in 2005. 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 rent of \$810, while post-46 stabilized tenants paid a contract rent median of \$899. Rent controlled tenants paid the least in contract rent, a median of \$551, and tenants living in private nonregulated rentals paid \$1,000.¹³ In real terms, between 2002 and 2005 rents increased by 8.7% for all renters, 8.2% for all rent stabilized renters, 4.4% for tenants in pre-war rent stabilized buildings, and 6.8% for tenants in post-war rent stabilized buildings.

The HVS also breaks down the distribution of renter occupied housing by gross rent level. Of the 2.03 million rental units in NYC, 13.8% rent for less than \$500, while 42.0% rent for over \$1,000, including 14.5% that rent for

Gross Rent Levels of Apartments, 2005

Wide Range of Apartment Rents in NYC



Source: 2005 NYC Housing and Vacancy Survey

more than \$1,500. Almost half (44.2%) of all rental units rent for between \$500-\$999.¹⁴ (See graph on previous page for a further breakdown.)

Affordability of Rental Housing

Examining affordability of rental housing, the 2005 HVS reported that the median gross rent-to-income ratio for all renters was 31.2%, meaning that half of all households residing in rental housing pay more than 31.2% of their income in gross rent, and half pay less. Furthermore, more than a quarter (28.8%) 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.¹⁵ Both the overall gross rent-to-income ratio and the proportion of households paying more than 50% of income towards rent increased from the 2002 HVS, which reported 28.6% and 25.5% respectively.

Rent controlled tenants are the tenants facing the highest median gross rent-to-income ratio, with an average of 33.5%, 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 and those tenants in private, nonregulated units both had gross rent-to-income ratios of 31.9% in 2005, while tenants in pre-war rent stabilized buildings paid a median of 32.2% of their income towards rent and tenants in post-war rent stabilized buildings paid 30.5%.

Despite ongoing efforts by a number of government agencies and non-profit groups, housing affordability remains an issue in a city ranked 11th highest in a nationwide survey of monthly rental costs (\$856), but only 27th highest in median household income (\$41,509).¹⁶

A number of studies have chronicled the difficulty New Yorkers face in finding affordable housing, including an annual study by the National Low Income Housing Coalition that 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 (\$1,133 a month), as determined by the U.S. Department of Housing and Urban Development (HUD), a full-time worker must earn \$21.79 per hour, or

\$45,320 a year. Alternately, those who earn minimum wage would have to work the equivalent of 145 hours a week (or two people residing together would each have to work 72.5 hours a week) to be able to afford a two-bedroom unit priced at Fair Market Rent.¹⁷

An August 2005 report studied housing affordability nationwide for people with disabilities who receive federal Supplemental Security Income (SSI) benefits. The report examined income from SSI benefits as compared to HUD Fair Market Rents in metropolitan areas nationwide. The report found that 110 metropolitan areas had one-bedroom fair market rents that were higher than monthly SSI payments. Of these 110 areas, New York City ranked 5th highest, with rents for one-bedroom apartments exceeding SSI payments by more than 66%. This was an increase from the 43% that rent exceeded SSI payments by in 2002, when New York ranked 23rd highest. Rents for studio apartments ran 40% higher than monthly SSI payments, an increase from 29% in 2002.¹⁸

A report released in January 2006, "Pulling Apart in New York," documents income trends for both New York State and New York City from the early 1980s through the early 2000s.¹⁹ The study found that New York State has the widest income gap between rich and poor of all fifty states, and the gap grew over the past twenty years, with only income disparity in Arizona growing at a faster rate. While nationwide the income of the rich grew at three times the pace of the poor, in New York State it grew at five times the rate.

In constant 2002 dollars, the income of the bottom fifth quintile in New York City grew from \$11,865 in 1981 to \$13,152 in 2002, an increase of 10.8%, but the income of the top fifth quintile grew from \$72,239 to \$118,828, an increase of 64.5%. The top five percent of households increased their income by 84% over this same period. The top quintile in New York City now makes 9.0 times more than the lowest quintile, up from 6.1 in the early 1980s. There are also large disparities between the top quintile and the middle one, with an average income for the top quintile 3.1 times that of the middle quintile, an increase from 2.4 in the early 1980s. Thus, while incomes may rise on average, housing affordability for many has been stagnant or falling.

The Joint Center for Housing Studies of Harvard University recently published a nationwide study,

"America's Rental Housing," which analyzed 2003 American Housing Survey data in regards to income, rent levels, demographics, and a host of other factors.²⁰ The survey found, in part, that the median income of the lowest fifth quintile of renters is less than \$10,000 a year, while the top fifth quintile of renters make a median of over \$60,000. In contrast, the top fifth quintile of owner households make more than twice the amount of the top fifth quintile of renters. Seventy percent of the bottom quintile of renters pay more than 50% of their income towards rent, while the number of units renting for less than \$400 in inflation adjusted figures shrunk by 13% between 1993 and 2003. A review of inflation-adjusted incomes reveals that over the past 10 years the income of the top quintile of renters increased by 17%, while income levels of the bottom fifth remained stagnant over the same period. Comparing owners and renters, the gap in median income, in real terms, increased from \$22,500 in 1990 to \$26,700 in 2004.

Continuing to affect New Yorkers are reductions in federal funding to the Section 8 program. The program allows recipients to rent apartments in the private

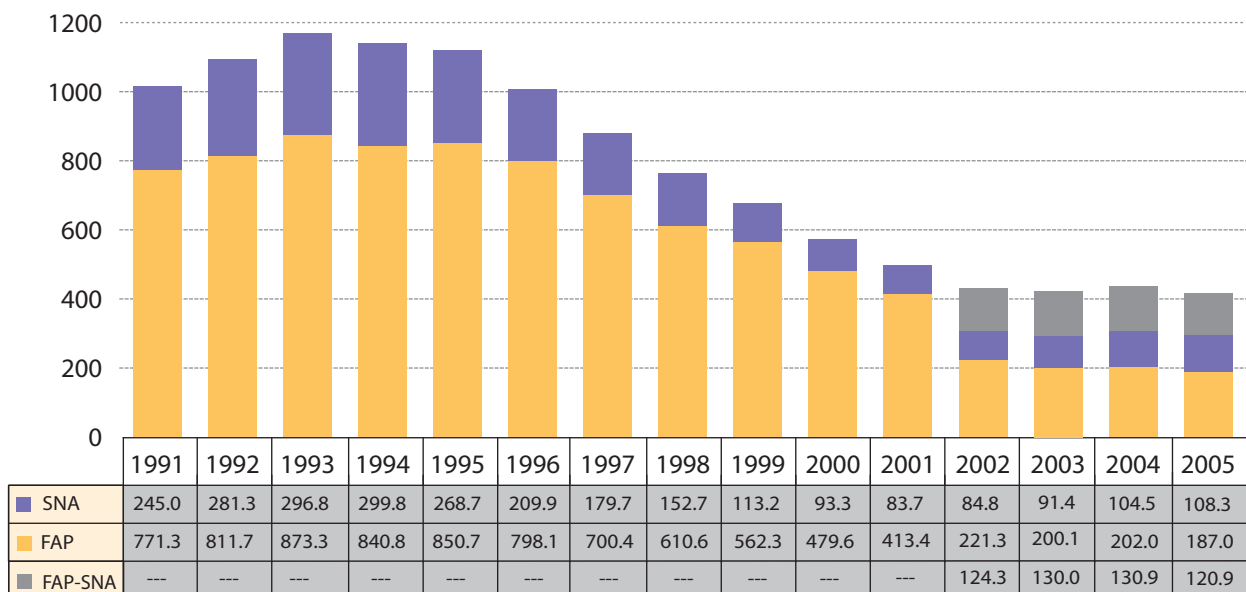
marketplace, generally paying 30% of their income towards rent while the program makes up the difference. The NYC Housing Authority, the primary agency managing the program, has closed their waiting list (which already has more than 126,000 persons on it) to anyone not a victim of domestic violence. Between the first four months of FY 2005 and 2006, placement through NYCHA in Section 8 housing fell from 2,549 to 437 persons, while total occupancy using Section 8 vouchers fell from 91,942 to 87,509.²¹ Because of budget cuts, as participants leave the program, new vouchers aren't being released to replace them. An independent think tank estimated last year that by 2010 the number of vouchers available citywide would be cut by approximately 20,000, and this year they estimate that New York City could lose up to 3,900 vouchers in this year alone if the House funding bill is passed.²²

Public Assistance Programs

Reversing increases in the previous fiscal year, between fiscal years 2004 and 2005 the total number of public

Family Assistance Program (FAP) and Safety Net Assistance (SNA), FY 1991-FY 2005

Public Assistance Caseloads Decrease Slightly



Note: FAP-SNA refers to welfare recipients who were converted from the Family Assistance Program to the Safety Net Assistance Program

Source: Mayor's Management Reports, FY's 1991 - FY 2005

assistance cases decreased by almost 5%. Public assistance rolls are made up of two main programs: the Family Assistance Program (FAP) and the Safety Net Assistance (SNA) program.²³ The Mayor's Management Report discloses that during Fiscal Year (FY) 2005, 416,200 persons were receiving public assistance through these two programs, a decrease of 4.9% (21,200 persons) from a year earlier (see graph on previous page).²⁴

In addition to the decrease in public assistance recipients during FY 2005, applications for public assistance also decreased from FY 2004 levels, declining by 5.7%. Over the last ten years the number of public assistance recipients has dropped significantly, falling 64.2% since March 1995, when the City's welfare reform initiative began and 1,161,000 recipients were on the rolls.

During the first four months of FY 2006, the most recent period for which data is available, public assistance caseloads are down 4.5%, or 19,800 cases from the same period the previous year. While the 417,900 cases are a decline from the same period the prior year, levels are 1,700 persons higher than July 2005 levels. Overall, there was a 3.1% decrease in the number of new public assistance applications during the first four months of FY 2006, the second consecutive year of decline.

The Mayor's Management Report also tracks the number of recipients of FAP that participate in work activities. In FY 2005, 36.6% of FAP families worked, an increase of 0.9 percentage points from the previous year. During the first four months of FY 2006, 34.5% of FAP families participated in work activities, down almost two percentage points from 36.3% last year. The number of reported job placements among public assistance recipients (excluding placements through the Workforce Investment Act) increased significantly between FY 2004 and FY 2005, rising 13.0% to 88,654 placements. Between July and October, placements are down 6.0% from the same period the prior year.

For the third straight year, the number of food stamp recipients increased, rising 9.5% between FY 2004 and FY 2005. Levels are now their highest in eight years — 1,086,200 persons — an increase of almost 100,000 persons over the prior fiscal year. That number remained steady during the beginning third of FY 2006, with a slight 0.4% decrease over FY 2005 levels, but an

increase of 3.8% over the equivalent period of the preceding year.

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 2005 calendar year, New York City received \$872.6 million from federally funded programs. These programs included \$266.7 million in a Community Development Block Grant (CDBG), which funds housing and community development programs; \$124.2 million for the HOME Investment Partnership Program, which helps preserve existing housing stock; \$8.0 million for the Emergency Shelter Grant (ESG) program, which is used for homeless programs; and \$47.1 million for Housing Opportunities for Persons with AIDS (HOPWA). In 2006, the City expects to receive \$851.0 million for federally funded programs, which represents a 2.5% nominal decrease over 2005 levels, and a 5.9% decrease in inflation-adjusted dollars.²⁵

For the fourth Fiscal Year in a row, the City has received permission from the federal government to use more of its CDBG dollars (approximately \$20 million) for day care center services, a service that normally would not be funded in this way, thus reducing the amount of money actually allocated for housing.

Evictions & Homelessness

Homelessness & Emergency Assistance

Homelessness in the City, based on visits to City shelters, remained at high levels during Fiscal Year 2005. During FY 2005, an average of 35,898 persons stayed in City shelters, down 2,237 persons, or 5.9%, from a year earlier, but still up considerably from the average of 20,000-25,000 found in the 1990s. The number of single adults staying in City shelters rose slightly in FY 2005, with an average of 8,473 staying in shelters in FY 2005, 0.3% higher than during FY 2004, and approximately 30% higher than levels in the 1990s. However, the number of families in shelters decreased, down 5.3% over the year, falling to 8,623, although still more than 70% higher than 1990s levels. There was also a decrease of 9.5% in the

number of children staying in City shelters during FY 2005, falling to 14,849 from 16,404.²⁶

Homeless statistics continued to improve during the first four months of FY 2006, falling 11.7% among all individuals as compared to the same period the previous year and 9.8% over total FY 2005 averages, an average of 32,389 persons. Homeless children levels fell by an even greater amount as compared to the same period of the prior fiscal year, decreasing by 16.4% over the year to 12,876. Families in shelters also fell during the start of FY 2006, declining by 8.2% to an average of 8,101. The number of single adults utilizing shelters declined as well during the first third of FY 2006, decreasing by 7.1% to 7,842 persons.

The number of families relocated to permanent housing decreased in FY 2005, to a total of 6,545, 7.7% lower than during FY 2004, but still significantly higher than previous years. The average number of days spent in temporary housing inched up slightly over the same period, increasing by 3 days (0.9%) to reach an average of just over 49 weeks. However, the number of families found ineligible for temporary housing declined sharply between FY 2004 and FY 2005, decreasing 25.2% to 8,939.

During the first four months of FY 2006, the number of families relocated to permanent housing fell by 27.1% (to 1,775), while the average days in temporary housing rose 16 days, to 349. In addition, after almost doubling two years ago, the number of families found ineligible for temporary housing fell 20.8% during the first four months of FY 2006, decreasing to 3,691 families.

In December of 2004, the Department of Homeless Services implemented a new program aimed at moving the homeless population off of dwindling Section 8 vouchers and to a new rent subsidy called "Housing Stability Plus (HSP)." The Bloomberg Administration hopes that up to 6,500 homeless families a year can find permanent housing with these vouchers, which drop in value by 20% every year for five years until expiring completely. HSP vouchers, which are generally worth less than Section 8 vouchers, can be combined with public assistance shelter allowances to help bridge the gap between income and rent.²⁷

Through this initiative and a number of others, including expanded drop-in centers and housing court

initiatives, the administration hopes to cut the number of homeless people in shelters by 25,000 persons by 2009.²⁸ More than a year since the program began, not much information is available on the success or failure of the program. Approximately 6,000²⁹ or more families and single adults have been moved from shelters to apartments using the vouchers, but will face 20% annual increases in rent until the vouchers expire completely in five years. Additionally, program rules specify that recipients must be receiving some kind of welfare in order to continue to receive HSP vouchers, meaning most participants cannot work. Critics also charge that the City is not monitoring the quality of the housing secured through HSP vouchers. A recent survey analyzed violation data from 274 buildings that receive money through HSP, and 41% had more than three class B and C violations (the most serious violations) per unit.³⁰

In November of 2005, Mayor Bloomberg also announced the creation of 9,000 units of supportive housing aimed at the homeless population. The units, built with local, State, and federal funding, will provide permanent housing for the chronically homeless population, including families, single adults with mental illness, people with substance abuse problems, and individuals with HIV/AIDS, as well as youth aging out of foster care.³¹

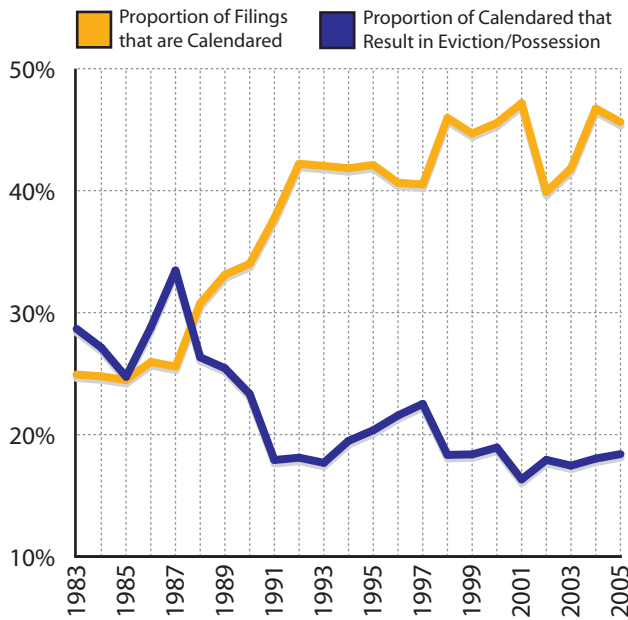
Housing Court

Another useful way to assess 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. To measure the number of households experiencing the most severe affordability problems, evictions are also tracked.

After decreases during the past two years, the number of non-payment filings in Housing Court increased slightly, rising by 0.1% in 2005, to reach 261,457.³² While court filings increased in 2005, the proportion of cases resulting in an actual court appointment ("calendared") decreased more than one percentage point, down to 45.6% from 46.7% last year, one of the highest proportions the RGB has ever recorded (see graph on next page and Appendix F.7).

Housing Court Statistics, 1983-2005

Over Time, Non-Payment Cases Heard Increase, but Proportion of Evictions Decrease



Source: Civil Court of NYC and NYC Dept. of Investigations

During the mid-to-late 1980s, an average of 27.1% of non-payment filings were calendared. That figure has climbed steadily since then, reaching a high of 47.2% in 2001. Of the 261,457 non-payment filings during 2005, 64,209 were filed against tenants of New York City Housing Authority buildings, with 20,307 of these filings resulting in a court appearance.³³

The proportion of non-payment proceedings Citywide that resulted in an eviction/possession ruling in 2005 increased slightly over the prior year, up from 18.0% in 2004 to 18.4% in 2005. This translates to 21,945 court decisions ruled for the tenant's eviction from a total of 119,265 non-payment proceedings.³⁴ This proportion remains lower than that found in the mid- to late-1980s, when typically a quarter to a third of cases reaching court resulted in an order of eviction or possession.

Conclusion

For the second consecutive year, New York City's economy rallied from an almost three-year-long recession, as reflected in increasing Gross City Product,

falling unemployment rates and public assistance cases, and increasing employment levels. The City's Gross City Product increased by 3.6% during the first three quarters of 2005, compared to 3.5% for the nation. Unemployment rates dropped significantly, falling 1.2 percentage points Citywide, from 7.0% to 5.8%. And total employment levels rose by almost 50,000 jobs, the second consecutive year of increase. Filings in housing court remained level, as did the proportion of tenants who are evicted. In addition, public assistance rolls declined by almost 5% and real wages increased.

But there were also negative indicators of the economic health of NYC, including a significant increase in the number of food stamp recipients, and HVS data which showed falling real wages and escalating gross rent-to-income ratios. Inflation rates in the New York City area also rose for the fourth year in a row, hitting almost 4% during 2005. □

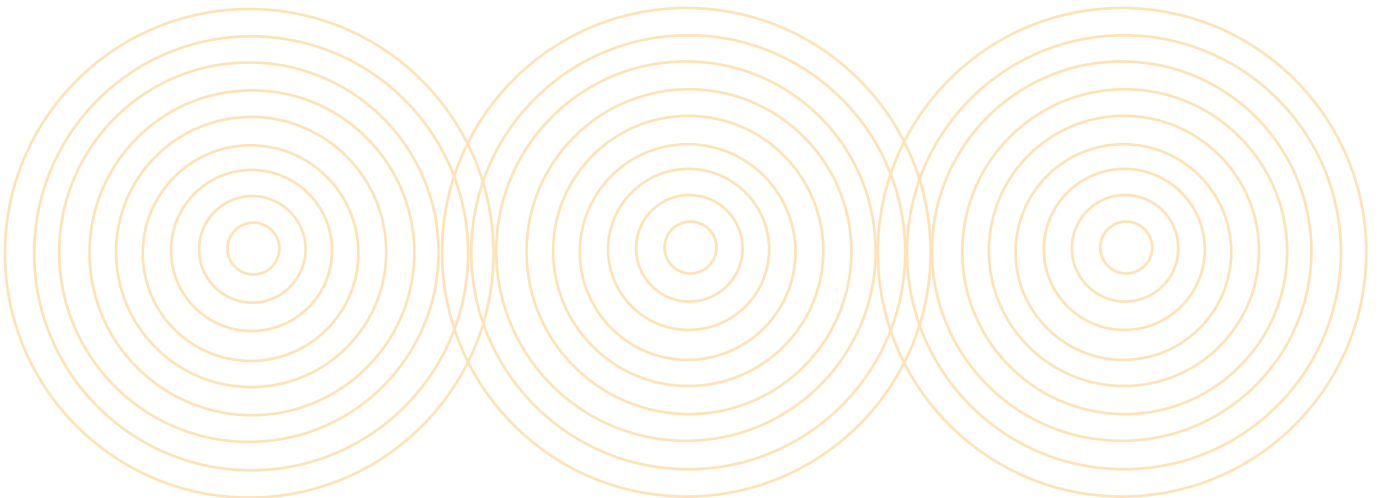
Endnotes

1. GCP figures are adjusted annually by the New York City Comptroller's Office. The figures in this report are the latest available estimate from that office, based on inflation adjusted 2000 chained dollars.
2. "NYC's economy grows for eighth quarter despite higher energy prices," Economic Notes, NYC Comptroller's Office, December 2005.
3. Bureau of Labor Statistics; <http://www.bls.gov>; Data accessed March 2006
4. 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.
5. New York State Dept. of Labor; <http://www.labor.state.ny.us>; Data accessed March 2006
6. 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*.
7. New York State Dept. of Labor; <http://www.labor.state.ny.us>; Data accessed March 2006
8. 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. Two new NAIC categories, which are discussed in this report, include "information" and "management of companies." 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.

9. New York State Dept. of Labor; <http://www.labor.state.ny.us>; Data accessed March 2006
10. "Poverty in New York City, 2004: Recovery?" Community Service Society (CSS) of New York, September, 2005. Based on study of U.S. Census Bureau data. Study averaged two consecutive years of census data in calculating poverty rates.
11. 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. All HVS data reported herein is from "Selected Findings of the 2005 New York City Housing and Vacancy Survey," prepared by Dr. Moon Wha Lee of the New York City Dept. of Housing Preservation and Development. The full data set from the 2005 HVS was not released as of the time of publication of this report.
12. Total household income in the HVS includes wages, salaries, and tips; self-employment income; interest dividends; pensions; and other transfers and in-kind payments.
13. Private non-regulated units consist of units which were never rent controlled or rent stabilized, units which were decontrolled, and unregulated rentals in cooperatives or condominium buildings.
14. The remaining 37,315 units did not report a cash rent.
15. 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).
16. 2004 American Community Survey, U.S. Census Bureau. <http://www.census.gov/acs/www/index.html>
17. National Low Income Housing Coalition, "Out of Reach 2005."
18. "Priced Out in 2004," Technical Assistance Collaborative, Inc. and Consortium for Citizens with Disabilities Housing Task Force. August, 2005.
19. "Pulling Apart in New York: An Analysis of Income Trends in New York State," Fiscal Policy Institute. January 26, 2006
20. "America's Rental Housing," Joint Center for Housing Studies of Harvard University, March, 2006
21. Preliminary Mayor's Management Report, February 2006.
22. Estimates from the Center on Budget and Policy Priorities. March 8, 2005 and August 24, 2005.
23. 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.
24. *Mayor's Management Reports*, Fiscal Year 1995 - Preliminary Fiscal Year 2006.
25. *Consolidated Plan 2005* and *Consolidated Plan 2006*, NYC Dept. of City Planning.
26. Source: NYC Dept. of Homeless Services, shelter census reports.
27. "Evaluating the Fiscal Impact of the Housing Stability Plus Program," New York City Independent Budget Office. March, 2005.
28. "Bloomberg Sets Detailed Plan to Cut Number of Homeless," *The New York Times*, Leslie Kaufman. September 23, 2004.
29. Via phone, March 24, 2006. Jay Bainbridge, NYC Department of Homeless Services Numbers updated from program inception through March 3, 2006.
30. "Your Tax Dollars at Work: How NYC Subsidizes Slumlords," Housing Here and Now, October 2005
31. "Mayor Bloomberg and Governor Pataki Announce Historic Pact to Create 9,000 Supportive Housing Units for Chronically Homeless Individuals and Families," Mayor's Office Press Release, November 7, 2005.
32. Civil Court of the City of New York data.
33. The New York City Housing Authority is required by law to begin non-payment proceedings 14 days after the rent due date.
34. NYC Department of Investigation, Bureau of Auditors data.

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*Changes to the Rent Stabilized Housing
Stock in New York City in 2005pg. 73*



2006 Housing Supply Report

what's new

- ✓ Permits for 31,599 new dwelling units were issued in NYC in 2005, the most since 1972 and a 25.4% increase over the prior year.
- ✓ The number of new housing units completed in 2005 increased 6.5% over the prior year, to 20,382.
- ✓ The citywide vacancy rate was 3.09% in 2005.
- ✓ City-sponsored residential construction spurred 18,252 new housing starts, more than half of which are rehabilitations.
- ✓ The city-owned *in rem* housing stock continued to decline, falling 36.2% housing units during FY 2005.
- ✓ The number of housing units newly receiving 421-a exemptions decreased 24.9% in 2005, to 5,062.
- ✓ The number of housing units newly receiving J-51 abatements and exemptions decreased 43.5% in 2005, to 66,370.
- ✓ The Attorney General's office reported an 84.7% increase in the number of co-op or condo units accepted in 2005, to 409 plans containing 15,058 units.
- ✓ Demolitions, as reported by the New York City Department of Buildings, were also up in 2005, increasing by 24.6% to reach 3,421 buildings.

Introduction

Over the past year there was a 25.4% increase in the number of permits issued for new dwelling units, rising to 31,599, the most since 1972. The number of completed housing units grew as well, rising 6.5% over 2004 levels. This growth in development has been prompted by the tight housing market, with a citywide rental vacancy rate of 3.09%. Overcrowding remains a problem, with 10.2% of all rental housing considered overcrowded. There was also an 84.7% increase in the number of units in cooperative and condominium plans accepted for conversion or new construction, while the number of city-owned vacant and occupied buildings continued to fall through various disposition programs, declining almost 30% during the 2005 fiscal year. During 2005, housing starts under the 421-a Affordable Housing Program increased 150.5%. The City also saw an increase in demolitions during 2005, rising 24.6%. And rehabilitation of residential units under the J-51 tax abatement and exemption program during 2005 decreased significantly, falling 43.5% after large gains in the previous year.

New York City's Housing Inventory

In contrast to the rest of the country, most New Yorkers do not own the homes in which they live. According to results from the 2005 Housing and Vacancy Survey (HVS),¹ rental units comprised 67.0% of New York City's housing stock in 2005, twice as many rental units as the nation as a whole.² New York City in 2005 had a total of 3,260,856 housing units, the largest housing stock since the first HVS was conducted in 1965.

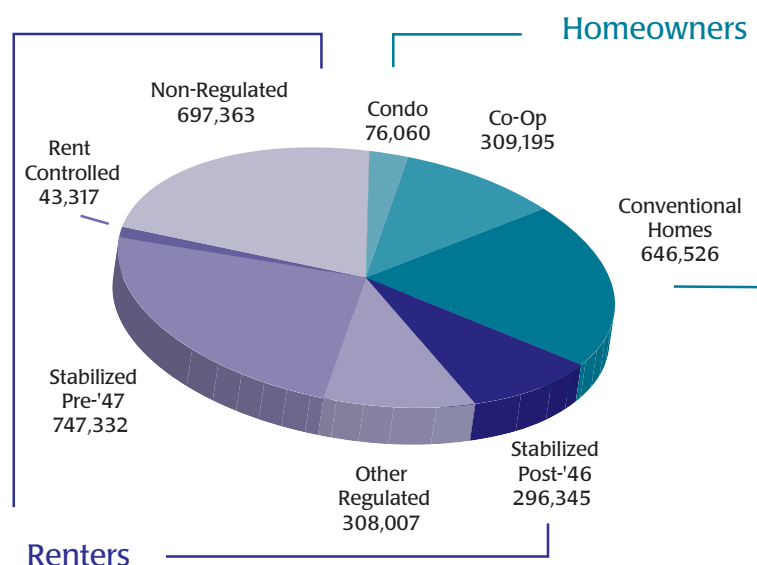
New York City's housing is dominated by the size of its rental housing stock and unlike most cities, the bulk of rental units are rent regulated. Of the 2,092,363 occupied and vacant rental units reported in the most recent HVS, a third (33.3%) were unregulated, or "free market." The majority are either pre-war (pre-47) rent stabilized (35.7%) or post-war (post-46) rent stabilized (14.2%), and the rest are rent controlled (2.1%) or part of various other³ types of regulated apartment programs (14.7%). (See pie chart on following page)

The HVS also indicated that New York City's housing market remains tight, finding a citywide vacancy rate of 3.09% in 2005, below the 5% threshold required for rent regulation to continue under state law. The Bronx had the lowest vacancy rate in the city, at 2.63%, while Manhattan had the highest, 3.79%. Of the other boroughs, Queens' was 2.82%, Brooklyn's was 2.78%, and the small sample size of vacant apartments in Staten Island made calculation of a vacancy rate in that borough unworkable.⁴

Vacancy rates also vary by rent regulation status. The tightest market was found among post-war stabilized units, with a vacancy rate of 2.28% in 2005. Pre-war stabilized units also maintained a low vacancy rate, at 2.84%, while private, non-regulated units were vacant at a 4.11% rate.

Number of Renter and Owner Units

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



Source: U.S. Bureau of the Census, 2005 New York City *Housing and Vacancy Survey*.
 Note: Above figures exclude vacant units that are not available for sale or rent.

The frequency of crowding also varies by rent regulation status. Overall, 10.2% of all rental housing in NYC is overcrowded (defined as more than one person per room, on average) and 3.7% is severely overcrowded (defined as an average of more than 1.5 persons per room). Pre-war stabilized housing is most crowded, with 13.4% of units overcrowded and 5.5% severely overcrowded, while 9.5% of post-war units are overcrowded, and 3.6% of units are severely overcrowded. Private, non-regulated housing is slightly less overcrowded, at 9.2%, with 3.0% severely overcrowded.

Changes in the Housing Inventory

New Additions

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, in 2005 the City saw another increase in the number of permits issued for new residential units in single- and multi-family buildings. In 2005, permits were issued for 31,599 units of new housing, an increase of 25.4% over the 25,208 units in 2004 (see graph on following page). While still below the 1960's average of 37,000 new units per year, more permits were issued for residential units in 2005 than in any year since 1972, when 36,061 were issued. Permits issued Citywide in 2005 increased, despite decreases in permits issued in Staten Island and virtually flat growth in the Bronx. Proportionally, Manhattan increased the most, up 86.5%, to 8,493; Brooklyn grew by 32.3%, to 9,028; and Queens increased 6.1%, to 7,269. Staten Island permits were the only to drop, down 8.7%, to 1,872, and permits in the Bronx stayed almost flat, up to 4,937, a 0.3% increase. (See Appendix G.1 and the map on page 64)

While permits issued increased between 2004 and 2005, the number of permits issued in early 2006 has increased at an even greater pace. The number of permits issued in New York City increased from 6,053 in the first quarter of 2005 to 7,697 during the same period of 2006, a 27.2% increase. The number of

permits in the Bronx, Manhattan, Queens, and Staten Island all increased significantly, up 38.4%, 38.1%, 51.4%, and 31.0% respectively, while permits issued in Brooklyn increased by a lesser amount, up 2.3% over the same period.⁵

Permit data can also be analyzed by the reported size of the buildings applying for permits. In 2005, a total of 5,787 buildings received permits (containing a total of 31,599 housing units). Citywide, 22.5% of these buildings were single-family, 35.8% were two-family, 30.0% were three- or four-family structures, and 11.8% were five-family or greater buildings. The average five-family or greater building contained 31 units of housing for the City as a whole, and 81 units in Manhattan. As the chart on the following page illustrates, almost all building permits in Manhattan were for the largest buildings, while in Staten Island virtually all permits were for either one- or two-family buildings. Building size was more evenly distributed in the Bronx, Brooklyn, and Queens. (See Appendix G.2)

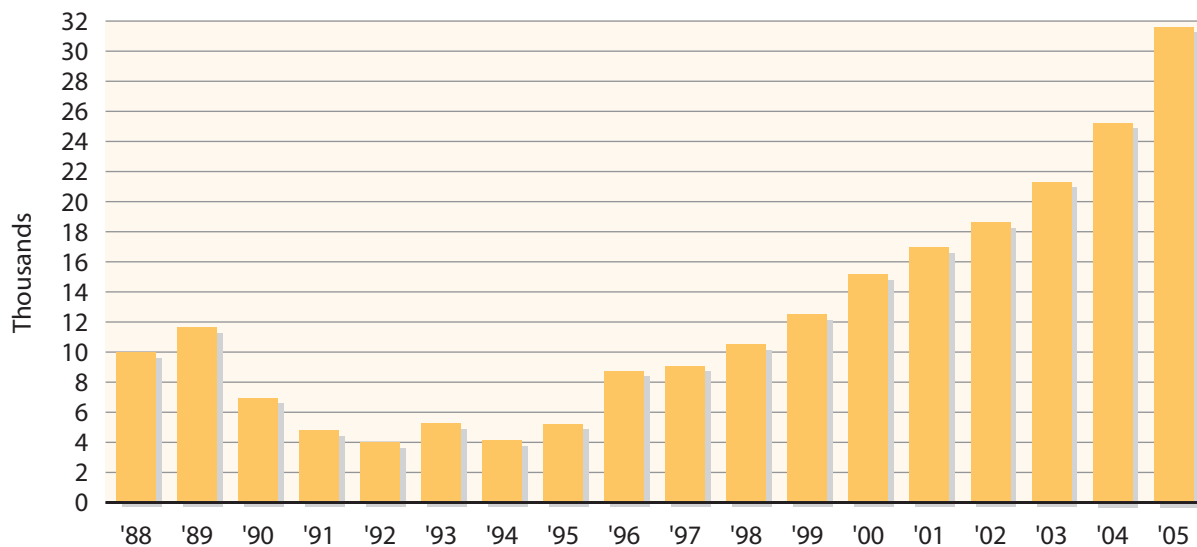
This report also examines the number of units completed in the City each year, illustrating what housing actually enters the market in a particular year.⁶ In 2005,

approximately 20,382 new housing units were completed, a 6.5% increase over 2004.⁷ This number includes significant gains in Queens, smaller increases in Brooklyn and the Bronx, and losses in Manhattan and Staten Island. Queens saw its number of new housing units grow more sharply than any other borough in 2005, up 68.9%, to 5,027. Brooklyn saw a 17.8% increase, to 5,366; the Bronx increased by 2.7% to 3,234; Manhattan decreased by 21.0% to 4,825; and the number of new units in Staten Island decreased 17.7% in 2005, to 1,930. (See Appendix G.3 for historical breakdown)

Housing is also created through publicly funded sources, including programs sponsored by the NYC Department of Housing Preservation and Development (HPD) and the New York City Housing Development Corporation (HDC). HPD's Office of Development operates a number of 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 is a revitalization program that creates both commercial retail and housing on

Units Issued New Housing Permits, 1988-2005, in Thousands

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

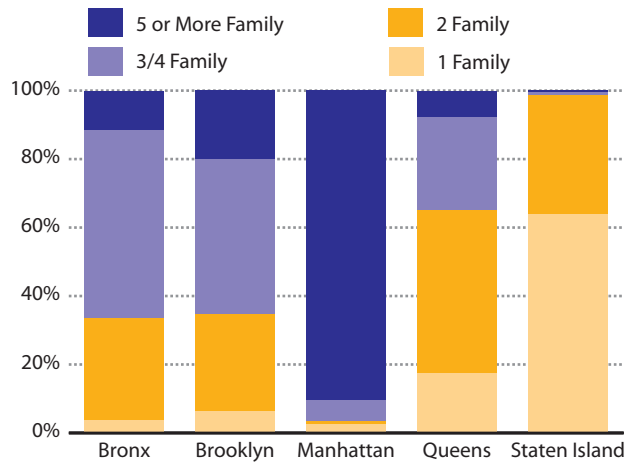


Source: U.S. Bureau of the Census, Manufacturing and Construction Division Building Permits Branch.

Residential Building Permits, 2005

Permits by Building Size:

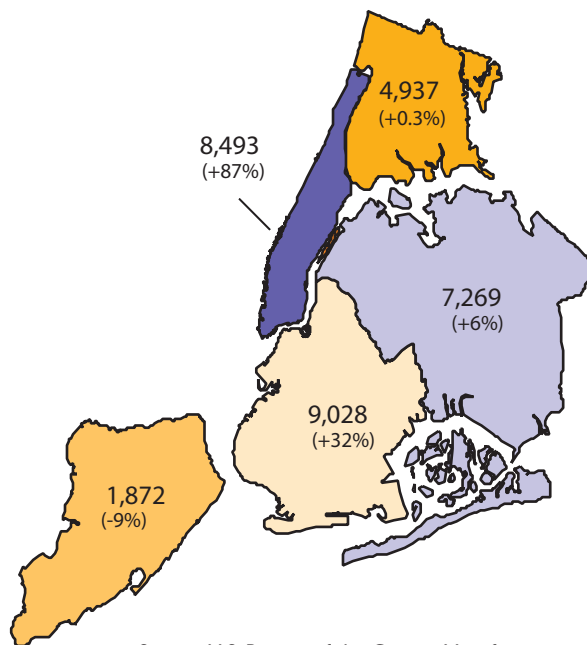
Most New Buildings in Manhattan are Five Family or More, in Staten Island One and Two Family Homes Predominate



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

Total Number of Permits Issued in 2005 and Percentage Change From 2004 by Borough:

Twenty-five Percent Increase in Number of Permits Issued for New Housing Units in New York City



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

vacant City-owned land; and the New Housing Opportunities Program, which issues taxable bonds to provide long-term fixed-rate permanent financing for middle-income rental projects.

Inclusive of all HPD-sponsored programs, the agency reported 18,252 total housing starts⁸ in FY 2005, an increase of 78.9% over the prior year. Of the 18,252 total starts this year, 11,288 were rehabilitation starts by either HPD or HDC, 5,284 were new construction starts by HPD, and 1,680 were new construction starts by HDC.⁹ HPD and HDC collectively expect to start an additional 15,099 units of new construction and rehabilitation in FY 2006, and 14,048 in FY 2007. During the first four months of FY 2006 there were 9,514 starts by HPD and HDC, a 196.8% rise over the corresponding period of the previous year. Most of this increase was in new construction, which rose by more than 4,100 units over the time period.

In February 2006, Mayor Michael R. Bloomberg announced the expansion of his New Housing Marketplace Plan. The original five-year, \$3 billion commitment of 65,000 units is now a ten-year commitment to build and preserve 165,000 units of affordable housing. This \$7.5 billion plan will provide affordable homes for 500,000 New Yorkers. As of April 2006 HPD and HDC have started 37,715 units of housing under the New Housing Marketplace Plan. Estimates are that 68% of the new and preserved units will be affordable to low-income households and the remaining 32% will be affordable to moderate- and middle-income households.¹⁰

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 commences. 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.

A variety of factors are used to establish the level and period of 421-a benefits, including geographic location; preservation of units for low- and moderate-income families; construction periods; and government commitment. Properties are also subject to construction guidelines. Rental properties receive an exemption for 10 to 25 years depending on location, the number of units reserved for low- and moderate-income tenants, and whether they are located in a neighborhood preservation area. Longer exemption periods apply in northern Manhattan and boroughs outside Manhattan, and to projects that receive governmental assistance or contain 20% low-income units.

Tax-incentive housing is also developed through the 421-a Affordable Housing Program, aimed at providing new housing for low- and moderate-income families. Units can be located anywhere in the City, and receive up to a 25-year tax exemption. In addition to receiving tax benefits, for each low-income rental unit produced through the Affordable Housing Program, approximately five 421-a tax exemption certificates are produced, each allowing construction of one market-rate unit within the "Exclusion Zone" of Manhattan (located between 14th and 96th Streets).¹¹ Therefore, the City has ensured that development of tax-exempt, market-rate housing within core Manhattan creates at least one affordable housing unit for each five market-rate units within the Zone. Developers have the option of locating the affordable units on-site, by setting aside twenty percent of the units in the building for low-income tenants, or building off-site. If developers within the Exclusion Zone choose not to build affordable housing themselves, they have the option of buying these certificates from affordable housing developers in other parts of the City for an estimated cost of \$10,000 to \$15,000 each, thereby helping finance additional affordable housing.

Housing starts under the 421-a Affordable Housing Program rose significantly this year, increasing 150.5%

from 2004 levels, for a total of 1,280 units. It is estimated that when all the units begun in 2005 are completed, these 1,280 new affordable units will create 6,026 certificates eligible to be sold for market-rate housing within the Exclusion Zone.¹²

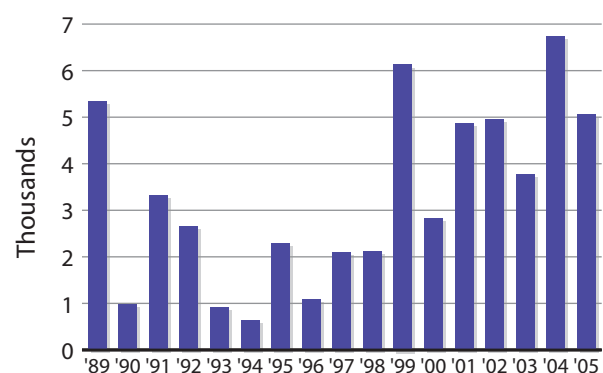
While construction starts under the 421-a Affordable Housing Program were up by more than 150%, affordable units completed under the Affordable Housing program in 2005 grew as well, but by a smaller amount. In 2005, 159 new affordable units, producing 798 certificates for market-rate housing, were completed, a 48.6% rise from last year.

Through the market-rate 421-a program, the number of housing units receiving 421-a exemptions decreased in 2005, down 24.9%, to 5,062 (see graph on this page), including decreases in every borough but Staten Island. These 5,062 units of 421-a housing are comprised of 66.8% rental units and 33.2% co-op and condominium units. The largest proportion of units receiving benefits in 2005 were in buildings located in Manhattan, which contained 57.1% of the total units in the City, compared to 50.5% in the previous year. The remainder of these units were in Brooklyn (23.4%), Queens (15.3%), the Bronx (3.6%) and Staten Island (0.6%).¹³ (See Appendices G.6 and G.7)

Another program that has offered affordable

Units Receiving 421-a Certificates, 1989-2005, in Thousands

25% Decrease in Number of Units Newly Issued 421-a Certificates in 2005



Source: NYC Department of Housing Preservation and Development.

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 103,000 Mitchell-Lama units in the City today (and up to 21,000 elsewhere in the state), and the last Mitchell-Lama project opened in 1978.¹⁴

After twenty years, landlords may leave the program, and in recent years, some have done so by “buying out” of the program. In New York City more than 33,000 units in Mitchell-Lama buildings have been lost due to buyouts since 1985 (see graph below). The pace has accelerated in the past couple of years, with 14,477 units bought out between January 2003 and April 2006.¹⁵ In the first four months of 2006 alone, almost 3,000 units have lost their Mitchell-Lama status and the New York City Comptroller’s Office recently reported that another 11,363 Mitchell-Lama units are pending buyout.¹⁶

At the local level, the City Council unanimously passed a bill in February of 2005 that would extend property tax benefits for up to an additional 50 years for any developers who wish to stay in the Mitchell-Lama program. Benefits currently expire when the building’s

mortgage is satisfied.¹⁷ Another initiative, through the Housing Development Corporation and announced in June of 2004, provides refinancing and loans for capital improvements to Mitchell-Lama buildings. Properties which choose to refinance through the program, targeted at 27,000 rental and co-op units, will guarantee the City they will stay in the Mitchell-Lama program for at least another 15 years.¹⁸ At the state level, the Court of Appeals recently upheld a ruling that allows the owners of many Mitchell-Lama apartments to greatly increase the rents of those apartments once the units leave the program. This “unique and peculiar” circumstances clause of the law applies to all Mitchell-Lama buildings built after March 10, 1969, as well as buildings built prior to 1969 but which were not continuously occupied between 1971 and 1973. This ruling leaves 15,644 units subject to large rent increases when leaving the program.¹⁹ Also at the State level, Bill S7120 was recently proposed, legislation which would require Mitchell-Lama units entering the rent stabilization system to have initial rents equal to those paid under Mitchell-Lama.²⁰

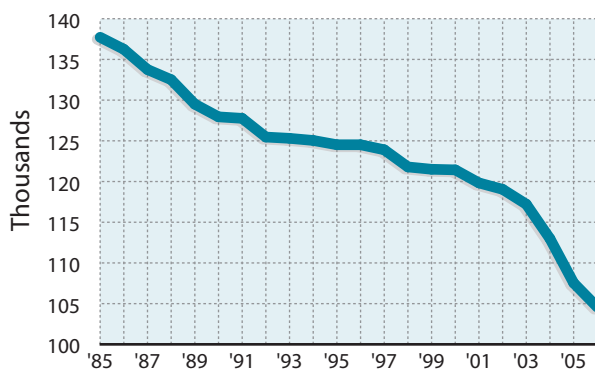
Conversions and Subdivisions

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. With a tight housing market and high demand for luxury apartments, there has been an increasing number of conversions in neighborhoods citywide, including buildings some in the past may have never considered for residential uses. Earlier this year a 500-unit rental building opened on Roosevelt Island, a conversion of a former city-operated asylum.²¹ And located just off Washington Square Park in Manhattan, the former Washington Square United Methodist Church is now home to eight luxury, loft-style condos.²² The conversion of office buildings to residential space also continues, with estimates that 20 buildings in the financial district (with nearly six million square feet of space) are currently undergoing conversion, in addition to seven million square feet completed since 1996.²³

The trend of converting hotels to luxury apartments

Units in the Mitchell-Lama Program, 1985-2006*, in Thousands

24% Decrease in Number of NYC Mitchell-Lama Units Since 1985



*NOTE: Figures for 2006 are through April of this year.
Source: NYC Comptroller's Office

continued unabated over the past year. Among the conversions in the pipeline is the 700-room Barbizon Hotel, which will now house 66 condos, ranging in price from \$1 million for a one-bedroom to \$15 million for the penthouse.²⁴ Estimates are that 15 hotels have partially or completely removed rooms from the tourist market, with a loss of 3,579 rooms since 1999. Fourteen other hotels are currently being entirely or partly converted, including the Plaza and the Stanhope.²⁵

Conversion of single room occupancy (SRO) buildings also continued in high numbers 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 in 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 2005 214 applications were filed, down slightly from 258 in 2004, but still evidence that SRO owners are increasingly converting their buildings for non-SRO uses.²⁶

Cooperative and Condominium Activity

Developers planning to build new co-op or condo buildings, and owners wishing to convert their rental buildings to co-ops or condos, must file plans with, and receive acceptance from, the New York State Attorney General’s Office. In 2005, the Attorney General accepted 409 co-op and condo plans, a 29.4% increase over the number accepted in 2004. These 409 plans encompassed 15,058 housing units, 84.7% more than in 2004. The majority of plans (227) were accepted for buildings located in Brooklyn; 144 were located in Manhattan; 23 plans were accepted for Queens; the Bronx had 12 plans; and there were three in Staten Island. However, while more buildings were in Brooklyn, the average building in Manhattan is larger, so more units were located in Manhattan (9,008) than in Brooklyn (4,253).²⁷ (See Appendices G.4 and G.5)

Almost all of the plans accepted citywide in 2005 were for new construction, comprising 361 of 409 plans, and a total of 12,210 of 15,058 units. This is similar to the prior year, when new construction accounted for 268 of the 317 accepted plans. In 2005, rehabilitation

accounted for 6 plans and 223 units, and 24 plans and 2,356 units were non-eviction conversions. An additional 18 plans, containing 269 units, were eviction plan conversions, all sponsored by the New York City Dept. of Housing Preservation and Development.

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 17.4% of the total number of units in 2005 co-op and condo plans. Conversions held in the 70-90% range for all of the 1980s, before beginning to fall in the 1990s. Because most conversion plans are non-eviction plans (including all private plans in 2005), 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 residential 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 rental housing stock, of which more than 60% of units are in buildings constructed prior to 1946.²⁸ Through tax abatement and exemption subsidy programs offered by the City for rehabilitation, units are able to remain in, 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. 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. Levels have decreased significantly from that high, mostly remaining less than 100,000 units since then.

In 2005, 66,370 units newly received J-51 benefits, a

decrease of 43.5% from the previous year (see graph on this page). These units were contained in 1,459 buildings, a decrease of 32.7% from 2004 levels. The location of the units newly receiving benefits ranged from 30.6% located in the Bronx; to 29.8% in Queens; 20.2% in Manhattan; 19.3% in Brooklyn; and 0.2% in Staten Island. Buildings were similarly distributed.²⁹

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.³⁰

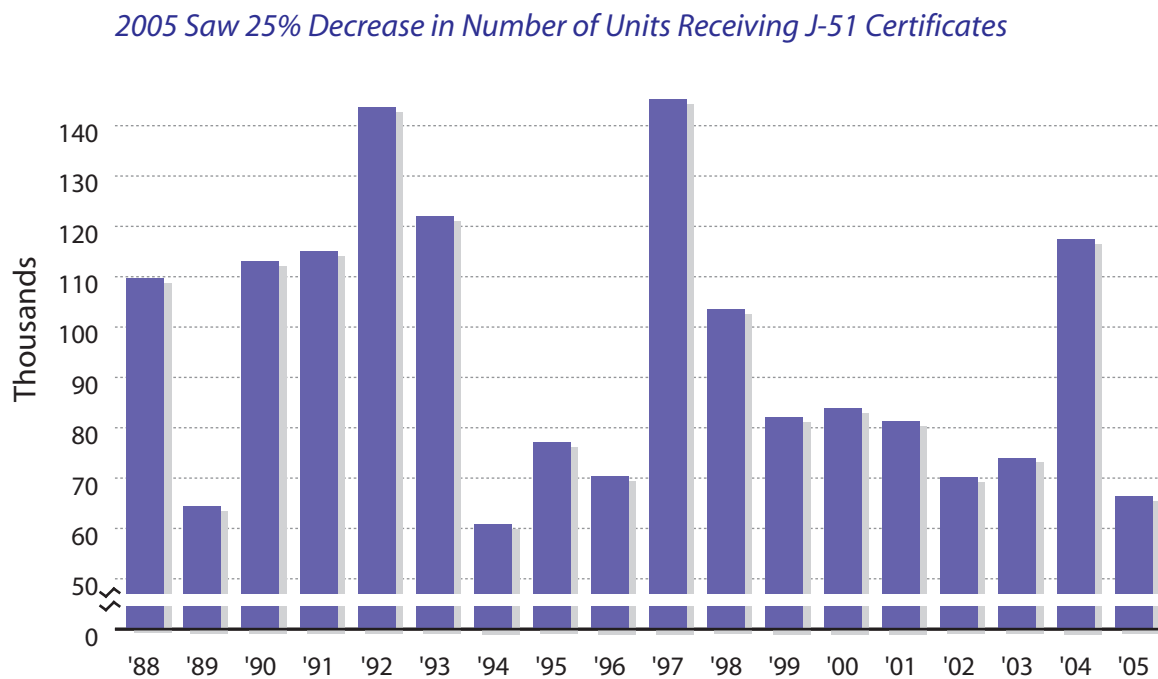
In Fiscal Year 2005, the J-51 tax program cost the City \$199.1 million for all housing types, including more than 700,000 rental units.³¹ Most of these units will remain stabilized after the benefit period, because most units receiving J-51 benefits would ordinarily be under the jurisdiction of rent stabilization laws even without tax abatements. However, 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.6 and G.7)

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 owned and managed 4,000 occupied buildings containing 40,000 units of housing (see graph on following page). Most of these buildings were

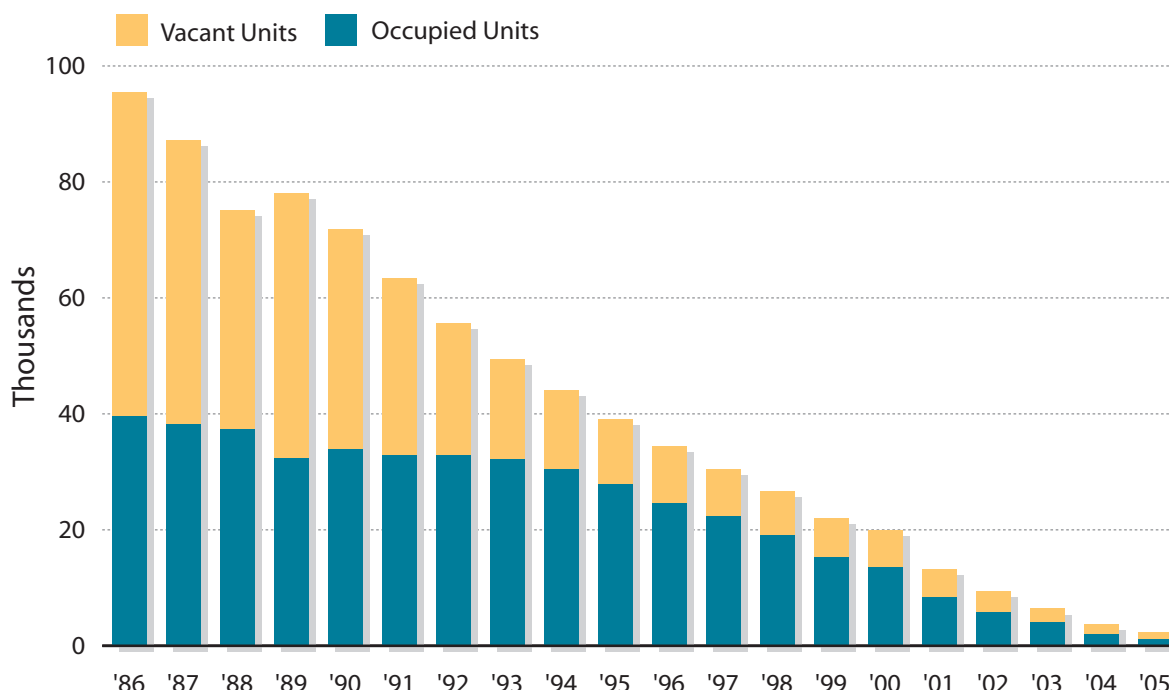
Units Receiving Initial J-51 Benefits, 1988-2005, in Thousands



Source: NYC Department of Housing Preservation and Development.

Units in HPD Central Management Stock, FY 1986-FY 2005, in Thousands

Continued Decline in City In Rem Housing Stock in Fiscal Year 2005



Source: Mayor's Management Report, Office of Operations, FY 1986-FY 2005.

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 so called *in rem* buildings. HPD's Alternative 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 1,073 through October 2005, a 96.5% decline since FY 1994.³² HPD transfers buildings into alternative management programs before returning them to private ownership. During FY 2005, 169 buildings with 1,855 units were sold through these programs.

The number of vacant city-owned buildings also fell

significantly over the same period, to 1,253 units by the end of October 2005, a 90.8% decline since FY 1994. During FY 2005, the total number of buildings operated by HPD, including both occupied and vacant, fell 29.6%, and the number of units in these buildings fell 36.2%, as compared to FY 2004. (See Appendix G.8) This trend continued during the first four months of FY 2006.

Anti-Abandonment Strategies

The City has also been able to significantly reduce its share of *in rem* buildings by identifying buildings at risk and helping owners. Key initiatives to prevent abandonment include the Third Party Transfer Program, which targets 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.³³

Since the mid-1990's, the City has not taken title (i.e., vesting) of properties that are tax delinquent. Instead, the

City has developed a comprehensive 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.³⁴

An additional facet of the City's 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, authorized 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.³⁵ Since beginning in 1996, the program has collected \$218 million in back taxes, and 249 buildings have been transferred to responsible for-profit and non-profit owners.³⁶

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 1990's relatively few residential buildings in New York City were demolished, this began to change in 1996, the same year that the number of building permits issued began to increase significantly. In fact, the number of buildings demolished in 2005 alone was almost equal to the number demolished in all the years from 1990 to 1999 combined.

A total of 3,421 buildings were demolished in 2005, a 24.6% increase over the prior year, preceded by a 22.0% increase between 2003 and 2004. This was by far the highest total since 1985, when the RGB began collecting this data. Queens accounted for 44.9% of all the buildings demolished in 2005, Brooklyn had 30.3%,

Staten Island had 13.9%, the Bronx had 6.9%, and Manhattan had the lowest proportion, 4.0%. Despite an increase citywide, only Queens and Brooklyn saw borough-level increases between 2004 and 2005, rising 36.3% and 49.9% respectively. Staten Island demolitions declined by 13.2%, Manhattan by 3.5%, and the Bronx by 0.4% from the prior year.³⁷ (See Appendix G.9)

Conclusion

More housing permits were issued in 2005 than in any year since 1972 and the number of completed housing units increased by 6.5%. The City also continued to reduce its share of city-owned vacant and occupied housing units, seeing a 36.2% decline during the most recent fiscal year. The number of new units receiving 421-a tax benefits decreased 24.9% in 2005, while J-51 tax abatements and exemptions decreased 43.5%. Rental housing availability remains tight, with a citywide vacancy rate of just 3.09% in 2005, and overcrowding remains a problem. Mayor Bloomberg's ten-year housing initiative has begun development/construction on 38,000 units, helping to reduce the affordable housing shortage. □

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. Because of reclassification, some HVS data was modified since last year's Housing Supply Report. Final numbers are presented here.
2. The U.S. housing stock was comprised of 34% renter-occupied units, according to the *2003 American Housing Survey*, conducted by the U.S. Census Bureau.
3. Other units include public housing, Mitchell-Lama, *In Rem*, HUD-regulated, Article 4 and Loft Board units.
4. 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 is likely to be large, and thus, the Census Bureau could not calculate an accurate vacancy rate.
5. U.S. Census Bureau web site. World Wide Web page <<http://www.census.gov/const/www/permitsindex.html>>.
6. NYC Dept. of City Planning data. Note that the data is continually updated and is subject to change, including data from prior years.
7. Beginning in the *2006 Housing Supply Report*, the RGB will now define a housing completion as any unit receiving either a permanent or a temporary Certificate of Occupancy in the stated year. The Department of City Planning provided this information for 2004 and 2005, and believes it is a more accurate representation of new housing

- in New York City than previous methodologies which only counted final Certificates of Occupancy.
8. Starts refer to the number of units beginning construction or rehabilitation in a given period.
 9. *Mayor's Management Reports*, Fiscal Year 2005 and Preliminary Fiscal Year 2006.
 10. Most recent numbers obtained from the New York City Department of Housing Preservation and Development on May 22, 2006.
 11. On May 11, 2006 Mayor Bloomberg signed Introductory Number 202, which extends the boundaries of the Exclusion Zone to include the western areas of Manhattan between 14th and 41st Streets.
 12. Data obtained from the NYC Dept. of Housing Preservation and Development, Inclusionary Housing/421a Affordable Housing Program.
 13. NYC Department of Housing Preservation and Development, Tax Incentives Program data.
 14. "2004 Annual Report: Mitchell-Lama Housing Companies in NYS." NYS Division of Housing and Community Renewal. March 15, 2005.
 15. Data obtained from the New York City Comptroller's Office and the Community Service Society of New York. May, 2006.
 16. "Affordable No More: An Update," Office of the New York City Comptroller, Office of Policy Management. May 25, 2006. The report also chronicles the loss of Limited Dividend housing, a program similar to Mitchell-Lama. According to the report, 4,577 units of Limited Dividend housing are still regulated, while 1,589 are pending buyout, and 1,626 units have already permanently left the program.
 17. "Council OKs Tax Breaks for Housing," *New York Post*. Feb. 3, 2005.
 18. "Mayor Michael R. Bloomberg Announces Housing Preservation Initiative to Protect Over 27,000 Mitchell-Lama Apartments." Mayor's Office Press Release #167-04, June 28, 2004.
 19. "Affordable No More: An Update," Office of the New York City Comptroller, Office of Policy Management. May 25, 2006.
 20. Save Mitchell-Lama website: <http://www.save-ml.org/modules.php?name=News&file=article&sid=97>
 21. "Rentals rise on Roosevelt," *New York Daily News*. December 11, 2005.
 22. "Landmarks approves plan to make old Wash. Sq. church into condos," *The Villager*. Volume 75, Number 18. Sept. 21-27, 2005.
 23. "Living it up on Wall Street," *CnnMoney.com*. March 15, 2006.
 24. "A New Chapter for the Barbizon," *New York Times*. March 19, 2006.
 25. "Fewer Rooms at the Inn," *New York Times*. October 19, 2005.
 26. West Side SRO Law Project testimony to RGB, May 2, 2006, reporting NYC Department of Housing Preservation and Development data.
 27. NYS Attorney General's Office, Real Estate Financing Bureau data. and the NYC Dept. of Housing Preservation and Development, Sales Unit.
 28. *2005 NYC Housing and Vacancy Survey*.
 29. NYC Dept. 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.
 30. Landlord Information/Tax Incentives: J-51, NYC Department of Housing Preservation and Development web site. World Wide Web page <<http://www.nyc.gov/html/hpd/html/developers/j51.shtml>>.
 31. "Annual Report on Tax Expenditures," NYC Dept. of Finance publication, November, 2005.
 32. *Mayor's Management Reports*, Fiscal Year 1994-Preliminary Fiscal 2006.
 33. NYC Department of Housing Preservation and Development. World Wide Web page <http://www.nyc.gov/html/hpd/html/buyers/small_prop.shtml>.
 34. NYC Department of Finance, General Information on the City's Tax Lien Sale Process. World Wide Web page http://www.nyc.gov/html/dof/html/property/property_bill_taxlien.shtml#general>.
 35. "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.lisc.org/content/publications/detail/794/>>.
 36. Most recent figures obtained from Neighborhood Restore, May 30, 2006.
 37. 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.

Changes to the Rent Stabilized Housing Stock in New York City in 2005

What's New

- ✓ The study finds a net estimated loss of 7,378 rent stabilized units in 2005, 57% more units than lost in 2004.
- ✓ In 2005, the largest source of additions to the rent stabilized stock were newly constructed rental units receiving 421-a tax exemption benefits.
- ✓ High rent/vacancy decontrol makes up the largest category of subtractions from the stabilized stock in 2005.

Introduction

Rent regulation has been a fixture in New York City's housing market for the last 60 years, although the 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.

The figures in this study represent additions and subtractions of dwelling units to and from the rent regulation system in 2005. These statistics are gathered from various city and state agencies.

This report is an update of previous studies from 2003, 2004, and 2005, which analyzed the changes in New York City's rent stabilized housing stock from 1994 to 2004. The total number of additions and subtractions to the rent stabilized housing stock since 1994 are contained in the appendices of this report. These totals do not represent every unit that has been added or subtracted from the rent stabilized stock since 1994, but rather those that have been recorded or registered by various city and state agencies. They represent a 'floor', or minimum count, of the actual number of newly regulated and deregulated units in these years.

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 often a result of owners "voluntarily" placing these new units under rent stabilization in exchange for tax benefits. These owners choose to place units under rent stabilization because of cost/benefit analyses concluding that short-term regulation with tax benefits is more profitable than free market rents without tax benefits. Events that lead to the addition of stabilized units include the:

- **Section 421-a Program**
- **J-51 Program**
- **Mitchell-Lama buyouts**
- **Lofts converted to rent stabilized units**
- **Other Additions and**
- **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 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 can elect to receive real estate tax exemptions. For the duration of the benefits, at least, the newly built apartments are subject to rent stabilization. In 2005, an estimated total of 3,380 units were added to the rent stabilized stock through the 421-a program, almost 32% lower than the number of additions seen in 2004 (4,941).

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 25 units to the rent stabilized stock in 2005 (all in one building in Brooklyn), 82% fewer units than were added in 2004. (See Appendix H.1)

Mitchell-Lama Buyouts

Where rents in a building are regulated 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.

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

While the State and City mortgages are generally 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 may become subject to rent stabilization.

A total of three Mitchell-Lama rental development containing 732 apartments filed initial registrations with the DHCR in 2005, the highest total since 1998 and a 220% increase over the prior year. (See Appendix H.1) Since 1994, 4,224 rental units have left the Mitchell-Lama system and become a part of the rent stabilized housing stock.

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 66 loft units entered the rent stabilization system in 2005, a substantial decrease from the 129 loft units added in 2004. (See Appendix H.1)

Other Additions to the Stabilized 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. At least 1,743 units were added to the rent stabilized stock from these programs in 2005. (See Appendix H.1)

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 79 rent stabilized units to the housing stock in 2005, down from 188 additions in 2004. An additional 239 units were converted to residential rental use during the year, however their 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 1,664 units were added to the rent stabilized stock in 2005 through the 420-c program, a 16%

decrease over the number added in 2004. Of the total 420-c units that were added, 786 were located in the Bronx, 650 in Manhattan, 196 in Brooklyn, and 32 in Queens. There were no projects built in Staten Island.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.

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 roughly 43,000.³ When a rent controlled unit is 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 rent registration filings with the NYS Division of Housing and Community Renewal (DHCR), in 2005, 721 units were decontrolled and became rent stabilized, almost half of which (332) were in Queens. Of the remaining rent controlled units that became stabilized, 183 were located in Manhattan, 135 in Brooklyn and 71 in the Bronx. There were no reported units from Staten Island.

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:

- **High Rent/High Income Decontrol**
- **High Rent/Vacancy Decontrol**

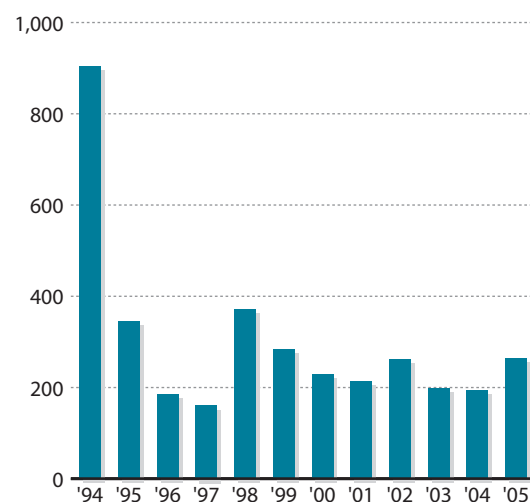
- **Cooperative/Condominium Conversions**
- **Expiration of 421-a Benefits**
- **Expiration of J-51 Benefits**
- **Substantial Rehabilitation**
- **Conversion to Commercial or Professional Status**
- **Other Losses to the Housing Stock – Demolitions, Condemnations, Mergers, etc.**

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 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

Subtractions to the Stabilized Housing Stock due to High Rent/High Income Decontrol, 1994-2005

Number of Units Deregulated due to High Rent/Income Increases in 2005



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

have to be met for decontrol to take place. If households earning at least \$175,000 paid less than \$2,000 per month, rent regulation would remain in effect. Also 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, High Rent/High Income decontrol affected a total of 265 apartments in 2005, almost 37% higher than the number of units deregulated in 2004.⁴ Since 1994, 3,613 units have been deregulated due to High Rent/High Income decontrol, in which all but 117 units are located in Manhattan. (See graph on previous page and Appendix H.2)

High Rent/Vacancy Decontrol

In the 1993 RRRRA, the New York State legislature reinstated High Rent/Vacancy decontrol.⁵ This initial statute has since been changed several times. First, the 1993 RRRRA 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 RRRRA 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.

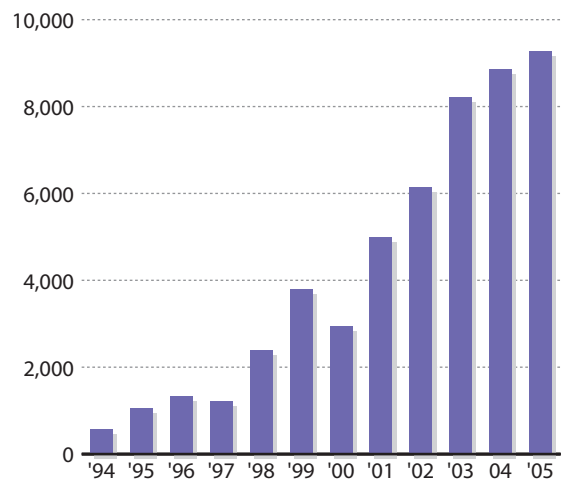
In a third stage, in early 1997, the City Council amended the Rent Stabilization Law to only allow for vacancy deregulation of the apartment if the vacating tenant's legal regulated rent was \$2,000 or more. Finally, in June of 1997, with the passage of the RRRRA, the state overrode the new City regulation. 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, 9,272 units were deregulated in 2005 under the High Rent/Vacancy decontrol provisions of the RRRRA, up from 8,856 in 2004. From the period of 1994-2005, a total of 50,702 units were registered with the DHCR as being deregulated due to High Rent/Vacancy decontrol, 86% of which are located in Manhattan. (See graph on this page and Appendix H.3)

Subtractions to the Stabilized Housing Stock due to High Rent/Vacancy Decontrol, 1994-2005

Number of Units Deregulated due to High Rent/Vacancy Continues to Increase



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 (see Endnote 6).

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

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 in many cases becomes deregulated, regardless if the incoming tenant purchases or rents.⁷

In 2005, 1,692 units located in co-ops or condos left the stabilized housing stock, 8% more than left the system in 2004. A total of 37,390 co-op or condo units have left the stabilized stock since 1994. (See Appendix H.4)

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.

Expiration of 421-a and J-51 benefits has resulted in a total of 451 and 545 units removed from the rent regulatory system respectively in 2005. There were fewer expirations in 421-a and J-51 benefits in 2005 compared to expirations in 2004. Since 1994, 16,883 421-a units have left the rent stabilization system while 13,196 J-51 units are no longer rent regulated. (See Appendix H.4)

Substantial Rehabilitation

The Emergency Tenant Protection Act (ETPA) of 1974 exempts apartments from rent regulation 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 considered new construction. This counts as a subtraction from the regulated stock. Notably, these properties do not receive J-51 tax incentives for rehabilitation.

During 2005, 692 units were removed from stabilization through substantial rehabilitation, up from 268 units lost in 2004. Nearly 5,800 units have been removed from the rent stabilization system through substantial rehabilitation since 1994. (See Appendix H.4)

Conversion to Commercial or Professional Status

Space converted from residential to nonresidential use is no longer subject to rent regulation. In 2005, 111 units were converted to nonresidential use, 32 more than in 2004. For the period 1994-2005, 1,777 residential units have been converted to nonresidential use. (See Appendix H.4)

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 1,017 units were removed from the stabilized housing stock in 2005 due to these reasons, 7% more than in 2004. (See Appendix H.4)

Summary

In 2005, approximately 14,045 housing units left rent stabilization, while approximately 6,667 units initially entered the stabilization system. The built-in fluidity of the system resulted in a net loss of an estimated 7,378

regulated stabilized units to the rent stabilized housing stock, an increase of almost 57% over the prior year.⁸ (See Summary Table on next page)

The largest source of additions to the stabilized stock in 2005 were new rental units built with 421-a real estate tax exemptions, equaling about 57%. Meanwhile, high rent/vacancy decontrol was the largest source of subtractions from the rent stabilized housing stock in 2005, accounting for 66% of the total number of subtractions. □

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. Also, an additional 128 vacant rental units and 35 condo units were created under this tax incentive program in 2005.
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.
3. The 2005 Housing and Vacancy Survey reported a total of 43,317 rent controlled units in New York City.
4. 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.
5. Decontrol of certain high rent apartments was instituted in New York City twice before, in 1964 and in 1968.
6. In March 2000, the City Council passed Local Law Intro No. 669-A, which amended 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.
7. A recent court decision affecting units in Brooklyn and Queens ruled that apartments in buildings that have converted to co-op/condo status may remain rent stabilized for a new rental tenant even after a stabilized tenant vacates the apartment.
8. Almost the entire number of the estimated net loss of 7,378 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 in 2005

Program	Number of Units
ADDITIONS	
421-a	+ 3,380
J-51 conversions	+ 25
Mitchell-Lama buyouts	+ 732
Loft conversions	+ 66
Other Additions	+ 1,743
CHANGES	
Rent control to rent stabilization	+ 721
Subtotal Additions & Changes	+ 6,667
SUBTRACTIONS	
Co-op and Condo subtractions	- 1,692
High Rent/Vacancy Decontrol	- 9,272
High Rent/High Income Decontrol	- 265
421-a Expiration	- 451
J-51 Expiration	- 545
Substantial Rehabilitation	- 692
Commercial/Professional conversion	- 111
Other Subtractions	- 1,017
Subtotal Subtractions	- 14,045
NET TOTAL	
Net Estimated Loss	- 7,378

Sources: Department of Housing Preservation and Development, Office of Development, Division of Housing Finance, Tax Incentive Programs; NYS Division of Housing and Community Renewal annual registration data; NYC Loft Board; and Department of Housing Preservation and Development, Office of Housing Operations, Division of Housing Supervision, Mitchell-Lama.

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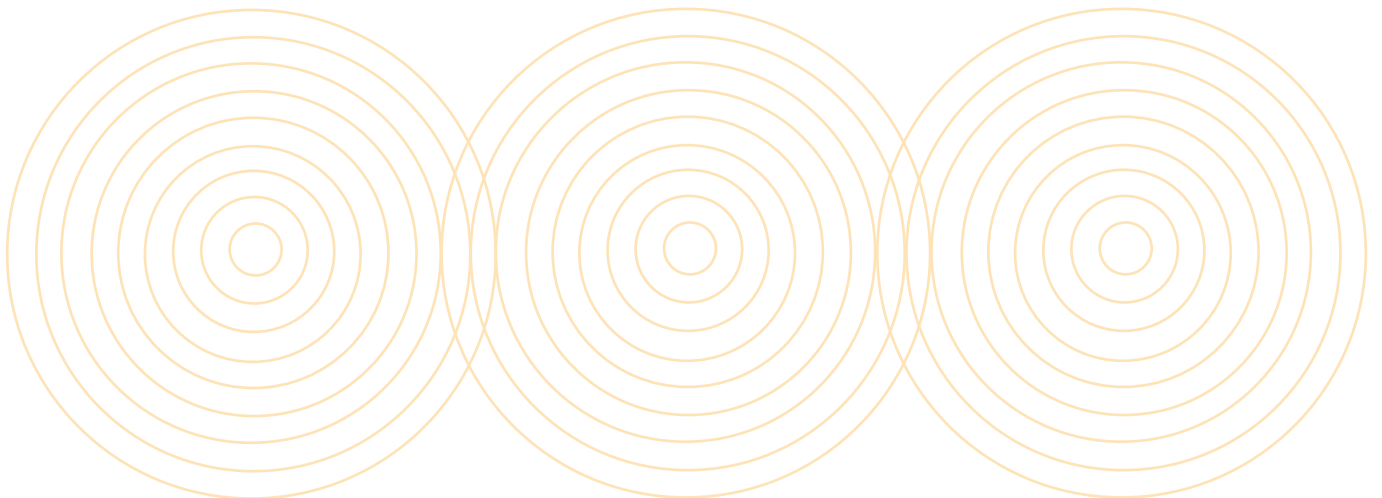
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Appendix A: Guidelines Adopted by the Board

A.1 Apartments & Lofts — Order #38

On June 27, 2006, the Rent Guidelines Board (RGB) set the following maximum rent increases for leases commencing or being renewed on or after October 1, 2006 and on or before September 30, 2007 for rent stabilized apartments:

- Where heat is provided or required to be provided to a dwelling unit by an owner from a central or individual system at no charge to the tenant, the adjustments are as follows:

One-Year Lease	Two-Year Lease
4 ¹ / ₄ %	7 ¹ / ₄ %

- Where heat is neither provided nor required to be provided to a dwelling unit by an owner from a central or individual system, the adjustments are as follows:

One-Year Lease	Two-Year Lease
3 ³ / ₄ %	6 ³ / ₄ %

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, 2006 and on or before September 30, 2007:

One-Year Increase Period	Two-Year Increase Period
3 ³ / ₄ %	6 ³ / ₄ %

Leases for units subject to rent control on September 30, 2006, 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, 2006, 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, 2006.

A.2 Hotel Units — Order #36

On June 27, 2006, the Rent Guidelines Board (RGB) set the following maximum rent increases for leases commencing or being renewed on or after October 1, 2006 and on or before September 30, 2007 for rent stabilized hotels:

Single Room Occupancy Buildings (SRO)	2%
Lodging Houses	2%
Class A Hotels	2%
Class B Hotels	2%
Rooming Houses	2%

Except that the allowable level of rent adjustment over the lawful rent actually charged and paid on September 30, 2006 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 increases in this Order would otherwise be authorized, constitute fewer than 80% 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.

Appendix B: Price Index of Operating Costs

B.1 PIOC Sample, Number of Price Quotes per Item, 2005 vs. 2006

Spec	Description	2005	2006	Spec	Description	2005	2006
211	Apartment Value	187	142	701	INSURANCE COSTS	674	660
212	Non-Union Super	112	116				
216	Non-Union Janitor/Porter	58	63	801	Light bulbs	9	8
	LABOR COSTS	357	321	802	Light Switch	7	7
301	Fuel Oil #2	28	27	803	Wet Mop	11	8
302	Fuel Oil #4	6	6	804	Floor Wax	12	11
303	Fuel Oil #6	6	6	805	Paint	16	11
	FUEL	40	39	806	Pushbroom	13	8
501	Repainting	142	119	807	Detergent	8	5
502	Plumbing, Faucet	32	32	808	Bucket	19	12
503	Plumbing, Stoppage	30	29	809	Washers	17	13
504	Elevator #1	17	15	810	Linens	10	10
505	Elevator #2	17	15	811	Pine Disinfectant	12	7
506	Elevator #3	17	14	812	Window/Glass Cleaner	11	11
507	Burner Repair	10	10	813	Switch Plate	11	9
508	Boiler Repair, Tube	10	11	814	Duplex Receptacle	12	9
509	Boiler Repair, Weld	5	7	815	Toilet Seat	21	18
510	Refrigerator Repair	9	8	816	Deck Faucet	20	13
511	Range Repair	10	10		PARTS & SUPPLIES	209	160
512	Roof Repair	22	23	901	Refrigerator #1	9	7
513	Air Conditioner Repair	9	8	902	Refrigerator #2	10	11
514	Floor Maint. #1	8	6	903	Air Conditioner #1	6	6
515	Floor Maint. #2	8	6	904	Air Conditioner #2	5	6
516	Floor Maint. #3	8	6	905	Floor Runner	9	6
518	Linen/Laundry Service	5	6	906	Dishwasher	7	7
	CONTRACTOR SERVICES	359	325	907	Range #1	9	6
601	Management Fees	103	105	908	Range #2	9	7
602	Accountant Fees	29	28	909	Carpet	11	10
603	Attorney Fees	21	21	910	Dresser	5	5
604	Newspaper Ads	18	19	911	Mattress & Box Spring	8	5
605	Agency Fees	5	3		REPLACEMENT COSTS	88	76
606	Lease Forms	10	9				
607	Bill Envelopes	11	10				
608	Ledger Paper	6	8				
	ADMINISTRATIVE COSTS	203	203		All Items	1,930	1,784

B.2 Expenditure Weights, Price Relatives, Percent Changes and Standard Errors, All Apartments, 2006

Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error	Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error
101	TAXES, FEES, & PERMITS	0.2711	1.0779	7.79%	0.0990	601	Management Fees	0.7036	1.0794	7.94%	0.9037
201	Payroll, Bronx, All	0.1128	1.0157	1.57%	0.0000	602	Accountant Fees	0.1407	1.0385	3.85%	1.0906
202	Payroll, Other, Union, Supts.	0.1123	1.0281	2.81%	0.0000	603	Attorney Fees	0.1184	1.0195	1.95%	1.5846
203	Payroll, Other, Union, Other	0.2788	1.0287	2.87%	0.0000	604	Newspaper Ads	0.0042	1.0425	4.25%	2.0014
204	Payroll, Other, Non-Union, All	0.3014	1.0309	3.09%	1.5572	605	Agency Fees	0.0057	1.0575	5.75%	5.9754
205	Social Security Insurance	0.0465	1.0276	2.76%	0.0000	606	Lease Forms	0.0098	1.0298	2.98%	3.0644
206	Unemployment Insurance	0.0081	0.9726	-2.74%	0.0000	607	Bill Envelopes	0.0093	1.0387	3.87%	2.1379
207	Private Health & Welfare	0.1401	1.0105	1.05%	0.0000	608	Ledger Paper	0.0083	1.0056	0.56%	0.5771
	LABOR COSTS	0.1436	1.0248	2.48%	0.4694		ADMINISTRATIVE COSTS	0.0749	1.0648	6.48%	0.6824
301	Fuel Oil #2	0.6085	1.1886	18.86%	0.6325	701	INSURANCE COSTS	0.0941	1.0254	2.54%	0.7146
302	Fuel Oil #4	0.1486	1.2595	25.95%	1.4847	801	Light Bulbs	0.0376	1.0375	3.75%	2.1003
303	Fuel Oil #6	0.2429	1.3064	30.64%	1.4105	802	Light Switch	0.0463	1.0276	2.76%	2.9092
	FUEL	0.1113	1.2278	22.78%	0.5605	803	Wet Mop	0.0418	1.0084	0.84%	0.6401
401	Electricity #1, 2,500 KWH	0.0103	0.9483	-5.17%	0.0000	804	Floor Wax	0.0402	1.2009	20.09%	6.2994
402	Electricity #2, 15,000 KWH	0.1353	0.9165	-8.35%	0.0000	805	Paint	0.2263	1.0472	4.72%	1.7317
403	Electricity #3, 82,000 KWH	0.0000	0.9376	-6.24%	0.0000	806	Pushbroom	0.0360	0.9953	-0.47%	0.4816
404	Gas #1, 12,000 therms	0.0054	1.0863	8.63%	0.0000	807	Detergent	0.0354	1.0901	9.01%	4.6354
405	Gas #2, 65,000 therms	0.0587	1.2155	21.55%	0.0000	808	Bucket	0.0399	1.0397	3.97%	1.7512
406	Gas #3, 214,000 therms	0.2610	1.2200	22.00%	0.0000	809	Washers	0.0953	1.0789	7.89%	4.4015
407	Steam #1, 1.2m lbs	0.0157	1.2602	26.02%	0.0000	811	Pine Disinfectant	0.0480	1.2033	20.33%	7.5763
408	Steam #2, 2.6m lbs	0.0060	1.2752	27.52%	0.0000	812	Window/Glass Cleaner	0.0537	1.0138	1.38%	1.0647
409	Telephone	0.0082	0.9983	-0.17%	0.0000	813	Switch Plate	0.0465	1.0758	7.58%	4.0252
410	Water & Sewer	0.4994	1.0300	3.00%	0.0000	814	Duplex Receptacle	0.0329	1.0569	5.69%	3.4157
	UTILITIES	0.1499	1.0794	7.94%	0.0000	815	Toilet Seat	0.0996	1.0287	2.87%	1.4247
501	Repainting	0.3881	1.0609	6.09%	1.1576	816	Deck Faucet	0.1205	1.0175	1.75%	1.0521
502	Plumbing, Faucet	0.1430	1.0218	2.18%	0.8065		PARTS AND SUPPLIES	0.0166	1.0548	5.48%	0.8187
503	Plumbing, Stoppage	0.1284	1.0413	4.13%	1.4099	901	Refrigerator #1	0.0954	1.0550	5.50%	1.3054
504	Elevator #1, 6 fl., 1 e.	0.0564	1.0587	5.87%	1.3869	902	Refrigerator #2	0.4643	1.0529	5.29%	1.4312
505	Elevator #2, 13 fl., 2 e.	0.0372	1.0471	4.71%	1.3319	903	Air Conditioner #1	0.0174	1.0204	2.04%	1.7424
506	Elevator #3, 19 fl., 3 e.	0.0210	1.0405	4.05%	0.8635	904	Air Conditioner #2	0.0216	1.0250	2.50%	1.5606
507	Burner Repair	0.0384	1.0692	6.92%	2.5610	905	Floor Runner	0.0942	1.0000	0.00%	0.0000
508	Boiler Repair, Tube	0.0527	1.0400	4.00%	2.2048	906	Dishwasher	0.0477	1.0432	4.32%	1.6881
509	Boiler Repair, Weld	0.0366	1.2901	29.01%	7.9896	907	Range #1	0.0465	1.0574	5.74%	1.9758
510	Refrigerator Repair	0.0117	1.0447	4.47%	2.1257	908	Range #2	0.2129	1.0446	4.46%	2.1953
511	Range Repair	0.0119	1.0426	4.26%	1.9944		REPLACEMENT COSTS	0.0071	1.04494	4.49%	0.8322
512	Roof Repair	0.0604	1.0705	7.05%	2.4867		ALL ITEMS	1.0000	1.07812	7.81%	0.1524
513	Air Conditioner Repair	0.0087	1.0061	0.61%	0.4486						
514	Floor Maint. #1, Studio	0.0003	1.0000	0.00%	0.0000						
515	Floor Maint. #2, 1 Br.	0.0005	1.0000	0.00%	0.0000						
516	Floor Maint. #3, 2 Br.	0.0045	1.0000	0.00%	0.0000						
	CONTRACTOR SERVICES	0.1315	1.0587	5.87%	0.6241						

B.3 Price Relative by Building Type, Apartments, 2006

Spec #	Item Description	Pre-1947	Post-1946	Gas Heated	Oil Heated	MASTER METERED BLDGS
101	TAXES, FEES, & PERMITS	1.0859	1.0663	1.0779	1.0779	1.0779
201-207	LABOR COSTS	1.0249	1.0246	1.0267	1.0244	1.0273
301-303	FUEL	1.2195	1.2621	1.1890	1.2292	1.1899
401-410	UTILITIES	1.0963	1.0785	1.1435	1.0140	1.0673
501-516	CONTRACTOR SERVICES	1.0586	1.0592	1.0552	1.0603	1.0542
601-608	ADMINISTRATIVE COSTS	1.0612	1.0692	1.0617	1.0652	1.0554
701	INSURANCE COSTS	1.0254	1.0254	1.0254	1.0254	1.0254
801-816	PARTS AND SUPPLIES	1.0542	1.0562	1.0537	1.0556	1.0620
904-908	REPLACEMENT COSTS	1.0456	1.0435	1.0457	1.0448	1.0375
ALL ITEMS		1.0839	1.0737	1.0783	1.0812	1.0677

B.4 Price Relative by Hotel Type, 2006

Spec #	Item Description	Hotel	Rooming House	SRO
101	TAXES, FEES, & PERMITS	1.0949	1.0852	1.0779
205-206, 208-216	LABOR COSTS	1.0368	1.0391	1.0337
301-303	FUEL	1.2186	1.1886	1.2664
401-407, 409-410	UTILITIES	1.0318	1.0181	1.0685
501-509, 511-516, 518	CONTRACTOR SERVICES	1.0378	1.0413	1.0603
601-608	ADMINISTRATIVE COSTS	1.0651	1.0559	1.0595
701	INSURANCE COSTS	1.0254	1.0254	1.0254
801-816	PARTS AND SUPPLIES	1.0456	1.0504	1.0483
901-904, 907-911	REPLACEMENT COSTS	1.0130	1.0220	1.0228
ALL ITEMS		1.0785	1.0715	1.0832

B.5 Percentage Change in Real Estate Tax Sample by Borough and Source of Change, Apartments and Hotels, 2006

	% 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	7.51%	-1.20%	0.02%	1.43%	0.09%	7.84%
Bronx	7.43%	-1.30%	0.31%	1.53%	0.09%	8.06%
Brooklyn	6.58%	-1.15%	-0.22%	1.50%	0.08%	6.79%
Queens	8.11%	-1.38%	-0.09%	1.51%	0.10%	8.25%
SI	6.64%	-0.18%	0.54%	1.48%	0.10%	8.57%
All apts	7.46%	-1.22%	0.00%	1.46%	0.09%	7.79%
HOTELS						
Hotel	11.71%	-1.39%	0.02%	-0.74%	-0.11%	9.49%
RH	7.74%	-0.76%	0.05%	1.41%	0.09%	8.52%
SRO	8.43%	-0.84%	-0.05%	0.22%	0.03%	7.79%
All hotels	9.22%	-0.98%	-0.01%	0.16%	0.00%	8.39%

Note: Totals may not add due to rounding.

B.6 Tax Change by Borough and Community Board, Apartments, 2006

Borough	Community Board	Number of Buildings	Tax Relative	Borough	Community Board	Number of Buildings	Tax Relative	Borough	Community Board	Number of Buildings	Tax Relative
Manhattan		13,168	7.84%	(Bronx cont.)	6	474	5.42%	(Bklyn cont.)	17	647	6.07%
	1	62	44.55%		7	925	8.61%		18	75	6.30%
	2	1,208	8.60%		8	348	6.27%	Queens		6,247	8.25%
	3	1,634	11.54%		9	297	8.78%		1	1,799	8.93%
	4	1,059	5.03%		10	189	6.41%		2	838	7.16%
	5	310	-0.29%		11	309	11.01%		3	385	12.64%
	6	918	6.78%		12	394	9.79%		4	380	9.38%
	7	2,060	8.78%	Brooklyn		12,817	6.79%		5	1,244	5.86%
	8	2,236	8.28%		1	1,534	8.22%		6	342	8.40%
	9	747	8.17%		2	670	6.54%		7	382	8.92%
	10	880	19.10%		3	879	1.11%		8	193	4.17%
	11	626	15.43%		4	1,314	5.99%		9	200	7.24%
	12	1,428	9.34%		5	381	8.49%		10	57	11.55%
Lower		8,950	7.56%		6	958	8.85%		11	115	10.91%
					7	889	6.92%		12	158	8.46%
Upper		4,231	10.08%		8	967	9.52%		13	49	8.00%
					9	561	6.01%		14	105	7.15%
Bronx		5,166	8.06%		10	800	5.70%	Staten Island		177	8.57%
	1	306	10.10%		11	730	6.89%		1	124	8.57%
	2	242	-2.96%		12	641	8.27%		2	29	8.26%
	3	295	0.74%		13	178	5.40%		3	24	8.87%
	4	721	9.21%		14	905	6.94%				
	5	666	9.31%		15	381	6.09%				
					16	307	14.47%	Total		37,783	7.79%

Note: No Community Board could be assigned to the following number of buildings for each borough: Manhattan (13), Bronx (57), Brooklyn (14), Queens (121), Staten Island (3). 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, 2006

Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error	Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error
101	TAXES, FEES, & PERMITS	0.2824	1.0839	8.39%	0.4048	601	Management Fees	0.6371	1.0794	7.94%	0.9037
205	Social Security Insurance	0.0542	1.0276	2.76%	0.0000	602	Accountant Fees	0.0820	1.0385	3.85%	1.0906
206	Unemployment Insurance	0.0167	0.9726	-2.74%	0.0000	603	Attorney Fees	0.1240	1.0195	1.95%	1.5846
208	Hotel Private Health/Welfare	0.0404	1.0358	3.58%	0.0000	604	Newspaper Ads	0.0984	1.0425	4.25%	2.0014
209	Hotel Union Labor	0.3115	1.0400	4.00%	0.0000	605	Agency Fees	0.0253	1.0575	5.75%	5.9754
210	SRO Union Labor	0.0121	1.0400	4.00%	0.0000	606	Lease Forms	0.0111	1.0298	2.98%	3.0644
211	Apartment Value	0.1218	1.0539	5.39%	0.7009	607	Bill Envelopes	0.0126	1.0387	3.87%	2.1379
212	Non-Union Superintendent	0.3153	1.0278	2.78%	2.0780	608	Ledger Paper	0.0095	1.0056	0.56%	0.5771
213	Non-Union Maid	0.0000	0.0000	NA	0.0000		ADMINISTRATIVE COSTS	0.0827	1.0627	6.27%	0.6646
214	Non-Union Desk Clerk	0.0000	0.0000	NA	0.0000	701	INSURANCE COSTS	0.0523	1.0254	2.54%	0.7146
215	Non-Union Maint. Worker	0.0000	0.0000	NA	0.0000	801	Light Bulbs	0.0156	1.0375	3.75%	2.1003
216	Non-Union Janitor/Porter	0.1281	1.0394	3.94%	0.7807	802	Light Switch	0.0175	1.0276	2.76%	2.9092
	LABOR COSTS	0.1668	1.0358	3.58%	0.6682	803	Wet Mop	0.0495	1.0084	0.84%	0.6401
301	Fuel Oil #2	0.7000	1.1886	18.86%	0.6325	804	Floor Wax	0.0502	1.2009	20.09%	6.2994
302	Fuel Oil #4	0.0151	1.2595	25.95%	1.4847	805	Paint	0.1246	1.0472	4.72%	1.7317
303	Fuel Oil #6	0.2849	1.3064	30.64%	1.4105	806	Pushbroom	0.0410	0.9953	-0.47%	0.4816
	FUEL	0.1242	1.2233	22.33%	0.5983	807	Detergent	0.0475	1.0901	9.01%	4.6354
401	Electricity #1, 2,500 KWH	0.0705	0.9483	-5.17%	0.0000	808	Bucket	0.0488	1.0397	3.97%	1.7512
402	Electricity #2, 15,000 KWH	0.0786	0.9165	-8.35%	0.0000	809	Washers	0.0477	1.0789	7.89%	4.4015
403	Electricity #3, 82,000 KWH	0.2492	0.9376	-6.24%	0.0000	810	Linens	0.3129	1.0212	2.12%	3.5053
404	Gas #1, 12,000 therms	0.0572	1.0863	8.63%	0.0000	811	Pine Disinfectant	0.0188	1.2033	20.33%	7.5763
405	Gas #2, 65,000 therms	0.0441	1.2155	21.55%	0.0000	812	Window/Glass Cleaner	0.0208	1.0138	1.38%	1.0647
406	Gas #3, 214,000 therms	0.2023	1.2200	22.00%	0.0000	813	Switch Plate	0.0552	1.0758	7.58%	4.0252
407	Steam #1, 1.2m lbs	0.0002	1.2602	26.02%	0.0000	814	Duplex Receptacle	0.0397	1.0569	5.69%	3.4157
409	Telephone	0.1463	0.9983	-0.17%	0.0000	815	Toilet Seat	0.0498	1.0287	2.87%	1.4247
410	Water & Sewer	0.1516	1.0300	3.00%	0.0000	816	Deck Faucet	0.0604	1.0175	1.75%	1.0521
	UTILITIES	0.1473	1.0376	3.76%	0.0000		PARTS AND SUPPLIES	0.0438	1.0469	4.69%	1.2459
501	Repainting	0.2136	1.0609	6.09%	1.1576	901	Refrigerator #1	0.0201	1.0550	5.50%	1.3054
502	Plumbing, Faucet	0.0894	1.0218	2.18%	0.8065	902	Refrigerator #2	0.0970	1.0529	5.29%	1.4312
503	Plumbing, Stoppage	0.0850	1.0413	4.13%	1.4099	903	Air Conditioner #1	0.0610	1.0204	2.04%	1.7424
504	Elevator #1, 6 fl., 1 e.	0.0381	1.0587	5.87%	1.3869	904	Air Conditioner #2	0.0717	1.0250	2.50%	1.5606
505	Elevator #2, 13 fl., 2 e.	0.0347	1.0471	4.71%	1.3319	907	Range #1	0.0086	1.0574	5.74%	1.9758
506	Elevator #3, 19 fl., 3 e.	0.0321	1.0405	4.05%	0.8635	908	Range #2	0.0404	1.0446	4.46%	2.1953
507	Burner Repair	0.0278	1.0692	6.92%	2.5610	909	Carpet	0.3409	1.0000	0.00%	0.0000
508	Boiler Repair, Tube	0.0343	1.0400	4.00%	2.2048	910	Dresser	0.1935	1.0000	0.00%	0.0000
509	Boiler Repair, Weld	0.0282	1.2901	29.01%	2.1257	911	Mattress & Box Spring	0.1668	1.0277	2.77%	2.1733
511	Range Repair	0.1383	1.0426	4.26%	1.9944		REPLACEMENT COSTS	0.0183	1.0162	1.62%	0.4282
512	Roof Repair	0.0269	1.0705	7.05%	2.4867		ALL ITEMS	1.0000	1.0753	7.53%	0.2001
513	Air Conditioner Repair	0.0445	1.0061	0.61%	0.4486						
514	Floor Maint. #1, Studio	0.0009	1.0000	0.00%	0.0000						
515	Floor Maint. #2, 1 Br.	0.0019	1.0000	0.00%	0.0000						
516	Floor Maint. #3, 2 Br.	0.0171	1.0000	0.00%	0.0000						
518	Linen/Laundry Service	0.1873	1.0000	0.00%	0.0000						
	CONTRACTOR SERVICES	0.0820	1.0432	4.32%	0.4783						

B.8 Expenditure Weights and Price Relatives, Lofts, 2006

Spec #	Item Description	Weights	Price Relative	Spec #	Item Description	Weights	Price Relative
1101	TAXES	0.2562	1.0779		ADMINISTRATIVE COSTS, LEGAL	0.0845	1.0195
201	Payroll, Bronx, All	0.0000	1.0157	601	Management Fees	0.8066	1.0794
202	Payroll, Other, Union, Supts	0.2725	1.0281	602	Accountant Fees	0.1489	1.0385
203	Payroll, Other, Union, Other	0.0000	1.0287	604	Newspaper Ads	0.0050	1.0425
204	Payroll, Other, Non-Union, All	0.5568	1.0309	605	Agency Fees	0.0069	1.0575
205	Social Security Insurance	0.0446	1.0276	606	Lease Forms	0.0106	1.0298
206	Unemployment Insurance	0.0087	0.9726	607	Bill Envelopes	0.0118	1.0387
207	Private Health & Welfare	0.1175	1.0105	608	Ledger Paper	0.0103	1.0056
	LABOR COSTS	0.0930	1.0186		ADMINISTRATIVE COSTS - OTHER	0.0908	1.0712
301	Fuel Oil #2	0.3357	1.1886	701	INSURANCE COSTS	0.2251	1.0254
302	Fuel Oil #4	0.5561	1.2595	801	Light Bulbs	0.0376	1.0375
303	Fuel Oil #6	0.1083	1.3064	802	Light Switch	0.0462	1.0276
	FUEL	0.0763	1.2408	803	Wet Mop	0.0418	1.0084
401	Electricity #1, 2,500 KWH	0.0113	0.9483	804	Floor Wax	0.0402	1.2009
402	Electricity #2, 15,000 KWH	0.1503	0.9165	805	Paint	0.2263	1.0472
403	Electricity #3, 82,000 KWH	0.0000	0.9376	806	Pushbroom	0.0360	0.9953
404	Gas #1, 12,000 therms	0.0059	1.0863	807	Detergent	0.0355	1.0901
405	Gas #2, 65,000 therms	0.0648	1.2155	808	Bucket	0.0399	1.0397
406	Gas #3, 214,000 therms	0.1833	1.2200	809	Washers	0.0953	1.0789
407	Steam #1, 1.2m lbs	0.0173	1.2602	811	Pine Disinfectant	0.0480	1.2033
408	Steam #2, 2.6m lbs	0.0065	1.2752	812	Window/Glass Cleaner	0.0538	1.0138
409	Telephone	0.0090	0.9983	813	Switch Plate	0.0465	1.0758
410	Water & Sewer - Frontage	0.5514	1.0300	814	Duplex Receptacle	0.0329	1.0569
	UTILITIES	0.0739	1.0645	815	Toilet Seat	0.0995	1.0287
501	Repainting	0.3880	1.0609	816	Deck Faucet	0.1206	1.0175
502	Plumbing, Faucet	0.1431	1.0218		PARTS AND SUPPLIES	0.0170	1.0548
503	Plumbing, Stoppage	0.1285	1.0413	901	Refrigerator #1	0.0954	1.0550
504	Elevator #1, 6 fl., 1 e.	0.0563	1.0587	902	Refrigerator #2	0.4643	1.0529
505	Elevator #2, 13 fl., 2 e.	0.0373	1.0471	903	Air Conditioner #1	0.0174	1.0204
506	Elevator #3, 19 fl., 3 e.	0.0210	1.0405	904	Air Conditioner #2	0.0215	1.0250
507	Burner Repair	0.0384	1.0692	905	Floor Runner	0.0942	1.0000
508	Boiler Repair, Tube	0.0527	1.0400	906	Dishwasher	0.0477	1.0432
509	Boiler Repair, Weld	0.0367	1.2901	907	Range #1	0.0464	1.0574
510	Refrigerator Repair	0.0117	1.0447	908	Range #2	0.2130	1.0446
511	Range Repair	0.0119	1.0426		REPLACEMENT COSTS	0.0136	1.0449
512	Roof Repair	0.0604	1.0705				
513	Air Conditioner Repair	0.0088	1.0061				
514	Floor Maint. #1, Studio	0.0003	1.0000				
515	Floor Maint. #2, 1 Br.	0.0005	1.0000				
516	Floor Maint. #3, 2 Br.	0.0045	1.0000				
	CONTRACTOR SERVICES	0.0697	1.0587		ALL ITEMS	1.0000	1.0643

B.9 Changes in the Price Index of Operating Costs, Expenditure Weights and Price Relatives, Apartments, 1996-2006

	1996		1997		1998		1999		2000	
	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative
Taxes	0.263	3.0%	0.255	2.4%	0.255	1.2%	0.258	0.4%	0.259	5.2%
Labor Costs	0.171	3.1%	0.167	2.3%	0.166	2.7%	0.171	3.4%	0.176	2.6%
Fuel	0.088	29.6%	0.108	0.4%	0.106	-15.0%	0.090	-18.4%	0.073	54.8%
Utilities	0.141	7.8%	0.143	2.9%	0.144	2.3%	0.147	-0.4%	0.147	5.7%
Contractor Services	0.152	1.8%	0.146	3.4%	0.147	2.7%	0.151	3.5%	0.156	4.6%
Administrative Costs	0.084	3.5%	0.082	3.9%	0.083	3.3%	0.086	2.9%	0.089	4.0%
Insurance Costs	0.066	5.0%	0.066	1.9%	0.065	-1.5%	0.064	3.5%	0.067	0.7%
Parts and Supplies	0.024	0.8%	0.023	1.5%	0.023	1.9%	0.023	2.2%	0.023	1.9%
Replacement Costs	0.010	1.0%	0.010	1.0%	0.010	0.6%	0.010	1.7%	0.010	0.8%
All Items		6.0%		2.4%		0.1%		0.03%		7.8%
Pre '47										
Taxes	0.182	3.0%	0.175	2.4%	0.175	1.2%	0.178	0.4%	0.180	5.2%
Labor Costs	0.150	3.3%	0.145	2.4%	0.145	2.7%	0.150	3.8%	0.156	2.7%
Fuel	0.124	28.9%	0.149	0.7%	0.147	-14.8%	0.126	-17.9%	0.104	52.9%
Utilities	0.144	7.6%	0.145	3.3%	0.146	2.6%	0.151	0.1%	0.152	5.0%
Contractor Services	0.186	1.9%	0.178	3.3%	0.179	2.7%	0.185	3.6%	0.192	4.5%
Administrative Costs	0.082	3.4%	0.079	3.7%	0.080	3.2%	0.083	1.5%	0.084	2.6%
Insurance Costs	0.088	5.0%	0.087	1.9%	0.086	-1.5%	0.086	3.5%	0.089	0.7%
Parts and Supplies	0.028	0.8%	0.027	1.5%	0.026	2.0%	0.027	2.2%	0.028	2.0%
Replacement Costs	0.016	0.9%	0.015	1.0%	0.015	0.7%	0.016	1.5%	0.016	0.8%
All Items		6.8%		2.5%		-0.5%		-0.4%		8.8%
Post '46										
Taxes	0.340	3.0%	0.332	2.4%	0.332	1.2%	0.335	0.4%	0.336	5.2%
Labor Costs	0.207	3.0%	0.202	2.1%	0.202	2.7%	0.206	2.9%	0.212	2.5%
Fuel	0.064	31.9%	0.080	-0.5%	0.078	-15.6%	0.065	-20.0%	0.052	60.7%
Utilities	0.119	8.2%	0.122	2.2%	0.122	1.8%	0.124	-1.5%	0.122	7.1%
Contractor Services	0.104	1.4%	0.122	2.2%	0.101	2.6%	0.103	3.2%	0.107	4.7%
Administrative Costs	0.095	3.5%	0.093	4.1%	0.095	3.4%	0.097	2.5%	0.100	3.6%
Insurance Costs	0.045	5.0%	0.045	1.9%	0.045	-1.5%	0.044	3.5%	0.045	0.7%
Parts and Supplies	0.019	0.9%	0.018	1.4%	0.018	1.9%	0.018	2.2%	0.019	1.9%
Replacement Costs	0.008	1.0%	0.008	1.0%	0.008	0.6%	0.008	2.0%	0.008	0.7%
All Items		5.4%		2.3%		0.5%		0.02%		7.2%

2001		2002		2003		2004		2005		2006	
Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative
0.253	5.5%	0.245	6.6%	0.266	14.8%	0.261	16.2%	0.283	1.2%	0.271	7.8%
0.168	4.0%	0.160	4.0%	0.170	3.5%	0.150	4.5%	0.147	3.5%	0.144	2.5%
0.095	33.3%	0.116	-36.1%	0.076	66.9%	0.108	-2.8%	0.098	20.0%	0.111	22.8%
0.154	15.0%	0.163	-9.9%	0.149	21.7%	0.155	0.8%	0.146	8.4%	0.150	7.9%
0.152	3.6%	0.145	3.9%	0.153	4.8%	0.137	4.1%	0.133	4.5%	0.132	5.9%
0.085	4.1%	0.082	4.6%	0.087	5.4%	0.078	4.0%	0.076	4.0%	0.075	6.5%
0.062	4.9%	0.060	16.5%	0.071	40.5%	0.085	14.7%	0.091	8.9%	0.094	2.5%
0.022	0.8%	0.021	0.9%	0.021	0.4%	0.018	1.2%	0.017	2.6%	0.017	5.5%
0.010	1.0%	0.009	-0.6%	0.009	1.4%	0.008	1.0%	0.007	3.1%	0.007	4.5%
8.7%		-1.6%		16.9%		6.9%		5.8%		7.8%	
0.174	5.5%	0.166	6.6%	0.183	14.8%	0.178	16.8%	0.195	1.3%	0.185	8.6%
0.147	4.1%	0.139	4.4%	0.150	3.6%	0.131	4.7%	0.129	3.5%	0.125	2.5%
0.118	33.1%	0.143	-35.4%	0.095	64.3%	0.132	-2.3%	0.122	20.9%	0.138	21.9%
0.174	18.9%	0.188	-11.4%	0.172	22.2%	0.177	2.4%	0.171	8.4%	0.173	9.6%
0.185	3.7%	0.174	3.9%	0.187	4.9%	0.166	4.1%	0.162	4.5%	0.159	5.9%
0.080	2.7%	0.074	4.4%	0.080	5.2%	0.071	3.9%	0.070	3.8%	0.068	6.1%
0.082	4.9%	0.078	16.5%	0.094	40.5%	0.112	14.7%	0.121	8.9%	0.123	2.5%
0.026	0.8%	0.024	0.9%	0.025	0.4%	0.021	1.2%	0.020	2.6%	0.019	5.4%
0.015	1.0%	0.013	-0.6%	0.014	1.4%	0.012	1.0%	0.011	3.1%	0.011	4.6%
10.1%		-3.2%		18.4%		6.4%		6.8%		8.4%	
0.330	5.5%	0.322	6.6%	0.345	14.8%	0.341	15.2%	0.368	1.1%	0.355	6.6%
0.203	3.9%	0.195	3.6%	0.203	3.3%	0.181	4.3%	0.177	3.5%	0.175	2.5%
0.073	34.1%	0.091	-38.8%	0.056	77.7%	0.085	-5.0%	0.076	16.3%	0.084	26.2%
0.127	14.5%	0.135	-10.5%	0.121	24.9%	0.131	-1.7%	0.120	8.9%	0.124	7.8%
0.104	3.4%	0.100	3.6%	0.104	4.7%	0.094	3.9%	0.091	4.3%	0.091	5.9%
0.096	3.8%	0.092	4.9%	0.098	5.7%	0.089	4.0%	0.087	4.2%	0.086	6.9%
0.043	4.9%	0.041	16.5%	0.048	40.5%	0.059	14.7%	0.063	8.9%	0.065	2.5%
0.018	0.8%	0.017	1.0%	0.017	0.4%	0.015	1.2%	0.014	2.6%	0.014	5.6%
0.008	1.0%	0.007	-0.7%	0.007	1.4%	0.006	1.0%	0.006	3.0%	0.006	4.3%
7.9%		-0.6%		16.2%		6.9%		4.7%		7.4%	

Appendix C: Income and Expense Study

C.1 Cross-Sectional Income and Expense Study: Estimated Average Operating & Maintenance Cost (2004) 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	\$151	\$62	\$67	\$35	\$22	\$118	\$75	\$45	\$55	\$630
11-19 units	\$178	\$41	\$76	\$38	\$26	\$134	\$88	\$51	\$72	\$702
20-99 units	\$139	\$58	\$67	\$35	\$20	\$114	\$70	\$45	\$51	\$599
100+ units	\$214	\$135	\$53	\$29	\$34	\$118	\$103	\$37	\$58	\$781
Bronx	\$82	\$50	\$70	\$36	\$19	\$110	\$61	\$48	\$42	\$518
11-19 units	\$72	\$52	\$81	\$39	\$26	\$132	\$68	\$60	\$67	\$598
20-99 units	\$83	\$47	\$69	\$36	\$19	\$108	\$60	\$48	\$41	\$511
100+ units	\$78	\$92	\$61	\$36	\$18	\$101	\$65	\$39	\$25	\$514
Brooklyn	\$109	\$39	\$75	\$34	\$20	\$100	\$56	\$43	\$47	\$523
11-19 units	\$102	\$30	\$86	\$37	\$22	\$121	\$66	\$47	\$54	\$566
20-99 units	\$110	\$40	\$72	\$34	\$19	\$94	\$54	\$42	\$45	\$509
100+ units	\$126	\$70	\$62	\$30	\$22	\$101	\$52	\$36	\$51	\$550
Manhattan	\$227	\$86	\$62	\$34	\$27	\$139	\$102	\$46	\$71	\$795
11-19 units	\$254	\$48	\$68	\$38	\$30	\$146	\$113	\$53	\$86	\$836
20-99 units	\$205	\$84	\$63	\$34	\$23	\$137	\$92	\$46	\$66	\$751
100+ units	\$301	\$175	\$46	\$26	\$46	\$137	\$140	\$35	\$71	\$977
Queens	\$135	\$51	\$68	\$35	\$17	\$101	\$55	\$40	\$46	\$546
11-19 units	\$122	\$29	\$79	\$34	\$17	\$106	\$42	\$39	\$53	\$521
20-99 units	\$137	\$48	\$66	\$35	\$17	\$101	\$57	\$39	\$43	\$543
100+ units	\$147	\$107	\$62	\$33	\$18	\$89	\$58	\$43	\$54	\$611
Core Manh	\$278	\$97	\$57	\$33	\$31	\$144	\$114	\$45	\$85	\$883
11-19 units	\$280	\$47	\$67	\$37	\$28	\$147	\$117	\$53	\$91	\$867
20-99 units	\$283	\$99	\$56	\$33	\$26	\$143	\$107	\$45	\$80	\$872
100+ units	\$250	\$180	\$42	\$26	\$60	\$144	\$142	\$25	\$92	\$1,024
Upper Manh	\$101	\$63	\$72	\$36	\$23	\$130	\$75	\$47	\$48	\$596
11-19 units	\$78	\$51	\$76	\$40	\$43	\$140	\$91	\$54	\$51	\$625
20-99 units	\$106	\$64	\$72	\$36	\$21	\$129	\$74	\$47	\$48	\$597
100+ units	-	-	-	-	-	-	-	-	-	-
City w/o Core Manhattan	\$102	\$48	\$71	\$35	\$19	\$107	\$60	\$45	\$45	\$533

Notes: The sum of the lines may not equal the total due to rounding. Totals in this table may not match those in Appendix 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 Study is the sum of "Water & Sewer" and "Light & Power." The number of Pre-47 rent stabilized buildings in Staten Island and buildings with 100+ units in Upper Manhattan were too small to calculate reliable statistics. Due to changes in the RPIE form, owners are no longer required to report tax expenses; therefore, tax figures used in this report were calculated by the Dept. of Finance.

Source: NYC Department of Finance, RPIE Filings.

C.2 Cross-Sectional Income and Expense Study: Estimated Average Operating & Maintenance Cost (2004) per Apartment per Month by Building Size and Location, Structures Built After 1946

	<u>Taxes</u>	<u>Labor</u>	<u>Fuel</u>	<u>Water/Sewer</u>	<u>Light & Power</u>	<u>Maint.</u>	<u>Admin.</u>	<u>Insurance</u>	<u>Misc.</u>	<u>Total</u>
Citywide	\$218	\$116	\$56	\$32	\$35	\$99	\$79	\$39	\$58	\$732
11-19 units	\$188	\$33	\$58	\$34	\$27	\$128	\$82	\$49	\$57	\$656
20-99 units	\$163	\$72	\$58	\$34	\$26	\$91	\$66	\$39	\$51	\$599
100+ units	\$278	\$168	\$53	\$29	\$46	\$105	\$93	\$38	\$64	\$876
Bronx	\$140	\$79	\$62	\$34	\$34	\$103	\$66	\$45	\$51	\$613
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	\$117	\$55	\$61	\$36	\$27	\$93	\$63	\$47	\$45	\$543
100+ units	-	-	-	-	-	-	-	-	-	-
Brooklyn	\$135	\$76	\$59	\$32	\$27	\$79	\$59	\$37	\$46	\$551
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	\$132	\$58	\$64	\$35	\$23	\$85	\$62	\$39	\$50	\$550
100+ units	\$137	\$116	\$49	\$26	\$37	\$63	\$53	\$34	\$38	\$551
Manhattan	\$417	\$212	\$52	\$28	\$47	\$127	\$133	\$39	\$87	\$1,142
11-19 units	\$269	\$35	\$58	\$27	\$39	\$164	\$119	\$53	\$91	\$855
20-99 units	\$334	\$142	\$47	\$29	\$31	\$118	\$100	\$36	\$70	\$907
100+ units	\$454	\$242	\$54	\$27	\$54	\$131	\$147	\$40	\$94	\$1,243
Queens	\$173	\$95	\$53	\$33	\$33	\$88	\$60	\$36	\$49	\$620
11-19 units	\$144	\$32	\$58	\$38	\$23	\$101	\$74	\$42	\$37	\$549
20-99 units	\$154	\$68	\$55	\$34	\$25	\$83	\$57	\$34	\$50	\$560
100+ units	\$191	\$132	\$50	\$33	\$43	\$89	\$61	\$37	\$46	\$684
St. Island	\$107	\$44	\$53	\$29	\$31	\$113	\$53	\$39	\$30	\$499
Core Manh	\$454	\$224	\$51	\$27	\$47	\$128	\$141	\$39	\$89	\$1,200
11-19 units	\$268	\$25	\$42	\$27	\$34	\$140	\$110	\$39	\$111	\$873
20-99 units	\$377	\$161	\$44	\$27	\$31	\$119	\$106	\$35	\$77	\$978
100+ units	\$481	\$246	\$53	\$27	\$52	\$131	\$153	\$40	\$92	\$1,274
Upper Manh	\$115	\$114	\$61	\$37	\$48	\$122	\$68	\$40	\$74	\$679
City w/o Core Manhattan	\$148	\$85	\$57	\$33	\$32	\$90	\$61	\$39	\$48	\$593

Notes: The sum of the lines may not equal the total due to rounding. Totals in this table may not match those in Appendix 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 Study is the sum of "Water & Sewer" and "Light & Power." The number of Post-46 rent stabilized buildings with fewer than 20 units in the Bronx, Brooklyn, Staten Island and Upper Manhattan as well as 20-99 and 100+ unit buildings on Staten Island and in Upper Manhattan were too small to calculate reliable statistics. Due to changes in the RPIE form, owners are no longer required to report tax expenses; therefore, tax figures used in this report were calculated by the Dept. of Finance.

Source: NYC Department of Finance, RPIE Filings.

C.3 Cross-Sectional Income and Expense Study, Estimated Average Rent and Income (2004) per Apartment per Month by Building Size and Location

	Post-46			Pre-47			All		
	Rent	Income	Costs	Rent	Income	Costs	Rent	Income	Costs
Citywide	\$993	\$1,095	\$732	\$812	\$930	\$630	\$855	\$969	\$654
11-19 units	\$878	\$1,030	\$656	\$838	\$1,040	\$702	\$840	\$1,039	\$699
20-99 units	\$804	\$860	\$600	\$780	\$878	\$599	\$785	\$875	\$599
100+ units	\$1,202	\$1,350	\$877	\$1,069	\$1,194	\$782	\$1,157	\$1,297	\$845
Bronx	\$801	\$849	\$613	\$646	\$678	\$518	\$674	\$708	\$535
11-19 units	-	-	-	\$672	\$723	\$598	\$671	\$721	\$595
20-99 units	\$716	\$742	\$543	\$641	\$669	\$511	\$652	\$680	\$516
100+ units	-	-	-	\$678	\$753	\$514	\$841	\$922	\$646
Brooklyn	\$734	\$772	\$553	\$688	\$719	\$523	\$698	\$731	\$530
11-19 units	-	-	-	\$719	\$776	\$566	\$724	\$784	\$568
20-99 units	\$737	\$771	\$550	\$672	\$696	\$509	\$688	\$715	\$519
100+ units	\$719	\$758	\$551	\$779	\$808	\$550	\$738	\$773	\$551
Manhattan	\$1,596	\$1,848	\$1,142	\$1,016	\$1,266	\$795	\$1,112	\$1,362	\$853
11-19 units	\$1,129	\$1,395	\$855	\$970	\$1,320	\$836	\$972	\$1,321	\$836
20-99 units	\$1,216	\$1,388	\$907	\$976	\$1,202	\$751	\$996	\$1,218	\$763
100+ units	\$1,756	\$2,041	\$1,243	\$1,341	\$1,531	\$977	\$1,582	\$1,827	\$1,131
Queens	\$835	\$900	\$621	\$753	\$785	\$546	\$790	\$837	\$580
11-19 units	\$738	\$818	\$549	\$684	\$712	\$521	\$697	\$737	\$528
20-99 units	\$758	\$807	\$560	\$758	\$791	\$543	\$758	\$796	\$549
100+ units	\$917	\$989	\$684	\$819	\$853	\$611	\$899	\$964	\$670
St. Island	\$712	\$751	\$526	-	-	-	\$712	\$751	\$526
Core Manh	\$1,688	\$1,965	\$1,201	\$1,161	\$1,429	\$891	\$1,275	\$1,545	\$958
11-19 units	\$1,179	\$1,464	\$873	\$1,010	\$1,393	\$867	\$1,011	\$1,393	\$867
20-99 units	\$1,308	\$1,507	\$978	\$1,169	\$1,403	\$872	\$1,181	\$1,413	\$881
100+ units	\$1,809	\$2,111	\$1,274	\$1,409	\$1,612	\$1,024	\$1,640	\$1,900	\$1,168
Upper Manh	\$894	\$947	\$679	\$728	\$931	\$599	\$750	\$933	\$610
11-19 units	-	-	-	\$699	\$823	\$625	\$696	\$818	\$629
20-99 units	-	-	-	\$731	\$947	\$597	\$734	\$938	\$594
100+ units	-	-	-	-	-	-	\$941	\$1,014	\$734
City w/o Core Manhattan	\$794	\$846	\$594	\$686	\$740	\$533	\$715	\$768	\$549

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, Staten Island and Upper Manhattan as well as 20-99 and 100+ unit buildings on Staten Island and in Upper Manhattan were too small to calculate reliable statistics. The number of Pre-47 rent stabilized buildings in Staten Island and buildings with 100+ units in Upper Manhattan were too small to calculate reliable statistics. 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 2004 per Apartment per Month by Building Size and Location

	Post-46	Pre-47	All		Post-46	Pre-47	All
Citywide	\$363	\$300	\$315	Core Man	\$764	\$538	\$587
11-19 units	\$374	\$338	\$340	11-19 units	\$591	\$526	\$527
20-99 units	\$260	\$279	\$275	20-99 units	\$529	\$532	\$531
100+ units	\$473	\$412	\$453	100+ units	\$837	\$588	\$731
Bronx	\$235	\$160	\$174	Upper Man	\$268	\$332	\$323
11-19 units	-	\$125	\$126	11-19 units	-	\$198	\$189
20-99 units	\$198	\$158	\$164	20-99 units	-	\$350	\$343
100+ units	-	\$239	\$275	100+ units	-	-	\$281
Brooklyn	\$220	\$196	\$201	City w/o Core	\$252	\$207	\$219
11-19 units	\$382	\$210	\$216	Manhattan			
20-99 units	\$221	\$187	\$196				
100+ units	-	\$258	\$223				
Manhattan	\$705	\$471	\$510				
11-19 units	\$540	\$484	\$485				
20-99 units	\$481	\$452	\$454				
100+ units	\$798	\$554	\$696				
Queens	\$279	\$239	\$257				
11-19 units	\$269	\$191	\$210				
20-99 units	\$247	\$247	\$247				
100+ units	\$305	\$242	\$293				
St. Island	\$224	-	\$224				

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 11-19, 20-99 and 100+ unit buildings on Staten Island and in Upper Manhattan were too small to calculate reliable statistics. The number of Pre-47 rent stabilized buildings in Staten Island and buildings with 100+ units in Upper Manhattan were too small to calculate reliable statistics. 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 2004, by Building Size and Age

	Taxes	Maint.	Labor	Admin.	Utilities	Fuel	Misc.	Insurance	Total
Pre-47	24.0%	18.7%	9.8%	11.9%	9.0%	10.7%	8.7%	7.2%	100.0%
11-19 units	25.4%	19.0%	5.9%	12.5%	9.0%	10.8%	10.2%	7.2%	100.0%
20-99 units	23.2%	19.1%	9.8%	11.6%	9.2%	11.3%	8.5%	7.5%	100.0%
100+ units	27.4%	15.2%	17.3%	13.1%	8.1%	6.8%	7.4%	4.7%	100.0%
Post-46	29.8%	13.5%	15.9%	10.8%	9.2%	7.6%	7.9%	5.3%	100.0%
11-19 units	28.6%	19.5%	5.0%	12.5%	9.4%	8.9%	8.6%	7.5%	100.0%
20-99 units	27.2%	15.2%	12.0%	10.9%	9.9%	9.7%	8.6%	6.4%	100.0%
100+ units	31.8%	12.0%	19.1%	10.6%	8.6%	6.1%	7.3%	4.4%	100.0%
All Bldgs.	25.6%	17.3%	11.4%	11.6%	9.1%	9.9%	8.5%	6.7%	100.0%
11-19 units	25.5%	19.1%	5.8%	12.5%	9.0%	10.7%	10.1%	7.2%	100.0%
20-99 units	23.4%	18.9%	9.9%	11.6%	9.2%	11.2%	8.5%	7.5%	100.0%
100+ units	27.7%	15.0%	17.4%	13.0%	8.1%	6.8%	7.4%	4.7%	100.0%

Source: NYC Department of Finance, RPIE Filings.

Note: Rows may not add up to 100% due to rounding.

C.6 Cross-Sectional Distribution of "Distressed" Buildings, 2004 RPIE Filings

	Citywide	Bronx	Brooklyn	Manhattan	Queens	St. Island	Core Man	Upper Man
Pre-47								
11-19 units	427	70	89	228	40	0	184	44
20-99 units	865	273	200	333	58	1	163	170
100+ units	20	4	4	7	5	0	7	0
All	1312	347	293	568	103	1	354	214
Post-46								
11-19 units	14	3	2	6	3	0	4	2
20-99 units	61	13	13	12	23	0	8	4
100+ units	33	2	5	19	7	0	19	0
All	108	18	20	37	33	0	31	6
All Bldgs.								
11-19 units	441	73	91	234	43	0	188	46
20-99 units	926	286	213	345	81	1	171	174
100+ units	53	6	9	26	12	0	26	0
All	1420	365	313	605	136	1	385	220

Source: NYC Department of Finance, RPIE Filings.

C.7 Cross-Sectional Sample, 2004 RPIE Filings

	Post-46		Pre-47		All	
	Bldgs.	DU's	Bldgs.	DU's	Bldgs.	DU's
Citywide	1,393	171,057	10,819	420,567	12,212	591,624
11-19 units	115	1,680	2,808	42,589	2,923	44,269
20-99 units	743	43,475	7,649	311,464	8,392	354,939
100+ units	535	125,902	362	66,514	897	192,416
Bronx	199	15,432	2,164	100,130	2,422	115,562
11-19 units	10	142	243	3,636	253	3,778
20-99 units	156	9,282	1,921	87,631	2,077	96,913
100+ units	33	6,008	59	8,863	92	14,871
Brooklyn	232	24,078	2,278	86,888	2,510	110,966
11-19 units	16	231	561	8,429	577	8,660
20-99 units	143	9,267	1,658	71,168	1,801	80,435
100+ units	73	14,580	59	7,291	132	21,871
Manhattan	479	84,806	5,174	187,648	5,653	272,454
11-19 units	40	599	1,699	25,788	1,739	26,387
20-99 units	163	8,892	3,284	119,388	3,447	128,280
100+ units	276	75,315	191	42,472	467	117,787
Queens	431	43,114	1,129	45,218	1,560	88,332
11-19 units	37	540	301	4,673	338	5,213
20-99 units	254	14,971	777	32,873	1,031	47,844
100+ units	140	27,603	51	7,672	191	35,275
St. Island	52	3,627	15	683	67	4,310
11-19 units	12	168	4	63	16	231
20-99 units	27	1,063	9	404	36	1,467
100+ units	13	2,396	2	216	15	2,612
Core Manh	431	77,960	3,653	127,344	4,084	205,304
11-19 units	36	542	1,486	22,477	1,522	23,019
20-99 units	133	7,359	2,006	66,817	2,139	74,176
100+ units	262	70,059	161	38,050	423	108,109
Upper Manh	48	6,846	1,521	60,304	1,569	67,150
11-19 units	4	57	213	3,311	217	3,368
20-99 units	30	1,533	1,278	52,571	1,308	54,104
100+ units	14	5,256	30	4,422	44	9,678

Source: NYC Department of Finance, RPIE Filings.

Appendix D: 2005 Housing and Vacancy Survey, Summary Tables

D.1 Occupancy Status

	ALL UNITS	<u>Owner Units</u>	<u>Renter Units</u>	<u>Stabilized</u>
Total Number of Units (occupied, vacant available, and vacant not available)	3,260,855@			
Number of Units (occupied and vacant, available)	3,124,143	1,031,780	2,092,363	1,043,677
<u>Occupied Units</u>	3,037,996	1,010,370	2,027,626	1,015,654
Bronx	472,246	104,400	367,846	217,048
Brooklyn	877,552	255,955	621,597	270,109
Manhattan	737,768	174,179	563,589	324,749
Queens	786,766	365,040	421,726	195,351
Staten Island	163,663	110,795	52,868	8,397
<u>Vacant Units</u>	222,859			
Vacant, for rent or sale	86,147	21,410	64,737	28,023
Bronx	10,952	1,000	9,952	5,274
Brooklyn	23,790	6,031	17,759	7,880
Manhattan	27,906	5,708	22,198	10,089
Queens	19,842	7,603	12,239	4,016
Staten Island	3,658	1,068	2,590	764
Asking Rent				
<\$500	-	-	4,388	1,297
\$500-\$599	-	-	2,930	1,726
\$600-\$699	-	-	4,988	2,776
\$700-\$799	-	-	4,371	2,573
\$800-\$899	-	-	7,749	3,614
\$900-\$999	-	-	7,928	4,155
\$1000-\$1249	-	-	11,195	6,289
\$1250-\$1499	-	-	4,768	1,978
\$1500-\$1749	-	-	4,821	2,235
\$1750+	-	-	11,600	1,379
Vacant, not for rent or sale	136,712	-	-	-
Bronx	15,830	-	-	-
Brooklyn	43,389	-	-	-
Manhattan	49,591	-	-	-
Queens	21,393	-	-	-
Staten Island	6,508	-	-	-
Dilapidated	2,338	-	-	-
Rented-Not Yet Occupied	8,853	-	-	-
Sold-Not Yet Occupied	7,348	-	-	-
Undergoing Renovation	31,432	-	-	-
Awaiting Renovation	16,376	-	-	-
Non-Residential Use	989	-	-	-
Legal Dispute	10,155	-	-	-
Awaiting Conversion	602	-	-	-
Held for Occasional Use	37,357	-	-	-
Unable to Rent or Sell	9,595	-	-	-
Held Pending Sale of Building	2,786	-	-	-
Held for Planned Demolition	1,078	-	-	-
Held for Other Reasons	7,017	-	-	-
(Not Reported)	784	-	-	-

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

Rent Stabilized Units <i>Pre-1947</i>	Rent Stabilized Units <i>Post-1946</i>	Rent Controlled	Mitchell- Lama	Public Housing	Other Regulated*	Other Rentals**	
							Total Number of Units
747,332	296,345	43,317	61,893	170,892	75,222	697,364	Number of Units (occupied and vacant, available)
							<u>Occupied Units</u>
726,070	289,584	43,317	58,944	167,539	73,461	668,711	
166,712	50,336	3,985	21,962	37,851	21,339	65,661	Bronx
205,631	64,478	10,567	17,762	59,585	20,283	243,290	Brooklyn
255,175	69,574	23,190	11,797	50,660	24,651	128,543	Manhattan
97,199	98,152	5,575	5,885	17,030	5,053	192,831	Queens
1,353	7,044	0	1,538	2,413	2,135	38,386	Staten Island
							<u>Vacant Units</u>
21,262	6,761	0	2,949	3,353	1,761	28,653	Vacant, for rent or sale
3,898	1,376	0	1,048	758	0	2,872	Bronx
6,875	1,005	0	1,330	0	518	8,031	Brooklyn
7,583	2,506	0	360	2,096	1,243	8,409	Manhattan
2,142	1,874	0	211	218	0	7,795	Queens
764	0	0	0	281	0	1,546	Staten Island
							Asking Rent
935	362	-	211	2,582	298	0	<\$500
1,726	0	-	372	198	470	164	\$500-\$599
2,581	195	-	847	572	350	443	\$600-\$699
2,025	548	-	194	0	0	1,604	\$700-\$799
2,811	803	-	223	0	0	3,912	\$800-\$899
2,771	1,384	-	368	0	0	3,405	\$900-\$999
4,453	1,836	-	543	0	314	4,049	\$1000-\$1249
1,585	393	-	0	0	0	2,790	\$1250-\$1499
1,628	607	-	191	0	0	2,395	\$1500-\$1749
747	632	-	-	-	331	9,890	\$1750+
-	-	-	-	-	-	-	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)

	<u>ALL UNITS</u>	<u>Owner Units</u>	<u>Renter Units</u>	<u>Stabilized</u>
Total Number of Units (occupied, vacant available, and vacant not available)	3,260,855@			
Number of Units (occupied and vacant, available)	3,124,143	33.0%	67.0%	33.4%
<u>Occupied Units</u>	3,037,996	33.3%	66.7%	33.4%
Bronx	15.5%	10.3%	18.1%	21.4%
Brooklyn	28.9%	25.3%	30.7%	26.6%
Manhattan	24.3%	17.2%	27.8%	32.0%
Queens	25.9%	36.1%	20.8%	19.2%
Staten Island	5.4%	11.0%	2.6%	0.8%
<u>Vacant Units</u>	222,859			
Vacant, for rent or sale	86,147	24.9%	75.1%	32.5%
Bronx	12.7%	4.7%	15.4%	18.8%
Brooklyn	27.6%	28.2%	27.4%	28.1%
Manhattan	32.4%	26.7%	34.3%	36.0%
Queens	23.0%	35.5%	18.9%	14.3%
Staten Island	4.2%	5.0%	4.0%	2.7%
Asking Rent				
<\$500	-	-	6.8%	4.6%
\$500-\$599	-	-	4.5%	6.2%
\$600-\$699	-	-	7.7%	9.9%
\$700-\$799	-	-	6.8%	9.2%
\$800-\$899	-	-	12.0%	12.9%
\$900-\$999	-	-	12.2%	14.8%
\$1000-\$1249	-	-	17.3%	22.4%
\$1250-\$1499	-	-	7.4%	7.1%
\$1500-\$1749	-	-	7.4%	8.0%
\$1750+	-	-	17.9%	4.9%
Vacant, not for rent or sale	136,712			
Bronx	11.6%	-	-	-
Brooklyn	31.7%	-	-	-
Manhattan	36.3%	-	-	-
Queens	15.6%	-	-	-
Staten Island	4.8%	-	-	-
Dilapidated	1.7%	-	-	-
Rented-Not Yet Occupied	6.5%	-	-	-
Sold-Not Yet Occupied	5.4%	-	-	-
Undergoing Renovation	23.1%	-	-	-
Awaiting Renovation	12.0%	-	-	-
Non-Residential Use	0.7%	-	-	-
Legal Dispute	7.5%	-	-	-
Awaiting Conversion	0.4%	-	-	-
Held for Occasional Use	27.5%	-	-	-
Unable to Rent or Sell	7.1%	-	-	-
Held Pending Sale of Building	2.0%	-	-	-
Held for Planned Demolition	0.8%	-	-	-
Held for Other Reasons	5.2%	-	-	-
(Not Reported)	-	-	-	-

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

Rent Stabilized Units <i>Pre-1947</i>	Rent Stabilized Units <i>Post-1946</i>	Rent Controlled	Mitchell- Lama	Public Housing	Other Regulated [*]	Other Rentals ^{**}	
							Total Number of Units
71.6%	28.4%	1.4%	2.0%	5.5%	2.4%	22.3%	Number of Units (occupied and vacant, available)
71.5%	28.5%	1.4%	1.9%	5.5%	2.4%	22.0%	Occupied Units
23.0%	17.4%	9.2%	37.3%	22.6%	29.0%	9.8%	Bronx
28.3%	22.3%	24.4%	30.1%	35.6%	27.6%	36.4%	Brooklyn
35.1%	24.0%	53.5%	20.0%	30.2%	33.6%	19.2%	Manhattan
13.4%	33.9%	12.9%	10.0%	10.2%	6.9%	28.8%	Queens
0.2%	2.4%	0.0%	2.6%	1.4%	2.9%	5.7%	Staten Island
							Vacant Units
24.7%	7.8%	0.0%	3.4%	3.9%	2.0%	33.3%	Vacant, for rent or sale
18.3%	20.4%	0.0%	35.5%	22.6%	0.0%	10.0%	Bronx
32.3%	14.9%	0.0%	45.1%	0.0%	29.4%	28.0%	Brooklyn
35.7%	37.1%	0.0%	12.2%	62.5%	70.6%	29.3%	Manhattan
10.1%	27.7%	0.0%	7.2%	6.5%	0.0%	27.2%	Queens
3.6%	0.0%	0.0%	0.0%	8.4%	0.0%	5.4%	Staten Island
4.4%	5.4%	0.0%	7.2%	77.0%	16.9%	0.0%	Asking Rent <\$500
8.1%	0.0%	0.0%	12.6%	5.9%	26.7%	0.6%	\$500-\$599
12.1%	2.9%	0.0%	28.7%	17.1%	19.9%	1.5%	\$600-\$699
9.5%	8.1%	0.0%	6.6%	0.0%	0.0%	5.6%	\$700-\$799
13.2%	11.9%	0.0%	7.6%	0.0%	0.0%	13.7%	\$800-\$899
13.0%	20.5%	0.0%	12.5%	0.0%	0.0%	11.9%	\$900-\$999
20.9%	27.2%	0.0%	18.4%	0.0%	17.8%	14.1%	\$1000-\$1249
7.5%	5.8%	0.0%	0.0%	0.0%	0.0%	9.7%	\$1250-\$1499
7.7%	9.0%	0.0%	6.5%	0.0%	0.0%	8.4%	\$1500-\$1749
3.5%	9.3%	0.0%	0.0%	0.0%	18.8%	34.5%	\$1750+
							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	-	-	89,643	13,449
\$200-\$299	-	-	62,725	16,542
\$300-\$399	-	-	64,471	17,632
\$400-\$499	-	-	97,825	38,865
\$500-\$599	-	-	136,859	88,029
\$600-\$699	-	-	198,787	128,376
\$700-\$799	-	-	211,595	129,636
\$800-\$899	-	-	233,594	143,463
\$900-\$999	-	-	192,656	112,047
\$1000-\$1249	-	-	310,566	155,350
\$1250-\$1499	-	-	136,027	70,230
\$1500-\$1749	-	-	92,924	45,334
\$1750+	-	-	162,639	40,733
(No Cash Rent)	-	-	(37,314)	(15,969)
Mean	-	-	\$956	\$908
Mean/Room	-	-	\$314	\$331
Median	-	-	\$850	\$844
Median/Room	-	-	\$240	\$258
Monthly Cost of Electricity				
Mean	\$85	\$112	\$67	\$63
Median	\$70	\$95	\$60	\$59
Monthly Cost of Utility Gas				
Mean	\$100	\$167	\$44	\$33
Median	\$45	\$135	\$30	\$26
Monthly Cost of Water/Sewer				
Mean	\$61	\$61	\$59	-
Median	\$50	\$50	\$33	-
Monthly Cost of Other Fuels				
Mean	\$175	\$181	\$69	-
Median	\$166	\$166	\$31	-
Monthly Mortgage Payments				
Mean	-	\$1,570	-	-
Median	-	\$1,400	-	-
Monthly Insurance Payments				
Mean	-	\$93	-	-
Median	-	\$67	-	-
Monthly Property Taxes				
Mean	-	\$229	-	-
Median	-	\$183	-	-

@ All households, including owners and renters.

Rent Stabilized Units		Rent Controlled	Mitchell- Lama	Public Housing	Other Regulated ^o *	Other Rentals ^{**}	
<i>Pre-1947</i>	<i>Post-1946</i>						
							Monthly Contract Rent
9,231	4,218	4,039	2,558	48,607	20,990 ^o		\$0-\$199
12,395	4,147	4,638	3,054	24,859	13,632 ^o		\$200-\$299
13,355	4,277	4,315	3,348	23,446	15,729 ^o		\$300-\$399
31,061	7,804	5,216	3,403	30,703	19,638 ^o		\$400-\$499
72,300	15,729	3,943	4,216	15,228	25,443 ^o		\$500-\$599
95,389	32,987	2,897	6,874	15,212	45,429 ^o		\$600-\$699
96,546	33,090	4,202	10,518	3,930	63,309 ^o		\$700-\$799
102,254	41,209	3,184	8,937	2,814	75,197 ^o		\$800-\$899
75,470	36,577	1,819	7,937	451	70,402 ^o		\$900-\$999
102,231	53,119	2,735	4,424	1,905	146,153 ^o		\$1000-\$1249
44,978	25,252	1,227	1,559	-	63,011 ^o		\$1250-\$1499
33,298	12,036	1,103	1,265	-	45,222 ^o		\$1500-\$1749
24,579	16,154	2,461	652	197	118,595 ^o		\$1750+
(12,983)	(2,986)	(1,537)	(198)	(189)	(19,421) ^o		(No Cash Rent)
\$883	\$971	\$721	\$739	\$368	\$1,191 ^o		Mean
\$323	\$352	\$203	\$229	\$100	\$351 ^o		Mean/Room
\$810	\$899	\$551	\$750	\$342	\$1,000 ^o		Median
\$250	\$283	\$150	\$200	\$90	\$250 ^o		Median/Room
							Monthly Cost of Electricity
\$64	\$62	\$61	\$66	\$61	\$66	\$73	Mean
\$59	\$58	\$50	\$60	\$50	\$55	\$60	Median
							Monthly Cost of Utility Gas
\$32	\$38	\$29	\$45	\$95	\$30	\$59	Mean
\$26	\$27	\$25	\$30	\$39	\$25	\$35	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.

^o Separate contract rent figures cannot be run for "Other Regulated" and "Other Rentals" households. The households receiving assistance for these two categories are reported together.

D.2 Economic Characteristics (Continued)

	All Households@	Owner Households	Renter Households	Stabilized
Monthly Contract Rent				
\$0-\$199	-	-	4.5%	1.3%
\$200-\$299	-	-	3.2%	1.7%
\$300-\$399	-	-	3.2%	1.8%
\$400-\$499	-	-	4.9%	3.9%
\$500-\$599	-	-	6.9%	8.8%
\$600-\$699	-	-	10.0%	12.8%
\$700-\$799	-	-	10.6%	13.0%
\$800-\$899	-	-	11.7%	14.4%
\$900-\$999	-	-	9.7%	11.2%
\$1000-\$1249	-	-	15.6%	15.5%
\$1250-\$1499	-	-	6.8%	7.0%
\$1500-\$1749	-	-	4.7%	4.5%
\$1750+	-	-	8.2%	4.1%
(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 <i>Pre-1947</i>	Rent Stabilized Units <i>Post-1946</i>	Rent Controlled	Mitchell- Lama	Public Housing	Other Regulated*	Other Rentals**	
							Monthly Contract Rent
1.3%	1.5%	9.7%	4.4%	29.0%	2.9% ^o		\$0-\$199
1.7%	1.4%	11.1%	5.2%	14.9%	1.8% ^o		\$200-\$299
1.9%	1.5%	10.3%	5.7%	14.0%	2.2% ^o		\$300-\$399
4.4%	2.7%	12.5%	5.8%	18.3%	2.7% ^o		\$400-\$499
10.1%	5.5%	9.4%	7.2%	9.1%	3.5% ^o		\$500-\$599
13.4%	11.5%	6.9%	11.7%	9.1%	6.3% ^o		\$600-\$699
13.5%	11.5%	10.1%	17.9%	2.3%	8.8% ^o		\$700-\$799
14.3%	14.4%	7.6%	15.2%	1.7%	10.4% ^o		\$800-\$899
10.6%	12.8%	4.4%	13.5%	0.3%	9.7% ^o		\$900-\$999
14.3%	18.5%	6.5%	7.5%	1.1%	20.2% ^o		\$1000-\$1249
6.3%	8.8%	2.9%	2.7%	0.0%	8.7% ^o		\$1250-\$1499
4.7%	4.2%	2.6%	2.2%	0.0%	6.3% ^o		\$1500-\$1749
3.4%	5.6%	5.9%	1.1%	0.1%	16.4% ^o		\$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.

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

Totals may not add to 100% due to rounding.

D.2 Economic Characteristics (Continued)

	All Households [@]	Owner Households	Renter Households	Stabilized
2004 Total Household Income				
Loss, no income or <\$5000	161,773	27,551	134,222	64,525
\$5000-\$9999	245,175	31,255	213,920	90,279
\$10,000-\$19,999	416,544	89,492	327,052	167,162
\$20,000-\$29,999	341,472	81,568	259,904	137,350
\$30,000-\$39,999	312,188	74,858	237,330	124,592
\$40,000-\$49,999	265,038	71,537	193,501	105,567
\$50,000-\$59,999	232,380	86,113	146,267	72,804
\$60,000-\$69,999	187,539	71,866	115,673	56,074
\$70,000-\$79,999	153,521	66,729	86,793	48,053
\$80,000-\$89,999	133,364	59,497	73,867	37,982
\$90,000-\$99,999	92,843	46,411	46,432	23,909
\$100,000+	496,161	303,495	192,666	87,358
(Not Reported)	-	-	-	-
Mean	\$63,477	\$97,137	\$46,704	\$45,836
Median	\$40,000	\$65,000	\$32,000	\$32,000
Contract Rent to Income Ratio				
<10%	-	-	137,115	67,976
10%-19%	-	-	449,871	231,185
20%-29%	-	-	415,260	195,278
30%-39%	-	-	258,634	125,725
40%-49%	-	-	157,351	80,600
50%-59%	-	-	99,323	50,537
60%-69%	-	-	85,222	45,330
70%+	-	-	316,617	168,231
(Not Computed)	-	-	(108,232)	(50,791)
Mean	-	-	36.7%	37.5%
Median	-	-	28.7%	29.1%
Households in Poverty				
Households Below 100% of Poverty Level	526,146	68,521	457,625	207,344
Households at or Above 100% of Poverty Level	2,511,846	941,848	1,569,998	808,310
(Not Reported)	-	-	-	-
Households Below 125% of Poverty Level	674,660	97,374	577,286	270,527
Households at or Above 125% of Poverty Level	2,363,334	912,996	1,450,338	745,127
(Not Reported)	-	-	-	-
Households Receiving Public Assistance[¥]				
Households Not Receiving Public Assistance	2,088,551	769,926	1,318,625	662,449
(Do Not Know/Not Reported)	(566,523)	(197,828)	(368,695)	(195,578)
Households Receiving TANF [§]	134,400	2,902	131,498	52,099
Households Receiving Safety Net	19,781	595	19,186	9,497
Households Receiving SSI	238,722	31,954	206,768	89,451
Households Receiving Other Public Assistance	94,802	10,079	84,723	42,335
Households Receiving Rent Subsidy				
Households Receiving Section 8 Certif./Voucher	-	-	130,921	67,727
Households Receiving Shelter Allowance	-	-	68,885	37,025
Households Receiving SCRIE [°]	-	-	29,044	21,421
Households Receiving Another Federal Housing Subsidy	-	-	28,406	5,179
Households Receiving Another State/City Housing Subsidy	-	-	58,217	25,708

[§]Temporary Assistance for Needy Families

[°]Senior Citizens Rent Increase Exemption

[@]All households, including owners and renters.

Rent Stabilized Units Pre-1947	Rent Stabilized Units Post-1946	Rent Controlled	Mitchell- Lama	Public Housing	Other Regulated*	Other Rentals**	
47,102	17,423	4,149	3,481	19,438	42,628°		2004 Total Household Income
66,016	24,262	5,758	10,204	46,799	60,880°		Loss, no income or <\$5000
122,588	44,574	10,605	13,957	36,303	99,025°		\$5000-\$9999
96,516	40,834	5,122	6,574	25,589	85,268°		\$10,000-\$19,999
94,204	30,388	4,600	5,786	19,449	82,903°		\$20,000-\$29,999
74,912	30,654	1,822	4,056	9,574	72,483°		\$30,000-\$39,999
50,145	22,659	1,686	5,287	4,040	62,449°		\$40,000-\$49,999
39,338	16,736	3,124	2,479	3,285	50,711°		\$50,000-\$59,999
32,650	15,403	446	2,265	935	35,094°		\$60,000-\$69,999
26,835	11,147	1,274	1,513	427	32,671°		\$70,000-\$79,999
16,874	7,035	1,135	1,052	854	19,481°		\$80,000-\$89,999
58,889	28,469	3,596	2,289	844	98,579°		\$90,000-\$99,999
-	-	-	-	-	-		\$100,000+
							(Not Reported)
\$44,280	\$49,739	\$37,059	\$33,183	\$19,808	\$55,600°		Mean
\$32,000	\$34,840	\$22,176	\$22,000	\$13,902	40,000°		Median
							Contract Rent to Income Ratio
51,976	16,001	6,538	4,173	16,122	42,307°		<10%
162,090	69,095	7,572	10,973	40,695	159,447°		10%-19%
138,243	57,036	6,970	12,248	45,035	155,729°		20%-29%
93,556	32,169	4,210	7,939	22,812	97,948°		30%-39%
57,261	23,339	3,237	3,678	7,769	62,067°		40%-49%
35,462	15,075	3,222	3,508	6,777	35,279°		50%-59%
29,570	15,760	1,822	2,911	4,690	30,469°		60%-69%
121,211	47,020	5,778	11,356	16,073	115,180°		70%+
(36,700)	(14,091)	(3,968)	(2,160)	(7,568)	(43,746)°		(Not Computed)
37.5%	37.7%	32.8%	40.3%	30.9%	36.9%°		Mean
29.2%	28.7%	28.0%	30.8%	26.4%	29.2%°		Median
							Households in Poverty
156,478	50,866	10,913	17,063	80,790	37,755	103,760	Households Below 100% of Poverty Level
569,592	238,718	32,404	41,880	86,749	35,705	564,950	Households at or Above 100% of Poverty Level
-	-	-	-	-	-	-	(Not Reported)
204,602	65,925	14,030	21,295	94,257	44,687	132,490	Households Below 125% of Poverty Level
521,468	223,659	29,286	37,649	73,282	28,773	536,221	Households at or Above 125% of Poverty Level
-	-	-	-	-	-	-	(Not Reported)
122,221	35,406	4,425	13,065	78,041	31,472	55,675	Households Receiving Public Assistance [‡]
471,577	190,872	32,169	34,355	76,651	35,806	477,195	Households Not Receiving Public Assistance
(132,272)	(63,306)	(6,723)	(11,524)	(12,847)	(6,182)	(135,841)	(Do Not Know/Not Reported)
44,084	8,015	36,406	1,934	18,568	4,857	17,634	Households Receiving TANF§
7,606	1,891	0	187	3,374	1,345	4,783	Households Receiving Safety Net
67,258	22,193	4,063	9,391	50,186	23,146	30,531	Households Receiving SSI
30,517	11,818	362	3,413	16,965	6,093	15,555	Households Receiving Other Public Assistance
							Households Receiving Rent Subsidy
56,296	11,431	492	11,106	2,897	24,218	24,481	Households Receiving Section 8 Certif./Voucher
29,907	7,118	160	2,119	14,508	2,140	12,933	Households Receiving Shelter Allowance
12,789	8,632	1,943	1,433	1,997	986	1,264	Households Receiving SCRIE°
3,546	1,633	0	2,877	11,339	5,298	3,713	Households Receiving Another Federal Housing Subsidy
15,857	9,851	378	1,801	11,637	6,330	12,363	Households Receiving Another State/City Housing Subsidy

° Separate household income and contract rent-to-income ratio 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
2004 Total Household Income				
Loss, no income or <\$5000	5.3%	2.7%	6.6%	6.4%
\$5000-\$9999	8.1%	3.1%	10.6%	8.9%
\$10,000-\$19,999	13.7%	8.9%	16.1%	16.5%
\$20,000-\$29,999	11.2%	8.1%	12.8%	13.5%
\$30,000-\$39,999	10.3%	7.4%	11.7%	12.3%
\$40,000-\$49,999	8.7%	7.1%	9.5%	10.4%
\$50,000-\$59,999	7.6%	8.5%	7.2%	7.2%
\$60,000-\$69,999	6.2%	7.1%	5.7%	5.5%
\$70,000-\$79,999	5.1%	6.6%	4.3%	4.7%
\$80,000-\$89,999	4.4%	5.9%	3.6%	3.7%
\$90,000-\$99,999	3.1%	4.6%	2.3%	2.4%
\$100,000+	16.3%	30.0%	9.5%	8.6%
(Not Reported)	-	-	-	-
Mean	-	-	-	-
Median	-	-	-	-
Contract Rent to Income Ratio				
<10%	-	-	7.1%	7.0%
10%-19%	-	-	23.4%	24.0%
20%-29%	-	-	21.6%	20.2%
30%-39%	-	-	13.5%	13.0%
40%-49%	-	-	8.2%	8.4%
50%-59%	-	-	5.2%	5.2%
60%-69%	-	-	4.4%	4.7%
70%+	-	-	16.5%	17.4%
(Not Computed)	-	-	-	-
Mean	-	-	-	-
Median	-	-	-	-
Households in Poverty				
Households Below 100% of Poverty Level	17.3%	6.8%	22.6%	20.4%
Households at or Above 100% of Poverty Level	82.7%	93.2%	77.4%	79.6%
(Not Reported)	-	-	-	-
Households Below 125% of Poverty Level	22.2%	9.6%	28.5%	26.6%
Households at or Above 125% of Poverty Level	77.8%	90.4%	71.5%	73.4%
(Not Reported)	-	-	-	-
Households Receiving Public Assistance[‡]				
(Not Reported)	15.5%	5.2%	20.5%	19.2%
Households Receiving TANF [§]	5.4%	0.4%	7.9%	6.4%
Households Receiving Safety Net	0.8%	0.1%	1.2%	1.2%
Households Receiving SSI	9.7%	3.9%	12.5%	10.9%
Households Receiving Other Public Assistance	3.8%	1.2%	5.1%	5.2%
Households Receiving Rent Subsidy				
Households Receiving Section 8 Certif./Voucher	-	-	8.1%	8.3%
Households Receiving Shelter Allowance	-	-	4.3%	4.5%
Households Receiving SCRIE [°]	-	-	8.4%	12.6%
Households Receiving Another Federal Housing Subsidy	-	-	1.8%	0.6%
Households Receiving Another State/City Housing Subsidy	-	-	3.6%	3.2%

[§]Temporary Assistance for Needy Families

[°]Senior Citizens Rent Increase Exemption

[@]All households, including owners and renters.

Rent Stabilized Units Pre-1947	Rent Stabilized Units Post-1946	Rent Controlled	Mitchell- Lama	Public Housing	Other Regulated*	Other Rentals**	
6.5%	6.0%	9.6%	5.9%	11.6%	5.7% ^o		2004 Total Household Income
9.1%	8.4%	13.3%	17.3%	27.9%	8.2% ^o		Loss, no income or <\$5000
16.9%	15.4%	24.5%	23.7%	21.7%	13.3% ^o		\$5000-\$9999
13.3%	14.1%	11.8%	11.2%	15.3%	11.5% ^o		\$10,000-\$19,999
13.0%	10.5%	10.6%	9.8%	11.6%	11.2% ^o		\$20,000-\$29,999
10.3%	10.6%	4.2%	6.9%	5.7%	9.8% ^o		\$30,000-\$39,999
6.9%	7.8%	3.9%	9.0%	2.4%	8.4% ^o		\$40,000-\$49,999
5.4%	5.8%	7.2%	4.2%	2.0%	6.8% ^o		\$50,000-\$59,999
4.5%	5.3%	1.0%	3.8%	0.6%	4.7% ^o		\$60,000-\$69,999
3.7%	3.8%	2.9%	2.6%	0.3%	4.4% ^o		\$70,000-\$79,999
2.3%	2.4%	2.6%	1.8%	0.5%	2.6% ^o		\$80,000-\$89,999
8.1%	9.8%	8.3%	3.9%	0.5%	13.3% ^o		\$90,000-\$99,999
-	-	-	-	-	-		\$100,000+
-	-	-	-	-	-		(Not Reported)
-	-	-	-	-	-		Mean
-	-	-	-	-	-		Median
7.5%	5.8%	16.6%	7.3%	10.1%	6.1% ^o		Contract Rent to Income Ratio
23.5%	25.1%	19.2%	19.3%	25.4%	22.8% ^o		<10%
20.1%	20.7%	17.7%	21.6%	28.2%	22.3% ^o		10%-19%
13.6%	11.7%	10.7%	14.0%	14.3%	14.0% ^o		20%-29%
8.3%	8.5%	8.2%	6.5%	4.9%	8.9% ^o		30%-39%
5.1%	5.5%	8.2%	6.2%	4.2%	5.1% ^o		40%-49%
4.3%	5.7%	4.6%	5.1%	2.9%	4.4% ^o		50%-59%
17.6%	17.1%	14.7%	20.0%	10.0%	16.5% ^o		60%-69%
-	-	-	-	-	-		70%+
-	-	-	-	-	-		(Not Computed)
-	-	-	-	-	-		Mean
-	-	-	-	-	-		Median
21.6%	17.6%	25.2%	28.9%	48.2%	51.4%	15.5%	Households in Poverty
78.4%	82.4%	74.8%	71.1%	51.8%	48.6%	84.5%	Households Below 100% of Poverty Level
-	-	-	-	-	-	-	Households at or Above 100% of Poverty Level
-	-	-	-	-	-	-	(Not Reported)
28.2%	22.8%	32.4%	36.1%	56.3%	60.8%	19.8%	Households Below 125% of Poverty Level
71.8%	77.2%	67.6%	63.9%	43.7%	39.2%	80.2%	Households at or Above 125% of Poverty Level
-	-	-	-	-	-	-	(Not Reported)
20.6%	15.6%	12.1%	27.6%	50.4%	46.8%	10.4% ^o	Households Receiving Public Assistance [‡]
-	-	-	-	-	-	-	(Not Reported)
7.4%	3.5%	99.5%	4.1%	12.0%	7.2%	3.3%	Households Receiving TANF§
1.3%	0.8%	0.0%	0.4%	2.2%	2.0%	0.9%	Households Receiving Safety Net
11.3%	9.8%	11.1%	19.8%	32.4%	34.4%	5.7%	Households Receiving SSI
5.1%	5.2%	1.0%	7.2%	11.0%	9.1%	2.9%	Households Receiving Other Public Assistance
9.5%	5.0%	1.4%	24.7%	2.1%	41.5%	4.7%	Households Receiving Rent Subsidy
5.1%	3.1%	0.5%	4.6%	10.2%	3.6%	2.5%	Households Receiving Section 8 Certif./Voucher
12.8%	12.4%	7.7%	11.8%	4.1%	3.9%	1.9%	Households Receiving Shelter Allowance
0.6%	0.7%	0.0%	6.5%	8.1%	9.1%	0.7%	Households Receiving SCRIE ^o
2.7%	4.3%	1.1%	4.0%	8.3%	11.0%	2.4%	Households Receiving Another Federal Housing Subsidy
							Households Receiving Another State/City Housing Subsidy

^o Separate household income and contract rent-to-income ratio 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				
2003-2005	750,607	136,425	614,182	278,822
1999-2002	661,372	181,741	479,631	234,992
1996-1998	301,064	104,260	196,804	102,444
1993-1995	253,360	84,413	168,947	92,097
1990-1992	195,262	79,818	115,444	65,469
1987-1989	120,419	57,390	63,029	32,812
1984-1986	122,049	51,671	70,378	41,278
1981-1983	86,905	35,666	51,239	26,811
1971-1980	312,177	137,862	174,315	109,321
Prior to 1971	234,780	141,124	93,656	31,610
Household Composition				
Married Couples				
Children <18 Years of Age	402,632	161,662	240,970	117,162
w/o Children <18 Years of Age	178,475	102,450	76,025	34,487
Other Household Members	155,662	74,647	81,015	37,670
w/o Other Household Members (Not Reported)	439,653	203,737	235,916	121,352
	-	-	-	-
Female Householder				
Children <18 Years of Age	1,187,788	305,105	882,683	440,817
w/o Children <18 Years of Age	192,186	21,321	170,865	81,544
Other Household Members	261,563	76,200	185,363	91,196
w/o Other Household Members (Not Reported)	149,766	30,155	119,611	56,361
	584,273	177,429	406,844	211,716
	-	-	-	-
Male Householder				
Children <18 Years of Age	673,790	162,769	511,021	259,034
w/o Children <18 Years of Age	14,701	3,325	11,376	5,814
Other Household Members	183,870	43,465	140,405	72,571
w/o Other Household Members (Not Reported)	37,585	8,394	29,191	15,474
	437,634	107,585	330,049	165,175
	-	-	-	-
(Sex Not Reported)	-	-	-	-
Race of Householder				
White, non-Hispanic	1,330,514	579,642	750,872	382,810
Black, non-Hispanic	691,369	201,435	489,934	218,168
Puerto Rican	289,998	46,054	243,944	114,037
Other Spanish/Hispanic	418,452	69,271	349,181	208,597
Asian/Pacific Islander	287,495	108,083	179,412	84,259
American/Aleut/Eskimo	7,629	2,032	5,597	2,254
Two or more races	12,538	3,852	8,686	5,529
(Not Reported)	-	-	-	-
Age of Householder				
Under 25 years	106,869	9,006	97,863	44,568
25-34	545,105	92,973	452,132	223,168
35-44	729,238	211,777	517,461	267,966
45-54	636,021	233,978	402,043	209,659
55-61	347,151	155,122	192,029	98,997
62-64	95,123	39,431	55,692	29,467
65-74	304,923	144,343	160,580	79,816
75-84	201,624	91,192	110,432	47,710
85 or more years	71,944	32,548	39,396	14,304
(Not Reported)	-	-	-	-
Mean	49	54	46	46
Median	46	52	43	43

@ All households, including owners and renters.

<u>Rent Stabilized Units</u> <u>Pre-1947</u>	<u>Rent Stabilized Units</u> <u>Post-1946</u>	<u>Rent</u> <u>Controlled</u>	<u>Mitchell-</u> <u>Lama</u>	<u>Public</u> <u>Housing</u>	<u>Other</u> <u>Regulated*</u>	<u>Other</u> <u>Rentals**</u>	
200,624	78,198	1,332	11,461	20,744	14,163	287,660	Year Moved Into Current Dwelling
171,879	63,113	1,991	11,873	33,196	17,382	180,197	2003-2005
74,806	27,638	412	8,010	15,730	7,618	62,590	1999-2002
68,713	23,384	521	6,635	17,154	6,138	46,402	1996-1999
48,079	17,390	442	3,986	12,080	6,072	27,395	1993-1995
25,296	7,516	-	2,527	9,495	3,535	14,660	1990-1992
30,483	10,795	1,427	1,974	8,587	5,468	11,644	1987-1989
18,613	8,198	771	2,661	7,553	5,625	7,818	1984-1986
75,415	33,906	5,847	8,839	24,559	5,473	20,276	1981-1983
12,163	19,447	30,573	978	18,440	1,986	10,069	1971-1980
							Prior to 1971
							<u>Household Composition</u>
215,124	95,547	9,321	17,872	26,747	14,434	254,881	Married Couples
83,728	33,434	1,620	5,874	9,016	3,700	103,598	Children <18 Years of Age
25,950	8,537	1,364	2,612	5,010	2,609	29,943	w/o Children <18 Years of Age
28,866	8,804	383	1,605	3,217	1,428	36,712	Other Household Members
76,580	44,772	5,954	7,781	9,504	6,697	84,628	w/o Other Household Members
-	-	-	-	-	-	-	(Not Reported)
316,560	124,257	21,697	30,955	114,480	45,397	229,337	Female Householder
61,800	19,744	390	6,574	31,135	7,778	43,444	Children <18 Years of Age
66,605	24,591	4,543	5,159	19,714	6,234	58,517	w/o Children <18 Years of Age
45,428	10,933	780	4,103	20,744	7,183	30,440	Other Household Members
142,727	68,989	15,984	15,119	42,887	24,202	96,936	w/o Other Household Members
-	-	-	-	-	-	-	(Not Reported)
194,387	69,780	12,299	10,115	26,313	13,632	184,495	Male Householder
3,670	2,144	171	166	523	89	4,613	Children <18 Years of Age
49,583	14,686	1,901	1,690	4,683	2,345	65,517	w/o Children <18 Years of Age
11,470	2,862	373	803	1,739	916	11,028	Other Household Members
129,664	50,088	9,854	7,456	19,368	10,282	103,337	w/o Other Household Members
-	-	-	-	-	-	-	(Not Reported)
-	-	-	-	-	-	-	(Sex Not Reported)
							<u>Race of Householder</u>
255,044	127,766	28,688	16,394	13,266	12,198	297,516	White, non-Hispanic
152,041	66,127	6,099	23,294	79,245	22,324	140,804	Black, non-Hispanic
87,737	26,300	2,170	8,707	50,405	18,051	50,574	Puerto Rican
167,140	41,457	4,151	6,862	18,597	15,183	95,791	Other Hispanic
58,596	25,663	1,636	3,133	4,752	5,634	79,998	Asian/Pacific Islander
1,288	966	399	380	237	35	2,292	American/Aleut/Eskimo
4,223	1,306	174	174	1,039	35	1,735	Two or more races
-	-	-	-	-	-	-	(Not Reported)
							<u>Age of Householder</u>
36,476	8,092	413	1,448	5,026	1,925	44,483	Under 25 years
167,272	55,896	1,267	8,283	21,328	8,982	189,104	25-34
201,012	66,954	2,843	13,197	35,615	10,284	187,556	35-44
153,195	56,464	2,572	13,097	33,365	14,081	129,269	45-54
70,048	28,949	6,083	7,358	20,931	6,067	52,593	55-61
19,679	9,788	2,436	1,530	7,940	3,731	10,588	62-64
47,705	32,111	11,130	5,542	21,895	13,356	28,841	65-74
24,668	23,042	8,873	6,149	15,989	12,328	19,383	75-84
6,015	8,289	7,701	2,339	5,450	2,707	6,895	85 or more years
-	-	-	-	-	-	-	(Not Reported)
44	49	68	52	52	56	42	Mean
42	46	69	50	50	56	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				
2003-2005	24.7%	13.5%	30.3%	27.5%
1999-2002	21.8%	18.0%	23.7%	23.1%
1996-1998	9.9%	10.3%	9.7%	10.1%
1993-1995	8.3%	8.4%	8.3%	9.1%
1990-1992	6.4%	7.9%	5.7%	6.4%
1987-1989	4.0%	5.7%	3.1%	3.2%
1984-1986	4.0%	5.1%	3.5%	4.1%
1981-1983	2.9%	3.5%	2.5%	2.6%
1971-1980	10.3%	13.6%	8.6%	10.8%
Prior to 1971	7.7%	14.0%	4.6%	3.1%
Household Composition				
Married Couples				
Children <18 Years of Age	13.3%	16.0%	11.9%	11.6%
w/o Children <18 Years of Age	5.9%	10.1%	3.7%	3.4%
Other Household Members	5.1%	7.4%	4.0%	3.7%
w/o Other Household Members (Not Reported)	-	-	-	-
Female Householder				
Children <18 Years of Age	6.3%	2.1%	8.4%	8.1%
w/o Children <18 Years of Age	8.6%	7.5%	9.1%	9.0%
Other Household Members	4.9%	3.0%	5.9%	5.6%
w/o Other Household Members (Not Reported)	-	-	-	-
Male Householder				
Children <18 Years of Age	0.5%	0.3%	0.6%	0.6%
w/o Children <18 Years of Age	6.1%	4.3%	6.9%	7.2%
Other Household Members	1.2%	0.8%	1.4%	1.5%
w/o Other Household Members (Not Reported)	-	-	-	-
(Sex Not Reported)	-	-	-	-
Race of Householder				
White, non-Hispanic	43.8%	57.4%	37.0%	37.7%
Black, non-Hispanic	22.8%	19.9%	24.2%	21.5%
Puerto Rican	9.5%	4.6%	12.0%	11.2%
Other Hispanic	13.8%	6.9%	17.2%	20.5%
Asian/Pacific Islander	9.5%	10.7%	8.8%	8.3%
American/Aleut/Eskimo	0.3%	0.2%	0.3%	0.2%
2 or more races	0.4%	0.4%	0.4%	0.5%
(Not Reported)	-	-	-	-
Age of Householder				
Under 25 years	3.5%	0.9%	4.8%	4.4%
25-34	17.9%	9.2%	22.3%	22.0%
35-44	24.0%	21.0%	25.5%	26.4%
45-54	20.9%	23.2%	19.8%	20.6%
55-61	11.4%	15.4%	9.5%	9.7%
62-64	3.1%	3.9%	2.7%	2.9%
65-74	10.0%	14.3%	7.9%	7.9%
75-84	6.6%	9.0%	5.4%	4.7%
85 or more years	2.4%	3.2%	1.9%	1.4%
(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 <i>Pre-1947</i>	Rent Stabilized Units <i>Post-1946</i>	Rent Controlled	Mitchell- Lama	Public Housing	Other Regulated*	Other Rentals**	
							Year Moved Into Current Dwelling
27.6%	27.0%	3.1%	19.4%	12.4%	19.3%	43.0%	2003-2005
23.7%	21.8%	4.6%	20.1%	19.8%	23.7%	26.9%	1999-2002
10.3%	9.5%	1.0%	13.6%	9.4%	10.4%	9.4%	1996-1998
9.5%	8.1%	1.2%	11.3%	10.2%	8.4%	6.9%	1993-1995
6.6%	6.0%	1.0%	6.8%	7.2%	8.3%	4.1%	1990-1992
3.5%	2.6%	0.0%	4.3%	5.7%	4.8%	2.2%	1987-1989
4.2%	3.7%	3.3%	3.3%	5.1%	7.4%	1.7%	1984-1986
2.6%	2.8%	1.8%	4.5%	4.5%	7.7%	1.2%	1981-1983
10.4%	11.7%	13.5%	15.0%	14.7%	7.5%	3.0%	1971-1980
1.7%	6.7%	70.6%	1.7%	11.0%	2.7%	1.5%	Prior to 1971
							Household Composition
29.6%	33.0%	21.5%	30.3%	16.0%	19.6%	38.1%	Married Couples
11.5%	11.5%	3.7%	10.0%	5.4%	5.0%	15.5%	Children <18 Years of Age
3.6%	2.9%	3.1%	4.4%	3.0%	3.6%	4.5%	w/o Children <18 Years of Age
4.0%	3.0%	0.9%	2.7%	1.9%	1.9%	5.5%	Other Household Members
10.5%	15.5%	13.7%	13.2%	5.7%	9.1%	12.7%	w/o Other Household Members
-	-	-	-	-	-	-	(Not Reported)
43.6%	42.9%	50.1%	52.5%	68.3%	61.8%	34.3%	Female Householder
8.5%	6.8%	0.9%	11.2%	18.6%	10.6%	6.5%	Children <18 Years of Age
9.2%	8.5%	10.5%	8.8%	11.8%	8.5%	8.8%	w/o Children <18 Years of Age
6.3%	3.8%	1.8%	7.0%	12.4%	9.8%	4.6%	Other Household Members
19.7%	23.8%	36.9%	25.7%	25.6%	32.9%	14.5%	w/o Other Household Members
-	-	-	-	-	-	-	(Not Reported)
26.8%	24.1%	28.4%	17.2%	15.7%	18.6%	27.6%	Male Householder
0.5%	0.7%	0.4%	0.3%	0.3%	0.1%	0.7%	Children <18 Years of Age
6.8%	5.1%	4.4%	2.9%	2.8%	3.2%	9.8%	w/o Children <18 Years of Age
1.6%	1.0%	0.9%	1.4%	1.0%	1.2%	1.6%	Other Household Members
17.9%	17.3%	22.7%	12.6%	11.6%	14.0%	15.5%	w/o Other Household Members
-	-	-	-	-	-	-	(Not Reported)
-	-	-	-	-	-	-	(Sex Not Reported)
							Race of Householder
35.1%	44.1%	66.2%	27.8%	7.9%	16.6%	44.5%	White, non-Hispanic
20.9%	22.8%	14.1%	39.5%	47.3%	30.4%	21.1%	Black, non-Hispanic
12.1%	9.1%	5.0%	14.8%	30.1%	24.6%	7.6%	Puerto Rican
23.0%	14.3%	9.6%	11.6%	11.1%	20.7%	14.3%	Other Hispanic
8.1%	8.9%	3.8%	5.3%	2.8%	7.7%	12.0%	Asian/Pacific Islander
0.2%	0.3%	0.9%	0.6%	0.1%	0.0%	0.3%	American/Alut/Eskimo
0.6%	0.5%	0.4%	0.3%	0.6%	0.0%	0.3%	2 or more races
-	-	-	-	-	-	-	(Not Reported)
							Age of Householder
5.0%	2.8%	1.0%	2.5%	3.0%	2.6%	6.7%	Under 25 years
23.0%	19.3%	2.9%	14.1%	12.7%	12.2%	28.3%	25-34
27.7%	23.1%	6.6%	22.4%	21.3%	14.0%	28.0%	35-44
21.1%	19.5%	5.9%	22.2%	19.9%	19.2%	19.3%	45-54
9.6%	10.0%	14.0%	12.5%	12.5%	8.3%	7.9%	55-61
2.7%	3.4%	5.6%	2.6%	4.7%	5.1%	1.6%	62-64
6.6%	11.1%	25.7%	9.4%	13.1%	18.2%	4.3%	65-74
3.4%	8.0%	20.5%	10.4%	9.5%	16.8%	2.9%	75-84
0.8%	2.9%	17.8%	4.0%	3.3%	3.7%	1.0%	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	377,393	61,188	316,205	167,290
Additional Heating Not Required	2,105,915	763,397	1,342,518	662,081
(Not Reported)	(554,688)	(185,785)	(368,903)	(186,284)
Heating Breakdowns	351,404	60,925	290,479	176,871
No Breakdowns	2,112,710	758,832	1,353,878	645,371
(Not Reported)	(573,882)	(190,613)	(383,269)	(193,412)
Broken Plaster/Peeling Paint	387,095	50,477	336,618	211,438
No Broken Plaster/Peeling Paint	2,094,733	772,568	1,322,165	616,491
(Not Reported)	(556,166)	(187,324)	(368,842)	(187,726)
Cracked Interior Walls or Ceilings	300,785	29,979	270,806	167,577
No Cracked Interior Walls or Ceilings	2,195,132	797,593	1,397,539	666,726
(Not Reported)	(542,077)	(182,798)	(359,279)	(181,351)
Holes in Floor	145,076	11,138	133,938	92,166
No Holes in Floor	2,284,618	794,954	1,489,664	717,377
(Not Reported)	(608,303)	(204,278)	(404,025)	(206,112)
Rodent Infestation	536,910	62,389	474,521	297,920
No Infestation	1,950,569	760,873	1,189,696	534,202
(Not Reported)	(550,516)	(187,108)	(363,408)	(183,532)
Toilet Breakdown	263,146	61,921	201,225	108,445
No Toilet Breakdown/No Facilities	2,200,883	754,705	1,446,178	714,832
(Not Reported)	(573,964)	(193,744)	(380,220)	(192,377)
Water Leakage Inside Unit	447,905	84,238	363,667	228,519
No Water Leakage	2,043,135	741,977	1,301,158	603,863
(Not Reported)	(546,956)	(184,155)	(362,801)	(183,272)
Units in Buildings w. No Maintenance Defects	1,207,108	532,587	674,521	278,396
Units in Buildings w. 1 Maintenance Defect	516,707	165,584	351,123	179,047
Units in Buildings w. 2 Maintenance Defects	263,779	53,390	210,389	117,180
Units in Buildings w. 3 Maintenance Defects	148,710	13,983	134,727	81,917
Units in Buildings w. 4 Maintenance Defects	95,479	5,780	89,699	55,032
Units in Buildings w. 5+ Maintenance Defects	78,975	3,447	75,528	52,875
(Not Reported)	(727,239)	(235,599)	(491,640)	(251,209)
Condition of Neighboring Buildings				
Excellent	584,271	301,280	282,991	124,030
Good	1,352,465	443,757	908,708	438,354
Fair	478,544	75,347	403,197	225,162
Poor Quality	84,278	7,575	76,703	47,460
(Not Reported)	(538,435)	(182,411)	(356,024)	(180,649)
Boarded Up Structures in Neighborhood	268,700	72,828	195,872	96,024
Units Not Close to " " "	2,253,527	757,397	1,496,130	748,457
(Not Reported)	(515,770)	(180,145)	(335,625)	(171,174)

@ All housing units, including owners and renters.

Rent Stabilized Units		Rent	Mitchell-	Public	Other	Other	
<u>Pre-1947</u>	<u>Post-1946</u>	<u>Controlled</u>	<u>Lama</u>	<u>Housing</u>	<u>Regulated*</u>	<u>Rentals**</u>	
							<u>Maintenance Quality</u> (Units Experiencing:)
125,802	41,488	7,293	10,546	33,897	13,812	83,367	Additional Heating Required
474,111	187,970	29,089	37,303	111,911	50,904	451,230	Additional Heating Not Required
(126,158)	(60,126)	(6,935)	(11,095)	(21,731)	(8,745)	(134,113)	(Not Reported)
139,868	37,003	6,470	7,212	27,469	9,489	62,968	Heating Breakdowns
454,547	190,824	28,640	40,607	115,752	53,901	469,607	No Breakdowns
(131,655)	(61,757)	(8,207)	(11,125)	(24,319)	(10,070)	(136,136)	(Not Reported)
168,188	43,250	9,938	5,426	42,907	7,509	59,400	Broken Plaster/Peeling Paint
429,521	186,970	26,603	42,588	102,662	56,510	477,311	No Broken Plaster/Peeling Paint
(128,362)	(59,364)	(6,775)	(10,930)	(21,970)	(9,442)	(131,999)	(Not Reported)
138,457	29,120	7,897	5,037	25,193	10,362	54,740	Cracked Interior Walls or Ceilings
464,608	202,118	28,645	43,191	121,516	54,570	482,891	No Cracked Interior Walls or Ceilings
(123,005)	(58,346)	(6,775)	(10,715)	(20,830)	(8,528)	(131,080)	(Not Reported)
82,320	9,846	2,833	2,004	7,500	6,511	22,924	Holes in Floor
504,090	213,287	31,947	45,114	136,659	56,360	502,207	No Holes in Floor
(139,660)	(66,452)	(8,537)	(11,826)	(23,381)	(10,589)	(143,580)	(Not Reported)
238,983	58,937	7,484	14,023	38,658	26,123	90,313	Rodent Infestation
363,278	170,924	29,057	33,733	107,654	39,049	446,001	No Infestation
(123,809)	(59,723)	(6,775)	(11,188)	(21,228)	(8,288)	(132,397)	(Not Reported)
81,445	27,000	4,086	5,295	21,136	8,585	53,678	Toilet Breakdown
514,453	200,379	31,682	43,090	123,962	54,899	477,713	No Toilet Breakdown/No Facilities
(130,172)	(62,205)	(7,548)	(10,558)	(22,441)	(9,976)	(137,320)	(Not Reported)
184,613	43,906	8,892	8,677	28,739	15,915	72,925	Water Leakage Inside Unit
416,776	187,087	27,650	39,741	117,941	49,002	462,961	No Water Leakage
(124,681)	(58,591)	(6,775)	(10,526)	(20,859)	(8,544)	(132,825)	(Not Reported)
181,006	97,390	14,127	20,480	50,414	22,727	288,377	Units in Buildings w. No Maintenance Defects
129,048	49,999	7,407	10,264	30,792	13,934	109,679	Units in Buildings w. 1 Maintenance Defect
88,677	28,503	4,741	6,137	23,115	9,496	49,720	Units in Buildings w. 2 Maintenance Defects
63,919	17,998	2,940	3,994	14,609	5,475	25,792	Units in Buildings w. 3 Maintenance Defects
45,500	9,532	2,750	2,954	9,500	3,551	15,912	Units in Buildings w. 4 Maintenance Defects
45,590	7,285	975	1,253	4,980	3,662	11,783	Units in Buildings w. 5+ Maintenance Defects
(172,331)	(78,878)	(10,377)	(13,862)	(34,129)	(14,616)	(167,447)	(Not Reported)
							Condition of Neighboring Buildings
82,290	41,740	8,905	7,195	9,726	7,740	125,395	Excellent
306,868	131,486	19,214	26,654	71,094	34,649	318,743	Good
174,816	50,346	8,075	12,149	53,006	19,035	85,770	Fair
39,143	8,317	619	2,631	12,666	3,448	9,879	Poor Quality
(122,953)	(57,696)	(6,503)	(10,314)	(21,046)	(8,589)	(128,923)	(Not Reported)
79,054	16,970	2,188	4,205	15,726	8,141	69,588	Boarded Up Structures in Neighborhood
532,775	215,682	34,773	44,240	132,743	57,115	478,802	Units Not Close to " "
(114,241)	(56,933)	(6,356)	(10,498)	(19,071)	(8,205)	(120,321)	(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	15.2%	7.4%	19.1%	20.2%
Additional Heating Not Required	84.8%	92.6%	80.9%	79.8%
(Not Reported)	-	-	-	-
Heating Breakdowns	14.3%	7.4%	17.7%	21.5%
No Breakdowns	85.7%	92.6%	82.3%	78.5%
(Not Reported)	-	-	-	-
Broken Plaster/Peeling Paint	15.6%	6.1%	20.3%	25.5%
No Broken Plaster/Peeling Paint	84.4%	93.9%	79.7%	74.5%
(Not Reported)	-	-	-	-
Cracked Interior Walls or Ceilings	12.1%	3.6%	16.2%	20.1%
No Cracked Interior Walls or Ceilings	87.9%	96.4%	83.8%	79.9%
(Not Reported)	-	-	-	-
Holes in Floor	6.0%	1.4%	8.2%	11.4%
No Holes in Floor	94.0%	98.6%	91.8%	88.6%
(Not Reported)	-	-	-	-
Rodent Infestation	21.6%	7.6%	28.5%	35.8%
No Infestation	78.4%	92.4%	71.5%	64.2%
(Not Reported)	-	-	-	-
Toilet Breakdown	10.7%	7.6%	12.2%	13.2%
No Toilet Breakdown	89.3%	92.4%	87.8%	86.8%
(Not Reported)	-	-	-	-
Water Leakage Inside Unit	18.0%	10.2%	21.8%	27.5%
No Water Leakage	82.0%	89.8%	78.2%	72.5%
(Not Reported)	-	-	-	-
Units in Buildings w. No Maintenance Defects	52.2%	68.7%	43.9%	36.4%
Units in Buildings w. 1 Maintenance Defect	22.4%	21.4%	22.9%	23.4%
Units in Buildings w. 2 Maintenance Defects	11.4%	6.9%	13.7%	15.3%
Units in Buildings w. 3 Maintenance Defects	6.4%	1.8%	8.8%	10.7%
Units in Buildings w. 4 Maintenance Defects	4.1%	0.7%	5.8%	7.2%
Units in Buildings w. 5+ Maintenance Defects	3.4%	0.4%	4.9%	6.9%
(Not Reported)	-	-	-	-
Condition of Neighboring Buildings				
Excellent	23.4%	36.4%	16.9%	14.9%
Good	54.1%	53.6%	54.4%	52.5%
Fair	19.1%	9.1%	24.1%	27.0%
Poor Quality	3.4%	0.9%	4.6%	5.7%
(Not Reported)	-	-	-	-
Boarded Up Structures in Neighborhood	10.7%	8.8%	11.6%	11.4%
Units Not Close to " "	89.3%	91.2%	88.4%	88.6%
(Not Reported)	-	-	-	-

[@] All housing units, including owners and renters.

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 ^{**}	
							<u>Maintenance Quality</u> (Units Experiencing:)
21.0%	18.1%	20.0%	22.0%	23.2%	21.3%	15.6%	Additional Heating Required
79.0%	81.9%	80.0%	78.0%	76.8%	78.7%	84.4%	Additional Heating Not Required (Not Reported)
-	-	-	-	-	-	-	Heating Breakdowns
23.5%	16.2%	18.4%	15.1%	19.2%	15.0%	11.8%	No Breakdowns (Not Reported)
76.5%	83.8%	81.6%	84.9%	80.8%	85.0%	88.2%	Broken Plaster/Peeling Paint
-	-	-	-	-	-	-	No Broken Plaster/Peeling Paint (Not Reported)
28.1%	18.8%	27.2%	11.3%	29.5%	11.7%	11.1%	Cracked Interior Walls or Ceilings
71.9%	81.2%	72.8%	88.7%	70.5%	88.3%	88.9%	No Cracked Interior Walls or Ceilings (Not Reported)
-	-	-	-	-	-	-	Holes in Floor
23.0%	12.6%	21.6%	10.4%	17.2%	16.0%	10.2%	No Holes in Floor (Not Reported)
77.0%	87.4%	78.4%	89.6%	82.8%	84.0%	89.8%	Rodent Infestation
-	-	-	-	-	-	-	No Infestation (Not Reported)
14.0%	4.4%	8.1%	4.3%	5.2%	10.4%	4.4%	Toilet Breakdown
86.0%	95.6%	91.9%	95.7%	94.8%	89.6%	95.6%	No Toilet Breakdown (Not Reported)
-	-	-	-	-	-	-	Water Leakage Inside Unit
39.7%	25.6%	20.5%	29.4%	26.4%	40.1%	16.8%	No Water Leakage (Not Reported)
60.3%	74.4%	79.5%	70.6%	73.6%	59.9%	83.2%	Units in Buildings w. No Maintenance Defects
-	-	-	-	-	-	-	Units in Buildings w. 1 Maintenance Defect
13.7%	11.9%	11.4%	10.9%	14.6%	13.5%	10.1%	Units in Buildings w. 2 Maintenance Defects
86.3%	88.1%	88.6%	89.1%	85.4%	86.5%	89.9%	Units in Buildings w. 3 Maintenance Defects
-	-	-	-	-	-	-	Units in Buildings w. 4 Maintenance Defects
30.7%	19.0%	24.3%	17.9%	19.6%	24.5%	13.6%	Units in Buildings w. 5+ Maintenance Defects (Not Reported)
69.3%	81.0%	75.7%	82.1%	80.4%	75.5%	86.4%	Condition of Neighboring Buildings
-	-	-	-	-	-	-	Excellent
32.7%	46.2%	42.9%	45.4%	37.8%	38.6%	57.5%	Good
23.3%	23.7%	22.5%	22.8%	23.1%	23.7%	21.9%	Fair
16.0%	13.5%	14.4%	13.6%	17.3%	16.1%	9.9%	Poor Quality
11.5%	8.5%	8.9%	8.9%	11.0%	9.3%	5.1%	(Not Reported)
8.2%	4.5%	8.3%	6.6%	7.1%	6.0%	3.2%	Boarded Up Structures in Neighborhood
8.2%	3.5%	3.0%	2.8%	3.7%	6.2%	2.4%	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, 2006

New Mortgages						Refinanced Mortgages				
Institution	Rate (%)	Points	Term (yrs)	Type	Volume	Rate (%)	Points	Term (yrs)	Type	Volume
7	6.00%	0.50	10 years	both	8	6.00%	0.50	10 yrs/30 yr ≠	both	2
8	5.88%	0.50	5/7 to 30 p/o, up to 15	adj	NR	5.88%	0.50	5/7 to 30, up to 15	adj	NR
10	6.00%	0.00	5 yrs	fxd	994	6.00%	0.00	5 yrs	fxd	318
11	6.88%	0.00	5/30 yr arm	adj	NR	6.88%	0.00	5/30 yr arm	adj	NR
14	6.00%	0.00	5 & 5	adj	100	6.00%	0.00	5 & 5	adj	200
15	0.00%	0.50	5 to 30	fxd	NR	0.00%	0.50	5 to 30	fxd	NR
16	5.88%	0.00	10	adj	335	5.88%	0.00	10	adj	675
18	6.00%	0.00	10	fxd	125	6.00%	0.00	10 yrs	fxd	125
23	6.50%	0.50	5 to 7 year ±	fxd	18	6.50%	0.50	5 to 7	fxd	10
28	5.50%	0.75	10/30	both	12	5.50%	0.75	10/30	both	12
30	6.50%	1.00	30 yrs	fxd	NR	6.50%	1.00	30 yrs	fxd	20
31	6.25%	0.00	5/25	fxd	NR	6.25%	0.00	5/25	fxd	NR
33	6.25%	0.00	15/25	adj	10	6.25%	0.00	15/25	adj	NR
35	6.75%	0.50	15 yrs	fxd	51	6.75%	0.50	15 yrs	fxd	14
36	5.78%	1.00	5 yr - 30 yr	fxd	22	5.78%	1.00	5 yr - 30 yr	fxd	22
37	7.65%	1.50	120/180/240	fxd	5	7.90%	1.50	120/180/240	fxd	3
40	6.75%	2.00	15 yr or 10/25 ±	fxd	11	6.75%	2.00	15 yrs or 10/25 bal	fxd	6
41	6.69%	0.00	up to 30 yr ≠	both	NR	6.69%	0.00	up to 30 yr ≠	both	NR
117	5.75%	0.00	5-7 yrs	fxd	100	5.75%	0.00	5 to 7	fxd	190
209	6.75%	0.00	5+5+5/25 arm ±	adj	125	6.75%	0.00	5+5+5/25 arm ±	adj	125
AVERAGE	6.30%	0.44	†	†	137	6.32%	0.44	†	†	123

≠ Amortization

† No average computed

± Balloon

Fxd = fixed rate mortgage

Adj = adjustable rate mortgage

NR = no response to this question

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

Source: 2006 Rent Guidelines Board Mortgage Survey

E.2 Typical Characteristics of Rent Stabilized Buildings, 2006

Lending Institution	Maximum Loan-to-Value Standard	Debt Service Coverage	Vacancy & Collection Losses	Typical Building Size	Average Monthly O&M Cost/Unit	Average Monthly Rent/Unit
7	75.0%	1.3%	5.0%	50-99	\$650	\$1,500
8	75.0%	1.3%	2.0%	20-49	NR	NR
10	75.0%	1.3%	3.0%	20-49	\$500	\$1,100
11	75.0%	1.3%	3.0%	1-10	NR	\$1,000
14	75.0%	1.3%	3.0%	20-49	\$600	\$1,100
15	80.0%	1.3%	5.0%	20-49	\$625	\$1,200
16	80.0%	1.2%	5.0%	20-49	\$375	\$725
18	80.0%	1.2%	3.0%	20-49	\$400	\$950
23	75.0%	1.3%	3.0%	20-49	\$541	\$1,350
28	80.0%	1.3%	3.0%	50-99	\$500	\$950
30	80.0%	1.3%	5.0%	20-49	\$400	\$750
31	75.0%	1.4%	3.0%	20-49	NR	NR
33	75.0%	1.3%	3.0%	11-19	NR	NR
35	65.0%	1.2%	4.0%	1-10	\$450	\$850
36	80.0%	1.3%	3.0%	50-99	NR	NR
37	70.0%	1.2%	2.0%	1-10	\$250	\$500
40	67.5%	1.2%	5.0%	1-10	\$390	\$850
41	75.0%	1.3%	4.0%	1-10	\$650	\$975
117	75.0%	1.3%	4.0%	50-99	\$400	\$875
209	75.0%	1.3%	5.0%	1-10	\$300	\$900
AVERAGE	75.4%	1.24%	3.65%	†	\$469	\$973

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: 2006 Rent Guidelines Board Mortgage Survey

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

Lending Inst.	Interest Rates		Points		Term		Type	
	2006	2005	2006	2005	2006	2005	2006	2005
7	6.00%	6.00%	0.50	0.50	10 years	10/30 ≠	both	Both
8	5.88%	5.50%	0.50	0.50	5/7 to 30 p/o, up to 15	5/7Adj, 10 Fxd	adj	Both
10	6.00%	5.00%	0.00	0.00	5 yrs	5	fxd	Fxd
11	6.88%	5.75%	0.00	0.00	5/30 yr arm	30	adj	Adj
14	6.00%	5.00%	0.00	0.00	5 & 5	5+5	adj	Adj
15	NR	NR	0.50	0.50	5 to 30	5 to 30	fxd	Both
16	5.88%	5.19%	0.00	0.50	10	5+5/7+5 (25 ≠)	adj	Adj
18	6.00%	5.50%	0.00	0.00	10	10	fxd	Both
23	6.50%	5.75%	0.50	1.00	5 to 7 year ±	NR	fxd	Fxd
28	5.50%	5.25%	0.75	0.75	10/30	10/30	both	Both
30	6.50%	6.15%	1.00	1.00	30 yrs	up to 30	fxd	Both
31	6.25%	5.00%	0.00	0.50	5/25	5-10	fxd	Fxd
33	6.25%	6.00%	0.00	0.50	15/25	15/25 or 3 or 5	adj	Adj
35	6.75%	6.25%	0.50	0.50	15 yrs	15	fxd	Fxd
36	5.78%	5.14%	1.00	1.00	5 yr - 30 yr	10/30	fxd	Fxd
37	7.65%	7.45%	1.50	1.50	120/180/240	10/15	fxd	Fxd
40	6.75%	5.94%	2.00	2.00	15 yr or 10/25 ±	15 or 10/25/±	fxd	Fxd
41	6.69%	6.38%	0.00	0.00	up to 30 yr ≠	10-30	both	Both
117	5.75%	5.00%	0.00	0.25	5-7 yrs	5	fxd	Fxd
209	6.75%	5.75%	0.00	0.50	5+5+5/25 ARM ±	5+5	adj	Adj
AVERAGE	6.30%	5.68%	0.44	0.58	†	†	†	†

NR indicates no response to this question.

† No average computed

≠ Amortization

± Balloon

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: 2005 and 2006 Rent Guidelines Board Mortgage Surveys

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

Lending Inst.	Interest Rates		Points		Term		Type	
	2006	2005	2006	2005	2006	2005	2006	2005
7	6.00%	6.00%	0.50	0.50	10 years/30 year ≠	10/30 ≠	both	Both
8	5.88%	5.50%	0.50	0.50	5/7 to 30 p/o	5/7Adj, 10 Fxd	adj	Both
10	6.00%	5.00%	0.00	0.00	5 yrs	5	fxd	Fxd
11	6.88%	5.75%	0.00	0.00	5/30 yr arm	30	adj	Adj
14	6.00%	5.00%	0.00	0.00	5 & 5	5+5	adj	Adj
15	NR	NR	0.50	0.50	5 to 30	5 to 30	fxd	Both
16	5.88%	5.19%	0.00	0.50	10	5+5/7+5 (25 ≠)	adj	Adj
18	6.00%	5.50%	0.00	0.00	10 yrs	10	fxd	Both
23	6.50%	5.75%	0.50	1.00	5 to 7	5/25	fxd	Fxd
28	5.50%	5.25%	0.75	0.75	10/30	10/30	both	Both
30	6.50%	6.15%	1.00	1.00	30 yrs	up to 30	fxd	Both
31	6.25%	5.00%	0.00	0.50	5/25	5-10	fxd	Fxd
33	6.25%	6.00%	0.00	0.50	15/25	15/25 or 3 or 5	adj	Adj
35	6.75%	6.25%	0.50	0.50	15 yrs	15	fxd	Fxd
36	5.78%	5.14%	1.00	1.00	5 yr - 30 yr	10/30	fxd	Fxd
37	7.90%	7.45%	1.50	1.50	120/180/240	10/15	fxd	Fxd
40	6.75%	6.25%	2.00	2.00	15 yrs or 10/25 ±	15 or 10/25/±	fxd	Fxd
41	6.69%	6.38%	0.00	0.00	up to 30 year ≠	10-30	both	Both
117	5.75%	5.00%	0.00	0.25	5 to 7	5.0	fxd	Fxd
209	6.75%	5.75%	0.00	0.50	5+5+5/25 ARM ±	5+5	adj	Adj
AVERAGE	6.32%	5.70%	0.44	0.58	†	†	†	†

NR indicates no response to this question.

† No average computed

≠ Amortization

± Balloon

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: 2005 and 2006 Rent Guidelines Board Mortgage Surveys

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

Lending Inst.	Max Loan-to-Value		Debt Service Coverage		V&C Losses	
	2006	2005	2006	2005	2006	2005
7	75.0%	75.0%	1.25%	1.25%	5.0%	5.0%
8	75.0%	75.0%	1.25%	1.25%	2.0%	2.0%
10	75.0%	80.0%	1.25%	1.25%	3.0%	3.0%
11	75.0%	75.0%	1.25%	1.25%	3.0%	1.0%
14	75.0%	75.0%	1.25%	1.25%	3.0%	3.0%
15	80.0%	80.0%	1.25%	1.25%	5.0%	5.0%
16	80.0%	80.0%	1.20%	1.30%	5.0%	3.0%
18	80.0%	75.0%	1.15%	1.25%	3.0%	5.0%
23	75.0%	75.0%	1.25%	1.25%	3.0%	3.0%
28	80.0%	80.0%	1.25%	1.25%	3.0%	0.0%
30	80.0%	80.0%	1.25%	1.25%	5.0%	3.0%
31	75.0%	75.0%	1.40%	1.30%	3.0%	3.0%
33	75.0%	75.0%	1.25%	1.25%	3.0%	3.0%
35	65.0%	65.0%	1.15%	1.15%	4.0%	4.0%
36	80.0%	80.0%	1.25%	1.25%	3.0%	5.0%
37	70.0%	60.0%	1.20%	1.20%	2.0%	<1%
40	67.5%	67.5%	1.20%	1.20%	5.0%	5.0%
41	75.0%	75.0%	1.25%	1.25%	4.0%	5.0%
117	75.0%	75.0%	1.30%	1.30%	4.0%	3.0%
209	75.0%	75.0%	1.25%	1.25%	5.0%	5.0%
AVERAGE	75.4%	74.9%	1.24%	1.25%	3.65%	3.50%

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: 2005 and 2006 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	16,856
2002	7.4%	21,423	18,500
2003	6.7%	23,778	21,218
2004	5.8%	27,695	25,208
2005	5.5%	33,606	31,599
2006	6.1%	•	•

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

Notes: Interest rate data was collected in January and represents a 12-month average of the preceding year. Permit data is for the entire 12-month period of the shown year. The northern suburbs include Putnam, Rockland, and Westchester counties.

Sources: Rent Guidelines Board, Annual Mortgage Surveys; U.S. Bureau of the Census, Manufacturing & Construction Division, Residential Construction Branch.

E. 7 2006 Survey of Mortgage Financing for Multifamily Properties

I. Financing Availability and Terms for Multifamily Buildings	
<p>1a. Do you currently offer new permanent financing (i.e., loans secured by a property not previously mortgaged by your institution) for rent stabilized buildings?</p> <p><input type="checkbox"/> Yes. (Indicate typical terms and conditions at right.)</p> <p><input type="checkbox"/> No. (Please inform our office that you do not offer primary financing at this time.)</p>	<p>Interest rate: _____ % _____ % (current) (12 mo. average for 2005)</p> <p>Points: _____</p> <p>Terms: _____</p> <p>Type: Fixed / Adjustable (circle one)</p> <p>Special conditions: _____</p>
<p>1b. How many loans were made by your institution in 2005 for new permanent financing of rent stabilized buildings?</p>	<p>Number of loans: _____</p>
<p>2a. Do you currently offer refinancing of mortgages on rent stabilized buildings?</p> <p><input type="checkbox"/> Yes. (Indicate typical terms and conditions at right.)</p> <p><input type="checkbox"/> No. (Skip to question 4a if you do not offer refinancing.)</p>	<p>Interest rate: _____ % _____ % (current) (12 mo. average for 2005)</p> <p>Points: _____</p> <p>Terms: _____</p> <p>Type: Fixed / Adjustable (circle one)</p> <p>Special conditions: _____ (if any)</p>
<p>2b. How many loans did your institution refinance in 2005 for rent stabilized buildings?</p>	<p>Number of loans: _____</p>
<p>3a. In the past year, has the total volume of new and refinanced loans underwritten by your institution changed significantly (by at least 5%)?</p>	<p><input type="checkbox"/> Yes, we have experienced a significant _____ of about _____%. (increase / decrease)</p> <p><input type="checkbox"/> No, it is about the same. (Please skip Question 3b).</p>
<p>3b. If loan volume has changed significantly, is the change attributable to:</p> <p>(Please check and fill in all applicable choices.)</p>	<p><input type="checkbox"/> A significant _____ in the volume of loan applications of about _____%. (increase / decrease)</p> <p><input type="checkbox"/> A significant _____ in the rate of application approvals of about _____%. (increase / decrease)</p>
<p>Are there any trends related to financing availability and terms on which you wish to comment?</p> <p>_____</p> <p>_____</p> <p>_____</p>	
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II. Underwriting Criteria for Rent Stabilized Buildings	
<p>4a. What standards does your institution employ when assessing loan applications for rent stabilized buildings?</p> <p>(Provide the maximum criteria.)</p>	<p>Loan-to-Value Ratio: _____ NA <input type="checkbox"/></p> <p>Debt Service Coverage: _____ <input type="checkbox"/></p> <p>Appraised Value of Building: _____ <input type="checkbox"/></p>
<p>4b. Please provide any other standards your institution employs when assessing loan applications. If you do not employ the standard given, place an "X" in the "N.A." column.</p> <p>(Indicate an average, minimum, or maximum criteria.)</p>	<p>NA</p> <p>Number of Units in Building: _____ <input type="checkbox"/></p> <p>Building Age: _____ <input type="checkbox"/></p> <p>Borrower Lives in Building: _____ <input type="checkbox"/></p> <p>Overall Building Maintenance: _____ <input type="checkbox"/></p> <p>Co-op / Condo Conversion Potential: _____ <input type="checkbox"/></p> <p>Other (Please Specify): _____ <input type="checkbox"/></p>
<p>5. Did your institution change its underwriting practices for financing or refinancing rent stabilized buildings over the past year?</p>	<p><input type="checkbox"/> Yes.</p> <p><input type="checkbox"/> No. (If no, please skip to Question 7).</p>
<p>6. Yes, we changed our underwriting practices for rent stabilized buildings to:</p> <p>(Please check and fill in all applicable choices.)</p>	<p><input type="checkbox"/> Use _____ stringent approvals. (more / less)</p> <p><input type="checkbox"/> Require _____ fees (i.e., points or fees). (higher / lower)</p> <p><input type="checkbox"/> _____ loan-to-value ratio. (Increase / Decrease)</p> <p><input type="checkbox"/> _____ monitoring requirements. (Increase / Decrease)</p> <p><input type="checkbox"/> _____ lending to rent stabilized buildings. (Discontinue / Reduce / Expand)</p> <p><input type="checkbox"/> Other: _____</p>
III. Additional Mortgage Questions	
<p>7. How many dwelling units are contained in the average rent stabilized building financed by your institution?</p> <p>(Please check only one.)</p>	<p><input type="checkbox"/> 1 - 10 <input type="checkbox"/> 11 - 19 <input type="checkbox"/> 20 - 49</p> <p><input type="checkbox"/> 50 - 99 <input type="checkbox"/> 100 or more</p>
<p>8. Which of the following best describes the average vacancy and collection loss for rent stabilized buildings during the past year?</p> <p>(Please check only one.)</p>	<p><input type="checkbox"/> < 1% <input type="checkbox"/> 1% <input type="checkbox"/> 2%</p> <p><input type="checkbox"/> 3% <input type="checkbox"/> 4% <input type="checkbox"/> 5%</p> <p><input type="checkbox"/> 6% <input type="checkbox"/> 7% <input type="checkbox"/> > 7%</p>
<p>9. Approximately what percentage of your loans to rent stabilized buildings are currently non-performing?</p>	<p><input type="checkbox"/> None</p> <p><input type="checkbox"/> Approximately _____ %.</p>
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<p>10. Approximately what percentage of your loans to rent stabilized buildings are currently in foreclosure?</p>	<p><input type="checkbox"/> None</p> <p><input type="checkbox"/> Approximately _____ %.</p>
<p>11a. Does your institution retain the mortgages you offer or do you sell any to secondary markets?</p>	<p><input type="checkbox"/> We retain all the mortgages sold. (If so, please skip to question 12.)</p> <p><input type="checkbox"/> We sell all our mortgages to secondary markets.</p> <p><input type="checkbox"/> We sell _____% of our mortgages to secondary markets.</p>
<p>11b. To whom do you sell your mortgages?</p> <p>(Please check and fill in all applicable choices.)</p>	<p><input type="checkbox"/> Fannie Mae</p> <p><input type="checkbox"/> Freddie Mac</p> <p><input type="checkbox"/> Other: _____</p> <p>_____</p> <p>_____</p>
<p>12. In your sector, who are your major competitors in multi-family lending?</p>	<p>_____</p> <p>_____</p>
<p>13. Do the mortgages offered to rent stabilized buildings include any commercial space?</p>	<p><input type="checkbox"/> No</p> <p><input type="checkbox"/> Yes. Approximately what percentage of buildings in your portfolio have commercial space? _____ %</p>
<p>14. What is your best estimate of average operating and maintenance costs per unit per month in the rent stabilized buildings financed by your institution?</p> <p>(Include the following operating and maintenance costs in your estimate: Real Estate & Other Taxes, Labor, Fuel, Utilities, Contractor Services, Administration — including Legal, Management and other costs — Insurance, Parts & Supplies, and Replacement Costs.)</p>	<p>\$ _____ per unit per month</p>
<p>15. What is your best estimate of average rent per unit per month in the rent stabilized buildings financed by your institution?</p>	<p>\$ _____ per unit per month</p>
<p>16. Do any of your lending or underwriting standards differ for rent stabilized buildings as opposed to non-stabilized multifamily properties?</p> <p>(Please check all that apply)</p>	<p>New Financing Rates: <input type="checkbox"/> Higher <input type="checkbox"/> Lower <input type="checkbox"/> Same</p> <p>Refinancing Rates: <input type="checkbox"/> Higher <input type="checkbox"/> Lower <input type="checkbox"/> Same</p> <p>Loan-to-Value Ratio: <input type="checkbox"/> Higher <input type="checkbox"/> Lower <input type="checkbox"/> Same</p> <p>Debt Service Coverage: <input type="checkbox"/> Higher <input type="checkbox"/> Lower <input type="checkbox"/> Same</p>
<p>17. On average, how does your portfolio of rent stabilized buildings perform as compared with expectations at the time of the initial loan originations?</p> <p>(Please check all that apply)</p>	<p>Net Operating Income: <input type="checkbox"/> Higher <input type="checkbox"/> Lower <input type="checkbox"/> Same</p> <p>Debt Service Coverage: <input type="checkbox"/> Higher <input type="checkbox"/> Lower <input type="checkbox"/> Same</p> <p>O&M Expenses: <input type="checkbox"/> Higher <input type="checkbox"/> Lower <input type="checkbox"/> Same</p>
<p>CONFIDENTIAL</p>	
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<p>Are there any additional trends relating to underwriting criteria, non-performing loans & foreclosure, or the mortgage market in general on which you wish to comment?</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	
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Appendix F: Income and Affordability Study

F.1 Average Annual Employment Statistics by Area, 1994-2005

Unemployment Rate	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Bronx	10.0%	9.6%	10.6%	11.6%	10.0%	8.1%	7.2%	7.4%	9.7%	10.4%	9.1%	7.5%
Brooklyn	9.7%	9.2%	10.0%	10.7%	9.4%	7.8%	6.4%	6.5%	8.7%	9.0%	7.6%	6.2%
Manhattan	7.6%	7.0%	7.4%	7.8%	6.8%	5.7%	5.1%	5.7%	7.7%	7.5%	6.2%	5.1%
Queens	8.2%	7.6%	8.1%	8.5%	7.0%	5.9%	5.3%	5.4%	7.2%	7.4%	6.3%	5.2%
Staten Island	7.8%	7.4%	7.8%	8.4%	6.9%	5.8%	5.1%	5.1%	6.9%	7.3%	6.2%	5.1%
NYC	8.7%	8.2%	8.8%	9.4%	7.9%	6.9%	5.8%	6.1%	8.1%	8.3%	7.0%	5.8%
U.S.	6.1%	5.6%	5.4%	4.9%	4.5%	4.2%	4.0%	4.7%	5.8%	6.0%	5.5%	5.1%
Labor Force Participation Rate												
NYC Ø	55.5%	55.5%	56.7%	58.6%	58.7%	59.0%	59.0%	58.6%	59.1%	58.8%	58.6%	59.0%
U.S.	66.6%	66.6%	66.8%	67.1%	67.1%	67.1%	67.1%	66.8%	66.6%	66.2%	66.0%	66.0%
Employment-Population Ratio												
NYC Ø	50.6%	50.9%	51.7%	53.1%	54.0%	54.9%	55.6%	55.1%	54.4%	53.9%	54.4%	55.6%
U.S.	62.5%	62.9%	63.2%	63.8%	64.1%	64.3%	64.4%	63.7%	62.7%	62.3%	62.3%	62.7%
Gross City Product (NYC)												
(billions, in 2000 \$)	322.1	334.5	351.5	370.3	394.7	415.3	437.8	431.8	415.4	405.3	415.1	
% Change	2.38%	3.85%	5.08%	5.35%	6.59%	5.22%	5.42%	-1.37%	-3.80%	-2.43%	2.42%	
Gross Domestic Product (U.S.)												
(billions, in 2000 \$)	7,835.5	8,031.7	8,328.9	8,703.5	9,066.9	9,470.3	9,817.0	9,890.7	10,048.8	10,320.6	10,755.7	11,131.1
% Change	4.02%	2.50%	3.70%	4.50%	4.17%	4.45%	3.66%	0.75%	1.60%	2.70%	4.22%	3.5%

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.

Ø Unpublished data from the Bureau of Labor Statistics. These figures are revised periodically. | Statistic not yet available.

F.2 Average Payroll Employment by Industry for NYC, 1996-2005 (in thousands)

Industry Employment	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2004-2005 Change
Manufacturing	200.5	201.2	195.9	186.8	176.8	155.5	139.4	126.6	120.8	114.3	-5.4%
Construction, Natural Resources & Mining Ø	90.9	93.5	101.3	112.5	120.5	122.1	115.8	112.7	111.8	112.9	0.98%
Trade, Transport & Utilities	533.0	538.3	542.0	556.3	569.6	557.3	536.5	533.6	539.3	545.2	1.1%
Leisure & Hospitality	216.6	227.9	235.8	243.7	256.7	260.1	255.3	260.3	270.1	276.8	2.5%
Financial Activities	464.2	467.7	477.3	481.0	488.8	473.6	445.1	433.6	435.9	446.2	2.4%
Information	158.9	162.6	166.5	172.8	187.3	200.4	176.9	163.9	160.2	162.9	1.7%
Management of Companies	56.4	56.2	58.5	57.3	52.6	54.7	58.4	58.9	56.9	56.6	-0.5%
Professional & Business Svcs.	468.4	493.7	525.2	552.9	586.5	581.9	550.4	536.6	541.5	554.1	2.3%
Educational & Health Svcs.	565.5	576.2	588.7	605.7	620.1	627.1	646.0	658.2	665.3	678.6	2.0%
Other Services	125.2	129.3	133.9	141.5	147.4	148.7	149.7	149.1	150.5	153.3	1.9%
Total Private Sector	2,823.2	2,890.4	2,966.5	3,053.2	3,153.6	3,126.7	3,015.0	2,974.5	2,995.4	3,044.4	1.6%
Government	546.0	551.5	561.5	567.5	569.5	565.4	568.6	557.2	555.0	554.9	0.0%
City of New York	429.9	438.4	448.1	453.3	451.8	450.8	456.2	448.3	447.9	448.7	0.2%
Total	3,369.2	3,441.9	3,528.0	3,620.7	3,723.1	3,692.1	3,583.5	3,531.7	3,550.3	3,599.4	1.4%

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.

Ø Beginning in 2005, Construction and Natural Resources & Mining are no longer two separate employment sectors. Prior year figures reflect that change.

Government includes federal, state, and local (City of New York) jobs located in New York City. 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, 1998-2004 (2004 dollars)

Industry	SIC CLASSIFICATION SYSTEM				NAICS CLASSIFICATION SYSTEM					2003-04 % Change
	1998	1999	2000	2001	2000	2001	2002	2003	2004	
Construction	\$54,511	\$55,694	\$55,955	\$58,001	\$58,366	\$60,596	\$59,855	\$59,632	\$57,262	-4.0%
Manufacturing	\$61,200	\$61,154	\$63,155	\$64,990	\$39,963	\$41,772	\$43,107	\$44,237	\$45,044	1.8%
Transportation	\$59,803	\$59,956	\$58,472	\$59,129	\$43,276	\$44,637	\$44,851	\$43,830	\$42,788	-2.4%
Trade	\$39,233	\$39,697	\$37,681	\$37,465	\$43,231	\$43,553	\$43,378	\$43,155	\$42,886	-0.6%
FIRE	\$136,488	\$141,302	\$159,020	\$161,388	\$159,773	\$162,732	\$144,498	\$140,063	\$157,019	12.1%
Services	\$49,040	\$50,332	\$50,268	\$50,000	\$48,009	\$47,875	\$46,973	\$47,161	\$47,629	1.0%
Information					\$84,117	\$86,101	\$83,566	\$87,301	\$89,152	2.1%
Management of Co.'s					\$166,364	\$161,690	\$167,949	\$144,786	\$149,418	3.2%
Private Sector	\$63,480	\$64,677	\$66,717	\$67,306	\$68,879	\$69,688	\$65,875	\$64,696	\$67,328	4.1%
Government	\$49,902	\$51,156	\$49,254	\$49,240	\$50,851	\$50,982	\$50,780	\$50,927	\$51,398	0.9%
Total Industries	\$61,353	\$62,578	\$63,458	\$66,821	\$66,135	\$66,820	\$63,458	\$62,501	\$64,809	3.7%

Note: The New York State Department of Labor revises the statistics annually. Real wages reflect 2004 dollars and differ from those found in this table in prior years.

| Statistic not available. These categories were created when the NYS Dept. of Labor began tracking wages with the NAICS Classification System in 2000.

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

F.4 Average Nominal Wage Rates by Industry for NYC, 1998-2004

Industry	SIC CLASSIFICATION SYSTEM				NAICS CLASSIFICATION SYSTEM					2003-04 % Change
	1998	1999	2000	2001	2000	2001	2002	2003	2004	
Construction	\$46,207	\$48,134	\$51,627	\$54,863	\$52,160	\$55,359	\$56,085	\$57,594	\$57,262	-0.6%
Manufacturing	\$51,876	\$52,853	\$58,270	\$61,474	\$35,714	\$38,162	\$40,392	\$42,725	\$45,044	5.4%
Transportation	\$50,693	\$51,817	\$53,949	\$55,930	\$38,675	\$40,779	\$42,026	\$42,332	\$42,788	1.1%
Trade	\$33,256	\$34,309	\$34,767	\$35,438	\$38,635	\$39,789	\$40,646	\$41,680	\$42,886	2.9%
FIRE	\$115,695	\$122,121	\$146,720	\$152,658	\$142,785	\$148,668	\$135,397	\$135,275	\$157,019	16.1%
Services	\$41,569	\$43,500	\$46,380	\$47,295	\$42,904	\$43,738	\$44,014	\$45,549	\$47,629	4.6%
Information					\$75,173	\$78,660	\$78,302	\$84,317	\$89,152	5.7%
Management of Co.'s					\$148,676	\$147,716	\$157,370	\$139,837	\$149,418	6.9%
Private Sector	\$53,810	\$55,898	\$61,556	\$63,665	\$61,556	\$63,665	\$61,726	\$62,485	\$67,328	7.8%
Government	\$42,300	\$44,212	\$45,444	\$46,576	\$45,444	\$46,576	\$47,581	\$49,186	\$51,398	4.5%
Total Industries	\$52,006	\$54,083	\$59,103	\$61,046	\$59,103	\$61,046	\$59,461	\$60,365	\$64,809	7.4%

Note: The New York State Department of Labor revises the statistics annually.

| Statistic not available. These categories were created when the NYS Dept. of Labor began tracking wages with the NAICS Classification System in 2000.

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

F.5 New York City Population Statistics, 1900-2005

Year	Bronx	Brooklyn	Manhattan	Queens	Staten Island	Citywide	Citywide Change from Prior Decade
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	1,334,801	2,466,784	1,539,558	2,231,312	445,525	8,017,980	9.5%
2005	1,357,589	2,486,235	1,593,200	2,241,600	464,573	8,143,197	0.8%^Ø

Note: 1900-1990 figures as of April 1 of each year. 2000-2005 figures as of July 1 of that 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.

Ø Percentage change is from 2000-2005. Source: U.S. Census Bureau, Population Division

F.6 Consumer Price Index for All Urban Consumers, NY-Northeastern NJ, 1995-2005

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
March	160.9	166.5	170.7	173.0	175.5	181.5	186.4	191.1	197.1	203.4	212.4
June	162.2	166.5	170.3	173.1	176.8	182.0	188.3	191.5	196.9	206.0	210.7
September	163.2	168.2	171.7	174.4	178.2	184.4	188.0	193.3	199.6	205.9	215.8
December	163.7	168.5	171.9	174.7	178.6	184.2	187.3	193.1	199.3	206.8	214.2
Quarterly Average	162.5	167.4	171.2	173.8	177.3	183.0	187.5	192.3	198.2	205.5	213.3
Yearly Average	162.2	166.9	170.8	173.6	177.0	182.5	187.1	191.9	197.8	204.8	212.7

12-month percentage change in the CPI

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
March	1.90%	3.48%	2.52%	1.35%	1.45%	3.42%	2.70%	2.52%	3.14%	3.20%	4.42%
June	2.79%	2.70%	2.28%	1.64%	2.14%	2.94%	3.46%	1.70%	2.82%	4.62%	2.28%
September	2.64%	3.06%	2.08%	1.57%	2.18%	3.48%	1.95%	2.82%	3.26%	3.16%	4.81%
December	3.02%	2.90%	2.02%	1.63%	2.23%	3.14%	1.68%	3.10%	3.21%	3.76%	3.58%
Quarterly Average	2.59%	3.03%	2.22%	1.55%	2.00%	3.24%	2.45%	2.53%	3.11%	3.68%	3.77%
Yearly Average	2.53%	2.90%	2.34%	1.64%	1.96%	3.11%	2.52%	2.57%	3.07%	3.54%	3.86%

Source: U.S. Bureau of Labor Statistics; Base Period: 1982-1984=100

F.7 Housing Court Actions, 1986-2005

Year	Filings	Calendared	Evictions & Possessions	Year	Filings	Calendared	Evictions & Possessions
1986	312,000	81,000	23,318	1996	278,000	113,000	24,370
1987	301,000	77,000	25,761	1997	274,000	111,000	24,995
1988	299,000	92,000	24,230	1998	278,156	127,851	23,454
1989	299,000	99,000	25,188	1999	276,142	123,399	22,676
1990	297,000	101,000	23,578	2000	276,159	125,787	23,830
1991	302,000	114,000	20,432	2001	277,440	130,897	21,369*
1992	289,000	122,000	22,098	2002	331,309	132,148	23,697
1993	295,000	124,000	21,937	2003	318,077	133,074	23,236
1994	294,000	123,000	23,970	2004	261,085	121,999	22,010
1995	266,000	112,000	22,806	2005	261,457	119,265	21,945

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

F.8 Housing and Vacancy Survey Data, Rent Stabilized Apartments, 2002 and 2005

	2002 ¹		2005 ²	
	Number	Percent	Number	Percent
Household Income				
<\$5,000/Loss/No Income	67,300	6.8%	64,525	6.4%
\$5,000 to \$9,999	97,566	9.9%	90,279	8.9%
\$10,000 to \$14,999	85,967	8.7%	85,943	8.5%
\$15,000 to \$19,999	73,660	7.5%	81,219	8.0%
\$20,000 to \$24,999	66,351	6.7%	76,142	7.5%
\$25,000 to \$29,999	61,318	6.2%	61,208	6.0%
\$30,000 to \$34,999	73,339	7.4%	70,502	6.9%
\$35,000 to \$39,999	49,839	5.0%	54,090	5.3%
\$40,000 to \$49,999	96,910	9.8%	105,567	10.4%
\$50,000 to \$59,999	72,176	7.3%	72,804	7.2%
\$60,000 to \$69,999	58,873	6.0%	56,074	5.5%
\$70,000 to \$79,999	51,325	5.2%	48,053	4.7%
\$80,000 to \$89,999	32,650	3.3%	37,982	3.7%
\$90,000 to \$99,999	19,470	2.0%	23,909	2.4%
\$100,000 to \$124,999	34,549	3.5%	35,698	3.5%
\$125,000 or More	47,098	4.8%	51,660	5.1%
Median	\$32,000	-	32,000	-
Mean	\$46,439	-	45,836	-
Contract Rent				
<\$100	616	0.1%	1,801	0.2%
\$100 to \$199	16,462	1.7%	11,648	1.2%
\$200 to \$299	19,921	2.1%	16,542	1.7%
\$300 to \$399	29,516	3.0%	17,631	1.8%
\$400 to \$499	72,267	7.4%	38,865	3.9%
\$500 to \$599	144,249	14.9%	88,030	8.8%
\$600 to \$699	170,874	17.6%	128,376	12.8%
\$700 to \$799	151,395	15.6%	129,635	13.0%
\$800 to \$899	106,687	11.0%	143,463	14.4%
\$900 to \$999	69,461	7.2%	112,047	11.2%
\$1,000 to \$1,249	88,748	9.1%	155,349	15.5%
\$1,250 to \$1,499	40,722	4.2%	70,229	7.0%
\$1,500 to \$1,749	32,254	3.3%	45,334	4.5%
\$1,750 or More	27,865	2.9%	40,734	4.1%
No Cash Rent	17,357	-	15,970	-
Median	\$700	-	\$844	-
Mean	\$795	-	\$908	-
Contract-Rent-to-Income Ratio				
<10%	80,260	8.6%	67,976	7.0%
10% to 14%	130,654	14.0%	115,289	11.9%
15% to 19%	128,000	13.7%	115,896	12.0%
20% to 24%	113,914	12.2%	107,210	11.1%
25% to 29%	85,680	9.2%	88,068	9.1%
30% to 34%	65,009	6.9%	70,089	7.3%
35% to 39%	45,101	4.8%	55,636	5.8%
40% to 49%	67,087	7.2%	80,600	8.4%
50% to 59%	42,190	4.5%	50,537	5.2%
60% to 69%	35,925	3.8%	45,330	4.7%
70% to 79%	24,776	2.6%	27,339	2.8%
80% or More	117,341	12.5%	140,892	14.6%
Not Computed	52,456	-	50,791	-
Median	25.7%	-	29.1%	-
Mean	34.3%	-	37.5%	-

1. 2002 HVS reflects 2001 incomes.
2. 2005 HVS reflects 2004 incomes.

Note: 2002 and 2005 data values are imputed.

Source: 2002 and 2005 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, 1960-2006

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	2,935	6,054	5,232	4,399	2,598	21,218
2004	4,924	6,825	4,555	6,853	2,051	25,208
2005	4,937	9,028	8,493	7,269	1,872	31,599
2006 (1 st Qtr)	1,023 (739)	2,265 (2,214)	2,466 (1,786)	1,647 (1,088)	296 (226)	7,697 (6,053)

[|] First three months of 2006. The number of permits issued in the first three months of 2005 is in parenthesis.

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

G.2 Permits Issued by Building Size & Borough (In Percentages), 1997-2005

Year/Borough	1-Family	2-Family	3/4 Family	5 or More-Family	Total Buildings
1997					
Bronx	10.2%	49.8%	34.0%	6.0%	235
Brooklyn	43.9%	25.6%	24.1%	6.4%	328
Manhattan	0.0%	0.0%	9.1%	90.9%	22
Queens	14.1%	62.4%	19.9%	3.7%	433
Staten Island	74.8%	25.1%	0.0%	0.1%	1,421
Citywide	53.0%	33.9%	10.1%	3.0%	2,439
1998					
Bronx	8.4%	58.5%	30.4%	2.7%	335
Brooklyn	24.4%	40.3%	27.0%	8.3%	459
Manhattan	2.7%	5.4%	0.0%	91.9%	37
Queens	18.3%	56.4%	19.1%	6.2%	486
Staten Island	57.0%	41.5%	1.4%	0.1%	1,334
Citywide	37.4%	45.6%	12.7%	4.2%	2,651
1999					
Bronx	6.4%	44.5%	48.1%	1.0%	393
Brooklyn	31.7%	37.0%	21.2%	10.1%	783
Manhattan	0.0%	4.4%	4.4%	91.1%	45
Queens	13.4%	62.4%	19.1%	5.1%	681
Staten Island	63.4%	36.4%	0.0%	0.2%	1,738
Citywide	40.3%	41.9%	13.4%	4.5%	3,640
2000					
Bronx	7.7%	67.8%	22.5%	1.9%	466
Brooklyn	15.9%	50.7%	23.5%	9.9%	837
Manhattan	0.0%	13.8%	43.1%	43.1%	109
Queens	10.9%	58.4%	25.0%	5.7%	801
Staten Island	71.8%	27.9%	0.0%	0.3%	1,895
Citywide	39.4%	42.6%	13.4%	4.6%	4,108
2001					
Bronx	3.7%	59.7%	31.9%	4.8%	543
Brooklyn	22.3%	44.6%	24.1%	9.0%	1,028
Manhattan	2.8%	3.5%	56.3%	37.3%	142
Queens	14.1%	58.8%	23.5%	3.6%	1,007
Staten Island	72.6%	27.3%	0.1%	0.0%	1,799
Citywide	37.6%	41.4%	16.4%	4.6%	4,519
2002					
Bronx	2.7%	57.4%	35.4%	4.6%	676
Brooklyn	15.8%	41.9%	27.5%	14.8%	1,197
Manhattan	4.1%	4.1%	24.3%	67.6%	74
Queens	17.7%	53.8%	23.8%	4.7%	1,210
Staten Island	69.3%	29.4%	1.1%	0.2%	1,317
Citywide	29.9%	43.2%	19.9%	7.1%	4,474
2003					
Bronx	9.2%	50.3%	30.5%	9.9%	596
Brooklyn	8.2%	46.1%	31.5%	14.2%	1,446
Manhattan	1.3%	8.8%	2.5%	87.5%	80
Queens	12.1%	54.2%	28.6%	5.2%	1,335
Staten Island	64.8%	34.6%	0.5%	0.1%	1,887
Citywide	29.1%	44.0%	19.3%	7.6%	5,344
2004					
Bronx	4.1%	40.2%	46.9%	8.9%	813
Brooklyn	8.0%	31.3%	43.6%	17.1%	1,407
Manhattan	1.1%	3.3%	16.7%	78.9%	90
Queens	13.3%	55.5%	25.9%	5.2%	1,986
Staten Island	46.2%	53.3%	0.2%	0.3%	1,308
Citywide	18.1%	45.9%	27.3%	8.7%	5,604
2005					
Bronx	3.5%	29.9%	54.9%	11.6%	825
Brooklyn	6.4%	28.3%	45.3%	20.0%	1,638
Manhattan	2.6%	0.9%	6.1%	90.4%	115
Queens	17.5%	47.5%	27.1%	7.8%	1,912
Staten Island	63.9%	34.6%	1.0%	0.5%	1,297
Citywide	22.5%	35.8%	30.0%	11.8%	5,787

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

G.3 New Dwelling Units Completed in New York City, 1960-2005

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	1,353	6,064	2,096	1,896	12,794
2001	1,617	2,404	6,036	1,225	2,198	13,480
2002	1,220	2,248	8,326	1,981	2,453	16,228
2003	1,473	2,575	3,798	2,344	2,589	12,779
2004 ≠	3,150	4,554	6,111	2,976	2,346	19,137
2005 ≠	3,234	5,366	4,825	5,027	1,930	20,382

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.

≠ Data from 2004 and 2005 was revised in May of 2006 by the Dept. of City Planning. This data includes Final Certificates of Occupancies (as with all other years) as well as Temporary Certificates of Occupancy data for the first time. Data will be updated every year to reflect the most current estimates.

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

G.4 Number of Residential Cooperative and Condominium Plans Accepted for Filing By the NYS Attorney General's Office, 2000-2005

	2000	2001	2002	2003	2004	2005
	Plans (Units)	Plans (Units)	Plans (Units)	Plans (Units)	Plans (Units)	Plans (Units)
Private Plans						
New Construction	87 (1,911)	145 (3,833)	136 (2,576)	190 (4,870)	268 (6,018)	361 (12,210)
Rehabilitation	15 (220)	13 (124)	20 (348)	18 (418)	18 (334)	6 (223)
Conversion (Non-Eviction)	9 (738)	12 (1,053)	14 (1,974)	10 (639)	16 (1,550)	24 (2,356)
Conversion (Eviction)	1 (24)	0	0	0	0	0
Private Total	112 (2,893)	170 (5,010)	170 (4,898)	218 (5,927)	302 (7,902)	391 (14,789)
HPD Sponsored Plans						
New Construction	0	0	0	0	0	0
Rehabilitation	0	0	0	0	0	0
Conversion (Non-Eviction)	0	0	0	0	0	0
Conversion (Eviction)	8 (179)	2 (22)	15 (260)	0	15 (274)	18 (269)
HPD Total	8 (179)	2 (22)	15 (260)	0	15 (274)	18 (269)
Grand Total	120 (3,072)	172 (5,032)	185 (5,158)	218 (5,927)	308 (8,014)	409 (15,058)

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

G.5 Number of Units in Cooperative and Condominium Plans Accepted for Filing By the NYS Attorney General's Office, 1981-2005

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
2003	4,870	0	639	418	5,927	0
2004	6,018	274	1,550	334	8,176	274
2005	12,210	269	2,356	223	15,058	269

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.6 Tax Incentive Programs

Buildings Receiving Certificates for 421-a Exemptions, 2003-05

	2003		2004		2005	
	Certificates	Units	Certificates	Units	Certificates	Units
Bronx	14	422	13	401	7	183
Brooklyn	30	600	76	1,628	89	1,185
Manhattan	18	2,068	30	3,401	30	2,890
Queens	50	692	92	1,308	38	772
Staten Island	0	0	0	0	1	32
TOTAL	112	3,782	211	6,738	165	5,062

Buildings Receiving J-51 Tax Abatements and Exemptions, 2003-05

	2003			2004			2005		
	Buildings	Units	Certified Cost (\$1,000s)	Buildings	Units	Certified Cost (\$1,000s)	Buildings	Units	Certified Cost (\$1,000s)
Bronx	184	9,760	30,409	609	35,295	123,566	469	20,289	48,982,400
Brooklyn	343	18,247	29,589	367	18,271	28,832	210	12,828	14,436,500
Manhattan	509	25,545	45,798	541	27,058	56,134	269	13,387	36,130,900
Queens	1,330	20,240	16,938	552	35,157	24,815	510	19,757	16,853,900
Staten Island	7	213	160	99	1,722	739	1	109	112,100
TOTAL	2,373	74,005	122,893	2,168	117,503	234,087	1,459	66,370	116,516

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

G.7 Tax Incentive Programs - Units Receiving Initial Benefits, 1981-2005

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
2003	3,782	74,005
2004	6,738	117,503
2005	5,062	66,370

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

G.8 City-Owned Properties, Fiscal Years 1985-2005

Fiscal Year	Central Management				Alternative Management		Vestings		Buildings Sold
	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
2004	1,970	373	1,806	275	7,348	466	0	0	217
2005	1,114	235	1,294	221	6,516	451	0	0	169

Note: HPD could not confirm vestings data prior to FY 1990.

Source: NYC Office of Operations, Fiscal 2005 Mayor's Management Report; NYC Department of Housing Preservation and Development.

G.9 Building Demolitions in New York City, 1985-2005

Year	Bronx		Brooklyn		Manhattan		Queens		Staten Island		Total	
	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
2003	--	161	--	560	--	100	--	865	--	564	--	2,250
2004	--	238	--	691	--	141	--	1,128	--	547	--	2,745
2005	--	237	--	1,036	--	136	--	1,537	--	475	--	3,421

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 through 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.

Appendix H: Changes to the Rent Stabilized Housing Stock

H.1 Additions to the Stabilized Housing Stock, 1994-2005

<u>Year</u>	<u>421-a</u>	<u>J-51</u>	<u>Mitchell-Lama Buyouts</u>		<u>Lofts</u>	<u>421-g</u>	<u>420-c</u>	<u>Total</u>
			<u>State</u>	<u>City</u>				
1994	-	114	0	0	-	-	-	114
1995	-	88	306	0	-	-	-	394
1996	-	8	0	0	-	-	-	8
1997	-	38	323	0	-	-	-	361
1998	-	135	574	1,263	64	-	-	2,036
1999	-	33	286	0	71	-	-	390
2000	-	224	0	0	96	-	-	320
2001	-	494	0	0	56	-	-	550
2002	-	260	0	232	16	-	-	508
1994-2002	20,240	1,394	1,489	1,495	303	865	5,500	31,286
2003	1,929	171	0	279	20	41	1,781	4,221
2004	4,941	142	0	229	129	188	1,973	7,602
2005	3,380	25	251	481	66	79	1,664	5,946
Total	30,489	1,732	1,740	2,484	518	1,173	10,918	49,055

421-a Notes: Between 1994-2002, a count of 26,987 421-a 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. In 2003, 51% of 421-a units were rental units, therefore, of the 3,782 units created under the 421-a program in 2003, 1,929 were rentals that are rent stabilized. In 2004, 72% of 421-a units were rental units, therefore, of the 6,862 units created under the 421-a program in 2004, 4,941 were rentals that are rent stabilized. In 2005, 67% of new 421-a units were rentals, 3,380 of a total of 5,062 units.

J-51 Notes: 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.

Loft Notes: Loft conversion counts are not available from 1994 to 1997.

421-g and 420-c Notes: Counts for each year between 1994 and 2002 are not available; only an aggregate is available.

Sources: Department of Housing Preservation and Development, Office of Development, Division of Housing Finance, Tax Incentive Programs; NYS Division of Housing and Community Renewal annual registration data; NYC Loft Board; and Department of Housing Preservation and Development, Office of Housing Operations, Division of Housing Supervision, Mitchell-Lama.

H.2 Subtractions to the Stabilized Housing Stock due to High Rent/High Income Decontrol by Borough, 1994-2005

<u>Year</u>	<u>Bronx</u>	<u>Brooklyn</u>	<u>Manhattan</u>	<u>Queens</u>	<u>S.I.</u>	<u>Total</u>
1994	0	0	904	0	0	904
1995	0	0	346	0	0	346
1996	1	0	180	4	0	185
1997	1	0	157	2	0	160
1998	3	0	366	3	0	372
1999	2	1	279	1	0	283
2000	2	1	227	0	0	230
2001	3	0	209	2	0	214
2002	1	1	258	2	0	262
2003	2	13	177	6	0	198
2004	0	13	173	8	0	194
2005	4	30	220	11	0	265
Total	19	59	3,496	39	0	3,613

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

H.3 Subtractions to the Stabilized Housing Stock due to High Rent/Vacancy Decontrol by Borough, 1994-2005

<u>Year</u>	<u>Bronx</u>	<u>Brooklyn</u>	<u>Manhattan</u>	<u>Queens</u>	<u>S.I.</u>	<u>Total</u>
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
2003	83	640	7,048	416	17	8,204
2004	101	758	7,271	697	29	8,856
2005	184	852	7,303	904	29	9,272
Total	530	3,784	43,757	2,549	82	50,702

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, beginning in March 2000, required proof of registration with DHCR of the unit as exempt to be sent to the tenant (see Endnote 5).

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

H.4 Subtractions from the Stabilized Housing Stock, 1994-2005

Year	High Income Decontrol	High Rent/ Vacancy Decontrol	High Rent/ Co-op/Condo Conversion	421-a Expiration	J-51 Expiration	Substantial Rehab	Commercial/ Professional Conversion	Other	Total
1994	904	565	5,584	2,005	1,345	332	139	1,904	12,778
1995	346	1,047	4,784	990	1,440	334	113	1,670	10,724
1996	185	1,325	4,733	693	1,393	601	117	1,341	10,388
1997	160	1,204	3,723	1,483	1,340	368	109	1,365	9,752
1998	372	2,384	3,940	2,150	1,412	713	78	1,916	12,965
1999	283	3,785	2,822	3,514	1,227	760	110	1,335	13,836
2000	230	2,934	3,147	3,030	884	476	729	1,372	12,802
2001	214	4,982	2,153	770	1,066	399	88	1,083	10,755
2002	262	6,144	1,774	653	1,081	508	45	954	11,421
2003	198	8,204	1,474	651	854	340	59	912	12,692
2004	194	8,856	1,564	493	609	268	79	954	13,017
2005	265	9,272	1,692	451	545	692	111	1,017	14,045
Total	3,613	50,702	37,390	16,883	13,196	5,791	1,777	15,823	145,175

Co-op/Condo 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.

High Rent/Vacancy Decontrol Note: See Appendix H.3 note on prior page.

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

1/40th Increase: See "Individual Apartment Improvements"

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 (FMR): 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, 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 (High-Rent/High-Income 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 (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."

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 generally 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 generally 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 \$40,000 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 regulation, 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 \$26,000 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 regulation, 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.

Tax Commission Income and Expense Form (TCIE): An application by building owners to appeal their tax assessments.

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 tenant who opts for a one-year lease, the vacancy allowance is 20% minus the percentage difference between the RGB's 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 2006/07 RGB guideline for a two-year lease is 7.25% and for a one-year lease is 4.25%, the difference is 3.0%. Thus, if an incoming tenant opts for a one-year lease, during 2006/07, a

landlord would be entitled to raise the legal rent for that incoming tenant's unit by a minimum of 17.0%.

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 (High-Rent 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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Chair

Marvin Markus

Research and Reports

Andrew McLaughlin

Brian Hoberman

Danielle Burger

Design and Layout

Andrew McLaughlin

