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Commissioner

2022 Report on the New York City Rent Freeze Program

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Executive Summary

The New York City Rent Freeze Program is comprised of the Senior Citizen Rent Increase Exemption (SCRIE) and the Disability Rent Increase Exemption (DRIE). The program assists low-income seniors and people with disabilities who reside in rent-regulated apartments or apartments subject to the Private Housing Finance Law. The SCRIE and DRIE benefits freeze recipients' rent and protect them from future increases. As housing costs continue to rise citywide, the Rent Freeze Program helps New Yorkers remain in their homes.

The *2018 Report on the New York City Rent Freeze Program* published by the Department of Finance estimated that 130,314 households were eligible for SCRIE or DRIE benefits in 2016. This report updates and estimates that in 2019, the most recent year for which complete data was available at the time this report was prepared, 135,111 households were eligible for the Rent Freeze Program, an increase of 3.7% from the previous estimate. Of the estimated eligible population, 75,515 were actually receiving benefits.

This report also provides updated Rent Freeze recipient data. The number of households receiving Rent Freeze benefits increased from 74,315 in 2017 to 75,515 in 2019, before declining to 71,665 in 2020, the most recent year for which data was available. The -5.1% decline from 2019 to 2020 is the first decline seen in recent years and reflects the effects of the COVID-19 pandemic, which has had a particular impact on the vulnerable population the Rent Freeze Program is designed to serve. Although sufficient information is not available at this time to determine the precise causes of the decline, this report concludes that the decreased number of recipients resulted from an increase in attrition (non-renewals) and a decline in new enrollees for 2020.

Rent Freeze Program Overview

The Rent Freeze exemptions freeze participants' rent, protecting renters from future rent increases as long as they remain in the program. The program provides property tax credits to landlords to cover the difference between their tenants' frozen rent amount and the amount of rent that would be permitted by the Rent Guidelines Board. Those eligible for the program include tenants residing in Mitchell-Lama and other Private Housing Finance Law units, apartments that are regulated by New York State Housing and Community Renewal (HCR), and rent-controlled, rent-stabilized, and hotel-stabilized apartments.

The SCRIE benefit was established by state law in 1972 and adopted by the City of New York that same year. Initially, only HCR units were eligible, but the program was later expanded to include rent-stabilized and rent-controlled apartments, as well as tenants in certain rental and cooperative apartments in buildings that were subject to Articles II, IV, V, or XI of the New York State Private Housing Finance Law, or apartments that were subject to a federally insured mortgage pursuant to Section 213 of the National Housing Act.

Since 2014, the Department of Finance has worked with the state to introduce and pass legislation to make critical improvements to the Rent Freeze Program for current and future recipients. These improvements have included:

- Allowing recipients to be grandfathered in for renewal applications and evaluated according to the same criteria as in previous years.
- Permitting participants to return to their previous frozen rent if a one-time income increase (such as a pension payout) causes them to be ineligible for the benefit for one year.
- Establishing a short-form renewal application for those who have participated in the program for five consecutive benefit periods.
- Increasing the program's income ceiling to \$50,000 from \$29,000 for SCRIE and from \$20,412 (single-member households) and \$29,484 (households with multiple members) for DRIE.

These legislative changes support efforts to simplify the recertification process, offer protection from one-time income spikes, and increase participation in the program. In addition, the Department of Finance has implemented a number of administrative improvements. These include:

- The NYC Landlord Express Access Portal (NYC LEAP), which allows property owners to submit documents necessary for the processing of Rent Freeze applications.
- The NYC Tenant Access Portal (TAP), which allows new (initial) applicants to submit their applications and permits both new and renewing participants to view their application status and benefit details. The next phase will enable current program participants to submit renewal applications.
- Redesigned Rent Freeze applications make the application process easier, with pre-qualification tools, clear instructions, and streamlined forms.
- Cross-training of processing staff for improved response times to applicants.
- Creation of the SCRIE and DRIE ombudsperson positions to help tenants resolve any issues when applying for or renewing benefits.

The Department of Finance has been responsible for administering the SCRIE benefit for rent-regulated apartments since 2009. Previously, the exemption had been the responsibility of the Department for the Aging and the Department of Housing Preservation & Development. The DRIE benefit was established in October 2005 and has been administered by the Department of Finance since its inception.

Rent Freeze Program Requirements

In order to qualify for the Rent Freeze Program, applicants must meet the following eligibility criteria.

SCRIE Eligibility:

- Age 62 or older.
- Combined household income of \$50,000 or less.
- More than one-third of the monthly household income must be spent on rent.
- Residence in an apartment that is rent-regulated or subject to the Private Housing Finance Law.
- In addition to residing in an eligible unit, the applicant must be named on the rent order or have succession rights.

DRIE Eligibility:

- Age 18 or older.
- Combined household income of \$50,000 or less.
- More than one-third of the monthly household income must be spent on rent.
- Residence in an apartment that is rent-regulated or subject to the Private Housing Finance Law.
- In addition to residing in an eligible unit, the applicant must be named on the rent order or have succession rights.
- The applicant must have been awarded Supplemental Security Income, Social Security Disability Insurance, disability-related Medicaid, or a U.S. Department of Veterans Affairs or United States Postal Service disability pension or disability compensation.

Outreach

The Department of Finance has continued to host a robust Rent Freeze outreach program since the release of the 2018 report. The agency's efforts changed significantly in response to the pandemic, as in-person events were suspended and outreach was conducted by phone and via virtual platforms.

With its virtual outreach, DOF was able to share knowledge from subject matter experts across a wider range of City agencies. The "For Your Benefit" series of information sessions covered topics including not only Rent Freeze, but also Lien Sale, Notice of Property Value, Payment Services, Property Assessment, Parking Summons Advocacy, Homeowner Property Tax Exemptions, and more. In FY 2021, the Outreach Unit attended or hosted 30 events reaching over 1,000 individuals. Thus far in FY 2022, Outreach staff have attended or hosted 42 events, reaching over 1,100 individuals.

DOF continues to enhance the virtual outreach format, at times live-streaming content to social media, adding live Q&A segments to information sessions, and producing hybrid events that simultaneously engage online and in-person audiences. As updates to the Microsoft Teams platform are introduced, the agency looks forward to expanding its audience and making the event experience even more interactive for attendees.

The Outreach team provides not only education and awareness resources, but also a full range of case management services. Staff work closely with potential benefit applicants throughout the application and enrollment process.

In January 2022, Outreach staff provided each city council office with a “DOF Resource Kit” containing a welcome letter and samples of DOF literature and promotional items. As a follow-up, staff are reaching out to each office to schedule a virtual meet-and-greet training session. These trainings provide basic instructions for using DOF’s website, present best practices regarding contacting the agency, and request the support of council members in reaching out to Rent Freeze households that have failed to renew their benefits. In-person tabling and enrollment events have resumed and will be expanded as conditions continue to improve.

In March 2022, DOF launched a Rent Freeze renewal project to target tenants who had not renewed their benefits since 2019. The Outreach Unit partnered with the Mayor’s Office of Public Engagement and the New York City Council to encourage tenants to renew.

Outreach staff also train community partners to extend DOF’s reach into the community. The Outreach team frequently mails promotional information to potential applicants and assists with the renewal process to ensure that eligible households continue to receive benefits. Staff also utilize the agency’s website and social media platforms to build awareness of the program. From June 2021 through September 2021, the Outreach Unit sent six targeted email blasts to approximately 98,000 people inviting them to attend Rent Freeze virtual outreach events. DOF marketed Rent Freeze outreach events seven times on social media in April 2021. On June 18, 2020, the Rent Freeze website was updated to include a six-month automatic grace period to file renewals.

The Outreach Unit works regularly and closely with another DOF unit, the Property Exemption Administration’s Community Assistance Program (PEA-CAP), to conduct outreach. The PEA-CAP team partners with community-based organizations to increase the number of participants in exemption programs for seniors and people with disabilities. PEA-CAP conducts train-the-trainer sessions for community organizations that work with New Yorkers who may be eligible for these benefits. The PEA-CAP team collects and reviews applications, responds to inquiries from external and DOF stakeholders, and works directly with applicants and program participants to ensure that they receive the benefits to which they are entitled. In addition, the External Affairs and Property divisions continue to partner on improving the Rent Freeze applications and notices. Both divisions worked with the Office of the Taxpayer Advocate to develop documentation samples to show customers exactly what they are required to provide in order to receive or renew their benefits.

Going forward, the Outreach Unit will continue to engage customers virtually and in person to ensure that New Yorkers are aware of the many helpful benefits administered by the Department of Finance.

Rent Freeze Program Recipients

The number of SCRIE and DRIE recipients had been increasing steadily since 2014 until the decline seen in 2020. Table 1 shows the annual recipients of Rent Freeze Program benefits by calendar year. In this table and throughout the report, if DOF issued tax abatement credits to property owners as part of the Rent Freeze Program, the tenants with frozen rents are reported as Rent Freeze Program recipients. In cases where tenants failed to renew their benefits, they are excluded from the recipient population if DOF issued no tax abatement credits to the tenant's landlord during the relevant calendar year. The number of recipients grew by 6.9% from 2014 to 2020: 3.3% for DOF-administered SCRIE benefits; 4.7% for SCRIE benefits administered by the Department of Housing Preservation & Development (HPD); and 29.0% for DRIE benefits. However, the 2014-2020 growth would have been even higher if the number of recipients had not declined from 2019 to 2020.

Table 1: Annual Recipient Figure, SCRIE and DRIE								
	2014	2015	2016	2017	2018	2019	2020	2014-2020 Change
SCRIE (DOF)	52,171	55,791	55,215	55,539	56,658	56,793	53,871	3.3%
SCRIE (HPD)	5,723	7,109	6,721	7,225	6,056	6,507	5,991	4.7%
DRIE (DOF)	9,148	10,764	11,363	11,551	11,952	12,215	11,803	29.0%
Total	67,042	73,664	73,299	74,315	74,666	75,515	71,665	6.9%

Table 2 shows an overall -5.1% decline in recipients from 2019 to 2020. All categories of the programs declined in 2020: -5.1% for DOF-administered SCRIE benefits; -7.9% for HPD-administered SCRIE benefits; and -3.4% for DRIE benefits. Among the DOF-administered benefits, SCRIE recipients declined more (-5.1%) than DRIE recipients (-3.4%). The overall number of recipients in 2020 was the lowest seen in the past six years, higher than the 2014 level but lower than the 2015 level. For DRIE, the number of 2020 recipients was higher than 2017 but lower than 2018.

Table 2: Annual Recipients, SCRIE and DRIE					
	2014	2019	2020	2014-2019 Change	2019-2020 Change
SCRIE (DOF)	52,171	56,793	53,871	8.9%	-5.1%
SCRIE (HPD)	5,723	6,507	5,991	13.7%	-7.9%
DRIE (DOF)	9,148	12,215	11,803	33.5%	-3.4%
Total	67,042	75,515	71,665	12.6%	-5.1%

With the onset of the COVID-19 pandemic, an increasing number of Rent Freeze recipients started failing to renew their benefits or respond to requests from the Department of Finance for additional information. Under normal circumstances, recipients who are due to renew their benefits are granted a six-month grace period from the expiration date of the last approved benefit period. Recipients can respond to the renewal reminder notices any time during the

grace period to reinstate their benefits and receive them retroactively. If they fail to respond beyond the grace period and need more time to submit their application or meet any other deadline due to a disability or physical or mental impairment, they are able to request additional time. Even if the recipient does not have a disability or physical or mental impairment, they may still qualify for an extension under the good cause policy if exceptional circumstances caused them to miss the deadline. Language was added to the DOF website and COVID-19 inserts were included with our renewal mailings regarding delays in timely submission of Rent Freeze applications and supporting documents due to COVID-19.

In recognition of the hardships caused by the pandemic, particularly for the vulnerable populations that are eligible for Rent Freeze benefits, DOF has been keeping all application statuses active, regardless of whether the recipients have responded, since March 2020 so that applicants can submit the necessary information to complete the renewal process and retain their frozen rent. Further, for applicants who submitted applications but failed to respond to the requests to provide all required information, DOF has kept their application statuses as pending but active for all application types (renewal, initial, benefit takeover, re-determination, and apartment benefit transfer).

- As of December 2021, over 7,000 tenants had failed to renew their benefits, resulting in their landlords not receiving the tax abatement credit (TAC) for the renewal benefit period. In February 2022, DOF sent 7,045 renewal reminders to those who have so far failed to renew their benefits and 3,497 letters to the representatives designated by those tenants to receive Rent Freeze notices. Participants have been given an additional 120 days to respond to three renewal reminders.
- In May 2022, DOF sent another 5,423 notices to applicants who submitted applications but failed to respond to requests for additional information, or who submitted only some of the documents needed to complete the processing of their applications. 2,261 notices were also sent to tenant representatives. These applicants were previously sent the three reminder notices.

In a separate and final attempt to get any information about the households that have failed to renew or respond, DOF will send a notice to landlords requesting specific information to confirm whether the participating tenant still resides in the apartment or has moved or passed away. If DOF does not receive any communication from households that failed to renew or respond, their program enrollment statuses will be revoked, as required by law.

Recipient counts reported here include only the tenants whose landlords received a tax abatement credit in a specified year. The figures exclude the non-responders whose enrollment statuses are kept active by DOF even though they failed to meet the requirements to recertify their eligibility, if no tax abatement credit was issued during the year.

The most recent full-year data available at the time this report was prepared was for 2020. The data for 2021 was still in a preliminary state, since the program allows for a six-month grace

period to ensure that recipients have ample opportunity to recertify their qualifications and retain their benefits. Furthermore, as previously noted, since 2020, tenants have been given additional time to complete their applications in response to the COVID-19 pandemic.

For the HPD-administered SCRIE benefits, the -7.9% decline seen from 2019 to 2020 is largely attributed to an increase in Section 8 benefits, which triggered a switch from the Rent Freeze Program to Section 8.

If the same level of recipients as 2019 had remained in the program in 2020, the growth in recipient count since 2014 would have been 12.6%, instead of 6.9%.

Table 3 shows DOF-administered Rent Freeze benefits by borough from 2014 to 2020. Mitchell Lama residents receiving SCRIE benefits administered by the Department of Housing Preservation & Development are not included in this section. The number of SCRIE and DRIE recipients increased from 2014 to 2020 in all boroughs except for the Bronx, where the number of recipients decreased by -8.1% for SCRIE and -0.6% for DRIE.

Table 3: Annual Enrollment by Borough								
	SCRIE				DRIE			
	2014	2019	2020	2014-2020 Change	2014	2019	2020	2014-2020 Change
Bronx	9,015	8,712	8,282	-8.1%	2,821	2,893	2,804	-0.6%
Brooklyn	14,582	16,468	15,649	7.3%	2,051	3,626	3,518	71.5%
Manhattan	17,212	19,061	17,932	4.2%	2,779	3,686	3,516	26.5%
Queens	10,995	12,116	11,589	5.4%	1,429	1,928	1,885	31.9%
S. I.	367	436	419	14.2%	68	82	80	17.6%
Total	52,171	56,793	53,871	3.3%	9,148	12,215	11,803	29.0%

Table 4 shows the average length of time for which SCRIE and DRIE recipients have participated in the Rent Freeze Program, along with the average and median benefit amounts granted. The longer the benefit period, the higher the benefit amount that recipients receive. SCRIE recipients' average monthly benefit amount is higher than DRIE recipients' due to the fact that the program was created several decades before DRIE. Another notable fact is that even though the current annual income threshold to qualify for the benefits is \$50,000, the majority of current recipients' income levels are well below the threshold. The median household income was \$17,431 for SCRIE and \$14,592 for DRIE in 2020. Even the income at the 90th percentile was \$35,106 for SCRIE and \$29,214 for DRIE.

Table 4: Average and Median Benefit Period and Amount, 2020						
		Years in Program	Income	Current Rent	Frozen Rent	Monthly Benefit
SCRIE	AVG	9.6	\$19,845	\$1,136	\$906	\$230
	MED	7.8	\$17,431	\$1,044	\$823	\$169
DRIE	AVG	7.8	\$16,881	\$1,106	\$898	\$208
	MED	7.6	\$14,592	\$1,034	\$829	\$172

Table 5 shows the average and median household size and householder age.

Table 5: Householder Information, 2020			
		Household Size	Householder Age
SCRIE	AVG	1.5	77
	MED	1	76
DRIE	AVG	1.5	62
	MED	1	63

Table 6 shows the average Rent Freeze benefit period and amount by borough. See the map under Appendix A for the neighborhood-level distribution of SCRIE and DRIE recipients as of 2020.

Table 6: Average Benefit Period and Amount by Borough, 2020					
	Years in Program	Income	Current Rent	Frozen Rent	Monthly Benefit
Manhattan	9.6	\$19,341	\$1,137	\$895	\$241
Bronx	8.5	\$18,552	\$1,045	\$855	\$190
Brooklyn	9.0	\$18,822	\$1,108	\$890	\$218
Queens	9.3	\$20,440	\$1,220	\$973	\$247
S. I.	7.2	\$23,408	\$1,253	\$1,088	\$165

Chart 1 shows the average monthly Rent Freeze benefit by program duration. The longer recipients are in the program, the higher their benefits tend to be, due to increases in what the landlord could legally charge per the NYC Rent Guidelines Board.

Chart 1: Average Monthly Benefit Amount in 2020

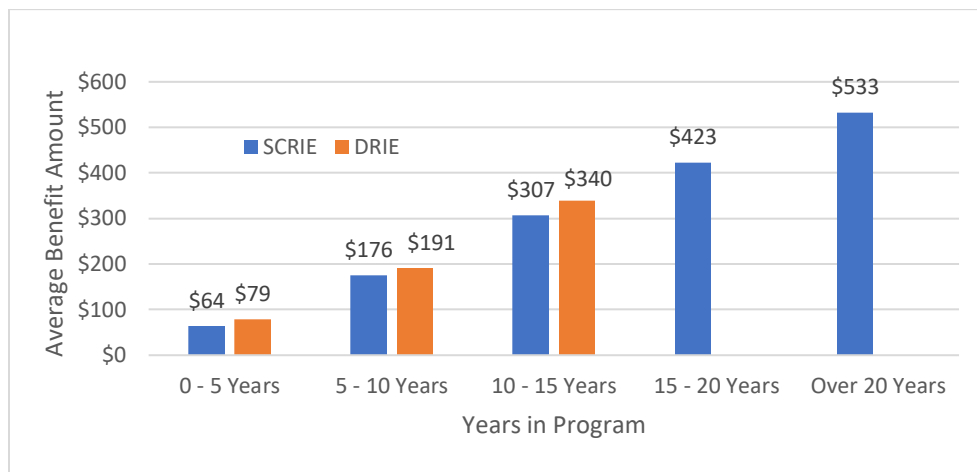
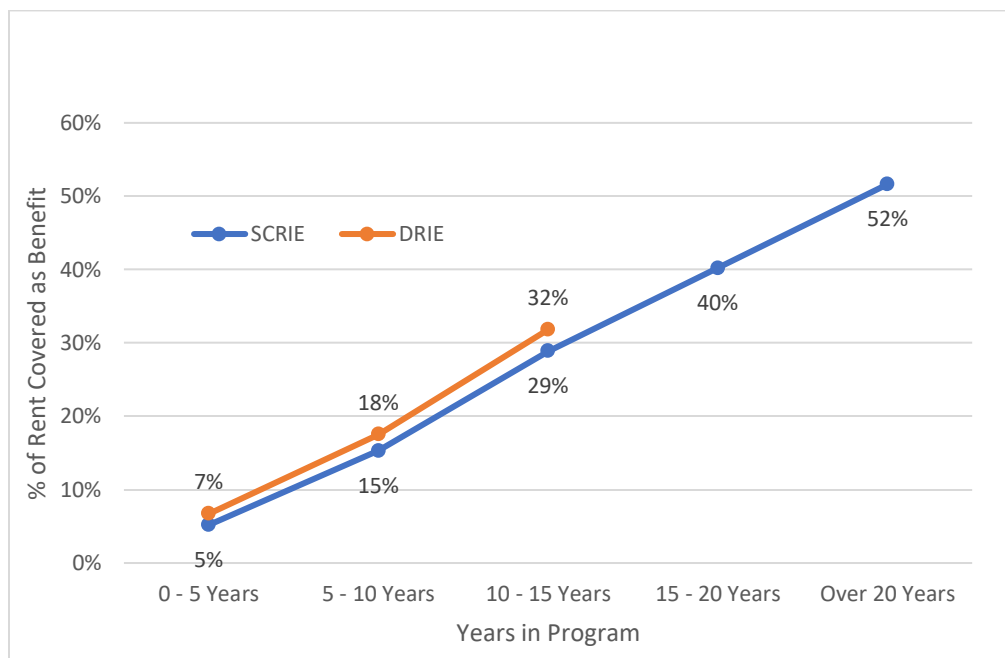


Chart 2 shows the average percentage of a tenant's legal rent that is covered by the SCRIE or DRIE benefit. Again, with more time in the program, the value of the benefit to the renter increases.

Chart 2: Percentage of Rent Covered as Benefit



Eligible Population Estimate

The first report DOF prepared to estimate the Rent Freeze Program's eligible population was issued in 2014. The original report relied on data from the Housing and Vacancy Survey (HVS), a

public dataset published every three years that details many characteristics of the city's housing market, with a primary focus on the rental vacancy rate. For more information on the HVS, visit www.census.gov/programs-surveys/nychvs/about.html.

The subsequent report issued in 2018 adopted a new approach to utilize data from the IRS and New York State Homes and Community Renewal to estimate the Rent Freeze-eligible population living in rent-stabilized apartments, while supplementing with the 2017 HVS data, particularly to estimate the Rent Freeze-eligible population living in rent-controlled and Mitchell Lama apartment units. DOF examined the suitability of the HVS data for this report when the 2018 report was produced and found that the eligible population was estimated to be 40% higher based on the survey data than the estimate based on the administrative data. It was concluded that the estimate based on the administrative data was more consistent with the past experiences and findings obtained through DOF and other agencies' outreach activities.

This report retains the approach established in the 2018 report. The eligible population residing in rent-stabilized apartment units was estimated based on the actual administrative data sources and combines the HCR rent-stabilized apartment data and the IRS income data to make estimations. The HCR data represents the total number of apartment units that were registered with HCR in 2019. The household income, age, and disability status for these units were derived from the IRS data. The apartment units were either matched with individual income records based on the name and address or assigned based on the rent levels and income levels. In reality, multiple taxpayers often reside in one unit. However, under the current estimation methodology, only one taxpayer is matched or assigned to one unit for personal income tax return non-filers. The methodology can be further refined to allow for multiple income records to be included to more accurately calculate household income levels. This makes the current estimate a conservative one, as the income levels calculated tend to be lower than actual levels. As a result, the methodology errs on the side of including more households than are likely to actually be eligible for the program. At the time DOF worked on the current report, no data update was available for the HVS data. Therefore, the eligible population residing in rent-controlled apartments and Mitchell Lama units could not be updated at this time. See Appendix B for more information regarding the estimation methodology.

A total of 135,111 households are estimated to have been eligible for the Rent Freeze Program in 2019, an increase of 3.7% from the 2016 estimate of 130,314. The program utilization rate was 55.9% in 2019, very similar to the 56.2% rate seen in 2016. See Appendix C for the neighborhood-level distribution of the SCRIE- and DRIE-eligible populations and recipients as of 2019. However, as mentioned above, the current methodology utilizes assumptions that may overstate the size of the eligible population. Therefore, the above rate may understate the true participation rate by comparing actual participants to a somewhat inflated total universe of eligible tenants.

Program Attrition and New Recipients

Table 7 shows that the number of recipients of the DOF-administered Rent Freeze benefits increased steadily from 61,319 in 2014 to 69,008 in 2019. However, the total recipients declined in 2020 to 65,674, a -4.8% decrease from 2019. As mentioned earlier, the decline may reflect the impact of COVID-19 and is explained by an increase in attritions (non-renewals) and a decrease in new enrollees.

Table 7 also shows the program attritions and new enrollees by year for the DOF-administered benefits. Each year, newly enrolled recipients have contributed to the program's growth. These increases, however, have been offset by attritions, bringing down the net enrollment growth for 2014-2020 to 7.1%. (The 6.9% overall growth rate noted in the previous section includes benefits administered by HPD.) Attritions increased in 2020, as 5,991 households that received the benefits in 2019 exited the program. Compared with the average number of annual attritions (4,756) from 2016 to 2019, this is a 26.0% increase. On the other hand, new enrollees declined to 2,657 in 2020, by far the lowest level seen in recent years and a -50.5% decline compared to the 2016-2019 annual average.

Table 7: Rent Freeze Program Attritions Since 2014¹									
	2014	2015	2016	2017	2018	2019	2020	Total Change	Total % Change
Outgoing²	N/A	(4,655)	(4,428)	(5,341)	(4,598)	(5,991)	(7,524)	(32,537)	-53.1%
New	N/A	6,312	4,678	4,940	6,861	4,996	2,657	30,444	49.6%
Existing	N/A	55,588	57,472	56,809	57,151	58,021	55,493	N/A	N/A
Total	61,319	66,555	66,578	67,090	68,610	69,008	65,674	N/A	7.1%

Attrition is divided into two categories. The first category is comprised of participants who are no longer eligible for reasons such as moving, death, or increased income. The second category is participants who do not renew their benefits even though they are provided a six-month grace period. (The specific reason participants in the second group fail to renew is not known, but it is likely that a number of them also move, pass away, or experience a change in their financial situation.) Approximately 35% of participants fell into the first category, while 65% fell into the second among recipients who stopped receiving benefits in 2020.

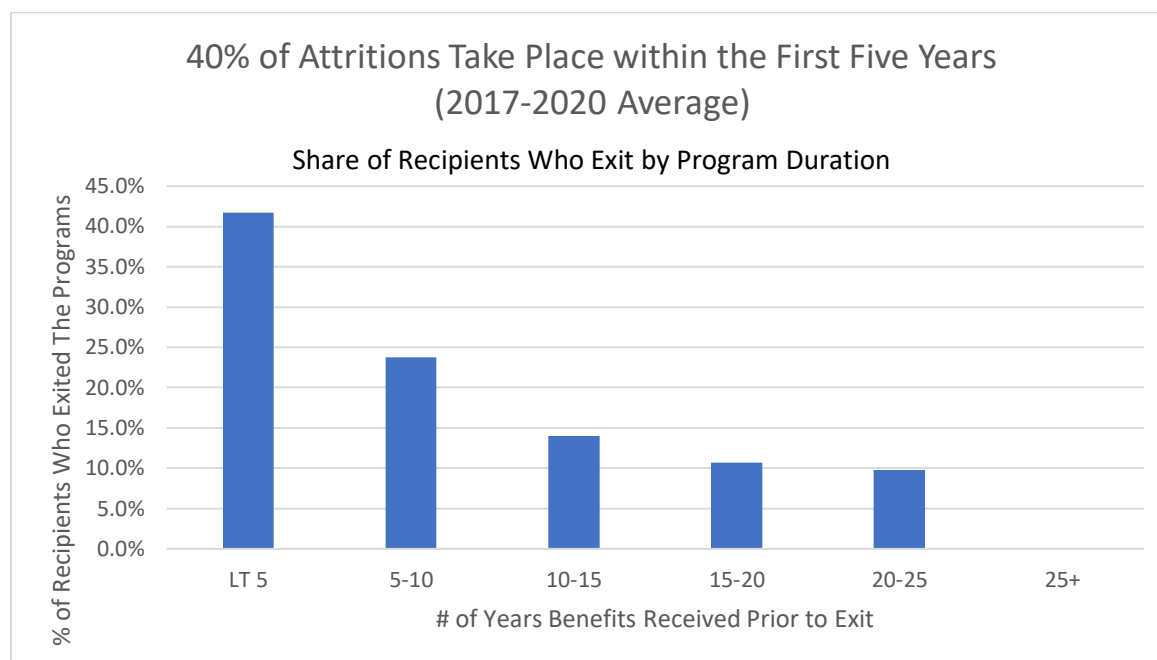
While the 2021 statuses are still preliminary, over 7,000 recipients in 2020 had not received benefits in 2021 at the time this report was prepared. The share of attrition attributable to recipients who do not renew their benefits increased to more than 70%.

¹ DOF-administered benefits only.

² The benefits that were revoked in the immediately following year.

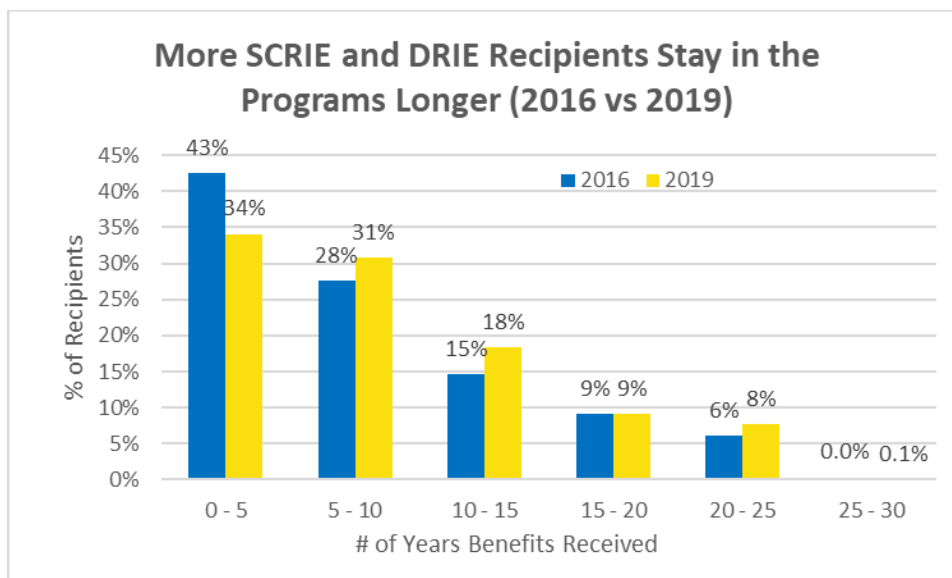
In addition, as shown in Chart 3, based on the 2017-2020 average, approximately 40% of the recipients who exit the program have a short program duration and leave the program after receiving the benefits for less than five years. More specifically, 20% of those who exit the program do so in less than two years, which suggests many of them fail to complete the first renewal process.

Chart 3: Attrition and Program Duration



The majority of Rent Freeze recipients who exit the program do so after a short period of time, but as shown in Chart 4, the overall enrollment duration period is increasing. In 2016, 43% of recipients had received benefits for less than five years; by 2019, measuring against the pre-pandemic level, the share had decreased to 34%. Meanwhile, the percentage of households in the 5-to-10-year category increased from 28% in 2016 to 31% in 2019, and the percentage of households in the 10-to-15-year category increased from 15% in 2016 to 18% in 2019.

Chart 4: Total Recipients and Program Duration



Housing Stability and Tenant Protection Act of 2019 (HSTPA)

The Housing Stability and Tenant Protection Act of 2019 changed the way the New York City Rent Freeze Program processes rent increases. The three main areas impacted were preferential rent, fuel cost, and maximum collectible rent for rent-controlled units and major capital improvements (MCIs).

For leases that commenced on or after June 14, 2019, new Rent Freeze applicants who have a preferential rent agreement and meet all program eligibility criteria can have their rent frozen at their preferential rent amount. Preferential rent is the rent an owner agrees to charge that is lower than the legal regulated rent they could lawfully collect. As per HSTPA, tenants paying a preferential rent will retain it as long as they continue to rent the apartment. The tax abatement credit issued to landlords will be based upon rent increases to the preferential rent amount. Current Rent Freeze Program participants whose frozen rent is based upon the legal regulated rent can, at their next renewal, have their rent re-frozen at the preferential rent amount on the lease in effect June 14, 2019, if they meet all eligibility criteria.

Rent-controlled units: Fuel costs are no longer added to tenants' rent, and the annual maximum collectible rent increases are limited to the average of the last five Rent Guidelines Board increases for one-year leases, or 7.5%, whichever is less. The new changes do not affect the frozen rent of current participants, but they do affect the TAC associated with fuel cost adjustments that were made for 2019, as well as future increases to the maximum collectible rent.

Major capital improvements: The yearly increase limit was reduced from 6% to 2%. The 2% cap is applicable to any MCIs issued since June 16, 2012. Retroactive MCI increases have been eliminated. MCI rent increases are temporary and will expire after 30 years. The new changes will not affect the frozen rent of current participants, but will affect the TAC associated with future MCIs that exceed the new 2% cap.

Program Rules

SCRIE/DRIE program rules were published in the *City Record* on May 14, 2021, and took effect June 13, 2021. The rules amend Chapter 52 of Title 19 of the Rules of the City of New York to:

- Establish eligibility requirements for SCRIE and DRIE based on the applicant's status and household income.
- Establish criteria for the types of apartments which are eligible for SCRIE and DRIE benefits.
- Establish criteria for the determination of SCRIE and DRIE abatement amounts set forth in rent increase exemption orders.
- Establish an application process, including deadlines.

The rules include several provisions and codified processing practices. Prior to the finalization of the rules, public hearings were held in December 2019 and October 2020. Following public comments, revisions were made to clarify the impact of the HSTPA regarding preferential rents and fuel cost adjustments.

The proposed new rules effectively roll the preferential treatment back to what it was pre-HSTPA (and pre-rule). Specifically, the proposed rules prescribe that for tenants who had a preferential rent at time of HSTPA passage, we will continue to base the frozen rent and TAC calculations on the pre-HSTPA treatment using the legal regulated rent. Due to the severe drops in TAC, DOF felt this would be the best way to protect those persons with preferential rents because HSTPA did not address this for SCRIE-DRIE. The rule change and public hearing will be noticed in the *City Record*.

Conclusion

Nearly 72,000 households are currently enrolled in the Rent Freeze Program. These households are protected from the increasing housing costs that have come to define life in New York City. While pre-pandemic outreach efforts had gone a long way toward enrolling more New Yorkers in the program, enrollments declined in 2020 following the significant disruptions and hardships rendered by the COVID-19 pandemic. The Department of Finance has adjusted its policies to keep all application statuses active for those who have not completed the application process. DOF has been providing a number of reminder notices to encourage tenants to complete these processes. In addition, the agency will continue working with its many public and private sector partners to encourage tenants to complete the application process to secure their benefits, as well as reaching out to encourage more eligible households to apply for and enroll in the

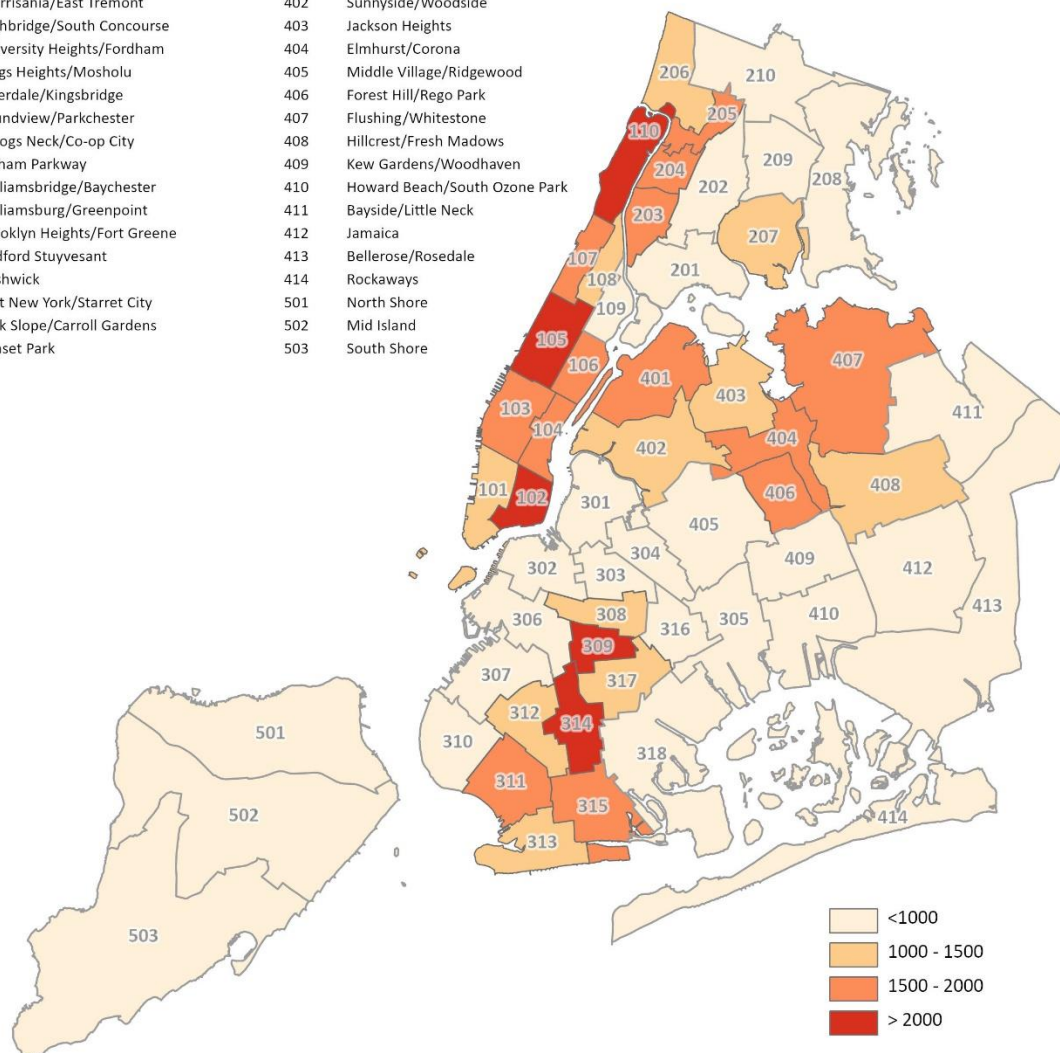
program. The Department of Finance looks forward to its continued partnership with the administration and city council to strengthen the Rent Freeze Program and reach more New Yorkers who would benefit from the assurance that their rent will be affordable today, tomorrow, and into the future.

Appendix A: Rent Freeze Participants by Neighborhood, 2020

MAP 1: Distribution of 2020 SCRIE/DRIE Recipients by Sub-borough Area

Sub-Borough Area

101	Greenwich Village/Financial District	308	North Crown Heights/Prospect Heights
102	Lower East Side/Chinatown	309	South Crown Heights
103	Chelsea/Clinton/Midtown	310	Bay Ridge
104	Stuyvesant Town/Turtle Bay	311	Bensonhurst
105	Upper West Side	312	Borough Park
106	Upper East Side	313	Coney Island
107	Morning Heights/Hamilton Heights	314	Flatbush
108	Central Harlem	315	Sheepshead Bay/Gravesend
109	East Harlem	316	Brownsville/Ocean Hill
110	Washington Heights/Inwood	317	East Flatbush
201	Mott Haven/Hunts Point	318	Flatlands/Canarsie
202	Morrisania/East Tremont	401	Astoria
203	Highbridge/South Concourse	402	Sunnyside/Woodside
204	University Heights/Fordham	403	Jackson Heights
205	Kings Heights/Mosholu	404	Elmhurst/Corona
206	Riverdale/Kingsbridge	405	Middle Village/Ridgewood
207	Soundview/Parkchester	406	Forest Hill/Rego Park
208	Throgs Neck/Co-op City	407	Flushing/Whitestone
209	Pelham Parkway	408	Hillcrest/Fresh Meadows
210	Williamsbridge/Baychester	409	Kew Gardens/Woodhaven
301	Williamsburg/Greenpoint	410	Howard Beach/South Ozone Park
302	Brooklyn Heights/Fort Greene	411	Bayside/Little Neck
303	Bedford Stuyvesant	412	Jamaica
304	Bushwick	413	Bellerose/Rosedale
305	East New York/Starret City	414	Rockaways
306	Park Slope/Carroll Gardens	501	North Shore
307	Sunset Park	502	Mid Island
		503	South Shore



Appendix B: Data and Methodology

In this appendix, the supporting data and methodology for the results presented in the report are detailed. The methodology presented in the report uses administrative data for rent stabilized units and survey data for estimates on rent-controlled and Mitchell Lama units for which administrative data was not available.

Administrative Data

This section of the appendix describes the estimation methodology under which administrative data was used. The methodology used for the 2014 report is based on the Housing and Vacancy Survey data, which estimated a larger eligible population than our experience with the Rent Freeze Program would suggest. The administrative data used in the revised methodology established in 2018 and retained in the current report includes the rent-stabilized apartment data from HCR as well as the income tax data from the IRS.

The initial population in the current methodology is the apartment units that were classified as rent-stabilized in HCR's 2019 data. They represent the total number of apartment units that were actively registered with HCR for annual registration in 2019, including late registrations. Units that are vacant, exempt, or receiving Section 8 vouchers and thus not eligible for the SCRIE and DRIE benefits were identified and excluded. This resulted in a net count of rent-stabilized apartment units that were eligible in 2019, based solely on the rent-regulation status for SCRIE or DRIE, as 772,904, a 2.2% increase from 756,610 in 2016.

The HCR data also provides the rent information for each unit. In order to impose the remaining program eligibility criteria based on the demographic characteristics (age and disability status, income, and percentage of income spent on rent), personal income tax return data and IRS data on non-filers were utilized. These databases lack a shared data field that would allow for an effective data merge. Therefore, the data match was performed based on the building addresses and the tenants' or taxpayers' names. Through this data matching process, we were able to identify income and age information for about 60% of the units' occupants.

The remaining units were filled with demographic information using a simulation called optimization algorithm. The algorithm simulated a scenario under which combinations of income and rent would generate the maximum potential number of the eligible population by assigning the lowest income individual to the lowest rent unit within each building.³ While the personal income tax filers were identified at the filing unit level (i.e., joint filers were counted as one taxing unit and assigned to one apartment), only single-person occupancy was possible in the simulation for non-filers. In reality, many apartments are occupied by multiple persons. If incomes for multiple residents of an apartment unit were included in the analysis, the household incomes of the units occupied by multiple residents would be higher. Therefore,

³ Simulations were also performed for other scenarios, with various combinations of assigning income to rent. The scenario that generated the maximum eligible population was selected.

some of the households that are deemed eligible under the current estimate would become ineligible, as their household income would exceed the \$50,000 threshold. The methodology could be further refined, but for this report, the existing approach was simply repeated.

With the defined program eligibility criteria, the eligible population was identified using the filers' tax data.⁴ For the non-filers, those who received Social Security benefits were identified as seniors or individuals with a disability and thus eligible in the absence of an exact age variable.⁵ As income for the non-filers cannot be calculated with exact deductions, the same methodology as with the HVS methodology was used, i.e., an allowance of 10% more income to account for deductions. The estimates based on the administrative data are presented in Table 8.

Table 8: Eligible Population Estimates for SCRIE and DRIE (2019) (Excluding Rent-Controlled and Mitchell Lama)			
	Total Rent-Stabilized Units	Non-Vacant and Non-Section 8 Units	Eligible Population
Manhattan	266,604	222,407	35,163
Brooklyn	250,598	216,302	25,055
Bronx	217,228	177,508	31,908
Queens	163,755	149,840	23,659
Staten Island	8,827	6,847	1,213
Total	907,012	772,904	116,998

Table 9: Eligible Population Estimates for SCRIE and DRIE (Including Rent-Controlled and Mitchell Lama) 2019	
	Eligible Population⁶
Rent-Stabilized	116,998
Rent-Controlled	9,509
Mitchell Lama	8,604
Total	135,111

Table 10 shows the overall estimated eligible population for SCRIE and DRIE benefits under the two estimation methodologies.

⁴ Income less than or equal to \$50,000; disability or age of filer or spouse 62 or above; rent income ratio greater than 1/3; eligible unit status.

⁵ The Social Security benefits include Supplemental Security Income and Social Security Disability Insurance benefits, which are the main disability benefits defined under the DRIE benefit, in addition to retirement benefits.

⁶ For rent-controlled and Mitchell Lama units, the estimates based on the HVS data were used.

Table 10: SCRIE/DRIE-Eligible Population Estimates and Utilization Rates			
	HVS Estimates, 2017	Administrative Data Estimates, 2016	Administrative Data Estimates, 2019
Eligible Population	175,050	130,314	135,111
Actual Recipients	74,315	73,299	75,515
Program Utilization Rate	42.5%	56.2%	55.9%

Since the administrative data was available only for the rent-stabilized apartments, the estimates based on the HVS data were adopted for the rent-controlled and Mitchell Lama units (Table 11).

Table 11: SCRIE/DRIE-Eligible Population Estimates by Apartment Type			
	HVS Estimates, 2017	Administrative Data Estimates, 2016⁷	Administrative Data Estimates, 2019⁸
Rent-Stabilized	156,937	112,201	116,998
Rent-Controlled	9,509	9,509	9,509
Mitchell Lama	8,604	8,604	8,604
Total	175,050	130,314	135,111

HVS 2017 Data

No update on HVS data was available at the time this report was prepared, and therefore the estimates made for the 2018 report, based on 2017 HVS data for rent-controlled and Mitchell Lama apartment units, are used in this report. As there is overlap between the SCRIE and DRIE benefits' age requirement, it is possible to double-count eligible Rent Freeze households. This has been controlled by counting all potential eligible recipients equal to and over the age of 62 as SCRIE-eligible, and potential eligible recipients under the age of 62 as DRIE-eligible. The estimates include households with income up to 10% greater than the program's \$50,000 limit to allow for deductible income sources such as federal, state, and local income taxes, as well as Social Security taxes.

Eligibility for SCRIE:

- a) Age: householder or spouse aged 62 years or above were studied for age eligibility.
- b) A total household income of 10% over the maximum income threshold of \$50,000.
- c) A monthly gross rent that is one-third of the household income or more.
- d) Householder must be residing in an eligible unit type: rent-stabilized, rent-controlled, Mitchell Lama rental, or Mitchell Lama coop.
- e) Householder must not have a Section 8 voucher.

⁷ For rent-controlled and Mitchell Lama units, the estimates based on the HVS data are used.

⁸ For rent-controlled and Mitchell Lama units, the estimates based on the HVS data are used. The 2017 HVS was still the latest census data available at the time when this report was prepared.

Eligibility for DRIE:

In addition to the conditions 'b' through 'e' as listed above, the applicant must have met the criteria below.

a) Age: For DRIE, "householder and spouse aged younger than 62" were studied for age eligibility.

f) Householder has "income from Social Security or railroad retirement payments." Households with positive benefit amounts from this income source category were deemed to have disability status, combined with the age criteria.

Any households with either the primary householder or spouse meeting the age criteria were considered. As long as the applicant's name is on the lease, the application would be considered.

Appendix C: Estimated Eligible Population and Actual Recipients of SCRIE/DRIE Benefits in Rent Stabilized Apartment Units in 2019 by Neighborhood⁹

Borough	Sub-borough Number	Sub-borough Name	Recipients	Total Eligible Population	Utilization Rate
Manhattan	1	Greenwich Village / Financial District	1,206	2,171	55.6%
Manhattan	2	Lower East Side / Chinatown	1,974	3,338	59.1%
Manhattan	3	Chelsea / Clinton / Midtown	1,635	3,341	48.9%
Manhattan	4	Stuyvesant Town / Turtle Bay	1,702	2,888	58.9%
Manhattan	5	Upper West Side	1,944	3,814	51.0%
Manhattan	6	Upper East Side	1,594	3,160	50.4%
Manhattan	7	Morningside Heights / Hamilton Heights	1,676	2,812	59.6%
Manhattan	8	Central Harlem	1,192	2,402	49.6%
Manhattan	9	East Harlem	512	1,249	41.0%
Manhattan	10	Washington Heights / Inwood	6,986	9,988	69.9%
Bronx	1	Mott Haven / Hunts Point	670	1,848	36.3%
Bronx	2	Morrisania / East Tremont	868	2,834	30.6%
Bronx	3	Highbridge / South Concourse	2,013	4,048	49.7%
Bronx	4	University Heights / Fordham	1,823	4,038	45.1%
Bronx	5	Kingsbridge Heights / Mosholu	1,746	3,976	43.9%
Bronx	6	Riverdale / Kingsbridge	1,123	2,455	45.7%
Bronx	7	Soundview / Parkchester	1,162	2,091	55.6%
Bronx	8	Throgs Neck / Coop City	251	517	48.5%
Bronx	9	Pelham Parkway	886	1,796	49.3%
Bronx	10	Williamsbridge / Baychester	516	1,452	35.5%
Brooklyn	1	Williamsburg / Greenpoint	788	1,708	46.1%
Brooklyn	2	Brooklyn Heights / Fort Greene	515	1,012	50.9%
Brooklyn	3	Bedford / Stuyvesant	336	960	35.0%
Brooklyn	4	Bushwick	719	1,270	56.6%
Brooklyn	5	East New York / Sunset Park Starrett City	237	686	34.5%
Brooklyn	6	Park Slope / Carroll Gardens	417	772	54.0%
Brooklyn	7	Sunset Park	832	1,479	56.3%
Brooklyn	8	North Crown Heights / Prospect Heights	1,111	2,130	52.2%
Brooklyn	9	South Crown Heights	2,487	3,796	65.5%
Brooklyn	10	Bay Ridge	874	1,751	49.9%
Brooklyn	11	Bensonhurst	1,664	2,253	73.9%
Brooklyn	12	Borough Park	1,216	1,680	72.4%
Brooklyn	13	Coney Island	1,278	1,619	78.9%
Brooklyn	14	Flatbush	3,327	4,818	69.1%

⁹ Only the tenants residing in rent-stabilized apartment units are reported here.

Borough	Sub-borough Number	Sub-borough Name	Recipients	Total Eligible Population	Utilization Rate
Brooklyn	15	Sheepshead Bay / Gravesend	1,614	2,048	78.8%
Brooklyn	16	Brownsville / Ocean Hill	269	1,034	26.0%
Brooklyn	17	East Flatbush	1,247	2,382	52.4%
Brooklyn	18	Flatlands / Canarsie	249	510	48.8%
Queens	1	Astoria	1,500	2,891	51.9%
Queens	2	Sunnyside / Woodside	1,398	2,550	54.8%
Queens	3	Jackson Heights	1,369	2,345	58.4%
Queens	4	Elmhurst / Corona	1,766	2,673	66.1%
Queens	5	Middle Village / Ridgewood	549	1,182	46.4%
Queens	6	Forest Hills / Rego Park	1,862	2,600	71.6%
Queens	7	Flushing / Whitestone	1,595	3,033	52.6%
Queens	8	Hillcrest / Fresh Meadows	1,126	1,954	57.6%
Queens	9	Kew Gardens / Woodhaven	488	884	55.2%
Queens	10	Howard Beach / South Ozone Park	83	160	51.9%
Queens	11	Bayside / Little Neck	277	540	51.3%
Queens	12	Jamaica	874	1,602	54.6%
Queens	13	Bellerose / Rosedale	169	334	50.6%
Queens	14	Rockaways	323	911	35.5%
S. I.	1	North Shore	268	761	35.2%
S. I.	2	Mid-Island	88	151	58.3%
S. I.	3	South Shore	161	301	53.5%
TOTAL			64,555	116,998	55.2%