

EXPLANATORY STATEMENT - APARTMENT ORDER #56

Explanatory Statement and Findings of the Rent Guidelines Board in Relation to 2024-25 Lease Increase Allowances for Apartments and Lofts under the Jurisdiction of the Rent Stabilization Law¹

Summary of Order No. 56

The Rent Guidelines Board (RGB) by Order No. 56 has set the following maximum rent increases for leases effective on or after October 1, 2024 and on or before September 30, 2025 for apartments under its jurisdiction:

For a one-year lease commencing on or after October 1, 2024 and on or before September 30, 2025: 2.75%

For a two-year lease commencing on or after October 1, 2024 and on or before September 30, 2025: 5.25%

Adjustments for Lofts

For Loft units to which these guidelines are applicable in accordance with 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, 2024 and on or before September 30, 2025.

For one-year increase periods commencing on or after October 1, 2024 and on or before September 30, 2025: 2.75%

For two-year increase periods commencing on or after October 1, 2024 and on or before September 30, 2025: 5.25%

These guidelines apply to all leases and increase periods. Therefore, consistent with guidance from New York State Homes and Community Renewal (HCR), the guidelines apply to vacant apartment and loft units that become occupied during the term of the Order, as well as to renewal leases or periods. No more than one guideline adjustment may be added during the guideline year governed by Order No. 56.

The guidelines do not apply to hotel, rooming house, and single room occupancy units that are covered by separate Hotel Orders.

Special Guideline

Leases for units subject to rent control on September 30, 2024 that subsequently become vacant and then enter the stabilization system are not subject to the above adjustments. Such newly stabilized rents are subject to review by HCR. In order to aid HCR in this review, the

¹ This Explanatory Statement explains the actions taken by the Board members on individual points and reflects the general views of those voting in the majority. It is not meant to summarize all the viewpoints expressed.

Rent Guidelines Board has set a special guideline of 49% above the maximum base rent.

All rent adjustments lawfully implemented and maintained under previous apartment Orders and included in the base rent in effect on September 30, 2024 shall continue to be included in the base rent for the purpose of computing subsequent rents adjusted pursuant to this Order.

Background of Order No. 56

The Rent Guidelines Board is mandated by the Rent Stabilization Law of 1969 (Section 26-510(b) of the NYC Administrative Code) to establish annual guidelines for rent adjustments for housing accommodations subject to that law and to the Emergency Tenant Protection Act of 1974. In order to establish guidelines, the Board must consider, among other things:

1. the economic condition of the residential real estate industry in the affected area including such factors as the prevailing and projected (i) real estate taxes and sewer and water rates, (ii) gross operating and maintenance costs (including insurance rates, governmental fees, cost of fuel and labor costs), (iii) costs and availability of financing (including effective rates of interest), (iv) overall supply of housing accommodations and overall vacancy rates;
2. relevant data from the current and projected cost of living indices for the affected area; and
3. such other data as may be made available to it.

The Board gathered information on the above topics by means of public meetings and hearings, written submissions by the public, and written reports and memoranda prepared by the Board's staff. The Board calculates rent increase allowances on the basis of cost increases experienced in the past year, its forecasts of cost increases over the next year, its determination of the relevant operating and maintenance cost-to-rent ratio, and other relevant information concerning the state of the residential real estate industry.

Material Considered by the Board

Order No. 56 was issued following **seven** public meetings, **four** public hearings, the Board's review of written, oral, and video submissions provided by the public, and a review of research and memoranda prepared by the Board's staff. Approximately **175** written, oral, and video submissions were received by the Board from many individuals and organizations including public officials, tenants and tenant groups, and owners and owner groups. The Board members were provided with copies of public comments received by the **June 11, 2024** deadline. All of the above listed documents were available for public inspection.

Open meetings of the Board were held following public notice on March 28, April 11, April 18, April 25, and May 23, 2024. On **April 30, 2024**, the Board adopted proposed rent guidelines for apartments, lofts, and hotels.

Public hearings were held on **May 30, June 3, June 5 and June 11, 2024**. Public hearings were held pursuant to Section 1043 of the New York City Charter and Section 26-510(h) of the New York City Administrative Code. Testimony on the proposed rent adjustments for rent-

stabilized apartments and lofts was heard on May 30 from 5:15 p.m. to 8:00 p.m., June 3 from 5:30 p.m. to 9:45 p.m., June 5 from 5:20 p.m. to 9:45 p.m., and June 11 from 5:20 p.m. to 8:35 p.m. Testimony from members of the public speaking at these hearings was added to the public record. The Board heard testimony from **approximately 176** apartment tenants and tenant representatives, **12** apartment owners and owner representatives, and **14** public officials. In addition, **one** speaker read into the record written testimony from a public official.

On **June 17, 2024** the guidelines set forth in Order No. 56 were adopted.

A written transcription and/or audio recording and/or video recording was made of all proceedings.

Presentations by RGB Staff and Housing Experts Invited by Members of the Board

Each year the staff of the New York City Rent Guidelines Board is asked to prepare numerous reports containing various facts and figures relating to conditions within the residential real estate industry. The Board's analysis is supplemented by testimony from owner and tenant representatives, housing experts and by various articles and reports gathered from professional publications.

Listed below are invited speakers and the dates of the public meetings at which their testimony was presented:

<u>Meeting Date / Name</u>	<u>Affiliation</u>
March 28, 2024:	<u>Staff presentation</u> <i>2024 Income and Expense Study</i>
	<u>NYC Department of Housing Preservation and Development (HPD)</u>
1. Lucy Joffe	Assistant Commissioner
2. Elyzabeth Gaumer	Chief Research Officer
April 11, 2024:	<u>Staff presentation</u> <i>2024 Income and Affordability Study</i>
	<u>Community Preservation Corporation (CDC)</u>
1. Robert Riggs	Senior Vice President/Reginal Director
April 18, 2024:	<u>Staff presentations</u> <i>2024 Price Index of Operating Costs</i> <i>2024 Mortgage Survey Report</i>
	<u>NYS Homes and Community Renewal (HCR)</u>
1. Woody Pascal	Deputy Commissioner

April 25, 2024:

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| | <u>Owner group testimony:</u> |
| 1. Joseph Condon | Community Housing Improvement Program (CHIP) |
| 2. Kelly Farrell | Rent Stabilization Association (RSA) |
| 3. Ann Korchak | Small Property Owners of New York (SPONY) |
| 4. Sharon Redhead | Small Property Owners of New York (SPONY) |
| 5. Reggie Thomas | Real Estate Board of New York (REBNY) |
| 6. Shaun Riney | Commercial Broker and Owner |

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|--------------------|---|
| | <u>Tenant group testimony:</u> |
| 1. Lucy Block | Association for Neighborhood and Housing Development (ANHD) |
| 2. Jacob Udell | University Neighborhood Housing Program (UNHP) |
| 3. Oksana Mironova | Community Service Society of New York (CSSNY) |
| 4. Larry Wood | Goddard Riverside Law Project |
| 5. Tim Collins | Collins, Dobkin & Miller LLP |
| 6. Leah Goodridge | Mobilization for Justice (MFJ) |
| 7. Delsenia Glover | Lenox Terrace Association of Concerned Tenants |

May 23, 2024:

- Staff presentations
2024 Housing Supply Report
Changes to the Rent Stabilized Housing Stock in New York City in 2023
2024 Hotel Report

Selected Excerpts from Oral and Written Testimony from Tenants and Tenant Groups²

Comments from tenants and tenant groups included:

“Landlords’ Net Operating Incomes (NOI) are up 10.4 percent over the previous year. This increase is historic: the 4th highest jump in the past 32 years. The last time the RGB was presented with comparable NOI growth was the 2017 RGB cycle, when the board approved a rent increase that was less than half of last year’s adjustment. Over the long term—the last 32 years—landlords’ inflation-adjusted NOI went up 48.4 percent citywide, with the highest gains outside of Manhattan. Over this time period, Brooklyn’s NOI increased 153 percent... Given the rapid recovery and monumental NOI increases over the long term, paired with difficult conditions faced by low-income tenants, we recommend a rent rollback or a rent freeze.”

“The 2023 Housing and Vacancy Survey paints a grim picture for New York City tenants overall: 18% of households making less than \$50,000 per year and 13% of all households missed their rent payment at least once in the previous year. 86% of households making under \$25,000 per year and 45% of households making between \$25,000 and \$50,000 per year are severely rent-burdened, paying over half of their income toward rent. As a group, rent stabilized tenants have significantly more difficulty affording their current rent than tenants of market-rate housing: The median household income of rent stabilized tenants in 2023 was 34% lower than that of market-rate tenants: \$60,000 versus \$90,800. Rent stabilized tenants

² Sources: Submissions by tenant groups and testimony by tenants.

are 50% more likely than market-rate tenants to be food insecure and twice as likely to be very food insecure.”

“From 1990 until 2008, the Board authorized rent increases (inclusive of vacancy allowances) that largely covered operating cost increases and protected landlord net operating income from the effects of inflation. Had the Board authorized increases totaling 12% between 2009 and 2013, the result would have been the same. Instead, the Board authorized a total of 27% in hikes (inclusive of vacancy increases) which effectively bumped rents more than 15% above what was warranted – triggering the highest rent burdens in the modern history of the City. Though the excess rents were mitigated somewhat by successive Boards appointed during the de Blasio administration and the first year of the Adams administration, they still remain well above what a normal competitive market might produce – something absent from New York City for well over a century... The immediate effect – driven by excessive rent guidelines and sixteen years of vacancy deregulation – caused owner net operating incomes to increase by 48.4% since 1990, after adjusting for inflation.”

“Landlords do not need, nor deserve a rent increase this year. If they are hurting, they can claim hardship, and I would be curious to know how many have done or will do so this year... I am sure that you are aware, the number of homeless people in New York City has reached more than 100,000, and surpassed anyone’s description of a housing crisis. This will only get worse with an undeserved increase in rent for landlords this year, particularly among seniors and families.”

“Even a modest rent increase would exacerbate hardships experienced by renters in rent-stabilized units, many of whom are already struggling to make ends meet in the midst of an affordability crisis. In 2022, after several years of declining poverty rates, New York City saw its largest year-over-year increase in poverty in more than a decade when key pandemic-era policies that strengthened the social safety net expired... Taken together, the findings presented here demonstrate that renters in rent-stabilized units experience high levels of poverty and consistently struggle to afford basic needs. These disadvantages are especially pronounced for low-income renters, many of whom face elevated rates of material hardship and spend a majority of their cash income on rent. And the expiration of pandemic-era social safety net policies has only served to exacerbate hardship amidst rapidly rising costs of living. Overall, the data suggest that even a modest rent increase would place painful burdens on a population of renters that is already struggling to make ends meet.”

Selected Excerpts from Oral and Written Testimony from Owners and Owner Groups³

Comments from owners and owner groups included:

“The RGB’s duty is an extension of the intent of the RSL, which is unequivocally stated in the law to “...prevent speculative, unwarranted, and abnormal increases in rents....” When this board reports an 8.5 % commensurate adjustment for a one year lease and a 16% commensurate adjustment for a two year lease, how can an equivalent rent increase be speculative, unwarranted, or abnormal? Especially in light of the fact that the NOI for highly stabilized buildings has been declining annually since 2019. While CHIP and its membership

³ Sources: Submissions by owner groups and testimony by owners

are deeply concerned with the issue of housing affordability, we don't believe this is the proper forum for that policy discussion. Rent stabilization was never intended to be a housing affordability program, it was intended to prevent speculation and profiteering. The commensurate adjustments calculated by the RGB ensure the intent of the statute is realized by setting forth adjustments that are necessary to keep building revenue in proportion with operating expenses.”

“As a small property owner, I write to express the urgent need for rent increases to cover the rapidly escalating costs we face. The current economic landscape has placed immense financial strain on us, making it increasingly difficult to maintain our properties while meeting our financial obligations...Therefore, I urge the Rent Guidelines Board to consider the plight of small property owners and implement a reasonable 20% rent increase that aligns with the escalating costs of property ownership. Such adjustments are essential to ensure the viability of small property owners, preserve the integrity of rental housing, and uphold the well-being of both landlords and tenants alike.”

“The Rent Guidelines Board must permit a significant increase in rent in New York City to address the critical issues landlords face. Many landlords are struggling under the burden of maintaining aging buildings while contending with low rent, minimal rent increases, and exorbitant taxes, water bills, and repair costs. This financial strain is becoming unbearable. The current system heavily favors tenants, often at the expense of landlords who depend on rental income for their livelihood. Landlords are not a social service or nonprofit organization; they provide a crucial service that needs to be economically sustainable. Without fair rent increases, landlords cannot afford necessary repairs and maintenance, which ultimately affects the quality of housing tenants receive. A fair and balanced approach is necessary—one that considers the financial realities of both tenants and landlords.”

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“Albany, City Hall, and City Council should do more to fund affordable and equitable housing in NYC. But they are not doing their part, and the job of the Rent Guidelines Board is to be a safety net that ensures housing remains solvent in NYC - even if the politicians are not doing their job to solve our crisis. RGB cannot force city or state governments to control costs or introduce new hardship subsidies. The RGB cannot force insurance companies or utility providers to reduce costs. RGB cannot force DOF to more appropriately assess property values. The only thing you, the Rent Guidelines Board, can do is raise rents to sustainable levels. Please do your job and make sure we are funded to maintain the quality of housing NYC deserves. You are the last line between housing providers and bankruptcy.”

Selected Excerpts from Oral and Written Testimony from Public Officials⁴

Comments from public officials included:

“New York City is facing a housing affordability crisis, making it difficult for working families to remain in our city and resulting in the departure of far too many low- and middle-income families. It is our responsibility to ensure that New Yorkers of all backgrounds and socio-economic statuses can raise their families, live safely, and age with dignity in our great city. Tenants in rent-stabilized apartments cannot afford to absorb rent increases that will undermine their housing security. For the stability of our communities, I implore you to consider the precarious conditions facing many of the City’s nearly one million rent-stabilized tenants and avoid rent increases at a scale that will negatively impact New Yorkers and our neighborhoods.”

“The potential 2 to 4.5 percent hike in rents for one-year leases and 4 to 6.5 percent increase in two- year leases would be devastating for many of our working- and middle-class residents during an unprecedented housing crisis. After 3.25 percent and 3 percent increases for a one-year lease over the past two years, adding another large increase would put thousands of rent-burdened households at-risk of eviction and displacement. I urge the Rent Guidelines Board to protect vulnerable New Yorkers by rejecting these proposed rent increases. Increasing rent by these levels would force many Bronx tenants out of their homes. As we continue to pursue an all-of-the-above strategy to tackle the housing crisis and reduce housing costs, we cannot push rents higher for rent-stabilized tenants. At this critical time, we cannot and should not support any rent increase that will punish our tenants and have lasting consequences for our city.”

“Many of my constituents and New Yorkers across this City are facing an unforgiving affordability crisis. Evictions have nearly tripled in 2023 as compared to 2022, and nearly 80% of New Yorkers making under \$40,000 a year are rent burdened, or paying more than 30% of their income. Absent rent stabilized housing, affordable housing options are slim with HPD’s latest Housing and Vacancy Survey reporting a 1.4% vacancy rate for apartments citywide and apartments that went for less than \$1,100 at a vacancy rate of .39%...We know that our City is worse off when we cannot offer stable housing to New Yorkers with a range of incomes. I am proud to stand in solidarity with tenants and advocates across this City in demanding a rent rollback.”

“Tenants are feeling the squeeze of a decades-long affordability crisis, which has been accelerated by restrictive zoning laws and inadequate tools that have made it harder and harder to build housing. Our team is taking a close look at the preliminary ranges voted on by the Rent Guidelines Board this evening and while the Board has the challenging task of striking a balance between protecting tenants from infeasible rent increases and ensuring property owners can maintain their buildings as costs continue to rise, I must be clear that a 6.5 percent increase goes far beyond what is reasonable to ask tenants to take on at this time. I know well that small property owners also face growing challenges, and I encourage them to work with the city to utilize our many preservation tools so that, together, we can work to stabilize buildings and neighborhoods, all while keeping tenants in their homes.”

⁴ Sources: Submissions by public officials.

“Over the last three decades, the city’s affordable housing stock has shrunk, losing more than half a million units offering rents under \$1,500 per month, according to the latest Housing and Vacancy Survey. This staggering figure makes clear that there is a dire need to preserve existing affordable housing and expand upon the city’s present supply. This challenge presents itself at a moment when one in three New Yorkers is severely rent burdened, when rents are rising seven times faster than wages, and when New York City is facing record-high homelessness...This Board has a responsibility to our city, and a vote to increase rent—at all—is an abdication of that responsibility. I urge you to vote for a 0% increase for both one- and two-year leases.”

FINDINGS OF THE RENT GUIDELINES BOARD

Rent Guidelines Board Research

The Rent Guidelines Board based its determination on its consideration of the oral and written testimony noted above, as well as upon its consideration of statistical information prepared by the RGB staff set forth in these findings and the following reports:

1. *2024 Income and Expense Study*, March 2024 (based on income and expense data provided by the Finance Department, the *Income and Expense Study* measures rents, operating costs and net operating income in rent stabilized buildings);
2. *2024 Mortgage Survey Report*, April 2024 (an evaluation of recent underwriting practices, financial availability and terms, lending criteria, building sales data);
3. *2024 Income and Affordability Study*, April 2024 (including employment trends, housing court actions, changes in eligibility requirements and public benefit levels in New York City);
4. *2024 Price Index of Operating Costs*, April 2024 (measuring the price change for a market basket of goods and services which are used in the operation and maintenance of stabilized hotels);
5. *2024 Housing Supply Report*, May 2024 (including information new housing construction measured by certificates of occupancy in new buildings and units authorized by new building permits, tax abatement and exemption programs, and cooperative and condominium conversion and construction activities in New York City); and
6. *Changes to the Rent Stabilized Housing Stock in NYC in 2023*, May 2024 (quantifying events that lead to additions to and subtractions from the rent stabilized housing stock).

The six reports listed above may be found in their entirety on the RGB’s website, nyc.gov/rgb, and are also available at the RGB offices, One Centre St., Suite 2210, New York, NY 10007 upon request.

2024 Price Index of Operating Costs for Rent Stabilized Apartment Units in New York City

This year, the PIOC for all rent stabilized apartments increased by 3.9%. Increases occurred in six of the seven PIOC components. Taxes, which carry the highest weight in this year’s Index, increased by 3.2%. The largest proportional increase was seen in Insurance (21.7%). More, moderate increases were seen in Administrative Costs (4.6%), Labor Costs (4.3%), Maintenance (3.5%), and Utilities (1.3%). The Fuel component decreased by 7.1%. The growth in the Consumer Price Index (CPI), which measures inflation in a wide range of consumer goods and services, was lower than the PIOC, rising 3.3% during this same time period.⁵ See the table below and Appendix 2 for changes in costs and prices for buildings that contain rent stabilized apartments from 2023-2024.

The “Core” PIOC, which excludes changes in fuel oil, natural gas and steam costs used for heating buildings, is useful for analyzing long- term inflationary trends. The Core PIOC rose by 4.9% this year and was higher than the overall PIOC due to the exclusion of costs in the Fuel component, which declined by 7.1%. Apartments heated by gas increased by 3.8%, and those heated by oil increased by 3.9%. The PIOC for Pre-1974 apartments rose by 3.6%, lower than that for Post-1973 apartments, which increased by 5.3%. The PIOC for hotels increased by 3.3%, and the Loft PIOC increased by 8.6%.

Table 1

2023-24 Percentage Changes in Components of the Price Index of Operating Costs for Rent Stabilized Apartment Houses in New York City ⁶			
Component	Expenditure Weights	2023-24 Percentage Change	2023-24 Weighted Percentage Change
Taxes	29.39%	3.24%	0.95%
Labor Costs	12.67%	4.34%	0.55%
Fuel Oil	8.42%	-7.12%	-0.60%
Utilities	10.08%	1.28%	0.13%
Maintenance	18.72%	3.46%	0.65%
Administrative Costs	13.51%	4.56%	0.62%
Insurance Costs	7.21%	21.69%	1.56%
All Items	100.00%	-	3.86%

Source: 2024 Price Index of Operating Costs.

On April 23, 2024, the staff of the Rent Guidelines Board released a memo to Board members with additional information concerning the 2024 Price Index of Operating Costs. The memo follows:

[START OF MEMO]

⁵ The average CPI for All Urban Consumers, New York-Northeastern New Jersey for the year from March 2023 to February 2024 (323.6) compared to the average for the year from March 2022 to February 2023 (313.2) rose by 3.3%. This is the latest available CPI data and is roughly analogous to the ‘PIOC year.’

⁶ Totals may not add due to weighting and rounding.

This memo provides additional data requested at the April 18, 2024 presentation of the 2024 *Price Index of Operating Costs* for the historic weight of the Insurance component. It also provides data separately requested by Board members for additional calculations of commensurate rent adjustments.

PIOC Weight of Insurance Component, 1996-2024

PIOC Report Year	Insurance Weight	PIOC Report Year	Insurance Weight
1996	6.63%	2011	7.28%
1997	6.57%	2012	6.84%
1998	6.54%	2013	6.82%
1999	6.43%	2014	6.90%
2000	6.65%	2015*	4.88%
2001	6.21%	2016	4.89%
2002	5.99%	2017	5.12%
2003	7.09%	2018	5.13%
2004	8.52%	2019	5.04%
2005	9.14%	2020	5.26%
2006	9.41%	2021	5.61%
2007	8.95%	2022	6.48%
2008	8.67%	2023	7.02%
2009	8.23%	2024	7.21%
2010	7.69%		

*First year using RPIE weights. This year, and all subsequent years, are based on the RPIE weight of the calendar year two years prior to the PIOC year (e.g., the 2024 PIOC weight is based on the 2022 calendar year RPIE weight).

At the request of Board members, staff has calculated additional commensurate rent adjustments for buildings containing rent stabilized units built prior to 1974. The table below presents commensurate rent adjustments for all buildings built prior to 1974; by borough; and by the proportion of rent stabilized units within the building. Note that there were not enough units in Staten Island to calculate separate commensurate rent adjustments, and because we could not calculate projections based on individual building types, the “traditional” commensurate is presented only for one-year leases.

To calculate these additional commensurate rent adjustments, staff computed new price relatives for both the Tax and Insurance components that correspond with each of the requested building types.⁷ The adjusted overall PIOC relative was then used in conjunction with the unadjusted cost-to-income ratios found for each of these types of buildings in the Real Property Income and

⁷ Note that the weights of each item were unchanged from the overall Pre-1974 PIOC. Therefore, the adjusted PIOC relatives do not account for possible differences in expense patterns in different building types or boroughs.

Expense data for 2022 (as reported in the *2024 Income and Expense Study*) to calculate new commensurate rent adjustments.⁸

2024 Price Index of Operating Costs Commensurate Rent Adjustments by Building Type

Building Type	"Net Revenue"		"CPI-Adjusted NOI"		"Traditional" ⁹
	One-Year Lease	Two-Year Lease	One-Year Lease	Two-Year Lease	One-Year Lease
All Apartments¹⁰	2.75%	4.75%	4.0%	7.0%	2.5%
All, Pre-74	2.75%	5.0%	3.75%	6.75%	2.6%
Bronx, Pre-74	3.75%	7.25%	4.5%	8.75%	3.7%
Brooklyn, Pre-74	3.0%	5.75%	4.0%	7.75%	2.9%
Manhattan, Pre-74	2.0%	4.0%	3.0%	6.0%	2.0%
Core Manhattan, Pre-74	2.0%	4.25%	3.25%	6.0%	2.1%
Upper Manhattan, Pre-74	2.0%	4.0%	3.0%	5.25%	2.0%
Queens, Pre-74	3.0%	5.5%	4.0%	7.5%	2.9%
50%+ Rent Stabilized, Pre-74	2.75%	5.5%	3.75%	7.25%	2.7%
80%+ Rent Stabilized, Pre-74	3.0%	5.75%	4.0%	7.5%	2.9%
100% Rent Stabilized, Pre-74	3.25%	6.0%	4.25%	7.75%	3.1%

For additional information about the calculation of commensurate rent adjustments, see pages 10-12 (and Endnotes 6-10) of the *2024 Price Index of Operating Costs*.¹¹

[END OF MEMO]

Local Law 63/Income & Expense Review

The sample size for the Income and Expense (I&E) Study is 15,110 properties containing 702,010 units. This is the 32nd year that staff has been able to obtain longitudinal data in addition to cross-sectional data. The RGB staff found the following average monthly (per unit) operating and maintenance (O&M) costs in 2023 Real Property Income and Expense (RPIE) statements for the year 2022:

Table 2

2022 Average Monthly Operating and Maintenance Costs Per Unit			
	Pre '74	Post '73	All Stabilized
Total	\$1,137	\$1,282	\$1,164

Source: *2024 Income and Expense Study*, from 2023 Real Property Income and Expense filings for 2022, NYC Department of Finance.

⁸ All other components of the formulas were unchanged (i.e., the Consumer Price Index and the mix of lease terms).

⁹ A two-year lease commensurate cannot be reported for the "traditional" commensurate rent adjustment because this formula relies on a projection of costs for the following year, which cannot be calculated for the building types presented in this table.

¹⁰ As originally reported in the *2024 Price Index of Operating Costs*.

¹¹ <https://rentguidelinesboard.cityofnewyork.us/wp-content/uploads/2024/04/2024-PIOC.pdf>.

In 1992, the NYC DOF and RGB staff tested RPIE expense data for accuracy. Initial examinations found that most “miscellaneous” costs were administrative or maintenance costs, while 15% were not valid business expenses. Further audits on the revenues and expenses of 46 rent stabilized properties revealed that O&M costs stated in RPIE filings were generally inflated by about 8%.

Until two years ago, the annual *I&E Study* reported both unaudited O&M expenses, and well as audited expenses (with O&M costs adjusted downwards as based on the results of the 1992 audit). However, since the original audit was conducted over thirty years ago and included a limited number of properties, staff last year began using an alternate methodology to adjust O&M expenses. The RPIE data provided to the RGB by the NYC DOF includes records that have had income and expenses adjusted by the NYC DOF when they consider these figures to be outside of what is reasonable as part of their assessment valuations, including adjustments to expense ratios and vacancy rates. Staff also requested a subset of this data that includes only those properties where no adjustments have been deemed necessary. To calculate an adjustment in costs, staff calculated the difference between the weighted average operating costs among buildings that did not have any NYC DOF assessment adjustments and compared it to the weighted average operating costs found in the main data set. While not a perfect replacement for an updated audit, RGB staff believes it is a more accurate adjustment because it uses current expense data. Average costs among this year’s main data set were 4.41% higher than among the non-adjusted building data set, down from a difference of 4.94% last year. Therefore, this year’s new cost adjustment reduces expenses by 4.41%. Adjustment of the 2022 RPIE O&M cost (\$1,164) by the results of this year’s cost adjustment results in an average monthly O&M cost of \$1,113. As a result, the following relationship between operating costs and residential rental income was suggested by the Local Law 63 data:

Table 2(a)

2022 Operating Cost to Rent/Income Ratio with Adjusted Costs					
	Adjusted O&M Costs ¹²	Rent	O&M to Rent Ratio	Income	O&M to Income Ratio
All stabilized	\$1,113	\$1,578	0.705	\$1,769	0.629

Source: *2024 Income and Expense Study*, from 2023 Real Property Income and Expense filings for 2022, NYC Department of Finance.

On April 10, 2024, the staff of the Rent Guidelines Board released a memo to Board members with additional information concerning the *2024 Income and Expense Study*. The memo follows:

[START OF MEMO]

Following the release of the *2024 Income & Expense Study*, board members asked two questions about the study. Staff response follows each of the questions below.

¹² Overall O&M expenses were adjusted as described above. The unadjusted **O&M to Rent** ratio would be 0.738. The unadjusted **O&M to Income** ratio would be 0.658.

Q1: A Board member asked how the proportion of distressed properties changed around the City from the prior year:

Proportion of Distressed Buildings by Location			
	2023 I&E	2024 I&E	Change
Citywide	8.8%	9.8%	1.0%
Bronx	6.8%	12.1%	5.4%
Brooklyn	5.2%	7.1%	1.8%
Manhattan	12.9%	10.9%	-1.9%
Queens	6.5%	7.6%	1.1%
St. Island	7.2%	7.5%	0.3%
Core Man	13.4%	8.8%	-4.5%
Upper Man	11.8%	14.8%	2.9%
City w/o Core	7.1%	10.1%	3.0%

Q2: Staff was asked for further information about the original 1992 audit study that for many years was used to adjust data for the Income and Expense Study. Staff was also asked for additional details about the methodology used for the expense adjustment method that replaced the audit study, which was first used in the 2023 Income and Expense Study:

Beginning with the 1992 *Income and Expense Study*, the RGB made adjustments using the audit study conducted by the NYC Department of Finance. The following excerpts from that year’s *Study* explains the audit study in detail:

“Sample Size and Selection:

“The specific purpose of this audit study was to gauge the accuracy of income and expense statements filed with the Department of Finance. These I&E statements have been used by the Board for the past three years to measure the operating cost profiles of rent stabilized buildings. It certainly would have been useful to audit all of the 500 buildings in last year’s I&E sample so that we could adjust our estimates of rent and operating costs with some precision. However, the Department of Finance did not have the resources to undertake such an extensive project. A sample size of 50 was agreed upon as a compromise; it was sufficiently large to evaluate the soundness of the I&E data yet not impossibly burdensome and expensive for Finance.

“The pool from which the sample of fifty buildings was drawn consisted of buildings from last year’s I&E sample frame which registered with DHCR. Defining the sample in this way had some practical advantages. Constraining the sample to registered buildings allows us to compare registered (DHCR) rents with rental income reported to the Finance Department.

“The sample size limitation made it impossible to use a complicated cluster sampling scheme as in prior studies. However, we did wish to make sure the sample included a representative mix of building types and sizes. Accordingly, a fairly simple cluster sampling strategy was devised.

“A random selection was made within these parameters. The number of buildings in each category roughly mirrors the actual distribution of rent stabilized buildings.

“The tax block and lot numbers of buildings selected for audits were transmitted to the Finance Department. RGB staff met with Finance personnel to discuss auditing procedures before the fieldwork began. After the audits had commenced, RGB staff looked at DHCR rent rolls for each of the buildings. In the course of scrutinizing the rent data it became apparent that one of the buildings in the sample was rent stabilized in name only. This building was eliminated from the sample and the RGB supplied Finance with two randomly selected replacements.

“Five owners refused to cooperate with the auditors. Four of these buildings were in the 100+ category and one was in the mid-size (20- 99 units) group. The refusals shrank our original fifty building sample to 46. The final sample included 15 small buildings, 24 medium-size buildings and only 7 large buildings.

“It is difficult to say how the non-participation of large buildings affected the results of the study. As we will see, the auditors’ operating cost reductions were much less extensive for large than for smaller buildings. However, large buildings also contain a relatively small portion of the stabilized housing stock (less than 25%). The auditors examined owners’ 1990 Income and Expense filings, most of which contained calendar year 1989 information. Although the RGB would have preferred an audit of the 1991 I&E filings, logistical problems made this impractical. At the time the audits began, many of the 1991 filings were still being used “in the field” or were not yet filed at the Finance Department’s borough offices. In any case, the 1990 filings were perfectly adequate for the purposes of this study, which was primarily to examine the reliability of the I&E statements, NOT to provide precise estimates of rent and operating costs.

“O&M Costs:

“In all of the I&E studies to date, we have “weighted” the data to reflect the proportion of rent stabilized UNITS in the housing stock. A simple weighting procedure is also used in this study. The three weights reflect the percentage of units accounted for by each of the building types: 11-19 units (12%), 20-99 units (65%) and 100+ units (23%). Mid-size buildings account for nearly two-thirds of all stabilized units and thus have by far the largest weight.

“... Overall (weighted) O&M expenses were reduced about 8%. Many of the categories were scarcely affected by the auditors’ detective work. Adjusted taxes, labor, fuel, utilities, and insurance are 97% or more of the unadjusted figures. The three categories which account for nearly all of the auditors’ expense reduction are maintenance, administration, and the “miscellaneous” category.

“The auditors provided the RGB with some additional detail on the types and amounts of expense reductions...The largest category was “capitalized expenses;” it accounted for about 43% of all disallowed expenses. Salaries paid to partners or stockholders were also substantial, constituting 26% of the total.¹³ Other categories documented by the auditors include unsubstantiated expenses (i.e., no supporting documentation was provided by the owner), mortgage payments, multi-year expenses (e.g. a three-year insurance policy which is expensed in a single year), and income taxes.

¹³ If these salaries were not disallowed the total reduction in expenses would be 6% rather than the 8% cited previously.

“...The practice of including capital expenses in O&M was quite widespread; over half of all the buildings in our sample expensed capital items. Unsubstantiated expenses (20 cases) and partner/stockholder salaries (11 cases) were the next most common types of expense reduction. The other kinds of disallowed expenses were relatively rare, occurring in only a few buildings.

“The amount of expense disallowed by the auditors was inversely correlated with building size. Expenses were adjusted downward by only 2% for the largest buildings, 9% for mid-size buildings and by 13% for the smallest structures. The effect of building size is particularly apparent in two of the expense categories, administration and miscellaneous expenses. Administration expenses were reduced by about 30% for the small and mid-size buildings, but only 4% in the large buildings. The miscellaneous category was adjusted downward by 85% for the smallest buildings but only 11% for the largest.

“Lack of management skills may account for the large reduction in administration expenses in smaller buildings. The very low level of disallowed expenses in the largest buildings may be due partly to superior record keeping. We know, for example, that unsubstantiated expenses were very low in the largest buildings. Unfortunately, it is impossible to separate the effects of bookkeeping from the bias introduced into the sample by the refusal of five owners to cooperate with the auditors. Disallowed expenses might have been much higher had the five non-cooperating buildings been audited. We can only conclude that the data from the largest buildings are inadequate to assess the accuracy of the I&E statements for this class.

“Income:

“In addition to reviewing expenses, the auditors also examined the amount of rent and income collected by landlords. Using the owners’ rent rolls as a guide, the auditors made slight revisions, resulting in an upward adjustment in rents of approximately one-half percent. More substantial revisions were made in gross income, which includes rent from apartments, stores, and offices, as well as other sources of income. Gross income was elevated 1.1%.

“Adjustments to income were greatest for the smallest (11-19 unit) buildings. Income was revised upward by about 4%; nearly half of the buildings had adjustments. Medium and large buildings were little changed, with revisions of .7% and .4% respectively.

“With access to DHCR’s rent registration records, RGB staff was able to cross check I&E rent data with 1990 registered rents. Staff entered the DHCR rent rolls into spreadsheets and summed all the rent information by building type. Several adjustments were made to make this information comparable with the I&E data.¹⁴

“One would expect the adjusted DHCR rent data to exceed the adjusted amount on I&E forms, since the I&E figures include vacancy and collection losses and the DHCR data does not. In fact, this was the case. Dividing the adjusted DHCR rent by the adjusted I&E rent, we found the following differences by building size:

¹⁴ The DHCR data was from 1990 while the I&E statements largely cover calendar 1989. To compensate for the temporal differences the DHCR rents were adjusted downward by the RGB rent index. In most cases landlords did not register all of the units in their buildings. To account for these missing units (i.e., to make the DHCR and I&E rent rolls comparable), staff assumed that the rents for unregistered units were equal to registered rents. These were added to the DHCR rent rolls.

DHCR Rent as a Proportion of I&E Rent

11-19 units	124%
20-99 units	111%
100+ units	114%

“In the case of the mid-size and large buildings the difference is not great. The excess of DHCR rent over I&E rent is 11 to 14%, a gap which can probably be closed by taking into account vacancy and collection losses and slight discrepancies in apartment counts. It is harder to explain away the difference among the smaller buildings (nearly 25%) which persists even AFTER the adjustments made by the auditors.

“The two most likely reasons for the large discrepancy in the small building category are 1) Apartments which are being used for commercial purposes and/or apartment rent mistakenly placed on the commercial income line of the I&E form and, 2) Cash rent and/or owner- occupied apartments not discovered by the auditors or reported on the I&E form.”

Beginning with the *2023 Income and Expense Study*, the RGB stopped using the adjustments based on the 1992 audit study and switched to a new method to adjust expenses. The RPIE data provided to the RGB by the NYC DOF includes records that have had income and expenses adjusted by the NYC DOF when the agency considers these figures to be outside of what is reasonable as part of their assessment valuations, including adjustments to expense ratios and vacancy rates. Staff also requested a subset of this data that includes only those properties where no expense ratio adjustments have been deemed necessary. To calculate an adjustment in costs, staff calculated the difference between the weighted average operating costs among buildings that did not have any NYC DOF assessment adjustments and compared it to the weighted average operating costs found in the main data set, which included all buildings.

RGB staff’s approach now uses current expense data and can do so each year going forward. Moreover, when the original 1992 audit study was conducted, NYC DOF did not explain in detail how to categorize expenses (or exclude ineligible expenses) as well as they have in recent years. Since 2011, NYC DOF’s RPIE instructions have devoted several pages to detailing specific categories for each expense as well as citing specific miscellaneous expenses that are ineligible to be reported in the RPIE.

For the *2024 Income and Expense Study*, the NYC DOF reported that of the 15,110 buildings included in the main data set, 5,232 buildings (34.6%) did not have any expense ratio adjustments made to its data. Further, each building size category had similar proportions of buildings without any expense ratio adjustments. Among 11-19 unit buildings, 34.5% did not have any adjustments; among 20-99 units, 34.7% had no adjustments; and among 100+ unit buildings, 34.3% had no expense ratio adjustments.

To calculate the expense adjustment figure, the difference was calculated between the main data set average expenses for all buildings, \$1,164.33, and the non-adjusted data set average expenses, \$1,115.10. Dividing \$1,164.33 by \$1,115.10 results in a difference of 4.41%. Therefore, to calculate the expense adjustment figure, expenses were reduced by 4.41% whenever calculating data reported as using adjusted costs.

For reference, in the *2023 Income and Expense Study*, the calculated expense adjustment was 4.94%. The expense adjustment figure will be adjusted annually based on DOF data for each year.

[END OF MEMO]

Forecasts of Operating and Maintenance Price Increases for 2024-25

In order to decide upon the allowable rent increases for two-year leases, the RGB considers price changes for operating costs likely to occur over the next year. In making its forecasts the Board relies on expert assessments of likely price trends for the individual components, the history of changes in prices for the individual components and general economic trends. The Board's projections for 2024-25 are set forth in Table 3, which shows the Board's forecasts for price increases for the various categories of operating and maintenance costs.

Table 3

Year-to-Year Percentage Changes in Components of the Price Index of Operating Costs: Actual 2023-24 and Projected 2024-25		
	Price Index 2023-24	Projected Price Index 2024-25
Taxes	3.2%	3.6%
Labor Costs	4.3%	3.8%
Fuel Oil	-7.1%	-6.0%
Utilities	1.3%	2.4%
Maintenance	3.5%	7.3%
Administrative Costs	4.6%	4.8%
Insurance Costs	21.7%	15.1%
Total (Weighted)	3.9%	4.4%

Source: *2024 Price Index of Operating Costs*.

Overall, the PIOC is expected to grow by 4.4% from 2024 to 2025. Costs are predicted to rise in each component except Fuel, with the largest growth (15.1%) projected to be in Insurance Costs. Other projected increases include Maintenance (7.3%), Administrative Costs (4.8%), Labor Costs (3.8%), and Utilities (2.4%). Taxes, the component that carries the most weight in the Index, is projected to increase by 3.6%, while Fuel is projected to decrease by 6.0%. The table on this page shows projected changes in PIOC components for 2025. The Core PIOC is projected to rise by 5.4%, 1.0 percentage points higher than the overall projected PIOC for rent stabilized apartments.

Commensurate Rent Adjustment

Commensurate rent adjustments are a series of formulas that combine various data concerning operating costs, revenues, and inflation into a single measure that determines how much rents would have to change for the net operating income (NOI, or the amount of income remaining after operating and maintenance expenses are paid) of rent stabilized apartments to remain

constant.¹⁵ The commensurate formulas provide a set of illustrative one- and two-year renewal rent adjustments that would hypothetically compensate owners for the change in prices measured by the PIOC (in addition to other relevant metrics), while keeping NOI constant.

Note that the commensurate adjustments described below do not constitute staff or Board recommendations for guideline adjustments. The various data points presented in this, and other, Rent Guidelines Board annual research reports (e.g., the *Income and Affordability Study* and the *Income and Expense Study*), supplementary data sources, in addition to public testimony, can all be considered to determine appropriate rent adjustments.

The first commensurate method is called the “Net Revenue” approach, designed to consider the change in the PIOC, and revenue received by owners based on an estimate of tenants who sign either one- or two-year lease renewals.¹⁶ Under the “Net Revenue” formula, a guideline that would preserve NOI in the face of this year’s 3.9% increase in the PIOC is 2.75% for a one-year lease and 4.75% for a two-year lease.

The second commensurate method, the “CPI- Adjusted NOI” formula, considers the change in the PIOC, the mix of lease terms, and the effect of inflation on NOI. A guideline that would preserve NOI in the face of the 3.3% increase in the Consumer Price Index and the 3.9% increase in the PIOC is 4.0% for a one-year lease and 7.0% for a two-year lease.¹⁷ Note that in a change from prior years, staff is calculating a single formula for both the “Net Revenue” and “CPI-Adjusted NOI” commensurates, which assumes that, after a vacancy, owners will be able to collect the applicable RGB guidelines for renewal leases, as authorized under current New York State law. See footnote 16 for more details.

The third commensurate method, the “traditional” commensurate adjustment, is the formula that has been in use since the inception of the Rent Guidelines Board and is the only method that relies on both the current PIOC change as well as the PIOC projection for the following year. Note that this commensurate does not account for the mix of lease terms or the effect of inflation on NOI. The “traditional” commensurate yields 2.5% for a one-year lease and 4.0% for

¹⁵ The commensurate rent adjustments were first introduced before deregulation was widespread. At their inception, with little to no deregulation, these formulas largely reflected the rent stabilized stock at large, despite being designed to keep NOI constant in only those units subject to rent stabilization. Note that with deregulation permitted under state law from 1993 through 2019, thousands of buildings now contain both rent stabilized and deregulated units. Because the commensurates were not designed to keep NOI constant in deregulated units (where annual adjustments in rents are subject to changes in the real estate rental market), these formulas will not necessarily keep NOI constant for buildings that contain both rent stabilized and deregulated units.

¹⁶ In a change from prior years, staff is calculating a single formula for this commensurate, which assumes that, after a vacancy, owners will be able to collect the applicable RGB guidelines for renewal leases, as authorized under current NYS law. With the passage of the Housing Stability and Tenant Protection Act in 2019, vacancy allowance increases are no longer permitted, but increases on vacancy leases equal to RGB renewal lease guidelines are permitted. In prior years, the RGB reported two variations of the “Net Revenue” commensurate. One assumed no increase upon vacancy. The other relied on estimates of the revenue owners received on vacant units (from NYS Homes and Community Renewal apartment registration data), in conjunction with the estimated level of turnover (based on NYC Housing and Vacancy Survey data).

¹⁷ As with the “Net Revenue” commensurate, only one version of the “CPI Adjusted NOI” commensurate will now be calculated (see Endnote 7 for more details). The following assumptions were used in the computation of both the “Net Revenue” and “CPI Adjusted NOI” commensurates: (1) the required change in owner revenue is 65.8% of the 2024 PIOC increase of 3.9%, or 2.6%. The 65.8% figure is the most recent ratio of average operating costs to average income in buildings that contain rent stabilized units; (2) for only the “CPI-Adjusted NOI” commensurate, the increase in revenue due to the impact of inflation on NOI is 34.2% times the latest 12-month increase in the CPI ending February 2024 (3.3%), or 1.1%; and (3) the collectability of these commensurate adjustments is assumed. Also note that the lease adjustments generated by these commensurate formulas are only illustrative—other combinations of one- and two-year guidelines could produce the adjustment in revenue.

a two-year lease. This reflects the increase in operating costs of 3.9% found in the 2024 PIOC and the projection of a 4.4% increase next year.¹⁸

All of these commensurate methods have limitations. The “Net Revenue” formula does not attempt to adjust NOI by the effect of inflation. The “CPI-Adjusted NOI” formula does not consider that while inflation may change, the debt service portion of NOI may stay constant. As a means of compensating for cost changes, the “traditional” commensurate rent adjustment has two major flaws. First, although the formula is designed to keep owners’ current dollar NOI constant, it does not consider the mix of one- and two-year lease renewals. Since less than three-quarters of leases are renewed in any given year, with a slight majority of leases being renewed having a two- year duration, the formula does not necessarily accurately estimate the amount of income needed to compensate owners for O&M cost changes. A second flaw of the “traditional” commensurate formula (as well as the “Net Revenue” formula) is that it does not consider the erosion of owners’ income by inflation. By maintaining current dollar NOI at a constant level, adherence to the formula may cause NOI to decline over time. However, such degradation is not an inevitable consequence of using the “traditional” commensurate formula.¹⁹

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 (3.9%). The traditional method differs from the other formulas in that it uses both the PIOC’s actual change in costs as well as the projected change in costs (4.4%).

Consideration of Other Factors

Before determining the guideline, the Board considered other factors affecting the rent stabilized housing stock and the economics of rental housing.

Effective Rates of Interest

The Board considered current mortgage interest rates and the availability of financing and refinancing. It reviewed the staff's *2024 Mortgage Survey Report* of lending institutions. Table 4 gives the reported rate and points for the past nine years as reported by the mortgage survey.

¹⁸ The “traditional” formula adjusts only owner expenses, not NOI. Expenses are adjusted based on the current PIOC change for the one-year lease commensurate, and by both the current PIOC and the PIOC projection for the two-year lease commensurate.

¹⁹ 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), and changes in tax law and interest rates.

Table 4

2024 Mortgage Survey ²⁰ Average Interest Rates and Points for New Financing of Permanent Mortgage Loans 2016-2024									
	2016	2017	2018	2019	2020	2021	2022	2023	2024
Avg. Rates	4.0%	4.3%	4.8%	4.7%	4.0%	3.8%	3.9%	6.0%	7.0%
Avg. Points	0.42	0.44	0.44	0.38	0.22	0.38	0.32	0.29	0.37

On April 25, 2024, the staff of the Rent Guidelines Board released a memo to Board members with additional information concerning the *2024 Mortgage Survey Report*. The memo follows:

[START OF MEMO]

During the discussion of the *2024 Mortgage Survey Report*, a board member asked for additional sales data: The average price-per-unit of buildings sold by building size and proportion of stabilized units. Data for all buildings constructed before 1974 as well as for buildings of all ages follows:

Number of Buildings Sold by Proportion Stabilized and Building Size, Pre-1974 only

Size	50%+ Stab	80%+ Stab	100% Stab
6-10 Units	171	137	99
11-19 Units	68	62	32
20-99 Units	127	102	26
100+ Units	1	1	1

Average Price-per-unit of Buildings Sold by Proportion Stabilized and Building Size, Pre-1974 only

Size	50%+ Stab	80%+ Stab	100% Stab
6-10 Units	\$273,933	\$240,991	\$238,042
11-19 Units	\$351,438	\$363,528	\$404,135
20-99 Units	\$200,922	\$192,952	\$207,575

²⁰ Institutions were asked to provide information on their "typical" loan to rent stabilized buildings. Data for each variable in any particular year and from year to year may be based upon responses from a different number of institutions.

**Number of Buildings Sold by Proportion
Stabilized and Building Size, All Building Ages**

Size	50%+ Stab	80%+ Stab	100% Stab
6-10 Units	187	153	111
11-19 Units	70	64	33
20-99 Units	135	110	29
100+ Units	3	3	1

**Average Price-per-unit of Buildings Sold by Proportion
Stabilized and Building Size, All Building Ages**

Size	50%+ Stab	80%+ Stab	100% Stab
6-10 Units	\$289,997	\$264,070	\$262,897
11-19 Units	\$346,873	\$358,157	\$397,949
20-99 Units	\$212,441	\$207,668	\$248,122

Note: There were too few 100+ buildings to accurately report sales prices.
Source: NYC Department of Finance

[END OF MEMO]

On April 17, 2024, the staff of the Rent Guidelines Board released a memo to Board members with additional information concerning the Owner Mortgage Survey. The memo follows:

[START OF MEMO]

This year’s Price Index of Operating Costs owner survey asked owners whether they currently carry a mortgage. If they responded yes, they were asked a series of questions, including the date of the current mortgage origination; whether the rate is fixed or adjustable; the average loan-to-value (LTV) ratio; the average debt-service coverage ratio (DSCR); whether their mortgage carries a balloon payment; the number of months until the balloon payment is due; the number of units in the building; and the age of the building.

Of the 617 survey respondents²¹, 55.8% reported carrying a mortgage, while the remaining 44.2% did not. Of respondents reporting their current interest rate²², the weighted average interest rate for all buildings is 4.55%, which covers mortgages with origination dates as far back as 1999. However, the vast majority (87.6%) of mortgages have origination dates since 2015. Of these respondents, the weighted average interest rate is 4.44%.

²¹ Of the 617 respondents, 87.8% of buildings were built pre-1974 and 12.2% were post-1973. By building size, 53.5% have fewer than 11 units; 10.7% have 11-19 units; 34.0% have 20-99 units; and 1.8% have 100 or more units. By borough, 28.0% are in Manhattan; 12.0% are in the Bronx; 31.4% are in Brooklyn; 26.1% are in Queens; and 2.4% are in Staten Island.

²² 91.6% of respondents who reported carrying a mortgage also reported their current interest rate.

Additional findings follow:

Whether Building Carries Mortgage by Building Age (Proportion and Count)

Building Age	% Yes	% No
Pre-1974	54.8% (297)	45.2% (245)
Post-1973	62.7% (47)	37.3% (28)
All	55.8% (344)	44.2% (273)

Whether Building Carries Mortgage by Building Size (Proportion and Count)

Building Size	% Yes	% No
< 11 units	40.9% (135)	59.1% (195)
11-19 units	66.7% (44)	33.3% (22)
20-99 units	73.3% (154)	26.7% (56)
100+ units	100.0% (11)	0.0% (0)
All	55.8% (344)	44.2% (273)

Average Interest Rate, Loan-to-Value Ratio, and DSCR by Building Size²³

Apartments	Interest Rate	LTV	DSCR
< 11 units	4.96%	60.7%	1.33
11-19 units	4.74%	65.0%	1.42
20-99 units	4.11%	65.0%	1.33
100+ units	4.07%	61.1%	1.44

Fixed/Adjustable/Both Based on Building Size (Proportion and Count)

Building Size	Fixed	Adjustable	Both ²⁴
< 11 units	65% (74)	26% (29)	9% (10)
11-19 units	75% (27)	14% (5)	11% (4)
20-99 units	86% (115)	8% (11)	6% (8)
100+ units	91% (10)	9% (1)	0% (0)
All	77% (226)	16% (46)	7% (22)

²³ Average interest rate based on 315 respondents; LTV ratio based on 182 respondents; and DSCR based on 132 respondents who reported these figures.

²⁴ Both applies if a building has more than one mortgage and at least one has a fixed rate and another is adjustable.

Balloon Payments Based on Building Size (Proportion and Count)

Building Size	% Yes	% No
< 11 units	40.3% (48)	59.7% (71)
11-19 units	59.5% (22)	40.5% (15)
20-99 units	83.6% (112)	16.4% (22)
100+ units	90.9% (10)	9.1% (1)
All	63.8% (192)	36.2% (109)

Number of Months Until Balloon Payment is Due

Number of months	Count	Proportion
1-12 months	25	14.8%
13-24 months	29	17.2%
25-36 months	32	18.9%
37-48 months	21	12.4%
49-60 months	20	11.8%
60+ months	42	24.9%
Total	169	100.0%

[END OF MEMO]

Condition of the Rent Stabilized Housing Stock

The Board reviewed the number of units that are moving out of the rental market due to cooperative and condominium conversion.

Table 5

Number of Cooperative / Condominium Plans ²⁵ Accepted for Filing, 2014-2022									
	2014	2015	2016	2017	2018	2019	2020	2021	2022
New Construction	204	212	206	224	233	227	186	183	130
Conversion Non-Eviction	20	28	27	18	11	11	12	4	3
Conversion Eviction	0	0	0	0	0	0	0	0	0

²⁵ The figures given above for eviction and non-eviction plans include those that are abandoned because an insufficient percentage of units were sold within the 15-month deadline. In addition, some of the eviction plans accepted for filing may have subsequently been amended or resubmitted as non-eviction plans and therefore may be reflected in both categories. HPD-sponsored plans are a subset of the total plans. Some numbers revised from prior years. Data regarding co-op and condo activity in 2023 was not available from the NYS Attorney General's Office as of publication time.

Rehabilitation	36	43	45	33	42	43	37	33	42
Total	260	283	278	275	286	281	235	220	205
Subtotal:									
HPD Sponsored Plans	0	1	0	0	1	0	0	0	0

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

On May 28, 2024, the staff of the Rent Guidelines Board released a memo to Board members with additional information concerning the 2024 Housing Supply Report. The following is an excerpt from that memo (Page 1):

[START OF MEMO]

Question 1: Can you provide historic data on the number of affordable housing starts for new construction only?

The table below provides data on both new construction and preservation projects for affordable housing since 2014. This data is reported by the NYC Department of Housing Preservation and Development, which reports on projects, buildings, and units that began after January 1, 2014, and are counted towards either the Housing New York plan (1/1/2014 – 12/31/2021) or the Housing Our Neighbors: A Blueprint for Housing & Homelessness plan (1/1/2022 – present).

Year	New Construction	% New Construction	Preservation	% Preservation	Total Affordable Housing Starts
2014	6,924	35%	12,699	65%	19,623
2015	7,332	35%	13,804	65%	21,136
2016	7,262	32%	15,132	68%	22,394
2017	7,332	30%	17,488	70%	24,820
2018	10,226	30%	24,011	70%	34,237
2019	10,835	41%	15,486	59%	26,321
2020	7,753	26%	22,070	74%	29,823
2021	12,117	45%	14,838	55%	26,955
2022	9,648	62%	5,832	38%	15,480
2023	14,227	51%	13,684	49%	27,911
Total 2014-2023	93,656	38%	155,044	62%	248,700

Source: NYC Department of Housing Preservation and Development, Open Data (as of May 2024)

[END OF MEMO]

Consumer Price Index

The Board reviewed the Consumer Price Index. Table 6 shows the percentage change for the NY-Northeastern NJ Metropolitan area since 2017.

Table 6

Percentage Changes in the Consumer Price Index for the New York City - Northeastern New Jersey Metropolitan Area, 2017-2024 (For "All Urban Consumers")								
	2017	2018	2019	2020	2021	2022	2023	2024
1st Quarter Avg. ²⁶	2.5%	1.6%	1.5%	2.3%	1.5%	5.5%	5.5%	3.1%
Yearly Avg.	2.0%	1.9%	1.7%	1.7%	3.3%	6.1%	3.8%	--

Source: U.S. Bureau of Labor Statistics.

Calculation of the Current Operating and Maintenance Expense to Income Ratio

Each year the Board estimates the current average proportion of the rent roll which owners spend on operating and maintenance costs. This figure is used to ensure that the rent increases granted by the Board compensate owners for the increases in operating and maintenance expenses. This is commonly referred to as the O&M to income ratio.

With current longitudinal income and expense data, staff has constructed an index, using 1989 as a base year. This index is labeled as Table 7. Except for the last three years, this index measures past changes in building income and operating expenses as reported in annual income and expense statements. The second- and third-to-latest years in the table reflect actual PIOC increases and projected rent changes. The last year in the table - projecting into the future - include staff projections for both expenses and rents.

In order to calculate the change in income for the latest three years, staff uses the RGB Rent Index. The RGB Index calculates the change in rent based on the guidelines passed by the Board, as well as the change in rent upon vacancy. The RGB Index is calculated using the adjustments authorized in applicable Apartment and Loft Orders and the change in rents upon vacancy (most recently, 3.56%). Then, in order to represent the same 12-month time period as the change in costs, measured change in income is adjusted to match the same period as measured change in costs. Therefore, the change in rent incorporates seven months of the previous Rent Index (7/12 or 58.3%), plus five months of the most recent Rent Index, (5/12 or 41.7%).

However, this index is not without limitations. First, as noted, for the latest two years of the index, it will continue to rely upon the price index and staff rent and cost projections. Second, while this table looks at the overall relationship between costs and income, it does not measure the specific impact of any change in rent regulation on that relationship.

²⁶ First Quarter Average refers to the change of the CPI average of the first three months of one year to the average of the first three months of the following year. Some numbers have been revised from prior years.

Table 7

Revised Calculation of Operating and Maintenance Cost Ratio for Rent Stabilized Buildings from 1989 to 2025			
Year ²⁷	Average Monthly O & M Per d.u. ²⁸	Average Monthly Income Per d.u.	Average O & M to Income Ratio
1989	\$370 (\$340)	\$567	.65 (.60)
1990	\$382 (\$351)	\$564	.68 (.62)
1991	\$382 (\$351)	\$559	.68 (.63)
1992	\$395 (\$363)	\$576	.69 (.63)
1993	\$409 (\$376)	\$601	.68 (.63)
1994	\$415 (\$381)	\$628	.66 (.61)
1995	\$425 (\$391)	\$657	.65 (.59)
1996	\$444 (\$408)	\$679	.65 (.60)
1997	\$458 (\$421)	\$724	.63 (.58)
1998	\$459 (\$422)	\$755	.61 (.56)
1999	\$464 (\$426)	\$778	.60 (.55)
2000	\$503 (\$462)	\$822	.61 (.56)
2001	\$531 (\$488)	\$868	.61 (.56)
2002	\$570 (\$524)	\$912	.63 (.57)
2003	\$618 (\$567)	\$912	.68 (.62)
2004	\$654 (\$601)	\$969	.67 (.62)
2005	\$679 (\$624)	\$961	.71 (.65)
2006	\$695 (\$638)	\$1,009	.69 (.63)
2007	\$738 (\$678)	\$1,088	.68 (.62)
2008	\$790 (\$726)	\$1,129	.70 (.64)
2009	\$781 (\$717)	\$1,142	.68 (.63)
2010	\$790 (\$726)	\$1,171	.67 (.62)
2011	\$812 (\$746)	\$1,208	.68 (.63)
2012	\$841 (\$772)	\$1,277	.66 (.60)
2013	\$884 (\$812)	\$1,337	.66 (.61)
2014	\$946 (\$869)	\$1,434	.66 (.61)
2015	\$960 (\$882)	\$1,487	.64 (.59)
2016	\$985 (\$905)	\$1,552	.63 (.58)
2017	\$984 (\$904)	\$1,524	.65 (.59)
2018	\$1,034 (\$950)	\$1,568	.66 (.61)
2019	\$1,070 (\$983)	\$1,626	.66 (.61)
2020	\$1,035 (\$951)	\$1,580	.66 (.60)
2021	\$1,091 (\$1,037)	\$1,667	.65 (.62)
2022	\$1,164 (\$1,113)	\$1,769	.66 (.63)
2023 ²⁹	\$1,258 (\$1,203)	\$1,807	.70 (.67)
2024 ³⁰	\$1,307 (\$1,250)	\$1,850	.71 (.68)
2025 ³¹	\$1,365 (\$1,305)	\$1,900	.72 (.69)

Source: RGB Income and Expense Studies, 1989-2024; Price Index of Operating Costs, 2022 – 2024
 RGB Rent Index for 2022 – 2025.

²⁷ The O&M and income data from 2008 to 2011 has been revised from that reported in previous explanatory statements to reflect actual, rather than estimated, expense and income data.

²⁸ Operating and expense data listed through 2020 is based upon unaudited filings with the Department of Finance. Audits of 46 buildings conducted in 1992 suggest that expenses may be overstated by 8% on average. Beginning with 2021 data, expense adjustments were calculated by taking the difference between the weighted average operating costs among buildings that did not have any DOF assessment adjustments and compared it to the weighted average operating costs found in the Finance data set. In 2021, average costs among the main data set were 4.41 percentage points larger than among the non-adjusted building data set. In 2022, average costs among the main data set were 4.41 percentage points larger than among the non-adjusted building data set. Therefore, the cost adjustment for years 2022-2025 reduces expenses by 4.41% See the Local Law 63/Income & Expense Review section above for additional information. Figures in parentheses are adjusted to reflect these findings.

²⁹ Estimated expense figure includes 2023 expense updated by the PIOC for the period from 3/1/22 through 2/28/23 (8.1%). Income includes the income for 2023 updated by staff estimate based upon guidelines and choice of lease terms for a period from 3/1/22 through 2/28/23 (2.15% --- i.e., the 10/1/21 to 9/30/22 rent projection (1.86%) times (.583), plus the 10/1/22 to 9/30/23 rent projection (2.57%) times (.417)).

³⁰ Estimated expense figure includes 2024 expense updated by the PIOC for the period from 3/1/23 through 2/29/24 (3.9%). Income includes the income for 2024 updated by staff estimate based upon guidelines and choice of lease terms for a period from 3/1/23 through 2/29/24 (2.36% --- i.e., the 10/1/22 to 9/30/23 rent projection (2.57%) times (.583), plus the 10/1/23 to 9/30/24 rent projection (2.08%) times (.417)).

³¹ Estimated expense figure includes 2024 expense estimate updated by the 2024 PIOC projection for the period from 3/1/24 through 2/28/25 (4.4%). Income includes the income estimate for 2025 updated by staff estimate based upon guidelines and choice of lease terms for a period from 3/1/23 through 2/29/24 (2.70% - i.e., the 10/1/23 to 9/30/24 rent projection (2.08%) times (.583), plus the 10/1/24 to 9/30/25 rent projection (3.56%) times (.417)).

Changes in Housing Affordability

Per the *2024 Income and Affordability Study*, economic and social indicators in NYC in 2023 showed both strengths and weaknesses as compared with the preceding year. Positive indicators (on an annual average basis) include rising employment levels within NYC businesses, an increase of 2.6% in 2023. The unemployment rate for NYC residents also fell, down 0.5 percentage points from 2022, to 5.2%. Gross City Product (GCP) is also forecasted to increase, rising in inflation-adjusted terms by 2.6% in 2023. Inflation in the NYC metro area also rose at a slower level than in 2022, rising 3.8%, down from 6.1% in the prior year.

Negative indicators (on an annual average basis) include average wages and total wages earned within NYC, which both decreased in real terms in the most recent 12-month period, falling by 6.1% and 2.6%, respectively. Average wages also fell in nominal terms, by 1.8%, although total wages rose by 1.9% in nominal terms. Primarily driven by asylum-seekers entering NYC, sheltered homeless levels (as reported by the NYC Department of Homeless Services (DHS)) rose significantly, increasing 54.9%. Excluding asylum-seekers, sheltered homeless levels also rose, but at a slower rate, 9.5%. Public benefit caseloads also rose in 2023, with the average number of public assistance recipients rising by 12.7%; Supplemental Nutrition Assistance Program (SNAP) recipients rising by 1.3%; and Medicaid enrollees rising by 5.1%. There was also an increase in non-payment filings and non-payment calendared cases in Housing Court, which rose by 23.5% and 34.5%, respectively. The number of residential evictions also rose, increasing 195.4%, to reach 12,139 in 2023. Personal bankruptcy filings in NYC also rose for the first time in four years, increasing 36.7%, and the poverty rate rose 0.3 percentage points in 2022 (the latest available data), to 18.3%. As compared to 2019 (the last full year preceding the pandemic), economic and social indicators are mixed.

As compared to 2019, in 2023 the unemployment rate is 1.2 percentage points higher, despite overall employment levels that are 0.4% higher. Initial unemployment claims are 9.8% higher, cash assistance caseloads are 43.1% higher, and SNAP caseloads are 13.6% higher. But both inflation-adjusted average and total wages are higher, by 3.5% and 2.7%, respectively. Including asylum-seekers, DHS sheltered homeless levels are 34.8% higher (but excluding asylum-seekers, they are 13.3% lower). In Housing Court, non-payment filings are 24.8% lower and non-payment calendared cases are 24.4% lower. Residential evictions are also 28.6% lower.

The most recent quarter for which there is comprehensive data is the fourth quarter of 2023. As compared to the fourth quarter of 2022, positive indicators include employment levels, up 1.1% percentage points as compared to 2022; and SNAP caseloads, down 0.1%. Negative indicators include the unemployment rate, up 0.1 percentage points as compared to 2022; Medicaid enrollees, up 8.6%; DHS sheltered homeless levels, up 38.4% including asylum-seekers (and 13.7% excluding asylum-seekers); cash assistance caseloads, up 12.0%; and in

Housing Court, the number of non-payment cases filed, up 2.9% and non-payment calendared cases up 6.7%.³²

On April 17, 2024, the staff of the Rent Guidelines Board released a memo to Board members with additional information concerning the 2024 Income & Affordability Study. The memo follows:

[START OF MEMO]

At the April 11, 2024 *Income & Affordability Study* (I&A) presentation, questions were asked for which an immediate answer could not be provided. Answers follow.

Question 1: Can NYS Emergency Rental Assistance Program payments be provided for individual owners?

The NYS Office of Temporary and Disability Assistance, the agency which administers this program, advises that it cannot provide payment data for owners.

Question 2: Can the change in the mean household income of quintiles, as reported by the American Community Survey, be provided for the time period of 2019 through 2022?

The Census Bureau publishes an annual estimate of the mean household income of quintiles for all households within selected geographic areas of the United States (in this case, New York City). Data in the *2024 Income & Affordability Study* was provided both for the time period of 2006 to 2022 (point-to-point, the earliest and latest time periods available for analysis) as well as 2021 to 2022 (point-to-point, the most recent two years of data). Data in the tables below is for each year from 2018 to 2022 in both nominal and inflation-adjusted terms (excluding 2020, for which reliable data is not available). The change in each year (starting in 2019), as well the point-to-point change from 2019 to 2022 (as requested) is also provided. Data is also provided for renter households in New York City for the same time periods, based on data from the American Community Survey’s Public Use Microdata Sample (see Footnote 2).

Nominal Mean Household Income of Quintiles, and Year-to-Year Change, All Households

Year	Lowest Quintile		2 nd Quintile		3 rd Quintile		4 th Quintile		Highest Quintile	
	Average	% Change	Average	% Change	Average	% Change	Average	% Change	Average	% Change
2018	\$10,435	--	\$33,346	--	\$64,383	--	\$110,003	--	\$291,296	--
2019	\$10,988	5.3%	\$36,677	10.0%	\$69,581	8.1%	\$118,050	7.3%	\$315,212	8.2%
2021 ³³	\$10,168	-7.5%	\$35,850	-2.3%	\$68,293	-1.9%	\$116,063	-1.7%	\$308,049	-2.3%
2022	\$10,566	3.9%	\$38,992	8.8%	\$75,327	10.3%	\$128,617	10.8%	\$347,578	12.8%
2019-2022	--	-3.8%	--	6.3%	--	8.3%	--	9.0%	--	10.3%

³² This data is obtained from the Civil Court of the City of New York, which cannot provide exact “quarterly” data. The Court has 13 terms in a year, each a little less than a month long. This data is for terms 10-13, which is from approximately the middle of September through the end of the year. It is compared to the same period of the prior year.

³³ Note that 2020 data is not available. The percentage change in 2021 is the change between 2019 and 2021.

Nominal Mean Household Income of Quintiles, and Year-to-Year Change, Renter Households³⁴

Year	Lowest Quintile		2 nd Quintile		3 rd Quintile		4 th Quintile		Highest Quintile	
	Average	% Change	Average	% Change	Average	% Change	Average	% Change	Average	% Change
2018	\$8,322	--	\$25,583	--	\$50,590	--	\$88,897	--	\$227,211	--
2019	\$8,574	3.0%	\$28,600	11.8%	\$56,222	11.1%	\$95,324	7.2%	\$241,094	6.1%
2021 ³⁵	\$7,729	-9.9%	\$27,517	-3.8%	\$53,981	-4.0%	\$93,623	-1.8%	\$243,841	1.1%
2022	\$8,099	4.8%	\$30,417	10.5%	\$60,784	12.6%	\$104,050	11.1%	\$270,564	11.0%
2019-2022	--	-5.5%	--	6.4%	--	8.1%	--	9.2%	--	12.2%

Inflation-Adjusted Mean Household Income of Quintiles, and Year-to-Year Change, All Households (2022 dollars)

Year	Lowest Quintile		2 nd Quintile		3 rd Quintile		4 th Quintile		Highest Quintile	
	Average	% Change	Average	% Change	Average	% Change	Average	% Change	Average	% Change
2018	\$11,827	--	\$37,794	--	\$72,971	--	\$124,676	--	\$330,151	--
2019	\$12,251	3.6%	\$40,893	8.2%	\$77,580	6.3%	\$131,621	5.6%	\$351,448	6.5%
2021 ³⁶	\$10,789	-11.9%	\$38,038	-7.0%	\$72,461	-6.6%	\$123,146	-6.4%	\$326,848	-7.0%
2022	\$10,566	-2.1%	\$38,992	2.5%	\$75,327	4.0%	\$128,617	4.4%	\$347,578	6.3%
2019-2022	--	-13.8%	--	-4.6%	--	-2.9%	--	-2.3%	--	-1.1%

Inflation-Adjusted Mean Household Income of Quintiles, and Year-to-Year Change, Renter Households³⁷ (2022 dollars)

Year	Lowest Quintile		2 nd Quintile		3 rd Quintile		4 th Quintile		Highest Quintile	
	Average	% Change	Average	% Change	Average	% Change	Average	% Change	Average	% Change
2018	\$9,433	--	\$28,995	--	\$57,338	--	\$100,755	--	\$257,518	--
2019	\$9,560	1.4%	\$31,888	10.0%	\$62,685	9.3%	\$106,282	5.5%	\$268,809	4.4%
2021 ³⁸	\$8,201	-14.2%	\$29,196	-8.4%	\$57,275	-8.6%	\$99,336	-6.5%	\$258,722	-3.8%
2022	\$8,099	-1.2%	\$30,417	4.2%	\$60,784	6.1%	\$104,050	4.7%	\$270,564	4.6%
2019-2022	--	-15.3%	--	-4.6%	--	-3.0%	--	-2.1%	--	0.7%

³⁴ Data for renter households is derived from the American Community Survey's Public Use Microdata Sample (PUMS). Per the Census Bureau, estimates generated using the ACS Public Use Microdata Sample (PUMS) files will be slightly different from the pre-tabulated ACS estimates on data.census.gov because PUMS data include only about two-thirds of the cases used to create estimates on data.census.gov, and contain additional edits and modifications to protect respondent confidentiality. Due to these differences, the estimates provided directly from the Census Bureau (such as the data for all households) is considered more accurate than data from the PUMS.

³⁵ Note that 2020 data is not available. The percentage change in 2021 is the change between 2019 and 2021.

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³⁷ Data for renter households is derived from the Public Use Microdata Sample (PUMS). Per the Census Bureau, Estimates generated using the ACS Public Use Microdata Sample (PUMS) files will be slightly different from the pre-tabulated ACS estimates on data.census.gov because PUMS data include only about two-thirds of the cases used to create estimates on data.census.gov, and contain additional edits and modifications to protect respondent confidentiality. Due to these differences, the estimates provided directly from the Census Bureau (such as the data for all households) is considered more accurate than data from the PUMS.

³⁸ Note that 2020 data is not available. The percentage change in 2021 is the change between 2019 and 2021.

Question 3: Can the employment data be expanded upon? Is there data on the number of NYC residents with multiple jobs?

The 2024 *Income & Affordability Study (I&A)* reported employment statistics from the Current Employment Statistics program, which surveys businesses within New York City and reports on employment, by industry, as based on the location of the business (regardless of where the employee lives). This is the most comprehensive monthly survey with respect to employment within specific industries.

Other sources of employment data are the Local Area Unemployment Statistics program (LAUS, conducted by the Bureau of Labor Statistics) and the Current Population Survey (CPS, conducted by the U.S. Census Bureau for the Bureau of Labor Statistics).³⁹ The LAUS provides monthly data for NYC residents on the number of persons in the labor force, as well as the number of those in the labor force who are either employed or unemployed. Note that because both the LAUS and CPS survey the resident (and not the business), the number of employed persons is not dependent on the number of jobs held. The number of unemployed persons as a ratio of the labor force is the unemployment rate (as reported in the *I&A*). The table below summarizes LAUS data for NYC from calendar year 2019 through 2023, including the change in employment from year-to-year, and the change from 2019 to 2023.

Annual LAUS Statistics for NYC Residents, 2019-2023

Year	Employed	Unemployed	Labor Force	Unemployment Rate	% Change Employed
2019	4,092,300	168,700	4,261,000	4.0%	--
2020	3,576,800	498,900	4,075,600	12.2%	-12.6%
2021	3,676,400	413,900	4,090,300	10.1%	2.8%
2022	3,861,700	234,700	4,096,500	5.7%	5.0%
2023	3,935,400	216,500	4,151,900	5.2%	1.9%
Change 2019-2023					-3.8%

The CPS also reports data on the labor force, but generally only publishes estimates for the U.S. as a whole. In addition to providing estimates of the number of employed persons, the CPS also provides estimates for the number of employed persons with more than one job. Comparing data from January 2020, January 2023, and January 2024 for the nation as a whole, the proportion of employed persons with more than one job stayed constant, at 5.0% in January 2020, 5.1% in January 2023, and 5.0% in January 2024. While the CPS does not publish data for individual geographies, it is possible to use Public Use Microdata files to calculate estimates for NYC from CPS data. Note that due to small sample sizes, these estimates have a higher margin of error than those for the U.S. as a whole and should be interpreted with caution.⁴⁰ Per CPS data for NYC, the

³⁹ To read more about the difference between LAUS and CPS estimates of the labor force, refer to <https://www.bls.gov/lau/notescps.htm>.
⁴⁰ CPS data at the local level will have substantially higher margins of error than the nationwide data reported by the BLS for the nation as a whole. For instance, the BLS reports that the statewide unemployment rate for New York in 2022, per the CPS, was 4.4%, with a margin of error of ±0.4% (https://www.bls.gov/opub/geographic-profile/home.htm#gp22_14.f.1). If the proportion of workers within NYS that held multiple jobs were calculated, it would likely have a very similar margin of error. However, as the population of NYC is less than half that of NYS as a whole, the margin of error in NYC would be even higher, however, that exact figure cannot be provided at this time.

proportion of NYC residents with multiple jobs in January 2020 was 3.9%; 2.9% in January 2023; and 3.2% in January 2024. CPS data for the number of employed persons in NYC shows that the estimated number of employed persons in NYC in January 2024 was 0.03% lower than in January 2020.

Note the change in the number of employed persons should be considered in relation to the overall population. The table below summarizes Census Bureau estimates of the population in NYC from April 2020 (the official decennial Census estimate) through July 2023 (from estimates the Census Bureau publishes each July of population). As can be seen in the table below, the population of NYC is estimated to have fallen 6.2% between April 2020 and July 2023 (including those not in the labor force).

Population and Change, Census Bureau Estimates, New York City and Boroughs, April 1, 2020, and July 1, 2020 to 2023⁴¹

Borough	Census	Estimates				Change			
	Apr 2020	Jul 2020	Jul 2021	Jul 2022	Jul 2023	Apr 2020 - Jul 2023	Jul 2020 - Jul 2021	Jul 2021 - Jul 2022	Jul 2022 - Jul 2023
						Number (Percent)	Number (Percent)	Number (Percent)	Number (Percent)
NYC Total	8,804,190	8,740,292	8,462,216	8,335,798	8,258,035	-546,155 (-6.2)	-278,076 (-3.2)	-126,418 (-1.5)	-77,763 (-0.9)
Bronx	1,472,654	1,461,151	1,424,084	1,381,808	1,356,476	-116,178 (-7.9)	-37,067 (-2.5)	-42,276 (-3.0)	-25,332 (-1.8)
Brooklyn	2,736,074	2,718,447	2,637,522	2,589,531	2,561,225	-174,849 (-6.4)	-80,925 (-3.0)	-47,991 (-1.8)	-28,306 (-1.1)
Manhattan	1,694,251	1,677,232	1,578,055	1,594,543	1,597,451	-96,800 (-5.7)	-99,177 (-5.9)	16,488 (1.0)	2,908 (0.2)
Queens	2,405,464	2,388,864	2,329,008	2,278,558	2,252,196	-153,268 (-6.4)	-59,856 (-2.5)	-50,450 (-2.2)	-26,362 (-1.2)
Staten Island	495,747	494,598	493,547	491,358	490,687	-5,060 (-1.0)	-1,051 (-0.2)	-2,189 (-0.4)	-671 (-0.1)

Beginning in 2021, the *NYC Housing and Vacancy Survey (HVS)* also began asking respondents how many jobs they held. Of those that are employed, 5.4% of respondents in the 2021 HVS reported that they held more than one job. This includes 5.5% of those in renter households, and 5.2% of those in owner-occupied households. The proportion in rent stabilized households, 5.9%, is higher than that in market rentals, 5.3%. Data from the 2023 HVS is not available at this time.

Note that additional questions regarding data from the 2023 HVS will be addressed at a later time. Those questions will be forwarded to the NYC Department of Housing Preservation and Development (HPD) and if/when we receive data from HPD, Board members will be updated.

[END OF MEMO]

⁴¹<https://www.nyc.gov/assets/planning/download/pdf/planning-level/nyc-population/population-estimates/current-population-estimates-2023.pdf>

Buildings with Different Fuel and Utility Arrangements

The Board was also informed of the circumstances of buildings with different fuel and utility arrangements including buildings that are master metered for electricity and that are heated with gas versus oil (see Table 8). Under some of the Board's Orders in the past, separate adjustments have been established for buildings in certain of these categories where there were indications of drastically different changes in costs in comparison to the generally prevailing fuel and utility arrangements. This year the Board did not make a distinction between guidelines for buildings with different fuel and utility arrangements under Order 56.

Table 8

Changes in Price Index of Operating Costs for Apartments in Buildings with Various Heating Arrangements, 2023-24, and Commensurate Rent Adjustment		
Index Type	2022-23 Price Index Change	One-Year Rent Adjustment Commensurate With O & M to Income Ratio of .658
All Dwelling Units	3.9%	2.57%
Pre-1974	3.6%	2.37%
Post-1973	5.3%	3.49%
Oil Used for Heating	3.9%	2.57%
Gas Used for Heating	3.8%	2.50%

Note: The O&M to Income ratio is from the 2024 *Income and Expense Study*.
 Source: 2024 *Price Index of Operating Costs*.

On April 23, 2024, the staff of the Rent Guidelines Board released a memo to Board members with additional information concerning HP Action, HPD Housing Litigation, and HPD Vacate Order Data. The memo follows:

[START OF MEMO]

In March, the staff of the NYC Rent Guidelines Board received a request from Board members for the following data sets:

- Data on HP Proceedings filed in Housing Court
- Data on Vacate Orders issued by the NYC Department of Housing Preservation and Development (HPD)
- Data on HPD litigation cases

The tables on the following four pages summarize the available data requested.

Table 1 summarizes HP Actions from 2002-2023, as reported on ST-30 reports produced by NYC Housing Court. Per Housing Court, “If you have conditions or violations in your home which need to be repaired, including lack of heat and hot water or lack of other services, or have other

emergency conditions, you may begin a proceeding against the landlord to force the landlord to make repairs and correct building violations. This is called a HP proceeding.”⁴²

Table 2 summarizes HPD Housing Litigation Data, per NYC Open Data, from 2005 through the first quarter of 2024. The table includes data both for buildings that were able to be matched to 2022 NYS Homes and Community Renewal (HCR) registration files (noted as “rent stabilized”) and those that couldn’t be matched to HCR records (noted as “not rent stabilized”). Data for 14 different types of litigation is presented, along with the proportion of buildings in each year that were identified as either “rent stabilized” or “not rent stabilized.” Also included is the total number of actions initiated by HPD and those initiated by tenants (who named HPD as a party to the lawsuit). The definition of each type of litigation can be found at the bottom of the table.

Table 3 summarizes HPD Orders to Repair/Vacate Orders, per NYC Open Data, from 2012 through the first quarter of 2024. The table includes data both for buildings that were able to be matched to 2022 HCR registration files (noted as “rent stabilized”) and those that couldn’t be matched to HCR records (noted as “not rent stabilized”). The table includes data on both vacate orders for entire buildings, as well as partial vacate orders, for fire damage; habitability; and illegal occupancy. Also included is the proportion of buildings in each year that were identified as either “rent stabilized” or “not rent stabilized” and the proportion of buildings for which the vacate order was later rescinded (current as of April 17, 2024).

⁴² <https://www.nycourts.gov/courts/nyc/housing/startinghp.shtml>

Table 1: HP Actions Reported on ST-30 reports produced by NYC Housing Court

Year	HP Action by HPD	HP Action by Tenant	HP Action by Landlord	Total
2002	2,897	8,376	0	11,273
2003	3,741	8,490	0	12,231
2004	4,112	7,236	184	11,532
2005	4,299	6,773	0	11,072
2006	4,534	7,322	1	11,857
2007	5,576	7,051	1	12,628
2008	6,201	6,098	122	12,421
2009	6,446	6,884	327	13,657
2010	6,419	7,715	173	14,307
2011	5,446	7,290	185	12,921
2012	4,660	6,751	358	11,769
2013	6,127	6,911	596	13,634
2014	6,245	6,747	418	13,410
2015	5,951	6,802	421	13,174
2016	3,429	9,562	16	13,007
2017	6,467	6,472	11	12,950
2018	5,407	7,741	9	13,157
2019	N/A	N/A	N/A	12,582
2020	N/A	N/A	N/A	6,301
2021	865	6,726	11	7,602
2022	1,132	8,724	0	9,856
2023	3,843	8,010	0	11,853

Source: ST-30 reports from the Civil Court of the City of New York

Table 2: NYC Department of Housing Preservation and Development Housing Litigation Data (per NYC Open Data, 2005-First Quarter of 2024)

Year	Regulation Status	7A	Access Warrant - Lead	Access Warrant - Non-Lead	Comprehensive Supplemental Cases	Failure to Register Only	False Certification - Lead	False Certification - Non-Lead	Heat and Hot Water	Heat Supplemental Cases	Other Case Type	CONH	Tenant Action	Tenant Action/ Harassment	Total (All)	% of Total	Total HPD Action	Total Tenant Action
2005	Not Rent Stabilized	1	17	1	27	8	0	9	1,156	0	0	75	2,918	0	4,212	52.1%	1,294	2,918
	Rent Stabilized	1	43	0	38	4	0	14	756	0	0	14	3,001	0	8,083	47.9%	870	3,001
	Total	2	60	1	65	12	0	23	1,912	0	0	89	5,919	0	12,195	100%	2,164	5,919
2006	Not Rent Stabilized	4	150	103	243	23	0	73	3,156	23	0	146	3,087	0	5,318	49.7%	2,231	3,087
	Rent Stabilized	2	438	162	261	11	12	8	971	15	0	28	3,308	0	5,373	50.3%	2,065	3,308
	Total	6	588	265	504	35	8	230	2,427	38	0	174	6,395	0	10,691	100%	4,296	6,395
2007	Not Rent Stabilized	15	233	412	292	3	4	72	1,872	5	5	117	3,163	0	6,250	50.9%	3,087	3,163
	Rent Stabilized	11	509	675	333	2	15	170	1,038	4	0	23	3,136	0	6,017	49.1%	2,881	3,136
	Total	26	742	1,087	625	5	19	242	2,910	9	0	140	6,299	0	12,267	100%	5,968	6,299
2008	Not Rent Stabilized	26	586	676	347	0	98	228	1,142	9	0	93	3,010	175	6,671	51.6%	3,486	3,185
	Rent Stabilized	34	848	1,103	599	2	127	338	3,370	18	0	21	5,959	272	12,927	48.4%	3,210	3,046
	Total	5	129	476	282	0	18	80	2,305	12	0	91	2,862	240	6,578	49.8%	3,476	3,102
2009	Not Rent Stabilized	8	361	881	326	7	61	271	1,317	19	1	20	3,039	200	6,636	50.2%	3,397	3,239
	Rent Stabilized	13	490	1,357	608	203	7	79	3,622	31	1	111	5,901	440	13,214	100%	6,873	6,341
	Total	14	86	625	196	2	15	128	2,163	24	0	106	3,016	315	6,785	52.1%	3,454	3,331
2010	Not Rent Stabilized	16	188	833	255	1	59	318	1,264	18	2	12	2,932	180	6,238	47.9%	3,126	3,112
	Rent Stabilized	30	274	1,458	451	255	74	446	3,427	42	2	118	5,948	495	13,023	100%	6,580	6,443
	Total	8	84	473	176	3	6	157	1,882	12	1	102	2,911	331	6,239	52.3%	2,997	3,242
2011	Not Rent Stabilized	13	116	652	1,119	18	31	159	1,119	5	5	18	2,800	113	5,681	47.7%	2,768	2,913
	Rent Stabilized	21	200	1,125	355	21	37	636	3,001	17	1	121	5,711	444	11,920	100%	5,765	6,155
	Total	12	46	598	208	35	5	112	1,437	0	0	131	2,998	473	5,724	53.7%	2,653	3,071
2012	Not Rent Stabilized	17	110	778	180	17	11	253	838	1	0	18	2,469	181	4,939	46.3%	2,289	2,650
	Rent Stabilized	29	156	1,376	388	142	16	365	2,275	1	0	149	5,067	654	10,663	100%	4,942	5,721
	Total	23	48	489	181	12	16	214	2,223	15	0	122	2,723	518	6,635	52.9%	3,394	3,241
2013	Not Rent Stabilized	8	90	681	139	3	42	599	1,392	19	0	19	2,590	256	5,907	47.1%	3,061	2,846
	Rent Stabilized	31	138	1,170	337	103	58	813	3,615	34	0	141	5,313	774	12,542	100%	6,455	6,087
	Total	9	44	477	196	6	5	154	2,361	10	0	135	2,743	567	6,755	51.9%	3,445	3,310
2014	Not Rent Stabilized	7	87	640	194	6	10	487	1,758	6	0	22	2,738	238	6,248	48.1%	3,272	2,976
	Rent Stabilized	16	131	1,117	390	6	15	641	4,119	16	0	157	5,481	805	13,003	100%	6,717	6,286
	Total	8	32	472	231	7	8	134	2,273	7	1	136	2,559	635	6,544	52.7%	3,350	3,194
2015	Not Rent Stabilized	10	54	568	201	2	23	369	1,597	10	0	16	2,693	265	5,868	47.3%	2,910	2,958
	Rent Stabilized	18	86	1,040	432	101	31	503	3,870	17	1	152	5,252	900	12,412	100%	6,260	6,152
	Total	6	24	444	308	28	10	236	1,917	4	0	141	2,380	736	6,271	52.7%	3,155	3,116
2016	Not Rent Stabilized	14	51	519	213	32	18	557	1,282	7	0	28	2,541	371	5,634	47.3%	2,722	2,912
	Rent Stabilized	20	75	963	521	69	28	793	3,199	11	0	169	4,921	1,107	11,905	100%	5,877	6,028
	Total	15	17	519	294	64	6	225	2,192	4	0	124	2,156	734	6,388	52.0%	3,498	2,890
2017	Not Rent Stabilized	14	28	611	213	4	25	631	1,608	2	0	19	2,359	351	5,899	48.0%	3,189	2,710
	Rent Stabilized	29	45	1,130	507	68	31	856	3,800	6	0	143	4,515	1,085	12,287	100%	6,687	5,600
	Total	16	17	616	221	16	13	168	2,324	8	0	126	2,224	763	6,562	51.8%	3,575	2,987
2018	Not Rent Stabilized	11	29	632	211	2	46	367	1,818	12	0	32	2,463	445	6,116	48.2%	3,208	2,908
	Rent Stabilized	27	46	1,248	432	18	59	535	4,142	20	0	158	4,687	1,208	12,678	100%	6,783	5,895
	Total	14	25	566	217	0	16	162	1,285	3	2	89	2,219	1,093	5,741	52.2%	2,429	3,312
2019	Not Rent Stabilized	13	35	549	195	58	46	325	1,078	11	0	31	2,383	325	5,259	47.8%	2,341	2,918
	Rent Stabilized	27	60	1,115	412	108	62	487	2,363	14	2	120	4,602	1,628	11,000	100%	4,770	6,230
	Total	1	8	228	65	13	2	42	584	1	0	48	1,061	751	2,804	52.2%	992	1,812
2020	Not Rent Stabilized	1	14	215	87	14	4	88	509	0	0	14	1,242	382	2,570	47.8%	946	1,624
	Rent Stabilized	2	22	443	152	27	6	130	1,093	1	0	62	2,303	1,133	5,374	100%	1,938	3,436
	Total	4	17	447	125	4	3	44	482	0	0	91	1,277	1,130	3,624	54.1%	1,217	2,407
2021	Not Rent Stabilized	0	19	280	133	14	8	74	397	1	0	25	1,638	482	3,071	45.9%	951	2,120
	Rent Stabilized	4	36	727	258	18	11	118	879	1	0	116	2,915	1,612	6,695	100%	2,168	4,527

Table 2: NYC Department of Housing Preservation and Development Housing Litigation Data (per NYC Open Data, 2005-First Quarter of 2024)

Year	Regulation Status	7A	Access Warrant - Lead	Access Warrant - Non-Lead	Comprehensive	Comprehensive Supplemental Cases	Failure to Register Only	False Certification - Lead	False Certification - Non-Lead	Heat and Hot Water	Heat Supplemental Cases	Other Case Type	CONH	Tenant Action	Tenant Action/ Harassment	Total (All)	% of Total	Total HPD Action	Total Tenant Action
2022	Not Rent Stabilized	6	31	644	126	25	0	2	10	797	3	0	87	1,796	1,466	4,993	54.5%	1,731	3,262
	Rent Stabilized	6	21	465	161	17	0	13	40	645	0	0	26	2,141	630	4,165	45.5%	1,394	2,771
	Total	12	52	1,109	287	42	0	15	50	1,442	3	0	113	3,937	2,096	9,158	100%	3,125	6,033
2023	Not Rent Stabilized	4	49	451	90	13	0	0	16	1,100	4	0	93	2,385	1,353	5,558	50.6%	1,820	3,738
	Rent Stabilized	4	56	359	101	17	0	1	47	1,214	14	0	21	2,932	652	5,418	49.4%	1,834	3,584
	Total	8	105	810	191	30	0	1	63	2,314	18	0	114	5,317	2,005	10,976	100%	3,654	7,322
Q1 2024	Not Rent Stabilized	2	18	56	23	4	0	0	1	442	0	0	21	565	361	1,493	47.1%	567	926
	Rent Stabilized	0	19	61	26	3	0	1	4	645	0	0	9	700	208	1,676	52.9%	768	908
	Total	2	37	117	49	7	0	1	5	1,087	0	0	30	1,265	569	3,169	100%	1,335	1,834

Definitions:

- 7A Proceedings:** Cases in which HPD seeks the appointment of an administrator for a building based on conditions or acts dangerous to life, health or safety, harassment and/or deprivation of services.
- Access Warrant:** HPD commences cases seeking access warrants when HPD inspectors and/or contractors and crews sent by HPD have been denied access to inspect and/or to repair conditions in a residential building.
- Comprehensive:** Cases in which HPD seeks the correction of all outstanding violations in a building and/or civil penalties for owners' failure to timely certify correction of violations and/or for failure to file a Multiple Dwelling Registration.
- Comprehensive Supplemental:** Cases in which HPD seeks a finding of contempt and/or additional civil penalties against landlords who have failed to comply with orders to correct violations.
- False Certifications:** Cases in which HPD seeks civil penalties against landlords who have falsely certified to HPD that violations were corrected when they had not been.
- Heat and Hot Water:** Cases in which HPD seeks an order to restore and maintain heat and hot water at a residential building and civil penalties.
- Heat and Hot Water Supplemental:** Cases in which HPD seeks a finding of contempt and/or additional civil penalties against landlords who have failed to comply with orders to provide heat and/or hot water.
- CONH:** Before applying to the Department of Buildings for a permit to demolish or reconfigure some buildings, including single room occupancy multiple dwellings in several zoning districts, the owner must obtain a Certification of No Harassment ("CONH") from HPD. The owner submits an application and HPD investigates and determines whether to issue a CONH. If HPD determines that there is reasonable cause to believe that harassment occurred, a hearing is held before the Office of Administrative Trials and Hearing ("OATH"). After OATH issues its findings and recommendations, HPD determines whether to issue a CONH. A finding of harassment prevents the owner from obtaining certain types of demolition and alteration permits for three years in the case of single room occupancy multiple dwelling, or possibly permanently in properties located in certain Special Zoning Districts (unless the owner complies with an affordable housing requirement).
- Tenant Action:** Cases commenced by one or more residential tenants against their landlords (and naming HPD as a party) seeking an order to correct violations and civil penalties for failure to timely correct violations.
- Notes:** Rent Stabilized buildings are buildings that contain at least one stabilized unit. "Not Rent Stabilized" buildings are any buildings that did not match, based on the BBL registered with HCR, with the 20222 HCR building registration file.

Source: https://data.cityofnewyork.us/Housing-Development/Housing-Litgations/59k-x8nc/about_data and 2022 HCR Building Registration File

Table 3: NYC Department of Housing Preservation and Development Order to Repair/Vacate Orders (per NYC Open Data, 2012-First Quarter 2024)

Year	Regulation Status	Entire Building				Partial				Total (Entire Building and Partial)	% of Total	% Rescinded (of Total)*
		Fire Damage	Habitability	Illegal Occupancy	Entire Building Total	Fire Damage	Habitability	Illegal Occupancy	Partial Total			
2012	Not Rent Stabilized	22	36	3	61	81	10	189	280	341	63.5%	36.1%
	Rent Stabilized	7	2	0	9	173	4	10	187	196	36.5%	40.3%
	Total	29	38	3	70	254	14	199	467	537	100%	37.6%
2013	Not Rent Stabilized	30	35	6	71	102	5	210	317	388	67.8%	27.3%
	Rent Stabilized	6	3	1	10	161	1	12	174	184	32.2%	20.7%
	Total	36	38	7	81	263	6	222	491	572	100%	25.2%
2014	Not Rent Stabilized	23	64	5	92	73	10	235	318	410	69.7%	37.8%
	Rent Stabilized	4	7	0	11	150	4	13	167	178	30.3%	39.3%
	Total	27	71	5	103	223	14	248	485	588	100%	38.3%
2015	Not Rent Stabilized	28	46	2	76	75	8	229	312	388	69.2%	45.4%
	Rent Stabilized	7	2	0	9	143	0	21	164	173	30.8%	75.1%
	Total	35	48	2	85	218	8	250	476	561	100%	54.5%
2016	Not Rent Stabilized	28	45	2	75	56	5	207	268	343	64.6%	32.7%
	Rent Stabilized	10	0	0	10	147	1	30	178	188	35.4%	51.6%
	Total	38	45	2	85	203	6	237	446	531	100%	39.4%
2017	Not Rent Stabilized	16	26	6	48	88	3	257	348	396	64.2%	43.2%
	Rent Stabilized	11	1	0	12	196	2	11	209	221	35.8%	48.4%
	Total	27	27	6	60	284	5	268	557	617	100%	58.7%
2018	Not Rent Stabilized	16	20	2	38	101	8	270	379	417	65.0%	42.4%
	Rent Stabilized	12	1	0	13	183	4	25	212	225	35.0%	88.4%
	Total	28	21	2	51	284	12	295	591	642	100%	58.6%
2019	Not Rent Stabilized	32	15	2	49	99	8	225	332	381	67.8%	40.2%
	Rent Stabilized	3	1	0	4	162	4	11	177	181	32.2%	86.7%
	Total	35	16	2	53	261	12	236	509	562	100%	55.2%
2020	Not Rent Stabilized	17	9	1	27	82	5	151	238	265	59.0%	37.4%
	Rent Stabilized	4	0	0	4	171	2	7	180	184	41.0%	88.6%
	Total	21	9	1	31	253	7	158	418	449	100%	58.4%
2021	Not Rent Stabilized	12	18	1	31	98	10	223	331	362	62.6%	34.8%
	Rent Stabilized	11	0	0	11	192	7	6	205	216	37.4%	83.8%
	Total	23	18	1	42	290	17	229	536	578	100%	53.1%
2022	Not Rent Stabilized	25	24	0	49	94	8	196	298	347	58.4%	32.3%
	Rent Stabilized	6	2	0	8	222	4	13	239	247	41.6%	73.7%
	Total	31	26	0	57	316	12	209	537	594	100%	49.5%
2023	Not Rent Stabilized	23	19	2	44	88	28	235	351	395	63.2%	18.7%
	Rent Stabilized	9	0	0	9	210	5	6	221	230	36.8%	46.5%
	Total	32	19	2	53	298	33	241	572	625	100%	29.0%
Q1 2024	Not Rent Stabilized	8	5	0	13	18	2	60	80	93	63.3%	4.3%
	Rent Stabilized	3	0	0	3	46	1	4	51	54	36.7%	20.4%
	Total	11	5	0	16	64	3	64	131	147	100%	10.2%

*Current as of April 17, 2024

Notes: "Rent Stabilized" buildings are buildings that contain at least one stabilized unit. "Not Rent Stabilized" buildings are any buildings that did not match, based on the BBL registered with HCR, with the 20222 HCR building registration file. HPD issues an Order to Repair/Vacate Order when a property is uninhabitable (either in part or as a whole) due to physical conditions, including lack of essential services, lack of appropriate egress, fire damage, illegal occupancy or other serious maintenance conditions. Orders are posted at the building in addition to being mailed to the registered property owner and filed with the County Clerk's Office. The conditions to be corrected and apartments affected by the Order are listed on the Order. Each record represents an instance where a vacate was issued by HPD.

Source: https://data.cityofnewyork.us/Housing-Development/Order-to-Repair-Vacate-Orders/tb8q-a3ar/about_data and 2022 HCR Building Registration File

[END OF MEMO]

On April 29, 2024, the staff of the Rent Guidelines Board released a memo to Board members with additional information concerning 2024 changes to housing laws. The memo follows:

[START OF MEMO]

As part of the New York State budget approved in April 2024, new and amended housing laws were enacted, some of which impact buildings with rent stabilized units. In addition, “good cause” protections for other types of rental units were enacted, as well as programs supporting construction of new housing. Since it appears no State or City agency has publicly released a summary of the changes to the law, the following synthesizes changes to the law based on our reading of news and law firm websites.

- Individual Apartment Improvements for Rent Stabilized Apartments
- Good Cause Protections
- Affordable Neighborhoods for New Yorkers (485-x) Replaces 421-a
- Affordable Housing from Commercial Conversions (467-m)
- Extension for Vested 421-a (16) Projects
- Office to Residential Conversions
- Lifting of Housing Density Limitations

Individual Apartment Improvements for Rent Stabilized Apartments

The budget includes certain changes to Individual Apartment Increases (“IAIs”) for rent stabilized apartments. The changes establish a two-tier system for IAIs which takes effect on or about six months after passage of the law.

Tier One:

- Increases the cap on aggregate cost of IAIs to \$30,000 per apartment performed in a 15-year period, beginning with the first IAI after June 14, 2019. Places no limit on the number of separate IAIs in the 15-year period.
- The Tier One IAI increase is permanent and available for vacant apartments as well as for occupied apartments with written consent in the tenant’s primary language.
- Maintains the HSTPA’s IAI increase of 1/180th of the IAI cost for buildings with more than 35 apartments and 1/168th of the IAI cost for buildings with 35 or fewer apartments. Accordingly:
 - For a building with more than 35 apartments, the maximum Tier One IAI rent increase is \$166.67 per month (1/180th of \$30,000).
 - For a building with 35 or fewer apartments, the maximum Tier One IAI increase is \$178.57 per month (1/168th of \$30,000).

Tier Two:

- Increases the cap on aggregate cost of IAIs to \$50,000 performed in a 15-year period, beginning with the first IAI after June 14, 2019.
- Tier Two IAI increases are permanent and are only available for vacant apartments.
- Eligibility for the Tier Two increase requires that one of the following two criteria be satisfied, along with receipt of prior certification from DHCR (“the Tier Two Eligibility Criteria”):
 - The apartment must have been timely registered as “vacant” by no later than December 31st in each of 2022, 2023 and 2024. A landlord may recover costs no more than once under this criterion.
 - The apartment is vacant following a period of continuous occupancy of at least 25 years that occurred immediately prior to the commencement of the IAI. There

is no limit on the number of separate IAIs in the 15-year period under this criterion.

-OR-

- The IAI increase is increased to 1/156th of the IAI cost for buildings with more than 35 apartments and 1/144th of the IAI cost for buildings with 35 or fewer apartments. Accordingly:
 - For a building with more than 35 apartments, the maximum Tier Two IAI increase is \$320.51 per month (1/156th of \$50,000).
 - For a building with 35 or fewer apartments, the maximum Tier Two IAI increase is \$347.22 per month (1/144th of \$50,000)
- Immediately subsequent to undertaking the IAI, the landlord must submit to DHCR any evidence of the work that DHCR deems necessary and must pay a fee equaling 1% of the amount claimed for the IAI.
- An owner will be ineligible for the Tier Two IAI increase if, within the five-year period prior to filing, any unit within any building owned by any partial or beneficial owner of the building in which the IAI unit is located has been subject to a treble damages award or harassment determination.

The new IAI provisions require DHCR to promulgate new rules and operational bulletins to effectuate the provisions.

Good Cause Protections

Good Cause Protections take immediate effect in New York City. The law will subject otherwise unregulated residential apartments to a new form of rent and eviction regulation. At its core, the law requires landlords and owners of covered properties who seek to remove a residential tenant to establish one of the statute's so-called "good cause" grounds.

- Owners of covered properties are not permitted to evict their tenants for failure to pay outstanding rent that resulted from an "unreasonable" rent increase or for failure to renew an expiring lease that contains an unreasonable rent increase. Rent increases above the lower of 10 percent or the annual percentage change in Consumer Price Index ("CPI") plus five percentage points are presumed to be unreasonable.
- Among other grounds for "good cause" evictions in the law are: where the tenant has violated a substantial obligation of their tenancy which they have failed to cure; where the tenant is committing a nuisance; where the tenant is using the premises for an illegal purpose; and where the owner seeks in good faith to recover possession of the apartment either for personal use, to withdraw it from the rental market, or to demolish it.
- Among others, exclusions from the Good Cause Eviction Law include:
 - Units owned by "small landlords," defined as those who own 10 or fewer units. Where a building is owned by an entity, the statute provides that no one natural person with a direct or indirect ownership can own more than 10 units in order to qualify for this exemption;

- Units already covered by state or federal rent regulation;
- Units within cooperative and condominium buildings;
- Certain luxury units where the rent is 245 percent of the geographic Fair Market Rent as published by HUD;
- Units in buildings issued a certificate of occupancy after January 1, 2009 (for a period of 30 years);
- Affordable housing units; and
- Hotel rooms and other transient use Class B multiple dwellings.

Beginning 120 days after the statute was enacted, all landlords must append a notice to each vacancy and renewal lease setting advising tenants of whether they are covered by the Good Cause Eviction Law and their rights thereunder.

Affordable Neighborhoods for New Yorkers (485-x) Replaces 421-a

The 485-x program will provide substantial exemptions from real property taxes for new construction projects and eligible conversions. Unlike 421-a, its previous iteration, many of the requirements are dependent on the size of the project. Those exemptions come with affordability requirements, construction wage requirements, and other provisions that balance multiple interests.

- Construction wage requirements for projects over 100 units, including:
 - For projects over 150 units in certain geographic areas, one of two options exist, depending on the location of the project:
 - The lesser of (i) an hourly wage of \$72.45, increasing 2.5% every tax year after 7/1/2025, or (ii) 65% of the greatest prevailing wage.
 - The lesser of (i) an hourly wage of \$63.00, increasing 2.5% every tax year after 7/1/2025, or (ii) 60% of the greatest prevailing wage.
 - For projects over 100 units, that are not subject to the restrictions set forth above, the construction wage requirements set forth an hourly wage of \$40.00, increasing 2.5% every tax year after 7/1/2025
- Affordability requirements for projects vary on the size and location of the projects are as follows:
 - OPTION A: Up to a three- to five-year construction exemption benefit at 100% exemption, and a 35- or 40-year 100% exemption thereafter
 - Rental projects of 150+ units in certain geographic areas: 25% of units at 60% AMI, with no more than three income bands, where no income band exceeds 100% AMI; and
 - Rental projects of 100+ units, where not restricted as above: 25% of units at 80% AMI, with no more than three income bands averaging 80% or less, where no income band exceeds 100% AMI.

- OPTION B: Up to a three-year construction exemption benefit at 100% exemption, a 25-year 100% exemption thereafter, and a benefit equal to the percentage of affordable units for the final 10 years thereafter.
 - Applies to rental projects that contain 6-99 units: 20% of units at 80% AMI, with no more than three income bands averaging 80% or less, where no income band exceeds 100% AMI.
- OPTION C: Up to a three-year construction exemption benefit at 100% exemption, and a 10-year 100% exemption thereafter.
 - Applies to rental projects containing 6-11 units, not in Manhattan; and
 - No specified affordability requirements, but requires 50% of all units be subject to rent stabilization.
- OPTION D: For homeownership projects, not in Manhattan, that have assessed values of under \$89 per square foot. The projects are given up to a three-year construction exemption benefit at 100% exemption, a 14-year 100% exemption thereafter, and a 25% exemption for the final six years.

Affordable Housing from Commercial Conversions (467-m)

The legislation also provides a new tax incentive for conversions of commercial space to new residential dwellings. The benefit runs up to 35 years, and provides enhanced incentives for those projects located in Manhattan south of 96th Street (the “Manhattan Prime Development Area” or “MPDA”).

The overall benefits and requirements are similar to 485-x. 25% of all units must be affordable (5% of those units must be 40% AMI, the weighted average cannot exceed 80% AMI, there must be less than 3 total income bands, and no income band may exceed 100% AMI).

Eligible projects in the MPDA are granted a 100% exemption for up to three years during the construction period, and a 90% exemption of real property taxes for all but the final five years, which phase out 10% for each year.

Eligible projects outside of the MPDA are granted a 100% exemption for up to three years during the construction period, and a 65% exemption of real property taxes for all but the final five years, which phase out 10% for each year.

Projects which commence before July 1, 2026 receive a 35-year benefit, projects commencing before July 1, 2028 receive a 30 year benefit, and projects commencing before July 1, 2031 receive a 25 year benefit.

Extension for Vested 421-a (16) Projects

The budget extends the 421-a completion date to June 15, 2031 for new construction or eligible conversions that commenced on or before June 15, 2022. The 421-a is not available for projects that opted into 421-a Affordability Option C or Option G. Additionally, applicants to 421-a seeking an extension must submit a form (dubbed a “Letter of Intent”) within 90 days of the date the form is made available on HPD’s website.

Office to Residential Conversions

Conversion projects must deliver 25 percent of units at a weighted average of 80 percent AMI, with a band at 5 percent of units at 40 percent AMI.

The tax incentive is structured to provide a 90 percent discount off the effective residential tax rate with the following benefit durations:

- A 35-year benefit is available if filed AND receive a permit by June 30, 2026
- A 30-year benefit is available if filed AND receive a permit by June 30, 2028
- A 25-year benefit is available if filed AND receive a permit by June 30, 2031

Lifting of Housing Density Limitations

Eliminates the 12 Floor Area Ratio (FAR) cap (i.e., the ratio of the building's square footage to the size of the lot on which it is built) on new residential developments meeting certain requirements, including, among others:

- Certain minimum percentages of new units are subject to permanent affordability requirements
- Such new buildings cannot be located within a historic district or on the same zoning lot as a building subject to the Loft Law
- Compliance with relocation/compensation requirements for existing tenants in buildings to be demolished for construction of new over-12 FAR buildings
- Compliance with "Certificate of No Harassment" requirements under existing city law

[END OF MEMO]

Adjustments for Units in the Category of Buildings Covered by Article 7-C of The Multiple Dwelling Law (Lofts)

Section 286, subdivision 7 of the Multiple Dwelling Law states that the Rent Guidelines Board "shall annually establish guidelines for rent adjustments for the category of buildings covered by this article." In addition, the law specifically requires that the Board "consider the necessity of a separate category for such buildings, and a separately determined guideline for rent adjustments for those units in which heat is not required to be provided by the owner and may establish such separate category and guideline."

The increase in the Loft PIOC this year was 8.6%, less than the increase of 9.0% in 2023. Increases in costs were seen in all eight components that make up this index. Insurance Costs saw the highest proportional increase, rising by 21.7%, followed by Administration Costs-Legal, which rose by 7.6%. The remaining six components all rose by lesser proportions, including Labor Costs, which rose by 4.2%; Administrative Costs-Other, 3.9%; Maintenance, 3.4%; Taxes, 3.2%; Utilities, 3.0%; and Fuel, 0.8%. Note that historically Administrative Costs in the Loft Index has been split into two components — Administrative Costs-Legal and Administrative Costs-Other. Therefore, the Loft PIOC has eight components.

This year's guidelines for lofts are for a one-year period **2.75%** and for a two-year period **5.25%**.

Table 9

Changes in the Price Index of Operating Costs for Lofts from 2023-24	
	Loft Price Index Change
All Buildings	8.6%

Source: 2024 Price Index of Operating Costs.

Special Guidelines for Vacancy Decontrolled Units Entering the Stabilized Stock

Pursuant to Section 26-513(b) of the New York City Administrative Code, as amended, the Rent Guidelines Board establishes a special guideline in order to aid NYS Homes and Community Renewal in determining fair market rents for housing accommodations that enter the stabilization system. This year, the Board set the guidelines at **49%** above the maximum base rent.

The Board concluded that for units formerly subject to rent control **49%** above the maximum base rent was a desirable minimum increase.

On June 10, 2024, the staff of the Rent Guidelines Board released a memo to Board members with additional information concerning the calculation of the Special Guideline and Decontrolled Units Guideline for Apartment and Loft Order #56. The memo follows:

[START OF MEMO]

One element of our upcoming final vote is the Special Guideline, which is the amount authorized in additional rent over the Maximum Base Rent when a unit converts from rent control to rent stabilization on the turnover of a tenant (as 183 units did in 2023, per data from NYS Homes and Community Renewal). Over the past several Orders, the Board has set the Special Guideline based on the difference between the median rent control rent and the median rent stabilized rent as reported in the NYC Housing and Vacancy Survey (HVS).

In the proposed guidelines for Order #56 that the Board adopted on April 30, 2024, the Board authorized an increase of 27%, which was the amount authorized in the previous two Orders. Basing this year's Special Guideline in a manner consistent with the methodology of previous Orders and using data from the 2023 HVS would yield a 49% increase this year. Please note that in previous years the median rent stabilized rent for all buildings was used. The HVS now calculates the median rent for stabilized units in buildings built prior to 1974. Since rent control units are located in pre-74 buildings, the median rent stabilized rent for units built prior to 1974 was used in calculating the percentage difference of 49%.

[END OF MEMO]

INCREASE FOR UNITS RECEIVING PARTIAL TAX EXEMPTION PURSUANT TO SECTION 421-A AND 423 OF THE REAL PROPERTY TAX LAW

The guideline percentages for 421-a and 423 buildings were set at the same levels as for leases in other categories of stabilized apartments.

This Order does not prohibit the inclusion of the lease provision for an annual or other periodic rent increase over the initial rent at an average rate of not more than 2.2 per cent per annum where the dwelling unit is receiving partial tax exemption pursuant to Section 421-a of the Real Property Tax Law. The cumulative but not compound charge of up to 2.2 per cent per annum as provided by Section 421-a or the rate provided by Section 423 is in addition to the amount permitted by this Order.

Votes

The votes of the Board on the adopted motion pertaining to the provisions of Order #56 were as follows:

	<u>Yes</u>	<u>No</u>	<u>Abstentions</u>
Guidelines for Apartment Order #56	5	4	-

Dated: June 17, 2024
Filed with the City Clerk: June 25, 2024



Nestor Davidson
Chair
NYC Rent Guidelines Board

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